DIXIE DAIRY REPORT
May 2023

Dairy product prices. Cheese prices moved lower during the past six weeks. The weekly average CME block and barrel cheese prices for the week ending March 24, 2023 were $2.0290/lb. and $1.9290/lb., respectively. For the week ending May 6, 2023 prices were down to $1.6625/lb. and $1.5570/lb. According to *Dairy Market News*, there continues to be ample milk, at discounted prices ($4.00 to $11.00/cwt. below Class III) available to Midwest cheese plants. American cheese production is strong. First quarter production was 2.7% higher than the first quarter of last year. Discounted cheese milk leads to more cheese and weaker prices. Butter continues to trade in a narrow price range. For the first four months of the year, the average CME monthly butter price ranged from $2.35 to $2.40/lb. Butter production is up 2.0% for the first quarter. However, a lower butter price, compared to last year, is helping improve domestic butter sales.

The price of nonfat dry milk powder (NDM) has sharply declined over the past year. A year ago, the Dairy Products Sales Report (DPSR) April NDM price was $1.8314/lb. This April it is $1.1551/lb., the lowest in two years. Each penny change in the NDM price changes the Class II and IV skim milk prices $0.09/cwt. NDM production is strong, up 5.0% for the first quarter. Often, powder production is a last resort for surplus milk production. Compared to previous years, powder exports are weaker. The April DPSR dry whey price is a little over a penny higher than March at $0.4398/lb. However, this is $0.30/lb. lower than last April.

Not only are domestic dairy product prices lower, but world prices are as well. April Oceania prices for cheese, butter and skim milk powder are $0.96/lb., $0.82/lb., and $0.85/lb., respectively, lower than a year ago.

Milk production. USDA's March milk production report indicates production increases may be slowing. After being up 1.3% in January and 1.1% in February, March production was only 0.5% higher. March milk produced per cow was only 0.1% higher than last March. However, for the fourth consecutive month the nation's dairy herd grew. It is estimated at 9.435 million head at the end of March which is 31,000 more dairy cows than a year ago. For the first quarter of 2023, milk production is 1.0% higher than the first quarter of 2022.

REGIONAL MILK PRODUCTION (First Quarter 2023 versus First Quarter 2022)

Region	2022	2023	Change %	% of Total
	(million lbs.)			
Midwest	17,603	17,921	1.8%	31.5%
California	10,563	10,450	-1.1%	18.4%
Northwest	8,379	8,444	0.8%	14.9%
Northeast	7,578	7,678	1.3%	13.5%
Southwest	7,388	7,498	1.5%	13.2%
Plains	2,663	2,754	3.4%	4.8%
Southeast	2,131	2,097	-1.6%	3.7%
Total	**56,305**	**56,842**	**1.0%**	

As the table above shows, first quarter Southeast milk production was 1.6% lower than a year ago. Of the ten Southeast States, production was higher in three states – Kentucky +5.6% and Georgia +4.0%. Kentucky's dairy herd added 1,000 cows since the end of last year. Production was lower or no change in the other eight states. Florida and Georgia, combined, continue to increase their total share of Southeast milk production. These two states produced 49.4% of total Southeast production during the first quarter.

Increased dairy cattle slaughter numbers and lower margins, point to slower milk production ahead. For the first three months of 2023, USDA reports 870,500 dairy cows slaughtered. This is 46,000 more head than the first quarter of last year, and the highest first quarter slaughter number since 2019. Lower margins, along with improving cull cow prices, are sending more dairy cows to slaughter. The March *Dairy Margin Program's* margin was only $6.08/cwt., the lowest March margin since 2013 when it was $5.24/cwt.

Southeast States federal order producer milk and Class I sales. For the first quarter of 2023, total pounds of milk used in Class I and total producer milk is almost the same in the Appalachian and Florida orders, compared to the first quarter of 2022. However, the Southeast order is a different story. As the table below shows, average number of daily loads of producer milk used in Class I is down 18 per day while total producer milk is down 9 loads. Combining all orders, 2023 first quarter Class I utilization is 73.40% compared to 75.11% for the first quarter of last year.

APPALACHIAN, FLORIDA and SOUTHEAST MILK ORDERS 1st Quarter (2022 vs. 2023)

Producer Milk	Appalachian	Florida	Southeast	Total
Class I (avg. loads/day)				
2022	220	120	169	**509**
2023	220	121	150	**491**
Change	0	1	(19)	**(18)**
Producer Milk (avg. loads/day)				
2022	312	146	220	**678**
2023	312	146	211	**669**
Change	0	0	(9)	**(9)**
Class I %				
2022	70.43%	82.59%	76.78%	**75.11%**
2023	70.51%	82.87%	71.13%	**73.40%**

Blend prices. As shown below, March blend prices in all three Southeast States orders were lower than February. April blend prices are projected to decline further. The May Class I Mover gained $0.72/cwt. from April. However, lower Class II, III and IV prices in May, will limit the positive impact of the increased Mover on the May blend price.

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
	($/cwt. at 3.5% butterfat – base zone)		
February 2023	$22.89	$25.12	$23.32
March	$21.50	$23.51	$22.12
April	**$21.24**	**$23.31**	**$21.31**
May	**$21.42**	**$23.66**	**$21.61**
June	**$20.58**	**$22.66**	**$20.71**
July	**$20.66**	**$22.59**	**$20.95**

*Projections in bold

See attached MAY PRICES for more specific price, supply, and demand numbers.

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Class I Mover $ Per Cwt. (3.5% fat)	J	F	M	A	M	J	J	A	S	O	N	D	Avg.
2021	$15.14	$15.54	$15.20	$15.51	$17.10	$18.29	$17.42	$16.90	$16.59	$17.08	$17.98	$19.17	$16.83
2022	$19.71	$21.64	$22.88	$24.38	$25.45	$25.87	$25.87	$25.13	$23.62	$22.71	$24.09	$22.58	$23.66
2023	$22.41	$20.78	$18.99	$18.85	$19.57	**$18.19**	**$18.16**	**$18.54**	**$18.92**	**$19.42**	**$19.67**	**$19.84**	**$19.45**
Southeastern Federal Orders' Blend Prices - Base Zone at 3.5% butterfat ($/cwt.)													
Florida - Tampa													
2021	$19.26	$19.54	$20.11	$20.21	$21.26	$22.40	$21.98	$21.11	$21.22	$21.55	$22.93	$23.97	$21.30
2022	$25.49	$26.71	$27.77	$29.13	$29.76	$30.60	$30.29	$29.74	$28.58	$27.70	$28.27	$27.05	$28.42
2023	$26.07	$25.12	$23.51	**$23.31**	**$23.66**	**$22.66**	**$22.59**	**$23.05**	**$23.41**	**$24.05**	**$24.30**	**$24.14**	**$23.82**
Southeast - Atlanta													
2021	$17.59	$17.72	$17.92	$18.46	$19.52	$20.39	$19.80	$19.60	$19.70	$19.86	$21.22	$22.28	$19.51
2022	$24.17	$25.47	$26.42	$27.35	$28.07	$28.74	$28.71	$28.26	$27.17	$26.28	$26.65	$25.29	$26.88
2023	$24.49	$23.32	$22.12	**$21.31**	**$21.61**	**$20.71**	**$20.95**	**$21.49**	**$22.04**	**$22.43**	**$22.52**	**$22.48**	**$22.12**
Appalachian - Charlotte													
2021	$17.42	$17.56	$17.94	$18.43	$19.35	$20.19	$19.61	$19.24	$19.37	$19.70	$21.13	$22.08	$19.34
2022	$23.72	$24.87	$25.86	$27.17	$27.79	$28.52	$28.14	$27.49	$26.53	$25.80	$26.24	$24.86	$26.42
2023	$23.90	$22.89	$21.50	**$21.24**	**$21.42**	**$20.58**	**$20.66**	**$21.01**	**$21.59**	**$22.11**	**$22.22**	**$22.24**	**$21.78**

*** Projections in bold**

Southeastern Federal Orders Class I Producer Milk - Million lbs.

Florida	J	F	M	A	M	J	J	A	S	O	N	D	YTD
2021	175.8	161.1	173.6	170.8	162.9	149.4	159.2	167.2	164.2	170.2	176.1	179.3	510.5
2022	185.4	168.4	182.9	177.5	163.4	151.9	153.8	171.5	160.5	185.6	174.5	185.7	536.7
2023	188.8	166.2	184.0										539.0
% change	**1.8%**	**-1.3%**	**0.6%**										**0.4%**
Southeast													
2021	268.9	253.4	271.8	265.6	245.7	234.5	236.9	259.4	261.1	261.3	268.1	267.5	794.1
2022	264.9	233.0	254.4	242.6	230.3	216.8	213.8	248.4	242.1	227.6	228.4	230.4	752.4
2023	237.8	203.5	226.7										668.0
% change	**-10.3%**	**-12.7%**	**-10.9%**										**-11.2%**
Appalachian													
2021	325.8	306.8	332.8	319.9	296.4	281.8	287.9	313.2	308.7	314.6	326.8	331.7	965.4
2022	333.0	303.3	343.7	313.8	307.7	287.6	284.6	326.0	315.9	329.7	334.8	337.4	980.0
2023	344.0	299.4	337.2										980.5
% change	**3.3%**	**-1.3%**	**-1.9%**										**0.1%**
Total all Three Orders													
2021	770.5	721.3	778.2	756.3	705.0	665.8	684.1	739.8	734.0	746.2	771.1	778.5	2,270.0
2022	783.3	704.8	781.1	734.0	701.5	656.3	652.3	745.9	718.5	742.9	737.8	753.5	2,269.2
2023	770.5	669.1	747.9										2,187.6
% change	**-1.6%**	**-5.1%**	**-4.2%**										**-3.6%**

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Southeastern Federal Orders' Packaged Fluid Milk Sales - Million lbs.

Florida	J	F	M	A	M	J	J	A	S	O	N	D	YTD
2021	222	206	223	216	206	200	207	214	212	220	224	229	428
2022	231	214	231	227	213	198	194	217	202	203	219	225	445
2023	235	209											444
% change	**1.7%**	**-2.3%**											**-0.2%**
Southeast													
2021	335	319	346	326	313	289	297	318	322	323	329	334	654
2022	331	296	321	309	295	271	273	312	303	325	304	309	627
2023	319	276											595
% change	**-3.6%**	**-6.8%**											**-5.1%**
Appalachian													
2021	292	267	289	272	267	252	258	270	268	273	285	289	559
2022	295	260	294	275	275	261	263	288	273	281	285	285	555
2023	285	250											535
% change	**-3.4%**	**-3.8%**											**-3.6%**
Total all Three Orders													
2021	849	792	859	814	786	741	762	802	802	816	838	852	1,641
2022	857	770	846	811	783	730	730	817	778	809	808	819	1,627
2023	839	735											1,574
% change	**-2.1%**	**-4.5%**											**-3.3%**

U.S. Estimated Fluid Milk Sales - million lbs.

2021	3,872	3,584	3,925	3,718	3,637	3,389	3,473	3,601	3,669	3,762	3,799	3,912	7,456
2022	3,808	3,476	3,792	3,639	3,577	3,331	3,298	3,631	3,581	3,678	3,693	3,767	7,284
2023	3,786	3,367											7,153
% change	**-0.6%**	**-3.1%**											**-1.8%**

Southeast Federal Orders' Class I Utilization %

Florida	J	F	M	A	M	J	J	A	S	O	N	D	Avg.
2021	79%	82%	84%	81%	79%	81%	86%	81%	83%	83%	85%	84%	82%
2022	83%	82%	83%	84%	79%	81%	81%	84%	85%	85%	84%	86%	83%
2023	83%	83%	82%										83%
Southeast													
2021	68%	71%	62%	63%	64%	65%	68%	72%	71%	68%	71%	70%	68%
2022	77%	77%	77%	63%	63%	62%	70%	78%	83%	78%	74%	72%	73%
2023	74%	69%	74%										72%
Appalachian													
2021	71%	72%	68%	69%	67%	66%	69%	72%	74%	73%	77%	73%	71%
2022	72%	71%	68%	68%	66%	66%	68%	73%	73%	72%	76%	72%	70%
2023	72%	71%	69%										71%

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U.S. Milk Production - Million lbs.	J	F	M	A	M	J	J	A	S	O	N	D	YTD Total
2021	19,365	17,685	19,797	19,350	19,855	18,942	19,097	18,721	18,018	18,623	18,015	18,790	56,847
2022	19,050	17,540	19,715	19,147	19,755	18,920	19,180	19,016	18,242	18,809	18,184	18,904	56,305
2023	19,305	17,726	19,805										56,836
% change	**1.3%**	**1.1%**	**0.5%**										**0.9%**

U.S. Dairy Cows - 1,000 head													
2021	9,450	9,466	9,482	9,500	9,507	9,501	9,483	9,438	9,405	9,387	9,382	9,373	9,448
2022	9,367	9,380	9,404	9,404	9,417	9,413	9,413	9,406	9,406	9,412	9,404	9,396	9,402
2023	9,405	9,429	9,435										
Change	**38**	**49**	**31**										

Florida Milk Production - Million lbs.													YTD Total
2021	199	183	205	199	194	186	175	163	155	163	167	181	587
2022	185	166	183	175	180	162	154	147	133	146	145	158	534
2023	159	156	173										488
Change %	**-14.1%**	**-6.0%**	**-5.5%**										**-8.6%**
Georgia Milk Production - Million lbs.													
2021	156	143	163	157	155	150	146	142	137	146	145	158	462
2022	174	162	183	176	177	166	167	163	156	167	162	175	519
2023	183	169	188										540
Change %	**5.2%**	**4.3%**	**2.7%**										**4.0%**
Virginia Milk Production - Million lbs.													
2021	130	118	133	129	130	121	120	117	114	119	117	123	381
2022	125	115	128	126	127	116	117	116	111	115	113	115	368
2023	121	112	125										358
Change %	**-3.2%**	**-2.6%**	**-2.3%**										**-2.7%**
Total above Three States* Milk Production - Million lbs.													
2021	485	444	501	485	479	457	441	422	406	428	429	462	1,430
2022	484	443	494	477	484	444	438	426	400	428	420	448	1,421
2023	463	437	486										1,386
Change %	**-4.3%**	**-1.4%**	**-1.6%**										**-2.5%**

* Florida, Georgia, and Virginia account for about two-thirds of the Southeastern States Milk Production
These are the only three Southeast states for which USDA reports monthly milk production.