

DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (12/15)

BUTTER: Grade AA closed at \$2.4900. The weekly average for Grade AA is \$2.4970 (-0.1755).

CHEESE: Barrels closed at \$1.4500 and 40# blocks at \$1.5200. The weekly average for barrels is \$1.5010 (-0.0770) and blocks, \$1.5740 (-0.0235).

NONFAT DRY MILK: Grade A closed at \$1.1600. The weekly average for Grade A is \$1.1650 (-0.0055).

DRY WHEY: Extra grade dry whey closed at \$0.3950. The weekly average for dry whey is \$0.3940 (-0.0045).

BUTTER HIGHLIGHTS: Domestic retail butter demand is strong to steady in the lead up to the winter holidays. Cream supplies for churning remain mixed. Stakeholders in the west and central regions indicate spot loads of cream are more available. However, contacts in the eastern region indicate spot loads of cream for butter churning are tighter than in recent weeks. Butter makers anticipate milk clearing to Class IV to increase in the second half of December. Manufacturers report strong to steady retail production schedules. Some stakeholders indicate spot loads of unsalted butter are somewhat looser. Bulk butter overages range from 1 to 8 cents above market, across all regions.

CHEESE HIGHLIGHTS: Spot milk demand remains strong in the Eastern states. Plant contacts report robust production schedules with inventories growing week over week. Retail demand is strong ahead of end of year holidays. Contacts note mozzarella and cheddar demands are especially strong. Cheesemakers in the Midwest report ample milk availability, with Class III spot milk prices ranging from \$4-under to \$1-over. Production schedules remain steady. Demand for cheese barrels has softened. In the West, cheese processors have shared their inventories are comfortable. Spot availability is variable, though, as contractual obligations are being fulfilled before the end of the year. Domestic cheese prices have become more competitive with international prices, but industry sources share export demand has not yet picked up in response.

FLUID MILK: In the East and Central regions, milk production is trending higher. In some parts of the West region, milk production is strengthening, but in other areas, farm level milk output is reportedly steady. Contacts in the Central region and in the Northeast report strengthening milk components as feed quality remains high. Milk demands are Class dependent and range from steady to strengthening in the East and West regions. In the Central region, contacts report spot loads of Class III milk are trading from \$4 under to \$1 over. Stakeholders say they anticipate a decline in spot prices for Class III milk before the end of year holidays. Demand for condensed skim is steady in the West, and contacts in the Central region note condensed skim availability is increasing. Cream volumes are available in all regions. Cream multiple ranges for all Classes are: 1.07-1.28 in the East, 1.18-1.26 in the Midwest, and 1.05-1.25 in the West.

DRY PRODUCTS: The price ranges for low/medium heat nonfat dry milk (NDM) moved lower in all regions this week. Some contacts in the East note interest from spot market participants has softened somewhat in recent weeks. High heat NDM prices moved lower in the West, but prices held steady in the Central and East regions. Dry buttermilk prices moved higher at the top end of the ranges in all regions, while the bottom of the range in the West slid

downwards. Spot availability remains tight. Dry whole milk prices moved higher on the bottom end of the range, amid strong seasonal demand and tight spot inventories. Price movements for dry whey varied by region. Bullish markets for higher whey protein concentrates have caused some manufacturers in the Central and West regions to focus on those commodities, instead of dry whey production. Prices for whey protein concentrate 34% (WPC 34%) moved higher. Contacts note strong demand for WPC 34% and limited production are contributing to lighter warehouse inventories. Lactose prices moved higher at the bottom of the range. Contacts note steady demand, but strong interest for Q1 contracts. Acid and rennet casein prices moved higher at the bottom of the ranges this week.

ORGANIC DAIRY MARKET NEWS: Compared to last week, there were 41 percent more ads for organic dairy products in this week's survey. In order, milk, yogurt, cheese, cottage cheese, and sour cream were the top 5 most advertised organic dairy commodities this week. Total ads for all these products increased compared to week 49. The Foreign Agricultural Service (FAS) releases monthly export data which includes export volumes and values for organic milk categorized as HS-10 code 0401201000. Recently released data for October 2023 indicated organic milk exports were 250,984 liters, up 59 percent from the month prior and up 74 percent from 2022.

NATIONAL RETAIL REPORT: Both conventional and organic dairy ads increased this week. Conventional dairy ads had the larger increase at 79 percent, compared to 41 percent for organic dairy ads. Cheese led the way as the most advertised dairy commodity this week. Ice cream followed the leader as the second most advertised dairy commodity. When comparing the package sizes for conventional ice cream, the 48-64 ounce container size was more heavily advertised. Butter and sour cream, along with yogurt were well represented this week. The weighted average advertised price for conventional 1 pound butter packages increased 6 cents from last week, to \$4.30.

DECEMBER SUPPLY AND DEMAND ESTIMATES: The milk production forecast for 2023 is lowered from last month due to slower expected growth in milk per cow. Production in 2024 is lowered due to lower milk cow numbers and reduced milk per cow. The fat basis import forecast for 2023 is raised due to higher imports of cheese. Skim-solids imports are lowered due to fewer shipments of milk protein products. The fat basis export forecast is lowered due to lower butter exports. The skim-solids export forecast is raised due to higher whey product shipments which more than offset lower expected nonfat/skim powder. For 2024, the import forecast is raised on a fat basis, but lowered on a skim-solids basis. Fat basis exports are lowered for 2024 on lower expected butter shipments, while a higher skim-solids basis forecast reflects higher nonfat/skim powder and whey product exports. For 2023, based on recent prices, cheese and butter price forecasts are lowered while the nonfat dry milk (NDM) price is raised. The whey price is unchanged. The Class III and Class IV price forecasts are both lower on lower cheese and butter prices. For 2024, the cheese price forecast is lowered, while butter, NDM, and whey prices are raised. The Class III price forecast is lowered due lower cheese prices. The Class IV price forecast is raised due to higher butter and NDM price forecasts.

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DAIRY MARKET NEWS PRICE SUMMARY FOR DECEMBER 11 - 15, 2023 PRICES (\$/LB) & CHANGES FROM PREVIOUS PUBLISHED PRICES

| Commodity | Range | | Mostly | | Commodity | Range | | Mostly | | Commodity | Range | | Mostly | |
|-----------------------|---------|---------|---------|---------|-------------------|---------|---------|--------------|---------|-------------------------|--------|--------|--------|--------|
| NDM | | | | | BUTTERMILK | | | | | LACTOSE | | | | |
| Central Low/Med. Heat | 1.1400 | 1.2300 | 1.1800 | 1.2200 | Central/East | 1.0500 | 1.1200 | Central/West | 0.1500 | 0.3900 | 0.2200 | 0.3200 | | |
| Change | -0.0100 | -0.0100 | N.C. | N.C. | Change | N.C. | 0.0100 | Change | 0.0050 | N.C. | 0.0050 | N.C. | | |
| Central High Heat | 1.2900 | 1.3600 | | | West | 1.0800 | 1.2600 | 1.1600 | 1.2200 | WPC 34% | | | | |
| Change | N.C. | N.C. | | | Change | -0.0400 | 0.0100 | 0.0100 | 0.0100 | Central/West | 0.8700 | 1.1000 | 0.9000 | 0.9800 |
| West Low/Med. Heat | 1.1300 | 1.2500 | 1.1700 | 1.2100 | WHEY | | | | | Change | 0.0200 | 0.0050 | 0.0200 | N.C. |
| Change | -0.0150 | -0.0150 | -0.0100 | -0.0100 | Central | 0.3700 | 0.4300 | 0.3800 | 0.4200 | CASEIN | | | | |
| West High Heat | 1.2800 | 1.4475 | | | Change | N.C. | N.C. | N.C. | N.C. | Rennet | 3.3500 | 3.7500 | | |
| Change | -0.0050 | -0.0025 | | | West | 0.3900 | 0.4700 | 0.4000 | 0.4500 | Change | 0.1000 | N.C. | | |
| DRY WHOLE MILK | | | | | Change | 0.0100 | -0.0100 | -0.0200 | -0.0100 | Acid | 3.5000 | 3.9000 | | |
| National | 1.8200 | 2.1800 | | | Northeast | 0.3750 | 0.4475 | | | Change | 0.1000 | N.C. | | |
| Change | 0.0200 | N.C. | | | Change | 0.0050 | 0.0050 | | | ANIMAL FEED WHEY | | | | |
| | | | | | | | | | | Central | 0.2600 | 0.3300 | | |
| | | | | | | | | | | Change | N.C. | N.C. | | |