

THE COURIER

Monthly Newsletter

Dairy Outlook

October 2021

Dairy Forecasts for 2021

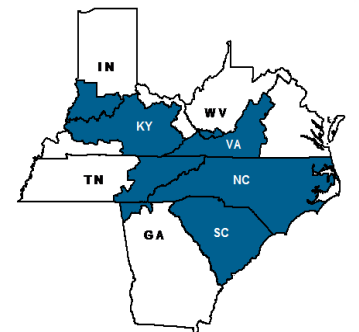
Based on recent information showing a decline in milk cow numbers, relatively high feed costs, and relatively high culling of dairy cows, the forecast for the average number of milk cows in 2021 has been lowered to 9.475 million head, 10,000 below the previous month's forecast. Based on the decline in milk per cow from July to August, lower yield per cow is projected for the third and fourth quarters of 2021.

The projected average yield per cow in 2021 is 23,960 pounds per year, 50 pounds lower than last month's forecast. The milk production forecast for 2021 is 227.0 billion pounds, 0.8 billion less than last month's forecast. The 2021 forecasts for domestic commercial use of dairy products are lower than projected last month, mainly due to higher anticipated wholesale prices and weaker domestic demand. On a milk-fat basis, the annual forecast for 2021 domestic commercial use is 220.8 billion pounds, 1.1 billion lower than last month's forecast. The domestic use forecast on a skim-solids basis for 2021 is 180.0 billion pounds, 0.7 billion lower than last month's projection. Based on recent price data and lower expected milk production, the wholesale price forecasts for most dairy products have been adjusted higher for 2021. Price forecasts for cheese, NDM, and dry whey are \$1.680 (+4.0 cents), \$1.245 (+2.0 cents), \$0.565 (+1.0 cent) per pound, respectively.

The 2021 wholesale price forecast for butter is \$1.685 per pound, 0.5 cents lower than last month's projection. With a higher projected wholesale price for cheese, the Class III milk price forecast for 2021 is \$17.05 per hundredweight (cwt), \$0.40 higher than the previous month's forecast. The Class IV milk price projection is \$15.70 per cwt, \$0.15 higher than last month's forecast. The all-milk price forecast for 2021 is \$18.45 per cwt, an increase of \$0.30 from last month's projection.

Dairy Forecasts for 2022

The average number of milk cows is expected to continue declining in the first quarter of 2022. As a result, the annual forecast has been lowered to 9.450 million head, 30,000 head below the last month's forecast. The projection for milk per cow is 24,305 pounds, 25 pounds lower than last month's forecast. The projection for 2022 milk production has been adjusted to 229.7 billion pounds, 0.9 billion pounds lower than last month's forecast but 2.7 billion pounds higher than 2021.



Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Appalachian Statistical Summary	2
August Milk Production up 1.1%	2
U.S. Monthly Milk Production, 2019—2021	2
Dairy Outlook, cont'd	3
PMVAP Update	3
USDA—COVID-19	4
FMMO Statistics – September 2021	4

Appalachian Statistical Summary

	SEPTEMBER 2021	AUGUST 2021	SEPTEMBER 2020
PRICES: (Base Zone)			
Uniform Price	\$19.37	\$19.24	\$19.68
Class I Price	19.99	20.30	21.84
Class II Price	16.89	16.51	13.16
Class III Price	16.53	15.95	16.43
Class IV Price	16.36	15.92	12.75
Uniform Skim Milk Price	\$13.11	\$13.08	\$14.42
Class I Skim Milk Price	13.86	14.00	16.42
Class II Skim Milk Price	10.45	10.37	7.83
Class III Skim Milk Price	10.10	9.82	11.25
Class IV Skim Milk Price	9.92	9.78	7.43
Uniform Butterfat Price	\$1.9200	\$1.8908	\$1.6471
Class I Butterfat Price	1.8893	1.9390	1.7115
Class II Butterfat Price	1.9458	1.8578	1.6002
Class III Butterfat Price	1.9388	1.8508	1.5932
Class IV Butterfat Price	1.9388	1.8508	1.5932
PRODUCER MILK:			
Class I	308,713,424	313,204,747	324,611,703
Class II	54,641,005	58,955,593	66,371,969
Class III	22,927,356	24,041,778	22,968,857
Class IV	32,181,120	38,119,284	35,333,169
Total Producer Milk	418,462,905	434,321,402	449,285,698
PERCENT PRODUCER MILK IN:			
Class I	73.77	72.11	72.25
Class II	13.06	13.57	14.77
Class III	5.48	5.54	5.11
Class IV	7.69	8.78	7.87

F.O. 5 STATS FOR September 2021:

The Uniform Price
for September 2021 was \$19.37 per cwt., an increase of \$0.13 from August 2021 and a decrease of \$0.31 from September 2020.

Total Class I Milk
For September 2021 was 308.7 million pounds, a decrease of 4.5 million pounds compared to August 2021.

Class I Utilization
was 73.77 percent for September 2021, an increase of 1.66 percentage points from August 2021.

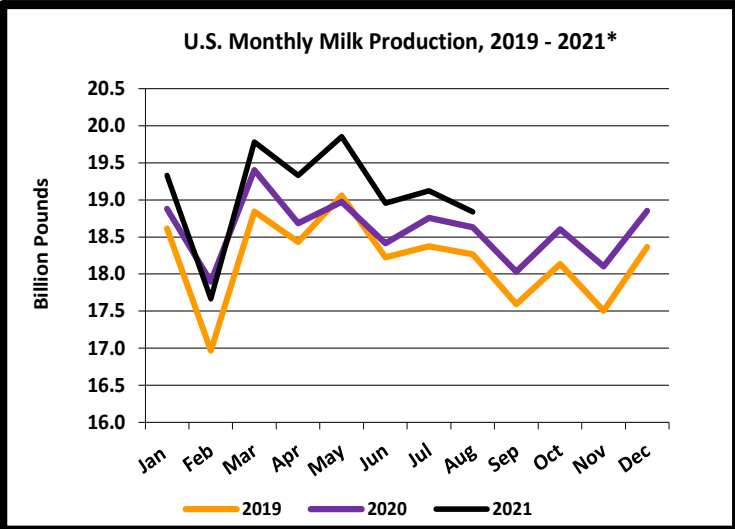
Total Producer Milk
For September 2021 was 418.5 million pounds, a decrease of 15.9 million pounds compared to August 2021.

August Milk Production up 1.1%

Milk production in the 24 major States during August totaled 18.0 billion pounds, up 1.1 percent from August 2020. July revised production, at 18.3 billion pounds, was up 2.0 percent from July 2020.

Production per cow in the 24 major States averaged 2,007 pounds for August, 3 pounds below August 2020.

The number of milk cows on farms in the 24 major States was 8.97 million head, 112,000 head more than August 2020, but 20,000 head less than July 2021.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

In 2022, domestic use is projected to be lower than the previous month's forecast as wholesale prices are projected higher and milk production is projected down. On a milk-fat basis, the domestic use forecast for 2022 is 224.5 billion pounds, 1.0 billion lower than the previous forecast. On a skim-solids basis, the forecast for domestic use is 182.2 billion pounds, 0.7 billion lower than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-328, October 18, 2021, USDA,
Economic Research Service

Pandemic Market Volatility Assistance Program (PMVAP) Update

Since the announcement of the Pandemic Market Volatility Assistance Program (PMVAP) in mid-August, USDA has been actively implementing the administration of this program that will distribute up to \$350 million in payments directly to dairy farmers.

The role of the handler/cooperative

USDA is wrapping up one-on-one meetings with approximately 200 handlers and cooperatives that purchased milk and participated in the Federal Milk Marketing Order program during the July-December 2020 period. Handlers and cooperatives are critical to the administration of the PMVAP. They have the proprietary producer production data that determines the eligible milk under PMVAP rules. Further, they are the entities that distribute program funds to dairy farmers. To ensure the integrity of the PMVAP and proper distribution of funds, USDA will enter into an agreement with each handler and cooperative. This process, along with a thorough explanation of the mechanics of the program, is currently underway.

Dairy farmer payments

As reported when the program was announced on August 19, 2021, PMVAP is designed to provide pandemic assistance payments directly to dairy farmers who received a lower value for their milk due to market abnormalities caused by the pandemic. Funds are projected to be paid to dairy farmers by the end of December 2021.

AGI Certification Required by Dairy Farmers

Similar to many USDA programs the PMVAP requires dairy farmers to attest that they meet ***either of the following*** adjusted gross income (AGI) requirements of the program:

- Less than \$900,000 average AGI for tax years 2016, 2017, and 2018, **or**
- 75 percent of your average taxable income for tax years 2016, 2017, and 2018 came from farming, ranching, or forestry-related activities

Your handler or cooperative may have provided you with an attestation statement, which you **MUST** complete and return in order to receive a payment from the program.

Additional Information

Program information for handlers and dairy farmers can be found at <https://www.ams.usda.gov/services/pandemic-market-volatility-assistance-program>.

For additional questions not covered in the resources online, please email PMVAP@usda.gov

**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 - September 2021

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,176.7	673.6	31.0	17.96
5 Appalachian	418.5	308.7	73.8	19.37
6 Florida	197.0	164.2	83.3	21.22
7 Southeast	367.1	261.1	71.1	19.70
30 Upper Midwest	2,264.3	208.0	9.2	16.71
32 Central	1,230.9	356.8	29.0	18.12
33 Mideast	1,687.5	531.6	31.5	17.12
51 California	1,903.6	396.5	20.8	16.91
124 Pacific Northwest	567.3	135.5	23.9	16.67
126 Southwest	1,055.9	333.6	31.6	17.55
131 Arizona	362.6	118.4	32.7	17.40
All Orders	12,231.4	3,488.1	28.5	17.51

^{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.