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# Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

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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  
October 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
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
July 22	\$3.36	\$2.91	\$29.12	\$26.66	\$22.52	\$25.79	\$25.21	\$2.69	\$25.81	\$3.29	\$2.23
Aug 22	\$3.40	\$2.14	\$28.38	\$26.91	\$20.10	\$24.81	\$24.27	\$4.17	\$24.87	\$4.77	\$2.14
Sep 22	\$3.56	\$1.88	\$26.87	\$26.51	\$19.82	\$24.63	\$23.67	\$3.85	\$24.27	\$4.45	\$2.09

September Utilization (Northeast): Class I = 30.9%; Class II = 24.7%; Class III = 28.7%; Class IV = 15.7%.

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 38, September 23rd, 2022)

**Dry Products:** The low/medium heat nonfat dry milk (NDM) market is weaker in the mostly series across regions. Domestic and international buyers are slow to procure surplus loads at this point in the year. Lactose prices are generally unchanged to lower. Loads are moving mostly through contracts. Prices of acid and rennet casein are steady this week. Market tones are quiet.

**Cheese:** Cheese production is steady in the Northeast and West, though some plant managers in these regions say they are running below capacity due to supply chain delays and staffing shortages. In the Northeast and West, food service demand is steady though retail demand is noted by stakeholders as softening. Some Northeastern cheese contacts say internationally produced loads of cheese are becoming cheaper, and they relay a concern that this may negatively impact export demand. Spot loads of cheese blocks are available in the Northeast and West.

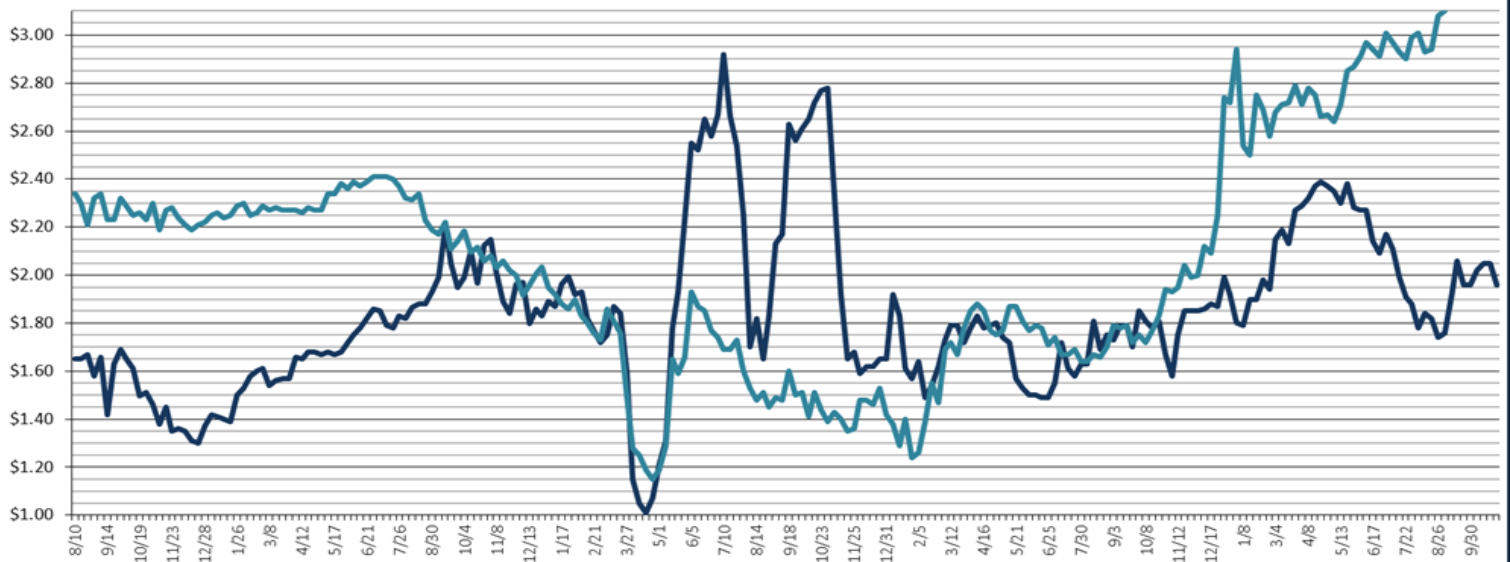
**Butter:** In the Northeast and West, cream is becoming more available for butter churning. Some butter manufacturers in the Northeast say they have no extra butter currently. Butter inventories remain tight in the Northeast and West. Retail and food service demands for butter are strong in the Northeast and West.

**Fluid Milk:** U.S. milk production is mixed, with a rise in output levels in the East and Midwest regions. Production volumes are steady to lower in some Western states, as localized cold snaps impacted cow comfort. Ahead of the fall holiday, Class II demand in the East is very active. Bottling sales are trending higher in the Pacific Northwest while most other states in the Western U.S. report steady bottling sales. Condensed skim markets are seeing added interest from customers, while volumes are limited for spot sales. Overall, cream supplies improved this week, although loads are less available in some areas.

Friday CME Cash Prices					
Dates	9/30	10/7	10/14	10/21	10/28
<b>Butter</b>	\$3.14	\$3.21	\$3.17	\$3.20	\$3.14
<b>Cheese (40# Blocks)</b>	\$1.96	\$2.02	\$2.05	\$2.05	\$1.96

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Weekly Average CME Cash Price - 2018 to Present



**Dairy Situation and Outlook - October 20, 2022 by Bob Cropp, Professor Emeritus, University of Wisconsin-Madison**  
 Originally published here: <https://fyi.extension.wisc.edu/kewauneeag/files/2022/10/Dairy-Situation-and-Outlook-October-2022.pdf>

The price of barrel cheddar cheese strengthened to above \$2 per pound from mid-September and continuing into October reaching as high as \$2.2450. The price of barrel cheese was well above 40- pound cheddar blocks being as much as \$2.775 per pound higher. Butter has been well above \$3 per pound all of September and October reaching a record high of \$3.2675 per pound.

Buyers purchasing cheese and butter to build stocks to meet the upcoming strong holiday sales pushed cheese and butter prices higher. Good domestic sales as well as exports helped to strengthen prices. Compared to a year ago, August butter exports were 71% higher and cheese exports 6% higher. But as stocks are filled we can expect lower butter and cheese prices lowering the Class III and Class IV price. Both the Class III and Class IV price could fall below \$20 by December.

Milk prices are likely to average lower in 2023. With milk production increasing only about 0.3% in 2022 we can expect with stronger milk prices this past year higher milk production. But any increase in milk production will be hampered by high feed costs, labor shortage and labor cost, high construction cost for expansion, and fewer available dairy replacements. Also, some dairy cooperatives still have in place base plans to limited milk expansion. So, the increase in the average number of milk cows is likely to be limited.

Domestic demand is likely to be dampened some with continued high inflation and at the same time the possibility of the economy being in a recession. Dairy

exports are setting a record in 2022 both in volume and value. The question is can exports continue this growth path? Milk production continues below year ago levels in the EU, New Zealand and Australia, all major dairy exporters. This leaves open opportunities for U.S. exports especially if U.S. prices of cheese, nonfat dry milk and whey products remain price competitive.

While the forecast is for lower milk prices in 2023 how much lower is uncertain. As of now it looks like for the first quarter Class III could be in the \$19's and Class IV in the \$20's. Second quarter prices could weaken some as milk production increases seasonally with some increase in prices third quarter and prices peaking early fourth quarter. It looks like Class IV prices may averaging higher than Class III. USDA is forecasting fairly strong milk prices with Class III averaging \$19.80 for the year and Class IV averaging \$21.00. But milk prices are very sensitive to changes in milk production, domestic sales or dairy exports and can easily change higher or lower by \$1 per hundredweight or more. Because of this price risk along with anticipated high feed costs dairy producers may consider signing up for the 2023 Dairy Margin Coverage program for up to five million pounds of milk marketings at the \$9.50 margin for a fee of \$0.15 per hundredweight. Profits may also be protected with the Dairy Revenue Protection program and the Livestock Gross Margin Plan for Dairy. Also, dairy futures currently offer opportunities to protect favorable prices by hedging Class III or buying Class III Put options. ■