

THE COURIER

Monthly Newsletter

Dairy Outlook

June 2020

Dairy Forecasts for 2020

Based on higher-than-expected milk cow numbers in April, higher expected milk prices, and the decline in dairy cow slaughter numbers in recent weeks, the milk cow average for 2020 is forecast at 9.375 million head, 20,000 higher than last month's forecast. The milk per cow forecast has been lowered for the second quarter of 2020 as some dairy farmers have likely taken steps to reduce output in response to actions taken by cooperatives and milk handlers to limit growth in milk production. For the year, average milk per cow is forecast at 23,740 pounds, 30 pounds less than last month's forecast. Milk production is forecast at 222.5 billion pounds, an increase of 0.1 billion pounds from the previous forecast.

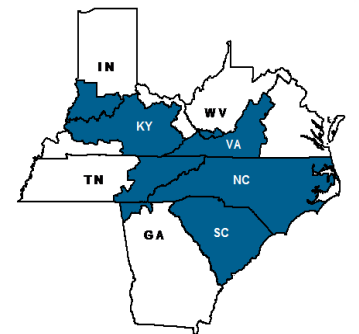
With foodservice establishments reopening in many parts of the country, expected improvement in economic conditions, and relatively large Government purchases of dairy products, domestic use forecasts have been raised for 2020. On a milk-fat basis, the 2020 domestic commercial use forecast is 218.6 billion pounds, 1.7 billion higher than last month's forecast. The 2020 forecast for domestic commercial use on a skim-solids basis is 181.7 billion pounds, 0.2 billion higher than last month's forecast. Likewise, the butter price forecast has been raised to \$1.680 per pound, 27 cents higher than the previous forecast. The dry whey price forecast has been lowered by 2 cents to \$0.360 per pound.

With the higher expected cheese price, the Class III price forecast for 2020 has been raised to \$15.65 per hundredweight (cwt), \$2.30 higher than last month's forecast.

Higher expected butter and NDM prices translate to a Class IV price of \$13.55 per cwt, \$1.65 higher than last month's forecast. The allmilk price forecast for 2020 is \$16.65 per cwt, an increase from the May forecast of \$14.55 per cwt.

Dairy Forecasts for 2021

With higher milk cow numbers expected for 2020 carrying into 2021 and higher expected milk prices in both years, milk cows are expected to average 9.380 million head, 45,000 higher than last month's forecast. The 2021 forecast for milk per cow has been raised to 24,030 pounds per head, 20 pounds higher than last month's forecast.



Harold H. Friedly, Jr.
Market Administrator

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Appalachian Statistical Summary

	MAY 2020	APRIL 2020	MAY 2019
PRICES: (Base Zone)			
Uniform Price	\$15.14	\$17.49	\$18.93
Class I Price	16.35	20.04	19.82
Class II Price	12.30	13.87	16.48
Class III Price	12.14	13.07	16.38
Class IV Price	10.67	11.40	16.29
Uniform Skim Milk Price	\$10.76	\$12.33	\$10.28
Class I Skim Milk Price	12.12	13.59	11.22
Class II Skim Milk Price	7.73	9.55	7.72
Class III Skim Milk Price	7.59	8.75	7.65
Class IV Skim Milk Price	6.07	7.02	7.55
Uniform Butterfat Price	\$1.3591	\$1.5984	\$2.5740
Class I Butterfat Price	1.3288	1.9779	2.5695
Class II Butterfat Price	1.3826	1.3288	2.5788
Class III Butterfat Price	1.3756	1.3218	2.5718
Class IV Butterfat Price	1.3756	1.3218	2.5718
PRODUCER MILK:			
Class I	317,770,929	317,661,336	306,829,789
Class II	64,645,329	48,875,994	77,110,693
Class III	29,368,645	25,915,919	26,009,163
Class IV	50,676,364	53,664,670	47,051,019
Total Producer Milk	462,461,267	446,117,919	457,000,664
PERCENT PRODUCER MILK IN:			
Class I	68.71	71.21	67.14
Class II	13.98	10.96	16.87
Class III	6.35	5.81	5.69
Class IV	10.96	12.02	10.30

F.O. 5 STATS FOR May 2020:

The Uniform Price for May 2020 was \$15.14 per cwt., a decrease of \$2.35 from April 2020 and a decrease of \$3.79 from May 2019.

Total Class I Milk For May 2020 was 317.8 million pounds, an increase of 10.9 million pounds compared to May 2019.

Class I Utilization was 68.7 percent for May 2020, an increase of 1.6 percentage points from May 2019.

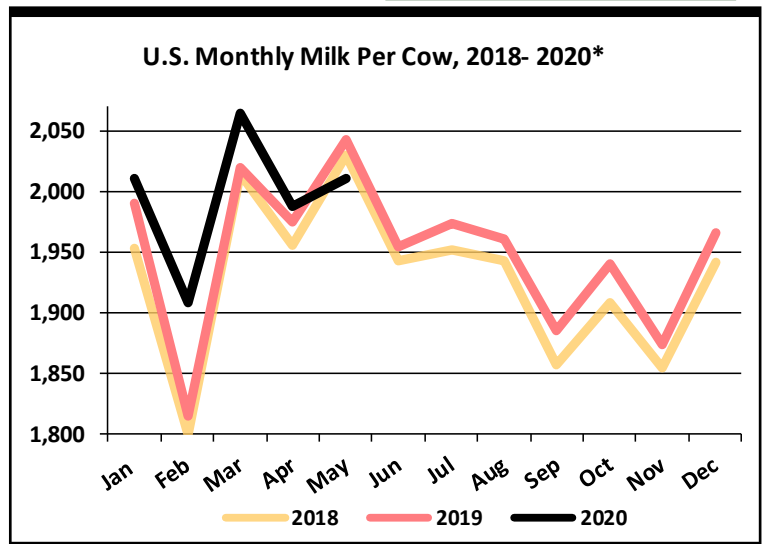
Total Producer Milk for May 2020 was 462.5 million pounds, an increase of 5.5 million pounds compared to May 2019.

May Milk Production down 1.0 Percent

Milk production in the 24 major States during May totaled 18.0 billion pounds, down 1.0 percent from May 2019. April revised production, at 17.8 billion pounds, was up 1.3 percent from April 2019. The April revision represented a decrease of 47 million pounds or 0.3 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,031 pounds for May, 32 pounds below May 2019.

The number of milk cows on farms in the 24 major States was 8.84 million head, 50,000 head more than May 2019, but 12,000 head less than April 2020.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

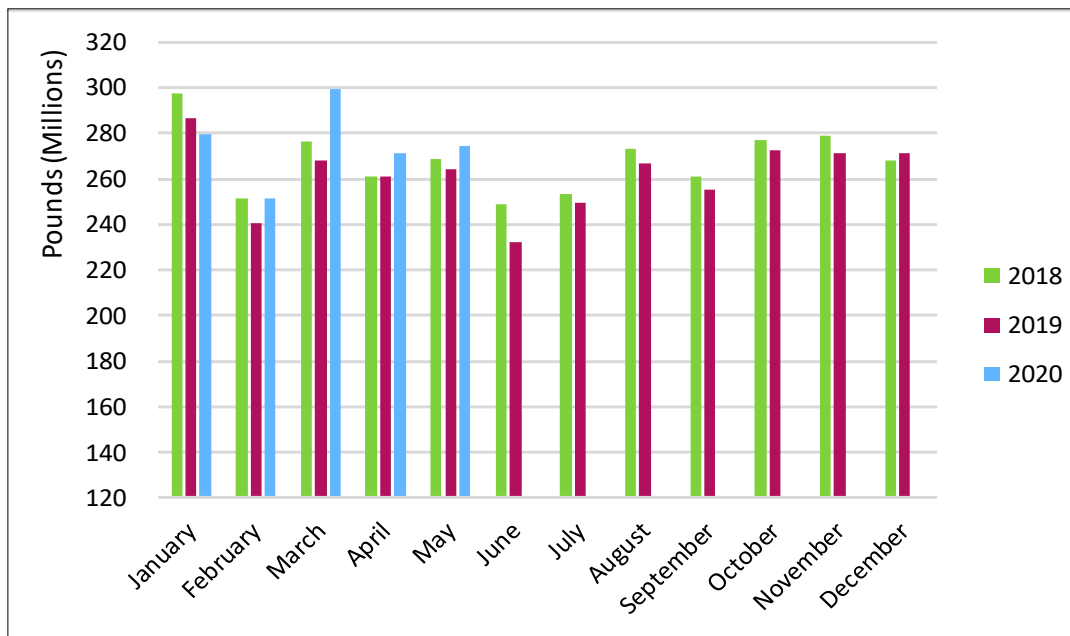
The forecast for 2021 milk production has been raised to 225.3 billion pounds, 1.2 billion higher than last month's forecast and a year-over-year increase of 1.5 percent (adjusted for leap year).

With an improved economic outlook, higher domestic use is expected in 2021. The forecast on a milkfat basis is 222.4 billion pounds, 0.5 billion higher than last month's forecast. On a skim-solids basis, the forecast is 185.4 billion pounds, 0.4 billion higher than last month's forecast.

Due to higher expected domestic demand, 2021 price forecasts for Cheddar cheese and butter have been raised to \$1.610 per pound (+11.5 cents) and \$1.690 per pound (+22.5 cents), respectively. The dry whey price forecast for 2021 is \$0.345 per pound, 5.0 cents lower than last month's forecast. With the higher expected cheese price more than offsetting the lower expected dry whey price, the Class III price forecast for 2021 is \$15.10 per cwt, \$0.90 higher than last month's forecast. With higher expected prices for butter and NDM, the Class IV price forecast has been raised by \$1.15 to \$13.35 per cwt. The all-milk price forecast for 2021 is \$16.20 per cwt, an increase from the May forecast of \$15.00 per cwt.

Livestock, Dairy, and Poultry Outlook, LDP-M-312, June 17, 2020, USDA, Economic Research Service

Total Fluid Milk Route Sales in FO 5



The above graph shows the monthly total fluid milk route sales into the Appalachian Federal Order from January 2018 until May 2020. The impact of COVID-19 led to an increase in route sales during March, April, and May 2020 compared to 2019. March 2020 had the largest increase from the prior year at 11.8 percent. In 2020, March increased 7.6 percent from February 2020 (adjusting for days in the month; March had 31, February had 29).

**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 - May 2020

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,308.7	686.8	29.8	13.47
5 Appalachian	462.5	317.8	68.7	15.14
6 Florida	200.8	162.9	81.1	17.29
7 Southeast	386.3	257.1	66.6	15.39
30 Upper Midwest	2,778.7	220.4	7.9	12.31
32 Central	1,393.9	380.7	27.3	12.24
33 Mideast	1,786.8	557.1	31.2	12.73
51 California	1,901.7	426.3	22.4	11.95
124 Pacific Northwest	641.8	135.6	21.1	11.97
126 Southwest	925.1	334.2	36.1	13.01
131 Arizona	434.5	102.3	23.5	12.38
All Orders	13,220.8	3,581.1	27.1	12.81

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

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