

Market Information BULLETIN

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

Dairy Forecast for 2017

Excerpts from Livestock, Dairy, & Poultry Outlook, March 15, 2017, Economic Research Service, USDA:

Based on recent data, the 2017 forecast for milk cows is now 9.380 million head, an increase of 10,000 head from the previous forecast. Milk per cow is forecast 10 pounds lower than last month's forecast, at 23,185 pounds for the year. These changes result in a milk production forecast for 2017 of 217.5 billion pounds, 0.1 billion pounds higher than last month's forecast.

The import forecast for the year on a milk-fat basis is unchanged at 6.6 billion pounds. Exports on a milk-fat basis are projected to be 8.3 billion pounds in 2017, the same as last month's forecast. The domestic-use forecast on a milk-fat basis is 214.6 billion pounds for the year, a reduction of 0.1 billion pounds from the previous estimate. The estimate for stocks at year's end on a milk-fat basis is unchanged at 14.3 billion pounds.

The 2017 import forecast on a skim-solids basis is 6.2 billion pounds, unchanged from last month's forecast. Exports on a skim-solids basis are forecast 0.3 billion pounds lower, at 39.8 billion pounds for the year, mostly due to lower expectations for NDM/SMP exports. Domestic use is expected slightly lower than last month, at 183.1 billion pounds for the year. With lower expected exports and higher expected milk production, the forecast for ending stocks on a skim-solids basis has been raised to 14.5 billion pounds, 0.5 billion pounds higher than last month.

Recent weakness in cheese prices and sustained high stocks result in a reduction in the cheese price forecast to \$1.645-\$1.705 per pound for the year. With the price strength of and tightness in the supply of dry whey (due in part to high production of WPC and WPI), the whey price forecast has been increased to \$0.495-\$0.525 per pound for the year. Spot prices for NDM have recently moved significantly (continued on page 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$19.36 per hundredweight of milk at 3.5 percent butterfat for the month of February. The uniform price is \$0.91 lower than the previous month and is \$2.48 per hundredweight higher compared to February 2016.

Class I utilization was 68.48 percent in February, 1.28 percent lower than the previous month and 4.77 percent lower than February of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in January 2017 was 18.13 billion pounds, up 2.5 percent from January 2016 and 1.5 percent higher compared with December 2016 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.04 billion pounds, 3.7 percent above January 2016 but 1.2 percent below December 2016 on a daily average basis. Butter production was 178 million pounds, 1.2 percent above January 2016 and 8.5 percent above December 2016 on a daily average basis.

Nonfat dry milk powder production was 155.0 million pounds in January, 13.1 percent higher than January of last year and essentially equivalent to December 2016 on a daily average basis. Total dry whey production was 82.2 million pounds in January, 1.3 percent lower than January 2016 and 5.1 percent higher than December 2016 on a daily average basis. Whey protein concentrates production was 40.0 million pounds in January, 2.6 percent higher than January 2016 and 2.5 percent higher than the previous month on a daily average basis.

January's milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to 1 pound of whole milk, was 2.69; nearly identical to the prior month's ratio of 2.70.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2017

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.63%	6,198,214	\$2.5192	\$ 15,614,540.69
Class I Differential at Location				204,575.44
Class II Butterfat	30.48%	5,020,159	\$2.4344	12,221,075.08
Class III Butterfat	9.75%	1,606,076	\$2.4274	3,898,588.89
Class IV Butterfat	22.14%	3,646,276	\$2.4274	8,850,970.36
Total Butterfat	100.00%	16,470,725		\$ 40,789,750.46
Uniform Butterfat Price per lb. (Fulton County, Georgia):				\$2.4765

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	80.81%	293,562,314	\$8.20 /cwt.	\$ 24,072,109.72
Class I Butterfat	37.63%	6,198,214	\$2.5192 /lb.	15,614,540.69
Class I Differential at Location		299,760,528		9,887,448.91
Total Class I Milk	68.48%	299,760,528		\$ 49,574,099.32
Class II Skim Milk	10.61%	44,715,657	\$8.29 /cwt.	\$ 3,706,927.94
Class II Butterfat	30.48%	5,020,159	\$2.4344 /lb.	12,221,075.08
Total Class II Milk	11.36%	49,735,816		\$ 15,928,003.02
Class III Skim Milk	13.67%	57,596,869	\$8.69 /cwt.	\$ 5,005,167.92
Class III Butterfat	9.75%	1,606,076	\$2.4274 /lb.	3,898,588.89
Total Class III Milk	13.52%	59,202,945		\$ 8,903,756.81
Class IV Skim Milk	6.03%	25,406,555	\$7.35 /cwt.	\$ 1,867,381.79
Class IV Butterfat	22.14%	3,646,276	\$2.4274 /lb.	8,850,970.36
Total Class IV Milk	6.64%	29,052,831		\$ 10,718,352.15
Producer Milk	100.00%	437,752,120		\$ 85,124,211.30

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	\$363.97
Producer butterfat at uniform butterfat price	(\$40,789,750.46)
Location Adjustments to Producers	\$2,308,199.83
1/2 Unobligated Balance in P.S.F.	\$207,432.02
Adjusted Pool Value	\$ 11.12094
Reserve for Producer Settlement Fund	\$ 0.04094
	\$46,850,456.66
	\$172,478.08

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

\$11.08

Uniform Price per cwt. (Fulton County, Georgia)

\$19.36*

* 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 %
	FEB 2017	MAR 2017	JAN 2016	FEB 2017	FEB 2017
Appalachian (Charlotte)	\$ 20.13	\$ 20.30	\$ 20.06	\$ 19.09	71.16%
Arizona (Phoenix)	\$ 19.08	\$ 19.25	\$ 17.36	\$ 16.73	25.54%
Central (Kansas City)	\$ 18.73	\$ 18.90	\$ 17.32	\$ 16.83	31.32%
Florida (Tampa)	\$ 22.13	\$ 22.30	\$ 22.22	\$ 21.07	83.43%
Midwest (Cleveland)	\$ 18.73	\$ 18.90	\$ 17.35	\$ 16.92	31.70%
Northeast (Boston)	\$ 19.98	\$ 20.15	\$ 18.21	\$ 17.77	31.50%
Pacific Northwest (Seattle)	\$ 18.63	\$ 18.80	\$ 17.03	\$ 16.58	26.82%
Southeast (Atlanta)	\$ 20.53	\$ 20.70	\$ 20.27	\$ 19.36	68.48%
Southwest (Dallas)	\$ 19.73	\$ 19.90	\$ 17.97	\$ 17.57	38.65%
Upper Midwest (Chicago)	\$ 18.53	\$ 18.70	\$ 16.99	\$ 16.94	11.50%

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

Receipts:	February 2017	February 2016
Producer Milk		
Class I	299,760,528	312,547,804
Class II	49,735,816	52,128,352
Class III	59,202,945	34,972,553
Class IV	29,052,831	27,014,001
Total Producer Milk	<u>437,752,120</u>	<u>426,662,710</u>
Average Butterfat Test	3.76	3.75%
Percent of Producer Milk in Class I	68.48%	73.25%
Daily Average Receipts	15,634,004	14,712,507
Other Source Milk		
Class I	5,887,634	7,397,714
Class II	2,732,008	2,677,175
Class III	0	0
Class IV	7,356,088	7,269,193
Total Other Source Milk	<u>15,975,730</u>	<u>17,344,082</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	0
Total Overage	<u>0</u>	<u>0</u>
Opening Inventory		
Class I	22,552,999	19,993,163
Class II	86,824	1,016,481
Class III	0	604,654
Class IV	20,722,399	24,838,908
Total Opening Inventory	<u>43,362,222</u>	<u>46,453,206</u>
Total Receipts	497,090,072	490,459,998
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	21,384,867	19,761,440
Route Disposition Class I	297,842,670	310,872,288
Shrinkage	25,299,208	2,659,519
Transfers & Diversions to Nonpool	644,416	6,645,434
Total Class I Utilization	<u>328,201,161</u>	<u>339,938,681</u>
Average Butterfat Test	2.55%	2.01%
Daily Average Utilization	11,721,470	11,722,023
Class II Utilization		
Nonfluid Used To Produce	2,403,529	2,298,053
Shrinkage	569,685	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	39,566,949	41,157,110
Total Class II Utilization	<u>52,554,648</u>	<u>55,822,008</u>
Average Butterfat Test	9.56%	9.38%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	59,202,945	35,577,207
Total Class III Utilization	<u>59,202,945</u>	<u>35,577,207</u>
Average Butterfat Test	2.71%	4.34%
Class IV Utilization		
Inventory	19,580,239	20,658,337
Nonfluid Used To Fortify	633,596	688,405
Shrinkage	5,732,920	5,686,613
Transfers & Diversions to Nonpool Used To Produce/Other Uses	27,683,264	27,679,769
Total Class IV Utilization	<u>57,131,318</u>	<u>59,122,102</u>
Average Butterfat Test	12.24%	10.79%
Total Utilization	497,090,072	490,459,998

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2017 is \$19.36 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.08 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4765 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 February, Class I use, which is primarily bottled or packaged fluid milk, accounted for 68.48% of all producer skim milk (priced to handlers at \$8.20 per hundredweight, plus the Class I differential, see page 2) and 37.63% of producer butterfat (priced to handlers at \$2.5192 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.61% of all producer skim milk (\$8.29 per hundredweight) and 30.48% of producer butterfat (\$2.4344 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.67% of all producer skim milk (\$8.69 per hundredweight) and 9.75% of producer butterfat (\$2.4274 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.03% of all producer skim milk (\$7.35 per hundredweight) and 22.14% of producer butterfat (\$2.4274 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
January 2017		
Whole Milk	138,797,650	34.91%
Fat Free Milk	28,398,594	7.14%
Low fat Milk (incl. 1%)	51,320,574	12.90%
Reduced Fat Milk (incl. 2%)	123,150,210	30.97%
Cultured Fluid Milk (incl. Buttermilk)	7,671,187	1.92%
Flavored Drinks and Milk	48,242,836	12.16%
Total Disposition in Marketing Area	397,581,051	100.0%
Total Disposition by Pool Plants	299,355,301	75.29%
Total Disposition by Nonpool Plants	98,225,750	24.71%
Total Disposition in Marketing Area	397,581,051	100.0%

Receipts of producer milk during February totaled 437.7 million pounds. There were 20 regulated pool distributing plants, 2 pool supply plant and 10 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2017. Class I route disposition in the area was 397.5 million pounds in January 2017.

Excerpts from USDA's Latest Livestock, Dairy, and Poultry Outlook

(continued from page 1) downward; in addition, expectations for exports this year have been lowered. As a result, the NDM price is now forecast at \$0.925-\$0.975 per pound for 2017. The butter price forecast for the year has been raised to \$2.120-\$2.210 per pound due to higher expected demand.

With increases in the whey price more than offsetting decreases in the cheese price, the Class III price forecast is raised to \$16.60-\$17.20 for the year. The Class IV price forecast is lowered to \$14.85-\$15.55 per cwt, as lower NDM prices negate the positive effects of higher butter prices. The all-milk price forecast for 2017 is \$17.80-\$18.40 per cwt, an increase of 10 cents at the lower end of the range from last month's forecast.

USDA's Recommended Decision for California Federal Milk Marketing Order

On February 10, USDA announced a recommended decision to establish a California Federal Milk Marketing Order. It was published in the Federal Register on February 14. Along with the recommended decision, USDA published a Regulatory Impact Analysis. Comments concerning the decision are being accepted until May 15, 2017. For more information, see www.ams.usda.gov/caorder.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-273/March 15, 2017 ERS, USDA*

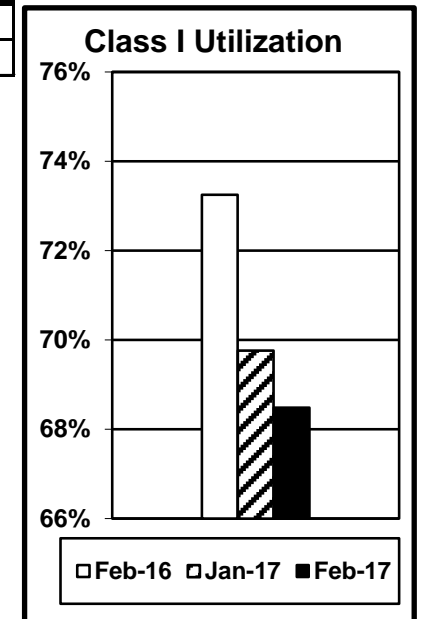
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 2015	\$9.85	\$3.1428	\$20.51	\$6.75	\$2.9127	\$16.71	\$4.43	\$2.9057	\$14.44	\$ 5.54	\$2.9057	\$15.52	\$ 9.13	\$3.0094	\$19.34
Jan 2016	\$9.41	\$3.0742	\$19.84	\$6.31	\$2.3132	\$14.19	\$5.85	\$2.3062	\$13.72	\$ 5.43	\$2.3062	\$13.31	\$ 8.77	\$2.6105	\$17.60
Feb	\$9.71	\$2.3058	\$17.44	\$6.17	\$2.3848	\$14.30	\$5.68	\$2.3778	\$13.80	\$ 5.36	\$2.3778	\$13.49	\$ 8.97	\$2.3495	\$16.88
Mar	\$9.34	\$2.4483	\$17.58	\$6.05	\$2.2098	\$13.57	\$6.25	\$2.2028	\$13.74	\$ 5.21	\$2.2028	\$12.74	\$ 8.49	\$2.2945	\$16.22
Apr	\$10.02	\$2.2486	\$17.54	\$5.89	\$2.2446	\$13.54	\$6.01	\$2.2376	\$13.63	\$ 5.02	\$2.2376	\$12.68	\$ 8.80	\$2.2420	\$16.34
May	\$9.92	\$2.2635	\$17.50	\$5.71	\$2.2916	\$13.53	\$4.94	\$2.2846	\$12.76	\$ 5.28	\$2.2846	\$13.09	\$ 8.60	\$2.2769	\$16.27
Jun	\$9.11	\$2.3288	\$16.94	\$5.86	\$2.4179	\$14.12	\$4.96	\$2.4109	\$13.22	\$ 5.53	\$2.4109	\$13.77	\$ 8.13	\$2.3776	\$16.17
Jul	\$9.37	\$2.4169	\$17.50	\$6.27	\$2.6034	\$15.16	\$6.38	\$2.5964	\$15.24	\$ 5.96	\$2.5964	\$14.84	\$ 8.69	\$2.5192	\$17.20
Aug	\$9.96	\$2.6453	\$18.87	\$6.71	\$2.4943	\$15.21	\$8.50	\$2.4873	\$16.91	\$ 6.16	\$2.4873	\$14.65	\$ 9.61	\$2.5608	\$18.24
Sep	\$11.97	\$2.5155	\$20.36	\$6.79	\$2.3152	\$14.66	\$8.61	\$2.3082	\$16.39	\$ 6.39	\$2.3032	\$14.23	\$ 11.21	\$2.3990	\$19.21
Oct	\$12.58	\$2.3603	\$20.40	\$7.14	\$2.0563	\$14.09	\$7.92	\$2.0493	\$14.82	\$ 6.72	\$2.0493	\$13.66	\$ 11.50	\$2.1782	\$18.72
Nov	\$11.59	\$2.1129	\$18.58	\$7.47	\$2.1114	\$14.60	\$9.74	\$2.1044	\$16.76	\$ 6.63	\$2.1044	\$13.76	\$ 11.03	\$2.1086	\$18.02
Dec	\$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											

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 2015	456,831	1,762	340,022	74.44%	57,299	12.54%	30,218	6.61%	29,291	6.41%
Jan 2016	472,060	1,880	343,820	72.84%	62,664	13.27%	23,809	5.04%	41,767	8.85%
Feb	426,663	1,769	312,548	73.25%	52,128	12.22%	34,973	8.20%	27,014	6.33%
Mar	508,094	1,757	333,373	65.61%	70,622	13.90%	60,085	11.83%	44,014	8.66%
Apr	493,274	1,681	317,125	64.29%	67,180	13.62%	62,347	12.64%	46,621	9.45%
May	479,088	1,685	308,829	64.45%	69,402	14.49%	64,655	13.50%	36,202	7.56%
Jun	457,259	1,720	296,259	64.78%	73,835	16.15%	56,731	12.41%	30,433	6.66%
Jul	418,092	1,706	287,264	68.70%	66,547	15.92%	33,218	7.95%	31,063	7.43%
Aug	419,230	1,764	339,478	80.97%	60,605	14.46%	9,580	2.29%	9,567	2.28%
Sep	408,334	1,715	322,221	78.91%	59,402	14.55%	11,371	2.78%	15,340	3.76%
Oct	425,841	1,690	316,344	74.29%	66,649	15.65%	11,682	2.74%	31,166	7.32%
Nov	414,251	1,710	326,451	78.81%	62,696	15.13%	10,683	2.58%	14,421	3.48%
Dec	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	1,650**	299,761	68.48%	49,736	11.36%	59,203	13.52%	29,053	6.64%

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



Southeast Marketing Area - Federal Order 7

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
March	04/11/17	04/12/17	04/13/17	03/27/17	03/27/17	04/13/17	04/14/17
April	05/11/17	05/12/17	05/15/17	04/25/17	04/26/17	05/15/17	05/16/17
May	06/11/17	06/12/17	06/13/17	05/25/17	05/26/17	06/13/17	06/14/17

** The base rate for making partial payments in Fulton County, GA for March will be \$17.42 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.36 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 – 563 March 9, 2017

The 2017 milk production forecast is raised as milk cow numbers are expected to increase more rapidly. However, growth in milk per cow is reduced on January data. Dairy exports on a fat basis for 2017 are unchanged, while skim-solids basis exports are lowered on expected strong competition in international skim milk powder markets. Both fat basis and skim-solids basis imports forecasts are unchanged. Skim-solids basis ending stocks are forecast higher for 2017 on higher production of dairy products and weaker exports. Fat-basis ending stocks are unchanged. Historical milk production and stock estimates reflect recently released revisions. The cheese price forecast for 2017 is reduced as stocks of cheese are high and are expected to pressure prices. The butter price forecast is raised on continued demand strength. The nonfat dry milk price is forecast lower on expectations of slower export growth due to increased competition from global competitors. The whey price forecast is raised reflecting recent market strength. The Class III price is raised as the higher whey price more than outweighs the reduced cheese price. The Class IV price forecast is lowered, reflecting a weaker nonfat dry milk price which more than offsets a higher forecast butter price. The all milk price for 2017 is forecast at \$17.80 to \$18.40 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.

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