DIXIE DAIRY REPORT
September 2023

Milk prices. August blend prices in the three Southeastern federal milk marketing orders (FMMOs) are projected about $1.00/cwt. lower than July, and the lowest blend prices for the year. Better news is the September Class I Mover (3.5% fat) is $18.90 per cwt. which is $2.28 per cwt. higher than August. This will move September blend prices upward, about $1.50 per cwt. higher than August. Looking further ahead, October blend prices are projected slightly higher than September.

Stronger cheese and butter prices are responsible for the increase in the September Class I Mover. The Dairy Products Sales Report (DPSR) cheese price, used in calculating the September Mover, is $0.40 per lb. higher than August, $1.86 versus $1.46 per lb. The DPSR butter price moved up $0.21 per lb. from $2.45 to $2.66 per lb. On the other hand, both nonfat dry milk powder (NDM) and dry whey prices moved lower. The August NDM price is the lowest in over two years, and dry whey the lowest in five years. Global prices and exports, significantly, impact NDM and dry whey prices. Both global prices and exports remain weak. For example, the August Oceania skim milk powder price is $1.09 per lb. A year ago, it was $1.62 per lb. The Oceania butter price is about $0.50 per lb. lower than the domestic price.

Total dairy demand. For the first half of 2023, dairy demand measured by total solids, is 1.4% higher than the first half of 2022. Unlike previous years, domestic demand is the bright star. Domestic demand is up 2.8% while exports are 5.0% lower. Through June, exports represent 16.5% of total demand, last year it was 17.6%. *Dairy Market News* reports for the first six months of 2023 versus 2022, exports for all four major dairy products are lower as follows: butter down 43%, cheese down 7%, NDM down 1%, and dry whey down 5%.

Fluid milk sales. Through June of this year, USDA estimates fluid milk sales are 2.0% lower than the same period last year. In the three Southeastern FMMOs, combined, fluid sales are down 2.9%. Nationwide, both conventional and organic sales are 2% lower. Organic was 6.7% of total fluid sales for the first half of the year. The positive news is sales in two fluid milk categories continue to grow. Whole milk sales, both conventional and organic, are 1.1% and 3.0 % higher than last year, respectively. Sales of the category "other fluid milk products" are 8.9% stronger than a year ago. This growing category represents 3.4% of all conventional fluid milk sales. This category includes ultrafiltrated, lactose free, and non-organic specialty milks such as grass-fed and A2.

Milk production. For the fourth consecutive month, dairy cow numbers continue to decline. At the end of July, USDA estimated the national dairy herd at 9.4 million head. This is 46,000 fewer dairy cows compared to USDA's March estimate. Dairy cow slaughter numbers continue to grow. Through July, 112,500 more head were slaughtered compared to the same period a year ago. Low margins (July Dairy Margin Coverage Program margin lowest in history at $3.52 per cwt.) and relatively high cull cow prices will further increase the number of dairy cows slaughtered.

Declining dairy cow numbers pushed July milk production 0.5% lower than last July. In the nation's two largest milk producing states, July production was down 5.5% in California and up 0.9% in Wisconsin. Milk production continues to decline in New Mexico and Texas, 9.1% and 4.3% lower, respectively. The May (most recent data) New Mexico mailbox price was $16.41 per cwt. and $16.95 per cwt. in West Texas. Milk production in the Southeast States is starting to stabilize. For the three Southeast monthly reporting states, July milk production was up 3.6% in Georgia and up 0.9% in Virgina, while the Florida decline was only 0.6%. Combined, July production in three states was 1.4% higher than last July.

See the attached for more specific price, supply, and demand numbers.

Calvin Covington, ccovington5@cs.com, 352-266-7576

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Class I Mover $ Per Cwt. (3.5% fat)	J	F	M	A	M	J	J	A	S	O	N	D	Avg.
2021	$15.14	$15.54	$15.20	$15.51	$17.10	$18.29	$17.42	$16.90	$16.59	$17.08	$17.98	$19.17	$16.83
2022	$19.71	$21.64	$22.88	$24.38	$25.45	$25.87	$25.87	$25.13	$23.62	$22.71	$24.09	$22.58	$23.66
2023	$22.41	$20.78	$18.99	$18.85	$19.57	$18.01	$17.32	$16.62	$18.90	**$19.23**	**$19.13**	**$19.08**	**$19.07**
Southeastern Federal Orders' Blend Prices - Base Zone at 3.5% butterfat ($/cwt.)													
Florida - Tampa													
2021	$19.26	$19.54	$20.11	$20.21	$21.26	$22.40	$21.98	$21.11	$21.22	$21.55	$22.93	$23.97	$21.30
2022	$25.49	$26.71	$27.77	$29.13	$29.76	$30.60	$30.29	$29.74	$28.58	$27.70	$28.27	$27.05	$28.42
2023	$26.07	$25.12	$23.51	$23.28	$23.95	$22.52	$21.91	**$21.81**	**$23.37**	**$23.80**	**$23.72**	**$23.42**	**$23.54**
Southeast - Atlanta													
2021	$17.59	$17.72	$17.92	$18.46	$19.52	$20.39	$19.80	$19.60	$19.70	$19.86	$21.22	$22.28	$19.51
2022	$24.17	$25.47	$26.42	$27.35	$28.07	$28.74	$28.71	$28.26	$27.17	$26.28	$26.65	$25.29	$26.88
2023	$24.49	$23.32	$22.12	$21.54	$22.18	$20.96	$20.52	**$20.55**	**$21.92**	**$22.13**	**$21.96**	**$21.87**	**$21.96**
Appalachian - Charlotte													
2021	$17.42	$17.56	$17.94	$18.43	$19.35	$20.19	$19.61	$19.24	$19.37	$19.70	$21.13	$22.08	$19.34
2022	$23.72	$24.87	$25.86	$27.17	$27.79	$28.52	$28.14	$27.49	$26.53	$25.80	$26.24	$24.86	$26.42
2023	$23.90	$22.89	$21.50	$21.17	$21.72	$20.31	$19.85	**$19.70**	**$21.53**	**$21.83**	**$21.62**	**$21.52**	**$21.46**

*** Projections in bold**

Southeastern Federal Orders Class I Producer Milk - Million lbs.

Florida	J	F	M	A	M	J	J	A	S	O	N	D	YTD
2021	175.8	161.1	173.6	170.8	162.9	149.4	159.2	167.2	164.2	170.2	176.1	179.3	1,152.9
2022	185.4	168.4	182.9	177.5	163.4	151.9	153.8	171.5	160.5	185.6	174.5	185.7	1,183.4
2023	188.8	166.2	184.0	170.4	171.0	155.9	154.9						1,191.3
% change	**1.8%**	**-1.3%**	**0.6%**	**-4.0%**	**4.7%**	**2.6%**	**0.7%**						**0.7%**
Southeast													
2021	268.9	253.4	271.8	265.6	245.7	234.5	236.9	259.4	261.1	261.3	268.1	267.5	1,776.9
2022	264.9	233.0	254.4	242.6	230.3	216.8	213.8	248.4	242.1	227.6	228.4	230.4	1,656.0
2023	237.8	203.5	226.7	204.8	213.8	208.2	195.7						1,490.5
% change	**-10.3%**	**-12.7%**	**-10.9%**	**-15.6%**	**-7.2%**	**-4.0%**	**-8.5%**						**-10.0%**
Appalachian													
2021	325.8	306.8	332.8	319.9	296.4	281.8	287.9	313.2	308.7	314.6	326.8	331.7	2,151.4
2022	333.0	303.3	343.7	313.8	307.7	287.6	284.6	326.0	315.9	329.7	334.8	337.4	2,173.8
2023	344.0	299.4	337.2	302.9	317.2	295.1	288.6						2,184.3
% change	**3.3%**	**-1.3%**	**-1.9%**	**-3.5%**	**3.1%**	**2.6%**	**1.4%**						**0.5%**
Total all Three Orders													
2021	770.5	721.3	778.2	756.3	705.0	665.8	684.1	739.8	734.0	746.2	771.1	778.5	5,081.2
2022	783.3	704.8	781.1	734.0	701.5	656.3	652.3	745.9	718.5	742.9	737.8	753.5	5,013.2
2023	770.5	669.1	747.9	678.1	702.0	659.2	639.2						4,866.1
% change	**-1.6%**	**-5.1%**	**-4.2%**	**-7.6%**	**0.1%**	**0.4%**	**-2.0%**						**-2.9%**

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Southeastern Federal Orders' Packaged Fluid Milk Sales - Million lbs.

	J	F	M	A	M	J	J	A	S	O	N	D	YTD
Florida													
2021	222	206	223	216	206	200	207	214	212	220	224	229	1,273
2022	231	214	231	227	213	198	194	217	202	203	219	225	1,314
2023	235	209	231	211	213	196							1,295
% change	**1.7%**	**-2.3%**	**0.0%**	**-7.0%**	**0.0%**	**-1.0%**							**-1.4%**
Southeast													
2021	335	319	346	326	313	289	297	318	322	323	329	334	1,928
2022	331	296	321	309	295	271	273	312	303	325	304	309	1,823
2023	319	276	308	277	291	275							1,746
% change	**-3.6%**	**-6.8%**	**-4.0%**	**-10.4%**	**-1.4%**	**1.5%**							**-4.2%**
Appalachian													
2021	292	267	289	272	267	252	258	270	268	273	285	289	1,640
2022	295	260	294	275	275	261	263	288	273	281	285	285	1,660
2023	285	250	283	254	271	253							1,596
% change	**-3.4%**	**-3.8%**	**-3.7%**	**-7.6%**	**-1.5%**	**-3.1%**							**-3.9%**
Total all Three Orders													
2021	849	792	859	814	786	741	762	802	802	816	838	852	4,841
2022	857	770	846	811	783	730	730	817	778	809	808	819	4,797
2023	839	735	822	742	775	724							4,637
% change	**-2.1%**	**-4.5%**	**-2.8%**	**-8.5%**	**-1.0%**	**-0.8%**							**-3.3%**

U.S. Estimated Fluid Milk Sales - million lbs.

2021	3,872	3,584	3,925	3,718	3,637	3,389	3,473	3,601	3,669	3,762	3,799	3,912	22,125
2022	3,808	3,476	3,792	3,639	3,577	3,331	3,298	3,631	3,581	3,678	3,693	3,767	21,623
2023	3,786	3,367	3,765	3,397	3,585	3,288							21,188
% change	**-0.6%**	**-3.1%**	**-0.7%**	**-6.7%**	**0.2%**	**-1.3%**							**-2.0%**

Southeast Federal Orders' Class I Utilization %

	J	F	M	A	M	J	J	A	S	O	N	D	Avg.
Florida													
2021	79%	82%	84%	81%	79%	81%	86%	81%	83%	83%	85%	84%	82%
2022	83%	82%	83%	84%	79%	81%	81%	84%	85%	85%	84%	86%	83%
2023	83%	83%	82%	82%	82%	82%	81%						82%
Southeast													
2021	68%	71%	62%	63%	64%	65%	68%	72%	71%	68%	71%	70%	68%
2022	77%	77%	77%	63%	63%	62%	70%	78%	83%	78%	74%	72%	73%
2023	74%	69%	74%	64%	71%	71%	72%						71%
Appalachian													
2021	71%	72%	68%	69%	67%	66%	69%	72%	74%	73%	77%	73%	71%
2022	72%	71%	68%	68%	66%	66%	68%	73%	73%	72%	76%	72%	70%
2023	72%	71%	69%	67%	70%	67%	67%						69%

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U.S. Milk Production - Million lbs.	J	F	M	A	M	J	J	A	S	O	N	D	YTD Total
2021	19,365	17,685	19,797	19,350	19,855	18,942	19,097	18,721	18,018	18,623	18,015	18,790	134,091
2022	19,050	17,540	19,715	19,147	19,763	18,920	19,180	19,016	18,242	18,809	18,184	18,904	133,315
2023	19,305	17,726	19,821	19,232	19,884	18,953	19,075						133,996
% change	**1.3%**	**1.1%**	**0.5%**	**0.4%**	**0.6%**	**0.2%**	**-0.5%**						**0.5%**

U.S. Dairy Cows - 1,000 head	J	F	M	A	M	J	J	A	S	O	N	D	YTD Total
2021	9,450	9,466	9,482	9,500	9,507	9,501	9,483	9,438	9,405	9,387	9,382	9,373	9,448
2022	9,367	9,380	9,404	9,404	9,419	9,413	9,413	9,406	9,406	9,412	9,404	9,396	9,402
2023	9,405	9,429	9,446	9,430	9,430	9,403	9,400						
Change	**38**	**49**	**42**	**26**	**11**	**-10**	**-13**						

Florida Milk Production - Million lbs.	J	F	M	A	M	J	J	A	S	O	N	D	YTD Total
2021	199	183	205	199	194	186	175	163	155	163	167	181	1,341
2022	185	166	183	175	180	162	154	147	133	146	145	158	1,205
2023	159	156	175	166	171	161	153						1,141
Change %	**-14.1%**	**-6.0%**	**-4.4%**	**-5.1%**	**-5.0%**	**-0.6%**	**-0.6%**						**-5.3%**
Georgia Milk Production - Million lbs.													
2021	156	143	163	157	155	150	146	142	137	146	145	158	1,070
2022	174	162	183	176	177	166	167	163	156	167	162	175	1,205
2023	183	169	188	180	181	172	173						1,246
Change %	**5.2%**	**4.3%**	**2.7%**	**2.3%**	**2.3%**	**3.6%**	**3.6%**						**3.4%**
Virginia Milk Production - Million lbs.													
2021	130	118	133	129	130	121	120	117	114	119	117	123	881
2022	125	115	128	126	127	116	117	116	111	115	113	115	854
2023	121	112	125	121	124	117	118						838
Change %	**-3.2%**	**-2.6%**	**-2.3%**	**-4.0%**	**-2.4%**	**0.9%**	**0.9%**						**-1.9%**
Total above Three States* Milk Production - Million lbs.													
2021	485	444	501	485	479	457	441	422	406	428	429	462	3,292
2022	484	443	494	477	484	444	438	426	400	428	420	448	3,264
2023	463	437	488	467	476	450	444						3,225
Change %	**-4.3%**	**-1.4%**	**-1.2%**	**-2.1%**	**-1.7%**	**1.4%**	**1.4%**						**-1.2%**

* Florida, Georgia, and Virginia account for about two-thirds of the Southeastern States Milk Production
These are the only three Southeast states for which USDA reports monthly milk production.