



Dairy Markets at a Glance

Agricultural Marketing Service
Dairy Market News

Report 19

May 10, 2024

MMN Slug ID 1054 / Slug Name: MD_DA950

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DAIRY MARKET NEWS CUSTOMER INQUIRY: Dairy Market News is developing a strategic plan to guide the organization for the next three to five years. As a customer of Dairy Market News, please provide your input, ideas, and feedback to support this strategic planning process. Please provide your responses by accessing the link: <https://www.surveymonkey.com/r/DairyMarketNews>

CME GROUP CASH MARKETS (5/10)

BUTTER: Grade AA closed at \$2.9900. The weekly average for Grade AA is \$3.0215 (+0.0080).

CHEESE: Barrels closed at \$1.9125 and 40# blocks at \$1.9800. The weekly average for barrels is \$1.8975 (+0.0490) and blocks \$1.9180 (+0.1495).

NONFAT DRY MILK: Grade A closed at \$1.1525. The weekly average for Grade A is \$1.1315 (+0.0110).

DRY WHEY: Extra grade dry whey closed at \$0.3850. The weekly average for dry whey is \$0.3835 (+0.0015).

BUTTER HIGHLIGHTS: Retail butter demand varies from steady to stronger. However, food service demands have less convergence across the nation. In the East, food service demand remains light. In the Midwest, food service demand pushes are noted. In the West, stakeholders say annual mid-May celebrations are contributing to stronger food service demand. Industry participants note cream volumes as comfortable and readily available for butter manufacturers. Butter production schedules are steady. Some butter manufacturers report tight availability of unsalted bulk butter loads for spot buyers. Bulk butter overages range from 2 to 10 cents above market, across all regions.

CHEESE HIGHLIGHTS: Cheesemakers relay steady to stronger production schedules throughout the U.S. Monday's Dairy Products report revealed total U.S. cheese production in March 2024 was 1.23 billion pounds, 7.6 percent above February 2024 and 0.1 percent above March 2023. In the Northeast, contacts share milk production remains strong and cheese plant managers report seasonally steady production schedules. Some contacts have shared they are not seeing as sharp of an increase in demand as current CME pricing could imply. In the Central region, contacts share demand has been stronger from both local and Eastern customers. Contacts indicate spot milk availability is beginning to tighten, as prices were reported at \$1.50-under Class III to \$0.50 over. Cheese inventories are noted to be comfortable at the moment, but cheesemakers are being cautious so as to not oversell inventory. In the West, cheese manufacturers are anticipating tightening milk volumes, but production schedules are robust for the time being. Cheese stocks are available to accommodate both contractual obligations and spot interests.

FLUID MILK: Milk production is largely steady to stronger across much of the nation. However, in California and Arizona, handlers say the peak of spring flush has passed, and heat levels are negatively impacting milk production. Contacts report demand from Class II, and some Class III, processors is increasing, while demand from the other Classes is steady. Schools in the southern states are reaching the end of their school terms. Milk handlers expect fluid milk may move from Class I processing into the other Classes as more schools close for the year. Farm milk is generally available for most processing needs; however, contacts expect that may shift as summer heat builds. In the Midwest, spot milk prices were reported as high as \$.50-over Class III, and as low as \$1.50-under Class III. Cream is available for Class II end users across the country as seasonal interest begins. Cream multiples for all Classes are 1.05 - 1.27 in the East, 1.05 - 1.25 in the Midwest, and 1.05 - 1.23 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices are mixed across the nation. Although domestic and export demand is moderate, some handlers suggest demand is starting to pick up. A few contacts expect more NDM to move toward cheese vats as cheese makers report tighter milk supplies. High heat NDM prices are steady to lower as the market stays quiet. Dry buttermilk prices are steady to lower across the country. Manufacturers' production schedules are mostly focused on meeting contractual obligations which have tightened spot load availability. Dry whole milk prices inched higher as processors report tight inventories to fulfill contracts. Domestic demand for dry whole milk is steady, but contacts share that international prices remain more competitive than U.S. prices. Central and East dry whey prices are unchanged, but prices moved lower in the West. Demand is lackluster. Whey protein concentrate prices are steady to lower, and demand remains light. Lactose prices and production are steady. Domestic demand is present, but interest is stronger within the international market. Prices for both acid and rennet casein are steady this week.

INTERNATIONAL DAIRY MARKET NEWS: WESTERN EUROPE: Western European milk production is nearing the seasonal peak. In some cases, weekly milk volumes have plateaued, signaling the top of the milk production curve is at hand. Last week, a large European dairy cooperative announced the guaranteed price for May will increase by 0.50 euros to 47.25 euros per 100kg. Spot farm milk prices have largely stayed close to the low/mid 40 euros per 100kg. Although slightly below the monthly average pay price, they have increased slightly in the last week. EASTERN EUROPE: Eastern European milk production continues to increase seasonally. Through the month of March, the Baltic States, Czech Republic, Slovakia, Hungary, Romania, and Poland, have all posted increases in milk production compared to the first three months of 2023.

AUSTRALIA: According to Dairy Australia, March 2024 milk production, 596.4 million liters, was up 2.8 percent from March 2023. From the start of the season in July 2023 through March 2024 the cumulative volume of milk produced was higher in every state compared to the prior season. NEW ZEALAND: Export data for March 2024 was recently released for New Zealand. This data showed a 3.6 percent increase in value for milk powder, butter, and cheese exported in March 2024 compared to March 2023. Fresh milk and cream export values were 16 percent lower in March 2024, when compared to a year earlier. A financial firm in New Zealand recently commented on



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global demand for dairy products, stating demand was at or below five year averages through March of 2024 for all products, except butter.

SOUTH AMERICA: Dairy Market News contacts from the South America region, and beyond, have shared concerns about the catastrophic flooding in the Brazilian state of Rio Grande do Sul. Rio Grande do Sul is a notable state for dairy production in the country/region, which has already been on the tighter end of the milk availability spectrum. Processors are likely to be running under capacity in a number of dairy manufacturing sectors near- to mid-term.

NATIONAL RETAIL REPORT: Total conventional dairy advertisements decreased by 2 percent, and total organic dairy ads decreased by 14 percent. Conventional shredded cheese in 6-8 ounce packages was the most advertised dairy product, with a weighted average advertised price of \$2.75, up from \$2.47 the week prior. Half gallon containers of conventional milk had a weighted average advertised price of \$1.60, down from \$2.10 last week. Organic half gallons of milk were the most advertised organic dairy item and had a weighted average advertised price of \$4.17, up from \$3.93 last week.

DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 209 million pounds, 1.4 percent above March 2024, and 5.5 percent above February 2024. American type cheese production totaled 491 million pounds, 2.9 percent below March 2023, but 10.0 percent above February 2024. Total cheese output (excluding cottage cheese) was 1.23 billion pounds, 0.1 percent above March 2023, and 7.6 percent above February 2024. Nonfat dry milk production, for human food, totaled 184 million pounds, 7.9 percent below March 2023, but 24.9 percent above February 2024. Dry whey production, for human food, was 74.5 million pounds, 2.4 percent above March 2023, and 12.4 percent above February 2024. Ice cream, regular hard production, totaled 66.1 million gallons, 1.4 percent above March 2023, and 15.4 percent above February 2024.

NOTICE: USDA Commodity Procurement has issued solicitations for the following dairy products: Cheddar: The solicitation number is 2000010115 and runs from May 10, 2024, to May 17, 2024. Solicitation documents, including the bid invitation, are available online at the following website <https://www.ams.usda.gov/selling-food/solicitations> under the Dairy Products tab.

USDA MARKET NEWS MOBILE APP: The free USDA Market News app is available in both IOS and Android versions and may be downloaded through the Apple and Google Play stores. Search for "USDA Market News Mobile Application" to download the app and begin exploring its potential. The app allows the user to customize the commodity areas and market types they wish to see. All Dairy Market News reports that are available online are also available through the mobile app.

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