

THE COURIER

Monthly Newsletter

Dairy Outlook

July 2025

Dairy Forecasts for 2025

Based on recent data concerning cow numbers and dairy slaughter, the 2025 forecast for the annual average number of dairy cows has been revised upward by 15,000 head to 9.435 million. The forecast for milk per cow is forecast at 24,200 pounds, 15 pounds higher than the previous forecast. Consequently, milk production in 2025 is now forecast at 228.3 billion pounds, an increase of 0.5 billion pounds from the last forecast. USDA, NASS will issue its Cattle report on July 25 which will include milk cow inventory data along with dairy replacement heifer numbers. The report will give insight into the current state of the herd and provide information to assist with the outlook for the remainder of 2025 and 2026.

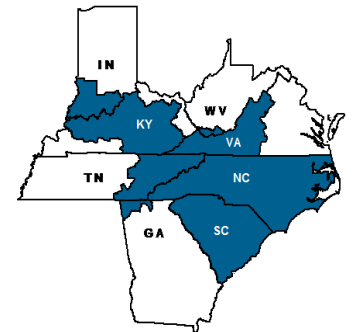
The dairy import forecast for 2025 is lowered 0.1 billion to 8.5 billion pounds on a milk-fat basis and raised 0.1 billion to 6.9 billion pounds on a skim-solid basis. Lower imports are expected for butter, cheese, and milk protein concentrate.

Dairy export forecasts for 2025 are adjusted upward from last month's forecast. On a milk-fat basis, 2025 dairy exports are forecast at 13.8 (+0.2) billion pounds, while on a skim-solids basis the 2025 dairy export forecast was revised to 45.3 (+0.4) billion pounds. These adjustments take into consideration the most recent trade data, relative weakness of the U.S. dollar, and the expectation that domestic prices for butter and cheese maintain their competitive margins in the global markets.

While domestic use for some dairy products has been lower than expected, year-to-date data on domestic use supports upward revisions for the 2025 forecasts. On a milk-fat basis, domestic use in 2025 is projected to 223.0 (+0.2) billion pounds, while on a skim-solids basis it is forecast at 186.8 (+0.1) billion pounds.

Based on recent movement in product prices, the 2025 average price forecasts for butter, NDM, and dry whey have been revised upward as follows: \$2.560 (+2.5 cents), \$1.260 (+1.0 cents), and \$0.575 (+1.0 cents) per pound, respectively. Conversely, given recent weaker-than expected domestic demand for cheese, the 2025 average price forecast for Cheddar cheese has been lowered to \$1.840 (-2.0 cents) per pound.

The changes in the product price forecasts support revisions for milk class prices as follows: for Class III milk to \$18.50 (-\$0.15) per cwt with the decrease in cheese price more than offsetting the increase in dry whey prices, and for Class IV to \$19.05 (+\$0.20) per cwt with higher prices for both butter and NDM. The all-milk price for 2025 is now forecast at \$22.00 per cwt, 5 cents higher than the previous forecast.



Jason Nierman
Market Administrator

Inside this issue:

Appalachian Statistical Summary	2
June Milk Production Up 3.4%	2
U.S. Monthly Milk Production, 2023 - 2025	2
Dairy Outlook, cont'd	3
FMMO Statistics – June 2025	4



Appalachian Statistical Summary

	JUNE 2025	MAY 2025	JUNE 2024
PRICES: (Base Zone)			
Uniform Price	\$21.94	\$20.98	\$22.84
Class I Price	22.86	21.77	23.48
Class II Price	18.43	18.72	21.60
Class III Price	18.82	18.57	19.87
Class IV Price	18.30	18.13	21.08
Uniform Skim Milk Price	\$12.97	\$12.05	\$10.89
Class I Skim Milk Price	14.15	12.85	11.69
Class II Skim Milk Price	9.14	9.72	9.50
Class III Skim Milk Price	9.57	9.59	7.74
Class IV Skim Milk Price	9.03	9.13	8.99
Uniform Butterfat Price	\$2.6927	\$2.6718	\$3.5232
Class I Butterfat Price	2.6290	2.6781	3.4852
Class II Butterfat Price	2.7448	2.6697	3.5514
Class III Butterfat Price	2.7378	2.6627	3.5444
Class IV Butterfat Price	2.7378	2.6627	3.5444
PRODUCER MILK:			
Class I	273,950,818	300,001,513	268,784,474
Class II	79,762,768	79,983,167	81,145,370
Class III	22,413,735	12,502,841	42,390,154
Class IV	27,801,656	31,291,257	33,431,150
Total Producer Milk	403,928,977	423,778,778	425,751,148
PERCENT PRODUCER MILK IN:			
Class I	67.82	70.79	63.13
Class II	19.75	18.87	19.06
Class III	5.55	2.95	9.96
Class IV	6.88	7.39	7.85

Prices subject to location adjustments per §1005.51 and §1005.75

June Milk Production Up 3.4%

Milk production in the 24 major States during June totaled 18.5 billion pounds, up 3.4 percent from June 2024. May revised production, at 19.3 billion pounds, was up 2.4 percent from May 2024.

Production per cow in the 24 major States averaged 2,045 pounds for June, 33 pounds above June 2024.

The number of milk cows on farms in the 24 major States was 9.03 million head, 151,000 head more than June 2024, and 3,000 head more than May 2025.

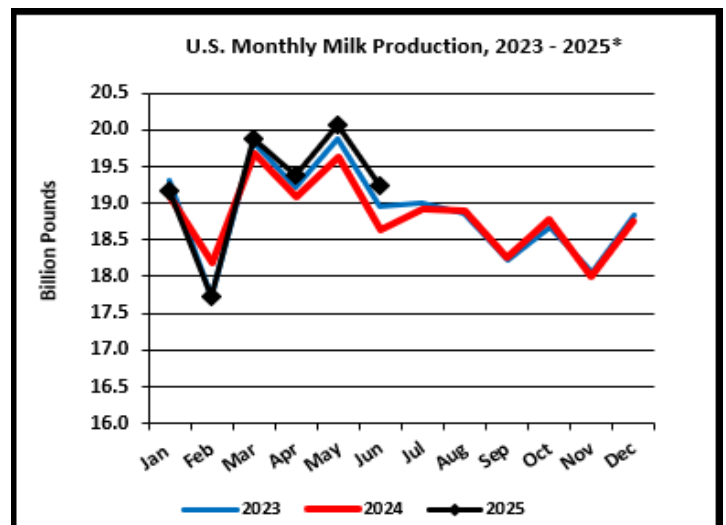
**F.O. 5 STATS FOR
June 2025:**

The Uniform Price
for June 2025 was \$21.94 per cwt., a decrease of \$0.90 from June 2024.

Total Class I Milk
for June 2025 was 274.0 million pounds, an increase of 5.2 million pounds compared to June 2024.

Class I Utilization
was 67.82 percent for June 2025, an increase of 4.69 percentage points from June 2024.

Total Producer Milk
for June 2025 was 403.9 million pounds, a decrease of 21.8 million pounds compared to June 2024.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2026

Dairy margins are expected to stay favorable in the second half of 2025 which, in turn, could have a lagged positive impact on the number of cows in 2026. Consequently, the forecast for the average size of the dairy herd in 2026 is revised upward by 30,000 head to 9.450 million head. The yield per cow is also revised upward by 20 pounds to 24,245 pounds. Milk production for 2026 is projected at 229.1 billion pounds, 0.9 billion pounds higher than last month's forecast.

On a milk-fat basis, the dairy import forecast for 2026 is raised 0.2 billion to 8.9 billion pounds and on a skim-solid basis, is decreased by 0.1 billion to 7.0 billion pounds.

With upward revisions to 2025 export forecasts, 2026 exports have also been revised upward from the previous forecast. On a milk-fat basis, dairy export volumes are forecast at 12.6 (+0.2) billion pounds, while on a skim-solids basis exports are projected at 46.7 (+0.2) billion pounds. The forecast revisions are supported by higher expected exports of cheese, dry whole milk, and condensed and evaporated milk.

The domestic use forecasts for 2026 are raised from the last forecast. On a milk-fat basis, domestic use is projected at 224.6 billion pounds, 1.1 billion pounds higher than the previous estimate. On a skim-solids basis, domestic use is forecast at 188.5 billion pounds, 0.3 billion pounds higher than last month's projection.

Despite higher expected milk production, the 2026 forecasts for wholesale dairy product prices for butter, NDM, and dry whey are revised upward while the price forecast for Cheddar cheese is unchanged. The changes in the 2026 forecasts for dairy product prices reflect resilient demand for dairy products both domestically and internationally.

The adjusted wholesale dairy product price forecasts for 2026, in dollars per pound, are as follows: Cheddar cheese \$1.810 (unchanged), dry whey \$0.515 (+0.5 cents), butter \$2.535 (+5.5 cents), and NDM \$1.235 (+2.0 cents). The revised 2026 forecast for Class III milk is \$17.85 per cwt, \$0.05 higher than the previous forecast. With higher butter and NDM price projections, the Class IV price forecast for 2026 was raised to \$18.60 per cwt, \$0.40 higher than the previous projection. The all-milk price for 2026 is now forecast at \$21.65 per cwt, up \$0.35 from last month's forecast.

Recent Dairy Supply and Use Data

In May 2025, U.S. milk production totaled 19.930 billion pounds, a 1.6-percent increase over May 2024, according to USDA's National Agricultural Statistics Service. The national dairy herd averaged 9.445 million head—114,000 more than the previous year and up 5,000 from April— and the average milk output per cow rose by 7 pounds year over year to reach 2,110 pounds. Notable increases in cow numbers occurred in states such as Texas, Idaho, Kansas, South Dakota, and Michigan, reflecting ongoing regional expansion and new processing capacity coming online. Milk component production continues to grow. In May, milk fat production increased by 3.3 percent and skim solids by 2.1 percent, both year over year.

Dairy farm returns over feed costs declined in May 2025. According to the Dairy Margin Coverage (DMC) program, the margin over feed costs declined to \$10.40, marking a \$0.12 decrease from May 2024. The \$0.70 year-over-year decrease in the all-milk price was greater than the \$0.58 decrease in feed value.

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Federal Milk Marketing Order Statistics - June 2025

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,279.1	593.9	26.1	20.16
5	<i>Appalachian</i>	<i>403.9</i>	<i>274.0</i>	<i>67.8</i>	<i>21.94</i>
6	Florida	186.7	144.3	77.3	22.94
7	Southeast	280.9	186.1	66.2	22.18
30	Upper Midwest	2,206.0	142.3	6.4	19.10
32	Central	1,100.4	309.7	28.1	19.29
33	Mideast	1,792.6	516.8	28.8	19.37
51	California	2,307.5	371.6	16.1	18.93
124	Pacific Northwest	496.1	103.4	20.8	18.88
126	Southwest	757.7	283.3	37.4	19.34
131	Arizona	319.2	99.7	31.3	19.00
	All Orders	12,130.1	3,025.0	24.9	19.55

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

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