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# Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

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A partnership between Cornell University  
and the CCE Associations in these five counties:  
Allegany, Cattaraugus, Chautauqua, Erie, and Steuben.

**Dairy Market Watch**  
Newsletter  
January 2024

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 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
Nov 23	\$3.46	\$1.32	\$23.00	\$21.21	\$17.15	\$20.87	\$19.59	\$2.44	\$20.19	\$3.04	\$1.74
Dec 23	\$2.97	\$1.44	\$23.01	\$19.88	\$16.04	\$19.23	\$18.56	\$2.52	\$19.16	\$3.12	\$1.65

December Utilization (Northeast): Class I = 30.3%; Class II = 22.5%; Class III = 29.8%; Class IV = 17.4%.

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 91, Report 2, January 12th, 2024)

**Dry Products:** Contacts note demand from Mexico has picked up again. Contacts anticipate winter weather to be an obstacle for moving condensed skim loads to drying facilities.

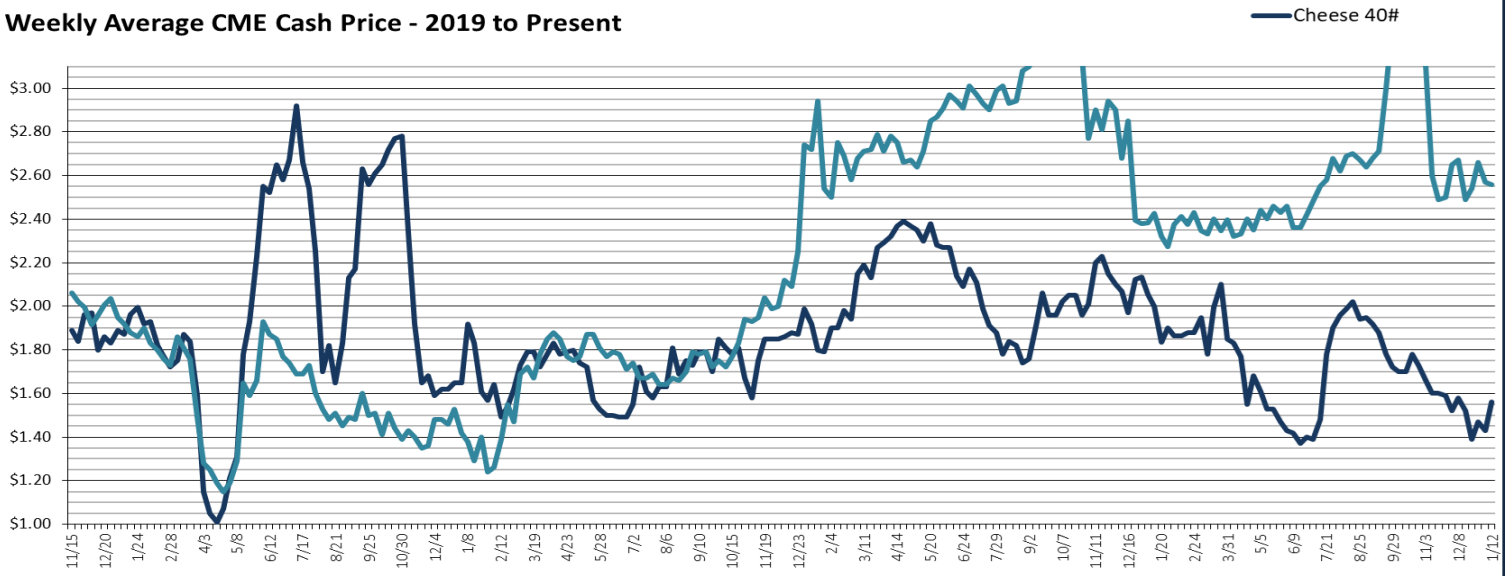
**Cheese:** Due to storm activity in many eastern states, many milk loads intended for Class III processors were diverted into Class I channels. Processors note production schedules are steady to lighter commensurate with milk availability. Contacts in the Northeast relay increased export demand. Cheesemakers note steady demand and comfortable inventory levels. Winter weather is expected to add obstacles for both milk and cheese transport.

**Butter:** Retail and bulk butter demands are mostly steady. However, some lighter domestic demand is reported in the western region as a few manufacturers indicate demand is below expectations. Persistently weak food service demand is noted in the east region. Some butter makers are turning down cream offers due to currently being at capacity.

**Fluid Milk:** Farm level milk production is steady to stronger across the U.S. In the Northeast, farm level milk production continues to grow week over week. Due to winter weather, contacts noted some spot milk loads intended for Class III processing were redirected into Class I channels at the beginning of the week. Spot milk prices were reported from \$7 to \$0.50 under Class III. Contacts noted Class I orders during this week were stronger than in previous years. The Federal Milk Marketing Order Pricing Formula Hearing recessed on December 8 and will reconvene on Tuesday, January 16, 2024, at 8:00 a.m.

Friday CME Cash Prices					
Dates	12/15	12/22	12/29	1/5	1/12
Butter	\$2.49	\$2.54	\$2.66	\$2.57	\$2.56
Cheese (40# Blocks)	\$1.52	\$1.39	\$1.40	\$1.43	\$1.44

## Weekly Average CME Cash Price - 2019 to Present



### Katelyn's Drop in the Bucket - January 16th, 2024

Short notes about dairy markets this month.

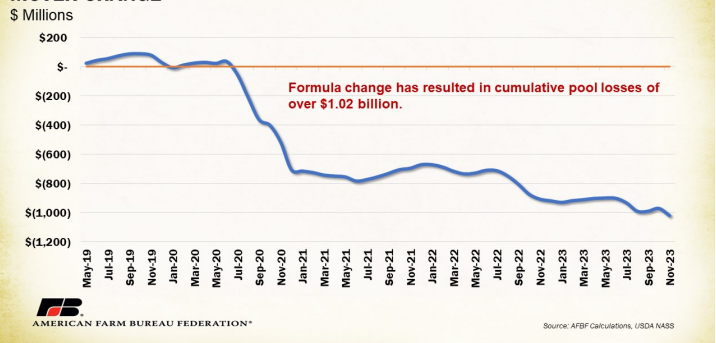
The **USDA Federal Order national hearing** is set to restart today and will run, if necessary, through February 2<sup>nd</sup>. The last comprehensive revision was in 2000, and current talks began in August of 2023. Proposed changes include using the "higher of" Class I mover, discontinuing the use of barrel cheese in the protein component price formula (currently 50%), changing component price formulars for Class III and Class IV, and more.

Winter weather impacted **cheese production in the northeast** last week, diverting loads to Class I channels. The National Retail Report also listed shredded cheese in 6 to 8 ounce packages as the most advertised cheese item with an average price of \$2.32.

December 2023's Pool Price Announcement showed a big decline in **Butterfat price** (\$2.97 down from \$3.46) and a small increase in **Protein price** (\$1.44 up from 1.32) from month to month. Butterfat hit a low in 2023 of \$2.70 and a high of \$3.71.

With higher feed prices and uncertain market conditions, **USDA milk production forecasts for 2024** have decreased. Slower than expected milk yield per cow and lower than expected number of cows in 2024 will bring an estimated all-milk price of \$20.25 (down \$0.55 per cwt from the previous forecast). The forecast for 2023's all-milk price is \$20.60, indicating another long year of low milk prices.

### FIGURE 1: CUMULATIVE FEDERAL ORDER POOL LOSSES DUE TO CLASS I MOVER CHANGE



Since September, federally inspected **milk cow slaughter** has been decreasing by about 7% from week to week. The national herd size continues to decline, but at a slowing pace. The expected average number of milk cows for 2024 is 9.360 million (2023's average forecast was 9.4 million).

**Dairy exports** have declined from a year ago by 326 million pounds. Shipments of lactose and whey protein concentrate have increased year-to-year with strong demand from China, Mexico, and Japan. The 2024 export forecast on a milk-fat basis is 11.4 billion pounds. Overall, exports will do little to bring up milk prices.

In that case, milk prices could be influenced by **domestic dairy demand**. USDA's current domestic use forecast for 2024 on a milk-fat basis is 224.6 billion pounds, higher than 2023's estimated use of 222.9 pounds.

Something to watch will be the implementation of **whole milk in schools**. The House recently passed legislation that would amend the 2012 "ban" of anything but low-fat milk options. The bill still needs to pass in the Senate to become law. ■