

THE COURIER

Monthly Newsletter

Dairy Outlook

January 2023

Dairy Estimates for 2022

In the following forecast analysis, any changes discussed are adjustments from the previous month's forecasts unless otherwise specified.

Based on recent milk production data, the expected number of cows for the last quarter of 2022 (2022-Q4) remained unchanged at 9.420 million head. The yield per cow estimate for 2022-Q4 has been adjusted lower by 15 pounds per cow to 5,965 pounds. The milk production estimate for 2022 is 226.8 billion pounds (-0.2 billion).

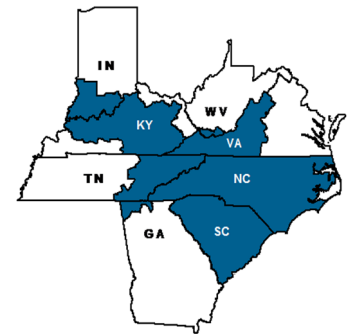
Dairy export volume estimates are up for 2022-Q4. On a milk-equivalent milk-fat basis, the 2022-Q4 estimate is 3.5 billion pounds, and the estimate for the 2022 annual total is 13.6 billion pounds (+0.1 billion). Expectations are higher for exports of cheese, butterfat products,⁴ milk protein products,⁵ whey protein concentrate, and lactose.

On a milk-equivalent milk-fat basis, the 2022 estimate for dairy import volume remained unchanged at 7.3 billion pounds. On a skim-solids basis, 2022 imports are estimated at 6.6 billion pounds (+0.1 billion). Expectations are higher for imports of butterfat products, milk protein products, infant formula, and fluid cream. The estimate for 2022-Q4 domestic use of dairy products is lower.

On a milk-equivalent milk-fat basis, the 2022-Q4 forecast is 57.2 billion pounds, and the annual estimate is 219.8 billion pounds (-0.3 billion, annual). On a skim-solids basis, the estimate for 2022-Q4 domestic use is 45.2 billion pounds, and the annual estimate is 179.3 billion pounds (-0.7 billion).

While dairy supply and use official information is not yet available for December, complete price data for 2022 is available except for the all-milk price. For the year, average prices for Cheddar cheese, dry whey, butter, and NDM were \$2.1122, \$0.6035, \$2.8665, and \$1.6851 per pound, respectively. The Class III and IV milk prices averaged \$21.94 and \$24.47 per hundredweight (cwt), respectively.

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Appalachian Statistical Summary

DECEMBER 2022 NOVEMBER 2022 DECEMBER 2021

PRICES: (Base Zone)

Uniform Price	\$24.86	\$26.24	\$22.08
Class I Price	25.98	27.49	22.57
Class II Price	23.11	24.67	19.84
Class III Price	20.50	21.01	18.36
Class IV Price	22.12	23.30	19.88
Uniform Skim Milk Price	\$14.04	\$14.41	\$14.79
Class I Skim Milk Price	14.85	15.03	15.60
Class II Skim Milk Price	12.48	13.31	12.22
Class III Skim Milk Price	9.80	9.54	10.71
Class IV Skim Milk Price	11.48	11.91	12.29
Uniform Butterfat Price	\$3.2305	\$3.5253	\$2.2310
Class I Butterfat Price	3.3286	3.7114	2.1479
Class II Butterfat Price	3.1609	3.3790	2.2989
Class III Butterfat Price	3.1539	3.3720	2.2919
Class IV Butterfat Price	3.1539	3.3720	2.2919

PRODUCER MILK:

Class I	337,440,327	334,824,881	331,674,966
Class II	53,827,424	51,940,735	47,581,371
Class III	38,178,089	28,550,169	27,190,917
Class IV	39,805,942	26,528,392	45,613,538
Total Producer Milk	469,251,782	441,844,177	452,060,792

PERCENT PRODUCER MILK IN:

Class I	71.91	75.78	73.37
Class II	11.47	11.76	10.53
Class III	8.14	6.46	6.01
Class IV	8.48	6.00	10.09

F.O. 5 STATS FOR December 2022:

The Uniform Price

for December 2022 was \$24.86 per cwt., an increase of \$2.78 from December 2021.

Total Class I Milk

for December 2022 was 337.4 million pounds, an increase of 5.8 million pounds compared to December 2021.

Class I Utilization

was 71.91 percent for December 2022, an decrease of 3.87 percentage points from November 2022.

Total Producer Milk

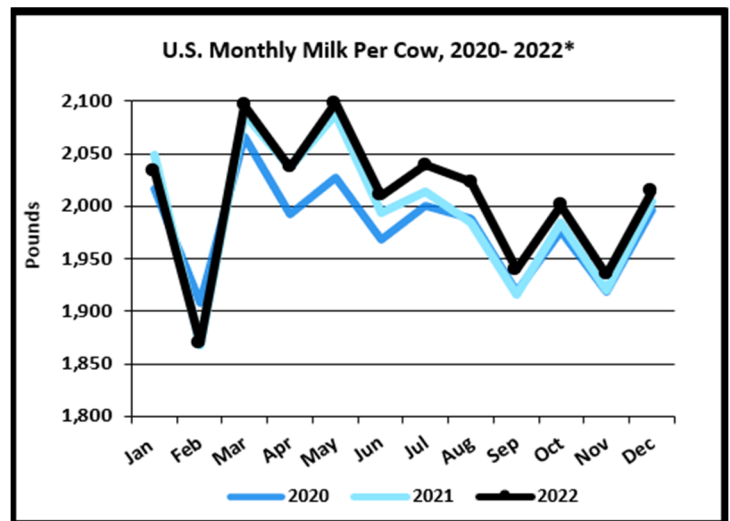
for December 2022 was 469.3 million pounds, an increase of 17.2 million pounds compared to December 2021.

December Milk Production up 0.9%

Milk production in the 24 major States during December totaled 18.1 billion pounds, up 0.9 percent from December 2021. November revised production, at 17.4 billion pounds, was up 1.1 percent from November 2021.

Production per cow in the 24 major States averaged 2,032 pounds for December, 8 pounds above December 2021.

The number of milk cows on farms in the 24 major States was 8.92 million head, 38,000 head more than December 2021, but 9,000 head less than November 2022.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Dairy Estimates for 2022, continued.

The all-milk price estimate for 2022-Q4 is \$25.40 per cwt, \$0.40 lower, while the annual all-milk price estimate for 2022 is \$25.55 per cwt, \$0.10 lower.

Dairy Forecasts for 2023

As with the estimates for 2022, any changes discussed in this section are adjustments from the previous month's forecasts unless otherwise specified.

Based on expectations of lower milk prices, and steady to higher feed costs, the number of milk cows is projected lower in 2023 at 9,405 million head (-15,000 head). The next USDA Cattle report, to be released on January 31, is expected to provide a better sign of future changes in the dairy herd size. In 2023, the average yield per cow projection is unchanged at 24,370 pounds per cow. The milk production forecast for 2023 is 229.2 billion pounds, 0.3 billion lower.

Dairy export projections for 2023 have been increased as domestic prices for dairy product are expected to be competitive compared to international prices. On a milk-fat basis, the dairy export forecast for 2023 is 13.3 billion pounds, 0.3 billion higher. On a skim-solids basis, the 2023 dairy export forecast has been increased 0.3 billion pounds to 52.6 billion due to stronger expected NDM exports.

The dairy import projection for 2023 is unchanged on a milk-equivalent milk-fat basis at 7.2 billion pounds. On a milk-equivalent skim-solids basis, the 2023 forecast is 6.3 billion pounds (+0.2 billion) as strength in demand for milk protein products is expected to carry over from 2022 into 2023.

Projections for domestic demand in 2023 have been lowered. The forecast for 2023 domestic use on a milk-equivalent milk-fat basis is 221.3 billion pounds (-0.7 billion). On a skim-solids basis, the forecast for domestic use is 182.0 billion pounds (-0.2 billion).

Due to the recent decreases in dairy product prices, weaker-than-anticipated demand, and competition with international prices, forecasts for 2023 have been lowered for Cheddar cheese, dry whey, butter, and NDM to \$1.930, \$0.415, \$2.330, and \$1.340 per pound, respectively. With lower dairy product prices expected across the board, Class III and IV milk price forecasts for 2023 have been lowered to \$18.85 per cwt and \$19.25 per cwt, respectively. The all-milk price 2023 forecast has been decreased by \$1.10 to \$21.60 per cwt.

**APPALACHIAN MARKETING AREA
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Federal Milk Marketing Order Statistics - December 2022

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,254.7	693.6	30.8	23.06
5	<i>Appalachian</i>	469.3	337.4	71.9	24.86
6	Florida	217.1	185.7	85.5	27.05
7	Southeast	319.2	230.4	72.2	25.29
30	Upper Midwest	3,174.6	178.7	5.6	20.73
32	Central	1,319.3	386.1	29.3	21.40
33	Mideast	1,384.8	545.9	39.4	21.81
51	California	2,020.6	409.2	20.3	21.58
124	Pacific Northwest	599.8	141.0	23.5	21.42
126	Southwest	1,158.0	328.3	28.4	22.15
131	Arizona	443.5	120.9	27.3	22.47
All Orders		13,361.3	3,557.3	26.6	22.00

^{1/} Weighted average uniform prices at 3.5% butterfat at announced locations.

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