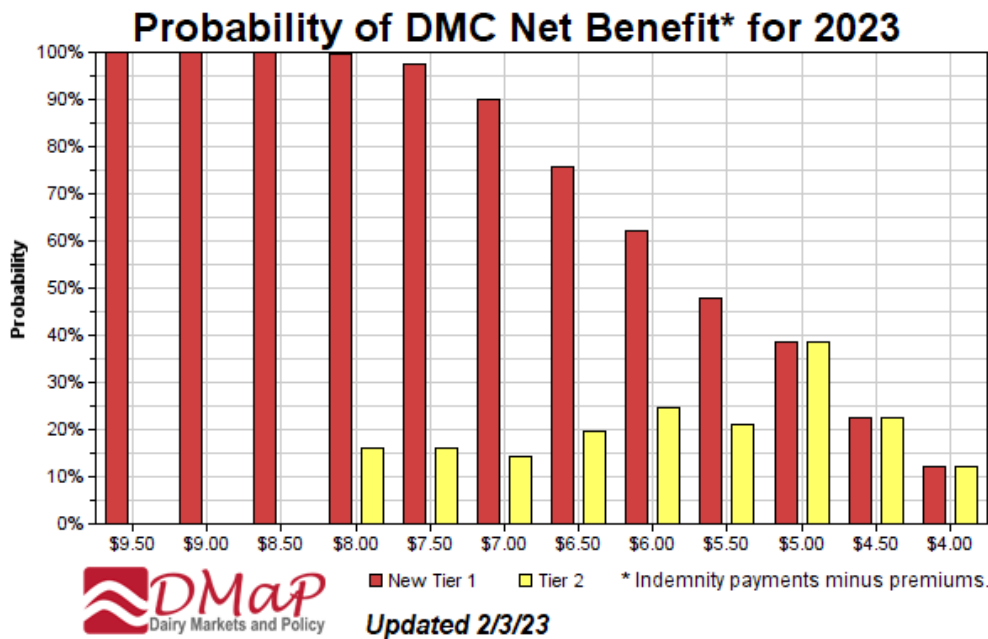
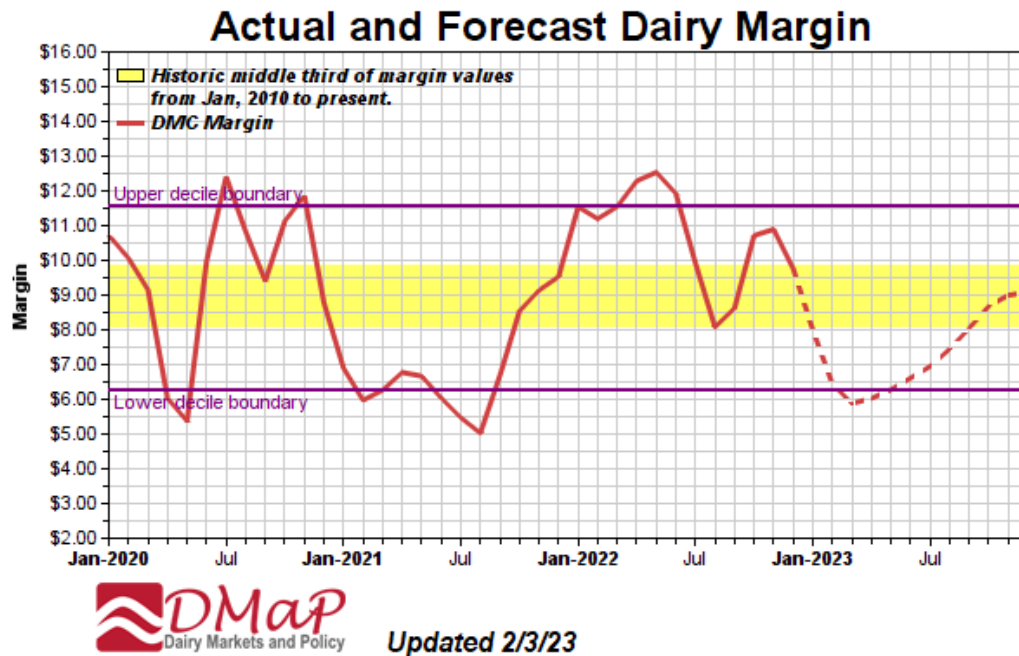


Attached is a Vermont Dairy Data Summary with some additional information in the body of this e-mail.

The two graphs below show possible margins for 2023. At this time, the predicted margins for the first half of 2023 look to be below the \$9.50 trigger level. The graphs below are from February 6, 2023.



This chart calculates the probability that the indemnities received at the various coverage levels will exceed the cost of the premiums for the year.

Inflation resulting in higher food prices and other consumer goods, as well as the possibility of a recession, are dampening sales of dairy products. Dairy exports have been a positive factor for milk prices. The combination of higher milk production, slightly lower domestic sales and some growth in dairy exports means lower milk prices in 2023. Both the Class III and Class IV futures have weakened considerably over the past month. All dairy product prices have weakened in January. Unless there is a price rally current dairy product prices could result in \$17's for both Class III and Class IV. In fact, today the March Class III hit \$17.48. USDA is forecasting the Class III to average \$18.85 for the year, down \$3.09 from \$21.94 for 2022 and Class IV to average \$19.25, down \$5.25 from \$24.47 for 2022. Much can change as we move through the year, but it now appears 2023 milk prices will be much lower than 2022 prices.

Source: Dairy Situation and Outlook, January 25, 2023 By Bob Cropp, Professor Emeritus, University of Wisconsin Cooperative Extension University of Wisconsin-Madison

Month	Class III	Class IV
February 2023	\$17.83	\$18.95
March 2023	\$17.47	\$19.13
April 2023	\$17.90	\$19.22
May 2023	\$18.28	\$19.55
June 2023	\$18.75	\$19.83
July 2023	\$19.17	\$20.05
August 2023	\$19.53	\$20.23

Prices are impacted by many factors including supply and demand for products. USDA completes a monthly cold storage report on a for butter and natural cheese. This gives an idea of what product is in storage in the US. The data below is for December 2022.

	December 2022	November 2022	December 2021
Butter	216,295,000	199,778,000	199,056,000
All Natural Cheese	1,445,043,000	1,430,992,000	1,441,631,000

- Butter stocks were up 8 percent from last month and up 9 percent from a year ago.
- Total natural cheese stocks in refrigerated warehouses on December 31, 2022 were up 1 percent from the previous month and up slightly from December 31, 2021.
- USDA reports 203,803,000 pounds of butter held in public warehouses.
- USDA reports 1,125,556,000 pounds of natural cheese held in a public warehouses.

Released January 25, 2023, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA)

Milk Production:

Milk Production was up 1.5% for November in Vermont at 207 million pounds versus November 2021 according to USDA. Cow numbers in Vermont are at 118,000 which is 1.7% lower than November 2021. Milk per cow was up 3.2% in November 2022 at 1,755. Here are the numbers for USDA for NY and PA for November 2021. The percentages compare to a year earlier.

State	New York	Pennsylvania	Top 24 States
Cow Numbers	628,000-up 0.4%	467,000-down 0.7%	8,927,000-up 0.4%
Milk Pounds	1,278,000-up 3.2%	801,000-no change	17,428,000-up 1.1%
Milk per Cow	2,035-up 2.7%	1,715-up 0.5%	1,952-up 0.6%

Milk Production (January 2023) 3

USDA, National Agricultural Statistics Service

Vermont Dairy Data – February 13, 2023

Category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ave. Milk Price	\$19.60	\$23.63	\$16.49	\$15.25	\$16.78	\$15.44	\$17.46	\$16.45	\$17.23	\$24.42
Class III price	\$17.99	\$22.34	\$15.80	\$14.87	\$15.92	\$14.61	\$16.96	\$18.16	\$17.08	\$22.03
MILC Payment – USDA	\$0.258	\$0.00	MPP/MCP Margin level	\$8.01	\$9.68	\$7.53	\$9.60	\$9.65	\$6.92	\$10.80
# of VT Cow Dairy Farms	939	880	853	838	796	725	677	636	583	550
Milk Production USDA	2.615 b lbs.	2.672 b lbs.	2.666 b lbs.	2.724 billion	2.728 Billion	2.680 Billion	2.695 Billion	2.602 billion	2.564 billion	212 mil. Ave/mo.
Ave. # of cows in VT USDA	133,000	132,000	132,000	130,000	128,667	126,833	125,583	122,167	119,667	117,792
Ave. # of cows/ farm	142	150	155	155	162	175	185	192	205	214
Certified Organic Cow Dairy Farms	198	184	184	203	199	190	187	169	162	155
Off-Farm Dairy Processors	36	58	64	78	79	83	88	87	88	88
On-Farm Dairy Processors	59	62	71	67	68	63	66	67	70	70
Total Dairy Processors	95	120	135	145	147	146	154	154	158	158

Greatest Cow numbers 154,000 in 2002. Total Dairy Processors in 2002= 58

Vermont Dairy Cow Operations by County – 2023

cows													% change	% change	
County	Jan.	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	prior month	since Jan.	Ave. #
Addison	75												-1.30%		
Bennington	7												0.00%		
Caledonia	46												-2.20%		
Chittenden	27												-3.60%		
Essex	9												0.00%		
Franklin	102												0.00%		
Grand Isle	8												0.00%		
Lamoille	23												0.00%		
Orange	49												0.00%		
Orleans	82												-1.20%		
Rutland	35												-5.4%		
Washington	18												0.00%		
Windham	19												0.00%		
Windsor	19												-9.52%		
TOTAL	519												-1.66%		

Ave. # dairy farms-2014 -880, 2015 – 853, 2016 -838, 2017 – 796, 2018 – 725, 2019 – 677, 2020 – 636, 2021 -583 & 2022 - 549

Dairy Cow Farms By Size – Milking cows

	LFO – over 700	MFO – 200 – 699	SFO –under 200	Total
2012	17	145	810	972
2013	17	142	780	939
2014	25	129	726	880
2015	26	127	700	853
2016	27	138	673	838
2017	32	117	250 CSFO -647	796
2018	34	104	273 CSFO - 587	725
2019	33	105	268 CSFO - 539	677
2020	35	100	198 CSFO – 501	636
2021	35	95	216 CSFO - 453	583
2022	35	91	215 CSFO – 424	549

CSFO as of January 31, 2018. Certified Small Farms have 50 - milking cows to 199 cows.