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Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

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Funded by PRO-DAIRY.

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and the CCE Associations in these five counties:
Allegany, Cattaraugus, Chautauqua, Erie, and Steuben.

Dairy Market Watch
Newsletter
May 2022

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 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
July 21	\$1.89	\$2.49	\$20.67	\$16.83	\$16.49	\$16.00	\$16.91	\$0.42	\$17.51	\$1.02	\$1.51
Aug 21	\$1.85	\$2.45	\$20.15	\$16.51	\$15.95	\$15.92	\$16.54	\$0.59	\$17.14	\$1.19	\$1.48
Sep 21	\$1.93	\$2.60	\$19.84	\$16.89	\$16.53	\$16.36	\$16.81	\$0.28	\$17.41	\$0.88	\$1.50
Oct 21	\$1.94	\$3.01	\$20.33	\$17.08	\$17.83	\$17.04	\$17.29	(\$0.54)	\$17.89	\$0.06	\$1.54
Nov 21	\$2.15	\$2.75	\$21.23	\$18.40	\$18.03	\$18.79	\$18.39	\$0.36	\$18.99	\$0.96	\$1.64
Dec 21	\$2.29	\$2.59	\$22.42	\$19.84	\$18.36	\$19.88	\$19.34	\$0.98	\$19.94	\$1.58	\$1.74
Jan 22	\$2.95	\$2.35	\$22.96	\$22.83	\$20.38	\$23.09	\$21.59	\$1.21	\$22.19	\$1.81	\$1.91
Feb 22	\$3.02	\$2.31	\$24.89	\$23.79	\$20.91	\$24.00	\$22.52	\$1.61	\$23.12	\$2.21	\$1.99
Mar 22	\$3.09	\$2.71	\$26.13	\$24.76	\$22.45	\$24.82	\$23.59	\$1.14	\$24.19	\$1.74	\$2.09
Apr 22	\$3.41	\$3.42	\$27.63	\$25.71	\$24.42	\$25.31	\$24.92	\$0.50	\$25.52	\$1.10	\$2.20

April Utilization (Northeast): Class I = 29.4%; Class II = 24.2%; Class III = 27.3%; Class IV = 19.1%.

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 (Excerpt from USDA Dairy Market News – Volume 89, Report 20, May 20th, 2022)

Dry Products: Prices for low/medium heat nonfat dry milk are mixed. Prices contracted in the Central and East region and are steady to lower in the West. Despite some downward market pressure, some contacts suggest market tones for NDM are more sideways than bearish. Dry buttermilk prices are largely steady but moved lower at the top of the Western price series. Inventories are snug and production is limited. The national dry whole milk price range expanded this week on slightly busier trading.

Cheese: Across all regions cheese production is active, though some production facilities in the Northeast and West are, reportedly, running below capacity due to labor shortages. Midwestern cheese demand is mixed; contacts report that slipping prices in previous weeks caused some hesitance from purchasers, while others are purchasing to get ahead of a potentially bullish market. Meanwhile, demand is noted to be hearty in the Northeast and West. Cheese inventories are present to satisfy demand in the Northeast.

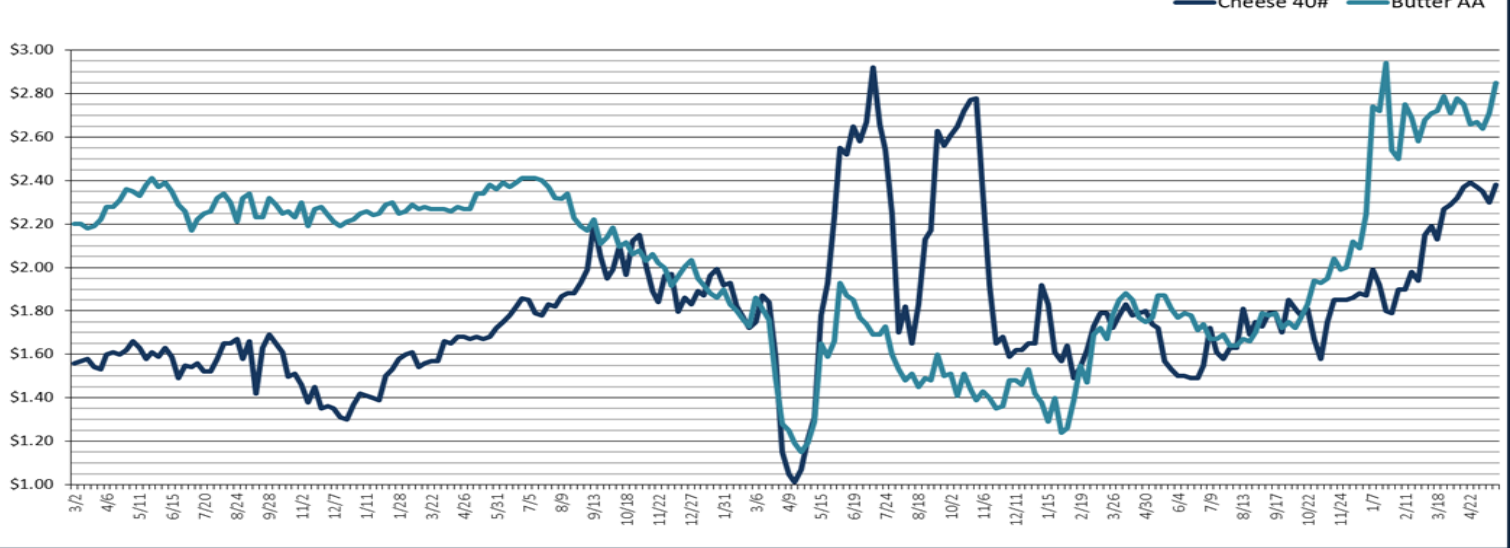
Butter: Contacts in the Northeast and Central region relay that local cream spot availability is tighter. Some butter makers in the Northeast say that more cream is being churned this week, though butter production schedules vary across manufacturers. Food service demand for butter is stable in the Northeast and West, while retail demand is trending lower. Spot inventories are unchanged in the Northeast, but are becoming more available in the West. Bulk butter overages range from 4 to 15 cents above market, across all regions.

Fluid Milk: While milk production is still trending higher across much of the northern tier of states, milk output transitions to steady in the middle and southwestern states and then to lower in the southern states from New Mexico to Florida. The specific demarcation line varies week to week. Higher temperatures and humidity are starting to take hold in the south, suppressing cow comfort and milk output. Class I milk sales are moving lower as educational institutions reduce orders ahead of the summer breaks. Class III demand is active, and spot milk loads are available.

Friday CME Cash Prices					
Dates	4/22	4/29	5/6	5/13	5/20
Butter	\$2.66	\$2.67	\$2.64	\$2.71	\$2.85
Cheese (40# Blocks)	\$2.39	\$2.37	\$2.35	\$2.30	\$2.38

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Weekly Average CME Cash Price - 2017 to Present



Dairy Situation and Outlook, May 18, 2022

By Bob Cropp, Professor Emeritus, University of Wisconsin Cooperative Extension, University of Wisconsin-Madison

Originally published: <https://fyi.extension.wisc.edu/kewauneeg/files/2022/05/Dairy-Situation-and-Outlook-May-2022.pdf>

Milk prices continue well above year ago levels. The April Class III price was \$24.42, and May will be near \$25.00. The April Class IV price was \$25.31 but May will be lower near \$24.5. While volatile, dairy product prices have held at levels to maintain Class III and Class IV prices near these levels.

But milk prices for the remainder of the year are uncertain. Prices should stay well above year above levels but how much higher is uncertain. There is uncertainty as to the level of milk production, domestic sales, and dairy exports all of which will determine the level of milk prices. With much higher feed prices and the price of all other inputs milk production is not likely to show much of any increase this year. Dairy replacement numbers are also lower, and some dairy cooperatives have in place base type plans that limited their members increasing milk production. USDA is forecasting just a 0.2% increase in this year's milk production over last year. Milk production at this level will support higher milk prices. If milk production would increase at higher levels by the last half of the year, milk prices could weaken some.

USDA's estimated April milk production was 1.0% below a year ago, the sixth consecutive month milk production was below a year ago. Milk cow numbers were 98,000 head below a year ago, a 1.0% decrease with no increase in milk per cow.

How milk and dairy product sales hold up for the remaining of the year is uncertain. Inflation is cutting into consumer spending power. This may cause consumers to cut back on going to restaurants which would dampen butter and cheese sales. Higher retail prices may also reduce consumer purchases of dairy products in the grocery store. While fluid (beverage) milk sales are expected to decline butter and cheese sales are still expected to show some increase in sales.

Dairy exports continue to do well but may not match the record exports of last year. The volume of March exports were just one percent lower than a year ago. This was the fourth consecutive month the volume of exports was below a year ago. The exports of nonfat dry milk/skim milk powder and dry whey resulted in the lower total volume. Cheese exports continue to do well being 13% higher than a year ago and butterfat was 59% higher. Milk production in Oceania and Western Europe, two leading dairy exporters continues to run below a year ago levels which leaves open opportunities for U.S. exports. World dairy products prices have been declining but as U.S. prices are still competitive on the world market.

In summary, milk prices will stay well above year ago levels. But it is uncertain as to how much higher. If milk production does not increase above year ago levels the Class III price could strengthen by summer and fall as milk production is seasonally lower in the summer while butter and cheese inventories start to build for the seasonally high sales for thanksgiving and the holidays. But, if milk production does strengthen some last half of the year this could dampen Class III and Class IV price increases. Nevertheless, 2022 should end the year with prices averaging well above a year ago. USDA is forecasting the Class III price to average \$20.50 compared to \$17.08 last year and the Class IV price to average \$21.40 compared to \$16.09 last year. Prices could very well average higher. Current dairy futures are more optimistic with Class III \$24 until August then \$23 and ending at \$22 in December. Class IV futures are \$24 until October then \$23 and ending at \$22 in December. We need to keep in mind that milk prices can change quickly with small changes in milk production, milk and dairy product sales and dairy exports.