

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
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Allegany, Cattaraugus, Chautauqua, Erie, and Steuben.

Dairy Market Watch
Newsletter
July 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
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
June 21	\$1.96	\$2.53	\$21.54	\$16.66	\$17.21	\$16.35	\$17.35	\$0.14	\$17.95	\$0.74	\$1.55

June Utilization (Northeast): Class I = 28.1%; Class II = 24.8%; Class III = 24.9%; Class IV = 22.2%.

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 (Excerpts from USDA Dairy Market News – Volume 88, Report 25, June 25th, 2021)

Dry Products: Low/medium heat nonfat dry milk (NDM) prices are mixed this week. Buying demands are slowing. Low/ medium heat NDM market tones are somewhat unsettled. High heat NDM prices are steady to lower. High heat NDM markets are flat. Dry buttermilk prices are to steady to slightly lower. Market participants' demands are fairly steady in domestic and international markets. The dry whole milk price range has tightened. Spot market activities are slightly quiet. Pricing for both acid casein and rennet casein are unchanged. Customer interest is beginning to increase.

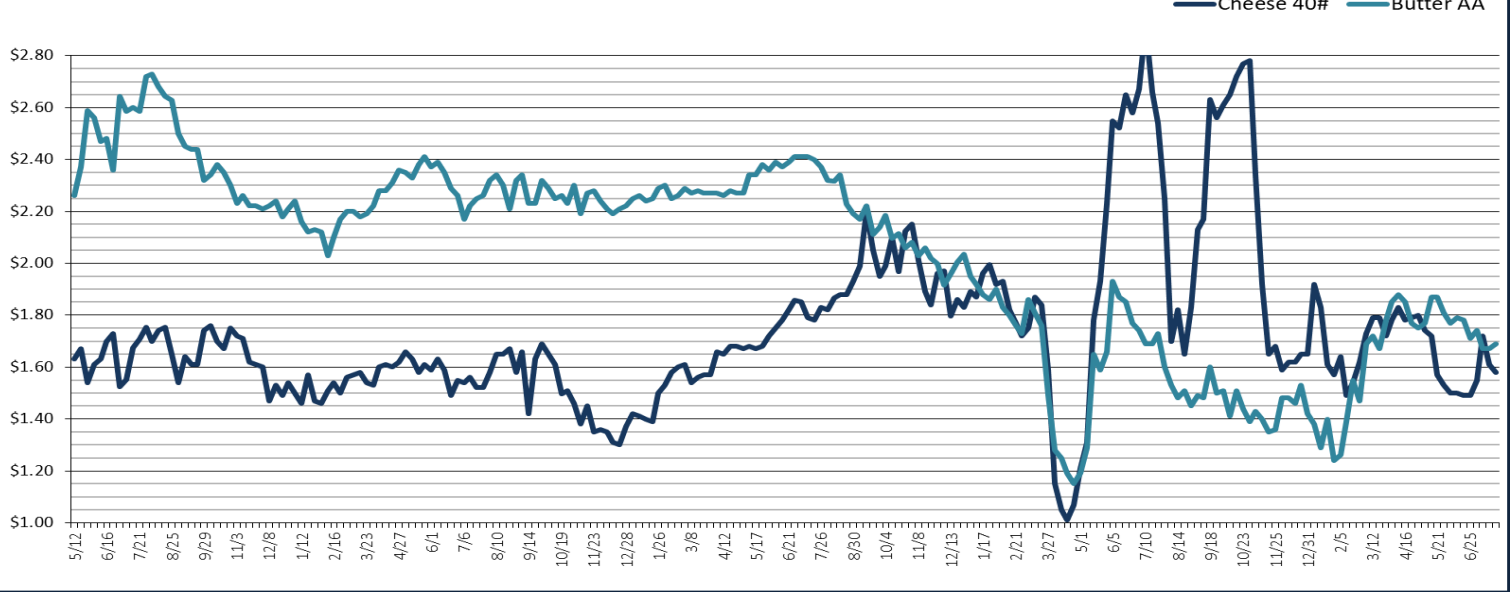
Butter: Cream availability is mixed. Contacts report some tightness in the West, but others say cream is widely available in the East and Central regions. Although cream cheese operations are pulling heavy volumes of available cream, butter production is seasonally steady. However, some Northeastern contacts report that a few butter operations are selling cream in lieu of churning. Butter inventories are healthy. Butter is available to meet spot and contract demands. Retail sales are meeting seasonally softer expectations. Food service demands vary.

Cheese: Cheese sales are noted as steady or strong for producers across the nation. Cheese prices on market exchanges have enticed some export purchases, according to Western contacts. Milk is plentiful for production nationwide, although spot milk prices are moving higher in the Midwest. Inventories of cheese vary by plant. Eastern contacts say inventories are steady to growing. They report a limit on storage capacity, and load delivery snags and port congestion are not alleviating the situation. Cheese market tones are, in a word, a quiver.

Fluid Milk: Milk production is slightly decreasing throughout the United States. Milk supplies are beginning to fall more in line with end usage immediate needs and storage capacities. Some manufacturers are heavy with condensed skim volumes. Cream markets are mixed. In general, many market participants note cream remains available during the mid-summer season.

Friday CME Cash Prices					
Dates	6/25	7/2	7/9	7/16	7/23
Butter	\$1.71	\$1.74	\$1.67	\$1.67	\$1.69
Cheese (40# Blocks)	\$1.49	\$1.55	\$1.72	\$1.61	\$1.58

Weekly Average CME Cash Price - 2016 to Present



July 2021 Dairy Market Watch Commentary

Katelyn Walley-Stoll, Farm Business Management Specialist, Cornell Cooperative Extension

July 16th's Livestock, Dairy, and Poultry Outlook showed the softening of what was probably an overly optimistic milk price forecast. USDA's all milk price forecast for 2021 is \$18.30, Class III at \$16.80, and Class IV or \$15.40.

An improved export market seems to be helping industry prices recover. Red meat exports increased by 7.2% in 2021 compared to 2020, beef in particular by 16%. Dairy exports are increasing by almost 9% and should remain at that level through 2022 as Mexico, China, and Southeast Asia all up their purchases. While these numbers are all relatively large increases, there is strong international prices competition as the US, and worldwide, economy remains unsteady.

However, wholesale purchases have slowed or declined from their pickup as things started "returning to normal" across the country. While Fall would typically bring increased school orders and glimpses of a robust holiday season, the coming months remain uncertain as the Delta variant continues to work its way through vulnerable and unvaccinated communities. The prices for 40-pound cheese blocks (down 9 cents), 500-pound barrels (down 8 cents), and butter (down 1 cent) all decreased from June to July.

Additionally, cow numbers were higher than expected and continue to rise. May's estimated number of milk cows was 9.505 million, and 5,000 increase from April. According to USDA, this increase in cow numbers has been continual since July 2020. May to June's increase did seem to even out a bit.

Perhaps strong beef prices, tight forages, and pricey grain/commodity prices will pull the reins on cow numbers moving

into 2022, helping to reduce milk production and improve prices - but that situation includes a lot of moving pieces that would all need to come together and stay around for a while. From April to May we didn't see a huge milk per cow increase, reflective of high feed costs and seasonal weather conditions.

Another thing to watch will be the Western drought situation. This will bring decreased milk per cow, reduced forage harvests, and have caused some heat-related plant closures.

In their recent dairymarkets.org podcast, Bob Cropp and Mark Stephenson shared that the dairy stocks have tightened, which should help give prices a boost as well. Cheese stocks declined from May to June and Butter remained stable. They also shared, what we saw here in NY, that a lot of folks saw a return of positive PPD's this month as the Class III and Class IV prices moved closer together.

