

THE COURIER

Monthly Newsletter

Dairy Outlook

November 2020

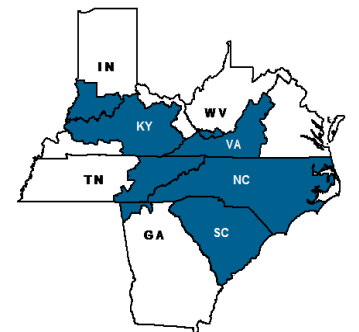
Dairy Forecasts for the Remainder of 2020

Based on recent milk production data, milk cows for the fourth quarter of 2020 are expected to average 9.370 million head, 5,000 more than last month's forecast. Average milk output per cow in the third quarter was 5,910 pounds per head, 10 pounds more than expected. For the fourth quarter, the forecast has been raised by 10 pounds to 5,875 pounds per head. The forecast for the year is 23,755 pounds, 20 pounds higher than last month's forecast. The milk production forecast for 2020 is 222.5 billion pounds, 0.2 billion higher than last month's forecast.

Based on recent price strength, price forecasts for the fourth quarter of 2020 have been raised for Cheddar cheese, nonfat dry milk, and dry whey to \$2.295 per pound (+21.5 cents), \$1.080 per pound (+1.5 cents), and \$0.360 per pound (+2.0 cents), respectively. The forecast for the fourth-quarter butter price has been lowered to \$1.500 per pound (-3.5 cents) due to recent price declines and high stock levels. For the year, price forecasts for Cheddar cheese, nonfat dry milk, and dry whey have been raised to \$1.965 (+5.5 cents), \$1.040 (+0.5 cents), and \$0.355 (+0.5 cents), respectively. The forecast for the 2020 butter price has been lowered to \$1.585 per pound (-1.0 cent).

With higher price forecasts for Cheddar cheese and dry whey, the fourth-quarter Class III milk price forecast has been raised to \$21.70 per hundredweight (cwt), \$2.20 higher than last month's forecast. With the lower butter price forecast more than offsetting the higher NDM price forecast, the fourth-quarter Class IV milk price forecast has been lowered to \$13.45 per cwt, \$0.05 lower than the previous forecast. The all-milk price forecast for the fourth quarter has been raised by \$0.85 to \$19.75 per cwt. For the year, the Class III price forecast has been raised \$0.55 to \$18.55 per cwt, but the rounded Class IV price annual forecast is unchanged at \$13.50 per cwt. The all-milk price forecast for 2020 is \$18.25 per cwt, \$0.25 higher than the previous forecast.

Dairy Outlook, cont'd on pg. 3



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Inside this issue:

Appalachian Statistical Summary	2
U.S. Monthly Number of Cows, 2018—2020	2
October Milk Production up 2.5%	2
Dairy Outlook, cont'd	3
USDA—COVID-19	4
FMMO Statistics – October 2020	4



Appalachian Statistical Summary

	OCTOBER 2020	SEPTEMBER 2020	OCTOBER 2019
PRICES: (Base Zone)			
Uniform Price	\$17.82	\$19.68	\$20.17
Class I Price	18.60	21.84	21.24
Class II Price	13.63	13.16	16.68
Class III Price	21.61	16.43	18.72
Class IV Price	13.47	12.75	16.39
Uniform Skim Milk Price	\$12.53	\$14.42	\$11.92
Class I Skim Milk Price	13.37	16.42	12.69
Class II Skim Milk Price	8.15	7.83	8.54
Class III Skim Milk Price	16.45	11.25	10.68
Class IV Skim Milk Price	8.01	7.43	8.27
Uniform Butterfat Price	\$1.6365	\$1.6471	\$2.4765
Class I Butterfat Price	1.6273	1.7115	2.5710
Class II Butterfat Price	1.6458	1.6002	2.4101
Class III Butterfat Price	1.6388	1.5932	2.4031
Class IV Butterfat Price	1.6388	1.5932	2.4031
PRODUCER MILK:			
Class I	336,622,171	324,611,703	333,485,128
Class II	61,282,697	66,371,969	62,191,663
Class III	973,135	22,968,857	17,982,424
Class IV	17,885,418	35,333,169	29,017,109
Total Producer Milk	416,763,421	449,285,698	442,676,324
PERCENT PRODUCER MILK IN:			
Class I	80.77	72.25	75.33
Class II	14.70	14.77	14.05
Class III	0.23	5.11	4.06
Class IV	4.30	7.87	6.56

F.O. 5 STATS FOR October 2020:

The Uniform Price

for October 2020 was \$17.82 per cwt., a decrease of \$1.86 from September 2020 and a decrease of \$2.35 from October 2019.

Total Class I Milk

For October 2020 was 336.6 million pounds, an increase of 12.0 million pounds compared to September 2020.

Class I Utilization

was 80.77 percent for October 2020, an increase of 8.52 percentage points from September 2020 and 5.44 percentage points from October 2019.

Total Producer Milk

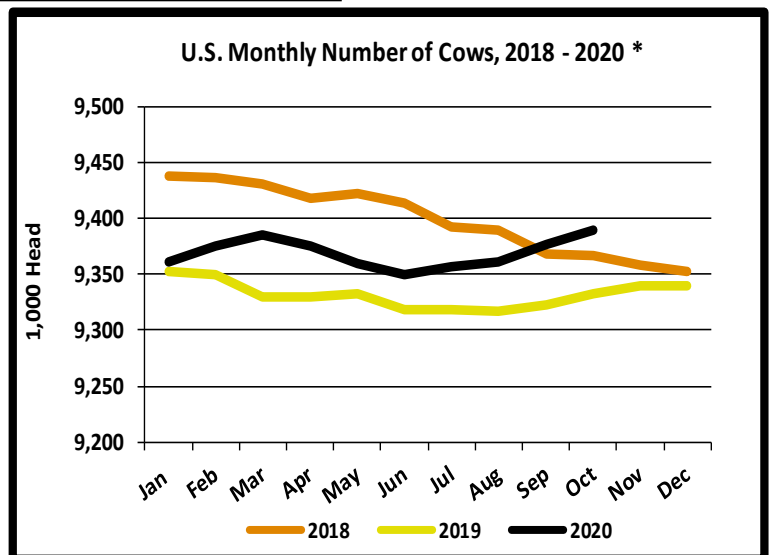
For October 2020 was 416.8 million pounds, a decrease of 25.9 million pounds compared to October 2019.

October Milk Production up 2.5 %

Milk production in the 24 major States during October totaled 17.7 billion pounds, up 2.5 percent from October 2019.

Production per cow in the 24 major States averaged 1,997 pounds for October, 35 pounds above October 2019.

The number of milk cows on farms in the 24 major States was 8.88 million head, 62,000 head more than October 2019, and 17,000 head more than September 2020.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2021

The milk production forecast for 2021 has been raised based on recent milk production data and higher expected milk prices. However, higher feed costs are expected to slow the rate of growth.

On a skim-solids basis, the forecast for dairy exports has been raised 48.1 billion pounds, 0.3 billion higher than last month, due to higher expected exports of dry skim milk products brought about by competitive U.S. prices. The forecast for 2021 imports on a milk-fat basis has been raised to 6.9 billion pounds, 0.2 billion higher than last month's forecast, due to higher expected imports of cheese and butterfat products. On a skim-solids basis, the import forecast for 2021 has been lowered to 5.6 billion pounds (-0.1 billion) due to lower expected imports of miscellaneous dairy products.

The forecast for milk per cow in 2021 has been raised by 20 pounds to 24,090 pounds per head. The forecast for 2020 average size of the milking herd has been raised to 9.380 million head, 10,000 higher than last month's forecast. The milk production forecast for 2021 is 225.9 billion pounds, 0.4 billion higher than last month's forecast.

The forecast for 2021 domestic use on a milk-fat basis is 222.5 billion pounds, 0.6 billion higher than last month's forecast, due to an improved outlook for the U.S. economy. Based on recent price movements and an improved economic outlook, price forecasts for 2021 have been raised for Cheddar cheese, dry whey, and NDM to \$1.825 (+2.5 cents), \$0.365 (+0.5 cents), and \$1.055 (+0.5 cents) per pound, respectively. However, with recent price movements and high stock levels for butter expected to carry into 2021, the butter price forecast has been lowered to \$1.685 per pound (-2.0 cents). With higher expected prices for cheese and dry whey, the Class III price forecast for 2021 has been raised by \$0.25 to \$17.25 per cwt. With the lower expected butter price more than offsetting the higher expected NDM price, the Class IV price forecast has been lowered by \$0.10 to \$14.00 per cwt. The all-milk price forecast for 2021 has been raised by \$0.10 to \$17.70 per cwt.

Livestock, Dairy, and Poultry Outlook, LDP-M-317, November 17, 2020,
USDA, Economic Research Service



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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 - October 2020

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,261.7	721.7	31.9	17.07
5 Appalachian	416.8	336.6	80.8	17.82
6 Florida	213.7	180.4	84.4	19.65
7 Southeast	385.9	272.1	70.5	17.86
30 Upper Midwest	926.3	226.2	24.4	17.18
32 Central	866.6	412.5	47.6	14.23
33 Mideast	1,279.1	591.5	46.2	14.74
51 California	1,808.7	438.3	24.2	13.88
124 Pacific Northwest	615.7	144.3	23.4	15.84
126 Southwest	937.6	359.5	38.4	14.23
131 Arizona	302.0	108.4	35.9	15.24
All Orders	10,014.2	3,791.6	37.9	15.68

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

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