

THE COURIER

Monthly Newsletter

Dairy Outlook

August 2021

Dairy Forecasts for 2021

The milk production forecast for 2021 is 228.1 billion pounds, 0.1 billion less than last month's forecast. The lower milk production forecast is a result of NASS revisions for the first half of the year and a lower forecast for milk cow numbers in the third quarter (5,000 lower than last month's forecast). However, rounded annual forecasts for the average number of milk cows (9,500 million head).

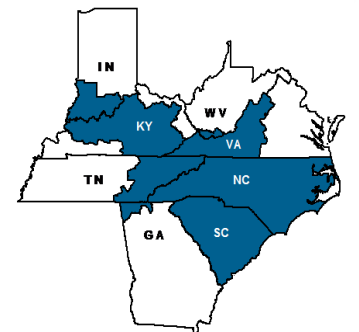
Due to higher-than-anticipated imports of butter, butterfat products, and cheese, the projection for 2021 imports on a milk-fat basis is 6.6 billion pounds, 0.4 billion higher than last month's forecast. On a skim solids basis, the projection for imports is 5.8 billion pounds, 0.2 billion higher than projected last month, due to higher expected imports of milk protein products. On a milk-fat basis, the annual forecast for 2021 domestic commercial use is 222.2 billion pounds, 0.6 billion lower than last month's forecast.

Based on relatively low wholesale domestic prices for most dairy products in recent weeks, recent downward trends in international prices, lower expected domestic demand, high stock levels, and higher expected imports, wholesale price forecasts for dairy products have been lowered for 2021. Price forecasts for cheese, butter, NDM, and dry whey are \$1.635 (-2.0 cents), \$1.645 (-4.5 cents), \$1.205 (-0.5 cents), and \$0.555 (-1.5 cents) per pound, respectively.

Dairy Forecasts for 2022

Changes in milk cow numbers usually respond to prices with a lag of several months. With higher expected feed prices and lower expected milk prices for the remainder of 2021 and throughout 2022, the forecast for the average number of milk cows in 2022 has been lowered to 9,500 million head, 15,000 head down from last month's forecast.

The projection for 2022 milk production has been adjusted to 231.2 billion pounds, 0.4 billion lower than last month's forecast, but 3.1 billion pounds higher than 2021. On a milk-fat basis, the domestic use forecast for 2022 is 226.6 billion pounds, 0.2 billion higher than the previous forecast as lower expected prices should result in greater domestic use of cheese, butter, and butterfat products.



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Appalachian Statistical Summary

	JULY 2021	JUNE 2021	JULY 2020
PRICES: (Base Zone)			
Uniform Price	\$19.61	\$20.19	\$19.34
Class I Price	20.82	21.69	19.96
Class II Price	16.83	16.66	13.79
Class III Price	16.49	17.21	24.54
Class IV Price	16.00	16.35	13.76
Uniform Skim Milk Price	\$13.27	\$13.73	\$13.16
Class I Skim Milk Price	14.35	15.22	14.02
Class II Skim Milk Price	10.53	10.12	7.16
Class III Skim Milk Price	10.20	10.71	18.33
Class IV Skim Milk Price	9.69	9.82	7.16
Uniform Butterfat Price	\$1.9434	\$1.9823	\$1.8967
Class I Butterfat Price	1.9930	2.0014	1.8363
Class II Butterfat Price	1.9066	1.9711	1.9653
Class III Butterfat Price	1.8996	1.9641	1.9583
Class IV Butterfat Price	1.8996	1.9641	1.9583
PRODUCER MILK:			
Class I	287,940,295	281,824,287	319,141,956
Class II	63,088,137	71,454,306	50,109,359
Class III	23,624,042	31,392,212	248,254
Class IV	41,214,082	44,271,671	6,633,801
Total Producer Milk	415,866,556	428,942,476	376,133,370
PERCENT PRODUCER MILK IN:			
Class I	69.24	65.70	84.85
Class II	15.17	16.66	13.32
Class III	5.68	7.32	0.07
Class IV	9.91	10.32	1.76

F.O. 5 STATS FOR July 2021:

The Uniform Price

for July 2021 was \$19.61 per cwt., a decrease of \$0.58 from June 2021 and an increase of \$0.27 from July 2020.

Total Class I Milk

For July 2021 was 287.9 million pounds, an increase of 6.1 million pounds compared to June 2021.

Class I Utilization

was 69.24 percent for July 2021, an increase of 3.54 percentage points from June 2021.

Total Producer Milk

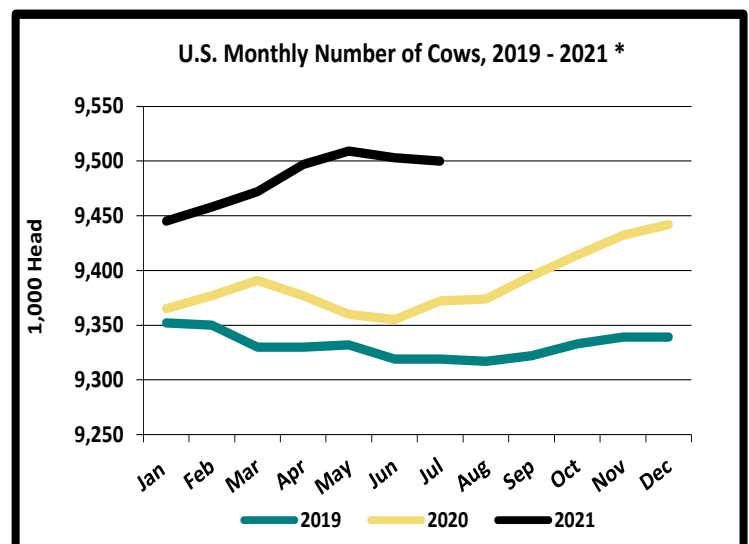
For July 2021 was 415.9 million pounds, an increase of 39.7 million pounds compared to July 2020.

July Milk Production up 2.1 Percent

Milk production in the 24 major States during July totaled 18.3 billion pounds, up 2.1 percent from July 2020.

Production per cow in the 24 major States averaged 2,035 pounds for July, 11 pounds above July 2020.

The number of milk cows on farms in the 24 major States was 8.99 million head, 136,000 head more than July 2020, but 3,000 head less than June 2021.



*Based on entire U.S. production

Pandemic Market Volatility Assistance Program

On August 19, the U.S. Department of Agriculture (USDA) announced the details of the Pandemic Market Volatility Assistance Program as part of meetings with farmers and a tour of farms with Senator Leahy. In June, Secretary Vilsack committed to providing additional pandemic assistance for dairy farmers in an exchange at a hearing with Senate Appropriations Committee Chairman Leahy. Through the program, USDA will provide about \$350 million in pandemic assistance payments to dairy farmers who received a lower value for their products due to market abnormalities caused by the pandemic. The assistance is part of a larger package including permanent improvements to the Dairy Margin Coverage safety net program.

Under the Pandemic Market Volatility Assistance Program, payments will reimburse qualified dairy farmers for 80 percent of the revenue difference per month based on an annual production of up to 5 million pounds of milk marketed and on fluid milk sales from July through December 2020. The payment rate will vary by region based on the actual losses on pooled milk related to price volatility. USDA will make payments through agreements with independent handlers and cooperatives. Handlers and cooperatives will distribute the monies on the same basis July - December 2020 payments were made to their dairy farmer suppliers and a formula set by USDA. USDA will reimburse handlers and cooperatives for allowed administrative costs.

USDA will contact eligible handlers and cooperatives to notify them of the opportunity to participate in the Program. USDA will distribute payments to participating handlers within 60 days of entering into an agreement. Once funding is provided, a handler will have 30 days to distribute monies to qualifying dairy farmers. As part of the program, handlers also will provide virtual or in-person education to dairy farmers on a variety of dairy topics available from USDA or other sources. A handler will have until March 1, 2022 to directly provide educational opportunities to dairy farmers.

Additional details about the program are available and will be updated at <https://www.ams.usda.gov/services/pandemic-market-volatility-assistance-program>.

The program is part of \$6 billion of pandemic assistance USDA announced in March to address a number of gaps and disparities in previous rounds of assistance. Other pandemic assistance to dairy farmers includes \$400 million for a new Dairy Donation Program to address food insecurity and mitigate food waste and loss; and \$580 million for Supplemental Dairy Margin Coverage for small and medium farms.

Outside the pandemic assistance, USDA will also make improvements to the Dairy Margin Coverage safety net program updating the feed cost formula to better reflect the actual cost dairy farmers pay for high quality alfalfa. This change will be retroactive to January 2020 and is expected to provide additional retroactive payments of about \$100 million for 2020 and 2021. Unlike the pandemic assistance, this change will also be part of the permanent safety net and USDA estimates it will average about \$80 million per year or approximately \$800 million over ten years for dairy headed into the upcoming Farm Bill. Full details on these additional actions to support dairy farmers will be provided when regulations are published in the coming weeks. Dairy farmers should wait until these details are available to contact their local USDA Service Center for more information.

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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 - July 2021

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,342.9	649.2	27.7	18.06
5 Appalachian	415.9	287.9	69.2	19.61
6 Florida	184.5	159.2	86.3	21.98
7 Southeast	349.0	236.9	67.9	19.80
30 Upper Midwest	1,918.4	196.7	10.3	16.74
32 Central	1,314.5	338.1	25.7	16.84
33 Mideast	1,767.1	499.2	28.3	17.25
51 California	1,840.1	381.6	20.7	16.94
124 Pacific Northwest	745.4	128.8	17.3	16.77
126 Southwest	1,044.4	298.0	28.5	17.65
131 Arizona	397.1	112.1	28.2	17.27
All Orders	12,319.2	3,287.8	26.7	17.46

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

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