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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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Funded by PRO-DAIRY.

Dairy Market Watch
Newsletter
November 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
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
Oct 19	\$2.40	\$3.17	\$21.09	\$16.68	\$18.72	\$16.39	\$17.57	(\$1.15)	\$18.17	(\$0.55)	\$1.57

October Utilization (Northeast): Class I = 32.9%; Class II = 24.7%; Class III = 26.4%; Class IV = 16.0%.
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 (USDA Dairy Market News – Volume 86, Report 47, November 22nd)

Cheese: Cheese makers are reporting generally active production schedules. Fall weather is giving Class III producers increasing milk volumes. Spot milk prices were reported from \$2.50 under Class to \$.75 over Class III. Last year's spot milk prices were \$1 to \$3 under Class. In 2017, discounts reached \$5 under Class during week 47. (Thanksgiving fell on week 47 on both of these years.) Cheese demand is mostly steady, with some variations. Generally, orders are normal for this time of the year. However, markets are creating a little hesitancy on longer term purchasing, particularly as prices have slid in recent weeks. Additionally, block producers are hopeful that the downward pressure finds a relief soon. Barrels are priced well above blocks on the CME, and block producers/customers are acutely aware of this.

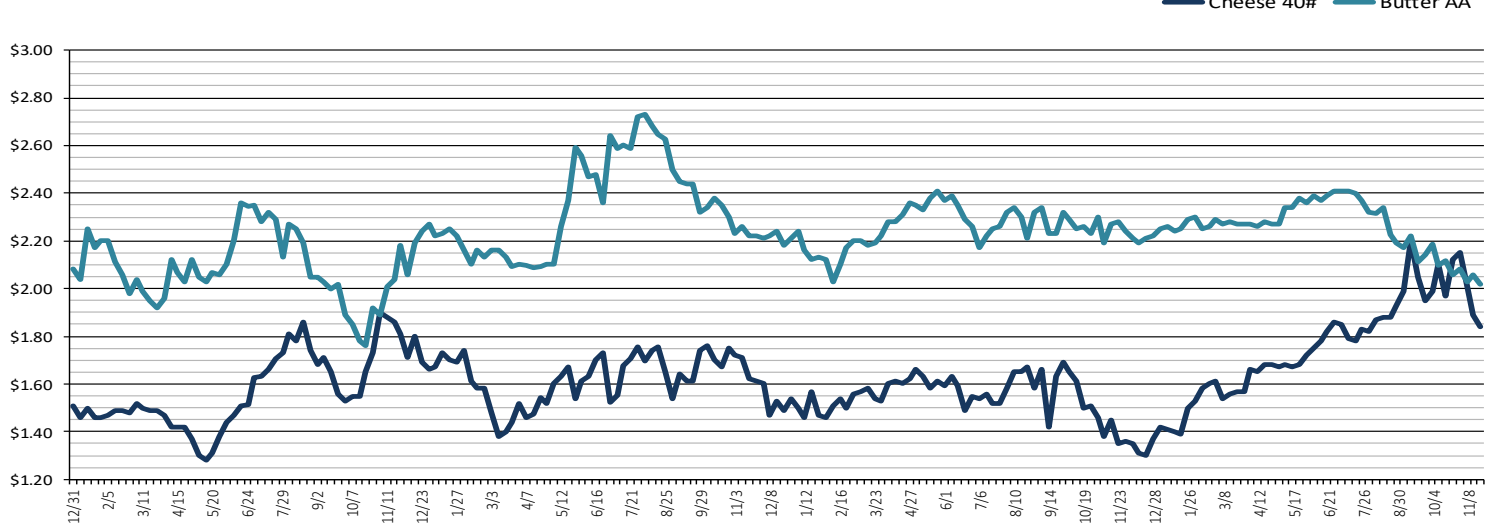
Dry Products: Low/medium heat NDM use for cheese fortification, coupled with strong export demands, are keeping trading activities alive. Near term discounted spot milk availability could impact cheese makers' intakes of NDM for fortification purposes. Low/medium heat NDM production is active in the West, but variable in the East. High heat NDM prices increased this week. Inventories are light, while sales are unchanged. Dry buttermilk prices are mixed in the Central and East, but have slightly increased on the top of the mostly in the West.

Fluid Milk: Milk production is mixed across the regions of the U.S. Outputs are picking up in the Northeast, Arizona, Florida and the mountain states of Idaho, Utah, and Colorado. Aside from the Northeast and Florida, where bottled milk demands are increasing, orders are generally stable to declining in the other regions. The holiday dairy product production schedules are keeping some processors busy and causing increases in Class II milk requests in some areas.

Butter: Although more cream volumes are flowing into the production of some holiday favorite dairy products, such as cream cheese, eggnog, sour cream, and seasonal ice cream, cream supplies remain adequate to meet churning needs throughout the country. In fact, butter production is mostly steady at this moment, but expected to increase during the next week as several plants will be running at full capacity.

Friday CME Cash Prices					
Dates	10/25	11/1	11/8	11/15	11/22
Butter	\$2.06	\$2.08	\$2.03	\$2.06	\$2.02
Cheese (40# Blocks)	\$2.12	\$2.15	\$2.01	\$1.89	\$1.84

Weekly Average CME Cash Price - 2015 to Present



Excerpt from USDA's "Livestock, Dairy, and Poultry Outlook" LDP-M-305
November 15, 2019, Economic Research Service

Milk production forecasts for 2019 and 2020 have been raised to 218.6 billion pounds (+0.4 billion) and 222.4 billion pounds (+0.8 billion), respectively, as higher average yield per cow is expected to more than offset slower growth in the dairy herd. For 2019 and 2020, wholesale price forecasts for cheese and nonfat dry milk have been raised, but price forecasts for butter and dry whey have been lowered. The all-milk price forecast for the fourth quarter of 2019 has been raised to \$20.50 per hundredweight (cwt) (+\$0.90), and the forecast for the annual price has been raised to \$18.60 per cwt (+\$0.20). For 2020, the all-milk price forecast is unchanged at \$18.85 per cwt, as a higher expected Class III milk price is largely offset by a lower expected Class IV milk price.

USDA, National Agricultural Statistics Service (NASS) estimated September U.S. milk production at 17.616 billion pounds, 1.3 percent higher than September 2018. Milk cow numbers for September were estimated at 9.315 million head in September, 2,000 less than August. Year-over-year growth in yield per cow has been growing in recent months. In September, milk per cow averaged 63.0 pounds per day, 1.8 percent higher than September 2018. This compares with year-over-year growth rates of 1.0 percent in August and 0.9 percent in July.

Based on recent milk cow and heifer statistics, the forecast of the milking herd in 2019 has been lowered 5 thousand head to 9.335 million. Due to a lower number than expected for milk per cow in June, the milk per cow estimate for the year has been lowered 15 pounds to 23,350. With these changes, total milk production for 2019 is now forecast at 217.9 billion pounds, 0.3 billion lower than the previous forecast.

Imports on a milk-fat basis are now forecast at 7.2 billion pounds for the year, 0.3 billion pounds higher than last month's forecast, as recent strength in imports of butter from the EU (particularly Ireland) should continue through year end. The export forecast on a milk-fat basis has been lowered 0.1 billion pounds to 9.4 billion. Ending stocks for 2019 are now forecast at 13.0 billion pounds, 0.1 billion pounds lower than the last forecast. Domestic use on a milk-fat basis for the year is forecast slightly higher than last month at 215.2 billion pounds.

With slightly higher prices for cheese and whey, the Class III price for 2019 has been raised 25 cents to \$16.30 per cwt. The lower NDM price forecast has led to a decrease of 15 cents in the Class IV price forecast to \$16.30 per cwt. The all-milk price for 2019 is now forecast at \$18.30 per cwt, 10 cents higher than the previous forecast.

Lower expected growth in milk cow numbers and higher expected milk per cow for the latter part of 2019 are expected to carry into 2020. Milk cows are forecast to average 9.335 million head in 2020, 5,000 less than last month's forecast. Milk per cow is forecast at 23,830 pounds, 105 pounds higher than last month's forecast. With higher yields expected to more than offset lower growth in the milking herd, milk production for 2020 is forecast at 222.4 billion pounds, 0.8 billion pounds higher than last month's forecast.

On a milk-fat basis, the 2020 export forecast has been lowered 0.1 billion pounds to 9.2 billion as relatively high domestic cheese prices compared to foreign export prices are expected to reduce U.S. competitiveness.

With higher expected higher domestic demand for cheese, the cheese price forecast for 2020 has been raised 7.0 cents to \$1.860 per pound for the year. The NDM price forecast has been raised by 5.5 cents to \$1.095 per pound due to higher expected demand for exports. The butter price for 2020 has been lowered 14.0 cents to \$2.060 per pound due to recent price weakness and higher expected beginning stocks. The dry whey price has been lowered 5.5 cents to \$0.320 per pound due to recent price weakness and lower expected exports. With the higher expected cheese price more than offsetting the lower expected whey price, the Class III milk price forecast for 2020 has been raised to \$17.50 per cwt, \$0.30 higher than last month's forecast. The Class IV milk price forecast has been lowered to \$15.95 per cwt, \$0.15 lower than last month's forecast, as the lower butter price forecast more than offsets the higher NDM price forecast. With largely offsetting price forecasts for Class III and IV milk, the all-milk price forecast for 2020 is unchanged at \$18.85 per cwt.