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# Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

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A partnership between Cornell University  
and the CCE Associations in these five counties:  
Allegany, Cattaraugus, Chautauqua, Erie, and Steuben.

**Dairy Market Watch**  
Newsletter  
May 2021

An educational newsletter to keep producers informed of changing market factors affecting the dairy industry.

Milk Component Prices			Milk Class Prices				Statistical Uniform Price & PPD				
Month	Butterfat	Protein	I (Boston)	II	III	IV	Jamestown, NY		Albany, NY		Albany \$/gal. to farmer
Apr 20	\$1.32	\$2.48	\$19.89	\$13.87	\$13.07	\$11.40	\$13.77	\$0.77	\$14.37	\$1.30	\$1.24
May 20	\$1.38	\$2.09	\$16.20	\$12.30	\$12.14	\$10.67	\$12.32	\$0.18	\$12.92	\$0.78	\$1.11
June 20	\$1.86	\$4.53	\$14.67	\$12.99	\$21.04	\$12.90	\$14.51	(\$6.53)	\$15.11	(\$5.93)	\$1.30
July 20	\$1.95	\$5.62	\$19.81	\$13.79	\$24.54	\$13.76	\$17.93	(\$6.61)	\$18.53	(\$6.01)	\$1.60
Aug 20	\$1.63	\$4.44	\$23.03	\$13.27	\$19.77	\$12.53	\$16.87	(\$2.90)	\$17.47	(\$2.30)	\$1.51
Sep 20	\$1.59	\$3.39	\$21.69	\$13.16	\$16.43	\$12.75	\$15.65	(\$0.78)	\$16.25	(\$0.18)	\$1.40
Oct 20	\$1.64	\$5.01	\$18.45	\$13.63	\$21.61	\$13.47	\$15.92	(\$5.69)	\$16.52	(\$5.09)	\$1.41
Nov 20	\$1.56	\$5.62	\$21.29	\$13.86	\$23.34	\$13.30	\$17.12	(\$6.22)	\$17.72	(\$5.62)	\$1.53
Dec 20	\$1.54	\$3.03	\$23.12	\$14.01	\$15.72	\$13.36	\$16.11	\$0.39	\$16.71	\$0.99	\$1.44
Jan 21	\$1.55	\$3.04	\$18.39	\$14.18	\$16.04	\$13.75	\$14.76	(\$1.28)	\$15.36	(\$0.68)	\$1.32
Feb 21	\$1.44	\$2.98	\$18.79	\$14.00	\$15.75	\$13.19	\$14.65	(\$1.10)	\$15.25	(\$0.50)	\$1.31
Mar 21	\$1.72	\$2.70	\$18.45	\$15.07	\$16.15	\$14.18	\$15.35	(\$0.80)	\$15.95	(\$0.20)	\$1.38
Apr 21	\$1.94	\$2.81	\$18.76	\$15.56	\$17.67	\$15.42	\$16.21	(\$1.46)	\$16.81	(\$0.86)	\$1.45

April Utilization (Northeast): Class I = 30.1%; Class II = 24.2%; Class III = 24.5%; Class IV = 21.2%.  
 Class I = fluid milk; Class II = soft products, cream, and yogurt; Class III = cheese (American, Italian), evaporated and condensed products; Class IV = butter and milk powder.

### Dairy Commodity Markets (USDA Dairy Market News – Volume 88, Report 20, May 21st, 2021)

**Cheese:** Cheese producers are running active schedules in all regions. Producers continue to take on flush-level milk supplies, but with fewer spot trades reported in the Midwest, the reported price range tightened to \$1.50 under Class to flat Class. The updated CDC recommendations regarding further easing of COVID-19 restrictions due to lower infection rates and an increase in the vaccinated population have given some cheese contacts bullish near-term viewpoints regarding food service sales. However, demand notes this point are mixed, and in some cases, bearish. Pizza cheese producers report continually steady sales. Inventory levels of cheese vary from region to region, per usual. That said, there are a growing number of contacts reporting some extra spot loads available.

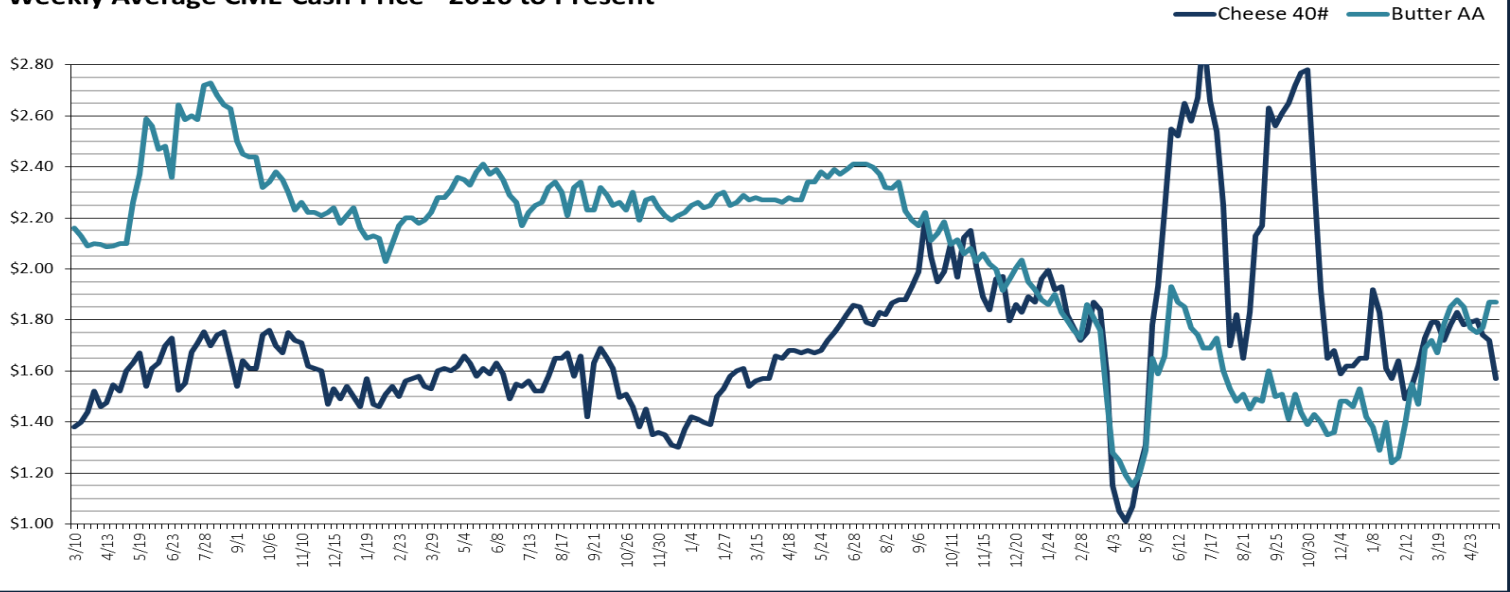
**Fluid Milk:** Milk production is leveling off in the Northeast and Central regions, decreasing in the Southeast, and mixed throughout the West. Class I demand varies, but milk supply is steady for bottling needs. Although summer programs and educational institutions are preparing to supply free meals to kids throughout the summer, some contacts expect Class I sales to decrease as the school year comes to a close.

**Dry Products:** Low/medium heat nonfat dry milk (NDM) price changes were mixed, with minor fluctuations on both the Central/East and West range series. High heat NDM prices are mostly steady. International demand is strong, particularly for exports to Mexico. The market tone is fairly steady. Whey protein concentrate 34% prices are unchanged this week. Demand is hearty; some manufacturers report strong interest out of Asia. The lactose range is unchanged, but the mostly series widened. Acid casein prices are steady while rennet casein prices increased on both ends of the range.

**Butter:** Cream availability is stable in the Northeast and West. Production is ongoing as manufacturers prepare for fall demand needs. Inventories are stable and satisfying current contract and spot demands. Retail orders are seasonally flat to lower. Food service is on a strong upswing from historic lows last year.

Friday CME Cash Prices					
Dates	3/26	4/1	4/9	4/16	4/23
Butter	\$1.78	\$1.85	\$1.88	\$1.85	\$1.77
Cheese (40# Blocks)	1.72	\$1.78	\$1.83	\$1.78	\$1.79

## Weekly Average CME Cash Price - 2016 to Present



### May 2021 Dairy Situation and Outlook, May 24, 2021

Bob Cropp, Professor Emeritus, University of Wisconsin Madison, Division of Extension

Originally published online at <https://fyi.extension.wisc.edu/dairy/may-2021-dairy-situation-and-outlook/>

Milk prices continue to strengthen since their low in February. The February Class III price was \$15.75 and had increased to \$17.67 in April with May forecasted to be around \$18.90. The February Class IV price was \$13.19 and had increased to \$15.42 in April with May forecasted to around \$16.20.

While butter and nonfat dry milk prices are holding, cheese prices have taken a sharp downturn which spells a lower Class III price by June. On the CME the 40-pound cheddar block cheese price has fallen \$0.2325 per pound from \$1.8125 mid-May to now \$1.5800. Cheddar barrels have fallen \$0.1525 per pound from \$1.7800 mid-May to now \$1.6275. The higher cheese prices early May were driven by stronger demand. There were cheese purchases under the Farm to Families Food Box program which expires the end of May.

With improvement in the COVID-19 situation some schools have return to in the classroom instruction and restaurants are more fully open which has increased food service sales. As we approach the grilling season the demand for process cheese increases.

This partially explains the spread between barrels and blocks that earlier had barrels \$0.20 or more per pound lower than blocks to now with barrels at times higher than blocks or slightly below.

Dairy exports also were a very positive factor for higher dry whey, butter and nonfat dry milk prices. March exports on a milk solids equivalent basis set a new record in March and were equivalent to 18.6% of milk production. Exports of nonfat dry milk/skim milk powder and dry whey exports both set all-time highs.

Forecasting milk prices ahead remains cloudy and uncertain. Further opening of restaurants and a move to more in classroom instruction this fall as well as conventions, conferences and attendance at sports events returning to more normal all support stronger milk and dairy product sales.

Dairy exports look positive as the world economy improves and major export markets like Mexico and China increase purchases. Currently U.S. prices of butter, nonfat dry milk/skim milk powder and cheese are very competitive with Oceania and Western Europe. But dry whey prices are above world prices.

However, milk production needs to slow down to support milk prices. USDA's latest forecast has 2021 daily milk production up 2.4% from 2020, the result of an average of 82,000 more milk cows and 1.5% more milk per cow. But with considerably higher feed cost the increase in milk production could slow by the second half of the year with increased culling and smaller increases in milk per cow.

Current Class III futures are rather optimistic. Class III is in the low \$19's July through October before dropping to the \$18's for November and December. But it will take a combination of lower milk production, strong domestic sales of dairy products and continued strong exports for these prices to materialize.

Current butter, cheese and dry whey prices puts the Class III price in the \$17's. USDA's latest price forecast has the Class III price averaging just \$16.85 for the year compared to \$18.16 last year.