

Market Information BULLETIN

FO 6 & 7

Jason Nierman - Market Administrator



www.fmmatlanta.com

May 2024

Volume 25—No. 05

Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
May 16, 2024, USDA, Economic, Research Service*

Dairy Forecasts for 2024

Based on recent data from the USDA, NASS Milk Production report and improvements in the farm margins throughout the first quarter, the 2024 forecast for the dairy herd is raised by 10,000 head to 9.345 million head. In response to better-than-expected average milk yields in the first quarter and overall lower expected feed costs, the 2024 milk-per-cow forecast is raised to 24,330 pounds, 85 pounds above the previous forecast. As a result, milk production for 2024 is projected at 227.3 billion pounds, about 1.0 billion pounds above last month's forecast. The 2024 forecasts for dairy imports are revised upward from the last month's forecast. On a milk-fat basis, imports in 2024 are forecast at 8.2 (+0.2) billion pounds, while on a skim-solids basis, imports are forecast at 7.0 billion pounds, also 0.2 billion higher than last month's projection. Following March export data, expectations of being less competitive in the near term, and a strong U.S. dollar, the 2024 forecasts for dairy product export volumes are revised downward from the last projections. On a milk-fat basis, dairy exports are forecast at 11.0 (-0.3) billion pounds, while on a skim solids basis they are projected to 49.3 (-0.4) billion pounds. Among the main dairy products, export expectations for dry skim milk products, butterfat products, lactose, and dry whey have been lowered from the previous month.

The 2024 all milk-price forecast is projected at \$21.20 per cwt, \$0.30 per cwt higher than the previous forecast.

Dairy Forecasts for 2025

The national dairy herd in 2025 is projected to increase by 20,000 head relative to 2024 to average 9.365 million head for the year. The 2025 forecast for average milk per cow is 24,485 pounds, 0.6 percent year-over-year higher. Consequently, the milk supply for 2025 is projected to total 229.3 billion pounds, about 0.9 percent higher than the forecast for 2024. The projected growth reflects expectations of improved farm margins through 2024 that will affect 2025 production levels. Use is expected to grow relative to 2024 at a moderate pace both domestically and for exports. The 2025 forecasts for domestic use are 225.3 billion pounds on a milk-fat basis (0.5 percent above the 2024 forecast) and 185.2 billion pounds on a skim-solids basis (0.6 percent above 2024). The 2025 forecasts for exports are 11.2 billion pounds on a milk-fat basis (2.4 percent above 2024), and 50.2 billion pounds on a skim solids basis (1.8 percent above the 2024 forecast). The expectation of year-over-year higher dairy exports in 2025 is driven by higher expected exports for cheese, butter, NDM, and lactose, improved price competitiveness, and anticipated higher international demand.

Following lower year-over-year price projections across all the major dairy products, the Class III and IV milk prices in 2025 are also projected year-over-year lower. The 2025 Class III milk price is forecast at \$16.30 (\$0.45 lower) per cwt, while the Class IV milk price is forecast at \$19.95 (\$0.30 lower) per cwt. Consequently, the 2025 all-milk price is projected to average \$20.90 per cwt, \$0.30 lower than the 2024 forecast of \$21.20 per cwt.

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - April 2024

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.33%	174,979,871	\$8.15 /cwt.	\$ 14,260,859.47
Class I Butterfat	48.79%	4,174,004	\$3.2342 /lb.	13,499,563.74
Class I Differential at Location		179,153,875		9,929,650.89
Total Class I Milk	81.97%	179,153,875		\$ 37,690,074.10
Class II Skim Milk	14.95%	31,385,440	\$9.89 /cwt.	\$ 3,104,020.00
Class II Butterfat	46.85%	4,007,496	\$3.3379 /lb.	13,376,620.90
Total Class II Milk	16.20%	35,392,936		\$ 16,480,640.90
Class III Skim Milk	1.26%	2,645,700	\$3.98 /cwt.	\$ 105,298.87
Class III Butterfat	2.76%	236,410	\$3.3309 /lb.	787,458.07
Total Class III Milk	1.32%	2,882,110		\$ 892,756.94
Class IV Skim Milk	0.46%	972,648	\$8.76 /cwt.	\$ 85,203.96
Class IV Butterfat	1.60%	136,625	\$3.3309 /lb.	455,084.21
Total Class IV Milk	0.51%	1,109,273		\$ 540,288.17
Producer Milk	100.00%	218,538,194		\$ 55,603,760.11

Adjustments

Overage and Other Source				\$ 53,915.07
Inventory Adjustments				-\$ 122,486.98
Producer Butterfat at Uniform Butterfat Price				-\$ 28,350,584.44
Location Adjustments				-\$ 235,577.86
1/2 Balance in Producer Settlement Fund				\$ 0.00

Total Skim Milk and Aggregate Value			\$ 12.83387	\$ 26,949,025.90
Producer Settlement Fund Reserve			\$ 0.04387	\$ 92,115.90

Uniform Skim Milk Price (Hillsborough County, FL): \$12.79 /cwt

Uniform Butterfat Price: \$3.3141 /lb

Uniform Price (Hillsborough County, FL): \$23.94 /cwt

F.O. 7 - Southeast: Uniform Price - April 2024

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	72.13%	210,182,650	\$8.15 /cwt.	\$ 17,129,885.95
Class I Butterfat	41.12%	5,079,651	\$3.2342 /lb.	16,428,607.26
Class I Differential at Location		215,262,301		6,835,485.38
Total Class I Milk	70.88%	215,262,301		\$ 40,393,978.59
Class II Skim Milk	11.00%	32,044,232	\$9.89 /cwt.	\$ 3,169,174.53
Class II Butterfat	34.89%	4,310,520	\$3.3379 /lb.	14,388,084.72
Total Class II Milk	11.97%	36,354,752		\$ 17,557,259.25
Class III Skim Milk	7.79%	22,699,054	\$3.98 /cwt.	\$ 903,422.35
Class III Butterfat	9.09%	1,122,989	\$3.3309 /lb.	3,740,564.03
Total Class III Milk	7.84%	23,822,043		\$ 4,643,986.38
Class IV Skim Milk	9.08%	26,448,352	\$8.76 /cwt.	\$ 2,316,875.62
Class IV Butterfat	14.90%	1,841,202	\$3.3309 /lb.	6,132,859.74
Total Class IV Milk	9.31%	28,289,554		\$ 8,449,735.36
Producer Milk	100.00%	303,728,650		\$ 71,044,959.58

Adjustments

Overage and Other Source				\$ 107.31
Inventory Adjustments				-\$ 112,652.77
Producer Butterfat at Uniform Butterfat Price				-\$ 40,850,933.39
Location Adjustments				\$ 2,186,000.81
1/2 Balance in Producer Settlement Fund				\$ 135,885.79

Total Skim Milk and Aggregate Value			\$ 11.12088	\$ 32,403,367.33
Producer Settlement Fund Reserve			\$ 0.04087	\$ 119,096.21

Uniform Skim Milk Price (Fulton County, GA): \$11.08 /cwt

Uniform Butterfat Price: \$3.3066 /lb

Uniform Price (Fulton County, GA): \$22.27 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: April 2024

Producer Milk Utilization:

Class I:	81.97%
Class II:	16.20%
Class III:	1.32%
Class IV:	0.51%

The Uniform Price

for April 2024 was announced at \$23.94, an increase of \$0.66 from April 2023.

Total Producer Milk

for April 2024 totaled 218.5 million pounds, an increase of 10.7 million pounds from April 2023.

Total Class I Milk

for April 2024 was 179.1 million pounds, an increase of 8.7 million pounds from April 2023.

Class I Utilization

for April 2024 was 81.97%, a decrease of 0.04 percentage points from April 2023.

F.O. 7 - Southeast: April 2024

Producer Milk Utilization:

Class I:	70.88%
Class II:	11.97%
Class III:	7.84%
Class IV:	9.31%

The Uniform Price

for April 2024 was announced at \$22.27, an increase of \$0.73 from April 2023.

Total Producer Milk

for April 2024 totaled 303.7 million pounds, a decrease of 18.5 million pounds from April 2023.

Total Class I Milk

for April 2024 was 215.3 million pounds, an increase of 10.5 million pounds from April 2023.

Class I Utilization

for April 2024 was 70.88%, an increase of 7.33 percentage points from April 2023.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in April 2024 is \$23.94 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$12.79 per hundredweight plus 3.5 times the uniform butterfat price of \$3.3141 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during April 2024 totaled 218.5 million pounds. Florida producers supplied 181.9 million pounds of milk in April 2024 or an estimated 83.25% of the producer milk pooled in Florida. In April 2023, they supplied approximately 85.36% 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 April 2024. Total in-area Class I route disposition was 224.3 million pounds in April 2024, an increase of 11.1 million pounds from April 2023.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2024 is \$22.27 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.08 per hundredweight plus 3.5 times the uniform butterfat price of \$3.3066 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during April 2024 totaled 303.7 million pounds. There were 15 regulated pool distributing plants, and 9 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2024. Total in-area Class I route disposition was 289.4 million pounds in April 2024, an increase of 11.2 million pounds from April 2023.

WASDE Dairy Report ^{1/} WASDE – 647-5, May 11, 2024

Milk production in 2025 is forecast to increase from 2024, driven by higher milk per cow and an expanding milk cow herd. With increases in a number of products, commercial exports are expected to grow on both a fat and skim-solids basis. Imports are forecast lower, both on a fat and skim-solids basis. Domestic use is forecast to increase on a fat and skim-solids basis. Stocks are forecast to be lower on both a fat and skim-solids basis. The Class III and Class IV price forecasts are lower, as prices for cheese, butter, nonfat dry milk (NDM), and whey are all expected to decline due to larger milk supplies. The all-milk price is forecast at \$20.90 per cwt.

The 2024 milk production forecast is raised based on an increase in dairy cows and more rapid growth in output per cow. On both a fat and skim-solids basis, imports are raised, and exports are lowered. Domestic use is higher on both a fat and skim-solids basis, as well. The cheese price is raised, but the whey price is lowered. The butter price forecast is raised, while the NDM price is lowered. The Class III price forecast is raised, as higher cheese prices more than offset the lower whey. The Class IV price forecast is lower, as higher butter prices are more than offset by the lower NDM. The all-milk price forecast for 2024 is raised to \$21.20 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

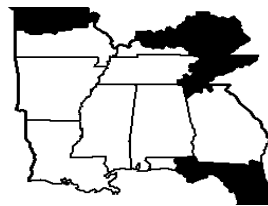
April 2024

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	2,255.9	659.2	29.2	20.09
5 Appalachian	450.9	312.3	69.3	21.80
6 Florida	218.5	179.2	82.0	23.94
7 Southeast	303.7	215.3	70.9	22.27
30 Upper Midwest	2,700.9	160.8	6.0	15.95
32 Central	1,246.4	361.8	29.0	17.70
33 Mideast	1,336.1	531.5	39.8	18.27
51 California	2,031.9	395.6	19.5	17.34
124 Pacific Northwest	611.3	128.9	21.1	18.26
126 Southwest	1,125.4	338.8	30.1	18.22
131 Arizona	386.7	133.2	34.5	19.44
All Orders	12,667.9	3,416.4	27.0	18.24

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



MILK MARKET ADMINISTRATOR
U.S. Department of Agriculture
2763 Meadow Church Road, Suite 100
Duluth, Georgia 30097



www.fmmatlanta.com

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) If you wish to file a Civil Rights program complaint of discrimination, complete the [USDA Program Discrimination Complaint Form \(PDF\)](http://www.ascr.usda.gov/complaint_filing_cust.html), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.