Dairy Markets at a Glance

Agricultural Marketing Service
Dairy Market News

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CME GROUP CASH MARKETS (7/26)
BUTTER: Grade AA closed at $3.0900. The weekly average for Grade AA is $3.0845 (-0.0295).
CHEESE: Barrels closed at $1.9700 and 40# blocks at $1.9300. The weekly average for barrels is $1.9600 (+0.0620) and blocks $1.9210 (+0.0580).
NONFAT DRY MILK: Grade A closed at $1.2325. The weekly average for Grade A is $1.2230 (+0.0435).
DRY WHEY: Extra grade dry whey closed at $0.5700. The weekly average for dry whey is $0.5410 (+0.0355).

BUTTER HIGHLIGHTS: Butter makers are running active production schedules in the East and Central regions, but churning is seasonally light in the West. Cream volumes are tight or tightening throughout the country. Contacts in the East region note spot volumes of cream are limited. In the Central region stakeholders say cream is more available than typical for this time of year, though butter makers are purchasing cream volumes from the West to meet their manufacturing needs. In the West, salted butter loads are available, while unsalted butter inventories remain tighter. Central region butter inventories are also available. Demand for butter is steady to lighter, domestically, in the Central and West regions this week, though contacts in the West relay moderate international interest. In the East, retail demand has held steady while food service sales are steady to lighter.

CHEESE HIGHLIGHTS: Cheese production schedules continue to trend steady to lighter throughout much of the U.S. Contacts in the East region relay mixed production schedules. Some processors are running production schedules in line with recent weeks, whereas others share lighter production. Contacts share retail demand remains strong. Cheesemakers in the Central region note active production schedules despite tightening spot milk availability. Spot milk prices were reported at Class III to $1.50-over. Cheese demand is steady, and some contacts shared increased interest from customers in Mexico. Contacts in the West indicate seasonally weaker cheese production. Spot milk availability is limited, but manufacturers have shared enough milk is available to meet production needs.

FLUID MILK: Nationwide, milk output is generally declining week to week due to warmer summer temperatures and normal seasonal milk production patterns. Some manufacturers indicate they had anticipated lower volumes for summer, and available milk volumes are accommodating production needs. Central region cheesemakers relayed spot prices are ranging from flat to $1.50-over Class. Class II and III milk demand is seasonally steady or strong, but Class I and IV processing is generally lighter due to lower milk production and demand. Moving milk for all classes is still challenging as cleanup from Hurricane Beryl continues across the Northeast. Stakeholders say condensed skim milk is moving steadily, but volumes have become less available as milk production has declined. Processors are finding a tighter market for condensed skim milk in all regions. Cream availability is tighter throughout the country, especially in the East and Midwest. Some loads of spot cream have made their way across the country from the West to butter makers in the Midwest. In some cases, when spot loads of cream become available in the East, they are being picked up around the 1.50 multiple mark. Cream multiples range from 1.30 - 1.50 in the East, 1.24 - 1.38 in the Midwest, and 1.16 - 1.39 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices were unchanged in the West, and Central and East regions this week. Production is seasonally lighter as condensed skim availability has tightened. High heat NDM prices held steady in the Central and East regions, but the price range expanded in the West. Dry buttermilk prices were unchanged in the Central and East regions, while the top of the West dry buttermilk price range dipped lower. Dry buttermilk production is trending lighter in all regions. Spot inventories are available, but not abundant. Dry whole milk prices were unchanged. Dry whey prices were unchanged in the West but moved higher in the Central and East regions. Processors continue to move whey solids into high percentage whey protein concentrates and whey protein isolate manufacturing streams. The top of the whey protein concentrate 34% price range inched higher this week. Production activity remains light, and inventories are overall tight. Lactose prices were unchanged this week. Inventories vary between manufacturers. Contacts shared increased demand from buyers in Mexico. Acid and rennet casein prices were unchanged this week.

ORGANIC DAIRY MARKET NEWS: The United States Secretary of Agriculture recently attended a group's organic field day event and spoke about the USDA's efforts in expanding access for producers to climate-smart agriculture. The Agriculture Secretary also highlighted the USDA's initiatives to expand the market for organic products through aiding producers in transitioning to organic production. A company which provides organic grass-fed dairy products recently announced they are expanding by adding farms located throughout Central Pennsylvania. A cooperative in the UK has established a milk pay price of 50 pounds per liter for the 2025/2026 season in an effort to recruit organic producers in the country and to recruit farmers interested in transitioning to organic production. The week 30 retail ad survey fewer organic dairy ads compared to the prior week. The most advertised organic dairy commodity remained yogurt, while milk remained the second most advertised organic dairy commodity.

NATIONAL RETAIL REPORT: Conventional dairy ads increased 8 percent, while organic dairy ads decreased by 15 percent this week. Conventional ice cream in 48-64 ounce containers was the most advertised dairy commodity. The weighted average advertised prices of 48-64 ounce containers and 14-16 ounce containers of conventional ice cream were $3.61 and $3.85, respectively. Shredded cheese in 6 -8 ounce packages was the most advertised conventional cheese item, with a weighted average advertised price of $2.50, down from $2.81 the week prior. Organic milk in gallon containers had a weighted average advertised price of $6.98. The organic premium for a gallon container of milk was $3.55. Conventional gallon and half gallon containers of milk had weighted average advertised prices of $3.43 and $2.40, respectively.

JUNE MILK PRODUCTON (NASS): Milk production in the 24 major States during June totaled 18.0 billion pounds, down 0.8 percent from June 2023. May revised production, at 18.8 billion pounds, was down 0.8 percent from May 2023. The May revision represented a decrease of 30 million pounds or 0.2 percent from last month's preliminary production estimate. Production per cow in the 24 major States averaged 2,025 pounds for June, 8 pounds below June 2023. The number of milk cows on farms in the 24 major States was 8.89 million head, 37,000 head less than June 2023, but 2,000 head more than May 2024. Milk production in the United States during the April - June quarter totaled 57.5 billion pounds, down 0.8 percent from the April - June quarter last year. The average number of milk cows in the United States during the quarter was 9.33 million head, 3,000 head less than the January - March quarter, and 76,000 head less than the same period last year.

JUNE COLD STORAGE (NASS): Total natural cheese stocks in refrigerated warehouses on June 30, 2024, were down 1 percent from the previous month and down 6 percent from June 30, 2023. Butter stocks were down 2 percent from last month but up 7 percent from a year ago.

APRIL MAILBOX PRICES (FMMO): In April 2024, mailbox milk prices for selected reporting areas in Federal milk orders averaged $19.71 per cwt, down $0.27 from the March 2024 average and down $0.20 per cwt from the April 2023 average. The component tests of producer milk in April 2024 were: butterfat, 4.22%; protein, 3.30%; and other solids, 5.78%.

JUNE MARKET SUMMARY AND UTILIZATION (FMMO): During June, 12.3 billion pounds of milk were received from Federally pooled producers. This volume of milk is 2.9 percent lower than the June 2023 volume. Regulated handlers pooled 3.0 billion pounds of producer milk as Class I products, down 5.1 percent when compared to the previous year. The all-market average Class utilization percentages were: Class I = 24%, Class II = 10%, Class III = 58%, and Class IV = 8%. The weighted average statistical uniform price was $20.98 per cwt, $1.20 higher than last month and $3.84 higher than last year.

RETAIL PRICES FOR PACKAGE MILK (FMMO): U.S. simple average prices are: $4.43 per gallon for conventional whole milk, $4.36 per gallon for conventional reduced fat 2% milk, $4.86 per half gallon organic whole milk, and $4.86 per half gallon organic reduced fat 2% milk.

NOTICE: The U.S. Department of Agriculture (USDA), on July 1, 2024, issued a Recommended Decision on its website proposing to amend the pricing provisions in the 11 Federal milk marketing orders (FMMOs). For more information, visit: https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing The official version of the recommended decision was published July 15, 2024 in the Federal Register. The deadline for comments is September 13, 2024. USDA is under ex parte until a final decision is published, so the FMMO Hearing Team is unable to respond to substantive questions. For any process-related questions, please email FMMOHearing@usda.gov.

NOTICE: USDA Commodity Procurement has issued solicitations for the following dairy products:
Yogurt, Butter and Tortillas: The solicitation number is 2000010230 and runs from July 15, 2024, to July 29, 2024.
Mozzarella String Cheese: The solicitation number is 2000010239 and runs from July 17, 2024, to July 31, 2024.
Evaporated and Ultra-High Temperature Milk: The solicitation number is 2000010240 and runs from July 17, 2024, to July 31, 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.

On July 24, the USDA announced a pre-solicitation announcement for 2% milk and cheddar cheese. To see the pre-solicitation announcement, visit: https://www.ams.usda.gov/content/pre-solicitation-announcement-purchase-various-dairy-and-poultry-products.
In a prior pre-solicitation notice issued July 12, the USDA announced plans to purchase Swiss Cheese, Instant Nonfat Dry Milk (NDM) and Ultra-High Temperature (UHT) milk for distribution to various food nutrition assistance programs. To view this pre-solicitation notice, visit: https://www.ams.usda.gov/content/pre-solicitation-announcement-section-32-purchase-dairy-products-1
Solicitations will be issued in the near future and will be available electronically through the Web-Based Supply Chain Management (WBSCM) system. (https://www.usda.gov/topics/food-and-nutrition/web-based-supply-chain-management) All future information regarding this acquisition, including solicitation amendments and award notices, will be published through WBSCM and on the Agricultural Marketing Service's website.

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