

## **DIXIE DAIRY REPORT**

### **May 2022**

**Milk production.** USDA reports March milk production is 0.4% lower than last March. Compared to the first two months of the year, the decline in production is slowing. In January and February production was 1.7% and 0.9%, respectively, lower than a year earlier. The nation's dairy herd is estimated at 9.395 million head at the end of March, 87,000 head less than a year ago. However, since the beginning of the year, the nation's dairy herd has increased each month adding 22,000 head.

Turning to first quarter milk production data, every region of the country, except one, reported lower milk production during the first quarter of 2022 compared to the first quarter of last year. The one exception is the Plains States, led by South Dakota, with regional production up 3.8%. The Southeast continues to lead the way with lower production, down 2.6%. In the ten Southeast States, first quarter production was lower in every state, except Georgia, where first quarter production was 10.6% higher than last year. On the other hand, Florida production was 9.0% lower during the first quarter. Georgia is getting closer to moving past Florida as the number one milk producing state in the Southeast.

**Dairy demand.** Nationwide, through the first two months of the year (most recent data available), total dairy demand is 1.3% higher than last year, measured by total milk solids. Separating demand between domestic and export, domestic demand is 1.9% higher than a year ago, while export is down 1.6%. Domestic demand is being led by strong cheese sales. For the first two months of the year, commercial disappearance of American cheese is up 4.6% and other cheese (mainly Italian) is up 5.8%.

Looking specifically at fluid milk demand, Class I producer milk usage in all federal orders for the first quarter of 2022 compared to 2021 is down 2.4%. However, there are two exceptions, Florida and Arizona. First quarter Class I usage is 5.1% and 9.4% higher in these two federal orders, respectively. My only explanation for strong fluid usage in these two states is an exceptionally high number of snowbirds visiting Florida and Arizona during the recent winter season.

**Dairy product prices.** Strong cheese sales support strong cheese prices. The April CME block price moved up \$0.17/lb. from March to \$2.3399/lb. which is a record April high. The CME barrel price set a record high in April for any month at \$2.3489/lb. Recent activity at the CME shows a slight softening in cheese prices, but still at historical highs. Continuing strong sales and inventory below a year ago are positive signs supporting cheese prices. CME butter price remains steady, with an April average of \$2.7169/lb. another monthly record high. The April DPSR nonfat dry milk powder (NDM) price moved up almost \$0.04 from March to \$1.8314/lb. It appears the NDM price has peaked for this cycle and will gradually move lower. NDM exports are below a year ago. Dry whey declined almost \$0.06/lb. from March with an April average of \$0.07394/lb. Weaker dry whey exports are a primary reason for the declining dry whey price.

**Federal order blend prices.** The May Class I Mover is \$25.45/cwt., a record all-time high. Current projections show the Mover declining slightly in June, then continuing downward through the end of the year. March blend prices in all three Southeastern federal orders were about \$1.00/cwt. higher than February and about \$9.00/cwt. higher than last March. Projections through the end of the year are similar to last month. April blend prices are projected about \$1.30/cwt. higher than March. Blend prices are projected slightly higher in May and steady in June. For the last half of the year blend projections are projected to decline slowly, but remaining well above last year.

***See attached MAY PRICES for more specific price, supply, and demand numbers.***

**DIXIE DAIRY REPORT - May 2022** published by Calvin Covington, ccovington5@cs.com, 352-266-7576

| 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        | \$19.17        | \$16.83        |
| 2022   | \$19.71 | \$21.64 | \$22.88 | \$24.38        | \$25.45        | <b>\$25.29</b> | <b>\$24.90</b> | <b>\$24.57</b> | <b>\$24.33</b> | <b>\$24.10</b> | <b>\$23.80</b> | <b>\$23.54</b> | <b>\$23.72</b> |
| <b>Southeastern Federal Orders' Blend Prices - Base Zone at 3.5% butterfat (\$/cwt.)</b> |         |         |         |                |                |                |                |                |                |                |                |                |                |
| 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        | \$21.55        | \$22.93        | \$23.97        | \$21.30        |
| 2022   | \$25.49 | \$26.71 | \$27.77 | <b>\$29.02</b> | <b>\$29.57</b> | <b>\$29.55</b> | <b>\$29.50</b> | <b>\$28.80</b> | <b>\$28.79</b> | <b>\$28.49</b> | <b>\$28.21</b> | <b>\$27.78</b> | <b>\$28.31</b> |
| 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        | \$19.86        | \$21.22        | \$22.28        | \$19.51        |
| 2022   | \$24.17 | \$25.47 | \$26.42 | <b>\$27.61</b> | <b>\$28.09</b> | <b>\$27.84</b> | <b>\$27.68</b> | <b>\$27.53</b> | <b>\$27.08</b> | <b>\$26.63</b> | <b>\$26.53</b> | <b>\$25.99</b> | <b>\$26.75</b> |
| 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        | \$19.70        | \$21.13        | \$22.08        | \$19.34        |
| 2022   | \$23.72 | \$24.87 | \$25.86 | <b>\$27.26</b> | <b>\$27.58</b> | <b>\$27.43</b> | <b>\$27.15</b> | <b>\$27.02</b> | <b>\$26.73</b> | <b>\$26.60</b> | <b>\$26.29</b> | <b>\$25.80</b> | <b>\$26.36</b> |
| <b>* Projections in bold</b>   |         |         |         |                |                |                |                |                |                |                |                |                |                |

| Southeastern Federal Orders Class I Producer Milk - Million lbs. |       |       |       |       |       |       |       |       |       |       |       |       |         |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| Florida  | J     | F     | M     | A     | M     | J     | J     | A     | S     | O     | N     | D     | YTD     |
| 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 | 559.0   |
| 2021   | 175.8 | 161.1 | 173.6 | 170.8 | 162.9 | 149.4 | 159.2 | 167.2 | 164.2 | 170.2 | 176.1 | 179.3 | 510.5   |
| 2022   | 185.4 | 168.4 | 182.9 |       |       |       |       |       |       |       |       |       | 536.7   |
| <b>% change 5.5% 4.5% 5.4%</b>                                   |       |       |       |       |       |       |       |       |       |       |       |       |         |
| Southeast  |       |       |       |       |       |       |       |       |       |       |       |       |         |
| 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 | 865.6   |
| 2021   | 268.9 | 253.4 | 271.8 | 265.6 | 245.7 | 234.5 | 236.9 | 259.4 | 261.1 | 261.3 | 268.1 | 267.5 | 794.1   |
| 2022   | 264.9 | 233.0 | 254.4 |       |       |       |       |       |       |       |       |       | 752.4   |
| <b>% change -1.5% -8.0% -6.4%</b>                                |       |       |       |       |       |       |       |       |       |       |       |       |         |
| Appalachian  |       |       |       |       |       |       |       |       |       |       |       |       |         |
| 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 | 995.3   |
| 2021   | 325.8 | 306.8 | 332.8 | 319.9 | 296.4 | 281.8 | 287.9 | 313.2 | 308.7 | 314.6 | 326.8 | 331.7 | 965.4   |
| 2022   | 333.0 | 303.3 | 343.7 |       |       |       |       |       |       |       |       |       | 980.0   |
| <b>% change 2.2% -1.1% 3.3%</b>                                  |       |       |       |       |       |       |       |       |       |       |       |       |         |
| Total all Three Orders   |       |       |       |       |       |       |       |       |       |       |       |       |         |
| 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 | 2,420.0 |
| 2021   | 770.5 | 721.3 | 778.2 | 756.3 | 705.0 | 665.8 | 684.1 | 739.8 | 734.0 | 746.2 | 771.1 | 778.5 | 2,270.0 |
| 2022   | 783.3 | 704.8 | 781.1 |       |       |       |       |       |       |       |       |       | 2,269.2 |
| <b>% change 1.7% -2.3% 0.4%</b>                                  |       |       |       |       |       |       |       |       |       |       |       |       |         |



**DIXIE DAIRY REPORT - May 2022 page three**

| U.S. Milk Production - Million lbs. |              |              |              |        |        |        |        |        |        |        |        |        |              |
|-------------------------------------|--------------|--------------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|
|                                     | J            | F            | M            | A      | M      | J      | J      | A      | S      | O      | N      | D      | YTD Total    |
| 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 | 56,174       |
| 2021                                | 19,365       | 17,685       | 19,797       | 19,350 | 19,855 | 18,942 | 19,097 | 18,721 | 18,018 | 18,623 | 18,015 | 18,790 | 56,847       |
| 2022                                | 19,030       | 17,533       | 19,690       |        |        |        |        |        |        |        |        |        | 56,253       |
| <b>% change</b>                     | <b>-1.7%</b> | <b>-0.9%</b> | <b>-0.5%</b> |        |        |        |        |        |        |        |        |        | <b>-1.0%</b> |

| U.S. Dairy Cows - 1,000 head |            |            |            |       |       |       |       |       |       |       |       |       |  |
|------------------------------|------------|------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| 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 |  |
| 2021                         | 9,450      | 9,466      | 9,482      | 9,500 | 9,507 | 9,501 | 9,483 | 9,438 | 9,405 | 9,387 | 9,382 | 9,373 |  |
| 2022                         | 9,367      | 9,380      | 9,395      |       |       |       |       |       |       |       |       |       |  |
| <b>Change</b>                | <b>-83</b> | <b>-86</b> | <b>-87</b> |       |       |       |       |       |       |       |       |       |  |

| Florida Milk Production - Million lbs. |              |              |               |     |     |     |     |     |     |     |     |     |                  |
|--|--------------|--------------|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------------------|
| 2020                                   | 215          | 205          | 219           | 208 | 199 | 186 | 183 | 174 | 162 | 171 | 174 | 192 | YTD Total<br>639 |
| 2021                                   | 199          | 183          | 205           | 199 | 194 | 186 | 175 | 163 | 155 | 163 | 167 | 181 | 587              |
| 2022                                   | 185          | 166          | 183           |     |     |     |     |     |     |     |     |     | 534              |
| <b>Change %</b>                        | <b>-7.0%</b> | <b>-9.3%</b> | <b>-10.7%</b> |     |     |     |     |     |     |     |     |     | <b>-9.0%</b>     |

| Georgia Milk Production - Million lbs. |              |              |             |     |     |     |     |     |     |     |     |     |              |
|--|--------------|--------------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| 2020                                   | 161          | 152          | 163         | 154 | 152 | 143 | 142 | 136 | 132 | 141 | 142 | 154 | 476          |
| 2021                                   | 156          | 143          | 163         | 157 | 155 | 150 | 146 | 142 | 137 | 146 | 145 | 158 | 462          |
| 2022                                   | 172          | 162          | 177         |     |     |     |     |     |     |     |     |     | 511          |
| <b>Change %</b>                        | <b>10.3%</b> | <b>13.3%</b> | <b>8.6%</b> |     |     |     |     |     |     |     |     |     | <b>10.6%</b> |

| Virginia Milk Production - Million lbs. |              |              |              |     |     |     |     |     |     |     |     |     |              |
|---|--------------|--------------|--------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| 2020                                    | 134          | 127          | 137          | 132 | 133 | 126 | 123 | 121 | 117 | 123 | 121 | 128 | 398          |
| 2021                                    | 130          | 118          | 133          | 129 | 130 | 121 | 120 | 117 | 114 | 119 | 117 | 123 | 381          |
| 2022                                    | 125          | 115          | 130          |     |     |     |     |     |     |     |     |     | 370          |
| <b>Change %</b>                         | <b>-3.8%</b> | <b>-2.5%</b> | <b>-2.3%</b> |     |     |     |     |     |     |     |     |     | <b>-2.9%</b> |

| Total above Three States* Milk Production - Million lbs. |              |              |              |     |     |     |     |     |     |     |     |     |              |
|--|--------------|--------------|--------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| 2020   | 510          | 484          | 519          | 494 | 484 | 455 | 448 | 431 | 411 | 435 | 437 | 474 | 1,513        |
| 2021   | 485          | 444          | 501          | 485 | 479 | 457 | 441 | 422 | 406 | 428 | 429 | 462 | 1,430        |
| 2022   | 482          | 443          | 490          |     |     |     |     |     |     |     |     |     | 1,415        |
| <b>Change %</b>  | <b>-0.6%</b> | <b>-0.2%</b> | <b>-2.2%</b> |     |     |     |     |     |     |     |     |     | <b>-1.0%</b> |

\* 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.