

THE COURIER

Monthly Newsletter

Dairy Outlook

September 2020

Dairy Forecasts for 2020

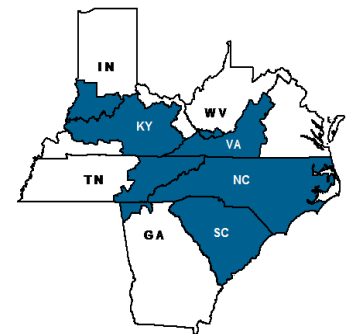
The dairy production forecast for 2020 was raised on higher-than-expected milk per cow. Revised second-quarter milk per cow was 6 pounds higher than expected, and with the expectation of stronger trend growth milk per cow was increased by 10 pounds for the last two quarters of this year, giving an annual average of 23,710 pounds of milk per cow. Cow numbers are forecast to grow at a slow pace, and the forecast is unchanged from last month at 9.365 million head. Strong exports in July and expectations of continued strength in foreign demand led to increases in forecast exports. The forecast for milk-fat equivalent exports for 2020 is raised 200 million pounds on firm demand for butter, cheese, and whey products. Skim-solids exports for 2020 are raised 1 billion pounds for skim milk powder and whey products. Annual 2020 forecasts for exports are 9.4 billion pounds on a milk-fat basis and 47.2 billion pounds on a skim-solids basis.

Lower-than-expected butter and cheese imports led to lower forecasts for third- and fourth-quarter milkfat equivalent imports. Milk-fat equivalent import forecasts for the second half are 200 million pounds lower than last month's forecasts. The forecast for 2020 milk-fat equivalent imports is 6.9 billion pounds. Third- and fourth-quarter domestic use forecasts are slightly lower than last month's forecasts on both a skim-solids and a milk-fat basis.

Dairy product price forecasts for cheese, butter, and dry whey are lower this month compared to last, but the forecast for nonfat dry milk is unchanged. The lower prices for the three products result in lower Class III and Class IV price forecasts. The Class III 2020 annual price forecast is \$17.25 per cwt and the Class IV forecast is \$13.40 per cwt. The annual average all-milk price forecast is \$17.75 dollars per hundredweight, \$0.20 lower than the August forecast.

Dairy Forecasts for 2021

The 2021 production forecast is raised 100 million pounds. This reflects slightly stronger growth in milk per cow. Imports on a fat basis are reduced 200 million pounds to 6.7 billion pounds, largely on continued weaker demand for imported cheese and butter. On a skims-solids basis, imports are raised 100 million pounds to 5.7 billion pounds, reflecting increased imports of several dairy products.



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Appalachian Statistical Summary

	AUGUST 2020	JULY 2020	AUGUST 2019
PRICES: (Base Zone)			
Uniform Price	\$20.25	\$19.34	\$20.34
Class I Price	23.18	19.96	21.29
Class II Price	13.27	13.79	17.60
Class III Price	19.77	24.54	17.60
Class IV Price	12.53	13.76	16.74
Uniform Skim Milk Price	\$14.46	\$13.16	\$11.34
Class I Skim Milk Price	16.74	14.02	12.21
Class II Skim Milk Price	7.82	7.16	8.57
Class III Skim Milk Price	14.58	18.33	8.60
Class IV Skim Milk Price	7.08	7.16	7.71
Uniform Butterfat Price	\$1.7980	\$1.8967	\$2.6857
Class I Butterfat Price	2.0083	1.8363	2.7170
Class II Butterfat Price	1.6345	1.9653	2.6644
Class III Butterfat Price	1.6275	1.9583	2.6574
Class IV Butterfat Price	1.6275	1.9583	2.6574
PRODUCER MILK:			
Class I	318,119,518	319,141,956	339,293,783
Class II	66,632,188	50,109,359	71,403,400
Class III	13,208,041	248,254	20,819,357
Class IV	50,998,199	6,633,801	34,064,930
Total Producer Milk	448,957,946	376,133,370	465,581,470
PERCENT PRODUCER MILK IN:			
Class I	70.86	84.85	72.88
Class II	14.84	13.32	15.34
Class III	2.94	0.07	4.47
Class IV	11.36	1.76	7.31

F.O. 5 STATS FOR August 2020:

The Uniform Price

for August 2020 was \$20.25 per cwt., an increase of \$0.91 from July 2020 and a decrease of \$0.09 from August 2019.

Total Class I Milk

For August 2020 was 318.1 million pounds, a decrease of 1.0 million pounds compared to July 2020.

Class I Utilization

was 70.86 percent for August 2020, a decrease of 2.02 percentage points from August 2019.

Total Producer Milk

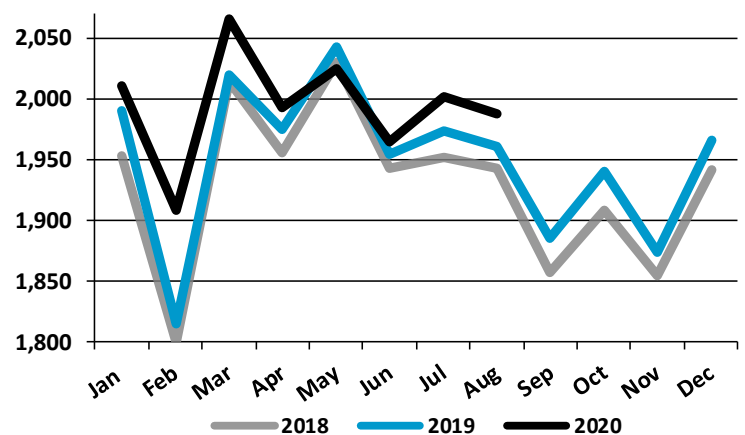
for August 2020 was 449.0 million pounds, an increase of 72.8 million pounds compared to July 2020.

August Milk Production up 1.9 Percent

Milk production in the 24 major States during August totaled 17.8 billion pounds, up 1.9 percent from August 2019. July revised production, at 17.9 billion pounds, was up 2.0 percent from July 2019. The July revision represented an increase of 91 million pounds or 0.5 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,009 pounds for August, 25 pounds above August 2019. The number of milk cows on farms in the 24 major States was 8.84 million head, 51,000 head more than August 2019, but unchanged from July 2020.

U.S. Monthly Milk Per Cow, 2018- 2020*



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Fat-basis exports are raised 100 million pounds to 9.6 billion pounds on increased international competitiveness for U.S butter, while exports on a skim-solids basis are raised 900 million pounds to 47.2 billion pounds on continued strength in demand for skim-milk powder and whey products.

Domestic commercial use forecasts are lowered 100 million pounds on a fat basis and 700 million pounds on a skim-solids basis. Annual 2021 forecasts for cheese, dry whey, and butter prices are lower, reflecting continued weakness in domestic demand. The Class III price is lowered to \$16.00 per cwt and the Class IV price is lowered to \$13.60 per cwt. The all-milk price in 2021 is also lowered by \$0.05 to \$17.00 per cwt.

Livestock, Dairy, and Poultry Outlook, LDP-M-315, September 17, 2020,
USDA, Economic Research Service

USDA Announces Contracts for Farmers to Families Food Box Program

Following President Donald Trump's approval to include up to an additional \$1 billion in the Farmers to Families Food Box Program, U.S. Secretary of Agriculture Sonny Perdue announced the U.S. Department of Agriculture (USDA) has approved up to \$1 billion in contracts to support American producers and communities in need through the USDA Farmers to Families Food Box Program. Earlier this week, USDA reached a milestone of having distributed more than 90 million food boxes in support of American farmers and families affected by the COVID-19 pandemic.

"These contract awards will go to vendors who submitted the strongest proposals in support of American agriculture and the American people. The high level of interest and quality of proposals are a testament that the program is accomplishing what we intended – supporting U.S. farmers and distributors and getting food to those who need it most. It's a real trifecta, which is why we call it a win-win-win," said Secretary Perdue. "Thanks to President Trump and his commitment to the program with the announcement of an additional \$1 billion in funding, more farmers will be supported, and more families will receive the nutritious food they need during these difficult times."

These contract awards are a result of the third round of Farmers to Families Food Box program announced on July 24, 2020, and President Trump's announcement on August 24 that up to an additional \$1 billion was being made available for deliveries through October 31, 2020. A full list of approved suppliers will be posted on the Farmers to Families Food Box Program webpage after 5 p.m. ET, Thursday, Sept. 17, 2020.

More information can be found at the following link: <https://www.ams.usda.gov/press-release/usda-announces-contracts-round-3-farmers-families-food-box-program>.

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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 - August 2020

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,260.2	646.1	28.6	18.02
5 Appalachian	449.0	318.1	70.9	20.25
6 Florida	197.1	160.7	81.5	22.69
7 Southeast	368.3	250.5	68.0	20.18
30 Upper Midwest	1,090.7	203.2	18.6	17.71
32 Central	864.1	370.8	42.9	16.15
33 Mideast	1,350.7	549.3	40.7	16.84
51 California	1,831.6	400.0	21.8	14.53
124 Pacific Northwest	627.3	130.1	20.7	16.16
126 Southwest	899.8	333.3	37.0	16.01
131 Arizona	299.0	97.4	32.6	15.84
All Orders	10,237.7	3,459.4	33.8	16.96

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

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