

Market Information BULLETIN

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Dairy Outlook

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

Dairy Forecasts for 2022

Based on recent data, the projection for milk cows for 2022 is 9.400 million head, unchanged from the previous month. The projected annual yield per cow for 2022 has been lowered to 24,040 pounds, 50 pounds less than the previous month's estimate due to higher feeding costs. The milk production forecast for 2022 has been lowered to 226.0 billion pounds, 0.4 billion lower than last month. Due to strong exports in May 2022, dairy export forecasts are projected upward in 2022. On a milk-fat basis, exports are 12.2 billion pounds, 0.2 billion pounds higher from last month's projection. On a skim-solids basis, exports are forecast at 50.5 billion pounds, 0.4 billion higher than forecast last month. With competitive prices on international markets, higher exports of NDM, dry whey products, cheese, butter, and lactose are expected throughout 2022. The 2022 import forecast on a milk-fat basis is 7.1 billion pounds, 0.1 billion higher than last month's forecast due to higher anticipated imports of butterfat products. On a skim-solids basis, the projection for imports is 6.1 billion pounds, unchanged from last month's projections. The 2022 domestic forecast is adjusted down due to lower-than-anticipated domestic use in May; lower domestic use is expected the second, third and fourth quarters of the year. On a milk-fat basis, the 2022 domestic use projection is 221.2 billion pounds, 0.6 billion lower than last month's forecast. On a skim-solids basis, the 2022 domestic use forecast is 180.5 billion pounds, 0.9 billion lower than last month's forecast. The 2022 price forecast for cheese is \$2.185 per pounds (-1.0 cent), with high stock levels contributing to the lower forecast. The price forecast for butter is \$2.780 (+1.5 cents) per pound, as demand remains strong. However, 2022 price forecasts for NDM and dry whey are unchanged from last month's forecasts, at \$1.755 and \$0.640 per pound, respectively. higher than last month's projection due to higher butter prices. The Class III price forecast for 2022 has been adjusted to \$22.80 per hundredweight (cwt), 10 cents lower than last month's forecast due to lower cheese prices

Dairy Forecast for 2023

Following the 2022 forecast, milk cow numbers projected for 2023 are expected to remain steady at 9.400 million head. The forecast for milk per cow is 24,290 pounds, 110 pounds lower than last month's forecast but 250 pounds higher than 2022 forecast. The projection for 2023 milk production has been lowered to 228.3 billion pounds, 1.0 billion lower than last month's forecast but 2.3 billion pounds above the 2022 forecast. On a milk-fat basis, the export forecast for 2023 is 11.6 billion pounds, unchanged from last month's forecast. In 2023, dairy exports are projected to total 51.0 billion pounds on a skim solids basis, 0.1 billion higher than the previous month's forecast, as strong skim exports of dry skim milk products are expected in 2023. The dairy import forecasts are unchanged from last month's projection, at 6.9 billion pounds on a milk-fat basis and 6.0 billion pounds on a skim solids basis. Due to higher projected domestic prices and a lower expected farm milk supply, the 2023 forecast for domestic use is adjusted down. On a milk-fat basis, the annual domestic use forecast for 2023 is 221.8 billion pounds, 0.9 billion lower than the previous forecast. On a skim solids basis, the forecast for domestic use is 181.4 billion pounds, 1.1 billion lower than last month's forecast. Due to recent price strength trends and lower expected milk production, 2023 wholesale price forecasts for Cheddar cheese, butter, and NDM have been adjusted upward from last month's projections to \$2.070 (+2.0 cents), \$2.440 (+5.5 cents), and \$1.640 (+2.0 cents) per pounds, respectively. However, the 2023 price forecasts of dry whey are slightly down at \$0.510 (-0.5 cent) per pound, due to recent weakness in international whey prices. Due to the higher cheese price projection, the Class III milk price forecast for 2023 is \$20.85 per cwt, \$0.35 higher than the previous month's forecast. With higher butter and NDM price forecasts, the Class IV milk price projection for 2023 is \$22.30 per cwt, \$0.40 higher than last month's forecast. The all-milk price forecast for 2023 is \$24.15 per cwt, an increase of \$0.35 from last month's forecast.

Dairy Outlook 2022 cont.

The 2022 Class IV price was adjusted to \$24.70 per cwt, 5 cents lower than the June forecast.

COMPUTATION OF UNIFORM PRICES

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	82.08%	148,174,065	\$15.66 /cwt.	\$ 23,204,058.58
Class I Butterfat	55.80%	3,761,340	\$3.0728 /lb.	11,557,845.55
Class I Differential at Location		151,935,405		8,443,795.71
Total Class I Milk	81.14%	151,935,405		\$ 43,205,699.84
Class II Skim Milk	15.51%	27,986,800	\$15.50 /cwt.	\$ 4,337,954.03
Class II Butterfat	40.61%	2,737,922	\$3.3393 /lb.	9,142,742.95
Total Class II Milk	16.41%	30,724,722		\$ 13,480,696.98
Class III Skim Milk	1.72%	3,095,593	\$13.13 /cwt.	\$ 406,451.35
Class III Butterfat	2.32%	156,723	\$3.3323 /lb.	522,248.06
Total Class III Milk	1.74%	3,252,316		\$ 928,699.41
Class IV Skim Milk	0.69%	1,239,156	\$14.68 /cwt.	\$ 181,908.10
Class IV Butterfat	1.27%	85,805	\$3.3323 /lb.	285,928.00
Total Class IV Milk	0.71%	1,324,961		\$ 467,836.10
Producer Milk	100.00%	187,237,404		\$ 58,082,932.33

Adjustments

Overage and Other Source				\$ 6,070.85
Inventory Adjustments				-\$ 5,944.46
Producer Butterfat at Uniform Butterfat Price				-\$ 21,718,002.31
Location Adjustments				-\$ 225,455.15
1/2 Balance in Producer Settlement Fund				\$ 97,060.79

Total Skim Milk and Aggregate Value			\$ 20.07620	\$ 36,236,662.05
Producer Settlement Fund Reserve			\$ 0.04620	\$ 83,390.56

Uniform Skim Milk Price (Hillsborough County, FL):	\$20.03 /cwt
Uniform Butterfat Price:	\$3.2214 /lb
Uniform Price (Hillsborough County, FL):	\$30.60 /cwt

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

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	63.07%	211,324,604	\$15.66 /cwt.	\$ 33,093,433.01
Class I Butterfat	41.13%	5,432,905	\$3.0728 /lb.	16,694,230.49
Class I Differential at Location		216,757,509		7,191,063.10
Total Class I Milk	62.24%	216,757,509		\$ 56,978,726.60
Class II Skim Milk	25.95%	86,924,165	\$15.50 /cwt.	\$ 13,473,245.65
Class II Butterfat	47.34%	6,252,572	\$3.3393 /lb.	20,879,213.68
Total Class II Milk	26.76%	93,176,737		\$ 34,352,459.33
Class III Skim Milk	5.33%	17,856,155	\$13.13 /cwt.	\$ 2,344,513.14
Class III Butterfat	4.61%	609,178	\$3.3323 /lb.	2,029,963.85
Total Class III Milk	5.30%	18,465,333		\$ 4,374,476.99
Class IV Skim Milk	5.65%	18,922,191	\$14.68 /cwt.	\$ 2,777,777.64
Class IV Butterfat	6.92%	913,891	\$3.3323 /lb.	3,045,358.98
Total Class IV Milk	5.70%	19,836,082		\$ 5,823,136.62
Producer Milk	100.00%	348,235,661		\$ 101,528,799.54

Adjustments

Overage and Other Source				\$ 5,410.97
Inventory Adjustments				\$ 68,647.91
Producer Butterfat at Uniform Butterfat Price				-\$ 42,828,710.41
Location Adjustments				\$ 1,602,221.12
1/2 Balance in Producer Settlement Fund				\$ 159,901.86

Total Skim Milk and Aggregate Value			\$ 18.06907	\$ 60,536,271.00
Producer Settlement Fund Reserve			\$ 0.04907	\$ 164,384.87

Uniform Skim Milk Price (Fulton County, GA):	\$18.02 /cwt
Uniform Butterfat Price:	\$3.2425 /lb
Uniform Price (Fulton County, GA):	\$28.74 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: June 2022

Producer Milk Utilization:

Class I:	81.14%
Class II:	16.41%
Class III:	1.74%
Class IV:	0.71%

The Uniform Price

for June 2022 was announced at \$30.60, an increase of \$8.20 from June 2021.

Total Producer Milk

for June 2022 totaled 187.2 million pounds, an increase of 1.7 million pounds from June 2021.

Total Class I Milk

for June 2022 was 151.9 million pounds, an increase of 2.5 million pounds from June 2021.

Class I Utilization

for June 2022 was 81.14%, an increase of 0.58 percentage points from June 2021.

F.O. 7 - Southeast: June 2022

Producer Milk Utilization:

Class I:	62.24%
Class II:	26.76%
Class III:	5.30%
Class IV:	5.70%

The Uniform Price

for June 2022 was announced at \$28.74, an increase of \$8.35 from June 2021.

Total Producer Milk

for June 2022 totaled 348.2 million pounds, an decrease of 15.5 million pounds from June 2021.

Total Class I Milk

for June 2022 was 216.8 million pounds, an decrease of 17.8 million pounds from June 2021.

Class I Utilization

for June 2022 was 62.24%, a decrease of 2.26 percentage points from June 2021.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in June 2022 is \$30.60 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$20.03 per hundredweight plus 3.5 times the uniform butterfat price of \$3.2214 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions.

Receipts of producer milk during June 2022 totaled 187.2 million pounds. Florida producers supplied 159.3 million pounds of milk in June 2022 or an estimated 85% of the producer milk pooled in Florida. In June 2021, they supplied 87% of producer milk pooled on the Florida market. There were 8 regulated pool distributing plants and 2 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for June 2022. Total in-area Class I route disposition was 198.1 million pounds in June 2022, 0.74 million pounds more than June 2021.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2022 is \$28.74 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$18.02 per hundredweight plus 3.5 times the uniform butterfat price of \$3.2425 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during June 2022 totaled 348.2 million pounds. There were 16 regulated pool distributing plants, 1 pool supply plant and 9 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2022. Total in-area Class I route disposition was 271.2 million pounds in June 2022, a decrease of 14.2 million pounds from June 2021.

WASDE Dairy Report 1/ WASDE – 625, June 10, 2022

Milk production forecasts for 2022 and 2023 are lowered from last month due to slower expected growth in milk per cow. USDA's Cattle report, to be released July 22, will provide a mid-year estimate of the dairy cow inventory and producer intentions regarding retention of heifers for dairy cow replacement.

Exports on both a skim-solids and a fat basis are also raised for 2022, reflecting stronger expected exports of butter, cheese, whey, skim milk powder, and lactose. The forecast for 2023 fat-basis exports is unchanged from last month but is raised on a skim solids-basis with expectations of higher skim milk powder exports carrying into 2023.

The 2022 butter price forecast is raised from last month on firm demand, and the cheese price forecast is lowered on continued large stocks. The forecasts for nonfat dry milk (NDM) and whey prices are unchanged. With a lower cheese price, the Class III price is lowered while the Class IV price is raised due to higher butter prices. The all-milk price for 2022 is lowered to \$26.15 per cwt. For 2023, forecasts for cheese, butter, and NDM are raised on expected lower production, but the price forecast for whey is lowered on expected weaker international prices. With higher cheese, butter prices, and NDM prices, the Class III and Class IV price forecasts are raised. The 2023 all milk price forecast is raised to \$24.15 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/.

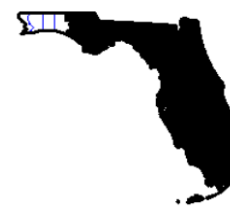
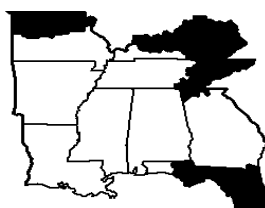
Federal Milk Marketing Order Statistics

June 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	2,244.4	618.0	27.5	26.98
5 Appalachian	432.9	287.6	66.4	28.52
6 Florida	187.2	151.9	81.1	30.60
7 Southeast	348.2	216.8	62.2	28.74
30 Upper Midwest	2,487.6	163.8	6.6	24.63
32 Central	1,290.6	338.0	26.2	25.37
33 Mideast	1,319.5	459.9	34.9	25.78
51 California	1,654.6	374.3	22.6	25.59
124 Pacific Northwest	627.2	128.7	20.5	25.39
126 Southwest	1,091.8	292.7	26.8	26.04
131 Arizona	419.0	103.5	24.7	26.22
All Orders	12,103.1	3,135.0	25.9	25.97



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