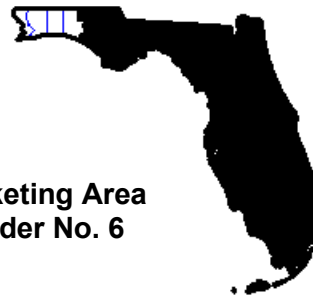


FLORIDA Fluid Milk Report

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Florida Marketing Area
Federal Order No. 6



www.fmmatlanta.com

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Dairy Market Update and Forecasts

Excerpts from Livestock, Dairy, & Poultry Outlook, June 18, 2018, Economic Research Service, USDA:

On June 7, USDA announced that California dairy producers had voted to approve a Federal Milk Marketing Order (FMMO) for California. Affected parties must comply with all provisions beginning November 1, 2018. The California FMMO would replace the current California State Order (CSO) classified price formulas with uniform end-product pricing formulas currently used in the 10 existing FMMOs. According to the economic analysis provided by USDA AMS, regulated minimum prices to be received by farmers would likely be greater than CSO minimum prices. However, pooling regulations under the proposed FMMO would allow handlers to elect not to pool milk used in manufacturing.

On June 5, 2018, Mexico published a list of tariffs on U.S. product imports in response to tariffs recently imposed by the United States on steel and aluminum. The list includes several types of agricultural products, including cheese. With publication of the list, Mexico has imposed tariffs on cheese of 10 or 15 percent, depending on the cheese type, and the tariffs will be increased to 20 and 25 percent on July 5. In 2017, the listed cheeses made up more than 99 percent of the volume of cheeses exported from the United States to Mexico. Mexico is the largest export U.S. destination for cheese. In 2017, 28.3 percent of U.S. cheese exports went to Mexico, accounting for 1.7 percent of U.S. cheese production. According to Mexico's statistics as reported in the Global Trade Atlas, 75.1 percent of Mexico's 2017 cheese imports came from the United States.

With lower milk production forecast, higher expected exports, and recent price strength, forecasts have been raised for butter, nonfat dry milk, and dry whey to \$2.295-2.365, \$0.775-0.815, and \$0.295-\$0.315, respectively. The cheese price forecast is unchanged at the midpoint from last month's forecast, at \$1.605-\$1.645 per pound, as negative effects of Mexico's tariffs are expected to be offset by robust exports to other countries and competing uses for milk. The all milk price forecast for 2018 is \$16.60-\$17.00/cwt, an increase of 35 cents from the last forecast at the midpoint of the range. (continued on pg. 4)

Uniform Price Increases

The uniform price in Hillsborough County, Florida was \$19.25 per hundredweight for milk at 3.5 percent butterfat for the month of May. This is an increase of \$0.53 compared with the previous month and a decrease of \$0.44 from May 2017.

Class I utilization was 84.86 percent in May. This represents an increase of 1.00 percent compared to last month and is an increase of 3.68 percent compared with May of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in April was 18.4 billion pounds, 0.6 percent higher than April of last year and 0.4 percent higher compared with March 2018 on a daily average basis. Total cheese output was 1.07 billion pounds, 0.9 percent above April 2017 but 0.5 percent below March 2018 on a daily average basis. Butter production was 175 million pounds, 8.3 percent above April 2017 but 0.5 percent below March 2018 on a daily average basis.

Nonfat dry milk powder production was 166.3 million pounds in April, 3.8 percent lower than last year and 3.8 percent lower than March on a daily average basis. Total dry whey production was 85.3 million pounds in April, 0.7 percent higher than April 2017 and 2.8 percent lower than the previous month on a daily average basis. Whey protein concentrates production was 40.7 million pounds in April, 3.3 percent lower than April 2017 and 6.5 percent lower than March on a daily average basis.

April's milk-feed price ratio, the pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk, was 1.90, a decline from the previous month's ratio of 1.97.

F.O. 6 - FLORIDA: CALCULATION OF UNIFORM PRICES - MAY 2018

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	50.40%	3,787,550	\$2.4777	\$ 9,384,412.64
Class I Differential at Location				212,335.29
Class II Butterfat	47.65%	3,580,134	\$2.6309	9,418,974.55
Class III Butterfat	0.05%	3,813	\$2.6239	10,004.93
Class IV Butterfat	1.90%	142,602	\$2.6239	374,173.39
Total Butterfat	100.00%	7,514,099		\$ 19,399,900.80

Uniform Butterfat Price per lb. (Hillsborough County, Florida): **\$2.5818**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	86.15%	173,621,649	\$5.98 /cwt.	\$ 10,382,574.61
Class I Butterfat	50.40%	3,787,550	\$2.4777 /lb.	9,384,412.64
Class I Differential at Location		177,409,199		9,917,120.74
Total Class I Milk	84.86%	177,409,199		\$ 29,684,107.99
Class II Skim Milk	13.15%	26,491,592	\$5.45 /cwt.	\$ 1,443,791.77
Class II Butterfat	47.65%	3,580,134	\$2.6309 /lb.	9,418,974.55
Total Class II Milk	14.39%	30,071,726		\$ 10,862,766.32
Class III Skim Milk	0.09%	182,107	\$6.21 /cwt.	\$ 11,308.84
Class III Butterfat	0.05%	3,813	\$2.6239 /lb.	10,004.93
Total Class III Milk	0.09%	185,920		\$ 21,313.77
Class IV Skim Milk	0.61%	1,236,354	\$5.58 /cwt.	\$ 68,988.56
Class IV Butterfat	1.90%	142,602	\$2.6239 /lb.	374,173.39
Total Class IV Milk	0.66%	1,378,956		\$ 443,161.95
Producer Milk	100.00%	209,045,801		\$ 41,011,350.03

Adjustments

Overage and Other Source	\$77,701.55
Inventory Adjustments	\$16,315.65
Producer butterfat at uniform butterfat price	(\$19,399,900.80)
Location Adjustments to Producers	(\$383,663.67)
1/2 Unobligated Balance in P.S.F.	\$87,938.96

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 10.62351	\$21,409,741.72
	\$ 0.04351	\$87,687.65

Uniform Skim Milk Price per cwt. (Hillsborough County, Florida):

\$10.58

Uniform Price per cwt. (Hillsborough County, Florida)

\$19.25*

* At 3.5% butterfat test; for information purposes.

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	May 2018	June 2018	Apr 2018	May 2018	May 2018
Appalachian (Charlotte)	\$ 17.84	\$ 18.65	\$ 16.56	\$ 17.20	67.75%
Arizona (Phoenix)	\$ 16.79	\$ 17.60	\$ 14.50	\$ 15.28	22.98%
Central (Kansas City)	\$ 16.44	\$ 17.25	\$ 14.34	\$ 15.11	27.65%
Florida (Tampa)	\$ 19.84	\$ 20.65	\$ 18.72	\$ 19.25	84.86%
Mideast (Cleveland)	\$ 16.44	\$ 17.25	\$ 14.63	\$ 15.33	30.50%
Northeast (Boston)	\$ 17.69	\$ 18.50	\$ 15.46	\$ 16.14	30.20%
Pacific Northwest (Seattle)	\$ 16.34	\$ 17.15	\$ 14.32	\$ 15.18	20.26%
Southeast (Atlanta)	\$ 18.24	\$ 19.05	\$ 16.88	\$ 17.46	67.75%
Southwest (Dallas)	\$ 17.44	\$ 18.25	\$ 15.24	\$ 16.02	27.32%
Upper Midwest (Chicago)	\$ 16.24	\$ 17.05	\$ 14.54	\$ 15.25	10.00%

**FLORIDA MILK MARKETING AREA-FEDERAL ORDER 6
STATISTICAL SUMMARY**

Receipts:	May 2018	May 2017
Producer Milk		
Class I	177,409,199	177,322,095
Class II	30,071,726	23,737,290
Class III	185,920	8,400,847
Class IV	1,378,956	8,957,644
Total Producer Milk	<u>209,045,801</u>	<u>218,417,876</u>
Average Butterfat Test	3.59%	3.64%
Percent of Producer Milk in Class I	84.86%	81.18%
Daily Average Receipts	6,743,413	7,045,738
Other Source Milk		
Class I	3,440,184	4,110,383
Class II	4,664,424	5,218,185
Class III	0	35,051
Class IV	229,545	1,298,365
Total Other Source Milk	<u>8,334,153</u>	<u>10,661,984</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	29,613	0
Total Overage	<u>29,613</u>	<u>0</u>
Opening Inventory		
Class I	7,293,278	8,653,529
Class II	1,651,054	1,284,898
Class III	7,957	75,941
Class IV	6,255,273	11,935,135
Total Opening Inventory	<u>15,207,562</u>	<u>21,949,503</u>
Total Receipts	232,617,129	251,029,363
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	6,954,872	8,586,513
Route Disposition Class I	179,491,312	181,289,191
Shrinkage	914,727	132,035
Transfers & Diversions to Nonpool	781,750	78,268
Total Class I Utilization	<u>188,142,661</u>	<u>190,086,007</u>
Average Butterfat Test	2.12%	2.11%
Daily Average Utilization	6,069,118	6,131,807
Class II Utilization		
Nonfluid Used To Produce	4,664,424	5,057,386
Shrinkage	3,332,521	0
Transfers & Diversions to Nonpool/Commercial Foods	12,526,562	7,486,041
Used To Produce/Other Uses	15,863,697	17,696,946
Total Class II Utilization	<u>36,387,204</u>	<u>30,240,373</u>
Average Butterfat Test	9.99%	12.09%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce	96,955	8,511,839
Used to Produce/Other Uses	96,922	0
Total Class III Utilization	<u>193,877</u>	<u>8,511,839</u>
Average Butterfat Test	3.63%	4.24%
Class IV Utilization		
Inventory	6,874,519	10,843,308
Nonfluid Used To Fortify	195,140	289,728
Shrinkage	0	3,101,593
Transfers & Diversions to Nonpool	823,728	3,954,718
Used To Produce/Other Uses	0	4,001,797
Total Class IV Utilization	<u>7,893,387</u>	<u>22,191,144</u>
Average Butterfat Test	6.68%	6.60%
Total Utilization	232,617,129	251,029,363

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in May 2018 is \$19.25 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$10.58 per hundredweight plus 3.5 times the uniform butterfat price of \$2.5818 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In May, Class I use accounted for 86.15% of all producer skim milk (priced to handlers at \$5.98 hundredweight, plus the Class I differential) and 50.40% of producer butterfat (priced to handlers at \$2.4777 per pound plus Class I differential). Class II use accounted for 13.15% of all producer skim milk (\$5.45 per hundredweight) and 47.65% of producer butterfat (\$2.6309 per pound). Class III use accounted for 0.09% of all producer skim milk (\$6.21 per cwt) and 0.05% of producer butterfat (\$2.6239 per pound). Class IV use accounted for 0.61% of all producer skim milk (\$5.58 per cwt) and 1.90% of producer butterfat (\$2.6239 per pound).

Receipts of producer milk during May 2018 totaled 209 million pounds, 9.4 million pounds less than May 2017. Florida producers supplied 194.1 million pounds of milk in April 2018 or an estimated 91.77% of the producer milk pooled in Florida. In April 2017, Florida producers supplied 93.94% of producer milk pooled on the Florida market. There were 9 regulated pool distributing plants and 4 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for May. In-area Class I route disposition was 222.6 million pounds in April 2018, 3.6 million pounds less than last year.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
April 2018		
Whole Milk	84,183,600	37.82%
Fat Free Milk	17,978,009	8.10%
Low fat Milk (incl. 1%)	28,792,537	12.93%
Reduced Fat Milk (incl. 2%)	60,814,254	27.32%
Cultured Fluid Milk (incl. Buttermilk)	1,349,382	0.61%
Flavored Drinks and Milk	29,441,834	13.22%
Total Disposition in Marketing Area	222,559,616	100.00%
Total Disposition by Pool Plants	178,885,275	80.38%
Total Disposition by Non pool Plants	43,674,341	19.62%
Total Disposition in Marketing Area	222,559,616	100.00%

Dairy Market Update and Forecasts, cont.

(cont. from page 1) Dairy Forecasts for 2019: This month's forecasts account for the recently announced implementation of the California FMMO, which is expected to have product price impacts in 2019. According to an economic analysis by USDA AMS, the higher minimum milk prices to be paid by handlers manufacturing cheese and whey (Class III in the Federal order system) would result in less cheese production, contributing to higher cheese prices. As less cheese is produced, more milk would move into butter and nonfat dry milk production, lowering prices for those products. For California, the largest milk-producing State, milk prices received by dairy farmers are expected to be higher under the new FMMO than they have been under the CSO. In other regions, dairy farmers would receive either higher or lower prices depending on class utilization in the region. On average, the U.S. all-milk price would be higher.

With lower expectations for milk production and the effects of the California FMMO more than offsetting the effects of Mexican cheese tariffs, the cheese price forecast for 2019 has been raised to \$1.625-\$1.725 per pound. The dry whey price forecast has been raised to \$0.300-\$0.330 based on higher expected exports and effects of the California FMMO. The butter price forecast has been lowered slightly to \$2.210-\$2.340 per pound as higher exports of butterfat are more than offset by the effects of more butter production as a result of the California FMMO. The NDM price, however, has been raised 1 cent at the midpoint of the range to \$0.755-\$0.825, as the effects of strong export demand should outweigh higher NDM production as a result of the California FMMO.

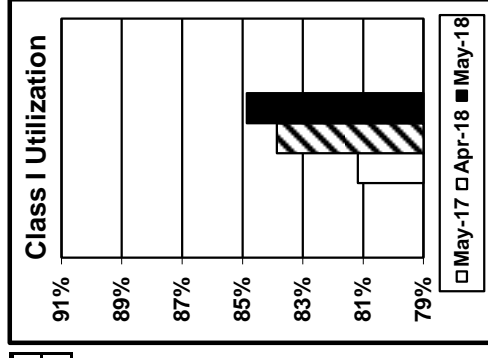
The Class III milk price forecast has been raised to \$15.30-\$16.30 due to higher expected prices for cheese and dry whey. The Class IV milk price forecast has been raised to \$13.70-\$14.80/cwt as the higher expected NDM price forecast is expected to more than offset the lower butter price forecast. The all milk price forecast for 2019 has been raised 45 cents at the midpoint of the range to \$16.70-\$17.70/cwt.

FEDERAL ORDER 6 - FLORIDA: CLASS AND UNIFORM PRICES

Pool Period	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5
Apr 2017	\$13.15	\$2.5023	\$21.45	\$6.78	\$2.3618	\$14.81	\$7.23	\$2.3548	\$15.22	\$5.98	\$2.3548	\$14.01	\$12.01	\$2.4267	\$20.08
May	\$12.54	\$2.4276	\$20.60	\$6.60	\$2.4204	\$14.84	\$7.38	\$2.4134	\$15.57	\$6.26	\$2.4134	\$14.49	\$11.61	\$2.4239	\$19.69
Jun	\$12.74	\$2.4032	\$20.71	\$6.89	\$2.7136	\$16.15	\$7.22	\$2.7066	\$16.44	\$6.65	\$2.7066	\$15.89	\$11.87	\$2.5531	\$20.39
Jul	\$12.72	\$2.7752	\$21.99	\$7.41	\$2.9526	\$17.48	\$5.33	\$2.9456	\$15.45	\$6.52	\$2.9456	\$16.60	\$11.85	\$2.8603	\$21.45
Aug	\$11.95	\$3.0259	\$22.12	\$7.25	\$3.0179	\$17.56	\$6.25	\$3.0109	\$16.57	\$6.29	\$3.0109	\$16.61	\$11.24	\$3.0224	\$21.43
Sep	\$11.73	\$3.0831	\$22.11	\$7.03	\$2.8629	\$16.80	\$6.59	\$2.8559	\$16.36	\$6.08	\$2.8559	\$15.86	\$11.13	\$2.9727	\$21.14
Oct	\$12.07	\$2.9120	\$21.84	\$6.84	\$2.6716	\$15.95	\$7.63	\$2.6646	\$16.69	\$5.72	\$2.6646	\$14.85	\$11.26	\$2.7874	\$20.62
Nov	\$12.68	\$2.7344	\$21.81	\$6.58	\$2.5616	\$15.32	\$8.23	\$2.5546	\$16.88	\$5.23	\$2.5546	\$13.99	\$11.81	\$2.6467	\$20.66
Dec	\$13.70	\$2.5875	\$22.28	\$5.94	\$2.5021	\$14.49	\$6.95	\$2.4951	\$15.44	\$4.95	\$2.4951	\$13.51	\$12.45	\$2.5446	\$20.92
Jan 2018	\$12.38	\$2.5415	\$20.84	\$5.70	\$2.4601	\$14.11	\$5.61	\$2.4531	\$14.00	\$4.71	\$2.4531	\$13.13	\$11.27	\$2.4973	\$19.62
Feb	\$11.11	\$2.5516	\$19.65	\$5.38	\$2.3560	\$13.44	\$5.37	\$2.3490	\$13.40	\$4.82	\$2.3490	\$12.87	\$10.35	\$2.4512	\$18.57
Mar	\$10.78	\$2.3874	\$18.76	\$5.55	\$2.4343	\$13.88	\$5.93	\$2.4343	\$14.24	\$4.71	\$2.4273	\$13.04	\$10.05	\$2.4115	\$18.14
Apr	\$11.22	\$2.4791	\$19.50	\$5.41	\$2.5183	\$14.03	\$5.89	\$2.5113	\$14.47	\$4.86	\$2.5113	\$13.48	\$10.33	\$2.4997	\$18.72
May	\$11.38	\$2.5317	\$19.84	\$5.45	\$2.6309	\$14.47	\$6.21	\$2.6239	\$15.18	\$5.58	\$2.6239	\$14.57	\$10.58	\$2.5818	\$19.25
Jun	\$11.75	\$2.6614	\$20.65	\$6.33											

FEDERAL ORDER 6 - FLORIDA: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
Apr 2017	219,859	131	177,183	80.58%	24,000	10.92%	7,056	3.21%	11,620	5.29%
May	218,418	109	177,322	81.18%	23,737	10.87%	8,401	3.85%	8,958	4.10%
Jun	204,329	127	167,555	82.01%	22,199	10.86%	8,887	4.35%	5,687	2.78%
Jul	197,380	126	164,694	83.44%	24,357	12.34%	4,829	2.45%	3,500	1.77%
Aug	215,152	176	181,228	84.22%	27,271	12.68%	4,187	1.95%	2,466	1.15%
Sep	202,752	184	174,233	85.93%	19,562	9.65%	2,059	1.02%	6,898	3.40%
Oct	218,757	173	183,666	83.96%	25,663	11.73%	394	0.18%	9,034	4.13%
Nov	218,101	147	183,961	84.34%	23,202	10.64%	3,337	1.53%	7,601	3.49%
Dec	226,771	128	185,525	81.81%	20,614	9.09%	9,667	4.26%	10,965	4.84%
Jan 2018	242,498	139	198,458	81.83%	27,278	11.25%	6,537	2.70%	10,224	4.22%
Feb	203,636	115	173,807	85.35%	24,010	11.79%	2,200	1.08%	3,619	1.78%
Mar	227,613	116	194,005	85.24%	27,016	11.87%	1,555	0.68%	5,036	2.21%
Apr	211,439	109	177,315	83.86%	23,068	10.91%	306	0.15%	10,750	5.08%
May	209,046	110**	177,409	84.86%	30,072	14.39%	186	0.09%	1,379	0.66%



* Class I and uniform prices are at Hillsborough County (Tampa), Florida; ** Estimated

Florida Marketing Area - Federal Order 6

2018 Pool and Payment Dates									
	Pool & Uniform Price	MA Payment Dates		Payments for Producer Milk					
		Due to:	Due From:	First Partial Payment Due**		Second Partial Payment Due**		Final Pay Due	
Pool Month	Release Date	All Funds	P/S	Coop	Non - member	Coop	Non - member	Coop	Non - member
June	07/11/18	07/12/18	07/13/18	06/19/18	06/20/18	07/05/18	07/05/18	07/13/18	07/16/18
July	08/11/18	08/13/18	08/14/18	07/19/18	07/20/18	08/06/18	08/06/18	08/14/18	08/15/18
August	09/11/18	09/12/18	09/13/18	08/20/18	08/20/18	09/04/18	09/05/18	09/13/18	09/14/18

**The base rate for making partial payments in Hillsborough Co., FL for June will be \$17.33 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$16.36 for nonmembers (85 percent of the preceding month's uniform price).

Producer Touch Base Requirements & Handler Diversion Limits													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Producer Touch Base Days	10	10	10	10	10	10	10	10	10	10	10	10	
Diversion Percentage Limits	15%	15%	20%	20%	20%	20%	10%	10%	10%	10%	10%	15%	

WASDE Dairy Report 1/ WASDE – 578 June 12, 2018

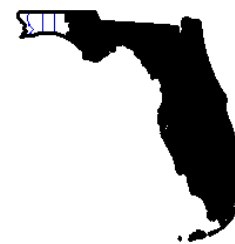
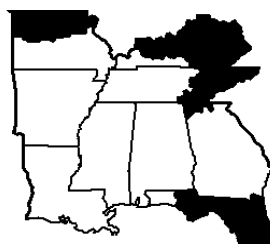
The milk production forecast for 2018 is reduced from last month on slightly lower cow numbers and slower expected growth in milk per cow. No change is made to the annual cow herd for 2019, but the milk production forecast for 2019 is lowered from last month on continued slow growth in milk per cow.

The 2018 cheese price is unchanged at the midpoint of the range, but is raised for 2019. The 2018 butter price forecast is raised, but is reduced slightly for 2019. Nonfat dry milk (NDM) and whey price forecasts are raised for both 2018 and 2019 on strong demand and a reduced production forecast. For 2018, the Class III price is raised on the stronger whey price. The Class IV price forecast reflects higher butter and NDM prices. For 2019, both Class III and Class IV prices are raised. The all milk price is forecast higher at \$16.60 to \$17.00 per cwt for 2018 and is increased to \$16.70 to \$17.70 per cwt for 2019.

1/ *The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at www.usda.gov/oce/commodity/wasde/index.htm.*



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