

THE COURIER

Monthly Newsletter

June 2019

Dairy Outlook

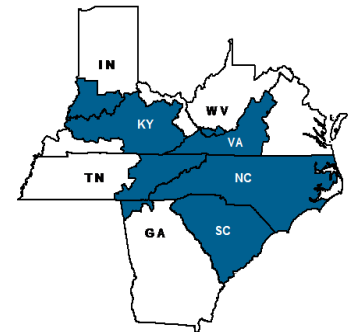
Dairy Forecasts for 2019

Due to recent declines in milk cow numbers, relatively high slaughter levels, and higher expected feed prices, the forecast for the size of the milking herd in 2019 has been lowered 10 thousand head to 9.335 million. The higher expected feed prices should also impact yields; therefore, the milk per cow forecast for the year has been lowered 25 pounds to 23,375. Milk production in 2019 is now forecast at 218.2 billion pounds, 0.5 billion pounds lower than the last forecast.

Imports on a milk-fat basis for 2019 are forecast at 6.5 billion pounds, the same as last month's forecast. The export forecast for 2019 on a milk-fat basis has been lowered 0.5 billion pounds to 9.7 billion, as higher expected cheese exports to Mexico due to elimination of tariffs only partially offset lower expected exports of butterfat products. Ending stocks on a milk-fat basis are now forecast at 13.1 billion pounds, an increase of 0.1 billion pounds from last month's estimate.

Imports on a skim-solids basis are now forecast at 5.4 billion pounds for the year, an increase of 0.3 billion from last month's forecast due to higher expected imports of milk protein products. The export forecast has been lowered 0.6 billion pounds to 42.0 billion due to lower expected exports of NDM/SMP and lactose. Additional tariffs by China are expected to constrain lactose exports to some extent. Ending stocks are forecast at 10.2 billion pounds for the year, unchanged from last month's estimate.

Dairy Outlook, cont'd on pg. 3



Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Appalachian Statistical Summary	2
April Milk Production Up 0.3%	2
U.S. Monthly Milk Per Cow, 2017-2019	2
Dairy Outlook, cont'd	3
National Fluid Milk Processor Promotion Board, cont'd	3
FMMO Statistics – May 2019	4

National Fluid Milk Processor Promotion Board

On June 3, 2019, U.S. Secretary of Agriculture Sonny Perdue announced the appointment of seven members to serve on the National Fluid Milk Processor Promotion Board. Six appointees will serve three-year terms, July 1, 2019, through June 30, 2022. One appointee will serve the remaining two-year portion of a vacant position, effective immediately, and expiring June 30, 2021.

Newly appointed members are: Robert D. Knodle, Lynnfield, Mass. (Region 1); Joseph R. DePetrillo, Dallas, Texas (Region 4); William H. Kelly, Chicago, Ill. (Region 7); Timothy K. Kelly, Phoenix, Ariz. (Region 8), (2-year term); Joseph D. Reske, Dallas, Texas (Region 10); and Everett Williams, Madison, Ga. (At-large, general public). Newly reappointed: Rachel A. Kylo, St. Paul, Minn. (At-large, processor).

The [National Fluid Milk Processor Promotion Board](#) is composed of 15 fluid milk processors from 15 geographic regions and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public.

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

Appalachian Statistical Summary

	MAY 2019	APRIL 2019	MAY 2018
PRICES: (Base Zone)			
Uniform Price	\$18.93	\$18.28	\$17.20
Class I Price	19.82	19.16	17.84
Class II Price	16.48	16.38	14.47
Class III Price	16.38	15.96	15.18
Class IV Price	16.29	15.72	14.57
Uniform Skim Milk Price	\$10.28	\$9.65	\$8.45
Class I Skim Milk Price	11.22	10.45	9.38
Class II Skim Milk Price	7.72	7.75	5.45
Class III Skim Milk Price	7.65	7.34	6.21
Class IV Skim Milk Price	7.55	7.09	5.58
Uniform Butterfat Price	\$2.5740	\$2.5610	\$2.5845
Class I Butterfat Price	2.5695	2.5939	2.5117
Class II Butterfat Price	2.5788	2.5445	2.6309
Class III Butterfat Price	2.5718	2.5375	2.6239
Class IV Butterfat Price	2.5718	2.5375	2.6239
PRODUCER MILK:			
Class I	306,829,789	310,879,236	330,246,130
Class II	77,110,693	74,128,421	79,824,698
Class III	26,009,163	26,017,085	29,267,937
Class IV	47,051,019	59,120,577	48,111,163
Total Producer Milk	457,000,664	470,145,319	487,449,928
PERCENT PRODUCER MILK IN:			
Class I	67.14	66.12	67.75
Class II	16.87	15.77	16.38
Class III	5.69	5.53	6.00
Class IV	10.30	12.58	9.87

F.O. 5 STATS FOR MAY 2019:

The Uniform Price

for May 2019 was \$18.93 per cwt., an increase of \$0.65 from April 2019 and \$1.73 from May 2018.

Total Class I Milk

for May 2019 was 306.8 million pounds, a decrease of 23.4 million pounds, or 7.1 percent, compared to May 2018.

Class I Utilization

was 67.14 percent for May 2019, an increase of 1 percentage points from April 2019.

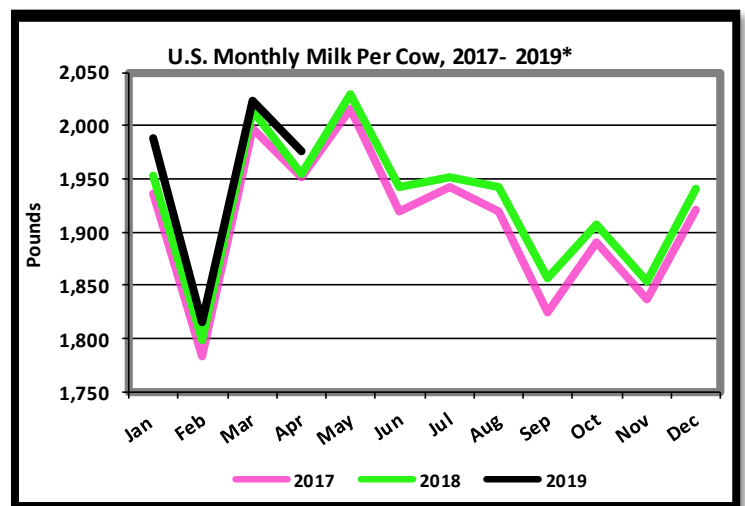
Total Producer Milk

for May 2019 was 457.0 million pounds, a decrease of 30.4 million pounds, or 6.2 percent, compared to May 2018.

April Milk Production Up 0.3%

Milk production in the 23 major States during April totaled 17.4 billion pounds, up 0.3 percent from April 2018. March revised production, at 17.8 billion pounds, was down 0.3 percent from March 2018.

Production per cow in the 23 major States averaged 1,996 pounds for April, 19 pounds above April 2018. This is the highest production per cow for the month of April since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.71 million head, 55,000 head less than April 2018, and 1,000 head less than March 2019.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Although lower milk production usually contributes to higher dairy product prices, expectations for cheese prices in 2019 are lower due to recent price movements. The cheese price forecast for 2019 has been lowered to \$1.64 per pound, 1 cent lower than last month's forecast. The whey price forecast has been lowered one-half cent to \$0.390 per pound due to recent price movements and continued weakness in exports. Prices for butter and NDM have been raised to \$2.325 (+3.5 cents) and \$1.015 (+1.0 cent), respectively, due to recent price movements and lower expected milk production.

With lower price forecasts for cheese and whey in 2019, the Class III price forecast for the year has been lowered 15 cents to \$15.90 per cwt. In contrast, higher butter and NDM price forecasts have resulted in a higher Class IV price forecast of \$16.40 per cwt. The all-milk price for 2019 is now forecast at \$18.00 per cwt, 5 cents lower than the previous forecast.

Dairy Forecasts for 2020

With higher feed prices and lower expected milk cow numbers in 2019, the 2020 forecast for size of the milking herd has been lowered 10 thousand head to 9.355 million (a year-over-year increase of 20 thousand head). Milk per cow is forecast at 23,720 pounds for the year, 60 pounds lower than the last forecast, due to higher expected feed prices. The 2020 milk production is forecast at 221.9 billion pounds for 2020, a reduction of 0.8 billion pounds from last month's forecast.

The export forecast for the year on a milk-fat basis is also unchanged at 10.4 billion pounds, as higher expected cheese exports to Mexico will offset lower expected exports of butterfat products.

Most dairy product prices are expected to move higher in 2020. Due to lower milk production and higher expectations for exports, the cheese price forecast has been raised to \$1.725 per pound, 1.5 cents higher than last month's forecast. Recent price gains and relatively strong expected domestic demand have motivated a half-cent increase in the butter price forecast for 2020 to \$2.365 per pound. The NDM price forecast for the year is unchanged at \$1.045 per pound; this would represent price growth of 3 cents per pound from 2019 if forecasts are realized. The dry whey price for 2020 is now forecast at \$0.375 per pound, a half-cent lower than last month's forecast.

The higher cheese price forecast has resulted in an increase of 10 cents in the Class III price forecast for 2020, to \$16.65 per cwt. Similarly, with higher expected butter prices, the Class IV price forecast for the year is 5 cents higher than the previous forecast, at \$16.85 per cwt. The all-milk price is now forecast at \$18.90 per cwt for the year, an increase of 10 cents from the last forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-300, June 17, 2019
USDA, Economic Research Service

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

The remaining at-large seat may be filled by a fluid milk processor or a member from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The National Fluid Milk Program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market three million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

Since 1966, Congress has authorized the establishment of 22 industry-funded research and promotion boards. They empower farmers and ranchers to leverage their own resources to develop new markets, strengthen existing markets, and conduct important research and promotion activities. USDA's Agricultural Marketing Service provides oversight, paid for by industry assessments, which ensures fiscal accountability and program integrity. Information about these programs is available on the [Research and Promotion Programs](#) page on the AMS website.

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Federal Milk Marketing Order Statistics - May 2019

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,353.7	703.5	29.9	17.80
5 <i>Appalachian</i>	457.0	306.8	67.1	18.93
6 Florida	206.1	176.7	85.7	21.13
7 Southeast	437.2	287.8	65.8	19.24
30 Upper Midwest	3,247.3	236.3	7.3	16.55
32 Central	1,497.9	382.2	25.5	16.62
33 Mideast	1,823.0	555.9	30.5	16.94
51 California	2,584.2	470.3	18.2	16.93
124 Pacific Northwest	787.0	149.1	18.9	16.62
126 Southwest	1,268.3	355.8	28.1	17.51
131 Arizona	434.1	103.6	23.9	16.94
All Orders	15,095.9	3,728.1	24.7	17.17

^{1/} Weighted average uniform prices at 3.5% butterfat at announced loca-

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