APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

December 2024

Dairy Outlook

Dairy Forecasts for 2024

According to the most recent USDA National Agricultural Statistics Service (NASS) Milk Production report, the October milk cow herd was 9.365 million head, 10,000 more than last October. With September's upward revised numbers for herd size, the report shows that month over month the dairy herd has been gradually increasing since August. The average milk production per cow in October was 1,996 pounds.

Based on recent data indicating higher-than-expected dairy cow inventory, the 2024 forecast for the average number of milk cows has been adjusted upward by 15,000 head to 9.345 million head. Additionally, the estimated milk yield per cow has been revised upward by 5 pounds to 24,220 pounds. As a result, the 2024 milk production forecast has been increased by 0.3 billion pounds to 226.3 billion pounds. However, this remains 0.1 billion pounds below the 2023 level.

Based on recent trade data, the export forecast for the remainder of 2024 is adjusted. On a milk-fat basis, the 2024 export forecast is increased to 11.7 billion pounds (+0.1 billion) due to higher anticipated cheese and butter exports. On a skim-solids basis, the forecast is reduced to 49.4 billion pounds (-0.1 billion) due to lower anticipated exports of dry skim milk products and dry whey exports on less competitive prices; however, lactose exports are expected to increase.

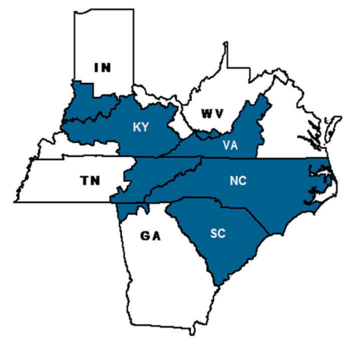
Dairy imports are expected to decline for the remainder of 2024. On a milk-fat basis, the 2024 dairy import forecast declined by 0.1 billion to 9.2 billion pounds. On a skim-solids basis, the 2024 dairy import forecast declined by 0.1 billion to 6.8 billion pounds. For the remainder of the year, imports of cheese, casein, and milk protein concentrate are expected to decline, outweighing increases in butter and infant formula imports.

Domestic use forecasts for the year have been increased to 222.9 billion pounds for milk-fat (+0.3 billion) and 182.8 billion pounds for skim-solids (+0.2 billion).

Considering recent dairy price movements, the 2024 price forecasts are adjusted. For 2024, on a per pound basis, the prices are forecast as follows: Cheddar cheese $1.865 (-2.0 cents), NDM $1.240 (no change), dry whey $0.490 (+0.5 cents), and butter $2.890 (-0.5 cents).

With the lower cheese price forecast more than offsetting the higher price forecast for dry whey, the 2024 Class III milk price forecast is decreased to $18.90 (-$0.15) per hundredweight (cwt). Although the butter price forecast has been lowered for the fourth quarter and the NDM price forecast remains unchanged, the 2024 Class IV milk price forecast still rounds to $20.75 per cwt, unchanged from last month. The all-milk price forecast for 2024 is $22.65 per cwt, $0.10 lower than the previous forecast.

Dairy Outlook, cont'd on pg. 3



Jason Nierman
Market Administrator

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Appalachian Statistical Summary

	NOVEMBER 2024	OCTOBER 2024	NOVEMBER 2023
PRICES: (Base Zone)			
Uniform Price	$24.72	$24.62	$22.19
Class I Price	25.93	26.57	23.15
Class II Price	21.52	21.01	21.21
Class III Price	19.95	22.85	17.15
Class IV Price	21.12	20.90	20.87
Uniform Skim Milk Price	$14.48	$13.42	$10.10
Class I Skim Milk Price	15.71	14.22	10.64
Class II Skim Milk Price	11.17	10.56	9.40
Class III Skim Milk Price	9.57	12.49	5.22
Class IV Skim Milk Price	10.78	10.47	9.07
Uniform Butterfat Price	$3.0706	$3.3346	$3.5557
Class I Butterfat Price	3.0766	3.6706	3.6806
Class II Butterfat Price	3.0693	3.0921	3.4678
Class III Butterfat Price	3.0623	3.0851	3.4608
Class IV Butterfat Price	3.0623	3.0851	3.4608
PRODUCER MILK:			
Class I	308,450,987	324,094,079	325,659,449
Class II	73,844,056	82,204,533	65,903,439
Class III	31,803,746	18,119,292	33,694,666
Class IV	21,022,241	18,415,500	26,078,626
Total Producer Milk	**435,121,030**	**442,833,404**	**451,336,180**
PERCENT PRODUCER MILK IN:			
Class I	70.89	73.19	72.15
Class II	16.97	18.56	14.60
Class III	7.31	4.09	7.47
Class IV	4.83	4.16	5.78

Prices subject to location adjustments per §1005.51 and §1005.75

F.O. 5 STATS FOR November 2024:

The Uniform Price
for November 2024 was $24.72 per cwt., an increase of $2.53 from November 2023.

Total Class I Milk
for November 2024 was 308.5 million pounds, a decrease of 17.2 million pounds compared to November 2023.

Class I Utilization
was 70.89 percent for November 2024, a decrease of 1.26 percentage points from November 2023.

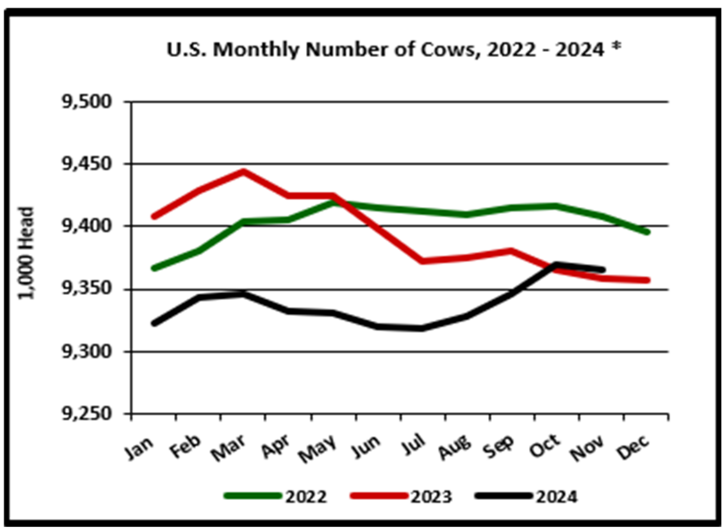
Total Producer Milk
for November 2024 was 435.1 million pounds, a decrease of 7.7 million pounds compared to October 2024.

November Milk Production down 0.8%

Milk production in the 24 major States during November totaled 17.2 billion pounds, down 0.8 percent from November 2023. October revised production, at 18.0 billion pounds, was up 0.6 percent from October 2023.

Production per cow in the 24 major States averaged 1,925 pounds for November, 22 pounds below November 2023.

The number of milk cows on farms in the 24 major States was 8.92 million head, 32,000 head more than November 2023, but 2,000 head less than October 2024.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2025

The USDA National Dairy Products Sales Report (NDPSR) covering the period starting with the week ending November 9 through the week ending December 7 shows that wholesale butter and Cheddar prices declined while prices for nonfat dry milk (NDM) and dry whey increased. The prices for Cheddar cheese 40-pound blocks, and 500-pound barrels (adjusted to 38-percent moisture) declined by 17.62 and 22.33 cents per pound, respectively. The average price for butter decreased by 14.60 cents per pound. Conversely, NDM and dry whey prices rose by 2.65 and 3.33 cents per pound, respectively.

The dairy herd is projected to continue expanding in 2025. The 2025 milk cow inventory is projected to increase by 30,000 head to 9.390 million, while the forecast for milk per cow has been reduced by 40 pounds to 24,285 pounds. As a result, the projected 2025 milk production is now 228.0 billion pounds, an increase of 0.3 billion pounds from last month's forecast.

The 2025 dairy export forecast has been revised. On a milk-fat basis, exports are now projected at 11.7 billion pounds, a 0.1 billion increase, driven by higher expected butter and cheese exports. On a skim solids basis, exports are forecast at 49.5 billion pounds, a 0.4 billion decrease, due to anticipated declines in exports of dry skim milk products.

The 2025 forecast for U.S. dairy imports has been revised upward. Projected volumes are increasing to 9.1 billion pounds on a milk-fat basis and 7.4 billion pounds on a skim-solids basis, each representing a 0.1-billion-pound increase from the previous month's forecast. This upward revision is primarily driven by anticipated increases in imports of cheese, butter, and whole milk powder.

The strong domestic demand for dairy products in 2025 is expected to draw down existing stocks, leading to a downward revision of the 2025 ending stocks forecast. As a result, domestic use forecast is raised by 0.9 billion pounds on a milk-fat basis to 225.1 billion pounds and by 1.2 billion pounds on a skim-solids basis to 185.1 billion pounds.

Based on recent price movements and 2024 forecasts, price forecasts for 2025 have been adjusted from last month as follows: Cheddar cheese $1.800 (-$9.5 cents), NDM $1.300 (+4.0 cents), dry whey $0.595 (+7.5 cents) on strong domestic and international demand, and butter $2.685 (-7.0 cents). Lower prices for cheese and butter should stimulate sales in the retail and food service sectors through 2025.

With lower expected prices for cheese more than offsetting higher dry whey prices, the Class III price forecast for 2025 decreased from the previous projection by $0.50 to $18.80 per cwt. With higher expected NDM prices more than offsetting lower butter prices, the Class IV price forecast rose by $0.10 to $20.40 per cwt. The all-milk price forecast for 2025 is $22.55 per cwt, $0.30 lower than the previous forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-366, December 16, 2024,
USDA, Economic Research Service

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

As of December 12th, Highly Pathogenic Avian Influenza (HPAI) was confirmed in 16 States and 832 dairy herds. However, since the beginning of December, out of the 832 herds, HPAI has been detected in 143 herds, located in California (142) and Nevada (1). The affected cows and herds are quarantined until they recover. Once they recover, most cows return to producing milk.

On December 6, USDA announced its National Milk Testing Strategy (NMTS) and a new Federal Order requiring that raw (unpasteurized) milk samples be collected nationwide from any entity responsible for a dairy farm, bulk milk transporter, bulk milk transfer station, or dairy processing facility that sends or holds milk intended for pasteurization and shared with the USDA for testing. The new Federal Order complements the USDA's Federal Order issued on April 24 that required mandatory testing for lactating dairy cows prior to interstate movement and mandated the reporting of positive influenza A test results in livestock. For more information on USDA's NTMS, check USDA, Animal and Plant Health Inspection Service website for Highly Pathogenic Avian Influenza (HPAI) Detections in Livestock.

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Federal Milk Marketing Order Statistics - November 2024

	Federal Order	Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	$/cwt
1	Northeast	2,178.6	668.1	30.7	22.47
5	*Appalachian*	*435.1*	*308.5*	*70.9*	*24.72*
6	Florida	212.6	175.5	82.5	26.79
7	Southeast	278.0	220.0	79.1	25.46
30	Upper Midwest	1,817.8	163.0	9.0	20.33
32	Central	1,237.8	357.0	28.8	21.03
33	Mideast	1,761.6	599.5	34.0	21.55
51	California	1,742.7	393.7	22.6	21.28
124	Pacific Northwest	643.7	123.6	19.2	20.90
126	Southwest	1,126.6	322.4	28.6	21.76
131	Arizona	319.3	101.7	31.8	22.05
	All Orders	11,753.9	3,432.8	29.2	21.74

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