

WEEKLY DAIRY OUTLOOK

May 6th, 2024 - **REVISED**

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 26th and Friday May 3rd, and their implied component prices

	April 26, 2024	May 3, 2024	Change	Month to date
CME cheddar cheese				
- blocks (\$/lb)	1.7500	1.7900	+0.0400	1.7900
- barrels (\$/lb)	1.7725	1.8800	+0.1075	1.8800
CME butter (\$/lb)	2.9700	3.0750	+0.1050	3.0750
CME Dry whey (\$/lb)	0.3825	0.3950	+0.0125	0.3950
CME Nonfat dry milk (\$/lb)	1.1100	1.1300	+0.0200	1.1300
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	3.39	3.52	+0.13	3.52
Protein (\$/lb)	1.51	1.61	+0.10	1.61
Other solids (\$/lb)	0.19	0.20	+0.01	0.20
Class III (\$/cwt)	17.45	18.28	+0.83	18.28
Class IV (\$/cwt)	19.96	20.58	+0.62	20.58

Comments

Cash cheese prices continued moving up at the CME last week. The U.S. reportedly sold 110.3 million pounds of cheese in March, a new record. This news obviously pushed the markets up. Butter prices, both cash and futures, also went up. Powder prices, both dry whey and nonfat dry milk started slow upward trends.

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)
May	1.860	301.500	40.350	113.700	18.40	20.22
June	1.394	307.000	40.975	114.925	19.21	20.55
July	1.940	308.750	41.400	116.000	19.26	20.80
August	1.938	310.775	41.250	118.500	19.29	21.02
September	1.956	313.000	41.925	120.800	19.29	21.16
October	1.913	314.500	42.250	122.250	19.14	21.49
Average	1.924	309.254	41.358	117.696	19.10	20.87
Weekly Change	+0.061	+6.305	-0.355	+0.400	+0.75	+0.19

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)
May	3.44	1.72	0.21	0.96
June	3.51	1.89	0.22	0.97
July	3.53	1.89	0.22	0.98
August	3.56	1.86	0.22	1.01
September	3.58	1.88	0.23	1.03
October	3.60	1.73	0.23	1.04
Average	3.54	1.83	0.22	1.00
Weekly Change	+0.08	+0.12	+0.00	+0.00

- Last Wednesday, the USDA released average national dairy product prices, component prices and minimum Class prices in effect in the Federal Milk Marketing Orders (FMMOs) for the month of **April**. The ~6 ¢/lb rise in butter price compared to the prior month translated in an increase of 9 ¢/lb in butterfat price. Butterfat price is now about 65 ¢/lb above its ‘normal’ (i.e., long-term expected) price. Protein price saw a decrease of 29¢/lb from March. At 83 ¢/lb, the protein price didn’t even cover the cost of the nutrients required to produce a pound of cheese. Protein price was about \$1.90 below its long-term ‘normal’ price. Class III remains about \$3.75 to \$4.00/cwt under its long-term ‘normal’ price, whereas Class IV is about \$1.25/cwt above its long-term ‘normal’.

Table 4. Minimum Class and component prices in the Federal Milk Marketing Orders during the month of April 2024, and changes from March 2024 and April 2023.

	April 2024	March 2024	Change (Apr vs. Mar)	April 2023	Change (A '24 vs. A '23)
Cheese (\$/lb)	1.548	1.608	-0.060	1.878	-0.330
Blocks (\$/lb)	1.517	1.573	-0.056	1.941	-0.424
Barrels (\$/lb)	1.545	1.609	-0.064	1.794	-0.250
Butter (\$/lb)	2.922	2.846	+0.076	2.402	+0.520
Nonfat Dry Milk (\$/lb)	1.151	1.186	-0.036	1.155	-0.004
Dry Whey (\$/lb)	0.429	0.479	-0.050	0.440	-0.011
Butterfat (\$/lb)	3.33	3.24	+0.09	2.70	+0.63
Protein (\$/lb)	0.83	1.13	-0.29	2.56	1.73
Other Solids (\$/lb)	0.24	0.29	-0.05	0.25	-0.01
Class III (\$/cwt)	15.50	16.34	-0.84	18.52	-3.02
Class IV (\$/cwt)	20.11	20.09	+0.02	17.95	+2.16

- Table 5 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 April and their relative biweekly price changes.

Table 5. World price quotations of 4 major dairy commodities as of April 28th, 2024.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.78	3.00	2.98	-0.9	-0.4	+1.3
SMP/NDM	1.16	1.17	1.11	-3.0	+1.0	-2.5
WMP	1.76	1.47	2.17	+0.1	+0.4	Nc
Cheddar	1.90	1.90	1.75	-0.1	-4.6	+13.1