APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

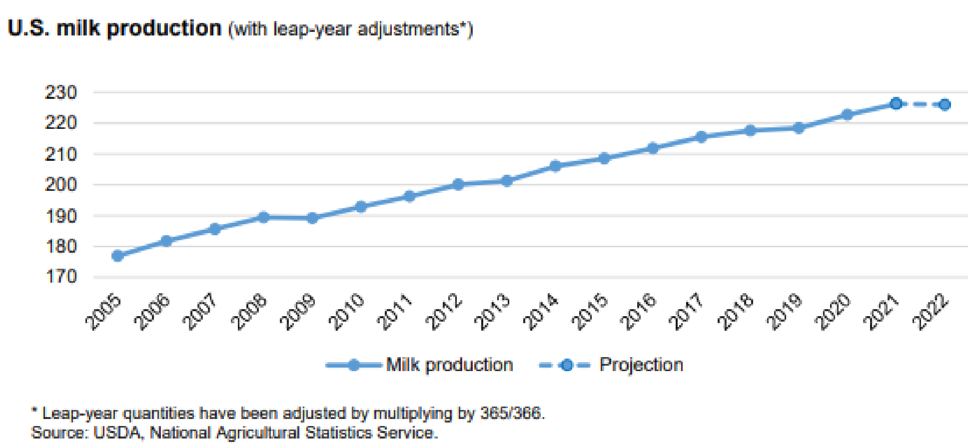
Monthly Newsletter

March 2022

Dairy Outlook

Dairy Forecasts for 2022

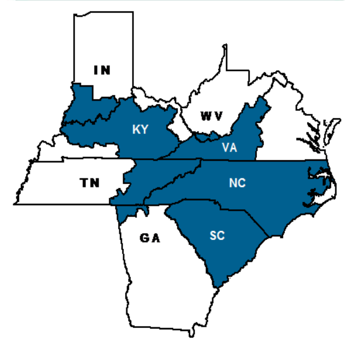
Milk production for 2022 is projected at 226.0 billion pounds, 1.2 billion lower than last month's forecast and a decrease of 0.3 billion pounds from 2021. This would be the first year-over-year decrease since 2009. Milk cows are projected to average 9.355 million head in 2022, 5,000 lower than last month's forecast and a year-over year decline of 93,000 head. Relatively low numbers of replacement heifers, higher expected cull-cow prices, and higher expected production costs will likely contribute to the reduction in milk cow numbers. Milk per cow is projected to average 24,160 pounds per head, 105 pounds down from the previous forecast and a year-over year increase of 212 pounds. This projected slowing in growth in milk per cow is associated with anticipated higher feed costs and an expected reduction in feed nutritive value early in the year due to corn silage quality issues.



Dairy export projections for 2022 are adjusted lower due to relatively low exports in January and higher expected U.S. dairy prices. The forecast for 2022 dairy exports on a milk-fat basis has been adjusted to 10.9 billion pounds, 0.1 billion lower than last month's forecast.

Based on recent import data, lower imports of cheese, butter, fluid milk, and cream are expected. However, recent data indicate that imports of milk protein products, condensed and evaporated milk, and other miscellaneous dairy products may be higher than previously expected.

Dairy Outlook, cont'd on pg. 3



Harold H. Friedly, Jr.
Market Administrator

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Appalachian Statistical Summary

	FEBRUARY 2022	JANUARY 2022	FEBRUARY 2021
PRICES: (Base Zone)			
Uniform Price	$24.87	$23.72	$17.56
Class I Price	25.04	23.11	18.94
Class II Price	23.79	22.83	14.00
Class III Price	20.91	20.38	15.75
Class IV Price	24.00	23.09	13.19
Uniform Skim Milk Price	$15.14	$14.82	$12.71
Class I Skim Milk Price	15.84	15.61	13.77
Class II Skim Milk Price	13.67	12.91	9.27
Class III Skim Milk Price	10.71	10.40	11.11
Class IV Skim Milk Price	13.91	13.20	8.45
Uniform Butterfat Price	$2.9314	$2.6908	$1.5115
Class I Butterfat Price	2.7877	2.3000	1.6144
Class II Butterfat Price	3.0288	2.9637	1.4446
Class III Butterfat Price	3.0218	2.9567	1.4376
Class IV Butterfat Price	3.0218	2.9567	1.4376
PRODUCER MILK:			
Class I	303,332,792	332,982,856	306,760,578
Class II	50,385,186	54,630,248	53,349,369
Class III	33,426,572	37,528,237	20,391,958
Class IV	37,513,063	39,796,461	45,304,878
Total Producer Milk	**424,657,613**	**464,937,802**	**425,806,783**
PERCENT PRODUCER MILK IN:			
Class I	71.43	71.62	72.04
Class II	11.86	11.75	12.53
Class III	7.87	8.07	4.79
Class IV	8.84	8.56	10.64

F.O. 5 STATS FOR February 2022:

The Uniform Price
for February 2022 was $24.87 per cwt., an increase of $1.15 from January 2022 and an increase of $7.31 from February 2021.

Total Class I Milk
For February 2022 was 303.3 million pounds, a decrease of 3.4 million pounds compared to February 2021.

Class I Utilization
was 71.43 percent for February 2022, a decrease of 0.61 percentage points from February 2021.

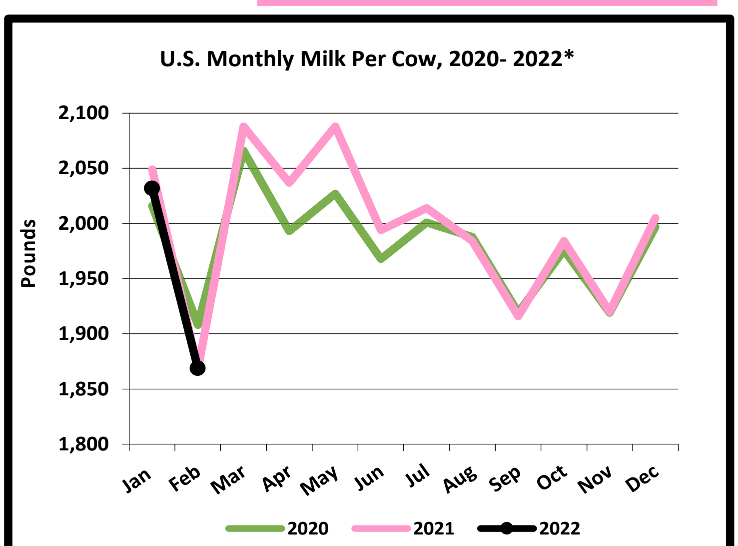
Total Producer Milk
For February 2022 was 424.7 million pounds, a decrease of 1.1 million pounds compared to February 2021.

February Milk Production down 0.7%

Milk production in the 24 major States during February totaled 16.7 billion pounds, down 0.7 percent from February 2021.

Production per cow in the 24 major States averaged 1,887 pounds for February, 3 pounds above February 2021.

The number of milk cows on farms in the 24 major States was 8.88 million head, 77,000 head less than February 2021, but 3,000 head more than January 2022.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Due to relatively high domestic and international dairy product prices in recent weeks and lower projected milk production, wholesale price forecasts have been raised for all major dairy products. For 2022, price forecasts for Cheddar cheese, dry whey, butter, and NDM are $2.030 (+13.0 cents), $0.710 (+0.5 cents), $2.575 (+18.5 cents), and $1.740 (+7.5 cents) per pound, respectively.

With higher dairy product prices expected across the board, the Class III milk price forecast for 2022 has been raised to $21.65 per hundredweight (cwt), $1.35 higher than last month's forecast, and the Class IV price forecast has been increased to $23.70 per cwt, up $1.40 from the previous projection. The all-milk price forecast for 2022 has been raised to a record high of $25.05 per cwt, $1.50 higher than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-333, March 15 2022, USDA, Economic Research Service

USDA Makes Available Additional $80 Million in Funding for Dairy Industry

WASHINGTON, March 2, 2022 – The U.S. Department of Agriculture (USDA) today announced an additional investment of $80 million in the Dairy Business Innovation (DBI) Initiatives. In November 2021, DBI awarded $18.4 million to three current Initiatives at University of Tennessee, Vermont Agency for Food and Marketing and University of Wisconsin, and $1.8 million to a new initiative at California State University Fresno. Under the existing DBI program, which was previously announced through a FY21 Request for Applications (RFA), each Initiative will now have the opportunity to submit additional proposals for up to $20 million in American Rescue Plan funds to further support processing capacity expansion, on-farm improvements, and technical assistance to producers.

"The pandemic has demonstrated that dairy producers and regional dairy processors, particularly those engaged in value-added production, faced systemic shocks over the past several years," said Agriculture Secretary Tom Vilsack. "We have heard directly from producers and processors – particularly organic producers and processors in the Northeast – on how we can work with the industry to build long-term resilience of regional dairy supply chains. The Dairy Business Innovation Initiatives have supported regional-focused efforts tailored to the needs of dairy farmers and businesses locally. This additional funding will expand the capacity of the four initiatives to provide technical assistance and sub-grants exponentially."

Since its inception in 2019, DBI initiatives have provided valuable technical assistance and sub-grants to dairy farmers and businesses across their regions, assisting them with business plan development, marketing and branding, as well as, increasing access to innovative production and processing techniques to support the development of value-added products. Separate from this supplemental ARP funding, AMS plans to announce a new DBI Request for Applications later in FY22 contingent upon appropriations.

AMS supports U.S. food and agricultural products market opportunities, while increasing consumer access to fresh, healthy foods through applied research, technical services, and Congressionally funded grants.

To learn more about AMS's investments in enhancing and strengthening agricultural systems, visit www.ams.usda.gov/grants.

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Federal Milk Marketing Order Statistics - February 2022

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,062.7	639.0	31.0	23.67
5	*Appalachian*	*424.7*	*303.3*	*71.4*	*24.87*
6	Florida	205.0	168.4	82.2	26.71
7	Southeast	301.3	233.0	77.3	25.47
30	Upper Midwest	2,389.6	194.9	8.2	21.19
32	Central	1,169.9	345.7	29.6	21.98
33	Mideast	1,278.6	504.7	39.5	22.19
51	California	1,725.7	367.6	21.3	21.97
124	Pacific Northwest	670.6	126.4	18.9	22.45
126	Southwest	1,053.0	308.6	29.3	22.40
131	Arizona	411.2	111.2	27.1	23.30
	All Orders	11,692.2	3,303.0	28.2	22.53

[1/] Weighted average uniform prices at 3.5% butterfat at announced locations.