

THE COURIER

Monthly Newsletter

Dairy Outlook

June 2021

Dairy Forecasts for 2021

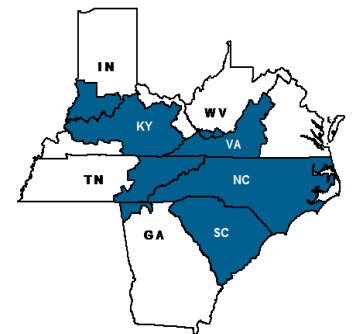
Milk cows are projected to average 9.495 million head in 2021, 25,000 higher than last month's forecast. Based on the recent upward trend in milk cow numbers and relatively low dairy cow slaughter, milk cows are expected to continue increasing into the third quarter of 2021 (2021-Q3). With relatively high feed prices and slightly lower milk prices than expected last month, cow numbers are anticipated to level off in the second half of the year. Due to expected high summer temperatures and dry conditions affecting cow comfort and grain crops, the forecast yield per cow is lowered slightly for 2021- Q3 but unchanged for the rest of the year. Consequently, the annual milk per cow forecast for 2021 is 24,065 pounds, 5 pounds less than last month's forecast. The milk production forecast for 2021 is 228.5 billion pounds, an increase of 0.6 billion pounds from the previous month's forecast.

The forecast for 2021 exports on a milk-fat basis is 11.1 billion pounds, 0.3 billion higher than last month's projection. On a skim-solids basis, exports are forecast at 50.2 billion pounds, 0.7 billion higher than forecast last month. Expectations for cheese exports are higher due to the recent upward climb in exports and lower expected cheese wholesale prices. Expectations for butter, whey products, and lactose exports are also higher.

For 2021, the projection for imports on a milk-fat basis is 6.1 billion pounds, 0.1 billion lower than last month's forecast due to lower expected imports of butterfat products. The forecast for domestic use in 2021 on a milk-fat basis is 222.9 billion pounds, 0.1 billion higher than last month's forecast. The all-milk price forecast for 2021 is \$18.85 per cwt, 10 cents lower than the May forecast.

Dairy Forecasts for 2022

The number of cows is forecast to average 9.495 million head in 2022, 30,000 higher than last month's forecast. Year over year, the annual forecast for milk cow numbers is the same as for 2021. Milk production usually responds to changes in input costs with a lag of several months. Due to relatively high input costs and weaker expected milk prices in mid-2021, milk cow numbers in 2022 are expected to decline from the second half of 2021. The forecast for 2022 milk production has been raised to 231.1 billion pounds, 0.8 billion higher than last month's forecast.



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Appalachian Statistical Summary

	MAY 2021	APRIL 2021	MAY 2020
PRICES: (Base Zone)			
Uniform Price	\$19.35	\$18.43	\$15.14
Class I Price	20.50	18.91	16.35
Class II Price	16.22	15.56	12.30
Class III Price	18.96	17.67	12.14
Class IV Price	16.16	15.42	10.67
Uniform Skim Milk Price	\$12.81	\$12.36	\$10.76
Class I Skim Milk Price	13.96	13.40	12.12
Class II Skim Milk Price	9.58	9.03	7.73
Class III Skim Milk Price	12.45	11.24	7.59
Class IV Skim Milk Price	9.55	8.91	6.07
Uniform Butterfat Price	\$1.9977	\$1.8570	\$1.3591
Class I Butterfat Price	2.0095	1.7075	1.3288
Class II Butterfat Price	1.9921	1.9566	1.3826
Class III Butterfat Price	1.9851	1.9496	1.3756
Class IV Butterfat Price	1.9851	1.9496	1.3756
PRODUCER MILK:			
Class I	296,403,110	319,857,452	317,770,929
Class II	69,036,601	66,025,255	64,645,329
Class III	13,227,934	16,584,654	29,368,645
Class IV	63,163,157	59,689,776	50,676,364
Total Producer Milk	441,830,802	462,157,137	462,461,267
PERCENT PRODUCER MILK IN:			
Class I	67.09	69.21	68.71
Class II	15.63	14.29	13.98
Class III	2.99	3.59	6.35
Class IV	14.29	12.91	10.96

F.O. 5 STATS FOR May 2021:

The Uniform Price

for May 2021 was \$19.35 per cwt., an increase of \$0.92 from April 2021 and an increase of \$4.21 from May 2020.

Total Class I Milk

For May 2021 was 296.4 million pounds, a decrease of 21.4 million pounds compared to May 2020.

Class I Utilization

was 67.09 percent for May 2021, a decrease of 2.12 percentage points from April 2021 and a decrease of 1.62 percentage points from May 2020.

Total Producer Milk

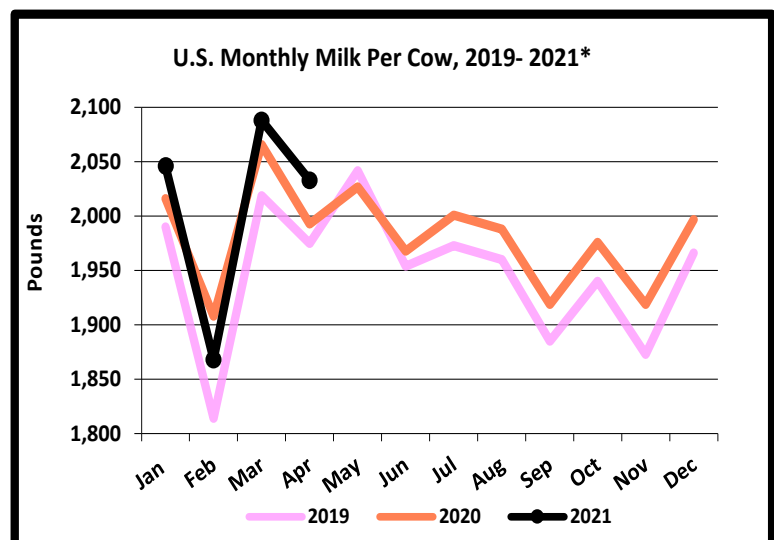
For May 2021 was 441.8 million pounds, a decrease of 20.6 million pounds compared to May 2020.

April Milk Production up 3.5%

Milk production in the 24 major States during April totaled 18.4 billion pounds, up 3.5 percent from April 2020. March revised production, at 18.9 billion pounds, was up 2.2 percent from March 2020.

Production per cow in the 24 major States averaged 2,051 pounds for April, 42 pounds above April 2020.

The number of milk cows on farms in the 24 major States was 8.98 million head, 121,000 head more than April 2020, and 15,000 head more than March 2021.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

On a skim-solids basis, the projection is 185.1 billion pounds, 0.4 billion higher than last month. On a milk-fat basis, the ending-stock forecast for 2022 is 15.1 billion pounds, 0.1 billion higher than last month's forecast. The ending-stock projection on a skim-solids basis is 10.3 billion pounds, 0.1 billion lower than last month's forecast. Price forecasts for butter, NDM, and dry whey have been raised to \$1.795 (+0.5 cents), \$1.220 (+2.5 cents), and \$0.510 (+3.5 cents) per pound, respectively. The Class III milk price forecast for 2022 is \$17.15 per cwt, \$0.30 higher than the previous month's forecast, due to higher expected whey prices. With higher butter and NDM prices, the Class IV milk price projection for 2022 is \$15.95 per cwt, \$0.25 higher than last month's forecast. The all-milk price forecast for 2022 is \$18.75 per cwt, an increase of \$0.25 from last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-324, June 16, 2021, USDA,
Economic Research Service

USDA Announces Additional Aid to Ag Producers and Businesses in Pandemic Assistance

On June 15, 2021, Agriculture Secretary Tom Vilsack announced additional aid to agricultural producers and businesses as part of the USDA Pandemic Assistance for Producers initiative. Earlier this year, Secretary Vilsack announced plans to use available pandemic assistance funds to address a number of gaps and disparities in previous rounds of aid. As part of the Pandemic Assistance initiative announced in March, USDA pledged to continue Coronavirus Food Assistance Program (CFAP) payments and to provide aid to producers and businesses left behind. Implementation of the assistance announced on June 15th will continue within 60 days to include support to timber harvesters, biofuels, dairy farmers and processors, livestock farmers and contract growers of poultry, assistance for organic cost share, and grants for PPE.

In March, USDA announced \$6 billion in available funds through Pandemic Assistance to support a number of new programs or to modify existing efforts. The following programming is planned for implementation within 60 days, which will continue to be focused on filling gaps in previous rounds of assistance and helping beginning, socially disadvantaged and small and medium sized producers that need support most, including support for dairy farmers and processors:

- \$400 million: The new Dairy Donation Program to address food insecurity and mitigate food waste and loss
- Additional pandemic payments targeted to dairy farmers that have demonstrated losses that have not been covered by previous pandemic assistance
- Approximately \$580 million: Supplemental Dairy Margin Coverage for small and medium farms

As USDA looks to long-term solutions to build back a better food system, the Department is committed to delivering financial assistance to farmers, ranchers, and agricultural producers and businesses who have been impacted by COVID-19 market disruptions.

Since USDA rolled out the Pandemic Assistance initiative in March, the Department has announced approximately \$6.8 billion in assistance (Part II and III) to producers and agriculture entities.

Full press release is available at: <https://www.usda.gov/media/press-releases/2021/06/15/usda-announces-additional-aid-ag-producers-and-businesses-pandemic>

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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 - May 2021

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,325.5	672.2	28.9	18.34
5 Appalachian	441.8	296.4	67.1	19.35
6 Florida	206.0	162.9	79.1	21.26
7 Southeast	385.1	245.7	63.8	19.52
30 Upper Midwest	938.7	202.7	21.6	17.52
32 Central	919.8	353.5	38.4	16.78
33 Mideast	1,422.6	532.0	37.4	17.43
51 California	2,030.1	388.2	19.1	16.73
124 Pacific Northwest	632.0	133.3	21.1	17.26
126 Southwest	1,007.5	318.5	31.6	17.32
131 Arizona	356.8	107.9	30.2	17.25
All Orders	10,666.0	3,413.2	32.0	17.65

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

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