

THE COURIER

Monthly Newsletter

USDA Issues Recommended Decision Proposing Amendments to FMMOs

July 2024

The U.S. Department of Agriculture (USDA) issued a Recommended Decision proposing to amend the uniform pricing formulas applicable in all 11 Federal milk marketing orders (FMMOs).

The Recommended Decision puts forth a package of amendments to update formulas and factors based on the evidentiary record of the proceeding. The decision recommends the following:

1) Milk Composition Factors: Update the factors to 3.3 percent true protein, 6.0 percent other solids, and 9.3 percent nonfat solids.

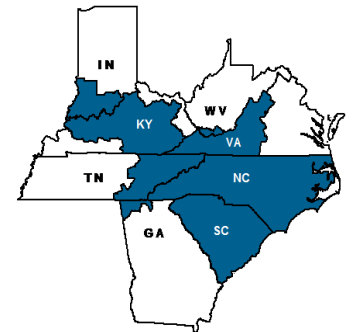
2) Surveyed Commodity Products: Remove 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey and rely solely on the 40-pound block cheddar cheese price to determine the monthly average cheese price used in the formulas.

3) Class III and Class IV Formula Factors: Update the manufacturing allowances to: Cheese: \$0.2504; Butter: \$0.2257; NFD: \$0.2268; and Dry Whey: \$0.2653. The Recommended Decision also proposes updating the butterfat recovery factor to 91 percent.

4) Base Class I Skim Milk Price: Update the formula as follows: the base Class I skim milk price would be the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adopt a rolling monthly Class I extended shelf life (ESL) adjustment that would provide for better price equity for ESL products whose marketing characteristics are distinct from other Class I products. .

5) Class I differentials: Update the Class I differential values to reflect the increased cost of servicing the Class I market. The county-specific Class I differentials are specified in the decision.

For more information: <https://www.ams.usda.gov/content/usda-issues-recommended-decision-proposing-amendments-all-eleven-federal-milk-marketing>



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Inside this issue:

Appalachian Statistical Summary	2
June Milk Production down 0.8%	2
U.S. Monthly Milk Per Cow, 2022 - 2024	2
Dairy Outlook	3
Update on HPAI Detection in Dairy Herds	3
FMMO Statistics – June 2024	4



Appalachian Statistical Summary

	JUNE 2024	MAY 2024	JUNE 2023
PRICES: (Base Zone)			
Uniform Price	\$22.84	\$21.77	\$20.31
Class I Price	23.48	21.86	21.41
Class II Price	21.60	21.50	18.83
Class III Price	19.87	18.55	14.91
Class IV Price	21.08	20.50	18.26
Uniform Skim Milk Price	\$10.89	\$10.19	\$11.00
Class I Skim Milk Price	11.69	10.58	12.12
Class II Skim Milk Price	9.50	9.69	9.48
Class III Skim Milk Price	7.74	6.66	5.44
Class IV Skim Milk Price	8.99	8.68	8.91
Uniform Butterfat Price	\$3.5232	\$3.4093	\$2.7689
Class I Butterfat Price	3.4852	3.3294	2.7752
Class II Butterfat Price	3.5514	3.4706	2.7675
Class III Butterfat Price	3.5444	3.4636	2.7605
Class IV Butterfat Price	3.5444	3.4636	2.7605
PRODUCER MILK:			
Class I	268,784,474	310,356,963	295,057,392
Class II	81,145,370	63,987,665	67,828,490
Class III	42,390,154	34,505,581	37,773,533
Class IV	33,431,150	31,105,428	41,540,953
Total Producer Milk	425,751,148	439,955,637	442,200,368
PERCENT PRODUCER MILK IN:			
Class I	63.13	70.54	66.72
Class II	19.06	14.54	15.34
Class III	9.96	7.84	8.54
Class IV	7.85	7.08	9.40

Prices subject to location adjustments per §1005.51 and §1005.75

June Milk Production down 0.8%

Milk production in the 24 major States during June totaled 18.0 billion pounds, down 0.8 percent from June 2023. May revised production, at 18.8 billion pounds, was down 0.8 percent from May 2023.

Production per cow in the 24 major States averaged 2,025 pounds for June, 8 pounds below June 2023.

The number of milk cows on farms in the 24 major States was 8.89 million head, 37,000 head less than June 2023, but 2,000 head more than May 2024.

F.O. 5 STATS FOR June 2024:

The Uniform Price

for June 2024 was \$22.84 per cwt., an increase of \$2.53 from June 2023.

Total Class I Milk

for June 2024 was 268.8 million pounds, a decrease of 26.3 million pounds compared to June 2023.

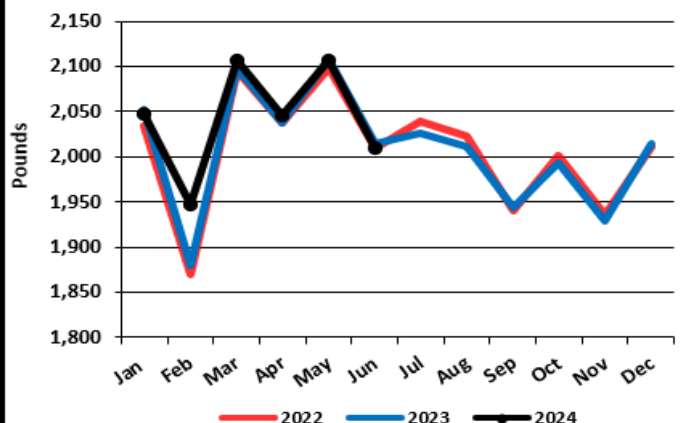
Class I Utilization

was 63.13 percent for June 2024, a decrease of 3.59 percentage points from June 2023.

Total Producer Milk

for June 2024 was 425.8 million pounds, a decrease of 14.2 million pounds compared to May 2024.

U.S. Monthly Milk Per Cow, 2022- 2024*



*Based on entire U.S. production

Dairy Forecasts for 2024

Based on recent data from the USDA, NASS Milk Production report and steady improvements in the farm margins, the 2024 forecast for the dairy herd is raised by 5,000 head to 9.350 million head. However, the forecast for milk yield is reduced to 24,265 pounds per cow, 55 pounds less than the previous forecast. Several factors contributed to a lower average forecast milk yield for 2024: a lower-than-expected milk yield reported in May, above-average temperatures and humidity levels reported in key producing regions in June, and the expectation that these conditions will continue in the near term—hot weather creates stress conditions for livestock, including dairy cows. Furthermore, the current slaughter rates and high replacement heifer costs suggest that farmers are likely holding onto their dairy cows longer, leading to lower-than-expected growth rates for yields per cow. Consequently, the milk production forecast for 2024 is lowered by 0.4 billion pounds to 226.9 billion pounds.

Based on the volume of dairy imports shown in recent trade data and higher expected prices for cheese and butter, 2024 import forecasts have been adjusted from previous projections. On a milk-fat basis, at 8.9 (+0.3) billion pounds the imports in 2024 are forecast higher. On a skim-solids basis, they are forecast at 7.0 billion pounds, 0.3 billion pounds lower than the previous forecast. Among several dairy product categories, in 2024, imports of cheese, butter and butterfat products are expected to be higher, while imports for infant formula and milk protein products (casein and milk protein concentrate) are expected to be lower than previously forecast.

Similarly to imports, the 2024 forecasts for dairy exports have been adjusted from last month's forecast as follows: upward on a fat-milk basis—11.4 (+0.2) billion pounds—and downward on a skim-solids basis—48.8 (-0.5) billion pounds. Higher exports for cheese and dry whey products are forecast in 2024, while lower exports are expected for nonfat dry milk, lactose, and other dairy products as current weak demand from Southeast Asian importing countries is expected to persist throughout the rest of the year.

Livestock, Dairy, and Poultry Outlook, LDP-M-338, July 18, 2024, USDA,
Economic Research Service

Update on Highly Pathogenic Avian Influenza (HPAI) Detection in Dairy

As of July 17, Highly Pathogenic Avian Influenza (HPAI) was confirmed in 13 States and 160 dairy herds, with most of the additional detections in Colorado, Iowa, and Idaho. Also, Wyoming reported the first discovery in the State. USDA maintains the mandatory testing requirements for lactating dairy prior to interstate movement and mandatory reporting of positive influenza A test results in livestock. Starting July 1, USDA has been accepting applications to provide financial assistance for eligible dairy producers who incur milk losses due to HPAI in their operations. The payments are made via an updated Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program (ELAP). To apply, producers need to contact their Farm Service Agency local office.

For more information, check USDA, Animal and Plant Health Inspection Service's website for Highly Pathogenic Avian Influenza (HPAI) Detections in Livestock: <https://www.aphis.usda.gov/livestock-poultry-disease/avian/avian-influenza/hpai-detections/livestock>

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Federal Milk Marketing Order Statistics - June 2024

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,186.5	578.3	26.4	21.83
5	<i>Appalachian</i>	425.8	268.8	63.1	22.84
6	Florida	185.6	148.2	79.8	24.72
7	Southeast	306.7	184.3	60.1	23.23
30	Upper Midwest	2,570.4	140.7	5.5	20.05
32	Central	1,248.9	310.3	24.9	20.36
33	Mideast	1,457.7	517.2	35.5	20.83
51	California	1,978.6	347.6	17.6	20.66
124	Pacific Northwest	597.6	111.8	18.7	20.57
126	Southwest	1,010.3	274.8	27.2	21.20
131	Arizona	304.5	86.9	28.5	21.15
	All Orders	12,272.6	2,969.0	24.2	21.02

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

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