

Market Information BULLETIN

FO 6 & 7

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December 2022

Volume 23—No. 10

Dairy Outlook

Excerpts from Livestock, Dairy, and Poultry Outlook, December 2022, USDA, Economic Research Service

Dairy Forecasts for 2022

Dairy Forecasts for the Remainder of 2022 In the following forecast analysis, any changes discussed are adjustments from the previous month's forecasts unless otherwise specified. Based on milk production data for October 2022 and revised data for September 2022 showing more dairy cows, the dairy herd size forecast was adjusted higher, while the output per cow was adjusted downward for 2022-Q3. As a result, milk cow numbers for 2022 are projected to average 9.410 million head, 5,000 cows higher. The average milk yield per cow in 2022 is projected to be 24,125 pounds per head, 5 pounds per head lower. With lower expected milk yields offsetting higher expected milk cow numbers, the annual milk production forecast for 2022 is unchanged at 227.0 billion pounds. Based on recent trade data, the 2022 dairy export forecast is revised up on a milk-equivalent milk-fat basis but is unchanged on a milk-equivalent skim-solid basis. The forecast for 2022 exports on a milk-equivalent milk-fat basis is adjusted upward to 13.5 (+0.4 billion pounds) largely on higher exports of butter and butteroil. On a milk-equivalent skim-solids basis, the export forecast for 2022 remained unchanged at 52.4 billion pounds, as higher expected exports of dry skim milk products more than offset lower expected lactose exports. The forecasts for 2022 dairy product imports are adjusted higher based on recent trade data and expectation of continued demand for imported cheese and butterfat products. On a milk equivalent milk-fat basis, the 2022 projection for dairy product imports has been raised to 7.3 billion pounds (+0.3 billion). On a milk-equivalent skim-solids basis, the forecast for 2022 imports is adjusted to 6.5 billion pounds, up 0.1 billion pounds. The domestic dairy use is projected to increase by the end of 2022. The forecasts for 2022 dairy product imports are adjusted higher based on recent trade data and expectation of continued demand for imported cheese and butterfat products. On a milk-equivalent milkfat basis, the annual forecast for domestic use is 221.9 billion pounds, 0.1 billion higher with lower ending stocks, while on a milk-equivalent skim-solids basis the forecast is 180.0 billion pounds, 0.2 billion higher, with lower expected ending stocks and higher imports.

Dairy Forecasts for 2022 cont.

The wholesale price forecasts for Cheddar cheese and butter in 2022 are adjusted higher to \$2.110 (+1.0 cent) and \$2.875 (+3.0 cents) per pound, respectively. However, 2022 price forecasts for NDM and dry whey remained unchanged at \$1.680 and \$0.605 per pound, respectively. With the higher projected wholesale price for cheese and a steady dry whey price forecast, the Class III milk price forecast for 2022 is \$21.95 per cwt (+15 cents). With a higher projected butter price and a steady NDM price forecast, the Class IV milk price projection for 2022 is \$24.50 per cwt (+20 cents). The all-milk price forecast for 2022 has been raised to \$25.65 per cwt (+15 cents).

Dairy Forecasts for 2023

The U.S. dairy herd is projected to be 5,000 cows more in 2023, at 9.420 million head. The 2023 forecast for milk per cow is 24,370 pounds, 20 pounds higher on slightly more rapid than previously expected growth. The projection for 2023 milk production is 229.5 billion pounds, up 0.3 billion pounds. On a milk-equivalent milk-fat basis, the export forecast for 2023 is 13.0 billion pounds, up 0.3 billion due to higher expected exports of cheese and butterfat products. On a milk-equivalent skim-solids basis, 2023 dairy exports are projected to total 52.3 billion pounds, 0.2 billion pounds lower, due to lower anticipated exports of lactose. Dairy product import projections for 2023 were adjusted higher, to 7.2 billion pounds (+0.1 billion) on a milk-equivalent milk-fat basis and 6.1 billion pounds (+0.1 billion) on a milk-equivalent skim-solids basis. The 2023 projections for domestic use are up in 2023. On a milk-equivalent milk-fat basis, the domestic use forecast for 2023 is 222.0 billion pounds, 0.4 billion higher. On a milk-equivalent skim-solids basis, the forecast for domestic use is 182.2 billion pounds, 0.4 billion higher. In 2023, wholesale price forecasts for Cheddar cheese and butter were raised to \$1.995 (+2.5 cents) and \$2.465 (+1.0 cent) per pound, respectively. With a higher projected wholesale price for cheese more than offsetting the lower price projection for dry whey, the Class III milk price forecast for 2023 is \$19.80 per cwt (+15 cents). Class IV milk price projection for 2023 is \$20.10 per cwt (-25 cents). The all-milk price forecast for 2023 is \$22.70 per cwt, an increase of 10 cents.

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - November 2022

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	85.55%	170,401,994	\$11.63 /cwt.	\$ 19,817,751.91
Class I Butterfat	52.82%	4,139,029	\$3.6774 /lb.	15,220,865.25
Class I Differential at Location		174,541,023		9,690,620.28
Total Class I Milk	84.31%	174,541,023		\$ 44,729,237.44
Class II Skim Milk	11.67%	23,249,136	\$13.31 /cwt.	\$ 3,094,460.00
Class II Butterfat	43.68%	3,423,279	\$3.3790 /lb.	11,567,259.75
Total Class II Milk	12.88%	26,672,415		\$ 14,661,719.75
Class III Skim Milk	1.55%	3,082,403	\$9.54 /cwt.	\$ 294,061.24
Class III Butterfat	2.28%	178,717	\$3.3720 /lb.	602,633.74
Total Class III Milk	1.58%	3,261,120		\$ 896,694.98
Class IV Skim Milk	1.23%	2,446,440	\$11.91 /cwt.	\$ 291,371.01
Class IV Butterfat	1.22%	95,479	\$3.3720 /lb.	321,955.19
Total Class IV Milk	1.23%	2,541,919		\$ 613,326.20
Producer Milk	100.00%	207,016,477		\$ 60,900,978.37
Adjustments				
Overage and Other Source				\$ 0.00
Inventory Adjustments				-\$ 54,452.47
Producer Butterfat at Uniform Butterfat Price				-\$ 27,943,405.96
Location Adjustments				-\$ 301,745.37
1/2 Balance in Producer Settlement Fund				\$ 80,717.74
Total Skim Milk and Aggregate Value			\$ 16.40832	\$ 32,682,092.31
Producer Settlement Fund Reserve			\$ 0.04832	\$ 96,248.72
Uniform Skim Milk Price (Hillsborough County, FL):			\$16.36 /cwt	
Uniform Butterfat Price:			\$3.5658 /lb	
Uniform Price (Hillsborough County, FL):			\$28.27 /cwt	

F.O. 7 - Southeast: Uniform Price - November 2022

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	75.62%	222,737,012	\$11.63 /cwt.	\$ 25,904,314.50
Class I Butterfat	45.08%	5,679,913	\$3.6774 /lb.	20,887,312.07
Class I Differential at Location		228,416,925		7,261,663.09
Total Class I Milk	74.36%	228,416,925		\$ 54,053,289.66
Class II Skim Milk	18.58%	54,747,710	\$13.31 /cwt.	\$ 7,286,920.20
Class II Butterfat	43.58%	5,492,361	\$3.3790 /lb.	18,558,687.79
Total Class II Milk	19.61%	60,240,071		\$ 25,845,607.99
Class III Skim Milk	4.85%	14,293,682	\$9.54 /cwt.	\$ 1,363,617.26
Class III Butterfat	3.40%	428,663	\$3.3720 /lb.	1,445,451.64
Total Class III Milk	4.79%	14,722,345		\$ 2,809,068.90
Class IV Skim Milk	0.95%	2,811,364	\$11.91 /cwt.	\$ 334,833.45
Class IV Butterfat	7.94%	1,001,018	\$3.3720 /lb.	3,375,432.70
Total Class IV Milk	1.24%	3,812,382		\$ 3,710,266.15
Producer Milk	100.00%	307,191,723		\$ 86,418,232.70
Adjustments				
Overage and Other Source				\$ 967.93
Inventory Adjustments				-\$ 137,902.80
Producer Butterfat at Uniform Butterfat Price				-\$ 44,448,355.48
Location Adjustments				\$ 1,806,717.26
1/2 Balance in Producer Settlement Fund				\$ 138,100.02
Total Skim Milk and Aggregate Value			\$ 14.86058	\$ 43,777,759.63
Producer Settlement Fund Reserve			\$ 0.04058	\$ 119,556.02
Uniform Skim Milk Price (Fulton County, GA):			\$14.82 /cwt	
Uniform Butterfat Price:			\$3.5271 /lb	
Uniform Price (Fulton County, GA):			\$26.65 /cwt	

POOL HIGHLIGHTS

F.O. 6 - Florida: November 2022

Producer Milk Utilization:	
Class I:	84.31%
Class II:	12.88%
Class III:	1.58%
Class IV:	1.23%

The Uniform Price
for Nov. 2022 was announced at \$28.27, an increase of \$5.34 from Nov. 2021.

Total Producer Milk
for Nov. 2022 totaled 207.0 million pounds, a decrease of 0.05 million pounds from Nov. 2021.

Total Class I Milk
for Nov. 2022 was 174.5 million pounds, a decrease of 1.6 million pounds from Nov. 2021.

Class I Utilization
for Nov. 2022 was 84.31%, a decrease of 0.74 percentage points from Nov. 2021.

F.O. 7 - Southeast: November 2022

Producer Milk Utilization:	
Class I:	74.36%
Class II:	19.61%
Class III:	4.79%
Class IV:	1.24%

The Uniform Price
for Nov. 2022 was announced at \$26.65, an increase of \$5.43 from Nov. 2021.

Total Producer Milk
for Nov. 2022 totaled 307.2 million pounds, a decrease of 69.3 million pounds from Nov. 2021.

Total Class I Milk
for Nov 2022 was 228.4 million pounds, an increase of 39.7 million pounds from Nov. 2021.

Class I Utilization
for Nov. 2022 was 74.36%, an increase of 3.15 percentage points from Nov. 2021.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in November 2022 is \$28.27 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$16.36 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5658 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during November 2022 totaled 207.0 million pounds. Florida producers supplied 143.6 million pounds of milk in November 2022 or an estimated 69% of the producer milk pooled in Florida. In November 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 November 2022. Total in-area Class I route disposition was 219.4 million pounds in November 2022, a decrease of 4.3 million pounds from November 2021.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2022 is \$26.65 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$14.82 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5271 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during November 2022 totaled 307.2 million pounds. There were 15 regulated pool distributing plants, 2 pool supply plant and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2022. Total in-area Class I route disposition was 303.7 million pounds in November 2022, an increase of 25.1 million pounds from November 2021.

WASDE Dairy Report 1/ WASDE – 631, December 9, 2022

The milk production forecast for 2022 is unchanged from last month. The 2023 production forecast is raised slightly with both higher expected cow numbers and slightly more rapid growth in output per cow. Fat and skim-solids basis imports for 2022 are raised, driven by recent trade data and expectations of continued demand for imported cheese and butterfat products. Forecasts for 2023 fat basis and skim-solids basis imports are raised on imports of butter and milk proteins, respectively. Exports on a fat basis for 2022 and 2023 are raised on butter and casein. Exports on a skim-solids basis are raised in 2022 as higher nonfat dry milk (NDM) more than offsets lower lactose. The 2023 forecast is reduced on lower lactose shipments.

For 2022, forecasts for butter and cheese are raised on recent prices and expectations of continued strength in demand, but whey and NDM prices are unchanged. The Class III price is raised on the higher cheese price and the Class IV price is raised on the higher butter price. For 2023, the price forecasts for cheese and butter are raised as demand strength carries into 2023, but prices for NDM and whey are lowered on pressure from international markets. The higher cheese price more than offsets the lower whey price and the Class III price is raised while the Class IV price forecast is lowered, reflecting the lower NDM price. The 2022 all milk price forecast is raised to \$25.65 per cwt and the 2023 all milk price is raised to \$22.70 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/.

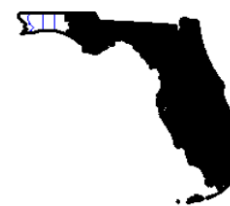
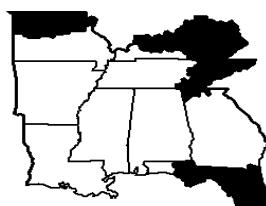
Federal Milk Marketing Order Statistics

November 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	2,178.9	677.4	31.1	24.27
5 Appalachian	441.8	334.8	75.8	26.24
6 Florida	207.0	174.5	84.3	28.27
7 Southeast	307.2	228.4	74.4	26.65
30 Upper Midwest	2,977.3	170.0	5.7	21.30
32 Central	1,289.2	378.1	29.3	22.28
33 Mideast	1,317.7	527.0	40.0	22.75
51 California	1,989.1	410.9	20.7	22.35
124 Pacific Northwest	585.2	135.8	23.2	22.36
126 Southwest	1,112.1	328.5	29.5	22.98
131 Arizona	417.3	119.6	28.7	23.60
All Orders	12,822.7	3,485.0	27.2	22.89



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