



Dairy Markets at a Glance

Agricultural Marketing Service
Dairy Market News

Report 15
April 12, 2024

MMN Slug ID 1054 / Slug Name: MD_DA950

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CME GROUP CASH MARKETS (4/12)

BUTTER: Grade AA closed at \$2.9200. The weekly average for Grade AA is \$2.9365 (+0.0205).

CHEESE: Barrels closed at \$1.5725 and 40# blocks at \$1.5350. The weekly average for barrels is \$1.5620 (+0.0985) and blocks \$1.5470 (+0.0915).

NONFAT DRY MILK: Grade A closed at \$1.1425. The weekly average for Grade A is \$1.1420 (+0.0085).

DRY WHEY: Extra grade dry whey closed at \$0.3600. The weekly average for dry whey is \$0.3665 (-0.0245).

BUTTER HIGHLIGHTS: Domestic butter demand varies across the nation. Industry participants note domestic demand is strong to steady in the West, and steady in the Central and East regions. Cream volumes are widely available throughout most of the country. Butter manufacturers continue busy churning schedules overall, while cream volumes are readily available. Some butter makers convey non-contracted unsalted butter loads are tight and more actively sought by spot buyers. Although many manufactures are working to build inventories, some processors in the Central region convey an expectation of lighter churning over the next few weeks. Bulk butter overages range from 3 to 13 cents above market, across all regions.

CHEESE HIGHLIGHTS: Cheese production schedules are trending steady to stronger throughout the U.S. Milk production continues to trend higher in the East. Cheese plant contacts report steady to stronger production schedules as well as increases in demand. Inventories are comfortable. Contacts share foodservice demand remains light. In the Upper Midwest, farm level milk production is increasing. Spot milk prices were reported as low as \$6-under Class III. Contacts say cheese plant downtime has kept milk volumes loose. Barrel inventories are comfortable. Retail demand for cheddar and Italian-type cheeses is steady. In the West, cheese production schedules are strong. Farm level milk outputs are increasing, and cheese inventories are ample. Spot cheese demand is light. Some contacts share production continued to be outpace cheese demand.

FLUID MILK: The topic du jour in the dairy industry is spring flush. Contacts say milk levels are nearing their acmes in parts of the Western United States. Milk output in the East and Midwest are trending seasonally higher, as well. Fluid milk is generally accessible nationwide. Class I demand has picked up in the Central region, as most schools are back for the final months of the academic year. Class I demand is steady in most other areas. Cheesemakers in the Midwest reported spot milk loads as low as \$6-under Class III this week, as plant downtime is a catalyst for the growth in recent milk availability. In California, reported loads ranged from \$3- to \$2-under Class III. Still, given last year's precedent, milk availability is less abundant. During week 15 of 2023, Midwestern spot milk prices ranged from \$11-under to \$4-under Class. Cream is widely available for all uses. Ice cream manufacturers' demand is inching up, but not to the degree some contacts expect. Some butter plant managers relay a potential slowdown in churning/cream usage in upcoming weeks. F.O.B. cream multiples are 1.08-1.26 in the East, .95-1.26 in the Midwest, and 1.00-1.20 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk prices were steady to lower nationwide this week. Mexican demand has yet to materialize, but a number of contacts relay somewhat stable, albeit quietly stable, markets. Dry buttermilk prices were steady in the Central/East regions, while prices were mixed in the West. Some manufacturers say recently produced loads are tight, but production from early 2024 trading has kept the market tone anchored. Dry whole milk prices moved higher this week. Dry whey prices were mixed across the regions, but most facets moved lower, rather than steady or higher. Dry whey demand has been somewhat sluggish, and international prices have been competitive with domestic prices in recent months. Lactose prices are unchanged, but demand and tones have firmed in recent weeks. Whey protein concentrate 34% prices were steady, on stable trading activity. Both rennet and acid casein prices remained steady.

INTERNATIONAL DAIRY MARKETS NEWS: WESTERN EUROPE: After a slow start to the year, EU milk production has picked up, and weekly milk intakes are above 2023 levels within some countries. According to some European publications, week 13 milk collections in Germany were 0.7 percent above those of week 13 in 2023, and milk collections in France were 1.3 percent higher for the same period. **EASTERN EUROPE:** The march to spring flush is continuing across much of Eastern Europe. However, while milk production is still growing in some Eastern European countries, Ukrainian milk production is still well below the levels of milk produced in the country prior to the Russian invasion. Online information services report February 2024 Ukrainian milk production was 460,000 tons, compared to 525,000 tons in February 2021. February 2023 Ukrainian milk production was 458,000 tons.

AUSTRALIA: According to Dairy Australia, February 2024 milk production, 601.8 million liters, was up 8.7 percent from February 2023. Milk production was higher in February 2024 compared to a year earlier in every state, with the largest percentage increase, 10.3 percent, seen in Victoria. Milk production from the start of the season in July 2023 through February 2024, 5,949.0 million liters, increased 3.1 percent compared to the same time frame a year earlier. From the start of the season in July 2023 through February 2024 the cumulative volume of milk produced was higher in every state compared to the prior season. **NEW ZEALAND:** During GDT event 353 last week, prices rose for most products traded, with the all contracts prices only falling for buttermilk powder and lactose. Meanwhile, the volume of products traded during this event was down from the previous event and was the least sold at a GDT event since May of 2020. In New Zealand, a group which forecasts dairy prices increased their forecasted milk price by 10 cents, to \$7.72/kgMS, following the most recent GDT event. The group stated milk powders had the largest impact on increasing the forecasted milk price as whole milk powder and skim milk powder prices both increased during GDT event 353. For the 2024-2025 season, the forecasted farmgate milk



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price was raised by 18 cent to \$8.49/kgMS.

SOUTH AMERICA: In late 2023, USDA's Foreign Agricultural Service estimated a two percent decrease in Argentinian milk output for calendar year 2024. After the first quarter, contacts suggest two percent may have been a conservative estimate. Argentina's recent milk output woes are being brought into the discussion from contacts throughout the Southern Cone. That being said, Brazilian demand for dairy and dairy powder commodities has been quieter in recent weeks. Contacts in Uruguay and Argentina say milk powder loads are staying within their borders, and more loads are going into processing plants within the respective country of origin.

NATIONAL RETAIL REPORT: Conventional dairy advertisement totals continued to slide lower this week by 19 percent, while organic ad tallies eclipsed last week, increasing 58 percent week-over-week. The planets realigned, as the most consistent title holder returned this week; the most advertised single dairy item was conventional ice cream in 48-to-64-ounce containers. In the organic sphere, half-gallon milk ad totals kept their top spot.

DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 198 million pounds, 5.6 percent above February 2023, but 9.0 percent below January 2024. American type cheese production totaled 438 million pounds, 1.2 percent below February 2023, and 7.5 percent below January 2024. Total cheese output (excluding cottage cheese) was 1.13 billion pounds, 3.0 percent above February 2023, but 5.6 percent below January 2024. Nonfat dry milk production, for human food, totaled 147 million pounds, 19.3 percent below February 2023, but 6.6 percent above January 2024. Dry whey production, for human food, was 66.2 million pounds, 6.5 percent above February 2023, but 9.8 percent below January 2024. Ice cream, regular hard production, totaled 53.6 million gallons, 8.3 percent below February 2023, but 7.9 percent above January 2024.

MARCH CONSUMER PRICE INDEX (BLS): The March CPI for all food is 328.0, up 2.2 percent from 2023. The dairy products index is 266.3, down 1.9 percent from a year ago. The following are the March, year to year percentage changes for selected products: fresh whole milk is -2.0; cheese, -3.1; and butter, -0.5.

MARCH PRODUCER PRICE INDEX (BLS): The March PPI for all food is 257.6, up 1.3 percent from 2023. The dairy products index is 237.1, up 0.1 percent from a year ago. The following are the March, year to year percentage changes for selected products: fresh whole milk, +3.1; cheese, -8.2; and butter, +19.0.

APRIL SUPPLY AND DEMAND (WAOB): The milk production forecast for 2024 is lowered on slower expected growth in milk per cow; cow numbers are unchanged from last month. Fat basis imports for 2024 are raised on higher expected butter and cheese imports. Skim-solids basis imports are raised for a number of dairy products. Fat basis exports are raised on strong international demand for butter and price competitiveness of U.S. cheese. Skim-solids basis exports are lowered as fewer expected shipments of lactose and whey products more than offset higher shipments of nonfat dry milk (NDM) and cheese. Butter prices for 2024 are raised on observed prices and continued strength in demand. Cheese, NDM, and whey prices are all lowered on recent prices. Class III prices are lowered due to lower cheese and whey price forecasts. Class IV prices are raised due to higher butter prices more than offsetting lower NDM prices. The all milk price for 2024 is projected lower at \$20.90 per cwt.

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>

USDA FOODS WEBINAR: WANT USDA TO BUY YOUR DAIRY PRODUCT? If your product is not one already purchased by USDA, this webinar is for you! The AMS Commodity Procurement Program at USDA invites you to join a webinar discussion to learn about the USDA Foods Programs and "How to Get Your Product Considered." Food and Nutrition Service (FNS) will provide a step-by-step outline of the key criteria that must be met and AMS will discuss the process and timeline to add a new food to the Foods Available List (FAL). This FREE webinar on April 18, 2 - 3 p.m. ET. will equip vendors with the tools and knowledge they need to conduct a self-audit of their product for compatibility with USDA Foods. Registration is required and space is limited. Once you register, you will be able to submit questions in advance. If you have questions about the registration process, contact Andrea Lang or Diana Dau David at NewVendor@usda.gov.

REGISTER: https://www.zoomgov.com/webinar/register/WN__43A2s9BS-yu2dHbuG35lQ#/registration

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