APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

June 2022

Dairy Outlook

Dairy Forecasts for 2022

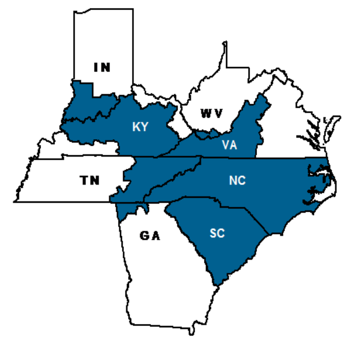
Based on recent information, the milk cow number forecast for the second quarter of the year (2022-Q2) was adjusted to 9.405 million head, up by 5,000 but unchanged for the rest of the year. The milk production forecast for 2022 is 226.4 billion pounds, a decrease of 0.3 billion pounds from the previous month's forecast.

Import projections for 2022 are raised from the previous month due to stronger expected demand for cheese, butterfat products, and other dairy products. The 2022 import forecast is adjusted to 7.0 billion pounds (+0.4 billion) on a milk-fat basis and 6.1 billion pounds (+0.2 billion) on a skim-solids basis. With firm demand for fat-basis products supporting stronger imports and drawing from stocks, the 2022 domestic use forecast is adjusted higher.

On a milk-fat basis, it is 221.8 billion pounds, 0.2 billion higher than last month's forecast. However, on a skim-solids basis, the forecast for domestic use is 181.4 billion pounds, 0.3 billion lower than last month's forecast. Based on expectations of relatively strong demand for dairy products, weak milk-supply growth, and the recent upward price trend, the 2022 cheese price forecast has been raised to $2.195 per pound, 2.0 cents higher than last month's forecast.

Based on relatively stronger expected domestic and international demand, price forecasts for butter and NDM have been raised to $2.765 (+11.5 cents), $1.755 (+4.0 cents), respectively. Due to a recent softening in domestic and international prices, the 2022 price for dry whey is forecast at $0.640 (-1.5 cents) per pound. With higher expected cheese prices more than offsetting weaker dry whey prices, the Class III price forecast for 2022 has been adjusted to $22.90 per cwt, 15 cents higher than last month's forecast. Higher anticipated butter and NDM prices translate to a Class IV projected price of $24.65 per cwt, 85 cents higher than last month's projection. The all-milk price forecast for 2022 is $26.20 per cwt, 45 cents above the May forecast and $7.67 higher than the 2021 price.

Dairy Outlook, cont'd on pg. 3



Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Appalachian Statistical Summary

	MAY 2022	APRIL 2022	MAY 2021
PRICES: (Base Zone)			
Uniform Price	$27.79	$27.17	$19.35
Class I Price	28.85	27.78	20.50
Class II Price	25.87	25.71	16.22
Class III Price	25.21	24.42	18.96
Class IV Price	24.99	25.31	16.16
Uniform Skim Milk Price	$17.43	$16.74	$12.81
Class I Skim Milk Price	18.39	17.38	13.96
Class II Skim Milk Price	15.52	15.21	9.58
Class III Skim Milk Price	14.86	13.90	12.45
Class IV Skim Milk Price	14.63	14.82	9.55
Uniform Butterfat Price	$3.1332	$3.1476	$1.9977
Class I Butterfat Price	3.1713	3.1438	2.0095
Class II Butterfat Price	3.1126	3.1531	1.9921
Class III Butterfat Price	3.1056	3.1461	1.9851
Class IV Butterfat Price	3.1056	3.1461	1.9851
PRODUCER MILK:			
Class I	307,747,479	313,843,550	296,403,110
Class II	73,889,378	58,081,279	69,036,601
Class III	34,925,280	37,094,899	13,227,934
Class IV	52,659,705	49,950,889	63,163,157
Total Producer Milk	**469,221,842**	**458,970,617**	**441,830,802**
PERCENT PRODUCER MILK IN:			
Class I	65.59	68.38	67.09
Class II	15.75	12.65	15.63
Class III	7.44	8.08	2.99
Class IV	11.22	10.89	14.29

F.O. 5 STATS FOR May 2022:

The Uniform Price

for May 2022 was $27.79 per cwt., an increase of $0.62 from April 2022 and an increase of $8.44 from May 2021.

Total Class I Milk

For May 2022 was 307.7 million pounds, an increase of 11.3 million pounds compared to May 2021.

Class I Utilization

was 65.59 percent for May 2022, a decrease of 1.50 percentage points from May 2021.

Total Producer Milk

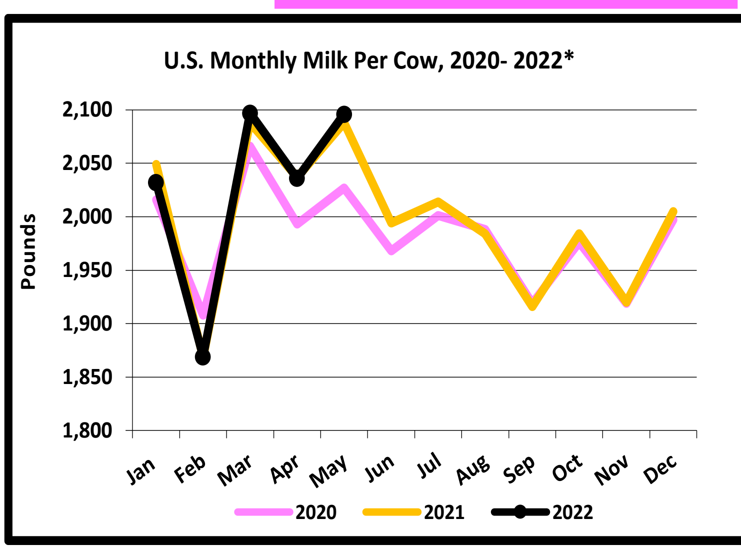
For May 2022 was 469.2 million pounds, an increase of 10.3 million pounds compared to April 2022.

May Milk Production down 0.6%

Milk production in the 24 major States during May totaled 18.8 billion pounds, down 0.6 percent from May 2021. April revised production, at 18.3 billion pounds, was down 0.9 percent from April 2021.

Production per cow in the 24 major States averaged 2,114 pounds for May, 8 pounds above May 2021.

The number of milk cows on farms in the 24 major States was 8.91 million head, 84,000 head less than May 2021, but 2,000 head more than April 2022.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Forecasts for 2023

The number of cows is projected to average 9.400 million head in 2023, even with 2022 and unchanged from last month's projection. With slower growth in milk per cow than previously expected, the 2023 milk per cow projection is 24,400 pounds, 20 pounds below last month's projection but 310 pounds higher than the 2022 forecast. Consequently, milk production in 2023 is projected at 229.3 billion pounds, 0.2 billion pounds below last month's forecast.

Demand for dairy products is expected to remain strong in 2023, supporting higher prices. Price forecasts for 2023 for Cheddar cheese, butter, and NDM, are raised from last month to $2.050 (+1.0 cent), $2.385 (+3.5 cents) and $1.620 (+4.0 cents) per pound, respectively. The 2023 price forecast for dry whey remains unchanged from the previous month's projection of $0.520 per pound. The Class III milk price forecast for 2023 is $20.65 per cwt, 15 cents higher than the previous month's forecast due to higher expected cheese prices and steady dry whey prices. With higher butter and NDM prices, the Class IV milk price projection for 2023 is $21.90 per cwt, 50 cents higher than last month's forecast. The all-milk price forecast for 2023 is $23.80 per cwt, an increase of 25 cents from last month's forecast, but $2.40 lower than the 2022 forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-336, June 16 2022, USDA, Economic Research Service

USDA Awards $80 Million to Support Dairy Initiatives

The U.S. Department of Agriculture (USDA), on June 20th, 2022, announced $80 million in awards to support processing capacity expansion, on-farm improvements, and technical assistance services to producers under the Dairy Business Innovation Initiatives (DBI). The funds are being awarded noncompetitively to the four current DBI Initiatives at the California State University Fresno, the University of Tennessee, Vermont Agency of Agriculture, Food & Markets, and the University of Wisconsin. Additionally, USDA is announcing the availability of $22.9 million through a Request for Applications for funding provided by FY 2022 appropriations to support these same DBI Initiatives.

The awards were made possible by supplemental funds from the American Rescue Plan (ARP) Act, and the newly-announced RFA will provide funding available through the Consolidated Appropriations Act of 2022.

Since its inception in 2019, DBI initiatives have provided valuable technical assistance and sub-grants to dairy farmers and businesses across their regions, supporting 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.

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 the AMS Grants Page.

Full article, release no.: 082-22, is available at: https://www.ams.usda.gov/press-release/usda-awards-80-million-makes-another-229-million-available-support-dairy-initiatives

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Federal Milk Marketing Order Statistics - May 2022

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,362.2	678.0	28.7	26.58
5	*Appalachian*	*469.2*	*307.7*	*65.6*	*27.79*
6	Florida	208.0	163.4	78.5	29.76
7	Southeast	365.1	230.3	63.1	28.07
30	Upper Midwest	2,075.0	197.7	9.5	25.34
32	Central	1,403.5	360.1	25.7	25.22
33	Mideast	1,725.2	519.2	30.1	25.59
51	California	1,788.9	402.2	22.5	25.43
124	Pacific Northwest	591.3	137.8	23.3	25.12
126	Southwest	1,212.5	314.9	26.0	25.85
131	Arizona	445.2	104.3	23.4	25.83
	All Orders	12,646.1	3,415.7	27.0	25.90

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