

THE COURIER

Monthly Newsletter

Dairy Outlook

June 2025

Dairy Forecasts for 2025

Based on recent milk production data, the dairy herd forecast for 2025 stands at 9.420 million head, an increase of 10,000 cows compared to last month's projection. Milk yield per cow is forecast at 24,185 pounds per cow, up 30 pounds from last month's estimate. Consequently, the milk production forecast has been revised to 227.8 billion pounds, 0.5 billion pounds higher than the previous projection.

U.S. domestic demand for international dairy products is expected to remain robust in 2025. While higher prices may stimulate imports of certain dairy products, butter imports so far in 2025 appear to be influenced by factors beyond price competitiveness, particularly consumer preferences for specialty products such as grass-fed butter. To date, Ireland remains the primary supplier of butter to the United States, maintaining a dominant market position. In a distant second place is New Zealand, which exports specialty butter products imported to the United States at prices well above domestic wholesale butter prices.

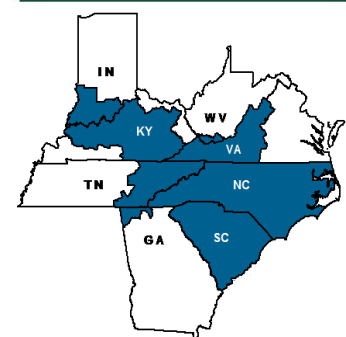
The 2025 import forecast has been revised upward. On a milk-fat basis, imports are projected to reach 8.6 billion pounds, up 0.3 billion pounds from the previous estimate. On a skim-solids basis, imports are expected to total 6.8 billion pounds, an increase of 0.1 billion pounds from the previous estimate. Imports of cheese, butter, and other dairy products are anticipated to rise throughout 2025.

The increase in dairy exports from January through April 2025 may indicate front-loading as a strategic risk mitigation measure in anticipation of future potential trade barriers. However, other contributing factors must also be considered, including tight supplies for certain dairy products— particularly cheese and butter—in key exporting regions such as Oceania and Europe, as well as competitive U.S. export prices.

This month's forecast presents a mixed export outlook for 2025. Fat-based exports are projected to reach 13.6 billion pounds, an increase of 1.4 billion pounds from the previous estimate, representing the highest level since 2022. This growth is largely driven by competitively priced butter exports, as well as higher cheese and fluid product exports. In contrast, skim-based exports are forecast at 44.9 billion pounds, down 0.5 billion pounds from the last projection and the lowest level since 2019. The decline is primarily driven by weaker global demand for skim milk powder products. However, exports of lactose and dry whey products are expected to rise in 2025 compared to earlier forecasts.

Based on recent prices, the 2025 wholesale dairy product price forecasts, in dollars per pound, have been adjusted upward as follows: Cheddar cheese \$1.860 (+2.0 cents), dry whey \$0.565 (+3.0 cents), butter \$2.535 (+7.5 cents), and NDM \$1.25 (+1.0 cents).

Livestock, Dairy, and Poultry Outlook, LDP-M-372, June 18, 2025, USDA,
Economic Research Service



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Inside this issue:

Appalachian Statistical Summary	2
May Milk Production Up 1.7%	2
U.S. Monthly Milk Per Cow, 2023 - 2025	2
FMMO Amendments	3
FMMO Statistics – May 2025	4



Appalachian Statistical Summary

	MAY 2025	APRIL 2025	MAY 2024
PRICES: (Base Zone)			
Uniform Price	\$20.98	\$21.72	\$21.77
Class I Price	21.77	22.97	21.86
Class II Price	18.72	19.22	21.50
Class III Price	18.57	17.48	18.55
Class IV Price	18.13	17.92	20.50
Uniform Skim Milk Price	\$12.05	\$12.89	\$10.19
Class I Skim Milk Price	12.85	14.15	10.58
Class II Skim Milk Price	9.72	10.31	9.69
Class III Skim Milk Price	9.59	8.54	6.66
Class IV Skim Milk Price	9.13	8.99	8.68
Uniform Butterfat Price	\$2.6718	\$2.6514	\$3.4093
Class I Butterfat Price	2.6781	2.6624	3.3294
Class II Butterfat Price	2.6697	2.6476	3.4706
Class III Butterfat Price	2.6627	2.6406	3.4636
Class IV Butterfat Price	2.6627	2.6406	3.4636
PRODUCER MILK:			
Class I	300,001,513	301,094,103	310,356,963
Class II	79,983,167	89,144,593	63,987,665
Class III	12,502,841	32,816,190	34,505,581
Class IV	31,291,257	29,661,908	31,105,428
Total Producer Milk	423,778,778	452,716,794	439,955,637
PERCENT PRODUCER MILK IN:			
Class I	70.79	66.51	70.54
Class II	18.87	19.69	14.54
Class III	2.95	7.25	7.84
Class IV	7.39	6.55	7.08

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

**F.O. 5 STATS FOR
May 2025:**

The Uniform Price
for May 2025 was \$20.98 per cwt., a decrease of \$0.74 from April 2025.

Total Class I Milk
for May 2025 was 300.0 million pounds, a decrease of 1.1 million pounds compared to April 2025.

Class I Utilization
was 70.79 percent for May 2025, an increase of 4.28 percentage points from April 2025.

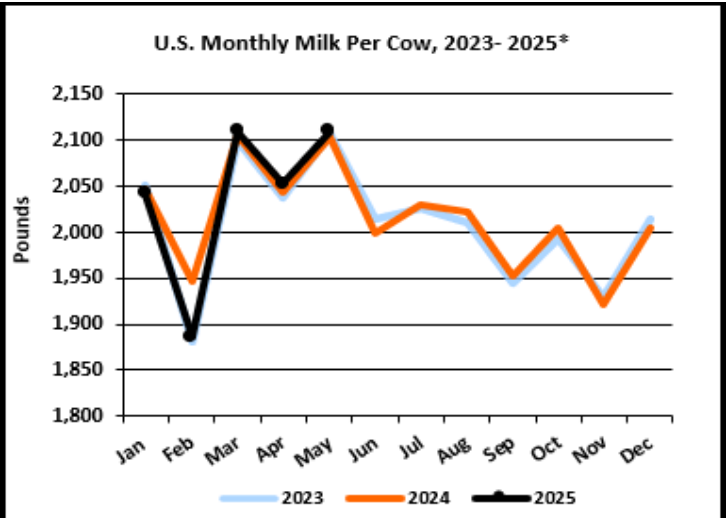
Total Producer Milk
for May 2025 was 423.8 million pounds, a decrease of 16.2 million pounds compared to May 2024.

May Milk Production Up 1.7%

Milk production in the 24 major States during May totaled 19.1 billion pounds, up 1.7 percent from May 2024. April revised production, at 18.6 billion pounds, was up 1.7 percent from April 2024.

Production per cow in the 24 major States averaged 2,125 pounds for May, 7 pounds above May 2024.

The number of milk cows on farms in the 24 major States was 9.00 million head, 118,000 head more than May 2024, and 6,000 head more than April 2025.



*Based on entire U.S. production

FMMO Amendments

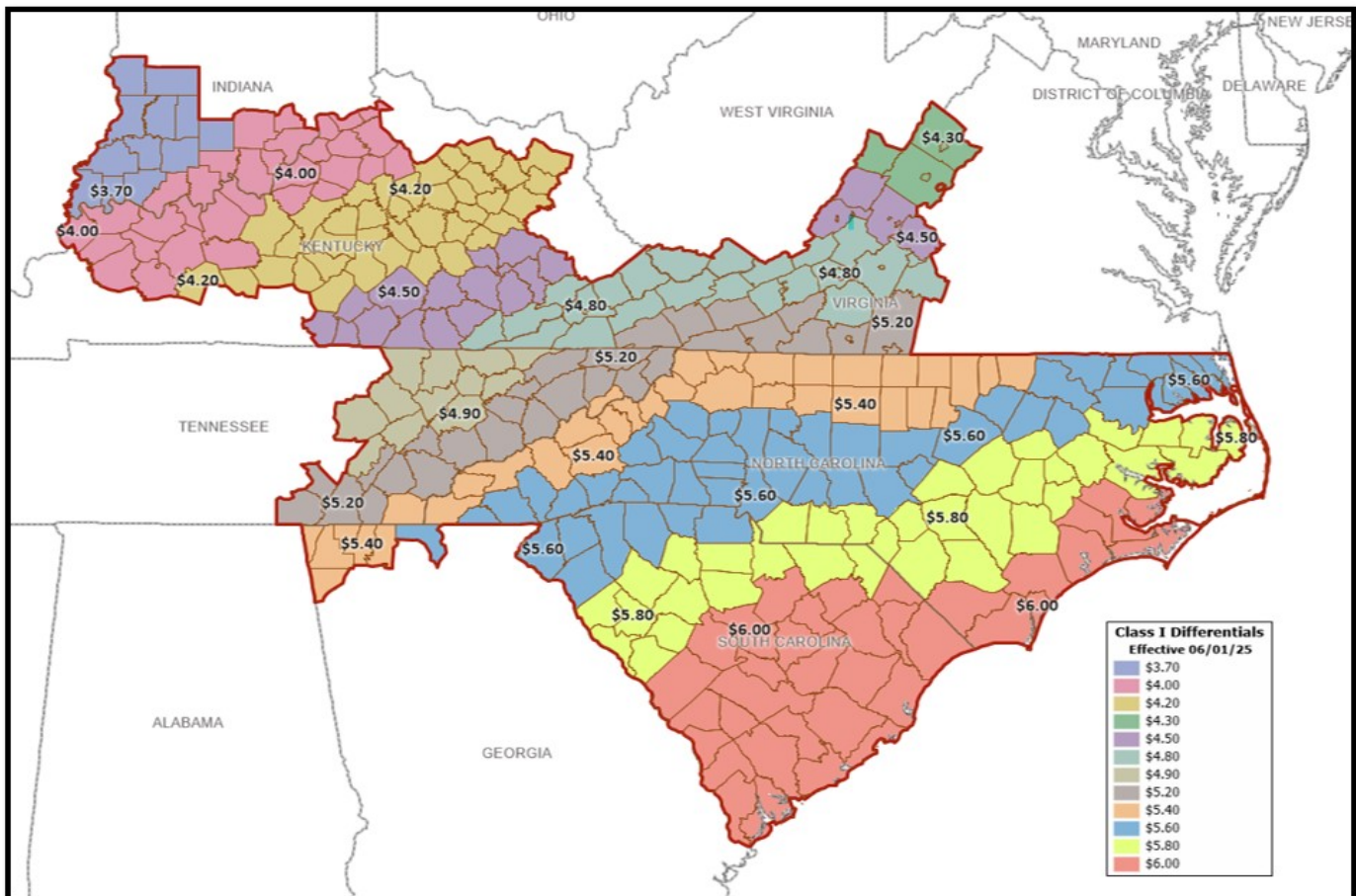
As a result of the Final Rule on amendments to the Federal Milk Marketing orders, the new referenda will be effective June 1, 2025, for all changes except for the changes to the skim milk composition factors. The amendments to skim milk composition factors will be implemented December 1, 2025.

The Final Rule announces that producers in each of the 11 FMMOs approved the following pricing formula amendments:

- Updating the skim milk composition factors to 3.3 percent true protein, 6.0 percent other solids and 9.3 percent nonfat solids, with a six-month delayed implementation.
- Removing 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey.
- Updating the Class III and Class IV manufacturing allowances to \$0.2519 for cheese, \$0.2272 for butter, \$0.2393 for nonfat dry milk and \$0.2668 for dry whey, all on a per pound basis, and the butterfat recovery factor to 91 percent.
- Returning the base Class I skim milk price formula to the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adoption of a Class I extended shelf life (ESL) adjustment for all ESL products equal to the average-of mover plus a 24-month rolling average adjuster with a 12-month lag.
- Updating the Class I differential values to reflect the increased cost of servicing the Class I market.

For more information: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>

Federal Order 5
 Class I Differentials Effective 6/1/25



**APPALACHIAN MARKETING AREA
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Federal Milk Marketing Order Statistics - May 2025

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,413.8	653.3	27.0	19.59
5 Appalachian	423.8	300.0	70.8	20.98
6 Florida	200.5	164.1	81.8	22.90
7 Southeast	304.3	208.6	68.6	21.36
30 Upper Midwest	2,121.1	162.7	7.7	18.64
32 Central	1,321.9	336.7	25.5	18.41
33 Mideast	1,804.3	572.6	31.7	18.80
51 California	2,326.6	388.0	16.7	18.64
124 Pacific Northwest	520.7	122.6	23.6	18.49
126 Southwest	1,110.2	331.7	29.9	19.16
131 Arizona	372.5	119.4	32.0	19.17
All Orders	12,919.7	3,359.6	26.0	19.08

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

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