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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
November 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
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
Aug 23	\$3.02	\$2.08	\$19.87	\$19.91	\$17.19	\$18.91	\$18.28	\$1.09	\$18.88	\$1.69	\$1.63
Sep 23	\$3.12	\$2.30	\$22.15	\$19.98	\$18.39	\$19.09	\$19.27	\$0.88	\$19.87	\$1.48	\$1.71
Oct 23	\$3.71	\$1.04	\$22.72	\$21.95	\$16.84	\$21.49	\$20.05	\$3.21	\$20.65	\$3.81	\$1.78

October Utilization (Northeast): Class I = 30.1%; Class II = 26.6%; Class III = 30.5%; Class IV = 12.8%.

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 47, November 24th, 2023)

Dry Products: Low/medium heat nonfat dry milk (NDM) prices were unchanged. End users are not shying away from the market at current values. Aside from a slight movement lower at the bottom of the western high heat range, prices held firm. High heat NDM markets were quieter this holiday week. Dry buttermilk prices held steady.

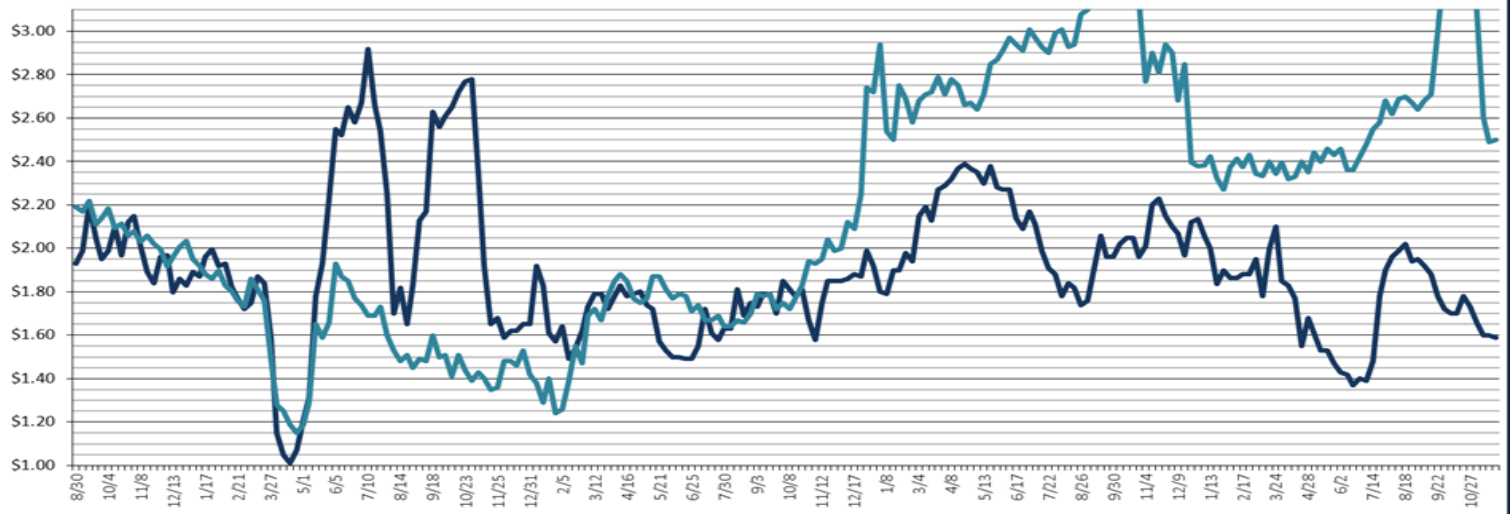
Cheese: Strong milk volumes continue to clear into Class III processing in the East. Retail demand is steady to stronger, while foodservice demand is down due to restaurant downtime for Thanksgiving as well as high menu prices. Industry sources relay international demand is light for the time being.

Butter: Cream volumes are looser, and spot load availability has improved across all regions of the country. The current holiday week has continued to improve cream supplies for butter production. Bulk butter production schedules are busier as more manufacturers reach comfortable levels of retail inventories for the November/December holiday season. Butter production is mixed nationwide. While production schedules are generally steady to stronger in the East and West regions, central butter makers say they are hesitant to add the abundant cream to the churns. Some manufacturers note planned downtime during the current holiday week.

Fluid Milk: Aside from California, milk production is steady to higher throughout the country. Class I demand is lighter with educational institutions going through holiday breaks this week. Class II, III, and IV demands are strong to steady with some manufacturing facilities planning downtime for the holiday week.

Friday CME Cash Prices					
Dates	10/27	11/3	11/10	11/17	11/22
Butter	\$3.19	\$3.10	\$2.60	\$2.49	\$2.50
Cheese (40# Blocks)	\$1.73	\$1.66	\$1.60	\$1.60	\$1.59

Weekly Average CME Cash Price - 2019 to Present



Livestock, Dairy, and Poultry Outlook: November 2023 (Adapted)

Originally published here: <https://www.ers.usda.gov/webdocs/outlooks/107888/ldp-m-353.pdf?v=6076.2>

Milk production forecasts for 2023 and 2024 are lowered to 227.1 billion pounds (-0.5 billion) and 230.0 billion pounds (-0.4 billion), respectively, as the dairy herd is expected to further contract and the average yield per cow is expected to grow at a slower rate. The all-milk price forecast for 2023 is unchanged at \$20.70 per hundredweight, while the forecast for 2024 is raised to \$20.80 per hundredweight to account for higher price projections for most dairy products, although the butter price projection is lowered as the market is expected to soften for the rest of 2023 and 2024.

According to revised data from USDA, National Agricultural Statistics Service (NASS), during the third quarter of 2023 U.S. milk production declined by 0.7 percent compared to the same period last year, totaling 56.1 billion pounds. The average number of milk cows during the quarter was 9.375 million head, a decrease of 41,000 head from the previous quarter and 33,000 head lower than the same period last year.

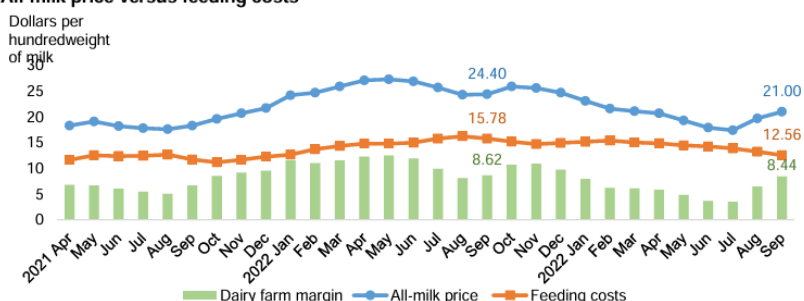
The U.S. dairy industry experienced an uptick in the all-milk price in September 2023, reaching \$21.00 per hundredweight (cwt), a \$1.30 increase from the previous month but \$3.10 lower than September 2022. Dairy farmers' feed costs declined in September 2023 compared to the same month in 2022. Corn prices declined by \$1.88 per bushel to \$5.21, alfalfa hay prices

by \$56 to \$224 per short ton, and premium alfalfa hay prices fell by \$54 to \$288 per short ton. Soybean meal prices also showed a downward trend, averaging \$411.1 per short ton in September, a significant decrease of \$62.9 per short ton from September 2022. With a modest increase in milk prices and lower feed costs, the NASS milk-feed ratio was 1.89 in September 2023, an increase of 0.18 points from September 2022. Based on the USDA Dairy Margin Coverage program, the dairy farmers' milk margin above feed costs was \$8.44 cwt in September 2023, \$1.98 cwt above the previous month but \$0.18 cwt lower than September 2022.

The increase in domestic use of dairy products so far in 2023 may be partially associated with growth in sales at grocery stores and restaurants, pushed by a hearty demand. According to the U.S. Department of Commerce, Bureau of the Census, estimated sales at grocery stores and foodservice and drinking places from January to September 2023 were higher than the same period in 2022. Meanwhile, according to the U.S. Department of Labor, Bureau of Labor Statistics, the Consumer Price Index for all products (CPI) declined on average on a year-over-year basis for the same period.

The contraction of the milking herd is expected to continue into the first quarter of 2024 in response to the low margins through most of the 2023, but then gradual herd expansion is projected for the remainder of the year. However, given the smaller expected 2023 milking herd, the 2024 average number of milk cows is projected at 9.375 million head in 2024, 10.0 thousand head less than the previous forecast. The milk per cow forecast is also lowered from the previous forecast to 24,545 pounds. With lower yields and further contraction in the milking herd, 2024 milk production is projected at 230.0 billion, 0.4 billion pounds lower than the last forecast. ■

All-milk price versus feeding costs



Source: USDA, Economic Research Service using information from USDA, Farm Service Agency, Dairy Margin Coverage Program.