

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
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
January 2023

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
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
Oct 22	\$3.65	\$2.45	\$25.96	\$25.73	\$21.81	\$24.96	\$23.62	\$1.81	\$24.22	\$2.41	\$2.09
Nov 22	\$3.37	\$2.53	\$27.34	\$24.67	\$21.01	\$23.30	\$23.12	\$2.11	\$23.72	\$2.71	\$2.04
Dec 22	\$3.15	\$2.65	\$25.83	\$23.11	\$20.50	\$22.12	\$21.91	\$1.41	\$22.51	\$2.01	\$1.94

December Utilization (Northeast): Class I = 30.8%; Class II = 21.7%; Class III = 29.1%; Class IV = 18.4%.

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 90, Report 4, January 27th, 2023)

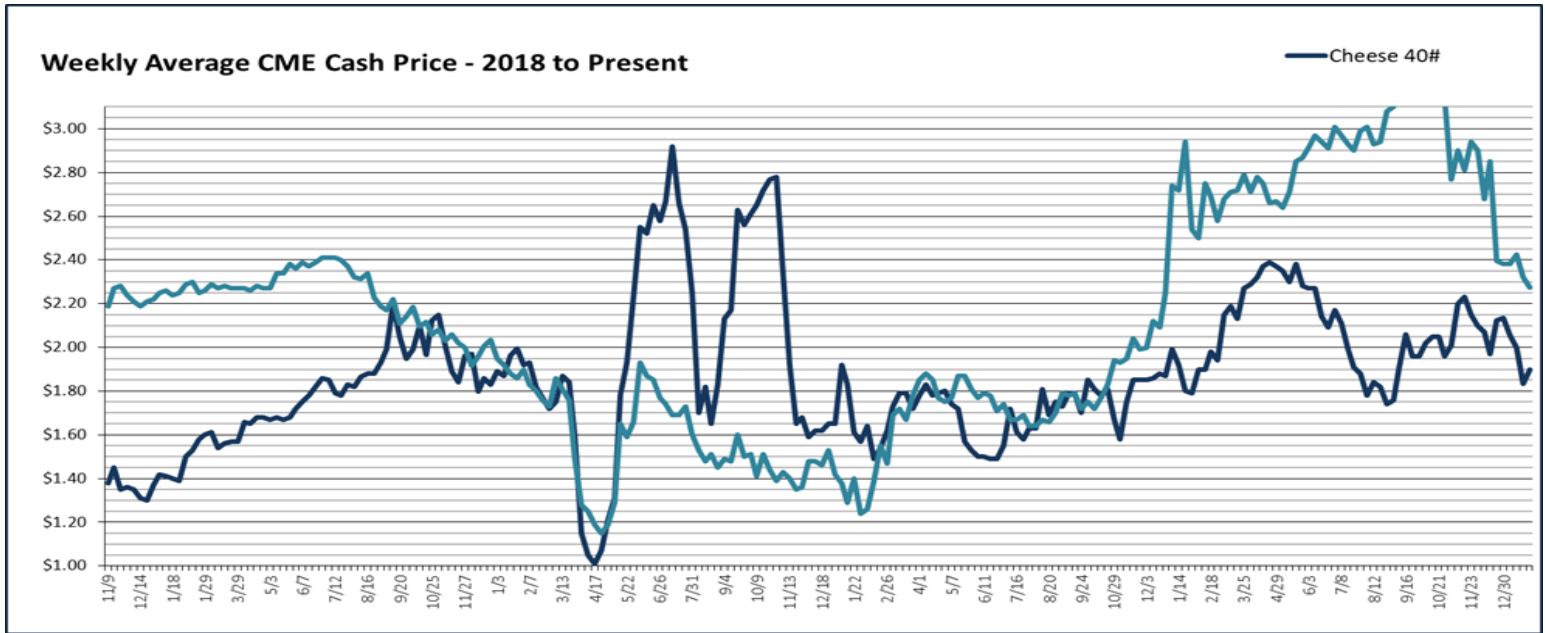
Dry Products: For low/medium heat nonfat dry milk, market tones were bearish, and prices declined on both ends of the range and mostly price series in all regions. High heat nonfat dry milk prices similarly shifted lower. Low/medium nonfat dry milk production outpaces current demand, while high heat nonfat dry milk inventories are tight. Some processors are limiting high heat nonfat dry milk production and focusing schedules on low/medium heat nonfat dry milk with strong milk availability.

Cheese: In the Northeast and West, milk is available for strong cheese production. Labor shortages are preventing some plant managers from operating full production schedules in the West. In the Northeast and West, retail cheese demand is steady while food service sales are strengthening. Some stakeholders in these regions attribute this increased demand to pizza makers who are utilizing mozzarella cheese as sales have increased during the football playoffs. In the Midwest, there is a dichotomy of demand between blocks and barrels, and some barrel producers say bearish market pressures are preventing some purchasers from adding to their stocks.

Butter: Cream handlers say multiples are shifting higher in the East and Central region. Demand for cream is steady to higher in the West, as some processors say they are purchasing more cream to run full production schedules and build salted and unsalted butter inventories. Butter production is strong in the West. In the East and Central region, butter makers say production is focused on meeting upcoming spring demand. Most of the butter being produced in the East is being frozen or is going to contract purchasers, making butter less available on the spot market in the region when compared to other parts of the country.

Fluid Milk: Except for milk production levels increasing slightly in Pennsylvania, milk production is steady to light throughout the country. Some hauling obstacles and delays have been reported in the Northeast. Milk volumes are available throughout the country for processors to work through.

Friday CME Cash Prices					
Dates	12/30	1/6	1/13	1/20	1/27
Butter	\$2.38	\$2.38	\$2.43	\$2.32	\$2.27
Cheese (40# Blocks)	\$2.14	\$2.06	\$2.00	\$1.84	\$1.90



Dairy Situation and Outlook - January 25, 2023 by Bob Cropp, Professor Emeritus, University of Wisconsin-Madison

Originally published here: <https://fyi.extension.wisc.edu/kewauneeg/files/2022/12/Dairy-Situation-and-Outlook-January-2023.pdf>

Milk production was below year ago levels from the last quarter of 2021 through June of 2022. Since then milk production has been above year ago levels. December milk production was up 0.8%. Milk cows were 27,000 higher than a year ago, an increase of 0.3%. Milk per cow was just 0.4% higher. July to December milk production was 1.1% higher than a year ago. Higher milk production and weaker domestic sales has put downward pressure on milk prices. January to November butter sales were down 6.5% from a year ago while cheese sales were 1.3% higher. Fluid milk sales continued the downward trend. The December Class III was \$20.50, down \$4.71 from the \$25.21 peak in May. The December Class IV was \$22.12, down \$3.71 from the \$25.83 peak in June.

Compared to a December a year ago milk production for the five leading dairy states was up 0.3% for California, 0.6% for Wisconsin, 1.6% for Idaho, 3.3% for Texas, and 2.8% for New York. Georgia led the increase in milk production at 10.8 percent followed by South Dakota at 8.9%. Increases for some other states were Michigan 1.1%, Iowa 6.0%, and Kansas 3.8%. December milk production was down 12.7% for Florida, 6.5% Virginia, 4.8% for New Mexico and 0.3% for Minnesota.

Milk production will continue to run above year ago levels in 2023. However, high feed prices and the price of other inputs, lower milk prices, higher interest rates, tighter margins, a tighter supply of dairy replacements and base plans by some cooperatives will limited the increase. In 2022 milk cows peaked in May at 9.419 million, declined to 9.41 million by August, increased by 5,000 in September and 1,000 in October only to fall by 8,000 in both November and December. It is doubtful the number of milk cows will show much increase in 2023.

USDA is forecasting for the year the average number of milk cows could actually be 5,000 lower than 2022. USDA forecast is for an increase in milk per cow of 1.1% resulting in an increase in total milk production of 1.1%. Inflation resulting in higher food prices and other consumer goods and the possibility of a recession is dampening sales. Dairy exports have been a positive factor for milk prices. The volume of November exports on a milk solids equivalent basis was 9% higher than a year ago, the eight consecutive monthly growth. Year-to-date total exports were up 4%. USDA is forecasting continued growth in 2023 exports as U.S. prices are to remain competitive on the world market and of the major exporting countries just Argentina and the U.S. are expected to have any real growth in milk production. The combination of higher milk production, slightly lower domestic sales and some growth in dairy exports means lower milk prices in 2023. Both the Class III and Class IV futures have weakened considerably over the past month.

Currently Class III is \$19.44 in January, and has been in the \$18's February through June and in the \$19's for the remainder of the year. The January Class IV is \$19.81, in the \$18's February through June and in the \$19's for the remainder of the year. We could see prices lower than this. All dairy product prices have weaken in January .

Unless there is price rally current dairy product prices could result in \$17's for both Class III and Class IV. In fact, today the March Class III hit \$17.93. USDA is forecasting the Class III to average \$18.85 for the year, down \$3.09 from \$21.94 for 2022 and Class IV to average \$19.25, down \$5.25 from \$24.47 for 2022. Much can change as we move through the year but it now appears 2023 milk prices will be much lower than 2022 prices. ■

Reminder - Dairy Margin Coverage Enrollment Deadline is January 31st!