

swnyteam@cornell.edu

Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

swnydlfc.cce.cornell.edu



Prepared by Katelyn Walley-Stoll
Farm Business Management Specialist
716-640-0522 · kaw249@cornell.edu
Funded by PRO-DAIRY.

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

Dairy Market Watch
Newsletter
June 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
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
May 21	\$1.98	\$3.13	\$20.35	\$16.22	\$18.96	\$16.16	\$17.19	(\$1.77)	\$17.79	(\$1.17)	\$1.53

May Utilization (Northeast): Class I = 28.9%; Class II = 24.2%; Class III = 25.3%; Class IV = 21.6%.

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 25, June 25th, 2021)

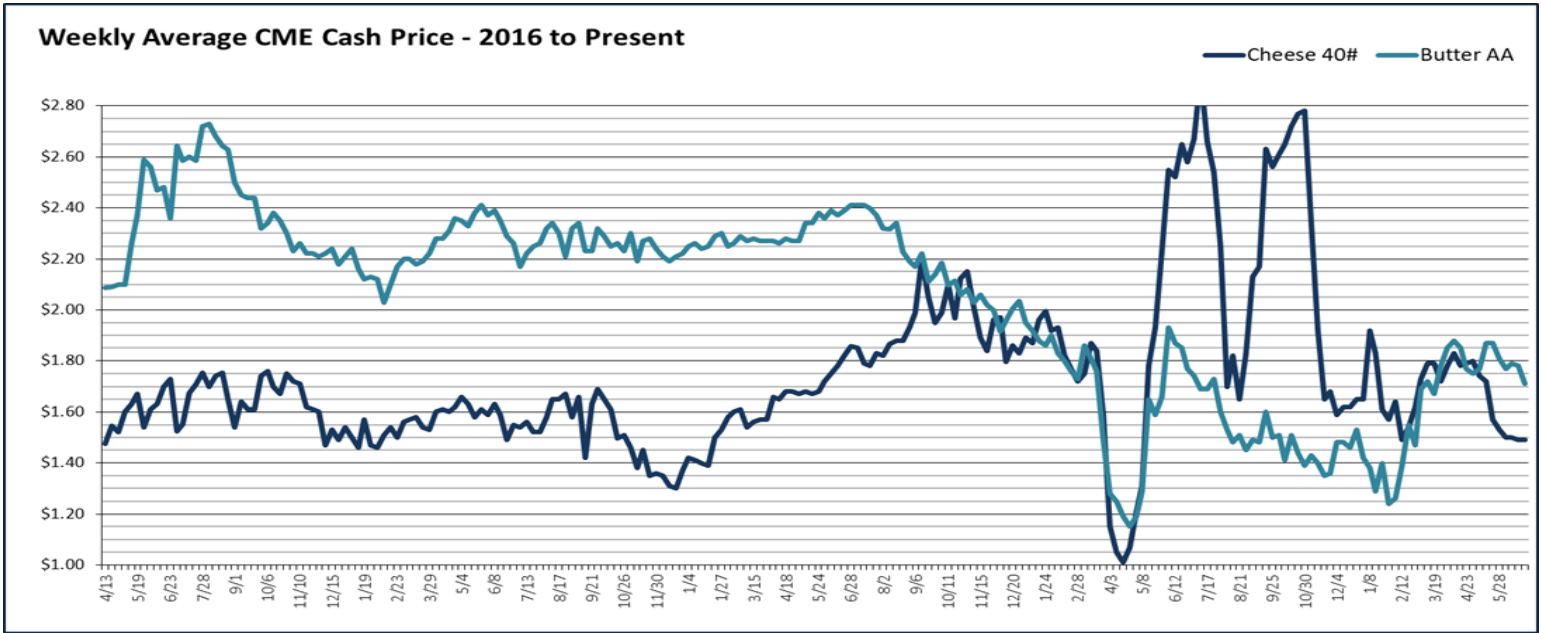
Cheese: Milk remains plentiful for cheese producers nationwide. Spot milk prices were reported from \$6 to \$4 under Class III. There is a notable difference when compared to spot milk prices last year during week 25: \$.50 to \$2.50 over Class. Cheese production, due in part to the remaining surpluses of milk, is active. To prevent cheese inventory buildups, Western cheese contacts say producers are inclined to move spot loads quickly. They also report renewed/strengthened interest from Asian customers due to the value of domestic cheese prices. On cheese market tones, some contacts pass on a sense of relief that block and barrel prices have converged, following consecutive weeks of an "inverted" price gap, in which barrel prices were above block prices. Still, markets have yet to gain their footing.

Fluid Milk: Across the country, milk output is steady to lower seasonally, due to the rising summer temperatures, although milk is far from scarce in any region for any/all production usages. Class I demand has slowed down, however, some orders picked up after the summer break declines in previous weeks. Throughout the country, reports of driver shortages to heatrelated hurdles have been concerning, particularly for milk and cream handlers.

Dry Products: Low/medium heat nonfat dry milk (NDM) prices are lower in the Central, East and West regions this week. Export shipping delays/port congestions are impacting the dairy industry. Low/medium heat NDM market tones are steady to softened. High heat NDM prices have mostly dipped lower. Dry buttermilk prices are mixed. Limited supplies and moderate buying demands are holding dry buttermilk market undertones firm. Dry whole milk prices are steady to a bit higher.

Butter: Butter makers are working though ample milk and cream supplies and reporting that little has changed from week to week. Production is steady. Inventories are largely available for spot and contract needs. Retail sales are soft, and many grocers are featuring butter promotions. Food service orders are leveling off in the East as outlets have refilled pipelines, but demand is steady to strong throughout the Central and Western regions.

Friday CME Cash Prices					
Dates	5/28	6/4	6/11	6/18	6/25
Butter	\$1.81	\$1.77	\$1.79	\$1.78	\$1.71
Cheese (40# Blocks)	\$1.53	\$1.50	\$1.50	\$1.49	\$1.49



June 2021 Dairy Situation and Outlook, June 23, 2021

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

Originally published online at <https://fyi.extension.wisc.edu/fdlag/2021/06/23/june-2021-dairy-situation-and-outlook/>

Cheese prices are much weaker in June than early May with dry whey prices lower and butter prices higher. In early May on the CME cheddar barrels were \$1.81 per pound, 40-pound cheddar blocks \$1.80, dry whey \$0.66 and butter \$1.75. As of June 21st, barrels were 1.48, 40-pound blocks \$1.4725, dry whey \$0.6100 and butter \$1.7850. As a result, Class III which was \$18.96 in May will be about \$17.25 in June. The Class IV price will show some strength in June. With the butter price up slightly and the price of nonfat dry milk averaging about \$1.27 per pound the June Class IV price which was \$16.16 in May will be about \$16.45 in June.

Milk production continues at a relatively high level putting downward on milk prices. U.S. milk production was estimated to be up 3.5% from a year ago in April and 4.6% higher in May. A year ago, with lost market due to COVID-19 dairy producers were told to reduce milk production. As a result, May milk production was 0.5% lower than the year before. Nevertheless, May production this year is a strong come back. Milk cows continue to increase. Milk cows in May increased another 5,000 and were 145,000 more than a year ago, a 1.6% increase. Of the 24 selected states 14 had more milk cows than a year ago. Milk cows are also milking exceptionally good with milk per cow up 3.0% from a year ago.

With widespread drought tightening feed supplies feed prices could be a lot higher by fall which could slow down milk production by the fourth quarter.

Unless milk production slows down milk prices are likely to weaken June through August and then increase starting in September and peaking in October or November. Milk production will decline seasonally during the summer months while fluid milk sales will increase in late August and September

as schools open and butter and cheese prices will strengthen as inventories build for strong seasonal sales Thanksgiving through Christmas. And if things return more to normal with in-person learning in schools and colleges, restaurants are more fully open, fans in bleachers at sporting events, conferences return and etc. Food service sales will return to more normal. All of this can strengthen milk prices starting this fall. However, the strength in milk prices will highly depend upon how quickly things return to more normal.

Dairy exports continue to be a bright spot for dairy adding support to milk prices. The volume of April exports on a milk solids equivalent grew by 25% compared to April 2020. Nonfat dry milk/skim milk powder exports were up 15.5%, whey products up 17.6%, cheese up 51.2% and butterfat 257%. Nonfat dry milk/skim milk powder, cheese and butter remain very price competitive on the international market. With world milk production growing no more than about 1% and world demand improving the outlook for strong exports for the remainder of the year looks promising.

The outlook for milk prices for the remainder of the year remains uncertain. It all depends upon how milk production, domestic sales and exports turn out. Unless cheese prices recover Class III will be in the \$16's by July and may not reach the \$17's until September and only topping to the higher \$17's in the fourth quarter. But we can't rule out the possibility of Class III reaching the \$18's in the fourth quarter. Class III futures have weakened from where they were earlier but currently July is below \$17 and then returns to the \$17's August and September and the low \$18's for the remainder of the year. Latest USDA price forecast is not as optimistic about milk prices with Class III averaging just \$17.15 this year compared to \$18.16 last year.