

Market Information BULLETIN

FO 6 & 7

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Dairy Outlook

*Excerpts from Livestock, Dairy, and Poultry Outlook,
March 2023, USDA, Economic, Research Service*

Dairy Forecasts for 2023

Milk production for 2023 is projected at 228.5 billion pounds, 0.20 billion pounds higher than last month's forecast. Milk cows are projected to average 9.390 million head in 2023, 10,000 head higher than last month's forecast. However, cow numbers are expected to decline through the year as lower numbers of replacement heifers and higher expected cull-cow prices will likely contribute on the decline of the dairy herd. The milk-per-cow projection is unchanged from last month at an average 24,345 pounds per head.

Dairy export projections for 2023 are adjusted lower. The forecast for 2023 dairy exports on a milk-fat basis has been adjusted to 13.0 billion pounds, 0.10 billion pounds lower than last month's forecast. On a skim-solids basis, the 2023 dairy export forecast has been adjusted to 51.9 billion pounds, 0.30 billion pounds lower than last month's projection.

Dairy import projections for 2023 are adjusted higher. On a milk-fat basis, dairy import projections for 2023 have been increased to 7.40 billion pounds (+0.10 billion pounds). On a skim-solids basis dairy imports have been increased to 6.50 billion pounds (+0.10 billion pounds).

The domestic use forecasts for have been raised for 2023. The projections for 2023 domestic use are raised from the previous month's forecast, to 221.6 billion pounds (+0.4 billion pounds) on a milk-fat basis and 180.5 billion pounds (+0.4 billion pounds) on a skim-solids basis.

For 2023, the price forecast for Cheddar cheese has been adjusted 5.0 cents lower from last month's projection to \$1.810 per pound, as supplies are expected be relatively large compared to demand. The wholesale prices of dry whey, butter, and NDM were adjusted higher from last month's forecast at \$0.390 (+2.5 cents), \$2.335 (+0.50 cents), and \$1.230 (+0.50 cents) per pound, respectively. With a lower average price expected for cheese, the Class III milk price forecast for 2023 has been lowered to \$17.56 per cwt, \$0.32 lower than last month's forecast. With higher projected prices for butter and NDM, the Class IV price forecast has been raised to \$18.30 per cwt, up \$0.05 from the previous month's projection. The all-milk price forecast for 2023 has been lowered to \$20.45 per cwt, \$0.25 lower than last month's forecast.

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - February 2023

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	84.79%	162,510,534	\$11.38 /cwt.	\$ 18,493,698.76
Class I Butterfat	49.09%	3,699,300	\$2.7990 /lb.	10,354,340.70
Class I Differential at Location		166,209,834		9,226,962.54
Total Class I Milk	83.44%	166,209,834		\$ 38,075,002.00
Class II Skim Milk	12.67%	24,276,493	\$11.70 /cwt.	\$ 2,840,349.67
Class II Butterfat	47.49%	3,578,106	\$2.7248 /lb.	9,749,623.23
Total Class II Milk	13.98%	27,854,599		\$ 12,589,972.90
Class III Skim Milk	2.37%	4,546,144	\$8.57 /cwt.	\$ 389,604.54
Class III Butterfat	2.33%	175,892	\$2.7178 /lb.	478,039.28
Total Class III Milk	2.37%	4,722,036		\$ 867,643.82
Class IV Skim Milk	0.17%	327,168	\$9.69 /cwt.	\$ 3,1702.58
Class IV Butterfat	1.09%	81,927	\$2.7178 /lb.	222,661.20
Total Class IV Milk	0.21%	409,095		\$ 254,363.78
Producer Milk	100.00%	199,195,564		\$ 51,786,982.50

Adjustments

Overage and Other Source				\$ 756.13
Inventory Adjustments				-\$ 12,119.82
Producer Butterfat at Uniform Butterfat Price				-\$ 21,010,467.87
Location Adjustments				-\$ 261,125.79
1/2 Balance in Producer Settlement Fund				\$ 93,818.01

Total Skim Milk and Aggregate Value			\$ 15.96462	\$ 30,597,843.16
Producer Settlement Fund Reserve			\$ 0.04462	\$ 85,517.19

Uniform Skim Milk Price (Hillsborough County, FL):	\$15.92 /cwt
Uniform Butterfat Price:	\$2.7883 /lb
Uniform Price (Hillsborough County, FL):	\$25.12 /cwt

F.O. 7 - Southeast: Uniform Price - February 2023

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	70.39%	198,715,384	\$11.38 /cwt.	\$ 22,613,810.71
Class I Butterfat	40.37%	4,805,302	\$2.7990 /lb.	13,450,040.31
Class I Differential at Location		203,520,686		6,468,812.66
Total Class I Milk	69.18%	203,520,686		\$ 42,532,663.68
Class II Skim Milk	16.64%	46,962,720	\$11.70 /cwt.	\$ 5,494,638.23
Class II Butterfat	41.52%	4,942,810	\$2.7248 /lb.	13,468,168.70
Total Class II Milk	17.64%	51,905,530		\$ 18,962,806.93
Class III Skim Milk	5.02%	14,168,097	\$8.57 /cwt.	\$ 1,214,205.88
Class III Butterfat	4.52%	537,809	\$2.7178 /lb.	1,461,657.30
Total Class III Milk	5.00%	14,705,906		\$ 2,675,863.18
Class IV Skim Milk	7.95%	22,439,948	\$9.69 /cwt.	\$ 2,174,430.97
Class IV Butterfat	13.59%	1,617,820	\$2.7178 /lb.	4,396,911.20
Total Class IV Milk	8.18%	24,057,768		\$ 6,571,342.17
Producer Milk	100.00%	294,189,890		\$ 70,742,675.96

Adjustments

Overage and Other Source				\$ 3,658.16
Inventory Adjustments				-\$ 20,233.77
Producer Butterfat at Uniform Butterfat Price				-\$ 32,930,509.10
Location Adjustments				\$ 2,084,209.74
1/2 Balance in Producer Settlement Fund				\$ 136,222.10

Total Skim Milk and Aggregate Value			\$ 14.17569	\$ 40,016,023.09
Producer Settlement Fund Reserve			\$ 0.04569	\$ 128,990.23

Uniform Skim Milk Price (Fulton County, GA):	\$14.13 /cwt
Uniform Butterfat Price:	\$2.7664 /lb
Uniform Price (Fulton County, GA):	\$23.32 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: February 2023

Producer Milk Utilization:

Class I:	83.44%
Class II:	13.98%
Class III:	2.37%
Class IV:	0.21%

The Uniform Price

for Feb. 2023 was announced at \$25.12, a decrease of \$1.59 from Feb. 2022.

Total Producer Milk

for Feb. 2023 totaled 199.2 million pounds, a decrease of 5.8 million pounds from Feb. 2022.

Total Class I Milk

for Feb. 2023 was 166.2 million pounds, a decrease of 2.2 million pounds from Feb. 2022.

Class I Utilization

for Feb. 2023 was 83.44%, an increase of 1.29 percentage points from Feb. 2022.

F.O. 7 - Southeast: February 2023

Producer Milk Utilization:

Class I:	69.18%
Class II:	17.64%
Class III:	5.00%
Class IV:	8.18%

The Uniform Price

for Feb. 2023 was announced at \$23.32, a decrease of \$2.15 from Feb. 2022.

Total Producer Milk

for Feb. 2023 totaled 294.2 million pounds, a decrease of 7.1 million pounds from Feb. 2022.

Total Class I Milk

for Feb. 2023 was 203.5 million pounds, a decrease of 29.5 million pounds from Feb. 2022.

Class I Utilization

for Feb. 2023 was 69.18%, a decrease of 8.16 percentage points from Feb. 2022.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in February 2023 is \$25.12 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$15.92 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7883 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during February 2023 totaled 199.2 million pounds. Florida producers supplied 155.3 million pounds of milk in February 2023 or an estimated 78% of the producer milk pooled in Florida. In February 2022, they supplied 78% of producer milk pooled on the Florida market. There were 7 regulated pool distributing plants and 2 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for February 2023. Total in-area Class I route disposition was 210.8 million pounds in February 2023, a decrease of 3.3 million pounds from February 2022.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2023 is \$23.32 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$14.13 per hundredweight plus 3.5 times the uniform butterfat price of \$2.7664 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during February 2023 totaled 294.2 million pounds. There were 15 regulated pool distributing plants, 1 pool supply plant and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2023. Total in-area Class I route disposition was 277.9 million pounds in February 2023, a decrease of 18.1 million pounds from February 2022.

WASDE Dairy Report 1/ WASDE – 634, March 8, 2023

Milk supply and use estimates for 2022 are adjusted to reflect revisions to estimates of milk production and stocks.

For 2023, milk production is forecast higher on a larger cow inventory. Output per cow is unchanged from last month. On both fat- and skim-solids bases, imports for 2023 are raised, while exports are reduced. Cheese prices are lowered as supplies are expected to be relatively large and domestic demand is projected to be relatively soft.

Butter prices are raised on recent data. Nonfat dry milk prices are unchanged, with a weaker first quarter offset by a stronger fourth quarter. Whey prices are raised on recent price observations and stronger expected demand. With the changes in component prices, Class III prices are projected lower, while Class IV prices are projected higher. The all-milk price is projected lower at 20.45per cwt.

^{1/} The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The WASDE report is available at www.usda.gov/oce/commodity/wasde/.

Federal Milk Marketing Order Statistics

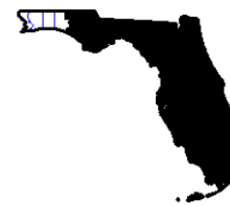
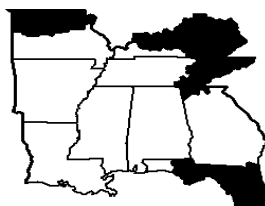
February 2023

Federal Order	Producer Deliveries <i>Million Pounds</i>	Class I Producer Receipts <i>Million Pounds</i>	Class I Utilization <i>Percent</i>	Statistical Uniform Price <i>\$/cwt</i>
1 Northeast	2,118.2	618.4	29.2	20.75
5 Appalachian	424.2	299.4	70.6	22.89
6 Florida	199.2	166.2	83.4	25.12
7 Southeast	294.2	203.5	69.2	23.32
30 Upper Midwest	2,708.2	153.1	5.7	18.09
32 Central	1,357.7	348.9	25.7	18.99
33 Mideast	1,437.7	499.4	34.7	19.52
51 California	2,362.9	383.0	16.2	19.10
124 Pacific Northwest	655.4	124.3	19.0	18.92
126 Southwest	1,138.8	303.3	26.6	19.78
131 Arizona	416.7	112.3	27.0	19.99
All Orders ¹	13,113.4	3,211.8	24.5	19.58

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



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