

THE COURIER

Monthly Newsletter

Dairy Outlook

May 2021

Dairy Forecasts for 2021

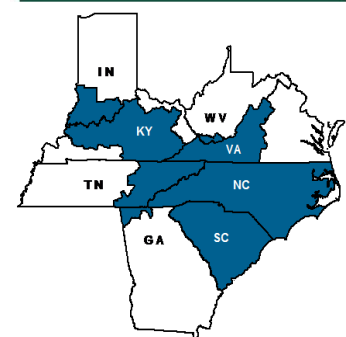
The U.S. milking herd is projected to average 9.470 million head in 2021, 10,000 head higher than last month's forecast. The number of milk cows is expected to trend upward into 2021-Q3 and then decline in the 2021-Q4 due to relatively high feed prices. Although milk-feed ratios have already fallen from 2020-Q4, dairy operations usually respond to price signals with a lag of several months. With the higher anticipated number of milk cows, the milk production forecast for 2021 has been raised to 227.9 billion pounds, 0.2 billion higher than last month's projection.

On a milk-fat basis, the annual dairy export forecast for 2021 is 10.8 billion pounds, 0.1 billion higher than last month's forecast, as exports on a milk-fat basis in 2021-Q1 were higher than expected. On a skim-solids basis, the dairy export projection has been lowered to 49.5 billion pounds, 0.3 billion lower the last month's forecast. Although exports of dry skim milk products have been robust, they are expected to decline in the second half of the year due to stronger price competition from foreign suppliers.

Domestic commercial use in 2021-Q1 was stronger than expected, by 0.2 billion pounds on a milk-fat basis and by 0.5 billion on a skim-solids basis. Due to recent data for domestic use, expectations of fewer pandemic-related restrictions, and increasing food-service expenditures, forecasts for 2021 domestic use have been raised to 222.8 billion on a milk-fat basis (+0.3 billion) and 183.2 billion pounds on a skim-solids basis (+0.7 billion). The forecasts for ending stocks have been lowered to 15.0 billion pounds on a milk-fat basis (-0.1 billion) and 10.5 billion pounds on a skim-solids basis (-0.1 billion) With expectations for greater domestic demand, most wholesale dairy product price forecasts for 2021 have been raised. The price forecasts for Cheddar cheese, dry whey, and NDM are \$1.740 (+3.0 cents), \$0.575 (+5.0 cents), and \$1.240 (+8.0 cents) per pound, respectively.

Although butter demand is anticipated to remain relatively strong, higher milk production is expected to limit upward movements in the butter price. With higher price forecasts for Cheddar cheese and dry whey, the Class III milk price forecast has been raised by \$0.60 to \$17.70 per hundredweight (cwt). The Class IV milk price forecast has also been raised by \$0.60 to \$15.75 per cwt, as the higher NDM price forecast more than offsets the lower butter price projection. The all-milk price forecast for 2021 is \$18.95 per cwt, \$0.55 higher than last month's forecast.

Dairy Outlook, cont'd on pg. 3



Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Appalachian Statistical Summary	2
March Milk Production up 2.0%	2
U.S. Monthly Number of Cows, 2019—2021	2
Dairy Outlook, cont'd	3
USDA—COVID-19	4
FMMO Statistics – April 2021	4



Appalachian Statistical Summary

	APRIL 2021	MARCH 2021	APRIL 2020
PRICES: (Base Zone)			
Uniform Price	\$18.43	\$17.94	\$17.49
Class I Price	18.91	18.60	20.04
Class II Price	15.56	15.07	13.87
Class III Price	17.67	16.15	13.07
Class IV Price	15.42	14.18	11.40
Uniform Skim Milk Price	\$12.36	\$12.73	\$12.33
Class I Skim Milk Price	13.40	14.02	13.59
Class II Skim Milk Price	9.03	9.36	9.55
Class III Skim Milk Price	11.24	10.51	8.75
Class IV Skim Milk Price	8.91	8.46	7.02
Uniform Butterfat Price	\$1.8570	\$1.6170	\$1.5984
Class I Butterfat Price	1.7075	1.4475	1.9779
Class II Butterfat Price	1.9566	1.7246	1.3288
Class III Butterfat Price	1.9496	1.7176	1.3218
Class IV Butterfat Price	1.9496	1.7176	1.3218
PRODUCER MILK:			
Class I	319,857,452	332,819,654	317,661,336
Class II	66,025,255	69,348,983	48,875,994
Class III	16,584,654	25,772,433	25,915,919
Class IV	59,689,776	60,801,381	53,664,670
Total Producer Milk	462,157,137	488,742,451	446,117,919
PERCENT PRODUCER MILK IN:			
Class I	69.21	68.10	71.21
Class II	14.29	14.19	10.96
Class III	3.59	5.27	5.81
Class IV	12.91	12.44	12.02

F.O. 5 STATS FOR April 2021:

The Uniform Price

for April 2021 was \$18.43 per cwt., an increase of \$0.49 from March 2021 and an increase of \$0.94 from April 2020.

Total Class I Milk

For April 2021 was 319.9 million pounds, an increase of 2.2 million pounds compared to April 2020.

Class I Utilization

was 69.21 percent for April 2021, an increase of 1.11 percentage points from March 2021 and a decrease of 2.00 percentage points from April 2020.

Total Producer Milk

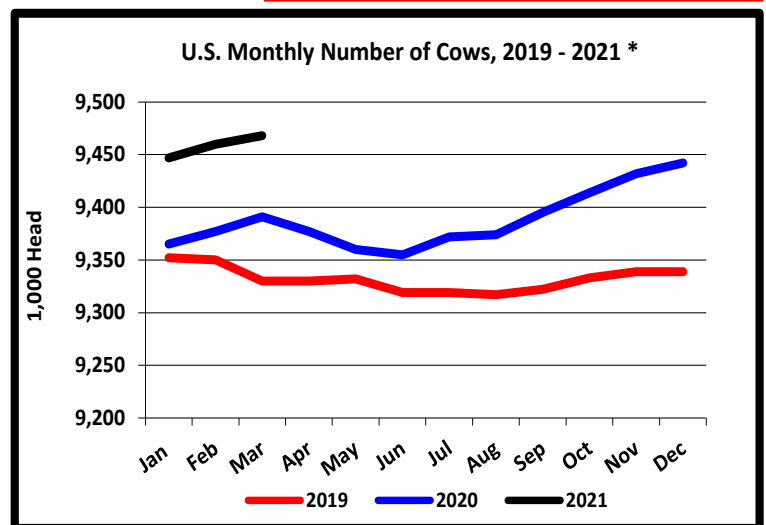
For April 2021 was 462.2 million pounds, an increase of 16.0 million pounds compared to April 2020.

March Milk Production up 2.0%

Milk production in the 24 major States during March totaled 18.8 billion pounds, up 2.0 percent from March 2020.

Production per cow in the 24 major States averaged 2,104 pounds for March, 19 pounds above March 2020.

The number of milk cows on farms in the 24 major States was 8.95 million head, 93,000 head more than March 2020, and 7,000 head more than February 2021.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2022

Usually, we discuss forecasts compared to projections from the previous month. Since these are the first USDA projections for 2022, these forecasts are discussed in terms of year-over-year comparisons with 2021 forecasts. The U.S. milking herd is projected to average 9.465 million head in 2022, 5,000 less than the 2021 projection. Some contraction is expected due to relatively high feed prices and weaker milk prices. Milk per cow is projected to average 24,335 per head, a year-over-year increase of 1.1 percent. The milk production forecast for 2022 is 230.3 billion pounds, 1.1 percent higher than the 2021 projection. Dairy exports on a milk-fat basis are projected to total 10.3 billion pounds in 2022, 0.5 billion lower than the forecast for 2021. On a skim-solids basis, exports are projected to total 50.0 billion pounds, 0.5 billion higher than the 2021 projection. With U.S. butter prices expected to become less competitive, exports of butterfat products are expected to decline year over year. With strong foreign demand and weaker domestic prices, exports of cheese, dry skim milk products, and whey products are anticipated to increase year over year.

Dairy imports on a milk-fat basis are projected to total 5.9 billion pounds in 2022, 0.3 billion lower than 2021. On a skim-solids basis, 2022 imports are projected to total 5.4 billion pounds, 0.1 billion lower than 2021. Imports of cheese and butterfat products are expected to be lower than 2021. The lower import numbers in 2022 reflect, in part, effects of retaliatory tariffs on some dairy products from the European Union and the United Kingdom since we assume current Government policies remain in place.

Domestic use is expected to increase modestly in 2022. The domestic use forecast on a milk-fat basis is 224.8 billion pounds, an increase of 2.0 billion (0.9 percent) higher than 2021. On a skim-solids basis, the projection is 184.7 billion pounds, 1.5 billion (0.8 percent) higher. The ending stock forecast for 2022 on a milk-fat basis is 15.0 billion pounds, the same as the end of 2021. On a skim-solids basis, the ending stock forecast for 2022 is 10.4 billion pounds, a year-over-year decrease of 0.1 billion pounds.

In 2022, the Cheddar cheese price is projected to fall to \$1.715 per pound, 2.5 cents lower than 2021, as a greater proportion of milk is expected to move into cheese production in 2022. The price of dry whey is projected to fall to \$0.475 per pound (-10.0 cents) due to relatively large cheese production and competitive pressure from foreign exporters. Foreign price competition is expected to contribute to a decline in the NDM price to \$1.195 (-4.5 cents). The butter price is expected to rise to \$1.790 per pound (+8.0 cents) as demand increases and a smaller proportion of milk fat moves into butter production.

The Class III milk price forecast for 2022 is \$16.85 per cwt, \$0.85 lower than the projection for 2021. The Class IV milk price projection for 2022 is \$15.70 per cwt, a year-over-year decline of \$0.05. The allmilk price forecast for 2022 is \$18.50 per cwt, \$0.45 lower than the projection for 2021.

**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

Market Administrator
PO Box 91528
Louisville KY 40291-0528

ADDRESS SERVICE REQUESTED

Phone: 502.499.0040
Fax: 502.499.8749
Email: friedly@malouisville.com



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 - April 2021

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,276.7	684.2	30.1	17.36
5 Appalachian	462.2	319.9	69.2	18.43
6 Florida	211.0	170.8	81.0	20.21
7 Southeast	420.7	265.6	63.1	18.46
30 Upper Midwest	927.1	206.8	22.3	16.65
32 Central	930.6	382.3	41.1	15.88
33 Mideast	1,289.5	515.4	40.0	16.33
51 California	1,913.2	406.7	21.3	15.91
124 Pacific Northwest	610.7	137.8	22.6	16.28
126 Southwest	1,005.1	339.2	33.8	16.48
131 Arizona	351.6	113.7	32.3	16.43
All Orders	10,398.3	3,542.4	34.1	16.74

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

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means of communication for program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202)720.2600 (voice and TTY). To file a complaint of discrimination, write to USDA, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (866)795.3272. USDA is an equal opportunity provider, employer, and lender.