

Market Information BULLETIN FO 6 & 7

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Dairy Outlook

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

Dairy Forecasts for 2022

Milk production for 2022 is projected at 226.0 billion pounds, 1.2 billion lower than last month's forecast and a decrease of 0.3 billion pounds from 2021. This would be the first year-over-year decrease since 2009. Milk cows are projected to average 9.355 million head in 2022, 5,000 lower than last month's forecast and a year-over year decline of 93,000 head. Relatively low numbers of replacement heifers, higher expected cull-cow prices, and higher expected production costs will likely contribute to the reduction in milk cow numbers. Milk per cow is projected to average 24,160 pounds per head, 105 pounds down from the previous forecast and a year-over year increase of 212 pounds. This projected slowing in growth in milk per cow is associated with anticipated higher feed costs and an expected reduction in feed nutritive value early in the year due to corn silage quality issues. Dairy export projections for 2022 are adjusted lower due to relatively low exports in January and higher expected U.S. dairy prices. The forecast for 2022 dairy exports on a milkfat basis has been adjusted to 10.9 billion pounds, 0.1 billion lower than last month's forecast. Based on recent import data, lower imports of cheese, butter, fluid milk, and cream are expected. However, recent data indicate that imports of milk protein products, condensed and evaporated milk, and other miscellaneous dairy products may be higher than previously expected.

Due to relatively high domestic and international dairy product prices in recent weeks and lower projected milk production, wholesale price forecasts have been raised for all major dairy products. For 2022, price forecasts for Cheddar cheese, dry whey, butter, and NDM are \$2.030 (+13.0 cents), \$0.710 (+0.5 cents), \$2.575 (+18.5 cents), and \$1.740 (+7.5 cents) per pound, respectively. With higher dairy product prices expected across the board, the Class III milk price forecast for 2022 has been raised to \$21.65 per hundredweight (cwt), \$1.35 higher than last month's forecast, and the Class IV price forecast has been increased to \$23.70 per cwt, up \$1.40 from the previous projection. The all-milk price forecast for 2022 has been raised to a record high of \$25.05 per cwt, \$1.50 higher than last month's forecast.

USDA Makes Available Additional \$80 Million in Funding for Dairy Industry

WASHINGTON, March 2, 2022 – The U.S. Department of Agriculture (USDA) today announced an additional investment of \$80 million in the Dairy Business Innovation (DBI) Initiatives. In November 2021, DBI awarded \$18.4 million to three current Initiatives at University of Tennessee, Vermont Agency for Food and Marketing and University of Wisconsin, and \$1.8 million to a new initiative at California State University Fresno. Under the existing DBI program, which was previously announced through a FY21 Request for Applications (RFA), each Initiative will now have the opportunity to submit additional proposals for up to \$20 million in American Rescue Plan funds to further support processing capacity expansion, on-farm improvements, and technical assistance to producers. "The pandemic has demonstrated that dairy producers and regional dairy processors, particularly those engaged in value-added production, faced systemic shocks over the past several years," said Agriculture Secretary Tom Vilsack. "We have heard directly from producers and processors – particularly organic producers and processors in the Northeast – on how we can work with the industry to build long-term resilience of regional dairy supply chains. The Dairy Business Innovation Initiatives have supported regional-focused efforts tailored to the needs of dairy farmers and businesses locally. This additional funding will expand the capacity of the four initiatives to provide technical assistance and sub-grants exponentially." Since its inception in 2019, DBI initiatives have provided valuable technical assistance and sub-grants to dairy farmers and businesses across their regions, assisting them with business plan development, marketing and branding, as well as, increasing access to innovative production and processing techniques to support the development of value-added products. Separate from this supplemental ARP funding, AMS plans to announce a new DBI Request for Applications later in FY22 contingent upon appropriations. AMS supports U.S. food and agricultural products market opportunities, while increasing consumer access to fresh, healthy foods through applied research, technical services, and Congressionally funded grants. To learn more about AMS's investments in enhancing and strengthening agricultural systems, visit <https://www.ams.usda.gov/services/grants>

COMPUTATION OF UNIFORM PRICES

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

Producer Milk

| | Utilization | Pounds | Price per unit | Value |
|----------------------------------|----------------|--------------------|----------------|-------------------------|
| Class I Skim Milk | 83.41% | 164,618,299 | \$12.44 /cwt. | \$ 20,478,516.39 |
| Class I Butterfat | 49.77% | 3,809,313 | \$2.7537 /lb. | 10,489,705.21 |
| Class I Differential at Location | | 168,427,612 | | 9,405,134.73 |
| Total Class I Milk | 82.15% | 168,427,612 | | \$ 40,373,356.33 |
| Class II Skim Milk | 13.68% | 26,992,782 | \$13.67 /cwt. | \$ 3,689,913.30 |
| Class II Butterfat | 43.63% | 3,339,038 | \$3.0288 /lb. | 10,113,278.29 |
| Total Class II Milk | 14.80% | 30,331,820 | | \$ 13,803,191.59 |
| Class III Skim Milk | 2.10% | 4,142,673 | \$10.71 /cwt. | \$ 443,680.29 |
| Class III Butterfat | 2.47% | 188,926 | \$3.0218 /lb. | 570,896.59 |
| Total Class III Milk | 2.11% | 4,331,599 | | \$ 1,014,576.88 |
| Class IV Skim Milk | 0.81% | 1,603,980 | \$13.91 /cwt. | \$ 223,113.62 |
| Class IV Butterfat | 4.13% | 315,728 | \$3.0218 /lb. | 954,066.88 |
| Total Class IV Milk | 0.94% | 1,919,708 | | \$ 1,177,180.50 |
| Producer Milk | 100.00% | 205,010,739 | | \$ 56,368,305.30 |

Adjustments

| | | |
|---|--|-------------------|
| Overage and Other Source | | \$ 0.00 |
| Inventory Adjustments | | -\$ 2,689.76 |
| Producer Butterfat at Uniform Butterfat Price | | -\$ 22,341,417.50 |
| Location Adjustments | | -\$ 323,428.24 |
| 1/2 Balance in Producer Settlement Fund | | \$ 109,551.73 |

| | | |
|--|--------------------|-------------------------|
| Total Skim Milk and Aggregate Value | \$ 17.13149 | \$ 33,810,321.53 |
| Producer Settlement Fund Reserve | \$ 0.04149 | \$ 81,884.79 |

Uniform Skim Milk Price (Hillsborough County, FL): \$17.09 /cwt

Uniform Butterfat Price: \$2.9193 /lb

Uniform Price (Hillsborough County, FL): \$26.71 /cwt

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

Producer Milk

| | Utilization | Pounds | Price per unit | Value |
|----------------------------------|----------------|--------------------|----------------|-------------------------|
| Class I Skim Milk | 78.81% | 227,709,236 | \$12.44 /cwt. | \$ 28,327,028.93 |
| Class I Butterfat | 43.12% | 5,316,710 | \$2.7537 /lb. | 14,640,624.33 |
| Class I Differential at Location | | 233,025,946 | | 7,674,897.61 |
| Total Class I Milk | 77.34% | 233,025,946 | | \$ 50,642,550.87 |
| Class II Skim Milk | 13.88% | 40,096,724 | \$13.67 /cwt. | \$ 5,481,222.15 |
| Class II Butterfat | 44.14% | 5,443,748 | \$3.0288 /lb. | 16,488,023.97 |
| Total Class II Milk | 15.12% | 45,540,472 | | \$ 21,969,246.12 |
| Class III Skim Milk | 3.80% | 10,993,752 | \$10.71 /cwt. | \$ 1,177,430.83 |
| Class III Butterfat | 3.16% | 389,918 | \$3.0218 /lb. | 1,178,254.18 |
| Total Class III Milk | 3.78% | 11,383,670 | | \$ 2,355,685.01 |
| Class IV Skim Milk | 3.51% | 10,139,732 | \$13.91 /cwt. | \$ 1,410,436.71 |
| Class IV Butterfat | 9.58% | 1,181,765 | \$3.0218 /lb. | 3,571,057.49 |
| Total Class IV Milk | 3.76% | 11,321,497 | | \$ 4,981,494.20 |
| Producer Milk | 100.00% | 301,271,585 | | \$ 79,948,976.20 |

Adjustments

| | | |
|---|--|-------------------|
| Overage and Other Source | | \$ 28,549.97 |
| Inventory Adjustments | | -\$ 3,220.08 |
| Producer Butterfat at Uniform Butterfat Price | | -\$ 36,053,014.21 |
| Location Adjustments | | \$ 1,675,665.23 |
| 1/2 Balance in Producer Settlement Fund | | \$ 161,599.39 |

| | | |
|--|--------------------|-------------------------|
| Total Skim Milk and Aggregate Value | \$ 15.83673 | \$ 45,758,556.50 |
| Producer Settlement Fund Reserve | \$ 0.04673 | \$ 135,018.28 |

Uniform Skim Milk Price (Fulton County, GA): \$15.79 /cwt

Uniform Butterfat Price: \$2.9235 /lb

Uniform Price (Fulton County, GA): \$25.47 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: February 2022

Producer Milk Utilization:

| | |
|------------|--------|
| Class I: | 82.15% |
| Class II: | 14.80% |
| Class III: | 2.11% |
| Class IV: | 0.94% |

The Uniform Price

for February 2022 was announced at \$26.71, an increase of \$7.17 from February 2021.

Total Producer Milk

for February 2022 totaled 205.0 million pounds, and increase of 8.9 million pounds from February 2021.

Total Class I Milk

for February 2022 was 168.4 million pounds, an increase of 7.3 million pounds from February 2021.

Class I Utilization

for February 2022 was 82.15%, an increase of 0.02 percentage points from February 2021.

F.O. 7 - Southeast: February 2022

Producer Milk Utilization:

| | |
|------------|--------|
| Class I: | 77.34% |
| Class II: | 15.12% |
| Class III: | 3.78% |
| Class IV: | 3.76% |

The Uniform Price

for February 2022 was announced at \$25.47, an increase of \$7.75 from February 2021.

Total Producer Milk

for February 2022 totaled 301.3 million pounds, a decrease of 53.8 million pounds from February 2021.

Total Class I Milk

for February 2022 was 233.0 million pounds, a decrease of 20.4 million pounds from February 2021.

Class I Utilization

for February 2022 was 77.34%, an increase of 5.97 percentage points from February 2021.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in February 2022 is \$26.71 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$17.09 per hundredweight plus 3.5 times the uniform butterfat price of \$2.9193 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions.

Receipts of producer milk during February 2022 totaled 205.0 million pounds, 8.9 million pounds more than February 2021. Florida producers supplied 159.3 million pounds of milk in February 2022 or an estimated 78% of the producer milk pooled in Florida. In February 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 February 2022. Total in-area Class I route disposition was 214.1 million pounds in February 2022, 8.3 million pounds more than February 2021.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2022 is \$25.47 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$15.79 per hundredweight plus 3.5 times the uniform butterfat price of 2.9235 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Receipts of producer milk during February 2022 totaled 301.3 million pounds. There were 18 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 February 2022. Total in-area Class I route disposition in the area was 296.0 million pounds in February 2022, a decrease of 23.1 million pounds from February 2021

WASDE Dairy Report ^{1/} WASDE – 622, March 9, 2022

The milk production forecast for 2022 is lowered from last month, on lower dairy cow numbers and slower growth in milk per cow. The fat basis import forecast is lowered on lower expected imports of cheese and butterfat products, while exports are reduced on lower shipments of whole milk powder and whey. On a skim-solids basis, the import forecast is raised, primarily as higher imports of milk proteins more than offset weaker cheese imports.

The export forecast is reduced on weaker expected sales of whey products and skim milk powders. Changes in 2021 estimates of supply and use reflect revised production and stock data. Price forecasts for cheese, butter, nonfat dry milk, and whey are raised from the previous month on current prices, lower expected production, and continued demand strength. With higher product prices, both Class III and the Class IV prices are raised. The 2022 all milk price forecast is increased to \$25.05 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

February 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 | 2,062.7 | 639.0 | 31.0 | 23.67 |
| 5 Appalachian | 424.7 | 303.3 | 71.4 | 24.87 |
| 6 Florida | 205.0 | 168.4 | 82.2 | 26.71 |
| 7 Southeast | 301.3 | 233.0 | 77.3 | 25.47 |
| 30 Upper Midwest | 2,389.6 | 194.9 | 8.2 | 21.19 |
| 32 Central | 1,169.9 | 345.7 | 29.6 | 21.98 |
| 33 Mideast | 1,278.6 | 504.7 | 39.5 | 22.19 |
| 51 California | 1,725.7 | 367.6 | 21.3 | 21.97 |
| 124 Pacific Northwest | 670.6 | 126.4 | 18.9 | 22.45 |
| 126 Southwest | 1,053.0 | 308.6 | 29.3 | 22.40 |
| 131 Arizona | 411.2 | 111.2 | 27.1 | 23.30 |
| | | | | |
| All Orders | 11,692.2 | 3,303.0 | 28.2 | 22.53 |



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