



# Dairy Market Watch

## April 2019

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 Katelyn Walley-Stoll.

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
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
July 18	\$2.52	\$1.48	\$18.61	\$15.20	\$14.10	\$14.14	\$14.99	\$0.89	\$15.59	\$1.49	\$1.34
Aug 18	\$2.60	\$1.62	\$17.40	\$15.07	\$14.95	\$14.63	\$15.06	\$0.11	\$15.66	\$0.71	\$1.35
Sep 18	\$2.54	\$2.00	\$18.10	\$15.13	\$16.09	\$14.81	\$15.56	(\$0.53)	\$16.16	\$0.07	\$1.39
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

March Utilization (Northeast): Class I = 31%; Class II = 24%; Class III = 27%; Class IV = 18%.

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 16, March 19<sup>th</sup>)

**Cheese:** Northeast and Midwest cheese demand reports were stable to improved this week, while Western cheese outfits suggested sales were mixed. Curd and specialty cheese producers are seeing some seasonal ordering pushes. Curd producers have suggested end of April and May orders are particularly healthy this year. Milk is available to fulfill cheesemaking needs nationwide, although Midwestern cheese producers suggest it is not as accessible this year when compared to recent years.

**Dry Products:** Prices for low/medium heat nonfat dry milk are higher across all regions. Robust demand is pushing the rise, while dryers are active. High heat nonfat dry milk prices are higher. Production and inventories are slight as much of the focus is on making low heat. Dry buttermilk prices increased. Buyer demands are picking up, but inventories are tight. Dry whole milk prices are mixed as some trades based on specific brands pushed up the bottom price on the range. Dry whey prices are a mixed bag. Prices increased at the bottom of the central and west ranges, but are lower on the top of the west and northeastern ranges. Trade issues, the African swine fever and ample supplies are creating an unsettled market tone for dry whey. Prices for whey protein concentrate 34% are unchanged. Low prices in spot markets within Asia and Mexico are putting extreme price pressures on some processors, while other manufacturers have been able to maintain strong price points.

**Fluid Milk:** Through much of the country, fluid milk output is increasing. However, in California, Arizona, the Pacific Northwest and Central regions, industry contacts suggest the spring milk levels are not as high as they may typically be at this time of year. Cow culling has been heavy in the Upper Midwest, Mid-East and Eastern regions, and many farmers are calling it quits. Bottling demand is mixed across the country. Some areas are seeing a ripple of activity before the spring holidays, while others have lower sales. Some butter makers expect cream supplies to tighten and affordable cream to become less accessible as ice cream makers ramp up in the next few weeks.

**Butter:** Industry contacts across the nation relay that production levels are transitioning from active to stagnant as large cream volumes continue clearing into Class II manufacturing. Producers have noted a dip in interest from both retail and wholesale customers whose holiday purchase orders have been satisfied. Bulk butter demand is generally steady. In general butter stocks are steady to slightly building.

Friday CME Cash Prices					
Dates	3/22	3/29	4/5	4/12	4/18
Butter	\$2.27	\$2.27	\$2.27	\$2.26	\$2.28
Cheese (40# Blocks)	\$1.57	\$1.57	\$1.66	\$1.65	\$1.68



*Excerpt from "Dairy Situation and Outlook, April 22, 2019"  
by Bob Cropp, Professor Emeritus, University of Wisconsin Cooperative Extension*

Milk production in March fell 0.4% below a year ago. This follows a 0.9% more milk than a year ago in January and just 0.1% more milk for February. Milk cow numbers which have been declining since June of last year, declined by 10,000 February to March and were 86,000 head or 0.9% lower than a year ago. This decline in cow numbers reflects cow slaughter running about 6% higher than a year ago and continued exiting of dairy producers. Milk per cow was also just 0.5% higher than a year. March milk production compared to a year ago for the top five dairy states which produced 52% of the milk last year was: California +0.7%, Wisconsin +0.4%, Idaho +1.4%, New York +2.3% and Texas 5.8%. Milk cow numbers were down by 9,000 in California, and 4,000 in Wisconsin, but up 9,000 in Idaho, 2,000 in New York and 27,000 in Texas.

Fluid (beverage) milk sales declined 2% last year and sales were down another 1.2% January through February this year. Reports are that butter and cheese sales show only modest growth. Compared to February a year ago nonfat dry milk/skim milk powder, whey products and lactose exports were down 17%, 29% and 19% respectively. Lower nonfat dry milk/skim milk powder exports were due primarily to China down 78%, South East Asia down 11% and Middle East/North Africa down 85%. Whey exports were down 58% to China, the lowest since February 2011. On a total milk solids basis, February exports were equivalent to 14.3% of U.S. milk production.

With lower milk production dairy product production is also lower. Compared to a year ago February butter production was 2.9% lower, cheddar cheese 4.3% lower and total cheese production up just 0.5%.

Milk production lower than a year ago, lower dairy product production, strong cheese and butter exports and improved stock levels all point to higher milk prices. While fluid (beverage) milk sales continue to decline butter and cheese sales are expected to continue modest growth. The level of dairy exports will be an important factor in how much milk prices improve. While dry whey prices have been in the \$0.33 to \$0.35 per pound range cheese prices have strengthened to increase the Class III price. The Class III price was below \$14 for both January and February, improved to \$15.04 in March and will be near \$15.95 for April. Cheese prices should continue to improve pushing the Class III price in the \$16's as early as May with a good possibility of reaching \$17 by October. Class III futures have improved, but currently are not quite this optimistic with a high in the \$16.60's by October. Butter has held around \$2.25 per pound, but should show strength by fall. Nonfat dry milk prices may hold in the high \$0.90's per pound. As a result the Class IV price which was \$15.48 in January continues to improve with March at \$15.71 and April will be near \$15.80. The Class IV price should be in the \$16's by May and for the remainder of the year. Class IV futures is even more optimistic with a price in the \$17's August through November. In summary milk prices are shaping up to be much improved over the low milk prices in 2018.