

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 8, 2020 — except where noted

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COMMUNICATION: What comes to mind when you hear the word “communication?” What does communication mean to you? Merriam-Webster defines communication as, “a process by which information is exchanged between individuals through a common system of symbols, signs, or behavior.” This is a broad definition that covers a complex topic. There are four basic types of communication – verbal, non-verbal, written, and visual. Since the start of the pandemic, the Center has tried to be a resource for up-to-date information we believe to be important and helpful to the dairy industry of Pennsylvania and the broader U.S. dairy industry.

We have relayed that information through written communications such as these weekly columns, regular emails, and a COVID-19 resource webpage. Since May, we have held nine conference calls to verbally communicate pertinent information and answer questions. I continue to host a monthly “Protecting Your Profits” webinar, where I provide commentary on dairy markets and risk management; visually reinforcing this via graphs and data tables. I hope you have been able to take advantage of some of these resources to help you make informed decisions as you navigate these unprecedented markets caused by COVID-19.

Verbal communication is generally the easiest way to exchange information between individuals, but there are countless languages and dialects across the world. This creates a challenge when communication is needed between individuals who do not speak the same language. The U.S. has the second largest Spanish-speaking population in the world, and it is estimated that 80% of the agriculture workforce in the U.S. speaks Spanish. I returned home in January 2003 after finishing college to start working full-time on my family’s dairy. My brother, who speaks Spanish fluently, strongly recommended I take a Spanish course. So, during the fall semester of 2003, I enrolled in Spanish 101 at a local community college. At the time, half of our workforce were Latinos. By the time we sold our cows in 2018, 14 of 18 employees were Latino.

nos. I am glad I took his advice!

I never became fluent, but by taking the initial formal course and then learning more on an almost daily basis from the Latino individuals I worked with, I developed a decent vocabulary and could communicate relatively well in Spanish to make sure everyone was on the same page. I still had to get a translator for major things, but on a general day-to-day basis, I could communicate effectively enough. I never will forget the first morning I woke up from a night’s rest and realized that I had been dreaming in Spanish. Many days between the hours of 5 a.m. and 6 p.m., I spoke and listened to Spanish more than English. This ability to communicate not only allowed me to train and instruct, but also gave me the ability to develop better friendships with my employees and create a more family-like environment in the workplace.

Would you like to communicate better with your Spanish-speaking employees? If so, sign up for an eight-week online Spanish course this winter. The course is titled: “Farm Spanish Basics” and is led by lifelong dairy farmer Katie Dotterer-Pyle. The Center is offering a \$100 discount to Pennsylvania dairy farmers who sign up for this course. It will be held online January 12 – March 4, 2021 every Tuesday and Thursday from 5 – 6 p.m. EST. The total cost after the discount is \$225 or just over \$14 per session. \$225 may seem like a lot of money, but take it from someone with experience, effectively communicating with Spanish speaking employees will easily save you much more than that. The live sessions will be recorded and available if you are unable to attend a session. For more information about Katie, the course, or to register, visit www.centerfordairyexcellence.org/spanish-basics. If you are not a Pennsylvania dairy farmer and would still like to register for the course at the normal \$325 fee, visit www.cowcomfortdairy.com/8-week-spanish-course-information to sign up.

Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, via CME & USDA reports

CME DAILY FUTURES & OPTIONS TRADING — DEC. 8, 2020 AT THE CLOSE

	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	TREND		
CLASS III MILK FUTURES (\$/CWT) Vs. week ago: 15 to 50 cents higher across the board, strongest advance on near-term contracts.	15.55	16.06	16.74	16.95	16.90	16.91	16.99	17.20	17.22	17.44	17.32	17.15	↑↑		
CLASS IV MILK FUTURES (\$/CWT) Vs. week ago: steady to 30 cents higher across the board.	13.57	14.31	14.71	15.15	15.42	15.61	15.91	16.10	16.28	16.20	16.30	16.17	↑↑		
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED															
20.23 10/20	18.44 11/20	17.85 01/20	17.40 01/20	17.30 01/20	17.12 01/20	17.00 01/20	17.00 01/20	17.20 12/20	17.22 12/20	17.44 12/20	17.32 12/20	17.15 12/20			
14.66 03/20	14.80 03/20	14.82 03/20	14.62 03/20	14.56 03/20	14.52 03/20	14.31 03/20	14.50 03/20	14.50 03/20	14.50 03/20	14.50 03/20	14.21 03/20	14.19 03/20			
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70			
*AVG 2.72	2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65				
DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa hay & Illinois soybean prices, feed for all classes of dairy cattle on the farm)															
DMC	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUNE-20	JULY-20	AUG-20	SEP-20	*OCT-20
	9.85	10.41	10.88	12.21	11.95	10.72	10.06	9.15	6.03	5.37	9.99	12.41	10.83	9.40	*11.13 ↑↑
U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported com & alfalfa hay & Ill. soybean prices (lactating feed only)															
JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	*SEP-20	*OCT-20
12.52	12.94	13.39	13.98	15.29	14.94	13.86	13.18	12.23	8.77	8.06	12.59	15.04	13.43	*10.96	*14.86 ↑↑
PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com & alfalfa hay & Buff., NY soybean prices (lactating feed only)															
11.48	12.73	13.17	13.09	13.76	13.78	13.10	12.20	11.24	8.27	6.79	9.44	12.67	11.10	*10.26	*13.68 ↑↑

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																																			
15.50	0.12	16.00	0.62	16.75	0.73	17.00	0.85	17.00	0.97	17.00	1.03	17.00	1.00	17.25	0.93	17.25	0.93	17.50	0.84	17.25	1.02	17.25	1.05												
DEC-20				MAR-21				SEP-21				DEC-21				Example Daily Strike Price / Premium				DEC-20				MAR-21				JUL-21				OCT-21			
CORN (\$/BU) OPTIONS — CALLS														SOYMEAL (\$/TON) OPTIONS — CALLS																					
4.05	20.70	4.40	17.70	4.60	19.10	4.60	18.70	4.30	02.20	5.40	02.40	6.10	03.60	6.30	03.50	375	20.00	400	18.10	400	21.30	380	16.95	400	01.50	485	02.85	550	02.35	520	02.25				

CORN FUTURES (\$/BU)													
DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	JUL-23	TREND	
4.220	4.236	4.264	4.274	4.144	4.104	4.162	4.174	4.044	3.920	3.936	4.042	↑↑	
WEEK AGO													
4.190	4.236	4.264	4.266	4.102	4.080	4.134	4.140	4.126	3.920	3.924	4.042		
SOYMEAL FUTURES (\$/TON)													
DEC-20	JAN-21	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	TREND	
384.4	379.1	381.4	381.6	380.3	373.2	360.7	348.9	348.0	345.4	339.6	337.4	↓↓	
WEEK AGO													
398.3	389.5	385.6	384.2	381.6	379.6	372.1	359.4	346.6	344.8	341.7	335.0		

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES — *OCT. 2020				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/08/20											
FEED = \$/CWT.	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	DEC	JAN	FEB	MAR	APR	MAY	JUN	SPOT CASH 12/08/20	TREND			
*OCT.	*6.97NC	*10.26 ↑↑	*13.68 ↑↑	NFDM	1.100	1.131	1.151	1.169	1.187	1.201	1.216	↓	1.1500 ↑↑		
IOFC = \$/COW	*PREV MO	*7.70	*10.26	WHEY	0.423	0.435	0.440	0.440	0.432	0.430	0.425	↑	0.4650 ↑↑		
YR AGO	7.01	9.81	13.09	BUTTER	1.487	1.590	1.632	1.707	1.750	1.780	1.805	↑	1.5350 ↑↑		
				CHEESE	1.620	1.655	1.730	1.747	1.741	1.743	1.758	↑	See Below		
				CME SPOT CHEESE: BARRELS 1.4200 / 40 LB BLOCKS 1.6425 ↑↑ / ↑↑											

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)														CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW					
CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV↓↓	ALL-MILK-U.S	ALL-MILK-PA	WEIGHTED AVG. 4-WK NOV 1-28, 2020						NOV. 2020 COMPONENTS							
19.87(DEC)	13.86(NOV)	23.34(NOV)	13.30(NOV)	20.20(OCT)↑↑	18.80(OCT)↑↑	PRODUCT	VALUE	MAKEALLOW	NET			PROT	5.6226	↑↑					
MONTH AGO						CHEESE	2.4535	0.2003	2.2532	↑↑	B.FAT	1.5553	↓						
18.04	13.63	21.61	13.47	17.90	18.00	BUTTER	1.4558	0.1715	1.2843	↓	N.FAT	0.9047	↑↑						
YEAR AGO						NFDM	1.0816	0.1678	0.9138	↑↑	OTHER	0.1894	↑↑						
19.33	16.85	20.45	16.60	20.00	20.20	DRYWHEY	0.3830	0.1991	0.1839	↑↑									

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. DEC. 2, 2020 sale New Holland, PA) * PRICES MOSTLY HIGHER														
COWS: Fresh Bred Springing HEIFERS: Bred Beef x (bred) Springing Open: 300-600 lbs Beef X 600-900 lbs 800-1200 lbs BULLS(1100-1300 lb)														
1050	875	1000	N/A	N/A	N/A	385	N/A	500	N/A	950				
MONTH AGO COMPARISON														
1250	1275	1000	875	775	1075	225	N/A	450	N/A	1000				
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)														
Choice & Prime 1250-1550 lbs light test										83.00	88.00	86.00	↓↓	
BULL CALVES: No. 1 & 2, 90-130 lbs														
70-85 lbs										80.00	175.00	100.00	49.00	↓↓
										80.00	150.00	90.00	38.00	↓↓

Price averages do not include lower-end common

Average to high dressing

Premium White	Breakers	Boners	Lean
N/A	57.50 ↓↓	55.35 ↓↓	46.75 ↓↓
2 WEEKS AGO			
N/A	59.25	59.35	50.10
YEAR AGO			
N/A	57.50	60.00	47.10

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