



Outlook for the U.S. Dairy Sector

Presented By

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World Agricultural Outlook Board, USDA

Market Conditions Facing U.S. Dairy Market in 2024

- **Milk Production is projected to continue growing, but at a lower rate**
- **Feed prices are projected to abate from the recent years' high levels**
- **Tighter global markets for dairy products**
- **Export demand is expected to compete with Domestic Use**
- **Competition between export and domestic demand expected to support U.S. milk prices**

Assumptions of the WASDE

- **Policies in Place**
- **Normal Weather Conditions**
- **Steadying Macroeconomic Conditions Relative to 2021-2023**

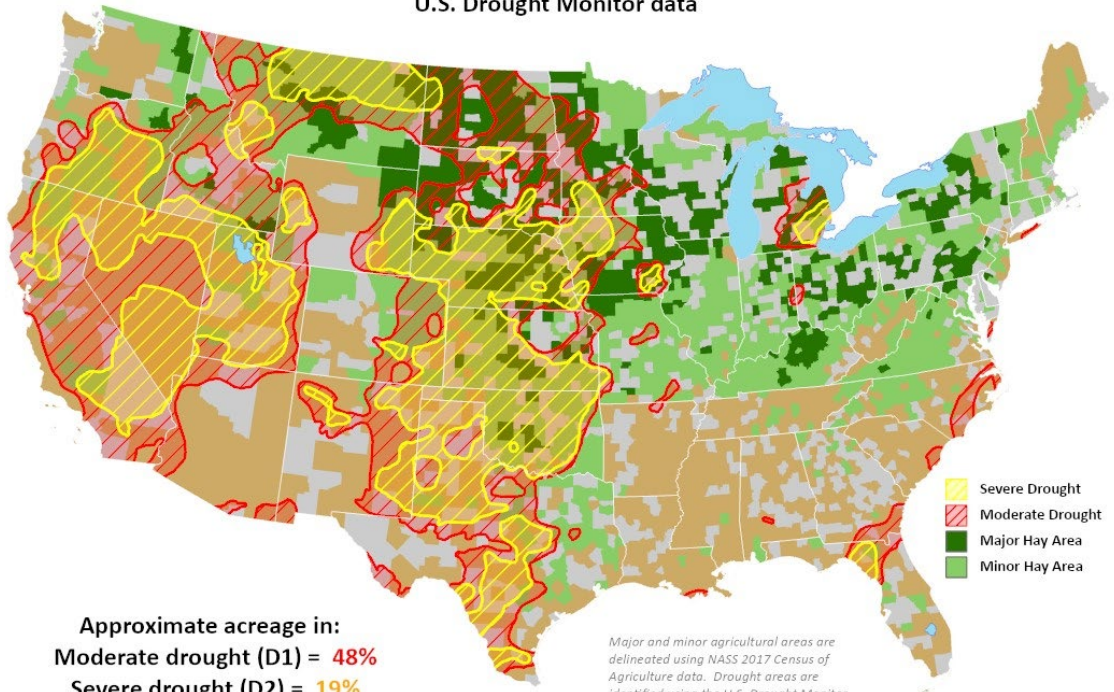
Drought Conditions Have Improved from Last Year



Dryland Alfalfa Areas in Drought

Reflects **January 31, 2023**
U.S. Drought Monitor data

This product was prepared by the
USDA Office of the Chief Economist (OCE)
World Agricultural Outlook Board (WAOB)



Approximate acreage in:
Moderate drought (D1) = **48%**
Severe drought (D2) = **19%**

Major and minor agricultural areas are delineated using NASS 2017 Census of Agriculture data. Drought areas are identified using the U.S. Drought Monitor product.

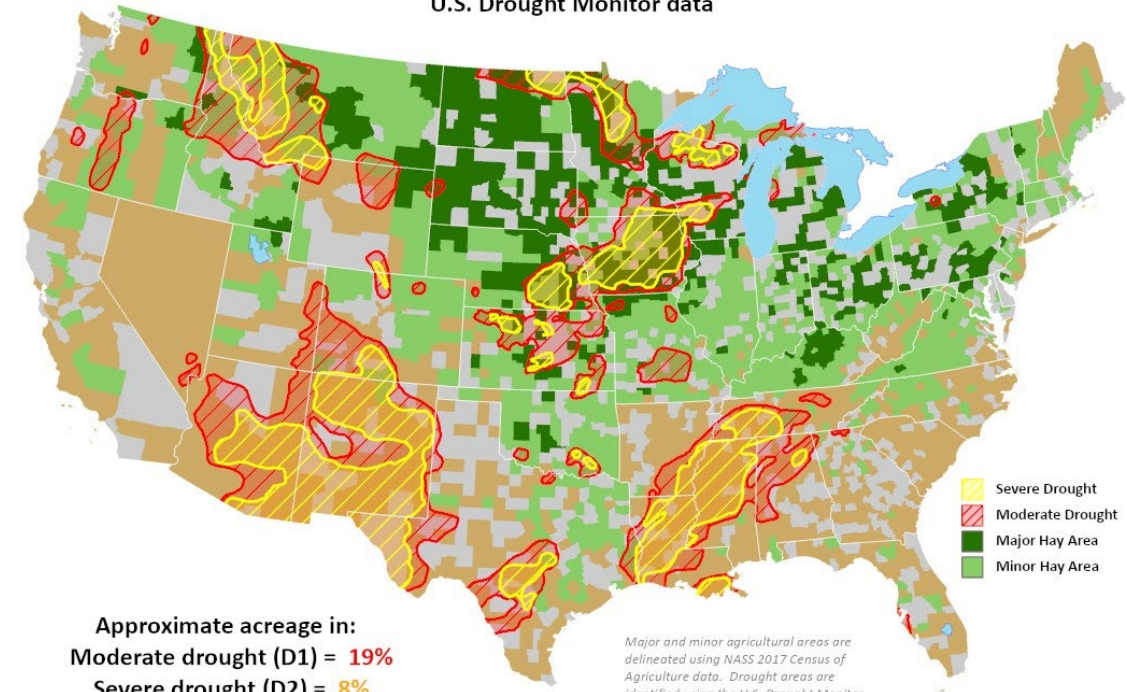
- Severe Drought
- Moderate Drought
- Major Hay Area
- Minor Hay Area



Dryland Alfalfa Areas in Drought

Reflects **January 30, 2024**
U.S. Drought Monitor data

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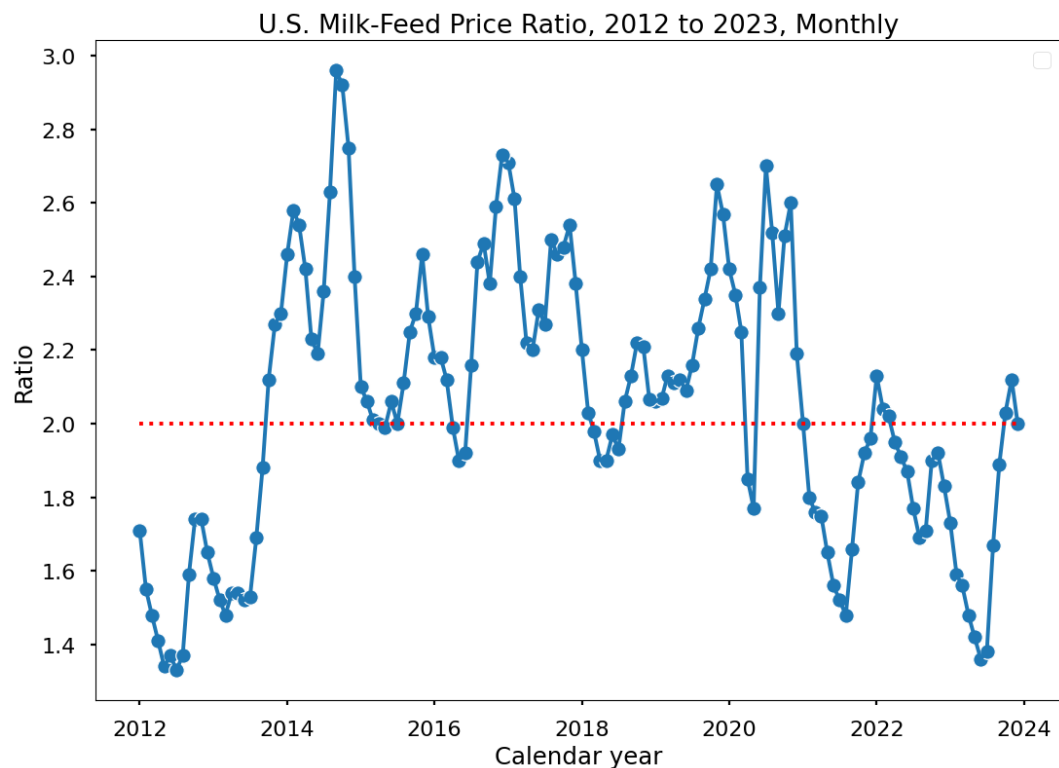
Approximate acreage in:
Moderate drought (D1) = **19%**
Severe drought (D2) = **8%**

Major and minor agricultural areas are delineated using NASS 2017 Census of Agriculture data. Drought areas are identified using the U.S. Drought Monitor product.

- Severe Drought
- Moderate Drought
- Major Hay Area
- Minor Hay Area

Feed Costs Expected to Ease After Several Years of High Prices

Milk-Feed Price Ratio

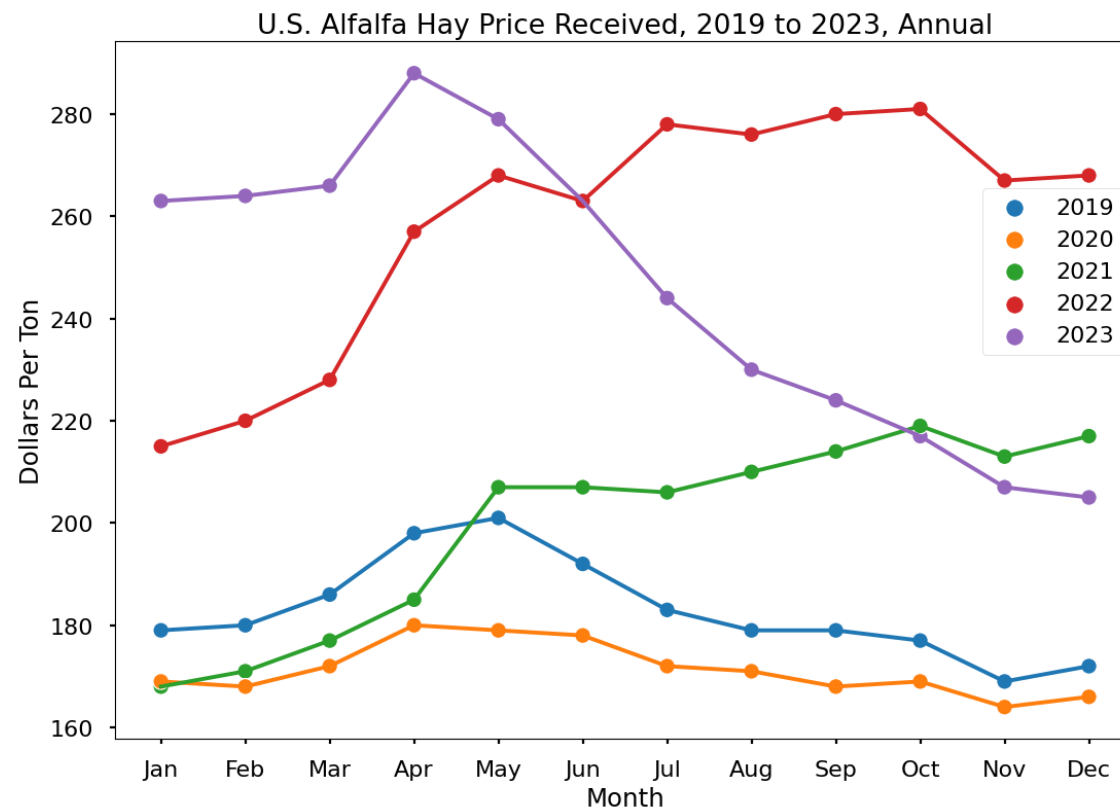
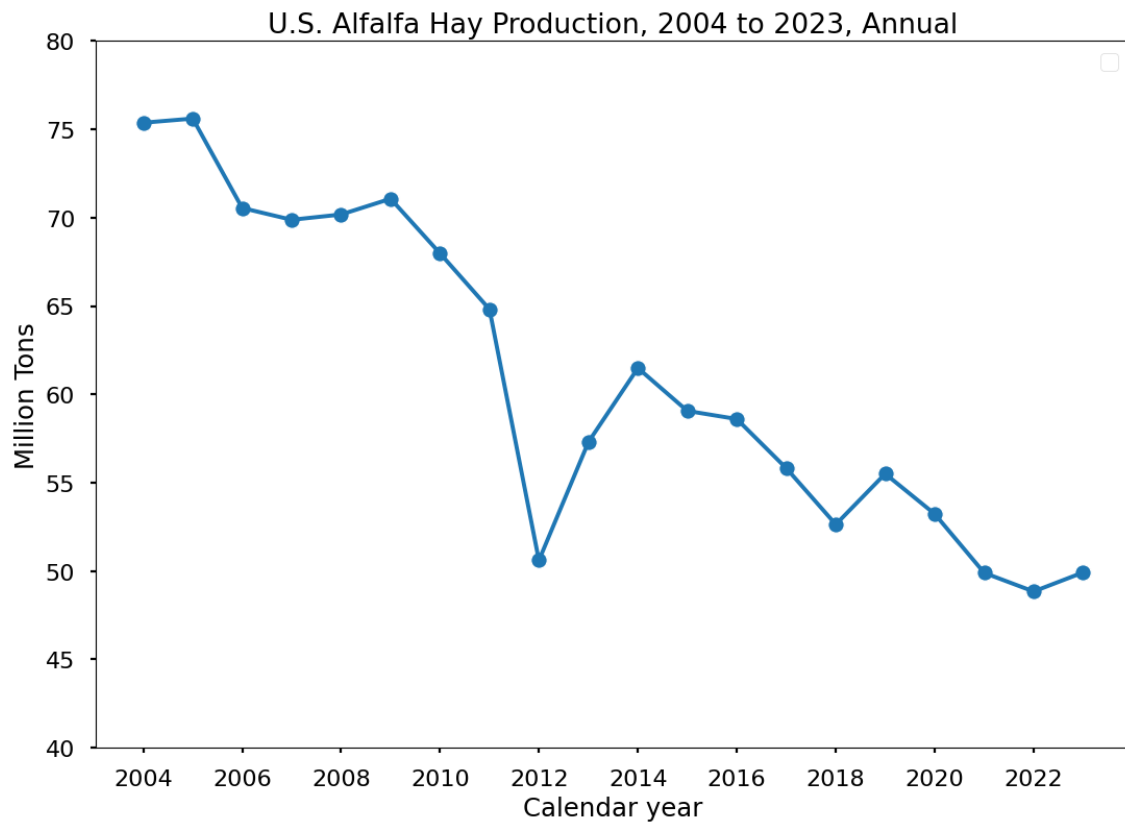


Feed Price Outlook

	2021/2022 MY	2022/23 MY	2023/24 MY
Corn (per bushel)	\$6.00	\$ 6.54	\$4.80
Soybean Meal (per short ton)	\$439.81	\$ 451.91	\$350
Alfalfa hay (per short ton)	\$216	\$273	--

Source: USDA/NASS, WAOB

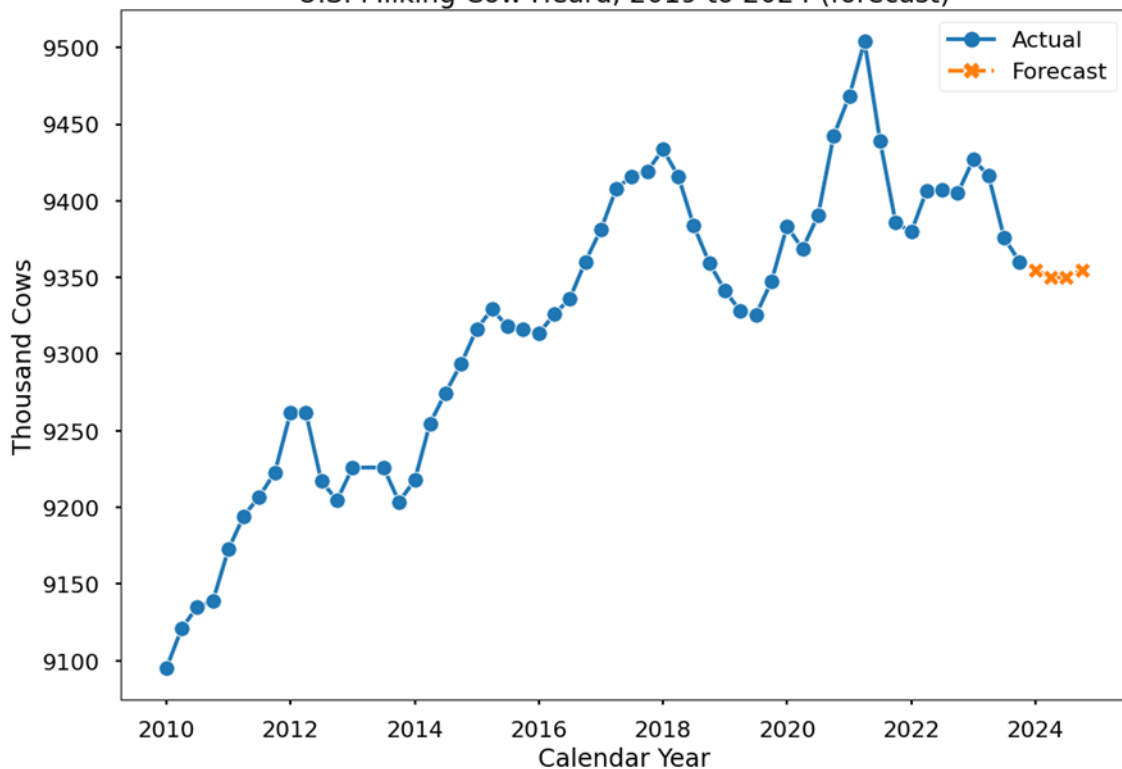
Alfalfa Production Rebounded, Still Relatively Tight Supplies



Source: USDA/NASS

Milking Cow Inventories Expected to Stabilize in 2024

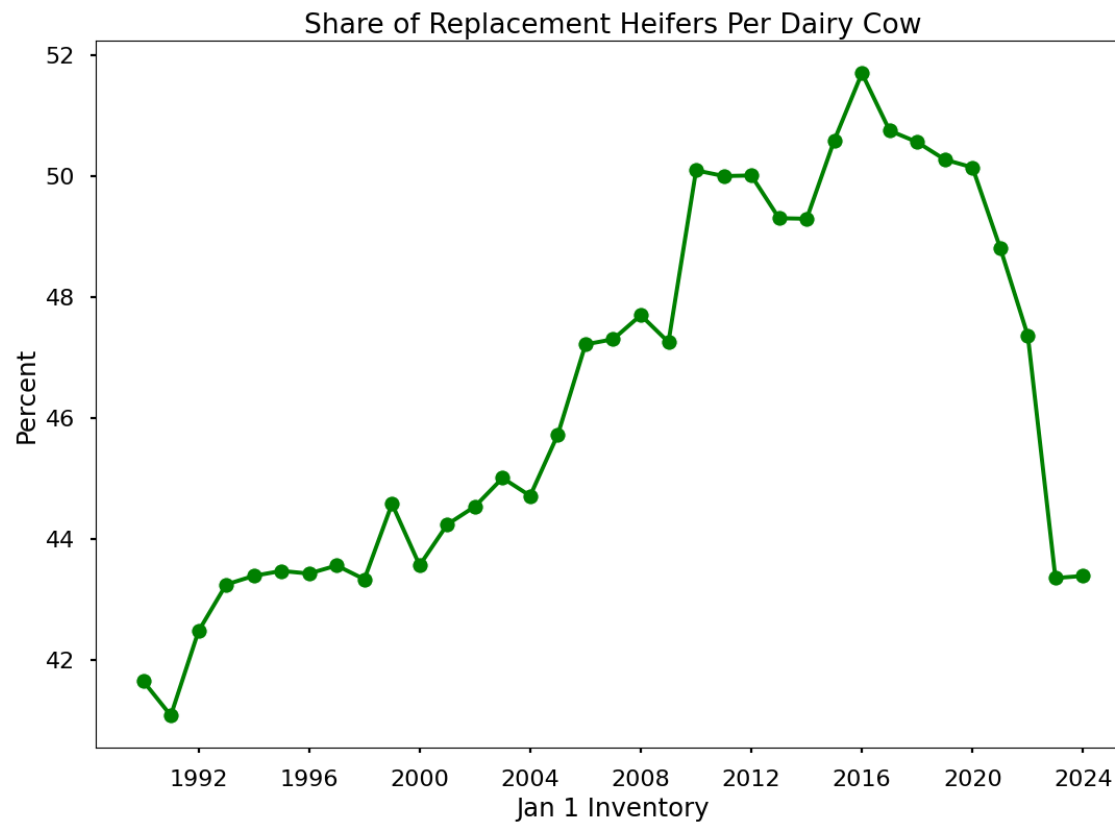
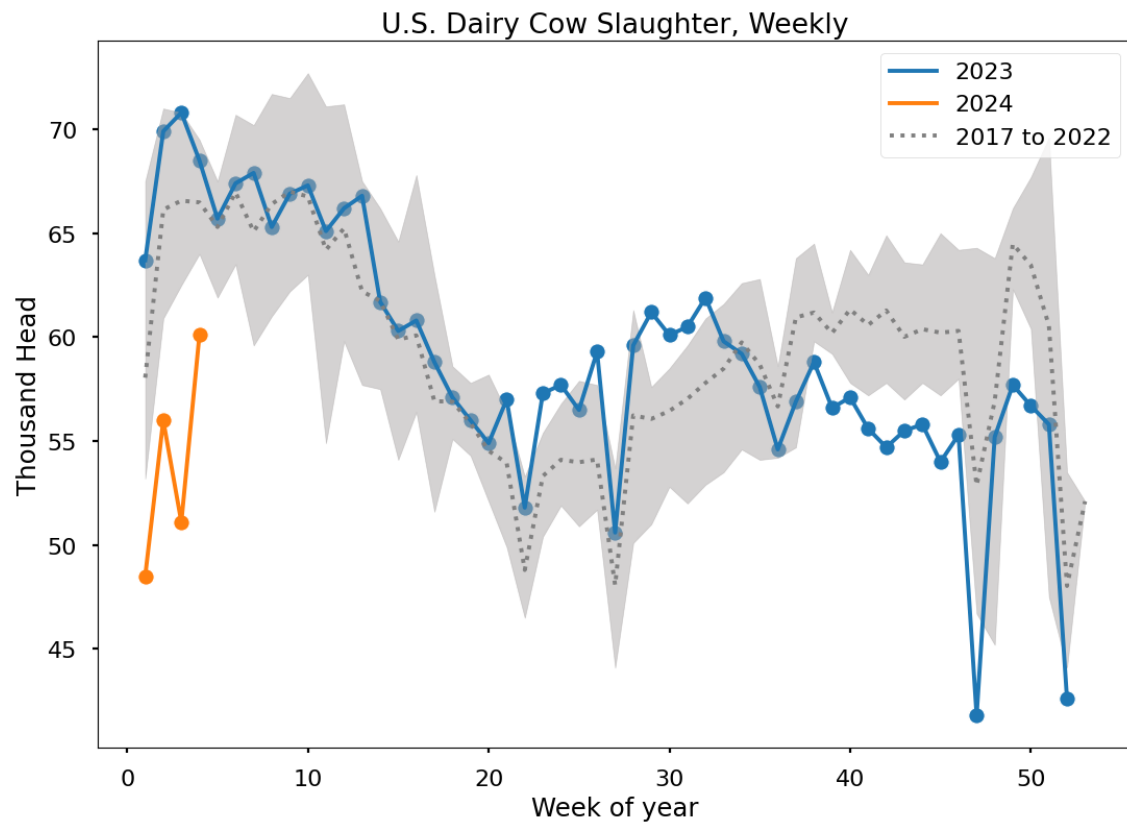
U.S. Milking Cow Heard, 2019 to 2024 (forecast)



Thousand Head	2022	2023	2024 (Proj.)
I	9,380	9,427	9,355
II	9,407	9,416	9,350
III	9,407	9,376	9,350
IV	9,405	9,360	9,355
Annual	9,400	9,395	9,355

Source: USDA/NASS, WAOB

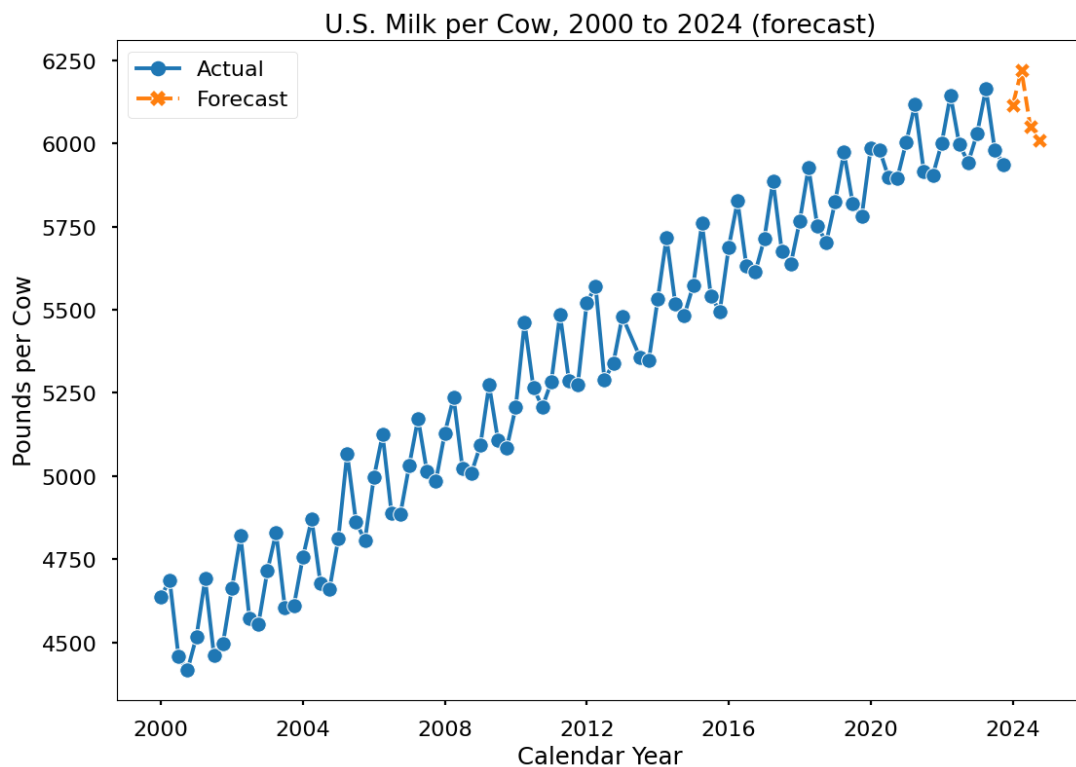
Dairy Cow Slaughter Has Slowed, But Small Heifer Replacement Pool Available



Source: USDA/NASS

Milk Output per Cow Is Growing, But at a Slower Rate

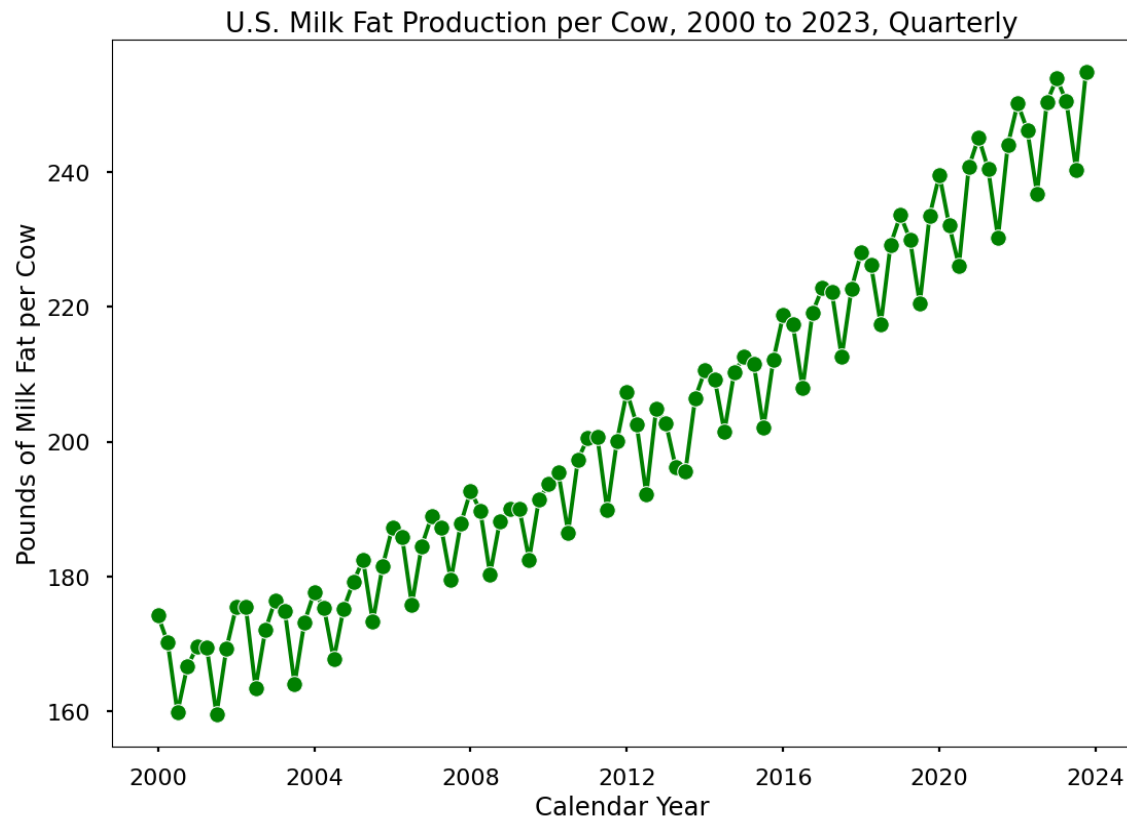
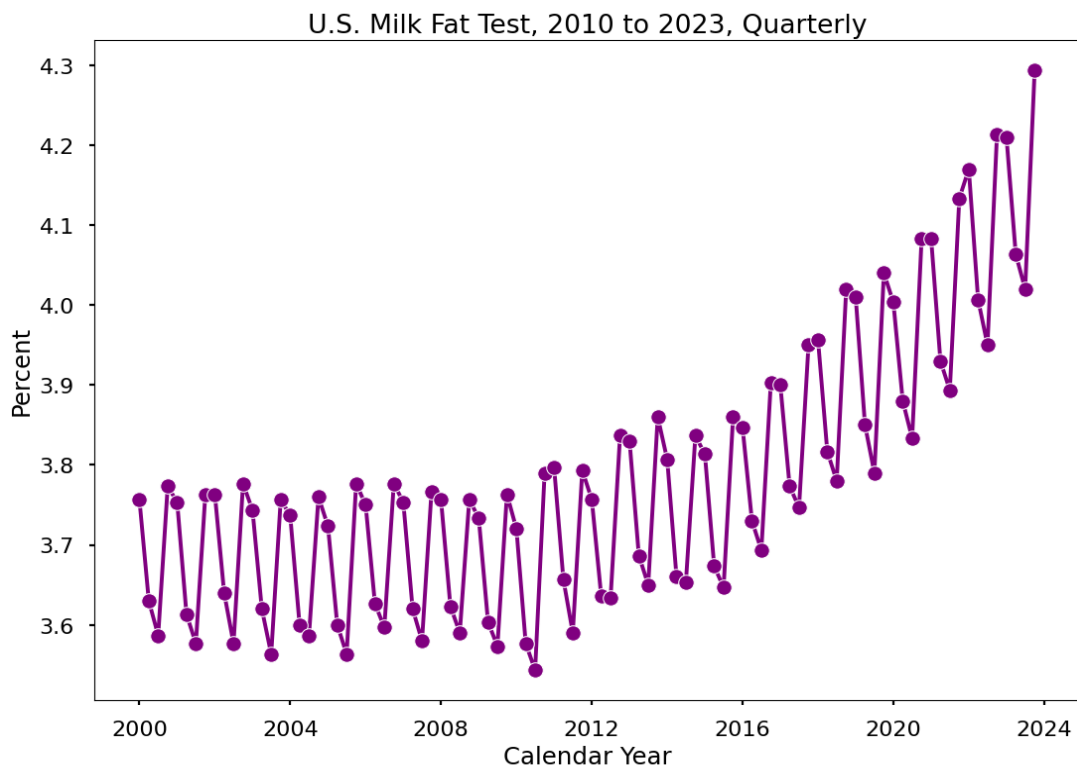
Milk Per Cow



	2022	2023	2024 (Proj.)	% Change
I	6,001	6,031	6,115	0.3
II	6,146	6,165	6,220	0.9
III	5,997	5,981	6,050	1.2
IV	5,943	5,936	6,010	1.2
Annual	24,087	24,115	24,395	0.9

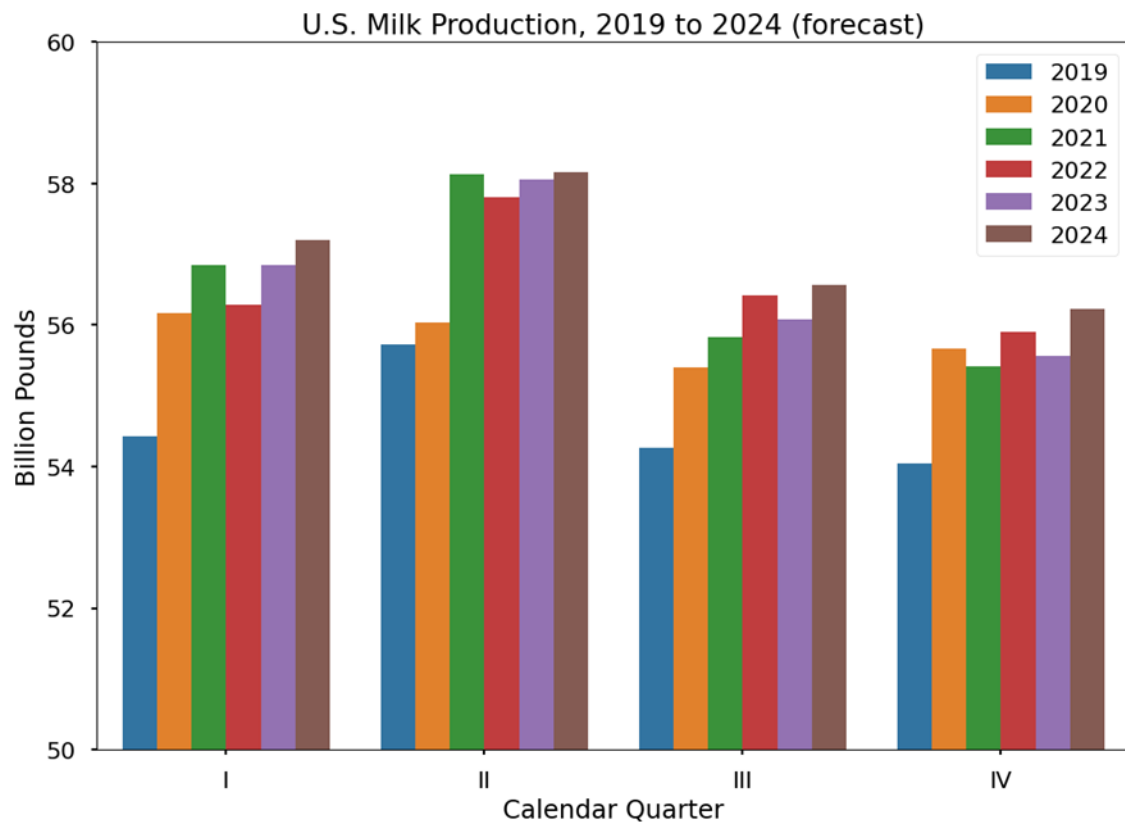
Source: USDA/NASS

Slower Milk Growth Offset by Higher Components



Source: USDA/NASS

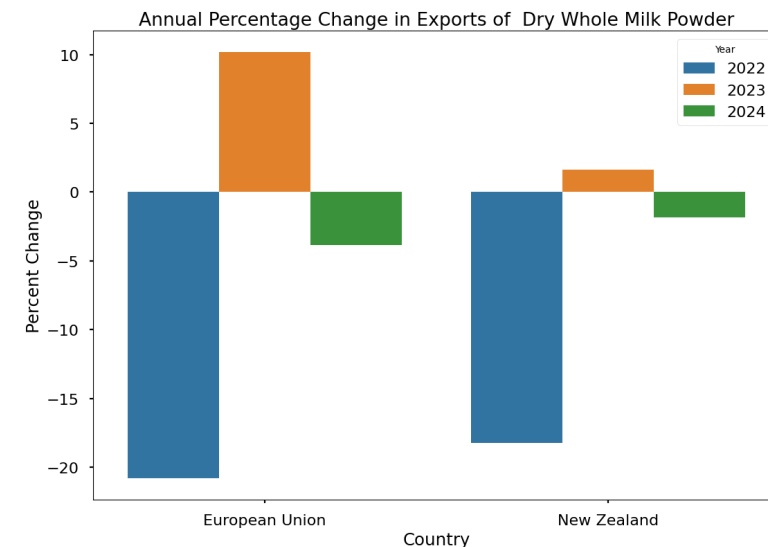
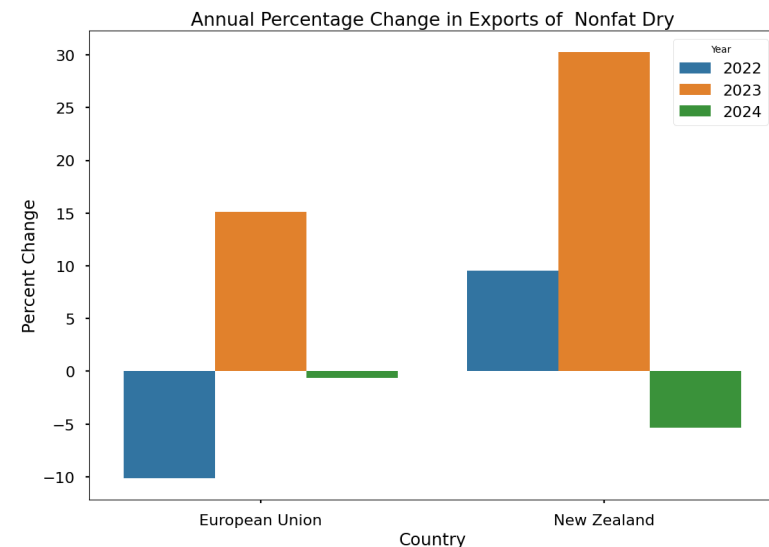
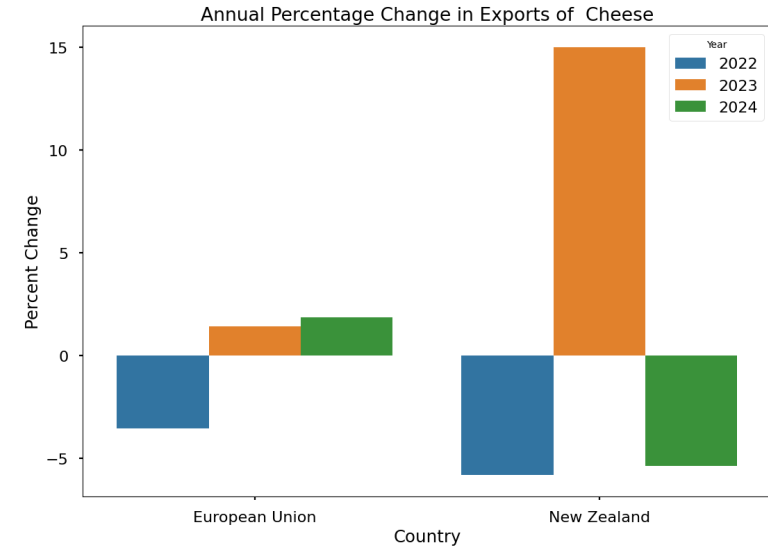
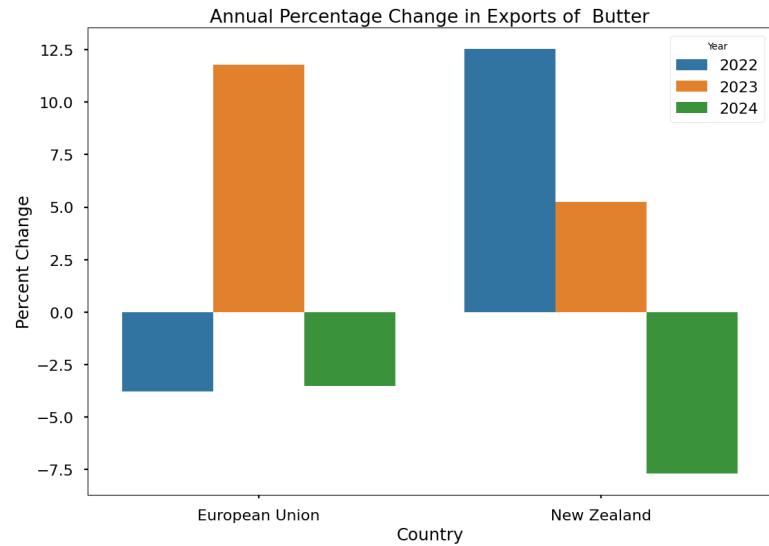
Milk Production Expected to be Higher in 2024



Billion Pounds	2022	2023	2024 (Proj.)	% Change
I	56.3	56.9	57.2	0.6
II	57.8	58.1	58.2	0.2
III	56.4	56.1	56.6	0.9
IV	55.9	55.6	56.2	1.2
Annual	226.4	226.6	228.2	0.7

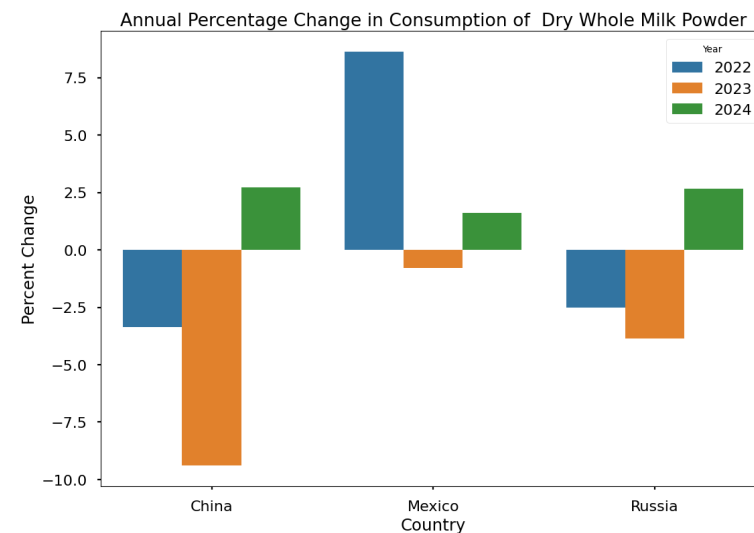
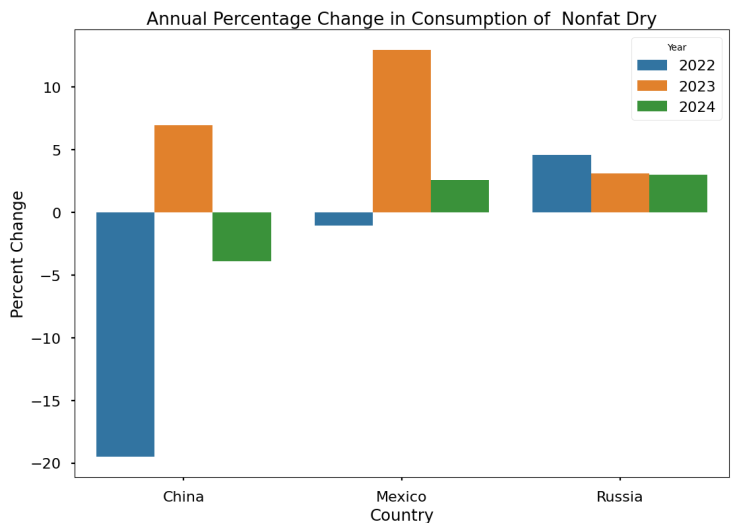
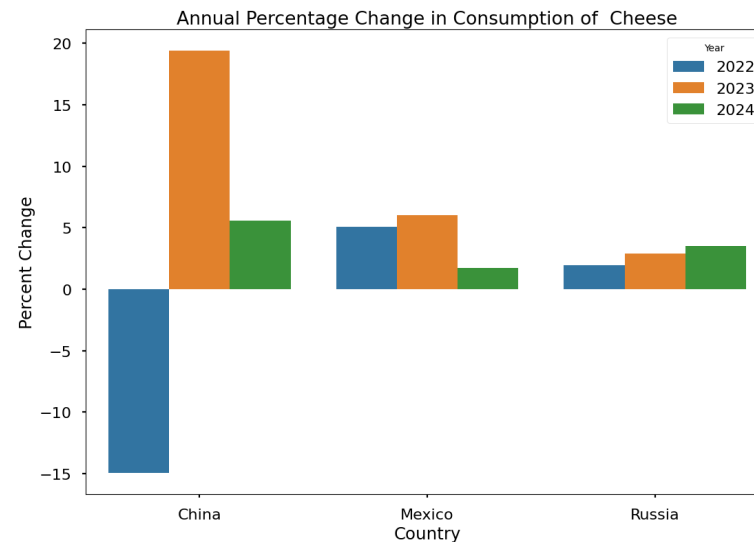
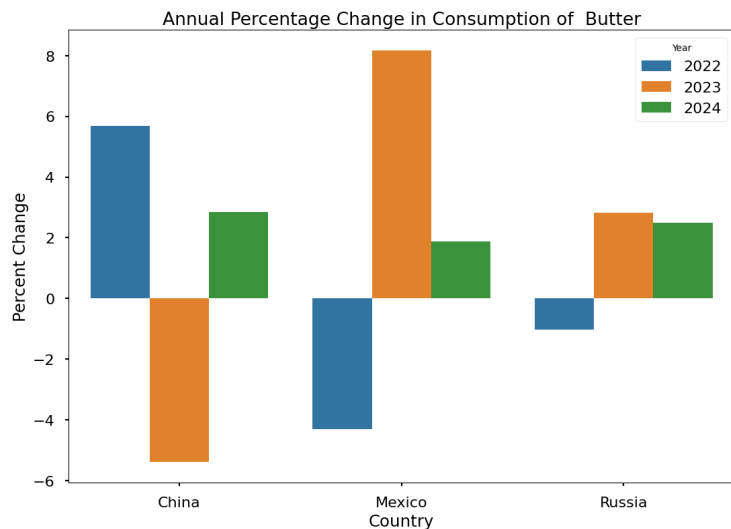
Source: USDA/NASS, WAOB

Global Exporters Are Expected To Ship Less Product in 2024



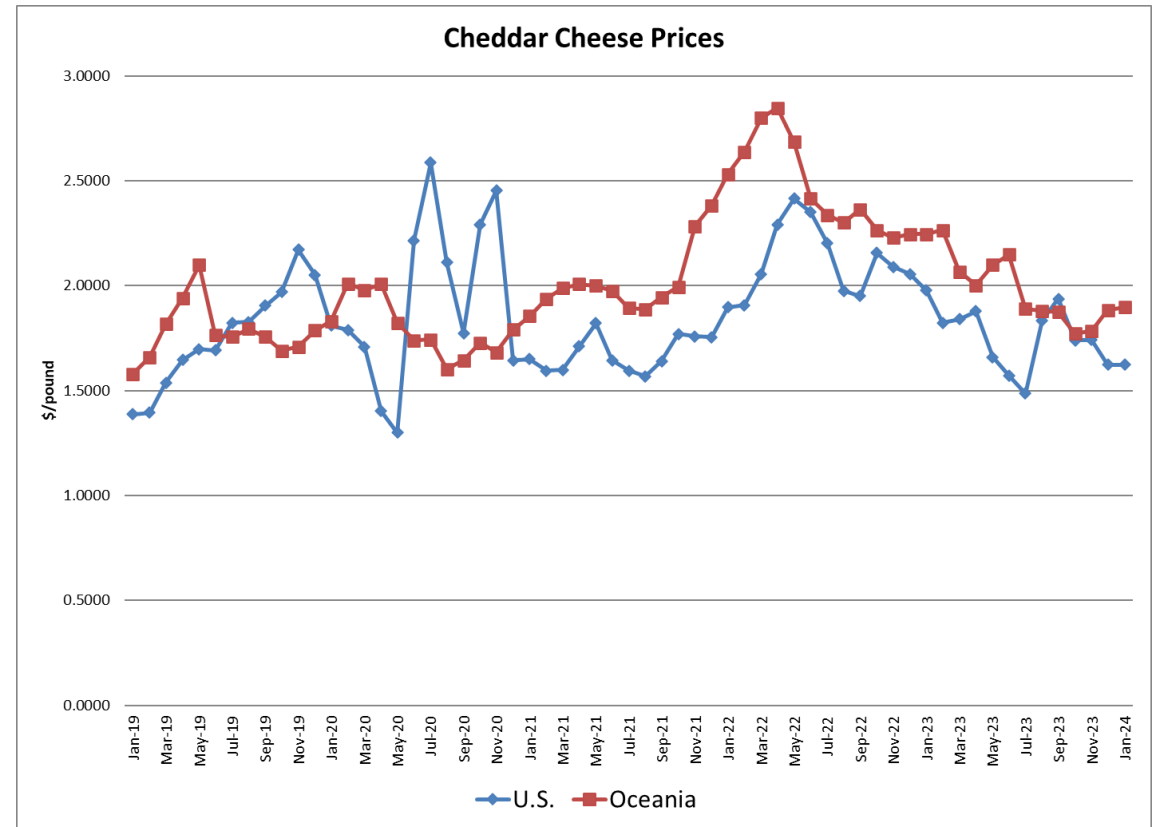
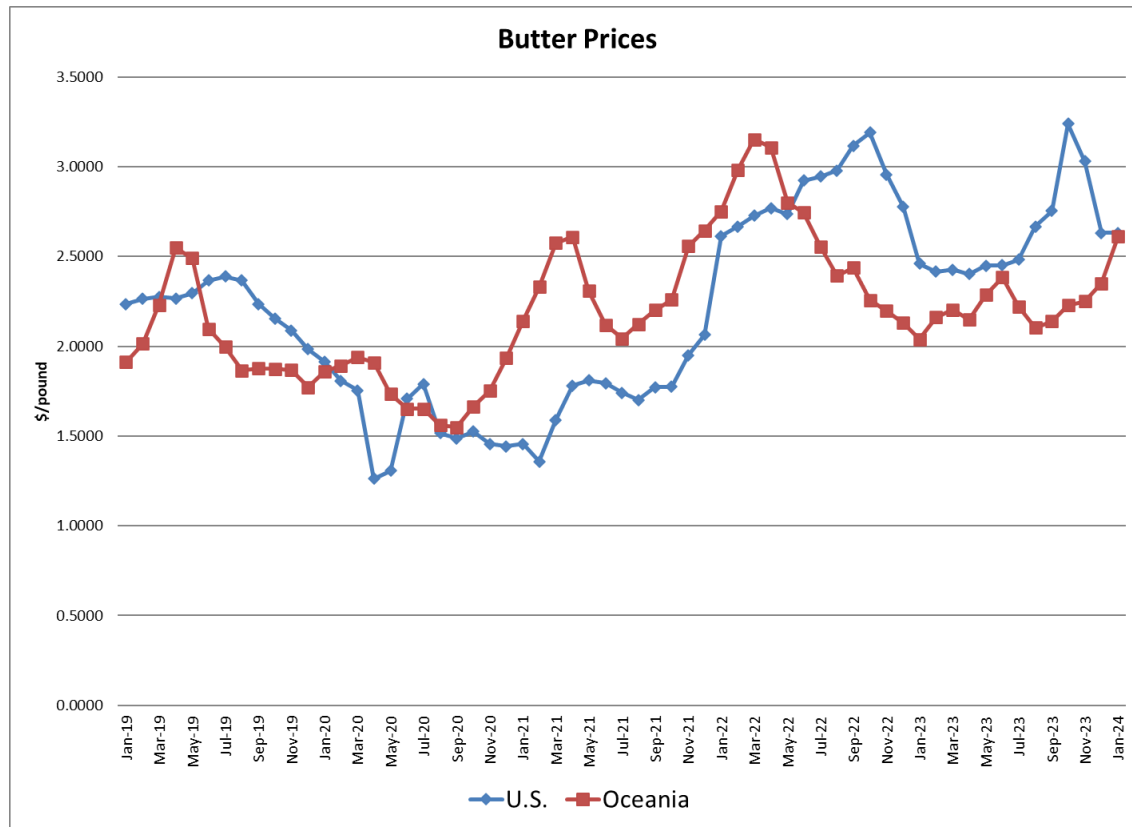
Source: USDA/FAS

International Demand is Expected to Remain Robust

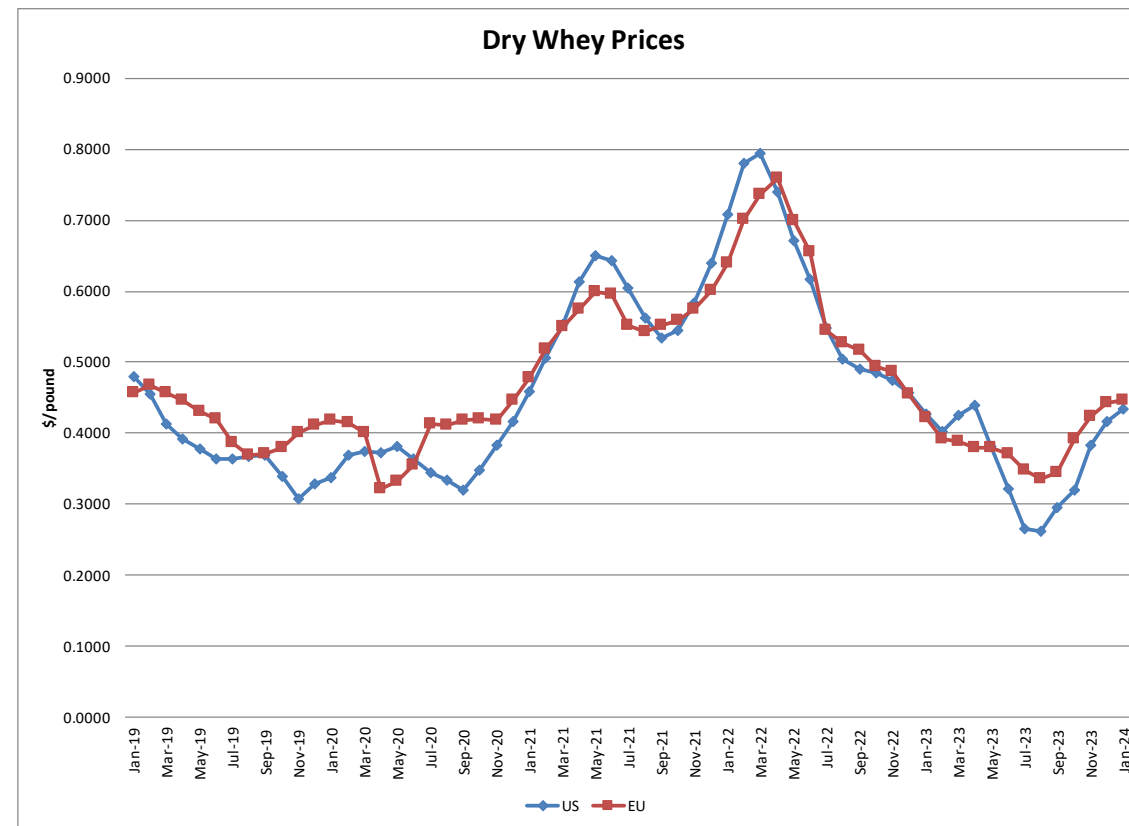
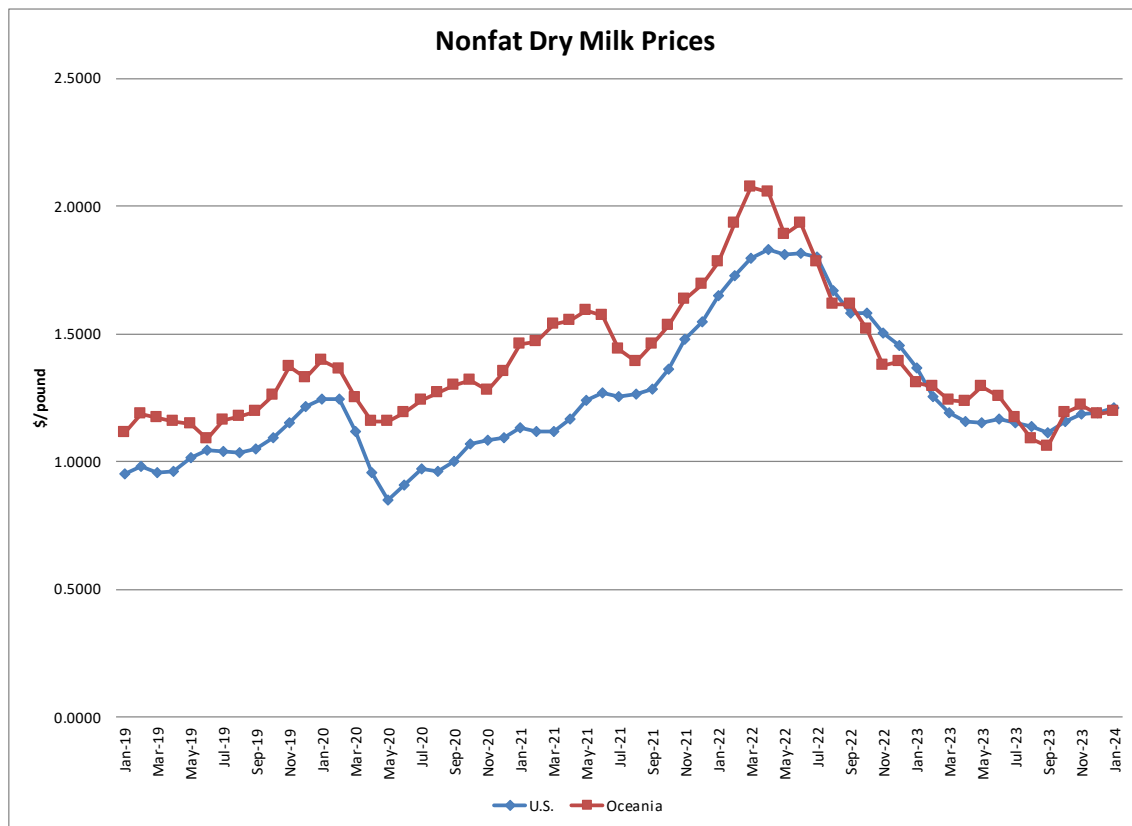


Source: USDA/FAS

U.S. Prices Competitive on International Market Despite Coming Off Recent Lows



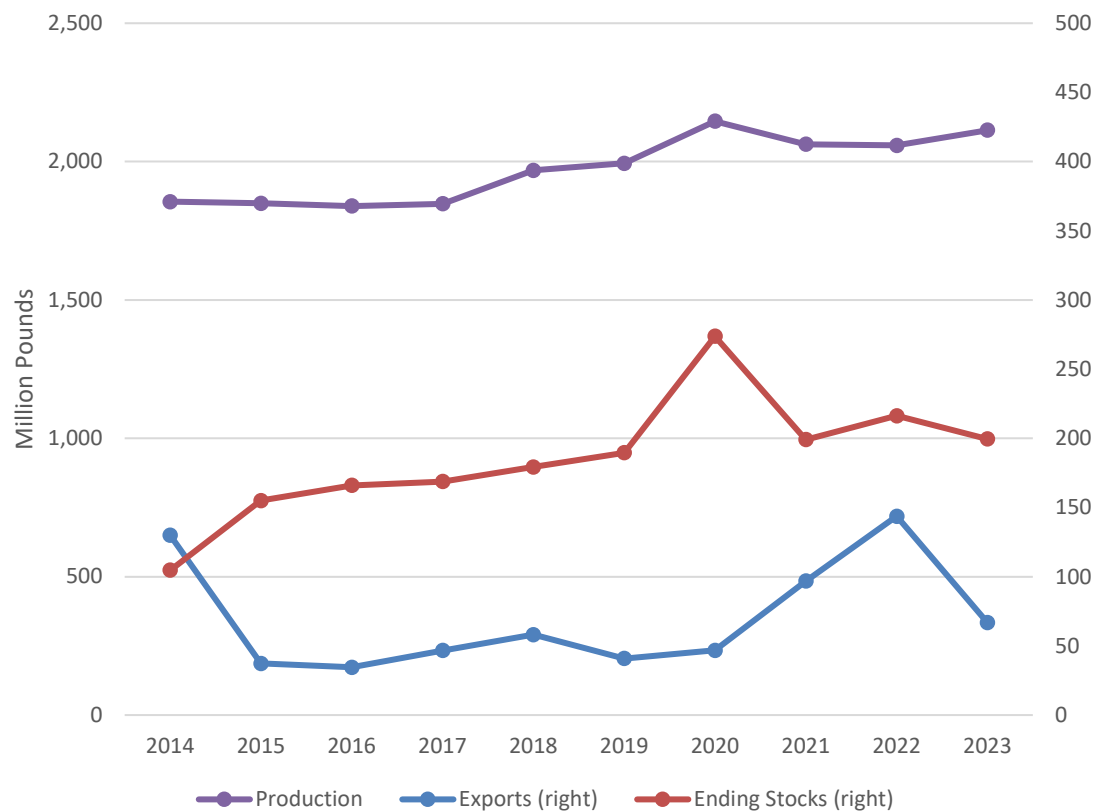
U.S. Prices Competitive on International Market Despite Coming Off Recent Lows (Continued)



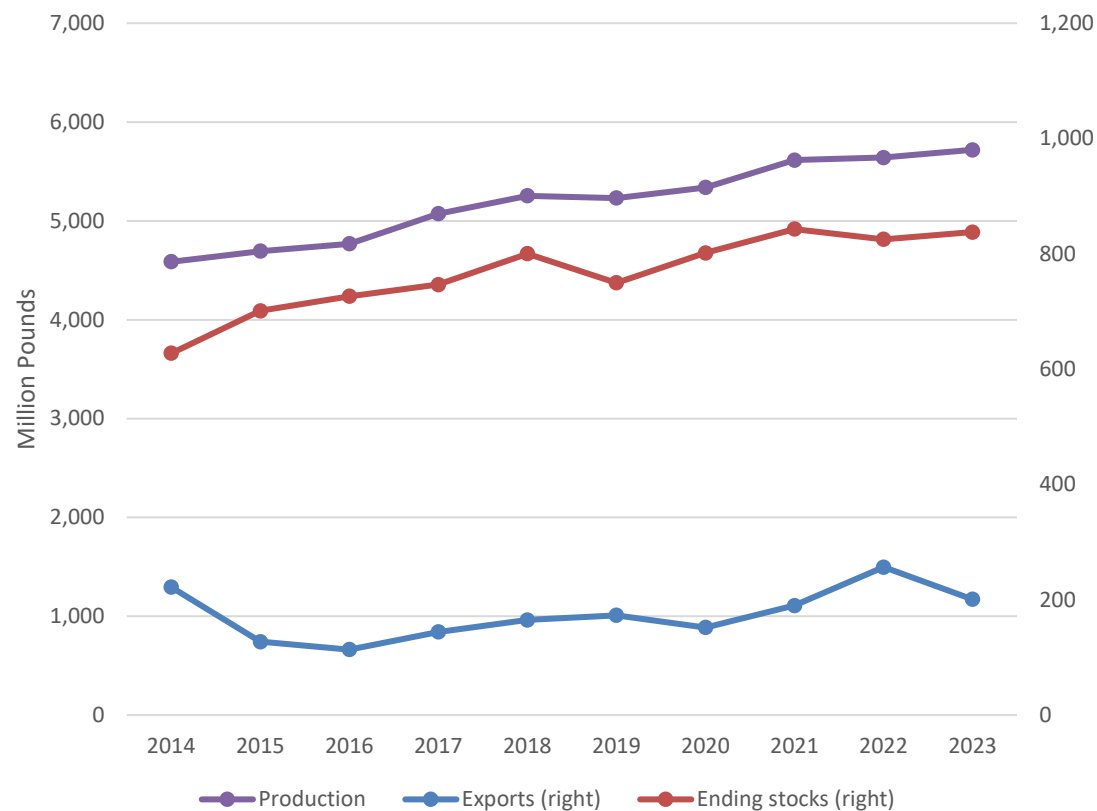
Source: USDA/AMS

Strong Domestic Demand for Butter Continues, But Ample Cheese Supplies at End of 2023

U.S. Butter Market



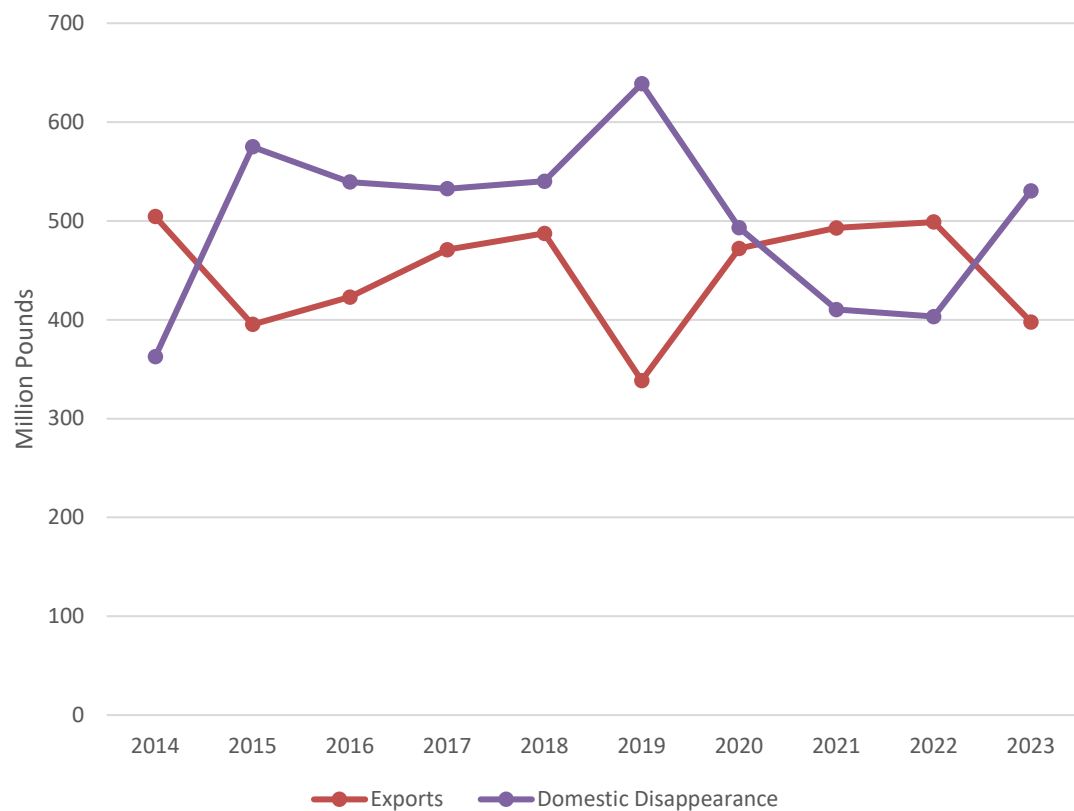
U.S. American-Style Cheese Market



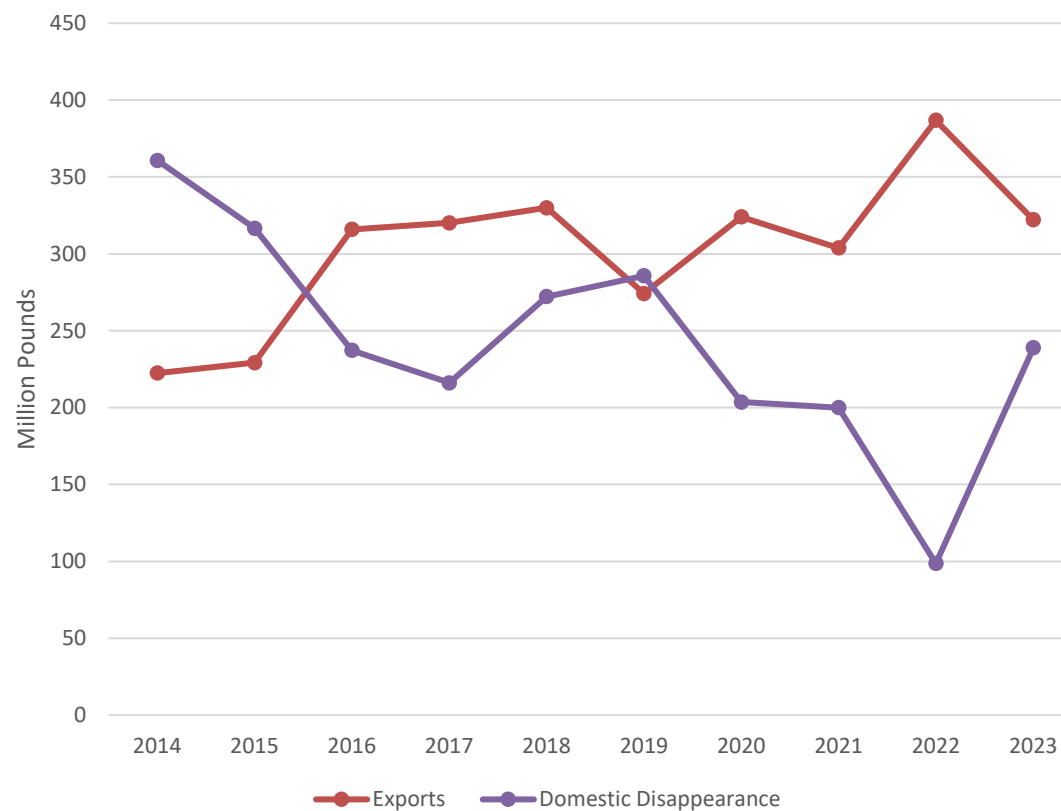
Source: USDA/ERS

Low Whey Prices Spurred Domestic Demand In 2023

U.S. Dry Whey Exports and Domestic Use



U.S. Whey Protein Concentrate Exports and Domestic Use



Source: USDA/ERS

Strong Domestic and International Demand Projected to Draw Down Stocks Further in 2024 For Both Fat and Skim-Solids

Fat Basis

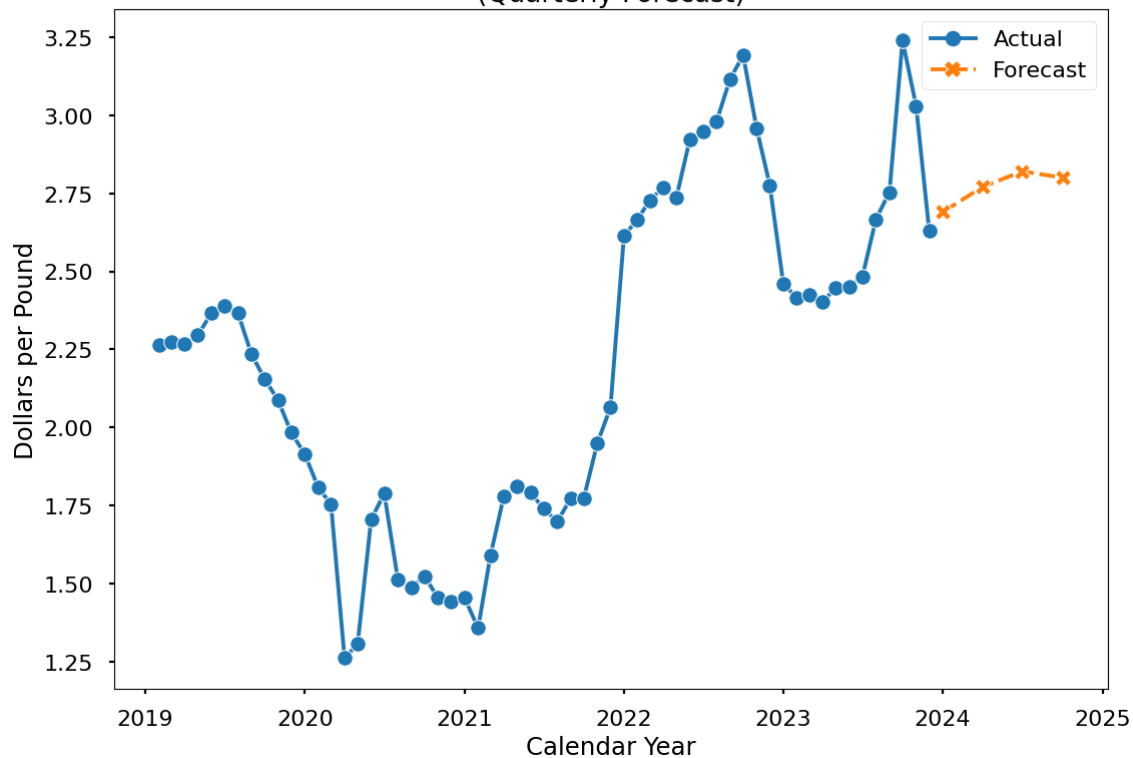
Billion Pounds	2022	2023	2024 (Proj.)	% Change
Domestic Use	219.1	223.0	224.7	0.8
Exports	13.4	10.6	11.7	10.4
Ending Stocks	14.4	13.8	12.0	-13.0

Skim-Solids Basis

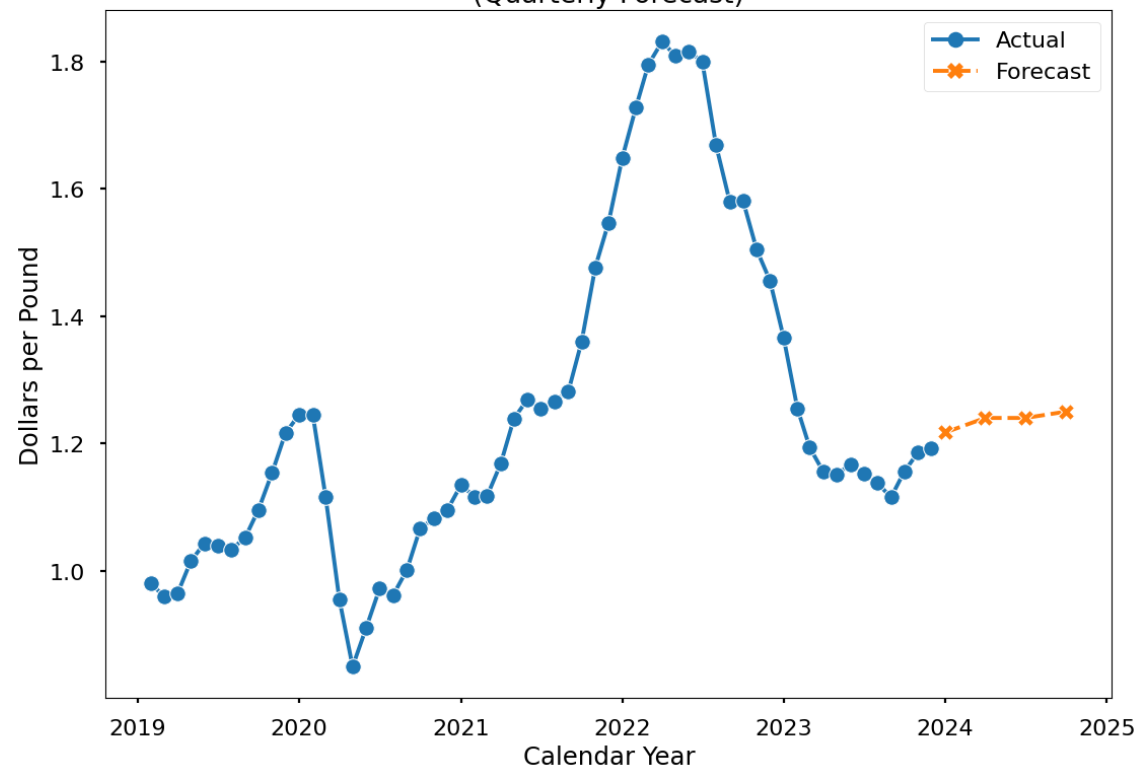
Billion Pounds	2022	2023	2024 (Proj.)	% Change
Domestic Use	178.7	183.7	182.0	-0.9
Exports	52.9	49.9	51.9	4.0
Ending Stocks	11.7	9.9	9.5	-4.0

Strong Demand Support Butter Prices

U.S. Butter Prices, 2019 to 2024, Monthly
(Quarterly Forecast)



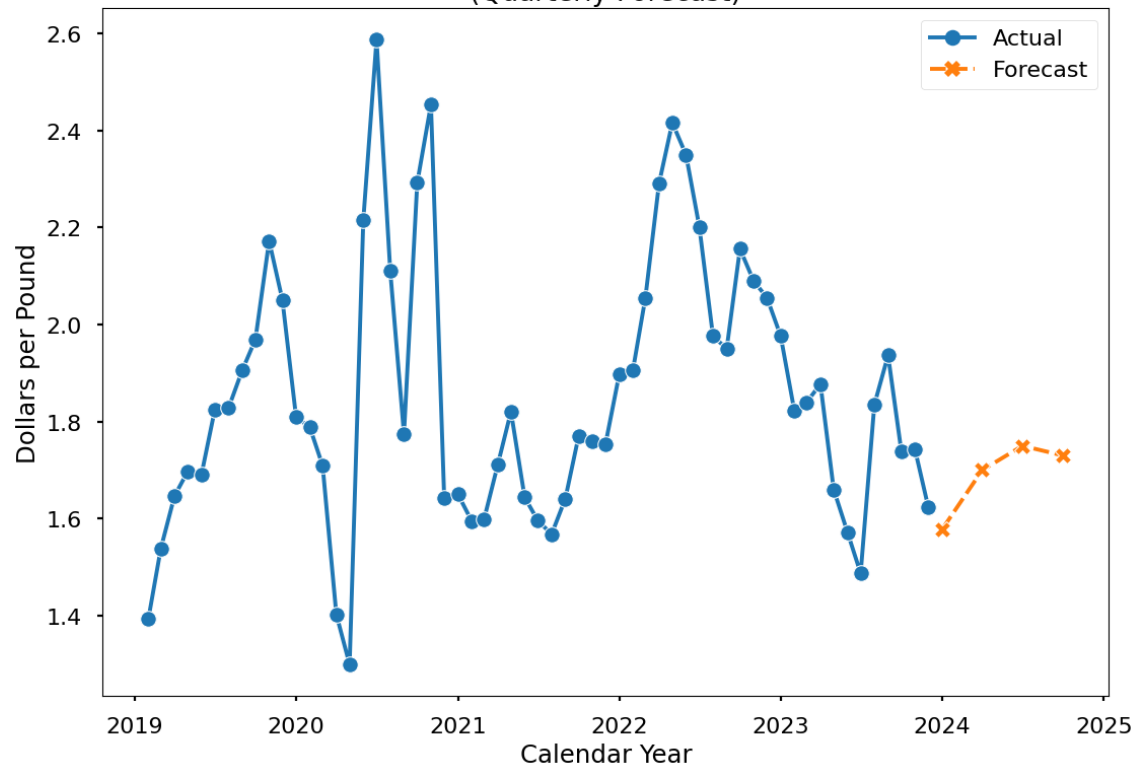
U.S. Nonfat Dry Milk Prices, 2019 to 2024, Monthly
(Quarterly Forecast)



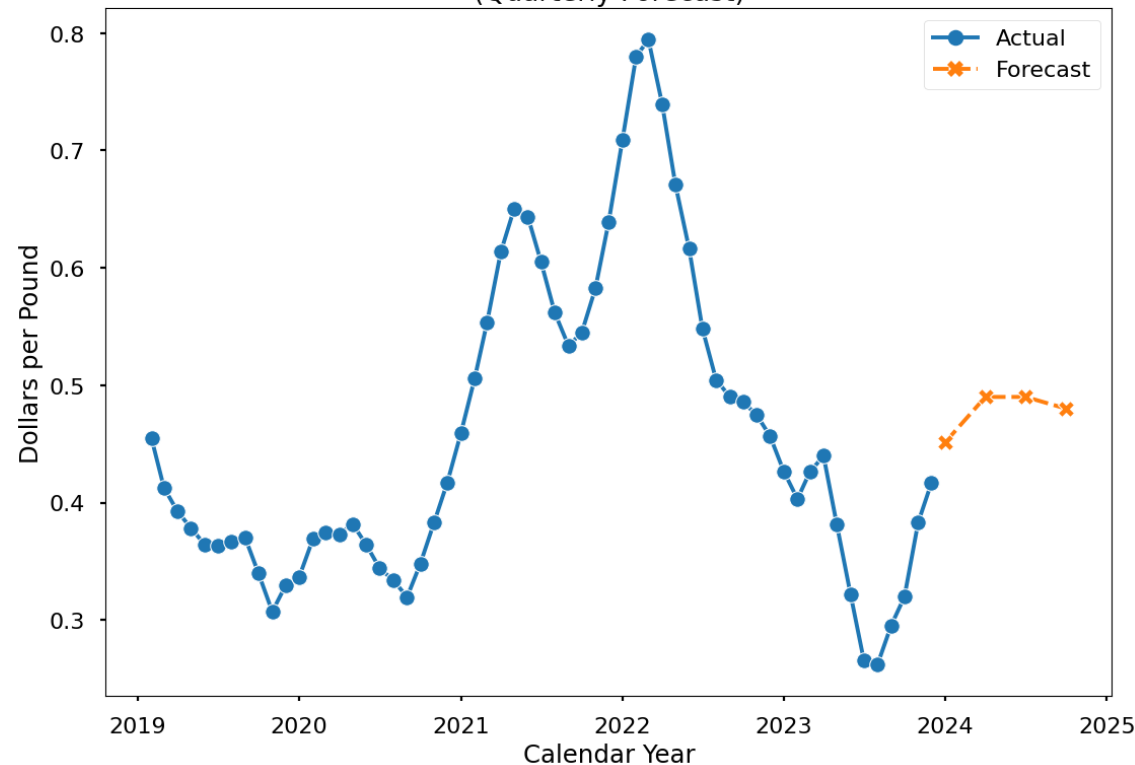
Source: USDA/AMS, WAOB

Whey Prices Expected to Rebound on Domestic Demand

U.S. Cheese Prices, 2019 to 2024, Monthly
(Quarterly Forecast)



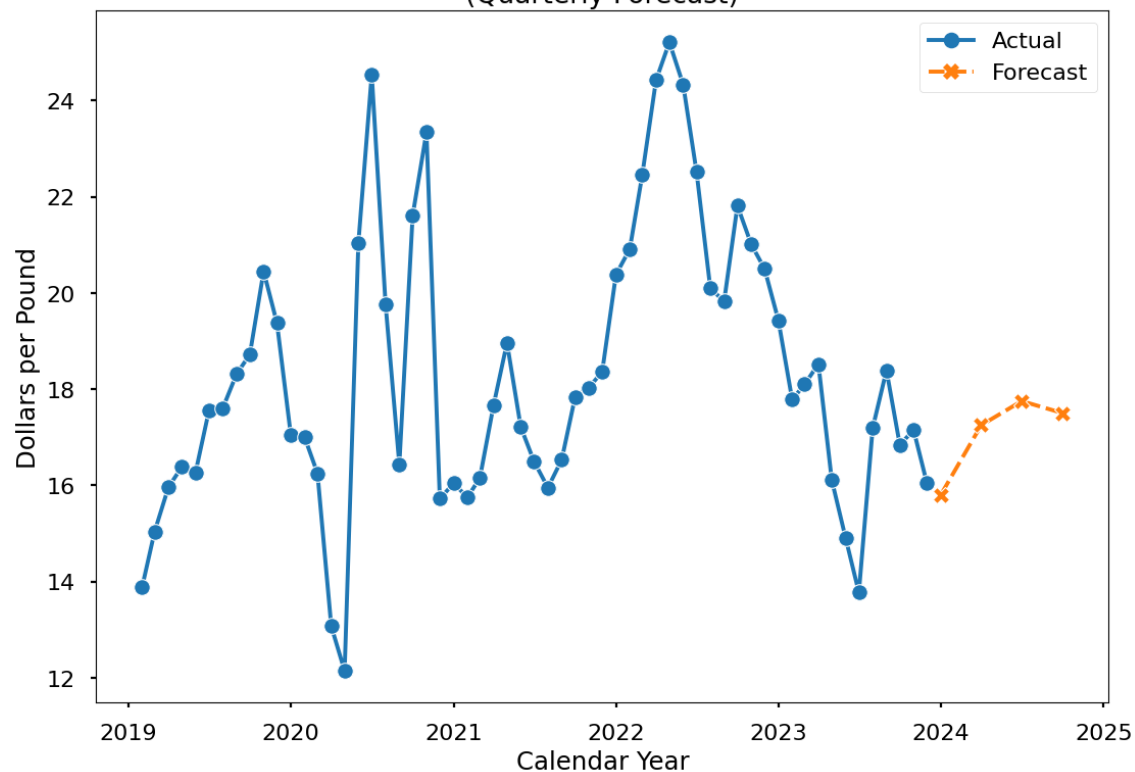
U.S. Whey Prices, 2019 to 2024, Monthly
(Quarterly Forecast)



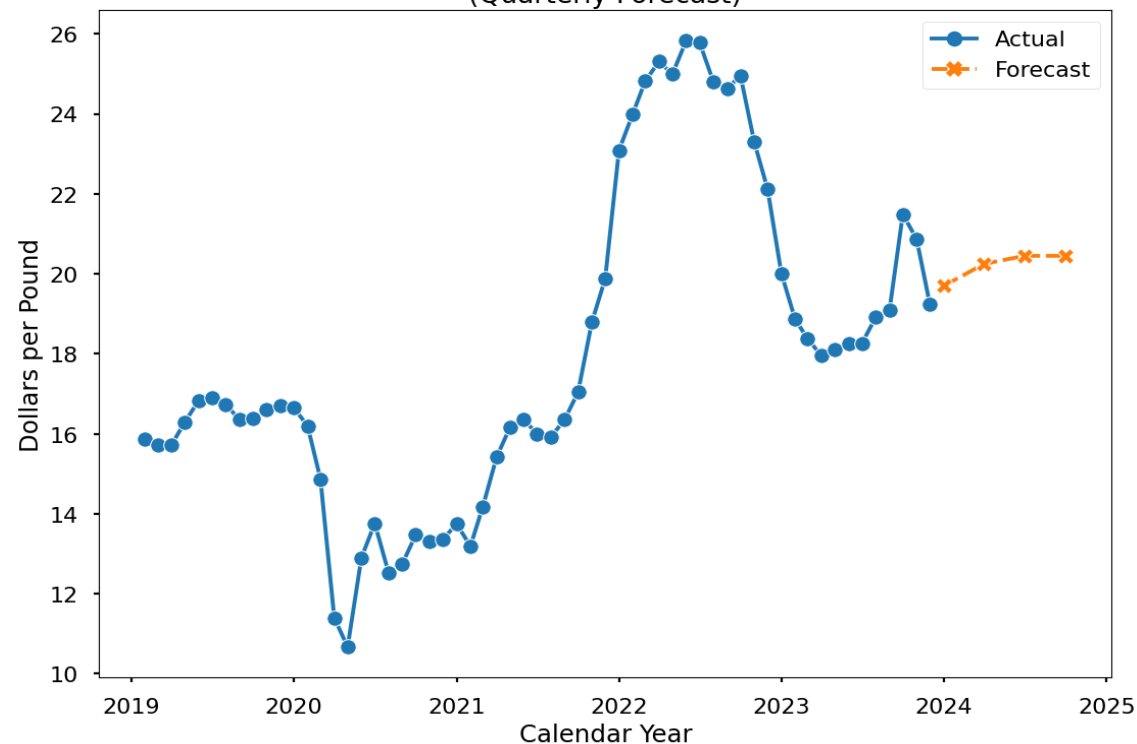
Source: USDA/AMS, WAOB

Butter and NDM Values Support Class IV Milk Values

U.S. Class III Prices, 2019 to 2024, Monthly
(Quarterly Forecast)

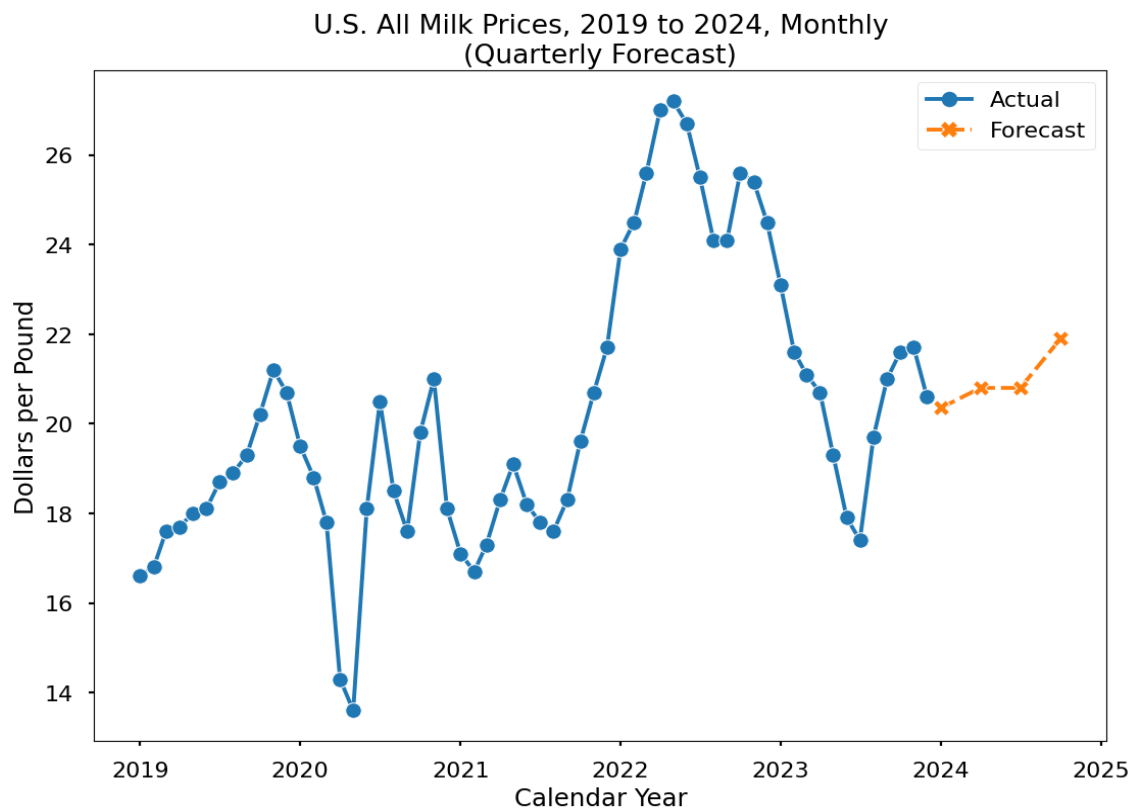


U.S. Class IV Prices, 2019 to 2024, Monthly
(Quarterly Forecast)



Source: USDA/AMS, WAOB

All Milk Price Projected to Increase in 2024



	2022 (Actual)	2023 (Actual)	2024 (Proj.)
I	24.67	21.93	20.35
II	26.97	19.30	20.80
III	24.57	19.37	20.80
IV	25.17	21.30	21.90
Annual	25.34	20.48	20.95

Source: USDA/NASS, WAOB

Additional Information on the Outlook is available at:

- **World Agricultural Supply and Demand Estimates**
 - www.usda.gov/oce/commodity/wasde/index.htm
- **Livestock, Dairy, and Poultry Situation and Outlook**
 - <https://www.ers.usda.gov/publications/pub-details/?pubid=108311>
- **Dairy: World Markets and Trade**
 - <https://www.fas.usda.gov/data/dairy-world-markets-and-trade>