



WEEKLY DAIRY OUTLOOK

November 20th, 2023

This short weekly newsletter provides you with a summary of current dairy prices, translates product prices into component prices, and summarizes major dairy related news.

Table 1. Spot dairy products prices on Friday November 10th and Friday November 17th, and their implied component prices

	Nov 10, 2023	Nov 17, 2023	Change	Month to date
CME cheddar cheese				
- blocks (\$/lb)	1.6000	1.6000	+0.0000	1.6217
- barrels (\$/lb)	1.6500	1.5600	-0.0900	1.6167
CME butter (\$/lb)	2.6000	2.4900	-0.1100	2.7325
CME Dry whey (\$/lb)	0.3975	0.4100	+0.0125	0.3983
CME Nonfat dry milk (\$/lb)	1.2000	1.1925	-0.0075	1.1925
		Implied Prices		
Butterfat (\$/lb)	2.94	2.81	-0.13	3.10
Protein (\$/lb)	1.54	1.54	-0.00	1.36
Other solids (\$/lb)	0.20	0.22	+0.01	0.21
Class III (\$/cwt)	16.07	15.66	-0.41	16.07
Class IV (\$/cwt)	19.17	18.64	-0.53	19.67

Comments

Cash butter price kept falling last week at the CME and closed at \$2.49/lb on Friday. U.S. butter price is fast approaching an equilibrium price somewhere in the \$2.25-\$2.40/lb. Meanwhile, cash cheese prices appear to be oscillating around a value of \$1.60/lb., a price that eventually should improve both domestic and export demand for U.S. cheese.

Table 2. Six-month strip of dairy futures at closing time last Friday, and changes in their 6-month averages from the prior Friday closings¹.

	Cheese (\$/lb)	Butter (\$/cwt)	Dry Whey (\$/cwt)	NDM (\$/cwt)	Class III (\$/cwt)	Class IV (\$/cwt)
November	1.745	296.025	37.600	118.525	17.13	20.60
December	1.701	257.500	40.750	120.700	16.67	19.16
January	1.703	245.550	43.500	122.475	16.79	18.73
February	1.750	246.000	43.750	124.700	17.28	18.93
March	1.800	249.250	44.000	126.350	17.80	19.40
April	1.830	248.000	44.400	127.950	17.80	19.32
Average	1.755	257.054	42.333	123.450	17.29	19.36
Weekly Change	-0.020	+0.850	+1.100	-0.187	-0.15	+0.08

¹ Futures prices on the Chicago Mercantile Exchange

Based on the next 6-month futures, the implied 6-month prices of milk components used in Class III and nonfat solids used in Class I, II, and IV pricings are reported in Table 3.

Table 3. Translation of futures dairy product prices into futures component prices.

	Butterfat (\$/lb)	Protein (\$/lb)	Other Solids (\$/lb)	Nonfat Solids (\$/lb)
November	3.38	1.42	0.18	1.01
December	2.91	1.77	0.21	1.03
January	2.77	1.93	0.24	1.05
February	2.77	2.08	0.25	1.07
March	2.81	2.19	0.25	1.08
April	2.80	2.31	0.25	1.10
Average	2.91	1.95	0.23	1.06
Weekly Change	+0.01	-0.08	+0.01	-0.00

- Table 4 reports price quotations for the 4 major dairy commodities from the 3 top exporting blocks of countries (The European Union taken as a whole) in mid-November.

Table 4. World price quotations (US\$/lb) of 4 major dairy commodities as of November 12th, 2023.

	E.U.	Oceania	U.S.
Butter	2.41	2.29	2.80
Skim Milk Powder (SMP/NDM)	1.28	1.25	1.18
Whole Milk Powder (WMP)	1.76	1.36	2.01
Cheddar	1.69	1.85	1.65

- The USDA will be releasing its *Milk Production* and *Cold Storage* reports this week, providing much needed information to the state of milk supply and demand.