

Market Information BULLETIN



Erik F. Rasmussen, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

February 2018

Volume 19—No. 2

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

Dairy Forecast for 2018

Excerpts from Livestock, Dairy, & Poultry Outlook, February 14, 2018, Economic Research Service, USDA:

The forecast for the size of the milking herd in 2018 is unchanged at 9.415 million head, as cow numbers saw little change in December. Due to lower-than-expected yields in the fourth quarter of 2017, lower projected milk prices, and higher expected feed prices, the milk per cow forecast has been lowered slightly for the first half of the year and is now expected to total 23,230 pounds in 2018. As a result, the milk production forecast for the year is 0.1 billion pounds lower than last month's forecast, at 218.7 billion pounds.

Feed price forecasts have been raised since last month. The 2017/18 corn price forecast is \$3.05-\$3.55 per bushel, an increase of 5 cents at the midpoint of the range. The soybean meal price forecast is \$305-\$335 per short ton, an increase of \$5 at the midpoint of the range. The alfalfa hay price was \$148 per short ton in December, unchanged from November but \$21 higher than December 2016.

The annual forecast for exports on a milk-fat basis in 2018 is unchanged at 9.5 billion pounds, as slight growth from 2017 is still expected due to competitive domestic prices, a weaker dollar, and plentiful domestic supplies. The 2018 annual import forecast on a milk-fat basis is also unchanged at 6.0 billion pounds. Expectations of domestic demand for products with high milk-fat content are weaker than reflected in last month's forecast based on recent price weakness and high stocks; therefore, the 2018 domestic use forecast on a milk-fat basis has been lowered 0.2 billion pounds to 214.9 billion. Ending stocks for 2018 on a milk-fat basis are forecast 0.1 billion pounds higher than last month's forecast, at 12.9 billion pounds.

On a skim-solids basis, exports for 2018 are projected 0.5 billion pounds higher than the previous forecast, at 42.5 billion pounds, as recent strength in exports of (continued on page 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$18.00 per hundredweight of milk at 3.5 percent butterfat for the month of January. The uniform price is \$1.04 lower than the previous month and is \$2.27 per hundredweight lower compared to January 2017.

Class I utilization was 72.54 percent in January, 2.25 percent higher than the previous month and 2.78 percent higher than January of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in December 2017 was 18.04 billion pounds, 1.1 percent higher than December of last year and 1.2 percent higher compared with November 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.09 billion pounds, 2.6 percent above December 2016 and 0.3 percent below November 2017 on a daily average basis. Butter production was 170 million pounds, 4.2 percent above December 2016 and 11.8 percent above November 2017 on a daily average basis.

Nonfat dry milk powder production was 163.3 million pounds in December, 5.4 percent higher than December of last year and 11.0 percent higher than November 2017 on a daily average basis. Total dry whey production was 83.1 million pounds in December, 6.1 percent above December 2016 and 1.5 percent below the previous month on a daily average basis. Whey protein concentrates production was 41.8 million pounds in December, 7.0 percent above December 2016 and 1.4 percent lower than November 2017 on a daily average basis.

December's milk-feed price ratio, the pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk, was 2.38.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JANUARY 2018

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.66%	7,387,023	\$2.4875	\$ 18,375,219.76
Class I Differential at Location				240,553.08
Class II Butterfat	37.74%	7,029,948	\$2.4601	17,294,375.06
Class III Butterfat	3.63%	675,491	\$2.4531	1,657,046.97
Class IV Butterfat	18.97%	3,533,441	\$2.4531	8,667,884.15
Total Butterfat	100.00%	18,625,903		\$ 46,235,079.02

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.4823**

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	73.87%	338,107,503	\$6.98 /cwt.	\$ 23,599,903.73
Class I Butterfat	39.66%	7,387,023	\$2.4875 /lb.	18,375,219.76
Class I Differential at Location		345,494,526		11,326,326.54
Total Class I Milk	72.54%	345,494,526		\$ 53,301,450.03
Class II Skim Milk	13.84%	63,322,439	\$5.70 /cwt.	\$ 3,609,379.08
Class II Butterfat	37.74%	7,029,948	\$2.4601 /lb.	17,294,375.06
Total Class II Milk	14.77%	70,352,387		\$ 20,903,754.14
Class III Skim Milk	4.27%	19,542,477	\$5.61 /cwt.	\$ 1,096,332.97
Class III Butterfat	3.63%	675,491	\$2.4531 /lb.	1,657,046.97
Total Class III Milk	4.24%	20,217,968		\$ 2,753,379.94
Class IV Skim Milk	8.02%	36,715,653	\$4.71 /cwt.	\$ 1,729,307.25
Class IV Butterfat	18.97%	3,533,441	\$2.4531 /lb.	8,667,884.15
Total Class IV Milk	8.45%	40,249,094		\$ 10,397,191.40
Producer Milk	100.00%	476,313,975		\$ 87,355,775.51

Adjustments

Overage and Other Source	\$12,364.72
Inventory Adjustments	\$17,611.61
Producer butterfat at uniform butterfat price	(\$46,235,079.02)
Location Adjustments to Producers	\$3,023,164.67
1/2 Unobligated Balance in P.S.F.	\$192,743.61

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.69363	\$44,366,581.10
	\$ 0.04363	\$199,682.17

Uniform Skim Milk Price per cwt. (Fulton County, Georgia):

\$9.65

Uniform Price per cwt. (Fulton County, Georgia)

\$18.00*

* 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 %
	JAN 2018	FEB 2018	DEC 2017	JAN 2018	JAN 2018
Appalachian (Charlotte)	\$ 18.84	\$ 17.65	\$ 18.37	\$ 17.53	71.13%
Arizona (Phoenix)	\$ 17.79	\$ 16.60	\$ 16.02	\$ 14.56	23.93%
Central (Kansas City)	\$ 17.44	\$ 16.25	\$ 15.56	\$ 14.52	29.44%
Florida (Tampa)	\$ 20.84	\$ 19.65	\$ 20.92	\$ 19.62	81.83%
Midwest (Cleveland)	\$ 17.44	\$ 16.25	\$ 15.80	\$ 14.84	33.20%
Northeast (Boston)	\$ 18.69	\$ 17.50	\$ 16.71	\$ 15.70	33.40%
Pacific Northwest (Seattle)	\$ 17.34	\$ 16.15	\$ 15.21	\$ 14.32	21.97%
Southeast (Atlanta)	\$ 19.24	\$ 18.05	\$ 19.04	\$ 18.00	72.54%
Southwest (Dallas)	\$ 18.44	\$ 17.25	\$ 16.36	\$ 15.35	28.17%
Upper Midwest (Chicago)	\$ 17.24	\$ 16.05	\$ 15.57	\$ 14.26	9.90%

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7
STATISTICAL SUMMARY**

Receipts:	Jan 2018	Jan 2017
Producer Milk		
Class I	345,494,526	344,108,934
Class II	70,352,387	72,378,358
Class III	20,217,968	37,279,643
Class IV	40,249,094	39,494,011
Total Producer Milk	476,313,975	49,360,946
Average Butterfat Test	3.91%	3.83%
Percent of Producer Milk in Class I	72.54%	69.76%
Daily Average Receipts	15,364,967	15,911,643
Other Source Milk		
Class I	8,832,406	9,117,339
Class II	4,523,930	2,834,678
Class III	620,991	0
Class IV	10,459,760	10,192,697
Total Other Source Milk	24,437,087	22,144,714
Overage		
Class I	0	0
Class II	0	0
Class III	220,405	0
Class IV	0	0
Total Overage	220,405	0
Opening Inventory		
Class I	17,968,723	20,865,343
Class II	1,349,584	0
Class III	2,167,407	0
Class IV	18,515,744	17,267,906
Total Opening Inventory	40,001,458	38,133,249
Total Receipts	540,972,925	553,538,909
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	20,574,587	22,552,999
Route Disposition Class I	336,978,668	337,650,728
Shrinkage	2,953,461	2,654,984
Transfers & Diversions to Nonpool	11,788,939	11,232,905
Total Class I Utilization	37,225,655	374,091,616
Average Butterfat Test	2.13%	2.04%
Daily Average Utilization	12,009,537	12,067,471
Class II Utilization		
Nonfluid Used To Produce	2,034,123	2,473,230
Shrinkage	11,102	212,434
Transfers & Diversions to Nonpool/Commercial Foods	59,466,795	62,063,129
Used To Produce/Other Uses	14,713,881	10,464,243
Total Class II Utilization	76,225,901	75,213,036
Average Butterfat Test	9.59%	8.10%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	23,226,771	37,279,643
Used To Produce/Other Uses	0	0
Total Class III Utilization	23,226,771	37,279,643
Average Butterfat Test	2.97%	3.55%
Class IV Utilization		
Inventory	20,522,734	20,809,223
Nonfluid Used To Fortify	688,087	707,623
Shrinkage	6,009,971	6,258,935
Transfers & Diversions to Nonpool	37,585,029	35,117,694
Used To Produce/Other Uses	4,418,777	4,061,139
Total Class IV Utilization	69,224,598	66,954,614
Average Butterfat Test	10.72%	13.15%
Total Utilization	540,972,925	553,538,909

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2018 is \$18.00 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.65 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4823 per pound. Payment to producers may be reduced 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 January, Class I use, which is primarily bottled or packaged fluid milk, accounted for 73.87% of all producer skim milk (priced to handlers at \$6.98 per hundredweight, plus the Class I differential, see page 2) and 39.66% of producer butterfat (priced to handlers at \$2.4875 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 13.84% of all producer skim milk (\$5.70 per hundredweight) and 37.74% of producer butterfat (\$2.4601 per pound). Class III use, mostly milk used to produce cheese, accounted for 4.27% of all producer skim milk (\$5.61 per hundredweight) and 3.63% of producer butterfat (\$2.4531 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.02% of all producer skim milk (\$4.71 per hundredweight) and 18.97% of producer butterfat (\$2.4531 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<u>December 2017</u>		
Whole Milk	140,558,321	37.35%
Fat Free Milk	22,967,546	6.10%
Low fat Milk (incl. 1%)	36,741,167	9.79%
Reduced Fat Milk (incl. 2%)	125,911,737	33.46%
Cultured Fluid Milk (incl. Buttermilk)	7,936,797	2.10%
Flavored Drinks and Milk	42,155,646	11.20%
Total Disposition in Marketing Area	376,271,214	100.0%
Total Disposition by Pool Plants	281,433,120	74.80%
Total Disposition by Nonpool Plants	94,838,094	25.20%
Total Disposition in Marketing Area	376,271,214	100.0%

Receipts of producer milk during January totaled 476.3 million pounds. There were 20 regulated pool distributing plants, 2 pool supply plant and 14 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2018. Class I route disposition in the area was 376.2 million pounds in December 2017.

Dairy Forecast for 2018, cont.

(continued from page 1) NDM/SMP, whey products, and lactose is expected to carry into the first half of 2018. Imports on a skim-solids basis are now forecast at 6.0 billion pounds for the year, 0.1 billion pounds higher than the last forecast. The domestic use forecast has been lowered 0.8 billion pounds to 181.6 billion, as domestic use lagged year-ago levels in November and December despite lower prices for most dairy products. Ending stocks on a skim-solids basis for the year are forecast at 11.6 billion pounds, unchanged from last month's forecast.

Small changes have been made in forecasts for some product prices in 2018. The cheddar cheese price forecast has been lowered to \$1.530-\$1.600 per pound for the year, as prices in the first half are projected lower but should still climb throughout the year. Recent price declines and continued flagging growth in butter consumption have motivated a decrease in the butter price forecast for the year to \$2.195-\$2.295 per pound. The dry whey and NDM price annual forecasts are unchanged at \$0.270-\$0.300 and \$0.715-\$0.775 per pound, respectively.

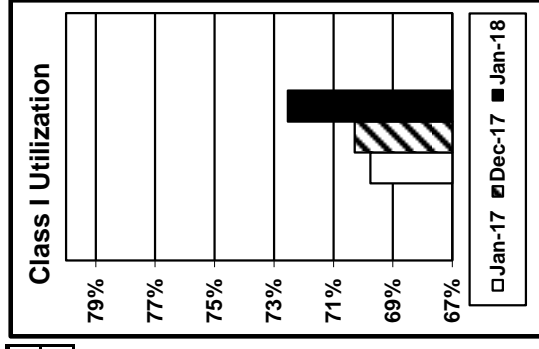
The Class III price forecast has been lowered to \$14.20-\$14.90 per cwt due to lower cheese prices; the Class IV price forecast for 2018 is also lower at \$13.35-\$14.15 because of lower butter prices. The all-milk price forecast for the year is \$15.70-\$16.40 per cwt, 15 cents lower at the midpoint of the range than last month's forecast.

FEDERAL ORDER 7 - SOUTHEAST: 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
Dec 2016	\$13.64	\$2.1484	\$20.68	\$7.32	\$2.3424	\$15.26	\$9.56	\$2.3354	\$17.40	\$7.04	\$2.3354	\$14.97	\$12.30	\$2.2591	\$19.78
Jan 2017	\$13.41	\$2.3754	\$21.25	\$7.77	\$2.5323	\$16.36	\$8.22	\$2.5253	\$16.77	\$7.62	\$2.5253	\$16.19	\$12.05	\$2.4696	\$20.27
Feb	\$12.00	\$2.5572	\$20.53	\$8.29	\$2.4344	\$16.52	\$8.69	\$2.4274	\$16.88	\$7.35	\$2.4274	\$15.59	\$11.08	\$2.4765	\$19.36
Mar	\$12.45	\$2.4808	\$20.70	\$8.00	\$2.4246	\$16.21	\$7.61	\$2.4176	\$15.81	\$6.07	\$2.4176	\$14.32	\$10.99	\$2.4416	\$19.15
Apr	\$11.55	\$2.4863	\$19.85	\$6.78	\$2.3618	\$14.81	\$7.23	\$2.3548	\$15.22	\$5.98	\$2.3548	\$14.01	\$9.92	\$2.3992	\$17.97
May	\$10.94	\$2.4116	\$19.00	\$6.60	\$2.4204	\$14.84	\$7.38	\$2.4134	\$15.57	\$6.26	\$2.4134	\$14.49	\$9.72	\$2.4133	\$17.83
Jun	\$11.14	\$2.3872	\$19.11	\$6.89	\$2.7136	\$16.15	\$7.22	\$2.7066	\$16.44	\$6.65	\$2.7066	\$15.89	\$10.04	\$2.5760	\$18.70
Jul	\$11.12	\$2.7592	\$20.39	\$7.41	\$2.9526	\$17.48	\$5.33	\$2.9456	\$15.45	\$6.52	\$2.9456	\$16.60	\$9.95	\$2.8681	\$19.64
Aug	\$10.35	\$3.0099	\$20.52	\$7.25	\$3.0179	\$17.56	\$6.25	\$3.0109	\$16.57	\$6.29	\$3.0109	\$16.61	\$9.83	\$3.0111	\$20.02
Sep	\$10.13	\$3.0671	\$20.51	\$7.03	\$2.8629	\$16.80	\$6.59	\$2.8559	\$16.36	\$6.08	\$2.8559	\$15.86	\$9.63	\$2.9466	\$19.61
Oct	\$10.47	\$2.8960	\$20.24	\$6.84	\$2.6716	\$15.95	\$7.63	\$2.6646	\$16.69	\$5.72	\$2.6646	\$14.85	\$9.80	\$2.7619	\$19.12
Nov	\$11.08	\$2.7184	\$20.21	\$6.58	\$2.5616	\$15.32	\$8.23	\$2.5546	\$16.88	\$5.23	\$2.5546	\$13.99	\$10.24	\$2.6246	\$19.07
Dec	\$12.10	\$2.5715	\$20.68	\$5.94	\$2.5021	\$14.49	\$6.95	\$2.4951	\$15.44	\$4.95	\$2.4951	\$13.51	\$10.57	\$2.5269	\$19.04
Jan 2018	\$10.78	\$2.5255	\$19.24	\$5.70	\$2.4601	\$14.11	\$5.61	\$2.4531	\$14.00	\$4.71	\$2.4531	\$13.13	\$9.65	\$2.4823	\$18.00
Feb	\$11.78	\$3.5255	\$23.71	\$6.70											

FEDERAL ORDER 7 - SOUTHEAST: 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.	%
Dec 2016	467,461	1,645	334,877	71.64%	67,333	14.40%	32,681	6.99%	32,570	6.97%
Jan 2017	493,261	1,637	344,109	69.76%	72,378	14.67%	37,280	7.56%	39,494	8.01%
Feb	437,752	1,551	299,761	68.48%	49,736	11.36%	59,203	13.52%	29,053	6.64%
Mar	513,245	1,570	334,819	65.23%	65,417	12.75%	65,281	12.72%	47,728	9.30%
Apr	501,646	1,578	298,804	59.57%	64,104	12.78%	68,088	13.57%	70,650	14.08%
May	496,584	1,589	312,446	62.92%	68,895	13.87%	66,353	13.36%	48,890	9.85%
Jun	450,975	1,645	298,763	66.25%	69,834	15.49%	56,703	12.57%	25,675	5.69%
Jul	422,316	1,814	285,119	67.51%	67,810	16.06%	43,037	10.19%	26,350	6.24%
Aug	427,360	1,902	330,006	77.22%	64,618	15.12%	18,284	4.28%	14,452	3.38%
Sep	408,376	1,824	312,637	76.55%	61,080	14.96%	11,500	2.82%	23,159	5.67%
Oct	424,246	1,840	315,628	74.40%	64,366	15.17%	10,281	2.42%	33,970	8.01%
Nov	422,925	1,808	316,742	74.89%	66,679	15.77%	10,918	2.58%	28,586	6.76%
Dec	452,716	1,830	318,219	70.29%	66,442	14.68%	23,050	5.09%	45,006	9.94%
Jan 2018	476,314	1,830**	345,495	72.54%	70,352	14.77%	20,218	4.24%	40,249	8.45%



* Class I and uniform prices are at Fulton County (Atlanta), Georgia.** Estimated

Southeast Marketing Area - Federal Order 7

2018 Pool and Payment Dates							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
February	03/11/18	03/12/18	03/13/18	02/26/18	02/26/18	03/13/18	03/14/18
March	04/11/18	04/12/18	04/13/18	03/26/18	03/26/18	04/13/18	04/16/18
April	05/11/18	05/14/18	05/15/18	04/25/18	04/26/18	05/15/18	05/16/18

** The base rate for making partial payments in Fulton County, GA for February will be \$16.20 per hundredweight. This is 90 percent of the preceding month's uniform price of \$18.00 per hundredweight.

Producer Touch Base Requirements & Handler Diversion Limits												
[per Order Amendment issued March 17, 2008]												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Producer Touch Base Days	1	1	1	1	1	1	1	1	1	1	1	1
Diversion Percentage Limits	25%	25%	35%	35%	35%	35%	25%	25%	25%	25%	25%	35%

WASDE Dairy Report 1/

WASDE – 574 February 8, 2018

The milk production forecast for 2018 is lowered from last month on expectations of slower growth in milk per cow. The 2018 fat basis export and import forecasts are unchanged from the previous month. On a skim-solids basis, the import forecast is raised slightly while the export forecast is raised on strong global demand for skim milk powder, lactose, and whey products. The 2017 production, trade, and stock estimates are adjusted to reflect December data.

Annual product price forecasts for cheese and butter are lowered from the previous month as demand remains relatively weak. No changes are made to the annual prices for NDM and whey. The Class III price is lowered on the cheese price projection while the Class IV price is down on a lower butter price forecast. The all milk price is forecast is reduced to \$15.70 to \$16.40 per cwt.

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.

USDA MILK MARKET ADMINISTRATOR
 U.S. Department Of Agriculture
 2763 Meadow Church Road, Suite 100
 Duluth, Georgia 30097



www.fmmatlanta.com

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) If you wish to file a Civil Rights program complaint of discrimination, complete the [USDA Program Discrimination Complaint Form](http://www.ascr.usda.gov/complaint_filing_cust.html) (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.