

THE COURIER

Monthly Newsletter

Dairy Outlook

May 2020

Dairy Forecasts for 2020

Milk cows for the first quarter averaged 7,000 head higher than expected last month. Due to low milk prices, recent dairy cow slaughter data, and actions by some milk handlers to discourage milk production growth, milk cow numbers are expected to decline gradually through the year. For 2020, milk cows are expected to average 9.355 million head, an increase of 5,000 from last month's forecast. Milk per cow for the year is forecast at 23,770 pounds, 5 pounds higher than last month's forecast. The milk production forecast for 2020 is 222.4 billion pounds, 0.2 billion pounds higher than forecast last month.

Based on recent data and expectations for relatively weak domestic demand, domestic use forecasts have been lowered to 216.9 billion pounds on a milk-fat basis (-0.1 billion) and to 181.5 billion pounds on a skim-solids basis (-1.8 billion).

Based on recent price strength, 2020 price forecasts for Cheddar cheese and dry whey have been raised to \$1.420 per pound (+4.0 cents) and 0.380 per pound (+3.5 cents), respectively. With lower expected demand, the butter price forecast has been lowered to \$1.410 per pound (-2.0 cents). With higher price forecasts for Cheddar cheese and dry whey, the 2020 Class III milk price forecast has been raised to \$13.35 per cwt (+\$0.60). With lower price forecasts for butter and NDM, the Class IV milk price forecast has been lowered to \$11.90 per cwt (-\$0.25). The allmilk price forecast for 2020 is \$14.55 per cwt, an increase from last month's forecast of \$14.35 per cwt.

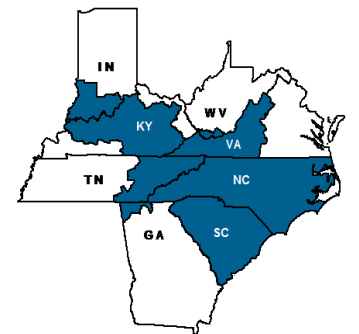
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Coronavirus Food Assistance Program

USDA Secretary Sonny Perdue announced the Coronavirus Food Assistance program on April 17, 2020. CFAP will use funding and authorities provided in the Coronavirus Aid, Relief, and Economic Security Act, the Families First Coronavirus Response Act, and other USDA existing authorities. This \$19 billion immediate relief program includes direct support to agricultural producers as well as the Farmers to Families Food Box Program.

Beginning May 26, USDA's Farm Service Agency will be accepting applications from agricultural producers who have suffered losses. The application form and a payment calculator for producers will be available online once signup begins.

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Harold H. Friedly, Jr.
Market Administrator

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Appalachian Statistical Summary

	APRIL 2020	MARCH 2020	APRIL 2019
PRICES: (Base Zone)			
Uniform Price	\$17.49	\$19.49	\$18.28
Class I Price	20.04	20.86	19.16
Class II Price	13.87	16.75	16.38
Class III Price	13.07	16.25	15.96
Class IV Price	11.40	14.87	15.72
Uniform Skim Milk Price	\$12.33	\$13.05	\$9.65
Class I Skim Milk Price	13.59	14.22	10.45
Class II Skim Milk Price	9.55	10.38	7.75
Class III Skim Milk Price	8.75	9.88	7.34
Class IV Skim Milk Price	7.02	8.45	7.09
Uniform Butterfat Price	\$1.5984	\$1.9701	\$2.5610
Class I Butterfat Price	1.9779	2.0397	2.5939
Class II Butterfat Price	1.3288	1.9247	2.5445
Class III Butterfat Price	1.3218	1.9177	2.5375
Class IV Butterfat Price	1.3218	1.9177	2.5375
PRODUCER MILK:			
Class I	317,661,336	349,039,586	310,879,236
Class II	48,875,994	60,783,655	74,128,421
Class III	25,915,919	26,850,250	26,017,085
Class IV	53,664,670	56,643,147	59,120,577
Total Producer Milk	446,117,919	493,316,638	470,145,319
PERCENT PRODUCER MILK IN:			
Class I	71.21	70.75	66.12
Class II	10.96	12.32	15.77
Class III	5.81	5.44	5.53
Class IV	12.02	11.49	12.58

F.O. 5 STATS FOR April 2020:

The Uniform Price for April 2020 was \$17.49 per cwt., a decrease of \$2.00 from March 2020 and a decrease of \$0.79 from April 2019.

Total Class I Milk For April 2020 was 317.7 million pounds, an increase of 6.8 million pounds compared to April 2019.

Class I Utilization was 71.21 percent for March 2020, an increase of 0.46 percentage points from March 2020.

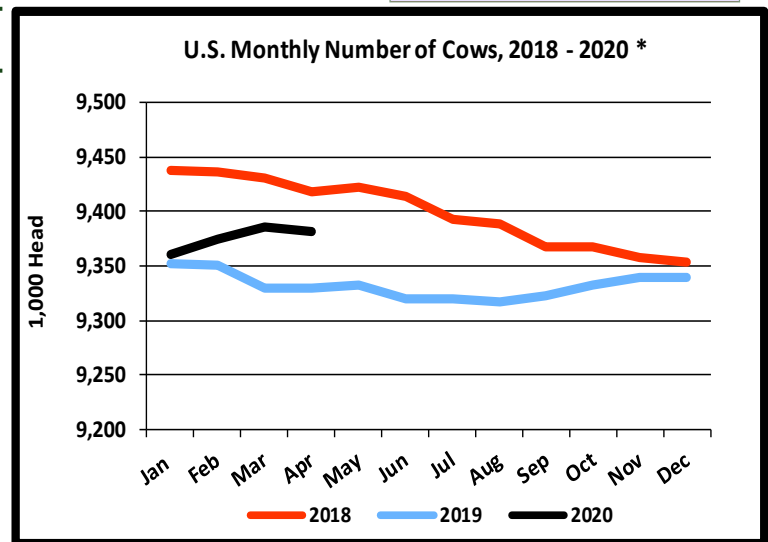
Total Producer Milk for April 2020 was 446.1 million pounds, a decrease of 24.0 million pounds compared to April 2019.

April Milk Production up 1.6 Percent

Milk production in the 24 major States during April totaled 17.8 billion pounds, up 1.6 Percent from April 2019. March revised production, at 18.5 billion pounds, was up 3.0 percent from March 2019.

Production per cow in the 24 major States averaged 2,013 pounds for April, 17 pounds above April 2019.

The number of milk cows on farms in the 24 major States was 8.85 million head, 65,000 head more than April 2019, but 4,000 head less than March 2020.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2021

The milk production forecast for 2021 is 224.1 billion pounds, a modest increase of 1.0 percent from 2020 (adjusted for leap year). The forecast for the average number of milk cows in 2021 is 9.335 million, 20,000 lower than 2020. Milk per cow for 2021 is forecast at 24,010 pounds per head, an increase of 1.3 percent from the 2020 forecast (adjusted for leap year). On a milk-fat basis, the 2021 export forecast is 9.2 billion pounds, the same as 2020.

On a milk-fat basis, the forecast is 221.9 billion pounds, 5.0 billion higher than 2020. On a skim-solids basis the 2021 forecast for domestic use is 185.0 billion pounds, a year-over-year increase of 3.5 billion. Dairy product prices in 2021 are expected to increase from 2020. Forecasts for average prices of Cheddar cheese, butter, NDM, and dry whey are \$1.495 per pound (+7.5 cents), \$1.465 per pound (+5.5 cents), \$0.955 per pound (+1.5 cents), \$0.395 per pound (+1.5 cents), respectively. Class III and IV milk prices are forecast at \$14.20 per cwt (+\$0.85) and \$12.20 (+\$0.30) per cwt, respectively. The all-milk price for 2021 is forecast at \$15.00 per cwt, an increase from the \$14.55 per cwt forecast for 2020.

Livestock, Dairy, and Poultry Outlook, LDP-M-311, May 18, 2020, USDA,
Economic Research Service

Coronavirus Food Assistance Program, cont'd from pg. 1

CFAP payments are eligible to all dairy operations with milk production in January, February, and/or March 2020. Any dumped milk production during the months of January, February, and March 2020 is eligible for assistance.

For dairy, a single payment will be made based on a producer's certification of milk production for the first quarter of calendar year 2020 multiplied by \$4.71 per hundred weight. The second part of the payment is based a national adjustment to each producer's production in the first quarter multiplied by \$1.47 per hundred weight.

A single payment for dairy will be made calculated from two funding sources. Those include: CARES Act – The payment will compensate producers for price losses during the first quarter of 2020, and CCC Funds – The payment will compensate for marketing channel and demand disruptions for the second quarter of 2020 – April, May, and June – due to COVID-19.

USDA Service Centers are open for business by phone appointment only. Once the application period opens, please call your FSA county office to schedule an appointment. FSA staff at local USDA Service Centers will work with producers to file applications. Applications will be submitted electronically either by scanning, emailing, or faxing. Please call your office prior to sending applications electronically. In addition to the application form, the staff will work with you to complete portions of the CCC-902 – Farm Operating Plan – if necessary.

**APPALACHIAN MARKETING AREA
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USDA — COVID-19

For the latest news from the USDA on Coronavirus Disease 2019 (COVID-19) please visit the following link for updates: usda.gov/coronavirus.

Federal Milk Marketing Order Statistics - April 2020

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,309.5	688.7	29.8	14.92
5 Appalachian	446.1	317.7	71.2	17.49
6 Florida	216.4	167.9	77.6	19.35
7 Southeast	386.8	268.5	69.4	17.75
30 Upper Midwest	2,704.0	222.4	8.2	13.31
32 Central	1,598.6	388.5	24.3	13.51
33 Mideast	1,748.9	575.0	32.9	14.22
51 California	1,981.7	420.4	21.2	12.94
124 Pacific Northwest	621.6	138.3	22.3	13.15
126 Southwest	1,163.3	333.2	28.6	14.22
131 Arizona	441.4	96.2	21.8	13.33
All Orders	13,618.4	3,616.8	26.6	14.10

^{1/} Weighted average uniform prices at 3.5% butterfat at announced locations.

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