

THE COURIER

Monthly Newsletter

Dairy Outlook

June 2023

Dairy Forecasts for 2023

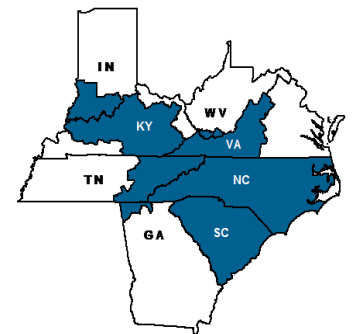
For 2023, the U.S. milking herd is projected to average 9.415 million head, unchanged from last month's forecast. However, the milk per cow forecast for 2023 is 24,260 pounds, 20 pounds lower than last month's forecast, due in part to lower-than expected growth in milk per cow in the second and last quarters of the year. With lower yield per cow more than offsetting steady dairy cow numbers, the milk production forecast for 2023 has been adjusted to 228.4 billion pounds, 0.2 billion lower than last month's projection.

Based on recent dairy trade information, 2023 export volume forecasts were reduced from last month's forecasts. On a milk-fat basis, the annual dairy export forecast for 2023 is 11.9 billion pounds, 0.2 billion lower than last month's forecast. On a skim-solids basis, the dairy export projections were lowered by 0.2 billion to 51.1 billion pounds. Lower exports are expected for butter and lactose, but higher exports are expected for dry skim milk products.

The 2023 forecast for dairy imports on a milk-fat basis is 7.8 billion pounds, an increase of 0.1 billion from last month's forecast. On a skim-solids basis, the dairy import forecast is 6.7 billion pounds, 0.1 billion down from last month's projections. While butter import expectations are higher than last month, lower imports are expected for cheese and milk protein concentrate.

On a milk-fat basis, domestic use in 2023 is forecast at 223.2 billion pounds, up 0.1 billion from last month's forecast. On a skim-solid basis, 2023 domestic use was lowered by 0.1 billion pounds from last month's forecast to 182.7 billion pounds.

The 2023 price forecasts for Cheddar cheese and dry whey are lowered to \$1.730 (-9.5 cents) and \$0.370 (-2.5 cents) per pound, respectively. The 2023 butter and NDM price forecasts have been raised to \$2.435 (+0.5 cent) and \$1.190 (+0.5 cent) per pound, respectively, due to expected strength in demand for these products for the rest of 2023.



Jason Nierman
Market Administrator

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Appalachian Statistical Summary

	May 2023	APRIL 2023	May 2022
PRICES: (Base Zone)			
Uniform Price	\$21.72	\$21.17	\$27.79
Class I Price	22.97	22.25	28.85
Class II Price	19.11	19.20	25.87
Class III Price	16.11	18.52	25.21
Class IV Price	18.10	17.95	24.99
Uniform Skim Milk Price	\$12.52	\$12.06	\$17.43
Class I Skim Milk Price	13.87	13.06	18.39
Class II Skim Milk Price	9.78	10.07	15.52
Class III Skim Milk Price	6.69	9.40	14.86
Class IV Skim Milk Price	8.76	8.80	14.63
Uniform Butterfat Price	\$2.7524	\$2.7246	\$3.1332
Class I Butterfat Price	2.7399	2.7557	3.1713
Class II Butterfat Price	2.7642	2.7079	3.1126
Class III Butterfat Price	2.7572	2.7009	3.1056
Class IV Butterfat Price	2.7572	2.7009	3.1056
PRODUCER MILK:			
Class I	317,189,778	302,891,920	307,747,479
Class II	67,113,079	67,018,073	73,889,378
Class III	39,620,947	27,166,485	34,925,280
Class IV	28,147,028	55,388,626	52,659,705
Total Producer Milk	452,070,832	452,465,104	469,221,842
PERCENT PRODUCER MILK IN:			
Class I	70.16	66.94	65.59
Class II	14.85	14.81	15.75
Class III	8.76	6.00	7.44
Class IV	6.23	12.25	11.22

Prices subject to location adjustments per §1005.51 and §1005.75

May Milk Production up 0.8%

Milk production in the 24 major States during May totaled 19.0 billion pounds, up 0.8 percent from May 2022.

Production per cow in the 24 major States averaged 2,126 pounds for May, 11 pounds above May 2022.

The number of milk cows on farms in the 24 major States was 8.95 million head, 24,000 head more than May 2022, but unchanged from April 2023.

F.O. 5 STATS FOR May 2023:

The Uniform Price

for May 2023 was \$21.72 per cwt., an increase of \$0.55 from April 2023.

Total Class I Milk

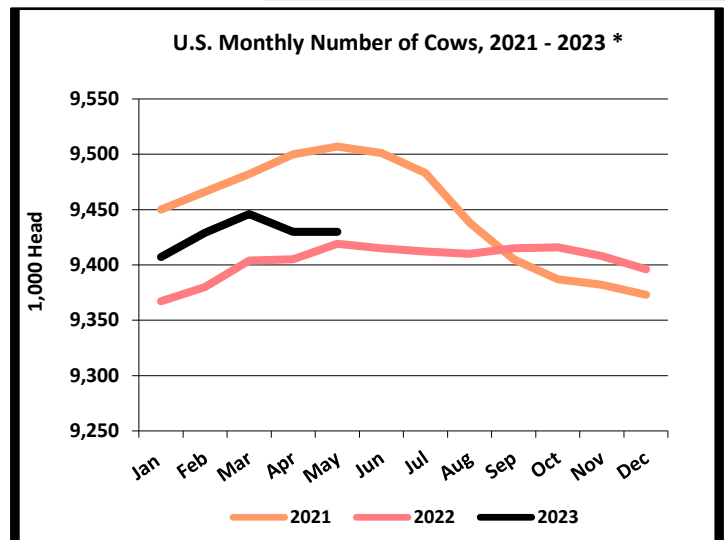
for May 2023 was 317.2 million pounds, an increase of 9.4 million pounds compared to May 2022.

Class I Utilization

was 70.16 percent for May 2023, an increase of 4.57 percentage points from May 2022.

Total Producer Milk

for May 2023 was 452.1 million pounds, a decrease of 394.3 hundred—thousand pounds compared to May 2022.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2023 cont'd

With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2023 was adjusted to \$16.70 per hundredweight (cwt), down \$1.05 from last month's forecast. With a higher expected price for butter and NDM in 2023, the Class IV milk price forecast has been increased by \$0.05 to \$18.35 per cwt. The all-milk price forecast for 2023 is \$19.95 per cwt, \$0.55 lower than last month's forecast.

Dairy Forecasts for 2024

The forecast for exports on a skim-solids basis has been lowered by 0.1 billion pounds to 53.8 billion. The 2024 price forecasts for Cheddar cheese and dry whey are lowered to \$1.775 (-4.5 cents) and \$0.360 (-1.0 cent) per pound, respectively.

The 2024 NDM price forecast has been raised to \$1.130 (+1.0 cents) per pound. With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2024 is adjusted to \$17.00 per cwt, down \$0.50 from last month's forecast. With a higher expected price for NDM in 2024, the Class IV milk price forecast has been increased by \$0.10 to \$17.45 per cwt. The all-milk price forecast for 2024 is \$19.65 per cwt, \$0.25 lower than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-338, June 15, 2023, USDA,
Economic Research Service

USDA Announces \$23 Million in Grant Funding Available to Support the U.S. Dairy Industry

The U.S. Department of Agriculture (USDA) announced \$23 million in grant funding is available to support processing capacity expansion, on-farm improvements, and technical assistance services to producers through the Dairy Business Innovation Initiatives.

The Dairy Business Innovation Initiatives provide valuable technical assistance and subgrants to dairy farmers and businesses across their regions, supporting them with business plan development, marketing, and branding, as well as increasing access to innovative production and processing techniques to support the development of value-added products.

For more information: <https://www.ams.usda.gov/press-release/usda-announces-23-million-grant-funding-available-support-us-dairy-industry>

USDA Issues Action Plan

USDA received a formal proposal on May 2, 2023, to amend the pricing provisions of all eleven Federal Milk Marketing Orders (FMMOs). The proposal requests USDA consider amending five provisions related to increasing manufacturing (make) allowances, returning to the "higher of" as the mover for Class I milk prices, updating the milk composition factors, removing barrel cheese from the Class III price formula, and updating the Class I price surface. Based on the information submitted, USDA is considering initiation of a rulemaking proceeding that would include a public hearing to collect evidence regarding proposed changes to pricing provisions effective in all eleven FMMOs.

For more information: <https://www.ams.usda.gov/rules-regulations/moa/dairy/petitions>

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Federal Milk Marketing Order Statistics - May 2023

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,403.4	663.8	27.6	19.46
5	<i>Appalachian</i>	<i>452.1</i>	<i>317.2</i>	<i>70.2</i>	<i>21.72</i>
6	Florida	208.0	171.0	82.2	23.95
7	Southeast	307.4	213.8	69.6	22.18
30	Upper Midwest	2,790.6	162.2	5.8	16.49
32	Central	1,359.2	355.5	26.2	17.74
33	Mideast	1,563.5	513.6	32.9	18.21
51	California	2,045.9	394.4	19.3	17.66
124	Pacific Northwest	736.3	136.8	18.6	17.81
126	Southwest	1,174.0	311.6	26.5	18.42
131	Arizona	428.1	110.4	25.8	18.65
	All Orders	13,468.5	3,350.3	24.9	18.25

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

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