

Market Information BULLETIN

FO 6 & 7

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August 2023

Volume 24—No. 8

Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
August 17, 2023, USDA, Economic, Research Service*

Dairy Forecasts for 2023

The U.S. milk production forecast for 2023 is 227.9 billion pounds, 0.3 billion lower than last month's forecast. Lower milk cow numbers and yield per cow were forecast for 2023-Q3 and 2023-Q4. Projections for lower milk cow numbers were based on low July 1 dairy cow inventory estimates provided in the recent Cattle and Milk Production reports. The 2023 annual projection for the dairy cow inventory is 9.410 million head, 5,000 head below last month's projection. The 2023 annual forecast for milk per cow has been lowered by 30 pounds to 24,225 pounds. Based on recent trade data showing sluggish exports of cheese, whole milk powder, dry whey, butter, and butterfat products, dairy export forecasts are projected downward for the rest of 2023. On a milk-fat basis, exports are projected at 11.1 billion pounds, 0.5 billion pounds lower than last month's projection. On a skim-solids basis, exports are forecast at 50.5 billion pounds, 0.4 billion lower than last month's forecast. The 2023 import forecast on a milk-fat basis is 7.5 billion pounds, 0.3 billion lower than last month's forecast. On a skim-solids basis, the projection for imports is 6.5 billion pounds, unchanged from last month's projections. Expectations for imports of butter and some types of cheese are lower for the rest of 2023. On a milk-fat basis, the 2023 domestic use projection is 223.1 billion pounds, 0.3 billion lower than last month's forecast. On a skim-solids basis, the 2023 domestic use forecast is 182.6 billion pounds, unchanged from last month's forecast. The 2023 price forecasts for Cheddar cheese, butter, and NDM are increased to \$1.775 (+10.0 cents), \$2.495 (+6.0 cents), and \$1.175 (+0.5 cents) per pound, respectively, due to recent price strength. In contrast, the 2023 dry whey price forecast is reduced to \$0.325 per pound (-2.5 cents) based on weaker expectations for international demand. With higher expected prices for cheese more than offsetting lower dry whey prices, the Class III milk price forecast for 2023 is adjusted to \$16.90 per hundredweight (cwt), up \$0.85 from last month's forecast. With higher expected prices for butter and NDM in 2023, the Class IV milk price forecast increased by \$0.30 to \$18.50 per cwt. The all-milk price forecast for 2023 is \$19.95 per cwt, \$0.40 higher than last month's forecast.

2024 Dairy Forecasts: The 2024 milk cow inventory projection is decreased by 5,000 head to 9.385 million head, while the forecast for milk per cow is unchanged at 24,560 pounds. The projection for 2024 milk production has been lowered to 230.5 billion pounds, 0.1 billion lower than last month's forecast. Dairy exports on a milk-solids basis are projected lower for 2024 compared to last month's projection. On a milk-fat basis, the export forecast for 2024 is 12.4 billion pounds, 0.2 billion below last month's forecast. In 2024, dairy exports are projected to total 53.3 billion pounds on a skim-solids basis, 0.5 billion lower than the previous month's forecast. Lower exports for butter, cheese, whey, and lactose are expected in 2024. With lower expected imports of casein, butter, and cheese, 2024 dairy imports are projected lower in 2024 from last month's forecast at 7.5 billion pounds (-0.1 billion) on a milk-fat basis and 6.8 billion pounds (-0.1 billion) on a skim-solids basis. On a milk-fat basis, the annual domestic use forecast for 2024 is 224.6 billion pounds, unchanged from the previous forecast. On a skim-solids basis, the forecast for domestic use is 182.9 billion pounds, 0.2 billion above last month's forecast. The 2024 price forecast for Cheddar cheese and butter are increased to \$1.755 (+6.5 cents) and \$2.430 (+8.5 cents) per pound, respectively. The 2024 NDM price projection is \$1.125 per pound, unchanged from last month, while the dry whey price forecast is lowered at \$0.305 per pound (-1.0 cent) based on weaker expectations for international demand. The Class III milk price forecast for 2024 is adjusted to \$16.55 per cwt, up \$0.60 from last month's forecast, while the Class IV milk price forecast is \$17.80 per cwt, up \$0.35. The all-milk price forecast for 2024 is \$19.35 per cwt, \$0.25 higher than last month's forecast.

COMPUTATION OF UNIFORM PRICES

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	82.05%	151,057,366	\$7.88 /cwt.	\$ 11,903,320.44
Class I Butterfat	53.71%	3,840,901	\$2.7757 /lb.	10,661,188.91
Class I Differential at Location		154,898,267		8,607,660.64
Total Class I Milk	80.98%	154,898,267		\$ 31,172,169.99
Class II Skim Milk	13.83%	25,472,768	\$9.64 /cwt.	\$ 2,455,574.85
Class II Butterfat	40.77%	2,915,659	\$2.8056 /lb.	8,180,172.90
Total Class II Milk	14.84%	28,388,427		\$ 10,635,747.75
Class III Skim Milk	2.74%	5,051,944	\$4.12 /cwt.	\$ 208,140.10
Class III Butterfat	2.70%	193,446	\$2.7986 /lb.	541,377.97
Total Class III Milk	2.74%	5,245,390		\$ 749,518.07
Class IV Skim Milk	1.38%	2,543,659	\$8.77 /cwt.	\$ 223,078.89
Class IV Butterfat	2.82%	201,675	\$2.7986 /lb.	564,407.66
Total Class IV Milk	1.44%	2,745,334		\$ 787,486.55
Producer Milk	100.00%	191,277,418		\$ 43,344,922.36

Adjustments

Overage and Other Source				\$ 1,970.52
Inventory Adjustments				\$ 486.68
Producer Butterfat at Uniform Butterfat Price				-\$ 20,160,588.74
Location Adjustments				-\$ 203,510.89
1/2 Balance in Producer Settlement Fund				\$ 79,821.79

Total Skim Milk and Aggregate Value			\$ 12.52573	\$ 23,063,101.72
Producer Settlement Fund Reserve			\$ 0.04573	\$ 84,209.74

Uniform Skim Milk Price (Hillsborough County, FL):	\$12.48 /cwt
Uniform Butterfat Price:	\$2.8190 /lb
Uniform Price (Hillsborough County, FL):	\$21.91 /cwt

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	72.90%	190,769,412	\$7.88 /cwt.	\$ 15,032,629.66
Class I Butterfat	46.46%	4,895,622	\$2.7757 /lb.	13,588,777.99
Class I Differential at Location		195,665,034		6,229,156.00
Total Class I Milk	71.89%	195,665,034		\$ 34,850,563.65
Class II Skim Milk	16.01%	41,883,837	\$9.64 /cwt.	\$ 4,037,601.89
Class II Butterfat	41.73%	4,397,760	\$2.8056 /lb.	12,338,355.44
Total Class II Milk	17.00%	46,281,597		\$ 16,375,957.33
Class III Skim Milk	4.61%	12,056,234	\$4.12 /cwt.	\$ 496,716.84
Class III Butterfat	3.92%	413,120	\$2.7986 /lb.	1,156,157.65
Total Class III Milk	4.58%	12,469,354		\$ 1,652,874.49
Class IV Skim Milk	6.48%	16,954,871	\$8.77 /cwt.	\$ 1,486,942.20
Class IV Butterfat	7.89%	830,892	\$2.7986 /lb.	2,325,334.36
Total Class IV Milk	6.53%	17,785,763		\$ 3,812,276.56
Producer Milk	100.00%	272,201,748		\$ 56,691,672.03

Adjustments

Overage and Other Source				\$ 0.00
Inventory Adjustments				-\$ 19,810.87
Producer Butterfat at Uniform Butterfat Price				-\$ 29,564,766.35
Location Adjustments				\$ 1,842,992.68
1/2 Balance in Producer Settlement Fund				\$ 177,050.58

Total Skim Milk and Aggregate Value			\$ 11.13149	\$ 29,127,138.07
Producer Settlement Fund Reserve			\$ 0.04149	\$ 108,561.22

Uniform Skim Milk Price (Fulton County, GA):	\$11.09 /cwt
Uniform Butterfat Price:	\$2.8057 /lb
Uniform Price (Fulton County, GA):	\$20.52 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: July 2023

Producer Milk Utilization:

Class I:	80.98%
Class II:	14.84%
Class III:	2.74%
Class IV:	1.44%

The Uniform Price

for July 2023 was announced at \$21.91, a decrease of \$8.38 from July 2022.

Total Producer Milk

for July 2023 totaled 191.3 million pounds, an increase of 2 million pounds from July 2022.

Total Class I Milk

for July 2023 was 154.9 million pounds, an increase of 1.1 million pounds from July 2022.

Class I Utilization

for July 2023 was 80.98%, an decrease of 0.32 percentage points from July 2022.

F.O. 7 - Southeast: July 2023

Producer Milk Utilization:

Class I:	71.89%
Class II:	17.00%
Class III:	4.58%
Class IV:	6.53%

The Uniform Price

for July 2023 was announced at \$20.52 a decrease of \$8.19 from July 2022.

Total Producer Milk

for July 2023 totaled 272.2 million pounds, a decrease of 33.8 million pounds from July 2022.

Total Class I Milk

for July 2023 was 195.7 million pounds, a decrease of 18.1 million pounds from July 2022.

Class I Utilization

for July 2023 was 71.89%, an increase of 2.01 percentage points from July 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in July 2023 is \$21.91 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$12.48 per hundredweight plus 3.5 times the uniform butterfat price of \$2.8190 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during July 2023 totaled 191.3 million pounds. Florida producers supplied 161.6 million pounds of milk in July 2023 or an estimated 84.5% of the producer milk pooled in Florida. In July 2022, they supplied approximately 87.2% 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 July 2023. Total in-area Class I route disposition was 197.7 million pounds in July 2023, an increase of 3.7 million pounds from July 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2023 is \$20.52 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.09 per hundredweight plus 3.5 times the uniform butterfat price of \$2.8057 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during July 2023 totaled 272.2 million pounds. There were 14 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 July 2023. Total in-area Class I route disposition was 276.2 million pounds in July 2023, an increase of 3.2 million pounds from July 2022.

WASDE Dairy Report ^{1/} WASDE – 639, Aug 12, 2023

The milk production forecasts for 2023 and 2024 are lowered from last month. The cow inventory is lowered for both years based on the July 1 dairy cow inventory and heifer retention data provided in the recent Cattle report, as well as the average cow inventory data in the latest Milk Production report. Output per cow is reduced for 2023 but unchanged for 2024. Fat and skim-solids bases imports for 2023 are lowered from last month on weaker expected imports of cheese and butter. For exports, the 2023 fat basis export forecast is lowered due to lower exports of cheese, butter and butterfat products, and whole milk powder. The skim-solids export forecast is lower due primarily to weaker sales of whey products. Exports for 2024 are also reduced on both a fat basis and a skim-solids basis reflecting lower expected sales of butter, cheese, whey, and lactose. Imports for 2024 are reduced slightly on both fat and skim-solids bases, with weaker expected imports of cheese, butter, and casein. Forecasts for 2023 butter and cheese prices are raised from the previous month based on recent price strength. Whey price forecasts are lowered for 2023, as global demand remains weak. The forecast for nonfat dry milk (NDM) is raised slightly for 2023. The Class III price is raised as the higher cheese price more than offsets lower whey. The 2023 Class IV price forecast is raised due to higher butter and NDM prices. The all-milk price for 2023 is raised to \$19.95 per cwt. For 2024, butter and cheese price forecasts are raised with the strength in prices carrying over from the previous year. Whey prices are lowered, while the NDM forecast is unchanged. The Class III price is raised as stronger cheese prices more than offset lower whey prices. The Class IV price is raised based on higher butter prices. The all-milk price is raised to \$19.35 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

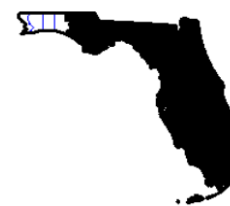
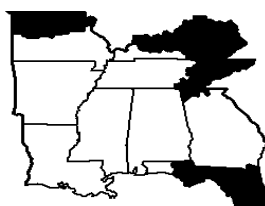
July 2023

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	2,323.1	615.6	26.5	18.23
5 Appalachian	431.2	288.6	66.9	19.85
6 Florida	191.3	154.9	81.0	21.91
7 Southeast	272.2	195.7	71.9	20.52
30 Upper Midwest	2,791.5	147.3	5.3	14.18
32 Central	1,259.5	319.4	25.4	15.88
33 Mideast	1,394.6	492.2	35.3	16.24
51 California	2,016.0	349.3	17.3	15.53
124 Pacific Northwest	620.9	122.8	19.8	16.19
126 Southwest	1,084.3	276.6	25.5	16.33
131 Arizona	417.3	114.4	27.4	17.48
All Orders	12,801.9	3,076.8	24.0	16.35

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



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