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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
February 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
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
Jan 24	\$2.97	\$1.12	\$21.73	\$20.04	\$15.17	\$19.39	\$18.16	\$2.99	\$18.76	\$3.59	\$1.62

January Utilization (Northeast): Class I = 30.7%; Class II = 24.6%; Class III = 30.7%; Class IV = 14.0%.

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 91, Report 8, February 23rd, 2024)

Dry Products: Low/medium nonfat dry milk (NDM) prices moved lower in all regions. Domestic demand is steady to weaker. High heat NDM prices moved lower in the West and higher on the bottom of the range in the Central and East region. A few manufacturers noted production is being slotted in only upon request and price agreement.

Cheese: Eastern cheese plant managers share seasonally steady production schedules. Retail demand is noted to be seasonally strong. Foodservice demand is steady to lighter. Inventories are comfortable. Cheddar inventories have been growing slowly. Barrel producers say their orders are steady to stronger. Spot barrel loads are selling above market prices.

Butter: Retail and food service demands are seasonally steady to stronger. Cream for butter makers is plentiful throughout most of the country. Slower ice cream production, in some parts of the country, remains a factor in abundant cream availability for butter makers.

Fluid Milk: Milk production is steady throughout the East region. Condensed skim demand remains strong in the Northeast, and contacts shared above Class prices for spot milk loads once again. Cream availability remains ample in the Northeast. Some Class I bottling orders were lower than anticipated due to President's Day school closures. Milk production at the farm level is variable throughout the U.S. The first NASS Milk Production report of 2024 listed a 0.9 percent decrease in January 2024 when compared to January 2023 (in the 24 selected states).

Friday CME Cash Prices					
Dates	1/26	2/2	2/9	2/16	2/23
Butter	\$2.68	\$2.74	\$2.69	\$2.75	\$2.85
Cheese (40# Blocks)	\$1.53	\$1.55	\$1.57	\$1.48	\$1.55

Weekly Average CME Cash Price - 2019 to Present

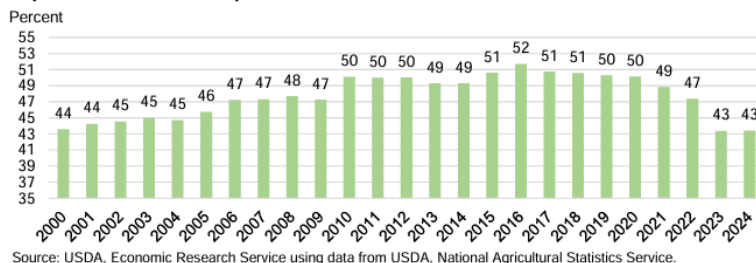


Katelyn's Drop in the Bucket - February 26th, 2024

Short notes about dairy markets this month.

The **USDA Federal Order national hearing** is officially over after a whopping 49 days of testimony. Final comments are due in early April and then the USDA will release it's final recommendation in early July.

Replacement heifers as a percent of milk cows



Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

Dairy heifer replacements have decreased by 15% over the past six years, a 20-year-low, according to the most recent cattle report. As feed prices rise, the use of beef-on-dairy breeding practices becomes routine, and farms tighten up their heifer management, there are fewer heifers being raised on the market. With the **decline in dairy heifers**, and a lag in raising dairy heifers, we might start to see a shortage when milk prices tick upwards.

We're continuing to see low, **stagnant milk prices**, brought on by the winter spending lull and decreased consumer demand. However, forecasts show that this should be the bottom for most

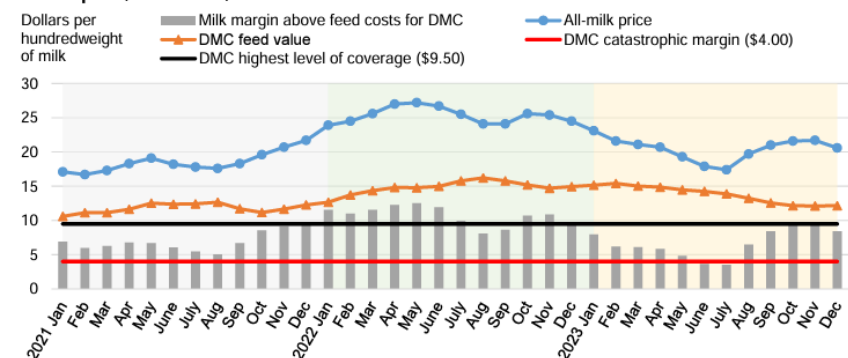
dairy prices with a slow chug upwards for the rest of the year.

What should you watch for as we go through 2024?

Dairy Herd Management says - **inflation, consumer confidence, and global demand** will be key indicators. This will be a slow price recovery as farms continue to battle high input costs and will keep 2024 prices uncertain.

2024's milk production estimate "**decreased due to lower expected yield per cow** which more than offsets higher expected cow numbers", says USDA in the latest Outlook report. 2024's all-milk price estimate is now \$20.95.

All-milk price, feed costs, and milk above feed costs¹



Note: ¹Feed costs and milk margins above feed costs follow Dairy Margin Coverage Program (DMC) calculations. Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service and USDA, Farm Service Agency.