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BUTTER: Grade AA closed at \$2.7575. The weekly average for Grade AA is \$2.8015 (-0.0016).

CHEESE: Barrels closed at \$1.6500 and 40# blocks at \$1.5500. The weekly average for barrels is \$1.6620 (+0.0520) and blocks, \$1.5940 (+0.0721).

NONFAT DRY MILK: Grade A closed at \$1.1975. The weekly average for Grade A is \$1.1910 (-0.0053).

DRY WHEY: Extra grade dry whey closed at \$0.4250. The weekly average for dry whey is \$0.4485 (-0.0659).

BUTTER HIGHLIGHTS: Retail demand is generally steady across the country. Food service demand varies. It is noted as quiet in the East and strong to steady in the West. Some stakeholders note orders for spring holiday demands are starting. Cream continues to be readily available throughout the nation. Butter makers are running strong production schedules. Butter manufacturers are busy building stock for later quarter demands and planned summer downtime. Some manufacturers say unsalted butter and bulk butter loads are tight for spot buyers. Bulk butter overages range from 3 to 15 cents above market, across all regions.

CHEESE HIGHLIGHTS: Farm level milk production is trending slightly higher in the Northeast. Cheese plant contacts share steady barrel production schedules despite quiet demand. Inventories remain comfortable. Contacts in the Central region report quiet spot milk offers, but they expect spot availability to increase in the near term as Class I demand wanes due to school breaks and seasonal milk production increases. Current spot milk prices are \$0.25- to \$2.50- over Class. Cheese demand remains lackluster, but some barrel makers share strong year over year demand. In the West, contacts share steady to stronger production schedules. Class III spot loads of milk are tight in some parts of the region. Several manufacturers note spot cheese availability is tight through the remainder of Q1.

FLUID MILK: Milk production is steady to strong throughout most of the country, though contacts in the Pacific Northwest note weaker output in recent weeks. In the mountain states of Idaho, Utah, and Colorado, milk production is mixed as some contacts note strengthening output, while others say milk volumes are decreasing. Demand for Class I milk is softening in the East, Midwest, and California. Contacts in some regions note spring break closures are contributing to lighter demand and say this will likely cause some of this Class I milk to move into other processing channels. In the Midwest this week, spot Class III milk prices ranged from \$0.25- to \$2.5- over Class III. Meanwhile, in the mountain states of Idaho, Utah, and Colorado, some contacts reported spot loads of milk trading as high as \$4 over Class III. Cream is widely available in the Midwest, and contacts continue to relay multiples moving at flat market prices. In the West, Cream is available in most of the region, and contacts report demand is steady to stronger. Cream multiple ranges for all Classes are: 1.05 - 1.27 in the East, 1.00 - 1.27 in the Midwest, and 0.80 - 1.21 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices moved lower at the top of the range in the Central and East regions, while prices moved lower at the bottom of the range in the West. High heat NDM prices held steady throughout each region. Prices for dry buttermilk were steady in the Central and East this week. In the West, the dry buttermilk price range contracted as the bottom moved higher and the top moved lower. Demand for dry buttermilk is mixed in the West, and spot loads remain available. Dry buttermilk inventories are growing in the Central and East regions, but contacts note demand is strengthening as well. Dry whole milk prices held steady this week, while production has remained light, and demand is quiet. Dry whey prices declined in the Central region this week, as contacts reported lighter demand from purchasers in Asia contributing to increased spot availability. In the East, dry whey prices held steady while stakeholders relayed steady demand and spot availability. Contacts in the West relayed higher dry whey prices across the range this week. The whey protein concentrate 34% (WPC 34%) price range was unchanged this week. Demand for WPC 34% is strong but waning. Inventories remain somewhat tight. Lactose prices moved higher at the bottom of the range, though the top held firm. The bottom of the acid casein price range shifted higher, while the top and both ends of the rennet casein price range were unchanged.

INTERNATIONAL DAIRY MARKET NEWS: WESTERN EUROPEAN OVERVIEW: Seasonal weekly milk production in Western Europe continues to increase, but it is still below levels of the previous year. Farm milk supplies are snug compared to processing capacities. One large milk cooperative in the EU recently announced a guaranteed farm milk pay price of 46.50 euros per 100 kilograms, up 0.50 euros from last month. The EU ended 2023 with little change in total annual milk production from the previous year. According to CLAL data made available to USDA, Year-to-date EU cows' milk delivered to dairies through December 2023 is estimated at 144,676,000 MT, unchanged when compared to January-December 2022 EU milk production. Farmer protests have tangled transportation and other activities in various regions of the EU over the last month. While the intensity of the protests has ebbed and flowed in different locations and at different times, the fury of the farmers was again stoked at a large agricultural fair in Paris last weekend. Angry farmers disrupted the fair, calling for government intervention to ease the increased economic and regulatory pressures. The Farm Council of national agricultural ministers from across the EU met on Monday in Brussels. In the meeting, the officials set forth a simplification package, initiatives to try to ease governmental regulation and provide greater support for farmers. **EASTERN EUROPEAN OVERVIEW:** Czech and Slovak farmers have initiated protests and border blockages like their counterparts in Poland and Hungary, demanding fewer regulatory hurdles and improved protections from imported agricultural products. While supportive of the European Union and the aid provided to war-torn Ukraine, farmers are voicing their anger over what they see as unfair competition from imported goods that do not have to meet the same regulatory standards, especially Ukrainian goods that are imported without duties. A large dairy industry organization is calling on the Ukrainian parliament to provide additional financial support for the nation's dairy processors. Many of the country's dairy processors are running at 50 to 60 percent capacity, increasing their production costs and increasing the prices for consumer goods.



OCEANIA: AUSTRALIA: According to Dairy Australia, January 2024 milk production, 727.6 million liters, was up 5.2 percent from January 2023. Queensland was the only state which saw a decline in milk production in January 2024, compared to 2023 as milk output was down 0.2 percent. Milk production from the start of the season in July 2023 through January 2024, 5,347.3 million liters, increased 2.5 percent compared to the same time frame a year earlier. The cumulative volume of milk produced from July 2023 through January 2024 was up from the prior season in every province. **NEW ZEALAND:** Milk production data from New Zealand for January 2024 was recently released. This data showed total January 2024 production was down 0.6 percent on a tonnage basis compared to January 2023. Total milk solids were also down in January 2024, decreasing by 1.2 percent from the previous year. Recently released export data from New Zealand showed an increase in dairy exports by volume of 12.5 percent in January compared to a year earlier. Despite this increase, the value of these exports was down 8.8 percent. Increased export demand was seen for most products, though exported cheese volumes were lower than the year prior.

SOUTH AMERICA: Weather has been relatively beneficial to some key milking regions in South America during the hot summer months. El Nino-wrought weather has provided some much-needed rainfall to some areas, but Argentina's milk output continues to be hampered by dryness and heat. As neutral weather patterns are expected to emerge near-term, Argentinian farmers are hopeful for increased rainfall to provide heartier feedstuffs and increased forage for their herds. That said, per the National Oceanic and Atmospheric Administration (NOAA), the La Nina phenomenon is expected to return after what Argentinian farmers feel was a very brief hiatus, sometime in the Southern Hemisphere's winter months. Brazil's milk output improved in 2023, according to reports. Contacts expect this to continue, if weather cooperates, as the country continues to push more self-reliance when it comes to milk output and processing capacity.

NATIONAL RETAIL REPORT: Both total conventional dairy ads and total organic dairy ads decreased this week. Cheese was the most advertised dairy commodity. Conventional 6-8 ounce sliced cheese, 6-8-ounce shredded cheese, and 6-8-ounce block cheese had weighted average advertised prices of \$2.72, \$2.29, and \$2.26, respectively. Yogurt was the second most advertised dairy commodity. Conventional yogurt ads increased by 14 percent. One-pound packages of butter had a weighted average advertised price of \$4.65 this week, compared to \$4.66 one week ago. The weighted average advertised price for half gallon containers of conventional milk was \$1.96 and organic milk was \$4.31. This represents an organic premium of \$2.35.

JANUARY COLD STORAGE (NASS): Total natural cheese stocks in refrigerated warehouses on January 31, 2024, were up 1 percent from the previous month and up 1 percent from January 31, 2023. Butter stocks were up 25 percent from last month but down 6 percent from a year ago.

JANUARY AGRICULTURAL PRICE (NASS): The All Milk price received by farmers was \$20.10 in January, down \$3.00 from January 2023. Milk Cows price was \$1,890 in January, up 170.00 from January 2023. Alfalfa hay price was \$202.00 in January, down \$61.00 from January 2023. Corn price was \$4.74 in January, down \$1.89 from January 2023. Soybean price was \$12.80 in January, down \$1.70 from January 2023. The milk-feed price ratio was 1.98 in January, up 0.25 from January 2023. The index of prices received by farmers for dairy products during the month of January 2024 was down 2.5 to 100. Compared to January 2023, the index was down 14.9 points (-13.0 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2024 was down 0.1 to 138.4. Compared with January 2023, the index was down 2.6 points (1.8 percent).

ANNUAL TOTAL FLUID SALES BY ORDER (FMMO): Total fluid milk sales by marketing area (in million pounds) in 2023 were: Northeast (FO1) 6,760, Appalachian (FO5) 3,206, Florida (FO6) 2,561, Southeast (FO7) 3,546, Upper Midwest (FO30) 2,923, Central (FO32) 3,669, Mideast (FO33) 5,017, California (FO51) 4,757, Pacific Northwest (FO124) 1,623, Southwest (FO126) 4,114, and Arizona (FO131) 1,038. Total combined fluid milk sales in all marketing areas (in million pounds) in 2023 were 39,216.

NOVEMBER 2023 MAILBOX MILK PRICES (FMMO): In November 2023, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.80 per cwt, down \$0.01 from the October 2023 average and down \$3.81 per cwt from the November 2022 average. The component tests of producer milk in November 2023 were: butterfat, 4.28%; protein, 3.38%; and other solids, 5.78%.

JANUARY PRICE AND POOL (FMMO): During January, 12.9 billion pounds of milk were received from Federally pooled producers. This volume of milk is 8.6 percent lower than the January 2023 volume. Regulated handlers pooled 3.7 billion pounds of producer milk as Class I products, up 2.9 percent when compared to the previous year. The all-market average Class utilization percentages were: Class I = 29%, Class II = 10%, Class III = 55%, and Class IV = 7%. The weighted average statistical uniform price was \$17.73 per cwt, \$0.55 lower than last month and \$3.18 lower than last year.

FEBRUARY CLASS PRICES BY ORDER (FMMO): The following are the February 2024 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$20.53 (\$+0.49), Class III: \$16.08 (\$+0.91), and Class IV: \$19.85 (\$+0.46). Under the Federal milk order pricing system, the butterfat price for February 2024 is \$3.1031 per pound. Thus, the Class II butterfat price is \$3.1101 per pound. The protein and other solids prices for February 2024 are \$1.2255 and \$0.2738 per pound, respectively. These component prices set the Class III skim milk price at \$5.41 per cwt. The February 2024 Class IV skim milk price is \$9.31, which is derived from the nonfat solids price of \$1.0343 per pound. The product price averages for February 2024 are: butter \$2.7339, nonfat dry milk \$1.2125, cheese \$1.5947, and dry whey \$0.4649.

FEBRUARY RETAIL PRICE REPORT (FMMO): U.S. simple average prices are: \$4.36 per gallon for conventional whole milk, \$4.30 per



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gallon for conventional reduced fat 2% milk, \$4.81 per half gallon organic whole milk, and \$4.81 per half gallon organic reduced fat 2% milk.

NOTICE: The Federal Milk Marketing Order Pricing Formula Hearing has concluded. Thank you to all who participated. Briefs must be received by 4:30pm Eastern Time on April 1, 2024. Please send your briefs to the USDA Hearing Clerk, by mail: STOP 9203-Room 1031, 1400 Independence Avenue SW, Washington, DC 20250-9200, by email: SM.OHA.HearingClerks@usda.gov, or by fax: (844) 325-6940. The transcript correction deadline, along with any other updates, will be posted on the National Federal Milk Marketing Order Pricing Formula Hearing website. <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>

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