

Market Information BULLETIN

FO 6 & 7

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December 2023

Volume 24—No. 12

Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
December 14, 2023, USDA, Economic, Research Service*

Dairy Forecasts for 2023: Based on recent milk production information, the forecast for the average number of milk cows in 2023 is adjusted up by 5,000 head over last month's forecast, bringing the expected average number of milk cows to 9.400 million head. However, the yield per cow is revised downward by 15 pounds to 24,150 pounds of milk per head. Consequently, the milk production forecast for 2023 has been lowered by 0.2 billion pounds to 226.9 billion pounds. The 2023 forecast for dairy exports has undergone adjustments from the prior month's forecasts. On a milk-fat basis, dairy exports are projected at 10.8 billion pounds, 0.1 billion pounds lower than the previous month's projection due to fewer expected exports of butter for the rest of the year. Conversely, the skim-solids basis forecast is revised upward by 0.1 billion pounds to 49.9 billion pounds as higher exports of dry whey products are expected for the rest of 2023. On a milk-fat basis, the 2023 dairy import forecast is adjusted higher by 0.1 billion pounds to 7.5 billion pounds, driven by higher expected imports of cheese and butter. On a skim-solids basis, the 2023 dairy import forecast is adjusted lower by 0.2 billion to 6.3 billion pounds, due to lower expected imports of casein and milk protein concentrate for the rest of the year. Domestic dairy product use in 2023 is projected 0.2 billion pounds higher than the previous forecast, reaching 222.9 billion pounds on a milk-fat basis. However, the skim-solids basis forecast has been reduced by 0.3 billion pounds to 182.5 billion pounds. Due to recent downward trends of cheese and butter wholesale prices, the 2023 price forecast for cheese is lowered to \$1.765 (-0.5 cent) per pound, while the wholesale price for butter is adjusted to \$2.620 (-2.5 cents) per pound. The price forecast for NDM is adjusted higher to \$1.185 per pound (+0.5 cent), while the price of dry whey is unchanged at \$0.360 per pound. Due to lower cheese prices, the Class III milk price forecast for 2023 is \$17.05 per hundredweight (cwt), down \$0.05 from the previous month's forecast. The Class IV projection is also lowered, by 10 cents to \$19.10 per cwt, as lower butter prices outweighed higher NDM prices. Consequently, the all-milk price forecast for 2023 declined 10 cents from the previous month's forecasts to \$20.60 per cwt.

2024 Dairy Forecasts: The 2024 milk cow inventory projection is decreased by 15,000 head to 9.360 million head, while the forecast for milk per cow is adjusted down by 80 pounds to 24,465 pounds. Therefore, the projection for 2024 milk production has been lowered to 229.0 billion pounds, 1.0 billion lower than last month's forecast. The export forecast for 2024 on a milk-fat basis is 11.4 billion pounds, 0.2 billion lower than the previous month's forecast, driven by lower expected shipments of butter due to relative higher prices. On a skim-solids basis, dairy exports for 2024 are projected to total 53.2 billion pounds, 0.1 billion higher. Expectation of NDM and dry whey exports are higher for 2024 as prices are expected to remain competitive in the international market. On a milk-fat basis, dairy import forecasts for 2024 are raised by 0.1 billion pounds to 7.7 billion pounds, driven by expected stronger imports of butter. On a skim-solids basis, dairy imports are lowered by 0.2 billion pounds from last month's forecast to 6.5 billion pounds, mainly due to lower expected imports of milk protein concentrate and casein. Domestic use is adjusted down from last month's projection. On a milk-fat basis, the domestic use forecast for 2024 is decreased by 0.5 billion to 224.6 billion pounds. On a skim-solids basis, the forecast for domestic use is lowered by 0.6 billion to 182.0 billion pounds. Lower cheese prices are expected to persist into 2024, leading to a downward adjustment in the annual price forecast to \$1.725 per pound (-10.0 cents). Meanwhile, the 2024 price for butter is adjusted higher to \$2.595 per pound (+0.5 cent). The dry whey price forecast is revised upward to \$0.400 per pound (+2.5 cents), while the NDM price is increased to \$1.175 per pound (+0.5 cent) Compared to the previous month's projection, the Class III milk price forecast for 2024 is adjusted down 85 cents to \$16.85 per cwt. The Class IV milk price projection for 2024 is \$18.90 per cwt, 5 cents higher. The all-milk price forecast for 2024 is \$20.25 per cwt, a decrease of 55 cents from last month's forecast.

COMPUTATION OF UNIFORM PRICES

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

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.18%	169,187,595	\$7.24 /cwt.	\$ 12,249,181.88
Class I Butterfat	49.24%	4,105,952	\$3.6466 /lb.	14,972,764.56
Class I Differential at Location		173,293,547		9,608,791.50
Total Class I Milk	81.84%	173,293,547		\$ 36,830,737.94
Class II Skim Milk	13.92%	28,303,083	\$9.40 /cwt.	\$ 2,660,489.80
Class II Butterfat	46.76%	3,898,414	\$3.4678 /lb.	13,518,920.06
Total Class II Milk	15.21%	32,201,497		\$ 16,179,409.86
Class III Skim Milk	1.95%	3,965,963	\$5.22 /cwt.	\$ 207,023.28
Class III Butterfat	2.37%	197,827	\$3.4608 /lb.	684,639.67
Total Class III Milk	1.97%	4,163,790		\$ 891,662.95
Class IV Skim Milk	0.95%	1,931,369	\$9.07 /cwt.	\$ 175,175.17
Class IV Butterfat	1.63%	135,563	\$3.4608 /lb.	469,156.43
Total Class IV Milk	0.98%	2,066,932		\$ 644,331.60
Producer Milk	100.00%	211,725,766		\$ 54,546,142.35
Adjustments				
Overage and Other Source				\$ 0.00
Inventory Adjustments				-\$ 57,928.55
Producer Butterfat at Uniform Butterfat Price				-\$ 29,873,345.97
Location Adjustments				-\$ 278,711.54
1/2 Balance in Producer Settlement Fund				\$ 87,776.28
Total Skim Milk and Aggregate Value			\$ 12.00854	\$ 24,423,932.57
Producer Settlement Fund Reserve			\$ 0.04854	\$ 98,726.57
Uniform Skim Milk Price (Hillsborough County, FL):			\$11.96 /cwt	
Uniform Butterfat Price:			\$3.5829 /lb	
Uniform Price (Hillsborough County, FL):			\$24.08 /cwt	

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

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	87.38%	224,493,775	\$7.24 /cwt.	\$ 16,253,349.29
Class I Butterfat	51.32%	5,778,445	\$3.6466 /lb.	21,071,677.53
Class I Differential at Location		230,272,220		7,327,919.03
Total Class I Milk	85.87%	230,272,220		\$ 44,652,945.85
Class II Skim Milk	8.43%	21,656,694	\$9.40 /cwt.	\$ 2,035,729.23
Class II Butterfat	36.50%	4,109,295	\$3.4678 /lb.	14,250,213.19
Total Class II Milk	9.61%	25,765,989		\$ 16,285,942.42
Class III Skim Milk	2.32%	5,962,806	\$5.22 /cwt.	\$ 311,258.50
Class III Butterfat	2.89%	325,462	\$3.4608 /lb.	1,126,358.91
Total Class III Milk	2.34%	6,288,268		\$ 1,437,617.41
Class IV Skim Milk	1.87%	4,800,169	\$9.07 /cwt.	\$ 435,375.34
Class IV Butterfat	9.29%	1,045,407	\$3.4608 /lb.	3,617,944.53
Total Class IV Milk	2.18%	5,845,576		\$ 4,053,319.87
Producer Milk	100.00%	268,172,053		\$ 66,429,825.55
Adjustments				
Overage and Other Source				\$ 72.66
Inventory Adjustments				-\$ 170,046.09
Producer Butterfat at Uniform Butterfat Price				-\$ 40,250,653.04
Location Adjustments				\$ 1,742,403.58
1/2 Balance in Producer Settlement Fund				\$ 132,817.83
Total Skim Milk and Aggregate Value			\$ 10.85362	\$ 27,884,420.49
Producer Settlement Fund Reserve			\$ 0.04362	\$ 112,077.21
Uniform Skim Milk Price (Fulton County, GA):			\$10.81 /cwt	
Uniform Butterfat Price:			\$3.5751 /lb	
Uniform Price (Fulton County, GA):			\$22.94 /cwt	

POOL HIGHLIGHTS

F.O. 6 - Florida: November 2023

Producer Milk Utilization:	
Class I:	81.84%
Class II:	15.21%
Class III:	1.97%
Class IV:	0.98%

The Uniform Price
for Nov. 2023 was announced at \$24.08, a decrease of \$4.19 from Nov. 2022.

Total Producer Milk
for Nov. 2023 totaled 211.7 million pounds, an increase of 4.7 million pounds from Nov. 2022.

Total Class I Milk
for Nov. 2023 was 173.3 million pounds, a decrease of 1.2 million pounds from Nov. 2022.

Class I Utilization
for Nov. 2023 was 81.84%, a decrease of 2.5 percentage points from Nov. 2022.

F.O. 7 - Southeast: November 2023

Producer Milk Utilization:	
Class I:	85.87%
Class II:	9.61%
Class III:	2.34%
Class IV:	2.18%

The Uniform Price
for Nov. 2023 was announced at \$22.94 a decrease of \$3.71 from Nov. 2022.

Total Producer Milk
for Nov. 2023 totaled 268.2 million pounds, a decrease of 39.0 million pounds from Nov. 2022.

Total Class I Milk
for Nov. 2023 was 230.3 million pounds, a decrease of 1.9 million pounds from Nov. 2022.

Class I Utilization
for Nov. 2023 was 85.87%, an increase of 11.5 percentage points from Nov. 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in November 2023 is \$24.08 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$11.96 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5829 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during November 2023 totaled 211.7 million pounds. Florida producers supplied 157.2 million pounds of milk in November 2023 or an estimated 74.2% of the producer milk pooled in Florida. In November 2022, they supplied approximately 75.9% 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 November 2023. Total in-area Class I route disposition was 214.5 million pounds in November 2023, a decrease of 4.9 million pounds from November 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2023 is \$22.94 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.81 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5751 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during November 2023 totaled 268.2 million pounds. There were 15 regulated pool distributing plants, and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2023. Total in-area Class I route disposition was 311.2 million pounds in November 2023, a decrease of 7.5 million pounds from November 2022.

WASDE Dairy Report ^{1/} WASDE – 642, December 8, 2023

The milk production forecast for 2023 is lowered from last month due to slower expected growth in milk per cow. Production in 2024 is lowered due to lower milk cow numbers and reduced milk per cow. The fat basis import forecast for 2023 is raised due to higher imports of cheese. Skim solids imports are lowered due to fewer shipments of milk protein products. The fat basis export forecast is lowered due to lower butter exports. The skim-solids export forecast is raised due to higher whey product shipments which more than offset lower expected nonfat/skim powder. For 2024, the import forecast is raised on a fat basis, but lowered on a skim-solids basis. Fat basis exports are lowered for 2024 on lower expected butter shipments, while a higher skim-solids basis forecast reflects higher nonfat/skim powder and whey product exports. For 2023, based on recent prices, cheese and butter price forecasts are lowered while the nonfat dry milk (NDM) price is raised. The whey price is unchanged. The Class III and Class IV price forecasts are both lower on lower cheese and butter prices. For 2024, the cheese price forecast is lowered, while butter, NDM, and whey prices are raised. The Class III price forecast is lowered due to lower cheese prices. The Class IV price forecast is raised due to higher butter and NDM price forecasts. The all-milk price forecast for 2023 is lowered to \$20.60. The 2024 all milk price forecast is lowered to \$20.25.

^{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

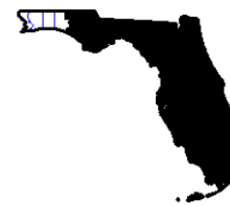
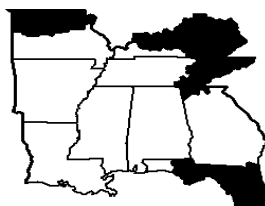
November 2023

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	2,162.9	666.2	30.8	20.74
5 Appalachian	451.3	325.7	72.2	22.19
6 Florida	211.7	173.3	81.8	24.08
7 Southeast	268.2	230.3	85.9	22.94
30 Upper Midwest	2,595.5	169.4	6.5	17.48
32 Central	1,225.9	374.8	30.6	18.74
33 Mideast	1,485.0	598.1	40.3	19.27
51 California	1,953.9	401.0	20.5	18.57
124 Pacific Northwest	582.5	135.2	23.2	18.97
126 Southwest	1,025.2	326.3	31.8	19.34
131 Arizona	423.9	105.7	24.9	20.22
All Orders	12,386.1	3,505.9	28.3	19.28

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



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