

Market Information BULLETIN

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Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
January 19, 2024, USDA, Economic, Research Service*

Dairy Estimates for 2023: Based on recent milk cow inventory and milk production data, the 2023 estimates for the average number of milk cows, milk per cow, and milk production have been lowered from the previous forecast by 5,000 head, 30 pounds per cow, and 0.3 billion pounds, respectively. The new 2023 estimates for these production projections are as follows: 9.395 million head for the average number of milk cows, 24,120 pounds for milk per cow, and 226.6 billion pounds for milk production. The estimate for 2023 dairy exports on a milk-fat basis is lowered to 10.6 (-0.2) billion pounds, while the estimate for exports on a skim-solids basis is raised to 50.0 (+0.1) billion pounds. For 2023 imports, the estimates on a milk-fat basis and skim-solids basis are unchanged at 7.5 and 6.3 billion pounds, respectively. The estimate for 2023 ending stocks on a milk-fat basis has been raised to 14.4 (+0.2) billion pounds, but the estimate on a skim-solids basis has been lowered to 10.6 (-1.0) billion pounds. The estimate for 2023 domestic use on a milk-fat basis is 222.5 billion pounds, 0.4 billion lower than last month's forecast. On a skim-solids basis, the estimate for 2023 domestic use is 183.0 billion pounds, 0.5 billion higher than the previous forecast. For the year, the average wholesale prices for Cheddar cheese, dry whey, butter, and NDM were \$1.7593, \$0.3618, \$2.6170, and \$1.1856 per pound, respectively. Class III and IV milk prices averaged \$17.02 and \$19.12 per hundredweight (cwt), respectively. The all-milk price estimate for 2023 is \$20.60 per cwt, unchanged from last month's forecast.

2024 Dairy Forecasts: The average number of milk cows is projected to further decline in 2024 in response to the relatively low margins experienced throughout 2023. Moreover, the average 2024 all-milk price is projected lower on a year-over-year basis. As a result, and accounting for the most recent milk cow inventory, the national milking herd is projected to average 9.350 million head in 2024, down 10,000 head from the previous forecast. The 2024 forecast for milk per cow has been revised downward by 50 pounds to 24,415 pounds. Consequently, milk production for 2024 is forecast at 228.3 billion pounds, about 0.7 billion pounds less than the previous forecast. USDA, NASS will issue its Cattle report January 31. This report will include milk cow inventory data along with dairy replacement heifer numbers. The report should give insight into the current state of the herd and indicators that will inform the outlook for much of 2024. With lower expected imports of cheese and butterfat products, 2024 dairy import forecasts have been lowered on both the milk-fat basis and skim-solids basis to 7.5 billion pounds (-0.2 billion) and 6.4 billion pounds (-0.1 billion), respectively. As domestic prices for butter and cheese are expected to be more competitive in the world markets, the 2024 dairy export forecast on a milk-fat basis has been raised 0.2 billion pounds to 11.6 billion. The export forecast on a skim-solids basis is unchanged at 53.2 billion pounds. Higher expected exports for cheese, butterfat products, and whey products are expected to offset lower expected exports of dry skim milk products. With a lowered forecast for milk production and raised projected prices for most of dairy products, the domestic disappearance forecast for 2024 is lowered relative to the last month's projection. Overall, on a milk-fat basis, domestic disappearance has been lowered 0.9 billion pounds to 223.7 billion pounds. On a skim-solids basis, domestic disappearance has been lowered 1.7 billion pounds to 180.3 billion pounds. Relative to 2023, with an expected increase in the cheese production capacity in 2024 the Cheddar cheese prices are expected to decline but given a robust demand for dairy products the 2024 prices for butter, NDM, and whey are expected to increase. Based on recent movement in product prices, the average price forecasts for most major dairy products except Cheddar cheese have been raised from the previous forecast. Price forecasts for dry whey, butter, and NDM have been raised to \$0.430 (+1.0 cents), \$2.665(+7.0 cents), and \$1.190 (+1.5 cents) per pound. The price forecast for Cheddar cheese has been lowered \$1.620 (-10.5 cents) per pound. The lower cheese price forecast more than outweighs the higher price forecast for whey, leading to a forecast for Class III milk of \$16.10 per cwt, \$0.75 lower than the previous forecast. With higher butter and NDM price forecasts, the Class IV price forecast has been raised \$0.45 to \$19.35 per cwt. The all-milk price for 2024 is now forecast at \$20.00, down \$0.25 cents from last month's forecast

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - December 2023

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	84.44%	172,426,718	\$7.95 /cwt.	\$ 13,707,924.09
Class I Butterfat	51.93%	4,348,573	\$3.4526 /lb.	15,013,883.12
Class I Differential at Location		176,775,291		9,823,556.12
Total Class I Milk	83.17%	176,775,291		\$ 38,545,363.33
Class II Skim Milk	11.42%	23,311,424	\$9.78 /cwt.	\$ 2,279,857.26
Class II Butterfat	41.30%	3,457,939	\$2.9848 /lb.	10,321,256.33
Total Class II Milk	12.59%	26,769,363		\$ 12,601,113.59
Class III Skim Milk	2.03%	4,147,244	\$5.82 /cwt.	\$ 241,369.59
Class III Butterfat	2.33%	195,232	\$2.9778 /lb.	581,361.85
Total Class III Milk	2.04%	4,342,476		\$ 822,731.44
Class IV Skim Milk	2.11%	4,300,053	\$9.13 /cwt.	\$ 392,594.84
Class IV Butterfat	4.44%	371,360	\$2.9778 /lb.	1,105,835.82
Total Class IV Milk	2.20%	4,671,413		\$ 1,498,430.66
Producer Milk	100.00%	212,558,543		\$ 53,467,639.02
Adjustments				
Overage and Other Source				\$ 0.00
Inventory Adjustments				-\$ 34,597.07
Producer Butterfat at Uniform Butterfat Price				-\$ 27,264,501.24
Location Adjustments				-\$ 297,581.53
1/2 Balance in Producer Settlement Fund				\$ 93,251.42
Total Skim Milk and Aggregate Value			\$ 12.71600	\$ 25,964,210.60
Producer Settlement Fund Reserve			\$ 0.04600	\$ 93,915.48
Uniform Skim Milk Price (Hillsborough County, FL):			\$12.67 /cwt	
Uniform Butterfat Price:			\$3.2562 /lb	
Uniform Price (Hillsborough County, FL):			\$23.62 /cwt	

F.O. 7 - Southeast: Uniform Price - December 2023

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	73.83%	218,460,157	\$7.95 /cwt.	\$ 17,367,582.48
Class I Butterfat	43.49%	5,688,511	\$3.4526 /lb.	19,640,153.08
Class I Differential at Location		224,148,668		7,133,517.92
Total Class I Milk	72.55%	224,148,668		\$ 44,141,253.48
Class II Skim Milk	13.91%	41,168,944	\$9.78 /cwt.	\$ 4,026,322.71
Class II Butterfat	35.67%	4,665,489	\$2.9848 /lb.	13,925,551.57
Total Class II Milk	14.83%	45,834,433		\$ 17,951,874.28
Class III Skim Milk	5.01%	14,825,140	\$5.82 /cwt.	\$ 862,823.17
Class III Butterfat	5.22%	682,641	\$2.9778 /lb.	2,032,768.36
Total Class III Milk	5.02%	15,507,781		\$ 2,895,591.53
Class IV Skim Milk	7.25%	21,438,723	\$9.13 /cwt.	\$ 1,957,355.40
Class IV Butterfat	15.62%	2,043,388	\$2.9778 /lb.	6,084,800.78
Total Class IV Milk	7.60%	23,482,111		\$ 8,042,156.18
Producer Milk	100.00%	308,972,993		\$ 73,030,875.47
Adjustments				
Overage and Other Source				\$ 0.00
Inventory Adjustments				-\$ 113,379.15
Producer Butterfat at Uniform Butterfat Price				-\$ 41,863,940.82
Location Adjustments				\$ 2,120,918.41
1/2 Balance in Producer Settlement Fund				\$ 109,469.13
Total Skim Milk and Aggregate Value			\$ 11.24864	\$ 33,283,943.04
Producer Settlement Fund Reserve			\$ 0.04864	\$ 143,931.07
Uniform Skim Milk Price (Fulton County, GA):			\$11.20 /cwt	
Uniform Butterfat Price:			\$3.2006 /lb	
Uniform Price (Fulton County, GA):			\$22.01 /cwt	

POOL HIGHLIGHTS

F.O. 6 - Florida: December 2023

Producer Milk Utilization:

Class I:	83.17%
Class II:	12.59%
Class III:	2.04%
Class IV:	2.20%

The Uniform Price
for Dec. 2023 was announced at \$23.62, a decrease of \$3.43 from Dec. 2022.

Total Producer Milk
for Dec. 2023 totaled 212.6 million pounds, a decrease of 4.5 million pounds from Dec. 2022.

Total Class I Milk
for Dec. 2023 was 176.8 million pounds, a decrease of 8.9 million pounds from Dec. 2022.

Class I Utilization
for Dec. 2023 was 83.17%, a decrease of 2.4 percentage points from Dec. 2022.

F.O. 7 - Southeast: December 2023

Producer Milk Utilization:

Class I:	72.55%
Class II:	14.83%
Class III:	5.02%
Class IV:	7.60%

The Uniform Price
for Dec. 2023 was announced at \$22.01, a decrease of \$3.28 from Dec. 2022.

Total Producer Milk
for Dec. 2023 totaled 309.0 million pounds, a decrease of 10.3 million pounds from Dec. 2022.

Total Class I Milk
for Dec. 2023 was 224.1 million pounds, a decrease of 6.2 million pounds from Dec. 2022.

Class I Utilization
for Dec. 2023 was 72.55%, an increase of 0.39 percentage points from Dec. 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in December 2023 is \$23.62 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$12.67 per hundredweight plus 3.5 times the uniform butterfat price of \$3.2562 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during December 2023 totaled 212.5 million pounds. Florida producers supplied 163.6 million pounds of milk in December 2023 or an estimated 76.9% of the producer milk pooled in Florida. In December 2022, they supplied approximately 78.0% of the producer milk pooled on the Florida market. There were 7 regulated pool distributing plants and 2 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for December 2023. Total in-area Class I route disposition was 222.2 million pounds in December 2023, a decrease of 4.5 million pounds from December 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2023 is \$22.01 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.20 per hundredweight plus 3.5 times the uniform butterfat price of \$3.2006 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during December 2023 totaled 309.0 million pounds. There were 15 regulated pool distributing plants, 1 pool supply plant and 9 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2023. Total in-area Class I route disposition was 306.7 million pounds in December 2023, a decrease of 3.1 million pounds from December 2022.

WASDE Dairy Report ^{1/} WASDE – 644, January 12, 2024

Milk production for 2023 is lowered from last month, with lower milk cow inventories and lower expected milk per cow. The 2024 production forecast is lower due to a reduced average cow inventory for the year and slower growth in output per cow. USDA's Cattle report, which will be released January 31, will provide an indication of producer intentions for retaining dairy heifers for addition to the breeding herd. Fat and skim-solids bases imports for 2023 are unchanged based on recent trade data. Fat and skim-solid bases imports for 2024 are lowered, based on lower expected cheese and butter fats imports. Exports on a fat basis for 2023 are lowered based on recent trade data. Exports on a skim-solids basis are raised for 2023. For 2024, exports on a fat basis are raised as butter and cheese prices are expected to be more competitive on the world market. Skim-solids basis exports for 2024 are unchanged. For 2023, product and Class price estimates are adjusted to reflect reported prices. For 2024, prices for cheese are lowered due to recent price weakness, while butter, non-fat dry milk (NDM) and whey prices are all expected to be higher. The Class III price is lowered, with lower cheese prices outweighing higher whey prices. Class IV prices are raised, due to higher butter and NDM price forecasts. The 2023 all milk price forecast is unchanged at \$20.60 per cwt and the 2024 all milk price is lowered to \$20.00 per cwt

^{1/} The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The WASDE report is available at www.usda.gov/oce/commodity/wasde/.

Federal Milk Marketing Order Statistics

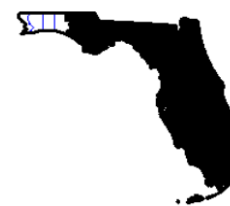
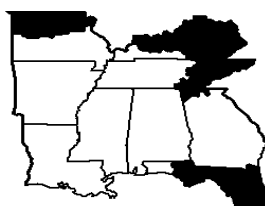
December 2023

Federal Order	Producer Deliveries <i>Million Pounds</i>	Class I Producer Receipts <i>Million Pounds</i>	Class I Utilization <i>Percent</i>	Statistical Uniform Price ¹ <i>\$/cwt</i>
1 Northeast	2,255.4	684.6	30.3	19.71
5 Appalachian	465.9	315.1	67.6	21.39
6 Florida	212.6	176.8	83.2	23.62
7 Southeast	309.0	224.1	72.6	22.01
30 Upper Midwest	2,688.1	163.8	6.1	16.40
32 Central	1,277.6	373.4	29.2	17.79
33 Mideast	1,356.8	549.1	40.5	18.20
51 California	1,990.5	399.1	20.1	17.55
124 Pacific Northwest	607.1	129.3	21.3	17.94
126 Southwest	1,045.0	320.2	30.6	18.37
131 Arizona	448.2	119.4	26.7	19.10
All Orders	12,656.2	3,455.0	27.3	18.28

^{1/} Weighted average uniform price at 3.5% butterfat at announced locations.



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