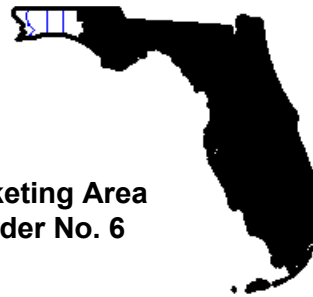


FLORIDA Fluid Milk Report

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Florida Marketing Area
Federal Order No. 6



www.fmmatlanta.com

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USDA Assistance for the Dairy Industry

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

In recent weeks, USDA has taken several steps in support of the U.S. dairy industry. On August 8, USDA Risk Management Agency (RMA) announced a new Dairy Revenue Protection program that insures against unexpected declines in quarterly revenue from milk sales. Sign-up for the new product begins Tuesday, October 9, 2018, with the first available coverage starting the first quarter of 2019. For more information see the RMA website's Livestock page.

On August 14, USDA announced plans to purchase fluid milk (whole, 2-percent, 1-percent, and skim) in half-gallons for distribution to The Emergency Food Assistance Program (TEFAP). Purchases will be made under the authority of Section 32 of the Act of August 24, 1935. This will be the first time that the Government has purchased fluid milk under this authority.

On September 4, U.S. Secretary of Agriculture Sonny Perdue launched a trade mitigation package to assist farmers adversely affected by recent trade actions of foreign countries. The package includes three programs: (1) a Market Facilitation Program that will provide payments to producers of designated agricultural products; (2) a Food Purchase and Distribution Program that will distribute designated commodities through nutrition assistance programs; and (3) an Agricultural Trade and Promotion Program to develop foreign markets for agricultural products.

Under the Market Facilitation Program, participating dairy producers will be paid the market facilitation program rate of \$0.12 per cwt times 50 percent of production, with production calculated in the same manner as for the Margin Protection Program for Dairy Producers. For existing dairy operations, the production history is established based on the highest annual production marketed during the full calendar years of 2011, 2012, and 2013. Payments are capped at \$125,000 per person or legal entity. Dairy operations are also required to have been in operation on June 1, 2018. The sign-up period runs through January 15, 2019. Estimated initial payments to dairy producers under the program (continued on pg. 4)

Uniform Price Decreases

The uniform price in Hillsborough County, Florida was \$18.89 per hundredweight for milk at 3.5 percent butterfat for the month of August. This is a decrease of \$0.68 compared with the previous month and a decrease of \$2.54 from August 2017.

Class I utilization was 83.55 percent in August. This represents an increase of 2.45 percent compared to last month and is a decrease of 0.67 percent compared with August of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in July was 18.35 billion pounds, 0.4 percent higher than July of last year and 3.0 percent lower compared with June 2018 on a daily average basis. Total cheese output was 1.09 billion pounds, 3.7 percent higher than July 2017 and 0.6 percent lower than June 2018 on a daily average basis. Butter production was 136 million pounds, 0.5 percent above July 2017 but 7.5 percent lower than June 2018 on a daily average basis.

Nonfat dry milk powder production was 146.7 million pounds in July, 3.4 percent below last July and 3.4 percent below June 2018 on a daily average basis. Total dry whey production was 91.4 million pounds, 9.0 percent lower than July 2017 and 0.7 percent higher than June on a daily average basis. Whey protein concentrates production was 40.3 million pounds, 2.1 percent above July 2017 and 2.1 percent below June on a daily average basis.

July's milk-feed price ratio, the pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk, was 1.91, 0.07 points lower than prior month with the lower milk price outweighing the decline in feed costs.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	48.96%	3,882,556	\$2.5363	\$ 9,847,326.78
Class I Differential at Location				217,784.79
Class II Butterfat	48.06%	3,811,929	\$2.6079	9,941,129.66
Class III Butterfat	0.21%	16,691	\$2.6009	43,411.62
Class IV Butterfat	2.77%	219,836	\$2.6009	571,771.45
Total Butterfat	100.00%	7,931,012		\$ 20,621,424.30

Uniform Butterfat Price per lb. (Hillsborough County, Florida): **\$2.6001**

Calculation of Uniform Skim Milk Price:

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	84.88%	175,686,355	\$5.46 /cwt.	\$ 9,592,474.98
Class I Butterfat	48.96%	3,882,556	\$2.5363 /lb.	9,847,326.78
Class I Differential at Location		179,568,911		10,028,208.60
Total Class I Milk	83.55%	179,568,911		\$ 29,468,010.36
Class II Skim Milk	12.62%	26,132,504	\$6.16 /cwt.	\$ 1,609,762.23
Class II Butterfat	48.06%	3,811,929	\$2.6079 /lb.	9,941,129.66
Total Class II Milk	13.93%	29,944,433		\$ 11,550,891.89
Class III Skim Milk	0.23%	475,608	\$6.06 /cwt.	\$ 28,821.85
Class III Butterfat	0.21%	16,691	\$2.6009 /lb.	43,411.62
Total Class III Milk	0.23%	492,299		\$ 72,233.47
Class IV Skim Milk	2.27%	4,699,551	\$5.73 /cwt.	\$ 269,284.28
Class IV Butterfat	2.77%	219,836	\$2.6009 /lb.	571,771.45
Total Class IV Milk	2.29%	4,919,387		\$ 841,055.73
Producer Milk	100.00%	214,925,030		\$ 41,932,191.45

Adjustments

Overage and Other Source	\$20,461.28
Inventory Adjustments	\$2,518.03
Producer butterfat at uniform butterfat price	(\$20,621,424.30)
Location Adjustments to Producers	(\$344,492.98)
1/2 Unobligated Balance in P.S.F.	\$96,117.81

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 10.18646	\$21,085,371.29
	\$ 0.04646	\$96,177.87

Uniform Skim Milk Price per cwt. (Hillsborough County, Florida): **\$10.14**

Uniform Price per cwt. (Hillsborough County, Florida) **\$18.89***

* 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 %
	August	September	July	August	August
Appalachian (Charlotte)	\$ 17.55	\$ 18.25	\$ 17.52	\$ 17.03	72.47%
Arizona (Phoenix)	\$ 16.50	\$ 17.20	\$ 15.03	\$ 15.32	26.47%
Central (Kansas City)	\$ 16.15	\$ 16.85	\$ 14.78	\$ 15.09	30.49%
Florida (Tampa)	\$ 19.55	\$ 20.25	\$ 19.57	\$ 18.89	83.55%
Mideast (Cleveland)	\$ 16.15	\$ 16.85	\$ 15.22	\$ 15.35	32.40%
Northeast (Boston)	\$ 17.40	\$ 18.10	\$ 16.14	\$ 16.21	31.10%
Pacific Northwest (Seattle)	\$ 16.05	\$ 16.75	\$ 14.73	\$ 15.07	23.99%
Southeast (Atlanta)	\$ 17.95	\$ 18.65	\$ 18.12	\$ 17.53	75.65%
Southwest (Dallas)	\$ 17.15	\$ 17.85	\$ 15.77	\$ 15.96	28.08%
Upper Midwest (Chicago)	\$ 15.95	\$ 16.65	\$ 14.37	\$ 15.08	8.60%

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

Receipts:	August 2018	August 2017
Producer Milk		
Class I	179,568,911	181,227,559
Class II	20,944,433	27,271,235
Class III	492,299	4,187,233
Class IV	4,919,387	2,466,451
	<hr/>	<hr/>
Total Producer Milk	214,925,030	215,152,478
Average Butterfat Test	3.69%	3.69%
Percent of Producer Milk in Class I	83.55%	84.22
Daily Average Receipts	6,933,065	6,940,403
Other Source Milk		
Class I	3,259,818	3,869,587
Class II	4,490,715	5,212,203
Class III	0	173,154
Class IV	208,343	547,566
	<hr/>	<hr/>
Total Other Source Milk	7,958,876	9,802,510
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	7,867	0
	<hr/>	<hr/>
Total Overage	7,867	0
Opening Inventory		
Class I	6,488,439	8,463,859
Class II	100,819	593,251
Class III	2,125	861,101
Class IV	6,328,398	6,235,826
	<hr/>	<hr/>
Total Opening Inventory	12,919,781	16,154,037
	235,811,554	241,109,025
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	7,305,706	7,916,786
Route Disposition Class I	180,661,273	185,087,205
Shrinkage	764,956	478,137
Transfers & Diversions to Nonpool	585,233	78,877
	<hr/>	<hr/>
Total Class I Utilization	189,317,168	193,561,005
Average Butterfat Test	2.15%	2.16%
Daily Average Utilization	6,107,005	6,243,903
Class II Utilization		
Nonfluid Used To Produce	4,490,714	5,007,134
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods	17,935,360	10,880,167
Used To Produce/Other Uses	12,109,893	17,189,388
	<hr/>	<hr/>
Total Class II Utilization	34,536,967	33,076,689
Average Butterfat Test	11.10%	11.65%
Class III Utilization		
Shrinkage	0	3,106,212
Transfers & Diversions to Nonpool/Used to Produce	365,983	505,499
Use to Produce/Other Uses	128,441	1,609,777
	<hr/>	<hr/>
Total Class III Utilization	494,424	5,221,488
Average Butterfat Test	3.80%	3.81%
Class IV Utilization		
Inventory	5,767,160	8,283,692
Nonfluid Used To Fortify	180,392	242,471
Shrinkage	3,239,030	0
Transfers & Diversions to Nonpool	683,991	723,680
Used To Produce/Other Uses	1,593,422	0
	<hr/>	<hr/>
Total Class IV Utilization	11,463,995	9,249,843
Average Butterfat Test	4.90%	7.65%
	235,811,554	241,109,025

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in August 2018 is \$18.89 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$10.14 per hundredweight plus 3.5 times the uniform butterfat price of \$2.6001 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 August, Class I use accounted for 84.88% of all producer skim milk (priced to handlers at \$5.46 hundredweight, plus the Class I differential) and 48.96% of producer butterfat (priced to handlers at \$2.5363 per pound plus Class I differential). Class II use accounted for 12.62% of all producer skim milk (\$6.16 per hundredweight) and 48.06% of producer butterfat (\$2.6079 per pound). Class III use accounted for 0.23% of all producer skim milk (\$6.06 per cwt) and 0.21% of producer butterfat (\$2.6009 per pound). Class IV use accounted for 2.27% of all producer skim milk (\$5.73 per cwt) and 2.77% of producer butterfat (\$2.6009 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
July 2018		
Whole Milk	87,481,002	42.01%
Fat Free Milk	16,224,437	7.79%
Low fat Milk (incl. 1%)	21,281,431	10.22%
Reduced Fat Milk (incl. 2%)	61,739,329	29.65%
Cultured Fluid Milk (incl. Buttermilk)	1,361,823	0.66%
Flavored Drinks and Milk	20,132,724	9.67%
Total Disposition in Marketing Area	208,220,746	100.00%
Total Disposition by Pool Plants	163,439,806	78.49%
Total Disposition by Non pool Plants	44,780,940	21.51%
Total Disposition in Marketing Area	208,220,746	100.00%

Receipts of producer milk during August 2018 totaled 214.9 million pounds, 227,448 pounds less than August 2017. Florida producers supplied 172.5 million pounds of milk in July 2018 or an estimated 87.21% of the producer milk pooled in Florida. In July 2017, Florida producers supplied 92.64% 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 August. In-area Class I route disposition was 208.2 million pounds in July 2018, 5 million pounds less than July of last year.

USDA Assistance for the Dairy Industry, cont.

(cont. from page 1) to dairy producers under the program are expected to total \$127.4 million. USDA may announce an additional payment period.

Dairy Forecasts for 2019

With higher milk price forecasts and lower feed price forecasts, the size of the milking herd is expected to grow fractionally in 2019; the milk cow forecast for the year is now 9.405 million head. Milk per cow is forecast at 23,495 pounds for 2019, unchanged from last month. Milk production is projected at 221.0 billion pounds for the year, an increase of 0.1 billion pounds from the last forecast.

Although expectations are lower for whey product exports, tightness in the whey product markets is expected to last into the first part of 2019. As a result, the dry whey price forecast for 2019 has been raised to \$0.350-\$0.380 per pound. The NDM price forecast has been raised to \$0.825-\$0.895 per pound as recent price strength should continue into 2019. The cheddar cheese price forecast for 2019 is unchanged at \$1.590-\$1.690 per pound, while the butter price forecast has been lowered slightly to \$2.205-\$2.335 per pound.

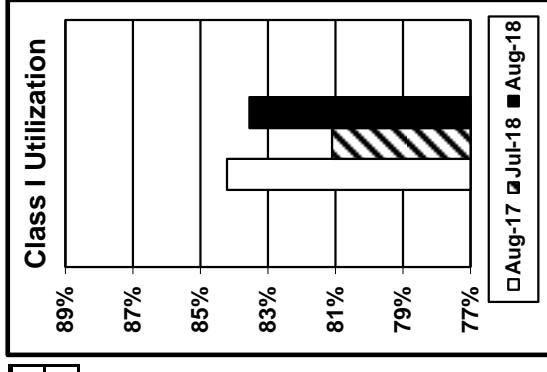
As a result of the higher whey price forecast, the 2019 Class III price forecast has been raised to \$15.20-\$16.20 per cwt. With the higher expected NDM price expected to more than offset the lower expected butter price, the Class IV forecast has been raised to \$14.30-\$15.40 per cwt. The all-milk price is forecast 30 cents higher at the midpoint of the range for the year, at \$16.75-\$17.75 per 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
Jul 2017	\$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	\$2.6762	\$15.48	\$6.08	\$2.6692	\$15.21	\$5.77	\$2.6692	\$14.91	\$11.00	\$2.6690	\$19.96
Jul	\$11.65	\$2.7181	\$20.76	\$6.55	\$2.5357	\$15.20	\$5.44	\$2.5287	\$14.10	\$5.48	\$2.5287	\$14.14	\$10.74	\$2.6304	\$19.57
Aug	\$10.86	\$2.5903	\$19.55	\$6.16	\$2.6079	\$15.07	\$6.06	\$2.6009	\$14.95	\$5.73	\$2.6009	\$14.63	\$10.14	\$2.6001	\$18.89
Sep	\$11.32	\$2.6658	\$20.25	\$6.43											

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.	%
Jul 2017	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	107	177,409	84.86%	30,072	14.39%	186	0.09%	1,379	0.66%
Jun	189,996	129	160,909	84.69%	24,069	12.67%	364	0.19%	4,655	2.45%
Jul	197,800	145	160,419	81.10%	28,891	14.61%	5,894	2.98%	2,596	1.31%
Aug	214,925	150**	179,569	83.55%	29,944	13.93%	492	0.23%	4,919	2.29%



* 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
September	10/11/18	10/12/18	10/15/18	09/19/18	09/20/18	10/04/18	10/05/18	10/15/18	10/16/18
October	11/11/18	11/13/18	11/14/18	10/19/18	10/22/18	11/05/18	11/05/18	11/14/18	11/15/18
November	12/11/18	12/12/18	12/13/18	11/19/18	11/20/18	12/04/18	12/05/18	12/13/18	12/14/18

**The base rate for making partial payments in Hillsborough Co., FL for September will be \$17.00 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$16.06 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 – 581, September 12, 2018

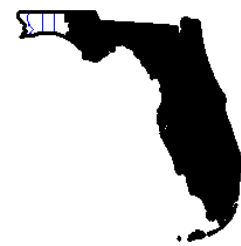
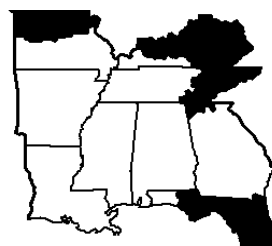
The milk production forecast for 2018 is lowered from the previous month on slightly lower milk cow numbers and a slower rate of growth in milk per cow in the third quarter. However, for 2019, the milk production forecast is raised from the previous month on slightly higher cow inventories. For 2018 and 2019, fat basis export forecasts are reduced from the previous month on slowing shipments of whey products and a number of other dairy products, while fat basis import forecasts for 2018 and 2019 are raised on higher purchases of imported butterfat products and cheese. On a skim-solids basis, the export forecasts for 2018 and 2019 are lowered on weaker whey products sales to China

Cheese, NDM, and whey prices are forecast higher for 2018 while butter prices are lowered from the previous month. The 2018 Class III price forecast is raised on higher forecast cheese and whey prices. The Class IV price is raised as higher forecast NDM prices more than offset lower butter prices. For 2019, NDM and whey prices are raised while the butter price forecast is reduced from last month. The 2019 cheese price forecast is unchanged. The all-milk price is raised to \$16.30 to \$16.50 per cwt for 2018 and \$16.75 to \$17.75 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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