

THE COURIER

Monthly Newsletter

February 2019

Dairy Outlook

Dairy Estimates for Fourth Quarter 2018

Fourth-quarter 2018 estimates have been adjusted slightly since the last forecast, based on the most recent data available. The estimate for milk per cow in the fourth quarter has been lowered by 20 pounds, resulting in a milk production estimate of 53.4 billion pounds, 0.2 billion pounds less than the December forecast. NASS will publish December milk production data on February 20.

Most product prices remained within the previously forecast ranges for the fourth quarter following the release of December data. The cheddar cheese price was an exception, ending up above the previous forecast at \$1.463 per pound. The fourth-quarter dry whey, butter, and NDM prices were \$0.459, \$2.264 and \$0.887 per pound, respectively. The Class III price for the fourth quarter was \$14.58 per cwt, above the previously forecast range; the Class IV price was \$15.05 per cwt, within the forecast range. The all-milk price for the fourth quarter is estimated at \$16.95-\$17.05 per cwt, in line with the December forecast.

Dairy Forecasts for 2019

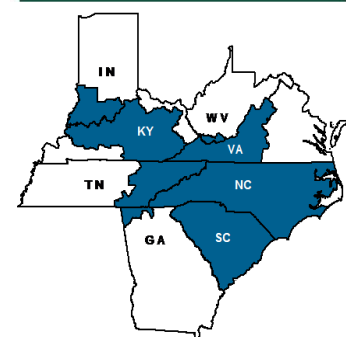
Following a decline in the number of milk cows in November and relatively high slaughter rates during December, the forecast for the size of the milking herd has been lowered 5 thousand head for the first half of 2019; however, the rounded estimate for the year remains at 9.365 million head. Based on relatively weak yield growth continuing in November, the 2019 milk per cow forecast has been lowered 50 pounds to 23,505. These changes result in a milk production forecast of 220.1 billion pounds for 2019, 0.5 billion pounds lower than the previous forecast.

The outlook for feed prices has changed only slightly since the December forecasts. The corn price forecast for 2018/19 is \$3.35-\$3.85 per bushel, unchanged at the midpoint of the range. The 2018/19 soybean meal price forecast has been raised to \$295-\$335 per short ton, \$5 higher at the midpoint of the range. The alfalfa hay price for November was \$175 per short ton, \$3 higher than October and \$25 higher than November 2017. For more information, see the ERS Feed Price Outlook publication.

On a milk-fat basis, the export forecast for 2019 has been raised 0.3 billion pounds to 10.3 billion, as cheese exports should be stronger than previously forecast and butter exports should find more support from rising EU and Oceania prices. Domestic use is forecast 0.8 billion pounds lower than previously forecast, at 215.5 billion pounds.

On a skim-solids basis, the 2019 export forecast has been raised 0.5 billion pounds to 44.6 billion, as EU intervention stocks of SMP have likely been almost completely sold off and drought in Australia has led to flagging production there. The 2019 domestic use forecast is 179.6 billion pounds, 1.3 billion less than last month's forecast.

Dairy Outlook, cont'd on pg. 3



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Appalachian Statistical Summary

	JANUARY 2019	DECEMBER 2018	JANUARY 2018
PRICES: (Base Zone)			
Uniform Price	\$17.82	\$17.45	\$17.53
Class I Price	18.52	18.45	18.84
Class II Price	15.74	15.67	14.11
Class III Price	13.96	13.78	14.00
Class IV Price	15.48	15.09	13.13
Uniform Skim Milk Price	\$9.31	\$8.90	\$9.17
Class I Skim Milk Price	9.92	9.82	10.38
Class II Skim Milk Price	7.22	7.12	5.70
Class III Skim Milk Price	5.41	5.18	5.61
Class IV Skim Milk Price	6.98	6.54	4.71
Uniform Butterfat Price	\$2.5240	\$2.5311	\$2.4816
Class I Butterfat Price	2.5557	2.5626	2.5215
Class II Butterfat Price	2.5051	2.5150	2.4601
Class III Butterfat Price	2.4981	2.5080	2.4531
Class IV Butterfat Price	2.4981	2.5080	2.4531
PRODUCER MILK:			
Class I	370,091,670	331,585,712	373,944,347
Class II	60,328,057	53,289,461	63,688,984
Class III	28,014,358	38,805,381	27,504,521
Class IV	29,594,791	74,387,654	60,611,492
Total Producer Milk	488,028,876	498,068,208	525,749,344
PERCENT PRODUCER MILK IN:			
Class I	75.83	66.57	71.13
Class II	12.36	10.70	12.11
Class III	5.74	7.79	5.23
Class IV	6.07	14.94	11.53

F.O. 5 STATS FOR JANUARY 2019:

The Uniform Price

for January 2019 was \$17.82 per cwt., an increase of \$0.37 from December 2018 and \$0.29 from January 2018.

Total Class I Milk

for January 2019 was 370.1 million pounds, a decrease of 3.9 million pounds, or 1.0 percent, compared to January 2018.

Class I Utilization

was 75.83 percent for January 2019, an increase of 4.7 percentage points from January 2018.

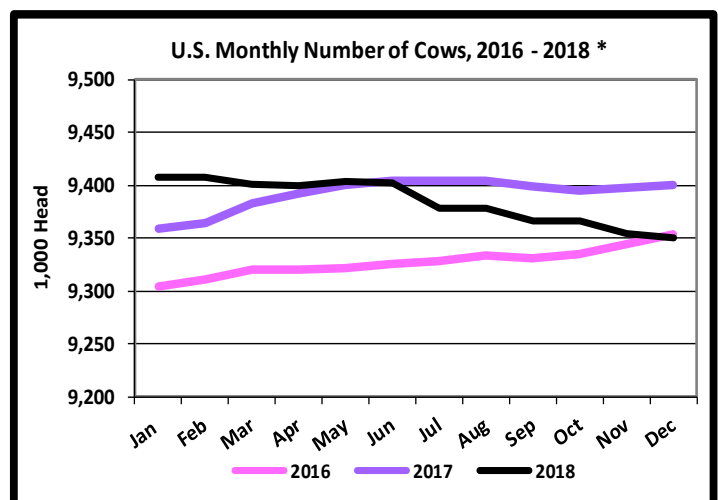
Total Producer Milk

for January 2019 was 488.0 million pounds, a decrease of 37.7 million pounds, or 7.2 percent, compared to January 2018.

December Milk Production Up 0.9%

Milk production in the 23 major States during December totaled 17.1 billion pounds, up 0.9 percent from December 2017. Production per cow in the 23 major States averaged 1,966 pounds for December, 23 pounds above December 2017. This is the highest production per cow for the month of December since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.72 million head, 21,000 head less than December 2017, and 2,000 head less than November 2018.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Product price forecasts have mostly been raised for 2019. The exception is the cheddar cheese price, which is forecast slightly lower at \$1.480-\$1.550 per pound, based on recent weakness in prices. The dry whey price forecast has been raised to \$0.435-\$0.465 per pound for the year, also based on recent price data. The butter price is forecast slightly higher than previously at \$2.230-\$2.330 per pound for the year, due to expected strength in exports of butter and butterfat products. NDM prices have increased lately and should continue to find support from export growth in 2019; as a result, the NDM price forecast for the year has been raised 12 cents at the midpoint of the range to \$0.955-\$1.015 per pound.

The Class III price forecast for 2019 is \$14.70-\$15.40 per cwt, unchanged from the midpoint from the December forecast, as the lower cheese price is expected to be offset by the higher whey price. With higher prices for butter and NDM in 2019, the Class IV price forecast for the year has been raised to \$15.55-\$16.35 per cwt. The all-milk price forecast for 2019 is \$16.90-\$17.60 per cwt, an increase of 45 cents from the last forecast at the midpoint of the range.

Livestock, Dairy, and Poultry Outlook, LDP-M-296, February 14, 2019
USDA, Economic Research Service

Annual Statistical Summary

	2018	2017	2016
PRICES AT 3.5% BUTTERFAT AT BASE ZONE (Simple Average):			
Uniform	\$17.31	\$18.79	\$17.09
Class I	\$18.24	\$19.85	\$18.20
Class II	\$14.80	\$16.04	\$14.35
Class III	\$14.61	\$16.17	\$14.87
Class IV	\$14.23	\$15.16	\$13.77
PRODUCER MILK:			
Class I	3,984,111,054	4,001,671,760	3,891,791,758
Class II	819,217,416	913,317,537	860,208,105
Class III	318,849,012	279,248,224	225,625,911
Class IV	612,291,038	606,769,816	617,531,649
Total Producer Milk	5,734,468,520	5,801,007,337	5,595,157,423
PERCENT PRODUCER MILK IN:			
Class I	69.47	68.97	69.56
Class II	14.29	15.74	15.37
Class III	5.56	4.81	4.03
Class IV	10.68	10.48	11.04
PRODUCTION:			
Average Monthly Producer Milk	477,872,377	483,417,278	466,263,119
Average Daily Producer Milk	15,710,873	15,893,171	15,329,198
Average Number of Producers	1,705	1,991	2,122
Average Butterfat Test	3.79	3.76	3.71
TOTAL VALUE AT MINIMUM PRICE:			
Value of Producer Milk at Test	\$1,031,944,634	\$1,127,495,809	\$981,051,858
Average Value at Test per cwt.	\$18.00	\$19.44	\$17.53

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**Oct - Dec Milk
Production Up 0.5%**

Milk production in the United States during the October - December quarter totaled 53.3 billion pounds, up 0.5 percent from the October - December quarter last year. The average number of milk cows in the United States during the quarter was 9.36 million head, 18,000 head less than the July - September quarter, and 41,000 head less than the same period last year

Federal Milk Marketing Order Statistics - January 2019

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,286.5	749.1	32.7	16.42
5 Appalachian	488.0	370.1	75.8	17.82
6 Florida	231.9	199.3	86.0	19.78
7 Southeast	439.5	333.7	75.9	18.27
30 Upper Midwest	3,059.2	243.1	7.9	14.27
32 Central	1,425.0	441.6	31.0	14.93
33 Mideast	1,541.1	581.6	37.7	15.46
51 California	2,019.1	483.5	24.0	15.09
124 Pacific Northwest	769.9	157.2	20.4	15.15
126 Southwest	1,181.6	385.9	32.7	15.72
131 Arizona	445.9	109.7	24.6	15.60
All Orders	13,887.9	4,054.8	29.2	15.50

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

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