## APPALACHIAN MARKETING AREA FEDERAL ORDER 5

# THE COURIER

Monthly Newsletter

### **Dairy Outlook**

#### October 2024

#### **Dairy Forecasts for 2024**

The October forecast for 2024 dairy milk production is lower than the previous month's forecast. The dairy herd size is expected to remain unchanged at 9.335 million head, but the milk yield per cow is now forecast to be 24,195 pounds, 5 pounds less than the previous estimate on slightly less growth in milk per cow due to an aging productive cow inventory and limited replacement heifer inventory. This reduction in yield per cow is expected to result in a total milk production of 225.8 billion pounds in 2024, which is 0.1 billion pounds lower than the previous forecast and 0.56 billion pounds lower than the 2023 production level. Despite improving margins for dairy farmers in 2024, the dairy herd is anticipated to remain below 2023 levels due to a limited replacement inventory.

The revised forecast for 2024 U.S. dairy product imports on a milk-fat basis has been increased to 9.3 billion pounds, which is 0.3 billion pounds higher than the previous estimate. The projection for imports on a skim-solids basis remains unchanged at 6.9 billion pounds. The increase in the overall import forecast is primarily due to higher projected imports of butter and cheese, which more than offset lower imports of other dairy products.

Projections for 2024 exports on a milk-fat basis are unchanged from last month's forecast at 11.6 billion pounds, while exports on a skim-solids basis are forecast at 49.2 (+0.3) billion pounds. Higher expected exports of skim milk products and dry whey products more than offset lower expected exports of other dairy products.

The revised forecast for 2024 U.S. dairy product domestic use on a milk-fat basis is increased to 222.7 billion pounds, 0.1 billion pounds higher than the previous estimate. The projection for domestic use on a skim-solids basis is decreased to 183.0 billion pounds, 0.1 billion pounds lower than the previous estimate. In 2024, domestic dairy product use is forecast to decline from 2023 levels, primarily driven by reduced milk production and elevated domestic prices for key dairy products throughout the year.

Based on recent dairy price developments, the 2024 revisions for wholesale price forecasts for all dairy products were mixed. The new forecasts are as follows: Cheddar cheese \$1.885 (-4.50 cents), dry whey \$0.480 (+0.50 cent), butter \$2.925 (-7.5 cents), and NDM \$1.230 (+1.00 cent) per pound.

The new forecast for Class III milk is \$19.05 per cwt, \$0.40 lower than the previous forecast. The Class IV price forecast is \$20.80 per cwt, \$0.20 lower than the previous projection. The all-milk price for 2024 is now forecast at \$22.80 per cwt, \$0.25 lower than last month's forecast.





Jason Nierman Market Administrator

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## **Appalachian Statistical Summary**

	SEPTEMBER 2024	AUGUST 2024	SEPTEMBER 2023			
PRICES: (Base Zone)						
Uniform Price	\$24.48	\$23.98	\$21.68			
Class I Price	25.00	24.72	22.30			
Class II Price	22.40	22.05	19.98			
Class III Price	23.34	20.66	18.39			
Class IV Price	22.29	21.58	19.09			
Uniform Skim Milk Price	\$12.29	\$11.82	\$11.23			
Class I Skim Milk Price	12.89	12.48	12.04			
Class II Skim Milk Price	10.09	9.90	9.34			
Class III Skim Milk Price	11.09	8.49	7.72			
Class IV Skim Milk Price	10.00	9.44	8.44			
Uniform Butterfat Price	\$3.6044	\$3.5911	\$3.0972			
Class I Butterfat Price	3.5878	3.6212	3.0510			
Class II Butterfat Price	3.6184	3.5702	3.1334			
Class III Butterfat Price	3.6114	3.5632	3.1264			
Class IV Butterfat Price	3.6114	3.5632	3.1264			
PRODUCER MILK:						
Class I	299,106,403	318,430,780	313,734,773			
Class II	74,079,241	67,657,422	65,770,305			
Class III	16,294,562	29,165,283	34,332,991			
Class IV	29,484,909	21,001,803	30,658,249			
Total Producer Milk	418,965,115	436,255,288	444,496,318			
PERCENT PRODUCER MILK IN:						
Class I	71.39	72.99	70.58			
Class II	17.68	15.51	14.80			
Class III	3.89	6.69	7.72			
Class IV	7.04	4.81	6.90			
Prices subject to location adjustments per \$1005.51 and \$1005.75						

## F.O. 5 STATS FOR September 2024:

#### **The Uniform Price**

for September 2024 was \$24.48 per cwt., an increase of \$2.80 from September 2023.

#### **Total Class I Milk**

for September 2024 was 299.1 million pounds, a decrease of 14.6 million pounds compared to September 2023.

#### **Class I Utilization**

was 71.39 percent for September 2024, an increase of 0.81 percentage points from September 2023.

#### Total Producer Milk

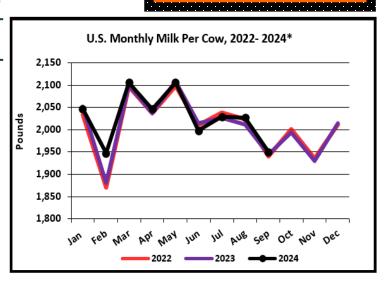
for September 2024 was 418.97 million pounds, a decrease of 17.3 million pounds compared to August 2024.

## **September Milk Production up 0.2%**

Milk production in the 24 major States during September totaled 17.5 billion pounds, up 0.2 percent from September 2023.

Production per cow in the 24 major States averaged 1,966 pounds for September, 8 pounds above September 2023.

The number of milk cows on farms in the 24 major States was 8.89 million head, 20,000 head less than September 2023, but unchanged from August 2024.



<sup>\*</sup>Based on entire U.S. production

## Dairy Outlook, cont'd from pg. 1

#### **Dairy Forecasts for 2025**

The U.S. milk production forecast for 2025 has been revised downward. Although the forecast for the dairy herd size is unchanged at 9.360 million head, the projected milk yield per cow is decreased by 20 pounds to 24,325 pounds on slower expected growth in milk per cow. As a result, the total milk production in 2025 is now estimated to be 227.7 billion pounds, 0.2 billion pounds lower than the previous forecast but still 1.9 billion pounds higher than the 2024 production level.

The revised domestic use forecast for 2025 on a milk-fat basis is adjusted to 224.1 billion pounds (-0.3) compared to last month's forecast, while skim-solids domestic use remains unchanged at 184.0 billion pounds. The domestic dairy products use is anticipated to surpass 2024 levels in 2025, primarily driven by increased milk production and lower projected cheese and butter prices.

The wholesale dairy product price forecasts for 2025 are adjusted as follows: Cheddar cheese \$1.880 (-6.00 cents) and whey \$0.490 (+0.5 cent) per pound, respectively. The 2025 projections for butter and NDM are also revised as follows: butter \$2.785 (-22.00 cents) and NDM \$1.250 (+1.50 cents) per pound, respectively.

The 2025 forecasts for Class III and Class IV milk prices are revised downward to \$18.95 (-\$0.65) and \$20.35 (-\$0.85) per cwt, respectively. The all-milk price for 2025 is now forecast at \$22.75 per cwt, \$0.70 lower than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-364, October 18, 2024, WSDA, Economic Research Service

## Highly Pathogenic Avian Influenza (HPAI) H5N1 in Dairy Cattle

Since the first detection of highly pathogenic avian influenza (HPAI) H5N1 in dairy cattle in March 2024, USDA has worked swiftly and diligently to assess the prevalence of the virus in the U.S. dairy herds and respond accordingly. USDA's Animal and Plant Health Inspection Service (APHIS), working closely with state officials and other federal partners, is leading efforts to prevent further spread, establish herd monitoring, and help producers enhance on-farm biosecurity measures. USDA also provides financial support to off-set costs related to production losses and enhanced biosecurity.

On April 24, USDA issued an *H5N1 Federal Order* mandating testing prior to the interstate movement of lactating dairy cattle and requires reporting of positive test results in livestock. Testing and reporting are crucial for understanding the extent of the virus and reducing further spread.

Enhanced biosecurity procedures are critical in keeping disease off farms and preventing further spread on affected farms. USDA continues to encourage biosecurity measures such as limiting visitors, cleaning and disinfecting milking equipment, avoiding the mixing of species, and monitoring and caring for sick animals.

USDA's voluntary H5N1 Dairy Herd Status Pilot Program enables producers to monitor their herds for HPAI via a weekly bulk milk sample. Once testing demonstrates a herd is free of the virus for three consecutive weeks, the program allows shipment of cows without having to test each one, as required under the *H5N1 Federal Order*.

With recognition of the challenges HPAI H5N1 causes for producers, USDA offers financial support to help dairy producers enhance biosecurity and offset costs associated with Influenza A testing, veterinary expenses, personal protective equipment purchases, milk disposal, and milk losses. Producers can contact their Area Veterinarian in Charge or State animal health official to enroll.

More details on the *H5N1 Federal Order*, Biosecurity, and participation in the Dairy Herd Status Program and the USDA financial support programs are online at: <u>HPAI in Livestock | Animal and Plant Health Inspection Service (usda.gov)</u>

## National FMMO Hearing

Public comments and other information pertaining to the National Federal Milk Marketing Order Pricing Hearing is available at the following link:

https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing

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## Federal Milk Marketing Order Statistics - September 2024

	Federal Order	Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,174.9	638.5	29.4	23.57
5	Appalachian	419.0	299.1	71.4	24.48
6	Florida	203.3	164.7	81.0	26.19
7	Southeast	267.7	212.1	79.2	25.01
30	<b>Upper Midwest</b>	1,628.0	157.1	9.6	23.10
32	Central	1,052.1	340.9	32.4	22.41
33	Mideast	1,610.4	568.2	35.3	22.72
51	California	1,620.2	389.8	24.1	22.45
124	<b>Pacific Northwest</b>	588.0	129.1	22.0	22.59
126	Southwest	811.0	322.5	39.8	22.89
131	Arizona	306.9	100.5	32.8	22.94
	All Orders	10,681.4	3,322.3	31.1	23.08

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

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