

swnyteam@cornell.edu

# Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

swnydlfc.cce.cornell.edu



Prepared by Katelyn Walley-Stoll  
Business Management Specialist  
716-640-0522 · kaw249@cornell.edu  
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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  
July 2020

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
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
Dec 19	\$2.19	\$3.65	\$22.58	\$16.81	\$19.37	\$16.70	\$18.13	(\$1.24)	\$18.73	(\$0.64)	\$1.61
Jan 20	\$2.11	\$2.96	\$22.26	\$17.05	\$17.05	\$16.65	\$17.63	\$0.58	\$18.23	\$1.18	\$1.57
Feb 20	\$1.98	\$3.03	\$20.80	\$16.84	\$17.00	\$16.20	\$16.97	(\$0.03)	\$17.57	\$0.57	\$1.51
Mar 20	\$1.92	\$2.84	\$20.71	\$16.75	\$16.25	\$14.87	\$16.59	\$0.34	\$17.19	\$0.94	\$1.48
Apr 20	\$1.32	\$2.48	\$19.89	\$13.87	\$13.07	\$11.40	\$13.77	\$0.77	\$14.37	\$1.30	\$1.24
May 20	\$1.38	\$2.09	\$16.20	\$12.30	\$12.14	\$10.67	\$12.32	\$0.18	\$12.92	\$0.78	\$1.11
June 20	\$1.86	\$4.53	\$14.67	\$12.99	\$21.04	\$12.90	\$14.51	(\$6.53)	\$15.11	(\$5.93)	\$1.30

June Utilization (Northeast): Class I = 34.9%; Class II = 27.2%; Class III = 18.5%; Class IV = 19.4%.

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 87, Report 30, July 24th, 2020)

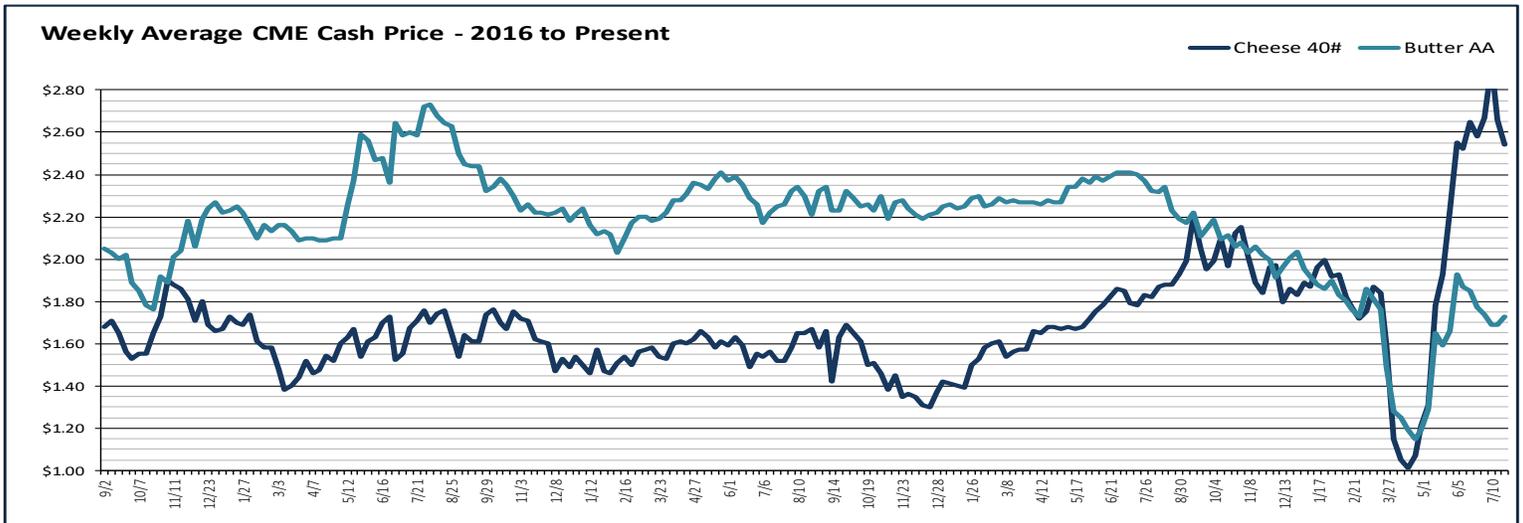
**Cheese:** Cheese demand has slipped slightly week to week, following a variant week 29 on the CME. Block prices broke the \$3 barrier last Monday, then dropped into the \$2.60s a week ago today. As buyers are waiting out potentially lower prices, cheesemakers have ebbed production slightly. Additionally, cheese demand is slightly lower due to uncertainties of both grocers and food service customers related to COVID-19 measures. Some cheesemakers reported focusing production on contractual obligations, while milk remains somewhat plentiful.

**Dry Products:** Low/medium heat nonfat dry milk (NDM) prices are mixed. Trading activities are slower. There are reports supplies are outpacing buyers' immediate demands. Market tones are somewhat quiet. High heat NDM prices are steady to lower on slow spot trading activity. Dry buttermilk prices are steady to lower. Manufacturers' inventories are tight, as some buyers are still awaiting loads from previous months. Market conditions are uncertain. Dry whole milk prices are lower on the top of the price range. Trading activities are fairly moderate. The market tone is mostly stable across the country. Whey powder prices are mixed throughout the regions. Several buyers are adequate with current stocks. Market tones are unsettled. Whey protein concentrate 34% prices are mixed. Trading activities are slow currently.

**Fluid Milk:** California being an exception with slightly higher milk yields, milk output is steady to lower seasonally in most parts of the nation. Heat has taken its toll in most areas. Farmer contacts are pointing to lower protein levels, while some reported slightly higher milkfat components year over year. Class I demand remains mostly tepid, behind previous years figures. However, Eastern contacts suggest Class I buyers are taking on available loads.

**Butter:** Print butter production is running at near full schedules although cream supplies are seasonally lower. Much of the national butter makers' attention has been set to filling retail butter demand. Without the usual summer restaurant consumption from traditional vacation spots, orders from the food service sector remain below the seasonal norm. While some processors are capitalizing on higher multiples by selling cream rather than making butter, other butter makers are trying to catch up on churning for the fall demand increase.

Friday CME Cash Prices					
Dates	6/26	7/2	7/10	7/17	7/24
Butter	\$1.77	\$1.74	\$1.9	\$1.69	\$1.73
Cheese (40# Blocks)	\$2.58	\$2.67	\$2.92	\$2.66	\$2.54



### July 2020 Dairy Situation & Outlook

By Bob Cropp, Professor Emeritus, University of Wisconsin-Madison

This is an excerpt from the originally published Outlook available here: <https://fyi.extension.wisc.edu/dairy/july-2020-dairy-situation-and-outlook/>

Dairy product prices and milk prices continue to do the unexpected. January forecasts called for 2020 to be a recovery year with the best milk prices in 5 years. But, Covid-19 virus outbreak came along resulting in a loss on milk and dairy product sales due to schools and universities closing, restaurants being shut down, cancellation of conferences and sporting events. Dairy product prices have brought down the Class III price from \$17.05 in January to \$12.14 in May and the Class IV price from \$16.45 in January to \$10.67 in May.

By June the demand for milk and dairy products improved with restaurants partially reopening, and their need to restock cheese and butter, people now eating at home and significantly increasing store purchases of milk and dairy products, the government purchasing a lot of dairy products, mainly cheese from May 15 to June 30 under the Farm to Family Food Box program, and with dairy product prices below world prices dairy exports increased. In May dairy export volume was the most in more than two years. Nonfat dry milk/skim milk powder exports were the most ever, and up 24% from a year ago. After running below year ago levels cheese exports in May exports were 8% higher than a year ago, the second-best month ever. May whey exports were 16% higher than a year ago. On the supply side dairy cooperatives had implemented base excess plans to their dairy producers that reduced milk production. May milk production fell 0.5% below a year ago. With dairy product prices and milk prices being rather sensitive to small changes in demand and/or supply dairy product prices improved beginning in May and in June, with cheese setting a record high in June.

With these changes in July dairy product prices Class III will be about \$24.30 but below the record \$24.60 set in September 2014. The July Class IV price will be near 13.80, well below the record \$23.89 set in August 2014. But the big question is where are prices headed for the remainder of the year?

Important to keeping milk prices falling to low levels will be milk production. Milk production needs to stay well below a 1% increase over a year ago. After running well over 1% above a year ago milk production fell 0.5% in May and was up just 0.5% in June. Since March milk cow numbers have fallen each month being down 35,000 head as of June. But June cow numbers were still 23,000 head higher

than a year ago, or +0.3%. Milk per cow has been running well below trend with June up just 0.2% from a year ago.

The sales of milk and dairy products stay below a year ago as restaurants and food service remain only partially reopened. It looks like many schools, colleges, and universities with use virtual learning this fall rather than in person classroom. High school, college and professional sports will be cancelled or operate without fans in the stands. The government will continue the Farm to Family Food Box program from July 1 to August 31. With the exception of butter, the price of cheese, nonfat dry milk and dry whey have been below world prices and price competitive. Dairy exports through May have been above year ago levels. But the price of cheese and nonfat dry milk moved above world prices in June and July which likely slowed exports. The positive for dairy exports is milk production for major exporters is lower than a year ago or only showing small increases leaving an opportunity for U.S. exports.

So not knowing when we will see some positive signs the COVID-19 virus is coming more under control allowing more opening of the restaurants, schools and colleges and other activities, and how dairy exports will do for the remainder of the year and the level of milk production milk prices are uncertain. We should still see a seasonal increase in butter and cheese sales during the holidays which will help hold prices. Also positive is the stocks of butter and cheese while still above year ago levels have declined from May 31st to June 30th. As of June 30th and compared to a year ago butter stocks were still 10.8% higher than a year ago, American cheese stocks just 1.1% higher and total cheese stocks 2.6% higher. As of now it looks like the Class III price will trend lower in the months ahead but not fall to low levels. Class III dairy futures remain quite optimistic with Class III above \$20 for August and September, in the \$19's in October, the \$18's in November before falling below \$17 in December. Class IV futures show only small strength staying in the \$14's and only reaching the \$15's in December.

What's going on with the HUGE negative PPD's? Check out this [fact sheet](#) written by Mark Stephenson and Andrew Novakovic. Producers should expect similar PPD's for July's milk as well.