

Dairy Market Outlook

Southern Dairy Conference

Atlanta, GA

September 20, 2022

David P. Anderson

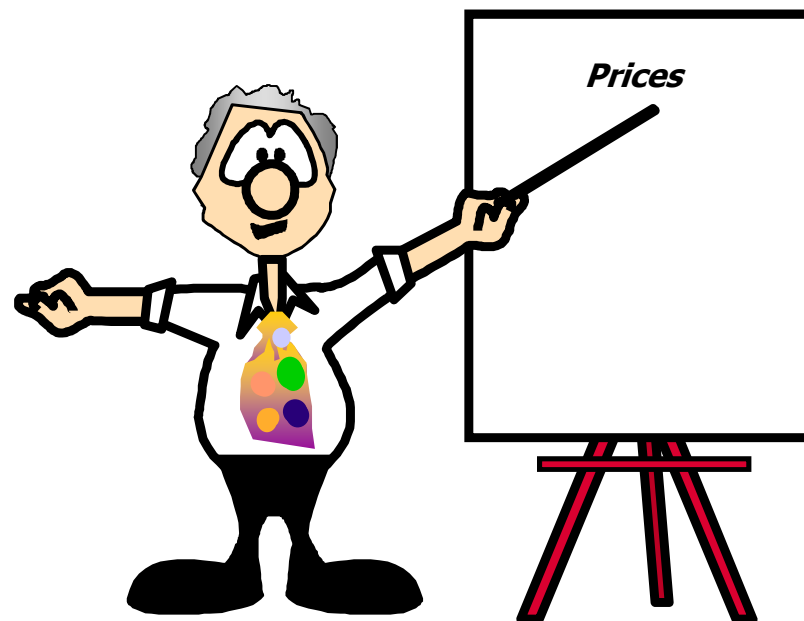
Professor and Extension Economist

Livestock and Food Products Marketing



Overview

- Costs
- Production
- Consumption

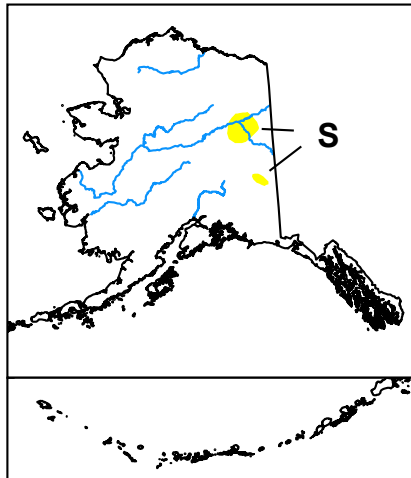
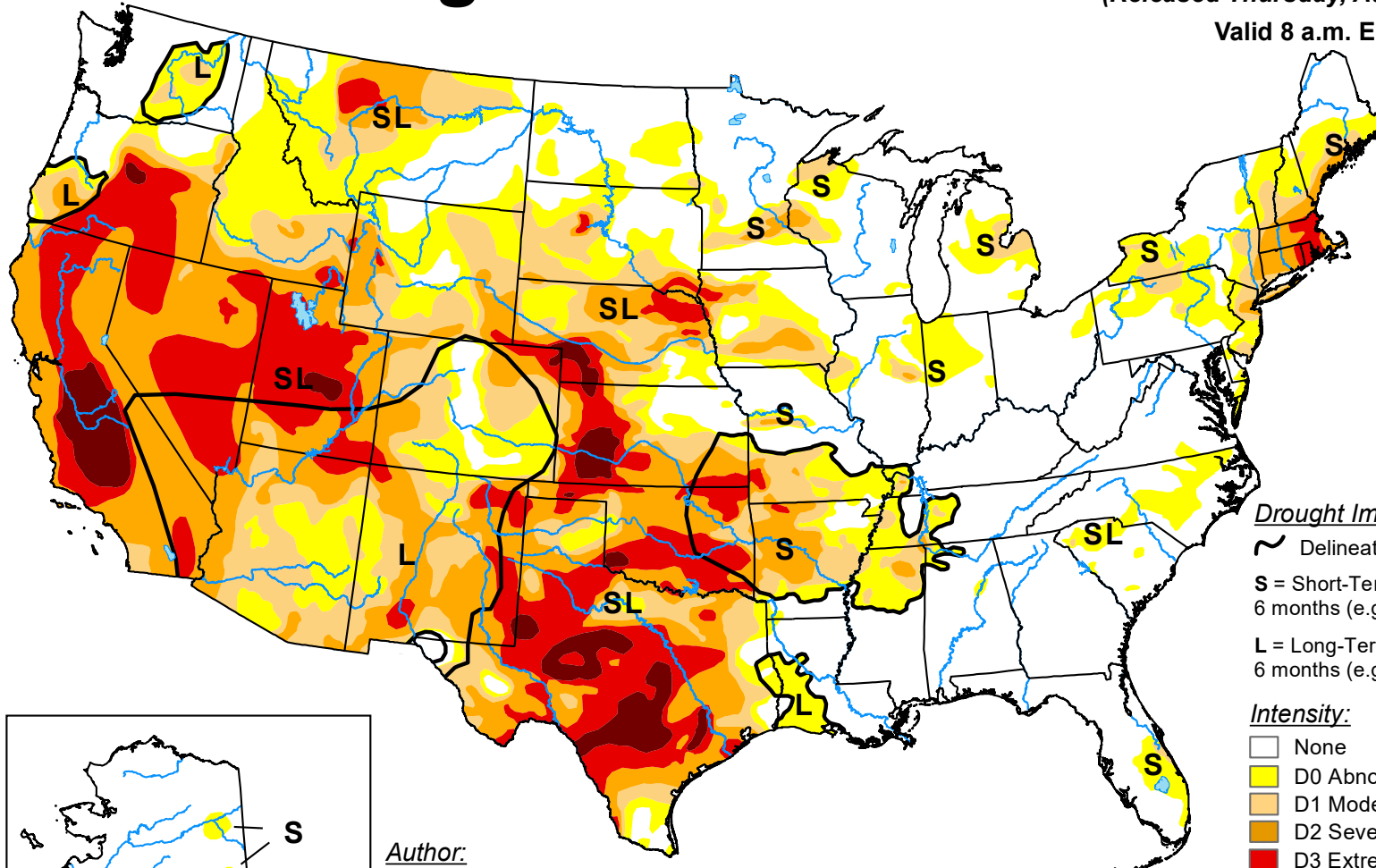


Costs

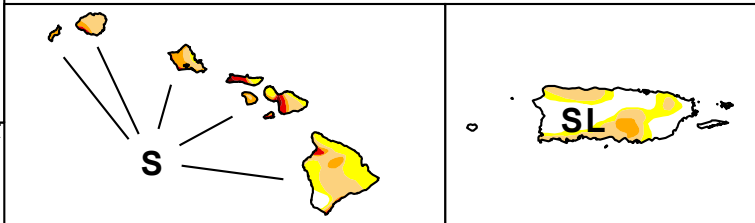
U.S. Drought Monitor

August 23, 2022
 (Released Thursday, Aug. 25, 2022)

Valid 8 a.m. EDT



Author:
 Deborah Bathke
 National Drought Mitigation Center



Drought Impact Types:

- ~ Delineates dominant impacts
- S** = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L** = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

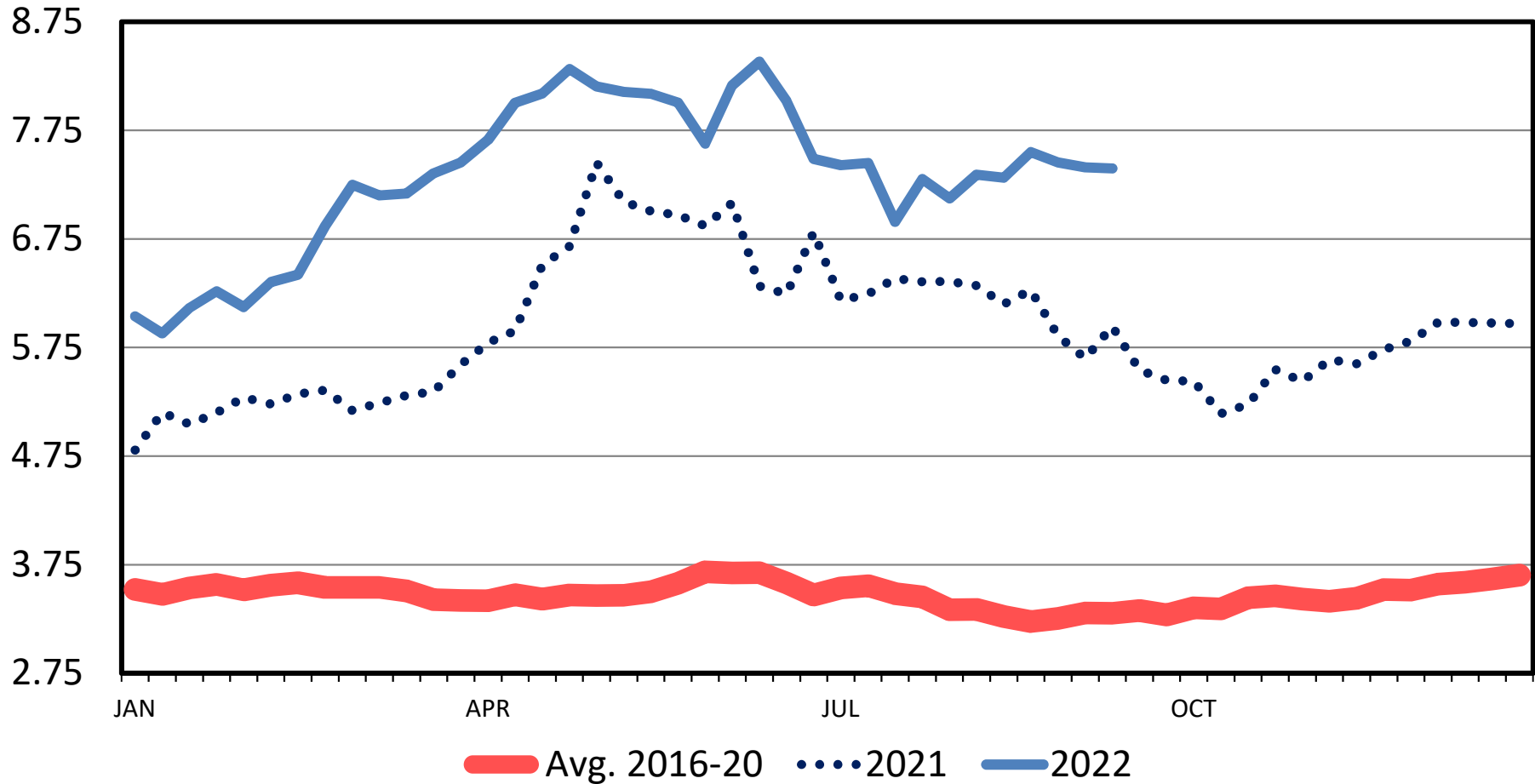


droughtmonitor.unl.edu

OMAHA CORN PRICES

Weekly

\$ Per Bu.

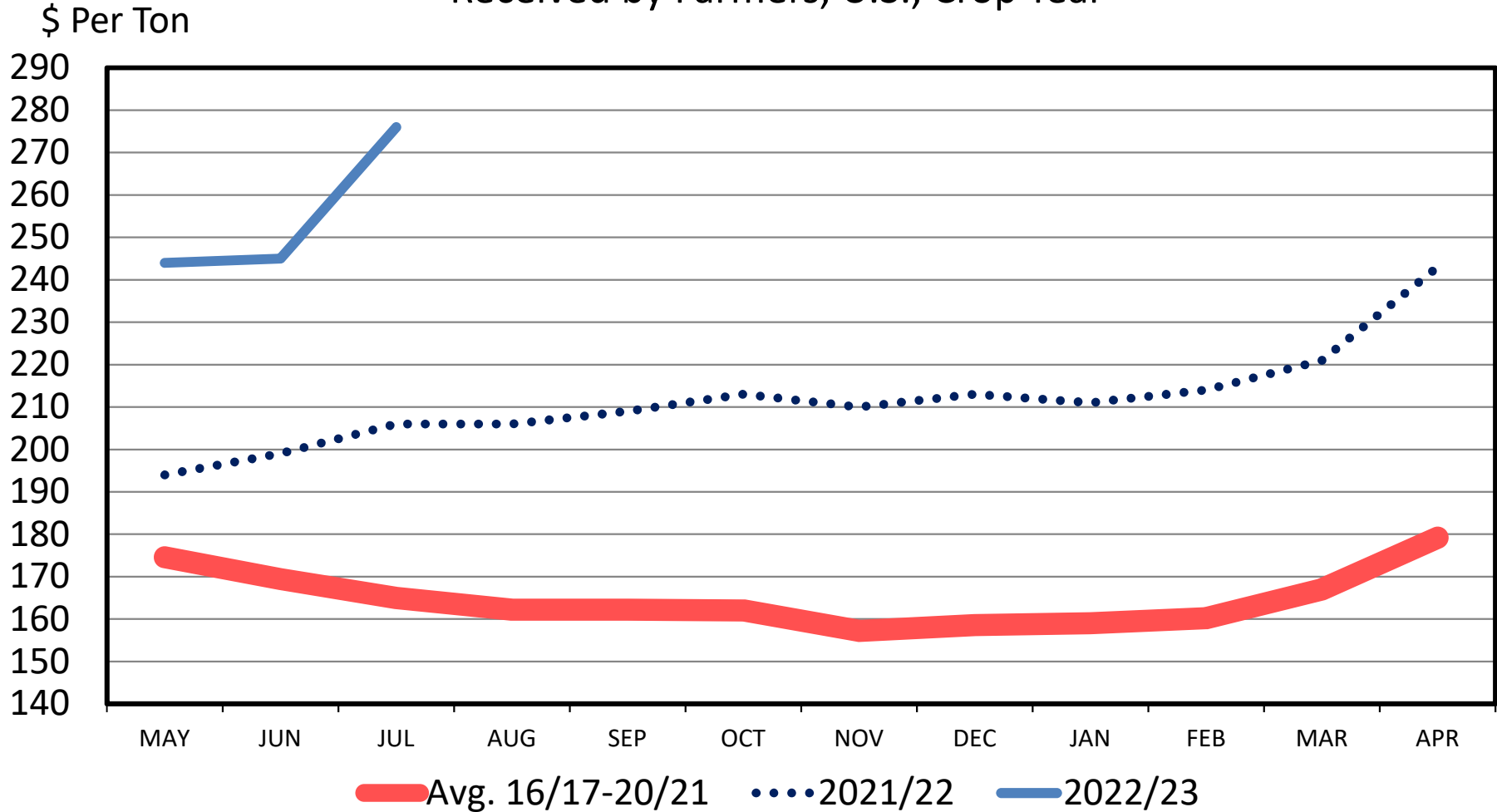


Data Source: USDA-AMS

Livestock Marketing Information Center

ALFALFA HAY – MONTHLY AVERAGE PRICE

Received by Farmers, U.S., Crop Year

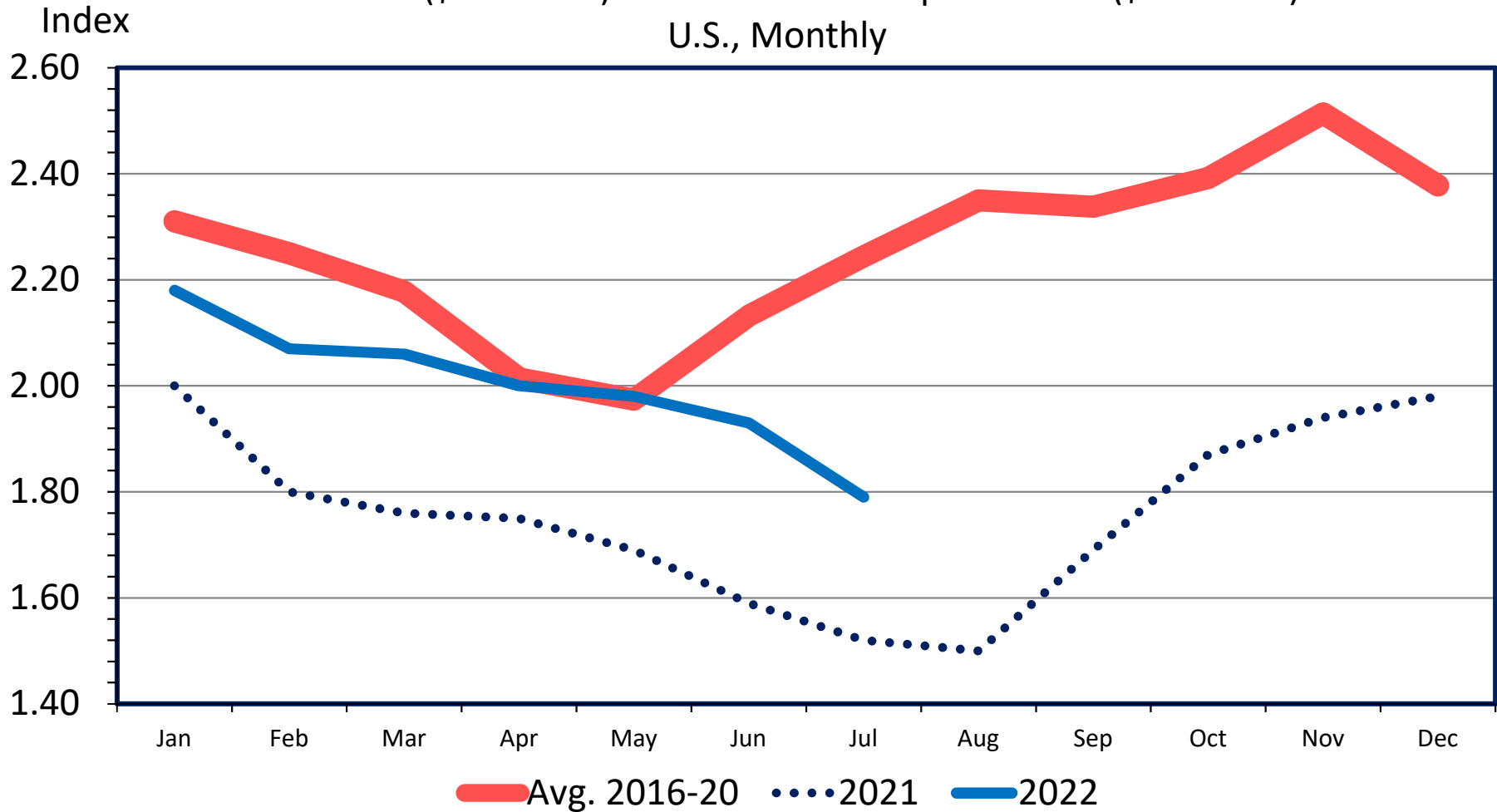


Data Source: USDA-NASS

Livestock Marketing Information Center

MILK-FEED PRICE RATIO

Milk Price (\$ Per Cwt.) to Commercial Prepared Feed (\$ Per Cwt.)
U.S., Monthly



Data Source: USDA-NASS

Livestock Marketing Information Center

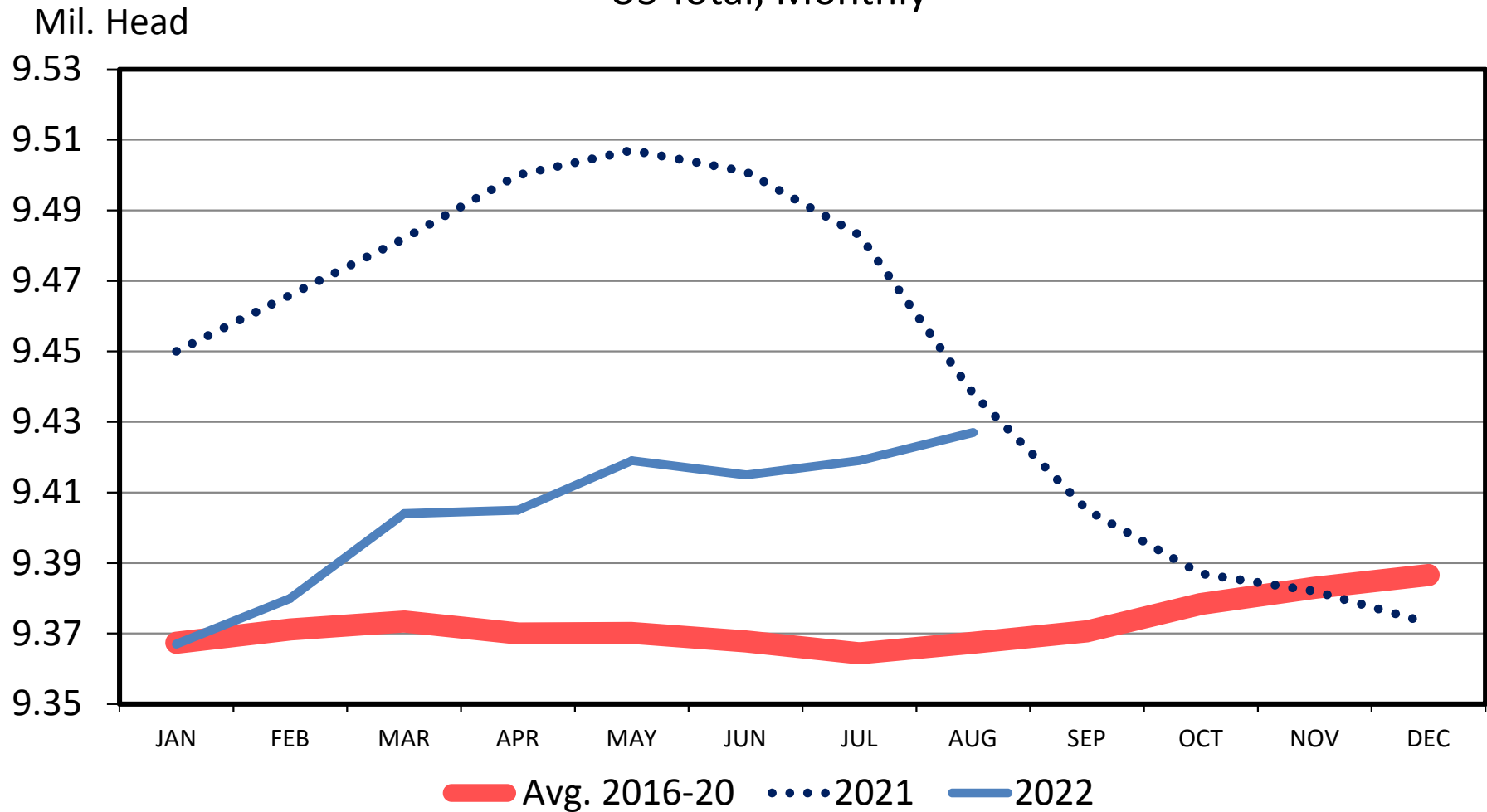
Production

Dairy Cows and Milk

- Building Cow Numbers
 - Prices building production
- Is There a Lack of Heifers for Expansion?
- Production Increasing
- Regional Production
 - Bigger dairies, lower costs, changing regional production

DAIRY COW INVENTORY

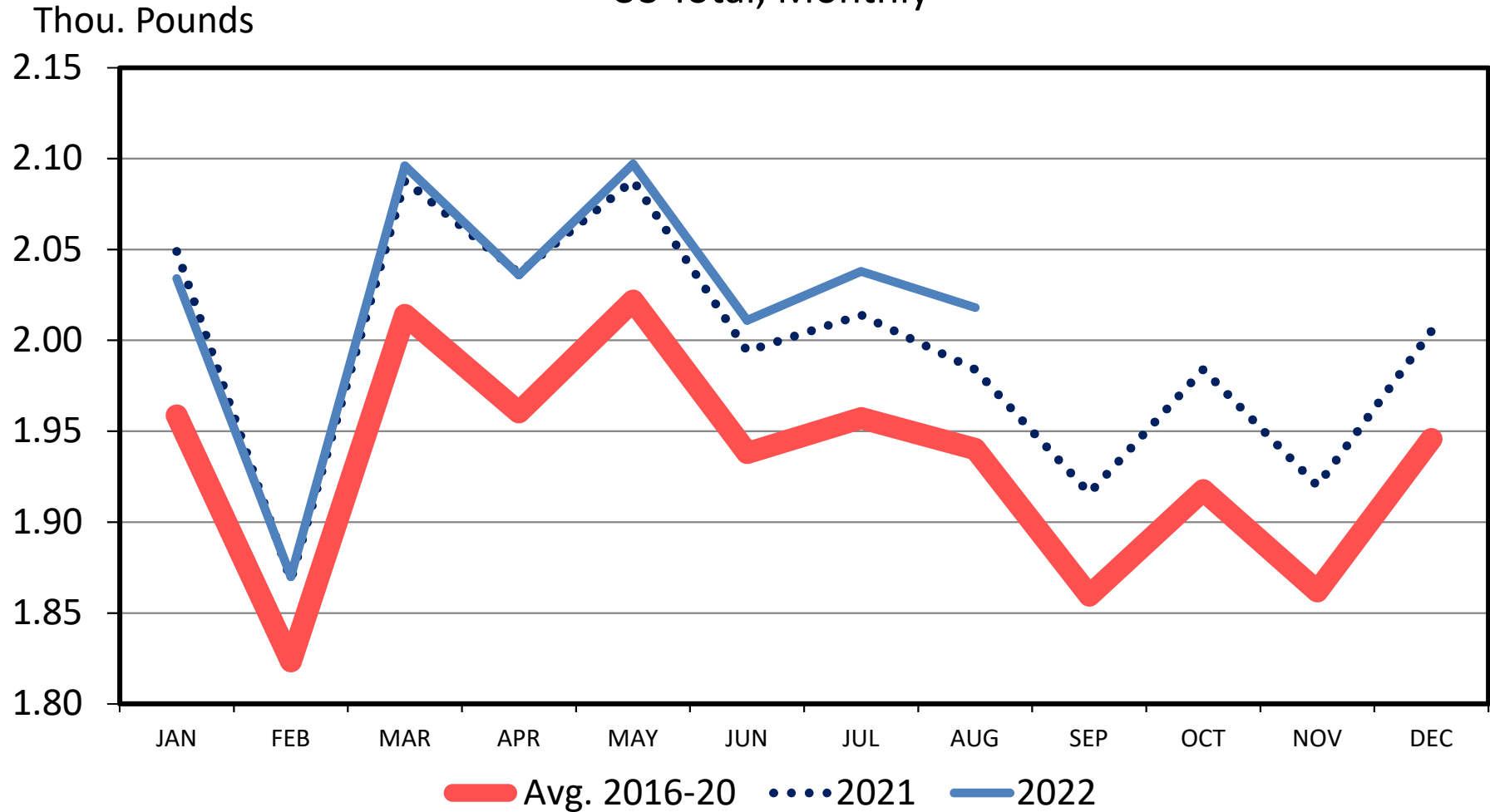
US Total, Monthly



Data Source: USDA-NASS
Livestock Marketing Information Center

MILK PRODUCED PER COW

US Total, Monthly

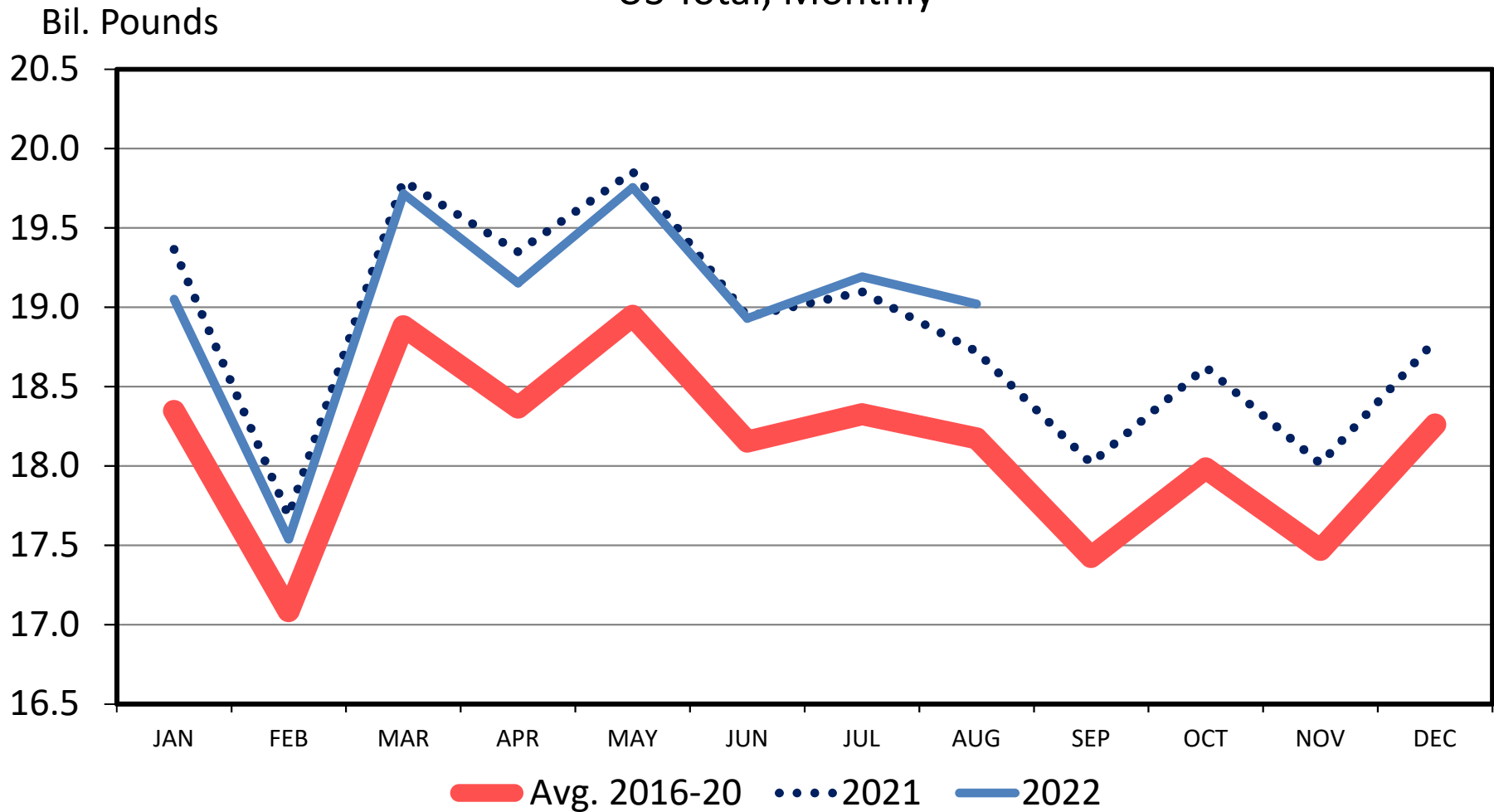


Data Source: USDA-NASS

Livestock Marketing Information Center

MILK PRODUCTION

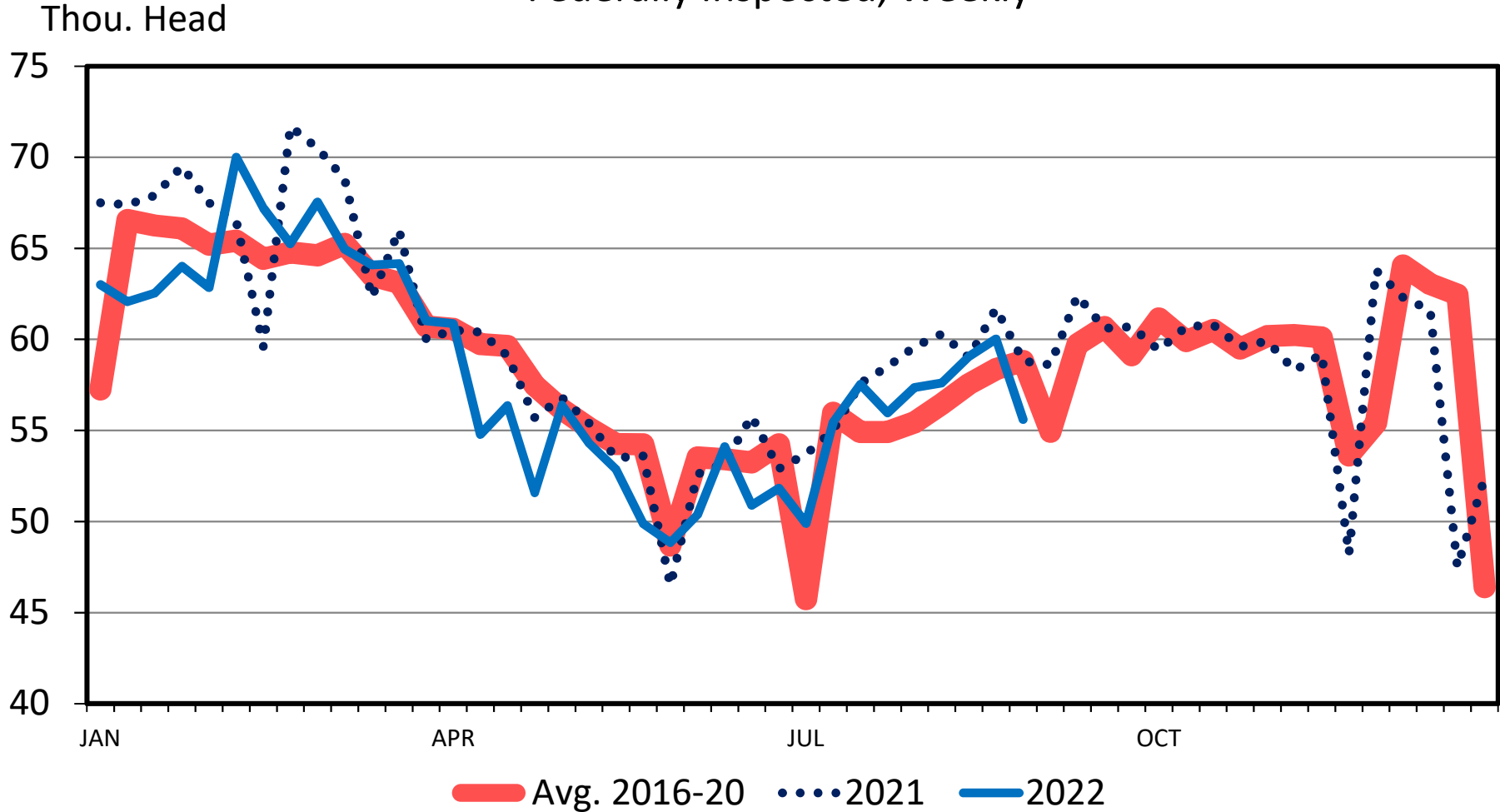
US Total, Monthly



Data Source: USDA-NASS
Livestock Marketing Information Center

DAIRY COW SLAUGHTER

Federally Inspected, Weekly

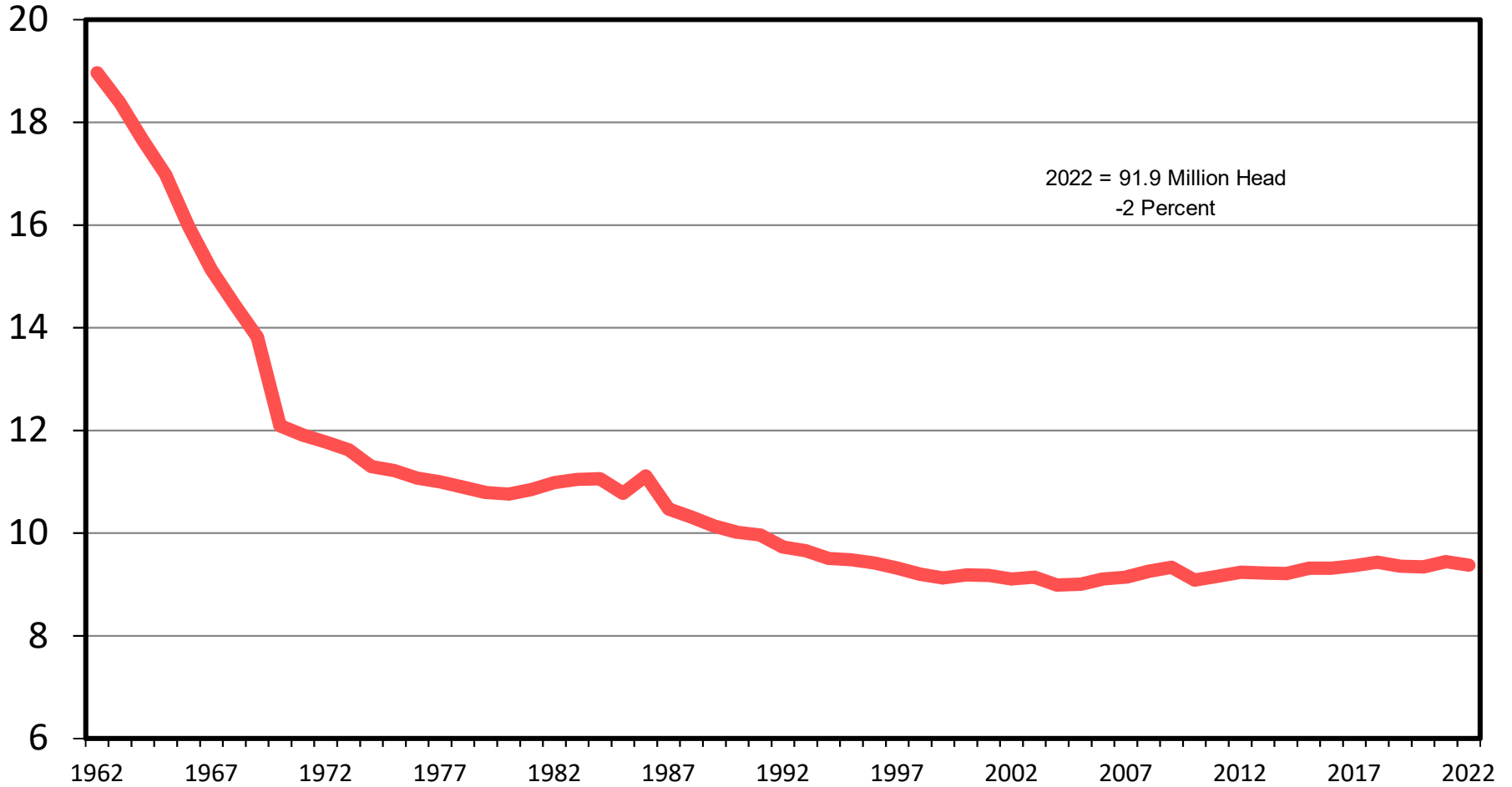


Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

JANUARY 1 DAIRY COW INVENTORY

U.S., Annual

Mil. Head

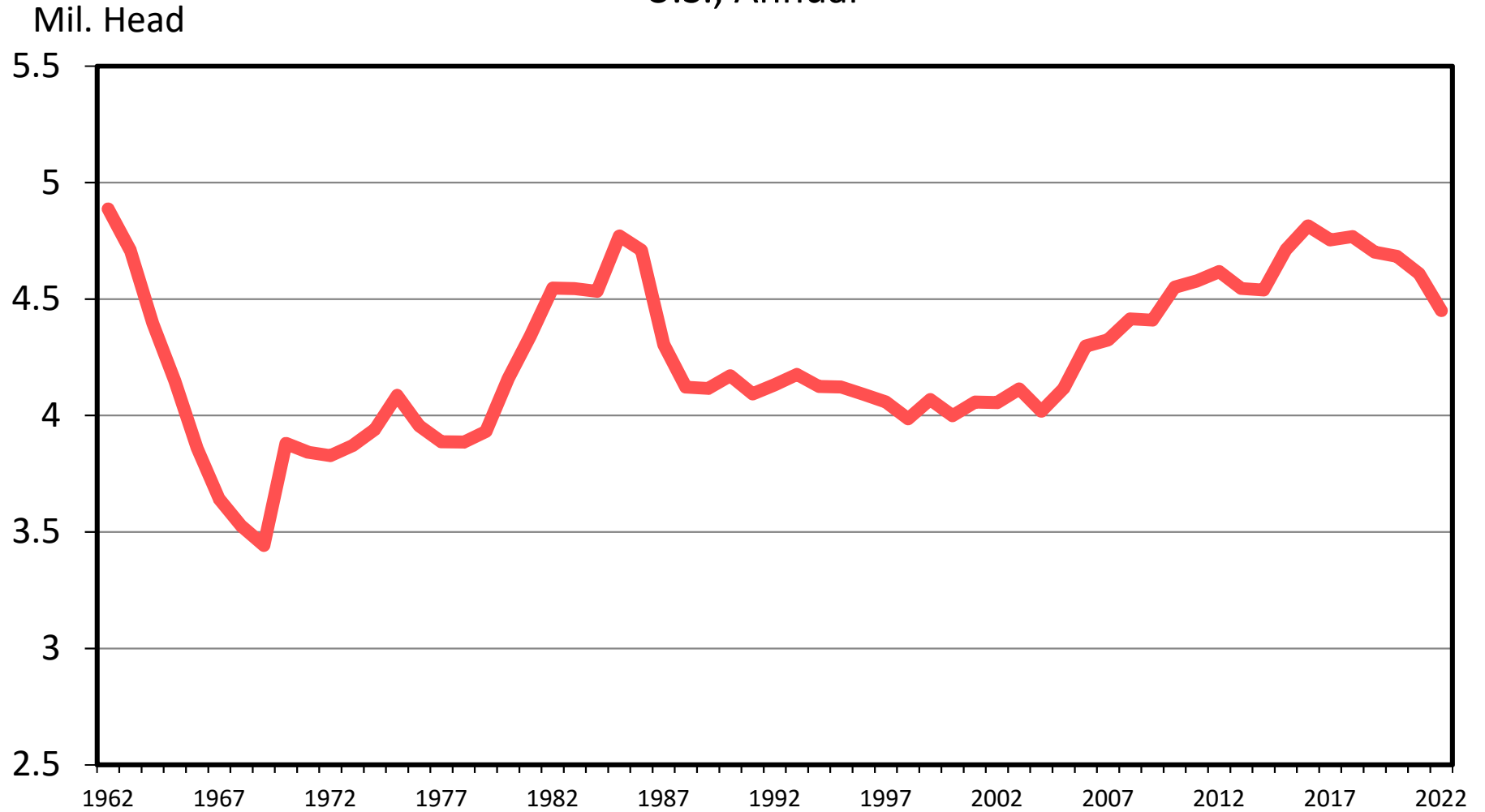


2022 = 91.9 Million Head
-2 Percent

Data Source: USDA-NASS
Livestock Marketing Information Center

JANUARY 1 DAIRY HEIFER INVENTORY

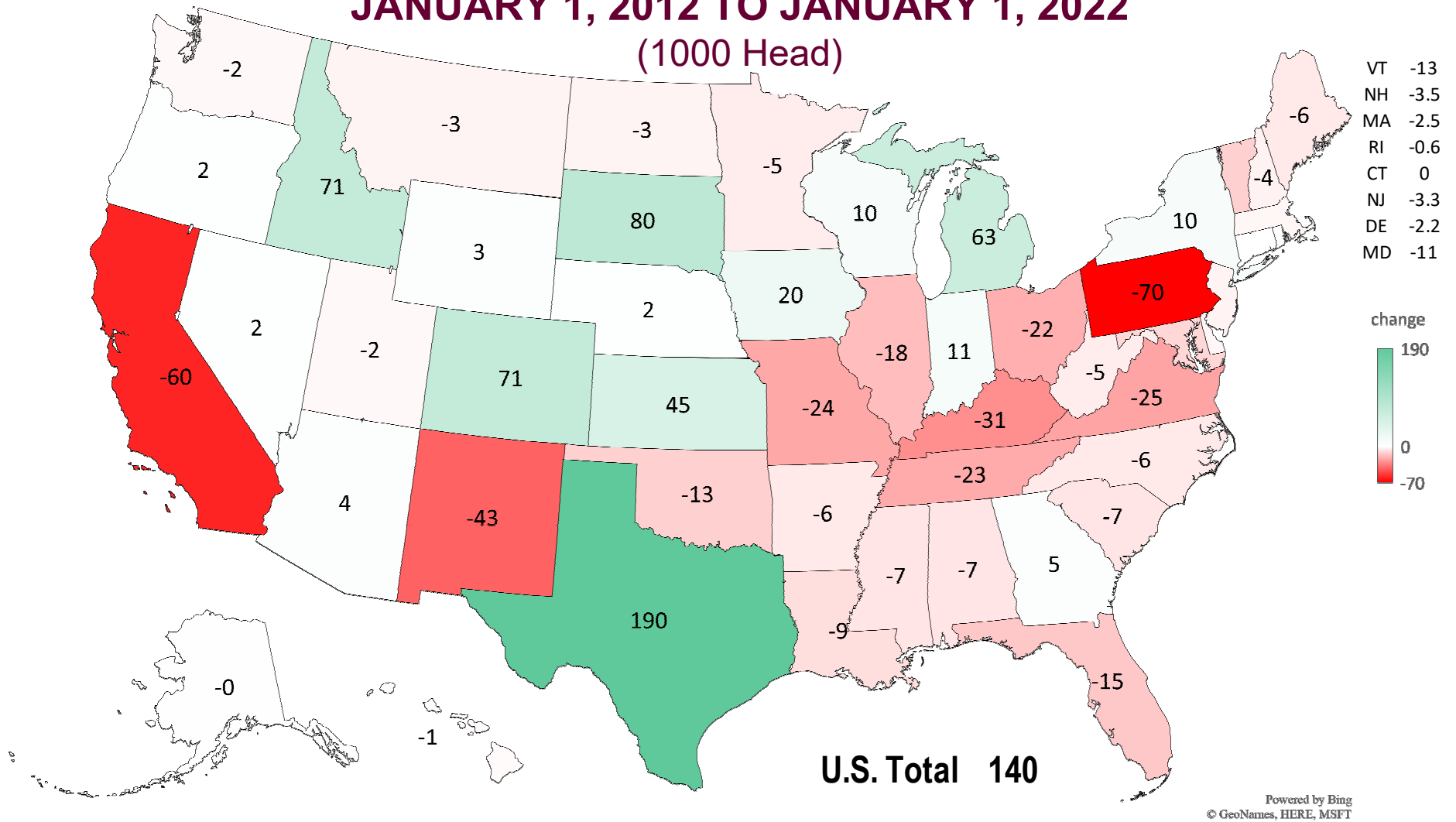
U.S., Annual



Data Source: USDA-NASS

Livestock Marketing Information Center

CHANGE IN MILK COWS THAT HAVE CALVED JANUARY 1, 2012 TO JANUARY 1, 2022 (1000 Head)



Livestock Marketing Information Center
Data Source: USDA-NASS

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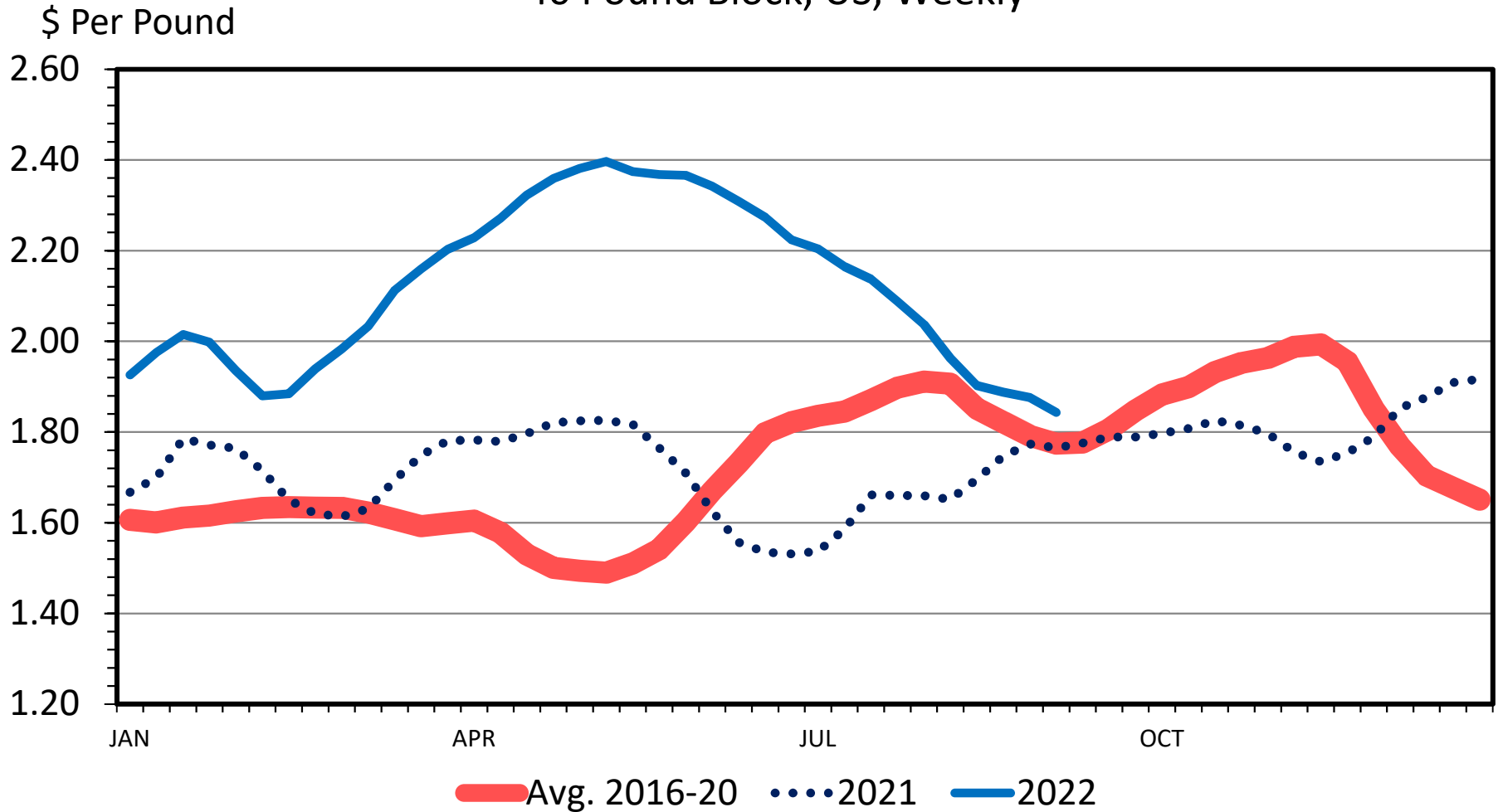
Prices

Prices

- Record High Butter Price
 - Churning lagging
 - High prices around world
- Plenty of Cheese
- Seasonal Demand to Come

CHEDDAR CHEESE PRICES

40 Pound Block, US, Weekly

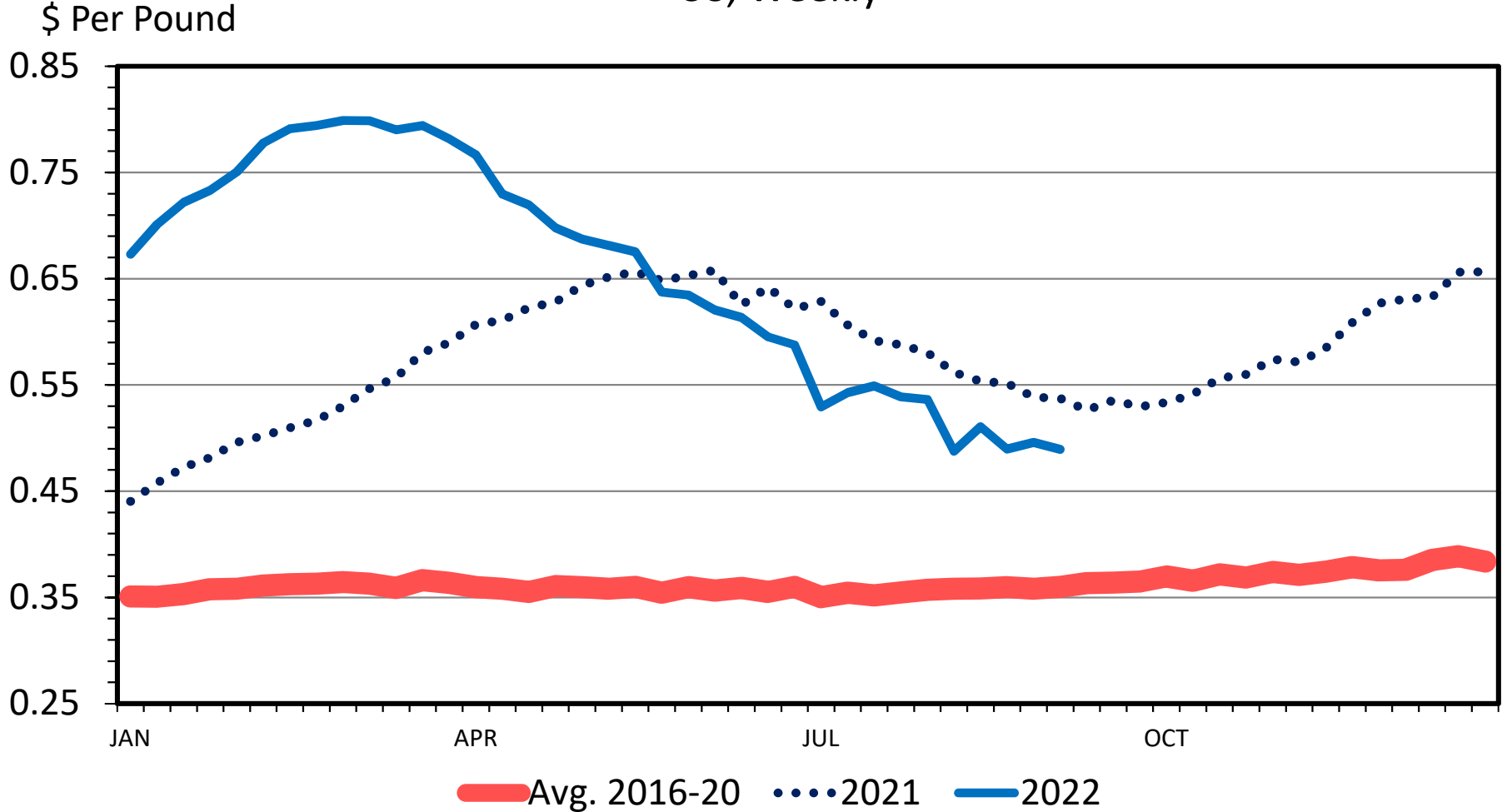


Data Source: USDA-NASS

Livestock Marketing Information Center

DRY WHEY PRICES

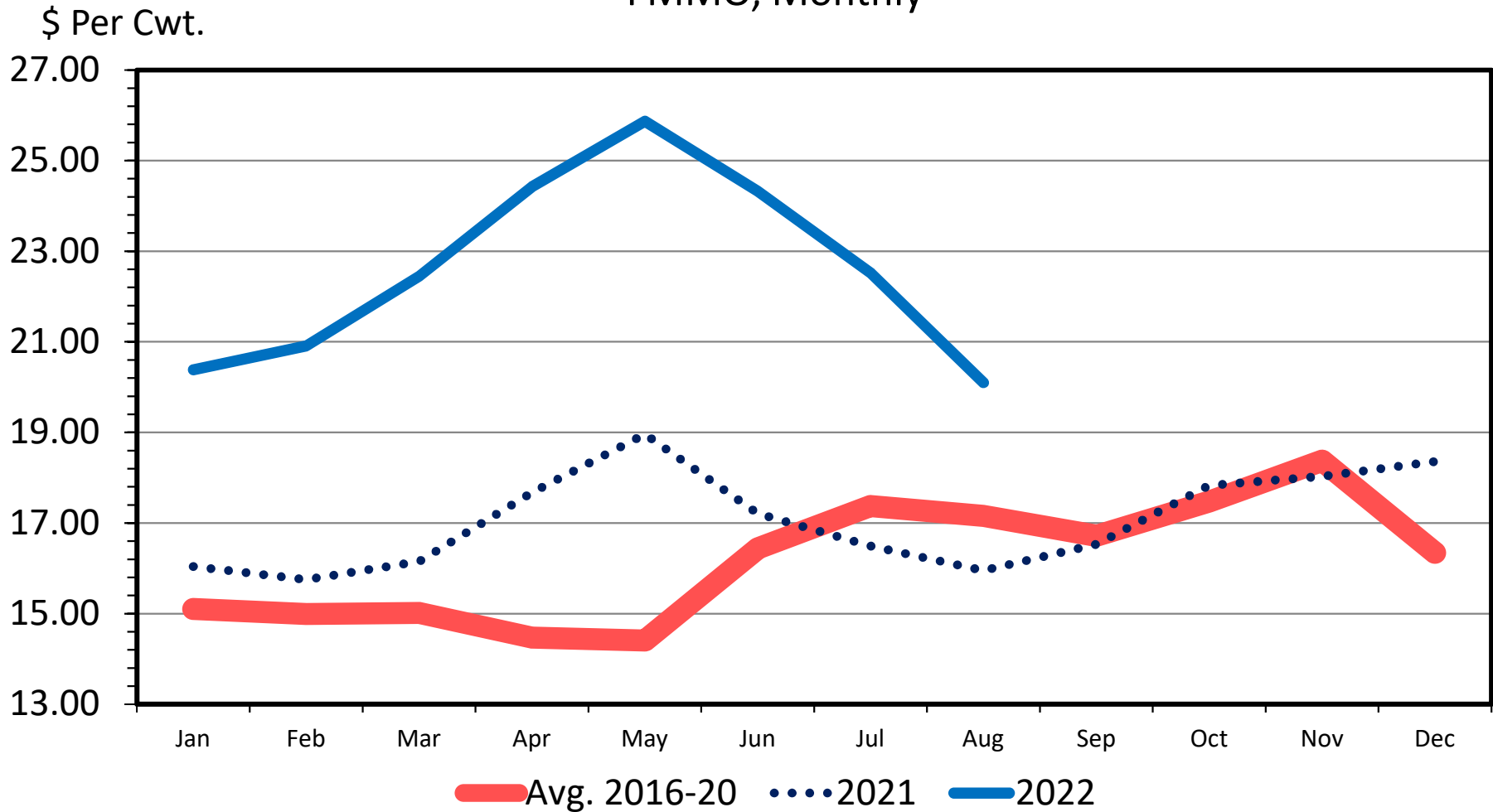
US, Weekly



Data Source: USDA-NASS
Livestock Marketing Information Center

CLASS III MILK PRICES

FMMO, Monthly

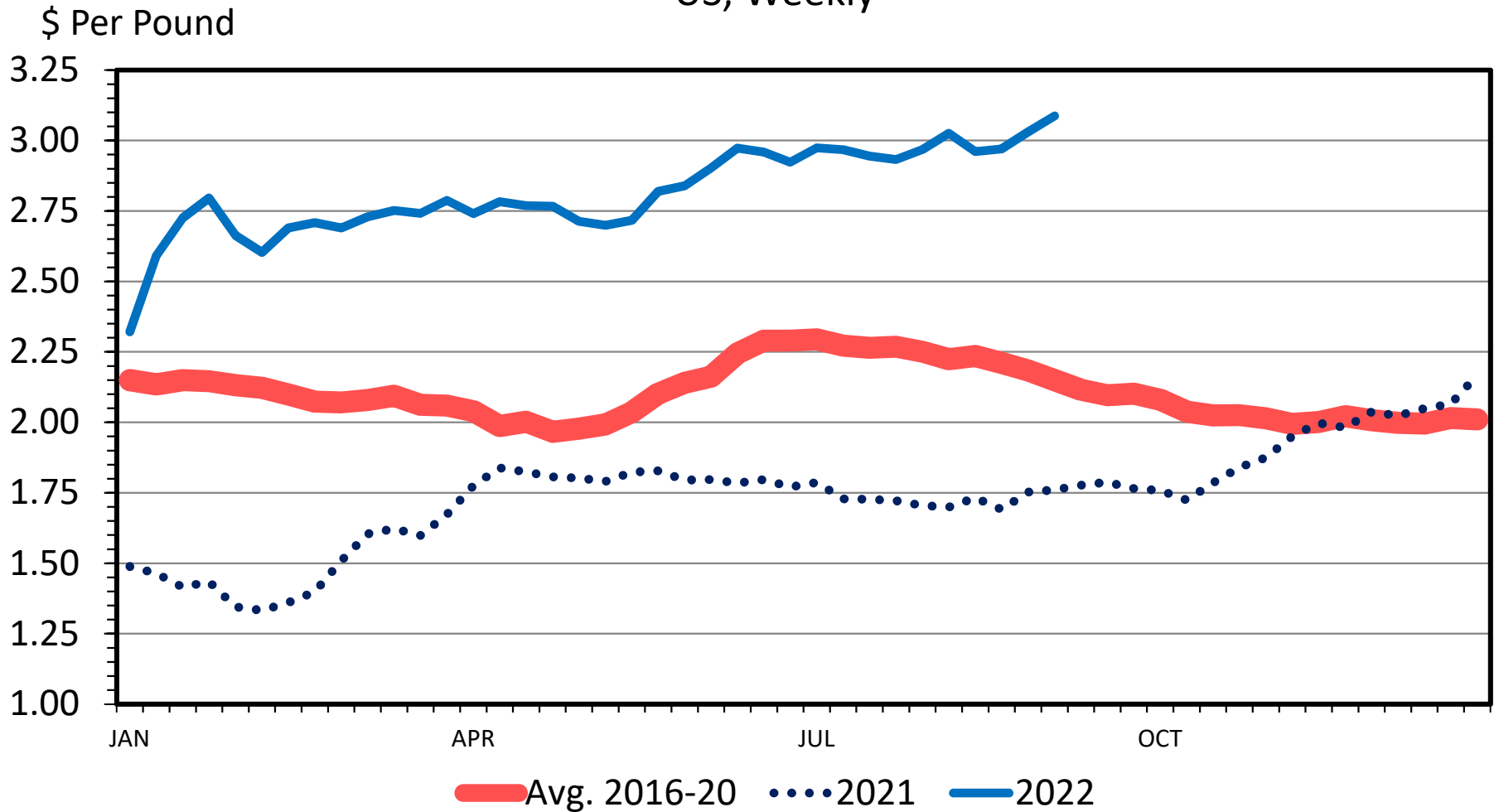


Data Source: USDA-AMS, Dairy Market News

Livestock Marketing Information Center

BUTTER PRICES

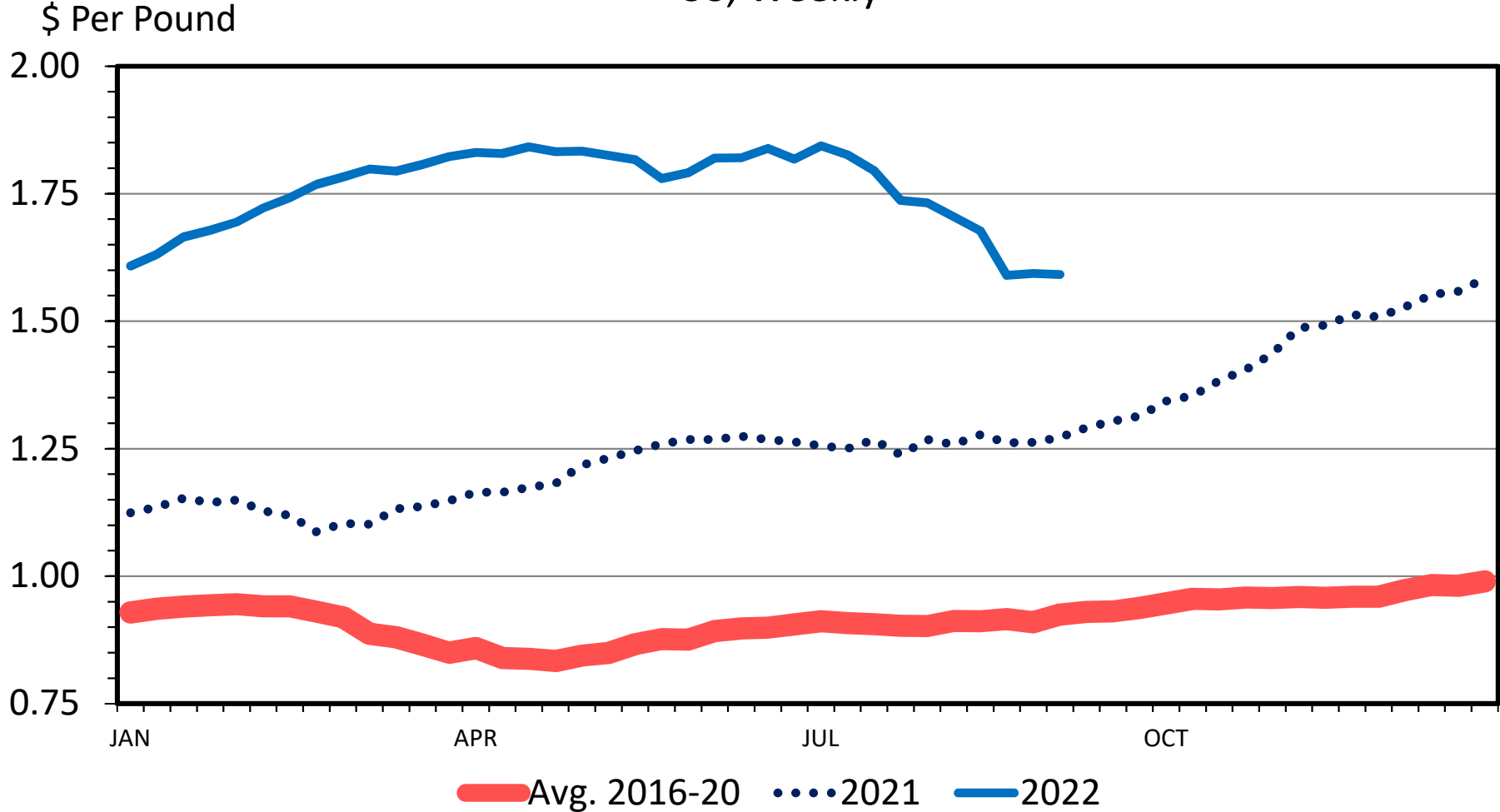
US, Weekly



Data Source: USDA-NASS
Livestock Marketing Information Center

NONFAT DRY MILK PRICES

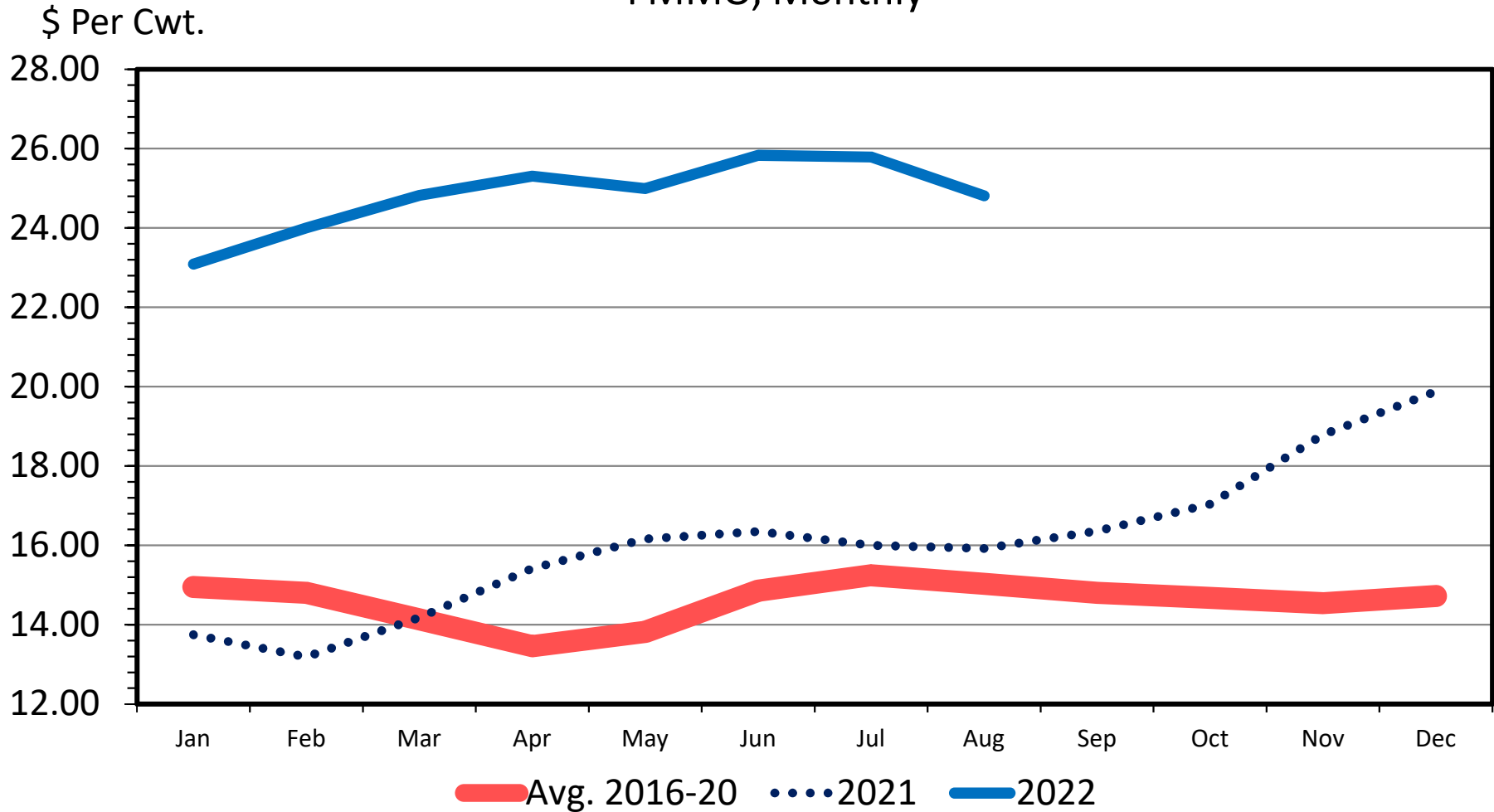
US, Weekly



Data Source: USDA-NASS
Livestock Marketing Information Center

CLASS IV MILK PRICES

FMMO, Monthly

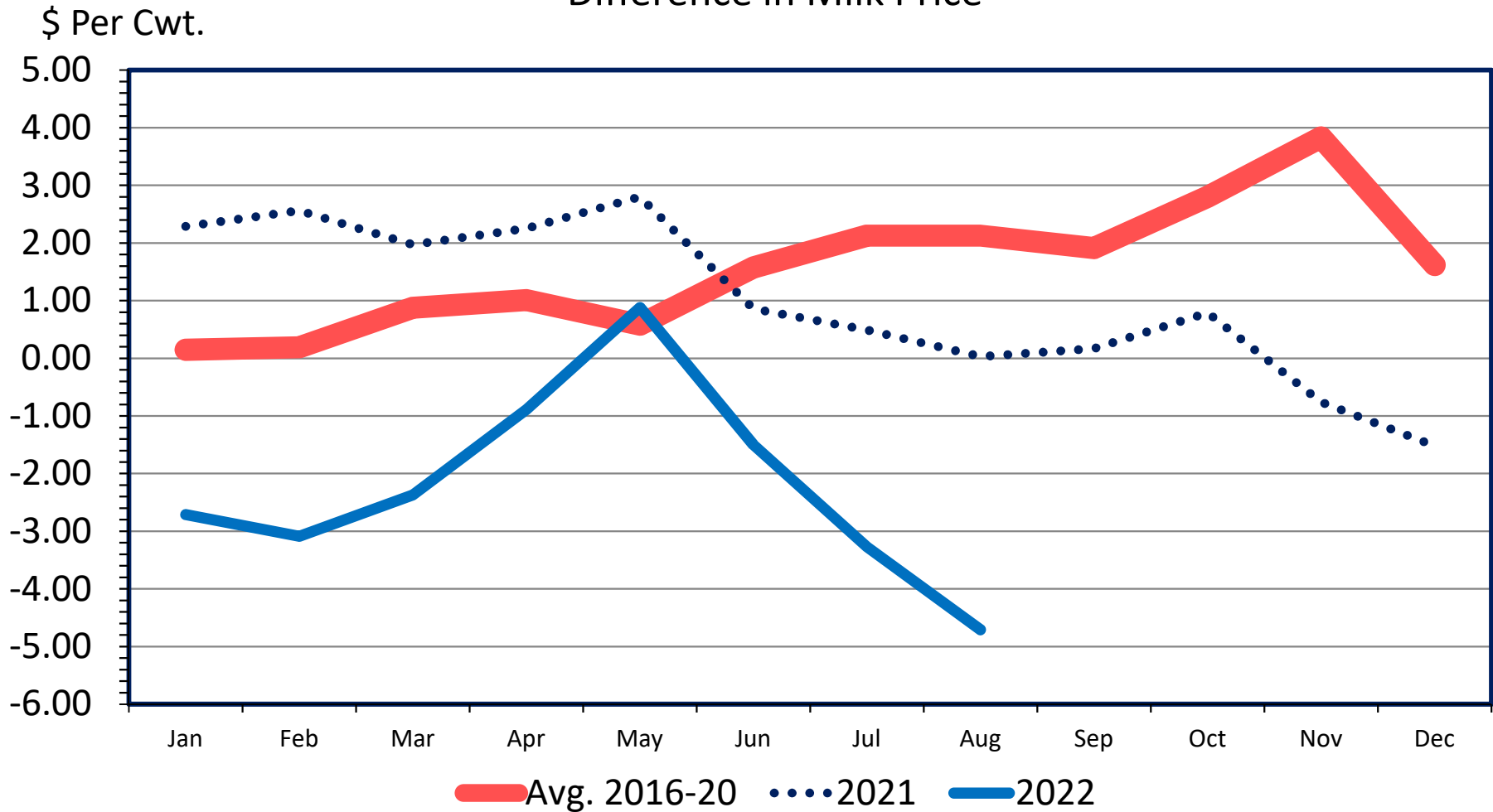


Data Source: USDA-AMS, Dairy Market News

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CLASS III – CLASS IV

Difference in Milk Price

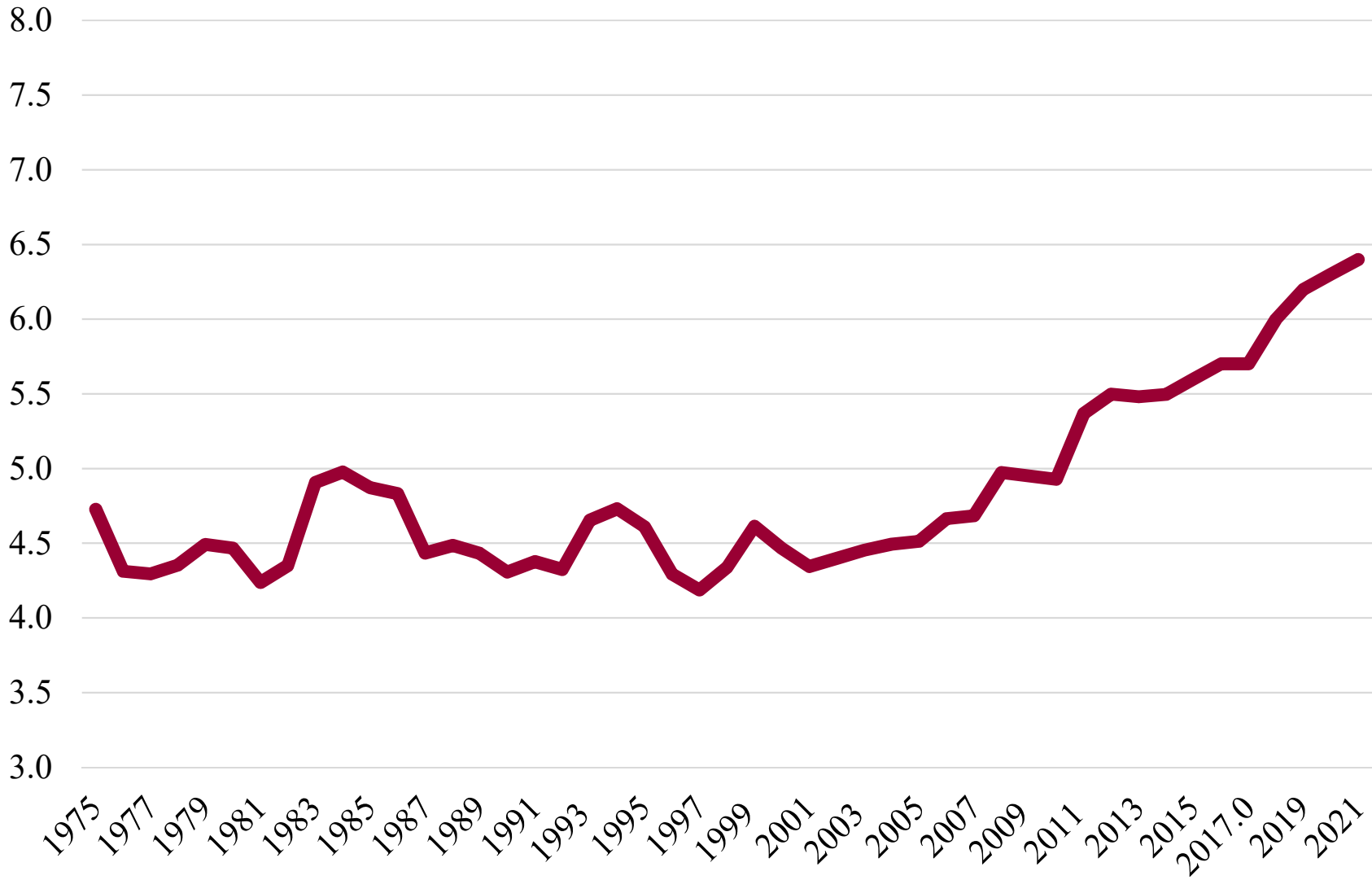


Data Source: USDA-AMS, Dairy Market News, Compiled by LMIC

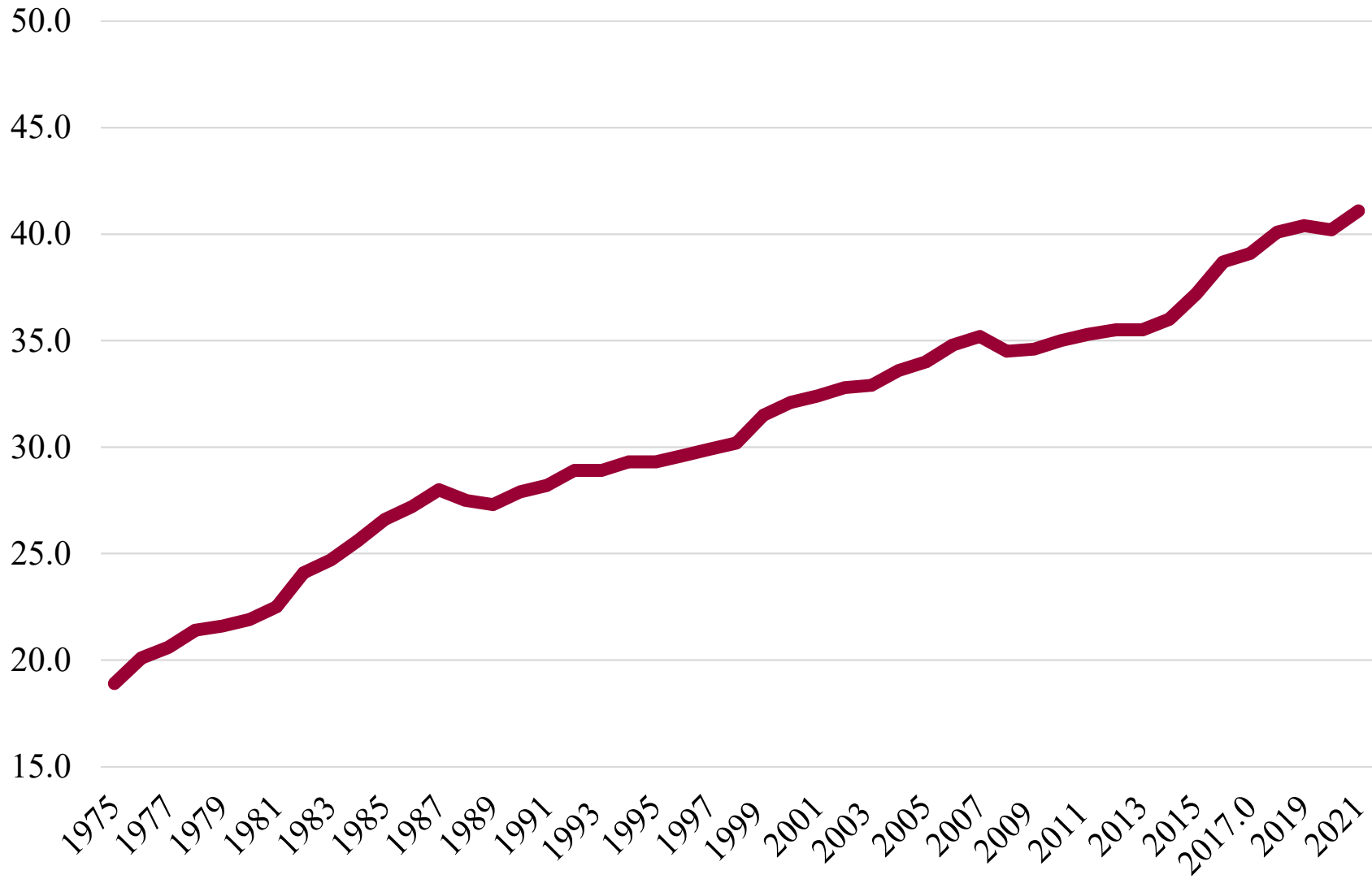
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Consumption and Demand

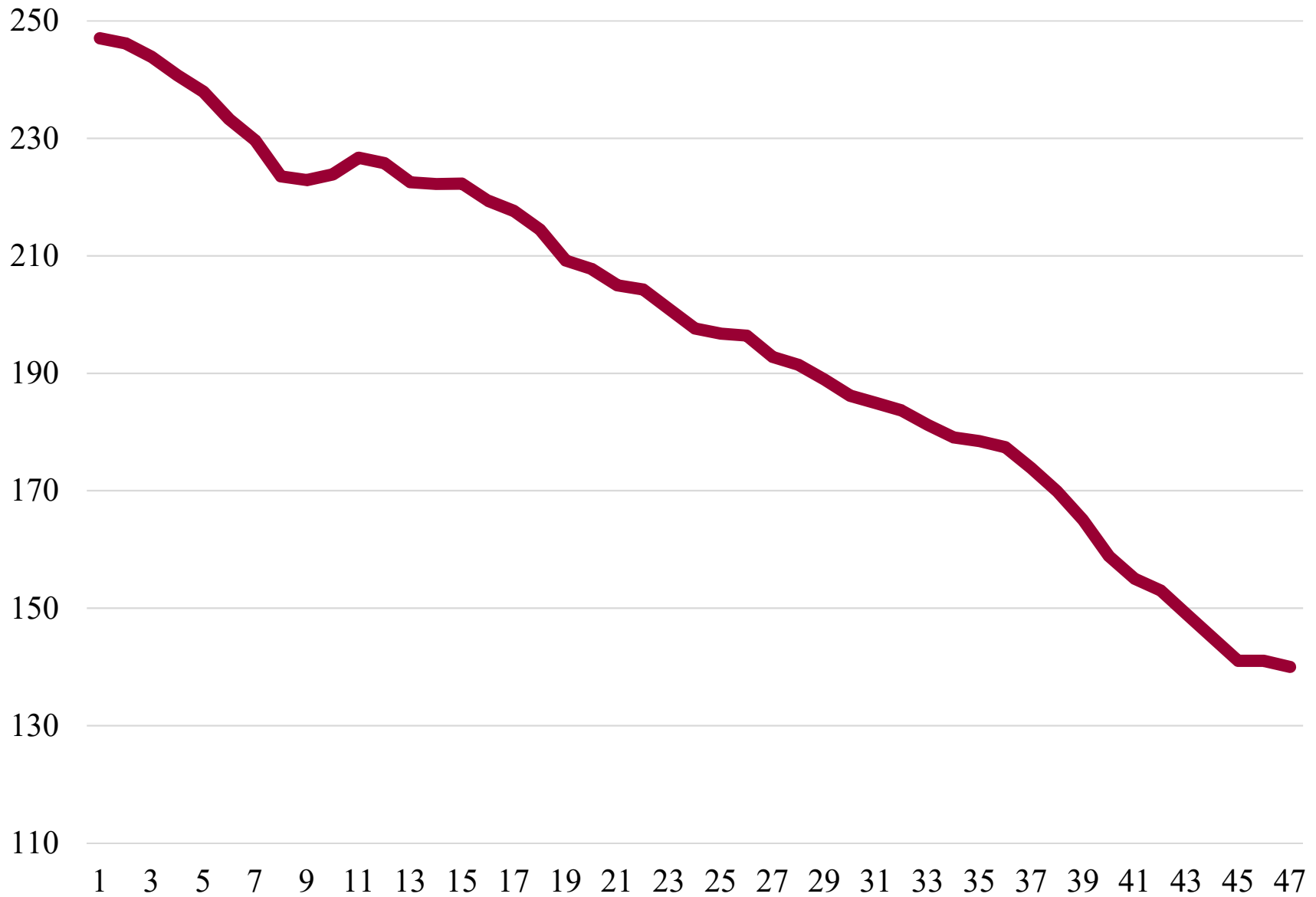
Butter Per Capita Consumption, Pounds



Cheese Per Capita Consumption, Pounds

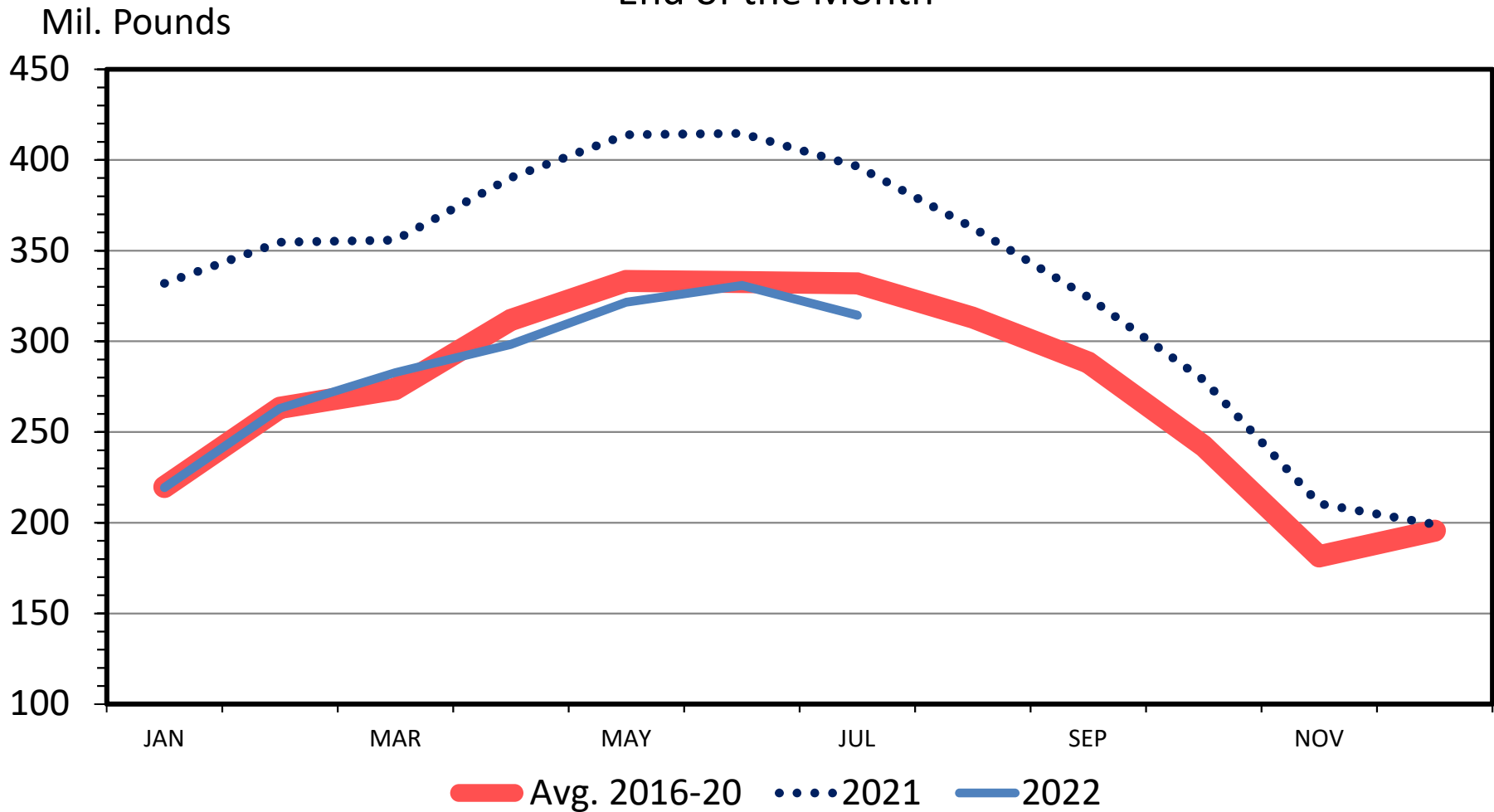


Milk Per Capita Consumption, Pounds



BUTTER IN COLD STORAGE

End of the Month



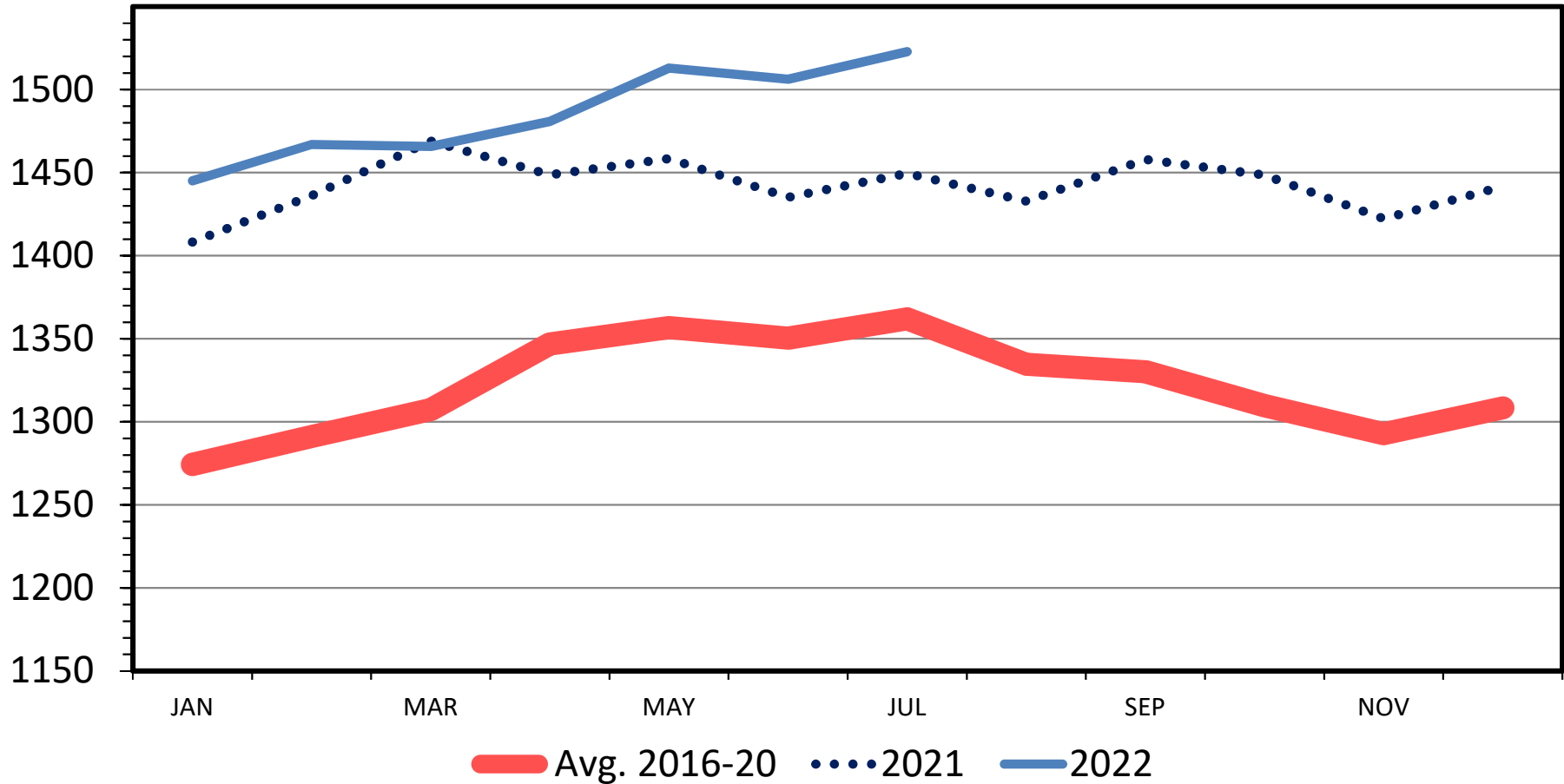
Data Source: USDA-NASS

Livestock Marketing Information Center

TOTAL CHEESE IN COLD STORAGE

End of the Month

Mil. Pounds

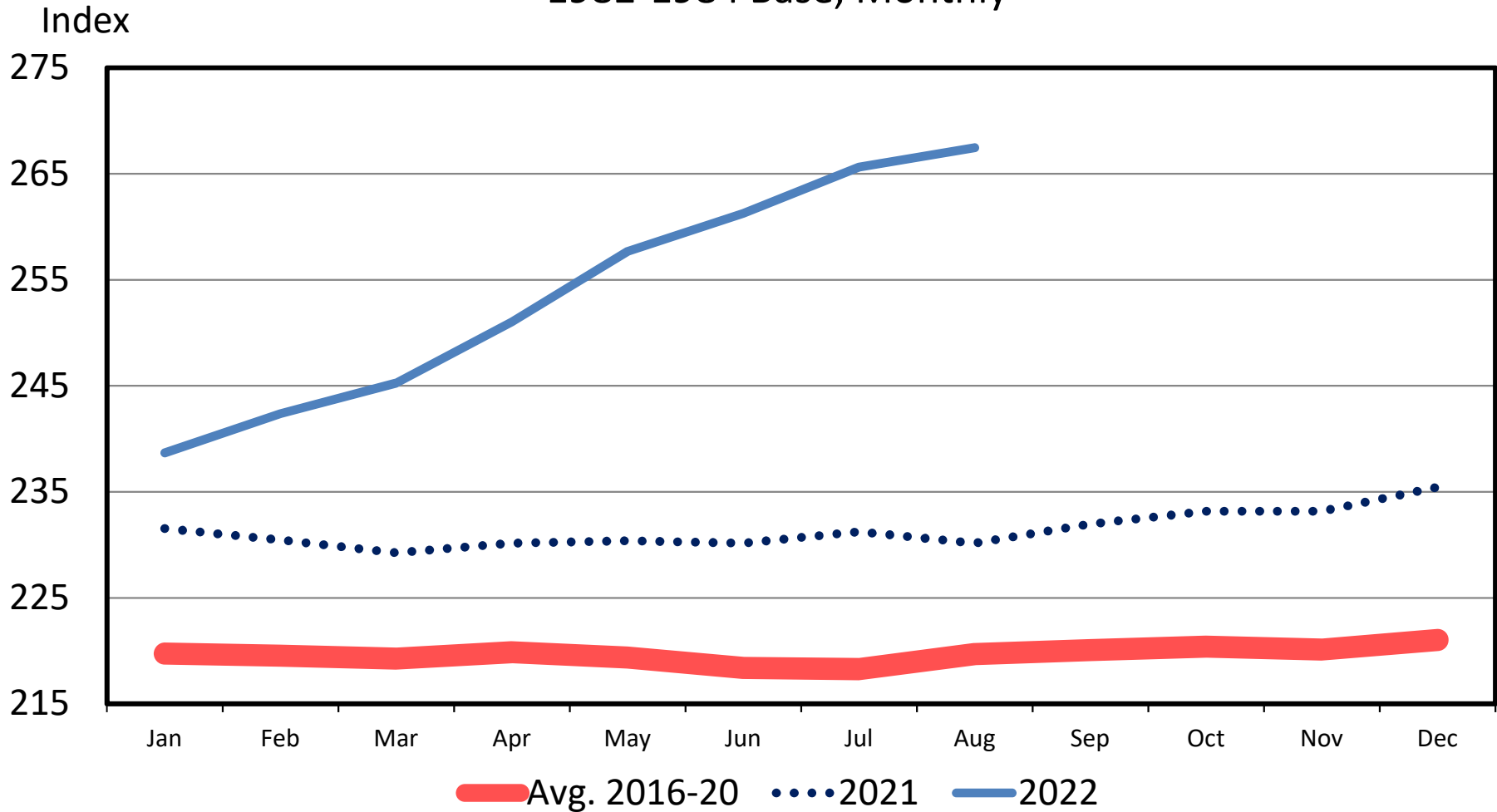


Data Source: USDA-NASS

Livestock Marketing Information Center

CPI – DAIRY & RELATED PRODUCTS

1982-1984 Base, Monthly



Data Source: Bureau of Labor Statistics
Livestock Marketing Information Center

Projected Prices for 2021-2023

| | Production | Class III | All Milk |
|---------------|-------------------|------------------|-----------------|
| 2021 | 226.3 | 17.08 | 18.53 |
| 2022 I | 56.3 | 21.25 | 24.93 |
| II | 57.8 | 24.87 | 27.10 |
| III | 56.2 | 20.80-21.40 | 24.00-24.50 |
| IV | 56.3 | 19.50-20.00 | 21.75-22.25 |
| 2023 I | 57.2 | 19.50-20.50 | 21.50-22.50 |
| II | 58.5 | 18.75-19.55 | 22.05-22.85 |
| III | 56.6 | 18.80-20.10 | 21.20-22.50 |
| IV | 56.4 | 20.70-22.00 | 22.45-23.75 |

Summary

- Higher Costs, Pressure Growth
- Higher Prices
 - Price growth exceed cost growth?
- Ability to Manage Production Growth
- Continued Large Farm Growth, Pressure on Small Farms, Regional
- FMMO and Other Policy Changes?

Contact

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THANK YOU!

