

# Daily Dairy

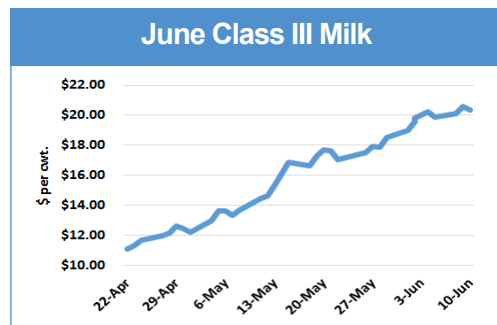
Vol. 9, No. 49 / June 10, 2020

REPORT

## High Prices Could Send Wrong Signals

Dairy producers will cash very disappointing May milk checks, but future checks will look better. Despite today's small setback, JUN Class III futures soared to \$20.35, up \$9.30/cwt. from the late-April lows. Third-quarter Class III contracts added an average of \$4.15 and fourth-quarter values were \$1.52 higher, on average, than they were seven weeks ago. Class IV futures have also staged impressive gains. JUN through DEC rallied \$3.91, on average, since late-April.

After a painful spring, sharply higher milk prices will allow dairy producers to pay



### NDPSR Prices Week Ending June 6

	Price USD/lb.	Chg. Vs. Last Week
Butter	\$1.5983	\$0.0379
Cheddar Block	\$1.9050	\$0.2929
Cheddar Barrel	\$1.8442	\$0.1904
Nonfat Dry Milk	\$0.8815	\$0.0356
Dry Whey	\$0.3661	\$(0.0154)

bills in arrears and start to rebuild equity. Government payments will help, too. USDA reports that as of June 8, it had doled out \$337 million in Coronavirus Food Assistance Program checks to 7,706 dairy producers across the nation. That's an impressive tally for a program that had only been open for 10 business days. The agency sent nearly \$80 million to Wisconsin alone, and aid will continue to flow to all states until USDA exhausts funding.

In the short run, these funds were sorely needed to stave off another wave of

bankruptcies. But the combination of higher milk prices and government aid will likely send dairy producers a signal to step up milk production, especially in regions where revenue is based solely on the sky-high Class III price. That extra milk may not be needed later this year. Although fresh cheese supplies are tight, the scarcity is unlikely to last. Once restaurants have restocked their larders and the food bank program winds down, demand could falter. In the meantime, manufacturers are making cheese at a formidable pace.

### CME Spot Prices

CME Spot Prices (\$/lb.)	Close	Chg. ¢	Trades
Butter	\$1.9525	+3.00	11
Cheddar Block	\$2.5400	NC	4
Cheddar Barrel	\$2.3675	-5.75	5
NDM Grade A	\$0.9800	+2.75	2
Dry Whey	\$0.3225	-0.50	12
Corn Futures (JUL)	\$3.2625	-1.25	NA
Soybean Futures (JUL)	\$8.6550	+2.25	NA
Soybean Meal Futures (JUL)	\$288.80	+1.70	NA
Live Cattle Futures (AUG)	\$96.500	-130.00	NA

### June 10 Trading Activity

	CME Futures (United States)												NZX Futures (New Zealand)				EEX Futures (Europe)		
	Class III \$/cwt.	chg. ¢	Class IV \$/cwt.	chg. ¢	Cheese ¢/lb.	chg. ¢	Whey ¢/lb.	chg. ¢	Butter ¢/lb.	chg. ¢	NDM ¢/lb.	chg. ¢	WMP \$/MT	SMP \$/MT	AMF \$/MT	Butter \$/MT	SMP €/MT	Butter €/MT	Whey €/MT
JUN20	20.35	-21	14.02	-2	213.70	-2.50	36.70	+0.35	188.00	NC	94.03	NC	2,700	2,550	3,900	3,700	2,159	3,240	750
JUL	19.36	-24	15.54	+44	204.00	-2.30	34.00	-0.50	208.70	+5.70	101.30	+4.00	2,745	2,500	4,000	3,650	2,195	3,300	750
AUG	17.82	-10	15.85	+70	187.70	-1.30	34.18	-0.83	209.00	+4.98	103.30	+4.00	2,755	2,520	4,000	3,600	2,195	3,350	755
SEP	17.38	-11	15.76	+27	182.50	-0.80	35.00	-0.63	208.05	+3.65	106.00	+4.00	2,750	2,520	4,000	3,550	2,205	3,388	753
OCT	17.13	-1	16.02	+40	180.70	+0.20	34.55	-0.58	207.05	+2.05	108.78	+4.00	2,760	2,520	4,050	3,575	2,220	3,416	780
NOV	16.92	-5	16.26	+51	179.10	NC	33.90	-0.83	207.00	+1.98	111.43	+4.00	2,755	2,545	4,050	3,575	2,230	3,417	790
DEC	16.52	-3	16.36	+46	175.30	+0.20	34.00	-1.00	206.00	+2.00	113.50	+4.00	2,765	2,535	4,050	3,575	2,240	3,450	800
JAN21	16.15	-5	16.36	+42	171.20	-0.40	35.00	NC	203.58	+3.68	114.50	+4.00	2,770	2,540	4,050	3,500	2,250	3,475	-
FEB	16.21	-4	16.36	+27	171.00	NC	35.48	NC	202.50	+2.50	114.68	+3.65	2,770	2,550	4,100	3,500	2,260	3,500	-
MAR	16.25	+3	16.21	+11	171.80	+0.10	35.50	NC	201.00	+2.63	114.50	+3.13	2,770	2,560	4,100	3,500	2,270	3,510	-
APR	16.28	NC	16.00	+12	172.00	NC	37.38	NC	197.73	NC	114.90	+3.40	2,805	2,575	4,100	3,500	2,280	3,520	-
MAY	16.32	NC	15.94	+19	173.20	+0.70	37.00	NC	197.48	NC	115.95	+3.23	2,805	2,575	4,100	3,500	2,290	3,530	-

May 2020 milk prices (with chg. vs. prior month): Class III \$12.14 (-\$0.93); Class IV \$10.67 (-\$0.73)

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