

Market Information BULLETIN

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Dairy Outlook

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

Dairy Forecast for 2024

Based on recent data from the USDA, NASS Milk Production report, the 2024 forecast for the dairy herd is lowered by 5,000 head to 9.335 million head. Similarly, the forecast for milk yield is reduced to 24,200 pounds per cow, 30 pounds less than the previous forecast, due to a slower expected growth in milk per cow. Consequently, the milk production forecast for 2024 is lowered by 0.4 billion pounds to 225.9 billion pounds. Following the most recent trade data, the projection for 2024 U.S. dairy products imports on a milk-fat basis is raised to 9.0 (+0.3) billion pounds. On a skim-solids basis, the projection is 6.9 billion pounds, unchanged from last month. Higher expected imports of butter and butter products more than offset lower expected imports of cheese and other dairy products.

The projections of 2024 exports of dairy products are revised upward from last month's forecast. Projections for 2024 exports on a milk-fat basis are increased to 11.6 (+0.1) billion pounds, while exports on a skim-solids basis are forecast at 48.9 (+0.1) billion pounds. Higher expected exports of nonfat dry milk, casein and lactose more than offset lower expected exports of other dairy products. Based on recent domestic use data, tighter domestic milk supplies, and higher expected prices for the main dairy products—the domestic use forecasts for 2024 are revised downward from the previous forecast. On a milk-fat basis 2024 domestic use is forecast at 222.6 (-0.2) billion pounds. On a skims solids basis, it is forecast at 183.1 (-0.6) billion pounds.

The 2024 wholesale prices for all dairy products are revised upward. The new forecasts are as follows: Cheddar cheese \$1.930 (+10.50 cents), dry whey \$0.475 (+0.50 cents), butter \$3.000 (+1.00 cents), and NDM \$1.220 (+2.50 cents) per pound.

With higher prices across dairy products, the Class III and IV milk price forecasts are also raised from last month. The new forecast for Class III milk is \$19.45 per cwt, \$1.05 higher than the previous forecast. The Class IV price forecast is raised to \$21.00 per cwt, \$0.20 higher than the previous projection. The all-milk price for 2024 is now forecast at \$23.05 per cwt, up \$0.75 from last month's forecast

Dairy Forecasts for 2025

The improved dairy margins through 2024 are likely to create incentives for farmers to increase their dairy herds in 2025. However, the tight supply of dairy heifers will moderate growth expectations in the first half of the year. Relative to last month, the forecast for the U.S. dairy herd size in 2025 is unchanged at 9.360 million head. With lower 2024 forecasts for milk per cow and expected steady increases in milk solids components, the 2025 forecast for yield per cow is lowered by 30 pounds to 24,345 pounds. U.S. milk production for 2025 is projected at 227.9 billion pounds, 0.3 billion pounds lower than last month's forecast. With lower milk production and higher domestic dairy product prices, the projections for 2025 imports of dairy products are revised upward from last forecast. On a milk-fat basis, imports in 2025 are forecast at 8.6 (+0.3) billion pounds, while on a skim-solids basis, imports are forecast at 7.1 (+0.1) billion pounds.

Higher expected imports of cheese, butter and butterfat products, milk proteins, and other dairy products are driven by strong demand from U.S. buyers and higher expected prices on domestic dairy products. With higher expected prices for dairy products, some U.S. products are expected to become less competitive in the international market. On a skim-solids basis, the 2025 dairy exports are forecast a 49.8 billion pounds, 0.4 billion pounds lower than last month's forecast.

However, on a milk-fat basis, dairy exports are projected at 11.3 billion pounds, unchanged from the previous forecast. Domestic use forecasts for 2025 are revised from last month. On a milk-fat basis, domestic use for 2025 is forecast at 224.4 billion pounds, 0.1 billion pounds below last month's forecast. Conversely, with expected strong demand for high protein whey products, on a skim-solids basis, domestic use forecast is raised to 184.0 billion pounds, 0.1 billion pounds above the previous forecasts. With tighter domestic milk supplies in 2025,

The wholesale dairy products price forecasts for Cheddar cheese and whey are adjusted upward as follows: Cheddar cheese \$1.940 (+8.00 cents) and whey \$0.485 (+3.50 cents) per pound, respectively. The 2025 projections for butter and NDM are also revised upward as follows: butter \$3.005 (+2.00 cents) and NDM \$1.235 (+1.50 cents) per pound, respectively. With higher prices forecast across all dairy products, the 2025 forecasts for Class III and Class IV milk prices are revised upward to \$19.60 (+\$0.95) and \$21.20 (+\$0.25) per cwt, respectively. The all-milk price for 2025 is now forecast at \$23.45 per cwt, up \$0.70 from last month's forecast.

National FMMO Hearing

Public comments and other information pertaining to the National Federal Milk Marketing Order Pricing Hearing are available at the following link:

<https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>

COMPUTATION OF UNIFORM PRICES

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

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.44%	170,828,450	\$9.08 /cwt.	\$ 15,511,223.25
Class I Butterfat	49.00%	4,065,332	\$3.5872 /lb.	14,583,158.95
Class I Differential at Location		174,893,782		9,689,796.34
Total Class I Milk	82.09%	174,893,782		\$ 39,784,178.54
Class II Skim Milk	14.49%	29,665,168	\$9.90 /cwt.	\$ 2,936,851.64
Class II Butterfat	47.80%	3,965,891	\$3.5702 /lb.	14,159,024.03
Total Class II Milk	15.79%	33,631,059		\$ 17,095,875.67
Class III Skim Milk	1.94%	3,973,098	\$8.49 /cwt.	\$ 337,316.02
Class III Butterfat	1.61%	133,244	\$3.5632 /lb.	474,775.03
Total Class III Milk	1.93%	4,106,342		\$ 812,091.05
Class IV Skim Milk	0.13%	273,643	\$9.44 /cwt.	\$ 25,831.90
Class IV Butterfat	1.59%	131,884	\$3.5632 /lb.	469,929.07
Total Class IV Milk	0.19%	405,527		\$ 495,760.97
Producer Milk	100.00%	213,036,710		\$ 58,187,906.23
Adjustments				
Overage and Other Source				\$ 352.76
Inventory Adjustments				-\$ 6,038.32
Producer Butterfat at Uniform Butterfat Price				-\$ 29,912,493.53
Location Adjustments				-\$ 273,378.36
1/2 Balance in Producer Settlement Fund				\$ 74,328.83
Total Skim Milk and Aggregate Value			\$ 13.71037	\$ 28,070,677.61
Producer Settlement Fund Reserve			\$ 0.04037	\$ 82,670.53
Uniform Skim Milk Price (Hillsborough County, FL):			\$13.67 /cwt	
Uniform Butterfat Price:			\$3.6055 /lb	
Uniform Price (Hillsborough County, FL):			\$25.81 /cwt	

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

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	80.56%	215,590,068	\$9.08 /cwt.	\$ 19,575,578.21
Class I Butterfat	47.85%	5,345,089	\$3.5872 /lb.	19,173,903.26
Class I Differential at Location		220,935,157		7,012,227.73
Total Class I Milk	79.24%	220,935,157		\$ 45,761,709.20
Class II Skim Milk	14.13%	37,832,286	\$9.90 /cwt.	\$ 3,745,396.32
Class II Butterfat	40.61%	4,536,721	\$3.5702 /lb.	16,197,001.30
Total Class II Milk	15.20%	42,369,007		\$ 19,942,397.62
Class III Skim Milk	3.23%	8,651,195	\$8.49 /cwt.	\$ 734,486.44
Class III Butterfat	3.21%	358,030	\$3.5632 /lb.	1,275,732.49
Total Class III Milk	3.23%	9,009,225		\$ 2,010,218.93
Class IV Skim Milk	2.08%	5,578,178	\$9.44 /cwt.	\$ 526,580.00
Class IV Butterfat	8.33%	930,939	\$3.5632 /lb.	3,317,121.84
Total Class IV Milk	2.33%	6,509,117		\$ 3,843,701.84
Producer Milk	100.00%	278,822,506		\$ 71,558,027.59
Adjustments				
Overage and Other Source				\$ 37,246.43
Inventory Adjustments				-\$ 9,962.00
Producer Butterfat at Uniform Butterfat Price				-\$ 40,133,257.71
Location Adjustments				\$ 1,854,638.70
1/2 Balance in Producer Settlement Fund				\$ 69,956.27
Total Skim Milk and Aggregate Value			\$ 12.47010	\$ 33,376,649.28
Producer Settlement Fund Reserve			\$ 0.04017	\$ 107,539.60
Uniform Skim Milk Price (Fulton County, GA):			\$12.43 /cwt	
Uniform Butterfat Price:			\$3.5927 /lb	
Uniform Price (Fulton County, GA):			\$24.57 /cwt	

POOL HIGHLIGHTS

F.O. 6 - Florida: August 2024

Producer Milk Utilization:

Class I:	82.09%
Class II:	15.79%
Class III:	1.93%
Class IV:	0.19%

The Uniform Price
for August 2024 was announced at \$25.81, an increase of \$3.97 from August 2023.

Total Producer Milk
for August 2024 totaled 213.0 million pounds, a decrease of 237,833 thousand pounds from August 2023.

Total Class I Milk
for August 2024 was 174.9 million pounds, an increase of 864,232 thousand pounds from August 2023.

Class I Utilization
for August 2024 was 82.09%, a increase of 0.49 percentage points from August 2023.

F.O. 7 - Southeast: August 2024

Producer Milk Utilization:

Class I:	79.24%
Class II:	15.20%
Class III:	3.23%
Class IV:	2.33%

The Uniform Price
for August 2024 was announced at \$24.57 an increase of \$3.90 from August 2023.

Total Producer Milk
for August 2024 totaled 278.8 million pounds, an increase of 7.3 million pounds from August 2023.

Total Class I Milk
for August 2024 was 220.9 million pounds, a decrease of 13.0 million pounds from August 2023.

Class I Utilization
for August 2024 was 79.24%, a decrease of 6.94 percentage points from August 2023.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in August 2024 is \$25.81 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$13.67 per hundredweight plus 3.5 times the uniform butterfat price of \$3.6055 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during Aug. 2024 totaled 213.0 million pounds. Florida producers supplied 153.8 million pounds of milk in August 2024 or an estimated 72.21% of the producer milk pooled in Florida. In Aug. 2023, they supplied approximately 73.75% 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 August 2024. Total in-area Class I route disposition was 221.1 million pounds in August 2024, a increase of 6.5 million pounds from August 2023.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2024 is \$24.57 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.43 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5927 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during August 2024 totaled 278.8 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 August 2024. Total in-area Class I route disposition was 301.1 million pounds in August 2024, a decrease of 7.2 million pounds from August 2023.

WASDE Dairy Report ^{1/} WASDE – 652-4, September 12, 2024

Milk production is forecast lower for 2024 and 2025. The reduction is due to lower forecast cow inventories and a slower growth rate of milk per cow for the remainder of 2024. The slower growth in milk per cow is carried into 2025.

The fat basis import forecast for 2024 is raised, reflecting recent trade data and strong domestic demand, particularly for butter and cheese. The forecast for 2024 skim-solids basis imports is unchanged. Imports for 2025 on both a fat and a skim-solids basis are raised on tighter milk supplies and strong domestic dairy product prices. Fat basis and skim-solids basis exports for 2024 are raised based on strong international demand for dairy products. The skim-solids export forecast for 2025 is lowered due primarily to weaker price competitiveness. The fat basis export forecast for 2025 is unchanged.

For 2024, forecasts for cheese, butter, nonfat dry milk (NDM), and whey are all raised based on strong recent prices and lower milk production. As a result, the Class III and Class IV milk price forecasts are raised. The all-milk price forecast for 2024 is raised to \$23.05 per cwt. Tighter milk supplies and firm demand are expected to carry the higher price outlook into 2025, with raised prices for cheese, butter, NDM, and whey. Thus, Class III and Class IV milk price forecasts are raised for 2025. The all-milk price forecast for 2025 is raised to \$23.45 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/.

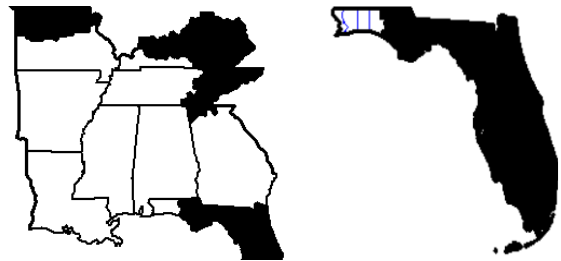
Federal Milk Marketing Order Statistics

August 2024

Federal Order	Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price ¹
	Million Pounds	Million Pounds	Percent	\$/cwt
1 Northeast	2,273.1	640.2	28.1	22.64
5 Appalachian	436.3	318.4	73.0	23.98
6 Florida	213.0	174.9	82.1	25.81
7 Southeast	278.8	220.9	79.2	24.57
30 Upper Midwest	2,561.1	157.7	6.2	20.86
32 Central	1,200.4	355.5	29.6	21.34
33 Mideast	1,595.9	593.4	37.2	21.72
51 California	2,212.6	397.3	18.0	21.50
124 Pacific Northwest	615.4	126.0	20.5	21.37
126 Southwest	1,182.4	331.9	28.1	22.07
131 Arizona	392.1	137.4	35.0	22.14
All Orders ¹	12,961.1	3,453.5	26.6	21.87

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

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