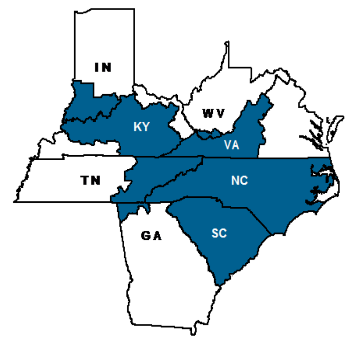
APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

December 2018



Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Dairy Outlook

Dairy Forecasts for the Remainder of 2018

Based on recent milk production data, lower expected milk prices, and relatively high slaughter rates, milk cow numbers for the fourth quarter of 2018 have been lowered to 9.360 million head, 5,000 less than last month's forecast. The milk per cow forecast for the fourth quarter has been lowered to 5,730 pounds per head, 10 pounds less than projected last month. With these changes, the milk production forecast for the year has been lowered to 217.8 billion pounds, 0.1 billion less than last month's forecast.

The largest change for fourth-quarter dairy product price forecasts is for cheddar cheese. Due to recent lower cheddar cheese prices and high stock levels, the cheddar cheese price forecast has been lowered to $1.435-$1.455 per pound. Based on recent price data, the fourth-quarter butter price forecast has been lowered at the upper end of the range to $2.235-$2.275 per pound. The NDM price forecast is unchanged at the midpoint of the range. With relatively low supplies of dry whey, the fourth-quarter dry whey price forecast has been raised to $0.445-$0.465 per pound (although the range for the 2018 dry whey average price forecast remains unchanged from last month).

With the lower cheese price forecast more than offsetting the higher whey price forecast, the fourth-quarter Class III milk price forecast has been lowered to $14.25-$14.45 per cwt. With the lower butter price forecast, the fourth-quarter Class IV milk price projection has been lowered at the upper end of the range to $14.85-$15.15 per cwt.
With lower expected class prices, the fourth-quarter all-milk price forecast is $16.90-$17.10 per cwt, a reduction from last month's forecast of $17.05-$17.35. For the year, the all-milk price forecast is $16.15-$16.25 per cwt, a reduction from last month's forecast of $16.20-$16.30.

Dairy Outlook, cont'd on pg. 3

National Fluid Milk Processor Promotion Board

The U.S. Department of Agriculture (USDA) asks fluid milk processors and other interested parties to nominate candidates to serve on the National Fluid Milk Processor Promotion Board. The deadline for nominations is December 28, 2018.

Agriculture Secretary Sonny Perdue will appoint six individuals to succeed members whose terms expire on June 30, 2019. Newly appointed members will serve three-year terms from July 1, 2019, through June 30, 2022.

Nat'l Fluid Milk Processor Promotion Board, cont'd on pg. 3

Appalachian Statistical Summary

	NOVEMBER 2018	OCTOBER 2018	NOVEMBER 2017
PRICES: (Base Zone)			
Uniform Price	$18.12	$18.76	$18.63
Class I Price	18.92	19.73	19.81
Class II Price	15.63	15.54	15.32
Class III Price	14.44	15.53	16.88
Class IV Price	15.06	15.01	13.99
Uniform Skim Milk Price	$9.48	$10.14	$9.79
Class I Skim Milk Price	10.21	11.11	10.68
Class II Skim Milk Price	6.96	6.81	6.58
Class III Skim Milk Price	5.76	6.83	8.23
Class IV Skim Milk Price	6.40	6.29	5.23
Uniform Butterfat Price	$2.5635	$2.5654	$2.6227
Class I Butterfat Price	2.5918	2.5733	2.7144
Class II Butterfat Price	2.5455	2.5621	2.5616
Class III Butterfat Price	2.5385	2.5551	2.5546
Class IV Butterfat Price	2.5385	2.5551	2.5546
PRODUCER MILK:			
Class I	352,757,721	348,486,086	354,233,848
Class II	58,879,872	63,129,882	70,465,680
Class III	22,969,011	19,990,391	18,788,134
Class IV	37,152,831	36,140,538	35,537,616
Total Producer Milk	**471,759,435**	**467,746,897**	**479,025,278**
	-	-	
PERCENT PRODUCER MILK IN:			
Class I	74.77	74.50	73.95
Class II	12.48	13.50	14.71
Class III	4.87	4.27	3.92
Class IV	7.88	7.73	7.42

F.O. 5 STATS FOR NOVEMBER 2018:

The Uniform Price
for November 2018 was $18.12 per cwt., a decrease of $0.64 from October 2018.

Total Class I Milk
for November 2018 was 352.8 million pounds, a decrease of 1.5 million pounds, or 0.4 percent, compared to November 2017.

Class I Utilization
was 74.77 percent for November 2018, an increase of 0.8 percentage points from November 2017.

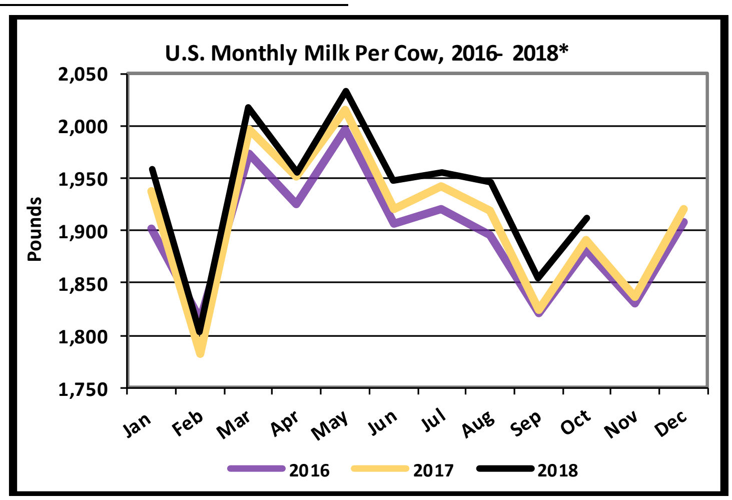
Total Producer Milk
for November 2018 was 471.8 million pounds, a decrease of 7.3 million pounds, or 1.5 percent, compared to November 2017.

October Milk Production Up 0.8%

Milk production in the United States during October totaled 17.9 billion pounds, up 0.8 percent from October 2017.

Production per cow in the United States averaged 1,912 pounds for October, 21 pounds above October 2017.

The number of milk cows on farms in the United States was 9.37 million head, 30,000 head less than October 2017, and 2,000 head less than September 2018.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2019

Based on recent data and lower expected returns, the 2019 forecast for the milking herd has been lowered to 9.365 million head, 10,000 lower than last month's forecast. The milk per cow forecast has been lowered to 23,555 pounds per head, 10 pounds less than last month. Milk production for 2019 is projected at 220.6 billion pounds, 0.3 billion less than projected last month.

With higher expected butter imports, the forecast for 2019 imports on a milk-fat basis has been raised to 6.7 billion pounds, 0.5 billion higher than forecast last month. The forecast for imports on a skim-solids basis has been lowered to 5.2 billion pounds, down 0.1 from last month, due to lower expected imports of milk protein concentrate and various other products.

The 2019 forecast for exports on a milk-fat basis has been raised to 10.0 billion pounds, up 0.2 billion from last month's forecast, due to higher expected exports of butteroil and AMF. With lower expected lactose exports offsetting higher expected NDM/SMP exports, the forecast for exports on a skim-solids basis is unchanged.

Due to relatively weak growth of domestic use in recent months, 2019 forecasts of domestic use have been lowered to 216.3 billion pounds on a milk-fat basis (-1.0 billion) and 180.9 billion pounds on a skim-solids basis (-0.3 billion). The forecast for ending stocks on a milk-fat basis has been raised to 13.7 billion pounds (+1.1 billion), as relatively high stocks of cheese and butter are expected to persist in 2019. The 2019 forecast for ending stocks on a skim-solids basis has been lowered to 10.4 billion pounds (-0.1 billion), as lower expected stocks of NDM and whey products more than offset higher expected cheese stocks.

Due to recent low cheese prices and high stock levels, the 2019 cheese price forecast has been lowered from last month's forecast to $1.495-$1.575 per pound. The 2019 butter price forecast has been lowered at the midpoint of the range to $2.200-$2.310 per pound. The NDM price forecast is $0.835-$0.895 per pound, unchanged from last month at the midpoint of the range. With considerably lower expected cheese prices, some milk will likely shift from cheese manufacturing to production of butter and NDM. With less expected cheese production, less whey solids will be produced. Due to relatively low stock levels and lower expected whey production, the dry whey price forecast has been raised to $0.405-$0.435 per pound.

With lower projected cheese prices more than offsetting higher expected dry whey prices, the 2019 Class III price forecast has been lowered to $14.65-$15.45 per cwt. The Class IV price forecast for the year is $14.40-$15.30 per cwt, unchanged from last month at the midpoint of the range. With the lower Class III price forecast, the all-milk price for 2019 is now forecast $16.40-$17.20 per cwt, a reduction from last month's forecast of $16.70-$17.60.

Livestock, Dairy, and Poultry Outlook, LDP-M-294, December 17, 2018
USDA, Economic Research Service

National Fluid Milk Processor Promotion Board, cont'd from pg. 1

USDA will accept nominations for board representation in four geographic regions and two at-large positions. Nominees for the regional positions and one at-large position must be active owners or employees of a fluid milk processor. The nominee for the other at-large position may be either a fluid milk processor or a member of the general public.

The geographic regions with vacancies are: Region 1 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont); Region 4 (Georgia, North Carolina, and South Carolina); Region 7 (Michigan, Minnesota, North Dakota, South Dakota, and Wisconsin); and Region 10 (Texas).

Fluid milk processors and interested parties may submit nominations for regions in which they are located or regions in which they market fluid milk, and for the two at-large members. Nominating forms and more information are available at https://www.ams.usda.gov/rules-regulations/research-promotion/fluid-milk or by calling (202) 720-5567.

APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

Market Administrator
PO Box 91528
Louisville KY 40291-0528

ADDRESS SERVICE REQUESTED

Phone: 502.499.0040
Fax: 502.499.8749
Email: friedly@malouisville.com

WEBSITE:
www.malouisville.com

Federal Milk Marketing Order Statistics - November 2018

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,117.7	755.4	35.7	16.62
5	*Appalachian*	*471.8*	*352.8*	*74.8*	*18.12*
6	Florida	218.4	186.4	85.4	20.12
7	Southeast	407.1	319.1	78.4	18.71
30	Upper Midwest	2,698.6	247.8	9.2	14.74
32	Central	1,421.6	422.7	29.7	15.22
33	Mideast	1,554.8	579.5	37.3	15.68
51	California	2,079.8	467.1	22.5	15.44
124	Pacific Northwest	724.2	149.8	20.7	15.22
126	Southwest	1,249.5	374.7	30.0	16.07
131	Arizona	414.3	108.2	26.1	15.69
	All Orders	13,357.7	3,963.4	29.7	15.82