

2022 Dairy Outlook

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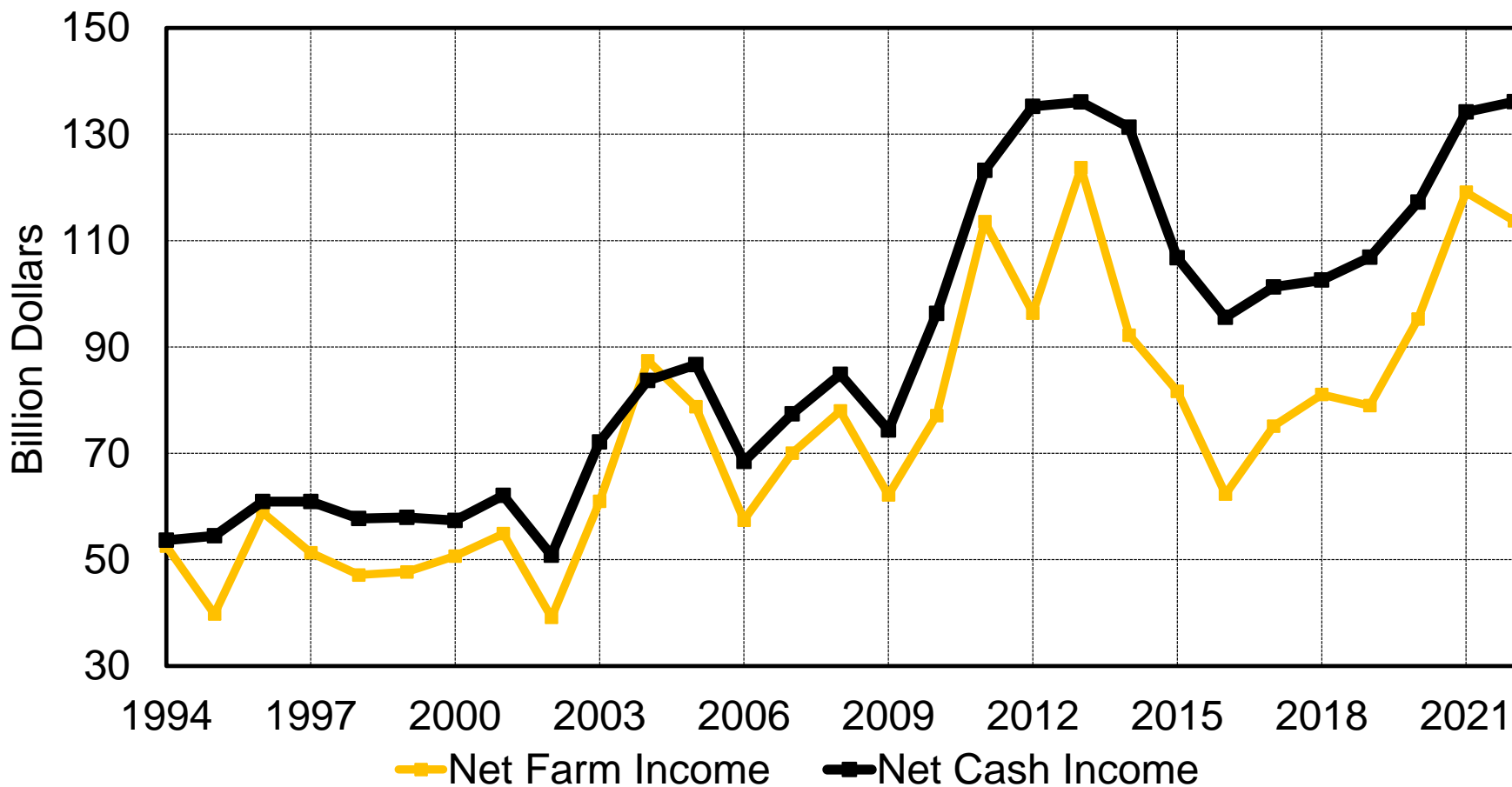
University of Missouri

Unprecedented!

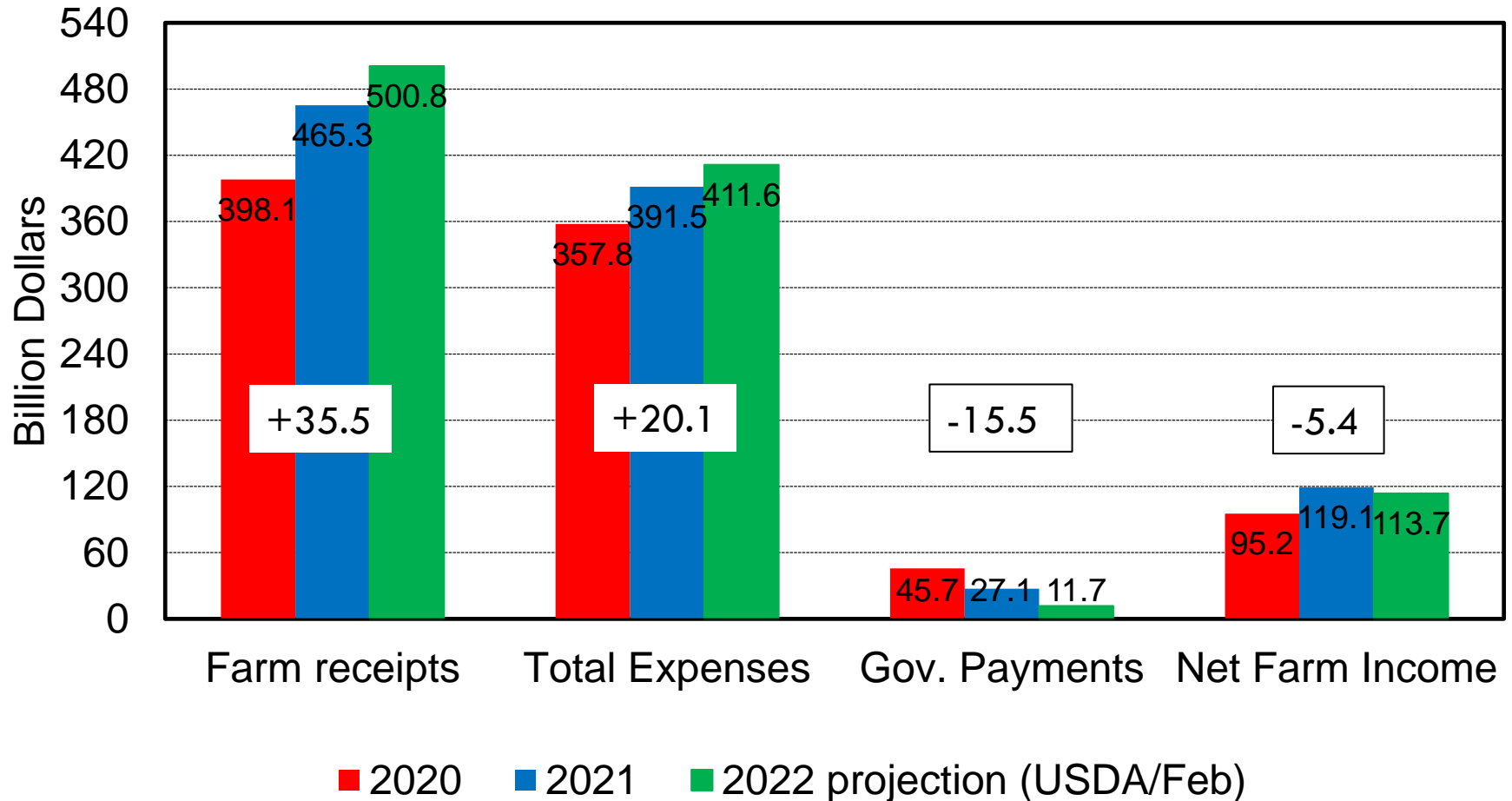
- Outlook is impossible in this volatile world!
- High milk prices
- High costs
- Supply chain disruptions
- What is normal anymore?



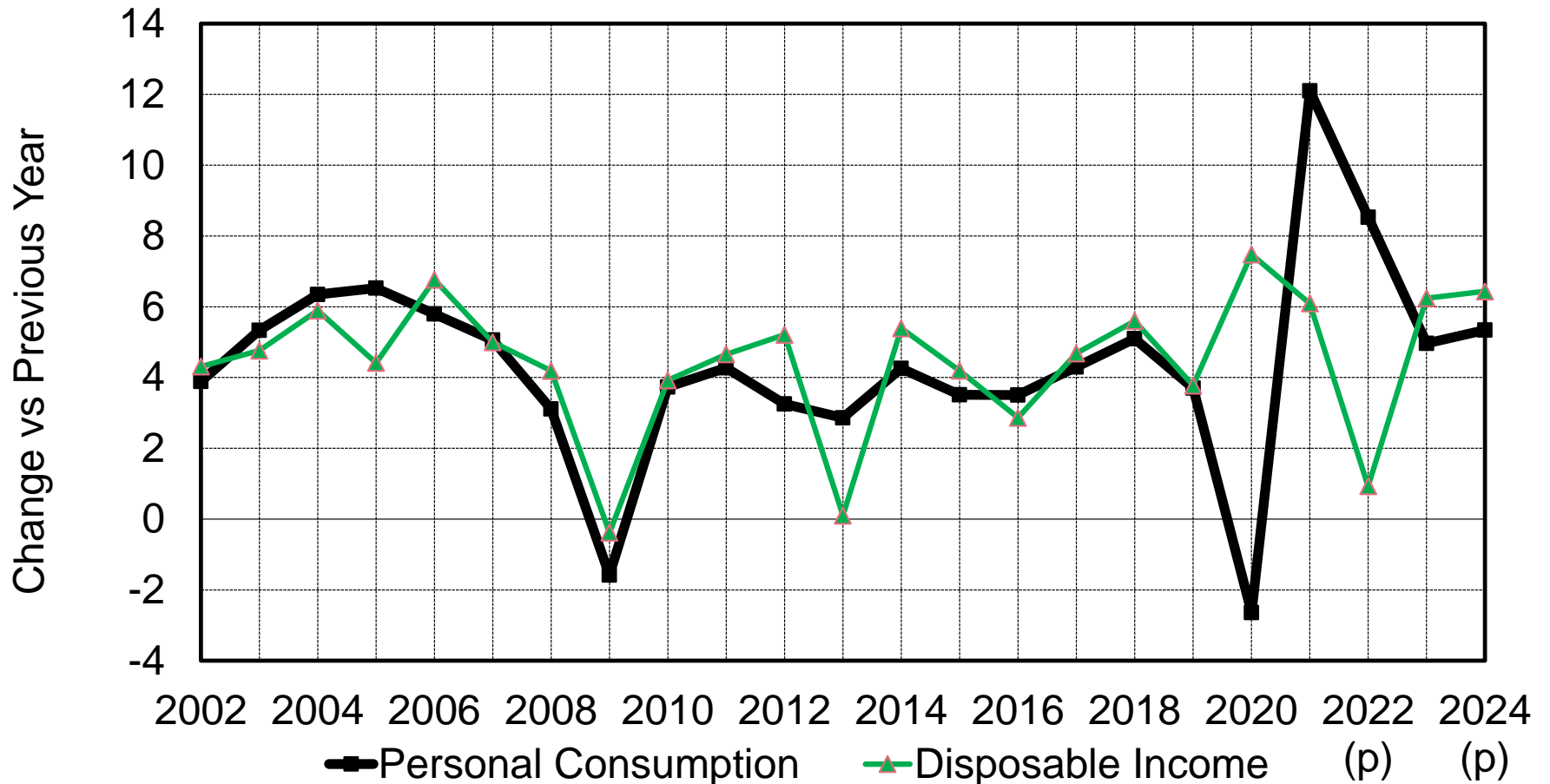
Farm Income Pushed Higher in 2021



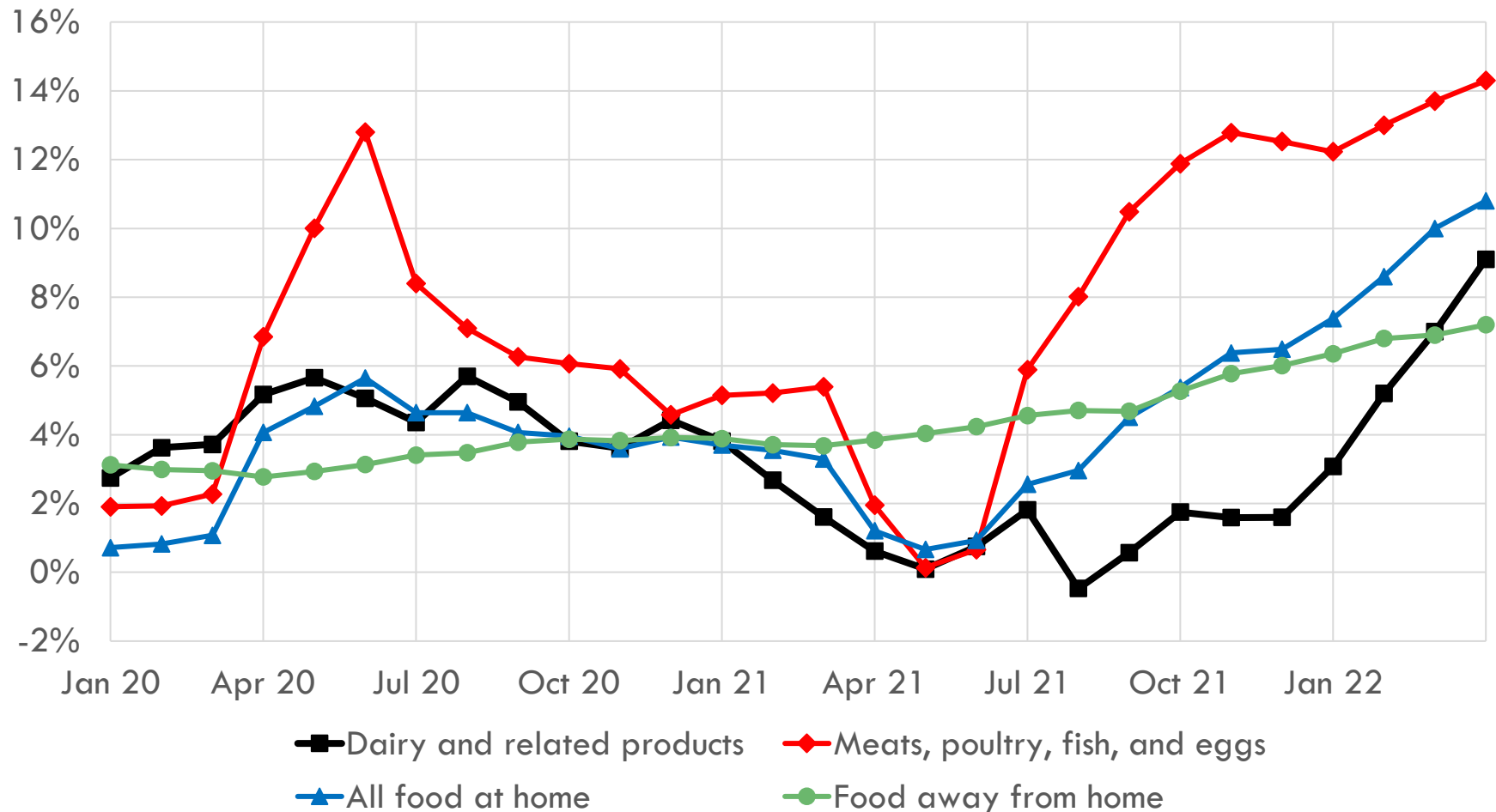
2022 Farm Income Changes by Component



COVID Confusing U.S. Economic Measures



Change in the Consumer Price Index vs. the Previous Year

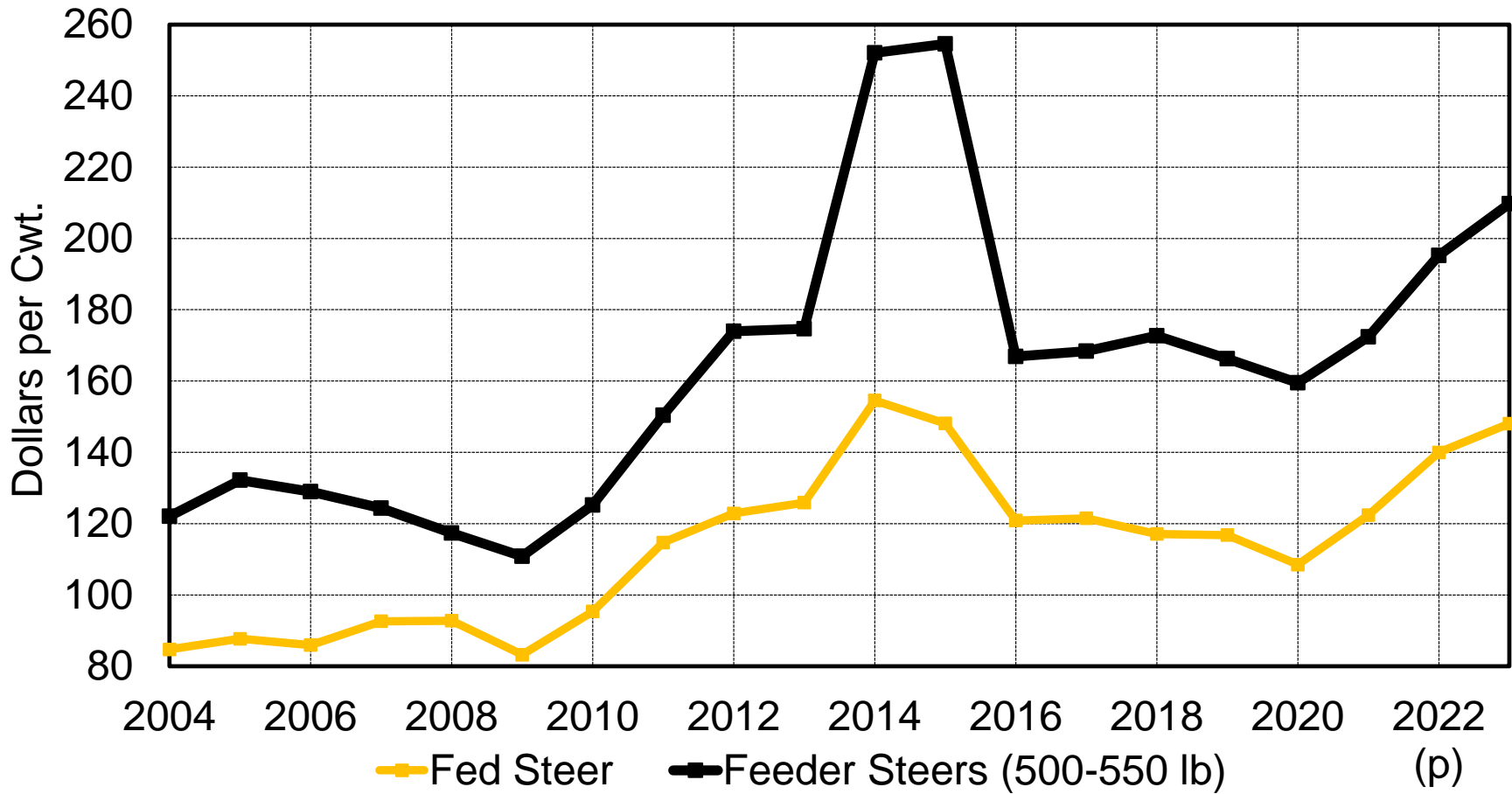


U.S. Corn Supply and Use, Apr. 2022

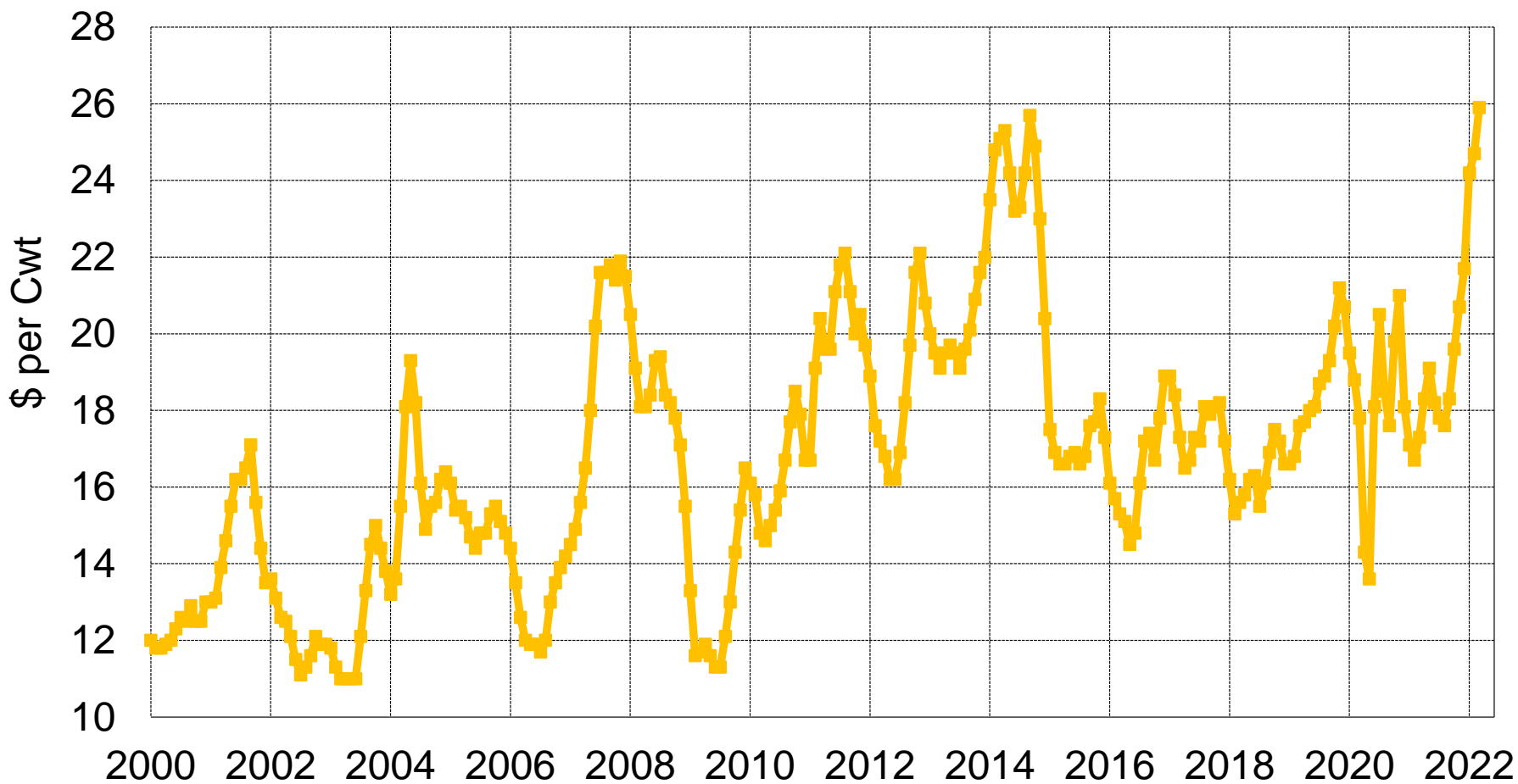
	2019/20	Projected	
		2020/21	2021/22
Planted area (mil. ac.)	89.7	90.7	93.4
Harvested area (mil. ac.)	81.3	82.3	85.4
Yield (bu./ac.)	167.5	171.4	177.0
Beginning stocks (mil.bu.)	2,221	1,919	1,235
Production	13,620	14,111	15,115
Imports	42	24	25
Total supply	15,883	16,055	16,375
Feed	5,900	5,598	5,625
Ethanol	4,857	5,033	5,375
Food, seed, other	1,429	1,437	1,435
Exports	1,777	2,753	2,500
Total use	13,963	14,821	14,935
Ending stocks	1,919	1,235	1,440
Stocks/use ratio	13.7%	8.3%	9.6%
Farm price	\$3.56	\$4.53	\$5.80



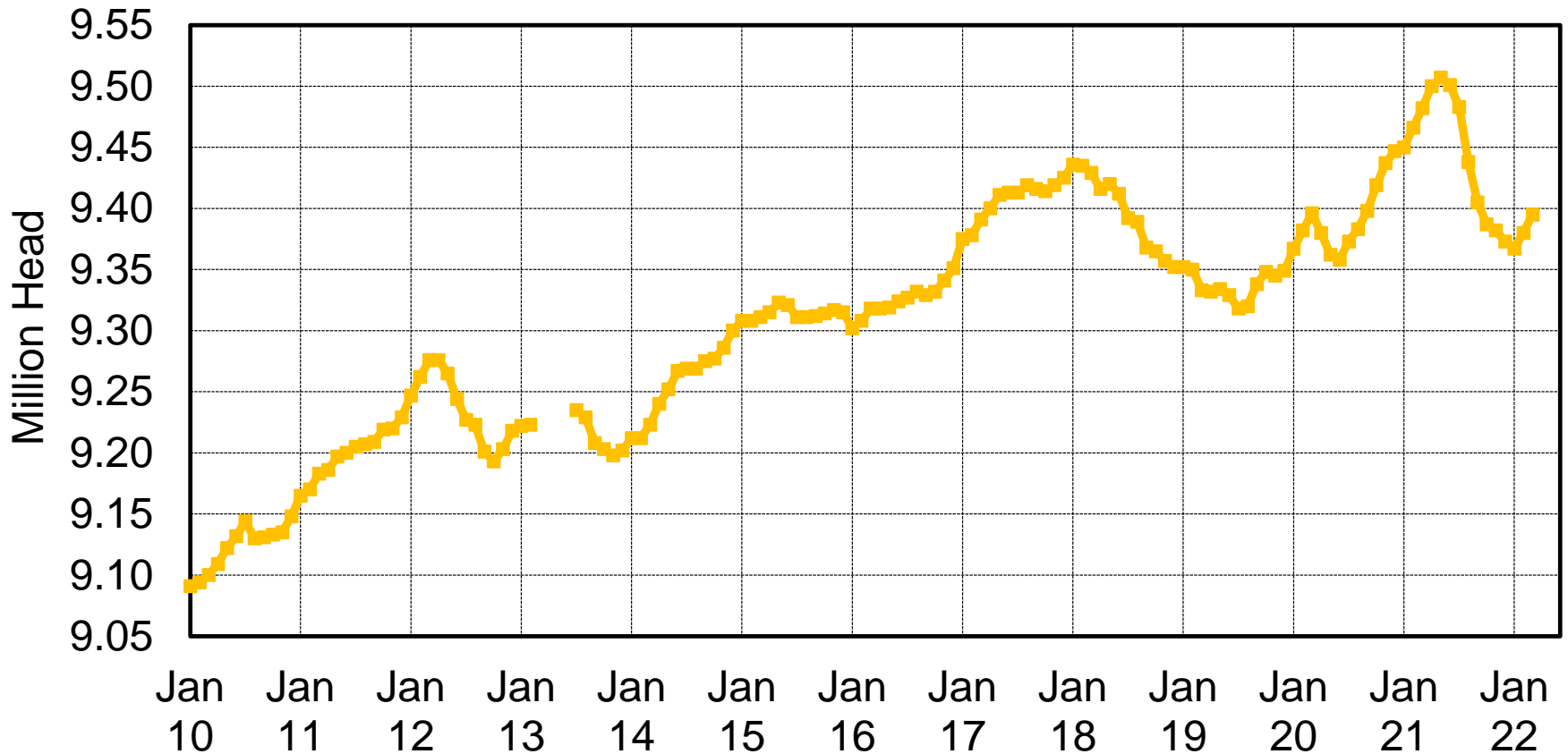
Cattle Prices



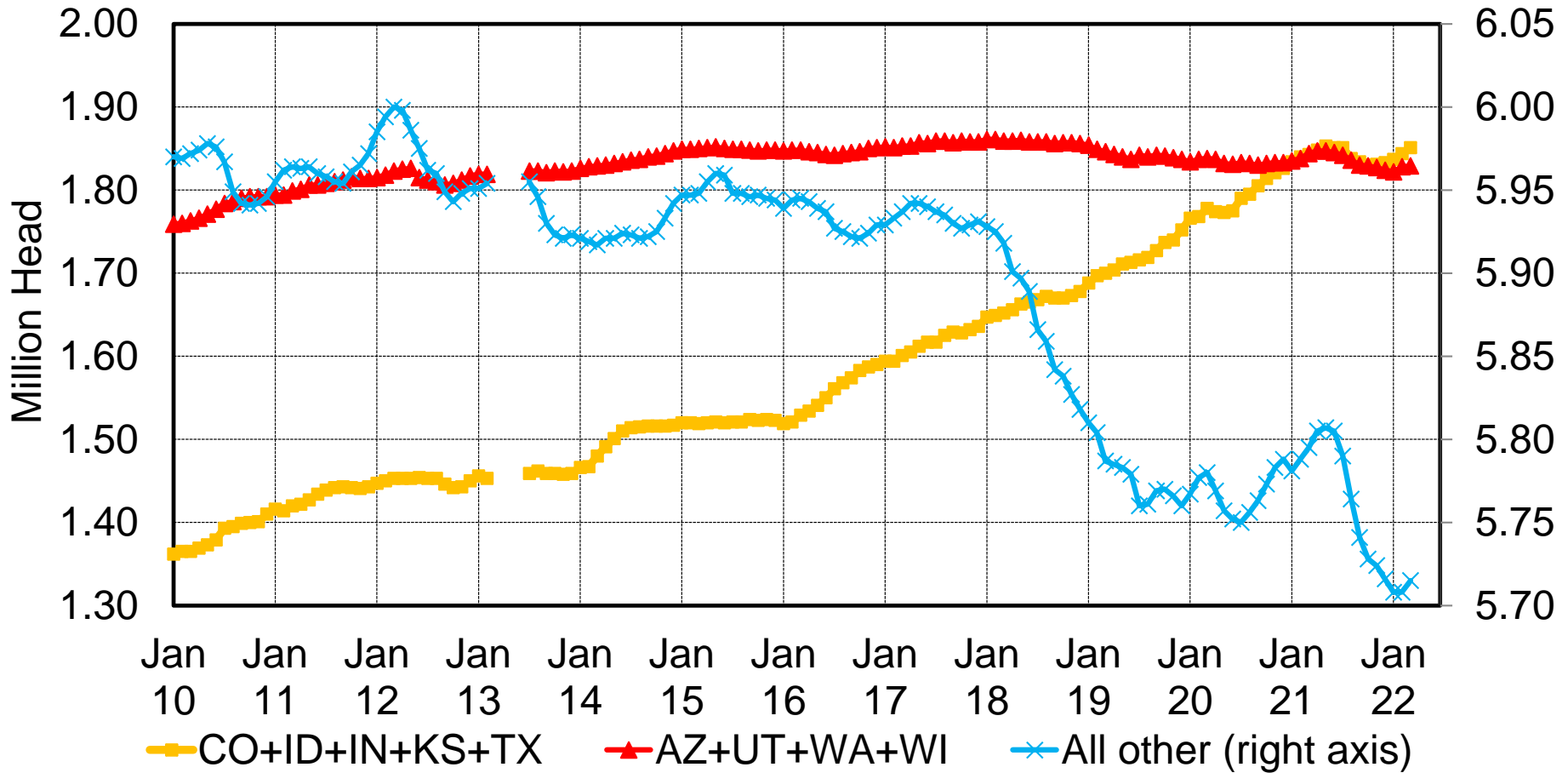
U.S. All Milk Price



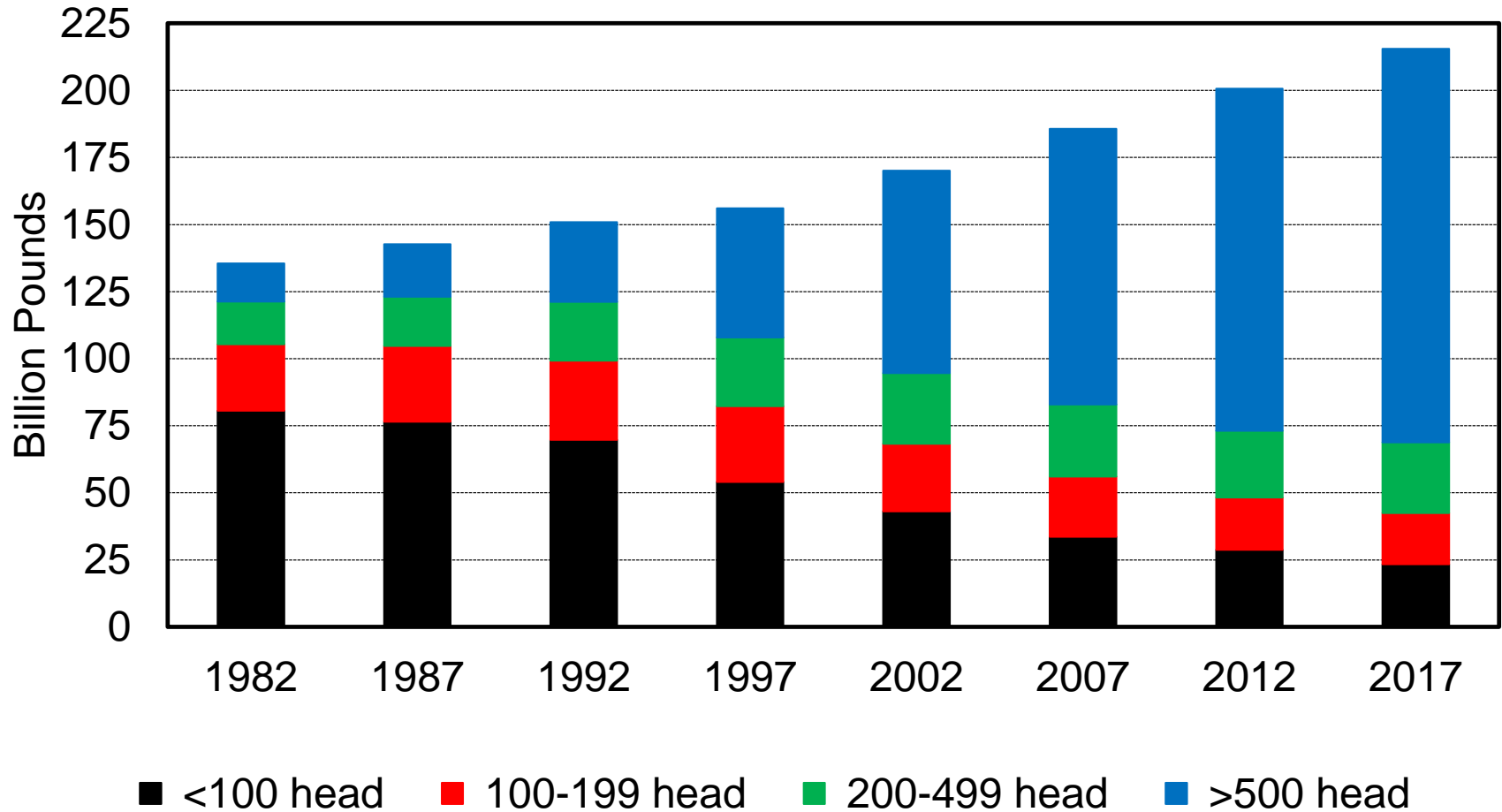
U.S. Dairy Cows



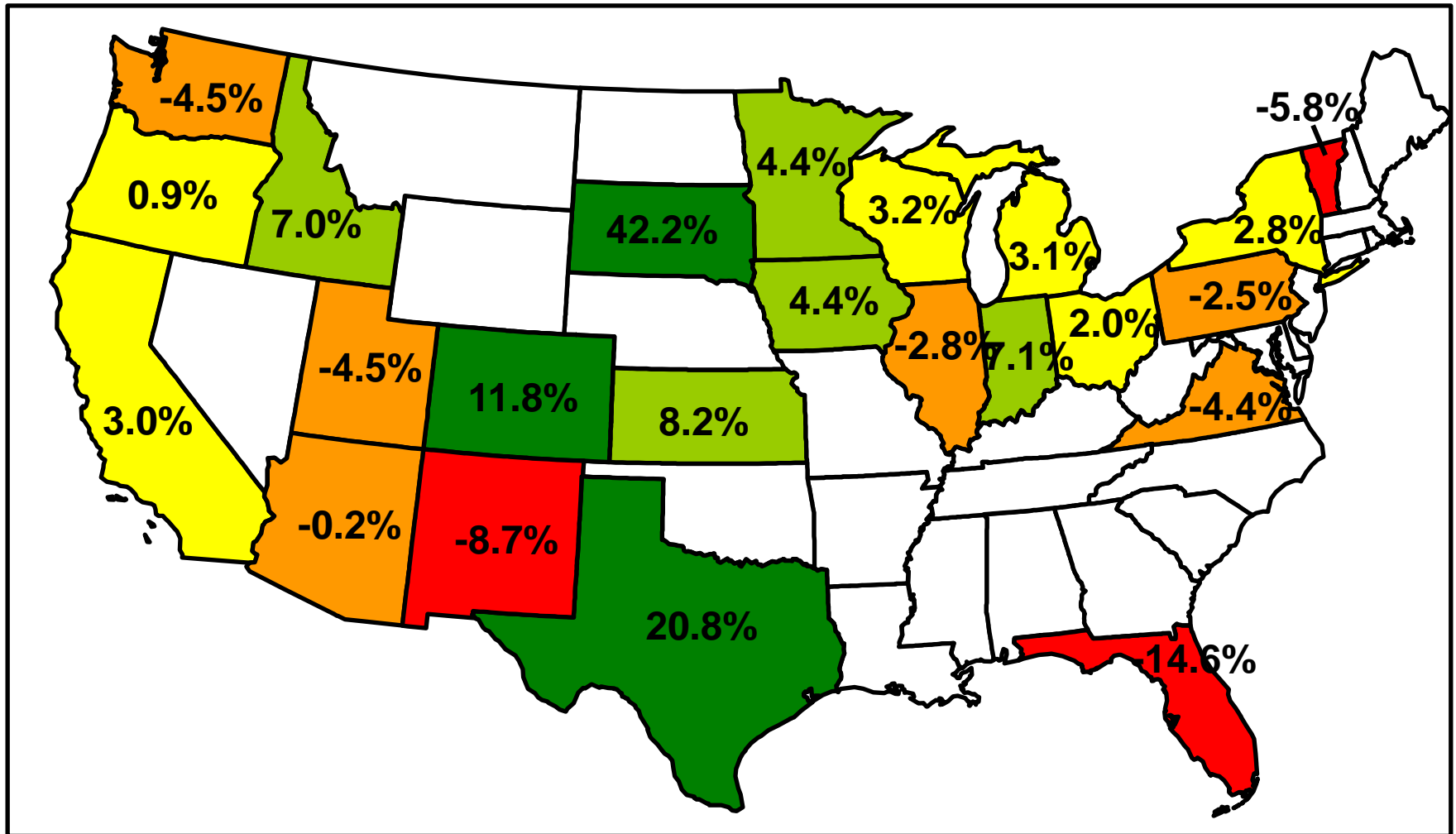
Dairy Cows



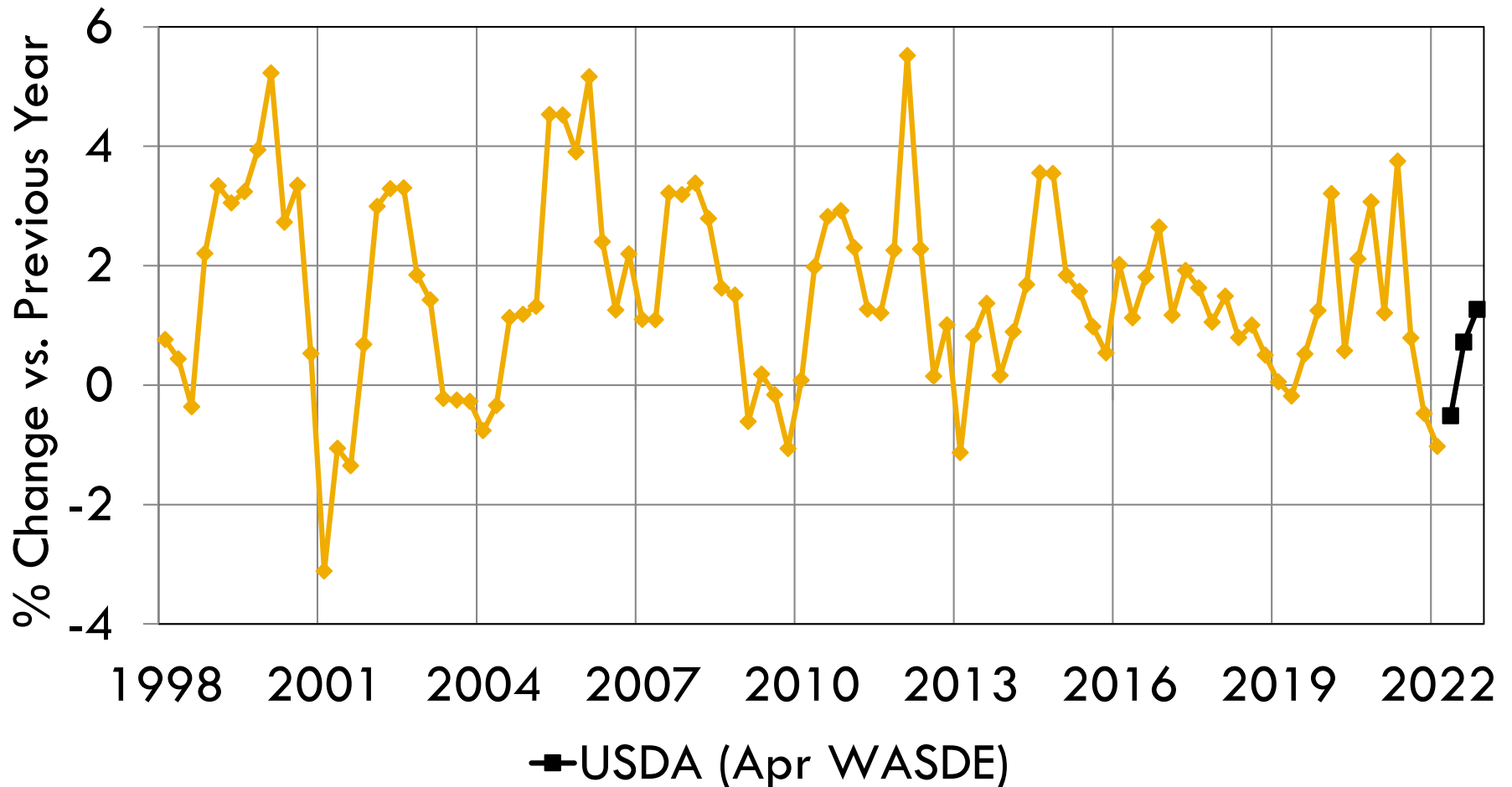
Estimated Milk Production by Herd Size



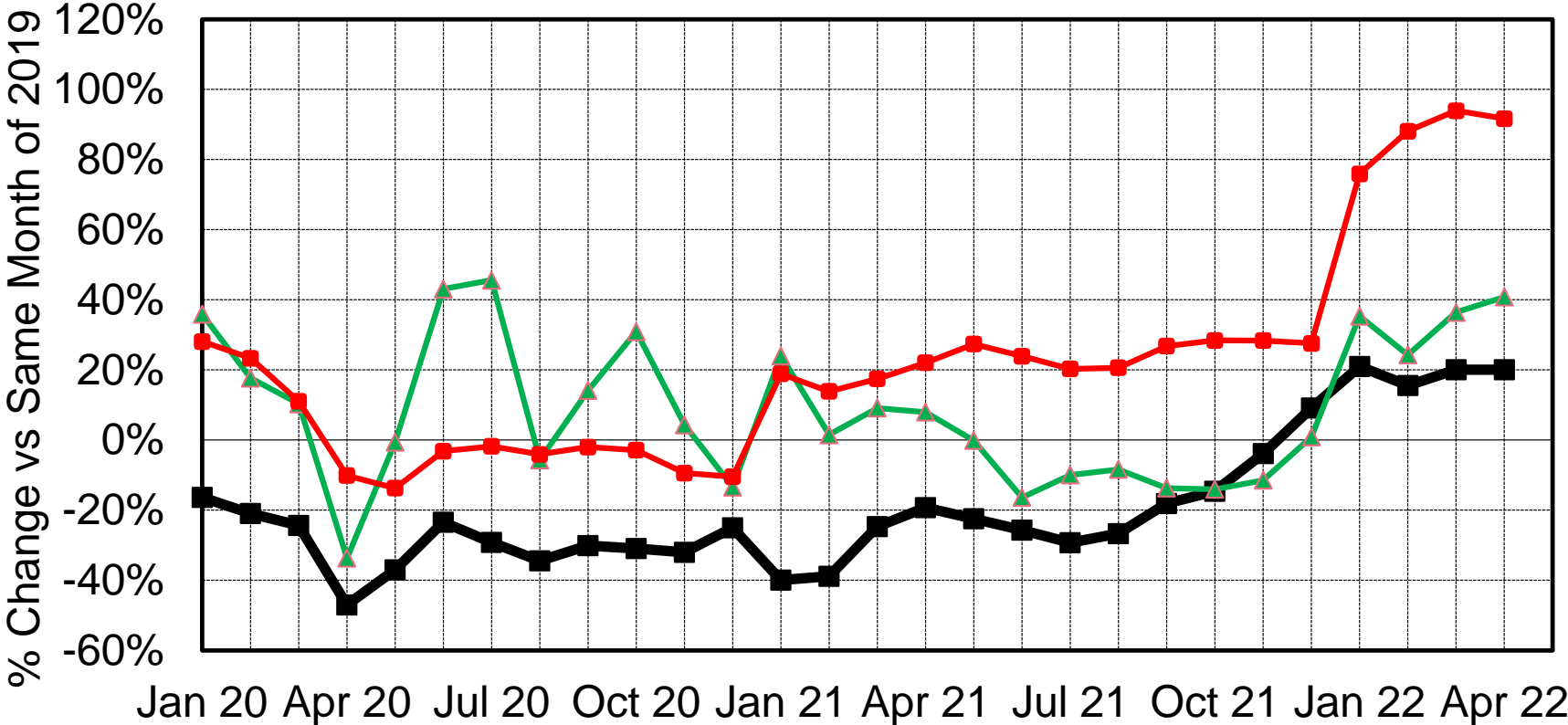
Change in Milk Production, Jan-Mar 2022 vs. Jan-Mar 2019



Quarterly U.S. Milk Production

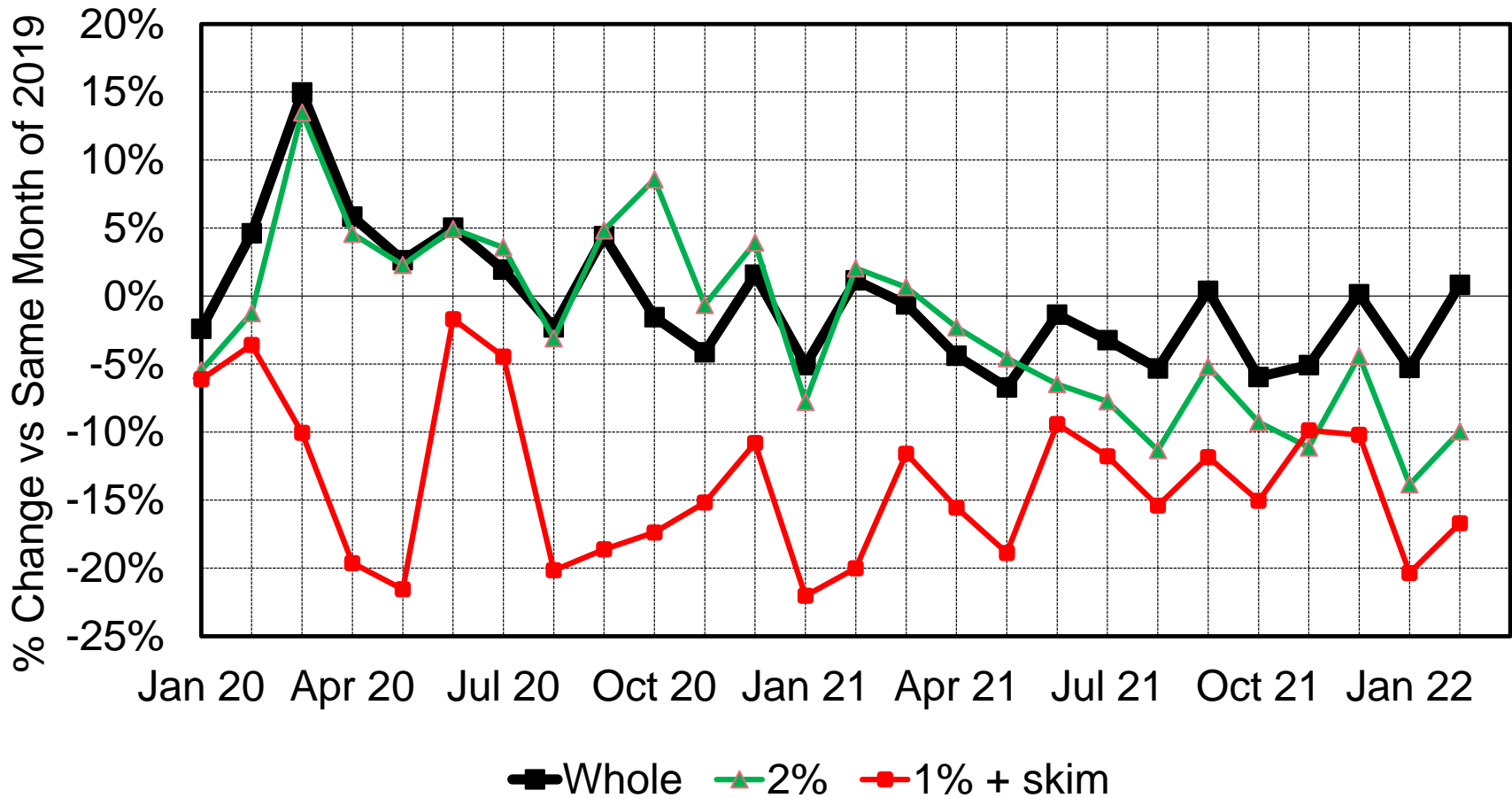


Price Changes vs 2019

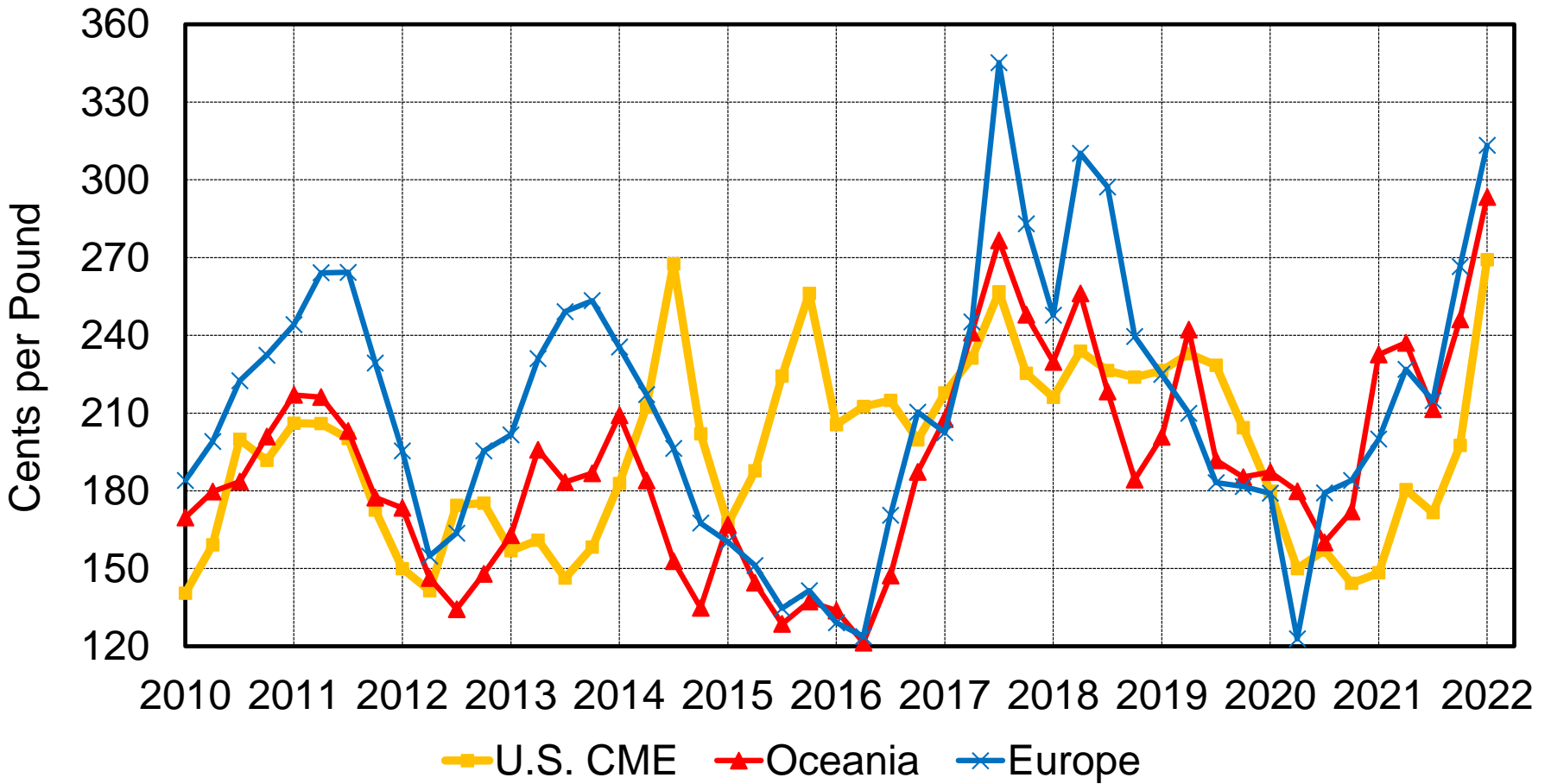


■ Butter ▲ Cheese ■ Nonfat dry milk

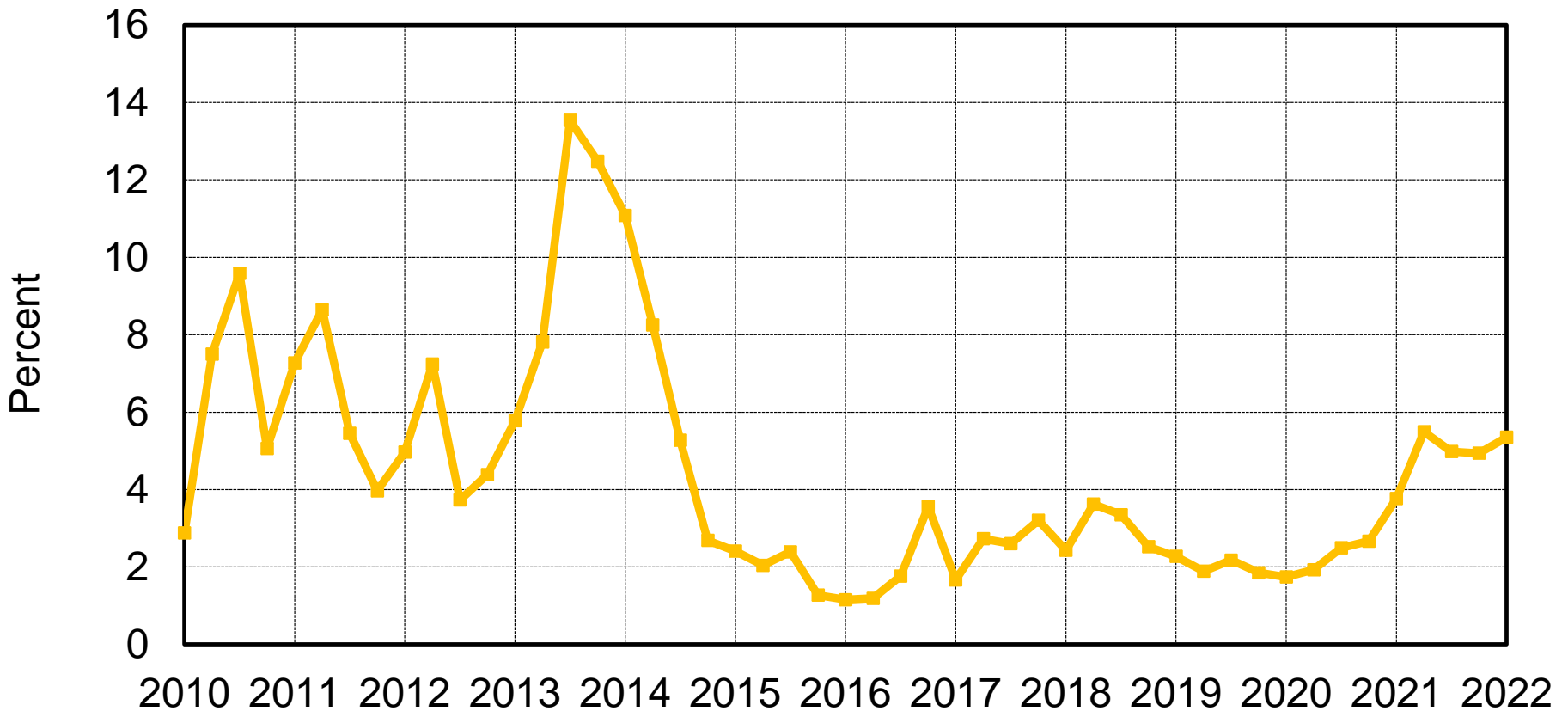
Fluid Milk Consumption vs 2019



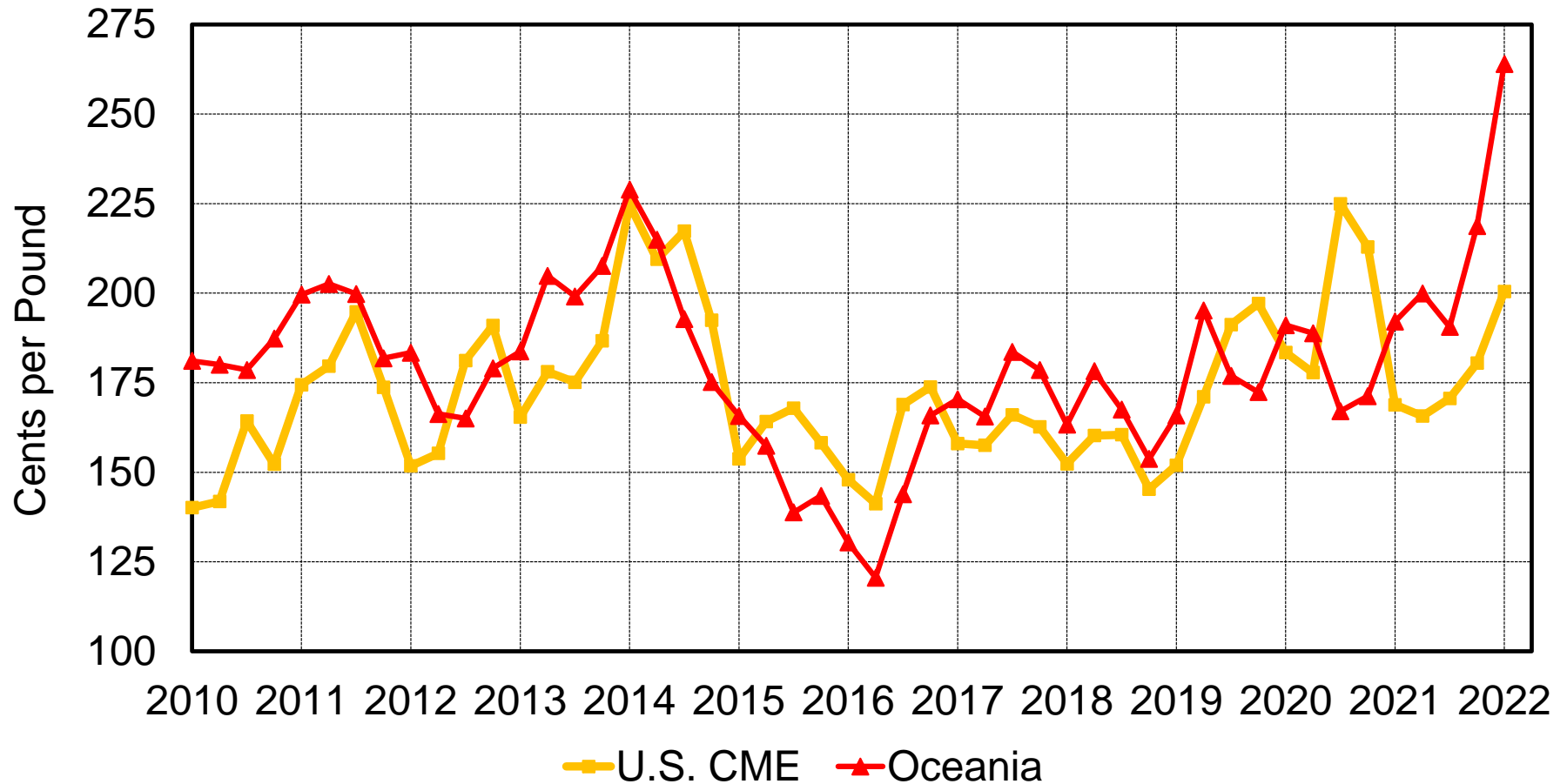
Butter Prices



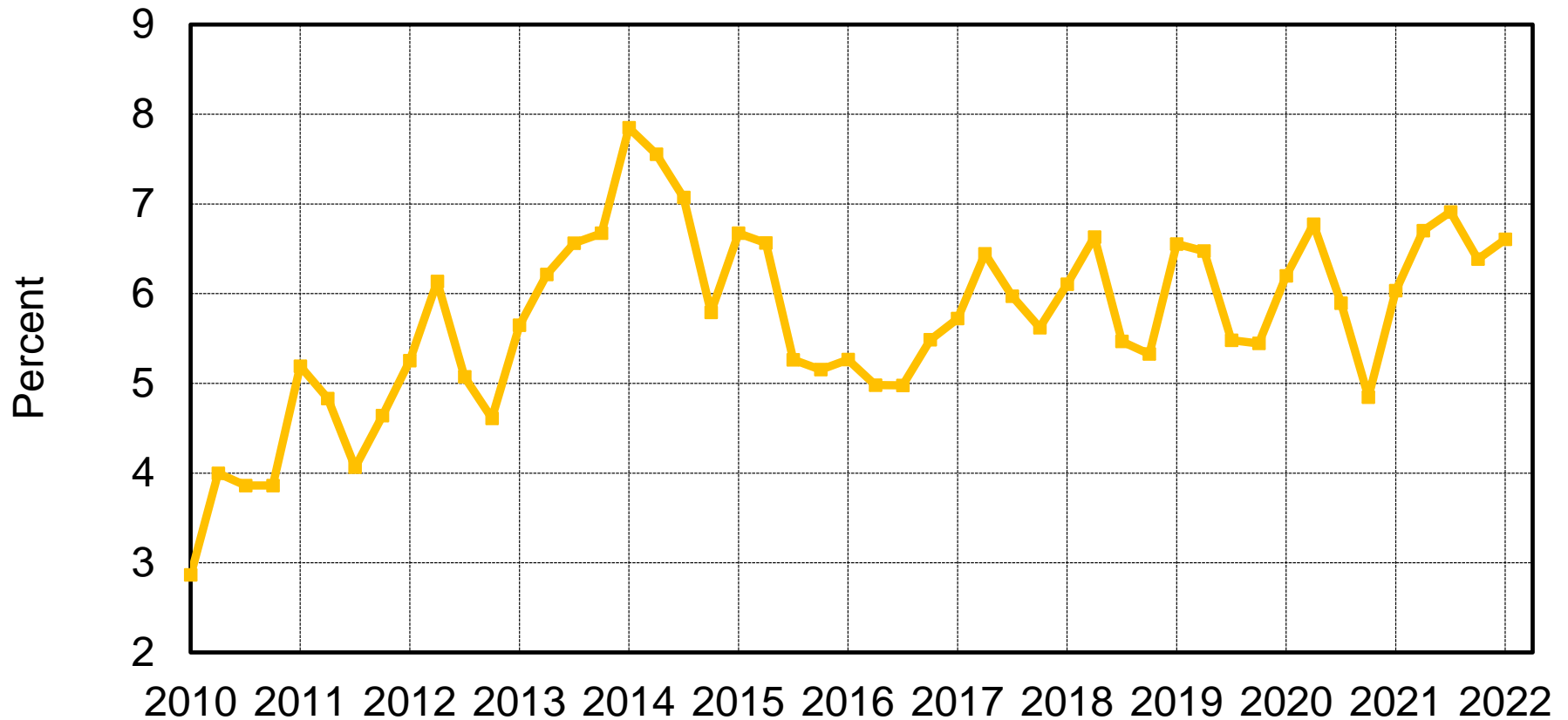
U.S. Butter Exports / Production



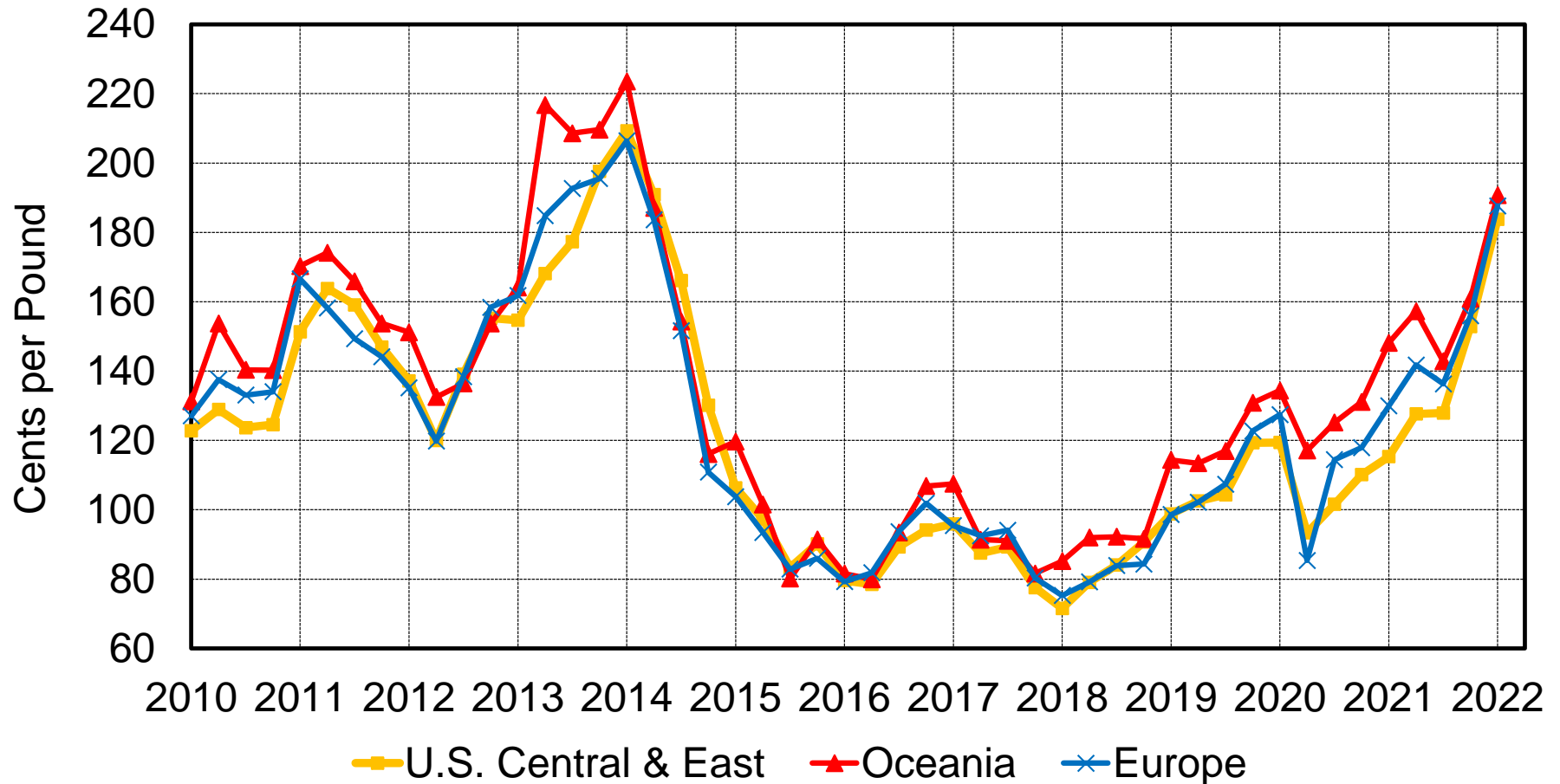
Cheese Prices



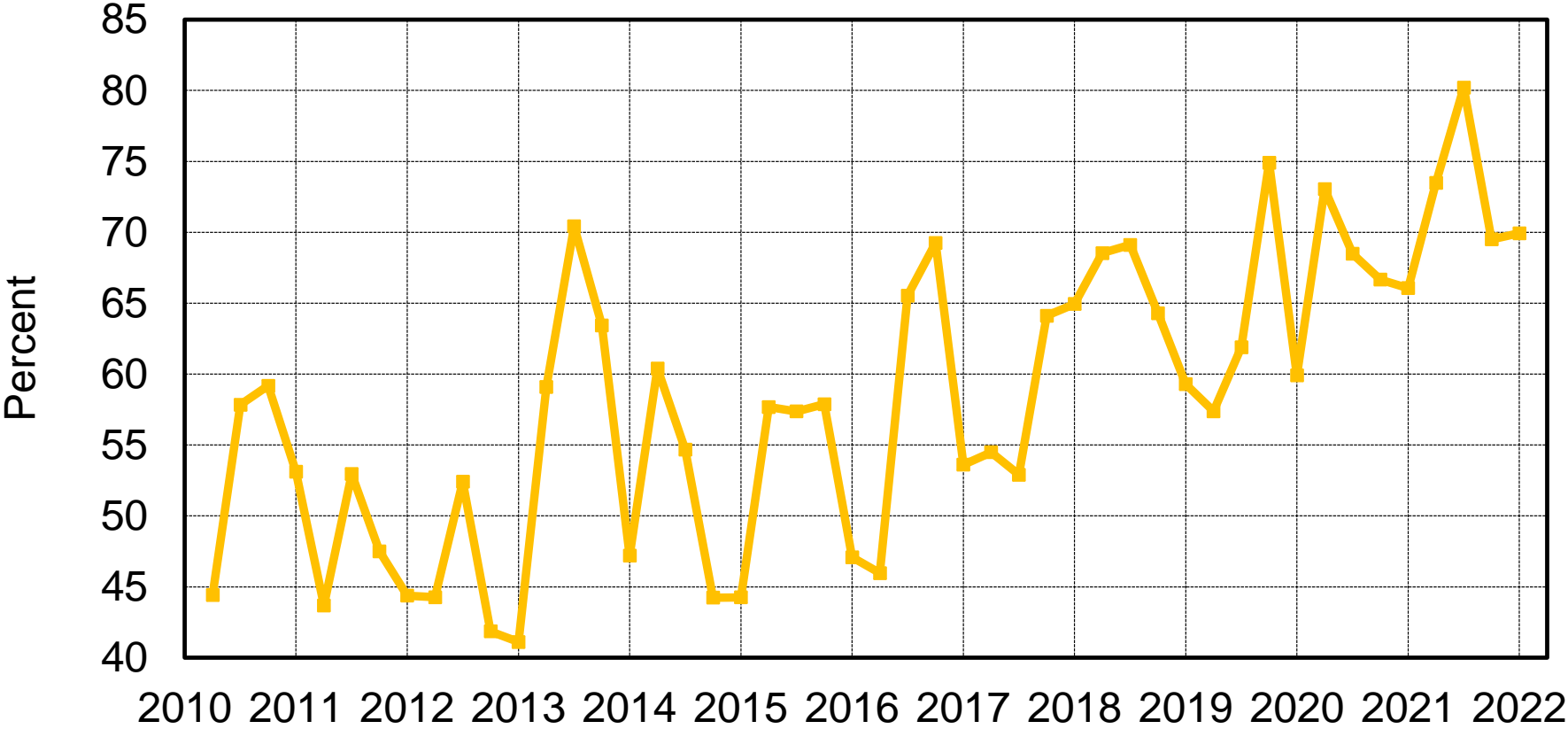
U.S. Cheese Exports / Production



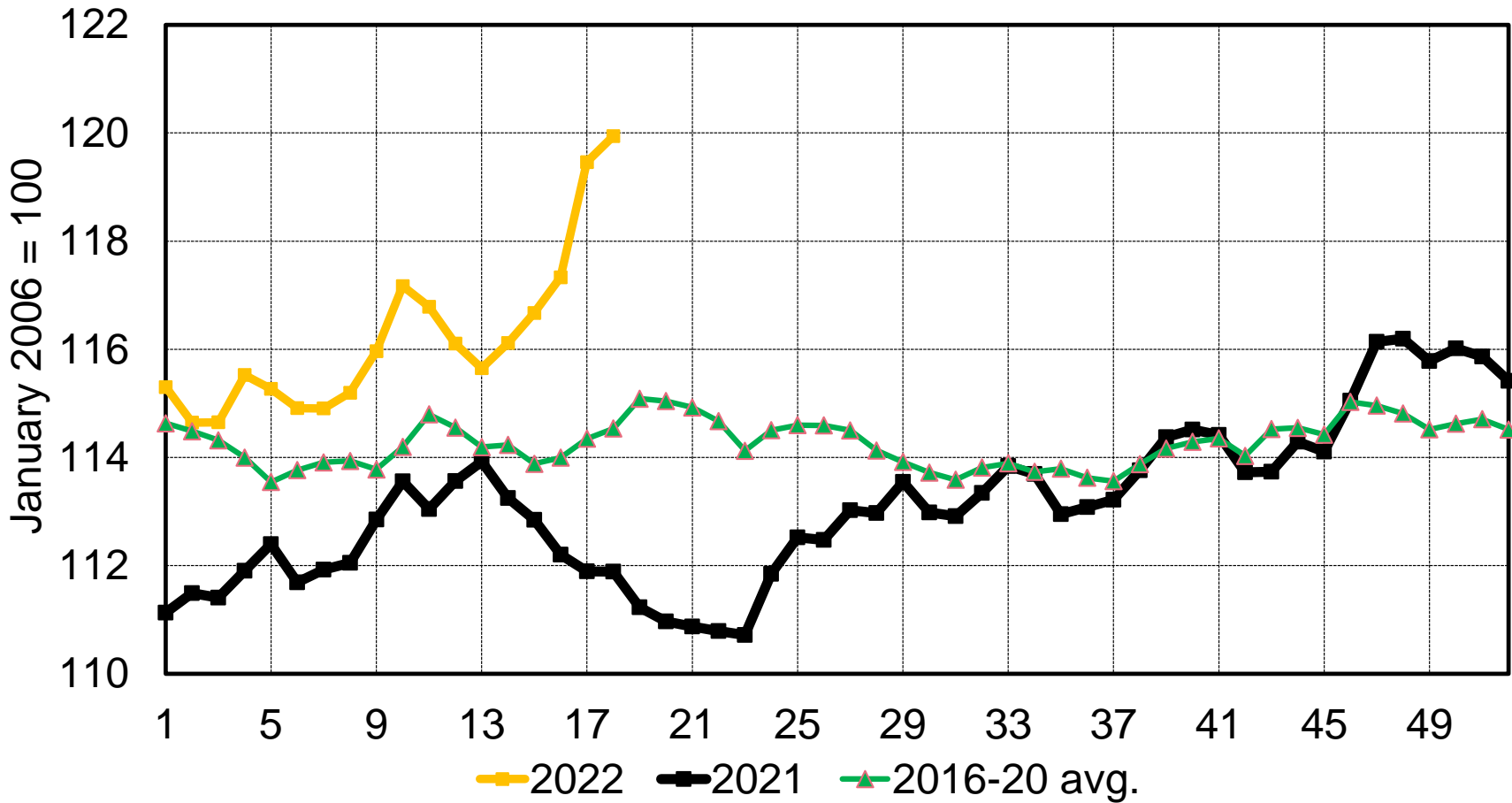
Nonfat Dry Milk Prices



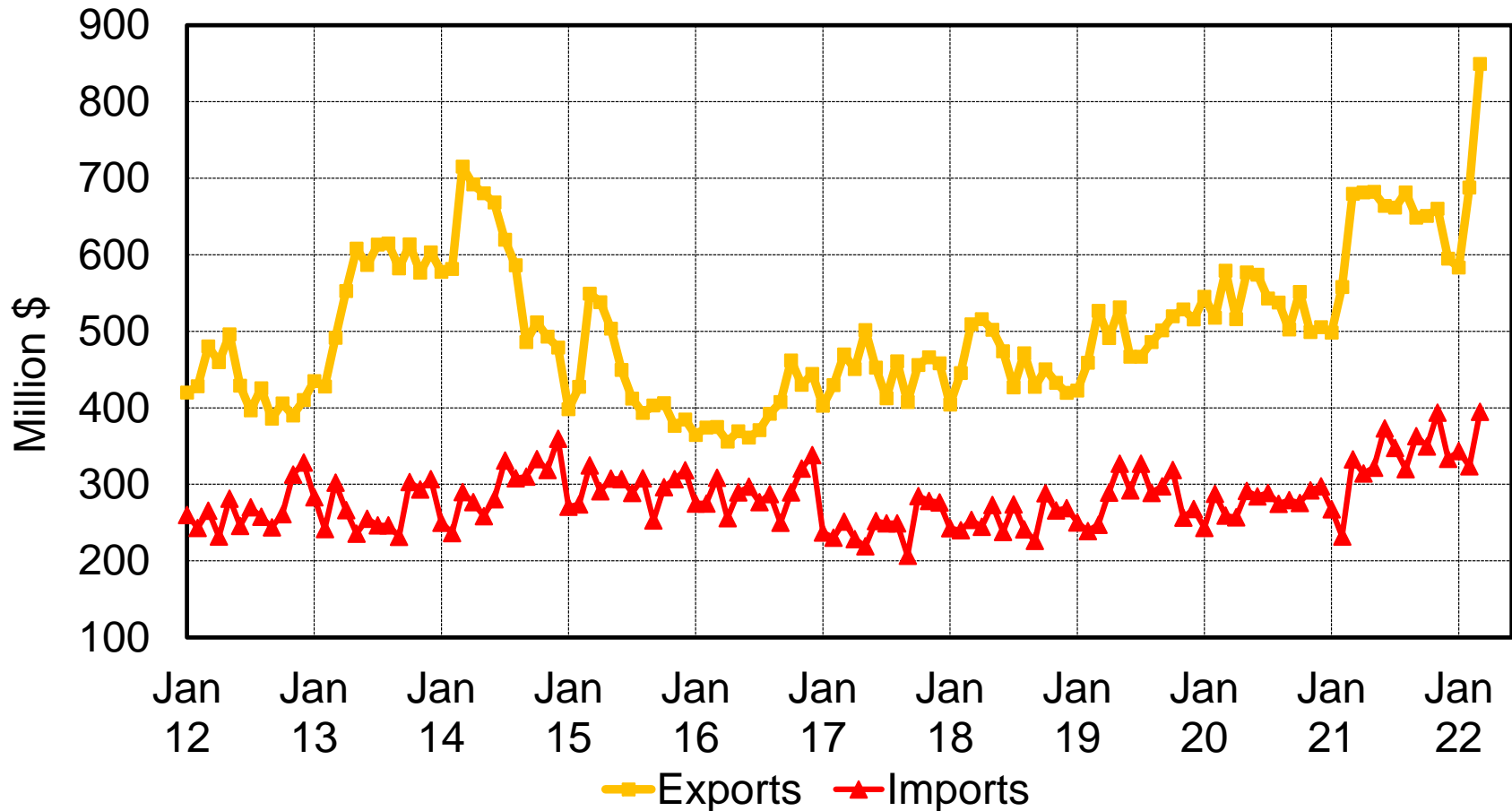
U.S. NFD Milk Exports / Production



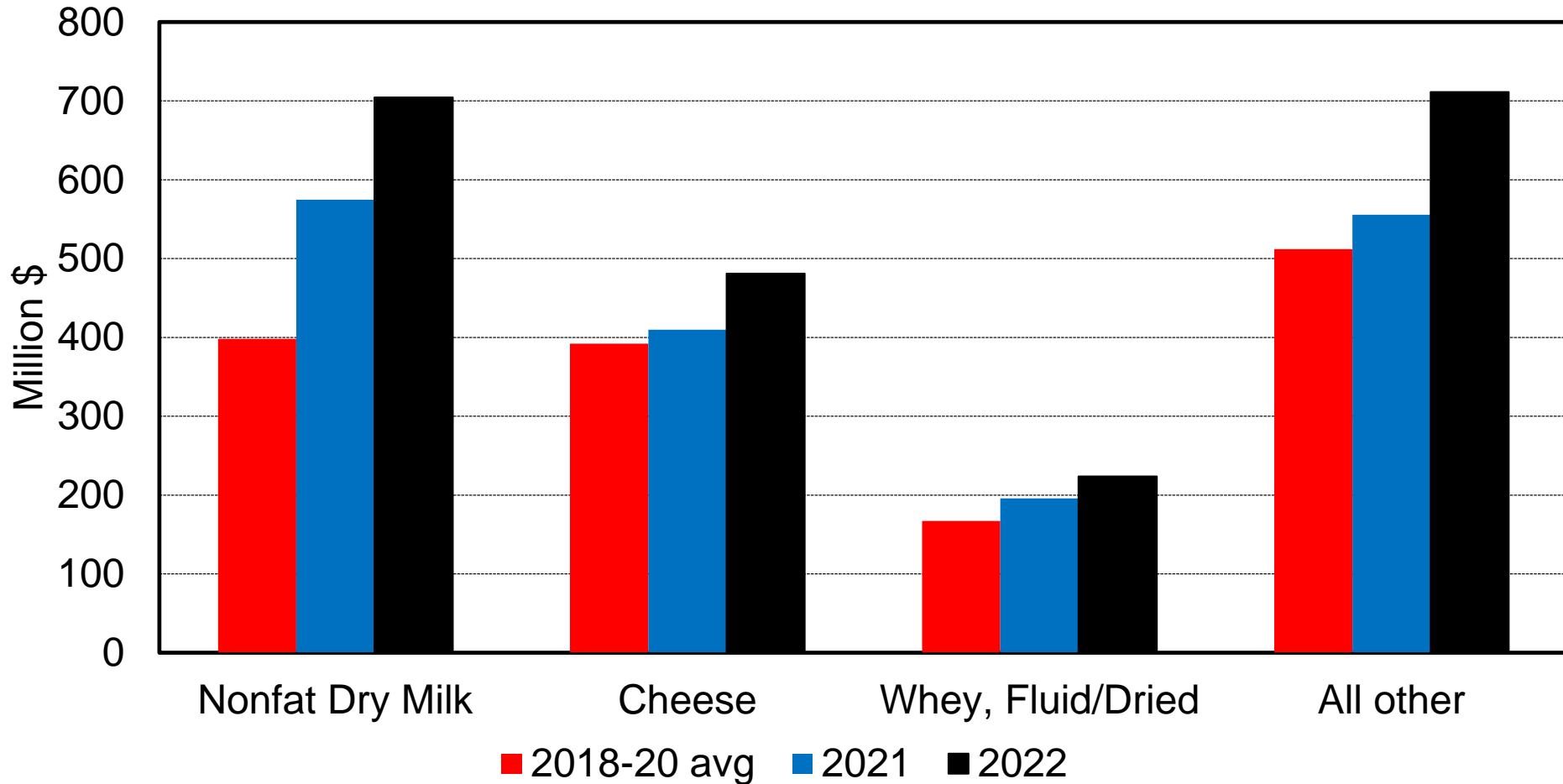
Trade-Weighted U.S. Dollar Index



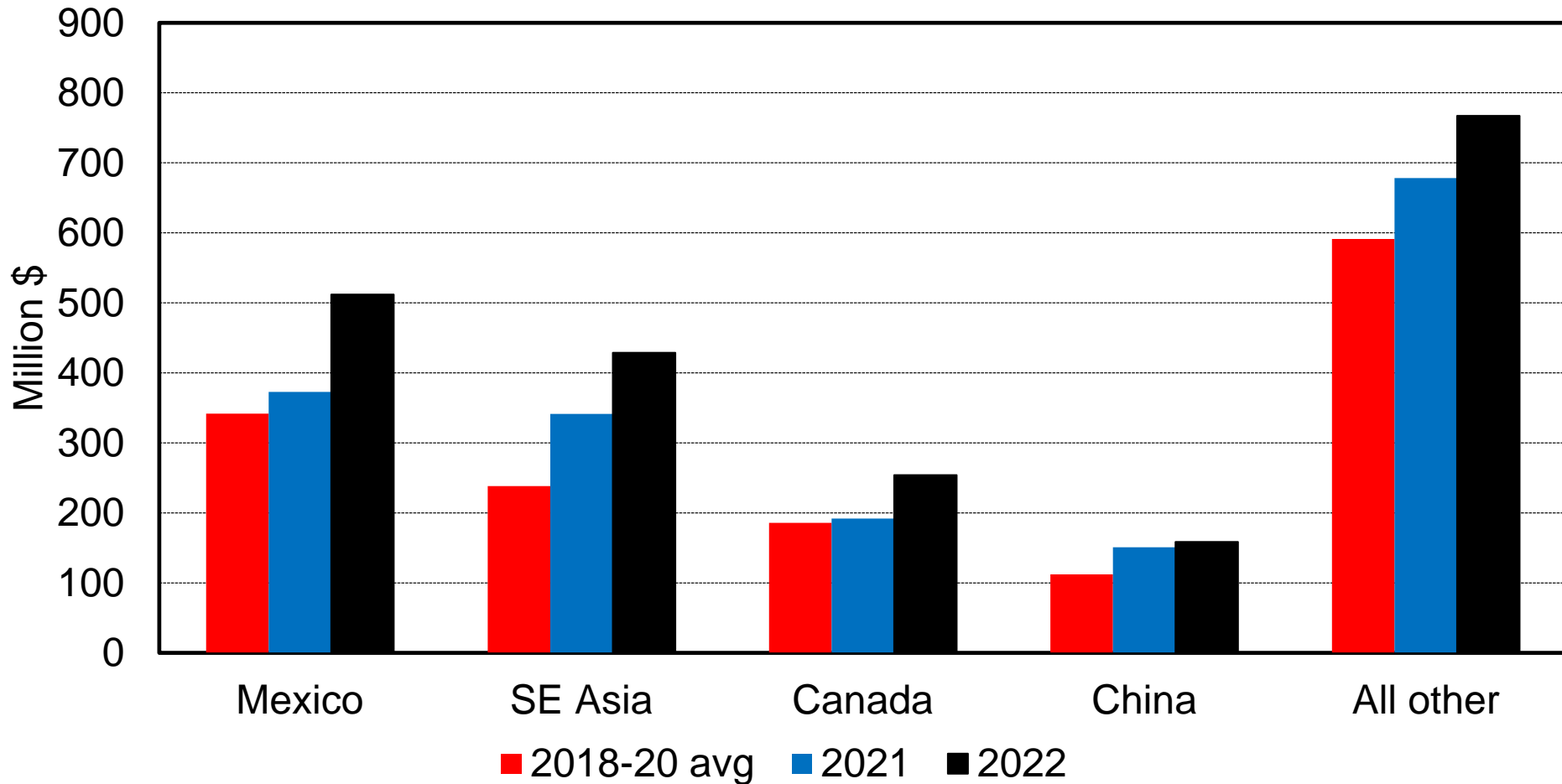
U.S. Dairy Trade



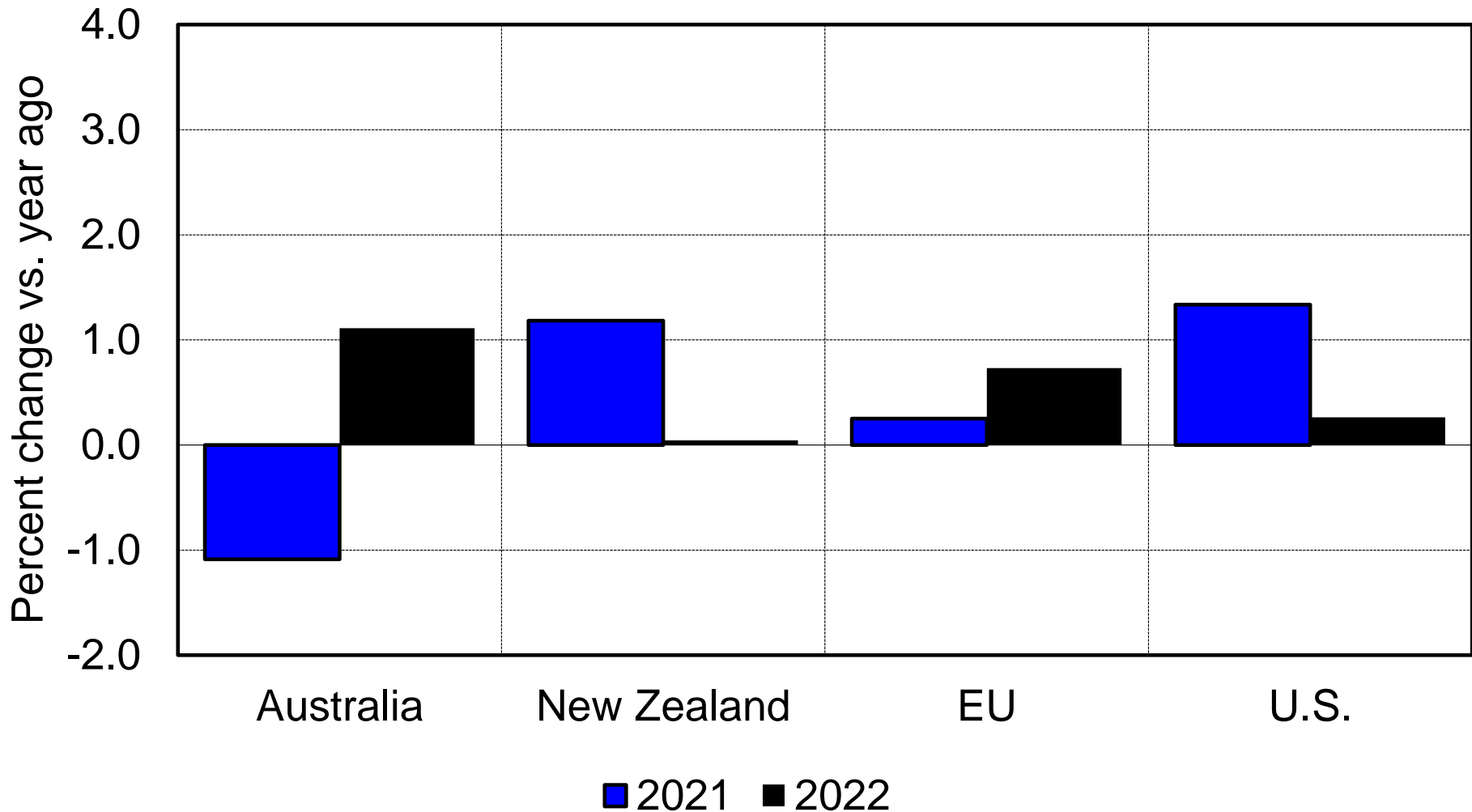
Value of U.S. Dairy Product Exports, Jan-Mar



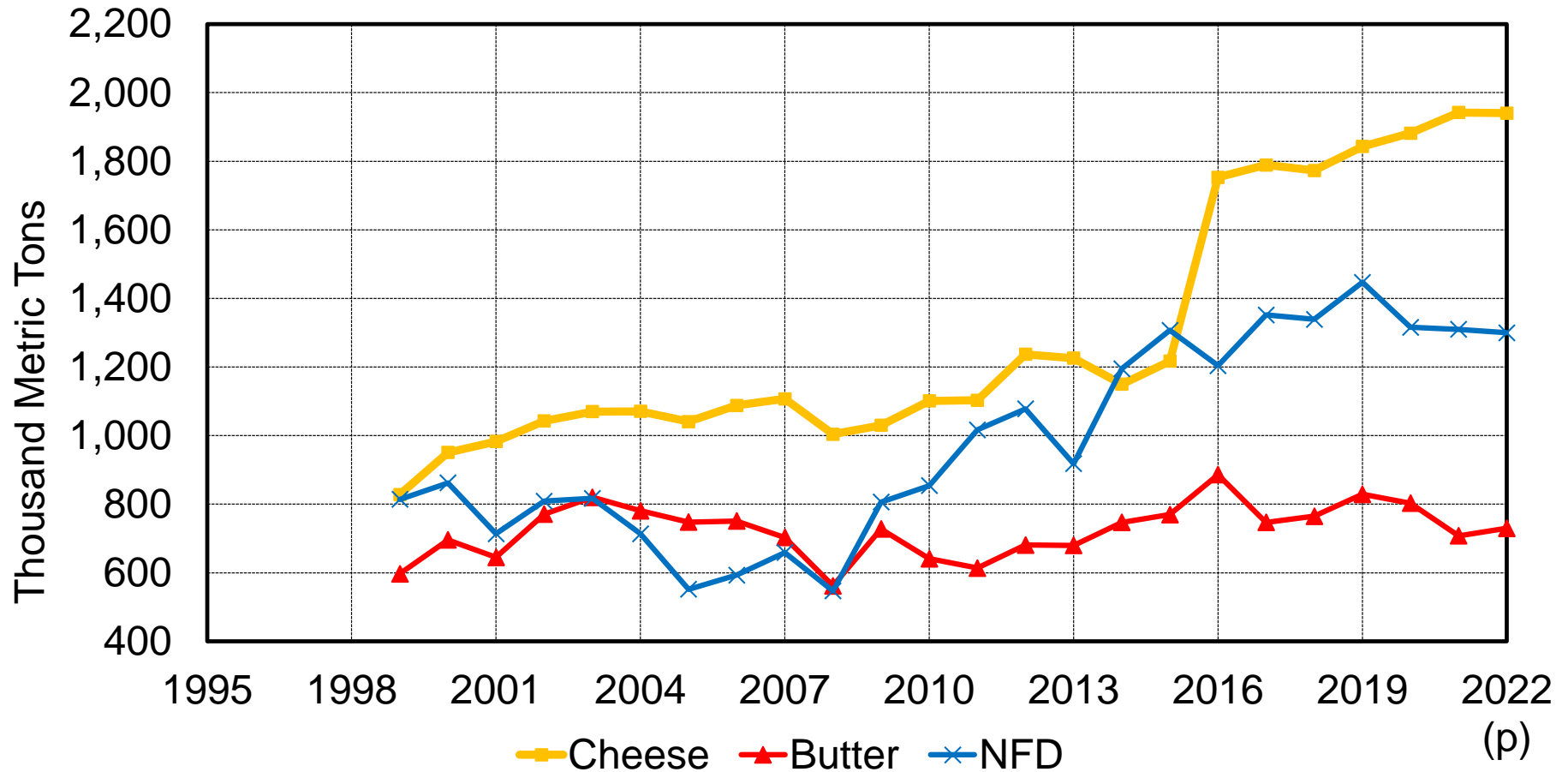
Value of U.S. Dairy Product Exports, Jan-Mar



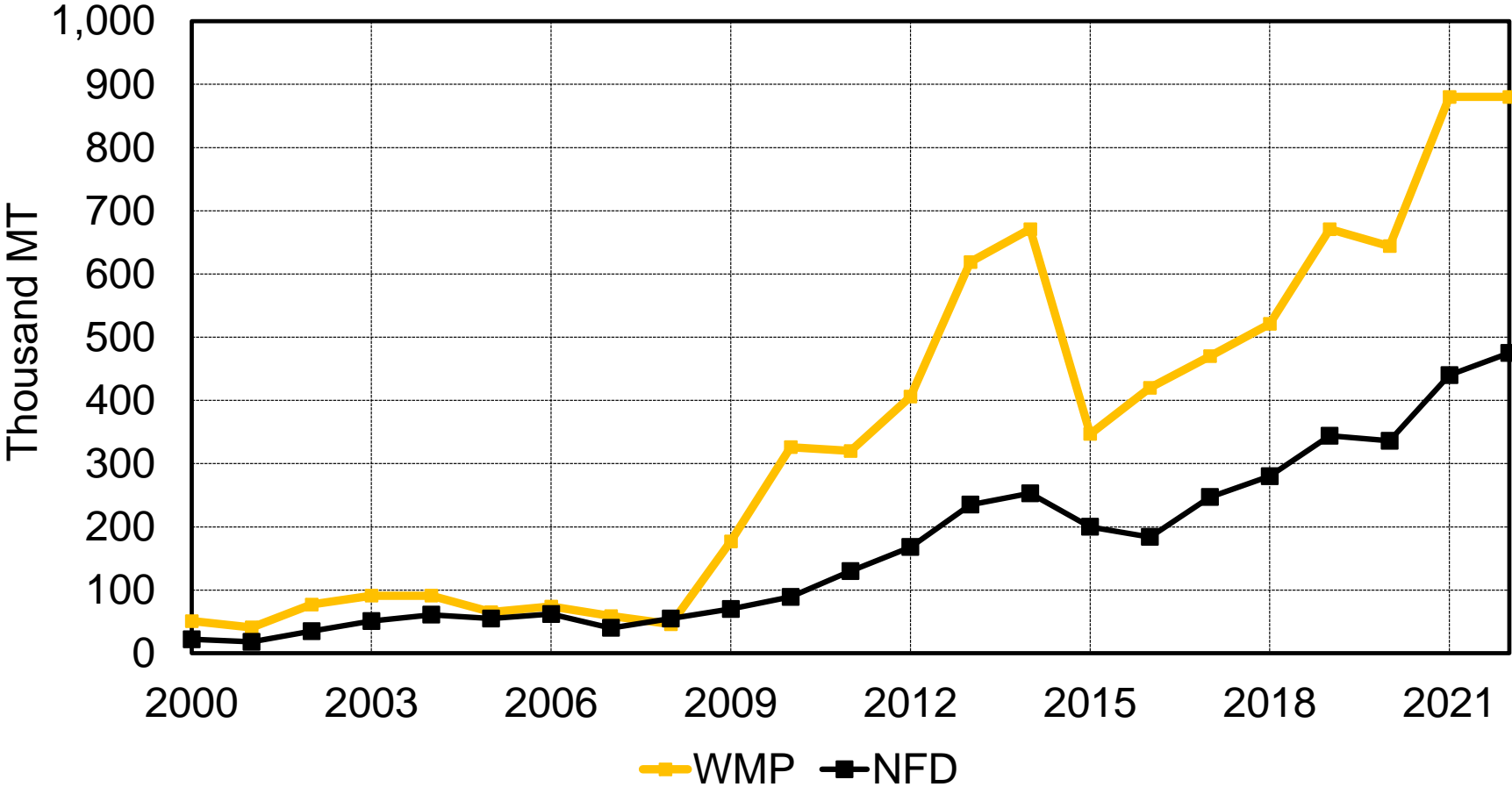
Milk Production Growth, Major Exporters



Exports from AU/NZ/EU



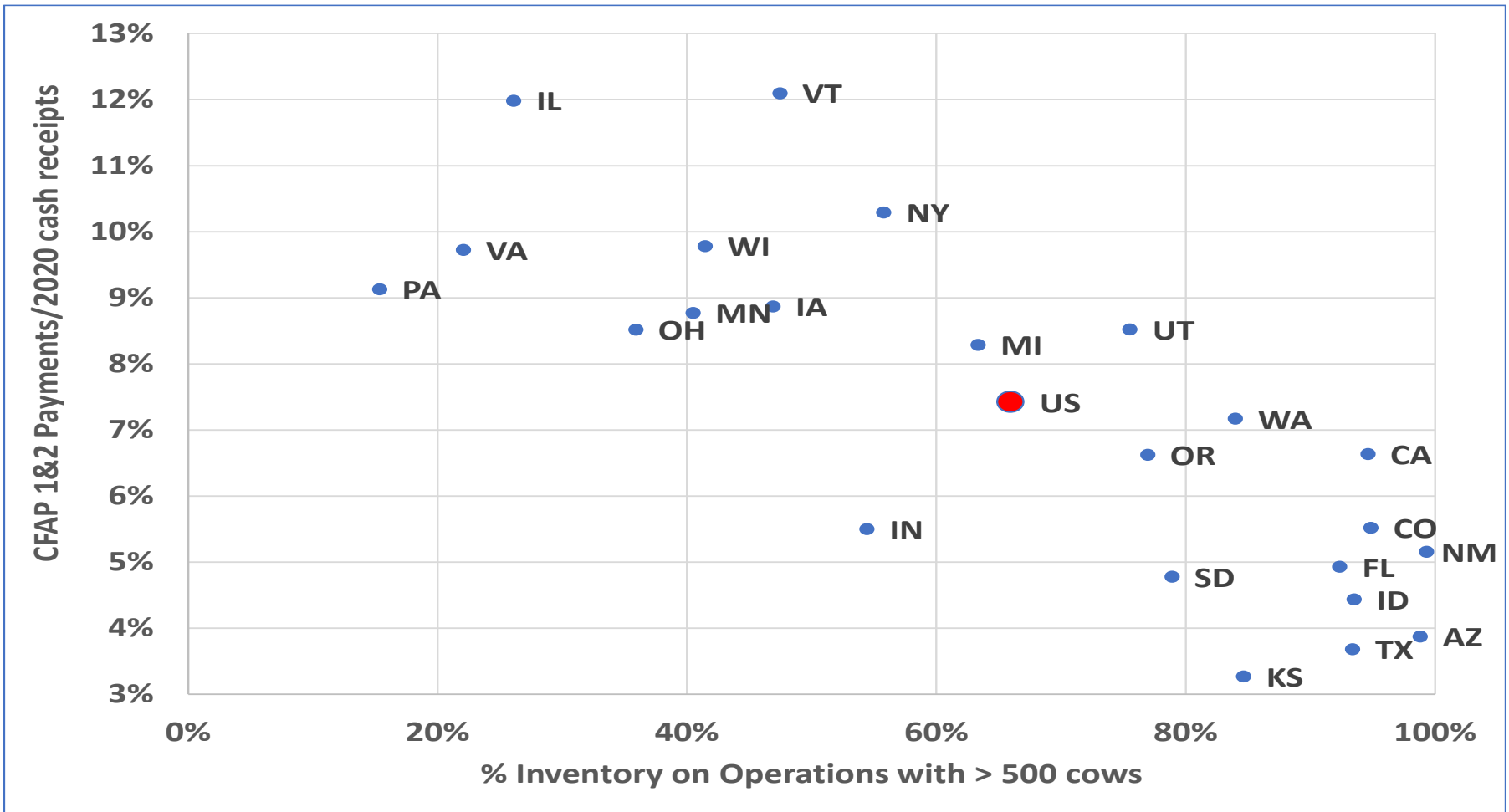
China Powdered Milk Imports



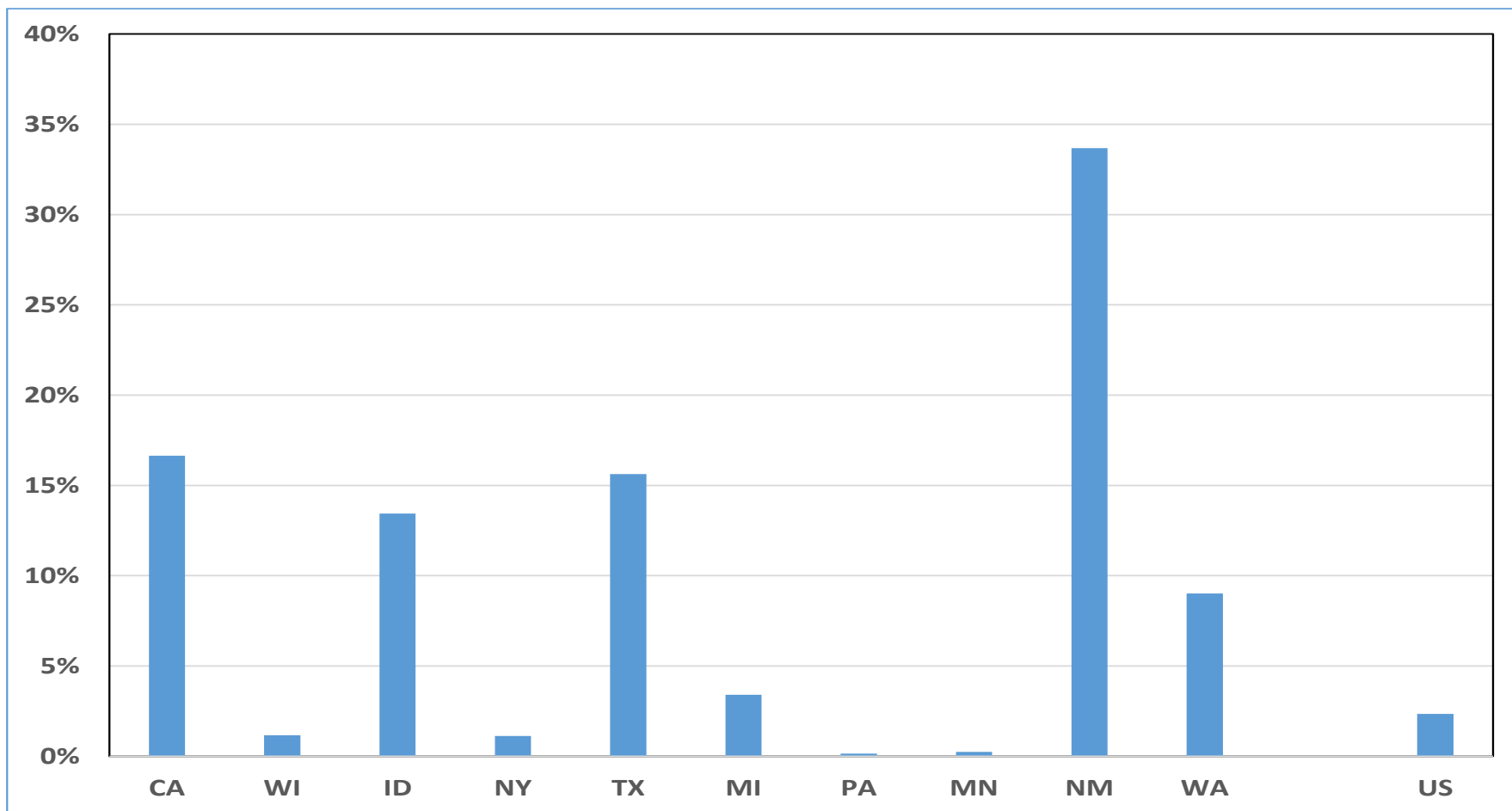
2023 Farm Bill, What changes are in store for dairy?



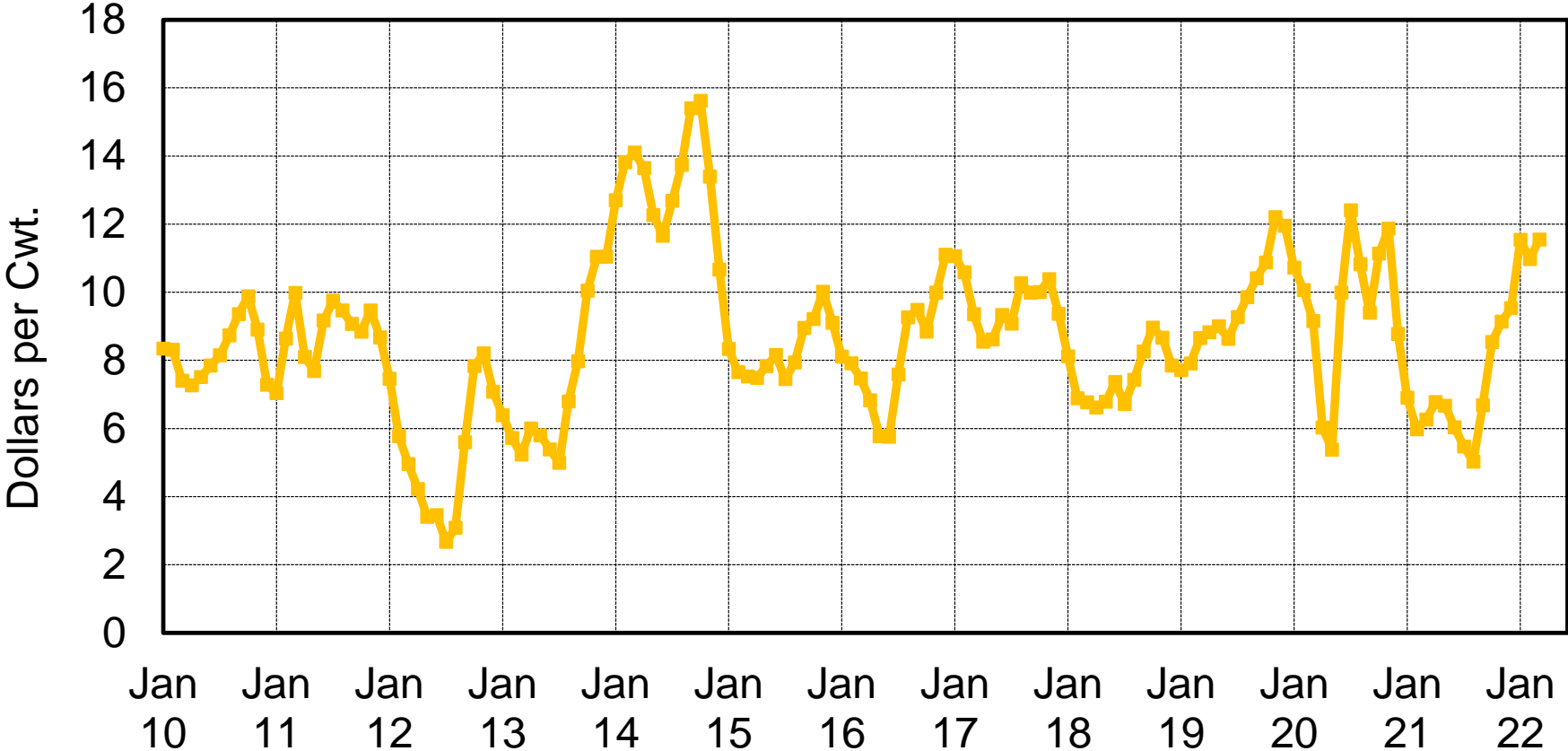
CFAP provided needed support to U.S. dairy producers



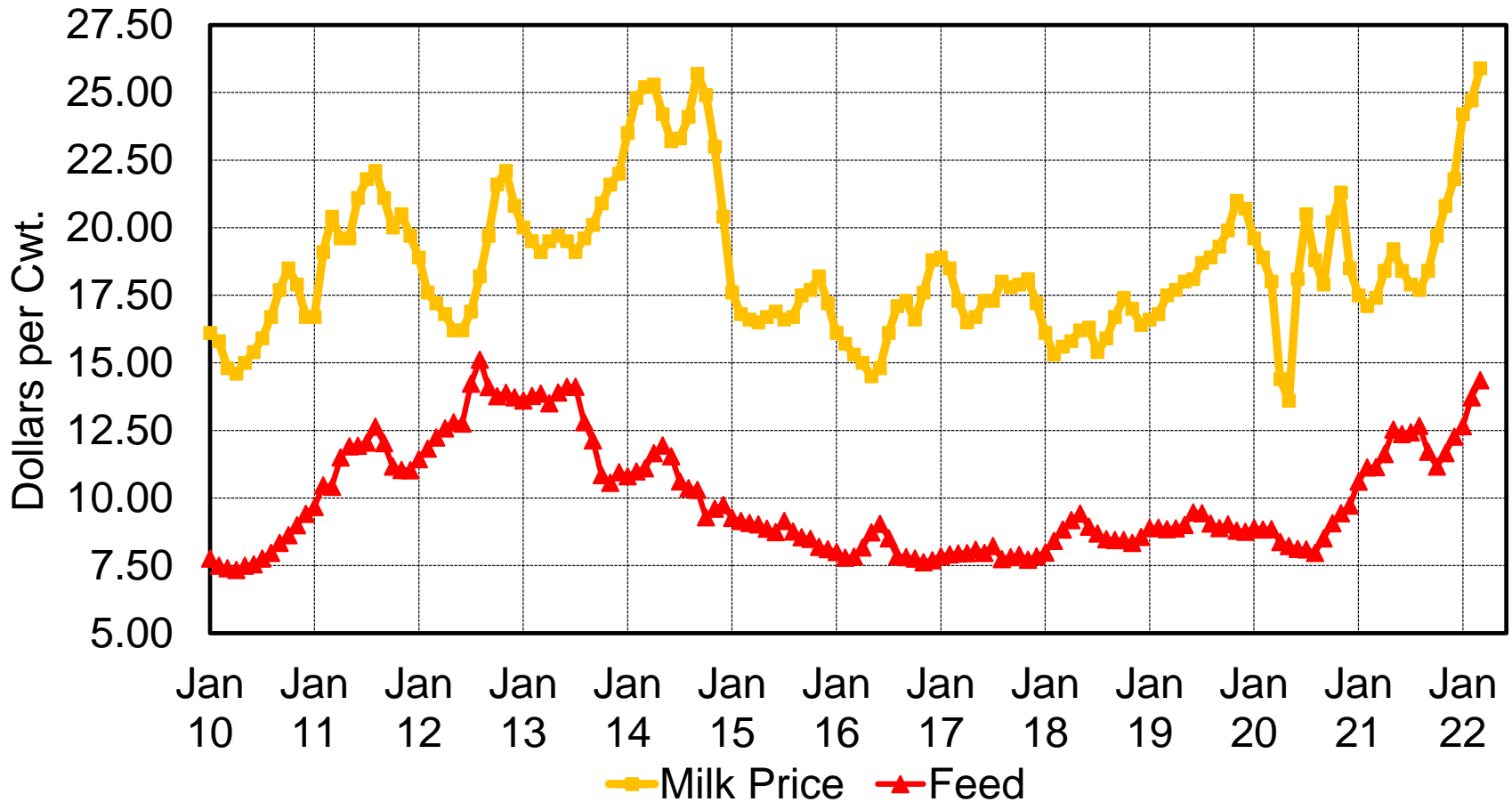
Percentage of operations receiving CFAP2 payments affected by payment limits



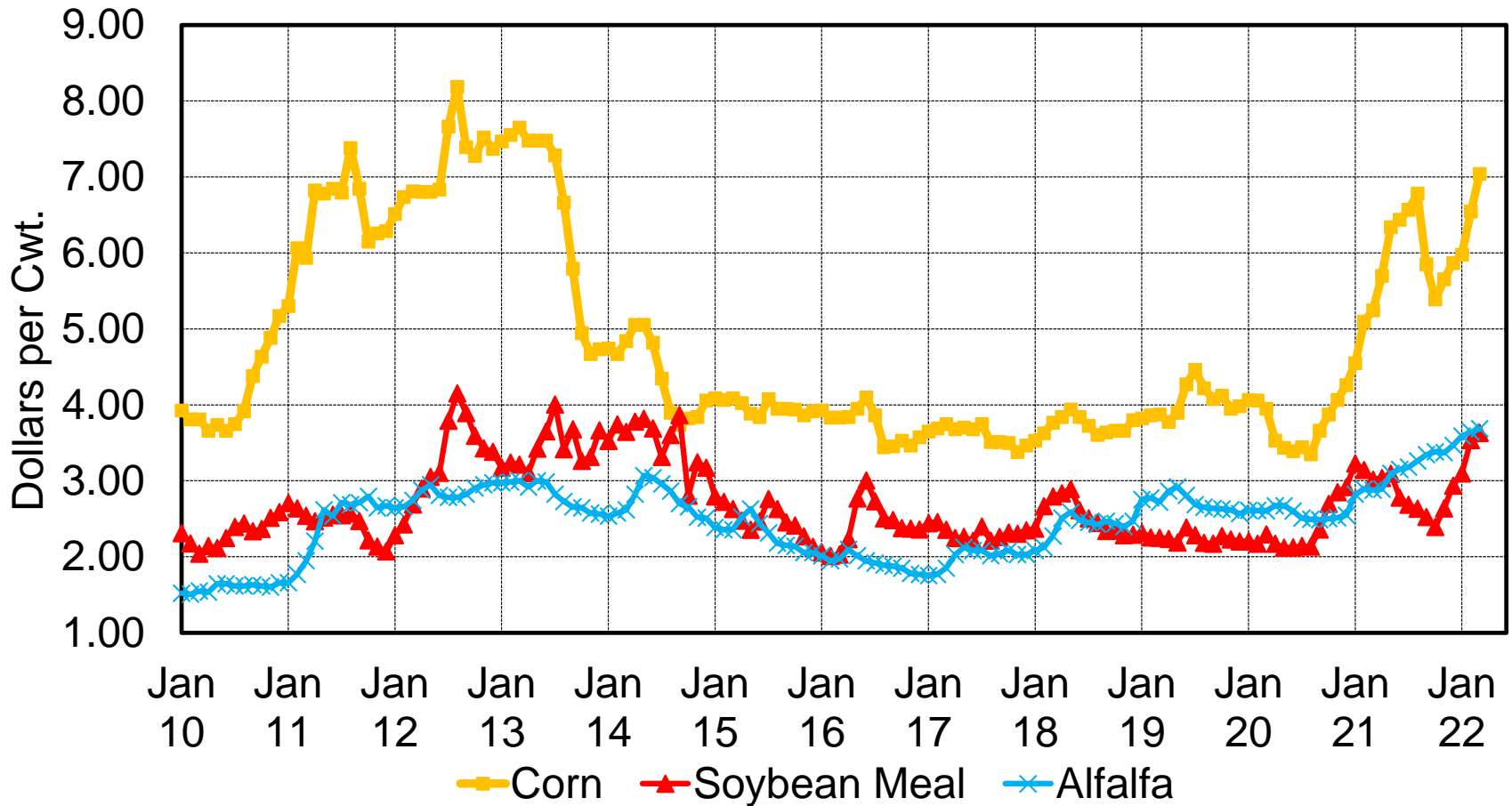
Milk Less Feed Costs (DMC Margin)



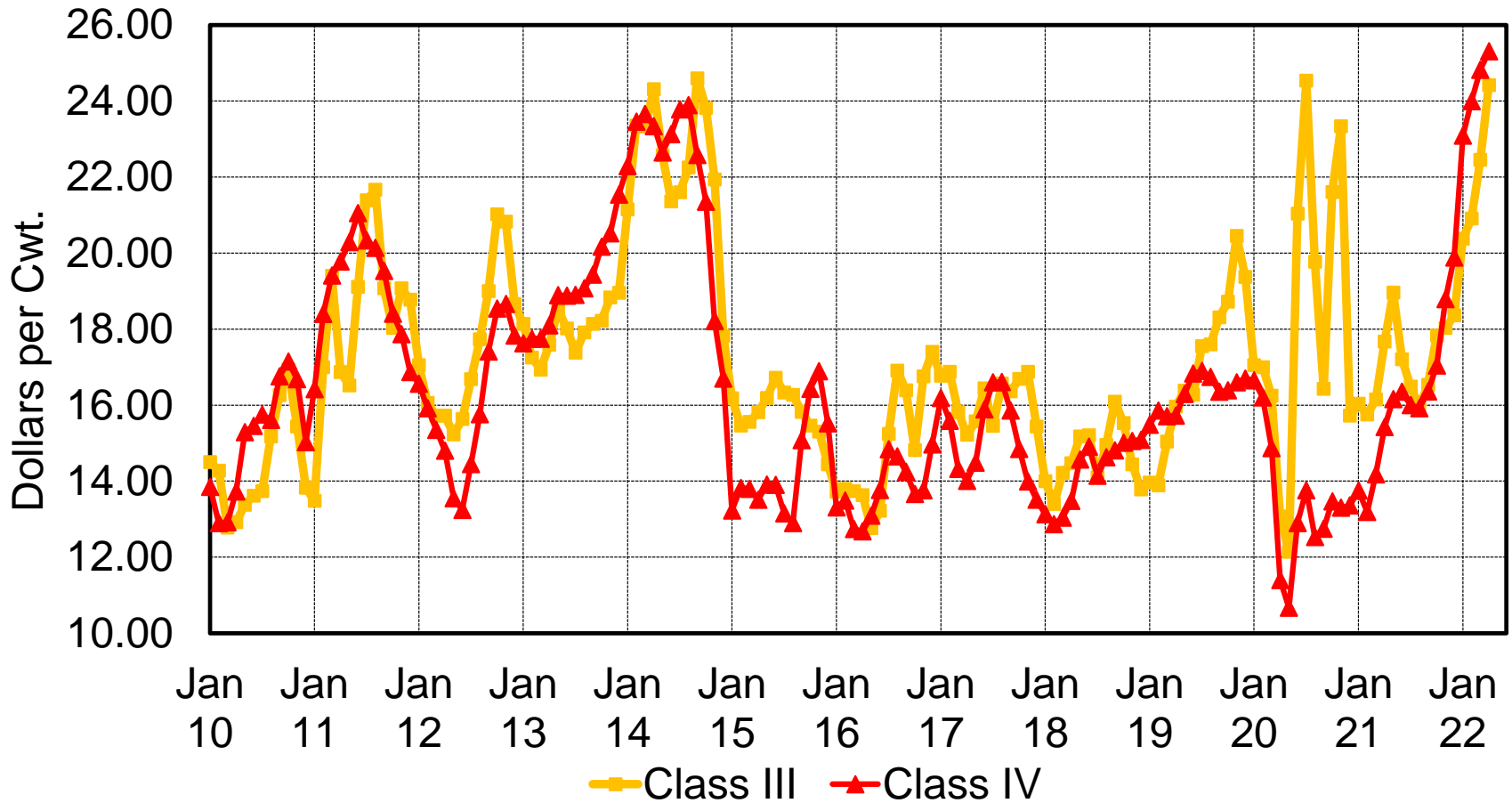
DMC Margin Components



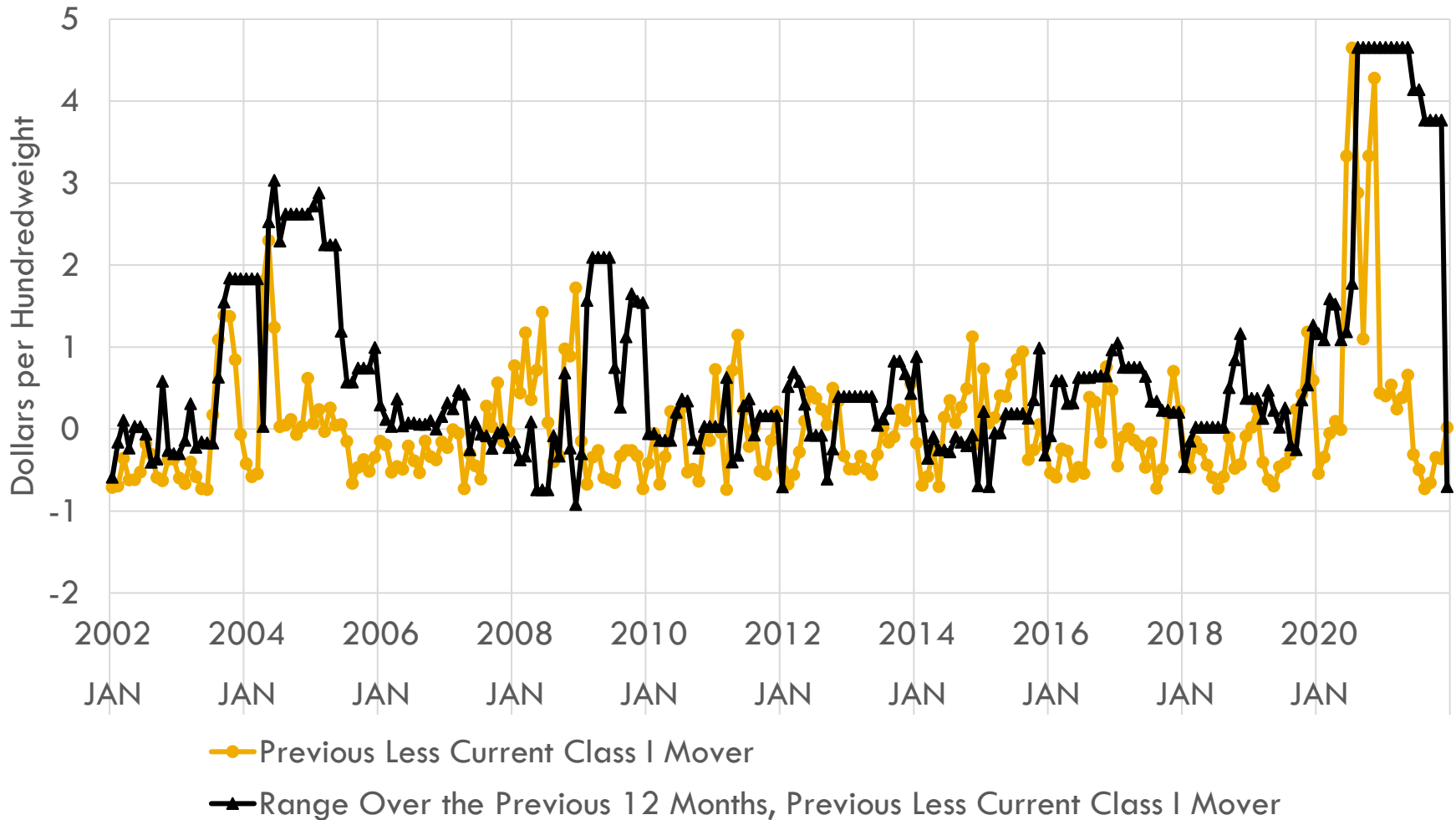
DMC Feed Components



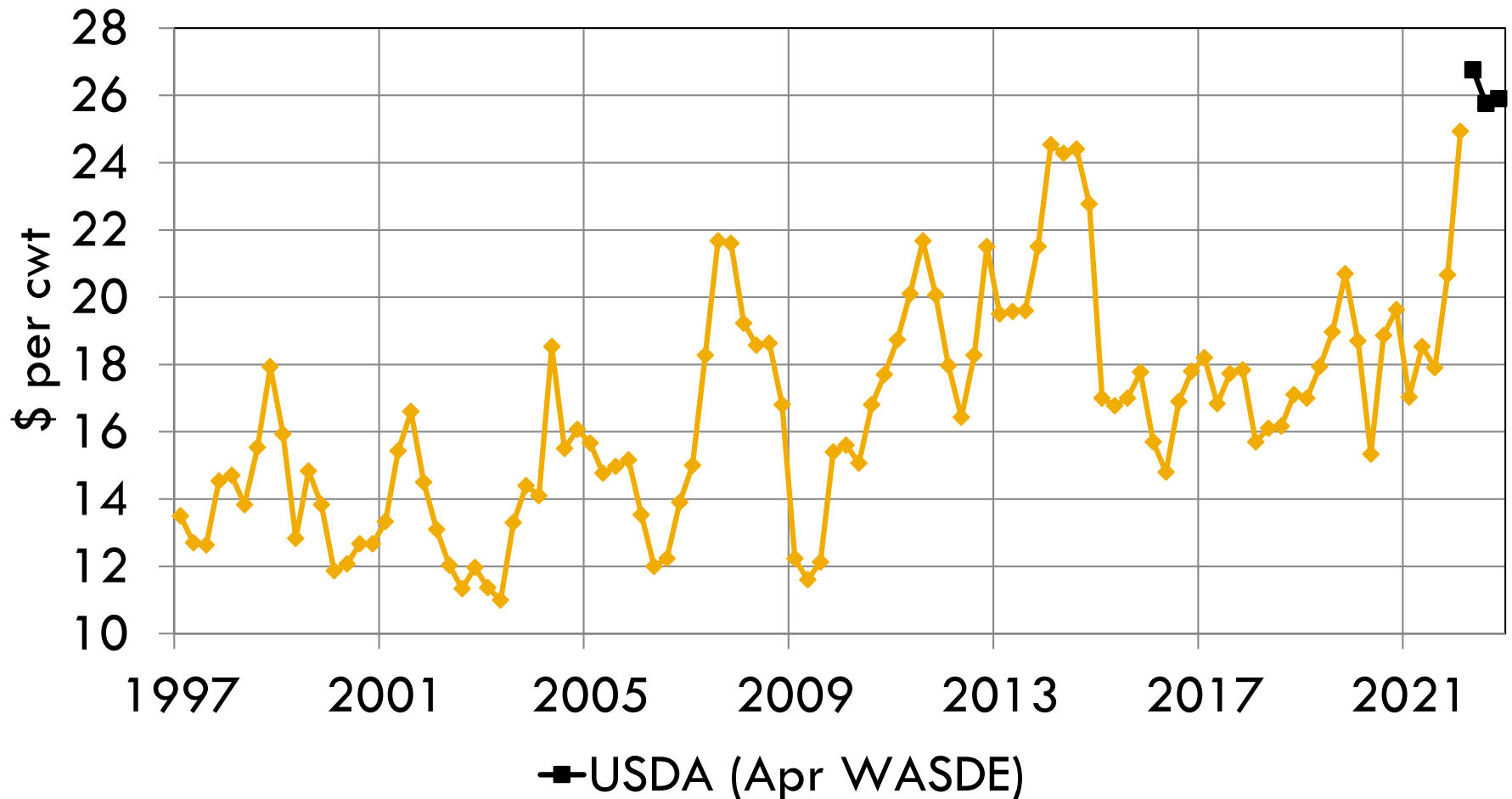
Federal Order Milk Prices



Class I Mover Alternatives



Quarterly U.S. All Milk Prices



Summary

- Despite high milk prices, returns to producers have been flat at best as costs rise
- Feed costs remain a concern as late planting and yield discussions unfold
- Is there a long-run normal in front of us?
- Do we see milk prices and input costs move differently if they move lower?

