

THE COURIER

Monthly Newsletter

Dairy Outlook

October 2023

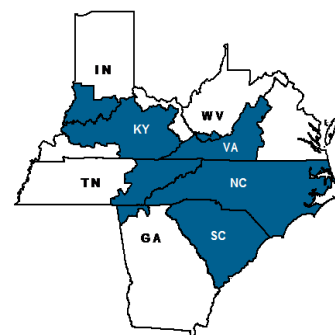
Dairy Forecasts for 2023

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. per pound.



Jason Nierman
Market Administrator

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Appalachian Statistical Summary

	SEPTEMBER 2023	AUGUST 2023	SEPTEMBER 2022
PRICES: (Base Zone)			
Uniform Price	\$21.68	\$20.13	\$26.53
Class I Price	22.30	20.02	27.02
Class II Price	19.98	19.91	26.51
Class III Price	18.39	17.19	19.82
Class IV Price	19.09	18.91	24.63
Uniform Skim Milk Price	\$11.23	\$10.26	\$14.73
Class I Skim Milk Price	12.04	10.62	15.47
Class II Skim Milk Price	9.34	9.65	14.52
Class III Skim Milk Price	7.72	6.85	7.61
Class IV Skim Milk Price	8.44	8.64	12.59
Uniform Butterfat Price	\$3.0972	\$2.9222	\$3.5198
Class I Butterfat Price	3.0510	2.7906	3.4541
Class II Butterfat Price	3.1334	3.0288	3.5723
Class III Butterfat Price	3.1264	3.0218	3.5653
Class IV Butterfat Price	3.1264	3.0218	3.5653
PRODUCER MILK:			
Class I	313,734,773	327,179,276	315,945,441
Class II	65,770,305	64,044,520	56,533,921
Class III	34,332,991	28,324,544	32,291,189
Class IV	30,658,249	25,285,626	25,762,056
Total Producer Milk	444,496,318	444,833,966	430,532,607
PERCENT PRODUCER MILK IN:			
Class I	70.58	73.55	73.38
Class II	14.80	14.40	13.13
Class III	7.72	6.37	7.50
Class IV	6.90	5.68	5.99

Prices subject to location adjustments per §1005.51 and §1005.75

**F.O. 5 STATS FOR
September 2023:**

The Uniform Price
for September 2023 was \$21.68 per cwt., an increase of \$1.55 from August 2023.

Total Class I Milk
for September 2023 was 313.7 million pounds, a decrease of 2.2 million pounds compared to September 2022.

Class I Utilization
was 70.58 percent for September 2023, a decrease of 2.80 percentage points from September 2022.

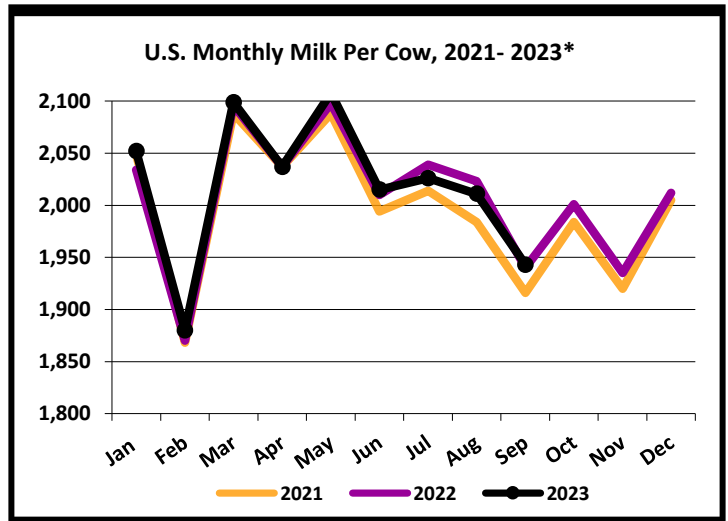
Total Producer Milk
for September 2023 was 444.5 million pounds, a decrease of 337,648 pounds compared to August 2023.

Sept. Milk Production Up Slightly

Milk production in the 24 major States during September totaled 17.5 billion pounds, up slightly from September 2022.

Production per cow in the 24 major States averaged 1,960 pounds for September, 3 pounds above September 2022.

The number of milk cows on farms in the 24 major States was 8.91 million head, 16,000 head less than September 2022, and 2,000 head less than August 2023.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2024

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 billion 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.

Discussion: Record-High Butter Prices

For the week ending October 13, CME spot butter prices averaged \$3.4430 per pound, a record high in trading history. In the early fall, butter prices tend to rise as buyers typically stock up in preparation for the holiday season. However, the recent surge in prices was much higher than typical for this time of year. Lower butter production in August, strong consumer demand, and relatively weak imports through the summer months contributed to lower butter stocks for the fall season.

After trending year-over-year higher for 7 months, August butter production was about 140 million pounds lower than in August 2022 (down about 3 percent), the lowest level since September 2018. In addition to low milk supplies, lower butter production may reflect increased use of cream in manufacturing other products. For example, ice cream production (regular, hard) totaled 66.2 million gallons in August, up 1.1 percent from previous year, likely reflecting a response to higher temperatures. Domestic use of butter has been trending year-over-year higher since February. Year-to-date domestic use was about 8.2 percent higher than last year, while production and imports increased by only about 4 percent. August imports were about 2 percent year-over-year lower. With relatively low production, low imports, and high domestic use, butter stocks at the end of August were 40 million pounds lower than at the beginning of the month, a higher-than-average drop for August.

**APPALACHIAN MARKETING AREA
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Federal Milk Marketing Order Statistics - September 2023

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,178.4	654.1	30.0	20.42
5	<i>Appalachian</i>	<i>444.5</i>	<i>313.7</i>	<i>70.6</i>	<i>21.68</i>
6	Florida	205.5	167.5	81.5	23.59
7	Southeast	275.5	214.7	77.9	22.37
30	Upper Midwest	2,714.7	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 prices at 3.5% butterfat at announced locations.

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