

# Market Information BULLETIN

## FO 6 & 7

Jason Nierman - Market Administrator



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### Jason Nierman Appointed Market Administrator

Jason Nierman has been appointed as Market Administrator for the Appalachian, Southeast and Florida Milk Marketing Orders effective September 4, 2022. Mr. Nierman began his federal career as an Agricultural Economist in the Dairy Program in 1998. In 2004, he held the position of Agricultural Economist for the Appalachian Order until 2008, when he became an Associate Market Administrator. He has served as Assistant Market Administrator for the Appalachian Order since 2013 and for the Southeast and Florida Orders since 2019. Mr. Nierman and the staff look forward to continuing to provide the Appalachian, Southeast and Florida dairy industries with excellent customer service.

### Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook, August 2022, USDA, Economic Research Service:*

### Dairy Forecasts for 2022

In the following forecast analysis, any changes discussed are adjustments from previous month forecasts, unless otherwise specified. Based on recent milk production information, the forecast for the average number of milk cows in 2022 has been lowered by 15,000 head, to 9.405 million head. However, the projected average yield per cow in 2022 was adjusted slightly higher, at 24,075 pounds per year. With lower cows and steady productivity per cow, the milk production forecast for 2022 is 226.5 billion pounds, down 0.3 billion. Due to anticipated strong demand from the international market and competitive domestic prices, higher export volumes of dairy products are projected throughout the rest of 2022. The forecast for 2022 dairy exports on a milk equivalent milk-fat basis was adjusted to 13.2 billion pounds, 0.3 billion higher. On a milk equivalent skim-solids basis, 2022 exports are forecast at 52.1 billion pounds, up 0.8 billion. Higher exports are expected for whey, lactose, and cheese, as U.S. prices are expected to remain competitive in international markets.

Wholesale price forecasts for most dairy products have been adjusted higher or remain unchanged for 2022. Price forecasts for butter and NDM are \$2.850 (+6.5 cents) and \$1.690 (+2.5 cents) per pound, respectively. The 2022 wholesale price forecasts for cheese and dry whey remained unchanged at \$2.075 and \$0.610 per pound, respectively. The Class III milk price forecast for 2022 is \$21.65 per hundredweight (cwt), up \$0.05.

### Dairy Forecasts for 2022 cont.

Due to higher butter and NDM price forecasts, the Class IV milk price projection was adjusted to \$24.45 per cwt, up \$0.50. The all-milk price forecast for 2022 is \$25.45 per cwt, an increase of \$0.25.

### Dairy Forecasts for 2023

Following through on the 2022 upward forecast, the 2023 milk cow inventory is raised by 35,000 head to 9.435 million head. The forecast for milk per cow is 24,300 pounds, 10 pounds higher than last month's forecast. The projection for 2023 milk production has been raised to 229.2 billion pounds, 0.9 billion higher than last month's forecast and 2.4 billion pounds above the 2022 forecast. Dairy exports are projected higher for 2023 on greater expected supplies, although increased competition with other suppliers may limit increases. On a milk-fat basis, the export forecast for 2023 is 11.7 billion pounds, 0.1 billion above last month's forecast. In 2023, dairy exports are projected to total 51.2 billion pounds on a skim-solids basis, 0.2 billion higher than the previous month's forecast, as strong skim exports of dry skim milk products and lactose are expected in 2023. With larger expected domestic supplies, dairy imports are projected slightly lower from the previous forecast in 2023, at 6.8 billion pounds (-0.1 billion) on a milk-fat basis and 5.9 billion pounds (-0.1 billion) on a skim-solids basis. Higher expected milk production and lower dairy product prices are expected to boost domestic milk use in 2023. On a milk-fat basis, the annual domestic use forecast for 2023 is 222.1 billion pounds, 0.3 billion higher than the previous forecast. On a skim-solids basis, the forecast for domestic use is 182.2 billion pounds, 0.8 billion above last month's forecast. Dairy product price forecasts for 2023 have been lowered due to high expected domestic supplies and strong price competition from international exporter countries. Wholesale price forecasts for Cheddar cheese, butter, NDM, and dry whey are lowered from last month's projections to \$1.975 (-9.5 cents), \$2.375 (-6.5 cents), \$1.450 (-19.5 cents) and \$0.485 (-3.0 cents), respectively. With lower estimated wholesale prices for cheese and dry whey, the Class III milk price forecast for 2023 is \$19.70 per cwt, \$1.15 lower than the previous month's forecast. Due to lower butter and NDM price forecasts, the Class IV milk price projection for 2023 is \$20.35 per cwt, \$1.95 lower than last month's forecast. The all-milk price forecast for 2023 is \$22.50 per cwt, a decrease of \$1.65 from last month's forecast.

**COMPUTATION OF UNIFORM PRICES**

**F.O. 6 - Florida: Uniform Price - August 2022**

**Producer Milk**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	84.77%	167,530,889	\$13.75 /cwt.	\$ 23,035,497.26
Class I Butterfat	52.16%	3,939,546	\$3.3886 /lb.	13,349,545.58
Class I Differential at Location		171,470,435		9,506,945.10
<b>Total Class I Milk</b>	<b>83.56%</b>	<b>171,470,435</b>		<b>\$ 45,891,987.94</b>
Class II Skim Milk	12.67%	25,044,035	\$15.53 /cwt.	\$ 3,889,338.63
Class II Butterfat	44.27%	3,344,323	\$3.4071 /lb.	11,394,442.89
<b>Total Class II Milk</b>	<b>13.84%</b>	<b>28,388,358</b>		<b>\$ 15,283,781.52</b>
Class III Skim Milk	1.42%	2,813,915	\$8.50 /cwt.	\$ 239,182.79
Class III Butterfat	1.65%	124,321	\$3.4001 /lb.	422,703.83
<b>Total Class III Milk</b>	<b>1.43%</b>	<b>2,938,236</b>		<b>\$ 661,886.62</b>
Class IV Skim Milk	1.14%	2,247,401	\$13.38 /cwt.	\$ 300,702.27
Class IV Butterfat	1.92%	145,399	\$3.4001 /lb.	494,371.14
<b>Total Class IV Milk</b>	<b>1.17%</b>	<b>2,392,800</b>		<b>\$ 795,073.41</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>205,189,829</b>		<b>\$ 62,632,729.49</b>

**Adjustments**

Overage and Other Source				\$ 0.00
Inventary Adjustments				-\$ 90,846.65
Producer Butterfat at Uniform Butterfat Price				-\$ 25,880,106.63
Location Adjustments				-\$ 266,732.38
1/2 Balance in Producer Settlement Fund				\$ 46,410.52

<b>Total Skim Milk and Aggregate Value</b>			<b>\$ 18.43865</b>	<b>\$ 36,441,454.35</b>
Producer Settlement Fund Reserve			<b>\$ 0.04865</b>	\$ 96,149.81

<b>Uniform Skim Milk Price (Hillsborough County, FL):</b>	<b>\$18.39</b> /cwt
<b>Uniform Butterfat Price:</b>	<b>\$3.4262</b> /lb
<b>Uniform Price (Hillsborough County, FL):</b>	<b>\$29.74</b> /cwt

**F.O. 7 - Southeast: Uniform Price - August 2022**

**Producer Milk**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	78.81%	242,667,480	\$13.75 /cwt.	\$ 33,366,778.52
Class I Butterfat	46.87%	5,700,997	\$3.3886 /lb.	19,318,398.44
Class I Differential at Location		248,368,477		8,196,504.74
<b>Total Class I Milk</b>	<b>77.59%</b>	<b>248,368,477</b>		<b>\$ 60,881,681.70</b>
Class II Skim Milk	15.36%	47,303,171	\$15.53 /cwt.	\$ 7,346,182.42
Class II Butterfat	43.51%	5,292,567	\$3.4071 /lb.	18,032,305.04
<b>Total Class II Milk</b>	<b>16.43%</b>	<b>52,595,738</b>		<b>\$ 25,378,487.46</b>
Class III Skim Milk	4.18%	12,887,519	\$8.50 /cwt.	\$ 1,095,439.16
Class III Butterfat	4.84%	588,459	\$3.4001 /lb.	2,000,819.44
<b>Total Class III Milk</b>	<b>4.21%</b>	<b>13,475,978</b>		<b>\$ 3,096,258.60</b>
Class IV Skim Milk	1.65%	5,087,548	\$13.38 /cwt.	\$ 680,713.93
Class IV Butterfat	4.78%	581,160	\$3.4001 /lb.	1,976,002.12
<b>Total Class IV Milk</b>	<b>1.77%</b>	<b>5,668,708</b>		<b>\$ 2,656,716.05</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>320,108,901</b>		<b>\$ 92,013,143.81</b>

**Adjustments**

Overage and Other Source				\$ 5,206.05
Inventary Adjustments				-\$ 225,021.79
Producer Butterfat at Uniform Butterfat Price				-\$ 41,515,376.22
Location Adjustments				\$ 1,473,629.87
1/2 Balance in Producer Settlement Fund				\$ 139,683.39

<b>Total Skim Milk and Aggregate Value</b>			<b>\$ 16.85078</b>	<b>\$ 51,891,265.11</b>
Producer Settlement Fund Reserve			<b>\$ 0.04078</b>	\$ 125,589.93

<b>Uniform Skim Milk Price (Fulton County, GA):</b>	<b>\$16.81</b> /cwt
<b>Uniform Butterfat Price:</b>	<b>\$3.4132</b> /lb
<b>Uniform Price (Fulton County, GA):</b>	<b>\$28.17</b> /cwt

**POOL HIGHLIGHTS**

**F.O. 6 - Florida: August 2022**

**Producer Milk Utilization:**

Class I:	83.56%
Class II:	13.84%
Class III:	1.43%
Class IV:	1.17%

**The Uniform Price**

for August 2022 was announced at \$29.74, an increase of \$8.63 from August 2021.

**Total Producer Milk**

for August 2022 totaled 205.2 million pounds, an decrease of 2.4 million pounds from August 2021.

**Total Class I Milk**

for August 2022 was 171.4 million pounds, a increase of 4.2 million pounds from August 2021.

**Class I Utilization**

for August 2022 was 83.56%, an increase of 3.01 percentage points from July 2021.

**F.O. 7 - Southeast: August 2022**

**Producer Milk Utilization:**

Class I:	77.59%
Class II:	16.43%
Class III:	4.21%
Class IV:	1.77%

**The Uniform Price**

for August 2022 was announced at \$28.17, an increase of \$8.57 from August 2021.

**Total Producer Milk**

for August 2022 totaled 320.1 million pounds, an decrease of 41.2 million pounds from August 2021.

**Total Class I Milk**

for July 2022 was 242.7 million pounds, an decrease of 11 million pounds from August 2021.

**Class I Utilization**

for August 2022 was 78.81%, a increase of 6 percentage points from August 2021.

## Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in August 2022 is \$29.74 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$18.39 per hundredweight plus 3.5 times the uniform butterfat price of \$3.4262 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during August 2022 totaled 205.2 million pounds. Florida producers supplied 145.3 million pounds of milk in August 2022 or an estimated 71% of the producer milk pooled in Florida. In August 2021, they supplied 76% of producer milk pooled on the Florida market. There were 8 regulated pool distributing plants and 2 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for August 2022. Total in-area Class I route disposition was 216.6 million pounds in August 2022, an increase of 5.0 million pounds from August 2021.

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## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2022 is \$28.17 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$16.81 per hundredweight plus 3.5 times the uniform butterfat price of \$3.4132 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during August 2022 totaled 320.1 million pounds. There were 16 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 2022. Total in-area Class I route disposition was 312.3 million pounds in August 2022, a decrease of 1.9 million pounds from August 2021.

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## WASDE Dairy Report 1/ WASDE – 628, September 12, 2022

The milk production forecasts for 2022 and 2023 are lowered from last month. Milk cow numbers are reduced, reflecting the average July 2022 cow number reported in the recent Milk Production report. Slower growth in cow numbers is carried through late 2022 and is expected to carry into 2023. Output-per-cow is forecast to increase at a slightly more rapid pace in 2022 but the forecast for 2023 is unchanged. Fat and skim-solids basis imports for 2022 and 2023 are raised, largely driven by recent trade data and higher expected imports of cheese throughout the forecast period. Exports for both years are raised on expectations of stronger whey, lactose, and cheese exports, which are projected to be price competitive. For 2022, forecasts for butter prices and nonfat dry milk (NDM) are raised slightly on current price strength, but cheese and whey prices are unchanged. Both Class III and Class IV prices are raised, reflecting changes in their component values. For 2023, forecasts for butter and NDM are raised on tighter supplies, cheese is lowered slightly, while whey prices are unchanged. The Class III price is unchanged while the Class IV price forecast is raised WASDE-628-5 on higher butter prices. The 2022 all milk price forecast is raised to \$25.45 per cwt and the 2023 all milk price is raised to \$22.70 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/).

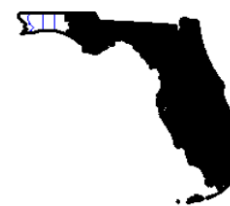
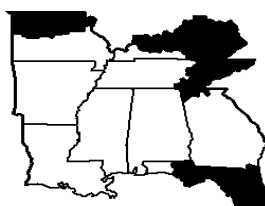
## Federal Milk Marketing Order Statistics

August 2022

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 <i>\$/cwt</i>
1 Northeast	2,264.0	650.2	28.7	25.42
5 Appalachian	446.7	326.0	73.0	27.49
6 Florida	205.2	171.5	83.6	29.74
7 Southeast	320.1	248.4	77.6	28.17
30 Upper Midwest	2,896.3	167.2	5.8	20.60
32 Central	1,312.1	368.1	28.1	22.82
33 Mideast	1,301.1	505.6	38.9	23.33
51 California	1,843.3	402.4	21.8	22.38
124 Pacific Northwest	618.9	134.3	21.7	23.08
126 Southwest	1,184.6	338.9	28.6	23.16
131 Arizona	324.5	101.3	31.2	23.86
All Orders	12,717.0	3,413.9	26.8	23.25



**MILK MARKET ADMINISTRATOR**  
U.S. Department of Agriculture  
2763 Meadow Church Road, Suite 100  
Duluth, Georgia 30097



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