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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
April 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
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
Jan 23	\$2.77	\$2.80	\$25.66	\$21.61	\$19.43	\$20.01	\$20.71	\$1.28	\$21.31	\$1.88	\$1.84
Feb 23	\$2.71	\$2.36	\$24.03	\$20.83	\$17.78	\$18.86	\$19.60	\$1.82	\$20.20	\$2.42	\$1.74
Mar 23	\$2.73	\$2.41	\$22.24	\$19.52	\$18.10	\$18.38	\$18.78	\$0.68	\$19.38	\$1.28	\$1.67

March Utilization (Northeast): Class I = 29.4%; Class II = 24.9%; Class III = 28.7%; Class IV = 17.0%.
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 16, April 21st, 2023)

Dry Products: As a large industry conference looms, marketers relay some quieter trading on both the seller and buyer side of the dairy powder markets. Some directional tones can shift, as many industry participants plan to meet in person early next week. Low/ medium heat nonfat dry milk (NDM) prices moved lower in the Central region, while prices were mixed in the West. Demand remains in a quieter mode, but there are ample amounts of condensed skim available. Buttermilk powder prices moved lower in most facets this week. Soft demand and generally available supplies are keeping markets in check.

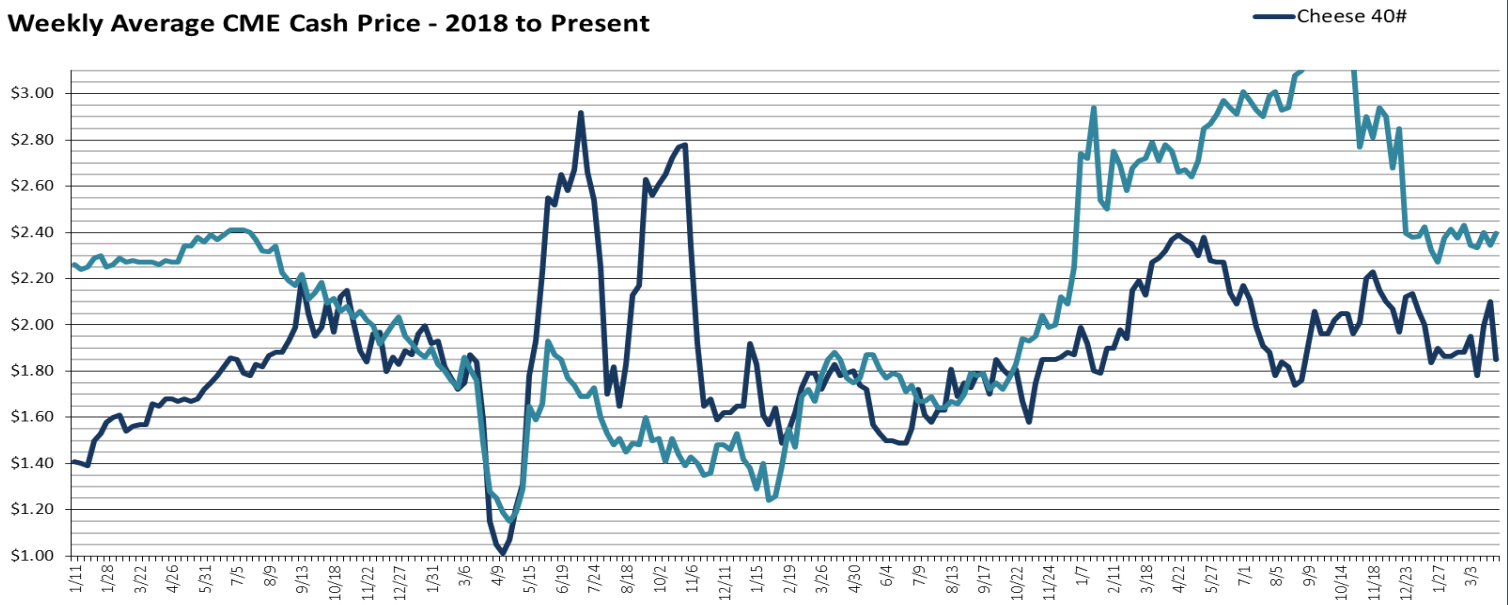
Cheese: Milk supplies continue to grow in many areas of the U.S., as bottling demand has begun to ebb ahead of school breaks. This factor has cheesemakers suggesting milk supplies are widely accessible. Cheese production is naturally busy, despite a little more irregular downtime reported this spring. Cheese demand is mixed, but process/barrel cheese is viewed as more available than a number of cheddar and/or Italian varieties.

Butter: Cream volumes are available in the East and West, and some contacts in the West report volumes are outpacing current butter production needs. s. Butter production is strong in the West and East. Some eastern butter makers say they are operating churns seven days a week. Loads of butter are available in the Central and West. Contacts in the East report butter inventories vary across manufacturers and different locations

Fluid Milk: Milk output is strong to steady throughout the country. Parts of the Northeast got frost and freezing overnight, and Arizona had temperatures into the lower 90s, but impacts to milk production were minimal. Class III spot load purchases and sales are reported at \$11 to \$4 below Class prices. Milk volumes for processing needs are available to meet current demand. being.

Friday CME Cash Prices					
Dates	3/24	3/31	4/	4/14	4/21
Butter	\$2.35	\$2.39	\$2.32	\$2.33	\$2.40
Cheese (40# Blocks)	\$2.10	\$1.85	\$1.83	\$1.77	\$1.55

Weekly Average CME Cash Price - 2018 to Present



Dairy Situation and Outlook - April 19, 2023 by Bob Cropp, Professor Emeritus, University of Wisconsin-Madison

Originally published here: <https://fyi.extension.wisc.edu/kewauneeag/files/2023/03/Dairy-Situation-and-Outlook-April-2023.pdf>

Milk production compared to a year ago has slowed. Milk production was 1.4% higher in January, 1.1% in February and just 0.5% in March. Since December of last year, the number of milk cows has been increasing month to month. By March cow numbers increased by 29,000 head. March cow numbers were 31,000 higher than a year ago, an increase of 0.3%. Milk per cow did poorly with March just 0.1% higher than a year ago.

Despite milk production increasing just 0.5% in March the April Class III price will only increase about \$0.50 from \$18.10 in March to \$18.60 in April. The May Class III price will decline to about \$17.50. Cheese prices have weakened a lot since March. The 40-pound block cheddar cheese was as high as \$2.10 per pound in March but has trended lower in April to now \$1.76. Cheddar barrels were as high as \$1.9625 per pound in March and also trended lower in April to now \$1.16. Cheddar cheese production has been rather strong with February production up 5.6% from a year ago and total American cheese production up 2.4%. But while February stocks of American cheese remained relatively high they were 2% below a year ago.

Butter was as high as \$2.41 per pound in March. During April Butter ranged from \$2.32 to \$2.4025 per pound. Nonfat dry milk was as high as \$1.18 per pound in March. During April nonfat dry milk ranged from \$1.12 to \$1.16 per pound. The March Class IV price was \$18.38 but April will be lower near \$17.95 and May near \$17.70.

Looking ahead it seems likely that the Class III price will be in the \$17's through June and returning to the \$18's for the

second half of the year. This is based on the forecasted level of milk production, domestic sales, and dairy exports. Higher feed prices until at least the new 2023 crop and lower milk prices have tightened operating margins that will impact cow numbers and milk per cow. USDA forecasts the average number of cows for the year to be unchanged from 2022 and a 1.0% increase in milk per cow netting just a 1.0% increase in milk production. Domestic sales of milk and dairy products are forecasted to increase nearly 2%. USDA forecast dairy exports to fall below the record last year due to price competition from increased milk production in the EU-27 plus the United Kingdom and New Zealand, uncertain China demand and uncertain global economy. However, the US Dairy Export Council expects the milk solids equivalent volume could still increase 1.5% compared to the 5% increase in 2022. So far this year the milk solids equivalent volume was 16% higher in January from a year ago but up just 0.8% for February. Compared to last year, February exports of nonfat dry milk/skim milk powder and cheese were flat with butterfat and dry whey products lower. Thus, the February increase in exports was almost entirely due to a 32% increase in lactose exports.

Class III futures have weakened but still has Class III in the \$19's from August to the end of the year. With a little weaker milk production, increased domestic sales and dairy exports holding Class III in the \$19's is very possible the last quarter of the year. USDA's latest forecast has Class III strengthening slowly from \$18.15 second quarter, to \$18.20 third quarter to \$18.25 fourth quarter. ■