Dairy Markets at a Glance

Agricultural Marketing Service
Dairy Market News

October 20, 2023
MMN Slug ID 1054 / Slug Name: MD_DA950

Email us with accessibility issues with this report.

CME GROUP CASH MARKETS (10/20/2023)

BUTTER: Grade AA closed at $3.3600. The weekly average for Grade AA is $3.3870 (-0.0560).
CHEESE: Barrels closed at $1.7100 and 40# blocks at $1.7875. The weekly average for barrels is $1.6760 (+0.0570) and blocks, 1.7525 (+0.0510).
NONFAT DRY MILK: Grade A closed at $1.2325. The weekly average for Grade A is $1.2275 (+0.0225).
DRY WHEY: Extra grade dry whey closed at $0.3950. The weekly average for dry whey is $0.3745 (+0.0560).

BUTTER HIGHLIGHTS: Cream is tight in the West but is becoming more available in some parts of the region. Cream availability varies in the East and is available in the Central region. Contacts in the East and Central region say cream volumes have become more available recently than in prior weeks. Cream multiples in the Central region have shifted downward to the low 1.20s, becoming more comfortable for churning. In the East, contacts say they are purchasing spot loads and utilizing contracted cream volumes to run active schedules. Meanwhile in the West, butter production is mixed, and some butter makers relay current prices are contributing to limited spot cream purchases. Demand for butter is steady from domestic purchasers in the West, but contacts report moderate interest from international customers. In the East, demand for butter in retail and food service markets is unchanged from last week. Spot butter inventories are tight in the East, while stakeholders note somewhat tight bulk butter. Supplies of salted butter are not notably tight in the Central region. Bulk butter overages range from 3.0 to 11.0 cents over market value.

CHEESE HIGHLIGHTS: In the West, Class III milk demand is strong to steady, and some cheesemakers say spot availability is limited. In the Midwest, contacts report similar milk availability to previous weeks and relay spot milk prices starting just above Class III. In the Northeast, milk production is increasing seasonally but contacts report stagnant spot demand for Class III milk. Cheese production is steady in the Northeast and West. Contacts in the Midwest say cheese production picked up somewhat this week, as fewer plants were closed for maintenance compared to last week. Cheese inventories are said to be comfortable in the Northeast and growing some in the Midwest. In the West, some cheesemakers note inventories available for spot load purchasing are decreasing. Demand for cheese is steady from retail purchasers in the Northeast, while food service demand is strong. In the Midwest, cheese demand is mixed. Domestic sales of cheese to retail and food service sectors in the West are steady, but contacts say export demand is comparatively lighter.

FLUID MILK: Cow comfort improvements due to seasonally cooler weather are making their mark in areas throughout the country, but some farm milk output gains are noted as marginal. That said, in the Midwest, component levels from dairy farms’ monthly reports are strong. Class I demand notes are generally steady, if not slightly lower due to school breaks. Cheesemakers reported spot milk from flat market to $2 over Class III this week in the Midwest. Condensed skim availability has mirrored that of milk. Cream availability loosened somewhat in the East and Midwest. Class II and Class III cream end use has shifted lower. Butter makers in those regions say spot cream loads are back and at price ranges that work for Class IV use. F.O.B. cream multiples are 1.16-1.39 in the East, 1.22-1.34 in the Midwest, and 1.10-1.38 in the West.

DRY PRODUCTS: Domestic dairy powder commodity markets have, for the most part, found a bullish tailwind in recent weeks. Prices for the following moved higher in every region: nonfat dry milk (NDM), dry buttermilk, dry whey, lactose and whey protein concentrate 34% (WPC 34%). Dry whole milk prices held steady, while acid and rennet casein prices were lower. Low/medium heat NDM market tones are quiet, but offer prices continue to reach mid-$1.20s. Dry buttermilk availability has tightened noticeably since early October. Prices in the Central/East have shifted exclusively to $1+. Similarly, dry whey prices in the Central region have moved away from the high $20s and into the $3.00+ realm. Increasing demand and lighter production of WPC 34%, particularly as higher protein concentrations gain some attention from processors, have given those markets a shot in the arm.

ORGANIC DAIRY MARKET NEWS: Federal Milk Market Order 1, in New England, reports utilization of types of organic milk by pool plants. During September 2023, organic whole milk utilization totaled 14.7 million pounds, down from 17.6 million pounds the previous year. The butterfat content, 3.28 percent, is higher compared to 3.27 percent a year ago. Total organic dairy advertisements grew 76 percent compared to the previous week’s retail survey ad number. Organic milk advertisements make up the largest percentage of the total organic dairy advertisements by commodities at 37 percent. Compared to last period, trade activity and demand is moderate on organic feed corn and soybeans.

NATIONAL RETAIL REPORT: Advertisement totals increased by 76 percent for organic dairy ads, while conventional ad numbers slid by 16 percent during week 42. Despite the cooler weather, conventional ice cream in 48- to 64-ounce containers secured its normal top position this week, while milk in half-gallon containers is the most advertised organic dairy item. The weighted average advertised price for organic half-gallon milk is $4.24, compared to $2.25 for its conventional counterpart. Total conventional one-pound butter ads decreased 49 percent this week, but eight-ounce butter ad totals increased five percent. Conventional sour cream ad totals dropped 30 percent from week 41, while total conventional cottage cheese ad numbers decreased 27 percent.

SEPTEMBER MILK PRODUCTION (NASS): Milk production in the 24 major States during September totaled 17.5 billion pounds, up slightly from September 2022. August revised production, at 18.1 billion pounds, was down 0.7 percent from August 2022. The August revision represented a decrease of 73 million pounds or 0.4 percent from last month’s preliminary production estimate. Production per cow in the 24 major States averaged 1,960 pounds for September, 3 pounds above September 2022. The number of milk cows on farms
in the 24 major States was 8.91 million head, 16,000 head less than September 2022, and 2,000 head less than August 2023.

AUGUST ESTIMATED MILK SALES (FMMO): Total Fluid Products Sales 3.6 billion pounds of packaged fluid milk products were shipped by milk handlers in August 2023. This was 1.8 percent lower than a year earlier. Estimated sales of total conventional fluid milk products decreased 2.1 percent from August 2022 and estimated sales of total organic fluid milk products increased 2.5 percent from a year earlier.

NOVEMBER ADVANCED CLASS PRICES BY ORDER (FMMO): Base Class I Price: The base Class I price for November 2023 is $19.75 per cwt, an increase of $0.28 per cwt when compared to October 2023. A Class I differential for each order’s principle pricing point (county) is added to the base price to determine the Class I Price. Class II Price Information: For November 2023, the advanced Class IV skim milk pricing factor is $8.70 per cwt, the Class II skim milk price is $9.40 per cwt, and the Class II nonfat solids price is $1.0444 per pound. Product Price Averages: The two-week product price averages for November 2023 are: butter $3.1827, nonfat dry milk $1.1439, cheese $1.7549, and dry whey $0.3092.

NOTICE: The Federal Milk Marketing Order Pricing Formula Hearing recessed on October 11 and will reconvene on November 27, 2023, at 1:00 p.m. at the 502 Event Center, 502 E Carmel Drive, Carmel, Indiana. If the hearing is not completed by December 1, the hearing will reconvene at the Palomino Ballroom, 481 South County Road 1200 East, Zionsville, Indiana. With the exception of Monday, November 27, the hearing will be held from 8:00 a.m. until 5:00 p.m. each weekday. A notice reiterating this information and outlining hearing procedures for the reconvened weeks will be published in the Federal Register as soon as possible. For more information about the hearing, visit the following: https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing. If you have any questions, please email FMMOHearing@usda.gov.

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.

NOTICE: USDA AMS Dairy Export Certificate System Overview recorded webinar available at this link: https://www.zoomgov.com/rec/play/gcYPnXvtqSJACfthIYGz4XD5dnAbj79uEjAfKr4918wScYZNXJ_7UxH3sKKB77gKMKVgUX2sXA1rmxR.F0TmEZLpV-kWS4S?startTime=1673287218000

Information for the period October 16-20, 2023, issued weekly

Published by:
Dairy Market News - Madison, WI
ROMAN CARAMAN, 608-422-8593
Email: roman.caraman@usda.gov

Additional Dairy Market News Information:
Dairy Market News (DMN) by Phone: (608)422-8602
DMN Website: https://www.ams.usda.gov/market-news/dairy