

DIXIE DAIRY REPORT
July 2022

The current overview of the dairy market shows milk production continuing to decline nationwide; the butter price remaining at record high levels; cheese showing a little price decline as cheese production grows; demand starting to shows signs of weakening, and federal order blend prices at record highs.

Milk production. May marks the seventh month production is lower than a year ago. USDA reports May production was 0.7% lower than last May with 102,000 fewer dairy cows. Of the 24 milk reporting states, May production is higher in four (4) led by South Dakota +15.2% and Georgia +11.6%. Production is unchanged in one state and lower in the other nineteen (19) with the largest decline in Florida (11.9%) followed by New Mexico (10.5%). May is the second consecutive month for Georgia to exceed Florida in milk production. Florida reports 13,000 fewer cows than a year ago while Georgia added 9,000 cows.

Dairy product prices. The June average CME block cheddar price is \$2.1902/lb., down almost 14 cents from May, but still almost \$0.70/lb. higher than last May. Cheese makers continue to turn out the cheese with May setting an all-term record May high for cheese production, 2.6% more than last May. June is the sixth consecutive month CME butter set a monthly record high with the June average at \$2.9546/lb. June, is also a record butter price for any month. Through May butter production is 3.5% lower than the last year. More cheese means more whey, and the June DPSR dry whey price is down over a nickel to \$0.6161/lb. Nonfat dry milk powder (NDM) remains steady with the June DPSR price at \$1.8156/lb. NDM production is 7.0% lower so far this year, however as of April exports are over 7% lower.

Dairy demand. Through April (most recent data), demand, measured by total solids, is unchanged from a year ago. Separating domestic and export, domestic demand is up 0.2% while exports are down 0.9%. On the fluid side, May was a positive month for fluid milk sales. Class I producer milk in all federal orders was 0.1% higher than last May. For the year-to-date Class I is 1.9% lower. The three Southeast orders are doing slightly better than the rest of the country with year-to-date Class I down only 0.7%. Higher raw milk prices continue to push the retail milk prices higher. For the first half of the year, USDA reports the average price of a gallon of whole milk is \$4.11/gallon, 13.9% higher than last year.

Federal order blend prices. May blend prices in the three southeastern federal orders advanced \$0.60-\$0.65/cwt. from April. June is projected to advance \$0.60 to \$0.85/cwt., establishing more record highs. My projections for the remainder of the year are little unchanged from last month. However, milkfat will carry a greater portion of the total blend price.

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
	(\$/cwt. at 3.5% butterfat – base zone)		
April 2022	\$27.17	\$29.13	\$27.35
May	\$27.79	\$29.76	\$28.07
June	\$28.54	\$30.62	\$28.77
July	\$28.31	\$30.65	\$28.72
August	\$27.49	\$29.32	\$27.79
September	\$26.92	\$28.97	\$27.03

*Projections in bold

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

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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	93,830
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	96,052
2022	19,030	17,533	19,713	19,147	19,715								95,138
% change	-1.7%	-0.9%	-0.4%	-1.0%	-0.7%								-1.0%

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	9,402	9,403	9,405								
Change	-83	-86	-80	-97	-102								

Florida Milk Production - Million lbs.													
2020	215	205	219	208	199	186	183	174	162	171	174	192	YTD Total
2021	199	183	205	199	194	186	175	163	155	163	167	181	847
2022	185	166	183	175	171								786
Change %	-7.0%	-9.3%	-10.7%	-12.1%	-11.9%								-9.8%

Georgia Milk Production - Million lbs.													
2020	161	152	163	154	152	143	142	136	132	141	142	154	630
2021	156	143	163	157	155	150	146	142	137	146	145	158	619
2022	172	162	177	176	173								687
Change %	10.3%	13.3%	8.6%	12.1%	11.6%								11.0%

Virginia Milk Production - Million lbs.													
2020	134	127	137	132	133	126	123	121	117	123	121	128	530
2021	130	118	133	129	130	121	120	117	114	119	117	123	510
2022	125	115	130	126	127								496
Change %	-3.8%	-2.5%	-2.3%	-2.3%	-2.3%								-2.7%

Total above Three States* Milk Production - Million lbs.													
2020	510	484	519	494	484	455	448	431	411	435	437	474	2,491
2021	485	444	501	485	479	457	441	422	406	428	429	462	2,394
2022	482	443	490	477	471								2,363
Change %	-0.6%	-0.2%	-2.2%	-1.6%	-1.7%								-1.3%

* 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.