

# 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

In 2022, the U.S. milking herd is projected to average 9.400 million head, 30,000 head higher than last month's forecast. Based on recent information, the number of milk cows is expected to trend upward into 2022-Q3 and then stabilize in 2022-Q4. The milk per cow forecast for 2022 is 24,120 pounds, 40 pounds lower last month's forecast due to relative higher feed prices. With the higher anticipated number of milk cows, the milk production forecast for 2022 has been raised to 226.7 billion pounds, 0.4 billion higher than last month's projection. On a milk-fat basis, the annual dairy export forecast for 2022 is 12.0 billion pounds, 0.5 billion higher than last month's forecast as 2022-Q1 exports on a milk-fat basis were higher than expected. On a skim-solids basis, the dairy export projection has been lowered to 49.9 billion pounds, 0.4 billion below the last month's forecast as the actual exports in 2022-Q1 on a skim basis solid were lower than anticipated, particularly for whey products. With strong international demand and relatively competitive domestic prices, exports of cheese, butter, and several other dairy products are anticipated to increase from 2021 totals. The 2022 forecast for dairy imports on a milk-fat basis has been increased to 6.6 billion pounds, 0.2 billion pounds higher than last month's forecast. On a skim-solids basis, the dairy import forecast has been raised to 5.9 billion pounds, 0.1 billion higher than last month's projections. In 2022, imports of cheese, milk protein concentrate, and milk powders are expected to increase from 2021 totals. On a milk-fat basis, domestic use in 2022 has remained steady from last month's forecast of 221.6 million pounds. On a skim-solid basis, 2022 domestic use was raised by 0.9 million due to higher-than-expected domestic use in 2022-Q1. The forecasts for ending stocks remained unchanged from last month's forecast, at 12.9 billion pounds on a milk-fat basis and 11.0 billion pounds on a skim-solids basis.

### Dairy Forecast for 2023

The U.S. milking herd is projected to average 9.400 million head in 2023, unchanged from the 2022 projection. Milk per cow is projected to average 24,420 per head, a year-over-year increase of 1.2 percent. The milk production forecast for 2023 is 229.5 billion pounds, 1.2 percent higher than the 2022 projection. Dairy exports on a milk-fat basis are projected to total 11.5 billion pounds in 2023, 0.5 billion lower than the forecast for 2022. On a skim-solids basis, exports are projected to total 51.0 billion pounds, 1.1 billion higher than the 2022 projection. Dairy imports on a milk-fat basis are projected to total 6.6 billion pounds in 2023, unchanged from the 2022 forecast. On a skim-solids basis, 2023 imports are projected to total 6.0 billion pounds, 0.1 billion higher than 2022. Domestic use for dairy products is expected to increase in 2023. The domestic use forecast on a milk-fat basis is 222.8 billion pounds, 1.2 billion higher than 2022. On a skim-solids basis, the 2023 projection is 182.7 billion pounds, 1.0 billion higher than 2022. On a milk-fat basis, the ending stock forecast for 2023 is 13.6 billion pounds, 0.7 million higher than 2022. On a skim solids basis, the ending stock forecast for 2023 is 11.7 billion pounds, 0.7 million higher than 2022. Higher milk supplies projected in 2023 and relative stable demand are expected to contribute to lower prices for the main dairy products compared to 2022 projections. The Class III milk price forecast for 2023 is \$20.50 per cwt, \$2.25 lower than the projection for 2022. The Class IV milk price projection for 2023 is \$21.40 per cwt, a year-over-year decline of \$2.40. The all-milk price forecast for 2023 is \$23.55 per cwt, \$2.20 lower than the projection for 2022.

### Dairy Outlook 2022 cont.

The Class III milk price forecast for 2022 remains unchanged from last month's forecast, at \$22.75 per hundredweight (cwt). The Class IV milk price forecast has been lowered by \$0.25 to \$23.80 per cwt, as the lower expected NDM price more than offsets the higher expected butter price. The all-milk price forecast for 2022 is \$25.75 per cwt, \$0.05 lower than last month's forecast.

## COMPUTATION OF UNIFORM PRICES

### F.O. 6 - Florida: Uniform Price - April 2022

#### **Producer Milk**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	85.11%	173,434,692	\$13.98 /cwt.	\$ 24,246,169.94
Class I Butterfat	52.26%	4,039,396	\$3.1098 /lb.	12,561,713.68
Class I Differential at Location		177,474,088		9,907,956.88
Total Class I Milk	<b>83.90%</b>	<b>177,474,088</b>		<b>\$ 46,715,840.50</b>
Class II Skim Milk	12.76%	26,008,612	\$15.21 /cwt.	\$ 3,955,909.88
Class II Butterfat	43.60%	3,370,708	\$3.1531 /lb.	10,628,179.41
Total Class II Milk	<b>13.89%</b>	<b>29,379,320</b>		<b>\$ 14,584,089.29</b>
Class III Skim Milk	1.80%	3,669,201	\$13.90 /cwt.	\$ 510,018.93
Class III Butterfat	2.27%	175,680	\$3.1461 /lb.	552,706.85
Total Class III Milk	<b>1.82%</b>	<b>3,844,881</b>		<b>\$ 1,062,725.78</b>
Class IV Skim Milk	0.33%	674,762	\$14.82 /cwt.	\$ 99,999.72
Class IV Butterfat	1.87%	144,521	\$3.1461 /lb.	454,677.52
Total Class IV Milk	<b>0.39%</b>	<b>819,283</b>		<b>\$ 554,677.24</b>
Producer Milk	<b>100.00%</b>	<b>211,517,572</b>		<b>\$ 62,917,332.81</b>

#### **Adjustments**

Overage and Other Source	\$ 1,278.70
Inventory Adjustments	\$ 1,666.63
Producer Butterfat at Uniform Butterfat Price	-\$ 24,423,125.62
Location Adjustments	-\$ 339,221.73
1/2 Balance in Producer Settlement Fund	\$ 101,911.78
<b>Total Skim Milk and Aggregate Value</b>	<b>\$ 18,774.40</b>
Producer Settlement Fund Reserve	<b>\$ 0.04440</b>
	<b>\$ 38,259,842.57</b>
	<b>\$ 90,487.46</b>

Uniform Skim Milk Price (Hillsborough County, FL): \$18.73 /cwt

Uniform Butterfat Price: \$3.1594 /lb

Uniform Price (Hillsborough County, FL): \$29.13 /cwt

### F.O. 7 - Southeast: Uniform Price - April 2022

#### **Producer Milk**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	64.18%	237,165,552	\$13.98 /cwt.	\$ 33,155,744.18
Class I Butterfat	36.26%	5,473,103	\$3.1098 /lb.	17,020,255.71
Class I Differential at Location		242,638,655		7,997,999.50
Total Class I Milk	<b>63.09%</b>	<b>242,638,655</b>		<b>\$ 58,173,999.39</b>
Class II Skim Milk	25.26%	93,351,528	\$15.21 /cwt.	\$ 14,198,767.40
Class II Butterfat	51.03%	7,700,434	\$3.1531 /lb.	24,280,238.49
Total Class II Milk	<b>26.27%</b>	<b>101,051,962</b>		<b>\$ 38,479,005.89</b>
Class III Skim Milk	4.63%	17,091,409	\$13.90 /cwt.	\$ 2,375,705.88
Class III Butterfat	2.99%	451,024	\$3.1461 /lb.	1,418,966.62
Total Class III Milk	<b>4.56%</b>	<b>17,542,433</b>		<b>\$ 3,794,672.50</b>
Class IV Skim Milk	5.93%	21,925,292	\$14.82 /cwt.	\$ 3,249,328.26
Class IV Butterfat	9.72%	1,466,223	\$3.1461 /lb.	4,612,884.17
Total Class IV Milk	<b>6.08%</b>	<b>23,391,515</b>		<b>\$ 7,862,212.43</b>
Producer Milk	<b>100.00%</b>	<b>384,624,565</b>		<b>\$ 108,309,890.21</b>

#### **Adjustments**

Overage and Other Source	\$ 0.00
Inventory Adjustments	\$ 15,187.93
Producer Butterfat at Uniform Butterfat Price	-\$ 47,513,333.42
Location Adjustments	\$ 1,690,957.11
1/2 Balance in Producer Settlement Fund	\$ 174,322.79
<b>Total Skim Milk and Aggregate Value</b>	<b>\$ 16,961.11</b>
Producer Settlement Fund Reserve	<b>\$ 0.04111</b>
	<b>\$ 62,677,024.62</b>
	<b>\$ 151,908.87</b>

Uniform Skim Milk Price (Fulton County, GA): \$16.92 /cwt

Uniform Butterfat Price: \$3.1485 /lb

Uniform Price (Fulton County, GA): \$27.35 /cwt

## POOL HIGHLIGHTS

### F.O. 6 - Florida: April 2022

#### **Producer Milk Utilization:**

Class I:	83.90%
Class II:	13.89%
Class III:	1.82%
Class IV:	0.39%

#### **The Uniform Price**

for April 2022 was announced at \$29.13, an increase of \$8.92 from April 2021.

#### **Total Producer Milk**

for April 2022 totaled 211.5 million pounds, an increase of 551,219 pounds from April 2021.

#### **Total Class I Milk**

for April 2022 was 177.5 million pounds, an increase of 6.7 million pounds from April 2021.

#### **Class I Utilization**

for April 2022 was 83.90%, an Increase of 2.93 percentage points from April 2021.

### F.O. 7 - Southeast: April 2022

#### **Producer Milk Utilization:**

Class I:	63.09%
Class II:	26.27%
Class III:	4.56%
Class IV:	6.08%

#### **The Uniform Price**

for April 2022 was announced at \$27.35, an increase of \$8.89 from April 2021.

#### **Total Producer Milk**

for April 2022 totaled 384.6 million pounds, an decrease of 36 million pounds from April 2021.

#### **Total Class I Milk**

for April 2022 was 243 million pounds, an decrease of 23 million pounds from April 2021.

#### **Class I Utilization**

for April 2022 was 63.09%, a decrease of 0.05 percentage points from April 2021.

## **Florida Market Summary**

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in April 2022 is \$29.13 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$18.73 per hundredweight plus 3.5 times the uniform butterfat price of \$3.1594 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions.

Receipts of producer milk during April 2022 totaled 211.5 million pounds, 501,219 pounds more than April 2021. Florida producers supplied 171 million pounds of milk in April 2022 or an estimated 81% of the producer milk pooled in Florida. In April 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 April 2022. Total in-area Class I route disposition was 227 million pounds in April 2022, 16 million pounds more than April 2021.

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## **Southeast Market Summary**

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2022 is \$27.35 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$16.92 per hundredweight plus 3.5 times the uniform butterfat price of 3.1485 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during April 2022 totaled 385 million pounds. There were 17 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 April 2022. Total in-area Class I route disposition was 309.0 million pounds in April 2022, a decrease of 16.9 million pounds from April 2021.

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## **WASDE Dairy Report 1/ WASDE – 624, May 12, 2022**

Milk production for 2023 is forecast above 2022 driven by gains in milk per cow, with the milk cow herd expected to average close to 2022 levels. Exports on a fat basis are forecast lower, largely on lower expected butter sales. On a skim-solids basis, exports are forecast higher with gains expected in cheese, skim milk powder, and whey sales. Imports are projected to grow on a skim-solids basis with higher imports of several dairy products but are unchanged on a fat basis. The Class III price is forecast lower on weaker cheese and whey prices. The Class IV price is forecast lower as well, with projections lower than 2022 for butter and non-fat dry milk. The 2023 all milk price is forecast at \$23.55 per cwt.

The 2022 milk production forecast is raised from the previous month, with higher milk cow inventories more than offsetting slower growth in milk per cow. Fat-basis exports are raised from the previous month mainly on stronger butter and cheese shipments. The skim-solids basis export forecast is lowered on weaker skim milk powder and whey exports. Fat basis and skim-solids basis import forecasts are raised from last month on higher expected imports of several dairies containing products. Cheese and butter prices are raised from the previous month on strong demand, but non-fat dry milk and whey prices are lowered. The Class III price is unchanged, and Class IV is lowered. The 2022 all milk price is forecast at \$25.75.

<sup>1/</sup> 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/](http://www.usda.gov/oce/commodity/wasde/).

# Federal Milk Marketing Order Statistics

April 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	2,281.0	670.9	29.4	26.07
5 Appalachian	459.0	313.8	68.4	27.17
6 Florida	211.5	177.5	83.9	29.13
7 Southeast	384.6	242.6	63.1	27.35
30 Upper Midwest	2,349.6	201.5	8.6	24.55
32 Central	1,302.2	361.0	27.7	24.65
33 Mideast	1,548.8	531.4	34.3	24.91
51 California	2,026.6	393.8	19.4	25.08
124 Pacific Northwest	632.1	133.1	21.1	24.79
126 Southwest	1,189.9	327.4	27.5	25.43
131 Arizona	445.2	112.8	25.4	25.52
All Orders	12,830.5	3,465.8	27.0	25.34



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