

Market Information BULLETIN

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Dairy Outlook

Excerpts from Livestock, Dairy, and Poultry Outlook, June 15, 2023, USDA, Economic, Research Service

Dairy Forecasts for 2023

For 2023, the U.S. milking herd is projected to average 9.415 million head, unchanged from last month's forecast. However, the milk per cow forecast for 2023 is 24,260 pounds, 20 pounds lower than last month's forecast, due in part to lower-than expected growth in milk per cow in the second and last quarters of the year. With lower yield per cow more than offsetting steady dairy cow numbers, the milk production forecast for 2023 has been adjusted to 228.4 billion pounds, 0.2 billion lower than last month's projection. Based on recent dairy trade information, 2023 export volume forecasts were reduced from last month's forecasts. On a milk-fat basis, the annual dairy export forecast for 2023 is 11.9 billion pounds, 0.2 billion lower than last month's forecast. On a skim-solids basis, the dairy export projections were lowered by 0.2 billion to 51.1 billion pounds. Lower exports are expected for butter and lactose, but higher exports are expected for dry skim milk products. The 2023 forecast for dairy imports on a milk-fat basis is 7.8 billion pounds, an increase of 0.1 billion from last month's forecast. On a skim-solids basis, the dairy import forecast is 6.7 billion pounds, 0.1 billion down from last month's projections. While butter import expectations are higher than last month, lower imports are expected for cheese and milk protein concentrate. On a milk-fat basis, domestic use in 2023 is forecast at 223.2 billion pounds, up 0.1 billion from last month's forecast. On a skim-solid basis, 2023 domestic use was lowered by 0.1 billion pounds from last month's forecast to 182.7 billion pounds. The 2023 price forecasts for Cheddar cheese and dry whey are lowered to \$1.730 (-9.5 cents) and \$0.370 (-2.5 cents) per pound, respectively. The 2023 butter and NDM price forecasts have been raised to \$2.435 (+0.5 cent) and \$1.190 (+0.5 cent) per pound, respectively, due to expected strength in demand for these products for the rest of 2023. With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2023 was adjusted to \$16.70 per hundredweight (cwt), down \$1.05 from last month's forecast. With a higher expected price for butter and NDM in 2023, the Class IV milk price forecast has been increased by \$0.05 to \$18.35 per cwt. The all-milk price forecast for 2023 is \$19.95 per cwt, \$0.55 lower than last month's forecast.

Dairy Forecasts for 2024

Projections for 2024 milk supply, imports, domestic use, and ending stocks are unchanged from last month's projections. The forecast for exports on a skim-solids basis has been lowered by 0.1 billion pounds to 53.8 billion, but the forecast for exports on a milk-fat basis is unchanged at 12.8 billion pounds. The 2024 price forecasts for Cheddar cheese and dry whey are lowered to \$1.775 (-4.5 cents) and \$0.360 (-1.0 cent) per pound, respectively. The 2024 butter price forecast is unchanged at \$2.335, while the NDM price forecast has been raised to \$1.130 (+1.0 cents) per pound. With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2024 is adjusted to \$17.00 per cwt, down \$0.50 from last month's forecast. With a higher expected price for NDM in 2024, the Class IV milk price forecast has been increased by \$0.10 to \$17.45 per cwt. The all-milk price forecast for 2024 is \$19.65 per cwt, \$0.25 lower than last month's forecast.

USDA Announces \$23 Million in Grant Funding Available to Support the U.S. Dairy Industry

WASHINGTON, June 8, 2023 -- The U.S. Department of Agriculture (USDA) today announced \$23 million in grant funding is available to support processing capacity expansion, on-farm improvements, and technical assistance services to producers through the Dairy Business Innovation Initiatives. The Dairy Business Innovation Initiatives provide valuable technical assistance and subgrants to dairy farmers and businesses across their regions, supporting them with business plan development, marketing, and branding, as well as increasing access to innovative production and processing techniques to support the development of value-added products.

The funds will be awarded noncompetitively to the current initiatives at the California State University Fresno; the University of Tennessee; Vermont Agency of Agriculture, Food & Markets; and the University of Wisconsin. Through the Request for Applications (RFA), the initiatives will have an opportunity to submit proposals for this year's funding. Dairy farmers and businesses interested in the program must contact the appropriate initiative to be considered for direct technical assistance or a subaward.

For more information please use the link below:

<https://www.ams.usda.gov/services/grants/dbi>

COMPUTATION OF UNIFORM PRICES

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.44%	167,048,501	\$10.47 /cwt.	\$ 17,489,978.05
Class I Butterfat	50.69%	3,979,471	\$2.7059 /lb.	10,768,050.58
Class I Differential at Location		171,027,972		9,480,114.53
Total Class I Milk	82.21%	171,027,972		\$ 37,738,143.16
Class II Skim Milk	14.94%	29,898,262	\$9.78 /cwt.	\$ 2,924,050.02
Class II Butterfat	46.84%	3,676,883	\$2.7642 /lb.	10,163,639.98
Total Class II Milk	16.14%	33,575,145		\$ 13,087,690.00
Class III Skim Milk	1.59%	3,182,306	\$6.69 /cwt.	\$ 212,896.27
Class III Butterfat	1.66%	130,222	\$2.7572 /lb.	359,048.09
Total Class III Milk	1.59%	3,312,528		\$ 571,944.36
Class IV Skim Milk	0.03%	53,146	\$8.76 /cwt.	\$ 4,655.59
Class IV Butterfat	0.81%	63,431	\$2.7572 /lb.	174,891.95
Total Class IV Milk	0.06%	116,577		\$ 179,547.54
Producer Milk	100.00%	208,032,222		\$ 51,577,325.06

Adjustments

Overage and Other Source	\$ 812.63
Inventory Adjustments	-\$ 31,752.59
Producer Butterfat at Uniform Butterfat Price	-\$ 21,686,429.34
Location Adjustments	-\$ 239,593.93
1/2 Balance in Producer Settlement Fund	\$ 87,853.11

Total Skim Milk and Aggregate Value	\$ 14.84059	\$ 29,708,214.94
Producer Settlement Fund Reserve	\$ 0.04059	\$ 81,247.11

Uniform Skim Milk Price (Hillsborough County, FL):	\$14.80 /cwt
Uniform Butterfat Price:	\$2.7626 /lb
Uniform Price (Hillsborough County, FL):	\$23.95 /cwt

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	70.63%	208,722,664	\$10.47 /cwt.	\$ 21,853,262.93
Class I Butterfat	42.78%	5,091,381	\$2.7059 /lb.	13,776,767.86
Class I Differential at Location		213,814,045		6,805,806.85
Total Class I Milk	69.55%	213,814,045		\$ 42,435,837.64
Class II Skim Milk	15.57%	46,007,390	\$9.78 /cwt.	\$ 4,499,522.74
Class II Butterfat	41.01%	4,882,010	\$2.7642 /lb.	13,494,852.03
Total Class II Milk	16.55%	50,889,400		\$ 17,994,374.77
Class III Skim Milk	7.98%	23,595,087	\$6.69 /cwt.	\$ 1,578,511.33
Class III Butterfat	7.41%	882,281	\$2.7572 /lb.	2,432,625.19
Total Class III Milk	7.96%	24,477,368		\$ 4,011,136.52
Class IV Skim Milk	5.82%	17,198,716	\$8.76 /cwt.	\$ 1,506,607.51
Class IV Butterfat	8.80%	1,048,005	\$2.7572 /lb.	2,889,559.39
Total Class IV Milk	5.94%	18,246,721		\$ 4,396,166.90
Producer Milk	100.00%	307,427,534		\$ 68,837,515.83

Adjustments

Overage and Other Source	\$ 0.00
Inventory Adjustments	-\$ 81,218.27
Producer Butterfat at Uniform Butterfat Price	-\$ 32,755,348.00
Location Adjustments	\$ 2,366,625.90
1/2 Balance in Producer Settlement Fund	\$ 185,304.23

Total Skim Milk and Aggregate Value	\$ 13.04561	\$ 38,552,879.69
Producer Settlement Fund Reserve	\$ 0.04561	\$ 134,778.27

Uniform Skim Milk Price (Fulton County, GA):	\$13.00 /cwt
Uniform Butterfat Price:	\$2.7517 /lb
Uniform Price (Fulton County, GA):	\$22.18 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: May 2023

Producer Milk Utilization:

Class I:	82.21%
Class II:	16.14%
Class III:	1.59%
Class IV:	0.06%

The Uniform Price

for May 2023 was announced at \$23.95, a decrease of \$5.81 from May 2022.

Total Producer Milk

for May 2023 totaled 208.0 million pounds, an increase of two thousand pounds from May 2022.

Total Class I Milk

for May 2023 was 171.0 million pounds, an increase of 7.6 million pounds from May 2022.

Class I Utilization

for May 2023 was 82.21%, an increase of 3.67 percentage points from May 2022.

F.O. 7 - Southeast: May 2023

Producer Milk Utilization:

Class I:	69.55%
Class II:	16.55%
Class III:	7.96%
Class IV:	5.94%

The Uniform Price

for May 2023 was announced at \$22.18, a decrease of \$5.89 from May 2022.

Total Producer Milk

for May 2023 totaled 307.4 million pounds, a decrease of 57.7 million pounds from May 2022.

Total Class I Milk

for May 2023 was 213.8 million pounds, a decrease of 16.5 million pounds from May 2022.

Class I Utilization

for May 2023 was 69.55%, an increase of 6.46 percentage points from May 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in May 2023 is \$23.95 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$14.80 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7626 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during May 2023 totaled 208 million pounds. Florida producers supplied 168.8 million pounds of milk in May 2023 or an estimated 81% of the producer milk pooled in Florida. In May 2022, they supplied approximately 85% 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 May 2023. Total in-area Class I route disposition was 213.2 million pounds in May 2023, consistent with May 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2023 is \$22.18 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.00 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7517 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during May 2023 totaled 307.4 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 May 2023. Total in-area Class I route disposition was 291.2 million pounds in May 2023, a decrease of 3.9 million pounds from May 2022.

WASDE Dairy Report 1/ WASDE – 637, June 9, 2023

Milk production for 2023 is forecast lower than last month on slower growth in milk-per-cow than previously expected. Milk production for 2024 is unchanged from last month. For 2023, commercial exports are lowered on both fat and skim-solids bases. Fat basis exports are lowered on recent data and primarily lower projections for butter. Skim-solids basis exports are lowered on recent data and as weaker whey and lactose shipments are expected to more than offset higher exports of nonfat/skim milk powders. For 2024, exports are unchanged on a fat basis but are lowered on a skim-solids basis. Imports for 2023 on a fat basis are raised on stronger expected demand for butter partly offset by weaker cheese imports. Imports on a skim-solids basis are lowered primarily on lower projected milk protein concentrate imports. Import forecasts for 2024 are unchanged. For 2023, butter and nonfat dry milk (NDM) price forecasts are raised from the previous month on recent price strength and anticipated demand, while cheese and whey price forecasts are lowered. With the changes in product prices, the Class III price is lowered, and the Class IV price is raised. The all-milk price forecast is lowered to \$19.95 per cwt. For 2024, prices are reduced for cheese and whey but raised for NDM. Butter prices are unchanged from the previous month. The Class III price is forecast lower, while a higher-Class IV price is expected. The all-milk price forecast is lowered to \$19.65 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

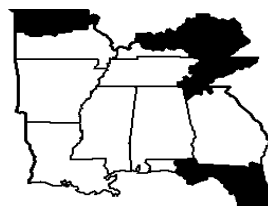
May 2023

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	2,403.4	663.8	27.6	19.46
5 Appalachian	452.1	317.2	70.2	21.72
6 Florida	208.0	171.0	82.2	23.95
7 Southeast	307.4	213.8	69.6	22.18
30 Upper Midwest	2,790.6	162.2	5.8	16.49
32 Central	1,359.2	355.5	26.2	17.74
33 Mideast	1,563.5	513.6	32.9	18.21
51 California	2,045.9	394.4	19.3	17.66
124 Pacific Northwest	736.3	136.8	18.6	17.81
126 Southwest	1,174.0	311.6	26.5	18.42
131 Arizona	428.1	110.4	25.8	18.65
All Orders	13,468.5	3,350.3	24.9	18.25

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



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