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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.

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Dairy Market Watch
Newsletter
October 2019

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
Sep 18	\$2.54	\$2.00	\$18.10	\$15.13	\$16.09	\$14.81	\$15.56	(\$0.53)	\$16.16	\$0.07	\$1.39
Oct 18	\$2.56	\$1.72	\$19.58	\$15.54	\$15.53	\$15.01	\$16.04	\$0.51	\$16.64	\$1.11	\$1.43
Nov 18	\$2.53	\$1.34	\$18.77	\$15.63	\$14.44	\$15.06	\$15.47	\$1.03	\$16.07	\$1.63	\$1.39
Dec 18	\$2.50	\$1.14	\$18.30	\$15.67	\$13.78	\$15.09	\$15.12	\$1.34	\$15.72	\$1.94	\$1.36
Jan 19	\$2.50	\$1.19	\$18.37	\$15.74	\$13.96	\$15.48	\$15.27	\$1.31	\$15.87	\$1.91	\$1.37
Feb 19	\$2.53	\$1.78	\$18.55	\$16.13	\$13.89	\$15.86	\$15.50	\$1.61	\$16.10	\$2.21	\$1.39
Mar 19	\$2.55	\$1.63	\$19.23	\$16.61	\$15.04	\$15.71	\$16.02	\$0.98	\$16.62	\$1.58	\$1.43
Apr 19	\$2.54	\$1.99	\$19.01	\$16.38	\$15.96	\$15.72	\$16.19	\$0.23	\$16.79	\$0.83	\$1.45
May 19	\$2.57	\$2.12	\$19.67	\$16.48	\$16.38	\$16.29	\$16.65	\$0.27	\$17.25	\$0.87	\$1.49
June 19	\$2.66	\$2.00	\$20.32	\$17.30	\$16.27	\$16.83	\$17.13	\$0.86	\$17.73	\$1.46	\$1.53
July 19	\$2.68	\$2.40	\$20.43	\$17.61	\$17.55	\$16.90	\$17.68	\$0.13	\$17.28	\$0.73	\$1.58
Aug 19	\$2.65	\$2.44	\$21.14	\$17.60	\$17.60	\$16.74	\$17.82	\$0.22	\$18.42	\$0.82	\$1.59
Sep 19	\$2.49	\$2.86	\$21.10	\$16.93	\$18.31	\$16.35	\$17.63	(\$0.68)	\$18.23	(\$0.08)	\$1.57

September Utilization (Northeast): Class I = 31.8%; Class II = 25.5%; Class III = 26.8%; Class IV = 15.9%.
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 (USDA Dairy Market News – Volume 86, Report 43, October 25th)

Cheese: Cheese industry contacts are viewing \$2+ prices on the CME with some hesitation. Traditional thinking suggests nothing cures high prices better than high prices, and \$2.20 barrel prices are being viewed as a potential antidote. Additionally, holiday gift packages are keeping specialty cheesemakers busy in all regions. Production is mixed. Northeastern contacts suggest milk has tightened up slightly, and most Midwestern producers reported premiums this week.

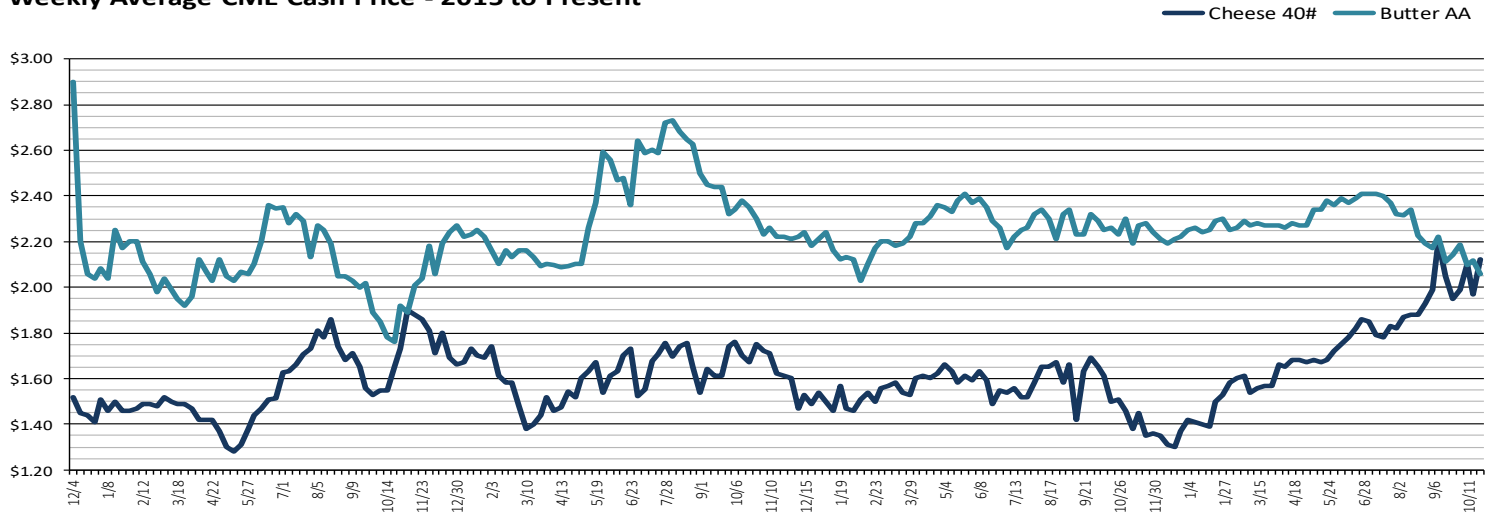
Dry Products: Nonfat dry milk prices are higher. NDM stocks are sufficient to tight, with some manufacturers noting sold out positions in the near term. Dry buttermilk prices are steady to higher on good seasonal demand. Active churning is helping to increase dry buttermilk stocks, but the market remains tight on spot supplies. Dry whole milk prices are unchanged. Spot availability is adequate. Whey prices are steady to lower with a weaker undertone. Whey protein concentrate 34% prices are unchanged. Demand is mixed. Lactose prices are steady. Trade issues continue to hamper exports to China. Rennet casein prices are unchanged, but acid casein prices firmed.

Fluid Milk: Milk production across the country continues on an upward seasonal trend. Cow comfort and additions to herds, in some instances, continue the milk flow. Class I demand across the nation remains steady. Condensed skim markets are reflecting limited spot availability again this week. Cream prices are steady to higher in the Midwest and East regions, but lower in the West. Cream interest projects to increase for Class II holiday demand

Butter: In the East and West regions, bulk/ print butter requests from wholesalers, retailers, and the food service sector are inching up ahead of the upcoming year-end holiday buyer needs. Strong cream pulls from sour cream, ice cream, and cream cheese processors are limiting churning in some regions. Consequently, some butter makers are using micro-fixing as a print butter production alternative.

Friday CME Cash Prices					
Dates	9/27	10/4	10/11	10/18	10/25
Butter	\$2.14	\$2.19	\$2.10	\$2.12	\$2.06
Cheese (40# Blocks)	\$1.95	\$1.99	\$2.10	\$1.97	\$2.12

Weekly Average CME Cash Price - 2015 to Present



Excerpt from USDA's "Livestock, Dairy, and Poultry Outlook" LDP-M-304
October 17, 2019, Economic Research Service

The milk production forecast for 2019 has been raised due to higher expected cow numbers and milk per cow. With higher yield per cow expected to carry into next year, the milk production forecast for 2020 has also been raised. With additional tariffs to be assessed on imports of some products from the European Union, import forecasts for 2020 have been lowered on both the milk-fat and skim-solids milk-equivalent bases. Export forecasts for 2020 have been lowered on a milk-fat basis but raised on a skim-solids basis. The all-milk price forecast for 2019 is \$18.40 per hundredweight (cwt), 5 cents higher than last month's forecast. For 2020, the all-milk price forecast is \$18.85 per cwt, unchanged from last month.

Based on recent data for milk cow numbers and dairy cow slaughter, milk cows for the third quarter are expected to number 9.320 million head, 5,000 higher than forecast last month. Milk per cow for the third quarter is expected to be 5,805 pounds, an increase of 15 pounds from the last forecast based on recent data.

Annual import forecasts for 2019 on both the milk-fat and skim-solids bases are unchanged from last month's forecast. Greater demands for butter and butterfat products are expected to be relatively strong for the remainder of the year, and importers may have increased imports from the EU before the tariffs go into effect on October 18.

With the higher cheese price forecast more than offsetting the lower dry whey forecast, the Class III price forecast for the fourth quarter of 2019 has been raised to \$17.95 per hundredweight (cwt), 35 cents higher than last month's forecast. The increase in the NDM price forecast outweighs the decrease in the butter price forecast, resulting in a fourth-quarter Class IV forecast of \$16.10 per cwt, 5 cents higher than last month's forecast. The all-milk price for the third quarter is expected to be \$19.00 per cwt, unchanged from last month's forecast. For the fourth quarter, the all-milk price forecast has been increased by 20 cents to \$19.60 per cwt. For the year, the all-milk forecast is \$18.40 per cwt, 5 cents higher than last month's projection.

The forecast for the size of the milking herd in 2020 is unchanged from last month's forecast at 9.340 million head. Milk yield per cow for the year is now forecast at 23,725 pounds, an increase of 35 pounds from the last forecast, as more rapid yield growth in late 2019 should carry over into 2020. Due to the higher milk per cow forecast, the milk production forecast for 2020 has been raised by 0.4 billion pounds to 221.6 billion.

Due to the expected impact of new tariffs on imports of some dairy products from the EU, the import forecasts for 2020 have been lowered to 6.5 billion pounds on a milk-fat basis (-0.4 billion) and to 5.5 billion pounds on a skim-solids basis (-0.1 billion).

The forecast for 2020 exports on a milk-fat basis has been lowered by 0.3 billion pounds to 9.3 billion due to lower expected cheese exports. Higher exports of NDM/SMP are expected due to strong global demand and U.S. price competitiveness. Lactose exports to China are expected to increase as China takes steps to offset the impacts of African Swine Fever. With higher expected exports of NDM/SMP and lactose more than offsetting lower expected exports of cheese, the forecast for 2020 exports on a skim-solids basis has been raised to 43.0 billion pounds, 0.4 billion higher than last month's forecast.

With higher expected cheese prices for the fourth quarter of 2019 carrying over into 2020 and lower expected imports, the cheese price forecast for 2020 has been raised 1.5 cents to \$1.790 per pound for the year. The dry whey price forecast for 2020 is unchanged at \$0.375. With stronger expected global demand for NDM/SMP, the NDM price forecast has been raised half a cent to \$1.040 per pound. The butter price forecast for the year is 2.5 cents lower than last month's, at \$2.20 per pound, as lower price levels in late 2019 should carry over into 2020.

With a higher cheese price forecast for 2020, the Class III price forecast is \$17.20 per cwt for the year, 15 cents higher than last month's forecast. The Class IV price forecast has been lowered 5 cents to \$16.10 per cwt for the year, as the lower butter price forecast more than offsets the higher NDM price forecast. The all-milk price forecast for 2020 is unchanged at \$18.85 per cwt.