

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

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www.fmmatlanta.com

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

Dairy Forecast for 2018

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

In January, U.S. imports of dairy products fell both year over year and month over month. Imports on a milk-fat basis were 424 million pounds, 151 million less than December and 123 million less than January 2017. On a skim-solids basis, January imports were 487 million pounds, 34 million less than December and 91 million less than January 2017. Much of the decrease on both bases is due to lower milk solids imported in food preparations.

Due to recent growth in milk production per cow, forecasts for milk yields have been increased for the first half of 2018, resulting in a 2018 forecast of 23,255 pounds per head, 25 pounds higher than last month's forecast. The forecast for the size of the milking herd in 2018 is unchanged at 9.415 million head. The milk production forecast for 2018 is 219.0 billion pounds, 0.3 billion pounds higher than last month's forecast.

Feed price forecasts have been raised since last month. The 2017/18 corn price forecast is \$3.15-\$3.55 per bushel, an increase of 5 cents at the midpoint of the range. The soybean meal price forecast is \$325-\$355 per short ton, an increase of \$20 at the midpoint of the range. The alfalfa hay price was \$152 per short ton in January, an increase of \$4 from December and \$26 from January 2017. Drought in alfalfa hay production areas has contributed to higher prices. For more information, see the USDA Economic Research Service publication Feed Outlook, at <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1273>.

With competitive prices and recent strength in exports of cheese and whey products, the 2018 export forecasts have been raised from last month's forecast to 9.6 billion pounds on a milk-fat basis (+0.1 billion) and to 42.8 billion pounds on a skim-solids basis (+0.3 billion). (cont. on page 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$16.57 per hundredweight of milk at 3.5 percent butterfat for the month of February. The uniform price is \$1.43 lower than the previous month and is \$2.79 per hundredweight lower compared to February 2017.

Class I utilization was 68.06 percent in February, 4.48 percent lower than the previous month and 0.42 percent lower than February of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in January was 18.45 billion pounds, 1.8 percent higher than January of last year and 2.2 percent higher compared with December 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.08 billion pounds, 3.4 percent above January 2017 but 1.0 percent below December 2017 on a daily average basis. Butter production was 185 million pounds, 4.3 percent higher than January 2017 and 9.0 percent above December 2017 on a daily average basis.

Nonfat dry milk powder production was 161.7 million pounds in January, 5.4 percent higher than January of last year and 1.2 percent lower than December 2017 on a daily average basis. Total dry whey production was 89.3 million pounds in January, 8.5 percent above January 2017 and 7.0 percent higher than the previous month on a daily average basis. Whey protein concentrates production was 44.3 million pounds in January, 10.4 percent above January 2017 and 3.9 percent higher than December 2017 on a daily average basis.

January's milk-feed price ratio, the pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk, fell to 2.19.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.51%	6,154,889	\$2.4976	\$ 15,372,450.76
Class I Differential at Location				200,449.41
Class II Butterfat	37.87%	6,215,414	\$2.3560	14,643,515.38
Class III Butterfat	5.91%	970,006	\$2.3490	2,278,544.07
Class IV Butterfat	18.71%	3,070,085	\$2.3490	7,211,629.70
Total Butterfat	100.00%	16,410,394		\$ 39,706,589.32
Uniform Butterfat Price per lb. (Fulton County, Georgia):				\$2.4196

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	69.28%	286,112,354	\$5.71 /cwt.	\$ 16,337,015.42
Class I Butterfat	37.51%	6,154,889	\$2.4976 /lb.	15,372,450.76
Class I Differential at Location		292,267,243		9,586,013.33
Total Class I Milk	68.06%	292,267,243		\$ 41,295,479.51
Class II Skim Milk	13.79%	56,961,789	\$5.38 /cwt.	\$ 3,064,544.24
Class II Butterfat	37.87%	6,215,414	\$2.3560 /lb.	14,643,515.38
Total Class II Milk	14.71%	63,177,203		\$ 17,708,059.62
Class III Skim Milk	9.49%	39,211,263	\$5.37 /cwt.	\$ 2,105,644.83
Class III Butterfat	5.91%	970,006	\$2.3490 /lb.	2,278,544.07
Total Class III Milk	9.36%	40,181,269		\$ 4,384,188.90
Class IV Skim Milk	7.44%	30,727,567	\$4.82 /cwt.	\$ 1,481,068.73
Class IV Butterfat	18.71%	3,070,085	\$2.3490 /lb.	7,211,629.70
Total Class IV Milk	7.87%	33,797,652		\$ 8,692,698.43
Producer Milk	100.00%	429,423,367		\$ 72,080,426.46

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	(\$6,477.18)
Producer butterfat at uniform butterfat price	(\$39,706,589.32)
Location Adjustments to Producers	\$2,335,629.65
1/2 Unobligated Balance in P.S.F.	\$196,026.30
Adjusted Pool Value	\$ 8.44986
Reserve for Producer Settlement Fund	\$ 0.04986
	\$34,899,015.91
	\$205,926.16

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

\$8.40

Uniform Price per cwt. (Fulton County, Georgia)

\$16.57*

* 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 2018	MAR 2018	JAN 2017	FEB 2018	FEB 2018
Appalachian (Charlotte)	\$ 17.65	\$ 16.76	\$ 17.53	\$ 16.31	68.78%
Arizona (Phoenix)	\$ 16.60	\$ 15.71	\$ 14.56	\$ 13.91	23.69%
Central (Kansas City)	\$ 16.25	\$ 15.36	\$ 14.52	\$ 13.72	26.29%
Florida (Tampa)	\$ 19.65	\$ 18.76	\$ 19.62	\$ 18.57	85.35%
Mideast (Cleveland)	\$ 16.25	\$ 15.36	\$ 14.84	\$ 14.01	31.10%
Northeast (Boston)	\$ 17.50	\$ 16.61	\$ 15.70	\$ 14.88	31.70%
Pacific Northwest (Seattle)	\$ 16.15	\$ 15.26	\$ 14.32	\$ 13.66	21.01%
Southeast (Atlanta)	\$ 18.05	\$ 17.16	\$ 18.00	\$ 16.57	68.06%
Southwest (Dallas)	\$ 17.25	\$ 16.36	\$ 15.35	\$ 14.60	27.30%
Upper Midwest (Chicago)	\$ 16.05	\$ 15.16	\$ 14.26	\$ 13.59	8.70%

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

Receipts:	Feb 2018	Feb 2017
Producer Milk		
Class I	292,267,243	299,760,528
Class II	63,177,203	4,975,816
Class III	40,181,269	59,202,945
Class IV	33,797,662	29,052,831
Total Producer Milk	429,423,367	437,752,120
Average Butterfat Test	3.82%	3.76%
Percent of Producer Milk in Class I	68.06%	68.48%
Daily Average Receipts	15,336,549	15,634,004
Other Source Milk		
Class I	6,306,636	5,887,634
Class II	4,885,110	2,732,008
Class III	0	0
Class IV	5,622,354	7,356,088
Total Other Source Milk	16,814,100	15,975,730
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	0
Total Overage	0	0
Opening Inventory		
Class I	20,574,588	22,552,999
Class II	508,921	86,824
Class III	0	0
Class IV	20,001,952	20,722,399
Total Opening Inventory	41,085,461	43,362,222
Total Receipts	487,322,928	497,090,072
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	19,564,875	21,384,867
Route Disposition Class I	288,798,151	297,842,670
Shrinkage	1,530,101	2,529,208
Transfers & Diversions to Nonpool	9,255,340	6,444,416
Total Class I Utilization	319,148,467	328,201,161
Average Butterfat Test	2.09%	2.06%
Daily Average Utilization	11,398,160	11,721,470
Class II Utilization		
Nonfluid Used To Produce	2,721,660	2,403,529
Shrinkage	4,621	569,685
Transfers & Diversions to Nonpool/Commercial Foods	51,181,883	39,566,949
Used To Produce/Other Uses	14,663,070	10,014,485
Total Class II Utilization	68,571,234	52,554,648
Average Butterfat Test	9.68%	9.56%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	40,181,269	59,202,945
Used To Produce/Other Uses	0	0
Total Class III Utilization	40,181,269	59,202,945
Average Butterfat Test	2.41%	2.71%
Class IV Utilization		
Inventory	22,491,037	19,580,239
Nonfluid Used To Fortify	536,347	633,596
Shrinkage	5,185,102	5,732,920
Transfers & Diversions to Nonpool	26,736,074	27,683,264
Used To Produce/Other Uses	4,446,398	3,501,299
Total Class IV Utilization	59,421,958	57,131,318
Average Butterfat Test	9.68%	12.24%
Total Utilization	487,322,928	497,090,072

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2018 is \$16.57 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.40 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4196 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 69.28% of all producer skim milk (priced to handlers at \$5.71 per hundredweight, plus the Class I differential, see page 2) and 37.51% of producer butterfat (priced to handlers at \$2.4976 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 13.79% of all producer skim milk (\$5.38 per hundredweight) and 37.87% of producer butterfat (\$2.3560 per pound). Class III use, mostly milk used to produce cheese, accounted for 9.49% of all producer skim milk (\$5.37 per hundredweight) and 5.91% of producer butterfat (\$2.3490 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.44% of all producer skim milk (\$4.82 per hundredweight) and 18.71% of producer butterfat (\$2.3490 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
January 2018		
Whole Milk	145,391,574	36.78%
Fat Free Milk	24,990,966	6.32%
Low fat Milk (incl. 1%)	40,790,093	10.32%
Reduced Fat Milk (incl. 2%)	129,779,980	32.82%
Cultured Fluid Milk (incl. Buttermilk)	7,529,687	1.90%
Flavored Drinks and Milk	46,850,760	11.86%
Total Disposition in Marketing Area	395,333,060	100.0%
Total Disposition by Pool Plants	299,446,970	75.75%
Total Disposition by Nonpool Plants	95,886,090	24.25%
Total Disposition in Marketing Area	395,333,060	100.0%

Receipts of producer milk during February totaled 429.4 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 February 2018. Class I route disposition in the area was 395.3 million pounds in January 2018.

Dairy Forecast for 2018, cont.

(continued from page 1) Forecasts for imports have been lowered from last month's forecast to 5.7 billion pounds (-0.3 billion) on a milk-fat basis and to 5.9 billion pounds (-0.1 billion) on a skim-solids basis due to lower expected dairy-related food preparations.

The 2018 domestic use forecasts are 214.8 billion pounds on a milk-fat basis, 0.1 billion less than last month's forecast, and 181.6 billion pounds on a skim-solids basis, unchanged from last month. Ending stock forecasts are 12.8 billion pounds on a milk-fat basis, down 0.1 billion from last month. On a skim-solids basis, the ending stock forecast has been lowered to 11.3 billion pounds, 0.3 billion less than last month, due to the downward revision of beginning stocks and stronger expected exports.

Forecasts for product prices in 2018 have changed only slightly from last month. The cheddar cheese price is forecast slightly higher than the last forecast at \$1.545-\$1.605 per pound, while the dry whey price forecast has been slightly lowered to \$0.265-\$0.295. The butter price forecast has been raised to \$2.210-\$2.300 per pound, based on recent gains in prices. The NDM price forecast has been lowered to \$0.700-\$0.750 as stocks continued to build last month and global supply remains high.

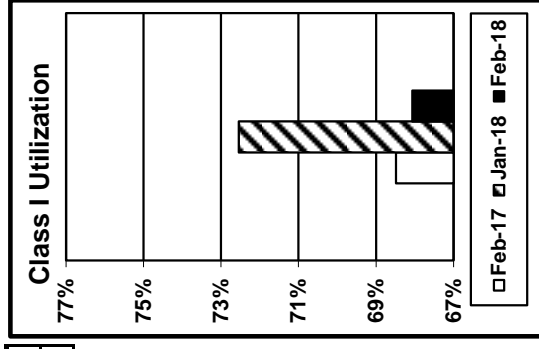
Source: *Livestock, Dairy, and Poultry Outlook, LDP-M-285, March 14, 2018 USDA, Economic Research Service*

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
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	\$9.51	\$2.5356	\$18.05	\$5.38	\$2.3560	\$13.44	\$5.37	\$2.3490	\$13.40	\$4.82	\$2.3490	\$12.87	\$8.40	\$2.4196	\$16.57
Mar	\$9.18	\$2.3714	\$17.16	\$5.55											

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.	%
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	1,922	345,495	72.54%	70,352	14.77%	20,218	4.24%	40,249	8.45%
Feb	429,423	1,900**	292,267	68.06%	63,177	14.71%	40,181	9.36%	33,798	7.87%



* 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
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
May	06/11/18	06/12/18	06/13/18	05/25/18	05/29/18	06/13/18	06/14/18

** The base rate for making partial payments in Fulton County, GA for March will be \$14.91 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.57 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%

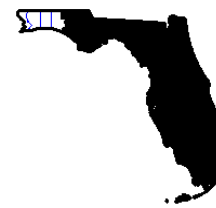
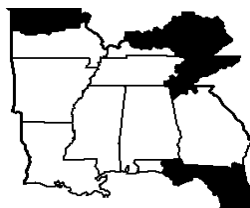
WASDE Dairy Report 1/ WASDE – 575 March 8, 2018

The milk production forecast for 2018 is raised from last month on more rapid growth in milk per cow in the first half of the year. The 2018 imports on a fat and skim-solids basis are reduced on slower sales of a number of processed dairy products. Exports on fat basis are raised on increased cheese sales and exports on a skim-solids basis are raised on stronger sales of both cheese and whey products. The supply and use estimates are adjusted to reflect revisions to 2016 and 2017 milk production and 2017 storage data.

Annual product price forecasts for cheese and butter are raised from the previous month as recent prices have increased. However, continued large supplies of nonfat dry milk (NDM) are expected to pressure NDM prices, and the forecast is reduced. No change is made to the annual whey price forecast. The Class III price is raised on the cheese price projection, while the Class IV price is down, as the lower NDM price more than offsets a higher butter price forecast. The all milk price is forecast at \$15.75 to \$16.35 per cwt, unchanged at the midpoint.

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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