

THE COURIER

Monthly Newsletter

Dairy Outlook

March 2023

Recent Developments in U.S. Dairy Markets

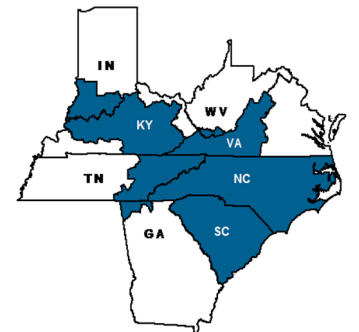
From the week ending February 4, to the week ending March 4, 2023, except for butter, changes for most wholesale dairy product prices reported in the USDA National Dairy Products Sales Report (NDPSR) were down. The price for 40-pound blocks of Cheddar cheese decreased 11.99 cents, while the price for 500-pound barrels (adjusted to 38-percent moisture) decreased 8.61 cents. The price of non-fat dry milk (NDM) declined 10.53 cents, and the price for dry whey also declined by 0.79 cents per pound. Meanwhile, the price for butter increased by 6.21 cents per pound.

Recent Chicago Mercantile Exchange (CME) weekly average spot prices for dairy products were varied compared to NDPSR prices for the week ending March 4. For the trading week ending on March 10, the CME weekly spot prices averaged \$2.3370 per pound for butter, \$1.1715 for NDM, and \$1.8325 for 40-pound blocks of Cheddar cheese, all below NDPSR prices. However, the CME weekly spot price averaged \$0.4410 for dry whey and \$1.7015 for 500-pound barrels of Cheddar cheese, both above NDPSR prices for the week ending March 4.

In general, the U.S. has remained price-competitive in international markets. Most Oceania and Europe average dairy product export prices reported by USDA Dairy Market News, displayed in the table below, declined from January 2023 to February 2023. The exceptions were increases for Oceania Cheddar cheese and butter.

According to the most recent Milk Production report published by USDA, National Agricultural Statistics Service (NASS), the revised 2022 estimated annual production of milk for the United States is 226.462 billion pounds, 0.1 percent above the 2021 revised total. For 2022, the average number of milk cows was revised down 2,000 head to 9.402 million head. The estimate for January U.S. milk production is 19.300 billion pounds, 1.3 percent above January 2022. In January 2023, total cows averaged 9.405 million head, while milk per cow was 2,052 pounds, both measures above January 2022.

Dairy Outlook, cont'd on pg. 3



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Inside this issue:

Appalachian Statistical Summary	2
February Milk Production up 1.0%	2
U.S. Monthly Milk Production, 2021-2023	2
Dairy Outlook, cont'd	3
FMMO Statistics – February 2023	4



Appalachian Statistical Summary

	FEBRUARY 2023	JANUARY 2023	FEBRUARY 2022
PRICES: (Base Zone)			
Uniform Price	\$22.89	\$23.90	\$24.87
Class I Price	24.18	25.81	25.04
Class II Price	20.83	21.61	23.79
Class III Price	17.78	19.43	20.91
Class IV Price	18.86	20.01	24.00
Uniform Skim Milk Price	\$13.69	\$13.91	\$15.14
Class I Skim Milk Price	14.78	14.72	15.84
Class II Skim Milk Price	11.70	12.32	13.67
Class III Skim Milk Price	8.57	10.08	10.71
Class IV Skim Milk Price	9.69	10.68	13.91
Uniform Butterfat Price	\$2.7657	\$2.9930	\$2.9314
Class I Butterfat Price	2.8330	3.3167	2.7877
Class II Butterfat Price	2.7248	2.7783	3.0288
Class III Butterfat Price	2.7178	2.7713	3.0218
Class IV Butterfat Price	2.7178	2.7713	3.0218
PRODUCER MILK:			
Class I	299,377,683	343,987,290	303,332,792
Class II	61,382,065	62,446,373	50,385,186
Class III	31,176,796	36,831,879	33,426,572
Class IV	32,277,651	37,472,229	37,513,063
Total Producer Milk	424,214,195	480,737,771	424,657,613
PERCENT PRODUCER MILK IN:			
Class I	70.57	71.55	71.43
Class II	14.47	12.99	11.86
Class III	7.35	7.66	7.87
Class IV	7.61	7.80	8.84

F.O. 5 STATS FOR February 2023:

The Uniform Price

for February 2023 was \$22.89 per cwt., a decrease of \$1.98 from February 2022.

Total Class I Milk

for February 2023 was 299.4 million pounds, a decrease of 4.0 million pounds compared to February 2022.

Class I Utilization

was 70.57 percent for February 2023, a decrease of 0.98 percentage points from January 2023.

Total Producer Milk

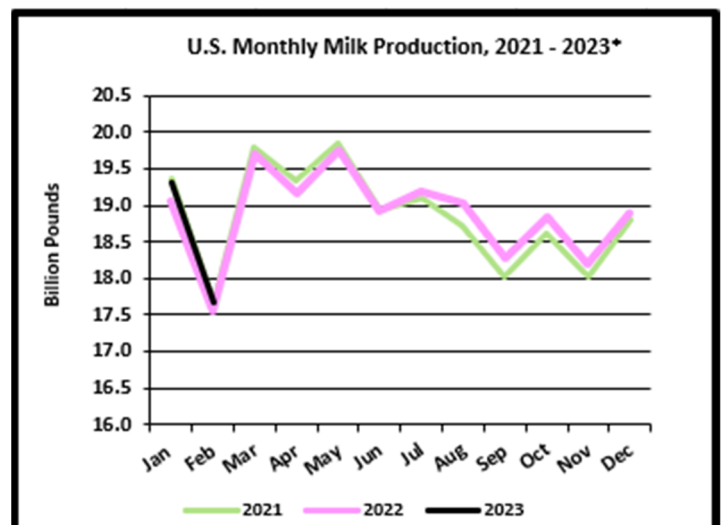
for February 2023 was 424.2 million pounds, a decrease of 0.4 million pounds compared to February 2022.

February Milk Production up 1.0%

Milk production in the 24 major States during February totaled 16.9 billion pounds, up 1.0 percent from February 2022. January revised production, at 18.5 billion pounds, was up 1.5 percent from January 2022.

Production per cow in the 24 major States averaged 1,892 pounds for February, 7 pounds above February 2022.

The number of milk cows on farms in the 24 major States was 8.94 million head, 54,000 head more than February 2022, and 12,000 head more than January 2023.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

As reported by NASS in the Agricultural Prices report, the all-milk price in January 2023 was \$23.10 per cwt, down \$1.10 from January 2022. The January 2023 corn price was \$6.64 per bushel, up \$1.06 from January 2022. The price for alfalfa hay was \$263 per short ton, up \$48 from January 2022. The 5-State weighted-average price for premium alfalfa hay was \$328 per short ton, \$55 higher than January 2022. The soybean meal price (reported by USDA, Agricultural Marketing Service) was \$500.53 per short ton in February, up \$19.57 from February 2022. The milk-feed price ratio reported by NASS was 1.73 in January, down 0.43 points from January 2022. As shown in the graph below, based on recent prices reported on the USDA, Dairy Margin Program, in January 2023, the spread between milk prices and feed costs (\$7.94 per cwt), narrowed compared to January 2022 (\$11.54 per cwt).

Dairy Forecasts for 2023

Milk production for 2023 is projected at 228.5 billion pounds, 0.20 billion pounds higher than last month's forecast. Milk cows are projected to average 9.390 million head in 2023, 10,000 head higher than last month's forecast. However, cow numbers are expected to decline through the year as lower numbers of replacement heifers and higher expected cull-cow prices will likely contribute on the decline of the dairy herd. The milk-per-cow projection is unchanged from last month at an average 24,345 pounds per head.

The forecast for 2023 dairy exports on a milk-fat basis has been adjusted to 13.0 billion pounds, 0.10 billion pounds lower than last month's forecast. On a skim-solids basis, the 2023 dairy export forecast has been adjusted to 51.9 billion pounds, 0.30 billion pounds lower than last month's projection.

On a milk-fat basis, dairy import projections for 2023 have been increased to 7.40 billion pounds (+0.10 billion pounds). On a skim-solids basis dairy imports have been increased to 6.50 billion pounds (+0.10 billion pounds).

The domestic use forecasts for have been raised for 2023. The projections for 2023 domestic use are raised from the previous month's forecast, to 221.6 billion pounds (+0.4 billion pounds) on a milk-fat basis and 180.5 billion pounds (+0.4 billion pounds) on a skim-solids basis.

For 2023, the price forecast for Cheddar cheese has been adjusted 5.0 cents lower from last month's projection to \$1.810 per pound, as supplies are expected be relatively large compared to demand. The wholesale prices of dry whey, butter, and NDM were adjusted higher from last month's forecast at \$0.390 (+2.5 cents), \$2.335 (+0.50 cents), and \$1.230 (+0.50 cents) per pound, respectively. With a lower average price expected for cheese, the Class III milk price forecast for 2023 has been lowered to \$17.56 per cwt, \$0.32 lower than last month's forecast. With higher projected prices for butter and NDM, the Class IV price forecast has been raised to \$18.30 per cwt, up \$0.05 from the previous month's projection. The all-milk price forecast for 2023 has been lowered to \$20.45 per cwt, \$0.25 lower than last month's forecast.

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Federal Milk Marketing Order Statistics - February 2023

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,118.3	618.4	29.2	20.75
5	Appalachian	424.2	299.4	70.6	22.89
6	Florida	199.2	166.2	83.4	25.12
7	Southeast	294.2	203.5	69.2	23.32
30	Upper Midwest	2,708.2	153.1	5.7	18.09
32	Central	1,357.7	348.9	25.7	18.99
33	Mideast	1,437.7	499.4	34.7	19.52
51	California	2,362.9	383.0	16.2	19.10
124	Pacific Northwest	655.5	124.3	19.0	18.92
126	Southwest	1,138.8	303.3	26.6	19.78
131	Arizona	416.7	112.3	27.0	19.99
	All Orders	13,113.4	3,211.8	24.5	19.58

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

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