APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

December 2016

Dairy Outlook

Feed price forecasts are raised slightly this month but remain low relative to milk prices. The 2016/17 corn price is forecast $0.05 higher at both ends of the range, at $3.00-$3.60 per bushel; the 2016/17 soybean meal price is forecast $5 higher at each end of the range, at $305-$345 per short ton.

Following downward revisions of previous milk cow numbers, the milk production forecast for 2016 is lowered 0.2 billion pounds to 212.5 billion pounds. On a milk-fat milk-equivalent basis, the export forecast is lowered 0.3 billion pounds to 8.7 billion pounds, while the annual import forecast is unchanged. The import and export forecasts on a skim-solids milk-equivalent basis are both lowered 0.1 billion pounds, to 6.6 and 38.4billion pounds, respectively. The all-milk price for 2016 is raised $0.20 at the mid-point of the range to $16.00-$16.10 per cwt, mainly due to higher expected cheese prices in the fourth quarter.

Dairy Outlook, cont'd on pg. 3

National Fluid Milk Processor Promotion Board

U.S. Department of Agriculture (USDA) is asking fluid milk processors and other interested parties to nominate candidates to serve on the National Fluid Milk Processor Promotion Board. Agriculture Secretary Tom Vilsack will appoint six individuals to succeed members whose terms expire on June 30, 2017.

USDA will accept nominations for board representation in five geographic regions. It will also fill one at-large position. Nominees for the regional positions must be active owners or employees of a fluid milk processor. The nominee for the at-large position may be either a fluid milk processor or a member of the general public. The geographic regions with vacancies are: Region 2 (New Jersey and New York); Region 5 (Florida); Region 11 (Arkansas, Iowa, Kansas, Missouri, Nebraska, and Oklahoma); Region 13 (Idaho, Montana, Oregon, Washington, and Wyoming); and Region 14 (Northern California). Newly appointed members will serve three-year terms from July 1, 2017, through June 30, 2020.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the program. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination for a seat on the board. The USDA fact-sheet "Be a Voice for Your Industry" describes the responsibilities and benefits of serving on a research and promotion board.

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

Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Appalachian Statistical Summary

	NOVEMBER 2016	OCTOBER 2016	NOVEMBER 2015
PRICES: (Base Zone)			
Uniform Price	$17.48	$18.10	$19.65
Class I Price	18.18	20.00	19.88
Class II Price	14.60	14.09	18.26
Class III Price	16.76	14.82	15.30
Class IV Price	13.76	13.66	16.89
Uniform Skim Milk Price	$10.46	$10.89	$9.19
Class I Skim Milk Price	11.19	12.18	10.05
Class II Skim Milk Price	7.47	7.14	7.35
Class III Skim Milk Price	9.74	7.92	4.31
Class IV Skim Milk Price	6.63	6.72	5.96
Uniform Butterfat Price	$2.1093	$2.1680	$3.0811
Class I Butterfat Price	2.1089	2.3563	2.9096
Class II Butterfat Price	2.1114	2.0563	3.1900
Class III Butterfat Price	2.1044	2.0493	3.1830
Class IV Butterfat Price	2.1044	2.0493	3.1830
PRODUCER MILK:			
Class I	326,535,913	320,776,034	328,525,345
Class II	65,159,270	72,222,136	79,120,723
Class III	13,968,495	18,347,296	29,989,110
Class IV	29,211,383	43,182,891	20,812,179
Total Producer Milk	**434,875,061**	**454,528,357**	**458,447,357**
PERCENT PRODUCER MILK IN:			
Class I	75.09	70.57	71.66
Class II	14.98	15.89	17.26
Class III	3.21	4.04	6.54
Class IV	6.72	9.50	4.54

F.O. 5 STATS FOR NOVEMBER 2016:

The Uniform Price for November 2016 was $17.48 per cwt., a decrease of $0.62 from October 2016.

Total Class I Milk for November 2016 was 326,535,913 pounds, a decrease of 2.0 million pounds, or 0.6 percent, compared to November 2015.

Class I Utilization was 75.09 percent for November 2016, an increase of 3.4 percentage points from November 2015.

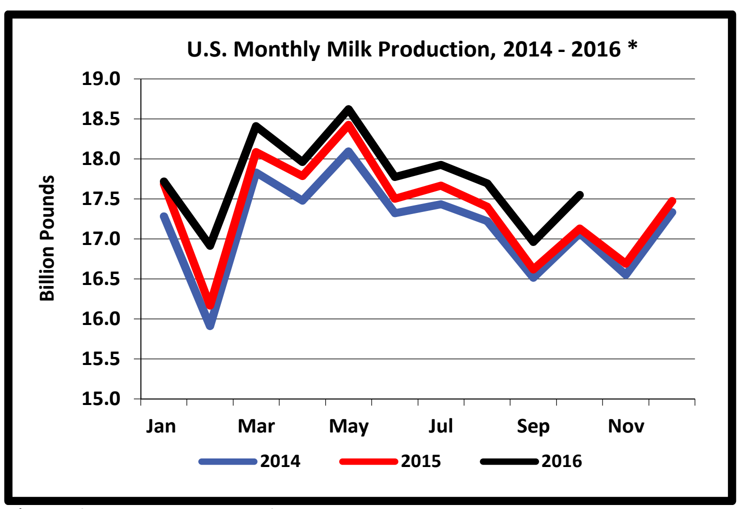
Total Producer Milk for November 2016 was 434,875,061 pounds, a decrease of 23.6 million pounds, or 5.1 percent, compared to November 2015.

October Milk Production in the United States up 2.5%

Milk production in the United States during October totaled 17.6 billion pounds, up 2.5 percent from October 2015.

Production per cow in the United States averaged 1,880 pounds for October, 42 pounds above October 2015.

The number of milk cows on farms in the United States was 9.34 million head, 15,000 head more than October 2015, but 2,000 head less than September 2016.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

The forecast for milk cows is lowered 25 thousand head for 2017 to 9.370 million head. With a lower expected dairy herd more than offsetting a slightly higher milk per cow forecast, the new forecast for milk production in 2017 is 217.0 billion pounds, 0.3 billion pounds lower than last month. The forecast for exports on a milk-fat basis has been lowered to 8.9 billion pounds, 0.2 billion pounds below last month's forecast, as exports of cheese and whole milk powder are expected to be lower. The forecasts for skim-solids imports and both fat- and skim-solids basis exports for 2017 are unchanged. The cheese price for the year is raised $0.10 at the midpoint of the range to $1.610-$1.700, while the whey price for the year is raised $0.03 at the midpoint to $0.360-$0.390. The all-milk price forecast for 2017 is $16.30-$17.20 per cwt, $0.75 higher than last month's forecast at both ends of the range.

Livestock, Dairy, and Poultry Outlook/LDP-M-269/November 16, 2016
Economic Research Service, USDA

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

The Fluid Milk Promotion Act established the board to develop and administer a coordinated program of advertising and education to promote fluid milk products. Of the board's 20 members, 15 represent geographic regions and five are at-large members. The at-large members must include at least three fluid milk processors and at least one member from the general public. Currently four at-large processor members and one member from the general public serve on the board.

Fluid milk processors and interested parties may submit nominations for regions in which they are located or market fluid milk, and for at-large members. To nominate an individual, please submit a copy of the nomination form and a signed background form for each nominee by January 6, 2017, to: Emily DeBord, Promotion, Research, and Planning Division, Dairy Program, AMS, USDA, 1400 Independence Ave., S.W., Stop 0233, Room 2958-S, Washington, D.C. 20250-0233, or via email at emily.debord@ams.usda.gov. To obtain forms or additional information, call (202) 720-5567. Blank forms are available on the AMS website.

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Growth of U.S. Dairy Exports

The Economic Research Service, USDA, recently published a study on U.S. dairy exports. Below is a summary, while the full study can be found at: https://www.ers.usda.gov/webdocs/publications/ldpm27001/ldpm-270-01.pdf.

From 2004 to 2014, the value of U.S. dairy product exports more than quadrupled, and the United States became the world's third-largest dairy product exporter, behind New Zealand and the European Union (EU). This export status was a significant change for an industry previously focused primarily on domestic rather than international demand. Demand for dairy products increased with soaring income growth in developing countries. Moreover, policies of the United States and its trading partners became more market-oriented, allowing trade that responds more to market forces. As the United States became more of a global dairy-market player, the U.S. dairy market faced greater variability in demand and prices. In 2015, as global conditions changed, the value of U.S. dairy exports fell by almost 30 percent. The United States, as both a top producer and exporter, has a pivotal role to play, but will have to compete with other large dairy exporters such as New Zealand, the EU, and Australia to increase export market share in the future.

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Federal Milk Marketing Order Statistics - October 2016

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,245.1	758.5	33.8	16.23
5	*Appalachian*	*454.5*	*320.8*	*70.6*	*18.10*
6	Florida	224.2	186.3	83.1	20.39
7	Southeast	425.8	316.3	74.3	18.72
30	Upper Midwest	2,770.8	283.7	10.2	15.01
32	Central	1,345.8	414.0	30.8	15.35
33	Mideast	1,691.5	559.2	33.1	15.41
124	Pacific Northwest	614.4	168.7	27.5	14.96
126	Southwest	1,269.5	372.2	29.3	16.13
131	Arizona	404.3	112.5	27.8	15.39
	All Orders [1]	11,445.9	3,492.3	30.5	15.85

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