

OVERVIEW

In a near-reversal of usual domestic consumption patterns, U.S. fluid milk sales during the first four months of this year were up by almost 100 million pounds over a year ago, or 0.7 percent on a leap year adjusted basis, while domestic consumption of most other major dairy products was lower, except for yogurt and non-American types of cheese. The United States exported 8.7 percent of its total cheese production during February-April, an all-time high for this measure over a three-month period, or even for a single month.

April U.S. milk production was 0.4 percent below April 2023 production, the tenth consecutive month of below year-ago milk production, on a leap year-adjusted basis. Rapid increases in the price of cheese during May largely powered a \$3.05/cwt jump in the May Class III price from the month before.

All subsequent references to percentage or actual changes in quantities over periods that include this February are adjusted for the leap year.

COMMERCIAL USE OF DAIRY PRODUCTS

U.S. fluid milk sales have been strong during the first four months of this year, above a year ago during January, February and April. April sales were almost 200 million pounds, or 5.9%, above April 2023, and sales for the first four months were up over a year ago by 96 million

pounds. Domestic consumption of most other dairy products, as well as the aggregate milk equivalent measures, were lower, except for yogurt and non-American types of cheese.

DOMESTIC COMMERCIAL USE	FEB-APR 2024	FEB-APR 2023	2023-2024 CHANGE	PERCENT CHANGE*
	(million pounds)			
Total Fluid Milk Products	10,654	10,529	125	0.1%
Yogurt	1,249	1,192	57	3.6%
Butter	522	535	-13	-3.6%
American-type Cheese	1,344	1,387	-43	-4.1%
All Other Cheese	1,974	1,923	51	1.5%
Total Cheese	3,318	3,310	8	-0.9%
Dry Skim Milk	102	236	-134	-57.3%
All Products (milk equiv., milkfat basis)	53,257	53,651	-393	-1.8%
All Products (milk equiv., skim solids basis)	44,732	44,752	-19	-1.1%
All Products (milk equiv., total solids basis)	47,457	47,556	-99	-1.3%

*Adjusted for Leap Year



U.S. DAIRY TRADE

Non-American types of cheese were a standout in an otherwise mostly soft export picture during February-April, just as they were in domestic sales. But exports of American cheese types, mostly cheddar, were considerably better compared to a year ago during the period than they were during the first quarter, when they were mostly flat. The higher-protein whey products have been up by well into the double-digit percentages so far this year. The United States exported 8.7 percent of its total cheese production during February-April. This figure has not been exceeded by even a single previous month, with June 2022

coming closest, at 8.3 percent. Growing its cheese exports is a key to growing U.S. total dairy exports beyond the current 2022 record of 18 percent of domestic milk solids production.

Milk protein concentrate and butter imports have grown by double-digit percentages over the past two years while cheese imports have grown moderately and casein imports have declined moderately. Total U.S. dairy imports have exceeded the equivalent of 4 percent of total U.S. milk solids production, and by small amounts, during only four months over the past 15 years.

U.S. DAIRY EXPORTS	FEB-APR 2024	FEB-APR 2023	2023-2024 CHANGE	PERCENT CHANGE*
	(metric tons)			
Butter	7,121	9,441	-2,319	-25%
Anhydrous Milk Fat/Butteroil	1,507	1,192	314	25%
American-type Cheese	25,172	18,729	6,443	33%
Cheddar Cheese	25,042	18,628	6,414	33%
All Other Cheese	114,469	92,198	22,271	23%
Total Cheese	139,641	110,927	28,714	24%
Dry Skim Milk	196,326	207,805	-11,479	-7%
Whole Milk Powder	6,833	7,216	-382	-6%
Dry Whey	48,175	53,062	-4,887	-10%
Whey Protein Concentrate/Isolate	65,489	53,952	11,536	20%
Lactose	104,780	115,263	-10,484	-10%
Percent of U.S. Milk Solids Exported	16.8%	16.9%	-0.2%	-1%

*Adjusted for Leap Year



U.S. DAIRY IMPORTS	FEB-APR 2024	FEB-APR 2023	2023-2024 CHANGE	PERCENT CHANGE*
	(metric tons)			
Butter	15,992	14,766	1,226	7%
Cheese	50,223	42,272	7,952	17%
Dry Skim Milk	60	265	-205	-78%
MPC (all protein levels)	14,241	12,461	1,781	13%
Casein	15,892	19,099	-3,207	-18%
Percent of U.S. Milk Solids Imported	3.6%	3.3%	0.3%	8%

*Adjusted for Leap Year

MILK PRODUCTION

USDA preliminarily reported April U.S. milk production at 0.4 percent below April 2023 production, the tenth consecutive month of below year-ago milk production. At the state level, only 11 of the 24 states for which monthly milk production is reported have increased production in April and only 2 of them, Florida and South Dakota, have done so by more than about 3.5 percent.

The national milking cow herd was 74,000 cows smaller this past April than it was a year earlier. Particularly rapid growth in the solids composition of the U.S. milk supply in recent months has given rise to a very wide spread in the annual rates of growth in liquid milk production versus skim solids, total milk solids and milkfat production.

MILK PRODUCTION	FEB-APR 2024	FEB-APR 2023	2023-2024 CHANGE	PERCENT CHANGE*
Milk Production				
Cows (1,000 head)	9,343	9,422	-79	-0.8%
Per Cow (pounds)	6,102	6,021	81	0.2%
Total Milk (million pounds)	57,011	56,733	278	-0.6%
Total Milk Solids (million pounds)	7,622	7,507	115	0.4%
Total Skim Milk Solids (million pounds)	5,186	5,142	44	-0.3%
Total Milkfat (million pounds)	2,436	2,365	71	1.8%
	*Adjusted for Leap Year			
Milk Solids Composition of Milk (percent)	13.4%	13.2%	0.1%	1.0%
Skim Solids Composition of Milk (percent)	9.1%	9.1%	0.0%	0.4%
Milkfat Composition of Milk (percent)	4.3%	4.2%	0.1%	2.5%



DAIRY PRODUCTS

Total cheese production was essentially unchanged from a year ago during February-April. Lower volumes of American-type cheese was just slightly more than offset

by greater volumes of Italian and other types. Significant declines in both domestic use and exports of dry skim milk products was reflected in lower production of them.

DAIRY PRODUCTS PRODUCTION	FEB-APR 2024	FEB-APR 2023	2023-2024 CHANGE	PERCENT CHANGE*
Cheese	(million pounds)			
American Types	1,404	1,451	-47	-4.3%
Cheddar	978	1,036	-59	-6.7%
Italian Types	1,499	1,431	68	3.6%
Mozzarella	1,185	1,123	62	4.3%
Total Cheese	3,550	3,506	44	0.1%
Butter	616	591	25	3.2%
Dry Milk Products				
Nonfat Dry Milk	504	575	-71	-13.3%
Skim Milk Powder	101	142	-41	-29.8%
Dry Whey	233	224	10	3.2%
Whey Protein Concentrate	122	124	-2	-2.5%

*Adjusted for Leap Year

DAIRY PRODUCT INVENTORIES

Stocks of total cheese in cold storage were little changed from a month and a year earlier at the end of April. April-ending butter stocks showed somewhat larger gains in both senses than their respective averages over the previous ten

years. Lower production of dry skim milk was outpaced by still lower exports and domestic use, causing stocks to build from March to April.

DAIRY PRODUCT INVENTORIES	APR 2024	MAR 2024	APR 2023	2023-2024 CHANGE
	(million pounds)			
Butter	361	317	332	9%
American Cheese	839	829	842	0%
Other Cheese	620	625	627	-1%
Dry Skim Milk	288	241	304	-5%
Dry Whey	73	81	79	-8%



DAIRY PRODUCT AND FEDERAL ORDER CLASS PRICES

The monthly Federal Order price for butter rose above \$3/lb in May, as the last four of the five weekly NDPSR survey prices that were averaged to determine the May price were above that level. The weekly block and barrel cheese prices both rose sharply and steadily through the month, resulting in a \$0.29/lb monthly jump for blocks and a \$0.35/lb one for barrels, and which put barrels 9 cents a pound over blocks for the month. Those cheese price moves largely powered a \$3.05/cwt jump in the May Class III price from the month before, which narrowed the gap between Class

III and Class IV prices, from \$4.61/cwt in April to \$1.95/cwt in May.

While continued high consumer prices continue to dominate news reports, retail dairy product prices continue to ease down. The aggregate Consumer Price Index (CPI) for dairy and related products was 2 percent lower in May than its high point in February 2023, while the aggregate CPI for all food and beverages rose by 2.7 percent over the same period. The latter index has set new records every month except one since December 2020.

DAIRY PRODUCT AND FEDERAL ORDER PRICES	MAY 2024	APR 2024	MAY 2023	2023-2024 CHANGE
NDPSR Dairy Product Prices (per pound)				
Butter	\$3.032	\$2.922	\$2.448	\$0.583
Cheddar Cheese	\$1.871	\$1.548	\$1.660	\$0.211
40-Pound Blocks	\$1.806	\$1.517	\$1.728	\$0.079
500-Pound Barrels	\$1.895	\$1.545	\$1.572	\$0.324
Nonfat Dry Milk	\$1.142	\$1.151	\$1.151	-\$0.008
Dry Whey	\$0.411	\$0.429	\$0.381	\$0.030
Federal Order Class Prices for Milk (per hundredweight)				
Class I Base	\$18.46	\$19.18	\$19.57	-\$1.11
Class II	\$21.50	\$21.23	\$19.11	\$2.39
Class III	\$18.55	\$15.50	\$16.11	\$2.44
Class IV	\$20.50	\$20.11	\$18.10	\$2.40
Retail Dairy Product Prices				
Fluid Whole Milk (per gallon)	\$3.864	\$3.868	\$4.042	-\$0.178
Lowfat Fluid Milk (per gallon)	\$3.543	\$3.622	\$3.715	-\$0.172
Cheddar Cheese (per pound)	\$5.551	\$5.510	\$5.841	-\$0.290
Butter (per pound)	\$4.589	\$4.629	\$4.549	\$0.040

MILK AND FEED PRICES

The April DMC margin was down \$0.05/cwt from March to \$9.60/cwt, keeping it slightly above the maximum \$9.50/cwt maximum Tier 1 coverage level for the second month in a row. The April all milk price dropped from March by \$0.10/cwt to \$20.50/cwt, and the April DMC feed cost calculation

dropped by \$0.15/cwt, on a \$11/ton lower premium alfalfa hay price. Small changes in the corn and soybean meal prices offset each other on a per hundredweight of milk basis in the formula.



MILK AND FEED PRICES	APR 2024	MAR 2024	APR 2023	2023-2024 CHANGE
Producer Prices				
All Milk (per cwt.)	\$20.50	\$20.70	\$20.70	-\$0.20
Feed Prices				
Corn (per bushel)	\$4.39	\$4.36	\$6.70	-\$2.31
Soybean Meal (per ton)	\$358	\$362	\$457	-\$100
Premium Alfalfa Hay (per ton)	\$260	\$271	\$315	-\$55
Feed Prices (per cwt of milk)				
Corn	\$4.71	\$4.68	\$7.19	-\$2.48
Soybean Meal	\$2.63	\$2.66	\$3.36	-\$0.73
Premium Alfalfa Hay	\$3.56	\$3.71	\$4.32	-\$0.75
DMC Feed Cost* (per cwt.)	\$10.90	\$11.05	\$14.86	-\$3.96
DMC Margin* (per cwt.)	\$9.60	\$9.65	\$5.84	\$3.76

*DMC calculations are not revised

LOOKING AHEAD

In its monthly World Agricultural Supply and Demand Estimates (WASDE) report for June, USDA held its 2024 and 2025 U.S. milk production estimates unchanged from a month earlier after raising its 2024 estimate in May. It continues to project a 0.4 percent year-over-year gain in production this year and a 0.9 percent gain next year. The department's forecasts of 2024 average product and class prices as well as the all milk price are again below those from the futures markets at release time, but by smaller amounts than its May forecasts. That's less the case with its 2025 price forecasts, and it still foresees 2025 butter prices to come in well above futures prices. USDA

boosted its 2024 price forecast for cheddar cheese by 10 cents a pound from a month before and its 2025 cheddar forecast by 13 cents a pound. That's equivalent to more than a 16-cent a pound increase during the remaining seven months of this year. The department also predicted "strong demand for dairy products" to carry into 2025.

Mid-June forecasts indicate more definitively than a month earlier that the DMC margin will remain considerably above \$9.50/cwt for the remainder of 2024 and average at least \$1/cwt above its average in 2022 for the year, which would make it the highest annual average DMC margin in ten years.



Peter Vitaliano, National Milk Producers Federation
 pvitaliano@nmpf.org
 www.nmpf.org



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The **National Milk Producers Federation** (NMPF) develops and carries out policies that advance dairy producers and the cooperatives they own. NMPF's member cooperatives produce more than two-thirds of U.S. milk, making NMPF dairy's voice on Capitol Hill and with government agencies.