



Dairy Markets at a Glance

Agricultural Marketing Service
Dairy Market News

Report 23

June 07, 2024

MMN Slug ID 1054 / Slug Name: MD_DA950

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CME GROUP CASH MARKETS (6/7)

BUTTER: Grade AA closed at \$3.0925. The weekly average for Grade AA is \$3.1040 (+0.0796).

CHEESE: Barrels closed at \$1.9550 and 40# blocks at \$1.8450. The weekly average for barrels is \$1.9550 (N.C.) and blocks \$1.8660 (+0.0429).

NONFAT DRY MILK: Grade A closed at \$1.1950. The weekly average for Grade A is \$1.1895 (+0.0232).

DRY WHEY: Extra grade dry whey closed at \$0.4700. The weekly average for dry whey is \$0.4445 (+0.0414).

BUTTER HIGHLIGHTS: Retail butter demand continues to be strong or steady throughout the nation. Food service demand varies from strong to steady in the West region, but food service demand is unchanged in the East and Central regions. Cream loads are generally available across the country to meet most needs. However, industry participants indicate cream volumes are tightening. Butter manufacturers convey strong to steady production schedules in reference to retail lines. Regarding bulk lines, some manufacturers convey production is lighter. Unsalted bulk butter loads are somewhat tight. Bulk butter overages range from 1 to 10 cents above market, across all regions.

CHEESE HIGHLIGHTS: Contacts in the East relay steady milk volumes are clearing into Class III processing. Cheese production schedules are steady. Some manufacturers have shared they are seeing increased interest in aged cheeses. Retail cheese demand is expected to increase through June. In the Central region, cheese manufacturers share milk is available for processing, but spot milk offers are decreasing. Spot milk prices were reported at \$2- to \$1-under Class III. Some cheesemakers share they have oversold, and any spot loads that become available are spoken for by contracted customers. Cheese production is steady in the West. Educational breaks have caused some milk volumes to be reallocated to Class III cheese processors. Export cheese demand ranges from steady to moderate.

FLUID MILK: Milk production is easing down across the board. Producers experiencing storms and heavy rainfall say it has put a damper on production. The rest of the country is watching their production numbers evaporate as rising temperatures start to slow milk volumes. In the East, spot loads are generally available as demand for all Classes runs steady. In the Midwest, the decreases in production have translated to higher spot load prices. That is coupled with higher demand and tightening availability. Reported spot milk prices ranged from \$2- to \$1-under Class III. The Pacific Northwest is hanging onto lower temperatures, and production numbers and demand are holding steady. Other states in the West are experiencing higher temperatures. Some are feeling the heat more than others. New Mexico, Idaho, Utah, and Colorado are all reporting lighter production than previous weeks, however, no shortages are noted by processors. California and Arizona are feeling the heat more than the rest. Spot milk availability is tightening. Securing needed milk volumes is more challenging as Class II, III, and IV demands are steady. Condensed skim milk demand is strong, and spot loads are generally available. Cream multiples are trending higher. Cream multiples for all Classes are 1.10 - 1.31 in the East, 1.15 - 1.38 in the Midwest and 1.05 - 1.30 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices were mixed throughout the nation this week. Demand tones are holding steady for NDM. Although condensed skim availability has not wavered in recent months, contacts expect stocks to tighten in the near-term. Dry buttermilk prices held in the Central region, while West markets were steady to bullish. Q3 demand for buttermilk powder is expected to be stronger than it has been during Q2. Seasonal declines in milk availability have kept dry whole milk production in check, while prices were unchanged due to limited spot availability. Dry whey prices were steady to higher in the West, while moving up in all other regions. Whey drying is beginning to ebb in areas where milk availability has become seasonally tighter. Whey protein concentrate (WPC) 34% prices were steady to lower, as domestic demand is noted as lackluster. Lactose prices were also steady to lower, as sellers are trying to remain competitive with international marketers. Rennet and acid casein prices were unchanged on steady demand tones.

INTERNATIONAL DAIRY MARKET NEWS: WESTERN EUROPE: In many parts of Western Europe, dairy industry contacts suggest the peak of milk production may be just past. Although European milk deliveries are generally thought to be at levels higher than previous years, in some countries like France and the UK, it is being compared to weak production years. As a result, some market observers report milk prices have been supported. The monthly weighted average price for farm milk in the EU-27 has held steady between 46 and 46.5 euros per 100 kg for the first five months of the year. Manufacturers are seeking additional milk and looking to hold on to their farmer patrons. A large European dairy cooperative recently announced the June guaranteed milk price will increase by 0.5 euros to 47.75 euros per 100 kg. In addition, current weekly spot milk prices in some locations have risen to the low/mid 50 euros per 100 kg range. **EASTERN EUROPEAN OVERVIEW:** In parts of Eastern Europe, milk production is at or near peak production. Typically, milk production peaks in May for Poland and Ukraine, July for Belarus, and August for some Baltic States. Online information services report March 2024 Ukrainian milk production was 573,000 tons, compared to 585,000 tons in March 2023. Prior to the Russian invasion, March 2021 Ukrainian milk production was 696,000 tons. The average March milk price in Ukraine was approximately 32.7 euros per 100kg, well below the average March milk price of 46.38 euros per 100 kg in the EU-27 and 47.84 euros per 100 kg in Poland.

AUSTRALIA: According to Dairy Australia, April 2024 milk production, 591.8 million liters, was up 2.5 percent from April 2023. Milk production was higher in April 2024 compared to a year earlier in most states, with decreases seen in Queensland and Tasmania. The largest increase from March of 2023 was, 4.2 percent, in Victoria. Milk production from the start of the season in July 2023 through April



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2024, 7,134.6 million liters, increased 3.0 percent compared to the same time frame a year earlier. From the start of the season in July 2023 through April 2024 the cumulative volume of milk produced was higher in every state compared to the prior season. NEW ZEALAND: Export data for April 2024 was recently released for New Zealand. This data showed a 12 percent decrease in value for milk powder, butter, and cheese exported in April 2024 compared to April 2023. Fresh milk and cream export values were 28 percent higher in April 2024, when compared to a year earlier.

SOUTH AMERICA: The effects of the catastrophic flood in Brazil's Rio Grande do Sul, along with heavy rainfall in the other key milk producing areas in the region, have contacts saying milk output expectations this fall/winter are less than robust continent-wide. Argentina's dairy output, according to reports, continues to contend with myriad roadblocks, as trends continue to be bearish for current and expected milk yields in the country. Dairy farms and herd numbers are on a less-than-gradual year-over-year decrease. Heavy rainfall in the country has analysts reporting conditions are below ideal for cow comfort. Early year trends for Brazil were somewhat bullish in regard to milk production. That said, the toll of the aforementioned flooding in a notable dairy state is far from being tallied, and analysts expect it will have a clear and resounding impact on milk output there. Another hit to dairy output is the recently strong production numbers from Uruguayan farms have begun to waver. Echoing the other major dairy producing/trading countries in South America, heavy rainfall in Uruguay is a key factor in reversing the until recently bullish milk output trends in that nation.

NATIONAL RETAIL REPORT: Pint sized ice cream carried the most weight when it comes to the volume of total dairy advertisements during week 23. Conventional ice cream in 14-to-16-ounce containers was the most advertised item, taking top spot from last week's pole position holder, conventional ice cream in 48-to-64-ounce containers. Half gallon milk advertisement totals were the highest in the organic sector. Dairy ad totals, on the whole, increased on both the conventional and organic aisle by 14 and 45 percent, respectively.

APRIL AGRICULTURAL PRICES (NASS): The All Milk price received by farmers was \$20.50 in April, down \$.10 from April 2023. Milk Cows price was \$2,120 in April, up \$400 from April 2023. Alfalfa hay price was \$195.00 in April, down \$93.00 from April 2023. Corn price was \$4.39 in April, down \$2.31 from April 2023. Soybean price was \$11.80 in April, down \$3.10 from April 2023. The milk-feed price ratio was 2.14 in April, up 0.67 from April 2023. The index of prices received by farmers for dairy products during the month of April 2024 was down 1 to 102. Compared to April 2023, the index was down 0.5 point (-0.5 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in April 2024 was down 0.3 to 140.3. Compared with April 2023, the index was down 0.8 points (0.6 percent).

DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 208 million pounds, 5.3 percent above April 2023, but 1.3 percent below March 2024. American type cheese production totaled 468 million pounds, 4.7 percent below April 2023, and 4.3 percent below March 2024. Total cheese output (excluding cottage cheese) was 1.19 billion pounds, 1.8 percent above April 2023, but 3.0 percent below March 2024. Nonfat dry milk production, for human food, totaled 173 million pounds, 12.7 percent below April 2023, and 5.8 percent below March 2024. Dry whey production, for human food, was 75.3 million pounds, 1.0 percent above March 2024. Ice cream, regular hard production, totaled 64.7 million gallons, 7.3 percent above April 2023, but 2.3 percent below March 2024.

MAY FINAL CLASS PRICES BY ORDER (FMMO): The following are the May 2024 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$21.50 (\$+0.27), Class III: \$18.55 (\$+3.05), and Class IV: \$20.50 (\$+0.39). Under the Federal milk order pricing system, the butterfat price for May 2024 is \$3.4636 per pound. Thus, the Class II butterfat price is \$3.4706 per pound. The protein and other solids prices for May 2024 are \$1.7349 and \$0.2181 per pound, respectively. These component prices set the Class III skim milk price at \$6.66 per cwt. The May 2024 Class IV skim milk price is \$8.68, which is derived from the nonfat solids price of \$0.9647 per pound. The product price averages for May 2024 are: butter \$3.0316, nonfat dry milk \$1.1422, cheese \$1.8706, and dry whey \$0.4108.

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