APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

Dairy Outlook

May 2022

Dairy Forecasts for 2022

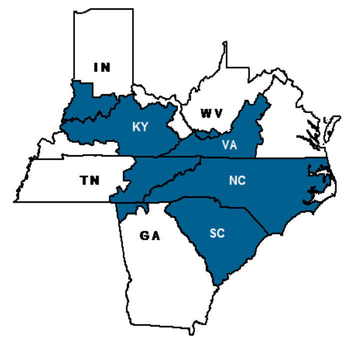
In 2022, the U.S. milking herd is projected to average 9.400 million head, 30,000 head higher than last month's forecast. Based on recent information, the number of milk cows is expected to trend upward into 2022-Q3 and then stabilize in 2022-Q4. The milk per cow forecast for 2022 is 24,120 pounds, 40 pounds lower last month's forecast due to relative higher feed prices. With the higher anticipated number of milk cows, the milk production forecast for 2022 has been raised to 226.7 billion pounds, 0.4 billion higher than last month's projection. On a milk-fat basis, the annual dairy export forecast for 2022 is 12.0 billion pounds, 0.5 billion higher than last month's forecast as 2022-Q1 exports on a milk-fat basis were higher than expected.

On a skim-solids basis, the dairy export projection has been lowered to 49.9 billion pounds, 0.4 billion below the last month's forecast as the actual exports in 2022-Q1 on a skim basis solid were lower than anticipated, particularly for whey products. With strong international demand and relatively competitive domestic prices, exports of cheese, butter, and several other dairy products are anticipated to increase from 2021 totals.

The 2022 forecast for dairy imports on a milk-fat basis has been increased to 6.6 billion pounds, 0.2 billion pounds higher than last month's forecast. On a skim-solids basis, the dairy import forecast has been raised to 5.9 billion pounds, 0.1 billion higher than last month's projections. In 2022, imports of cheese, milk protein concentrate, and milk powders are expected to increase from 2021 totals. On a milk-fat basis, domestic use in 2022 has remained steady from last month's forecast of 221.6 million pounds. On a skim-solid basis, 2022 domestic use was raised by 0.9 million due to higher-than- expected domestic use in 2022-Q1. The forecasts for ending stocks remined unchanged from last month's forecast, at 12.9 billion pounds on a milk-fat basis and 11.0 billion pounds on a skim-solids basis.

The 2022 price forecasts for Cheddar cheese and butter are raised to \$2.175 (+2.5 cents), and \$2.650 (+1.0 cent) per pound, respectively. Due to higher anticipated production, the NDM and dry whey price forecasts have been lowered to \$1.715 (-3.0 cents) and \$0.655 (-3.5 cents), per pound respectively. The Class IV milk price forecast has been lowered by \$0.25 to \$23.80 per cwt, as the lower expected NDM price more than offsets the higher expected butter price. The all-milk price forecast for 2022 is \$25.75 per cwt, \$0.05 lower than last month's forecast.

Dairy Outlook, cont'd on pg. 3



Harold H. Friedly, Jr.
Market Administrator

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Appalachian Statistical Summary

	APRIL 2022	MARCH 2022	APRIL 2021
PRICES: (Base Zone)			
Uniform Price	$27.17	$25.86	$18.43
Class I Price	27.78	26.28	18.91
Class II Price	25.71	24.76	15.56
Class III Price	24.42	22.45	17.67
Class IV Price	25.31	24.82	15.42
Uniform Skim Milk Price	$16.74	$15.67	$12.36
Class I Skim Milk Price	17.38	16.29	13.40
Class II Skim Milk Price	15.21	14.41	9.03
Class III Skim Milk Price	13.90	12.04	11.24
Class IV Skim Milk Price	14.82	14.50	8.91
Uniform Butterfat Price	$3.1476	$3.0671	$1.8570
Class I Butterfat Price	3.1438	3.0178	1.7075
Class II Butterfat Price	3.1531	3.1005	1.9566
Class III Butterfat Price	3.1461	3.0935	1.9496
Class IV Butterfat Price	3.1461	3.0935	1.9496
PRODUCER MILK:			
Class I	313,843,550	343,723,870	319,857,452
Class II	58,081,279	75,335,125	66,025,255
Class III	37,094,899	38,760,439	16,584,654
Class IV	49,950,889	44,045,519	59,689,776
Total Producer Milk	**458,970,617**	**501,864,953**	**462,157,137**
PERCENT PRODUCER MILK IN:			
Class I	68.38	68.49	69.21
Class II	12.65	15.01	14.29
Class III	8.08	7.72	3.59
Class IV	10.89	8.78	12.91

F.O. 5 STATS FOR April 2022:

The Uniform Price
for April 2022 was $27.17 per cwt., an increase of $1.31 from March 2022 and an increase of $8.74 from April 2021.

Total Class I Milk
For April 2022 was 313.8 million pounds, a decrease of 6.0 million pounds compared to April 2021.

Class I Utilization
was 68.38 percent for April 2022, a decrease of 0.83 percentage points from April 2021.

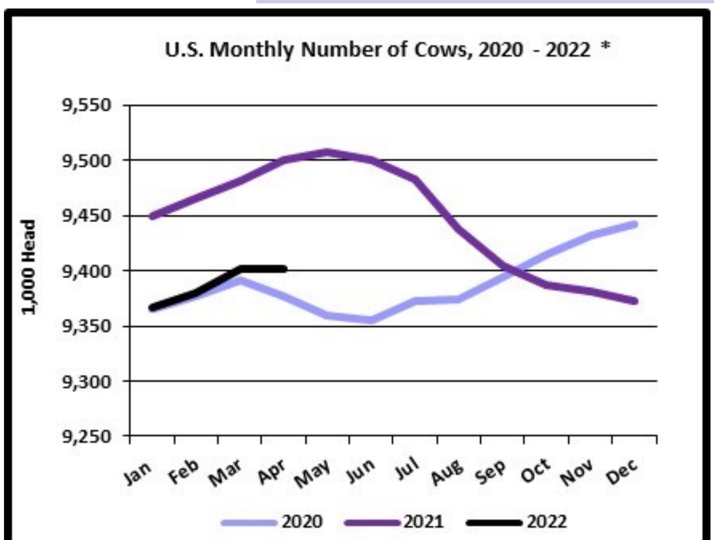
Total Producer Milk
For April 2022 was 459.0 million pounds, a decrease of 3.2 million pounds compared to April 2021.

April Milk Production down 0.9%

Milk production in the 24 major States during April totaled 18.3 billion pounds, down 0.9 percent from April 2021.

Production per cow in the 24 major States averaged 2,054 pounds for April, 1 pound below April 2021.

The number of milk cows on farms in the 24 major States was 8.91 million head, 78,000 head less than April 2021, but unchanged from March 2022.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2023

Typically, we discuss forecasts compared to projections from the previous month. Since these are the first USDA projections for 2023, these forecasts are discussed in terms of year-overyear comparisons with 2022 forecasts.

The U.S. milking herd is projected to average 9.400 million head in 2023, unchanged from the 2022 projection. Milk per cow is projected to average 24,420 per head, a year-over-year increase of 1.2 percent. The milk production forecast for 2023 is 229.5 billion pounds, 1.2 percent higher than the 2022 projection.

Dairy exports on a milk-fat basis are projected to total 11.5 billion pounds in 2023, 0.5 billion lower than the forecast for 2022. On a skim-solids basis, exports are projected to total 51.0 billion pounds, 1.1 billion higher than the 2022 projection. Among the major dairy products exported, with strong foreign demand and weaker domestic prices, exports of cheese, dry skim milk products, and whey products and milk-based drinks are anticipated to increase year over year. However, butter exports are likely to be lower.

Dairy imports on a milk-fat basis are projected to total 6.6 billion pounds in 2023, unchanged from the 2022 forecast. On a skim-solids basis, 2023 imports are projected to total 6.0 billion pounds, 0.1 billion higher than 2022. In 2023, imports of cheese, casein products, and lactose are expected to increase on a year to year basis.

Domestic use for dairy products is expected to increase in 2023. The domestic use forecast on a milk-fat basis is 222.8 billion pounds, 1.2 billion higher than 2022. On a skim-solids basis, the 2023 projection is 182.7 billion pounds, 1.0 billion higher than 2022. On a milk-fat basis, the ending stock forecast for 2023 is 13.6 billion pounds, 0.7 million higher than 2022. On a skimsolids basis, the ending stock forecast for 2023 is 11.7 billion pounds, 0.7 million higher than 2022.

Higher milk supplies projected in 2023 and relative stable demand are expected to contribute to lower prices for the main dairy products compared to 2022 projections. The Cheddar cheese price is projected to fall to $2.040 per pound, 13.5 cents lower than 2022, as more milk is expected to move into cheese manufacturing in 2023. The price of dry whey is projected at $0.520 per pound (-13.5 cents) due to relatively large cheese production and competitive price pressure from foreign exporters. In 2023, the NDM price is projected at $1.580 (-13.5 cents). The butter price is expected to decline to $2.350 per pound (-30.0 cents), as more cream volumes are expected to move into churns in 2023.

The Class III milk price forecast for 2023 is $20.50 per cwt, $2.25 lower than the projection for 2022. The Class IV milk price projection for 2023 is $21.40 per cwt, a year-over-year decline of $2.40. The all-milk price forecast for 2023 is $23.55 per cwt, $2.20 lower than the projection for 2022.

Livestock, Dairy, and Poultry Outlook, LDP-M-335, May 18 2022, USDA, Economic Research Service

APPALACHIAN MARKETING AREA
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Market Administrator
PO Box 91528
Louisville KY 40291-0528

ADDRESS SERVICE REQUESTED

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

WEBSITE:
www.malouisville.com

Federal Milk Marketing Order Statistics - April 2022

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,281.0	670.9	29.4	26.07
5	*Appalachian*	*459.0*	*313.8*	*68.4*	*27.17*
6	Florida	211.5	177.5	83.9	29.13
7	Southeast	384.6	242.6	63.1	27.35
30	Upper Midwest	2,349.6	201.5	8.6	24.55
32	Central	1,302.2	361.0	27.7	24.65
33	Mideast	1,548.8	531.4	34.3	24.91
51	California	2,026.6	393.8	19.4	25.08
124	Pacific Northwest	632.1	133.1	21.1	24.79
126	Southwest	1,189.9	327.4	27.5	25.43
131	Arizona	445.2	112.8	25.4	25.52
	All Orders	12,830.6	3,465.8	27.0	25.34

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