

Market Information BULLETIN

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USDA Issues Recommended Decision Proposing Amendments to All Eleven Federal Milk Marketing Orders (FMMOs)

The U.S. Department of Agriculture (USDA) issued a Recommended Decision proposing to amend the uniform pricing formulas applicable in all 11 Federal milk marketing orders (FMMOs). The Recommended Decision puts forth a package of amendments to update formulas and factors based on the evidentiary record of the proceeding. The decision recommends the following:

- 1) Milk Composition Factors: Update the factors to 3.3 percent true protein, 6.0 percent other solids, and 9.3 percent nonfat solids.
- 2) Surveyed Commodity Products: Remove 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey and rely solely on the 40-pound block cheddar cheese price to determine the monthly average cheese price used in the formulas.
- 3) Class III and Class IV Formula Factors: Update the manufacturing allowances to: Cheese: \$0.2504; Butter: \$0.2257; NFDM: \$0.2268; and Dry Whey: \$0.2653. The Recommended Decision also proposes updating the butterfat recovery factor to 91 percent.
- 4) Base Class I Skim Milk Price: Update the formula as follows: the base Class I skim milk price would be the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adopt a rolling monthly Class I extended shelf life (ESL) adjustment that would provide for better price equity for ESL products whose marketing characteristics are distinct from other Class I products. .
- 5) Class I differentials: Update the Class I differential values to reflect the increased cost of servicing the Class I market. The county-specific Class I differentials are specified in the decision.

Dairy Outlook

Excerpts from Livestock, Dairy, and Poultry Outlook, July 18, 2024, USDA, Economic, Research Service

Dairy Forecasts for 2024

Based on recent data from the USDA, NASS Milk Production report and steady improvements in the farm margins, the 2024 forecast for the dairy herd is raised by 5,000 head to 9.350 million head. However, the forecast for milk yield is reduced to 24,265 pounds per cow, 55 pounds less than the previous forecast. Several factors contributed to a lower average forecast milk yield for 2024: a lower than-expected milk yield reported in May, above-average temperatures and humidity levels reported in key producing regions in June, and the expectation that these conditions will continue in the near term—hot weather creates stress conditions for livestock, including dairy cows. Furthermore, the current slaughter rates and high replacement heifer costs suggest that farmers are likely holding onto their dairy cows longer, leading to lower-than-expected growth rates for yields per cow. Consequently, the milk production forecast for 2024 is lowered by 0.4 billion pounds to 226.9 billion pounds.

Based on the volume of dairy imports shown in recent trade data and higher expected prices for cheese and butter, 2024 import forecasts have been adjusted from previous projections. On a milk-fat basis, at 8.9 (+0.3) billion pounds the imports in 2024 are forecast higher. On a skim-solids basis, they are forecast at 7.0 billion pounds, 0.3 billion pounds lower than the previous forecast.

Similarly to imports, the 2024 forecasts for dairy exports have been adjusted from last month's forecast as follows: upward on a fat-milk basis—11.4 (+0.2) billion pounds—and downward on a skim-solids basis—48.8 (-0.5) billion pounds. Higher exports for cheese and dry whey products are forecast in 2024, while lower exports are expected for nonfat dry milk, lactose, and other dairy products as current weak demand from Southeast Asian importing countries is expected to persist throughout the rest of the year.

COMPUTATION OF UNIFORM PRICES

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

Producer Milk				
	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	80.90%	144,428,599	\$8.29 /cwt.	\$ 11,973,130.84
Class I Butterfat	52.52%	3,724,185	\$3.4512 /lb.	12,852,907.26
Class I Differential at Location		148,152,784		8,222,757.14
Total Class I Milk	79.83%	148,152,784		\$ 33,048,795.24
Class II Skim Milk	15.16%	27,052,009	\$9.50 /cwt.	\$ 2,569,940.89
Class II Butterfat	41.18%	2,919,841	\$3.5514 /lb.	10,369,523.34
Total Class II Milk	16.15%	29,971,850		\$ 12,939,464.23
Class III Skim Milk	2.44%	4,349,049	\$7.74 /cwt.	\$ 336,616.39
Class III Butterfat	2.59%	183,791	\$3.5444 /lb.	651,428.82
Total Class III Milk	2.44%	4,532,840		\$ 988,045.21
Class IV Skim Milk	1.50%	2,669,203	\$8.99 /cwt.	\$ 239,961.34
Class IV Butterfat	3.71%	263,229	\$3.5444 /lb.	932,988.88
Total Class IV Milk	1.58%	2,932,432		\$ 1,172,950.22
Producer Milk	100.00%	185,589,906		\$ 48,149,254.90
Adjustments				
Overage and Other Source				\$ 5,768.21
Inventory Adjustments				\$ 466.05
Producer Butterfat at Uniform Butterfat Price				-\$ 25,013,664.77
Location Adjustments				-\$ 230,386.79
1/2 Balance in Producer Settlement Fund				\$ 50,935.73
Total Skim Milk and Aggregate Value			\$ 12.86415	\$ 22,962,373.33
Producer Settlement Fund Reserve			\$ 0.04415	\$ 78,819.49
Uniform Skim Milk Price (Hillsborough County, FL):			\$12.82	/cwt
Uniform Butterfat Price:			\$3.5275	/lb
Uniform Price (Hillsborough County, FL):			\$24.72	/cwt

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

Producer Milk				
	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	61.00%	179,674,057	\$8.29 /cwt.	\$ 14,894,979.35
Class I Butterfat	38.66%	4,671,297	\$3.4512 /lb.	16,121,580.20
Class I Differential at Location		184,345,354		5,878,803.62
Total Class I Milk	60.11%	184,345,354		\$ 36,895,363.17
Class II Skim Milk	15.42%	45,432,092	\$9.50 /cwt.	\$ 4,316,048.77
Class II Butterfat	37.90%	4,579,642	\$3.5514 /lb.	16,264,140.60
Total Class II Milk	16.31%	50,011,734		\$ 20,580,189.37
Class III Skim Milk	8.09%	23,840,858	\$7.74 /cwt.	\$ 1,845,282.41
Class III Butterfat	7.91%	955,493	\$3.5444 /lb.	3,386,649.39
Total Class III Milk	8.09%	24,796,351		\$ 5,231,931.80
Class IV Skim Milk	15.49%	45,628,813	\$8.99 /cwt.	\$ 4,102,030.28
Class IV Butterfat	15.53%	1,876,327	\$3.5444 /lb.	6,650,453.41
Total Class IV Milk	15.49%	47,505,140		\$ 10,752,483.69
Producer Milk	100.00%	306,658,579		\$ 73,459,968.03
Adjustments				
Overage and Other Source				\$ 13,325.34
Inventory Adjustments				\$ 12,636.85
Producer Butterfat at Uniform Butterfat Price				-\$ 42,571,184.78
Location Adjustments				\$ 2,354,560.03
1/2 Balance in Producer Settlement Fund				\$ 117,456.45
Total Skim Milk and Aggregate Value			\$ 11.33300	\$ 33,386,761.92
Producer Settlement Fund Reserve			\$ 0.04380	\$ 129,151.85
Uniform Skim Milk Price (Fulton County, GA):			\$11.29	/cwt
Uniform Butterfat Price:			\$3.5233	/lb
Uniform Price (Fulton County, GA):			\$23.23	/cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: June 2024

Producer Milk Utilization:

Class I:	79.83%
Class II:	16.15%
Class III:	2.44%
Class IV:	1.58%

The Uniform Price
for June 2024 was announced at \$24.72, an increase of \$2.20 from June 2023.

Total Producer Milk
for June 2024 totaled 185.6 million pounds, a decrease of 3.6 million pounds from June 2023.

Total Class I Milk
for June 2024 was 148.2 million pounds, a decrease of 7.8 million pounds from June 2023.

Class I Utilization
for June 2024 was 79.83%, a decrease of 2.60 percentage points from June 2023.

F.O. 7 - Southeast: June 2024

Producer Milk Utilization:

Class I:	60.11%
Class II:	16.31%
Class III:	8.09%
Class IV:	15.49%

The Uniform Price
for June 2024 was announced at \$23.23 an increase of \$2.27 from June 2023.

Total Producer Milk
for June 2024 totaled 306.7 million pounds, an increase of 12.3 million pounds from June 2023.

Total Class I Milk
for June 2024 was 184.3 million pounds, a decrease of 23.8 million pounds from June 2023.

Class I Utilization
for June 2024 was 60.11%, a decrease of 10.63 percentage points from June 2023.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in June 2024 is \$24.72 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$12.82 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5275 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during June 2024 totaled 185.6 million pounds. Florida producers supplied 157.9 million pounds of milk in June 2024 or an estimated 85.08% of the producer milk pooled in Florida. In June 2023, they supplied approximately 90.76% 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 June 2024. Total in-area Class I route disposition was 196.7 million pounds in June 2024, a increase of 676,947 thousand pounds from June 2023.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2024 is \$23.23 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.29 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5233 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during June 2024 totaled 306.7 million pounds. There were 14 regulated pool distributing plants, 10 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2024. Total in-area Class I route disposition was 253.1 million pounds in June 2024, a decrease of 23.6 million pounds from June 2023.

WASDE Dairy Report ^{1/} WASDE – 650-5, July 18, 2024

Milk production forecast for 2024 is lowered from last month, based on slower growth in milk per cow more than offsetting higher cow numbers. The milk production forecast for 2025 is also reduced from last month, as slower growth in milk per cow more than offsets a larger cow inventory

For 2024, commercial exports are raised on a fat basis but lowered on a skim-solids basis. The higher fat basis exports primarily reflect increased butter and cheese shipments. The reduction in skim-solids basis exports reflects lower nonfat dry milk (NDM) and lactose. For 2025, commercial exports are reduced on both a fat basis and a skim-solids basis. For 2024, fat basis imports are raised based on higher expected imports of butter and butterfat products. On a skim-solids basis, imports are lowered on several products. For 2025, imports are unchanged on a fat basis but reduced on a skim-solids basis.

For 2024, prices of cheese, butter, NDM, and whey are raised from the previous month's forecast based on recent price strength and an expectation of tighter milk supplies. The Class III and WASDE-650-5 Class IV price forecasts are raised on the higher dairy product prices. The all-milk price forecast is raised to \$22.25 per cwt. With tighter milk supplies, the stronger prices forecast for 2024 are expected to carry over into 2025. Butter, cheese, NDM, and whey prices are all increased from last month's forecast. The Class III and Class IV milk prices are raised based on higher product prices. The all-milk price forecast is raised to \$22.50 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

June 2024

Federal Order	Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price ¹
	Million Pounds	Million Pounds	Percent	\$/cwt
1 Northeast	2,186.5	578.3	26.4	21.83
5 Appalachian	425.8	268.8	63.1	22.84
6 Florida	185.6	148.2	79.8	24.72
7 Southeast	306.7	184.3	60.1	23.23
30 Upper Midwest	2,570.4	140.7	5.5	20.05
32 Central	1,248.9	310.3	24.9	20.36
33 Mideast	1,457.7	517.2	35.5	20.83
51 California	1,978.6	347.6	17.6	20.66
124 Pacific Northwest	597.6	111.8	18.7	20.57
126 Southwest	1,010.3	274.8	27.2	21.20
131 Arizona	304.5	86.9	28.5	21.15
All Orders ¹	12,272.6	2,969.0	24.2	21.02

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