APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

March 2024

Dairy Outlook

Dairy Forecasts for 2024

The expectations for the average size of the U.S. dairy herd, milk per cow, and consequently, total milk production in 2024 have all been lowered relative to the last's month forecast. Several factors, such as a smaller-than-expected milking herd in January, additional downward revisions in the number of cows for 2023, and a counter-seasonal year-over-year decline in January milk per cow, contributed to these new projections. As a result, the 2024 forecast for the size of the dairy herd has been lowered to 9.335 million (-20,000) head, the forecast for milk per cow has been reduced to 24,345 (-50) pounds, and total milk production is now projected to 227.3 (-0.9) billion pounds. Milk production usually responds to prices with a lag of several months. While the lower-than-year-earlier number of milk cows in the first half of 2024 largely reflects the impact of feed costs and milk prices that occurred in the second half of 2023, the dairy herd is projected to expand in the second half of this year as the outlook for dairy farm margins is expected to improve.

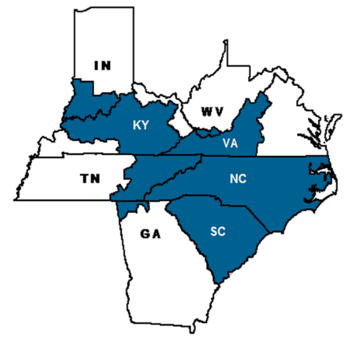
Lowered prospects for milk production coupled with an overall steady demand for dairy products, offer support for higher price forecasts for Cheddar cheese and butter; in turn, they will support a higher all-milk price forecast and further improved outlook for milk-feed price ratios. However, the higher expected prices will impact the competitiveness of U.S. dairy products in the international markets and dampen the expectations for dairy exports.

Following the recent trade data and increased forecasts for butter and cheese prices, the forecast for 2024 dairy exports on a milk-fat basis has been lowered 0.6 billion to 11.1 billion. On a skim-solids basis, the 2024 dairy export forecast has also been revised downward to 50 billion pounds, 1.9 billion pounds less than the previous forecast. Overall, lack of price competitiveness for some U.S. dairy products in international markets and a weaker-than expected international demand for dairy products support lower expectations for 2024 U.S. exports across most dairy products.

With stronger-than-expected import data in January and expected continued firm domestic demand, the forecasts for 2024 dairy imports have been increased from the previous month's forecast to 7.7 (+0.3) billion pounds on a milk-fat basis and to 6.7 (+0.3) billion pounds on a skim-solids basis.

Measured as the 3-month rolling average, domestic use for most dairy products was year-over year steady-to-higher. The forecast for 2024 domestic use on a milk-fat basis is 224.7 billion pounds, unchanged from last month's forecast.

Dairy Outlook, cont'd on pg. 3



Jason Nierman
Market Administrator

Inside this issue:

Appalachian Statistical Summary

	FEBRUARY 2024	JANUARY 2024	FEBRUARY 2023
PRICES: (Base Zone)			
Uniform Price	$21.00	$21.10	$22.89
Class I Price	21.39	21.88	24.18
Class II Price	20.53	20.04	20.83
Class III Price	16.08	15.17	17.78
Class IV Price	19.85	19.39	18.86
Uniform Skim Milk Price	$10.59	$10.97	$13.69
Class I Skim Milk Price	11.15	11.64	14.78
Class II Skim Milk Price	9.99	9.95	11.70
Class III Skim Milk Price	5.41	4.92	8.57
Class IV Skim Milk Price	9.31	9.30	9.69
Uniform Butterfat Price	$3.0793	$3.0054	$2.7657
Class I Butterfat Price	3.0375	3.0431	2.8330
Class II Butterfat Price	3.1101	2.9835	2.7248
Class III Butterfat Price	3.1031	2.9765	2.7178
Class IV Butterfat Price	3.1031	2.9765	2.7178
PRODUCER MILK:			
Class I	300,687,668	344,517,325	299,377,683
Class II	57,755,849	70,151,813	61,382,065
Class III	30,152,792	27,920,893	31,176,796
Class IV	29,774,278	32,591,479	32,277,651
Total Producer Milk	**418,370,587**	**475,181,510**	**424,214,195**
PERCENT PRODUCER MILK IN:			
Class I	71.87	72.50	70.57
Class II	13.80	14.76	14.47
Class III	7.21	5.88	7.35
Class IV	7.12	6.86	7.61

Prices subject to location adjustments per §1005.51 and §1005.75

F.O. 5 STATS FOR February 2024:

The Uniform Price
for February 2024 was $21.00 per cwt., a decrease of $0.10 from January 2024.

Total Class I Milk
for February 2024 was 300.7 million pounds, a decrease of 43.8 million pounds compared to January 2024.

Class I Utilization
was 71.87 percent for February 2024, a decrease of 0.63 percentage points from January 2024.

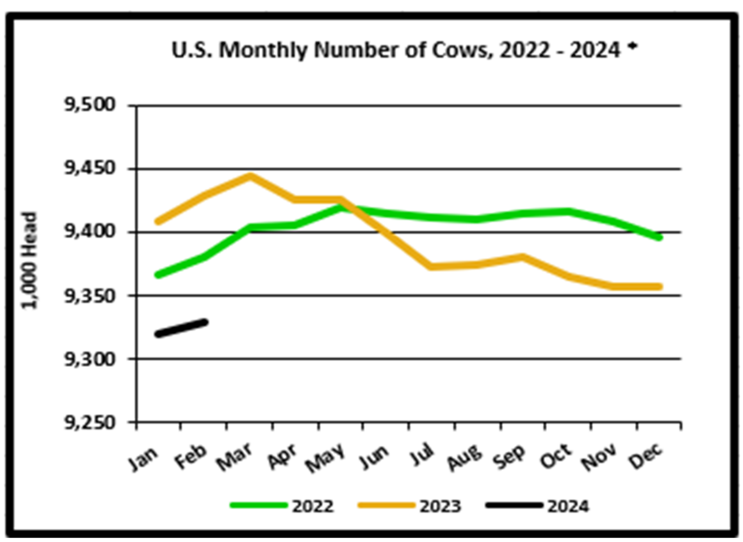
Total Producer Milk
for February 2024 was 418.4 million pounds, a decrease of 56.8 million pounds compared to January 2024.

February Milk Production up 2.4%

Milk production in the 24 major States during February totaled 17.4 billion pounds, up 2.4 percent from February 2023.

Production per cow in the 24 major States averaged 1,955 pounds for February, 58 pounds above February 2023.

The number of milk cows on farms in the 24 major States was 8.88 million head, 61,000 head less than February 2023, but 8,000 head more than January 2024.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

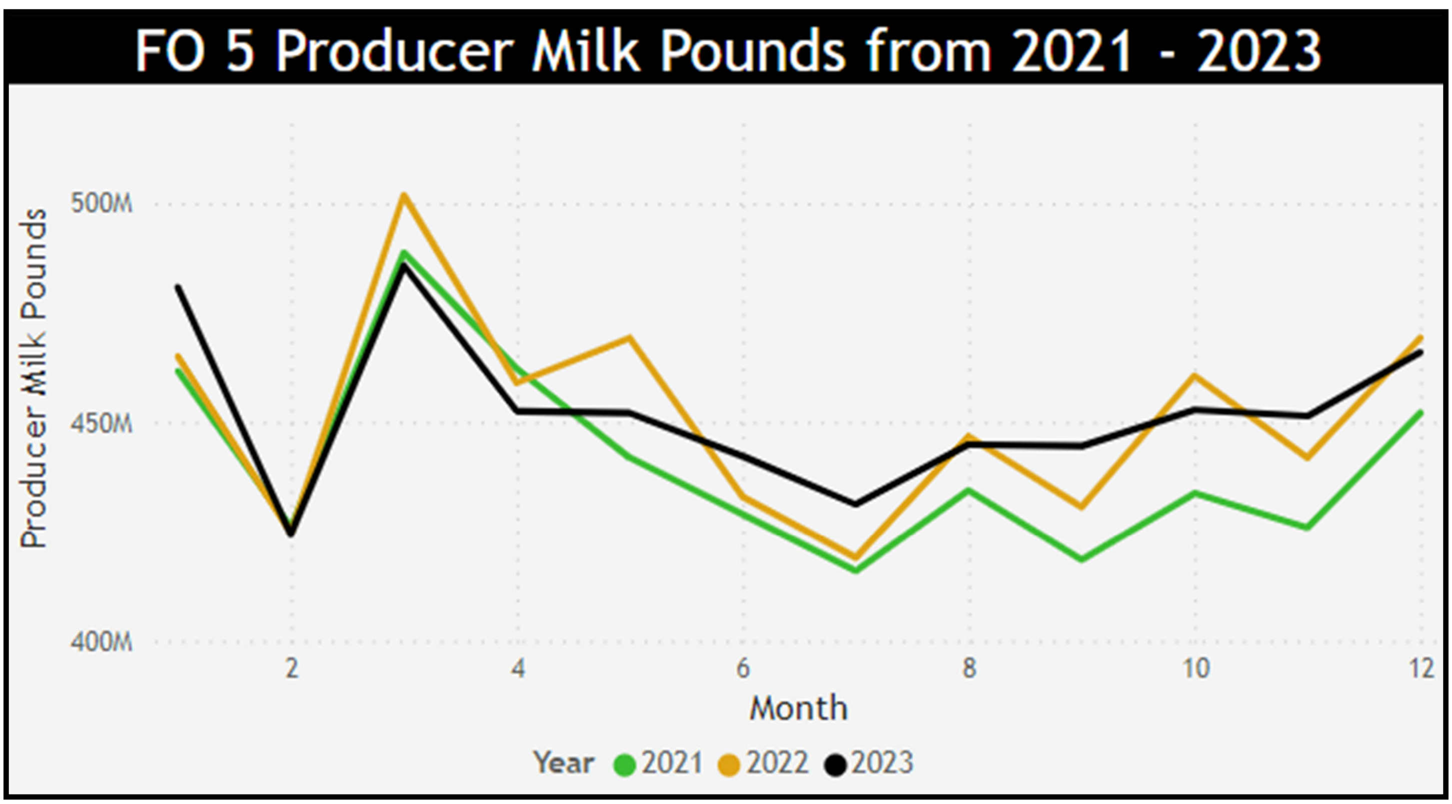
On a skim-solids basis, the forecast for domestic use is increased to 183.4 billion pounds, 1.4 billion higher than last month's forecast. Strong demand for dry whey and whey protein concentrate products support the upward revised forecast.

Recent data for dairy product stocks suggests that stocks' tightness will likely increase through the year, driven by expectations of lower production and relatively strong domestic demand. The forecasts for 2024 ending stocks have been lowered to 11.9 (-0.1) billion pounds on a milk-fat basis and to 9.4 (-0.1) billion pounds on a skim-solids basis.

Based on recent strength in price data for butter and cheese, the 2024 price forecasts for butter and Cheddar cheese have been raised to $2.800 per pound (+3.0 cents) and $1.710 per pound (+2 cents), respectively. However, the price forecasts for NDM and dry whey have been decreased to $1.210 (-2.5 cents) and $0.450 (-3.0 cents) per pound, respectively, on weaker international demand.

The lower NDM price forecasts offset the higher butter price forecasts. Consequently, the Class IV milk price forecast for 2024 has been lowered by $0.10 to $20.10 per cwt. Conversely, the Class III milk price projection for 2024 has been raised by $0.05 to $17.15 per cwt, as the higher Cheddar cheese price forecasts more than offset the lower whey price forecasts. The all-milk price forecast for 2024 has been increased to $21.25 per cwt, $0.30 higher than the previous forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-338, March 14, 2024, USDA, Economic Research Service



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Federal Milk Marketing Order Statistics - February 2024

Federal Order		Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,159.2	644.3	29.8	19.69
5	*Appalachian*	*418.4*	*300.7*	*71.9*	*21.00*
6	Florida	215.0	175.1	81.5	22.88
7	Southeast	271.7	213.5	78.6	21.51
30	Upper Midwest	2,543.9	152.2	6.0	16.40
32	Central	1,188.3	358.5	30.2	17.67
33	Mideast	1,271.1	516.4	40.6	17.96
51	California	1,959.1	379.3	19.4	17.41
124	Pacific Northwest	576.2	123.1	21.4	17.96
126	Southwest	1,020.4	313.4	30.7	18.18
131	Arizona	395.4	112.7	28.5	19.04
	All Orders	12,018.7	3,289.3	27.4	18.15

[1/] Weighted average uniform prices at 3.5% butterfat at announced locations.