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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  
December 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
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
Nov 19	\$2.32	\$3.91	\$21.39	\$16.85	\$20.45	\$16.60	\$18.05	(\$2.40)	\$18.65	(\$1.80)	\$1.61

**November Utilization (Northeast): Class I = 31.8%; Class II = 22.8%; Class III = 27.8%; Class IV = 17.6%.**  
*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 50, December 13th)

**Cheese:** Cheese markets, particularly barrel prices, are bound to be in damage control for the rest of 2019. After nearing historic peaks this fall, prices this week have been in a bearish descent. That said, pricing corrections were expected from most national cheese contacts, and producers have been waiting for some downward pressure to entice buyers. Reason being: End users have limited purchasing to a near-term/necessity basis due to the aforementioned high prices. Another positive note, for some cheese industry actors, is that barrel prices have declined and put blocks back in the driver's seat, which they say aligns with market balance. Cheese production is steady to higher. There is plenty of holiday season milk available.

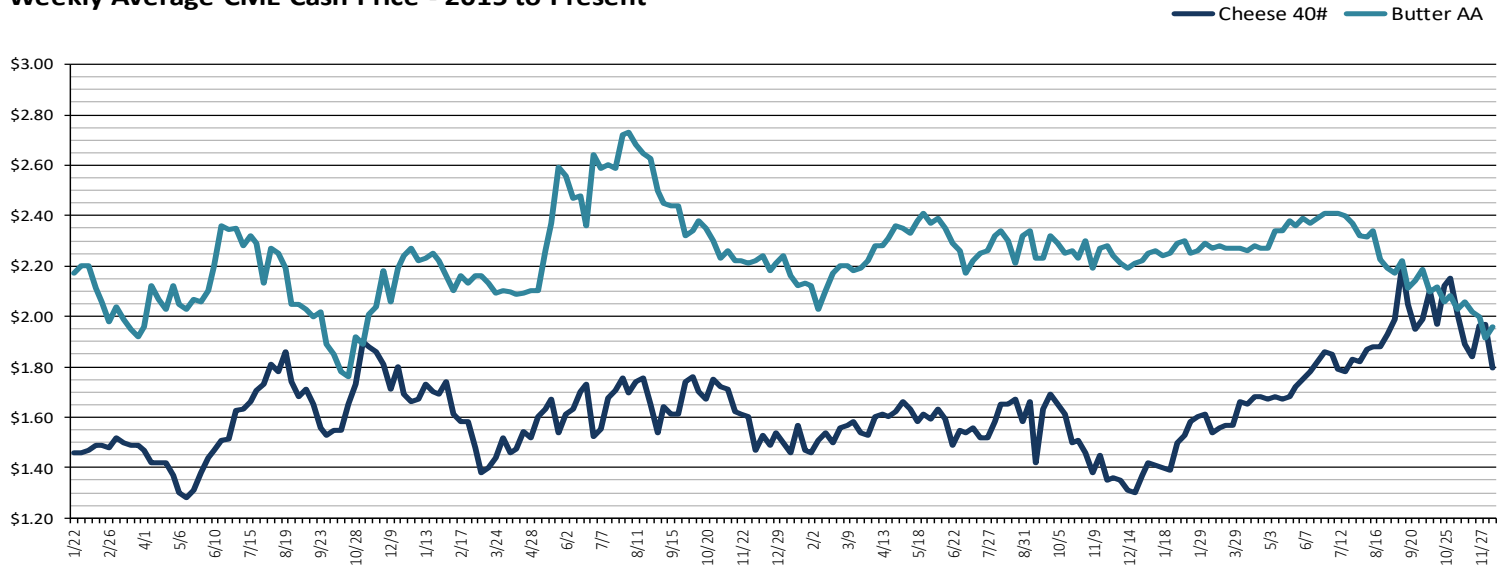
**Dry Products:** Low/medium heat nonfat dry milk (NDM) spot prices are steady to higher. Trading activities are steady to a bit slower, but the market tone is experiencing bullishness. High heat NDM prices are mostly higher. Inventories are reported as tight, yet interest is steady to slow this week. Dry buttermilk prices are steady to higher currently. In some areas, spot trades were slightly more active. Market conditions are fairly stable. Dry whole milk prices are unchanged on the price range. Trading was slower this close to the end -of-year holidays. Whey powder prices are mixed throughout the regions.

**Fluid Milk:** Farm milk output is variant, in some cases from one farm to the next. The 30,000 foot view would suggest it is increasing week-to-week, but lower year-to-year on a number of farms nationwide. All that said, there is plentiful milk in most processing facilities in the country. Bottlers have cut orders, in some cases, in the midst of the fall/winter holiday season. Cheese producers continue to report Class to sub-\$2 discounts on spot milk loads. Cream supplies are not as variant as raw milk, as they are generally abundant from coast to coast.

**Butter:** With more butter in storage, butter contacts expect that to translate into more retail promotions and interest. Buyers may be enticed by the sub \$2 butter market prices, as its their first time to see that since 2016. Current stores are higher year-over-year, and current production is only adding to stocks. Cream is available nationwide.

Friday CME Cash Prices					
Dates	11/15	11/22	11/27	12/6	12/13
Butter	\$2.06	\$2.02	\$2.00	\$1.92	\$1.96
Cheese (40# Blocks)	\$1.89	\$1.84	\$1.96	\$1.97	\$1.80

## Weekly Average CME Cash Price - 2015 to Present



Excerpt from USDA's "Livestock, Dairy, and Poultry Outlook" LDP-M-306  
December 16, 2019, Economic Research Service

**Annual milk production forecasts for 2019 and 2020 are unchanged from last month's forecasts. For 2019, the Class III price forecast has been lowered due to a weaker cheese price, but the Class IV price is unchanged as a lower butter price is offset by a higher nonfat dry milk (NDM) price. For 2020, Class III and IV price forecasts are raised as all major dairy product price forecasts have been raised except for butter. The all-milk price forecast for 2019 is unchanged at \$18.60 per hundredweight (cwt), but the all-milk price forecast for 2020 has been raised to \$19.40 per cwt, \$0.55 higher than last month's forecast.**

The 2019/20 corn price forecast is unchanged from last month at \$3.85 per bushel. The soybean meal forecast for 2019/20 is \$310 per short ton, \$15 lower than last month's forecast. The October alfalfa hay price was \$179 per short ton, \$2 lower than September but \$3 higher than October 2018. The 5-State weighted-average price for premium alfalfa hay in October was \$205 per short ton, \$1 higher than the September price.

A faster pace of cattle slaughter boosts beef production in fourth-quarter 2019. However, 2020 production was reduced on a slightly slower pace of fed and non-fed cattle slaughter in first-half 2020. Fed cattle prices were raised for fourth-quarter 2019 on recent price data and price strength carried into 2020. Beef imports for 2019 and 2020 were raised from last month on reported trade data and expectations that processing grade beef will remain strong. Fourth-quarter beef exports for 2019 were lowered to reflect weaker demand; 2020 exports were unchanged.

Based on recent data for milk cow numbers, the 2019 fourth-quarter forecast for milk cows is 9.325 million head, 10,000

higher than last month's forecast. The fourth-quarter forecast for yield per cow is unchanged at 5,805 pounds. The annual forecast for average size of the milking herd is 9.330 million head, 5,000 higher than last month's forecast. The 2019 forecast for yield per cow is 23,435 pounds. The annual milk production forecast for 2019 rounds to 218.6 billion pounds, unchanged from last month's forecast.

The 2019 annual forecast for exports on a milk-fat basis is unchanged from last month at 9.0 billion pounds. Based on recent data, forecasts for the cheese and butter prices for the fourth quarter of 2019 have been lowered to \$2.070 per pound (-1.0 cent) and \$2.070 per pound (-3.5 cents), respectively. With a lower cheese price forecast more than offsetting the higher whey price forecast, the fourth quarter Class III milk price forecast has been lowered to \$19.55 per hundredweight (cwt). With the higher NDM price forecast offsetting the lower butter price forecast, the fourth-quarter Class IV milk price forecast is unchanged at \$16.50 per cwt. The all-milk price forecast for the fourth quarter has been lowered to \$20.45 per cwt, \$0.05 lower than last month's forecast.

With higher expected demand for cheese, the 2020 cheese price forecast has been raised to \$1.865 per pound (+0.5 cents). With recent weakness in butter prices expected to extend into next year, the butter price forecast for 2020 has been lowered to \$2.020 per pound (-4.0 cents). With the higher expected prices for all major dairy product prices except for butter, the Class III price has been raised to \$17.65 per cwt (+\$0.15) and the Class IV price has been raised to \$16.95 per cwt (+\$1.00). The all-milk forecast for 2020 has been raised to \$19.40 per cwt, \$0.55 higher than last month's forecast.