

DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (8/18)

BUTTER: Grade AA closed at \$2.7000. The weekly average for Grade AA is \$2.7205 (+0.0515).

CHEESE: Barrels closed at \$1.8075 and 40# blocks at \$2.0275. The weekly average for barrels is \$1.8135 (+0.0080) and blocks, \$2.0150 (+0.0445).

NONFAT DRY MILK: Grade A closed at \$1.1050. The weekly average for Grade A is \$1.0980 (-0.0220).

DRY WHEY: Extra grade dry whey closed at \$0.2700. The weekly average for dry whey is \$0.2645 (-0.0085).

BUTTER HIGHLIGHTS: Cream volumes are tight in the East and Central regions, and some Central region cream users are purchasing loads from the West. Cream output is declining in the West, though contacts in the West say availability is tighter in the southern reaches of the region. Butter makers in the East are utilizing contracted loads of cream, as spot loads are becoming harder to find, and multiples are increasing. Some Eastern butter makers are using butter, which was frozen earlier in the season, for micro-fixing. West region butter production varies as churns at some facilities are not running, while churning is steady at others. Butter makers in the West are working to build inventories ahead of the holiday season. Some contacts in the region indicate inventories of unsalted bulk butter supplies are tightening. In the Central region, butter availability has continued to tighten this week. Retail demand for butter is steady in the West, while food service sales are strong to steady. Demand for butter is strong in the East and Central regions.

CHEESE HIGHLIGHTS: In the East, bottling orders for milk are picking up as students are returning to school from summer vacations. This is contributing to decreased availability of milk for cheesemakers in the region, who say this and labor shortages are contributing to lighter cheese production. Spot milk availability is declining in the Midwest, and cheesemakers in the region say they are using internally sourced or contracted milk volumes to run regular production

schedules. Milk is tightening in the West, though cheesemakers say Class III volumes are sufficient for steady cheesemaking. Demand for cheese is steady in the Midwest and West, but western contacts say export cheese sales are on the lighter end. Contacts in the East note steady retail demand but say food service orders of mozzarella cheese are strong. Cheese inventories vary across the Midwest, but an increasing number of contacts report some snugness in their cheese supplies.

FLUID MILK: Milk production is declining in the West and in the southern parts of the Midwest region. Meanwhile in the East, stakeholders say milk output is steady this week. Class I plants in the Northeast and Midwest are operating busy schedules, bottling milk for students returning to school. Class III loads of spot milk are reported from flat to \$2.50 over, as cheesemakers say milk offers have grown quiet. Milk volumes are sufficient to meet processors' needs in the Pacific Northwest and in the mountain states of Idaho, Utah, and Colorado. In the Mid-Atlantic, condensed skim processing is declining as milk is being directed towards bottling. The market for condensed skim is tightening in the Midwest, though contacts note availability varies. Contacts in the West say spot condensed skim volumes are tight. Cream volumes are tight in the East and Midwest, and stakeholders in the West say availability is tightening. Cream multiples are 1.42 – 1.50 in the East, 1.36 – 1.50 in the Midwest, and 1.16 – 1.36 in the West.

DRY PRODUCTS: Prices for low/medium heat nonfat dry milk (NDM) moved in mixed directions in the Central and East regions, while shifting higher in the West this week. Contacts in the Central region note strengthening interest in low/medium heat NDM, though recent demand has been steady to quiet. High heat NDM prices were higher across all regions in most facets this week. High heat inventories are tight in all regions.

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DAIRY MARKET NEWS PRICE SUMMARY FOR AUGUST 14 - 18, 2023 PRICES (\$/LB) & CHANGES FROM PREVIOUS PUBLISHED PRICES

Commodity	Range		Mostly		Commodity	Range		Mostly		Commodity	Range		Mostly	
NDM					BUTTERMILK					LACTOSE				
Central Low/Med. Heat	1.0700	1.1500	1.0900	1.1400	Central/East	0.8500	0.9950			Central/West	0.1300	0.3600	0.1600	0.2600
Change	-0.0200	N.C.	-0.0100	0.0050	Change	N.C.	N.C.			Change	0.0100	-0.0050	0.0100	0.0100
Central High Heat	1.1950	1.3500			West	0.7600	0.9000	0.8100	0.8800	WPC 34%				
Change	0.0200	0.0250			Change	-0.0100	-0.0100	-0.0200	-0.0200	Central/West	0.6500	1.0500	0.6800	0.9600
West Low/Med. Heat	1.0500	1.1800	1.0800	1.1500	WHEY					Change	N.C.	N.C.	0.0200	-0.0400
Change	0.0100	0.0100	N.C.	N.C.	Central	0.2100	0.2800	0.2450	0.2600	CASEIN				
West High Heat	1.2100	1.3700			Change	0.0200	N.C.	0.0050	N.C.	Rennet	4.2500	4.7500		
Change	-0.0100	0.0200			West	0.2500	0.3400	0.2900	0.3300	Change	N.C.	N.C.		
DRY WHOLE MILK					Change	0.0100	N.C.	0.0200	0.0100	Acid	4.2000	4.7000		
National	1.7400	2.0000			Northeast	0.2250	0.2975			Change	N.C.	N.C.		
Change	-0.0200	0.1000			Change	N.C.	-0.0125			ANIMAL FEED WHEY				
										Central	0.1850	0.2000		
										Change	N.C.	N.C.		

DAIRY MARKET NEWS PRICE SUMMARY FOR AUGUST 7 - 18, 2023 PRICES (\$/MT) & CHANGES FROM PREVIOUS PUBLISHED PRICES

PRICES (\$/MT) & CHANGES FROM PREVIOUS PUBLISHED PRICES											
Commodity		Range		Commodity		Range		Commodity		Range	
SMP				WHOLE MILK POWDER				BUTTER			
W. Europe		2375	2625	W. Europe		3500	3925	W. Europe		4725	5325
Change		N.C.	-75	Change		-175	-25	Change		25	-50
Oceania		2275	2500	Oceania		2500	2900	Oceania		4525	4725
Change		-150	-50	Change		-275	-300	Change		-125	-50
S. America		2800	3000	S. America		3200	3600	BUTTEROIL			
Change		-200	-200	Change		-200	-200	W. Europe		6075	6450
WHEY								Change		-275	-200
W. Europe		575	925					CHEDDAR CHEESE			
Change		N.C.	N.C.					Oceania		4050	4300
								Change		250	100

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Prices for dry buttermilk were steady in the Central and East regions but moved lower in the West, while demand remains light in all regions. The price range for dry whole milk expanded this week. Production is limited, and spot inventories are tight. Dry whey prices were steady to higher in the Central and West regions, while the top of the Northeast dry whey price range moved lower. Spot loads of dry whey are adequate to meet current demands in all regions. Prices for whey protein concentrate 34% were unchanged across the range, amid steady domestic demand. Lactose prices moved higher at the bottom of the range. Contacts note an uptick in demand from domestic lactose buyers. Acid and rennet casein prices were unchanged this week.

INTERNATIONAL DAIRY MARKET NEWS: WESTERN EUROPE: Milk production is seasonally declining across much of Western Europe, but location has a big effect on year over year comparisons. Hot, dry weather across the southern tier of countries in Europe through much of the summer has quelled milk output there, but cooler, rainy weather has provided adequate soil moisture for crops and ideal cow comfort conditions. Adequate milk supplies and weak dairy product demand have put downward pressure on milk pay prices for farmers. Milk prices have steadily edged lower since reaching all-time highs in late 2022 or early 2023. **EASTERN EUROPE:** While Eastern European milk production is declining along seasonal patterns, output in several countries is strong when comparing monthly and year-to-date milk output to last year. Online sources also suggest milk production in Ukraine has been able to grow between 2022 and 2023. Estimated milk production in July 2023 is 741,000 MT, compared to 726,000 MT in July 2022. While still significantly below the 872,000 MT from July 2021, it is a positive signal for dairy production within the region.

OCEANIA OVERVIEW: NEW ZEALAND: During GDT event 338, prices for all commodities, except for cheddar cheese, fell. Industry sources indicate this has contributed negatively on forecasted milk prices for the 2023 - 2024 production season. High inflation, particularly in rural parts of New Zealand, remains a concern in the country. Some contacts in New Zealand are concerned that high input costs and waning milk prices will negatively impact farmers during the 2023 - 2024 production season. **AUSTRALIA:** Milk prices in Australia are declining as industry sources indicate exports of dairy products are down compared to one year ago. Declines in both volume and prices received were seen throughout a variety of dairy commodities. The DairyFeedbase programme is receiving additional funds from the Victorian government, who is adding additional funds to minimize the impact on climate change and the environment. The program aims to deliver projects relating to soil health, pasture composition, and reducing methane emissions.

SOUTH AMERICA: Following a long-running La Nina event, now the current concern in the region is what is expected by the El Nino phenomenon. Argentina and Uruguay, particularly, have undergone historically hot and dry weather for the better part of the past three years. Rain and warmer winter weather have arrived. With the mild winter, milk production has improved. But farmers in the region continue to deal with the repercussions of said drought and heat from the recent past on pasture and feed supplies. Some contacts have reported that farmgate milk prices are on par with previous years, but general operational/feed costs have moved higher. Contacts say seasonal milk output growth, typically beginning in July, got a head start this year. Dairy commodities are facing more pressure, due in part to the aforementioned milk output growth in Uruguay and Argentina. Brazil remains a primary destination for dairy powders from Uruguay and Argentina. Contacts and reports relay continued interest from Brazil, albeit slower than in the second half of 2022 and the early months of 2023.

NATIONAL RETAIL REPORT: The number of conventional dairy ads declined by 10 percent this week, while total organic ads increased by 6 percent. The most advertised conventional dairy product this period was ice cream in 48-64-ounce containers, despite appearing in 6 percent fewer ads than in Week 32. The weighted average advertised price for this item was up 6 cents this week, \$3.77. Organic ice cream in 48-64-ounce containers appeared in the Week 33 survey, after being absent last week. The weighted average advertised price for organic ice cream in 48-64-ounce containers was \$7.99, providing an organic premium of \$4.22.

SUPPLY AND DEMAND (WAOB): The milk production forecasts for 2023 and 2024 are lowered from last month. Output per cow is reduced for 2023 but unchanged for 2024. Fat and skim-solids bases imports for 2023 are lowered from last month on weaker expected imports of cheese and butter. For exports, the 2023 fat basis export forecast is lowered due to lower exports of cheese, butter and butterfat products, and whole milk powder. The skim-solids export forecast is lower due primarily to weaker sales of whey products. Exports for 2024 are also reduced on both a fat basis and a skim-solids basis reflecting lower expected sales of butter, cheese, whey, and lactose. Imports for 2024 are reduced slightly on both fat and skim-solids bases, with weaker expected imports of cheese, butter, and casein.

NOTICE: 2023 Federal Milk Marketing Order Pricing Formula Hearing: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmno-pricing-hearing>

NOTICE: AMS Dairy Program is excited to have an integral role in hosting the International Dairy Federation's World Dairy Summit 2023 which will take place Monday October 16 through Thursday October 19, 2023, at Chicago's McCormick Place. Registration is now open through September 1. Please visit the World Dairy Summit website to learn more.

Helpful Links:

World Dairy Summit 2023 Website: <https://idfws2023.com/>

International Dairy Federation: <https://fil-idf.org/>

USDA MARKET NEWS MOBILE APP: The free USDA Market News app is available in both IOS and Android versions and may be downloaded through the Apple and Google Play stores. Search for "USDA Market News Mobile Application" to download the app and begin exploring its potential. The app allows the user to customize the commodity areas and market types they wish to see. All Dairy Market News reports that are available online are also available through the mobile app.

COMMODITY	MONDAY Aug 14	TUESDAY Aug 15	WEDNESDAY Aug 16	THURSDAY Aug 17	FRIDAY Aug 18	WEEKLY CHANGE	WEEKLY AVERAGE
CHEESE							
BARRELS	\$1.8250 (N.C.)	\$1.8500 (+0.0250)	\$1.8350 (-0.0150)	\$1.7500 (-0.0850)	\$1.8075 (+0.0575)	:: (-0.0175)	\$1.8135 (+0.0080)
40 POUND BLOCKS	\$1.9900 (N.C.)	\$2.0150 (+0.0250)	\$2.0175 (+0.0025)	\$2.0250 (+0.0075)	\$2.0275 (+0.0025)	:: (+0.0375)	\$2.0150 (+0.0445)
NONFAT DRY MILK							
GRADE A	\$1.1100 (N.C.)	\$1.0950 (-0.0150)	\$1.0850 (-0.0100)	\$1.0950 (+0.0100)	\$1.1050 (+0.0100)	:: (-0.0050)	\$1.0980 (-0.0220)
BUTTER							
GRADE AA	\$2.6900 (N.C.)	\$2.6925 (+0.0025)	\$2.7500 (+0.0575)	\$2.7700 (+0.0200)	\$2.7000 (-0.0700)	:: (+0.0100)	\$2.7205 (+0.0515)
DRY WHEY							
EXTRA GRADE	\$0.2675 (-0.0025)	\$0.2625 (-0.0050)	\$0.2575 (-0.0050)	\$0.2650 (+0.0075)	\$0.2700 (+0.0050)	:: (N.C.)	\$0.2645 (-0.0085)

Prices shown are in U.S. dollars per lb. in carlot quantities. Carlot unit weights: CHEESE, 40,000-44,000 lbs.; NONFAT DRY MILK, 41,000-45,000 lbs.; BUTTER, 40,000-43,000 lbs.; DRY WHEY, 41,000-45,000 lbs. Weekly Change is the sum of Daily Price Changes. Weekly Average is the simple average of the Daily Cash Close prices for the calendar week. Weekly Average Change is the difference between current and previous Weekly Average. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY

NOTICE: Five days of trading information can be found at www.cmegroup.com/trading/agricultural/spot-call-data.html

BUTTER MARKETS

EAST

Cream supplies are tight in the East. High humidity continues to adversely affect cow comfort. Butter plant managers say that they are reliant on contracted loads of cream to churn new butter stocks. Spot loads of cream are hard to come by, and multiples continue to increase week over week. Plant contacts also say that they continue to micro-fix large quantities of butter that was frozen in bulk earlier in the season. Both retail and food service demands are strong. Last week's National Retail report lists the weighted average advertised price of 1-pound packaged butter at \$4.13, down from \$4.58 the week prior.

Prices for: Eastern U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter

Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0500 - +0.1000

WEST

In the West, cream is tightening throughout the region and is comparatively tighter in the southern parts of the region. Butter production is mixed. Some manufacturers relay steady production, while others relay churns are not running. Some butter makers are working to build further inventories for the holiday seasons still to come this year. Retail demand is steady. Stakeholders report food service demand is strong to steady. A few manufacturers indicate some draw down with unsalted bulk butter supplies and tighter spot sale inventory, as more cream is going to other butter types. Some industry sources note that higher price points are holding more interest compared to recent weeks. Export demand is on the bearish side as sentiments are that current domestic prices are uncompetitive with most international price points.

Prices for: Western U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter

Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0200 - +0.1075

CENTRAL

Butter producers are finding a dearth of cream in the region in recent weeks. Some are taking on cream loads from Western region states. Bulk butter supplies are, and have been, somewhat snug, regionally. Producers and traders say availability has been on a downward trajectory in recent months, but in recent weeks. They say extra supplies are getting tougher to find. Bulk butter prices, therefore, continue to move higher. Demand is hearty. School district and seasonal retail ordering upticks have converged to keep contacts' assessments of near- to mid-term bullish market tones resolute.

Prices for: Central U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter

Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0400 - +0.0800

CHEESE MARKETS

NORTHEAST

Milk volumes are flat in the Northeast. Contacts have shared that cooler nighttime temperatures have improved farm level milk volumes relative to recent weeks. As schools reopen, bottling orders have increased, and the volume of milk going into processing plants has declined. Cheese plant managers have relayed that labor issues and decreased milk volumes going into processing have slowed cheese production. Contacts have also shared that cheddar continues to be in higher demand than other American-type cheeses and that mozzarella demand from food service customers is strong. Cheese demand in retail stores is steady, with last week's National Retail Report listing that conventional cheese ads increased by 35 percent from the week prior and that shredded cheese in 6-8-ounce packages was the most advertised conventional cheese item, with a weighted average advertised price of \$2.50, down 18 cents from last week. Market prices for cheese blocks on industry cash exchanges closed at \$1.9650 last Wednesday and rose to \$2.0150 as of report publishing time.

WHOLESALE SELLING PRICES: DELIVERED
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

Cheddar 40 pound Block	2.4350-2.7225
Muenster	2.4225-2.7725
Process American 5 pound Sliced	1.9075-2.3875
Swiss 10-14 pound Cuts	3.2650-5.5875

MIDWEST

Cheesemakers continue to say milk availability is vastly different than it was just a few weeks ago. Spot milk offers, and trading, have dwindled. Cheesemakers are running regular schedules on internally sourced/contracted milk volumes or spot milk loads priced at or just above Class III. Cheese demand is generally steady. There were a few busy weeks as customers saw the writing on the wall regarding market bulls, but now that market tones have steadied, some cheesemakers report a bit more stable demand, on par with previous years during mid-August. Cheese availability varies from plant to plant, but more contacts are saying it is on the snuggly side of the supply spectrum.

Midwestern wholesale prices are unchanged for Swiss cuts, down \$.0375 for process, but up \$.0100 for all other types.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

Blue 5 pounds	2.4775-3.6875
Brick 5 pounds	2.2075-2.7750
Cheddar 40 pound Block	1.9300-2.4725
Monterey Jack 10 pounds	2.1825-2.5300
Mozzarella 5-6 pounds	2.0075-3.0950
Muenster 5 pounds	2.2075-2.7750
Process American 5 pound Loaf	1.7850-2.2525
Swiss 6-9 pound Cuts	2.7800-2.8825

WEST

Demand for varietal cheeses is steady in the West. Cash call prices on the CME finished today with some bullish movement for blocks. Industry sources indicate block cheese sustained more demand compared to barrel cheese. Export demand is on the light end. That said, less hesitation from Mexican purchasers compared to other international purchasers is relayed by stakeholders. Some stakeholders note sentiments that lighter overall export demand is moving more barrel cheese into the CME. Milk and cream volumes are tighter. However, cheese makers have enough Class III milk available to run steady production schedules. In some cases, manufacturers relay production is keeping ahead of demand.

WHOLESALE SELLING PRICES: DELIVERED
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

Cheddar 10 pound Cuts	2.3100-2.5100
Cheddar 40 pound Block	2.0625-2.5525
Monterey Jack 10 pounds	2.2975-2.5725
Process American 5 pound Loaf	1.9100-2.0650
Swiss 6-9 pound Cuts	2.0725-3.5025

FOREIGN

Milk output is declining, following seasonal trends in Europe. A heat wave, which has been adversely affecting parts of Europe, is spreading, and some contacts anticipate higher than typical temperatures will negatively impact cow comfort and milk production. Cheesemakers continue to operate busy schedules as they try to keep pace with hearty demand. Industry sources say retail demand varies regionally, while food service sales are strong. Meanwhile, export cheese demand is steady in Europe. Contacts report cheese sales in Europe continue to outpace production and say warehouse inventories are light. European cheese prices are somewhat steady as cheese purchasers are, reportedly, hesitant to secure loads offered at elevated values.

FOREIGN TYPE CHEESE WHOLESALE PRICE ADJUSTMENTS
United States domestic cheese prices increased \$.0100 for blue, gorgonzola, parmesan and romano. All other prices are unchanged.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	2.6400-5.2300	2.2925-3.7800*
Gorgonzola	3.6900-5.7400	2.8000-3.5175*
Parmesan	-0-	2.6825-4.7700*
Romano	-0-	3.4825-5.6375*
Sardo Romano (Argentina)	2.8500-4.7800	-0-
Reggianito (Argentina)	3.2900-4.7800	-0-
Jarlsberg	2.9500-6.4500	-0-
Swiss	-0-	3.3000-3.6250
Swiss (Finland)	2.6700-2.9300	-0-

* = Price change.

COLD STORAGE

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
08/14/2023	55967	83956
08/01/2023	65210	85881
CHANGE	-9243	-1925
% CHANGE	-14	-2

Secondary Sourced Information:

This week, a cooperative export assistance program accepted requests for export assistance on contracts to sell 2.7 million pounds (1,200 metric tons) of American-type cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 31.1 million pounds of American-type cheeses of cream cheese in export markets.

FLUID MILK AND CREAM

EAST

Farm level milk outputs are mixed in the eastern states. In the Northeast, cool nighttime temperatures have improved cow comfort over recent weeks. Contacts say that instead of milk supplies trending downwards, they are trending flat. As Class I orders increase with school openings, smaller volumes of fluid milk are reaching cheese and powder plants for processing. Cream remains tight in the area, and churns are relying on contracted loads of cream. Contacts share that persistent precipitation has affected hay cuttings. Demand for all other Classes is steady. In the Mid-Atlantic area, milk production is unchanged. Condensed skim processing is being redirected towards bottling orders as schools in the area begin again. Demand for all other Classes is steady. Cream supplies remain very tight. In the Southeast and in Florida, heavy precipitation and humid conditions have affected cow comfort. Farm level milk outputs are unchanged. Many schools reopened this week, with many others expected to start in the near term. Class I demand has increased, and demand for all other Classes is steady. Drought monitors indicate that pockets within the eastern region continue to experience abnormally dry to moderate drought conditions.

Northeastern U.S., F.O.B. Condensed Skim

Price Range - Class II; \$/LB Solids: 1.22 - 1.27

Price Range - Class III; \$/LB Solids: 0.61 - 0.66

Northeastern U.S., F.O.B. Cream

Price Range - All Classes; \$/LB Butterfat: 3.7900 - 4.0035

Multiples Range - All Classes: 1.4200 - 1.5000

Price Range - Class II; \$/LB Butterfat: 3.8967 - 4.0035

Multiples Range - Class II: 1.4600 - 1.5000

MIDWEST

As southern states' parents post pictures of their schoolchildren returning to school for the first day on various social media forums, Class I plants are busy bottling milk for school districts. Heat and dry weather in the southern U.S. have really put a squeeze on milk supplies in those states. Slighter milk supplies in the southern states have milk handlers routing trucks southbound from the Upper Midwest and northeastern areas of the region, where milk is not necessarily abundant, but more available than in the south/southeast. Spot prices of milk into Midwestern cheese plants ranged from Class to \$2.50 over Class III. A majority of cheesemaker contacts say milk offers, which have been prevalent throughout most weeks of the year, have simply gone mum. Condensed skim availability notes range, but more contacts are beginning to suggest a quickly tightening market, as prices have begun to increase. Cream is spottily available, but generally tight, as well. Multiples reached the 1.50 mark in the Midwest for Class II processors. The milk and cream narratives are following a similar plotline, there is more available north than south, but it is tightening across the region. Butter makers in the Midwest, who are trying to churn due to tightening butter and butterfat supplies, are looking to the Western region for affordable cream loads, despite the higher freight costs.

Price Range - Class III Milk; \$/CWT; Spot Basis: 0.00 - 2.50

Trade Activity: Moderate

Midwestern U.S., F.O.B. Cream

Price Range - All Classes; \$/LB Butterfat: 3.6298 - 4.0035

Multiples Range - All Classes: 1.3600 - 1.5000

Price Range - Class II; \$/LB Butterfat: 3.7366 - 4.0035

Multiples Range - Class II: 1.4000 - 1.5000

WEST

California milk production is lower. Persisting triple digit temperatures are contributing to lower cow comfort and seasonal declines in milk output at the farm. Industry sources relay that the component levels of milk are continuing to decrease. Handlers suggest preliminary 2023 August production figures for the month thus far are below 2022 August production figures. Availability of spot loads is tight, as some handlers indicate they are unable to accommodate beyond contracted obligations due to lower farm level output. Manufacturers report some planned downtime for the upcoming week, which may bring supplies back into a closer balance with online processing capacity. Demand is strong for all Classes. Industry sources indicate further dairy herd dispersal sales set to take place. In Arizona, farm milk output is seasonally lower. Although no shortages compared to manufacturing needs are reported, available milk volumes beyond this are tight. Handlers note spot load sales at prices above Class. Demand for all Classes is strong. Although New Mexico milk production is trending lower, temperatures backed out of the triple digits, taking some of the bite out of the seasonal week to week decreases. Handlers indicate milk supplies are accommodating manufacturing needs. Demand for all Classes is unchanged. Temperatures climbed past 100 degrees in the eastern part of the Pacific Northwest throughout the week. Handlers relay sharper seasonal decreases this week and lower milk output coming off the farm. Although spot load availability is slightly tighter, milk volumes are sufficient for most processing needs. Milk demand is steady for all Classes. Milk output is lower in the mountain states of Idaho, Utah, and Colorado. Temperatures in the northern portion of the mountain states crossed the 100-degree mark. Handlers report balanced milk volumes compared to processing capacities. Limited volumes are available for spot purchasing as milk output has slowed. Demand across all Classes is steady. Availability of condensed skim milk is tight for spot purchasers, while contracted buyers pull heavily against their orders. Demand is steady. Throughout the West, cream availability is tighter. Demand is steady. Cream multiples increased in the West.

Western U.S., F.O.B. Cream

Price Range - All Classes; \$/LB Butterfat: 3.0960 - 3.6298

Multiples Range - All Classes: 1.1600 - 1.3600

Price Range - Class II; \$/LB Butterfat: 3.3363 - 3.6298

Multiples Range - Class II: 1.2500 - 1.3600

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

Central: Low/medium heat nonfat dry milk (NDM) prices were mixed. They moved lower on the bottom of the range and bottom of the mostly series, but moved higher on the top of the mostly. Late in the week, there were indicators that processors are hesitant to offer extra loads at current price points. Processors reported they were garnering stronger interest, as well. That said, some loads are still trading in the region at below \$1.10/lb, and despite growing interest, recent demand has been steady to quiet. Condensed skim availability is following the same trends as farm milk output, it is decreasing. Processing remains the focus of a number of dryers in the region. High heat NDM prices moved higher again this week, as markets are noted as tight and fall-related demand is becoming more prevalent.

East: Low/medium heat nonfat dry milk (NDM) prices were mixed on slow trading in the region. End users are clearing some spots at the midpoint of the range/mostly, but some say they are somewhat content with current stores. Processors in the Mid-Atlantic are reportedly not offering as many spots as they have been in previous weeks at current price points. There are some bullish indicators, but current market trading has held somewhat steady at/around the \$1.10 mark. High heat NDM trading activity is picking up, as supplies are edging toward the tighter end of the spectrum. Current high heat market tones are more bullish than their low/medium heat NDM counterparts'. NDM market tones are uncertain, with potential bullish potential.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - Low & Medium Heat; \$/LB: 1.0700 - 1.1500
Mostly Range - Low & Medium Heat; \$/LB: 1.0900 - 1.1400

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - High Heat; \$/LB: 1.1950 - 1.3500

NONFAT DRY MILK - WEST

In the West, prices for low/medium heat nonfat dry milk (NDM) moved higher across all facets of the range, but the mostly price series is unchanged. Domestic demand is moderate. Loads are available to accommodate current spot market demand. Export demand is light. Stakeholders indicate international buyers are predominantly purchasing loads to meet their immediate needs. Heat in the region has moved milk output into seasonally lower volumes, and handlers indicate milk components are decreasing. High heat prices moved lower on the bottom end and higher on the top end of the range. Demand is moderate. High heat NDM production is steady; however, some manufacturers are limiting current drying schedules to low/medium NDM. Loads of high heat NDM have recently been reported as tighter, and some contacts suggest delivery lead times are getting longer.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - Low & Medium Heat; \$/LB: 1.0500 - 1.1800
Mostly Range - Low & Medium Heat; \$/LB: 1.0800 - 1.1500

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - High Heat; \$/LB: 1.2100 - 1.3700

DRY BUTTERMILK - CENTRAL AND EAST

Central: The Central dry buttermilk price range held steady this week. Cream supplies remain tight in the central states. Spot loads of cream are few and far between, and churns are relying on contracted loads of cream or are bringing in some cream from the West. Liquid buttermilk quantities, as a result, are less available. Contacts say that drying is steady despite decreased liquid buttermilk intake. Dry buttermilk inventories remain healthy as demand is quiet outside of contracted loads.

East: The East dry buttermilk price series was unchanged this week. Cream supplies remain tight throughout the eastern region. Butter plant managers say they are reliant on contracted loads of cream for churn activity or are micro-fixing quantities of bulk butter that were frozen earlier in the season. There is less liquid buttermilk available for drying. Demand outside of contracts remains slim, and inventories are comfortable.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk
Price Range ; \$/LB: .8500 - .9950

DRY BUTTERMILK - WEST

Dry buttermilk prices moved lower across all facets of the range and mostly price series in the West. Domestic demand and export demand are both moderate to light. Stakeholders indicate current demand is lagging production. Spot load buyers are predominantly purchasing to meet their immediate needs. As milk production seasonally decreases, dry buttermilk production is trending down. Increased temperatures throughout the region are decreasing the butterfat content in farm milk. This has led to lower butter churning activity and decreased condensed buttermilk supplies available for drying. All that said, despite current and expected production decreases, stronger production in late 2022/early 2023 has kept near-term market bulls at bay.

Prices for: Western U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk
Price Range ; \$/LB: .7600 - .9000
Mostly Range - ; \$/LB: .8100 - .8800

DRY WHOLE MILK

The bottom of the dry whole milk (DWM) price range slid lower this week, while the top moved higher. Contacts report limited spot trading activity but say contract orders are steady. Milk production is declining, following seasonal trends, throughout the country. Drying schedules are focused on the production of nonfat dry milk. Due to this, DWM production is somewhat limited as plant managers say they are primarily producing DWM when needed to meet contractual demands. Manufacturers of DWM report having few loads available for spot purchasing. Market tones are steady.

Prices for: U.S., All First Sales, F.O.B., Conventional, and Edible Dry Whole Milk
Price Range - 26% Butterfat; \$/LB: 1.7400 - 2.0000

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY- CENTRAL

Dry whey prices were up on the bottom of the range and bottom of the mostly series. Trading activity was somewhat active, as prices are holding in a somewhat steady pattern. Block volumes moving below \$.20/lb were not reported this week. Current inventories are still available for spot trading, but some ancillary factors are building up which have given contacts a more bullish perspective moving into the latter half of Q3. Most notably, tight milk availability for Class III production (prices ranged from Class to \$2.50 over Class this week in the upper Midwest) and school district Class I ordering have changed the milk availability narrative in recent weeks. Also, contacts continue to point out at least some slightly bullish WPC 80% market tones for Q3/Q4, particularly when compared to the first half of the year. Animal feed whey trading was quiet this week, as spot prices are unchanged. All said, market tones remain uncertain regarding dry whey.

Prices for: Central U.S., All First Sales, F.O.B., Conventional, and Non-Edible Dry Whey
Price Range - Animal Feed; \$/LB: .1850 - .2000

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/LB: .2100 - .2800
Mostly Range - Non-Hygroscopic; \$/LB: .2450 - .2600

DRY WHEY- NORTHEAST

The East dry whey price series dropped slightly at the top of the range this week. Farm level milk outputs remain tight throughout the East, and as bottling orders increase with school openings, smaller milk volumes are going into cheesemaking. As a result, there is less liquid whey available for drying. Contacts share that despite limited liquid whey supplies, drying is steady. Contacts also indicate that dry whey inventories are comfortable, but that many customers are having their ingredient needs met with contracted orders. Contacts suggest that high protein whey concentrate blends are more desirable than lower protein whey powders at the moment.

Prices for: Eastern U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/LB: .2250 - .2975

DRY WHEY- WEST

Dry whey prices moved higher on the bottom end of the range and all facets of the mostly price series in the West. Demand is moderate. Stakeholders indicate slight momentum from purchasers having interest in securing loads beyond their immediate needs. Although a few stakeholders indicate slightly more interest from Mexican purchasers, export demand is on the lighter end. Loads are available to meet current demand. Some manufacturers report liquid whey volumes from cheese production are enough to run steady dry whey production schedules, despite seasonally lower milk production.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/LB: .2500 - .3400
Mostly Range - Non-Hygroscopic; \$/LB: .2900 - .3300

WHEY PROTEIN CONCENTRATE

The price range for whey protein concentrate 34% (WPC 34%) held steady this week, while the mostly price series for WPC 34% contracted as the bottom inched higher and the top slid lower. Some sellers of WPC 34% say they are offering fewer loads near the bottom of the price range this week. Contacts report steady demand for WPC 34% from purchasers in domestic markets, while export demand remains soft. Spot inventories of WPC 34% remain available, though loads of some preferred brands of WPC 34% are somewhat tight. Production of WPC 34% remains somewhat light as manufacturers are focusing their production on higher whey protein concentrates.

Prices for: Central and Western U.S., All First Sales, F.O.B., Extra Grade, Conventional, and Edible Whey Protein Concentrate
Price Range - 34% Protein; \$/LB: .6500 - 1.0500
Mostly Range - 34% Protein; \$/LB: .6800 - .9600

LACTOSE

Prices for lactose moved higher at the bottom of the range and across the mostly price series, while the top of the ranged ebbed downward. Contacts report a slight uptick in spot demand for lactose from domestic purchasers, though some note export demand remains lackluster. Some sellers have secured more Q4 contracts in recent weeks. Spot inventories of lactose vary. Lactose loads from some preferred brands and loads that meet more rigorous end user requirements are more difficult to obtain on the spot market, while lactose that is more interchangeable remains available. Contacts note loads of lactose used for animal feed are trading at higher prices. Lactose production is steady, though some manufacturers say they continue to sell liquid permeate, rather than drying, due to current market conditions.

Prices for: Central and Western U.S., Spot Sales And Up to 3 Month Contracts, F.O.B., Conventional, and Edible Lactose
Price Range - Non Pharmaceutical; \$/LB: .1300 - .3600
Mostly Range - Non Pharmaceutical; \$/LB: .1600 - .2600

CASEIN

Prices for both acid and rennet casein were unchanged this week. Milk output is declining, seasonally, in Europe and some stakeholders suggest this is impacting rennet casein production. Despite this decline, soft spot demand for rennet casein has prevented inventories from growing tight. In Oceania milk production is trending higher, though stakeholders say acid casein production remains steady. Demand for acid casein is soft from spot purchasers in domestic and international markets. Spot loads of acid casein are available to meet current market demands. Contacts say demand for acid and rennet casein is primarily being driven by contracts, but some buyers are hesitant of late Q3 and Q4 offers.

Prices for: Spot Sales And Up to 3 Month Contracts, Free on Board - Warehouse, Non-Restricted, All Mesh Sizes, Conventional, and Edible Casein

Acid; Price Range - \$/LB: 4.2000-4.7000
Rennet; Price Range - \$/LB: 4.2500-4.7500

U.S. Dairy Cow Slaughter (1000 head) under Federal Inspection

WEEK ENDING	2023 WEEKLY DAIRY COWS	2023 CUMULATIVE DAIRY COWS	2022 WEEKLY DAIRY COWS	2022 CUMULATIVE DAIRY COWS
08/05/2023	60.5	1,912.7	57.4	1,808.3

WEBSITE: http://www.ams.usda.gov/mnreports/ams_3658.pdf

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA

FEDERAL MILK ORDER CLASS III MILK PRICES (3.5% Butterfat)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2018	14.00	13.40	14.22	14.47	15.18	15.21	14.10	14.95	16.09	15.53	14.44	13.78
2019	13.96	13.89	15.04	15.96	16.38	16.27	17.55	17.60	18.31	18.72	20.45	19.37
2020	17.05	17.00	16.25	13.07	12.14	21.04	24.54	19.77	16.43	21.61	23.34	15.72
2021	16.04	15.75	16.15	17.67	18.96	17.21	16.49	15.95	16.53	17.83	18.03	18.36
2022	20.38	20.91	22.45	24.42	25.21	24.33	22.52	20.10	19.82	21.81	21.01	20.50

FEDERAL MILK ORDER CLASS IV MILK PRICES (3.5% Butterfat)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2018	13.13	12.87	13.04	13.48	14.57	14.91	14.14	14.63	14.81	15.01	15.06	15.09
2019	15.48	15.86	15.71	15.72	16.29	16.83	16.90	16.74	16.35	16.39	16.60	16.70
2020	16.65	16.20	14.87	11.40	10.67	12.90	13.76	12.53	12.75	13.47	13.30	13.36
2021	13.75	13.19	14.18	15.42	16.16	16.35	16.00	15.92	16.36	17.04	18.79	19.88
2022	23.09	24.00	24.82	25.31	24.99	25.83	25.79	24.81	24.63	24.96	23.30	22.12

FEDERAL MILK ORDER CLASS PRICES FOR 2023 (3.5% Butterfat)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I (BASE)	22.41	20.78	18.99	18.85	19.57	18.01	17.32	16.62				
II	21.61	20.83	19.52	19.20	19.11	18.83	19.12					
III	19.43	17.78	18.10	18.52	16.11	14.91	13.77					
IV	20.01	18.86	18.38	17.95	18.10	18.26	18.26					

Further information may be found at: <https://www.ams.usda.gov/rules-regulations/mmr/dmr>

**NATIONAL DAIRY PRODUCTS SALES REPORT
U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
08/12/2023	2,6328 3,207,485	1,8492 11,544,856	1,7871 10,861,404	.2630 7,164,105	1.1357 19,589,126

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/rules-regulations/mmr/dmr>

**CME GROUP, INC FUTURES
Selected settling prices****CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)**

DATE	08/11	08/14	08/15	08/16	08/17
AUG 23	17.32	17.27	17.33	17.34	17.27
SEP 23	17.98	17.83	18.04	17.91	17.84
OCT 23	18.22	18.06	18.11	17.80	17.63

CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)

DATE	08/11	08/14	08/15	08/16	08/17
AUG 23	18.95	18.94	18.94	18.90	18.90
SEP 23	19.01	19.01	18.99	19.05	19.25
OCT 23	18.92	18.92	18.89	19.00	19.06

CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)

DATE	08/11	08/14	08/15	08/16	08/17
AUG 23	265.80	265.50	265.00	266.03	266.03
SEP 23	267.10	266.80	266.75	274.25	278.00
OCT 23	266.00	266.00	265.50	273.00	276.00

NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)

DATE	08/11	08/14	08/15	08/16	08/17
AUG 23	114.15	114.50	114.50	114.50	114.25
SEP 23	113.20	113.25	112.10	112.98	113.70
OCT 23	114.20	114.00	111.70	112.00	113.50

WHEY (Electronic-Traded) (¢/lb)

DATE	08/11	08/14	08/15	08/16	08/17
AUG 23	26.00	25.70	25.70	25.70	25.70
SEP 23	28.30	27.75	26.75	26.58	27.20
OCT 23	31.50	31.25	30.73	30.00	29.85

BLOCK CHEESE CSC (Electronic-Traded) (\$/lb)

DATE	08/11	08/14	08/15	08/16	08/17
AUG 23	1.87	1.87	1.87	1.87	1.87
SEP 23	1.92	1.92	1.93	1.93	1.93
OCT 23	1.93	1.93	1.93	1.90	1.88

Further information may be found at: <http://www.cmegroup.com/market-data/daily-bulletin.html>

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered August 7 - 18, 2023

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW

Milk production is seasonally declining across much of Western Europe, but location has a big effect on year over year comparisons. Hot, dry weather across the southern tier of countries in Europe through much of the summer has quelled milk output there, but cooler, rainy weather has provided adequate soil moisture for crops and ideal cow comfort conditions. These conditions bear out within current milk output statistics. According to CLAL data made available to USDA, June 2023 EU cows' milk delivered to dairies is estimated at 12,505,000 MT, unchanged compared to last year. Year-to-date EU cows' milk delivered to dairies through June 2023 is estimated at 74,525,000 MT, an increase of 0.6 percent when compared to January-June 2022 EU milk production. Among some of the top Western EU milk producers, the year-to-date milk deliveries and percentage changes from January-June 2022 are Germany, 16,578,000 MT, +2.6 percent; France, 12,233,000 MT, -2.4 percent; and Netherlands, 7,137,000 MT, +3.1 percent. The provisional June 2023 cows' milk delivered to dairies in the UK was 1,313,900 MT, up 0.6 percent from June 2022. Year-to-date cows' milk deliveries in the UK for January-June 2023, 7,955,500 MT, was 0.8 percent more than total milk deliveries in January-June 2022.

Adequate milk supplies and weak dairy product demand have put downward pressure on milk pay prices for farmers. Milk prices have steadily edged lower since reaching all-time highs in late 2022 or early 2023. Across the EU-27, July milk prices in the EU are averaging just about 44 cents per kg or roughly \$22/cwt. As the farmers' pay checks have shrunk, so too have the costs of production. The challenge for farmers is that production costs have not declined as fast as the money received for their milk output, placing a financial strain on some farms.

EASTERN EUROPE

While Eastern European milk production is declining along seasonal patterns, output in several countries is strong when comparing monthly and year-to-date milk output to last year. According to CLAL data made available to USDA, June 2023 cows' milk delivered to dairies in Poland was 1,108,000 MT, up 1.5 percent from June 2022. Year-to-date milk deliveries through June 2023 in Poland, 6,602,000 MT, increased 1.5 percent compared to year-to-date milk deliveries through June 2022. And the provisional June 2023 cows' milk production in Belarus was 735,000 MT, up 6.8 percent from June 2022. January - June 2023 milk production in Belarus, 4,121,000 MT, is up 5.6 percent from January - June 2022. Online sources also suggest milk production in Ukraine has been able to grow between 2022 and 2023. Estimated milk production in July 2023 is 741,000 MT, compared to 726,000 MT in July 2022. While still significantly below the 872,000 MT from July 2021, it is a positive signal for dairy production within the region.

BUTTER/BUTTEROIL

The European butter price range contracted, moving up from the bottom but down at the top. The net effect is stable prices. Regionally, prices tend to be near the top of the range in France and more interspersed across other EU countries. Industry sources report mixed demand. Demand for block butter is more subdued than retail butter. Buyer interest is picking up for packaged retail butter as European vacationers return from their summer holidays. Butter shoppers are starting to pull more heavily at inventories. Processors are actively churning available cream to fill retail needs, leaving block supplies more limited. However, with lighter summer milk and cream volumes available, production is not able to keep ahead of the increase in butter requests. European butteroil prices slipped lower amid quiet demand.

Western Europe, 82% Butterfat, Free on Board - Port Butter

Price Range - \$/MT: 4,725 - 5,325

Western Europe, 99% Butterfat, Free on Board - Port Butteroil

Price Range - \$/MT: 6,075 - 6,450

SKIM MILK POWDER

Prices for European skim milk powder (SMP) are mixed, holding steady at the bottom of the range but moving lower at the top. Market activity is mostly quiet due to the summer holidays, but a few regions are starting to return from their vacations, and, as a result, buyers and sellers are starting to talk about Q4 business needs. So far, the difference in price expectations is preventing some deals from closing, and the negotiators are mostly taking wait and see approaches. There is plenty of SMP to cover buyer needs, but demand is muted. SMP production is steady.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder

Price Range - 1.25% Butterfat; \$/MT: 2,375 - 2,625

WHEY

European dry whey prices are steady. Prices vary slightly among regions/suppliers but have kept within the present range. Although industry sources say demand from animal feed markets has picked up slightly, the overall market tone is quiet. In international markets, some European manufacturers face a disadvantage at current prices when compared to their U.S. counterparts. There is still plenty of dry whey available in European warehouses, and buyer interest is limited. Dry whey production is steady and tracking along with European cheese production.

Prices for: Western Europe, All First Sales, Free on Board - Port, Conventional, and Edible Dry Whey

Price Range - Non-Hygroscopic; \$/MT: 575 - 925

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered August 7 - 18, 2023

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WHOLE MILK POWDER

European whole milk powder (WMP) prices slid lower. However, the downward price shifts have not spurred on more demand. European WMP manufacturers are still priced well above other international suppliers, suppressing buyer interest for European WMP exports. Within Europe, there is a quiet demand as buyers and sellers are still largely on summer holidays. WMP inventories are stable and able to meet most buyer needs. As summer milk volumes have tightened, processors are largely making WMP to order or to maintain current inventory levels.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 3,500 - 3,925

Secondary Sourced Information:

NOTICE: AMS Dairy Program is excited to have an integral role in hosting the International Dairy Federation's World Dairy Summit 2023 which will take place Monday October 16 through Thursday October 19, 2023, at Chicago's McCormick Place. Registration is now open through September 1. Please visit the World Dairy Summit website to learn more.

Helpful Links:

World Dairy Summit 2023 Website: <https://idfwds2023.com/>

International Dairy Federation: <https://fil-idf.org/>

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered August 7 - 18, 2023

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OCEANIA DAIRY MARKET OVERVIEW

New Zealand: During GDT event 338, prices for all commodities, except for cheddar cheese, fell. Industry sources indicate this has contributed negatively on forecasted milk prices for the 2023 - 2024 production season. The Reserve Bank of New Zealand recently issued the August, 2023 Monetary Policy Statement and discussed declining export demand for New Zealand dairy products. Due to this, and declining global commodity prices, the bank forecasts some restraint to export demand and prices over the next 3 years. High inflation, particularly in rural parts of New Zealand, remains a concern in the country. Some contacts in New Zealand are concerned that high input costs and waning milk prices will negatively impact farmers during the 2023 - 2024 production season.

Australia: Milk prices in Australia are declining as industry sources indicate exports of dairy products are down compared to one year ago. Exports volumes for milk declined from July of 2022 through June of 2023 compared to a year prior by 16.3 percent. Meanwhile, the value of the milk exported fell by 9.4 percent. Declines in both volume and prices received were seen throughout a variety of dairy commodities. The DairyFeedbase programme is receiving additional funds from the Victorian government, who is adding additional funds to minimize the impact on climate change and the environment. The program aims to deliver projects relating to soil health, pasture composition, and reducing methane emissions.

BUTTER/BUTTEROIL

The price range for Oceania butter moved lower at the top and bottom, following the results of the recent GDT 338 event. At this event, the all contracts price for butter declined by 3.0 percent, while prices declined in each contract period offered. During the event North Asia was the top purchaser of butter and was the only region that purchased a larger quantity of butter than in the previous event. Butter production is steady in the region. Inventories of butter are sufficient to meet current market demands.

Oceania, 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT: 4,525 - 4,725

SKIM MILK POWDER

The price range for skim milk powder (SMP) in Oceania moved lower across both ends of the range. At GDT event 338 the all contracts price for SMP declined by 5.2 percent. Sales of SMP increased to Africa and the Middle East compared to the last auction, though more SMP went to North Asia than any other region during this event. Demand for SMP is light in the region, and some contacts note softening demand from purchasers in China. Inventories of SMP are available, and production is meeting seasonal expectations.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT: 2,275 - 2,500

CHEESE

Prices for cheddar cheese moved higher across the range in Oceania this week. During GDT event 338 cheddar cheese prices rose across all available contracts. The all contracts price for cheddar cheese at the event increased by 5.8 percent. During the event, more cheddar cheese was purchased for the Middle East than any other region. Furthermore, the Middle East was the only region which purchased more cheddar cheese than in the previous event. Cheese production is increasing, following seasonal trends.

Prices for: Oceania Cheese, Cheddar, 39% Maximum Moisture, Free on Board - Port,
Price Range - \$/MT: 4,050 - 4,300

WHOLE MILK POWDER

Both ends of the Oceania whole milk powder (WMP) price range slid lower this period. The all contracts price for WMP declined at GDT event 338 by 10.9 percent. Greater quantities of WMP were offered at GDT event 338 than the previous event, and contacts say these additional volumes are contributing to lower prices. The largest amount of WMP secured during this auction went to North Asia. Some stakeholders note export demand for WMP to China is slowing. Inventories of WMP are growing amid light demand and steady production.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; \$/MT: 2,500 - 2,900

Exchange rates for selected foreign currencies:
August 14, 2023

.0029 Argentina Peso	.0120 India Rupee
.6487 Australian Dollar	.0069 Japan yen
.2015 Brazil Real	.0586 Mexican Peso
.7428 Canadian Dollar	.5974 New Zealand Dollar
.0012 Chile Peso	.2451 Poland Zloty
1.0907 Euro	.0262 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0586) = 17.0648$ Mexican Pesos. Source: "Wall Street Journal"

Secondary Sourced Information:

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INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered August 7 - 18, 2023

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At GDT event 338 on August 15, 2023:

The butter all contracts price, \$4,539, decreased 5.3 percent. The September contract, \$4,552, decreased 3.8 percent.

The SMP all contracts price, \$2,333, decreased 5.2 percent. The September contract, \$2,365, decreased 2.7 percent.

The cheddar all contracts price, \$4,127, increased 5.8 percent. The September contract, \$4,290, increased 12.9 percent.

The WMP all contracts price, \$2,548, decreased 10.9 percent. The September contract, \$2,520, decreased 13.1 percent.

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered August 7 - 18, 2023

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SOUTH AMERICA OVERVIEW

Following a long-running La Nina event, now the current concern in the region is what is expected by the El Nino phenomenon. Argentina and Uruguay, particularly, have undergone historically hot and dry weather for the better part of the past three years. Rain and warmer winter weather have arrived. As El Nino is expected to persist into 2024, the other end of the spectrum, in this case heavy rain, is expected to move through parts of the region which have been notably dry in the 2020s.

With the mild winter, milk production has improved. But farmers in the region continue to deal with the repercussions of said drought and heat from the recent past on pasture and feed supplies. Some contacts have reported that farmgate milk prices are on par with previous years, but general operational/feed costs have moved higher. Contacts say seasonal milk output growth, typically beginning in July, got a head start this year.

Dairy commodities are facing more pressure, due in part to the aforementioned milk output growth in Uruguay and Argentina. Brazil remains a primary destination for dairy powders from Uruguay and Argentina. Contacts and reports relay continued interest from Brazil, albeit slower than in the second half of 2022 and the early months of 2023. Algerian buyers continue to show interest, but Chinese import markets have really slowed down for regional export traders.

Secondary Sourced Information:

NOTICE: AMS Dairy Program is excited to have an integral role in hosting the International Dairy Federation's World Dairy Summit 2023 which will take place Monday October 16 through Thursday October 19, 2023, at Chicago's McCormick Place. Registration is now open through September 1. Please visit the World Dairy Summit website to learn more.

Helpful Links:

World Dairy Summit 2023 Website: <https://idfws2023.com/>
International Dairy Federation: <https://fil-idf.org/>

At GDT Event 338, on August 15:

Skim milk powder prices across all contracts averaged \$2,333 per metric ton, down 5.2 percent from the previous GDT event.

Whole milk powder prices across all contracts averaged \$2,548 per metric ton, down 10.9 percent from the previous GDT event.

SKIM MILK POWDER

Skim milk powder prices are under bearish pressure in the South American region. Contacts have said Brazil is still the target export market for Uruguayan and Argentinian processors, but Brazilian importers are less active on markets in general. Limited processing capacity in Brazil is expected to keep powders moving into that market, but there has been a strong growth of milk output following the extensive drought in the key dairy producing areas of the region. Globally producing competitors, particularly New Zealand, are continuing to report persistent bears. Therefore, international buyers are finding bargains elsewhere. Due to growth in regional milk output and global pricing pressure, market tones are viewed as softening in the region.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder

Price Range - 1.25% Butterfat; \$/MT: 2,800 - 3,000

WHOLE MILK POWDER

South American whole milk powder markets met with more bears this report week. Milk volumes in Argentina, and particularly Uruguay, have been noted as much heartier than in recent years during mid-winter. Contacts say the stronger milking season, which typically begins in earnest in July, started in June this year, and processors are taking on heavy volumes. Brazilian interests remain steadfast, albeit slower than in Q1 and early Q2. They say alternative export markets have slowed down, namely Chinese importers, who have reportedly gone quiet in recent months.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 3,200 - 3,600

August Supply and Demand Estimates

The milk production forecasts for 2023 and 2024 are lowered from last month. The cow inventory is lowered for both years based on the July 1 dairy cow inventory and heifer retention data provided in the recent Cattle report, as well as the average cow inventory data in the latest Milk Production report. Output per cow is reduced for 2023 but unchanged for 2024. Fat and skim-solids bases imports for 2023 are lowered from last month on weaker expected imports of cheese and butter. For exports, the 2023 fat basis export forecast is lowered due to lower exports of cheese, butter and butterfat products, and whole milk powder. The skim-solids export forecast is lower due primarily to weaker sales of whey products. Exports for 2024 are also reduced on both a fat basis and a skim-solids basis reflecting lower expected sales of butter, cheese, whey, and lactose. Imports for 2024 are reduced slightly on both fat and skim-solids bases, with weaker expected imports of cheese, butter, and casein. Forecasts for 2023 butter and cheese prices are raised from the previous month based on recent price strength. Whey price forecasts are lowered for 2023, as global demand remains weak. The forecast for nonfat dry milk (NDM) is raised slightly for 2023. The Class III price is raised as the higher cheese price more than offsets lower whey. The 2023 Class IV price forecast is raised due to higher butter and NDM prices. The all milk price for 2023 is raised to \$19.95 per cwt. For 2024, butter and cheese price forecasts are raised with the strength in prices carrying over from the previous year. Whey prices are lowered, while the NDM forecast is unchanged. The Class III price is raised as stronger cheese prices more than offset lower whey prices. The Class IV price is raised based on higher butter prices. The all milk price is raised to \$19.35 per cwt.

U.S. Milk Supply and Use					
Commodity	2022	2023 Projected		2024 Projected	
		Jul	Aug	Jul	Aug
Milk		<i>(billion pounds)</i>			
Production	226.5	228.4	227.9	230.6	230.5
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	14.3	14.4	14.4	14.6	14.6
Marketings	225.5	227.4	226.9	229.6	229.5
Imports	7.1	7.8	7.5	7.6	7.5
Total Commercial Supply	246.9	249.6	248.8	251.8	251.6
Fat Basis Use					
Commercial Exports	13.4	11.6	11.1	12.6	12.4
Ending Commercial Stocks	14.4	14.6	14.6	14.6	14.6
Domestic Commercial Use	219.1	223.4	223.1	224.6	224.6
Skim-Solid Basis Supply					
Beginning Commercial Stocks	11.1	11.7	11.7	12.0	12.0
Marketings	225.5	227.4	226.9	229.6	229.5
Imports	6.7	6.5	6.5	6.9	6.8
Total Commercial Supply	243.3	245.6	245.1	248.5	248.3
Skim-Solids Basis Use					
Commercial Exports	52.9	50.9	50.5	53.8	53.3
Ending Commercial Stocks	11.7	12.0	12.0	12.1	12.1
Domestic Use	178.7	182.6	182.6	182.7	182.9

CCC Donations include purchases made through the USDA Trade Mitigation program. They do not include products purchased under other programs. Dairy domestic commercial use for 2020 includes additional milk marketed but not processed. NOTE: Totals may not add due to rounding.

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August Milk Supply and Demand Estimates-cont'd

U.S. Dairy Prices						
Commodity	2022	2023 Projected		2024 Projected		
		Jul	Aug	Jul	Aug	
Product Prices ¹	(dollars per pound)					
	Cheese	2.1122	1.6750	1.7750	1.6900	1.7550
	Butter	2.8665	2.4350	2.4950	2.3450	2.4300
	Nonfat Dry Milk	1.6851	1.1700	1.1750	1.1250	1.1250
	Dry Whey	0.6057	0.3500	0.3250	0.3150	0.3050
Milk Prices ²	(dollars per cwt)					
	Class III	21.96	16.05	16.90	15.95	16.55
	Class IV	24.47	18.20	18.50	17.45	17.80
	All Milk ³	25.34	19.55	19.95	19.10	19.35
	Quarterly					
	2023 II ⁵	2023 III ⁵	2023 IV ⁵	2024 I ⁵	2024 II ⁵	
Milk Production	(billion pounds)					
	58.0	56.7	56.3	57.7	58.6	
	(dollars per cwt)					
	All Milk Price ⁴	19.30	18.45	20.10	20.20	19.00
	Class III Price ²	16.51	16.02	16.63	16.96	16.47
Class IV Price ²	18.10	18.63	18.27	17.68	17.72	

¹ Simple average of monthly prices calculated from AMS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/rules-regulations/mmr/dmr>; scroll down to Publications, National Dairy Products Sales Reports, and select Current Release & Archives.” ² Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. ³ Does not reflect any deductions from producers as authorized by legislation. ⁴ Prices received by farmers for all milk. ⁵ Projection.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-639, August 11, 2023*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, ICEC Chair, WAOB; Carolyn Liebrand, AMS; Angel Teran, ERS; Jeffery Dwyer, FAS; and Georgi Gabrielyan, FPAC].



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