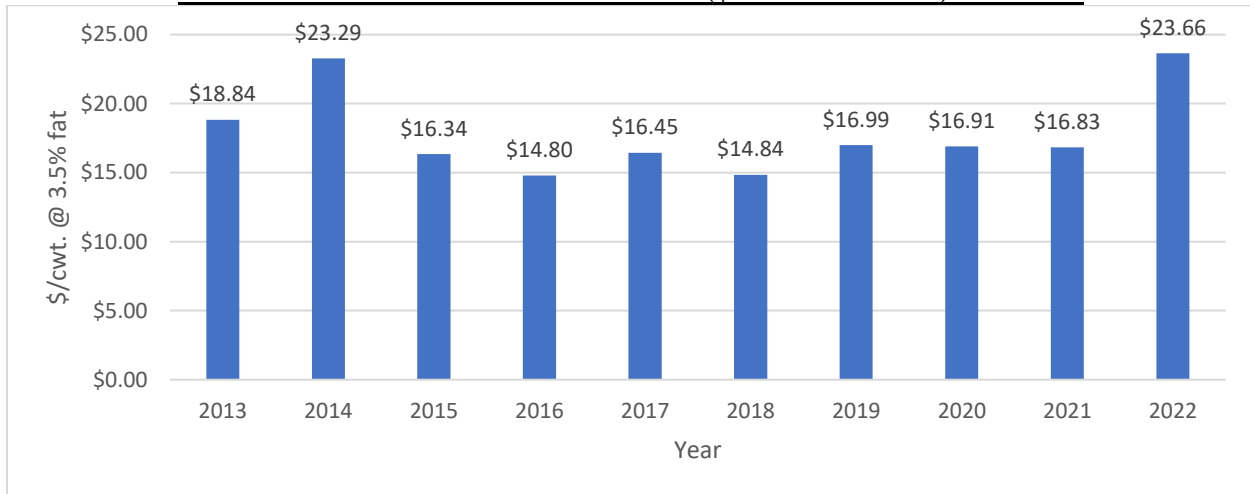


DIXIE DAIRY REPORT December 2022

Record Class I Mover. The Class I Mover averaged \$23.66 (\$/cwt. @ 3.5% fat) in 2022. This is a record high, surpassing the previous high of \$23.29 in 2014. Under the previous “higher of calculation” the 2022 average would be \$24.25/cwt., almost \$1.00 higher. The graph below shows the wide variation in the Mover in recent years. Over the past five years, the Mover ranged from a low of \$14.84 in 2018, to the 2022 high of \$23.66. This is a spread of \$8.82/cwt. or about \$0.75/gallon.

AVERAGE ANNUAL CLASS I MOVER (\$/cwt. @ 3.5% fat) 2013-2022



Dairy product prices. November prices were mixed for the dairy products used to calculate federal order class prices. Butter ended its ten-month stretch of record monthly highs with the November CME price averaging \$2.8634/lb., \$0.32/lb. lower than October. In November the block cheddar price moved up and barrels moved lower. November CME average block price is \$2.1186/lb., almost a dime higher than October, and a record high November price. Barrels moved \$0.18/cwt. lower from October to November, averaging \$1.9454/lb. *Dairy Market News* reports demand for both butter and cheese is good. Prices for both nonfat dry milk powder (NDM) and dry whey continue downward. Dairy product sales report prices show the November NDM price at \$1.5045/lb., the lowest price in a year. November dry whey is \$0.4745/lb., the lowest price in almost two years. Demand is soft for both products.

Fluid milk sales. In the three Southeastern federal orders, the total volume of producer milk utilized in Class I for October was only 0.4% lower than last October. For the year-to-date, Class I volume is down 1.1%. For all federal orders, October Class I usage was down 3.0%. Year-over-year changes in Class I volume is mixed among the three Southeastern orders. Through October, both Florida and the Appalachian orders are up 2.8% and 1.9%, respectively, while the Southeast order is down 7.2%.

Milk production. For the fourth consecutive month, milk production is higher than a year ago. USDA reports October milk production is 1.2% higher than last October. Eighteen of the 24 monthly reporting states posted higher milk production. As has been the case for many months, South Dakota reports the highest increase, +14.1%, followed by Georgia +13.7%. Florida reports the largest milk decline, -12.9%. Nationwide, USDA estimates the nation's dairy herd at 9.418 million head, 31,000 more cows than a year ago. Declining dairy cattle slaughter numbers and higher replacement prices support the increase in cow numbers. Through October, 63,200 fewer dairy cows were slaughtered compared to the same period a year ago. USDA reports the average cost for a dairy replacement cow was \$1,710 during the third quarter of this year. This is \$330 per head more than a year ago, and the highest quarterly average since 2016.

Federal order proposal. On October 28, 2022, Dairy Cooperative Marketing Agency (DCMA) on behalf of its nine member cooperatives, submitted a formal proposal to amend the three southeastern federal milk orders, and do so on an expedited basis. USDA is asking interested parties to submit any additional proposals related to the DCMA request by December 19, 2022. If USDA decides to issue a notice of public hearing, the hearing is expected to be held in late February 2023. The proposal has two parts.

1. Update the current transportation credit provision in the Appalachian and Southeast orders. The proposal requests the maximum transportation credit assessment (assessment applies to Class I milk and paid by Class I buyers) be increased from the current \$0.15/cwt. in the Appalachian order to \$0.30/cwt. In the Southeast order from \$0.30/cwt. to \$0.60/cwt. The transportation credit provides a partial reimbursement of transportation costs to handlers for supplemental milk purchased outside of the two marketing areas.
2. Implement a new distributing plant delivery credit fund (DPDCF) in the Appalachian, Florida and Southeast orders. The DPDCF would be modeled after the current transportation fund provision. It would provide a partial reimbursement to handlers for hauling costs associated with moving milk from farms to distributing plants within each order, and from selected areas outside of the respective order considered a part of the order’s year-round milkshed. The DPDCF would be funded by an assessment on buyers of Class I milk. The maximum proposed assessments are: Appalachian \$0.60/cwt., Florida \$0.85/cwt. and Southeast \$0.50/cwt.

Blend prices. October blend prices in all three Southeastern orders were lower than September. Due to a higher November Mover, blend prices in November are projected \$0.25-\$0.50/cwt. higher than October. However, the December Class I Mover is \$1.51/cwt. lower than November, thus moving blend prices in December lower compared to November.

Our blend price forecast for 2023 remains similar to last month, blend prices averaging about \$3.00/cwt. lower than 2022. USDA’s most recent forecast shows the 2023 average all-milk price \$2.70/cwt. below 2022. The most positive price indicator going into the New Year is no burdensome dairy product inventories. The butter inventory remains below a year ago, cheese inventory is almost unchanged compared to last year, and the NDM inventory is only up 5.5%, but NDM production is declining.

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
	(\$/cwt. at 3.5% butterfat – base zone)		
September 2022	\$26.53	\$28.58	\$27.17
October	\$25.80	\$27.70	\$26.28
November	\$26.30	\$28.27	\$26.53
December	\$24.67	\$26.66	\$24.83
January 2023	\$24.00	\$26.08	\$24.32
February	\$23.70	\$25.38	\$23.72

*Projections in bold

Best wishes to all for a joyous and blessed Christmas. May we be as thankful, excited and willing to share the Good News as the shepherds were when they saw and experienced Christ our Savior and Lord on that first Christmas day.

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

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DIXIE DAIRY REPORT - December 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.
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	\$25.87	\$25.87	\$25.13	\$23.62	\$22.71	\$24.09	\$22.58	\$23.66
2023	\$21.84	\$21.41	\$21.13	\$20.85	\$20.58	\$20.46	\$20.66	\$21.06	\$21.34	\$21.62	\$21.68	\$21.52	\$21.18
Southeastern Federal Orders' Blend Prices - Base Zone at 3.5% butterfat (\$/cwt.)													
<u>Florida - Tampa</u>													
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	\$29.13	\$29.76	\$30.60	\$30.29	\$29.74	\$28.58	\$27.70	\$28.27	\$26.66	\$28.39
2023	\$26.08	\$25.38	\$25.51	\$25.19	\$24.79	\$24.82	\$24.95	\$25.50	\$25.72	\$26.06	\$26.13	\$25.69	\$25.49
<u>Southeast - Atlanta</u>													
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	\$27.35	\$28.07	\$28.74	\$28.71	\$28.26	\$27.17	\$26.28	\$26.53	\$24.83	\$26.83
2023	\$24.32	\$23.72	\$23.44	\$22.77	\$22.48	\$22.52	\$23.33	\$23.90	\$24.26	\$24.80	\$24.48	\$24.20	\$23.69
<u>Appalachian - Charlotte</u>													
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	\$27.17	\$27.79	\$28.52	\$28.14	\$27.49	\$26.53	\$25.80	\$26.30	\$24.67	\$26.41
2023	\$24.00	\$23.70	\$23.35	\$23.10	\$22.75	\$22.82	\$23.08	\$23.40	\$23.90	\$24.11	\$24.06	\$23.86	\$23.51

* Projections in bold

Southeastern Federal Orders Class I Producer Milk - Million lbs.													
	J	F	M	A	M	J	J	A	S	O	N	D	YTD
Florida	192.6	175.4	191.0	167.9	162.9	160.3	160.2	160.7	158.9	180.4	176.0	174.9	1,710.4
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	1,654.5
2022	185.4	168.4	182.9	177.5	163.4	151.9	153.8	171.5	160.5	185.6	176.1	179.3	1,701.0
% change	5.5%	4.5%	5.4%	3.9%	0.3%	1.7%	-3.4%	2.5%	-2.3%	9.1%			2.8%
<u>Southeast</u>													
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	2,703.5
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	2,558.7
2022	264.9	233.0	254.4	242.6	230.3	216.8	213.8	248.4	242.1	227.6	268.1	267.5	2,374.0
% change	-1.5%	-8.0%	-6.4%	-8.6%	-6.3%	-7.6%	-9.7%	-4.3%	-7.3%	-12.9%			-7.2%
<u>Appalachian</u>													
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	3,252.1
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	3,088.0
2022	333.0	303.3	343.7	313.8	307.7	287.6	284.6	326.0	315.9	329.7	332.5	331.7	3,145.5
% change	2.2%	-1.1%	3.3%	-1.9%	3.8%	2.0%	-1.2%	4.1%	2.3%	4.8%			1.9%
<u>Total all Three Orders</u>													
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	7,666.0
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	7,301.2
2022	783.3	704.8	781.1	734.0	701.5	656.3	652.3	745.9	718.5	742.9	771.1	778.5	7,220.5
% change	1.7%	-2.3%	0.4%	-3.0%	-0.5%	-1.4%	-4.6%	0.8%	-2.1%	-0.4%			-1.1%

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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
2020	252	231	256	226	220	208	209	206	208	223	219	224	2,016
2021	222	206	223	216	206	200	207	214	212	220	224	229	1,906
2022	231	214	231	227	213	198	194	217	202				1,927
% change	4.1%	3.9%	3.6%	5.1%	3.4%	-1.0%	-6.4%	1.4%	-4.7%				1.1%
<u>Southeast</u>													
2020	372	337	386	338	327	313	320	318	318	339	331	344	3,029
2021	335	319	346	326	313	289	297	318	322	323	329	334	2,865
2022	331	296	321	309	295	271	273	312	303				2,711
% change	-1.2%	-7.2%	-7.3%	-5.2%	-5.8%	-6.2%	-8.0%	-1.9%	-5.9%				-5.4%
<u>Appalachian</u>													
2020	280	252	299	272	274	268	278	283	279	286	283	291	2,485
2021	292	267	289	272	267	252	258	270	268	273	285	289	2,435
2022	295	260	294	275	275	261	263	288	273				2,484
% change	1.0%	-2.6%	1.6%	1.1%	3.0%	3.4%	2.1%	6.7%	1.9%				2.0%
<u>Total all Three Orders</u>													
2020	904	820	941	836	821	789	807	807	805	848	833	859	7,530
2021	849	792	859	814	786	741	762	802	802	816	838	852	7,206
2022	857	770	846	811	783	730	730	817	778				7,122
% change	0.9%	-2.8%	-1.5%	-0.4%	-0.4%	-1.5%	-4.1%	1.9%	-3.0%				-1.2%

U.S. Estimated Fluid Milk Sales - million lbs.													
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	34,403
2021	3,872	3,584	3,925	3,718	3,637	3,390	3,474	3,601	3,669	3,762	3,798	3,908	32,870
2022	3,808	3,476	3,792	3,639	3,576	3,331	3,298	3,631	3,580				32,131
% change	-1.7%	-3.0%	-3.4%	-2.1%	-1.7%	-1.7%	-5.1%	0.8%	-2.4%				-2.2%

Southeast Federal Orders' Class I Utilization %													
Florida	J	F	M	A	M	J	J	A	S	O	N	D	Avg.
2020	86%	82%	82%	78%	82%	84%	83%	82%	81%	84%	82%	81%	83%
2021	79%	82%	84%	81%	79%	81%	86%	81%	83%	83%	85%	84%	82%
2022	83%	82%	83%	84%	79%	81%	81%	84%	85%	85%			83%
<u>Southeast</u>													
2020	71%	73%	66%	69%	68%	70%	69%	68%	67%	71%	69%	68%	69%
2021	68%	71%	62%	63%	64%	65%	68%	72%	71%	68%	71%	70%	68%
2022	77%	77%	77%	63%	63%	62%	70%	78%	83%	78%	77%	73%	73%
<u>Appalachian</u>													
2020	74%	70%	70%	71%	69%	83%	85%	71%	72%	81%	76%	68%	69%
2021	71%	72%	68%	69%	67%	66%	69%	72%	74%	73%	77%	73%	71%
2022	72%	71%	68%	68%	66%	66%	68%	73%	73%	72%	77%	72%	70%

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U.S. Milk Production - Million lbs.													
	J	F	M	A	M	J	J	A	S	Q	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	186,266
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	189,453
2022	19,030	17,533	19,713	19,147	19,755	18,930	19,193	19,035	18,269	18,850	18,015	18,790	189,455
% change	-1.7%	-0.9%	-0.4%	-1.0%	-0.5%	-0.1%	0.5%	1.7%	1.4%	1.2%			0.0%
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	9,419	9,415	9,419	9,413	9,417	9,418	9,382	9,373	
Change	-83	-86	-80	-97	-88	-86	-64	-25	12	31			
Florida Milk Production - Million lbs.													
2020	215	205	219	208	199	186	183	174	162	171	174	192	1,922
2021	199	183	205	199	194	186	175	163	155	163	167	181	1,822
2022	185	166	183	175	180	162	154	147	133	142	133	142	1,627
Change %	-7.0%	-9.3%	-10.7%	-12.1%	-7.2%	-12.9%	-12.0%	-9.8%	-14.2%	-12.9%			-10.7%
Georgia Milk Production - Million lbs.													
2020	161	152	163	154	152	143	142	136	132	141	142	154	1,476
2021	156	143	163	157	155	150	146	142	137	146	145	158	1,495
2022	172	162	183	176	177	166	167	163	156	166	145	158	1,688
Change %	10.3%	13.3%	12.3%	12.1%	14.2%	10.7%	14.4%	14.8%	13.9%	13.7%			12.9%
Virginia Milk Production - Million lbs.													
2020	134	127	137	132	133	126	123	121	117	123	121	128	1,273
2021	130	118	133	129	130	121	120	117	114	119	117	123	1,231
2022	125	115	130	126	127	116	117	115	111	115	111	115	1,197
Change %	-3.8%	-2.5%	-2.3%	-2.3%	-2.3%	-4.1%	-2.5%	-1.7%	-2.6%	-3.4%			-2.8%
Total above Three States* Milk Production - Million lbs.													
2020	510	484	519	494	484	455	448	431	411	435	437	474	4,671
2021	485	444	501	485	479	457	441	422	406	428	429	462	4,548
2022	482	443	496	477	484	444	438	425	400	423	429	462	4,512
Change %	-0.6%	-0.2%	-1.0%	-1.6%	1.0%	-2.8%	-0.7%	0.7%	-1.5%	-1.2%			-0.8%

* 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.