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# Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

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A partnership between Cornell University  
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Allegany, Cattaraugus, Chautauqua, Erie, and Steuben.

**Dairy Market Watch**  
Newsletter  
August 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
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
May 23	\$2.75	\$1.80	\$22.82	\$19.11	\$16.11	\$18.10	\$18.31	\$2.20	\$18.91	\$2.80	\$1.63
Jun 23	\$2.76	\$1.51	\$21.26	\$18.83	\$14.91	\$18.26	\$17.46	\$2.55	\$18.06	\$3.15	\$1.56
July 23	\$2.79	\$1.19	\$20.57	\$19.12	\$13.77	\$18.26	\$17.08	\$3.31	\$17.68	\$3.91	\$1.52
<b>July Utilization (Northeast): Class I = 26.5%; Class II = 26.7%; Class III = 30.5%; Class IV = 16.3%.</b> <i>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.</i>											

**Dairy Commodity Markets** (Excerpt from USDA Dairy Market News – Volume 90, Report 34, August 25th, 2023)

**Dry Products:** Dried dairy ingredients, in most areas, remain under some sideways to bearish tones, on the whole. Prices were steady to lower for low/medium heat dry milk (NDM) in the Central/ East regions, while they shifted lower in the West. International demand for NDM remains light. Dry buttermilk tones are soft. Dry whole milk prices were unchanged, as processing foci remain on contractual needs. Seasonal milk output limitations and shifts into high protein blend processing has given the whey powder markets some indications of potential buoyance.

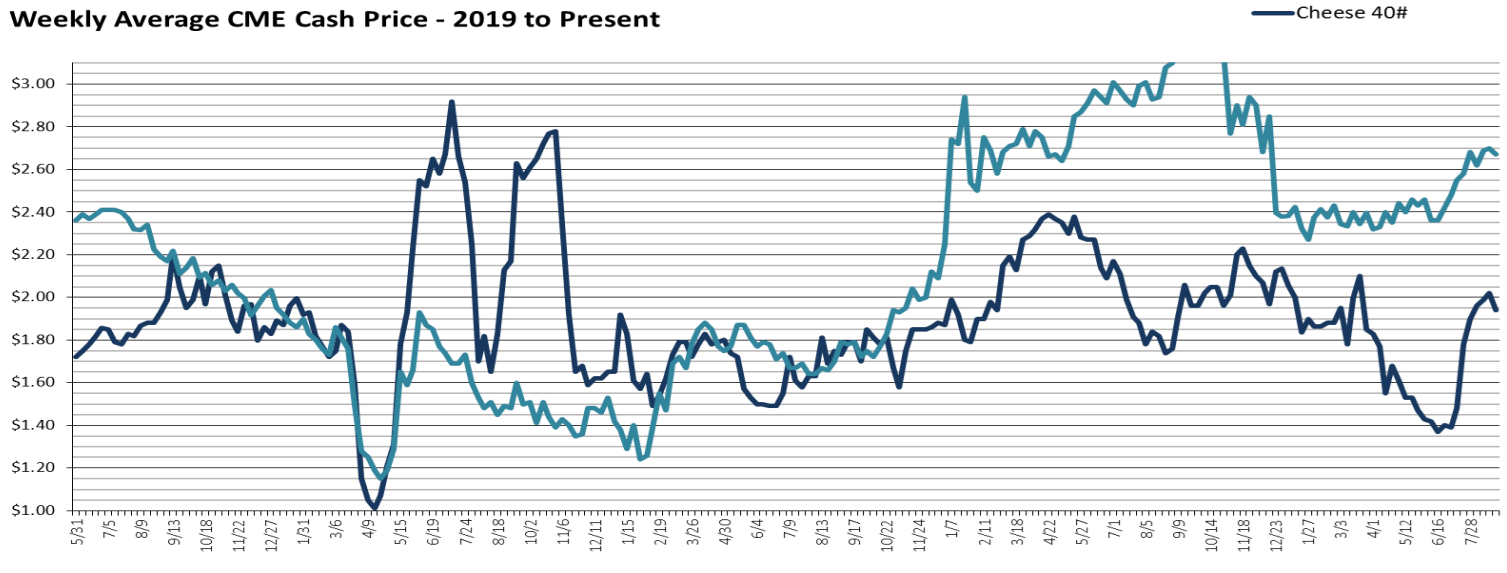
**Cheese:** In the Northeast, Class I milk processors are ordering increased, volumes reducing availability into cheese processing. Plant managers in the region suggest this, and persistent labor issues, are contributing to lighter cheese production. Cheese inventories are steady in the Northeast, while Midwest contacts report balanced inventories. In the Northeast, contacts report stronger demand for cheddar than other American-type cheeses. Food service demand for mozzarella cheese is strong in the region.

**Butter:** In the East some contacts anticipate cream availability will increase in the near term. Meanwhile, regional butter makers are micro-fixing frozen bulk butter, and relying on contracted loads of cream for churning. Demand for butter is strong in the Central region, while contacts in the East say retail and food service sales are steady.

**Fluid Milk:** Cow comfort in the Northeast has improved due to cool nights and lower humidity. That area is an exception to the rule this week, though, as a lot of the country is experiencing intense and consistent heat and dryness. Class I demand has been bolstered in most areas by schools reopening for the year. Cream availability, as a result of cream spinoff, has increased for Midwestern and Eastern cream end users.

Friday CME Cash Prices					
Dates	7/28	8/4	8/11	8/18	8/25
Butter	\$2.68	\$2.62	\$2.69	\$2.70	\$2.67
Cheese (40# Blocks)	\$1.90	\$1.96	\$1.99	\$2.02	\$1.94

Weekly Average CME Cash Price - 2019 to Present



## Dairy Situation and Outlook - August 21, 2023 by Bob Cropp, Professor Emeritus, University of Wisconsin-Madison

Originally published here: <https://fyi.extension.wisc.edu/kewauneeag/files/2023/08/Dairy-Situation-and-Outlook-August-2023.pdf>

The July Class III price was \$13.77, down \$5.66 from \$19.43 in January and \$8.75 lower than \$22.52 a year ago. But August will experience a price rally with Class III around \$17.25. Milk production is declining with July production -0.5% below a year ago. Milk production could continue below year ago levels for the remainder of the year. Milk production January through July was just 0.5% higher than a year ago. Milk production will also decline seasonally until fall. June stocks of American cheese was just 1% higher than a year ago and didn't increase from May. June production of Cheddar cheese was 1.1% lower than a year ago and total cheese production was just 0.4% higher. With lower milk production and no increase in cheese stocks cheese buyers were more active in buying cheese in anticipation of possible tighter supplies ahead. This caused cheese prices to rally. In early July cheddar barrels were \$1.3225 per pound and 40-pound blocks were \$1.3525 per pound. Prices started to increase with rather big daily increases at times. By the end of July barrels were \$1.87 per pound and 40-pound blocks \$1.96 per pound. Barrels have weakened slightly in August to now \$1.8050 per pound. But 40-pound blocks hit \$2.015 per pound on August 15 and are now \$2.0075. Dry whey stayed in the \$0.26 to 0.27 per pound price range.

Unless buyers back from purchases lowering the price of cheese Class III should reach \$18 by September through December. This seems reasonable with milk production likely below a year ago for the remainder of the year, schools starting to open the end of August increasing fluid milk sales, and butter and cheese sales will be seasonally higher Thanksgiving through Christmas. However, USDA's latest price forecast is not this optimistic. USDA forecast Class III to average \$16.00 third quarter and \$16.65 fourth quarter. July milk production 0.5% below year ago was the result of 13,000 fewer cows, a decline of 0.1% and milk per cow 0.4% lower. Some very hot temperatures in July put stress on milk cows. Lower milk prices, favorable slaughter

cow prices and widespread drought that may tighten forage supplies and keep feed prices relatively high this winter are encouraging heavier culling of cows from the herd. Cow slaughter thus far this year has been 5.8% higher than a year ago. Cow numbers declined by 3,000 June to July and by 44,000 since peaking in March. Compared to a year ago July milk production of the five leading dairy states showed three had higher milk production and two lower production.

While fluid (beverage) milk consumption continues to run more than 2% below a year ago the consumption of butter and cheese has been higher resulting in higher total use of milk. Last year dairy exports were a record and added strength to milk prices. This year dairy exports continue to be below year ago levels. The volume of June exports on a milk solids equivalent basis was 13% lower than a year ago, the fourth consecutive monthly decrease. Compared to June a year ago cheese exports were 19% lower, dry whey exports 34% lower, butter exports 60% lower but nonfat dry milk/skim milk powder exports were 2% higher. On a milk solids equivalent basis, the volume of exports January through June was 5% lower than a year ago. With U.S. prices of butter and cheese increasing and world prices declining U.S. is less price competitive on the world market. Currently, except for dry whey the price of butter, cheese and nonfat dry milk/skim milk powder are higher than world prices. Exports could remain below a year ago for the remainder of the year.

In summary milk prices will improve for the remainder of the year but with feed prices still on the high side operating margins remain tight for dairy producers. It has been a tough year for dairy producers. Producers who are signed up with the Margin Protection Coverage Program or are using other price risk management tools have fared better. ■