

DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (1/12)

BUTTER: Grade AA closed at \$2.5675. The weekly average for Grade AA is \$2.5595 (-0.0893).

CHEESE: Barrels closed at \$1.4450 and 40# blocks at \$1.5625. The weekly average for barrels is \$1.4600 (+0.0400) and blocks, \$1.5280 (+0.0717).

NONFAT DRY MILK: Grade A closed at \$1.1850. The weekly average for Grade A is \$1.1910 (+0.0147).

DRY WHEY: Extra grade dry whey closed at \$0.4300. The weekly average for dry whey is \$0.4270 (+0.0257).

BUTTER HIGHLIGHTS: Retail and bulk butter demands are mostly steady. However, some lighter domestic demand is reported in the western region as a few manufacturers indicate demand is below expectations. Persistently weak food service demand is noted in the east region. In the central region, food service demand is expected to take a temporary hit from recent winter storms. Cream is readily available. Strong to steady production schedules are reported. Some butter makers are turning down cream offers due to currently being at capacity. Winter weather caused some hauling disruptions at some plants in the central region. Bulk butter overages range from 1 to 8 cents above market, across all regions.

CHEESE HIGHLIGHTS: Due to storm activity in many eastern states, many milk loads intended for Class III processors were diverted into Class I channels. Processors note production schedules are steady to lighter commensurate with milk availability. Contacts in the Northeast relay increased export demand. Spot milk availability remains strong in the Central region, and prices are being reported as low as \$7 below Class III. Some plants note downtime for either maintenance or inspection. Cheesemakers note steady demand and comfortable inventory levels. Winter weather is expected to add obstacles for both milk and cheese transport. In the West, retail cheese demand is noted to be lighter. Foodservice demand is following a similar downward trend. Contacts note strong Class III demand has made production schedules steady to stronger. Contacts in the West also report increased international purchasing interest.

FLUID MILK: Farm level milk production is steady to stronger across the U.S. In the Northeast, farm level milk production continues to grow week over week. Due to winter weather, contacts noted some spot milk loads intended for Class III processing were redirected into Class I channels at the beginning of the week. In the Midwest, winter weather is also proving to be an obstacle to some dairy operations. Milk volumes are available for spot purchases, which plant managers attribute to downtime rather than farm level milk output growth. Spot milk prices were reported from \$7 to \$0.50 under Class III. Contacts noted Class I orders during this week were stronger than in previous years. Butter

processors relay having to turn away cream offers as they are approaching capacity. In California and Arizona, milk output is noted to be steady to stronger. In California, milk production increases are at or above expected levels, and spot milk loads were reported as low as \$6 under Class IV. Milk production is steady in New Mexico, where winter weather affected transportation this week. In Idaho, Colorado, and Utah, contacts note milk production is steady. In Washington and Oregon, milk outputs are steady to stronger, and milk handlers note week over week differences have increased from the end of 2023 to now.

DRY PRODUCTS: In the Central region, low/medium heat nonfat dry milk (NDM) market activity was steady to stronger, with prices continuing to land around the \$1.20/lb mark. Contacts note demand from Mexico has picked up again. Contacts anticipate winter weather to be an obstacle for moving condensed skim loads to drying facilities. In the West, NDM loads are generally available for spot purchasers. Moderate export demand is noted. NDM production schedules have been steady, though some processors note routine maintenance. Liquid buttermilk availability has grown in the East, Central, and Western regions as churning activity has picked up. In the Central and East regions, dry buttermilk inventories remain tight as NDM has taken primary production focus. Dry whole milk processing remains limited week over week, and inventories are noted to be tight. Dry whey buying interest is light in the East, but steady in the Central and Western regions. Central processors note the firmness of the whey protein concentrate market could indicate production shifts away from dry whey. Similarly, whey protein concentrate 34% inventories have tightened as processors focus on drying whey protein concentrate 80% and whey protein isolate. Domestic demand for lactose increased this week. Contacts note lactose meeting stringent requirements is difficult to obtain, with some processors noting they have limited to no spot availability through Q1. Contacts share acid casein demand has picked up. Rennet casein production has resumed following the winter holidays.

ORGANIC DAIRY MARKET NEWS: The Organic Dairy Data Collection Act, HR 6937, was introduced in the U.S. House of Representatives recently. The reported aim of this bill is to increase understanding of the costs associated with producing organic milk while enhancing USDA data collection. This bill would direct the USDA to collect and publish data regarding the cost of organic feedstuffs produced domestically or imported. It would direct NASS to gather data and report monthly amounts organic dairy farmers are receiving for organic milk. This bill would also direct part of the USDA to publish data illustrating the cost of production by state, the quantity of organic milk produced by region, and pay prices.

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**DAIRY MARKET NEWS PRICE SUMMARY FOR JANUARY 8 - 12, 2024
PRICES (\$/LB) & CHANGES FROM PREVIOUS PUBLISHED PRICES**

Commodity	Range		Mostly		Commodity	Range		Mostly	
NDM					BUTTERMILK				
Central Low/Med. Heat	1.1700	1.2300	1.1800	1.2200	Central/East	1.0800	1.1550		
Change	0.0100	N.C.	N.C.	N.C.	Change	N.C.	0.0050		
Central High Heat	1.2900	1.3300			West	1.1000	1.2500	1.1400	1.2000
Change	0.0200	-0.0100			Change	N.C.	-0.0100	-0.0200	-0.0200
West Low/Med. Heat	1.1250	1.2300	1.1700	1.2100	WHEY				
Change	-0.0050	-0.0100	N.C.	N.C.	Central	0.3900	0.4400	0.4000	0.4150
West High Heat	1.2650	1.4450			Change	0.0100	0.0100	0.0150	N.C.
Change	-0.0050	-0.0050			West	0.4000	0.4825	0.4200	0.4600
DRY WHOLE MILK					Change	N.C.	-0.0075	0.0100	-0.0100
National	1.9000	2.2000			Northeast	0.3750	0.4475		
Change	0.0500	N.C.			Change	0.0025	0.0025		
					LACTOSE				
					Central/West	0.1500	0.3800	0.2300	0.3050
					Change	-0.0025	N.C.	0.0100	0.0050
					WPC 34%				
					Central/West	0.8900	1.1300	0.9200	1.0200
					Change	0.0100	N.C.	0.0100	0.0200
					CASEIN				
					Rennet	3.4000	3.8000		
					Change	N.C.	N.C.		
					Acid	3.5000	3.9000		
					Change	N.C.	N.C.		
					ANIMAL FEED WHEY				
					Central	0.3000	0.3300		
					Change	0.0400	N.C.		