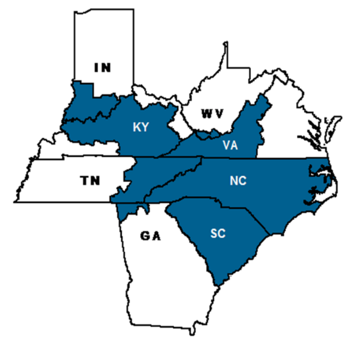
APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

August 2024



Jason Nierman
Market Administrator

Dairy Outlook

Dairy Forecasts for 2024

Based on recent data from the USDA, NASS Milk Production report, the 2024 forecast for the dairy herd is lowered by 10,000 head to 9.340 million head. The persistent high prices for replacement dairy cows and tight supplies of dairy heifers partially offset the gains dairy farmers are expected to enjoy from improved margins. The lack of cows and heifers is likely dampening dairy herd expansion incentives. Similarly, the forecast for milk yield is reduced to 24,230 pounds per cow, 35 pounds less than the previous forecast, as the above-average temperatures and humidity levels reported in key producing regions persisted through June and July. At the same time, the low culling rates suggest that farmers are keeping the cows longer in the dairy herd, resulting in a lower milk output per cow. Consequently, the milk production forecast for 2024 is lowered by 0.6 billion pounds to 226.3 billion pounds.

Following the most recent data, the forecasts for dairy imports are revised downward from the previous forecast. The projection for 2024 imports on a milk-fat basis is at 8.7 (-0.2) billion pounds. On a skim solids basis, the projection is 6.9 (-0.1) billion pounds.

While the year-to-date data suggested strong exports, especially on a milk-fat basis, the price advantage that the U.S. exporters had earlier in the year is expected to further deteriorate. Furthermore, the lack of price competitiveness will partially erode the potential gains from the improved macroeconomic outlook for some traditional export markets (South Korea, Mexico, and the Philippines). The projections of 2024 exports on a skim-solids basis are unchanged at 48.8 billion pounds. Projections of 2024 exports on a milk-fat basis are increased to 11.5 (+0.1) billion pounds. Higher projected exports of butter and butterfat products are expected to be partially offset by lower exports of cheese, dry whole milk, NDM, and dry whey products.

Based on recent domestic use data, tighter milk supplies, and higher expected prices for most of the dairy products, the domestic use forecasts are revised downward from the previous forecast. On a milkfat basis, 2024 milk-fat milk domestic use is forecast at 222.8 (-0.8) billion pounds, and on a skim-solids basis it is forecast at 183.7 (-0.6) billion pounds.

Dairy Outlook, cont'd on pg. 3

Inside this issue:

Appalachian Statistical Summary

	JULY 2024	JUNE 2024	JULY 2023
PRICES: (Base Zone)			
Uniform Price	$23.72	$22.84	$19.85
Class I Price	24.51	23.48	20.72
Class II Price	21.82	21.60	19.12
Class III Price	19.79	19.87	13.77
Class IV Price	21.31	21.08	18.26
Uniform Skim Milk Price	$11.63	$10.89	$10.39
Class I Skim Milk Price	12.47	11.69	11.28
Class II Skim Milk Price	9.63	9.50	9.64
Class III Skim Milk Price	7.55	7.74	4.12
Class IV Skim Milk Price	9.13	8.99	8.77
Uniform Butterfat Price	$3.5706	$3.5232	$2.8055
Class I Butterfat Price	3.5637	3.4852	2.8097
Class II Butterfat Price	3.5790	3.5514	2.8056
Class III Butterfat Price	3.5720	3.5444	2.7986
Class IV Butterfat Price	3.5720	3.5444	2.7986
PRODUCER MILK:			
Class I	299,731,115	268,784,474	288,615,891
Class II	78,180,435	81,145,370	68,430,065
Class III	29,839,237	42,390,154	33,055,902
Class IV	18,734,929	33,431,150	41,074,985
Total Producer Milk	**426,485,716**	**425,751,148**	**431,176,843**
PERCENT PRODUCER MILK IN:			
Class I	70.28	63.13	66.94
Class II	18.33	19.06	15.87
Class III	7.00	9.96	7.67
Class IV	4.39	7.85	9.52

Prices subject to location adjustments per §1005.51 and §1005.75

F.O. 5 STATS FOR July 2024:

The Uniform Price
for July 2024 was $23.72 per cwt., an increase of $3.87 from July 2023.

Total Class I Milk
for July 2024 was 299.7 million pounds, an increase of 11.1 million pounds compared to July 2023.

Class I Utilization
was 70.28 percent for July 2024, an increase of 3.34 percentage points from July 2023.

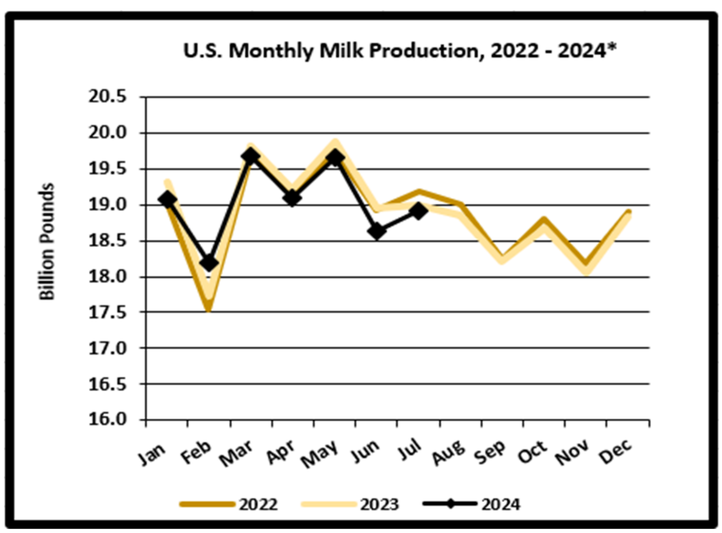
Total Producer Milk
for July 2024 was 426.5 million pounds, an increase of 0.73 million pounds compared to June 2024.

July Milk Production down 0.2%

Milk production in the 24 major States during July totaled 18.2 billion pounds, down 0.2 percent from July 2023. June revised production, at 17.9 billion pounds, was down 1.5 percent from June 2023.

Production per cow in the 24 major States averaged 2,047 pounds for July, 2 pounds above July 2023.

The number of milk cows on farms in the 24 major States was 8.88 million head, 31,000 head less than July 2023, but 3,000 head more than June 2024.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2025

With lower 2024 forecasts for both dairy herd size and milk per cow, the projected average size of the U.S. dairy herd in 2025 is revised downward by 15,000 head to 9.360 million head and the yield per cow is lowered by 65 pounds to 24,375 pounds. Milk production for 2025 is projected at 228.2 billion pounds, 0.9 billion pounds lower than last month's forecast.

The 2025 forecasts for dairy imports are revised upward from the previous month's forecast. On a milkfat basis, imports in 2025 are forecast at 8.3 (+0.1) billion pounds, while on a skim-solids basis, imports are forecast at 7.0 billion pounds, also 0.1 billion higher than last month's projection. Higher expected imports of cheese, butter, and butterfat products and other dairy products are driven by strong demand from U.S. buyers and higher expected prices on domestic dairy products.

In 2025, dairy exports are projected at 11.3 billion pounds on a milk-fat milk-equivalent basis, unchanged from the last projections. However, on a skim-solids basis, the dairy exports are projected at 50.2 billion pounds, 0.2 billion pounds higher than last month's forecast. The projection is raised on higher expected exports for nonfat dry milk due to expectations of continued firm demand from our trading partner countries, as well generally competitive prices vis-à-vis other exporters.

With higher expected prices and lower projected milk production, 2025 domestic use forecasts are revised downward. On a milk-fat basis, domestic use for 2025 is forecast at 224.5 billion pounds, 0.6 billion pounds below last month's forecast. On a skim-solids basis, domestic use is forecast at 183.9 billion pounds, 1.2 billion lower than last's month forecast.

The wholesale dairy product price forecasts for 2025 are adjusted upward as follows: Cheddar cheese $1.860 (+0.50 cents), dry whey $0.450 (+2.50 cents), butter $2.985 (+2.00 cents), and NDM $1.220 (+3.0 cents) per pound.

Livestock, Dairy, and Poultry Outlook, LDP-M-362, August 16, 2024, USDA, Economic Research Service

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

As of August 14, Highly Pathogenic Avian Influenza (HPAI) was confirmed in 13 States (same number as a month earlier) and 191 dairy herds, with most of the additional detections having been found in Colorado. USDA maintains mandatory testing requirements for lactating dairy cows prior to interstate movement and mandatory reporting of positive influenza A test results in livestock. USDA and its affiliate agencies offer various support programs for dairy herd producers affected by HPAI.

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 - July 2024

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	$/cwt
1	Northeast	2,287.8	622.2	27.2	22.26
5	*Appalachian*	*426.5*	*299.7*	*70.3*	*23.72*
6	Florida	189.9	157.0	82.7	25.66
7	Southeast	274.4	205.7	74.9	24.25
30	Upper Midwest	2,669.6	152.6	5.7	20.04
32	Central	1,311.1	335.7	25.6	20.62
33	Mideast	1,544.6	568.8	36.8	21.21
51	California	2,032.6	365.5	18.0	20.84
124	Pacific Northwest	612.4	121.0	19.8	20.87
126	Southwest	1,068.4	294.5	27.6	21.44
131	Arizona	283.7	93.7	33.0	21.48
	All Orders	12,701.0	3,216.5	25.3	21.26

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