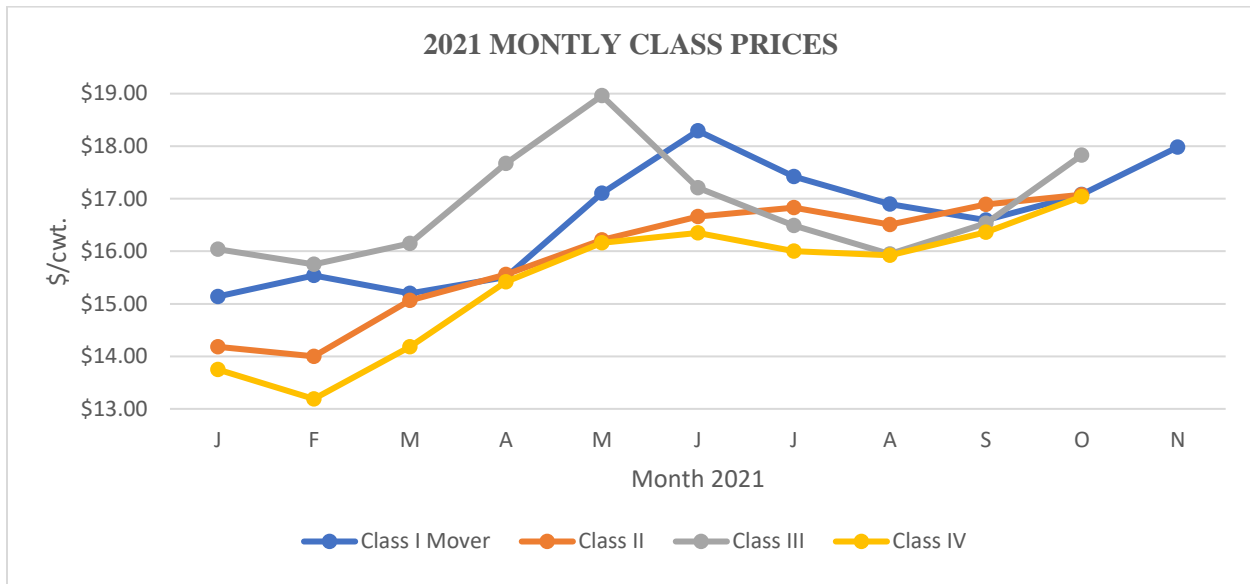


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Class prices. All October federal order class prices were higher than September which means higher blend prices. The October Class I Mover advanced \$0.49/cwt., Class II \$0.19/cwt., Class III \$1.30/cwt. and Class IV \$0.68/cwt. The Class II and IV prices are the highest October prices since 2014. The November Class I Mover, which uses advanced pricing and is based on October dairy product prices, is \$17.98/cwt. This is \$.98/cwt. higher than October.



As the above chart shows, Class IV (butter + powder) has steadily moved higher this year. Going from a low of \$13.19/cwt. in February to \$17.04/cwt. in October. Strong exports, lower production in the European Union and New Zealand, lower domestic butter and nonfat dry milk powder (NDM) production, are all lifting the Class IV price. Looking ahead, the Class IV price is projected to exceed the Class III price in the coming months, with a Class IV price between \$18.00 - \$19.00/cwt.

The CME butter price at the beginning of October was \$1.7475/lb. On November 5, butter closed at \$1.9350/lb., the highest in almost two years. Strong demand for cream products, higher cheese and lower NDM production which results in less cream for churning, a major butter plant off-line due to a fire, along with seasonal butter demand are, combining, to move butter prices upward.

Declining cheese prices will push the Class III price lower in November. Record high cheese production and building inventories (September American cheese inventory over 9% above a year ago) are moving cheese prices lower. At the CME on November 5, blocks were down to \$1.5850/lb. and barrels at \$1.5025/lb. Blocks and barrels a month ago, were at \$1.8500 and \$1.7450, respectively.

Fluid milk sales. In the three southeastern federal orders, third quarter Class I producer milk volume is mixed. In the Florida order, it is 2.3% higher than the same quarter a year ago. However, in the Southeast order, third quarter Class I producer milk volume is 3.4% and the Appalachian order 5.4% lower than last year. Nationwide, in all federal orders, Class I producer milk is 2.8% lower for the third quarter compared to the same quarter last year. Class I producer milk volume provides a quick and accurate method to track fluid milk sales, plus it is what producers are paid for.

Milk production. September marks the fourth consecutive month for a lower monthly increase in milk production. According to USDA, September production was only 0.2% higher than last September. USDA also revised August numbers, resulting in August production only 0.6% higher than a year earlier. Fewer cows and less milk produced per cow is slowing milk production growth. Each month since May, the nation's dairy herd has declined. More dairy cows are going to slaughter each month. For the second consecutive month, milk produced per cow was lower than a year earlier.

In the 24 milk reporting states, September production was higher in eleven states, and flat or lower in the other thirteen states. South Dakota reported the highest increase (+14.6%), followed by Georgia (+3.8%) and Wisconsin (+3.3%). New Mexico posted the largest milk production decline (-12.5%), followed by Washington (-7.9%) and Florida (-6.8%). The Southeast, as shown below, is the only region of the country reporting a milk production decline for the year-to-date. In the ten Southeast states, only two states show production increases for the first nine months of the year, Georgia +1.1% and North Carolina +2.7%.

**REGIONAL CHANGE in MILK PRODUCTION & COW NUMBERS
and SHARE of TOTAL MILK PRODUCTION
(First Nine Months of 2021 vs. 2020)**

Region	Milk Production (Percent Change)	2021 vs. 2020 (Change in number of Dairy Cows)	Share of Total Milk (Percent)
Midwest	3.7%	66,000	31.7%
California	1.6%	-1,000	18.5%
Northwest	0.4%	-8,000	15.2%
Northeast	0.2%	-2,000	13.6%
Southwest	3.2%	11,000	12.8%
Plains	4.9%	17,000	4.6%
Southeast	-3.2%	-12,000	3.6%
Total	1.9%	75,000	

Blend prices. October blend prices are projected \$0.30-\$0.40/cwt. higher than September. November blend prices are projected to move up another \$0.80-\$1.00/cwt. December blend prices are projected to be the highest for the year, with the Florida blend around \$23.00/cwt. and the Appalachian and Southeast orders' blend close to \$21.00/cwt. 2022 blend price projections are higher than last month based on improving butter and NDM prices. Currently, I project 2022 blend prices averaging about \$1.50-\$1.75/cwt. higher than 2021. My forecast is not as optimistic as current futures prices indicate. I see both domestic and export demand a major challenge next year due to inflation, supply chain issues, and China importing less due to their strong inventory levels and economic issues. Plus, strong cheese inventories and production will keep a lid on cheese prices.

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
	(\$/cwt. at 3.5% butterfat – base zone)		
August 2021	\$19.24	\$21.11	\$19.60
September	\$19.37	\$21.22	\$19.70
October	\$19.79	\$21.68	\$20.02
November	\$20.80	\$22.74	\$20.87
December	\$21.20	\$23.05	\$21.23
January 2022	\$20.94	\$22.85	\$21.00

*Projections in bold

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Class I Mover \$ Per Cwt. (3.5% fat)													
	J	F	M	A	M	J	J	A	S	O	N	D	Avg.
2020	\$19.01	\$17.55	\$17.46	\$16.64	\$12.95	\$11.42	\$16.56	\$19.78	\$18.44	\$15.20	\$18.04	\$19.87	\$16.91
2021	\$15.14	\$15.54	\$15.20	\$15.51	\$17.10	\$18.29	\$17.42	\$16.90	\$16.59	\$17.08	\$17.98	\$18.60	\$16.78
2022	\$18.53	\$18.40	\$18.25	\$18.16	\$18.08	\$18.21	\$18.31	\$18.41	\$18.56	\$18.71	\$18.79	\$18.86	\$18.44
Southeastern Federal Orders' Blend Prices - Base Zone at 3.5% butterfat (\$/cwt.)													
Florida - Tampa													
2020	\$23.33	\$21.69	\$21.64	\$19.35	\$17.29	\$16.83	\$20.80	\$22.69	\$21.85	\$19.65	\$21.70	\$23.18	\$20.83
2021	\$19.26	\$19.54	\$20.11	\$20.21	\$21.26	\$22.40	\$21.98	\$21.11	\$21.22	\$21.68	\$22.74	\$23.05	\$21.21
2022	\$22.85	\$22.90	\$22.92	\$22.64	\$22.50	\$22.70	\$23.08	\$22.87	\$23.18	\$23.28	\$23.38	\$23.30	\$22.97
Southeast - Atlanta													
2020	\$21.32	\$20.00	\$19.64	\$17.75	\$15.39	\$15.38	\$18.89	\$20.18	\$19.62	\$17.86	\$19.66	\$20.99	\$18.89
2021	\$17.59	\$17.72	\$17.92	\$18.46	\$19.52	\$20.39	\$19.80	\$19.60	\$19.70	\$20.02	\$20.87	\$21.23	\$19.40
2022	\$21.00	\$20.90	\$20.49	\$20.45	\$20.51	\$20.51	\$20.89	\$20.96	\$21.60	\$21.70	\$21.60	\$21.60	\$21.02
Appalachian - Charlotte													
2020	\$21.03	\$19.63	\$19.49	\$17.49	\$15.14	\$15.27	\$19.34	\$20.25	\$19.68	\$17.82	\$19.72	\$20.61	\$18.79
2021	\$17.42	\$17.56	\$17.94	\$18.43	\$19.35	\$20.19	\$19.61	\$19.24	\$19.37	\$19.79	\$20.80	\$21.20	\$19.24
2022	\$20.94	\$20.85	\$20.66	\$20.00	\$20.50	\$20.60	\$20.74	\$20.90	\$21.10	\$21.30	\$21.40	\$21.29	\$20.86
* Projections in bold													

Southeastern Federal Orders Class I Producer Milk - Million lbs.													
Florida	J	F	M	A	M	J	J	A	S	O	N	D	YTD
2019	199.3	174.3	184.9	182.7	176.7	155.3	164.1	184.4	163.4	180.8	148.2	176.8	1585.1
2020	192.6	175.4	191.0	167.9	162.9	160.3	160.2	160.7	158.9	180.4	176.0	174.9	1530.1
2021	175.8	161.1	173.6	170.8	162.9	149.4	159.2	167.2	164.2				1484.3
% change	-8.7%	-8.2%	-9.1%	1.7%	0.0%	-6.8%	-0.6%	4.0%	3.4%				-3.0%
Southeast													
2019	333.7	274.9	289.9	298.5	287.8	252.4	280.1	298.3	278.5	299.3	260.0	285.0	2,594.1
2020	299.4	259.6	306.6	268.5	257.1	256.0	269.2	250.5	264.5	272.1	258.6	280.1	2,431.4
2021	268.9	253.4	271.8	265.6	245.7	234.5	236.9	259.4	261.1				2,297.4
% change	-10.2%	-2.4%	-11.3%	-1.1%	-4.4%	-8.4%	-12.0%	3.6%	-1.3%				-5.5%
Appalachian													
2019	370.1	293.2	310.2	310.9	306.8	263.2	290.9	339.3	321.2	333.5	285.0	321.9	2,805.8
2020	344.9	301.4	349.0	317.7	317.8	322.8	319.1	318.1	324.6	336.6	332.5	347.0	2,915.5
2021	325.8	306.8	332.8	319.9	296.4	281.8	287.9	313.2	308.7				2,773.4
% change	-5.6%	1.8%	-4.7%	0.7%	-6.7%	-12.7%	-9.8%	-1.5%	-4.9%				-4.9%
Total all Three Orders													
2019	903.1	742.4	785.0	792.1	771.3	670.9	735.1	822.0	763.1	813.6	693.2	783.6	6,985.0
2020	836.9	736.4	846.6	754.1	737.8	739.2	748.6	729.3	748.0	789.1	767.0	802.0	6,876.9
2021	770.5	721.3	778.2	756.3	705.0	665.8	684.1	739.8	734.0				6,555.0
% change	-7.9%	-2.1%	-8.1%	0.3%	-4.4%	-9.9%	-8.6%	1.4%	-1.9%				-4.7%

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Southeastern Federal Orders' Packaged Fluid Milk Sales - Million lbs.													
Florida	J	F	M	A	M	J	J	A	S	O	N	D	YTD
2019	246	219	234	231	222	199	209	228	207	229	225	227	1,788
2020	252	231	256	226	220	208	209	206	208	223	219	224	1,808
2021	222	206	223	216	206	200	207	214					1,694
% change	-11.9%	-10.8%	-12.9%	-4.4%	-6.4%	-3.8%	-0.8%	3.9%					-6.3%
Southeast													
2019	386	325	343	346	334	306	327	366	339	362	352	346	2,733
2020	372	337	386	338	327	313	320	318	318	339	331	344	2,711
2021	335	319	346	326	313	289	297	318					2,543
% change	-9.9%	-5.3%	-10.3%	-3.6%	-4.3%	-7.7%	-7.3%	0.0%					-6.2%
Appalachian													
2019	287	240	268	261	265	232	250	267	256	273	271	271	1,803
2020	280	252	299	272	274	268	278	283	279	286	283	291	1,923
2021	292	267	289	272	267	252	258	270					2,167
% change	4.3%	6.1%	-3.3%	0.1%	-2.6%	-5.8%	-7.3%	-4.6%					12.7%
Total all Three Orders													
2019	919	784	845	838	821	737	786	861	802	864	848	844	6,591
2020	904	820	941	836	821	789	807	807	805	848	833	859	6,725
2021	849	792	859	814	786	741	762	802					6,404
% change	-6.1%	-3.4%	-8.8%	-2.6%	-4.3%	-6.0%	-5.6%	-0.6%					-4.8%

U.S. Estimated Fluid Milk Sales - million lbs.													
2019	4,210	3,650	3,917	3,866	3,911	3,446	3,620	3,889	3,756	4,042	4,008	3,953	30,509
2020	4,071	3,704	4,242	3,864	3,803	3,631	3,709	3,663	3,716	3,969	3,832	4,013	30,687
2021	3,872	3,584	3,925	3,718	3,637	3,390	3,474	3,601					29,201
% change	-4.9%	-3.2%	-7.5%	-3.8%	-4.4%	-6.6%	-6.3%	-1.7%					-4.8%

Southeast Federal Orders' Class I Utilization %													
Florida	J	F	M	A	M	J	J	A	S	O	N	D	Avg.
2019	86%	84%	82%	85%	86%	82%	83%	86%	80%	83%	82%	80%	83%
2020	86%	82%	82%	78%	82%	84%	83%	82%	81%	84%	82%	81%	82%
2021	79%	82%	84%	81%	79%	81%	86%	81%	83%				82%
Southeast													
2019	76%	70%	65%	67%	66%	57%	70%	74%	73%	78%	77%	73%	69%
2020	71%	73%	66%	69%	68%	70%	69%	68%	67%	71%	69%	68%	69%
2021	68%	71%	62%	63%	64%	65%	68%	72%	71%				67%
Appalachian													
2019	76%	72%	65%	66%	67%	63%	71%	73%	73%	75%	74%	70%	69%
2020	74%	70%	70%	71%	69%	83%	85%	71%	72%	81%	76%	68%	74%
2021	71%	72%	68%	69%	67%	66%	69%	72%	74%				70%

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U.S. Milk Production - Million lbs.														
	J	F	M	A	M	J	J	J	A	S	O	N	D	YTD Total
2019	18,612	16,966	18,845	18,433	19,058	18,225	18,375	18,267	17,595	18,135	17,506	18,365	164,376	
2020	18,877	17,895	19,402	18,684	18,972	18,414	18,756	18,632	18,031	18,603	18,103	18,851	167,663	
2021	19,328	17,667	19,780	19,340	19,855	18,954	19,122	18,739	18,075				170,860	
% change	2.4%	-1.3%	1.9%	3.5%	4.7%	2.9%	2.0%	0.6%	0.2%				1.9%	

U.S. Dairy Cows - 1,000 head													
2019	9,354	9,352	9,333	9,332	9,333	9,327	9,315	9,318	9,333	9,347	9,345	9,343	9,336
2020	9,365	9,377	9,391	9,377	9,360	9,355	9,372	9,374	9,395	9,414	9,432	9,442	9,388
2021	9,447	9,460	9,474	9,500	9,509	9,503	9,500	9,447	9,422				
Change	82	83	83	123	149	148	128	73	27				

Florida Milk Production - Million lbs.													
2019	210	197	218	207	213	199	192	181	164	179	184	202	1,781
2020	215	205	219	208	200	186	183	174	162	171	174	192	1,752
2021	199	183	205	199	195	186	175	163	151				1,656
Change %	-7.4%	-10.7%	-6.4%	-4.3%	-2.5%	0.0%	-4.4%	-6.3%	-6.8%				-5.5%

Georgia Milk Production - Million lbs.													
2019	159	148	165	157	155	145	143	135	131	139	142	152	1,338
2020	161	152	163	154	152	143	142	136	132	141	142	151	1,335
2021	157	143	163	157	155	150	146	142	137				1,350
Change %	-2.5%	-5.9%	0.0%	1.9%	2.0%	4.9%	2.8%	4.4%	3.8%				1.1%

Virginia Milk Production - Million lbs.													
2019	132	121	134	131	133	122	119	118	115	120	119	126	1,125
2020	134	127	137	132	133	126	123	121	117	123	121	128	1,150
2021	130	118	133	129	130	121	120	117	113				1,111
Change %	-3.0%	-7.1%	-2.9%	-2.3%	-2.3%	-4.0%	-2.4%	-3.3%	-3.4%				-3.4%

Total above Three States* Milk Production - Million lbs.													
2019	501	466	517	495	501	466	454	434	410	438	445	480	4,244
2020	510	484	519	494	485	455	448	431	411	435	437	471	4,237
2021	486	444	501	485	480	457	441	422	401				4,117
Change %	-4.7%	-8.3%	-3.5%	-1.8%	-1.0%	0.4%	-1.6%	-2.1%	-2.4%				-2.8%

* Florida, Georgia, and Virginia account for about two-thirds of the Southeastern States Milk Production. These are the only three Southeast states for which USDA reports monthly milk production.