

# Market Information BULLETIN

## FO 6 & 7

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July 2023

Volume 24—No. 7

### Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,  
July 18, 2023, USDA, Economic, Research Service*

### Dairy Forecasts for 2023

For 2023, the U.S. milking herd and milk production are unchanged from last month's forecast at 9.415 million head and 228.4 billion pounds, respectively. Based on recent dairy trade information, 2023 export volume forecasts were reduced from last month's projections, mainly due to lower expected butter and cheese exports. On a milk-fat basis, the annual dairy export forecast for 2023 is 11.6 billion pounds, 0.3 billion lower than last month's forecast. On a skim-solids basis, the dairy export projections were lowered by 0.2 billion to 50.9 billion pounds, reflecting lower expected exports of whey products and a number of other dairy products. The 2023 forecast for dairy imports on a milk-fat basis is 7.8 billion pounds, unchanged from last month's forecast. On a skim-solids basis, the dairy import forecast is 6.5 billion pounds, 0.2 billion lower than last month's projections, due to lower expected imports of milk protein concentrate. On a milk-fat basis, domestic use in 2023 is forecast at 223.4 billion pounds, up 0.2 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 182.6 billion pounds. The 2023 price forecasts for Cheddar cheese, dry whey, and NDM are lowered to \$1.675 (-5.5 cents), \$0.350 (-2.0 cents), and \$1.170 (-2.0 cents) per pound, respectively, due to large cheese stocks and rising competition in international demand for dry whey and NDM, especially from New Zealand. However, the 2023 butter price forecast remains unchanged at \$2.435 per pound. With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2023 is adjusted to \$16.05 per hundredweight (cwt), down \$0.65 from last month's forecast. With lower expected prices for NDM in 2023 more than offsetting steady butter prices, the Class IV milk price forecast has been decreased by \$0.15 to \$18.20 per cwt. The all-milk price forecast for 2023 is \$19.55 per cwt, \$0.40 lower than last month's forecast.

### USDA Publishes Recommended Decision Proposing Amendments to the Appalachian, Florida, and Southeast Federal Milk Marketing Orders

The U.S. Department of Agriculture (USDA) today published a Recommended Decision proposing to amend the inter-market transportation credits in the Appalachian and Southeast Federal milk marketing orders (FMMOs) and to establish distributing plant delivery credits in the Appalachian, Florida and Southeast FMMOs. The Recommended Decision is a result of a hearing held Feb. 28 – March 2, 2023, in Franklin, Tenn., that addressed a long-standing milk deficit problem in the three southeastern orders and its impact on producers, cooperatives and handlers serving the markets. The Recommended Decision presents a package of proposals to address this chronic issue. Specifically, this decision recommends amendments to the transportation credit balancing fund provisions in the Appalachian and Southeast FMMOs that would:

- Update the components of the mileage rate calculation.
- Revise the months of mandatory and discretionary payment.
- Revise the non-reimbursed mileage factor.
- Increase the maximum assessment rate on Class I milk.

This decision also recommends establishing distributing plant delivery credit provisions in the Appalachian, Florida and Southeast FMMOs to make marketwide service payments to qualifying handlers and cooperatives for milk shipments to pool distributing plants from farms that are year-round, consistent suppliers. This action is separate and distinct from the rulemaking proceeding under consideration by the Department to evaluate changes to the uniform pricing formulas applicable to all 11 FMMOs.

The Recommended Decision was published in the Federal Register on July 18, 2023 and is available at [www.ams.usda.gov/rules-regulations/moa/dairy](http://www.ams.usda.gov/rules-regulations/moa/dairy). The decision invites public comments on the recommended proposals. Comments should be submitted at the Federal Rulemaking portal: <http://www.regulations.gov>. Comments may also be filed with the Hearing Clerk, U.S. Department of Agriculture, Room 1031-S, Washington, DC 20250-9200, fax number (202) 720-9976. All comments should reference the docket number and the date and page number of this issue of the Federal Register. All comments will be made available for public inspection in the Office of the Hearing Clerk during regular business hours, or can be viewed at: <http://www.regulations.gov>.

**COMPUTATION OF UNIFORM PRICES**

**F.O. 6 - Florida: Uniform Price - June 2023**

**Producer Milk**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.53%	152,095,985	\$8.72 /cwt.	\$ 13,262,769.89
Class I Butterfat	54.17%	3,839,011	\$2.7412 /lb.	10,523,496.96
Class I Differential at Location		155,934,996		8,655,746.54
<b>Total Class I Milk</b>	<b>82.43%</b>	<b>155,934,996</b>		<b>\$ 32,442,013.39</b>
Class II Skim Milk	13.93%	25,358,564	\$9.48 /cwt.	\$ 2,403,991.87
Class II Butterfat	43.10%	3,054,805	\$2.7675 /lb.	8,454,172.84
<b>Total Class II Milk</b>	<b>15.02%</b>	<b>28,413,369</b>		<b>\$ 10,858,164.71</b>
Class III Skim Milk	2.31%	4,197,350	\$5.44 /cwt.	\$ 228,335.84
Class III Butterfat	2.10%	148,570	\$2.7605 /lb.	410,127.49
<b>Total Class III Milk</b>	<b>2.30%</b>	<b>4,345,920</b>		<b>\$ 638,463.33</b>
Class IV Skim Milk	0.23%	419,188	\$8.91 /cwt.	\$ 37,349.65
Class IV Butterfat	0.63%	44,910	\$2.7605 /lb.	123,974.05
<b>Total Class IV Milk</b>	<b>0.25%</b>	<b>464,098</b>		<b>\$ 161,323.70</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>189,158,383</b>		<b>\$ 44,099,965.13</b>

**Adjustments**

Overage and Other Source				\$ 19,256.09
Inventory Adjustments				-\$ 66,793.35
Producer Butterfat at Uniform Butterfat Price				-\$ 19,725,362.23
Location Adjustments				-\$ 230,609.42
1/2 Balance in Producer Settlement Fund				\$ 84,699.63

<b>Total Skim Milk and Aggregate Value</b>			<b>\$ 13.28116</b>	<b>\$ 24,181,155.85</b>
Producer Settlement Fund Reserve			<b>\$ 0.04116</b>	\$ 74,943.94

<b>Uniform Skim Milk Price (Hillsborough County, FL):</b>	<b>\$13.24</b> /cwt
<b>Uniform Butterfat Price:</b>	<b>\$2.7832</b> /lb
<b>Uniform Price (Hillsborough County, FL):</b>	<b>\$22.52</b> /cwt

**F.O. 7 - Southeast: Uniform Price - June 2023**

**Producer Milk**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	71.71%	202,909,371	\$8.72 /cwt.	\$ 17,693,697.14
Class I Butterfat	46.57%	5,284,341	\$2.7412 /lb.	14,485,435.55
Class I Differential at Location		208,193,712		6,631,133.88
<b>Total Class I Milk</b>	<b>70.74%</b>	<b>208,193,712</b>		<b>\$ 38,810,266.57</b>
Class II Skim Milk	16.78%	47,479,739	\$9.48 /cwt.	\$ 4,501,079.25
Class II Butterfat	39.18%	4,445,845	\$2.7675 /lb.	12,303,876.08
<b>Total Class II Milk</b>	<b>17.64%</b>	<b>51,925,584</b>		<b>\$ 16,804,955.33</b>
Class III Skim Milk	6.27%	17,751,586	\$5.44 /cwt.	\$ 965,686.29
Class III Butterfat	5.70%	646,391	\$2.7605 /lb.	1,784,362.35
<b>Total Class III Milk</b>	<b>6.25%</b>	<b>18,397,977</b>		<b>\$ 2,750,048.64</b>
Class IV Skim Milk	5.24%	14,837,465	\$8.91 /cwt.	\$ 1,322,018.14
Class IV Butterfat	8.55%	969,525	\$2.7605 /lb.	2,676,373.77
<b>Total Class IV Milk</b>	<b>5.37%</b>	<b>15,806,990</b>		<b>\$ 3,998,391.91</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>294,324,263</b>		<b>\$ 62,363,662.45</b>

**Adjustments**

Overage and Other Source				\$ 15,617.43
Inventory Adjustments				-\$ 95,595.50
Producer Butterfat at Uniform Butterfat Price				-\$ 31,418,874.39
Location Adjustments				\$ 2,146,667.34
1/2 Balance in Producer Settlement Fund				\$ 178,013.72

<b>Total Skim Milk and Aggregate Value</b>			<b>\$ 11.72878</b>	<b>\$ 33,189,491.05</b>
Producer Settlement Fund Reserve			<b>\$ 0.04878</b>	\$ 138,025.17

<b>Uniform Skim Milk Price (Fulton County, GA):</b>	<b>\$11.68</b> /cwt
<b>Uniform Butterfat Price:</b>	<b>\$2.7691</b> /lb
<b>Uniform Price (Fulton County, GA):</b>	<b>\$20.96</b> /cwt

**POOL HIGHLIGHTS**

**F.O. 6 - Florida: June 2023**

**Producer Milk Utilization:**

Class I:	82.43%
Class II:	15.02%
Class III:	2.30%
Class IV:	0.25%

**The Uniform Price**

for June 2023 was announced at \$22.52, a decrease of \$8.08 from June 2022.

**Total Producer Milk**

for June 2023 totaled 189.2 million pounds, an increase of 1.9 million pounds from June 2022.

**Total Class I Milk**

for June 2023 was 155.9 million pounds, an increase of 4.0 million pounds from June 2022.

**Class I Utilization**

for June 2023 was 82.43%, an increase of 1.29 percentage points from June 2022.

**F.O. 7 - Southeast: June 2023**

**Producer Milk Utilization:**

Class I:	70.74%
Class II:	17.64%
Class III:	6.25%
Class IV:	5.37%

**The Uniform Price**

for June 2023 was announced at \$20.96 a decrease of \$7.78 from June 2022.

**Total Producer Milk**

for June 2023 totaled 294.3 million pounds, a decrease of 53.9 million pounds from June 2022.

**Total Class I Milk**

for June 2023 was 208.2 million pounds, a decrease of 8.6 million pounds from June 2022.

**Class I Utilization**

for June 2023 was 70.74%, an increase of 8.50 percentage points from June 2022.

## Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in June 2023 is \$22.52 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$13.24 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7832 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during June 2023 totaled 189.2 million pounds. Florida producers supplied 157.5 million pounds of milk in June 2023 or an estimated 83% of the producer milk pooled in Florida. In June 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 June 2023. Total in-area Class I route disposition was 196.0 million pounds in June 2023, a decrease of 2.1 million pounds from June 2022.

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## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2023 is \$20.96 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.68 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7691 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during June 2023 totaled 294.3 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 June 2023. Total in-area Class I route disposition was 276.7 million pounds in June 2023, an increase of 5.4 million pounds from June 2022.

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## WASDE Dairy Report <sup>1/</sup> WASDE – 638, July 12, 2023

Milk production forecast for 2023 is unchanged from last month. The milk production forecast for 2024 is reduced from last month, based on lower dairy cow inventories and slower growth in milk per cow. For 2023, exports are reduced on both a fats and skim-solids basis. Fats basis exports are lowered primarily reflecting lower butter and cheese shipments. Skim-solids basis exports reflect lower exports of whey products as well as a number of other dairy products; however, these declines are partially offset by higher nonfat dry milk (NDM) exports. For 2024, fat basis exports are reduced as weakness in butter sales is expected to carry into the next year. Skim-solids basis export reductions are largely due to lower expected lactose exports. Imports on a fat basis for 2023 are unchanged with largely offsetting changes for a number of products, but skim-solids imports are lowered on lower milk protein concentrates. For 2024, imports on both a skim-solids basis and a fat basis are lowered slightly. For 2023, prices of cheese, NDM, and whey are lower than the previous month's forecast based on continued ample supplies of cheese and competition in international NDM and whey markets. The price of butter is unchanged. The Class III price forecast is reduced on weaker cheese and whey prices, and the Class IV price decline reflects lower NDM prices. The all-milk price forecast is lowered to \$19.55 per cwt. For 2024, prices of cheese, NDM, and whey are lower than the previous month's forecast, but the butter price is higher. The Class III milk price is lower than the previous month on the weaker cheese and whey price, but the Class IV price forecast is unchanged as the lower NDM price and higher butter price are offsetting. The all-milk price forecast is lowered to \$19.10 per cwt.

<sup>1/</sup> 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/](http://www.usda.gov/oce/commodity/wasde/).

# Federal Milk Marketing Order Statistics

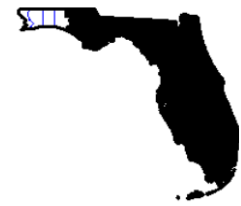
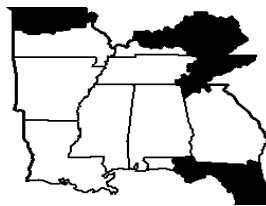
June 2023

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 <sup>1</sup> <i>\$/cwt</i>
1 Northeast	2,286.0	619.2	27.1	18.61
5 Appalachian	442.2	295.1	66.7	20.31
6 Florida	189.2	155.9	82.4	22.52
7 Southeast	294.3	208.2	70.7	20.96
30 Upper Midwest	2,736.4	148.9	5.4	15.27
32 Central	1,238.9	329.0	26.6	16.64
33 Mideast	1,351.8	491.6	36.4	17.08
51 California	1,980.7	363.0	18.3	16.42
124 Pacific Northwest	602.9	123.5	20.5	16.82
126 Southwest	1,070.9	285.6	26.7	17.25
131 Arizona	445.2	108.4	24.3	17.93
All Orders	12,638.4	3,128.3	24.8	17.14

<sup>1/</sup> Weighted average uniform price at 3.5% butterfat at announced locations.



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