APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

February 2021

Dairy Outlook

Dairy Forecasts for 2021

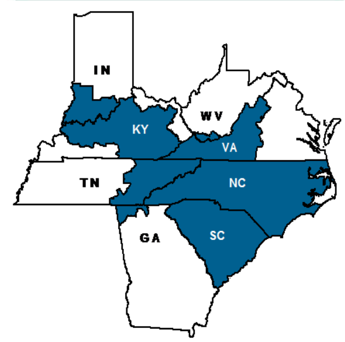
Based on recent data, the milk production forecast for 2021 has been raised to 227.4 billion pounds, 0.7 billion higher than last month's forecast. Milk cows are projected to average 9.435 million head, 5,000 higher than last month's forecast. Milk cow numbers are expected to decline from the first quarter to the third quarter due to relatively low milk prices, relatively high feed prices, and a relatively low number of replacement heifers. Milk per cow is projected to average 24,100 per head in 2021, 5 pounds more than the previous forecast.

The forecast for 2021 dairy exports on a milk-fat basis has been raised to 10.1 billion pounds, 0.4 billion higher than last month, due to higher expected butter exports. On a skim-solids basis, the 2021 dairy export forecast has been raised to 48.9 billion pounds, 0.2 billion higher than last month's forecast, due to higher expected exports of whey products. The forecast for 2021 domestic use on a milk-fat basis is 222.6 billion pounds, unchanged from last month's forecast.

On a skim-solids basis, the forecast for domestic use is 183.2 billion pounds, 0.8 billion higher than last month's forecast. Based on recent price changes, relatively high beginning stock levels, and higher expected milk production, 2021 price forecasts for Cheddar cheese and butter have been lowered to $1.695 per pound (-4.5 cents) and $1.455 per pound (-15.0 cents), respectively.

Based on recent price changes, the price forecast for NDM has been raised by 2.5 cents to $1.125 per pound. With higher expected exports of whey products and recent price increases, the dry whey price forecast has been raised by 3.0 cents to $0.480 per pound. With the lower expected cheese price more than offsetting the higher expected dry whey price, the Class III price forecast for 2020 has been lowered by $0.30 to $16.60 per cwt. With the lower expected butter price more than offsetting the higher expected NDM price, the Class IV price has been lowered by $0.40 to $13.70 per cwt. The all-milk price forecast for 2021 has been lowered to $17.15 per cwt, $0.50 lower than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-320, February 16, 2021, USDA, Economic Research Service

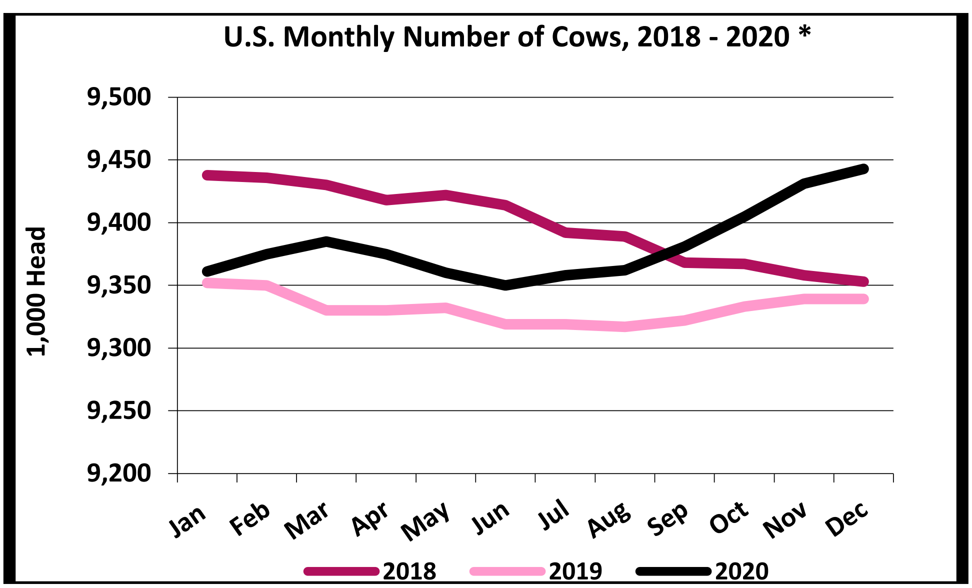


**Harold H. Friedly, Jr.
Market Administrator**

Inside this issue:

Appalachian Statistical Summary

	JANUARY 2021	DECEMBER 2020	JANUARY 2020
PRICES: (Base Zone)			
Uniform Price	$17.42	$20.61	$21.03
Class I Price	18.54	23.27	22.41
Class II Price	14.18	14.01	17.05
Class III Price	16.04	15.72	17.05
Class IV Price	13.75	13.36	16.65
Uniform Skim Milk Price	$12.35	$15.66	$13.94
Class I Skim Milk Price	13.43	18.28	15.11
Class II Skim Milk Price	9.03	8.91	9.98
Class III Skim Milk Price	10.99	10.71	10.01
Class IV Skim Milk Price	8.61	8.26	9.60
Uniform Butterfat Price	$1.5730	$1.5711	$2.1639
Class I Butterfat Price	1.5949	1.6096	2.2355
Class II Butterfat Price	1.5611	1.5469	2.1187
Class III Butterfat Price	1.5541	1.5399	2.1117
Class IV Butterfat Price	1.5541	1.5399	2.1117
PRODUCER MILK:			
Class I	325,771,310	346,999,039	344,938,775
Class II	54,741,364	58,203,145	60,333,992
Class III	17,476,415	35,114,074	18,880,680
Class IV	63,630,582	69,495,874	42,042,094
Total Producer Milk	**461,619,671**	**509,812,132**	**466,195,541**
PERCENT PRODUCER MILK IN:			
Class I	70.57	68.06	73.99
Class II	11.86	11.42	12.94
Class III	3.79	6.89	4.05
Class IV	13.78	13.63	9.02



*Based on entire U.S. production

F.O. 5 STATS FOR January 2021:

The Uniform Price
for January 2021 was $17.42 per cwt., a decrease of $3.19 from December 2020 and a decrease of $3.61 from January 2020.

Total Class I Milk
For January 2021 was 325.8 million pounds, a decrease of 21.2 million pounds compared to December 2020.

Class I Utilization
was 70.57 percent for January 2021, an increase of 2.51 percentage points from December 2020 and a decrease of 3.42 percentage points from January 2020.

Total Producer Milk
For January 2021 was 461.6 million pounds, a decrease of 48.2 million pounds compared to December 2020 and a decrease of 4.6 million pounds compared to January 2020.

USDA Ready to Assist Farmers, Ranchers and Communities Affected by Winter Storms

On February 17, 2021, the U.S. Department of Agriculture (USDA) reminded rural communities, farmers and ranchers, families and small businesses affected by the recent winter storms that USDA has programs that provide assistance. USDA staff in the regional, state and county offices are prepared with a variety of program flexibilities and other assistance to residents, agricultural producers and impacted communities.

"USDA is committed to getting help to producers and rural Americans impacted by the severe weather in many parts of the country. As severe weather and natural disasters continue to threaten the livelihoods of thousands of our farming families, we want you and your communities to know that USDA stands with you," said Kevin Shea, acting Secretary of Agriculture. "Visit farmers.gov or your local USDA Service Center to inquire about assistance."

Full press release is available at: https://www.usda.gov/media/press-releases/2021/02/17/usda-ready-assist-farmers-ranchers-and-communities-affected-winter

Prospects for Growth in U.S. Dairy Exports to Southeast Asia

The Economic Research Service of USDA recently published a report examining the opportunity for increase U.S. exports of dairy products to Southeast Asia (SEA). The top dairy product suppliers to the region are New Zealand, the European Union (EU), the United States, and Australia. The study analyzes trends in market share over the 2006-18 timeframe and the price sensitivity for the top four U.S. dairy products imported by SEA countries: skim milk powder (SMP), whey products, cheese, and lactose. In 2018, these four products accounted for 85 percent of the total value of SEA dairy imports from the United States.

The findings show differing trends in market share and price sensitivity across products and countries. The analysis reveals that SEA importers are more likely to substitute U.S. products for EU dairy products than for dairy products from New Zealand or Australia. The research indicates that the United States has the potential to gain market share as import expenditures increase (holding prices constant) for cheese in Indonesia; whey products in Malaysia, Singapore, and the Philippines; SMP in Indonesia and Vietnam; and lactose in the Philippines, Indonesia, and Malaysia. SEA imports of U.S. dairy products are sensitive, in varying degrees, to changes in U.S. prices—as well as price changes for products from competing suppliers, such as the EU, Australia, and New Zealand.

Full report is available at: https://www.ers.usda.gov/publications/pub-details/?pubid=99951

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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 - January 2021

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,317.6	705.6	30.4	15.91
5	*Appalachian*	*461.6*	*325.8*	*70.6*	*17.42*
6	Florida	222.5	175.8	79.0	19.26
7	Southeast	396.0	268.9	67.9	17.59
30	Upper Midwest	1,035.9	212.4	20.5	15.12
32	Central	958.7	396.3	41.3	14.44
33	Mideast	1,406.0	578.5	41.1	14.96
51	California	2,014.2	413.6	20.5	14.24
124	Pacific Northwest	620.0	137.4	22.2	14.68
126	Southwest	1,052.0	357.8	34.0	14.90
131	Arizona	352.1	104.6	29.7	14.98
	All Orders	10,836.7	3,676.8	33.9	15.27

[1/] Weighted average uniform prices at 3.5% butterfat at announced locations.