

Market Information BULLETIN

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Dairy Outlook

Excerpts from Livestock, Dairy, and Poultry Outlook, February 18, 2025, USDA, Economic, Research Service

Dairy Forecast for 2025

Based on recent data indicating a smaller-than-expected dairy herd size in 2024 and fewer replacement heifers as of January 1, 2025, the forecast for the 2025 dairy herd has been revised downward by 15,000 head, bringing the total to 9.375 million for the year. The yield per cow remains unchanged from the previous month's forecast at 24,200 pounds of milk per cow. As a result, the revised milk production forecast for 2025 stands at 226.9 billion pounds, a reduction of 0.3 billion pounds from the previous month's estimate but an increase of 1.0 billion pounds compared to 2024.

Dairy imports for 2025 are projected to decline, reflecting recent trade data from 2024. On a skim -solids basis, imports are expected to decrease to 7.2 billion pounds, down by 0.1 billion pounds. On a milk-fat basis, the forecast has been lowered to 8.9 billion pounds, a reduction of 0.4 billion pounds from the previous forecast. The reductions are primarily attributed to lower expected infant formula and ice cream imports, which are expected to outweigh increases in cheese and butter imports.

The dairy export forecast for 2025 has also been reduced compared to the previous month's projection. On a milk-fat basis, the export forecast has been revised downward by 0.1 billion pounds to 11.8 billion pounds. On a skim-solids basis, exports are forecast at 48.7 billion pounds, down by 0.4 billion pounds. Expected decreases in shipments of dry whey products and dry skim milk products are anticipated to more than offset projected growth in cheese and lactose exports.

Domestic dairy use for 2025 is forecast to exceed 2024 levels but has been revised downward compared to last month's projections. On a milk-fat basis, the forecast has been lowered by 0.8 billion pounds, bringing the total to 223.0 billion pounds. On a skim-solids basis, the forecast stands at 184.0 billion pounds, a decrease of 0.1 billion pounds. The downward revision reflects lower expected domestic demand.

Price forecasts for major dairy products, excluding Cheddar cheese, have been adjusted downward from previous projections. The updated forecast for Cheddar cheese stands at \$1.880 per pound, an increase of 1.5 cents. The dry whey price forecast is \$0.605 per pound, down by 3.5 cents. The butter price is forecast at \$2.645 per pound, 5.0 cents lower, while the nonfat dry milk (NDM) price forecast has been lowered to \$1.295 per pound, a reduction of 4.5 cents.

Dairy forecast 2025 , cont'd.

Milk price forecasts account for new updated Federal Milk Marketing Order (FMMO) formulas to take effect in June and December 2025. Despite higher cheese prices, lower dry whey prices and higher FMMO manufacturing allowances are expected to result in a reduction of the Class III milk forecast to \$19.10 per cwt, \$0.60 below the previous estimate. Lower butter and NDM prices, along with higher FMMO manufacturing allowances have led to a revised Class IV milk forecast of \$19.70 per cwt, \$1.10 below the previous projection. The all-milk price for 2025 is now forecast at \$22.60 per cwt, down \$0.45 from last month's estimate.

2024 Dairy Recap

In 2024, U.S. dairy farmers benefited from both higher farm-gate milk prices and lower costs for the main feed inputs (corn, soybean meal, and alfalfa hay). The national milking herd continued to shrink in 2024 with dairy farmers adopting reduced slaughter rates to compensate for tight replacement dairy heifer inventories. With a higher number of older dairy cows in the national herd, milk per cow was only marginally year-over-year higher. Moreover, the discovery of Highly Pathogenic Avian Influenza (HPAI) in dairy cows in early March and its increased prevalence after September reduced milk production growth. Consequently, total milk production in 2024 was fractionally smaller than in 2023. However, because the percentage of milk components per fluid volume of milk increased, total skim-solids production decreased at a slower rate than total milk production total and total milk-fat production actually increased (after adjusting for the leap year). Driven by year-over-year higher wholesale prices, domestic use of dairy products declined both on milk-fat and skim-solids milk-equivalent bases. The bright stars of 2024 U.S. dairy exports were total shipments of cheese, which achieved record-high levels, and butter exports which increased significantly. The all-milk price in 2024 averaged \$22.61 per hundredweight (cwt), \$2.27 higher than 2023. Using the proxy used by USDA, National Agricultural Statistics Service (NASS) to calculate the milk-feed ratio, the feed-price proxy decreased by 26 percent from 2023 to 2024. In 2024, the farm milk margin above the feed costs reported by the Dairy Margin Coverage Program (DMC) was above the \$9.50 per cwt threshold that triggers payments for dairy producers who choose the highest levels of coverage for most of the year, except for January and February when it was slightly below this level. Moreover, since August the DMC margins achieved the highest levels in the program's history. The evolution of DMC margins in 2024 comes in stark contrast to 2023, when they dipped below the catastrophic level of \$4.00 for 2 months and below the \$9.50 threshold for another 9 months.

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - January 2025

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	84.70%	184,486,316	\$10.49 /cwt.	\$ 19,352,614.55
Class I Butterfat	47.32%	4,363,290	\$2.9307 /lb.	12,787,494.00
Class I Differential at Location		188,849,606		10,468,928.67
Total Class I Milk	83.18%	188,849,606		\$ 42,609,037.22
Class II Skim Milk	12.87%	28,034,806	\$11.65 /cwt.	\$ 3,266,054.89
Class II Butterfat	43.01%	3,966,253	\$2.9530 /lb.	11,712,345.11
Total Class II Milk	14.09%	32,001,059		\$ 14,978,400.00
Class III Skim Milk	2.22%	4,832,137	\$10.39 /cwt.	\$ 502,059.05
Class III Butterfat	3.94%	363,512	\$2.9460 /lb.	1,070,906.35
Total Class III Milk	2.29%	5,195,649		\$ 1,572,965.40
Class IV Skim Milk	0.21%	463,912	\$10.80 /cwt.	\$ 50,102.50
Class IV Butterfat	5.73%	528,758	\$2.9460 /lb.	1,557,721.07
Total Class IV Milk	0.44%	992,670		\$ 1,607,823.57
Producer Milk	100.00%	227,038,984		\$ 60,768,226.19
Adjustments				
Overage and Other Source				\$ 330.30
Inventory Adjustments				-\$ 9,078.44
Producer Butterfat at Uniform Butterfat Price				-\$ 27,371,263.17
Location Adjustments				-\$ 301,151.80
1/2 Balance in Producer Settlement Fund				\$ 79,921.85
Total Skim Milk and Aggregate Value			\$ 15.22698	\$ 33,166,984.93
Producer Settlement Fund Reserve			\$ 0.04698	\$ 102,338.37
Uniform Skim Milk Price (Hillsborough County, FL):			\$15.18 /cwt	
Uniform Butterfat Price:			\$2.9681 /lb	
Uniform Price (Hillsborough County, FL):			\$25.04 /cwt	

F.O. 7 - Southeast: Uniform Price - January 2025

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	81.34%	235,991,118	\$10.49 /cwt.	\$ 24,755,468.30
Class I Butterfat	44.37%	5,839,942	\$2.9307 /lb.	17,115,118.04
Class I Differential at Location		241,831,060		7,676,008.53
Total Class I Milk	79.73%	241,831,060		\$ 49,546,594.87
Class II Skim Milk	13.01%	37,747,866	\$11.65 /cwt.	\$ 4,397,626.39
Class II Butterfat	33.65%	4,428,503	\$2.9530 /lb.	13,077,369.38
Total Class II Milk	13.91%	42,176,369		\$ 17,474,995.77
Class III Skim Milk	2.61%	7,559,094	\$10.39 /cwt.	\$ 785,389.86
Class III Butterfat	4.31%	566,616	\$2.9460 /lb.	1,669,250.74
Total Class III Milk	2.68%	8,125,710		\$ 2,454,640.60
Class IV Skim Milk	3.04%	8,830,239	\$10.80 /cwt.	\$ 953,665.80
Class IV Butterfat	17.67%	2,324,709	\$2.9460 /lb.	6,848,592.72
Total Class IV Milk	3.68%	11,154,948		\$ 7,802,258.52
Producer Milk	100.00%	303,288,087		\$ 77,278,489.76
Adjustments				
Overage and Other Source				\$ 9,743.98
Inventory Adjustments				\$ 438.18
Producer Butterfat at Uniform Butterfat Price				-\$ 38,896,332.19
Location Adjustments				\$ 2,034,583.32
1/2 Balance in Producer Settlement Fund				\$ 116,478.97
Total Skim Milk and Aggregate Value			\$ 13.97430	\$ 40,543,402.02
Producer Settlement Fund Reserve			\$ 0.04430	\$ 128,527.45
Uniform Skim Milk Price (Fulton County, GA):			\$13.93 /cwt	
Uniform Butterfat Price:			\$2.9557 /lb	
Uniform Price (Fulton County, GA):			\$23.79 /cwt	

POOL HIGHLIGHTS

F.O. 6 - Florida: January 2025

Producer Milk Utilization:

Class I:	83.18%
Class II:	14.09%
Class III:	2.29%
Class IV:	0.44%

The Uniform Price
for January 2025 was announced at \$25.04, an increase of \$1.99 from January 2024.

Total Producer Milk
for January 2025 totaled 227.0 million pounds, a decrease of 2.6 million pounds from January 2024.

Total Class I Milk
for January 2025 was 188.8 million pounds, a decrease of 674,735 thousand pounds from January 2024.

Class I Utilization
for January 2025 was 83.2%, an increase of .66 percentage points from January 2024.

F.O. 7 - Southeast: January 2025

Producer Milk Utilization:

Class I:	79.73%
Class II:	13.91%
Class III:	2.68%
Class IV:	3.68%

The Uniform Price
for January 2025 was announced at \$23.79 an increase of \$2.18 from January 2024.

Total Producer Milk
for January 2025 totaled 303.3 million pounds, a decrease of 17 million pounds from January 2024.

Total Class I Milk
for January 2025 was 241.8 million pounds, a decrease of 2.7 million pounds from January 2024.

Class I Utilization
for January 2025 was 79.7%, an increase of 3.4 percentage points from January 2024.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in January 2025 is \$25.04 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$15.18 per hundred weight plus 3.5 times the uniform butterfat price of \$2.9681 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during Jan. 2025 totaled 227.0 million pounds. Florida producers supplied 176.1 million pounds of milk in January 2025 or an estimated 77.57% of producer milk pooled in Florida. In Jan .2024, they supplied approximately 77.59% of producer milk pooled on the Florida market. There were 8 regulated pool distributing plants and 2 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for January 2025. Total in-area Class I route disposition was 235.2 million pounds in January 2025, a decrease of 5.4 million pounds from January 2024.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2025 is \$23.79 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.93 per hundredweight plus 3.5 times the uniform butterfat price of \$2.9557 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during January 2025 totaled 303.3 million pounds. There were 15 regulated pool distributing plants, 1 pool supply plant, and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2025. Total in-area Class I route disposition was 329.0 million pounds in January 2025, an increase of 2.6 million pounds from January 2024.

WASDE Dairy Report ^{1/} WASDE – 657, February 11, 2025

Milk supply and use estimates for 2024 are adjusted to reflect December domestic and trade data.

For 2025, milk production is reduced due to lower expected cow inventories. On a fat basis, domestic use is lowered as less production and lower imports tighten supplies. Fat basis exports are lowered, as higher butter exports are more than offset by lower fluid and dry milk and cream products. Skim-solids basis domestic use is also lowered based on the tighter production outlook. Skim-solids basis exports are lowered on decreased exports of nonfat dry milk (NDM) and whey.

Milk and dairy product price forecasts reflect the updated price formulas of the Federal Milk Marketing Order, as published in the Federal Register on January 17, 2025, by the Agricultural Marketing Service. Butter, NDM, and whey prices for 2025 are all lowered based on recent prices. The cheese price is raised on recent prices and tight inventories from 2024 that are expected to carry into 2025. Class III and Class IV prices in 2025 are lowered. The all-milk price estimate for 2024 is raised to \$22.61 per cwt based on reported data through December. The all-milk price forecast for 2025 is lowered to \$22.60 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

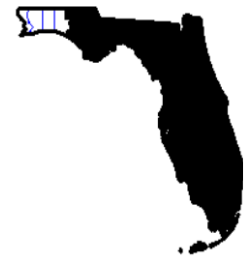
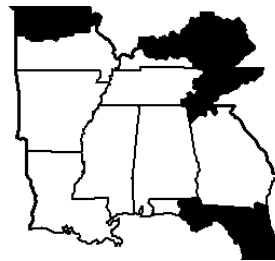
January 2025

Federal Order	Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price ¹
	Million Pounds	Million Pounds	Percent	\$/cwt
1 Northeast	2,315.6	695.8	30.0	21.81
5 Appalachian	449.9	342.6	76.2	23.26
6 Florida	227.0	188.8	83.2	25.04
7 Southeast	303.3	241.8	79.7	23.79
30 Upper Midwest	2,226.4	172.7	7.8	20.47
32 Central	1,167.0	374.1	32.1	20.50
33 Mideast	1,620.4	638.1	39.4	20.85
51 California	2,188.8	417.2	19.1	20.95
124 Pacific Northwest	596.4	129.9	21.8	20.63
126 Southwest	1,176.7	358.9	30.5	21.36
131 Arizona	389.5	120.9	31.0	21.42
All Orders ¹	12,660.9	3,680.9	29.1	21.23

¹ Weighted average uniform price at 3.5% butterfat at announced locations.



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