

Dairy Market Watch

July 2018

An educational newsletter to keep producers informed of changing market factors affecting the dairy industry.

Funded by Cornell Pro-Dairy. Compiled at Cornell Cooperative Extension of Chautauqua County by Kate Ewer.

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 17	\$2.71	\$1.75	\$18.56	\$16.15	\$16.44	\$15.89	\$16.38	(\$0.06)	\$16.98	\$0.54	\$1.41
July 17	\$2.95	\$1.22	\$19.84	\$17.48	\$15.45	\$16.60	\$16.86	\$1.41	\$17.46	\$2.01	\$1.51
Aug 17	\$3.01	\$1.55	\$19.97	\$17.56	\$16.57	\$16.61	\$17.18	\$0.61	\$17.78	\$1.21	\$1.48
Sep 17	\$2.86	\$1.70	\$19.96	\$16.80	\$16.36	\$15.86	\$16.74	\$0.38	\$17.34	\$0.98	\$1.49
Oct 17	\$2.11	\$2.66	\$19.69	\$15.95	\$16.69	\$14.85	\$16.29	(\$0.40)	\$16.89	\$0.20	\$1.46
Nov 17	\$2.55	\$2.34	\$19.66	\$15.32	\$16.88	\$13.99	\$15.99	(\$0.89)	\$16.59	(\$0.29)	\$1.38
Dec 17	\$2.50	\$2.03	\$20.13	\$14.49	\$15.54	\$13.51	\$15.56	\$0.12	\$16.16	\$0.72	\$1.39
Jan 18	\$2.45	\$1.66	\$18.69	\$14.11	\$14.00	\$13.13	\$14.55	\$0.55	\$15.15	\$1.15	\$1.31
Feb 18	\$2.34	\$1.62	\$17.50	\$13.44	\$13.40	\$12.87	\$13.73	\$0.33	\$14.33	\$0.93	\$1.24
Mar 18	\$2.42	\$1.80	\$16.61	\$13.88	\$14.22	\$13.04	\$13.91	(\$0.31)	\$14.51	\$0.29	\$1.25
Apr 18	\$2.51	\$1.78	\$17.35	\$14.03	\$14.47	\$13.48	\$14.31	(\$0.16)	\$14.91	\$0.44	\$1.29
May 18	\$2.62	\$1.86	\$17.69	\$14.47	\$15.18	\$14.57	\$14.99	(\$0.19)	\$15.69	\$0.41	\$1.35
June 18	\$2.66	\$1.74	\$18.50	\$15.48	\$15.21	\$14.91	\$15.55	\$ 0.34	\$16.15	\$0.94	\$1.39

June Utilization (Northeast): Class I = 30%; Class II = 23%; Class III = 27%; Class IV = 20%.

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 85, Report 29, July 20th)

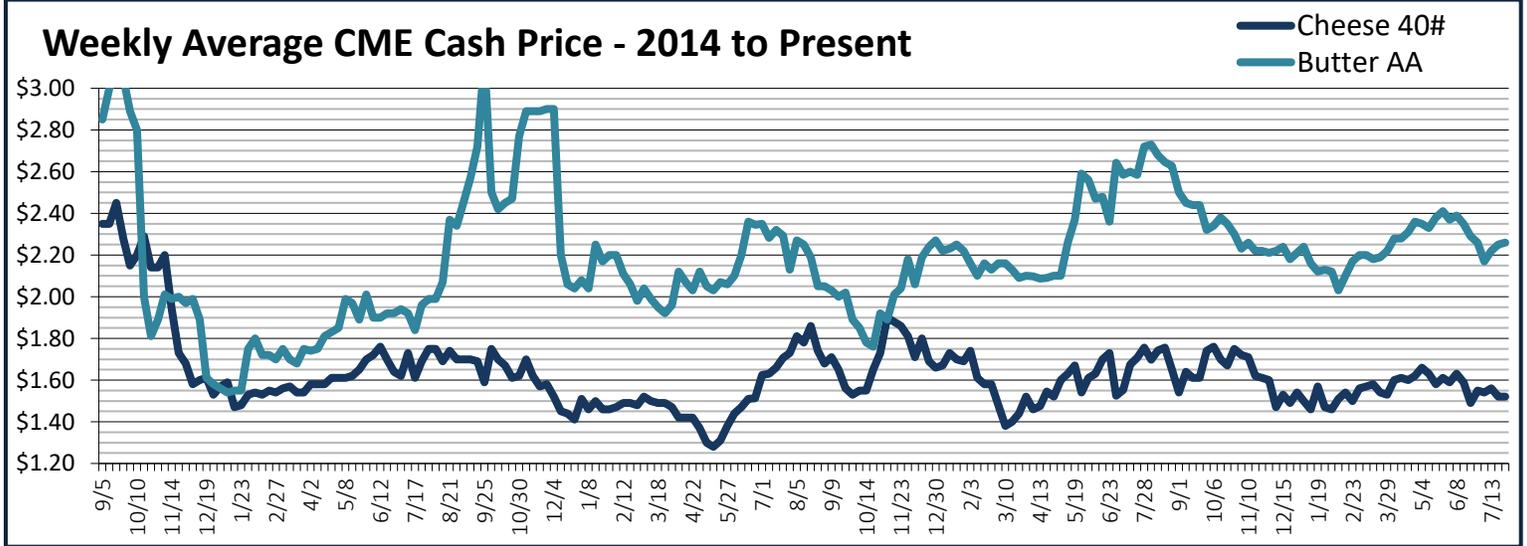
Cheese: Notably, cheese barrel prices rallied this week and closed the \$.25 price gap with blocks of last Friday. Midwestern cheese contacts were skeptical of the price jump early in the week, but the expected downward correction has yet to come. Market tones remain somewhat tentative, but processors are hopeful that the improved prices continue forward. Sales are mixed nationwide. Cheesemakers in the East suggest international sales are higher.

Butter: With milk butterfat levels at or near the lowest peak of the year, cream supplies have been relatively tight for several butter churners. In addition, pulls from Class II, especially ice cream makers, are strong. Milk/cream intakes continue to decrease as summer temperature remains high. Butter making has been driven by cream availability throughout the week. In this way, butter stocks vary in each region of the nation.

Friday CME Cash Prices					
Dates	6/29	7/6	7/13	7/20	7/27
Butter	2.26	\$2.17	\$2.22	\$2.25	\$2.26
Cheese (40# Blocks)	\$1.55	\$1.54	\$1.56	\$1.52	\$1.52

Fluid Milk: Most of the U.S. is experiencing downtrends in milk production as summer temperatures and humidity levels have hindered output. Bottlers are taking on steady to increasing milk loads as school districts begin to open in parts of the country. Cheese producers continue to see occasional discounts, but fewer sub-Class III spot load prices were reported, and most spot milk prices hovered around flat Class. Condensed skim loads are drying up, alongside cream. Cream availability continues its descent before schools have completely entered the fray and is expected to be tighter over the next couple of weeks

Dry Products: Low/medium heat nonfat dry milk (NDM) spot prices are firming in all regions. Inventories of low/medium heat NDM are mixed, but steadily decreasing as condensed skim loads are proving slightly harder to locate. High heat NDM prices are steady across the U.S., as high heat NDM loads move primarily via contracts. Dry buttermilk prices are firming in all regions, as more trades took place in the Central/East toward the \$.80 mark. Dry whole milk prices held steady on a slow trading week. Demand remains fair, while dry whole milk supplies are mixed regionally. Dry whey prices shifted up in all regions on an active spot trading week. Dry whey inquiries are higher, while manufacturers' availability is thinning.



Excerpt from USDA Dairy Market News
July 23-27, 2018

Northeast milk production is lower as the summer heat continues to set in. Class I sales are steady to slightly picking up as some bottlers are planning to take on more loads. There are reports of tolling happening as milk is fairly available for production needs. MidAtlantic balancing plants are receiving milk for steady production schedules, however some facilities have available capacity. Some milk is transported into other parts of the East for processing demands. Southeast milk volumes off the farms are coming down as humid conditions linger in the area. Many manufacturers are not receiving enough milk volumes for full production schedules.

Class I sales have picked up as bottlers have requested more milk loads for their order fulfillment needs. Florida's weather has been hot with thunderstorms and rain occurring very frequently. Milk production is still dropping as the heat index affects cow comfort. Class I sales have been on a slight increase as schools are restocking their supplies for the start of the new school year. Cream multiples are 1.36-1.48 this week, as the demand for cream is strong. With hot temperatures around, milk components are lower, causing there to be limited cream supplies in the region. Buyers are actively taking from their weekly contracts to fill production needs. However, many buyers who do not have regular contracts are putting price pressure on the market, leading to increased prices. Condensed skim loads are lower as milk production has decreased. Not as many condensed skim loads are being delivered to other regions. Interest is fairly stable currently as many buyers are ordering regular loads. Sale prices have increased compared to recent months, as market participants report not seeing offers or purchases at a discount.

