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Cornell Cooperative Extension

Southwest NY Dairy, Livestock and Field Crops Program

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Allegany, Cattaraugus, Chautauqua, Erie, and Steuben.

Dairy Market Watch
Newsletter
March 2021

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
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
July 20	\$1.95	\$5.62	\$19.81	\$13.79	\$24.54	\$13.76	\$17.93	(\$6.61)	\$18.53	(\$6.01)	\$1.60
Aug 20	\$1.63	\$4.44	\$23.03	\$13.27	\$19.77	\$12.53	\$16.87	(\$2.90)	\$17.47	(\$2.30)	\$1.51
Sep 20	\$1.59	\$3.39	\$21.69	\$13.16	\$16.43	\$12.75	\$15.65	(\$0.78)	\$16.25	(\$0.18)	\$1.40
Oct 20	\$1.64	\$5.01	\$18.45	\$13.63	\$21.61	\$13.47	\$15.92	(\$5.69)	\$16.52	(\$5.09)	\$1.41
Nov 20	\$1.56	\$5.62	\$21.29	\$13.86	\$23.34	\$13.30	\$17.12	(\$6.22)	\$17.72	(\$5.62)	\$1.53
Dec 20	\$1.54	\$3.03	\$23.12	\$14.01	\$15.72	\$13.36	\$16.11	\$0.39	\$16.71	\$0.99	\$1.44
Jan 21	\$1.55	\$3.04	\$18.39	\$14.18	\$16.04	\$13.75	\$14.76	(\$1.28)	\$15.36	(\$0.68)	\$1.32
Feb 21	\$1.44	\$2.98	\$18.79	\$14.00	\$15.75	\$13.19	\$14.65	(\$1.10)	\$15.25	(\$0.50)	\$1.31

February Utilization (Northeast): Class I = 31.0%; Class II = 25.3%; Class III = 25.0%; Class IV = 18.7%.

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 88, Report 12, March 26th, 2021)

Cheese: Cheesemakers across the country report readily accessible milk supplies. Cheese demand upticks have been reported, particularly on the food service side, as pandemic restrictions ease. Cheese inventories are noted as steady to a bit higher than they were in early spring 2020. Although block prices have slipped on the CME some from last week, cheese market tones are somewhat stable.

Fluid Milk: Milk supplies are stable to readily available in the U.S. Class I sales are fairly steady in the East and West. Some schools' pipeline demands are lower with several school systems closed for spring break. Cream is tightening in the Central and East regions.

Butter: Butter churns are attracting less cream than in recent weeks, and ice cream makers are starting to pull more heavily at available supplies to support seasonal production needs. Butter inventories are heavy in some regions, however, domestic and export interests are stable and expected to deplete those inventories as the year advances. Heading into the spring holiday season, retail butter demand is strong with many retailers planning holiday butter advertisements. Food service demand is growing as restrictions continue to relax. Butter market tones are firm.

Dry Products: Low/medium heat nonfat dry milk (NDM) prices are mixed this week. Domestic and international demands are stable for the near term. The market tone is somewhat uncertain. High heat prices are mixed. Some buyers are purchasing on a narrower price range. Market conditions vary across regions. Dry buttermilk prices are steady to higher. Trading activities are fairly active. There are some shipping hurdles in the West region. The price range widened in the dry whole milk market this week. Dry whey prices are mostly higher. Market participants report both international and domestic demand remains hearty. The market tone is firm. Whey protein concentrate 34% prices are steady to higher. The demand for sports nutrition products is growing as gyms are reopening and team sports return to pre COVID schedules. Lactose prices are steady to higher. Casein markets are firming.

Friday CME Cash Prices					
Dates	2/26	3/5	3/12	3/19	3/26
Butter	\$1.47	\$1.69	\$1.72	\$1.67	\$1.78
Cheese (40# Blocks)	\$1.62	\$1.73	\$1.79	\$1.79	\$1.72

Weekly Average CME Cash Price - 2016 to Present



February 2021 Dairy Situation and Outlook, March 18, 2021

Bob Cropp, Professor Emeritus, University of Wisconsin Madison, Division of Extension

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Dairy product prices have strengthened during March and have been higher all month than averages for the month of February. On the CME 40-pound cheddar blocks averaged \$1.5821 per pound for February started March at \$1.625, reached the current high of \$1.80. This strength had added nearly \$1.60 to the Class III price. With these improvements in dairy product prices the March Class III price will near \$16.30 compared to \$15.75 for February. The March Class IV price will be near \$14.35 compared to \$13.19 in February.

Milk prices for the remainder of the year are uncertain. But there are positive signs for milk prices. Restaurants in some states are being allowed to expand in door dining and some schools are allowing the partial return of students. This is already showing improvement in food service sales which is positive for butter and cheese prices. Hopefully by fall restaurants and schools will be operating more to normal. Dairy exports are forecasted to stay relatively strong for nonfat dry milk/skim milk powder with exports higher than a year ago for butter and whey products. Butter, cheese, and nonfat dry milk/skim milk powder prices are very competitive to other major dairy exporters. Port congestions, container shortages, and labor shortages stemming from trade imbalances created by the pandemic undercut dairy exports last year. This situation is expected to improve.

On the downside stocks levels are relatively high and need to be worked down. The latest stock report showed January 31st stocks of butter up 33% from a year ago, American cheese stocks 3% higher, total cheese stocks also 3% higher, nonfat dry milk stocks 8.8% higher and dry whey stocks 7.1% higher. Expected improved domestic sales and dairy exports will help draw down stocks.

Milk production for the remainder of the year will be a major

factor affecting the level of milk prices. USDA revised January milk production to be 2.4% higher than a year ago. February milk production adjusting for 29 days in February a year ago showed milk production was 2.0% higher. Milk cow numbers started to increase month to month back in July of last year. February cow numbers increased another 3,000 to 81,000 more than a year ago or 0.9% higher. Adjusting for 29 days in February a year ago milk per cow as 1.2% higher. Thus, milk production continues at a relatively higher level putting downward pressure on milk prices.

USDA latest forecast has milk cow numbers averaging 57,000 head or 0.6% higher than a year ago with milk per cow 1.2% higher resulting in 1.8% more milk for the year. This is a lot of milk considering last year was leap year. Favorable milk prices will require improved domestic sales and strong exports.

Current Class III dairy futures have recently weakened some but are still fairly optimistic. Class III futures reach the low \$18's by June and stay in the low 18's through November before falling to the \$17's for December. These prices provide some opportunity for dairy farmers to protect more favorable milk prices with Class III futures or options or using the Revenue Protection program. With feed prices higher than a year ago protecting milk prices is important. USDA is not as optimistic about prices. Their latest forecast has Class III averaging just \$16.75 for the year compared to \$18.16 last year. The level of government purchases of cheese, butter and fluid milk is not likely to be at the level of last year to support milk prices. The fifth round of the Farms to Families Food Box program expires in April. There remain other government programs where dairy products will be purchased for school lunch and food banks. Price forecasts will no doubt change as the level of milk production, domestic sales and dairy exports unfold.