

Market Information BULLETIN

FO 6 & 7

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April 2023

Volume 24—No. 3

Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
April 2023, USDA, Economic, Research Service*

Dairy Forecasts for 2023

Milk production for 2023 is projected at 228.7 billion pounds, 0.2 billion higher than last month's forecast. Milk cows are projected to average 9.400 million head, 10,000 higher than last month's forecast. The annual milk-per-cow projection decreased 10 pounds from last month at an average 24,335 pounds per head. Dairy export projections for 2023 are adjusted lower on increased price competition and weaker expected international demand for U.S. dairy products.

The forecast for 2023 dairy exports on a milk equivalent milk-fat basis has been adjusted to 12.2 billion pounds, 0.8 billion lower than last month's forecast. On a milk-equivalent skim-solids basis, the 2023 dairy export forecast has been adjusted to 50.7 billion pounds, 1.2 billion lower than last month's projection. Dairy import projections for 2023 are adjusted higher. On a milk-fat basis, projections for 2023 have been increased to 7.7 billion pounds (+0.3 billion). On a skim-solids basis, imports have been increased to 6.9 billion pounds (+0.4 billion). Import volumes of butter, cheese, casein, and milk protein concentrates are expected to remain strong throughout 2023. The domestic use forecasts for dairy products have been raised for 2023.

The projections for 2023 domestic use are raised from the previous month's forecast to 222.8 billion pounds (+1.2 billion) on a milk-fat basis and 183.3 billion pounds (+1.8 billion) on a skim-solids basis. Domestic demand for dairy products is projected to continue strong throughout the year, which is expected to support domestic wholesale prices for cheese, butter, and dry whey. For 2023, the price forecast for Cheddar cheese has been adjusted up 4.5 cents from last month's forecast to \$1.855 per pound. The wholesale prices of butter and dry whey were also adjusted higher than last month's forecast, to \$2.420 (+8.5 cents), and \$0.425 (+3.5 cents) per pound, respectively.

However, the price for NDM was adjusted down from last month's forecast at \$1.165 per pound (-6.5 cents) on weaker expected demand. With higher average prices expected for cheese and dry whey, the Class III milk price forecast for 2023 has been raised to \$18.25 per cwt, \$0.70 higher than last month's forecast. With lower projected prices of NDM more than offsetting higher projected prices for butter, the Class IV price forecast has been lowered to \$18.10 per cwt, down \$0.20 from the previous month's projection. The all-milk price forecast for 2023 has been raised to \$20.65 per cwt, \$0.20 higher than last month's forecast.

COMPUTATION OF UNIFORM PRICES

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.59%	179,858,554	\$9.79 /cwt.	\$ 17,608,152.42
Class I Butterfat	49.30%	4,164,968	\$2.7252 /lb.	11,350,370.77
Class I Differential at Location		184,023,522		10,209,196.56
Total Class I Milk	82.30%	184,023,522		\$ 39,167,719.75
Class II Skim Milk	13.87%	29,832,017	\$10.30 /cwt.	\$ 3,072,697.74
Class II Butterfat	45.23%	3,820,606	\$2.7370 /lb.	10,456,998.61
Total Class II Milk	15.05%	33,652,623		\$ 13,529,696.35
Class III Skim Milk	1.53%	3,281,825	\$8.85 /cwt.	\$ 290,441.51
Class III Butterfat	2.62%	221,198	\$2.7300 /lb.	603,870.54
Total Class III Milk	1.57%	3,503,023		\$ 894,312.05
Class IV Skim Milk	1.01%	2,175,812	\$9.14 /cwt.	\$ 198,869.22
Class IV Butterfat	2.85%	240,879	\$2.7300 /lb.	657,599.67
Total Class IV Milk	1.08%	2,416,691		\$ 856,468.89
Producer Milk	100.00%	223,595,859		\$ 54,448,197.04

Adjustments

Overage and Other Source	\$ 13,013.87
Inventory Adjustments	-\$ 13,159.58
Producer Butterfat at Uniform Butterfat Price	-\$ 23,300,310.99
Location Adjustments	-\$ 277,350.30
1/2 Balance in Producer Settlement Fund	\$ 112,051.18

Total Skim Milk and Aggregate Value	\$ 14.40051	\$ 30,982,441.22
Producer Settlement Fund Reserve	\$ 0.04051	\$ 87,158.56

Uniform Skim Milk Price (Hillsborough County, FL):	\$14.36 /cwt
Uniform Butterfat Price:	\$2.7582 /lb
Uniform Price (Hillsborough County, FL):	\$23.51 /cwt

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	75.42%	221,404,823	\$9.79 /cwt.	\$ 21,675,532.17
Class I Butterfat	43.00%	5,308,054	\$2.7252 /lb.	14,465,508.76
Class I Differential at Location		226,712,877		7,230,352.16
Total Class I Milk	74.10%	226,712,877		\$ 43,371,393.09
Class II Skim Milk	13.18%	38,678,108	\$10.30 /cwt.	\$ 3,983,845.12
Class II Butterfat	39.48%	4,875,063	\$2.7370 /lb.	13,343,047.42
Total Class II Milk	14.24%	43,553,171		\$ 17,326,892.54
Class III Skim Milk	3.55%	10,429,842	\$8.85 /cwt.	\$ 923,041.02
Class III Butterfat	4.12%	508,893	\$2.7300 /lb.	1,389,277.89
Total Class III Milk	3.58%	10,938,735		\$ 2,312,318.91
Class IV Skim Milk	7.85%	23,053,291	\$9.14 /cwt.	\$ 2,107,070.80
Class IV Butterfat	13.40%	1,654,839	\$2.7300 /lb.	4,517,710.47
Total Class IV Milk	8.08%	24,708,130		\$ 6,624,781.27
Producer Milk	100.00%	305,912,913		\$ 69,635,385.81

Adjustments

Overage and Other Source	\$ 0.00
Inventory Adjustments	\$ 6,377.28
Producer Butterfat at Uniform Butterfat Price	-\$ 33,884,692.40
Location Adjustments	\$ 2,295,312.30
1/2 Balance in Producer Settlement Fund	\$ 144,829.34

Total Skim Milk and Aggregate Value	\$ 13.01145	\$ 38,197,212.33
Producer Settlement Fund Reserve	\$ 0.04145	\$ 121,693.82

Uniform Skim Milk Price (Fulton County, GA):	\$12.97 /cwt
Uniform Butterfat Price:	\$2.7444 /lb
Uniform Price (Fulton County, GA):	\$22.12 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: March 2023

Producer Milk Utilization:

Class I:	82.30%
Class II:	15.05%
Class III:	1.57%
Class IV:	1.08%

The Uniform Price

for March 2023 was announced at \$23.51, a decrease of \$4.26 from March 2022.

Total Producer Milk

for March 2023 totaled 223.6 million pounds, an increase of 3.3 million pounds from March 2022.

Total Class I Milk

for March 2023 was 184.0 million pounds, an increase of 1.3 million pounds from March 2022.

Class I Utilization

for March 2023 was 82.30%, a decrease of 0.73 percentage points from March 2022.

F.O. 7 - Southeast: March 2023

Producer Milk Utilization:

Class I:	74.10%
Class II:	14.24%
Class III:	3.58%
Class IV:	8.08%

The Uniform Price

for March 2023 was announced at \$22.12, a decrease of \$4.30 from March 2022.

Total Producer Milk

for March 2023 totaled 305.9 million pounds, a decrease of 29.9 million pounds from March 2022.

Total Class I Milk

for March 2023 was 226.7 million pounds, a decrease of 27.7 million pounds from March 2022.

Class I Utilization

for March 2023 was 74.10%, a decrease of 1.7 percentage points from March 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in March 2023 is \$23.51 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$14.36 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7582 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during March 2023 totaled 223.6 million pounds. Florida producers supplied 173.9 million pounds of milk in March 2023 or an estimated 78% of the producer milk pooled in Florida. In March 2022, they supplied 82% of 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 March 2023. Total in-area Class I route disposition was 230.6 million pounds in March 2023, an increase of 3.1 million pounds from March 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2023 is \$22.12 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.97 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7444 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during March 2023 totaled 305.9 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 March 2023. Total in-area Class I route disposition was 307.5 million pounds in March 2023, a decrease of 11.5 million pounds from March 2022.

WASDE Dairy Report 1/ WASDE – 635 , April 11, 2023

The milk production forecast is higher on a larger expected cow inventory. Fat basis imports for 2023 are primarily raised on the strength of a number of dairy products during the first quarter. Imports of casein and milk protein concentrates are expected to remain firm, supporting higher skim-solids basis imports through the year.

Expectations of increased competition in butter, cheese, nonfat dry milk, and whey markets are reflected in lower forecast exports on both a fat- and a skim-solids basis for 2023. Cheese and butter prices are raised on recent prices. Nonfat dry milk prices are lowered.

Whey prices are raised on recent price observations and stronger expected demand. With the changes in component prices, Class III prices are projected higher, while Class IV prices are projected lower. The all-milk price is projected higher at \$20.65 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

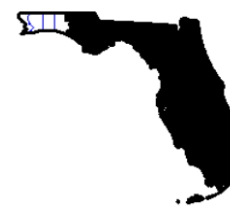
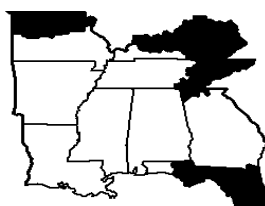
March 2023

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	2,360.8	695.4	29.4	19.93
5 Appalachian	485.7	337.2	69.4	21.50
6 Florida	223.6	184.0	82.3	23.51
7 Southeast	305.9	226.7	74.1	22.12
30 Upper Midwest	3,036.3	171.8	5.7	18.29
32 Central	1,580.2	383.4	24.3	18.48
33 Mideast	1,631.2	542.0	33.2	18.91
51 California	2,836.0	423.4	14.9	18.79
124 Pacific Northwest	739.3	141.7	19.2	18.50
126 Southwest	1,224.3	325.5	26.6	19.44
131 Arizona	473.7	124.2	26.2	19.24
All Orders	14,897.2	3,555.3	23.9	19.13

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



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