APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

June 2017

Dairy Outlook

Outlook for Dairy Feed Prices

For the 2016/17 marketing year, prices for corn and soybean meal are estimated to be $3.25-$3.45 per bushel and $315 per short ton, respectively. The 2017/18 price forecasts for corn and soybean meal are unchanged from last month at $3.00-$3.80 per bushel and $295-$335 per short ton, respectively. The alfalfa hay price in April was $148 per short ton, $13 higher than March but $6 lower than April 2016.

Dairy Forecasts for 2017

Based on recent milk cow numbers, the milk cow forecast has been raised for all remaining quarters in 2017, averaging 9.395 million head, 10 thousand more than forecast last month. However, the yield forecast for 2017 has been lowered 45 pounds per head to 23,065 pounds, as year-over-year growth remains slow. The milk production forecast for 2017 is 216.7 billion pounds, 0.2 billion pounds lower than last month's forecast.

Small changes have been made in the trade forecasts on a milk-fat basis for 2017. The import forecast has been raised 0.1 billion pounds from last month's forecast to 6.0 billion, due to higher expected imports of cheese and butterfat products. The export forecast on a milk-fat basis has been lowered by 0.1 billion pounds to 8.4 billion pounds. The domestic use forecast on a milk-fat basis has been raised by 0.1 billion pounds to 213.1 billion, as recent data on consumption and prices indicate stronger domestic demand. Ending stocks for the year on a milk-fat basis are forecast at 12.9 billion pounds, 0.3 billion lower than last month.

Dairy Outlook, cont'd on pg. 3

USDA Seeks Nominees to the National Dairy Board

The U.S. Department of Agriculture (USDA) is seeking nominations for the National Dairy Promotion and Research Board. Nominations must be submitted by July 10, 2017.

The Secretary of Agriculture will appoint 12 dairy producers and one importer to serve 3-year terms beginning Nov. 1, 2017, and ending Oct. 31, 2020. The selected representatives will replace board members whose terms expire Oct. 31, 2017.

Nominations will be accepted from the following regions: Region 1 (Alaska, Oregon, and Washington), Region 3 (Arizona, Colorado, Montana, Nevada, Utah, and Wyoming), Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas), Region 5 (Minnesota, North Dakota, and South Dakota), Region 6 (Wisconsin), Region 7 (Illinois,

USDA Seeks Nominees, cont'd on pg. 3

Harold H. Friedly, Jr.
Market Administrator

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Appalachian Statistical Summary

	MAY 2017	APRIL 2017	MAY 2016
PRICES: (Base Zone)			
Uniform Price	$17.65	$17.77	$15.98
Class I Price	18.60	19.45	17.10
Class II Price	14.84	14.81	13.53
Class III Price	15.57	15.22	12.76
Class IV Price	14.49	14.01	13.09
Uniform Skim Milk Price	$9.53	$9.71	$8.30
Class I Skim Milk Price	10.54	11.15	9.52
Class II Skim Milk Price	6.60	6.78	5.71
Class III Skim Milk Price	7.38	7.23	4.94
Class IV Skim Milk Price	6.26	5.98	5.28
Uniform Butterfat Price	$2.4142	$2.4008	$2.2786
Class I Butterfat Price	2.4076	2.4823	2.2595
Class II Butterfat Price	2.4204	2.3618	2.2916
Class III Butterfat Price	2.4134	2.3548	2.2846
Class IV Butterfat Price	2.4134	2.3548	2.2846
PRODUCER MILK:			
Class I	327,888,455	303,033,285	313,665,238
Class II	79,120,043	76,479,244	74,995,850
Class III	21,240,821	22,509,621	25,296,006
Class IV	58,420,974	78,542,671	76,416,939
Total Producer Milk	**486,670,293**	**480,564,821**	**490,374,033**
PERCENT PRODUCER MILK IN:			
Class I	67.37	63.06	63.97
Class II	16.26	15.92	15.29
Class III	4.37	4.68	5.16
Class IV	12.00	16.34	15.58

F.O. 5 STATS FOR MAY 2017:

The Uniform Price for May 2017 was $17.65 per cwt., an increase of $1.67 from May 2016.

Total Class I Milk for May 2017 was 327,888,455 pounds, an increase of 14.2 million pounds, or 4.5 percent, compared to May 2016.

Class I Utilization was 67.37 percent for May 2017, an increase of 3.4 percentage points from May 2016.

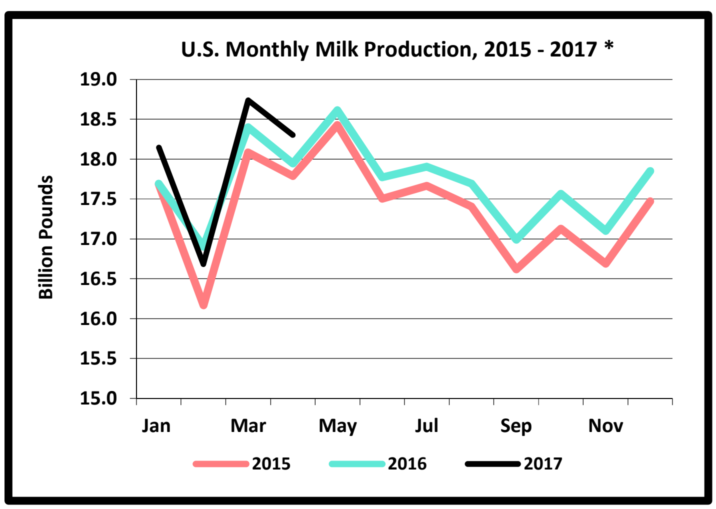
Total Producer Milk for May 2017 was 486,670,293 pounds, a decrease of 3.7 million pounds, or 0.8 percent, compared to May 2016.

April Milk Production Up 2.0%

Milk production in the United States during April totaled 18.3 billion pounds, up 2.0 percent from April 2016.

Production per cow in the United States averaged 1,949 pounds for April, 24 pounds above April 2016.

The number of milk cows on farms in the United States was 9.39 million head, 69,000 head more than April 2016, and 8,000 head more than March 2017.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

On a skim-solids milk-equivalent basis, the import forecast for the year is unchanged at 6.5 billion pounds. However, the export forecast has been raised 0.3 billion pounds to 40.8 billion, based on higher expected exports of NDM/SMP. Domestic use on a skim-solids basis is now forecast at 181.0 billion pounds for the year, 0.4 billion pounds lower than last month based on recent weakness in demand. Ending stocks for 2017 have been lowered to 9.9 billion pounds.

Product price forecasts for 2017 are mostly higher than last month due to lower expected milk production, greater expected demand on a milk-fat basis, and higher expected exports on a skim-solids basis. The butter price has been raised substantially, to $2.280-$2.350 per pound. The price forecasts for cheese and NDM have been raised to $1.620-$1.660 and $0.895-$0.935 per pound, respectively. The dry whey price forecast is $0.490-$0.510 per pound, one cent lower than last month's forecast at the upper end of the range. With the higher expected cheese price, the Class III price forecast has been raised to $16.35-$16.75 per cwt. The Class IV price forecast is also higher, at $15.25-$15.75, due to higher expected prices for butter and NDM. The all-milk price forecast for 2017 is $17.80-$18.20 per cwt, an increase from $17.35-$17.85 forecast last month.

Dairy Forecasts for 2018

In step with the higher expected number of milk cows in 2017, the milk cow forecast for 2018 has been raised to 9.435 million head, 10 thousand head higher than last month's forecast. Similarly, the milk per cow forecast has been lowered to 23,500 pounds. Due to these changes, 2018 milk production is now projected at 221.7 billion pounds, 0.3 billion less than last month's forecast.

Product prices for 2018 are forecast higher than last month's forecast. Following expectations for sustained price strength in 2017, the butter price for 2018 is also forecast higher, at $2.210-$2.340 per pound; the NDM price for the year is now forecast at $0.935-$1.005. The cheddar cheese price is forecast at $1.665-$1.765 per pound, while the dry whey price forecast has been raised slightly to $0.480-$0.510. These forecasts have pushed the projections for Class III and Class IV milk higher, to $16.75-$17.75 and $15.25-$16.35 per cwt, respectively. The all-milk price for 2018 is now forecast at $18.10-$19.10 per cwt, an increase from $17.55-$18.55 forecast last month.

Livestock, Dairy, and Poultry Outlook/LDP-M-276/June 15, 2017
Economic Research Service, USDA

USDA Seeks Nominees to the National Dairy Board, cont'd from pg. 1

Iowa, Missouri, and Nebraska), Region 8 (Idaho), Region 9 (Indiana, Michigan, Ohio, and West Virginia), Region 10 (Alabama, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and Virginia), and Region 12 (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont). The Secretary will appoint two members for Region 4 and Region 6, and one for each of the remaining regions and the dairy importer position.

USDA established the 37-member Board under the Dairy Production Stabilization Act of 1983. Since 1966, Congress has authorized the establishment of 22 research and promotion boards that are industry-funded and empower agricultural industries with a framework to pool resources and combine efforts to develop new markets, strengthen existing markets, and conduct important research and promotion activities. AMS provides oversight, paid for by industry assessments, which helps ensure fiscal responsibility, program efficiency and fair treatment of participating stakeholders.

For nominating forms and information, visit https://www.ams.usda.gov/rules-regulations/research-promotion/dairy or contact Jill Hoover, Deputy Director, Promotion, Research, and Planning Division, Dairy Program, AMS, USDA, 1400 Independence Ave, SW, Room 2958-S, Stop 0233, Washington, D.C. 20250-0233; telephone (202) 720-1069; fax (202) 720-0285; or email at jill.hoover@ams.usda.gov.

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Federal Milk Marketing Order Statistics - May 2017

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Million Pounds	Class I Utilization Percent	Statistical Uniform $/cwt
1	Northeast	2,432.4	745.5	30.7	16.51
5	*Appalachian*	*486.7*	*327.9*	*67.4*	*17.65*
6	Florida	218.4	177.3	81.2	19.69
7	Southeast	496.6	312.4	62.9	17.83
30	Upper Midwest	2,457.6	281.2	11.4	15.65
32	Central	1,366.5	404.4	29.6	15.50
33	Mideast	1,735.6	534.2	30.8	15.67
124	Pacific Northwest	633.1	162.8	25.7	15.43
126	Southwest	918.2	353.9	38.5	16.37
131	Arizona	447.3	107.8	24.1	15.53
	All Orders [1]	11,192.4	3,407.5	30.4	16.13

[1] Weighted average uniform prices at 3.5% butterfat at announced locations.