

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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Dairy Market Watch
Newsletter
June 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
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
May 22	\$3.10	\$3.86	\$28.70	\$25.87	\$25.21	\$24.99	\$25.42	\$0.22	\$26.03	\$0.82	\$2.24

May Utilization (Northeast): Class I = 28.7%; Class II = 24.3%; Class III = 26.9%; Class IV = 20.1%.
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 25, June 24th, 2022)

Dry Products: Central and East low/medium heat nonfat dry milk (NDM) prices are generally stable as prices in the West mostly declined. At current prices, end users are reluctant to acquire spot loads beyond their immediate needs. Mexico reduced their NDM orders this week. Prices for dry buttermilk held steady in the Central and East. Dry buttermilk spot supplies are constrained, as ice cream production surges while churning declines.

Cheese: Cheesemakers are running busy schedules across the country as Class III milk supplies remain widely available. Labor shortages and delayed deliveries of production supplies are causing some Western cheesemakers to run below capacity. Cheese inventories are available for spot purchasing. Contacts in the Northeast and West report that domestic demand in both retail and food service markets is softening. Across the country, cheese inventories are available for spot purchasing.

Butter: Cream is available throughout all regions, though contacts in the Northeast and West note that availability is declining seasonally. Strong demand for cream is present in the West, but contacts report that high transportation costs and limited tanker availability are causing most loads to stay local. Butter makers in the Northeast are running lighter schedules due to higher cream multiples and softening demand. Meanwhile, contacts in all regions relay that staffing shortages are limiting their ability to run full schedules. Demand for butter is declining in the Northeast and West.

Fluid Milk: Warmer temperatures are affecting farm-level milk production output levels throughout the U.S. In the East region, milk declines are being reported in most areas as a downswing also occurs in the Central region milk. Overall, Class I bottling sales are seasonally slower. Condensed skim spot availability is mixed. Supplies are tighter in the East, but handy in the West. Cream availability varies as the summer heat chips away at milkfat levels in some areas of the country.

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



I'm Running Out of Catchy Titles About Good Milk Prices but Things Are Still Going Well.

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

Milk prices are at a record high (see above), with continued trends for strong prices. These prices will carry the second half of the year out on a high note. Although we're experiencing record high input prices as well, the continued slower than "normal" growth of milk production and steady domestic and international demand will provide prices that should be profitable for most farms.

USDA is forecasting 2022 and 2023 prices at the figures outlined below. Their 2023 forecast prices have increased from last month due to higher than expected prices and demand. It's good to note that 2022's all-milk forecast of \$26.20 is \$7.67 higher than 2021's actual all-milk price.

From USDA	2022	2023
All-Milk Forecast	\$26.20	\$23.80
Class III Forecast	\$22.90	\$20.65
Class IV Forecast	\$24.65	\$21.90

Lactose exports hit a record high in April (shown to the right), with increased demand largely from China, but also Japan and New Zealand. April's dairy exports (milk-fat basis) totaled 1.21 billion pounds, an increase of 7% from April 2021. Exports made up 18.7% of US dairy sales by milk solids in April, which is the third highest month ever. In spite of international economic challenges, US Dairy remains a strong competitor on the international market and is poised to meet increase in demand.

May 2022 milk production was down 0.7% from May 2021, and production per cow increased by less than half of a percent over that same time. High input costs, some industry

production tier penalties, and challenges with this year's weather should continue to reign milk production growth in. New York saw a 1% decrease in cow numbers from a year ago, a loss of 6,000 head, and relatively stagnant milk production. This will keep milk prices elevated over time.

Where do prices go from here? I had a farmer tell me recently that I needed to stop raining on his parade by reminding him of all of the things that could go wrong with milk prices (decrease in consumption due to inflation, increases in milk production as farms hold onto more cows, another pandemic). So, for the most part, it does look like most things are going just right for Dairy Markets and the remainder of 2022 should continue to go well.

More Information:

- [Livestock, Dairy, and Poultry Outlook: June 2022 from USDA Economic Research Service Situation and Outlook Report.](#)
- [May DMC Margin Hits \\$12.51 per cwt from Progressive Dairy by Dave Natzke.](#)
- [Dairy Market Report from National Milk Producers Federation.](#)
- [Milk Production Report from NASS.](#)

United States exports of lactose from January 2011 to April 2022



Sources: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service; and U.S. Department of Commerce, Bureau of the Census.