

# THE COURIER

Monthly Newsletter

## Dairy Outlook

January 2020

### *Dairy Estimates for 2019*

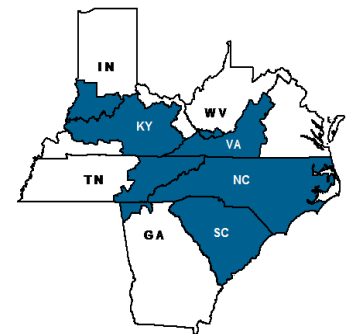
Although 2019 is over, fourth-quarter and annual supply and use numbers in this report reflect interagency committee expectations because data for December are not yet available. Based on cow numbers in November, the fourth-quarter estimate for the size of the milking herd has been increased to 9.330 million head, 5 thousand higher than last month's forecast. The fourth-quarter expectation for milk per cow has been lowered 40 pounds to 5,765 pounds for the fourth quarter, as November milk per cow was significantly lower than expected. With these changes, expected fourth-quarter 2019 milk production is 53.8 billion pounds, 0.3 billion pounds lower than the last month's forecast.

For the year, milk production is expected to be 218.3 billion pounds. The estimate for domestic use on a milk-fat basis is now 56.5 billion pounds for the fourth quarter, 0.4 billion pounds lower than last month's forecast. Fourth-quarter domestic use on a skim-solids basis is now expected to be 44.7 billion pounds for the quarter, a reduction of 0.4 billion pounds. While most dairy supply and use data are not yet available for December, complete 2019 price data are available with the exception of the all-milk price. For the fourth quarter, the cheese price was a slightly lower than expected last month, while prices for dry whey, butter, and NDM were a slightly higher. Average prices for Cheddar cheese, dry whey, butter, and NDM in 2019 were \$1.759, \$0.380, \$2.243, and \$1.042 per pound, respectively.

### *Dairy Forecasts for 2020*

The 2020 annual forecast for milk production has been lowered 0.4 billion pounds to 222.0 billion pounds. The forecast for the average size of the milking herd is 9.335 million head, unchanged from last month's forecast. With the significant drop in milk per cow in November, expectations for 2020 yields have been lowered. The milk per cow estimate is 23,785 pounds per head, 45 pounds lower than last month's forecast. With lower expected imports of butter and cheese, the 2020 forecast for imports on a milk-fat basis has been lowered 0.1 billion pounds to 6.3 billion. Based on recent price weakening and lower expected domestic demand, 2020 price forecasts for Cheddar cheese and butter have been lowered to \$1.835 per pound (-3.0 cents) and \$1.960 per pound (-6.0 cents), respectively.

*Dairy Outlook, cont'd on pg. 3*



Harold H. Friedly, Jr.  
Market Administrator

### Inside this issue:

Appalachian Statistical Summary	2
U.S. Monthly Milk Production, 2017-2019	2
December Milk Production up 0.9 Percent	2
Dairy Outlook, cont'd	3
Annual Statistical Summary	3
FMMO Statistics – December 2019	4



## Appalachian Statistical Summary

	DECEMBER 2019	NOVEMBER 2019	DECEMBER 2018
<b>PRICES: (Base Zone)</b>			
Uniform Price	\$21.11	\$20.53	\$17.45
Class I Price	22.73	21.54	18.45
Class II Price	16.81	16.85	15.67
Class III Price	19.37	20.45	13.78
Class IV Price	16.70	16.60	15.09
Uniform Skim Milk Price	\$13.67	\$12.69	\$8.90
Class I Skim Milk Price	15.01	13.51	9.82
Class II Skim Milk Price	9.43	9.02	7.12
Class III Skim Milk Price	12.11	12.78	5.18
Class IV Skim Milk Price	9.34	8.79	6.54
Uniform Butterfat Price	\$2.2623	\$2.3683	\$2.5311
Class I Butterfat Price	2.3548	2.4295	2.5626
Class II Butterfat Price	2.2022	2.3265	2.5150
Class III Butterfat Price	2.1952	2.3195	2.5080
Class IV Butterfat Price	2.1952	2.3195	2.5080
<b>PRODUCER MILK:</b>			
Class I	321,867,737	285,021,604	331,585,712
Class II	56,539,741	51,706,509	53,289,461
Class III	20,505,708	16,536,759	38,805,381
Class IV	60,458,891	32,295,299	74,387,654
<b>Total Producer Milk</b>	<b>459,372,077</b>	<b>385,560,171</b>	<b>498,068,208</b>
<b>PERCENT PRODUCER MILK IN:</b>			
Class I	70.07	73.92	66.57
Class II	12.31	13.41	10.70
Class III	4.46	4.29	7.79
Class IV	13.16	8.38	14.94

### F.O. 5 STATS FOR December 2019:

#### The Uniform Price

for December 2019 was \$21.11 per cwt., an increase of \$0.58 from November 2019 and \$3.66 from December 2018.

#### Total Class I Milk

for December 2019 was 321.9 million pounds, a decrease of 9.7 million pounds, or 2.9 percent, compared to December 2018.

#### Class I Utilization

was 70.07 percent for December 2019, an increase of 3.50 percentage points from December 2018.

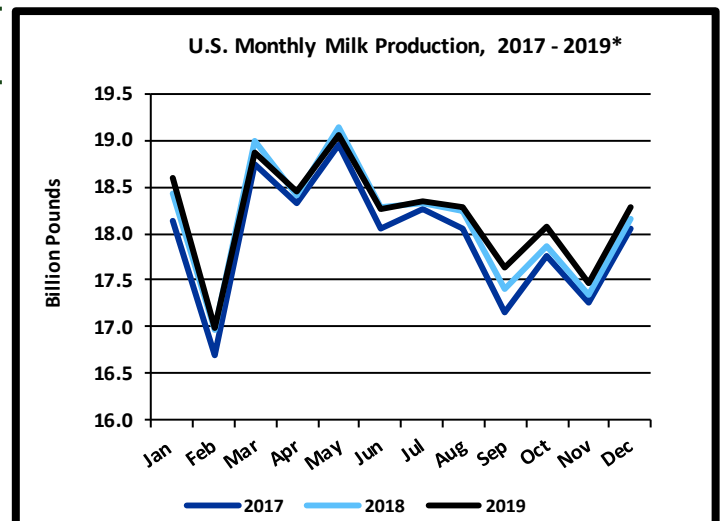
#### Total Producer Milk

for December 2019 was 459.4 million pounds, a decrease of 38.7 million pounds compared to December 2018.

## December Milk Production up 0.9 Percent

Milk production in the 24 major States during December totaled 17.4 billion pounds, up 0.9 percent from December 2018. Production per cow in the 24 major States averaged 1,978 pounds for December, 14 pounds above December 2018.

The number of milk cows on farms in the 24 major States was 8.81 million head, 16,000 head more than December 2018, but unchanged from November 2019.



\*Based on entire U.S. production

## Dairy Outlook, cont'd from pg. 1

With higher expected demand for NDM exports and relatively low NDM stock levels, the NDM price forecast for 2020 has been raised 2.5 cents to \$1.255 per pound. The dry whey price forecast has been lowered 0.5 cents to \$0.340 per pound. With the lower expected cheese price, the Class III milk price forecast for 2020 has been lowered \$0.30 to \$17.35 per cwt. With the lower butter price forecast more than offsetting the higher NDM price forecast, the Class IV milk price forecast has been lowered by \$0.05 to \$16.90 per cwt. The all-milk forecast for 2020 has been lowered to \$19.25 per cwt, \$0.15 lower than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-307, January 16, 2020,  
USDA, Economic Research Service

## Annual Statistical Summary

	2019	2018	2017
<b>PRICES AT 3.5% BUTTERFAT AT BASE ZONE (Simple Average):</b>			
Uniform	\$19.40	\$17.31	\$18.79
Class I	\$20.39	\$18.24	\$19.85
Class II	\$16.76	\$14.80	\$16.04
Class III	\$16.96	\$14.61	\$16.17
Class IV	\$16.30	\$14.23	\$15.16

### PRODUCER MILK:

Class I	3,746,236,821	3,984,111,054	4,001,671,760
Class II	782,410,336	819,217,416	913,317,537
Class III	294,022,594	318,849,012	279,248,224
Class IV	503,918,773	612,291,038	606,769,816
Total Producer Milk	5,326,588,524	5,734,468,520	5,801,007,337

### PERCENT PRODUCER MILK IN:

Class I	70.33	69.47	68.97
Class II	14.69	14.29	15.74
Class III	5.52	5.56	4.81
Class IV	9.46	10.68	10.48

### PRODUCTION:

Average Monthly Producer Milk	443,882,377	477,872,377	483,417,278
Average Daily Producer Milk	14,593,393	15,710,873	15,893,171
Average Number of Producers	1,552	1,705	1,991
Average Butterfat Test	3.80	3.79	3.76

### TOTAL VALUE AT MINIMUM PRICE:

Value of Producer Milk at Test	\$1,070,709,243	\$1,031,944,634	\$1,127,495,809
Average Value at Test per cwt.	\$20.10	\$18.00	\$19.44

**APPALACHIAN MARKETING AREA  
FEDERAL ORDER 5**

Market Administrator  
PO Box 91528  
Louisville KY 40291-0528

**ADDRESS SERVICE REQUESTED**

Phone: 502.499.0040  
Fax: 502.499.8749  
Email: [friedly@malouisville.com](mailto:friedly@malouisville.com)



**Federal Milk Marketing Order Statistics - December 2019**

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
<b>1</b>	<b>Northeast</b>	<b>2,250.2</b>	<b>715.4</b>	<b>31.8</b>	<b>19.28</b>
<b>5</b>	<b><i>Appalachian</i></b>	<b><i>459.4</i></b>	<b><i>321.9</i></b>	<b><i>70.1</i></b>	<b><i>21.11</i></b>
<b>6</b>	<b>Florida</b>	<b>219.9</b>	<b>176.8</b>	<b>80.4</b>	<b>23.18</b>
<b>7</b>	<b>Southeast</b>	<b>391.8</b>	<b>285.0</b>	<b>72.7</b>	<b>21.63</b>
<b>30</b>	<b>Upper Midwest</b>	<b>1,798.1</b>	<b>232.4</b>	<b>12.9</b>	<b>18.97</b>
<b>32</b>	<b>Central</b>	<b>1,046.2</b>	<b>393.6</b>	<b>37.6</b>	<b>18.08</b>
<b>33</b>	<b>Mideast</b>	<b>1,529.2</b>	<b>570.0</b>	<b>37.3</b>	<b>18.44</b>
<b>51</b>	<b>California</b>	<b>1,879.9</b>	<b>457.0</b>	<b>24.3</b>	<b>17.60</b>
<b>124</b>	<b>Pacific Northwest</b>	<b>626.1</b>	<b>143.6</b>	<b>22.9</b>	<b>17.77</b>
<b>126</b>	<b>Southwest</b>	<b>871.3</b>	<b>352.7</b>	<b>40.5</b>	<b>18.22</b>
<b>131</b>	<b>Arizona</b>	<b>385.4</b>	<b>107.1</b>	<b>27.8</b>	<b>18.71</b>
	<b>All Orders</b>	<b>11,457.5</b>	<b>3,755.5</b>	<b>32.8</b>	<b>18.78</b>

<sup>1/</sup> Weighted average uniform prices at 3.5% butterfat at announced locations.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means of communication for program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202)720.2600 (voice and TTY). To file a complaint of discrimination, write to USDA, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (866)795.3272. USDA is an equal opportunity provider, employer, and lender.