

Market Information BULLETIN FO 6 & 7

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Dairy Outlook

Excerpts from Livestock, Dairy, and Poultry Outlook, April 2022, USDA, Economic Research Service:

Dairy Forecasts for 2022

Milk production for 2022 is projected to total 226.3 billion pounds, 0.3 billion higher than last month's forecast and about the same as 2021. Although NASS reported that the number of milk cows increased from January to February after an 8-month contraction, it is not clear if dairy herd expansion will continue throughout the year. Recent input prices for feed, fuel, and fertilizer have been high. The corn price forecast has been raised for the 2021/22 marketing season, and the soybean meal price forecast remains higher. While milk cows are forecast to average 9.370 million head for the first half of the year, they are projected to decline to 9.365 million in the second half. The annual average forecast rounds to 9,370 million head, 15,000 higher than last month's forecast. With U.S. prices for most dairy products expected to be very competitive compared to international export prices, dairy export projections for 2022 have been raised. The projection for dairy exports on a milk-fat basis is 11.5 billion pounds, 0.6 billion higher than last month's forecast. On a skim solids basis, the projection for dairy exports is 50.3 billion pounds, an increase of 0.5 billion from last month's projection. Higher exports are expected for cheese, butter, dry skim milk products, and whey products. Imports on a milk-fat basis for 2022 are projected at 6.4 billion pounds, 0.4 billion pounds lower than last month's forecast, due to lower expected imports of butter and cheese.

Based on recent data, the projection for 2022 domestic use on a milk-fat basis is 221.6 billion pounds, 0.6 billion lower than last month's forecast. On a skim-solids basis, domestic use is projected to total 180.8 billion pounds, unchanged from the previous projection.

2021 Annual Milk Production up 1.3 percent

The annual production of milk for the United States during 2021 was 226 billion pounds, 1.3 percent above 2020. Revisions to 2020 production increased the annual total 89 million pounds. Revised 2021 production was down 18 million pounds from last month's publication. Annual total milk production has increased 12.8 percent from 2012. Production per cow in the United States averaged 23,948 pounds for 2021, 171 pounds above 2020. The average annual rate of milk production per cow has increased 10.2 percent from 2012. The average number of milk cows on farms in the United States during 2021 was 9.45 million head, up 0.6 percent from 2020. The average number of milk cows was unrevised for 2021. The average annual number of milk cows has increased 2.3 percent from 2012.

Dairy Outlook cont..

The projection for 2022 ending stocks for 2022 on a milk-fat basis is 12.9 billion pounds, 0.1 billion lower than last month's forecast, as the expected lower imports and higher exports more than offset higher milk production and lower domestic use. On a skim solids basis, the forecast for 2022 ending stocks is 11.0 billion pounds, 0.2 lower than the previous forecast, as higher expected exports more than offset higher milk production. Due to relatively high domestic and international dairy product prices in recent weeks and higher expected exports, price forecasts for most dairy products in 2022 have been raised. With higher projected prices for Cheddar cheese more than offsetting lower projected prices for dry whey, the Class III milk price forecast for 2022 has been raised to \$22.75 per hundredweight (cwt), \$1.10 higher than last month's forecast. With higher forecasts for butter and NDM prices, the Class IV milk price projection has been raised to \$24.05 per cwt, \$0.35 higher than the previous projection. The all-milk price forecast for 2022 has been raised to a record high of \$25.80 per cwt, \$0.75 higher than last month's forecast.

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - March 2022

Producer Milk

| | <u>Utilization</u> | <u>Pounds</u> | <u>Price per unit</u> | <u>Value</u> |
|----------------------------------|--------------------|--------------------|-----------------------|-------------------------|
| Class I Skim Milk | 84.20% | 178,698,213 | \$12.89 /cwt. | \$ 23,034,199.65 |
| Class I Butterfat | 52.14% | 4,199,441 | \$2.9838 /lb. | 12,530,292.07 |
| Class I Differential at Location | | 182,897,654 | | 10,218,627.26 |
| Total Class I Milk | 83.03% | 182,897,654 | | \$ 45,783,118.98 |
| Class II Skim Milk | 13.86% | 29,411,411 | \$14.41 /cwt. | \$ 4,238,184.31 |
| Class II Butterfat | 45.75% | 3,685,281 | \$3.1005 /lb. | 11,426,213.73 |
| Total Class II Milk | 15.02% | 33,096,692 | | \$ 15,664,398.04 |
| Class III Skim Milk | 1.44% | 3,050,557 | \$12.04 /cwt. | \$ 367,287.06 |
| Class III Butterfat | 1.51% | 121,930 | \$3.0935 /lb. | 377,190.46 |
| Total Class III Milk | 1.44% | 3,172,487 | | \$ 744,477.52 |
| Class IV Skim Milk | 0.50% | 1,070,345 | \$14.50 /cwt. | \$ 155,200.03 |
| Class IV Butterfat | 0.60% | 48,323 | \$3.0935 /lb. | 149,487.20 |
| Total Class IV Milk | 0.51% | 1,118,668 | | \$ 304,687.23 |
| Producer Milk | 100.00% | 220,285,501 | | \$ 62,496,681.77 |

Adjustments

| | | | | |
|---|--|--|--------------------|-------------------------|
| Overage and Other Source | | | | \$ 46,872.71 |
| Inventory Adjustments | | | | -\$ 21,914.88 |
| Producer Butterfat at Uniform Butterfat Price | | | | -\$ 24,718,301.78 |
| Location Adjustments | | | | -\$ 355,781.41 |
| 1/2 Balance in Producer Settlement Fund | | | | \$ 110,755.42 |
| Total Skim Milk and Aggregate Value | | | \$ 17.69694 | \$ 37,558,311.83 |
| Producer Settlement Fund Reserve | | | \$ 0.04694 | \$ 99,623.98 |

Uniform Skim Milk Price (Hillsborough County, FL): \$17.65 /cwt

Uniform Butterfat Price: \$3.0687 /lb

Uniform Price (Hillsborough County, FL): \$27.77 /cwt

F.O. 7 - Southeast: Uniform Price - March 2022

Producer Milk

| | <u>Utilization</u> | <u>Pounds</u> | <u>Price per unit</u> | <u>Value</u> |
|----------------------------------|--------------------|--------------------|-----------------------|-------------------------|
| Class I Skim Milk | 77.13% | 248,562,173 | \$12.89 /cwt. | \$ 32,039,664.09 |
| Class I Butterfat | 43.33% | 5,878,649 | \$2.9838 /lb. | 17,540,712.90 |
| Class I Differential at Location | | 254,440,822 | | 8,414,842.35 |
| Total Class I Milk | 75.77% | 254,440,822 | | \$ 57,995,219.34 |
| Class II Skim Milk | 16.77% | 54,042,146 | \$14.41 /cwt. | \$ 7,787,473.23 |
| Class II Butterfat | 47.59% | 6,455,679 | \$3.1005 /lb. | 20,015,832.74 |
| Total Class II Milk | 18.02% | 60,497,825 | | \$ 27,803,305.97 |
| Class III Skim Milk | 3.09% | 9,950,315 | \$12.04 /cwt. | \$ 1,198,017.91 |
| Class III Butterfat | 3.21% | 434,959 | \$3.0935 /lb. | 1,345,545.69 |
| Total Class III Milk | 3.09% | 10,385,274 | | \$ 2,543,563.60 |
| Class IV Skim Milk | 3.01% | 9,692,930 | \$14.50 /cwt. | \$ 1,405,474.86 |
| Class IV Butterfat | 5.87% | 796,745 | \$3.0935 /lb. | 2,464,730.67 |
| Total Class IV Milk | 3.12% | 10,489,675 | | \$ 3,870,205.53 |
| Producer Milk | 100.00% | 335,813,596 | | \$ 92,212,294.44 |

Adjustments

| | | | | |
|---|--|--|--------------------|-------------------------|
| Overage and Other Source | | | | \$ 0.00 |
| Inventory Adjustments | | | | -\$ 47,235.57 |
| Producer Butterfat at Uniform Butterfat Price | | | | -\$ 41,562,252.24 |
| Location Adjustments | | | | \$ 1,803,333.97 |
| 1/2 Balance in Producer Settlement Fund | | | | \$ 183,856.56 |
| Total Skim Milk and Aggregate Value | | | \$ 16.31975 | \$ 52,589,997.16 |
| Producer Settlement Fund Reserve | | | \$ 0.04975 | \$ 160,318.49 |

Uniform Skim Milk Price (Fulton County, GA): \$16.27 /cwt

Uniform Butterfat Price: \$3.0637 /lb

Uniform Price (Fulton County, GA): \$26.42 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: March 2022

Producer Milk Utilization:

| | |
|------------|--------|
| Class I: | 83.03% |
| Class II: | 15.02% |
| Class III: | 1.44% |
| Class IV: | 0.51% |

The Uniform Price

for March 2022 was announced at \$27.77, an increase of \$7.66 from March 2021.

Total Producer Milk

for March 2022 totaled 220.3 million pounds, an increase of 14.6 million pounds from March 2021.

Total Class I Milk

for March 2022 was 182.9 million pounds, an increase of 9.3 million pounds from March 2021.

Class I Utilization

for March 2022 was 83.03%, a decrease of 1.35 percentage points from March 2021.

F.O. 7 - Southeast: March 2022

Producer Milk Utilization:

| | |
|------------|--------|
| Class I: | 75.77% |
| Class II: | 18.02% |
| Class III: | 3.09% |
| Class IV: | 3.12% |

The Uniform Price

for March 2022 was announced at \$26.42, an increase of \$8.50 from March 2021.

Total Producer Milk

for March 2022 totaled 335.8 million pounds, a decrease of 104.1 million pounds from March 2021.

Total Class I Milk

for March 2022 was 254.4 million pounds, a decrease of 17.4 million pounds from March 2021.

Class I Utilization

for March 2022 was 75.77%, an increase of 13.98 percentage points from March 2021.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in March 2022 is \$27.77 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$17.65 per hundredweight plus 3.5 times the uniform butterfat price of \$3.0687 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions.

Receipts of producer milk during March 2022 totaled 220.3 million pounds, 14.6 million pounds more than March 2021. Florida producers supplied 179.8 million pounds of milk in March 2022 or an estimated 82% of the producer milk pooled in Florida. In March 2021, they supplied 89% of producer milk pooled on the Florida market. There were 9 regulated pool distributing plants and 2 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for March 2022. Total in-area Class I route disposition was 227.5 million pounds in March 2022, 5.3 million pounds more than March 2021.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2022 is \$26.42 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$16.27 per hundredweight plus 3.5 times the uniform butterfat price of 3.0637 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Receipts of producer milk during March 2022 totaled 335.8 million pounds. There were 16 regulated pool distributing plants, 1 pool supply plant and 10 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for March 2022. Total in-area Class I route disposition in the area was 319.0 million pounds in March 2022, a decrease of 27.2 million pounds from March 2021

WASDE Dairy Report ^{1/} WASDE – 622, April 8, 2022

The milk production forecast for 2022 is raised on higher dairy cow numbers. The fat basis import forecast is lowered on lower expected imports of cheese and butterfat products, while exports are raised on stronger cheese and butter shipments. On a skim-solids basis, the import forecast is raised as imports of milk proteins are projected to more than offset weaker projected cheese imports. Exports are raised on higher projected shipments for whey and skim milk powder.

Price forecasts for cheese and butter were raised from the previous month on tighter stocks and firm demand. Non-fat dry milk prices were raised fractionally while whey prices were lowered, as U.S. prices are expected to become competitive with international prices. With the higher cheese price more than offsetting a lower whey price, the Class III price is raised. WASDE-623-5 The Class IV price is raised on higher butter and nonfat dry milk. The 2022 all milk price forecast is increased to \$25.80 per cwt.

^{1/} The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The WASDE report is available at www.usda.gov/oce/commodity/wasde/.

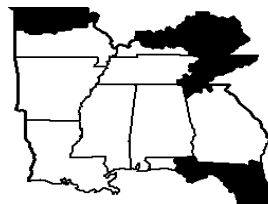
Federal Milk Marketing Order Statistics

March 2022

| Federal Order | Producer Deliveries <i>Million Pounds</i> | Class I Producer Receipts <i>Million Pounds</i> | Class I Utilization <i>Percent</i> | Statistical Uniform Price <i>\$/cwt</i> |
|-----------------------|--|--|---------------------------------------|--|
| 1 Northeast | 2,305.6 | 673.2 | 29.2 | 24.74 |
| 5 Appalachian | 501.9 | 343.7 | 68.5 | 25.86 |
| 6 Florida | 220.3 | 182.9 | 83.0 | 27.77 |
| 7 Southeast | 335.8 | 254.4 | 75.8 | 26.42 |
| 30 Upper Midwest | 2,759.3 | 212.7 | 7.7 | 22.66 |
| 32 Central | 1,334.9 | 380.8 | 28.5 | 23.15 |
| 33 Mideast | 1,434.2 | 560.5 | 39.1 | 23.38 |
| 51 California | 1,965.8 | 411.2 | 20.9 | 23.32 |
| 124 Pacific Northwest | 665.9 | 144.0 | 21.6 | 23.49 |
| 126 Southwest | 1,190.3 | 341.0 | 28.7 | 23.73 |
| 131 Arizona | 406.9 | 112.1 | 27.6 | 24.66 |
| | | | | |
| All Orders | 13,120.9 | 3,616.6 | 27.6 | 23.76 |



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