

THE COURIER

Monthly Newsletter

Dairy Outlook

February 2020

Recent Developments in Dairy Markets

USDA National Agricultural Statistics Service (NASS) estimated that U.S. milk production in December totaled 18.277 billion pounds, an increase of 0.7 percent from December 2018. Milk cows totaled 9.339 million head in December, unchanged from the most recent estimate for November but 14,000 head less than December 2018. Milk per cow was 1,957 pounds per head in December, 0.8 percent higher than December 2018.

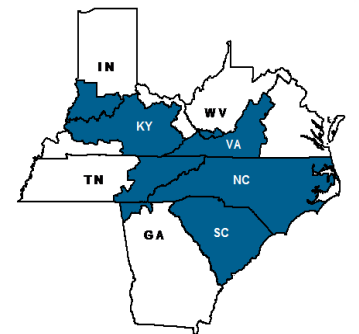
According to the NASS Cattle report, the milk cow inventory as of January 1 was 9.335 million head, 19,000 head less than January 1, 2019. Milk replacement heifers on January 1 totaled 4.637 million head, 65 thousand fewer than January 1, 2019. Milk replacement heifers expected to calve totaled 2.931 million head, 74 thousand less than January 1, 2019. The ratio of milk replacement heifers to milk cows for January 1 was 49.7 percent, the lowest percentage since January 1, 2014. For the first 5 weeks of 2020, federally inspected commercial dairy cow slaughter, as reported by USDA AMS, totaled 325.900 head, 1.8 percent above the first 5 weeks of 2019.

Domestic use on a milk-fat basis in the fourth quarter of 2019 was 56.5 billion pounds, 0.6 billion higher than the fourth quarter of 2018. On a skim-solids basis, domestic use totaled 44.5 billion pounds, 0.2 billion less than the fourth quarter of 2018.

Dairy Forecasts for 2020

This month, relatively small changes have been made to supply and use forecasts for 2020. The annual forecast for milk production is unchanged from last month's forecast of 222.0 billion pounds. Annual forecast for milk cow numbers and milk production per cow are unchanged from last month.

The forecast for domestic commercial use has been lowered to 217.9 billion pounds on a milk-fat basis (-0.1 billion) and to 182.7 billion pounds on a skim-solids basis (-0.2 billion). The forecast for ending stocks on a milk-fat basis is unchanged at 13.4 billion pounds. With lower beginning stocks for 2020 on a skim-solids basis, ending stocks for 2020 have been lowered by 0.1 billion pounds to 10.3 billion.



Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Appalachian Statistical Summary	2
January Milk Production up 1.2%	2
U.S. Monthly Number of Cows, 2017-2019	2
Dairy Outlook, cont'd	3
2019 Annual Milk Production up 0.4% from 2018	3
Oct—Dec Milk Production up 0.8%	4
FMMO Statistics – January 2020	4

Appalachian Statistical Summary

	JANUARY 2020	DECEMBER 2019	JANUARY 2019
PRICES: (Base Zone)			
Uniform Price	\$21.03	\$21.11	\$17.82
Class I Price	22.41	22.73	18.52
Class II Price	17.05	16.81	15.74
Class III Price	17.05	19.37	13.96
Class IV Price	16.65	16.70	15.48
Uniform Skim Milk Price	\$13.94	\$13.67	\$9.31
Class I Skim Milk Price	15.11	15.01	9.92
Class II Skim Milk Price	9.98	9.43	7.22
Class III Skim Milk Price	10.01	12.11	5.41
Class IV Skim Milk Price	9.60	9.34	6.98
Uniform Butterfat Price	\$2.1639	\$2.2623	\$2.5240
Class I Butterfat Price	2.2355	2.3548	2.5557
Class II Butterfat Price	2.1187	2.2022	2.5051
Class III Butterfat Price	2.1117	2.1952	2.4981
Class IV Butterfat Price	2.1117	2.1952	2.4981
PRODUCER MILK:			
Class I	344,938,775	321,867,737	370,091,670
Class II	60,333,992	56,539,741	60,328,057
Class III	18,880,680	20,505,708	28,014,358
Class IV	42,042,094	60,458,891	29,594,791
Total Producer Milk	466,195,541	459,372,077	488,028,876
PERCENT PRODUCER MILK IN:			
Class I	73.99	70.07	75.83
Class II	12.94	12.31	12.36
Class III	4.05	4.46	5.74
Class IV	9.02	13.16	6.07

F.O. 5 STATS FOR January 2020:

The Uniform Price for January 2020 was \$21.03 per cwt., a decrease of \$0.08 from December 2019 and an increase of \$3.21 from January 2019.

Total Class I Milk for January 2020 was 344.9 million pounds, an increase of 23.1 million pounds, or 7.2 percent, compared to December 2019.

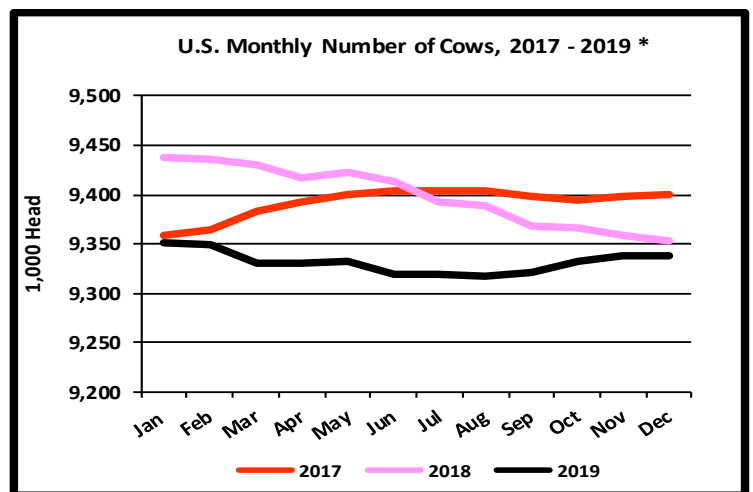
Class I Utilization was 73.99 percent for January 2020, an increase of 3.92 percentage points from December 2019.

Total Producer Milk for January 2020 was 466.2 million pounds, an increase of 6.8 million pounds compared to December 2019.

January Milk Production up 1.2 Percent

Milk production in the 24 major States during January totaled 17.9 billion pounds, up 1.2 percent from January 2019. Production per cow in the 24 major States averaged 2,031 pounds for January, 21 pounds above January 2019.

The number of milk cows on farms in the 24 major States was 8.82 million head, 16,000 head more than January 2019, and 5,000 head more than December 2019.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Based on recent price weakening and lower expectations for cheese and butter demand, 2020 price forecasts have been lowered to \$1.790 per pound (-4.5 cents) and \$1.910 per pound (-5.0 cents) per pound, respectively. With recent price strengthening for dry whey, the 2020 forecast has been raised to \$0.345 per pound (+0.5 cents). The NDM price forecast for 2020 is unchanged at \$1.255 per pound.

With the lower expected cheese price more than offsetting the higher expected dry whey price, the Class III milk price forecast for 2020 has been lowered \$0.40 to \$16.95 per cwt. With the lower butter price forecast, the Class IV milk price forecast has been lowered by \$0.20 to \$16.70 per cwt. The all-milk forecast for 2020 has been lowered to \$18.85 per cwt, \$0.40 lower than last month's forecast.

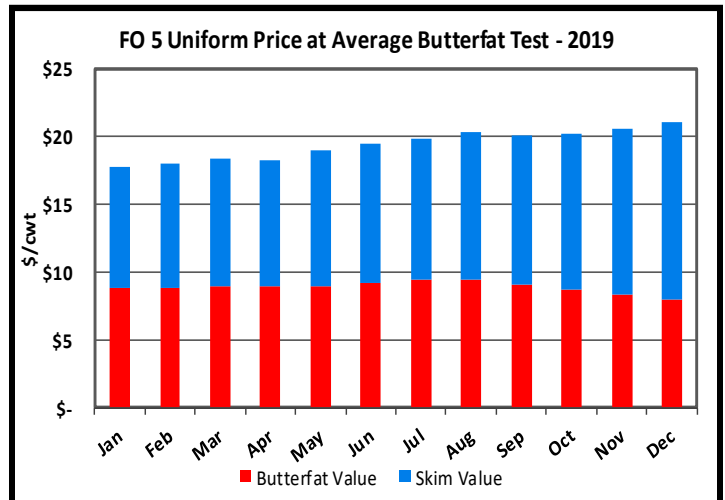
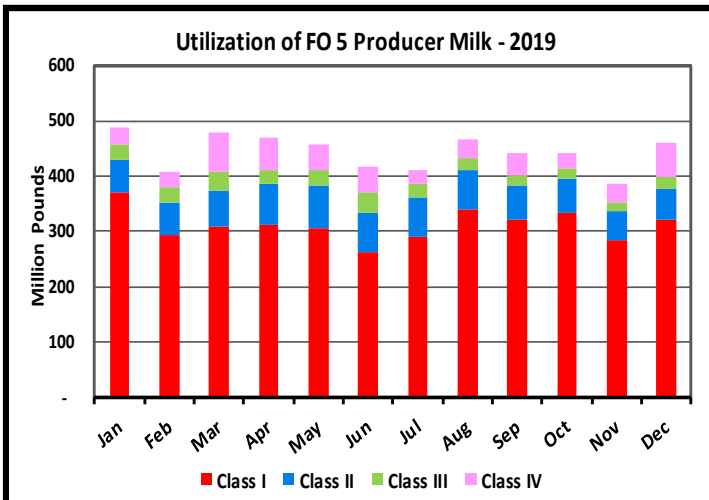
Livestock, Dairy, and Poultry Outlook, LDP-M-308, February 18, 2020,
USDA, Economic Research Service

2019 Annual Milk Production up 0.4 Percent from 2018

The annual production of milk for the United States during 2019 was 218 billion pounds, 0.4 percent above 2018. Revisions to 2018 production decreased the annual total 7 million pounds. Revised 2019 production was up 60 million pounds from last month's publication. Annual total milk production has increased 13.0 percent from 2010.

Production per cow in the United States averaged 23,391 pounds for 2019, 241 pounds above 2018. The average annual rate of milk production per cow has increased 10.6 percent from 2010.

The average number of milk cows on farms in the United States during 2019 was 9.34 million head, down 0.7 percent from 2018. The average number of milk cows was revised up 4,000 head for 2019. The average annual number of milk cows has increased 2.3 percent from 2010.



**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

WEBSITE:
www.malouisville.com

Oct-Dec Milk Production up 0.8%

Milk production in the United States during the October - December quarter totaled 53.8 billion pounds, up 0.8 percent from the October - December quarter last year.

The average number of milk cows in the United States during the quarter was 9.34 million head, 18,000 head more than the July - September quarter, but 22,000 head less than the same period last year.

Federal Milk Marketing Order Statistics - January 2020

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,301.9	715.6	31.1	18.78
5 Appalachian	466.2	344.9	74.0	21.03
6 Florida	225.2	192.6	85.5	23.33
7 Southeast	419.7	299.4	71.3	21.32
30 Upper Midwest	2,234.5	238.6	10.7	17.33
32 Central	1,305.0	419.1	32.1	17.63
33 Mideast	1,745.1	580.6	33.3	17.94
51 California	2,335.3	452.8	19.4	17.56
124 Pacific Northwest	769.5	149.2	19.4	17.33
126 Southwest	1,311.2	374.3	28.5	18.27
131 Arizona	442.9	108.3	24.5	17.92
All Orders	13,556.3	3,875.5	28.6	18.18

^{1/} 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.