

Market Information BULLETIN

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Dairy Outlook

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

Dairy Forecasts for 2023

Dairy Forecasts For 2023, the U.S. milking herd is projected to average 9.415 million head, 15,000 head higher than last month's forecast. The milk per cow forecast for 2023 is 24,280 pounds, 55 pounds lower than last month's forecast due in part to lower-than expected growth in milk per cow in the first quarter. With lower yield per cow more than offsetting the expected increase in dairy cow numbers, the milk production forecast for 2023 has been adjusted to 228.6 billion pounds, 0.1 billion lower than last month's projection. On a milk-fat basis, the annual dairy export forecast for 2023 is 12.1 billion pounds, 0.1 billion lower than last month's forecast. On a skim-solids basis, the dairy export projection was raised to 51.3 billion pounds, 0.6 billion above the last month's forecast. Higher exports are expected for dry skim milk products and cheese, but lower exports are expected for butter, butterfat products, and whey products. The 2023 forecast for dairy imports on a milk-fat basis remained unchanged from last month's forecast at 7.7 billion pounds. On a skim-solids basis, the dairy import forecast is 6.8 billion pounds, 0.1 billion lower than last month's projections. On a milk-fat basis, domestic use in 2023 is forecast at 223.1 billion pounds, 0.3 billion higher than last month's forecast. On a skim-solid basis, 2023 domestic use was lowered by 0.5 billion pounds from last month's forecast to 182.8 billion pounds. The 2023 price forecasts for Cheddar cheese and dry whey are lowered to \$1.825 (-3.0 cents) and \$0.395 (-3.0 cents) per pound, respectively. The 2023 butter and NDM price forecasts have been raised to \$2.430 (+1.0 cents) and \$1.185 (+2.0 cents) per pound, respectively. With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2023 was adjusted to \$17.75 per hundredweight (cwt), down \$0.50 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 \$0.20 to \$18.30 per cwt. The all-milk price forecast for 2023 is \$20.50 per cwt, \$0.15 lower than last month's forecast.

2024 Dairy Forecasts: Normally, dairy forecasts are compared to the previous month's projections. However, since these are USDA's first dairy forecasts for 2024, the projections will be compared to the 2023 annual forecasts. The U.S. milking herd is projected to average 9.395 million head in 2024, 20,000 head fewer than from the 2023 projection. There is an additional milking day in 2024 due to leap year. Adjusted for leap year, milk per cow is projected to average 24,570 pounds per head, a year over-year increase of 1.2 percent. Adjusted for leap year, the milk production forecast for 2024 is 230.8 billion pounds, 1.0 percent higher than the 2023 projection. Dairy exports on a milk-fat basis are projected to total 12.8 billion pounds in 2024, 0.7 billion higher than the forecast for 2023. On a skim-solids basis, exports are projected to total 53.9 billion pounds, 2.6 billion higher than the 2023 projection. In 2024, exports of butter, butterfat products, dry skim milk products, cheese, whey products, and lactose are expected to increase. Dairy imports on a milk-fat basis are projected to total 7.7 billion pounds in 2024, unchanged from the 2023 forecast. On a skim-solids basis, 2024 imports are projected to total 7.0 billion pounds, 0.2 billion higher than 2023. The 2024 domestic use forecast on a milk-fat basis is 224.7 billion pounds, 1.6 billion higher than 2023. On a skim-solids basis, the 2024 projection is 182.9 billion pounds, 0.1 billion higher than 2023. In 2024, the Cheddar cheese price is projected at \$1.820 per pound, only 0.5 cent lower than 2023, while the price of dry whey is projected at \$0.370 per pound (-2.5 cents) as more milk is expected to be used for cheese manufacturing throughout 2024. In 2024, the NDM price is projected at \$1.120 (-6.5 cents). The 2024 butter price is projected at \$2.335 per pound (-9.5 cents), as more cream volumes are expected to move into churns in 2024 on a soft export demand. The Class III milk price forecast for 2024 is \$17.50 per cwt, \$0.25 lower than the projection for 2023. The Class IV milk price projection for 2024 is \$17.35 per cwt, a year-over-year decline of \$0.95. The all-milk price forecast for 2024 is \$19.90 per cwt, \$0.60 lower than the projection for 2023.

COMPUTATION OF UNIFORM PRICES

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.28%	166,551,499	\$9.66 /cwt.	\$ 16,088,874.80
Class I Butterfat	49.60%	3,889,151	\$2.7217 /lb.	10,585,102.28
Class I Differential at Location		170,440,650		9,451,747.04
Total Class I Milk	82.01%	170,440,650		\$ 36,125,724.12
Class II Skim Milk	12.51%	25,013,241	\$10.07 /cwt.	\$ 2,518,833.36
Class II Butterfat	45.76%	3,588,000	\$2.7079 /lb.	9,715,945.21
Total Class II Milk	13.76%	28,601,241		\$ 12,234,778.57
Class III Skim Milk	0.33%	653,692	\$9.40 /cwt.	\$ 61,447.05
Class III Butterfat	0.33%	26,093	\$2.7009 /lb.	70,474.59
Total Class III Milk	0.33%	679,785		\$ 131,921.64
Class IV Skim Milk	3.88%	7,758,972	\$8.80 /cwt.	\$ 682,789.54
Class IV Butterfat	4.31%	338,282	\$2.7009 /lb.	913,665.85
Total Class IV Milk	3.90%	8,097,254		\$ 1,596,455.39
Producer Milk	100.00%	207,818,930		\$ 50,088,879.72

Adjustments

Overage and Other Source				\$ 841.86
Inventory Adjustments				-\$ 207.78
Producer Butterfat at Uniform Butterfat Price				-\$ 21,501,464.29
Location Adjustments				-\$ 242,155.80
1/2 Balance in Producer Settlement Fund				\$ 93,304.18

Total Skim Milk and Aggregate Value			\$ 14.22126	\$ 28,439,197.89
Producer Settlement Fund Reserve			\$ 0.04121	\$ 82,402.01

Uniform Skim Milk Price (Hillsborough County, FL):	\$14.18 /cwt
Uniform Butterfat Price:	\$2.7420 /lb
Uniform Price (Hillsborough County, FL):	\$23.28 /cwt

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	64.61%	200,005,727	\$9.66 /cwt.	\$ 19,320,553.24
Class I Butterfat	37.81%	4,793,802	\$2.7217 /lb.	13,047,290.92
Class I Differential at Location		204,799,529		6,496,362.19
Total Class I Milk	63.55%	204,799,529		\$ 38,864,206.35
Class II Skim Milk	17.46%	54,038,735	\$10.07 /cwt.	\$ 5,441,700.60
Class II Butterfat	39.99%	5,070,321	\$2.7079 /lb.	13,729,922.23
Total Class II Milk	18.34%	59,109,056		\$ 19,171,622.83
Class III Skim Milk	3.51%	10,878,253	\$9.40 /cwt.	\$ 1,022,555.78
Class III Butterfat	3.81%	482,686	\$2.7009 /lb.	1,303,686.61
Total Class III Milk	3.53%	11,360,939		\$ 2,326,242.39
Class IV Skim Milk	14.41%	44,653,099	\$8.80 /cwt.	\$ 3,929,472.71
Class IV Butterfat	18.39%	2,332,287	\$2.7009 /lb.	6,299,273.94
Total Class IV Milk	14.58%	46,985,386		\$ 10,228,746.65
Producer Milk	100.00%	322,254,910		\$ 70,590,818.22

Adjustments

Overage and Other Source				\$ 48,583.79
Inventory Adjustments				\$ 5,710.28
Producer Butterfat at Uniform Butterfat Price				-\$ 34,532,785.87
Location Adjustments				\$ 2,358,175.25
1/2 Balance in Producer Settlement Fund				\$ 185,204.80

Total Skim Milk and Aggregate Value			\$ 12.48667	\$ 38,655,706.47
Producer Settlement Fund Reserve			\$ 0.04667	\$ 144,475.22

Uniform Skim Milk Price (Fulton County, GA):	\$12.44 /cwt
Uniform Butterfat Price:	\$2.7236 /lb
Uniform Price (Fulton County, GA):	\$21.54 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: April 2023

Producer Milk Utilization:

Class I:	82.01%
Class II:	13.76%
Class III:	0.33%
Class IV:	3.90%

The Uniform Price

for April 2023 was announced at \$23.28, a decrease of \$5.85 from April 2022.

Total Producer Milk

for April 2023 totaled 207.8 million pounds, a decrease of 3.7 million pounds from April 2022.

Total Class I Milk

for April 2023 was 170.4 million pounds, a decrease of 7.0 million pounds from April 2022.

Class I Utilization

for April 2023 was 83.28%, a decrease of 1.89 percentage points from April 2022.

F.O. 7 - Southeast: April 2023

Producer Milk Utilization:

Class I:	63.55%
Class II:	18.34%
Class III:	3.53%
Class IV:	14.58%

The Uniform Price

for April 2023 was announced at \$21.54, a decrease of \$5.81 from April 2022.

Total Producer Milk

for April 2023 totaled 322.3 million pounds, a decrease of 62.4 million pounds from April 2022.

Total Class I Milk

for April 2023 was 204.8 million pounds, a decrease of 37.8 million pounds from April 2022.

Class I Utilization

for April 2023 was 63.55%, an increase of 0.5 percentage points from April 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in April 2023 is \$23.28 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$14.18 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7420 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during April 2023 totaled 207.8 million pounds. Florida producers supplied 162.8 million pounds of milk in April 2023 or an estimated 78% of the producer milk pooled in Florida. In April 2022, they supplied 81% of 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 April 2023. Total in-area Class I route disposition was 213.2 million pounds in April 2023, a decrease of 13.6 million pounds from April 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2023 is \$21.54 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.44 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7236 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during April 2023 totaled 322.3 million pounds. There were 15 regulated pool distributing plants, 1 pool supply plant and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2023. Total in-area Class I route disposition was 278.2 million pounds in April 2023, a decrease of 30.9 million pounds from April 2022.

WASDE Dairy Report 1/ WASDE – 636, May 12, 2023

Milk production for 2024 is forecast to be above 2023, driven by gains in milk per cow and an additional milking day. Commercial exports on both fat and skim-solids bases are forecast to be higher than 2023. Gains are expected in butter and milkfat products, non-fat dry milk (NDM), cheese, whey, and lactose. Imports are projected unchanged on a fat basis but higher on a skim-solids basis, with higher imports of cheese, milk proteins, and several other dairy products offset by lower butter fat products. The Class III price is forecast to be lower on weaker whey prices. The Class IV price is forecast to be lower as well, with prices for butter and non-fat dry milk projected lower. The 2024 all milk price is forecast at \$19.90 per cwt. The 2023 milk production forecast is lowered from the previous month. Cow inventories are raised but growth in milk per cow is slower. Fat-basis exports are lowered from the previous month, mainly on weaker butter and milkfat shipments, offset by stronger cheese. The skim-solids basis export forecast is higher on stronger skim milk powder and cheese exports, but partly offset by weaker whey exports. Imports on a skim-solids basis are lowered from last month on lower milk protein imports. Imports on a fat basis are unchanged. Butter and NDM prices have been raised from last month on strong demand, while cheese and whey prices are lowered. Based on the changes in component prices, Class III prices are lowered while Class IV prices are raised. The 2023 all milk price is forecast at \$20.50 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

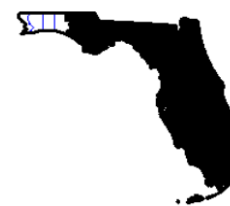
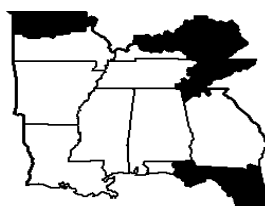
April 2023

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	2,297.3	624.0	27.2	19.77
5 Appalachian	452.5	302.9	66.9	21.17
6 Florida	207.8	170.4	82.0	23.28
7 Southeast	322.3	204.8	63.6	21.54
30 Upper Midwest	2,447.3	156.4	6.4	18.64
32 Central	1,471.4	348.4	23.7	18.45
33 Mideast	1,634.9	488.0	29.9	18.96
51 California	2,522.5	367.7	14.6	18.62
124 Pacific Northwest	577.7	120.5	20.9	18.38
126 Southwest	1,201.1	305.3	25.4	19.20
131 Arizona	455.4	107.4	23.6	19.00
All Orders	13,590.2	3,195.9	23.5	19.12

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



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