

Market Information BULLETIN

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Jason Nierman - Market Administrator



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Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
October 18 2023, USDA, Economic, Research Service*

Dairy Forecasts for 2023: Dairy Forecasts for 2023 Based on recent milk production information, the forecast for the average number of milk cows in 2023 is unchanged from last month's forecast of 9.405 million head. However, the yield per cow is increased by 15 pounds to 24,200 pounds of milk per head. With higher productivity per cow, the milk production forecast for 2023 is projected at 227.6 billion pounds, 0.1 billion higher than the previous month's projection. Due to expected soft demand from the international market and competitive international prices from major dairy exporting regions, lower U.S. dairy export volumes are projected for the rest of 2023 compared to the previous month's projections. The forecast for 2023 dairy exports on a milk-fat basis are adjusted to 11.0 billion pounds, 0.1 billion lower. On a skim-solids basis, 2023 exports are forecast at 49.5 billion pounds, down 0.5 billion. Lower shipments of butter, NDM, and dry whey are expected for the rest of 2023. For 2023, dairy import forecasts remained unchanged from the previous month's projection at 7.4 billion pounds, on a milk-fat basis. On a skim-solids basis, 2023 dairy imports were adjusted higher to 6.7 billion pounds, up 0.1 billion due to higher expected imports of milk protein concentrates. Domestic use of dairy products in 2023 is projected to be higher than forecast last month as domestic consumption is expected to continue strong for the rest of 2023. On a milk-fat basis, the annual forecast for 2023 domestic use is 222.9 billion pounds, up 0.3 billion. The domestic use forecast on a skim-solids basis for 2023 is 183.4 billion pounds, up 0.8 billion. Based on recent downward trends in cheese prices and large supplies, the 2023 price forecast for cheese is lowered to \$1.770 (-4.0 cents) per pound. Meanwhile, the wholesale price for butter is adjusted to \$2.660 (+12.0 cents) per pound due to recent record highs in spot butter prices, supported by strong domestic demand and tight supplies. The price forecast for NDM was also adjusted higher to \$1.175 per pound (+1.5 cents), while the price of dry whey was unchanged at \$0.345 per pound. Due to lower cheese prices, the Class III milk price forecast for 2023 is \$17.05 per hundredweight (cwt), down \$0.30 from the previous month's forecast. With higher prices for butter and NDM, the Class IV milk price projection is adjusted to \$19.25 per cwt, up \$0.65. The all-milk price forecast for 2023 is \$20.70 per cwt, an increase of \$0.30.

2024 Dairy Forecasts: This month's forecast for 2024 milk production is unchanged from the previous forecast at 230.4 billion pounds, with dairy cows and yield per cow expected to remain at 9.385 million head and 24,560 pounds per cow, respectively. Dairy exports are expected to decline in 2024. The export forecast for 2024 on a milk-fat basis is 12.0 billion pounds, 0.1 billion lower. On a skim-solids basis, 2024 dairy exports are projected to total 52.9 billion pounds, 0.1 billion lower. In 2024, lower exports are expected for butter due to higher domestic prices, while shipments for dry whey are expected to be lower due to international competitive pressure, mainly from Oceania. On a milk-fat basis, 2024 dairy import forecasts are raised by 0.1 billion pounds to 7.5 billion pounds, driven by expected stronger imports of butter. On a skim-solids basis, dairy imports are lowered by 0.1 from last month's forecast to 6.1 million pounds. Exports for cheese and milk protein concentrate are expected to be lower in 2024. On a milk-fat basis, the domestic use forecast for 2024 is increased by 0.1 billion to 224.8 billion pounds. However, on a milk-equivalent skim-solids basis, the forecast for domestic use is lowered by 0.2 billion to 183.1 billion pounds. The lower forecast for the wholesale cheese price in the last quarter of 2023 is expected to carry into next year, with the 2024 annual price adjusted downward to \$1.805 (-4.0 cents) per pound. The 2024 price for butter is adjusted to 2.655 (+10.5 cents) per pound. The dry whey price forecast is unchanged at \$0.315 per pound, and the NDM price forecast is adjusted to \$1.130 (+4.0 cents) per pound. Compared to the previous month's projection, the Class III milk price forecast for 2024 is adjusted down 35 cents to \$17.20 per cwt. The Class IV milk price projection for 2024 is \$18.80 per cwt, 80 cents higher. The all-milk price forecast for 2024 is \$20.55 per cwt, an increase of 25 cents.

COMPUTATION OF UNIFORM PRICES

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	82.81%	163,664,695	\$8.64 /cwt.	\$ 14,140,629.64
Class I Butterfat	48.99%	3,852,881	\$3.0170 /lb.	11,624,141.98
Class I Differential at Location		167,517,576		9,280,344.54
Total Class I Milk	81.52%	167,517,576		\$ 35,045,116.16
Class II Skim Milk	14.65%	28,944,821	\$9.34 /cwt.	\$ 2,703,446.29
Class II Butterfat	48.40%	3,806,325	\$3.1334 /lb.	11,926,738.76
Total Class II Milk	15.94%	32,751,146		\$ 14,630,185.05
Class III Skim Milk	1.94%	3,824,625	\$7.72 /cwt.	\$ 295,261.05
Class III Butterfat	1.84%	144,726	\$3.1264 /lb.	452,471.37
Total Class III Milk	1.93%	3,969,351		\$ 747,732.42
Class IV Skim Milk	0.60%	1,191,383	\$8.44 /cwt.	\$ 100,552.73
Class IV Butterfat	0.77%	60,578	\$3.1264 /lb.	189,391.06
Total Class IV Milk	0.61%	1,251,961		\$ 289,943.79
Producer Milk	100.00%	205,490,034		\$ 50,712,977.42

Adjustments

Overage and Other Source	\$ 0.00
Inventory Adjustments	\$ 7,666.35
Producer Butterfat at Uniform Butterfat Price	-\$ 24,406,720.33
Location Adjustments	-\$ 238,628.08
1/2 Balance in Producer Settlement Fund	\$ 87,095.31

Total Skim Milk and Aggregate Value	\$ 13.23837	\$ 26,162,390.67
Producer Settlement Fund Reserve	\$ 0.04837	\$ 95,584.06

Uniform Skim Milk Price (Hillsborough County, FL):	\$13.19 /cwt
Uniform Butterfat Price:	\$3.1034 /lb
Uniform Price (Hillsborough County, FL):	\$23.59 /cwt

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	79.25%	209,624,044	\$8.64 /cwt.	\$ 18,111,517.39
Class I Butterfat	46.26%	5,060,339	\$3.0170 /lb.	15,267,042.76
Class I Differential at Location		214,684,383		6,815,023.39
Total Class I Milk	77.94%	214,684,383		\$ 40,193,583.54
Class II Skim Milk	13.95%	36,892,940	\$9.34 /cwt.	\$ 3,445,800.62
Class II Butterfat	40.44%	4,423,430	\$3.1334 /lb.	13,860,375.57
Total Class II Milk	15.00%	41,316,370		\$ 17,306,176.19
Class III Skim Milk	4.23%	11,201,243	\$7.72 /cwt.	\$ 864,735.94
Class III Butterfat	3.83%	418,883	\$3.1264 /lb.	1,309,595.81
Total Class III Milk	4.22%	11,620,126		\$ 2,174,331.75
Class IV Skim Milk	2.57%	6,796,445	\$8.44 /cwt.	\$ 573,619.94
Class IV Butterfat	9.47%	1,036,443	\$3.1264 /lb.	3,240,335.39
Total Class IV Milk	2.84%	7,832,888		\$ 3,813,955.33
Producer Milk	100.00%	275,453,767		\$ 63,488,046.81

Adjustments

Overage and Other Source	\$ 4,167.50
Inventory Adjustments	\$ 7,429.21
Producer Butterfat at Uniform Butterfat Price	-\$ 33,837,902.56
Location Adjustments	\$ 1,947,819.07
1/2 Balance in Producer Settlement Fund	\$ 148,326.10

Total Skim Milk and Aggregate Value	\$ 12.00610	\$ 31,757,886.13
Producer Settlement Fund Reserve	\$ 0.04610	\$ 121,931.34

Uniform Skim Milk Price (Fulton County, GA):	\$11.96 /cwt
Uniform Butterfat Price:	\$3.0933 /lb
Uniform Price (Fulton County, GA):	\$22.37 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: September 2023

Producer Milk Utilization:

Class I:	81.52%
Class II:	15.94%
Class III:	1.93%
Class IV:	0.61%

The Uniform Price

for Sept. 2023 was announced at \$23.59, a decrease of \$4.99 from Sept. 2022.

Total Producer Milk

for Sept. 2023 totaled 205.5 million pounds, an increase of 16.1 million pounds from Sept. 2022.

Total Class I Milk

for Sept. 2023 was 167.5 million pounds, an increase of 7.1 million pounds from Sept. 2022.

Class I Utilization

for Sept. 2023 was 81.52%, a decrease of 3.2 percentage points from Sept. 2022.

F.O. 7 - Southeast: September 2023

Producer Milk Utilization:

Class I:	77.94%
Class II:	15.00%
Class III:	4.22%
Class IV:	2.84%

The Uniform Price

for Sept. 2023 was announced at \$22.37 a decrease of \$4.80 from Sept. 2022.

Total Producer Milk

for Sept. 2023 totaled 275.5 million pounds, a decrease of 16.6 million pounds from Sept. 2022.

Total Class I Milk

for Sept. 2023 was 214.7 million pounds, a decrease of 27.4 million pounds from Sept. 2022.

Class I Utilization

for Sept. 2023 was 77.94%, a decrease of 4.97 percentage points from Sept. 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in September 2023 is \$23.59 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$13.19 per hundredweight plus 3.5 times the uniform butterfat price of \$3.1034 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during September 2023 totaled 205.5 million pounds. Florida producers supplied 149.6 million pounds of milk in September 2023 or an estimated 72.8% of the producer milk pooled in Florida. In September 2022, they supplied approximately 75.2% 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 September 2023. Total in-area Class I route disposition was 210.0 million pounds in September 2023, an increase of 9.2 million pounds from September 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2023 is \$22.37 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.96 per hundredweight plus 3.5 times the uniform butterfat price of \$3.0933 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during September 2023 totaled 275.5 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 September 2023. Total in-area Class I route disposition was 296.5 million pounds in September 2023, a decrease of 4.3 million pounds from September 2022.

WASDE Dairy Report^{1/} WASDE – 641, October 12, 2023

The milk production forecast for 2023 is raised from last month on slightly more rapid growth in milk per cow. The forecast for 2024 is unchanged from last month. Fat basis imports for 2023 are unchanged from last month. Higher expected imports of butter in 2024 support a higher fat-basis import forecast although cheese imports are forecast lower. Skim-solids basis imports are raised for 2023, reflecting higher imports of milk proteins. For 2024, lower cheese and milk protein imports result in a lower skim-solids import forecast. Exports in 2023 are reduced on both a fat basis and a skim-solids basis with lower expected sales of butter, nonfat dry milk (NDM), and dry whey. For 2024, weaker expected sales of butter and dry whey are reflected in lower fat basis and skim-solids basis export forecasts. Recent strength in butter prices and expectations of continued firm demand support an increase in the butter price for 2023. Cheese is reduced on current prices and continued large stocks while the NDM price is raised on current prices. The whey price forecast is unchanged. The Class III price is reduced, reflecting the lowered cheese price forecasts, but the Class IV price is raised on stronger butter and NDM prices. For 2024, price forecasts for butter and NDM are raised as price strength is expected to carry into the new year. The cheese price is reduced, but the whey price is unchanged. The Class III price forecast is reduced on the lower cheese prices while the Class IV price forecast is raised on higher butter price and NDM prices. The 2023 all milk price forecast is raised to \$20.70 per cwt and the 2024 all milk price is raised to \$20.55 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

September 2023

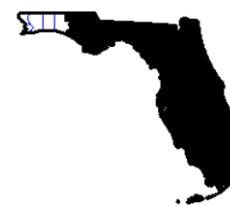
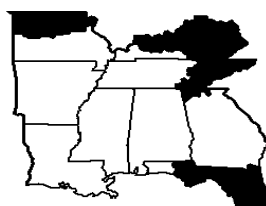
Federal Order	Producer Deliveries <i>Million Pounds</i>	Class I Producer Receipts <i>Million Pounds</i>	Class I Utilization <i>Percent</i>	Statistical Uniform Price ¹ <i>\$/cwt</i>
1 Northeast	2,178.4	654.1	30.0	20.42
5 Appalachian	444.5	313.7	70.6	21.68
6 Florida	205.5	167.5	81.5	23.59
7 Southeast	275.5	214.7	77.9	22.37
30 Upper Midwest	2,714.1	161.2	5.9	18.60
32 Central	1,336.7	361.4	27.0	18.98
33 Mideast	1,530.0	549.5	35.9	19.38
51 California	2,250.7	386.9	17.2	19.20
124 Pacific Northwest	584.8	131.8	22.5	19.03
126 Southwest	1,187.8	318.8	26.8	19.81
131 Arizona	401.9	120.1	29.9	19.71
All Orders	13,110.5	3,379.7	25.8	19.56

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



MILK MARKET ADMINISTRATOR
U.S. Department of Agriculture
2763 Meadow Church Road, Suite 100
Duluth, Georgia 30097

www.fmmatlanta.com



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