



Impact of COVID-19 on local and global dairy industries

US Perspective

- My World
- US Dairy Industry

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My world

- Working from home since March
- Business going well
- Opened office in July
- Challenges:
 - Visiting clients
 - Visiting prospects
 - Networking
 - Short term requests/needs
 - Reduce milk output



COVID-19: Impact on US Dairy

COVID-19 has shifted demand

- From Food Service (restaurants, schools, hotels, etc)
- To Retail
 - Small package to large package

Millennials and Gen Z learned to cook

- Reduced interest in processed foods??

Federal government bought 3-5% of production

Overall growth of dairy product sales in US (+0.7%)

Milk production up (2.0%)



Economic Rollercoaster

| January 31 Trading Activity | | | | | April 9 Trading Activity | | | | |
|-----------------------------|-------------------|--------|------------------|--------|--------------------------|-------------------|--------|------------------|--------|
| | Class III \$/cwt. | chg. ¢ | Class IV \$/cwt. | chg. ¢ | | Class III \$/cwt. | chg. ¢ | Class IV \$/cwt. | chg. ¢ |
| JAN20 | 17.04 | -1 | 16.71 | NC | | | | | |
| FEB | 17.14 | -20 | 16.85 | NC | | | | | |
| MAR | 17.75 | -1 | 16.90 | +1 | | | | | |
| APR | 17.57 | -6 | 17.08 | +1 | APR20 | 13.56 | -22 | 11.57 | +16 |
| MAY | 17.45 | -5 | 17.38 | -9 | MAY | 11.43 | -40 | 11.41 | -12 |
| JUN | 17.52 | -5 | 17.60 | -5 | JUN | 12.82 | -44 | 11.82 | -27 |
| JUL | 17.72 | NC | 17.89 | NC | JUL | 14.49 | -24 | 12.25 | -5 |
| AUG | 17.78 | -3 | 18.00 | NC | AUG | 15.64 | NC | 12.60 | -4 |
| SEP | 17.87 | -9 | 18.09 | -13 | SEP | 15.89 | -6 | 13.03 | -14 |
| OCT | 17.88 | -3 | 18.22 | -6 | OCT | 16.00 | -1 | 13.25 | +4 |
| NOV | 17.82 | NC | 18.22 | -8 | NOV | 15.97 | +2 | 13.47 | NC |
| DEC | 17.55 | NC | 18.12 | -4 | DEC | 15.74 | -10 | 13.78 | -2 |

| October 30 Trading Activity | | | | |
|-----------------------------|-------------------|--------|------------------|--------|
| | Class III \$/cwt. | chg. ¢ | Class IV \$/cwt. | chg. ¢ |
| OCT20 | 21.59 | NC | 13.52 | NC |
| NOV | 23.90 | +62 | 13.63 | +6 |
| DEC | 20.45 | +7 | 13.70 | +18 |

TABLE 1 Federal Milk Marketing Order producer price differentials, uniform prices, 2020

| Federal Milk Marketing Order | Producer price differential (PPD)* | | | September uniform milk price** (\$ per cwt) |
|------------------------------|------------------------------------|---------------------|------------------------|---|
| | July (\$ per cwt) | August (\$ per cwt) | September (\$ per cwt) | |
| California | -9.82 | -5.24 | -1.96 | 14.47 |
| Southwest | -8.84 | -3.76 | -0.60 | 15.83 |
| Central | -8.69 | -3.62 | -0.72 | 15.71 |
| Mideast | -8.02 | -2.93 | -0.27 | 16.16 |
| Pacific Northwest | -7.43 | -3.61 | -1.24 | 15.19 |
| Northeast | -5.46 | -1.75 | 0.37 | 16.80 |
| Upper Midwest | -4.86 | -2.06 | -0.46 | 15.97 |
| Southeast | NA | NA | NA | 19.62 |
| Florida | NA | NA | NA | 21.85 |
| Appalachian | NA | NA | NA | 19.68 |
| Arizona | NA | NA | NA | 16.00 |

* / Producer price differential at base zone; rates differ within a FMMO

** / Uniform price at standard test

NA / Not applicable

Sources: USDA/FMMO reports

2020 Above Average?

NORTHEAST MILK PRICE FORECASTS, 2020 - 2021

October 26, 2020



| 2020 | COMPONENT PRICES PER POUND | | | BOSTON PPD/cwt. | BOSTON BLEND PRICE @3.5 bf | CLASS PRICES | | | | Class III Futures | DMC Margin* |
|--------|----------------------------|---------|---------|--------------------|-------------------------------------|--------------|---------|---------|---------|----------------------|----------------|
| | BUTTER | OTHER | | | | | | | | | |
| | FAT | PROTEIN | SOLIDS | | | I | II | III | IV | | |
| JAN | \$2.112 | \$2.961 | \$0.142 | \$1.73 | \$18.78 | \$22.25 | \$17.05 | \$17.05 | \$16.65 | \$17.05 | \$10.72 |
| FEB | \$1.981 | \$3.031 | \$0.175 | \$1.12 | \$18.12 | \$20.80 | \$16.84 | \$17.00 | \$16.20 | \$17.00 | \$10.06 |
| MAR | \$1.918 | \$2.842 | \$0.181 | \$1.49 | \$17.74 | \$20.71 | \$16.75 | \$16.25 | \$14.86 | \$16.25 | \$9.15 |
| APR | \$1.322 | \$2.482 | \$0.179 | \$1.85 | \$14.92 | \$19.88 | \$13.87 | \$13.07 | \$11.40 | \$13.07 | \$6.03 |
| MAY | \$1.376 | \$2.092 | \$0.188 | \$1.33 | \$13.47 | \$16.19 | \$12.30 | \$12.14 | \$10.67 | \$12.14 | \$5.37 |
| JUN | \$1.859 | \$4.535 | \$0.170 | -\$5.38 | \$15.66 | \$14.66 | \$12.98 | \$21.04 | \$12.89 | \$21.04 | \$9.99 |
| JUL | \$1.958 | \$5.629 | \$0.149 | -\$5.46 | \$19.08 | \$19.80 | \$13.78 | \$24.54 | \$13.77 | \$24.54 | \$12.41 |
| AUG | \$1.627 | \$4.439 | \$0.139 | -\$1.75 | \$18.02 | \$23.03 | \$13.26 | \$19.77 | \$12.52 | \$19.77 | \$10.83 |
| SEP | \$1.593 | \$3.394 | \$0.124 | \$0.37 | \$16.80 | \$21.69 | \$13.16 | \$16.43 | \$12.74 | \$16.43 | \$9.09 |
| OCT | \$1.645 | \$4.629 | \$0.147 | -\$3.06 | \$17.43 | \$18.45 | \$13.65 | \$20.44 | \$13.48 | \$21.63 | \$10.67 |
| NOV | \$1.675 | \$5.208 | \$0.158 | -\$3.37 | \$19.02 | \$21.29 | \$14.28 | \$22.34 | \$13.75 | \$22.76 | \$12.22 |
| DEC | \$1.675 | \$4.835 | \$0.161 | -\$2.45 | \$18.84 | \$21.88 | \$14.41 | \$21.24 | \$13.74 | \$20.99 | \$11.13 |
| AVG | \$1.728 | \$3.840 | \$0.159 | -\$1.13 | \$17.32 | \$20.05 | \$14.36 | \$18.44 | \$13.56 | \$18.56 | \$9.81 |
| Q4 AVG | \$1.665 | \$4.891 | \$0.155 | -\$2.96 | \$18.43 | \$20.54 | \$14.11 | \$21.34 | \$13.65 | \$21.79 | \$11.34 |

Additional income:

CFAP

DMC

2021 Forecast

Milk supply outpacing demand

Increase in corn and soy prices

NORTHEAST MILK PRICE FORECASTS, 2020 - 2021

October 26, 2020



| 2021 | COMPONENT PRICES PER POUND | | | BOSTON PPD/cwt. | BOSTON BLEND PRICE @3.5 bf | CLASS PRICES | | | | Class III Futures | DMC Margin* |
|------|----------------------------|---------|-----------------|--------------------|-------------------------------------|--------------|---------|---------|---------|----------------------|----------------|
| | BUTTER FAT | PROTEIN | OTHER SOLIDS | | | I | II | III | IV | | |
| JAN | \$1.692 | \$3.843 | \$0.159 | -\$0.65 | \$17.71 | \$20.56 | \$14.58 | \$18.32 | \$13.91 | \$18.59 | \$9.90 |
| FEB | \$1.751 | \$3.302 | \$0.162 | \$0.14 | \$17.10 | \$19.52 | \$14.88 | \$16.93 | \$14.20 | \$17.10 | \$9.10 |
| MAR | \$1.836 | \$3.076 | \$0.166 | \$0.64 | \$17.24 | \$19.51 | \$15.34 | \$16.57 | \$14.67 | \$16.65 | \$8.86 |
| APR | \$1.888 | \$2.982 | \$0.164 | \$0.85 | \$17.34 | \$19.73 | \$15.76 | \$16.46 | \$14.98 | \$16.54 | \$8.65 |
| MAY | \$1.909 | \$2.968 | \$0.166 | \$0.93 | \$17.46 | \$19.77 | \$15.84 | \$16.51 | \$15.17 | \$16.55 | \$8.54 |
| JUN | \$1.921 | \$2.970 | \$0.168 | \$0.94 | \$17.54 | \$19.87 | \$15.97 | \$16.57 | \$15.29 | \$16.65 | \$8.51 |
| JUL | \$1.962 | \$2.975 | \$0.171 | \$0.88 | \$17.65 | \$20.04 | \$16.25 | \$16.74 | \$15.60 | \$16.79 | \$8.62 |
| AUG | \$1.976 | \$2.958 | \$0.178 | \$1.05 | \$17.85 | \$20.23 | \$16.43 | \$16.78 | \$15.75 | \$16.74 | \$8.84 |
| SEP | \$1.985 | \$2.940 | \$0.169 | \$1.37 | \$18.10 | \$20.35 | \$16.75 | \$16.70 | \$16.13 | \$16.80 | \$9.10 |
| OCT | \$1.997 | \$2.922 | \$0.177 | \$1.52 | \$18.28 | \$20.52 | \$16.97 | \$16.74 | \$16.27 | \$16.68 | \$9.45 |
| NOV | \$2.017 | \$2.812 | \$0.187 | \$1.72 | \$18.28 | \$20.46 | \$17.14 | \$16.54 | \$16.46 | \$16.51 | \$9.55 |
| DEC | \$2.034 | \$2.749 | \$0.183 | \$1.84 | \$18.24 | \$20.46 | \$17.26 | \$16.38 | \$16.56 | \$16.57 | \$9.75 |
| AVG | \$1.914 | \$3.041 | \$0.171 | \$0.94 | \$17.73 | \$20.08 | \$16.10 | \$16.77 | \$15.41 | \$16.85 | \$9.07 |

* USDA actual and estimated margin from the All-Milk price minus an estimated feed ration based on the formula used in the Dairy Margin Coverage Program.

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Animal Nutrition