

THE COURIER

Monthly Newsletter

Dairy Outlook

November 2023

Dairy Forecasts for the Remainder of 2023

With a lower-than-expected number of cows in the third quarter of 2023 and lower expectations for cow numbers in the fourth quarter, the forecast for the milking herd for 2023 is lowered by 10.0 thousand head to 9.395 million head. Furthermore, due to lower-than-expected milk per cow in the third quarter and lower expectations for the fourth quarter, the milk per cow projection for the year is lowered 35 pounds to 24,165 pounds. Given these changes, total milk production for 2023 is projected at 227.1 billion pounds, 0.5 billion pounds lower than the previous forecast.

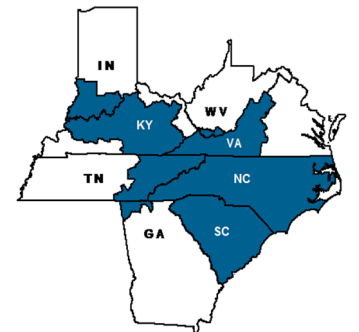
Based on recent trade data, the 2023 forecasts for imports are adjusted slightly lower. Third quarter imports are lowered to account for lower-than-expected imports of most dairy products in September 2023. For the year, the import forecast on a milk-fat rounds to unchanged from the previous forecast. On a skim-solids basis, the import forecast is lowered to 6.5 billion pounds, 0.1 billion less than last month's forecast due to lower expected imports of milk protein products.

The forecast for 2023 dairy exports on a milk-fat basis is adjusted to 10.9 billion pounds, 0.1 billion lower to account for the third-quarter trade data, while the forecast for the fourth quarter is unchanged. On a skim-solids basis, the export forecast for the year is revised upward 0.3 billion to 49.8 billion pounds on the expectation of firm lactose demand from various international markets.

Domestic use on a milk-fat basis for the year is forecast lower than last month at 222.7 billion pounds. With tighter expected supplies and higher fourth-quarter price projections for dry whey and NDM, the domestic use on a skim-solids basis for the year is lowered from last month to 182.8 billion pounds.

The 2023 fourth-quarter price forecasts for Cheddar cheese and butter have been adjusted lower following recent movements in domestic prices and larger cheese production reported for September. However, for the year the average Cheddar cheese price is forecast at \$1.770 per pound, unchanged from last month, while the butter price is forecast at \$2.645 per pound, 1.5 cents lower. The dry whey price forecast has been increased slightly for the year to \$0.360 (+1.5 cents) per pound on firm domestic demand for dry whey and whey products. The NDM price forecast for the year has also been increased at \$1.180 (+0.5 cents) per pound following tighter supplies.

The fourth-quarter increase in the whey price forecast is large enough to offset the decrease in the Cheddar cheese price; hence, the 2023 Class III annual average price is forecast at \$17.10 per cwt, up 5 cents from last month.



Jason Nierman
Market Administrator

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Appalachian Statistical Summary

	OCTOBER 2023	SEPTEMBER 2023	OCTOBER 2022
PRICES: (Base Zone)			
Uniform Price	\$23.05	\$21.68	\$25.80
Class I Price	22.87	22.30	26.11
Class II Price	21.95	19.98	25.73
Class III Price	16.84	18.39	21.81
Class IV Price	21.49	19.09	24.96
Uniform Skim Milk Price	\$11.36	\$11.23	\$13.55
Class I Skim Milk Price	12.52	12.04	14.00
Class II Skim Milk Price	9.25	9.34	13.37
Class III Skim Milk Price	3.98	7.72	9.34
Class IV Skim Milk Price	8.80	8.44	12.60
Uniform Butterfat Price	\$3.4526	\$3.0972	\$3.6362
Class I Butterfat Price	3.0817	3.0510	3.6011
Class II Butterfat Price	3.7214	3.1334	3.6637
Class III Butterfat Price	3.7144	3.1264	3.6567
Class IV Butterfat Price	3.7144	3.1264	3.6567
PRODUCER MILK:			
Class I	324,575,149	313,734,773	329,717,003
Class II	67,079,693	65,770,305	61,007,114
Class III	36,225,842	34,332,991	39,366,438
Class IV	24,881,412	30,658,249	30,496,287
Total Producer Milk	452,762,096	444,496,318	460,586,842
PERCENT PRODUCER MILK IN:			
Class I	71.69	70.58	71.59
Class II	14.82	14.80	13.25
Class III	8.00	7.72	8.55
Class IV	5.49	6.90	6.61

Prices subject to location adjustments per §1005.51 and §1005.75

October Milk Production down 0.4%

Milk production in the 24 major States during October totaled 17.9 billion pounds, down 0.4 percent from October 2022.

Production per cow in the 24 major States averaged 2,013 pounds for October, 3 pounds below October 2022.

The number of milk cows on farms in the 24 major States was 8.91 million head, 19,000 head less than October 2022, and 5,000 head less than September 2023.

F.O. 5 STATS FOR October 2023:

The Uniform Price

for October 2023 was \$23.05 per cwt., an increase of \$1.37 from September 2023.

Total Class I Milk

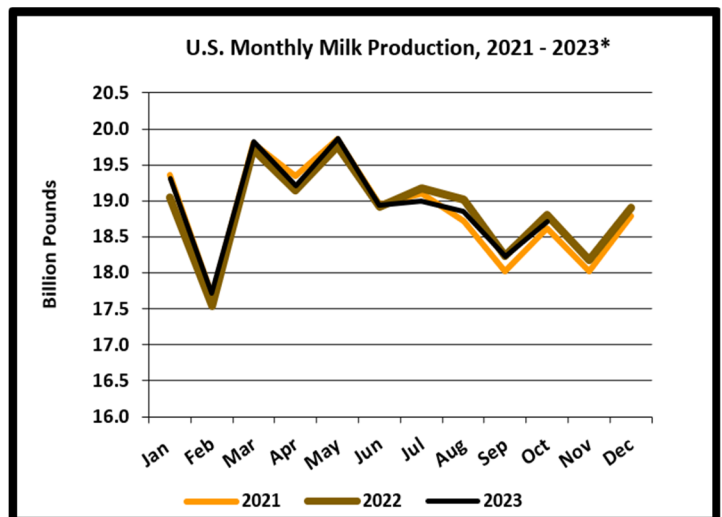
for October 2023 was 324.6 million pounds, a decrease of 5.1 million pounds compared to October 2022.

Class I Utilization

was 71.69 percent for October 2023, an increase of 0.1 percentage points from October 2022.

Total Producer Milk

for October 2023 was 452.8 million pounds, an increase of 8,265,778 pounds compared to September 2023.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2024

The contraction of the milking herd is expected to continue into the first quarter of 2024 in response to the low margins through most of the 2023, but then gradual herd expansion is projected for the remainder of the year. However, given the smaller expected 2023 milking herd, the 2024 average number of milk cows is projected at 9.375 million head in 2024, 10.0 thousand head less than the previous forecast.

The milk per cow forecast is also lowered from the previous forecast to 24,545 pounds. With lower yields and further contraction in the milking herd, 2024 milk production is projected at 230.0 billion, 0.4 billion pounds lower than the last forecast. 16 Livestock, Dairy, and Poultry Outlook: November 2023, LDP-M-353, November 16, 2023 USDA, Economic Research Service On a milk-fat basis, the 2024 dairy import forecast is raised 0.1 billion pounds to 7.6 billion pounds, driven by expected stronger imports of butter. On a skim-solids basis, the annual dairy import forecast is unchanged from last month's forecast at 6.7 billion pounds.

Dairy product exports are expected to follow a mix of trajectories in 2024. The exports for butter will likely continue to trend lower due to a lack of competitiveness on international markets, while exports for nonfat dry milk and cheese are projected higher due to sustained demand from international markets. The dairy export forecast for 2024 on a milk-fat basis is 11.6 billion pounds, 0.4 billion pounds lower than the last month's forecast. On a skim-solids basis, 2024 dairy exports are projected to total 53.1 billion pounds, 0.2 billion pounds higher.

Domestic use on a milk-fat basis for 2024 is forecast at 225.1 billion pounds, 0.3 billion pounds higher than the previous forecast. Lower butter prices are expected to contribute to higher domestic use of butter. The 2024 domestic use forecast on a milk-solids basis is lowered 0.5 billion to 182.6 billion pounds. These decreases in the forecast also reflect an expected continuation of the observed trends in domestic use for several dairy products in the third quarter of 2023.

The 2024 price forecasts for Cheddar cheese, dry whey, and NDM are increased to \$1.825 (+2.0 cents), \$0.375 (+6.0 cents), and \$1.170 (+4.0 cents) per pound, respectively. The 2024 butter price projection is lowered to \$2.590 (-6.5 cents). The Class III milk price forecast for 2024 is adjusted to \$17.70 per cwt, up \$0.50 from last month's forecast, while the Class IV milk price forecast is \$18.85 per cwt, \$0.05 higher. The all-milk price forecast for 2024 is \$20.80 per cwt, \$0.25 higher than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-338, November 16, 2023,
USDA, Economic Research Service

National FMMO Hearing Resumes

On May 2nd, 2023, USDA received a formal proposal to amend the pricing provisions of all eleven Federal Milk Marketing Orders (FMMO). The proposal, submitted by the National Milk Producers Federation (NMPF), 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.

The hearing held its first meeting on August 23rd, 2023 in Carmel, IN and recessed on October 11th, 2023. The next meeting will be held on November 27th, 2023 in Carmel, IN again, but if the hearing is not complete on December 1st, 2023, then the meetings will be held in Zionsville, IN starting December 4th, 2023.

For more information on the national hearing, visit this link: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>

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Federal Milk Marketing Order Statistics - October 2023

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,255.1	678.4	30.1	21.20
5	<i>Appalachian</i>	<i>452.8</i>	<i>324.6</i>	<i>71.7</i>	<i>23.05</i>
6	Florida	216.0	176.1	81.5	24.99
7	Southeast	295.5	227.6	77.0	23.64
30	Upper Midwest	2,661.7	166.7	6.3	17.28
32	Central	1,272.2	378.3	29.7	19.03
33	Mideast	1,499.8	593.7	39.6	19.66
51	California	2,020.4	404.9	20.0	18.60
124	Pacific Northwest	609.8	137.3	22.5	19.25
126	Southwest	1,084.2	327.4	30.2	19.52
131	Arizona	429.8	116.6	27.1	20.56
	All Orders	12,684.9	3,528.4	27.8	19.53

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

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