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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
May 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
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
Apr 23	\$2.70	\$2.56	\$22.10	\$19.20	\$18.52	\$17.95	\$18.62	\$0.10	\$19.22	\$0.70	\$1.66

April Utilization (Northeast): Class I = 27.2%; Class II = 25.1%; Class III = 26.7%; Class IV = 21.0%.

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 21, May 26th, 2023)

Dry Products: Low/medium heat nonfat dry milk (NDM) markets are steady in the East and Central regions. Production is steady with heavy availability of condensed skim leading into the Memorial Day holiday. Mexico's interest remains good at current market prices. Dry whey dryer time is steady with available inventory. Whey protein concentrate 34% prices shifted lower through the range. Buyer spot interest has eased as loads move through contracts. Lactose prices are unchanged. Demand is weak as buyers wait for lower prices.

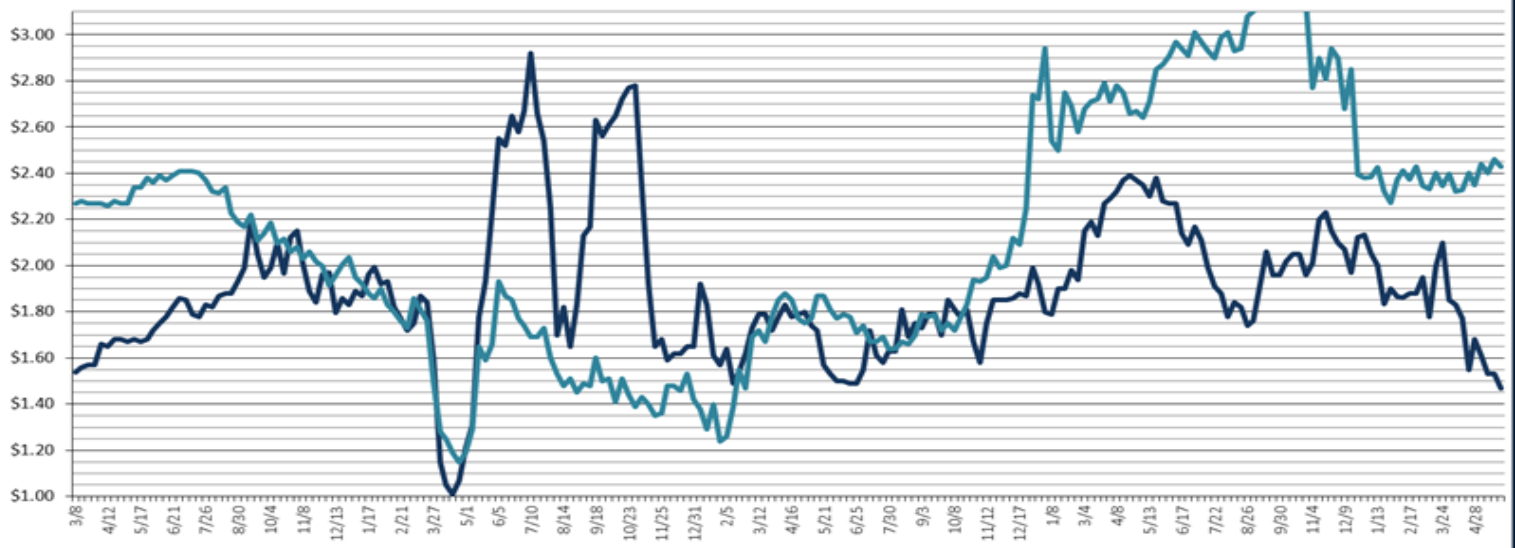
Cheese: Cheese inventories are mixed, but blocks are reportedly tighter than barrels in the Western region. Milk remains widely available. Spot milk loads were priced from \$11 to \$4 under Class III in the Midwest this week. Comparatively, spot milk prices during the same week last year were \$2.75 under to \$.75 over Class. Cheese production is trying to match milk availability, as more plants are back online following updates/maintenance. As market prices shift lower, some customers are adding to orders.

Butter: Plenty of cream is widely available. A few manufacturers report lowering the amount of outside cream brought in due to planned maintenance in the coming month. Although some downtime for churn repairs was reported, butter production is strong overall. Retail butter demand is noted as strong to steady, while food service demand for butter is noted as strong to moderate.

Fluid Milk: Milk production volumes are steady to higher across the country as mild weather conditions, suitable for cow comfort, linger. Bottling demand is steady in the eastern region, but Class I sales are starting to feel the impact of schools preparing to let out for the summer. Meanwhile, cream is widely available due to heavy milk production volumes.

Friday CME Cash Prices					
Dates	4/28	5/5	5/12	5/19	5/26
Butter	\$2.35	\$2.44	\$2.40	\$2.46	\$2.43
Cheese (40# Blocks)	\$1.68	\$1.61	\$1.53	\$1.53	\$1.47

Weekly Average CME Cash Price - 2019 to Present



Dairy Situation and Outlook - May 20, 2023 by Bob Cropp, Professor Emeritus, University of Wisconsin-Madison

Originally published here: <https://fyi.extension.wisc.edu/kewauneeag/files/2023/05-Dairy-Situation-and-Outlook-May-2023.pdf>

Above a year ago milk production has slowed. Milk production January through March was 1.0% higher than a year ago. April production was just 0.3% higher. The number of milk cows increased month to month January through March but fell 16,000 in April. Each of the five leading dairy states had April production higher than a year ago except California which experienced a 1.9% decline. New York had 10,000 more cows with milk production up 2.4%.

Despite a slowdown in milk production cheese prices have declined steadily beginning in April and continuing in May. On The CME cheddar barrels averaged \$1.8175 per pound in March and \$1.5921 in April. As of May 19, barrels were just \$1.47 per pound. The 40-pound cheddar blocks averaged \$1.9372 per pound in March and \$1.7574 in April. As of May 19, blocks were just \$1.530 per pound. Dry whey prices have also fallen averaging \$0.4449 per pound in March and \$0.3709 in April and as of May 19 just \$0.2650 per pound. These lower prices will drop the Class III price which was \$18.52 in April to around \$16.30 in May.

The latest stock report showed total March 31st cheese stocks at the same level as a year ago but still at a relatively high level. While March total cheese production was just 0.2% higher than a year ago cheddar cheese production was up 3.6%. Cheese sales are up some from a year ago. Cheese exports were up year-to-date for eighteen straight months but fell below year ago levels by 0.4% in both February and March. Increased competition from European cheese and economic uncertainty has impacted cheese exports. But year-to-date cheese exports were still 4.0% higher than a year ago. March exports of other dairy products compared to a year ago were butter down 36%, nonfat dry milk/skim

powder down 3.0% and dry whey products up 8%. On a milk solids equivalent basis, the volume of March exports was 0.4% lower than a year ago, the first decline in a year. Year-to-date exports were still 5% higher than a year ago.

Looking ahead the Class III price could stay in the \$16's June and July. Class III prices are then Likely to increase for the rest of the year. The increase in milk production over the previous year should stay well below 1%. USDA forecast the number of milk cows to average for the year just 0.1% higher than a year ago with the increase in milk per cow just 0.8% resulting in 0.9% more milk production than 2022. Milk production slows in the summer. Schools start opening in August which increases beverage milk sales. The building of butter and cheese stocks starts in late fall for the seasonal increased sales thanksgiving through Christmas. All of this will push the Class III price higher.

By August, the Class III price could be in the high \$17's, increase to \$18 by September and peeking out in the high \$18's by October and November. Class III futures which had Class III in the \$19's just a few weeks ago for the last quarter of the year now is in the \$18's. USDA is not even quite this optimistic about the Class III price forward. USDA forecasts the Class III price to average just \$17.75 for the year compared to the \$21.96 average for 2022. But all will depend upon what milk production does for the remainder of the year along with domestic sales and exports. But clearly milk prices will stay well below those of 2022. Dairy producer margins will be squeezed. Some relief in lower feed prices are expected by fall if final crop yields turn out as expected. ■