

THE COURIER

Monthly Newsletter

Dairy Outlook

May 2024

Dairy Forecasts for 2024

Based on recent data from the USDA, NASS Milk Production report and improvements in the farm margins throughout the first quarter, the 2024 forecast for the dairy herd is raised by 10,000 head to 9.345 million head. In response to better-than-expected average milk yields in the first quarter and overall lower expected feed costs, the 2024 milk-per-cow forecast is raised to 24,330 pounds, 85 pounds above the previous forecast. As a result, milk production for 2024 is projected at 227.3 billion pounds, about 1.0 billion pounds above last month's forecast.

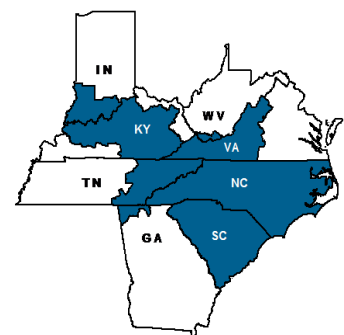
The 2024 forecasts for dairy imports are revised upward from the last month's forecast. On a milk-fat basis, imports in 2024 are forecast at 8.2 (+0.2) billion pounds, while on a skim-solids basis, imports are forecast at 7.0 billion pounds, also 0.2 billion higher than last month's projection.

Following March export data, expectations of being less competitive in the near term, and a strong U.S. dollar, the 2024 forecasts for dairy product export volumes are revised downward from the last projections. On a milk-fat basis, dairy exports are forecast at 11.0 (-0.3) billion pounds, while on a skim-solids basis they are projected to 49.3 (-0.4) billion pounds. Among the main dairy products, export expectations for dry skim milk products, butterfat products, lactose, and dry whey have been lowered from the previous month.

Domestic use forecasts are raised from the April forecast. On a milk-fat basis, domestic use is forecast at 224.2 (+1.2) billion pounds, while on a skim-solids basis it is forecast at 184.2 (+1.3) billion pounds. Ending stock projections have been raised as higher expected milk production and imports—coupled with lower export projections—more than offset higher domestic use forecasts. On a milk-fat basis, ending stocks are forecast at 13.2(+0.4) billion pounds; on a skim-solids basis, they are forecast at 9.7(+0.3) billion pounds.

With recent strength in wholesale Cheddar cheese and butter prices and expectations of strong domestic demand as we enter the summer season, 2024 average prices forecast for Cheddar cheese and butter are raised from last month to \$1.695 (+7.5 cents), and \$2.935 (+1.0 cent) per pound, respectively. Conversely, with recent price movements for NDM and dry whey and weaker expected demand, the forecasts for these products are revised downward. The updated 2024 price forecast for NDM is \$1.610 (-2.0 cents) per pound, while the 2024 dry whey price is forecast at \$0.400 (-2.5 cents) per pound.

The higher price forecast for Cheddar cheese more than offsets the lower forecast for dry whey, resulting in an upward revision for the Class III milk average price. Conversely, the Class IV milk price forecast is lowered from last month's projections, given that the increase in the price forecast for butter is not large enough to account for the lowered NDM forecast. The 2024 Class III milk price is projected to \$16.75 (+\$0.55) per hundredweight (cwt), while the Class IV milk price is projected to \$20.25 (- \$0.15) per cwt. The 2024 all milk-price forecast is projected at \$21.20 per cwt, \$0.30 per cwt higher than the previous forecast.



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Appalachian Statistical Summary

	APRIL 2024	MARCH 2024	APRIL 2023
PRICES: (Base Zone)			
Uniform Price	\$21.80	\$21.60	\$21.17
Class I Price	22.58	22.20	22.25
Class II Price	21.23	21.12	19.20
Class III Price	15.50	16.34	18.52
Class IV Price	20.11	20.09	17.95
Uniform Skim Milk Price	\$10.59	\$10.73	\$12.06
Class I Skim Milk Price	11.55	11.54	13.06
Class II Skim Milk Price	9.89	10.11	10.07
Class III Skim Milk Price	3.98	5.19	9.40
Class IV Skim Milk Price	8.76	9.07	8.80
Uniform Butterfat Price	\$3.3082	\$3.2120	\$2.7246
Class I Butterfat Price	3.2682	3.1609	2.7557
Class II Butterfat Price	3.3379	3.2455	2.7079
Class III Butterfat Price	3.3309	3.2385	2.7009
Class IV Butterfat Price	3.3309	3.2385	2.7009
PRODUCER MILK:			
Class I	312,266,003	307,644,067	302,891,920
Class II	63,856,003	71,865,806	67,018,073
Class III	38,585,679	37,975,241	27,166,485
Class IV	36,180,182	50,537,166	55,388,626
Total Producer Milk	450,887,867	468,022,280	452,465,104
PERCENT PRODUCER MILK IN:			
Class I	69.26	65.73	66.94
Class II	14.16	15.36	14.81
Class III	8.56	8.11	6.00
Class IV	8.02	10.80	12.25

Prices subject to location adjustments per \$1005.51 and \$1005.75

April Milk Production down 0.2%

Milk production in the 24 major States during April totaled 18.3 billion pounds, down 0.2 percent from April 2023. March revised production, at 18.9 billion pounds, was down 0.5 percent from March 2023.

Production per cow in the 24 major States averaged 2,064 pounds for April, 8 pounds above April 2023.

The number of milk cows on farms in the 24 major States was 8.89 million head, 55,000 head less than April 2023, and 6,000 head less than March 2024.

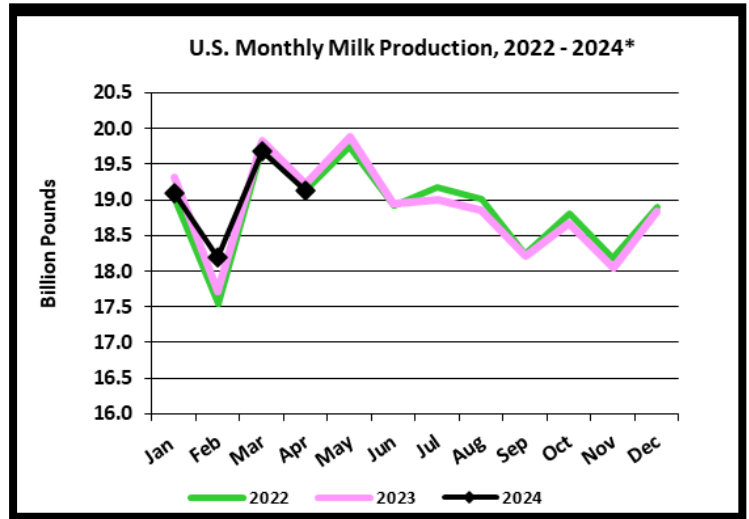
F.O. 5 STATS FOR April 2024:

The Uniform Price
for April 2024 was \$21.80 per cwt., an increase of \$0.63 from April 2023.

Total Class I Milk
for April 2024 was 312.3 million pounds, an increase of 9.4 million pounds compared to April 2023.

Class I Utilization
was 69.26 percent for April 2024, an increase of 3.53 percentage points from March 2024.

Total Producer Milk
for April 2024 was 450.9 million pounds, a decrease of 1.6 million pounds compared to April 2023.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2025

The national dairy herd in 2025 is projected to increase by 20,000 head relative to 2024 to average 9.365 million head for the year. The 2025 forecast for average milk per cow is 24,485 pounds, 0.6 percent year-over-year higher. Consequently, the milk supply for 2025 is projected to total 229.3 billion pounds, about 0.9 percent higher than the forecast for 2024. The projected growth reflects expectations of improved farm margins through 2024 that will affect 2025 production levels.

Use is expected to grow relative to 2024 at a moderate pace both domestically and for exports. The 2025 forecasts for domestic use are 225.3 billion pounds on a milk-fat basis (0.5 percent above the 2024 forecast) and 185.2 billion pounds on a skim-solids basis (0.6 percent above 2024). The 2025 forecasts for exports are 11.2 billion pounds on a milk-fat basis (2.4 percent above 2024), and 50.2 billion pounds on a skim solids basis (1.8 percent above the 2024 forecast). The expectation of year-over-year higher dairy exports in 2025 is driven by higher expected exports for cheese, butter, NDM, and lactose, improved price competitiveness, and anticipated higher international demand.

Imports in 2025 are expected to be below 2024, with imports on a milk-fat basis projected at 8.1 billion pounds (1.2 percent lower than 2024 forecasts) and imports on a skim-solids basis projected at 6.9 percent, 1.4 percent lower than 2024.

The projected increase in milk supply is expected to more than offset the modest increases in domestic and export demand and is likely to result in year-over-year lower wholesale prices for all dairy products. In 2025, the average Cheddar cheese price is forecast at \$1.665 per pound (3.0 cents lower), the average butter price is projected at \$2.915 per pound (2.0 cents lower), the average NDM price is projected at \$1.140 per pound (2.0 cents lower), and the average price for dry whey is projected at \$0.375 per pound (2.5 cents lower).

Following lower year-over-year price projections across all the major dairy products, the Class III and IV milk prices in 2025 are also projected year-over-year lower. The 2025 Class III milk price is forecast at \$16.30 (\$0.45 lower) per cwt, while the Class IV milk price is forecast at \$19.95 (\$0.30 lower) per cwt. Consequently, the 2025 all-milk price is projected to average \$20.90 per cwt, \$0.30 lower than the 2024 forecast of \$21.20 per cwt.

Update on Highly Pathogenic Avian Influenza (HPAI) Detections in Dairy Herds

As of May 14, Highly Pathogenic Avian Influenza (HPAI) had been confirmed in 9 States and 46 dairy herds. Starting with April 24, mandatory testing for lactating dairy cattle is required prior to interstate movement. Additional guidelines were issued by USDA, Animal and Plant Health Inspection Service (APHIS) on May 8. USDA has found that the virus can spread in several ways: within the same dairy herd, when dairy cattle change location, and from dairy to poultry. In some cases, dairy cows tested positive without showing any symptoms. The affected cows recovered within several weeks.

The pasteurization process has continually proven to inactivate bacteria and viruses and hence reduce the risks to human health. Moreover, the U.S. Food and Drug Administration continues to advise against the consumption of raw milk. For more information and updates, see the USDA, Animal and Plant Health Inspection Service (APHIS) web page entitled "Highly Pathogenic Avian Influenza (HPAI) Detections in Livestock" and the U.S. Food and Drug Administration website.

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Federal Milk Marketing Order Statistics - April 2024

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,255.9	659.2	29.2	20.09
5 <i>Appalachian</i>	450.9	312.3	69.3	21.80
6 Florida	218.5	179.2	82.0	23.94
7 Southeast	303.7	215.3	70.9	22.27
30 Upper Midwest	2,700.9	160.8	6.0	15.95
32 Central	1,246.4	361.8	29.0	17.70
33 Mideast	1,336.1	531.5	39.8	18.27
51 California	2,031.9	395.6	19.5	17.34
124 Pacific Northwest	611.3	128.9	21.1	18.26
126 Southwest	1,125.4	338.8	30.1	18.22
131 Arizona	386.7	133.2	34.5	19.44
All Orders	12,667.9	3,416.4	27.0	18.24

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

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