

THE COURIER

Monthly Newsletter

July 2017

Dairy Outlook

Dairy Forecasts for 2017

The annual average milk cow forecast for 2017 is 9.395 million head, unchanged from last month's forecast. However, the 2017 milk-per-cow forecast has been lowered to 23,020 pounds, 45 pounds less than last month's forecast, primarily due to relatively slow yield growth in recent months. Additionally, the recent extreme heat in some western areas may have an impact on regional milk production growth for several months as milk yields and reproductive performance of some dairy cows could be adversely affected. The milk production forecast has been lowered by 0.4 billion pounds to 216.3 billion.

Due to recent strong export numbers for cheese and competitive U.S. prices, the export forecast on a milk-fat basis for 2017 has been raised 0.7 billion pounds to 9.1 billion. Imports for the year on a milk-fat basis are unchanged from last month, at 6.0 billion pounds. With higher exports and lower milk production expected for the re-

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Dairy Market News 101: Understanding Dairy Market Reports

The USDA Agricultural Marketing Service's Dairy Program invites you to a free, live, interactive webinar on understanding Dairy Market News (DMN) reports on Thursday, July 27, 2017 from 2:00pm to 3:00pm. The webinar will focus on reports and services that can help your business and decision making. From retail to organic, Dairy Market reports covers the supply, demand, and price situation every week on a regional, national, and international basis for milk, butter, cheese, and dry and fluid products. The presentation will be led by Butch Speth, Acting Branch Chief, and Janet Linder, Acting National Supervisor for the Madison, Wisconsin Dairy Market News office.

Butch and Janet will present an overview of how DMN collects information and direct you to find the latest market news reports and to access data on the DMN website and Market News Portal. Other areas covered include:

- Scope and role of Dairy Market News
- Types of market and price information available free to all users
- Process to access current and historic nonfat dry milk data on the Market News Portal
- Steps to access domestic and international dry whey reports on the DMN website

Details on how to register for the event are available at: <https://www.ams.usda.gov/event/dairy-market-news-101-understanding-dairy-market-reports>



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Appalachian Statistical Summary

| | JUNE 2017 | MAY 2017 | JUNE 2016 |
|----------------------------------|--------------------|--------------------|--------------------|
| PRICES: (Base Zone) | | | |
| Uniform Price | \$18.37 | \$17.65 | \$15.93 |
| Class I Price | 18.71 | 18.60 | 16.54 |
| Class II Price | 16.15 | 14.84 | 14.12 |
| Class III Price | 16.44 | 15.57 | 13.22 |
| Class IV Price | 15.89 | 14.49 | 13.77 |
| Uniform Skim Milk Price | \$9.65 | \$9.53 | \$7.87 |
| Class I Skim Milk Price | 10.74 | 10.54 | 8.71 |
| Class II Skim Milk Price | 6.89 | 6.60 | 5.86 |
| Class III Skim Milk Price | 7.22 | 7.38 | 4.96 |
| Class IV Skim Milk Price | 6.65 | 6.26 | 5.53 |
| Uniform Butterfat Price | \$2.5883 | \$2.4142 | \$2.3811 |
| Class I Butterfat Price | 2.3832 | 2.4076 | 2.3248 |
| Class II Butterfat Price | 2.7136 | 2.4204 | 2.4179 |
| Class III Butterfat Price | 2.7066 | 2.4134 | 2.4109 |
| Class IV Butterfat Price | 2.7066 | 2.4134 | 2.4109 |
| PRODUCER MILK: | | | |
| Class I | 308,479,953 | 327,888,455 | 298,680,159 |
| Class II | 81,800,164 | 79,120,043 | 75,932,967 |
| Class III | 29,126,125 | 21,240,821 | 23,482,850 |
| Class IV | 65,933,958 | 58,420,974 | 62,565,926 |
| Total Producer Milk | 485,340,200 | 486,670,293 | 460,661,902 |
| PERCENT PRODUCER MILK IN: | | | |
| Class I | 63.56 | 67.37 | 64.84 |
| Class II | 16.85 | 16.26 | 16.48 |
| Class III | 6.00 | 4.37 | 5.10 |
| Class IV | 13.59 | 12.00 | 13.58 |

F.O. 5 STATS FOR JUNE 2017:

The Uniform Price for June 2017 was \$18.37 per cwt., an increase of \$0.72 from May 2017 and \$2.44 from June 2016.

Total Class I Milk for June 2017 was 308,479,953 pounds, an increase of 9.8 million pounds, or 3.3 percent, compared to June 2016.

Class I Utilization was 63.56 percent for June 2017, a decrease of 1.3 percentage points from June 2016.

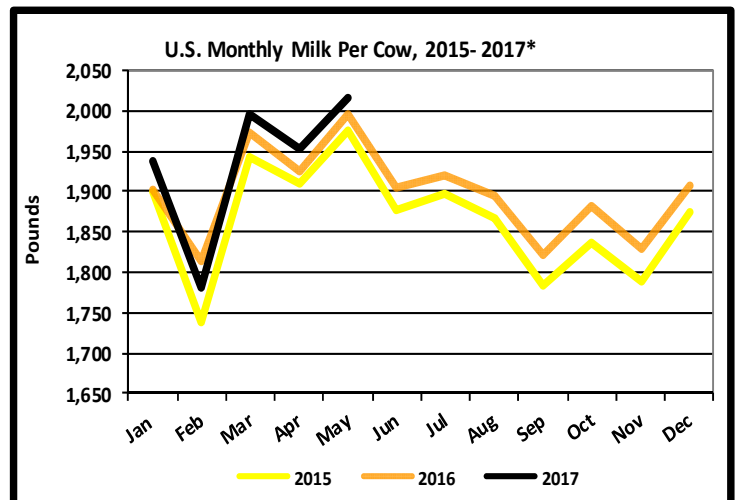
Total Producer Milk for June 2017 was 485,340,200 pounds, an increase of 24.7 million pounds, or 5.4 percent, compared to June 2016.

May Milk Production Up 1.8%

Milk production in the United States during May totaled 18.9 billion pounds, up 1.8 percent from May 2016.

Production per cow in the United States averaged 2,016 pounds for May, 19 pounds above May 2016.

The number of milk cows on farms in the United States was 9.39 million head, 71,000 head more than May 2016, and 2,000 head more than April 2017.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

mainder of the year, ending stocks on a milk-fat basis are forecast lower than last month, at 12.3 billion pounds. Due to modest domestic use in recent months, the 2017 forecast for domestic use on a milk-fat basis is now 212.5 billion pounds, 0.6 billion pounds lower than last month's forecast.

With higher expected exports of NDM/SMP and cheese, the export forecast for 2017 on a skim-solids milk-equivalent basis has been raised to 41.2 billion pounds. The import forecast on a skim-solids basis has been lowered to 6.3 billion pounds for the year. Ending stocks for 2017 are forecast higher than last month, as stocks of NDM/SMP have ticked upward in recent months; stocks on a skim-solids basis are now projected to total 10.0 billion pounds at the end of the year. With relatively low domestic use in recent months, the 2017 forecast for domestic use on a skim-solids basis has been lowered to 179.9 billion pounds, 1.1 billion pounds less than last month's forecast.

Due to recent weakness in cheese prices and persistently high stock levels, the cheddar cheese price forecast for the year has been lowered to \$1.575-\$1.605 per pound. Domestic and international butter prices have continued to climb in recent weeks; as a result, the butter price forecast has been raised to \$2.365-\$2.425 per pound. The dry whey price is forecast slightly lower in the second half of the year; the new price forecast for 2017 is \$0.475-\$0.495 per pound. The nonfat dry milk price forecast for 2017 is \$0.900-\$0.930 per pound. The Class III price forecast has been lowered to \$15.85-\$16.15, while the Class IV price forecast has been raised to \$15.65-\$16.05. With the lower Class III price more than offsetting the higher Class IV price, the all-milk price forecast is \$17.65-\$17.95 per cwt, a reduction from \$17.80-\$18.20 forecast last month.

Dairy Forecasts for 2018

The milking herd estimate for 2018 is 9.435 million head, unchanged from last month's forecast. The 2018 forecast for milk per cow has been lowered by 60 pounds to 23,440 pounds per head, based on modest growth in recent months and lower expected milk prices. These estimates result in a milk production forecast of 221.2 billion pounds for the year, 0.5 billion pounds lower than previously forecast.

The forecast for imports on a milk-fat basis is unchanged at 5.9 billion pounds. Strength in exports is expected to carry over to 2018; as a result, exports on a milk-fat basis for 2018 are forecast higher this month at 9.1 billion pounds, 0.5 billion more than last month's forecast. The estimate for ending stocks on a milk-fat basis has been lowered to 11.8 billion pounds. Domestic use on a milk-fat basis is projected to be 217.5 billion pounds, 1.4 billion pounds less than last month's forecast, based on modest growth in recent months.

Imports on a skim-solids basis are forecast at 6.4 billion pounds for 2018, the same as last month. Export gains in the second half of 2017 should continue into 2018; as a result, the export forecast for 2018 has been raised to 41.9 billion pounds, 0.6 billion higher than last month's forecast. Ending stocks on a skim-solids basis are now expected 0.2 billion pounds lower in 2018 than last forecast, at 9.1 billion pounds. Domestic use is now forecast at 185.5 billion pounds, 0.8 billion pounds lower than the previous forecast.

With the recent increase in butter prices and lower expected milk production, the butter price forecast for 2018 has been raised to \$2.310-\$2.440 per pound. The cheese price forecast for 2018 has been lowered from last month's estimate to \$1.630-\$1.730 per pound, as expectations for domestic demand have been lowered. Price forecasts for dry whey and nonfat dry milk are unchanged at \$0.480-\$0.510 and \$0.935-\$1.005 per pound, respectively. Due to lower expected cheese prices, the Class III price forecast has been lowered to \$16.45-\$17.45 for the year. With higher expected butter prices, the Class IV price forecast for 2018 has been raised to \$15.70-\$16.80 per cwt. With the lower Class III price more than offsetting the higher Class IV price, the all-milk price forecast is \$18.00-\$19.00 per cwt, a reduction from \$18.10-\$19.10 forecast last month.

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Federal Milk Marketing Order Statistics - June 2017

| Federal Order | Producer Deliveries Million Pounds | Class I Producer Receipts Million Pounds | Class I Utilization Percent | Statistical Uniform Price \$/cwt |
|--------------------------------|---------------------------------------|---|--------------------------------|-------------------------------------|
| 1 Northeast | 2,270.2 | 696.6 | 30.7 | 17.53 |
| 5 <i>Appalachian</i> | 485.3 | 308.5 | 63.6 | 18.37 |
| 6 Florida | 204.3 | 167.6 | 82.0 | 20.39 |
| 7 Southeast | 451.0 | 298.8 | 66.2 | 18.70 |
| 30 Upper Midwest | 2,740.4 | 250.7 | 9.1 | 16.56 |
| 32 Central | 1,373.6 | 375.3 | 27.3 | 16.50 |
| 33 Mideast | 1,776.9 | 510.7 | 28.7 | 16.71 |
| 124 Pacific Northwest | 615.9 | 151.9 | 24.7 | 16.49 |
| 126 Southwest | 1,165.6 | 322.7 | 27.7 | 17.33 |
| 131 Arizona | 433.0 | 101.7 | 23.5 | 16.59 |
| All Orders ¹ | 11,516.2 | 3,184.4 | 27.7 | 17.07 |

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

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