

# THE COURIER

Monthly Newsletter

## Dairy Outlook

October 2020

### *Dairy Forecasts for 2020*

Based on recent milk production data, milk cows for the third quarter of 2020 are expected to number 5,000 more than last month's forecast. For the year, the rounded forecast for the average number of milk cows is 9.365 million head, unchanged from last month's forecast. The milk per cow forecast for 2020 has been raised by 25 pounds to 23,735 pounds per head. The milk production forecast is 222.3 billion pounds, 0.3 billion higher than last month's forecast.

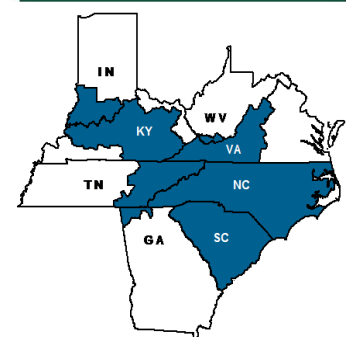
On a skim-solids basis, the forecast for ending stocks is 10.5 billion pounds, 0.3 billion higher than last month's forecast. The forecast for 2020 domestic use on a milk-fat basis is 218.2 billion pounds, 0.5 billion lower than last month's forecast. On a skim-solids basis, the forecast for domestic use is 179.5 billion pounds, 0.2 billion higher than the previous forecast.

With the higher Cheddar cheese price forecast, the 2020 forecast for the Class III milk price has been raised to \$18.00 per hundredweight (cwt), \$0.75 higher than last month's forecast. With the higher NDM price forecast more than offsetting the lower butter price forecast, the Class IV milk price forecast has been raised by \$0.10 to \$13.50 per cwt. The all-milk price forecast for 2020 is \$18.00 per cwt, an increase from last month's forecast of \$17.75 per cwt.

### *Dairy Forecasts for 2021*

Based on recent milk production data and higher expected milk prices, the milk production forecast has been raised. However, growth is expected to be muted due to higher expected feed costs. The forecast for milk per cow in 2021 has been raised by 10 pounds to 24,070 pounds per head.

The milk production forecast for 2021 is 225.5 billion pounds, 0.1 billion higher than last month's forecast. The forecast for 2021 exports on a milk-fat basis has been lowered to 9.5 billion pounds, 0.1 billion less than last month's forecast, due to lower expected exports of butterfat products.



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## Appalachian Statistical Summary

	SEPTEMBER 2020	AUGUST 2020	SEPTEMBER 2019
<b>PRICES: (Base Zone)</b>			
Uniform Price	\$19.68	\$20.25	\$20.04
Class I Price	21.84	23.18	21.25
Class II Price	13.16	13.27	16.93
Class III Price	16.43	19.77	18.31
Class IV Price	12.75	12.53	16.35
Uniform Skim Milk Price	\$14.42	\$14.46	\$11.42
Class I Skim Milk Price	16.42	16.74	12.27
Class II Skim Milk Price	7.83	7.82	8.46
Class III Skim Milk Price	11.25	14.58	9.91
Class IV Skim Milk Price	7.43	7.08	7.88
Uniform Butterfat Price	\$1.6471	\$1.7980	\$2.5784
Class I Butterfat Price	1.7115	2.0083	2.6895
Class II Butterfat Price	1.6002	1.6345	2.5052
Class III Butterfat Price	1.5932	1.6275	2.4982
Class IV Butterfat Price	1.5932	1.6275	2.4982
<b>PRODUCER MILK:</b>			
Class I	324,611,703	318,119,518	321,162,073
Class II	66,371,969	66,632,188	61,402,040
Class III	22,968,857	13,208,041	19,447,734
Class IV	35,333,169	50,998,199	40,560,100
<b>Total Producer Milk</b>	<b>449,285,698</b>	<b>448,957,946</b>	<b>442,571,947</b>
<b>PERCENT PRODUCER MILK IN:</b>			
Class I	72.25	70.86	72.57
Class II	14.77	14.84	13.87
Class III	5.11	2.94	4.39
Class IV	7.87	11.36	9.17

### F.O. 5 STATS FOR September 2020:

**The Uniform Price** for September 2020 was \$19.68 per cwt., a decrease of \$0.57 from August 2020 and a decrease of \$0.36 from September 2019.

**Total Class I Milk** For September 2020 was 324.6 million pounds, an increase of 6.5 million pounds compared to August 2020.

**Class I Utilization** was 72.25 percent for September 2020, an increase of 1.39 percentage points from August 2020.

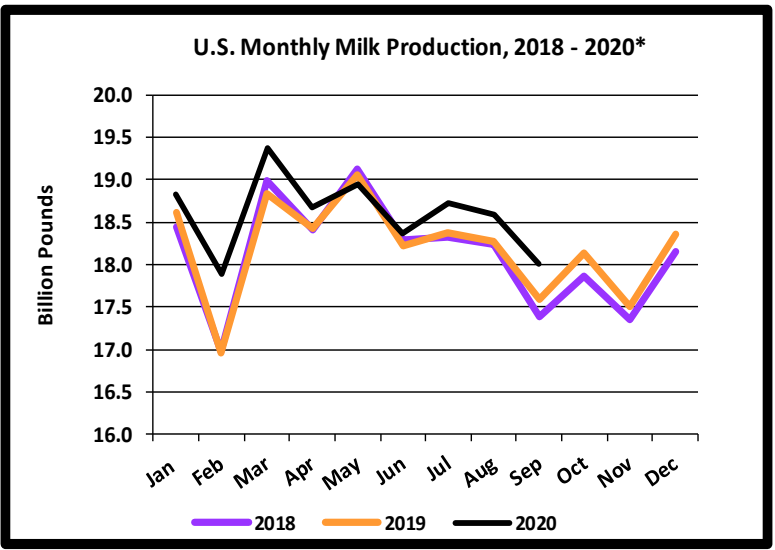
**Total Producer Milk** For September 2020 was 449.3 million pounds, an increase of 6.7 million pounds compared to September 2019.

## September Milk Production up 2.4 %

Milk production in the 24 major States during September totaled 17.2 billion pounds, up 2.4 percent from September 2019.

Production per cow in the 24 major States averaged 1,944 pounds for September, 36 pounds above September 2019.

The number of milk cows on farms in the 24 major States was 8.85 million head, 46,000 head more than September 2019, and 6,000 head more than August 2020.



\*Based on entire U.S. production

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

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The forecast for exports on a skim-solids basis has been raised by to 47.8 billion pounds, up 0.6 billion, due to higher expected exports of dry skim milk products and whey products. The forecast for 2021 domestic use on a milk-fat basis is 221.9 billion pounds, 0.3 billion higher than last month's forecast.

On a skim-solids basis, the forecast for domestic use is 182.7 billion pounds, 0.2 billion lower than the previous forecast. On a skim-solids basis, the ending stock forecast has been raised to 10.2 billion pounds, 0.1 billion higher than the previous forecast.

Based on recent price movements and improving economic conditions, price forecasts for 2021 have been raised for Cheddar cheese, dry whey, butter, and NDM to \$1.80 (+9.5 cents), \$0.360 (+1.0 cents), \$1.705 (+3.0 cents), and \$1.050 (+4.0 cents) per pound, respectively. With the higher dairy product prices, Class III and IV milk price forecasts have been raised to \$17.00 (+\$1.00) and \$14.10 (+0.50) per cwt, respectively. The all-milk price forecast for 2021 has been raised to \$17.60 per cwt, \$0.60 higher than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-316, October 16, 2020,  
USDA, Economic Research Service

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## Dairy Margin Coverage Program Enrollment for 2021 Opens Oct. 13

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USDA is now enrolling dairy farmers for the 2021 Dairy Margin Coverage program year. The enrollment period runs through December 11, 2021. To determine the appropriate level of coverage for a specific dairy operation, producers can utilize the recently updated online dairy decision tool.

The decision tool is designed to assist producers with calculating total premium costs and administrative fees associated with participation in DMC. An informational video is available, too.

Improvements to the decision tool, made in cooperation with representatives from the University of Minnesota and University of Wisconsin, include historical analysis that illustrates what DMC indemnity payments might have been had the program been available over the previous two decades. The analysis indicates that over the course of time, DMC payments made to producers exceed premiums paid. These decision tool enhancements provide a more comprehensive decision support experience for producers considering DMC.

In addition to DMC, USDA offers a variety of programs that have helped dairy producers, including insurance, disaster assistance, and conservation programs. Most recently, the Coronavirus Food Assistance Program 1 provided \$1.75 billion in direct relief to dairy producers who faced price declines and additional marketing costs due to COVID-19 in early 2020. Now, signup is underway for the Coronavirus Food Assistance Program 2, which provides another round of assistance for dairy producers and many other eligible producers.

More information can be found at <https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>.

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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](https://usda.gov/coronavirus).

**Federal Milk Marketing Order Statistics - September 2020**

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
<b>1 Northeast</b>	<b>2,167.7</b>	<b>655.3</b>	<b>30.2</b>	<b>16.80</b>
<b>5 Appalachian</b>	<b>449.3</b>	<b>324.6</b>	<b>72.3</b>	<b>19.68</b>
6 Florida	195.1	158.9	81.4	21.85
7 Southeast	393.1	264.5	67.3	19.62
30 Upper Midwest	1,063.6	213.2	20.0	15.97
32 Central	869.8	382.4	44.0	15.71
33 Mideast	1,446.0	553.7	38.3	16.16
51 California	1,797.5	409.5	22.8	14.47
124 Pacific Northwest	607.1	136.9	22.5	15.19
126 Southwest	858.0	334.6	39.0	15.83
131 Arizona	265.7	100.5	37.8	16.00
<b>All Orders</b>	<b>10,112.9</b>	<b>3,534.0</b>	<b>34.9</b>	<b>16.25</b>

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

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