MILK PREMIUMS

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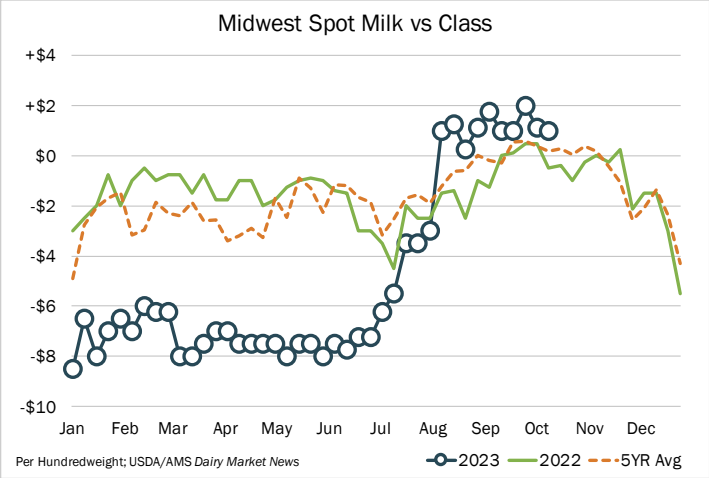
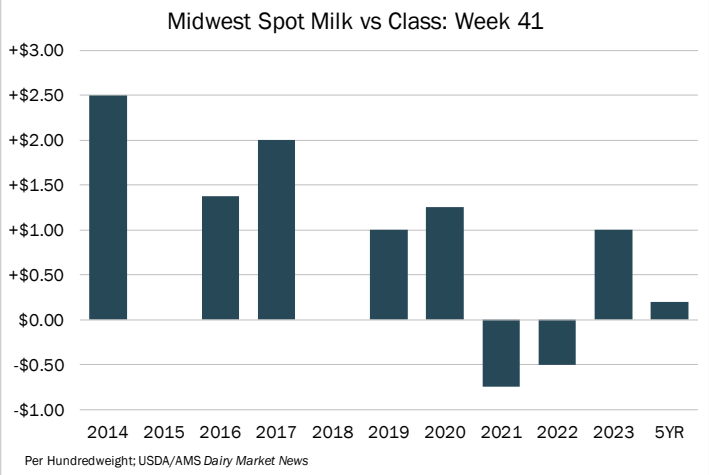
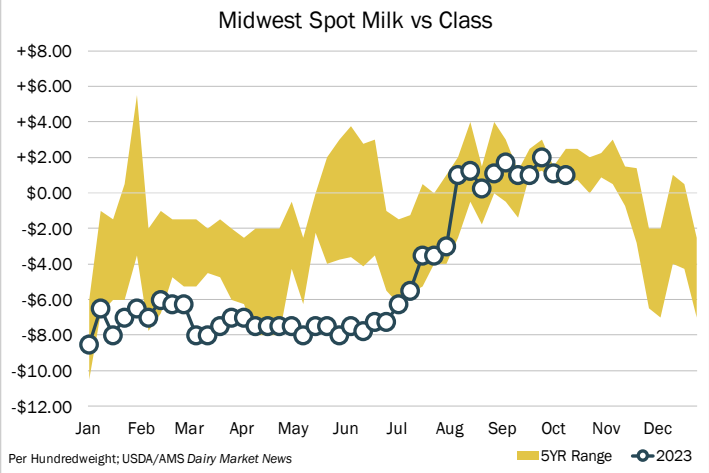
October 12, 2023







Midwest Spot			
	Low	High	Midpoint
This Week	+$0.50	+$1.50	+$1.00
Last Week	+$0.25	+$2.00	+$1.13
Last Year	- $2.00	+$1.00	- $0.50
5-Year Avg	- $2.00	+$1.50	+$0.20

Here is what USDA/AMS had to say:

MIDWEST: As has been reported, Midwestern dairy farm closures trended higher than in previous years this summer. Generational dairy farms are shuttering or moving into other sectors of the agriculture industry. As seasonal milk availability would typically begin to edge nearer to fulfilling processing capacities, it is not. Some contacts are beginning to question if the impact of those farm closures is playing a part, or if it is simply a matter of milk supply and demand, which has been lopsided in the region after a notable amount of milk was dispersed from north to south (including southwest/southeast) in the latter half of the summer. Class I intakes are steady. Class III spot milk prices are still over market. Last year in week 41, cheesemakers were paying $1 under to $.25 over Class III. Reports say despite the limited rain and, in some cases, paltry yield predictions this growing season, some farmers are passing along more positive-than-expected early results.

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EAST: Farm level milk production is mixed throughout the eastern states. In the Northeast, farm level milk outputs are seasonally increasing as temperatures cool. Demand from schools held strong, and Class I orders were not interrupted despite the federal holiday. As milk volumes increase at the farm level, so, too, do volumes available for local processing. Cheese plant managers report increased production schedules, though not all Class III demands are being net. Cream cheese production is steady, but demand continues to outpace milk supplies. In the Mid-Atlantic states, farm level milk outputs are trending flat. Bottling orders are steady. Cheese production schedules are not quite matching those in the Northeast, though several contacts expect production to pick up in the near term. Demand for all other Classes is unchanged. In the Southeast, milk production at the farm level is flat. The National Agricultural Statistics Service (NASS) notes that pasture conditions have deteriorated in the area due to a lack of precipitation and lower temperatures. Demand for all Classes is steady. Similarly, farm level milk outputs are unchanged in Florida. NASS states that pasture growth was stalled by cooler nighttime temperatures. Class I orders remain steady, and demand for all other Classes is unchanged.

WEST: In California, handlers relay week to week differences in milk output have flattened. Some handlers note preliminary records indicate September 2023 milk production was slightly below anticipated levels. Some open capacity is reported by processors. However, unexpected power outages caused some tightening of processing capacity and forced some milk to be diverted to different facilities. The unexpected downtime contributed to tight spot load availability of milk. Class I, III, and IV demand is strong to steady. Class II demand is steady. Stakeholders relay late corn is being harvested and oats are getting planted. Stakeholders relay water volumes available for irrigation are in good shape through November and some anticipation of a need to make some reservoir space for the winter. In Arizona, milk production is seasonally lower and spot loads are tight. Class I demand is strong to steady. All other Class demand is steady. Although farm level milk output is seasonally lower in New Mexico, handlers indicate flat week to week differences recently. Class I and III demand is strong to steady, while Class II and IV demand is steady. The western portion of the Pacific Northwest was rainier and colder compared to the eastern portion of the area this week. Recent near-term farm level milk output trends are reported as flat to slightly lower. However, handlers indicate looser spot load availability compared to southern parts of the West region. All Classes have steady demand. In the mountain states of Idaho, Utah, and Colorado, recent week to week milk production differences are mixed. For Idaho and Utah, flat to somewhat higher differences are reported. For Colorado, recent trends are reported as flat. Spot load availability in Idaho, especially, is looser than in other parts of the West. Some handlers in Idaho indicate incoming milk volumes are heavier than processing capacities recently. Demand is unchanged for all Classes.