markedly improved since the ides of March. But is trending steady to lower. Nationally, food service orders have production levels. Inventories remain stable. Retail demand varies receiving adequate volumes of cream to support seasonal Butter:

Regardless, manufacturers contend there is plentiful milk available steady to lower across much of the northern parts of the country. Levels in the southern parts of the country, milk output is said to be available, although there were some overages reported this week taking in regards to the food box programs. Milk remains generally regarding the effect of the different direction the government is general, are a little shaky as some questions go unanswered block prices on Tuesday after a $.06+ bounce. Market tones, in the strength in barrel markets this week, as barrel prices overtook well as a limit regarding supply. The CME markets exhibited some of but barrel producers have begun reporting strength in demand, as Cheese:

Cheese availability has varied by region and within regions, while milk production is nearing, at, or just past peak levels in the southern parts of the country, milk output is said to be steady to lower across much of the northern parts of the country. Regardless, manufacturers contend there is plentiful milk available for processing. 

Butter: Cream supplies vary regionally. Butter makers are generally receiving adequate volumes of cream to support seasonal production levels. Inventories remain stable. Retail demand varies but is trending steady to lower. Nationally, food service orders have markedly improved since the ides of March.


**Dry Products:** Low/medium heat nonfat dry milk prices continued to move higher this week. Even with ample milk supplies and active production, domestic and export customers are actively seeking out loads. High heat prices are steady to higher. Manufacturers are focusing on the production of low/medium heat NDM in order to keep up with the abundance of milk. Buttermilk powder prices are steady to higher. Discounted loads of dry buttermilk resulting from shipping delays were not reported this week. Dry whole milk powder prices moved slightly higher at the bottom of the range. Prices for dry whey are mostly higher and supplies remain tight. Animal feed whey prices are steady to higher, on light trading. Lactose prices are steady to lower. A few higher priced sales cleared the market, but the market tone is stable. Rennet and acid casein prices are firming, with supplies mostly committed until Q3.

<table>
<thead>
<tr>
<th>Dates</th>
<th>3/26</th>
<th>4/1</th>
<th>4/9</th>
<th>4/16</th>
<th>4/23</th>
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</thead>
<tbody>
<tr>
<td>Butter</td>
<td>$1.78</td>
<td>$1.85</td>
<td>$1.88</td>
<td>$1.85</td>
<td>$1.77</td>
</tr>
<tr>
<td>Cheese (40# Blocks)</td>
<td>$1.72</td>
<td>$1.78</td>
<td>$1.83</td>
<td>$1.78</td>
<td>$1.79</td>
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</tbody>
</table>
Despite relatively strong milk production growth, dairy product prices continued to show strength during April. While prices on the CME moved up and down during the month, the price of cheese, dry whey, butter and nonfat all strengthened. The result of these stronger dairy product prices the April Class III price will be near $17.70 compared to $16.15 for March and the April Class IV price near $15.50 compared to $14.18 for March.

These stronger prices are the result of several factors. Food service which normally accounts for about 50% of cheese and butter sales has improved as more restaurants have more fully opened and some schools have returned to partially or full in classroom instruction. Dairy products have been purchased under the Farms to Families Food Box Program which was to end on April 30th but has been extended to the end of May. And there have been dairy product purchases for the Supplemental Nutrition Assistance Program (SNAP). Dairy exports continue to increase as dairy product prices are competitive on the world market.

USDA estimates milk production for the month was 1.8% higher than a year ago. Milk cow numbers continue to increase with 8,000 more than February resulting in 77,000 more cows than a year ago for an increase of 0.8%. The increase in milk per cow slowed some with an increase of 1.0%.

The level of milk production for the remainder of the year is very crucial to how milk prices will fair. USDA is forecasting a relatively strong increase in milk production for the year being up 2.3% higher than last year Leap Year adjusted. Milk cow numbers are forecasted to average 72,000 head higher or 0.8% and milk per cow 1.5% higher. This amount of milk will be difficult to move through the domestic market and exports and maintain relatively favorable milk prices. But milk production could well slow by the second half of the year as higher feed costs could encourage heavier culling of cows and ration adjustments that reduces the increase in milk per cow.

Continued improvement in the economy, further opening of restaurants, return of fans to sports events, return of conferences and in person classroom instruction all for the second half of the year would support milk prices. With some improvement in the world economy, modest increase in milk production around 1% for major dairy exporters like Western Europe, New Zealand and Australia, and U.S. dairy product prices competitive on the world market should all be favorable for dairy exports this year. But unless milk production ends up less than what USDA is currently forecasting there will a lot of pressure on milk prices.

Class III futures have been somewhat volatile during the month with Class III at times in the $17’s and in the $19’s. Class IV futures have shown continued strengthening. Currently Class III futures are rather optimistic being in the $17’s May through September and the higher $18’s October through December. Class IV futures are in the $16’s May through July and the $17’s August through December. USDA’s latest forecast is not this optimistic. USDA forecasts Class III to average 17.10 for the year compared to $18.16 last year.

So, uncertainty as to where milk prices will end the year continues. Unless milk production ends up lower than what USDA is currently forecasting, in my opinion $19 Class III futures are too optimistic. I could see Class III in the $17’s. I hope I am wrong, but time will tell. We will need to keep watching how things develop month to month.