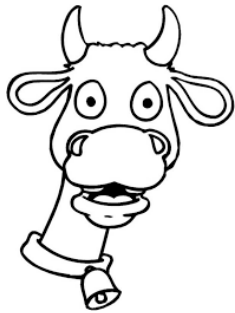




Class IV Market News and Summary

March 4, 2022

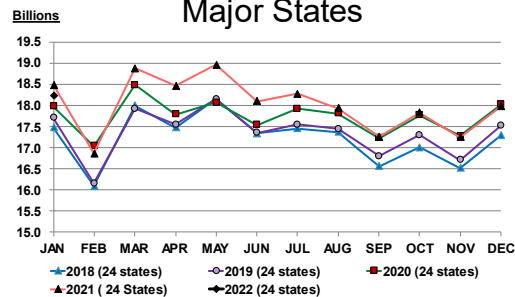


The February Class IV price was \$24.00/cwt. an increase of \$0.91 from the previous month. This is the highest-Class IV price ever. The previous high was \$23.89 in August 2014, and we haven't seen it peak yet. Class IV projection for next month is \$24.97/cwt. See history Class IV chart on page 3 and weekly butter and powder prices going back to 2014 on page 4.

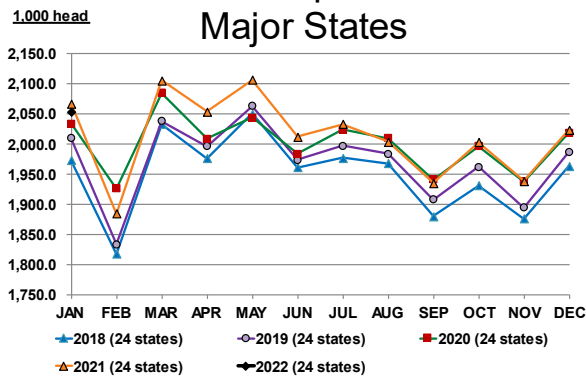
The February Class III price was \$20.91/cwt. an increase of \$0.53 from the previous month. Class III projection for next month is \$22.45/cwt.

Milk production in the 24 major States during January 2022 totaled 18.2 billion pounds, up 1.37% from the previous month and down 1.41 from the same month last year.

MILK PRODUCTION in 24 Major States



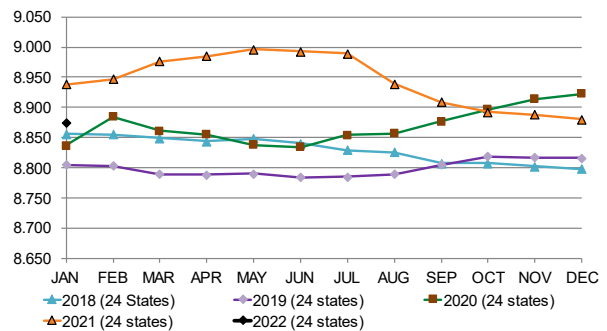
PRODUCTION per COW in 24 Major States



Production per cow for January 2022 in the 24 major States averaged 2053 pounds, up 1.43% from last month and down 0.68% from the same period last year

MILK COWS – 24 MAJOR STATES

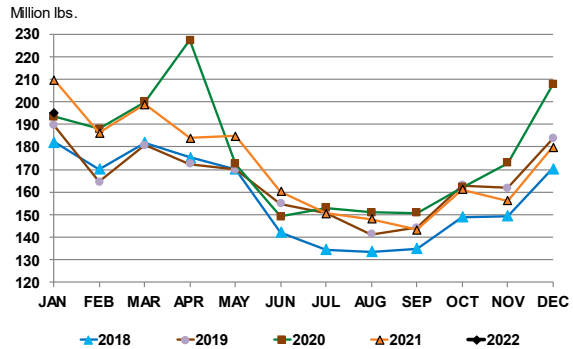
Cow Numbers in Millions



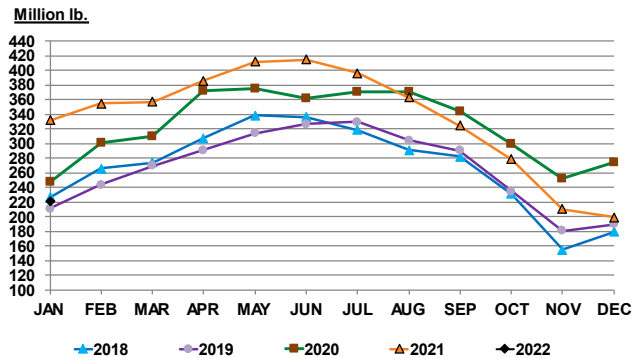
The number of milk cows on farms in January in the 24 major States was 8.875 million head, unchanged from the previous month and down 0.7% from the same period in 2021. Cow numbers have continued to decline since June of 2021.

Butter production for January was 195.193 million pounds, up 8.5% from the previous month and down 6.9% from the same month last year.

U.S. BUTTER PRODUCTION



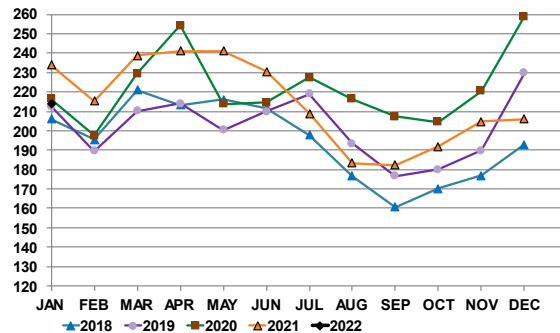
U.S. BUTTER IN COLD STORAGE



Butter stocks for January were 221.3 million lb. up 11.2% from last month and down 33.3% from a year ago. The lowest January since 2019

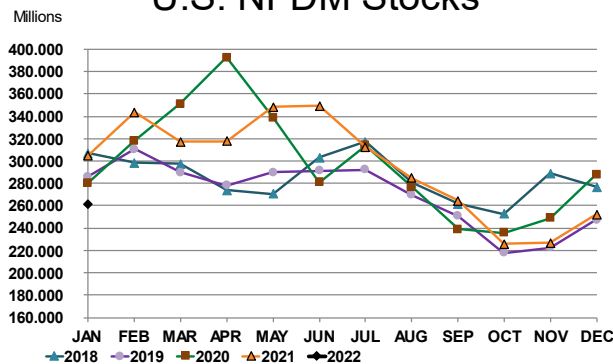
Combined Nonfat and Skim powder produced in January 2022 was 214.1million lb. up 3.9% from the previous month, and down 8.5% from the same period last year.

Skim/NFDM Production



Dry milk products (comparisons in percentage with January 2021) Nonfat dry milk, human 171 million pounds, down 13.8 percent. Skim milk powder 43.4 million pounds, up 20.6 percent.

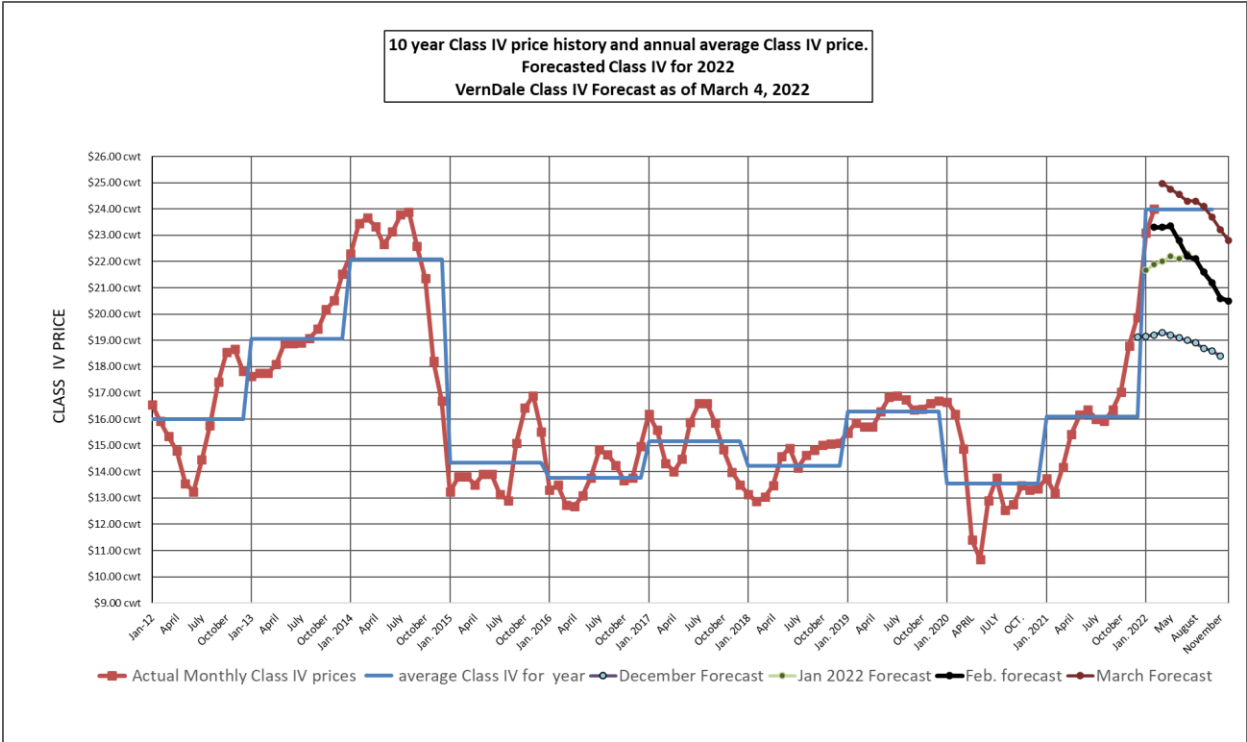
U.S. NFDM Stocks



Nonfat Inventory at the end of January 2022 was 261.3 million lbs. up 3.6% from the previous month, and down 14.3% from the same period last year.

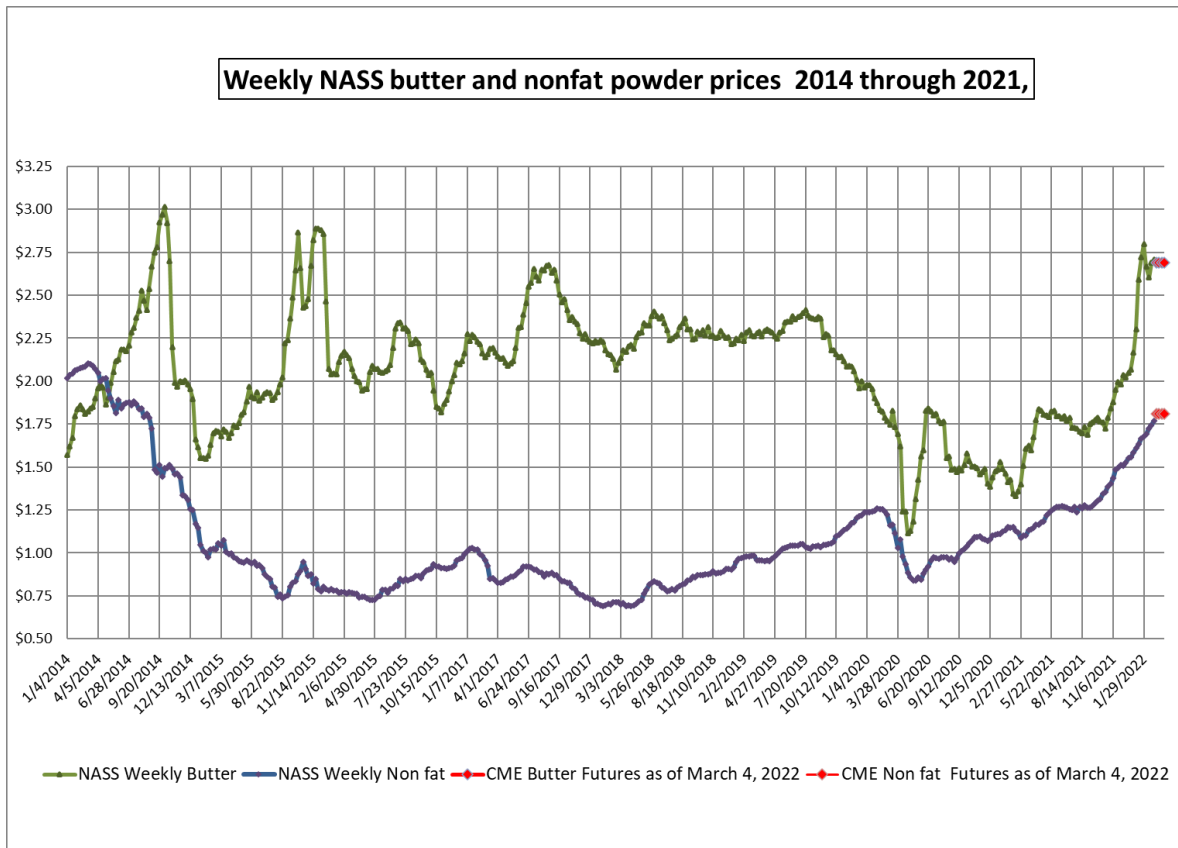
Forecasted Class IV price as of March 4, 2022.

Year	Month	Projected class IV price
2022	March.	\$24.97
2022	April	\$24.75
2022	May	\$24.55
2022	June	\$24.30
2022	July	\$24.30
2022	August	\$24.10
2022	September	\$23.70
2022	October	\$23.20
2022	November	\$22.80
2022	December	\$22.10



Back in 2014 when Class IV prices peaked both Butter and nonfat prices were high. One significant difference between 2014 and 2022 is that weekly nonfat powder prices in 2014 were falling after reaching \$2.10/lb. in March of 2014. Today, nonfat powder prices are on the rise and currently at \$1.76/lb. for the last week in February. On March 1st. the most recent GDT auction, skim milk powder was \$4,481 per metric ton or \$2.03 per pound. As a result, US will continue producing powder for export, keeping domestic stocks low and prices high.

It is important to keep in mind the Class IV Price is based on nonfat and butter prices. There are 3.5 pounds of butter and around 8.5 pounds of nonfat solids in 100 lb. of fluid milk, and one cent increase in nonfat price has about 3 times the impact to the price as one cent increase in the price of butter.



Dale Johnson