

THE COURIER

Monthly Newsletter

Dairy Outlook

April 2021

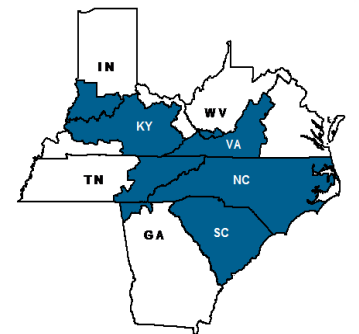
Dairy Forecasts for 2021

Based on information from the most recent Milk Production report, the U.S. milking herd is projected to average 9.460 million head in 2021, 15,000 higher than last month's forecast. The number of milk cows is forecast to remain steady at 9.460 million for each quarter of the year. Relatively low milk-feed ratios in the first part of the year signal limited opportunities for expansion of the milking herd in 2021; milk production usually responds to changes in input prices with a lag of several months. Milk per cow is projected to average 24,070 pounds per head year-round, 5 pounds more than the previous forecast. The 2021 projection for milk production has been increased to 227.7 billion pounds, 0.4 billion more than last month's estimate.

The 2021 forecast for dairy imports on a milk-fat basis has been reduced to 6.0 billion pounds, 0.5 billion pounds lower than last month's forecast. On a skim-solids basis, the dairy import forecast is 5.3 billion pounds, 0.2 billion lower than last month's projection. Lower imports are expected for butterfat products, milk protein products, and milk powders.

The economy is expected to continue strengthening as more people receive COVID-19 vaccinations and pandemic-related restrictions are reduced. Government stimulus measures should increase purchasing power of American consumers. Foodservice purchases are expected to continue increasing. These factors are expected to contribute to year-over-year growth in domestic use of dairy products. However, higher dairy product prices, brought about by greater U.S. and foreign demand, are expected to limit growth in domestic use, especially on a skim-solids basis. On a skim-solids basis, the domestic use forecast is 182.5 billion pounds, 1.0 billion pounds lower than last month's forecast.

Due to recent upward trends in dairy prices and expectations for greater domestic and foreign demand for dairy products, dairy price forecasts for 2021 have been raised. The price forecasts for Cheddar cheese, dry whey, butter, and NDM are \$1.710 (+1.5 cents), \$0.525 (+2.5 cents), \$1.730 (+11.5 cents), and \$1.160 (+2.0 cents) per pound, respectively. With higher dairy product price forecasts for 2021, Class III and IV milk price forecasts have been raised to \$17.10 and \$15.15 per cwt, respectively. The all-milk price forecast for 2021 is \$18.40 per cwt, \$0.65 higher than last month's forecast.



Harold H. Friedly, Jr.
Market Administrator

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Appalachian Statistical Summary

	MARCH 2021	FEBRUARY 2021	MARCH 2020
PRICES: (Base Zone)			
Uniform Price	\$17.94	\$17.56	\$19.49
Class I Price	18.60	18.94	20.86
Class II Price	15.07	14.00	16.75
Class III Price	16.15	15.75	16.25
Class IV Price	14.18	13.19	14.87
Uniform Skim Milk Price	\$12.73	\$12.71	\$13.05
Class I Skim Milk Price	14.02	13.77	14.22
Class II Skim Milk Price	9.36	9.27	10.38
Class III Skim Milk Price	10.51	11.11	9.88
Class IV Skim Milk Price	8.46	8.45	8.45
Uniform Butterfat Price	\$1.6170	\$1.5115	\$1.9701
Class I Butterfat Price	1.4475	1.6144	2.0397
Class II Butterfat Price	1.7246	1.4446	1.9247
Class III Butterfat Price	1.7176	1.4376	1.9177
Class IV Butterfat Price	1.7176	1.4376	1.9177
PRODUCER MILK:			
Class I	332,819,654	306,760,578	349,039,586
Class II	69,348,983	53,349,369	60,783,655
Class III	25,772,433	20,391,958	26,850,250
Class IV	60,801,381	45,304,878	56,643,147
Total Producer Milk	488,742,451	425,806,783	493,316,638
PERCENT PRODUCER MILK IN:			
Class I	68.10	72.04	70.75
Class II	14.19	12.53	12.32
Class III	5.27	4.79	5.44
Class IV	12.44	10.64	11.49

F.O. 5 STATS FOR March 2021:

The Uniform Price

for March 2021 was \$17.94 per cwt., an increase of \$0.38 from February 2021 and a decrease of \$1.55 from March 2020.

Total Class I Milk

For March 2021 was 332.8 million pounds, a decrease of 16.2 million pounds compared to March 2020.

Class I Utilization

was 68.1 percent for March 2021, a decrease of 3.94 percentage points from February 2021 and a decrease of 2.65 percentage points from March 2020.

Total Producer Milk

For March 2021 was 488.7 million pounds, a decrease of 4.6 million pounds compared to March 2020.

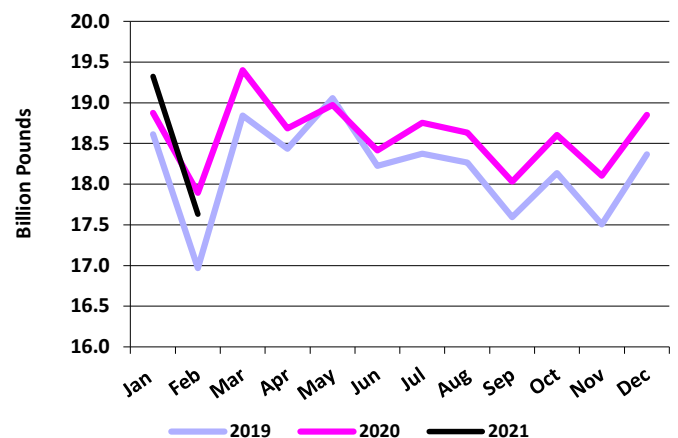
February Milk Production up 2.3%

Milk production in the 24 major States during February totaled 16.8 billion pounds, down 1.3 percent from February 2020. However, production was 2.3 percent above last year after adjusting for the leap year.

Production per cow in the 24 major States averaged 1,882 pounds for February, 44 pounds below February 2020.

The number of milk cows on farms in the 24 major States was 8.94 million head, 88,000 head more than February 2020, and 2,000 head more than January 2021.

U.S. Monthly Milk Production, 2019 - 2021*



*Based on entire U.S. production

USDA Provides Notice of Retroactive Reimbursements Under the Dairy Donation Program

The U.S. Department of Agriculture (USDA) will soon implement the Dairy Donation Program (DDP) as established in the Consolidated Appropriations Act of 2021. The program will facilitate the timely donation of dairy products to non-profit organizations who distribute food to persons in need and prevent and minimize food waste. Because the statute allows retroactive reimbursements of donations made before donation and distribution plans are approved, USDA is providing advance notice of the minimum provisions to be included in the program to encourage the dairy industry to process and donate surplus milk supplies as it moves through the spring surplus milk production season.

Although the DDP regulations have not yet been published, the following are the minimum key program requirements included in the statute: 1) a donation and distribution plan must be submitted and approved by USDA; 2) the reimbursement will be at least equivalent to the minimum classified value of milk used to make the donated product on the date of manufacturing; 3) records related to donating and receiving products must be maintained and available for review and/or audit; 4) eligibility is open to dairy farmer cooperatives and processors who “account to” a Federal milk marketing order (FMMO) and donate dairy products to any private or public nonprofit food distribution entity.

- **Donation and Distribution Plan Requirements:** The legislation requires participating dairy cooperatives and processors have a donation and distribution plan describing the process to be used for the donation, processing, transportation, temporary storage, and distribution of eligible dairy products. The authorizing statute allows for retroactive reimbursement, therefore plans covering donations made since the signing of the statute, December 27, 2020, can be retroactively submitted for approval once the regulations are published. Like the Milk Donation Reimbursement Program (MDRP), the plan will likely need to include: Dairy Organization Name, Contact Person and Title, Primary Mailing Address, Phone and Email Address. This same information would need to be included for the recipient of the donated products including Nonprofit Name, Contact Person and Title, Primary Mailing Address, Phone, Email Address and the nonprofit tax ID number. Appropriate forms for submitting this information will be provided once the regulations are published.
- **Reimbursement Rate:** The statute requires a reimbursement rate for eligible dairy products at a value that encourages the donation of these products, facilitates orderly marketing, reduces volatility related to significant market disruptions, maintains traditional FMMO class price relationships, or stabilizes on-farm milk prices. The rate also must be sufficient to avoid food waste and not interfere with the commercial marketing of milk or dairy products. Until defined in the regulations, dairy organizations can plan on a rate of reimbursement equal to the minimum classified value of the milk when the donated product was processed.
- **Required Documentation:** Donating cooperatives and processors will need to keep appropriate documents demonstrating eligibility that may include documentation of the date of production of the donated dairy product, amount paid for the raw milk used to make the product, and proof of donation. In addition, participants will be subject to reviews or audits of the documents to ensure integrity within the program.
- **Supplemental MDRP Reimbursements:** For entities participating in the MDRP, supplemental reimbursements will be made equaling the difference between the MDRP reimbursed value and the value reimbursed in the DDP. These supplemental reimbursements will not be made until the DDP becomes effective.

The parameters defined in this notice provide information regarding the minimum provisions likely to be included in the DDP and final program provisions will include additional specificity.

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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 - March 2021

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,353.6	716.4	30.4	16.50
5 Appalachian	488.7	332.8	68.1	17.94
6 Florida	205.7	173.6	84.4	20.11
7 Southeast	439.9	271.8	61.8	17.92
30 Upper Midwest	964.5	219.2	22.7	15.64
32 Central	980.6	398.2	40.6	15.15
33 Mideast	1,475.8	578.7	39.2	15.68
51 California	2,037.1	429.8	21.1	14.85
124 Pacific Northwest	627.3	139.2	22.2	15.15
126 Southwest	1,027.0	364.2	35.5	15.68
131 Arizona	357.1	113.1	31.7	15.55
All Orders	10,957.6	3,737.0	34.1	15.89

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

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