

Market Information BULLETIN

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Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
August 16, 2024, USDA, Economic, Research Service*

Dairy Forecast for 2024

Based on recent data from the USDA, NASS Milk Production report, the 2024 forecast for the dairy herd is lowered by 10,000 head to 9.340 million head. The persistent high prices for replacement dairy cows and tight supplies of dairy heifers partially offset the gains dairy farmers are expected to enjoy from improved margins. The lack of cows and heifers is likely dampening dairy herd expansion incentives. Similarly, the forecast for milk yield is reduced to 24,230 pounds per cow, 35 pounds less than the previous forecast, as the above-average temperatures and humidity levels reported in key producing regions persisted through June and July. At the same time, the low culling rates suggest that farmers are keeping the cows longer in the dairy herd, resulting in a lower milk output per cow. Consequently, the milk production forecast for 2024 is lowered by 0.6 billion pounds to 226.3 billion pounds. Following the most recent data, the forecasts for dairy imports are revised downward from the previous forecast. The projection for 2024 imports on a milk-fat basis is at 8.7 (-0.2) billion pounds,

The projections of 2024 exports on a skim-solids basis are unchanged at 48.8 billion pounds. Projections of 2024 exports on a milk-fat basis are increased to 11.5 (+0.1) billion pounds. Higher projected exports of butter and butterfat products are expected to be partially offset by lower exports of cheese, dry whole milk, NDM, and dry whey products.

Based on recent domestic use data, tighter milk supplies, and higher expected prices for most of the dairy products, the domestic use forecasts are revised downward from the previous forecast. On a milkfat basis, 2024 milk-fat milk domestic use is forecast at 222.8 (-0.8) billion pounds, and on a skim-solids basis it is forecast at 183.7 (-0.6) billion pounds.

The 2024 wholesale prices for Cheddar cheese, dry whey, and NDM are revised upward. The new forecasts are as follows: Cheddar cheese \$1.825 (+0.50 cents), dry whey \$0.470 (+3.00 cents), and NDM \$1.195 (+1.00 cents) per pounds. However, the wholesale price forecast for butter is revised downward at \$2.990 (-1.50 cents) per pound. Higher cheese and dry whey prices, the new forecast for Class III milk is \$18.40 per cwt, \$0.15 higher than the previous forecast. With NDM price projections offsetting lower expected butter prices, the Class IV price forecast is raised to \$20.80 per cwt, \$0.05 higher than the previous projection. The all-milk price for 2024 is now forecast at \$22.30 per cwt, up \$0.05 from last month's forecast.

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Dairy Forecasts for 2025

With lower 2024 forecasts for both dairy herd size and milk per cow, the projected average size of the U.S. dairy herd in 2025 is revised downward by 15,000 head to 9.360 million head and the yield per cow is lowered by 65 pounds to 24,375 pounds. Milk production for 2025 is projected at 228.2 billion pounds, 0.9 billion pounds lower than last month's forecast. The 2025 forecasts for dairy imports are revised upward from the previous month's forecast. On a milkfat basis, imports in 2025 are forecast at 8.3 (+0.1) billion pounds, while on a skim-solids basis, imports are forecast at 7.0 billion pounds, also 0.1 billion higher than last month's projection. Higher expected imports of cheese, butter, and butterfat products and other dairy products are driven by strong demand from U.S. buyers and higher expected prices on domestic dairy products. In 2025, dairy exports are projected at 11.3 billion pounds on a milk-fat milk-equivalent basis, unchanged from the last projections. However, on a skim-solids basis, the dairy exports are projected at 50.2 billion pounds, 0.2 billion pounds higher than last month's forecast. The projection is raised on higher expected exports for nonfat dry milk due to expectations of continued firm demand from our trading partner countries, as well generally competitive prices vis-à-vis other exporters. With higher expected prices and lower projected milk production, 2025 domestic use forecasts are revised downward. On a milk-fat basis, domestic use for 2025 is forecast at 224.5 billion pounds, 0.6 billion pounds below last month's forecast. On a skim-solids basis, domestic use is forecast at 183.9 billion pounds, 1.2 billion lower than last's month forecast. The wholesale dairy product price forecasts for 2025 are adjusted upward as follows: Cheddar cheese \$1.860 (+0.50 cents), dry whey \$0.450 (+2.50 cents), butter \$2.985 (+2.00 cents), and NDM \$1.220 (+3.0 cents) per pound. With higher prices forecast across the main dairy products, the 2025 forecasts for Class III and Class IV milk prices are revised upward to \$18.65 (+\$0.20) and \$20.95(+0.35) per pound, respectively. The all milk price for 2025 is now forecast at \$22.75 per cwt, up \$0.25 from last month's forecast.

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - July 2024

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	83.82%	153,032,818	\$9.07 /cwt.	\$ 13,880,076.58
Class I Butterfat	54.91%	4,003,624	\$3.5297 /lb.	14,131,591.63
Class I Differential at Location		157,036,442		8,714,840.32
Total Class I Milk	82.70%	157,036,442		\$ 36,726,508.53
Class II Skim Milk	13.56%	24,766,311	\$9.63 /cwt.	\$ 2,384,995.76
Class II Butterfat	41.76%	3,044,607	\$3.5790 /lb.	10,896,648.45
Total Class II Milk	14.65%	27,810,918		\$ 13,281,644.21
Class III Skim Milk	2.52%	4,607,085	\$7.55 /cwt.	\$ 347,834.93
Class III Butterfat	2.33%	169,552	\$3.5720 /lb.	605,639.73
Total Class III Milk	2.52%	4,776,637		\$ 953,474.66
Class IV Skim Milk	0.10%	175,893	\$9.13 /cwt.	\$ 16,059.03
Class IV Butterfat	1.00%	72,712	\$3.5720 /lb.	259,727.26
Total Class IV Milk	0.13%	248,605		\$ 275,786.29
Producer Milk	100.00%	189,872,602		\$ 51,237,413.69

Adjustments

Overage and Other Source	\$ 998.64
Inventory Adjustments	-\$ 14,896.40
Producer Butterfat at Uniform Butterfat Price	-\$ 26,116,011.19
Location Adjustments	-\$ 260,322.14
1/2 Balance in Producer Settlement Fund	\$ 66,320.80

Total Skim Milk and Aggregate Value	\$ 13.64500	\$ 24,913,503.40
Producer Settlement Fund Reserve	\$ 0.04509	\$ 82,336.84

Uniform Skim Milk Price (Hillsborough County, FL):	\$13.60 /cwt
Uniform Butterfat Price:	\$3.5822 /lb
Uniform Price (Hillsborough County, FL):	\$25.66 /cwt

F.O. 7 - Southeast: Uniform Price -July 2024

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	76.05%	200,446,277	\$9.07 /cwt.	\$ 18,180,477.33
Class I Butterfat	48.12%	5,211,963	\$3.5297 /lb.	18,396,665.81
Class I Differential at Location		205,658,240		6,565,702.76
Total Class I Milk	74.93%	205,658,240		\$ 43,142,845.90
Class II Skim Milk	18.09%	47,697,311	\$9.63 /cwt.	\$ 4,593,251.05
Class II Butterfat	43.26%	4,684,708	\$3.5790 /lb.	16,766,569.94
Total Class II Milk	19.09%	52,382,019		\$ 21,359,820.99
Class III Skim Milk	3.07%	8,088,763	\$7.55 /cwt.	\$ 610,701.61
Class III Butterfat	3.52%	381,652	\$3.5720 /lb.	1,363,260.97
Total Class III Milk	3.09%	8,470,415		\$ 1,973,962.58
Class IV Skim Milk	2.79%	7,367,266	\$9.13 /cwt.	\$ 672,631.39
Class IV Butterfat	5.10%	551,864	\$3.5720 /lb.	1,971,258.21
Total Class IV Milk	2.89%	7,919,130		\$ 2,643,889.60
Producer Milk	100.00%	274,429,804		\$ 69,120,519.07

Adjustments

Overage and Other Source	\$ 716.95
Inventory Adjustments	-\$ 17,677.65
Producer Butterfat at Uniform Butterfat Price	-\$ 38,663,767.59
Location Adjustments	\$ 1,708,045.99
1/2 Balance in Producer Settlement Fund	\$ 85,079.43

Total Skim Milk and Aggregate Value	\$ 12.22790	\$ 32,232,916.20
Producer Settlement Fund Reserve	\$ 0.04798	\$ 126,482.85

Uniform Skim Milk Price (Fulton County, GA):	\$12.18 /cwt
Uniform Butterfat Price:	\$3.5700 /lb
Uniform Price (Fulton County, GA):	\$24.25 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: July 2024

Producer Milk Utilization:

Class I:	82.70%
Class II:	14.65%
Class III:	2.52%
Class IV:	0.13%

The Uniform Price

for July 2024 was announced at \$25.66, an increase of \$3.75 from July 2023.

Total Producer Milk

for July 2024 totaled 189.9 million pounds, a decrease of 1.4 million pounds from July 2023.

Total Class I Milk

for July 2024 was 157.0 million pounds, an increase of 2.1 million pounds from July 2023.

Class I Utilization

for July 2024 was 82.70%, a increase of 1.72 percentage points from July 2023.

F.O. 7 - Southeast: July 2024

Producer Milk Utilization:

Class I:	74.93%
Class II:	19.09%
Class III:	3.09%
Class IV:	2.89%

The Uniform Price

for July 2024 was announced at \$24.25 an increase of \$3.73 from July 2023.

Total Producer Milk

for July 2024 totaled 274.4 million pounds, an increase of 2.2 million pounds from July 2023.

Total Class I Milk

for July 2024 was 205.7 million pounds, a decrease of 10.0 million pounds from July 2023.

Class I Utilization

for July 2024 was 74.93%, a decrease of 3.04 percentage points from July 2023.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in July 2024 is \$25.66 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$13.60 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5822 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during July 2024 totaled 189.9 million pounds. Florida producers supplied 155.5 million pounds of milk in July 2024 or an estimated 81.92% of the producer milk pooled in Florida. In July 2023, they supplied approximately 84.50% 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 June 2024. Total in-area Class I route disposition was 202.2 million pounds in July 2024, a increase of 4.5 million pounds from July 2023.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2024 is \$24.25 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.18 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5700 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during July 2024 totaled 274.4 million pounds. There were 15 regulated pool distributing plants, 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for July 2024. Total in-area Class I route disposition was 281.7 million pounds in July 2024, a decrease of 5.4 million pounds from July 2023.

WASDE Dairy Report ^{1/} WASDE – 651-5, Aug 18, 2024

The milk production forecasts for 2024 and 2025 are lowered from last month. Cow inventories are lowered for both years based on the most recent data in the Milk Production report. Output per-cow is also reduced for both years.

Fat and skim-solids bases imports for 2024 are reduced from last month; for 2025, imports are raised on both a fat basis and skim-solids basis. The 2024 fat basis export forecast is raised due to higher expected shipments of butter and milkfat. The 2024 skim-solids basis export forecast is unchanged. The fat basis export forecast for 2025 is unchanged with offsetting changes for a number of dairy products. The skim-solids basis export forecast for 2025 is raised on more competitive pricing for U.S. non-fat dry milk (NDM) on the global market.

The price forecasts for 2024 cheese, NDM, and whey are all raised from the previous month based on recent price strength. The butter price forecast for 2024 is lowered. The Class III price is raised based on higher cheese and whey prices. The Class IV price is also raised, as higher NDM prices more than offset the reduction in butter prices. The all-milk price is raised to \$22.30 per cwt. For 2025, the price forecasts for cheese, butter, NDM, and whey are all raised based on reduced milk production and continued firm demand domestically and in international markets. As a result, Class III and Class IV price forecasts are both raised. The all-milk price is also raised to \$22.75 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 2024				
Federal Order	Producer	Class I	Class I	Statistical
	Deliveries	Producer Receipts	Utilization	Uniform Price ¹
	Million Pounds	Million Pounds	Percent	\$/cwt
1 Northeast	2,287.8	622.2	27.2	22.26
5 Appalachian	426.5	299.7	70.3	23.72
6 Florida	189.9	157.0	82.7	25.66
7 Southeast	274.4	205.7	74.9	24.25
30 Upper Midwest	2,669.6	152.6	5.7	20.04
32 Central	1,311.1	335.7	25.6	20.62
33 Mideast	1,544.6	568.8	36.8	21.21
51 California	2,032.6	365.5	18.0	20.84
124 Pacific Northwest	612.4	121.0	19.8	20.87
126 Southwest	1,068.4	294.5	27.6	21.44
131 Arizona	283.7	93.7	33.0	21.48
All Orders ¹	12,701.0	3,216.5	25.3	21.26

¹ Weighted average uniform price at 3.5% butterfat at announced locations.