

THE COURIER

Monthly Newsletter

Dairy Outlook

January 2024

Dairy Estimates for 2023

Based on recent milk cow inventory and milk production data, the 2023 estimates for the average number of milk cows, milk per cow, and milk production have been lowered from the previous forecast by 5,000 head, 30 pounds per cow, and 0.3 billion pounds, respectively.

The new 2023 estimates for these production projections are as follows: 9.395 million head for the average number of milk cows, 24,120 pounds for milk per cow, and 226.6 billion pounds for milk production.

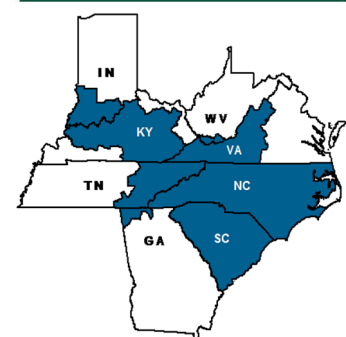
The estimate for 2023 dairy exports on a milk-fat basis is lowered to 10.6 (-0.2) billion pounds, while the estimate for exports on a skim-solids basis is raised to 50.0 (+0.1) billion pounds. For 2023 imports, the estimates on a milk-fat basis and skim-solids basis are unchanged at 7.5 and 6.3 billion pounds, respectively.

The estimate for 2023 ending stocks on a milk-fat basis has been raised to 14.4 (+0.2) billion pounds, but the estimate on a skim-solids basis has been lowered to 10.6 (-1.0) billion pounds. The estimate for 2023 domestic use on a milk-fat basis is 222.5 billion pounds, 0.4 billion lower than last month's forecast. On a skim-solids basis, the estimate for 2023 domestic use is 183.0 billion pounds, 0.5 billion higher than the previous forecast.

For the year, the average wholesale prices for Cheddar cheese, dry whey, butter, and NDM were \$1.7593, \$0.3618, \$2.6170, and \$1.1856 per pound, respectively. Class III and IV milk prices averaged \$17.02 and \$19.12 per hundredweight (cwt), respectively. The all-milk price estimate for 2023 is \$20.60 per cwt, unchanged from last month's forecast.

Dairy Forecast for 2024

The average number of milk cows is projected to further decline in 2024 in response to the relatively low margins experienced throughout 2023. Moreover, the average 2024 all-milk price is projected lower on a year-over-year basis. As a result, and accounting for the most recent milk cow inventory, the national milking herd is projected to average 9.350 million head in 2024, down 10,000 head from the previous forecast.



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Appalachian Statistical Summary

| | DECEMBER 2023 | NOVEMBER 2023 | DECEMBER 2022 |
|----------------------------------|--------------------|--------------------|--------------------|
| PRICES: (Base Zone) | | | |
| Uniform Price | \$21.39 | \$22.19 | \$24.86 |
| Class I Price | 23.16 | 23.15 | 25.98 |
| Class II Price | 19.88 | 21.21 | 23.11 |
| Class III Price | 16.04 | 17.15 | 20.50 |
| Class IV Price | 19.23 | 20.87 | 22.12 |
| Uniform Skim Milk Price | \$10.62 | \$10.10 | \$14.04 |
| Class I Skim Milk Price | 11.35 | 10.64 | 14.85 |
| Class II Skim Milk Price | 9.78 | 9.40 | 12.48 |
| Class III Skim Milk Price | 5.82 | 5.22 | 9.80 |
| Class IV Skim Milk Price | 9.13 | 9.07 | 11.48 |
| Uniform Butterfat Price | \$3.1845 | \$3.5557 | \$3.2305 |
| Class I Butterfat Price | 3.4866 | 3.6806 | 3.3286 |
| Class II Butterfat Price | 2.9848 | 3.4678 | 3.1609 |
| Class III Butterfat Price | 2.9778 | 3.4608 | 3.1539 |
| Class IV Butterfat Price | 2.9778 | 3.4608 | 3.1539 |
| PRODUCER MILK: | | | |
| Class I | 315,106,850 | 325,659,449 | 337,440,327 |
| Class II | 64,058,213 | 65,903,439 | 53,827,424 |
| Class III | 41,662,641 | 33,694,666 | 38,178,089 |
| Class IV | 45,092,509 | 26,078,626 | 39,805,942 |
| Total Producer Milk | 465,920,213 | 451,336,180 | 469,251,782 |
| PERCENT PRODUCER MILK IN: | | | |
| Class I | 67.63 | 72.15 | 71.91 |
| Class II | 13.75 | 14.60 | 11.47 |
| Class III | 8.94 | 7.47 | 8.14 |
| Class IV | 9.68 | 5.78 | 8.48 |

Prices subject to location adjustments per §1005.51 and §1005.75

December Milk Production down 0.1%

Milk production in the 24 major States during December totaled 18.1 billion pounds, down 0.1 percent from December 2022. November revised production, at 17.3 billion pounds, was down 0.6 percent from November 2022.

Production per cow in the 24 major States averaged 2,030 pounds for December, 1 pound above December 2022.

The number of milk cows on farms in the 24 major States was 8.90 million head, 17,000 head less than December 2022, but unchanged from November 2023.

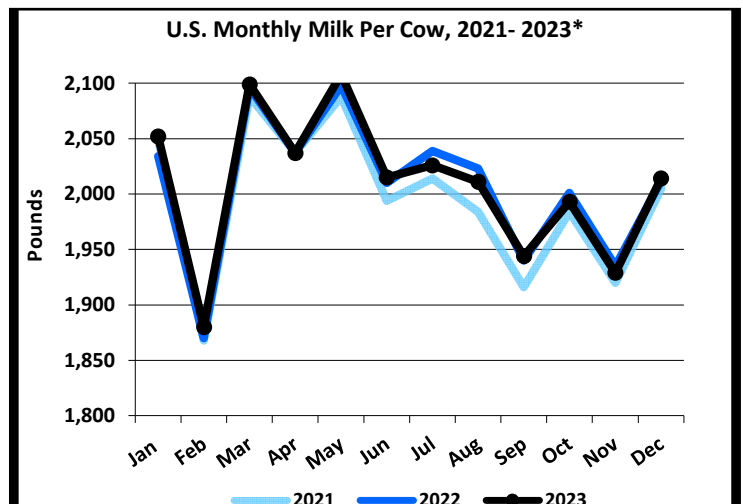
F.O. 5 STATS FOR December 2023:

The Uniform Price
for December 2023 was \$21.39 per cwt., a decrease of \$0.80 from November 2023.

Total Class I Milk
for December 2023 was 315.1 million pounds, a decrease of 10.6 million pounds compared to November 2023.

Class I Utilization
was 67.63 percent for December 2023, a decrease of 4.28 percentage points from December 2022.

Total Producer Milk
for December 2023 was 465.9 million pounds, an increase of 14.6 million pounds compared to November 2023.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2024 Cont'd

The 2024 forecast for milk per cow has been revised downward by 50 pounds to 24,415 pounds. Consequently, milk production for 2024 is forecast at 228.3 billion pounds, about 0.7 billion pounds less than the previous forecast. USDA, NASS will issue its Cattle report January 31. This report will include milk cow inventory data along with dairy replacement heifer numbers. The report should give insight into the current state of the herd and indicators that will inform the outlook for much of 2024.

With lower expected imports of cheese and butterfat products, 2024 dairy import forecasts have been lowered on both the milk-fat basis and skim-solids basis to 7.5 billion pounds (-0.2 billion) and 6.4 billion pounds (-0.1 billion), respectively.

As domestic prices for butter and cheese are expected to be more competitive in the world markets, the 2024 dairy export forecast on a milk-fat basis has been raised 0.2 billion pounds to 11.6 billion. The export forecast on a skim-solids basis is unchanged at 53.2 billion pounds. Higher expected exports for cheese, butterfat products, and whey products are expected to offset lower expected exports of dry skim milk products.

With a lowered forecast for milk production and raised projected prices for most of dairy products, the domestic disappearance forecast for 2024 is lowered relative to the last month's projection. Overall, on a milk-fat basis, domestic disappearance has been lowered 0.9 billion pounds to 223.7 billion pounds. On a skim-solids basis, domestic disappearance has been lowered 1.7 billion pounds to 180.3 billion pounds.

Relative to 2023, with an expected increase in the cheese production capacity in 2024 the Cheddar cheese prices are expected to decline but given a robust demand for dairy products the 2024 prices for butter, NDM, and whey are expected to increase.

Based on recent movement in product prices, the average price forecasts for most major dairy products except Cheddar cheese have been raised from the previous forecast. Price forecasts for dry whey, butter, and NDM have been raised to \$0.430 (+1.0 cents), \$2.665(+7.0 cents), and \$1.190 (+1.5 cents) per pound. The price forecast for Cheddar cheese has been lowered \$1.620 (-10.5 cents) per pound.

The lower cheese price forecast more than outweighs the higher price forecast for whey, leading to a forecast for Class III milk of \$16.10 per cwt, \$0.75 lower than the previous forecast. With higher butter and NDM price forecasts, the Class IV price forecast has been raised \$0.45 to \$19.35 per cwt. The all-milk price for 2024 is now forecast at \$20.00, down \$0.25 cents from last month's forecast.

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Federal Milk Marketing Order Statistics - December 2023

| Federal Order | | Producer Deliveries | Class I Producer Receipts | Class I Utilization | Statistical Uniform Price |
|---------------|--------------------|---------------------|---------------------------|---------------------|---------------------------|
| | | Million Pounds | Million Pounds | Percent | \$/cwt |
| 1 | Northeast | 2,255.4 | 684.6 | 30.3 | 19.71 |
| 5 | <i>Appalachian</i> | 465.9 | 315.1 | 67.6 | 21.39 |
| 6 | Florida | 212.6 | 176.8 | 83.2 | 23.62 |
| 7 | Southeast | 309.0 | 224.1 | 72.6 | 22.01 |
| 30 | Upper Midwest | 2,688.1 | 163.8 | 6.1 | 16.40 |
| 32 | Central | 1,277.6 | 373.4 | 29.2 | 17.79 |
| 33 | Mideast | 1,356.8 | 549.1 | 40.5 | 18.20 |
| 51 | California | 1,990.5 | 399.1 | 20.1 | 17.55 |
| 124 | Pacific Northwest | 607.1 | 129.3 | 21.3 | 17.94 |
| 126 | Southwest | 1,045.0 | 320.2 | 30.6 | 18.37 |
| 131 | Arizona | 448.2 | 119.4 | 26.7 | 19.10 |
| | All Orders | 12,656.2 | 3,455.0 | 27.3 | 18.28 |

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

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