

THE COURIER

Monthly Newsletter

Dairy Outlook

March 2025

Dairy Forecasts for 2025

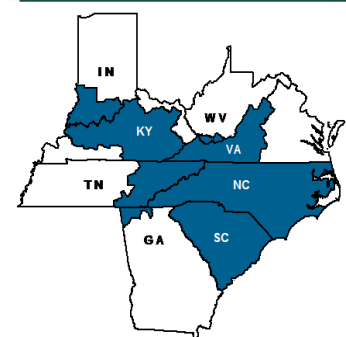
Following recent inventory data, the forecast for the average number of cows in the U.S. herd has been raised from the previous forecast by 5,000 head in the first quarter. The national milking herd is projected to average 9.380 million head in 2025. The forecast for milk per cow has been reduced by 80 pounds to 24,120 pounds. These reductions reflect, in part, the retention of the older cow in the production cycle as well as stronger-than-average growth in milk fat. Milk production in 2025 is forecast now at 226.2 billion pounds, a reduction of 0.7 billion pounds from the last forecast as the reduction in milk per cow is expected to offset the slightly higher number of dairy cows.

The dairy import forecast for 2025 was unchanged on a milk-fat basis at 8.9 billion pounds but lowered to 7.0 billion pounds (-0.2 billion) on a skim-solids basis. Lower imports for butter, milk protein concentrate, and condensed and evaporated milk are expected to be partially offset by higher imports of other dairy products.

The 2025 dairy export forecasts were decreased on both bases from last month's forecast. On a milk-fat basis, 2025 dairy exports are forecast at 11.7 (-0.1) billion pounds, while on a skim-solids basis, the 2025 dairy export forecast was revised downward to 47.5 (-1.2) billion pounds. This forecast adjustment takes into consideration the most recent trade data and the lack of price competitiveness for some dairy products, such as dry whey and uncertainty around export potential to our main markets. Lower shipments are expected across most dairy products.

With lower projected prices for dairy products, the 2025 forecasts for domestic use are adjusted upward relative to last month's projection as follows: On a skim-solids basis, domestic disappearance is forecast as 184.3 (+0.3) billion pounds, and on a milk-fat basis, it is forecast at 223.1 (+0.1) billion pounds.

Based on recent movements in the wholesale prices for the main dairy products and relatively strong year-over-year increases January ending stocks for butter and dry skim milk products, the 2025 average price forecasts have been adjusted from the last's month's projections.



Jason Nierman
Market Administrator

Inside this issue:

Appalachian Statistical Summary	2
February Milk Production Down 2.6%	2
U.S. Monthly Milk Per Cow, 2023 - 2025	2
Dairy Outlook, cont'd	3
FMMO Statistics – February 2025	4

Appalachian Statistical Summary

	FEBRUARY 2025	JANUARY 2025	FEBRUARY 2024
PRICES: (Base Zone)			
Uniform Price	\$23.55	\$23.26	\$21.00
Class I Price	24.67	23.78	21.39
Class II Price	21.08	21.58	20.53
Class III Price	20.18	20.34	16.08
Class IV Price	19.90	20.73	19.85
Uniform Skim Milk Price	\$13.94	\$13.38	\$10.59
Class I Skim Milk Price	14.75	13.89	11.15
Class II Skim Milk Price	11.60	11.65	9.99
Class III Skim Milk Price	10.69	10.39	5.41
Class IV Skim Milk Price	10.40	10.80	9.31
Uniform Butterfat Price	\$2.8855	\$2.9557	\$3.0793
Class I Butterfat Price	2.9808	2.9647	3.0375
Class II Butterfat Price	2.8256	2.9530	3.1101
Class III Butterfat Price	2.8186	2.9460	3.1031
Class IV Butterfat Price	2.8186	2.9460	3.1031
PRODUCER MILK:			
Class I	286,381,447	342,608,883	300,687,668
Class II	55,649,616	56,091,634	57,755,849
Class III	18,021,267	26,493,633	30,152,792
Class IV	32,841,696	24,743,926	29,774,278
Total Producer Milk	392,894,026	449,938,076	418,370,587
PERCENT PRODUCER MILK IN:			
Class I	72.89	76.15	71.87
Class II	14.16	12.47	13.80
Class III	4.59	5.89	7.21
Class IV	8.36	5.49	7.12

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

F.O. 5 STATS FOR February 2025:

The Uniform Price
for February 2025 was \$23.55 per cwt., an increase of \$2.55 from February 2024.

Total Class I Milk
for February 2025 was 286.4 million pounds, a decrease of 14.3 million pounds compared to February 2024.

Class I Utilization
was 72.89 percent for February 2025, an increase of 1.02 percentage points from February 2024.

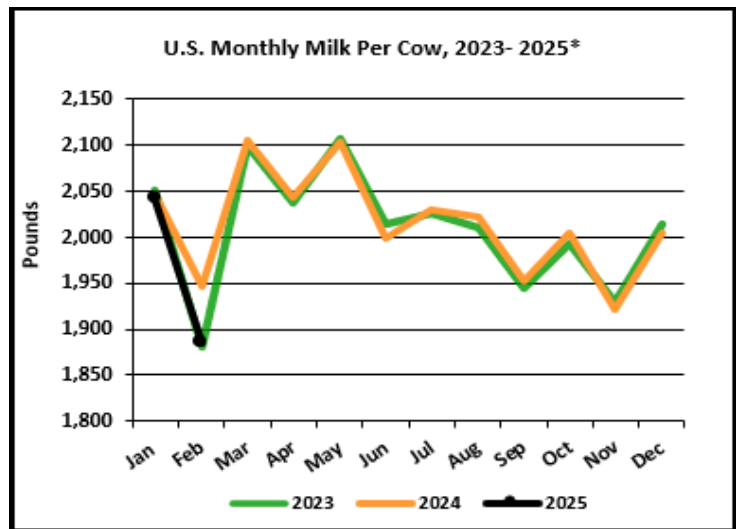
Total Producer Milk
for February 2025 was 392.9 million pounds, a decrease of 25.5 million pounds compared to February 2024.

February Milk Production Down 2.6%

Milk production in the 24 major States during February totaled 17.0 billion pounds, down 2.6 percent from February 2024. However, production was 0.9 percent above last year after adjusting for the leap year. January revised production, at 18.4 billion pounds, was up 0.6 percent from January 2024.

Production per cow in the 24 major States averaged 1,895 pounds for February, 66 pounds below February 2024.

The number of milk cows on farms in the 24 major States was 8.96 million head, 75,000 head more than February 2024, and 13,000 head more than January 2025.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2025 cont'd.

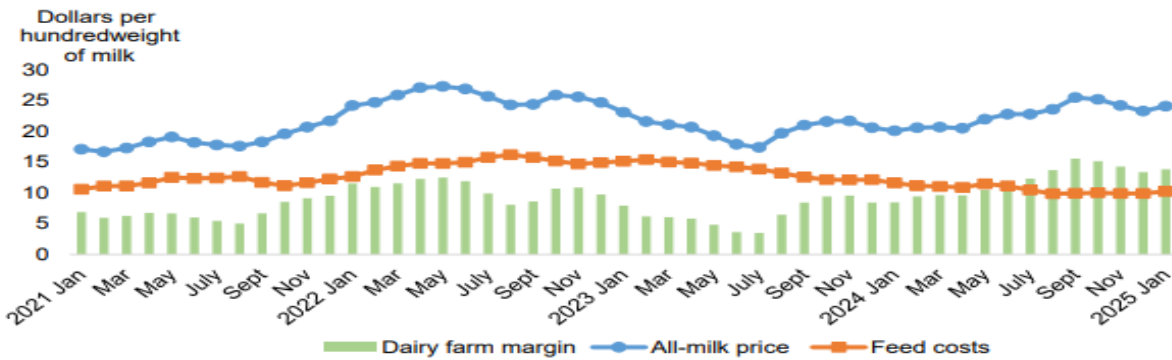
Wholesale price forecasts for Cheddar cheese, dry whey, butter, and NDM have been decreased to \$1.810 (-7.0 cents), \$0.525 (-8.0 cents), \$2.515 (-13.0 cents), and \$1.255 (-4.0 cents) per pound, respectively. The lower product price forecasts support downward revisions for milk class prices as follows: for Class III milk to \$17.95 (-\$1.15) per cwt, and for Class IV to \$18.80 (-\$0.90) per cwt. The all-milk price for 2025 is now forecast at \$21.60, down \$1.00 from last month's forecast.

Recent Dairy Supply and Use Data

According to the most recent Milk Production report published by the USDA, National Agricultural Statistics Service (NASS), in January 2025, estimated milk production in the United States was 19.1 billion pounds (616 million pounds per day), an increase of 0.1 percent compared to January 2024. USDA, NASS estimated the number of dairy cows in January at 9.365 million head, 41,000 head higher than a year ago. The milk per cow estimate for January 2025 was 2,040 pounds, 7 pounds per cow less than in January 2024.

The all-milk price in January 2025 averaged \$24.10 per hundredweight (cwt), up \$4.00 from January 2024, while feed costs were level to slightly lower during the same period. In January, the farm milk margin above feed costs reported by the Dairy Margin Coverage (DMC) program was estimated at \$13.85 per cwt, \$5.37 higher than last year.

All-milk price vs. feed costs



Source:USDA, Economic Research Service using information from USDA, Farm Service Agency, Dairy Margin Coverage

As of January 2025, the U.S. dairy herd reached 9.365 million head, marking a year-over-year increase from January 2024, and the fourth consecutive month of year-over-year increase. This expansion reflects the lagged response to improved profitability in 2024, as the milk-to-feed ratio rose from 1.73 in January 2024 to 2.35 in January 2025. The higher ratio suggests better margins for producers, leading to lower culling rates and herd retention. However, low replacement heifer numbers indicate that future expansion may be moderate.

Slaughter of dairy cows has declined substantially since the fourth week of 2025 to levels below 2024 and 2023. Given the relatively limited number of replacement dairy heifers available in the herd and steadily increasing number of cows in milk production, the lower slaughter rate suggests that dairy farmers are holding cows longer in production instead of culling.

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Federal Milk Marketing Order Statistics - February 2025

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,122.1	608.1	28.6	21.64
5	<i>Appalachian</i>	<i>392.9</i>	<i>286.4</i>	<i>72.9</i>	<i>23.55</i>
6	Florida	201.9	163.4	80.9	25.42
7	Southeast	294.5	205.1	69.7	23.90
30	Upper Midwest	2,173.9	151.5	7.0	20.31
32	Central	1,157.4	333.0	28.8	20.34
33	Mideast	1,676.9	559.2	33.4	20.82
51	California	2,456.9	369.1	15.0	20.54
124	Pacific Northwest	618.0	116.4	18.8	20.32
126	Southwest	1,152.7	309.5	26.9	21.10
131	Arizona	402.4	114.4	28.4	21.18
	All Orders	12,649.8	3,216.0	25.4	21.01

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

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