



Dairy Markets at a Glance

Agricultural Marketing Service
Dairy Market News

Report 51

December 20, 2024

MMN Slug ID 1054 / Slug Name: MD_DA950

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CME GROUP CASH MARKETS (12/20)

BUTTER: Grade AA closed at \$2.5550. The weekly average for Grade AA is \$2.5190 (+0.0035).

CHEESE: Barrels closed at \$1.7600 and 40# blocks at \$1.8525. The weekly average for barrels is \$1.7640 (+0.0620) and blocks \$1.8500 (+0.0905).

NONFAT DRY MILK: Grade A closed at \$1.3925. The weekly average for Grade A is \$1.3795 (-0.0020).

DRY WHEY: Extra grade dry whey closed at \$0.7400. The weekly average for dry whey is \$0.7440 (-0.0070).

BUTTER HIGHLIGHTS: In the East, retail demand is steady, while food service demand varies from steady to light. For the Central region, both retail and food service demands are steady. For the West region, butter demand varies from moderate to strong for the retail and food service sectors. The reported bottom ends of the all-Class cream multiples were under 1.00 for the West and Central regions, backing up the continued narrative of readily available cream volumes throughout most of the country. Retail butter production schedules vary from steady to strong, while bulk butter production schedules are more mixed. Bulk butter overages range from minus 8 to 6 cents above market, across all regions.

CHEESE HIGHLIGHTS: Cheese demand has tailed off as the end of the year looms. Cheese production is steadily active this week, but as the end-of-year holidays approach, some plant downtime is expected throughout the country over the next two weeks. Spot milk prices have shown some indications of the impending downtime, from \$5-under to \$1-over Class III in the Midwest, but there are some areas in each region where cheesemakers say milk is not at typical holiday levels. Cheese market bulls have been reawakened somewhat this week, but near-term tones are uncertain.

FLUID MILK HIGHLIGHTS: Farm level milk production is generally strengthening across the United States. Farmers in the East are doing what is necessary to aid cow comfort. Weather in the East ranges from rain and snow mix in the north to temperatures in the 80s and thunderstorms further south and in Florida. Even farms in California are starting to see strengthening volumes after high temperatures stretched into the fall season. Class I bottling demand is steady across the country as holiday demands pick up and school orders begin to slow for the upcoming break. Class III demand for milk is strong in the East and Central regions, while holding steady in the West. The reported Central spot milk price range was \$5-under to \$1-over Class III. Last year, during week 51, spot milk prices ranged from \$5-under to \$.25-over Class. Cream continues to be abundantly available across the country. Cream processors have been working with heavy amounts of cream throughout the season due to strong component levels and varying processing needs in the industry. Cream volumes are expected to remain strong through Q1. Demands for cream have been steady from all Classes. Condensed skim availability is loose in the East, while demand is softening. Further west, condensed skim supplies are mixed along with demand. Cream multiples for all Classes range 1.10-1.28 in the East, 0.98-1.28 in the Midwest, and 0.85-1.25 in the West.

DRY PRODUCTS HIGHLIGHTS: Low/medium heat nonfat dry milk (NDM) prices were mixed in the regions. The NDM market situation is generally echoing those of recent weeks, as supplies are tight, while demand is steady to quiet. Dry buttermilk prices were steady in the Central/East regions, while prices were steady to higher in the West. Dry buttermilk markets are in the same lane with NDM markets, firm and quiet. Dry whole milk prices were lower on quiet late-year demand. Dry whey prices moved higher throughout the country again this week. Dry whey is notably tight moving into the last weeks of the year, while processing channels continue to move to high protein concentrate manufacturing. Whey protein concentrate 34% prices have continued their bullish shifts, as demand remains steadfast while supplies are snug. Lactose prices were steady to higher, while rennet and acid casein prices remained steady this week.

INTERNATIONAL DAIRY MARKET NEWS: WEST EUROPE: The most recent European Commission Latest World Quotations of Dairy products listed butter prices for the week ending 12/8/24 were 42 percent above the same week last year. Skim milk powder prices were listed at 3 percent below the same week last year. Whole milk powder prices were listed at 15 percent above the same week last year. EAST EUROPE: The European Commission Combined Drought Indicator (CDI) details persistent severe, enduring, and critical drought conditions in the Mediterranean, Balkans, and the Black Sea regions. Normal or recovery conditions are reported in many pockets of Western and Eastern European countries. AUSTRALIA: According to Dairy Australia, October 2024 milk production, 917.7 million liters, was up 1.3 percent from October 2023. October 2024 milk production was up from the prior year in New South Wales, Victoria, and South Australia. Meanwhile, milk production was down in Queensland, Western Australia, and Tasmania. Milk production from the start of the season in July 2024 through October 2024, 2,991.1 million liters, increased 1.7 percent compared to the same time frame a year earlier. NEW ZEALAND: Recently released data from New Zealand for October showed the number of dairy cows sent to slaughter during the month increased by 8.2 percent from October 2023. Over the 12-months ending in October, cow slaughter numbers were down 3.8 percent compared to the previous 12-months. SOUTH AMERICA: Summer is fast approaching the Southern Hemisphere. As the peak milking season dissipates, weather related delays at the beginning of the season have kept milk and dairy commodity availability in check. Contacts in the major dairy production areas in the region have said there were seasonal improvements in recent weeks. Despite availability concerns, trading activity of some commodities has been somewhat robust this year when compared to 2023.

NATIONAL RETAIL REPORT: Conventional dairy ads increased by 29 percent, whereas organic dairy ads decreased by 20 percent this week. Total conventional cheese ads more than doubled its nearest competitor in terms of total conventional ads by commodity. The most advertised conventional yogurt by type and package size was Greek yogurt in 4-6 ounce containers. Organic milk had a weighted



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average advertised price of \$7.61 for a 1-gallon container, compared to \$3.40 for a gallon of conventional milk. This makes the organic premium \$4.21 for a 1-gallon container of milk.

JANUARY 2025, ADVANCE PRICES BY ORDER (FMMO): The base Class I price for January 2025 is \$20.38 per cwt, a decrease of \$1.05 per cwt when compared to December 2024. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I Price. For January 2025, the advanced Class IV skim milk pricing factor is \$10.95 per cwt, the Class II skim milk price is \$11.65 per cwt, and the Class II nonfat solids price is \$1.2944 per pound. The two-week product price averages for January 2025 are: butter \$2.5916, nonfat dry milk \$1.3966, cheese \$1.7563, and dry whey \$0.6207.

SEPTEMBER MAILBOX MILK PRICES (FMMO): In September 2024, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$24.78 per cwt, up \$1.85 from the August 2024 average and up \$4.56 per cwt from the September 2023 average. The component tests of producer milk in September 2024 were: butterfat, 4.12%; protein, 3.26%; and other solids, 5.78%.

NOVEMBER MARKET SUMMARY & UTILIZATION (FMMO): During November, 11.8 billion pounds of milk were received from Federally pooled producers. This volume of milk is 5.1 percent lower than the 2023 volume. Regulated handlers pooled 3.4 billion pounds of producer milk as Class I products, down 2.1 percent when compared to the previous year. The all-market average Class utilization percentages were: Class I = 29%, Class II = 12%, Class III = 47%, Class IV = 12%. The weighted average statistical uniform price was \$21.74 per cwt, 0.71 lower than last month and \$2.46 higher than last year.

DECEMBER RETAIL PRICES (FMMO): U.S. simple average prices are: \$4.48 per gallon for conventional whole milk, \$4.39 per gallon for conventional reduced fat 2% milk, \$4.85 per half gallon organic whole milk, and \$4.85 per half gallon organic reduced fat 2% milk.

NOVEMBER MILK PRODUCTION (NASS): Milk production in the 24 major States during November totaled 17.2 billion pounds, down 0.8 percent from November 2023. October revised production, at 18.0 billion pounds, was up 0.6 percent from October 2023. The October revision represented an increase of 32 million pounds or 0.2 percent from last month's preliminary production estimate. Production per cow in the 24 major States averaged 1,925 pounds for November, 22 pounds below November 2023. The number of milk cows on farms in the 24 major States was 8.92 million head, 32,000 head more than November 2023, but 2,000 head less than October 2024.

NOTICE: USDA Commodity Procurement has issued solicitations for the following dairy products:

Mozzarella Cheese Products; Contains Set Asides: The solicitation number is 2000010491 and runs from December 5, 2024, to January 3, 2025.

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Solicitation documents, including the bid invitation, are available online at the following website: <https://www.ams.usda.gov/selling-food/solicitations> under the Dairy Products tab.

NOTICE: On December 6, 2024, the United States Department of Agriculture issued a new Federal Order, requiring that unpasteurized milk samples nationwide be collected and shared with USDA for testing. This new guidance aims to facilitate comprehensive H5N1 surveillance of the nation's milk supply and dairy herds. The full press release can be found at <https://www.usda.gov/media/press-releases/2024/12/06/usda-announces-new-federal-order-begins-national-milk-testing>.

NOTICE: The Final Decision has been published in the Federal Register. Mailed ballots must be postmarked by December 31, 2024, and must be received by January 15, 2025. The Referendum Agent is the Market Administrator in the respective FMMOs

The following link is a recorded webinar regarding the FMMO National Proceedings: Referendum Process:

https://www.youtube.com/watch?v=PFuEBmy6_uM

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