



WEEKLY DAIRY OUTLOOK

April 29th, 2024

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 April 19th and Friday April 26th, and their implied component prices

	April 19, 2024	April 26, 2024	Change	Month to date
CME cheddar cheese				
- blocks (\$/lb)	1.6800	1.7500	+0.0700	1.6200
- barrels (\$/lb)	1.6600	1.7725	+0.1125	1.6338
CME butter (\$/lb)	2.9200	2.9700	+0.0500	2.9375
CME Dry whey (\$/lb)	0.3925	0.3825	-0.0100	0.3813
CME Nonfat dry milk (\$/lb)	1.1200	1.1100	-0.0100	1.1263
	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	3.33	3.39	+0.06	3.35
Protein (\$/lb)	1.28	1.51	+0.23	1.12
Other solids (\$/lb)	0.20	0.19	-0.01	0.19
Class III (\$/cwt)	16.61	17.45	+0.84	16.14
Class IV (\$/cwt)	19.84	19.96	+0.12	19.97

Comments

Cash cheese prices continued moving up at the CME last week. Since early April, cheese prices have gone up ~ 25 ¢/lb, which loosely translates to a Class III price gain of \$2.50/cwt. The cash markets are clearly pointing upward and futures are following suit. Butter prices, both cash and futures, are settling in the \$2.90 to \$3.10/lb. Powder prices, both dry whey and nonfat dry milk have been trending downward lately, but not at an alarming rate.

Table 2. Six-month strip of dairy futures at closing time last Thursday, 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)
April	1.546	291.700	43.600	116.000	15.52	20.17
May	1.832	295.250	42.075	114.975	18.00	20.10
June	1.840	301.500	40.575	114.325	18.06	20.30
July	1.865	302.250	41.000	115.550	18.38	20.52
August	1.886	304.500	41.525	117.550	18.58	20.82
September	1.899	306.000	42.5	119.525	18.70	21.06
Average	1.811	300.200	41.879	116.321	17.87	20.50
Weekly Change	+0.024	+1.817	-0.800	-1.004	+0.04	-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)
April	3.32	0.84	0.24	0.98
May	3.37	1.71	0.23	0.97
June	3.44	1.66	0.21	0.97
July	3.45	1.73	0.22	0.98
August	3.48	1.77	0.22	1.00
September	3.50	1.79	0.23	1.02
Average	3.43	1.58	0.23	0.99
Weekly Change	+0.02	+0.05	-0.01	-0.01

- Table 4 reports price quotations for butter, skim milk powder/nonfat dry milk (SMP/NDM), whole milk powder (WMP), and cheddar from the top three exporting blocks of countries (the European Union taken as a whole) at the end of March and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of March 31st, 2024.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.76	2.91	2.84	-1.9	-1.3	+0.5
SMP/NDM	1.18	1.14	1.12	-3.6	-5.6	-3.8
WMP	1.74	1.42	2.14	+2.8	-4.9	-1.4
Cheddar	1.90	1.91	1.42	-1.2	-2.3	-2.1

- Last week, the USDA released its March *Milk Production* report.

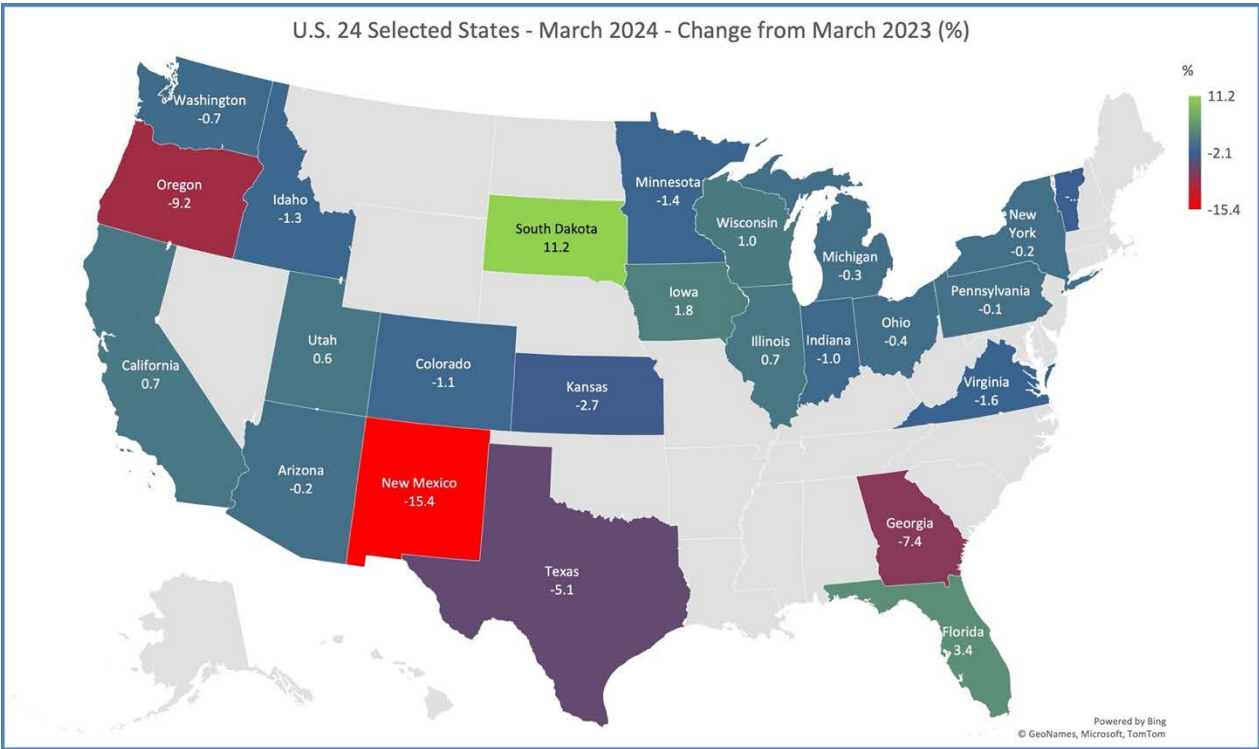
For the 24 major States, the *revised February milk production* now stands at 17.4 billion pounds, up 2.9 % from February 2023 (down 0.7% adjusted for the extra day in February '24). The February revision represents an increase of 82 million pounds, or a 0.5% increase from last month's preliminary estimate. How the USDA could have missed 82 million pounds of milk (about 1,640 tractor trailer loads) remains a mystery to me.

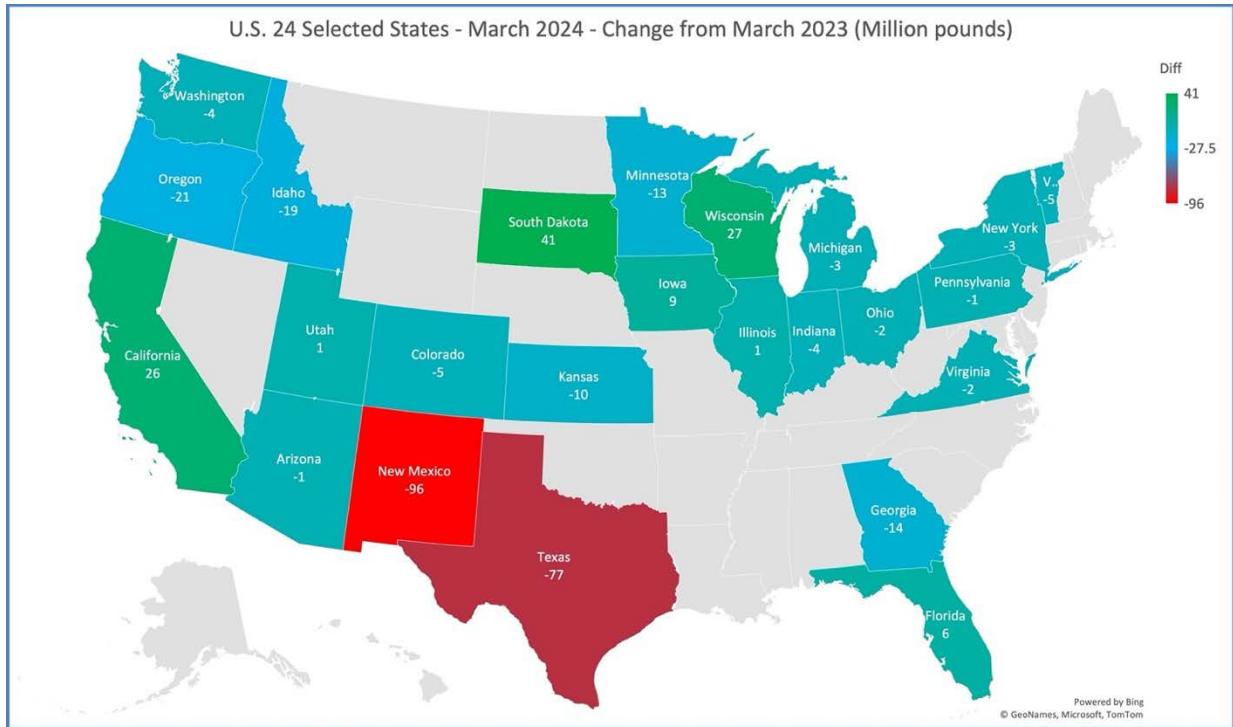
For all 50 States in March, estimated milk production stood at 19.603 billion pounds, *down -1.0%* from last year. The number of milk cows in the whole country was estimated at 9.335 million head, 98,000 less than at this time last year, and 7,000 less than last month. Reported cow numbers for all 50 States have been dropping year-to-year for the last 10 months.

Total milk production in the top 24 dairy States was estimated at 18.787 billion pounds, *down 169 million pounds (-0.9%)* from March 2023. Milk per cow averaged 68.23 lbs/d during the month, down 0.14 lb/day from March 2023. The dairy herd in the 24 major

States (8.881 million head) was down an estimated 71,000 head from March 2023. Seven of the 24-States added cows compared to last year, with only SD having added 10,000 or more cows.

Relative and absolute changes in milk produced in each of the top 24 States are shown in the next two figures. Except for Utah and California, production in the Southwestern and Western States was down – noticeably so in Oregon, Texas, and markedly so in New Mexico. The 0.7% increase in California was due to the abysmal production in this state last year. Milk production in the corn belt states was generally steady, the notable exceptions being Wisconsin (+1.0%) and South Dakota (+11.2%). In the Northeast, production in New York, Pennsylvania and Vermont was down. In the Mid-Atlantic and Southeast regions, Florida added production, Virginia reported a moderate production decline, while Georgia reported a significant decline.





- The USDA *Cold Storage* report for March was released last week. Total natural cheese stocks in refrigerated warehouses on March 31st was down 0.1% from March 2023, but slightly up, 0.1%, from the previous month. Stocks of American-style cheese were noticeably down both from March'23 and February '24.

Table 6. USDA March 31, 2024 *Cold Storage* report.

	Stocks in all warehouses (1,000 pounds)			February 2024 as a percent of	
	February 28 2023	January 31 2023	February 29 2024	February 2023	January 2024
Butter	309,486	297,687	316,635	+2.3	+6.4
Natural cheese					
American	826,768	830,463	825,491	-0.2	-0.6
Swiss	21,605	21,966	22,851	+5.8	+4.0
Other	612,391	605,829	610,783	-0.2	+0.8
Total natural cheese	1,460,391	1,458,258	1,459,225	-0.1	+0.1

- This coming Wednesday, the USDA will be releasing component and minimum class prices in effect in the Federal Milk Marketing Orders (FMMOs) for the month of April. Of course, we do not know precisely what these prices will be, but based on the current information the following prices are expected:
 - Butterfat: \$3.27 to \$3.37/lb (up \$0.08/lb from last month)
 - Protein: \$0.75 to \$0.85/lb (down \$0.33/lb from last month)
 - Other Solids: \$0.23 to \$0.27/lb (down \$0.04/lb from last month)
 - Nonfat Solids: \$0.96 to \$1.01/lb (down \$0.02/lb from last month)
 - Class III: \$15.20 to \$15.50/cwt (down \$0.99/lb from last month)
 - Class IV: \$20.04 to \$20.34/cwt (up \$0.10/cwt from last month)