

THE COURIER

Monthly Newsletter

Dairy Outlook

August 2023

Dairy Forecasts for 2023

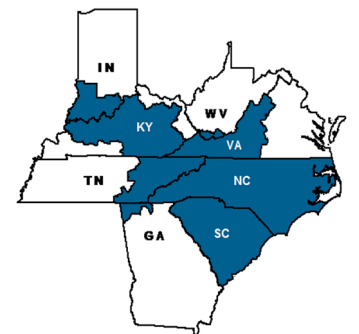
The U.S. milk production forecast for 2023 is 227.9 billion pounds, 0.3 billion lower than last month's forecast. Lower milk cow numbers and yield per cow were forecast for 2023-Q3 and 2023-Q4. Projections for lower milk cow numbers were based on low July 1 dairy cow inventory estimates provided in the recent Cattle and Milk Production reports. The 2023 annual projection for the dairy cow inventory is 9.410 million head, 5,000 head below last month's projection. The 2023 annual forecast for milk per cow has been lowered by 30 pounds to 24,225 pounds.

Based on recent trade data showing sluggish exports of cheese, whole milk powder, dry whey, butter, and butterfat products, dairy export forecasts are projected downward for the rest of 2023. On a milk-fat basis, exports are projected at 11.1 billion pounds, 0.5 billion pounds lower than last month's projection. On a skim-solids basis, exports are forecast at 50.5 billion pounds, 0.4 billion lower than last month's forecast.

The 2023 import forecast on a milk-fat basis is 7.5 billion pounds, 0.3 billion lower than last month's forecast. On a skim-solids basis, the projection for imports is 6.5 billion pounds, unchanged from last month's projections. Expectations for imports of butter and some types of cheese are lower for the rest of 2023.

On a milk-fat basis, the 2023 domestic use projection is 223.1 billion pounds, 0.3 billion lower than last month's forecast. On a skim-solids basis, the 2023 domestic use forecast is 182.6 billion pounds, unchanged from last month's forecast.

The 2023 price forecasts for Cheddar cheese, butter, and NDM are increased to \$1.775 (+10.0 cents), \$2.495 (+6.0 cents), and \$1.175 (+0.5 cents) per pound, respectively, due to recent price strength. In contrast, the 2023 dry whey price forecast is reduced to \$0.325 per pound (-2.5 cents) based on weaker expectations for international demand.



Jason Nierman
Market Administrator

Inside this issue:

Appalachian Statistical Summary	2
July Milk Production down 0.6%	2
U.S. Monthly Milk Production, 2021-2023	2
Dairy Outlook, cont'd	3
FMMO Statistics – July 2023	4

Appalachian Statistical Summary

	JULY 2023	JUNE 2023	JULY 2022
PRICES: (Base Zone)			
Uniform Price	\$19.85	\$20.31	\$28.14
Class I Price	20.72	21.41	29.27
Class II Price	19.12	18.83	26.66
Class III Price	13.77	14.91	22.52
Class IV Price	18.26	18.26	25.79
Uniform Skim Milk Price	\$10.39	\$11.00	\$16.92
Class I Skim Milk Price	11.28	12.12	18.04
Class II Skim Milk Price	9.64	9.48	15.42
Class III Skim Milk Price	4.12	5.44	11.15
Class IV Skim Milk Price	8.77	8.91	14.54
Uniform Butterfat Price	\$2.8055	\$2.7689	\$3.3744
Class I Butterfat Price	2.8097	2.7752	3.3883
Class II Butterfat Price	2.8056	2.7675	3.3670
Class III Butterfat Price	2.7986	2.7605	3.3600
Class IV Butterfat Price	2.7986	2.7605	3.3600
PRODUCER MILK:			
Class I	288,615,891	295,057,392	284,627,164
Class II	68,430,065	67,828,490	59,891,228
Class III	33,055,902	37,773,533	37,178,462
Class IV	41,074,985	41,540,953	37,252,995
Total Producer Milk	431,176,843	442,200,368	418,949,849
PERCENT PRODUCER MILK IN:			
Class I	66.94	66.72	67.94
Class II	15.87	15.34	14.30
Class III	7.67	8.54	8.87
Class IV	9.52	9.40	8.89

Prices subject to location adjustments per §1005.51 and §1005.75

F.O. 5 STATS FOR July 2023:

The Uniform Price

for July 2023 was \$19.85 per cwt., a decrease of \$0.46 from June 2023.

Total Class I Milk

for July 2023 was 288.6 million pounds, an increase of 4.0 million pounds compared to July 2022.

Class I Utilization

was 66.94 percent for July 2023, a decrease of 1.0 percentage points from July 2022.

Total Producer Milk

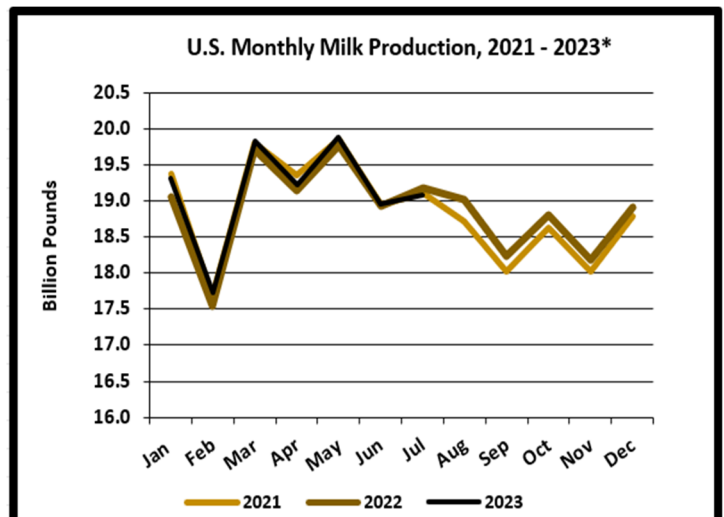
for July 2023 was 431.2 million pounds, an increase of 12.2 million pounds compared to July 2022.

July Milk Production down 0.6%

Milk production in the 24 major States during July totaled 18.3 billion pounds, down 0.6 percent from July 2022.

Production per cow in the 24 major States averaged 2,047 pounds for July, 13 pounds below July 2022.

The number of milk cows on farms in the 24 major States was 8.92 million head, 7,000 head less than June 2023.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2024

The 2024 milk cow inventory projection is decreased by 5,000 head to 9.385 million head, while the forecast for milk per cow is unchanged at 24,560 pounds. The projection for 2024 milk production has been lowered to 230.5 billion pounds, 0.1 billion lower than last month's forecast.

Dairy exports on a milk-solids basis are projected lower for 2024 compared to last month's projection. On a milk-fat basis, the export forecast for 2024 is 12.4 billion pounds, 0.2 billion below last month's forecast. In 2024, dairy exports are projected to total 53.3 billion pounds on a skim-solids basis, 0.5 billion lower than the previous month's forecast. Lower exports for butter, cheese, whey, and lactose are expected in 2024.

With lower expected imports of casein, butter, and cheese, 2024 dairy imports are projected lower in 2024 from last month's forecast at 7.5 billion pounds (-0.1 billion) on a milk-fat basis and 6.8 billion pounds (-0.1 billion) on a skim-solids basis.

On a milk-fat basis, the annual domestic use forecast for 2024 is 224.6 billion pounds, unchanged from the previous forecast. On a skim-solids basis, the forecast for domestic use is 182.9 billion pounds, 0.2 billion above last month's forecast.

The 2024 price forecast for Cheddar cheese and butter are increased to \$1.755 (+6.5 cents) and \$2.430 (+8.5 cents) per pound, respectively. The 2024 NDM price projection is \$1.125 per pound, unchanged from last month, while the dry whey price forecast is lowered at \$0.305 per pound (-1.0 cent) based on weaker expectations for international demand. The Class III milk price forecast for 2024 is adjusted to \$16.55 per cwt, up \$0.60 from last month's forecast, while the Class IV milk price forecast is \$17.80 per cwt, up \$0.35. The all-milk price forecast for 2024 is \$19.35 per cwt, \$0.25 higher than last month's forecast.

Recent developments in U.S. Dairy Product Wholesale Prices

From the week ending July 8 to the week ending August 5, 2023, wholesale dairy product price trends reported in the USDA National Dairy Products Sales Report (NDPSR) were mixed. The price per pound for 40-pound blocks of Cheddar cheese increased 27.48 cents, while for 500-pound Cheddar cheese barrels (adjusted to 38-percent moisture) it rose by 15.94 cents. The price for butter increased by 17.57 cents. Meanwhile, the prices for nonfat dry milk (NDM) and dry whey fell by 3.90 cents and 2.88 cents, respectively.

For the trading week ending August 11 at the Chicago Mercantile Exchange (CME), the average spot prices for Cheddar cheese 500-pound barrels and 40-pound blocks averaged \$1.8055 and \$1.9705 per pound, respectively. CME spot prices for NDM, butter, and dry whey averaged \$1.1200, \$2.6690, and \$0.2730 per pound, respectively.

According to the USDA Dairy Market News (DMN), most dairy product export prices for Oceania and Europe declined from June to July 2023. For Oceania, the DMN sources report increased milk supplies and weaker demand from China since the beginning of the year. Meanwhile, cooler temperatures have promoted milk production growth in Northern Europe, but elevated temperatures in July have stymied milk production.

**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

Market Administrator
PO Box 91528
Louisville KY 40291-0528

ADDRESS SERVICE REQUESTED

Phone: 502.499.0040
Fax: 502.499.8749
Email: nierman@malouisville.com



Federal Milk Marketing Order Statistics - July 2023

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,323.1	615.6	26.5	18.23
5	<i>Appalachian</i>	431.2	288.6	66.9	19.85
6	Florida	191.3	154.9	81.0	21.91
7	Southeast	272.2	195.7	71.9	20.52
30	Upper Midwest	2,791.5	147.3	5.3	14.18
32	Central	1,259.5	319.4	25.4	15.88
33	Mideast	1,394.6	492.2	35.3	16.24
51	California	2,016.0	349.3	17.3	15.53
124	Pacific Northwest	620.9	122.8	19.8	16.19
126	Southwest	1,084.3	276.6	25.5	16.33
131	Arizona	417.3	114.4	27.4	17.48
	All Orders	12,801.9	3,076.8	24.0	16.35

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

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means of communication for program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202)720.2600 (voice and TTY). To file a complaint of discrimination, write to USDA, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (866)795.3272. USDA is an equal opportunity provider, employer, and lender.