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Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

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Allegany, Cattaraugus, Chautauqua, Erie, and Steuben.

Dairy Market Watch
Newsletter
July 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
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
June 22	\$3.33	\$3.41	\$29.12	\$26.65	\$24.33	\$25.83	\$25.83	\$1.50	\$26.43	\$2.10	\$2.28

June Utilization (Northeast): Class I = 27.5%; Class II = 23.4%; Class III = 30.5%; Class IV = 18.6%.

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 (Excerpt from USDA Dairy Market News – Volume 89, Report 29, July 22nd, 2022)

Dry Products: Low/medium heat nonfat dry milk (NDM) prices dipped lower this week. High heat NDM prices are down. Inventories are snug across regions, muting spot trading. Dry buttermilk prices are steady to lower. Some ice cream makers are purchasing condensed buttermilk, limiting supplies for dryers. Dry whole milk prices are unchanged.

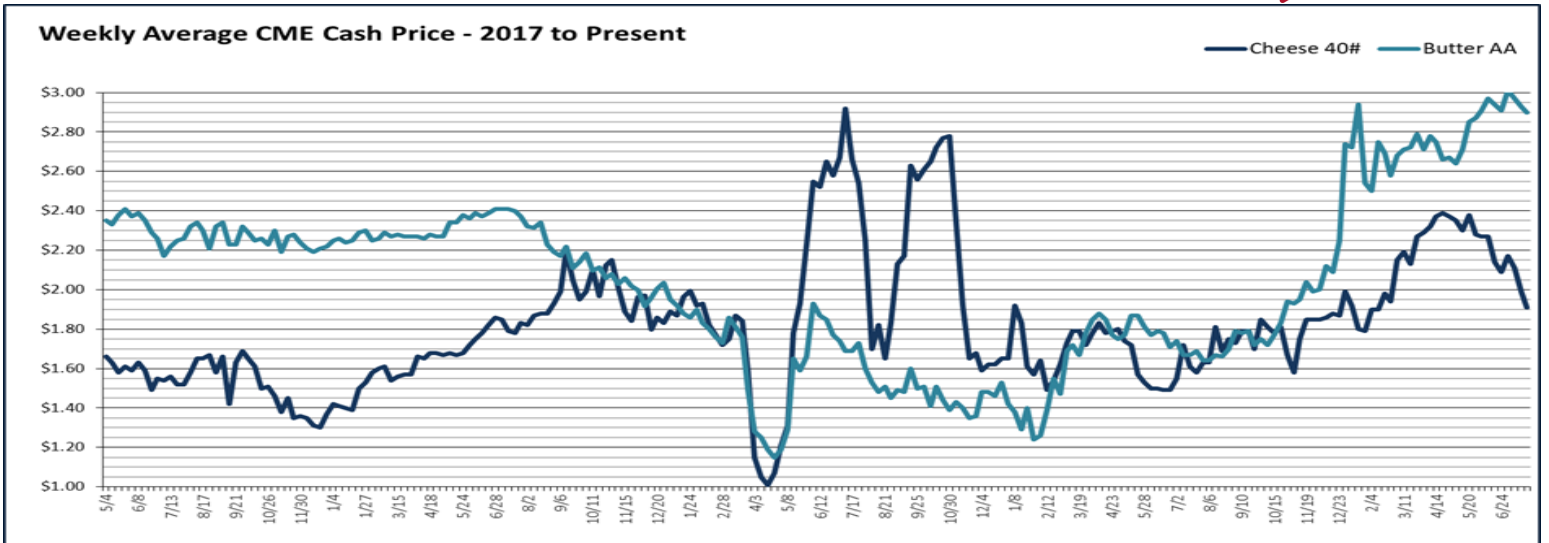
Cheese: Throughout the country, milk production is declining, but Class III milk remains available for cheesemaking. In the Northeast and West regions, cheese production is steady. Cheese inventories are available in the Northeast and West, but curd and barrel inventories are tight in the Midwest. Some Northeastern contacts are, reportedly, concerned about supplies outpacing demand amid soft retail sales and steady to lower food service demand.

Butter: Cream is available in the Central region, though contacts report inventories are tightening in the Northeast and West. Butter and ice cream makers are keeping demand robust, in the West. Some butter makers in the Northeast are running active schedules, while others are running below capacity due to labor shortages, high cream multiples, and softening domestic demand. Butter inventories are tight in the Northeast. Inflationary pressures are affecting some grocery shoppers in the Northeast and West, who may be reducing their consumption or utilizing some butter alternatives.

Fluid Milk: Milk flows are generally trending level to lower across the country. Summer heat and lack of precipitation in some areas, particularly in Southern states, are imperiling pasture conditions and impacting cow comfort. Cream availability is tightening in all regions, according to stakeholders.

Friday CME Cash Prices					
Dates	6/24	7/1	7/8	7/15	7/22
Butter	\$2.91	\$3.01	\$2.97	\$2.93	\$2.90
Cheese (40# Blocks)	\$2.09	\$2.17	\$2.11	\$1.99	\$1.91

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Inflation's Effect on Consumer Purchases and Dairy Farm Expansions

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

June's Milk Production was up by just 0.3% from 2021. New York saw a decrease of 7,000 head from 2021 to 2022 and a just a 1% increase in milk production per cow. Typically, we see a chain reaction when milk prices are high. Prices go up → farms add cows → milk production goes up → prices go down. However, as we're seeing currently, year over year milk production increases of less than 1-2% can indicate strong or rising milk prices.

Today's continued slow growth is likely caused by continued economic concerns brought on by the pandemic, high input prices, labor shortages, and succession planning concerns. We're also still seeing many milk cooperatives deploy milk production controls like quotas, discounted milk sales, and tiered pricing which penalizes growth and maintains steady milk supplies.

We're starting to see a bigger response to inflation which is driving down dairy products purchases and prices. USDA

From USDA	2022	2023
All-Milk Forecast	\$26.15 (-5 cents)	\$24.15 (+35 cents)
Class III Forecast	\$22.80 (-10 cents)	\$20.85 (+35 cents)
Class IV Forecast	\$24.70 (+5 cents)	\$22.30 (+40 cents)

market contacts report slight changes in consumer buying habits of higher costs products (yogurt, cheese). NMPF reports a decrease in overall domestic dairy product use and very recent retail dairy price hikes. Inflation on actual dairy products is historically uncommon, but rising prices for other consumer goods force buyers to make decisions which lead to decreasing dairy consumption.

Contrary to a slowly declining domestic market, the US continues to be competitive on an international level with strong export prices. US Dairy exports (by total milk solids production) hit a new record of 19.4% in May. Buttermilk, cheddar cheese, and American-type cheeses saw the biggest gains in export volume from 2021 to 2022.

USDA raised most of its price outlooks for 2023, citing higher cheese price projections, lower expected milk production, and strong exports.

More Information:

- [Livestock, Dairy, and Poultry Outlook: July 2022 from USDA Economic Research Service Situation and Outlook Report.](#)
- [Dairy Market Report from National Milk Producers Federation.](#)
- [July Milk Production Report from NASS.](#)
- [USDA Foreign Agricultural Service: Dairy World Markets and Trade.](#)
- [AFBF Market Intel Report](#)

