

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Erik F. Rasmussen, Market Administrator

www.fmmatlanta.com

April 2017

Volume 18—No. 4

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

Dairy Forecast for 2017

Excerpts from Livestock, Dairy, & Poultry Outlook, April 17 2017, Economic Research Service, USDA:

Based on recent milk production data, the milk cow estimate has been raised to 9.385 million head, 5,000 higher than last month's forecast, and the milk per cow estimate is now expected to be 35 pounds lower for the year, at 23,150 pounds per cow. With these changes, the milk production forecast for 2017 is now 217.3 billion pounds, 0.2 billion pounds lower than last month.

Feed prices are still expected to be relatively low. The 2016-17 corn price is \$3.25-\$3.55 per bushel, unchanged from last month's forecast at the midpoint, and the soybean meal price forecast is \$310-\$330 per short ton, \$10 less than last month's forecast at the high end of the price range. The alfalfa hay price in February was \$129 per short ton, \$1 higher than January but \$8 lower than February of last year.

The domestic use forecast on a milk-fat basis for 2017 has been reduced 0.6 billion pounds to 214.0 billion, reflecting weaker expected domestic use of butter and cheese. With lower cheese imports in February and more competitive domestic prices expected for both cheese and butter, the 2017 forecast for imports on a milk-fat basis is 6.3 billion pounds, 0.3 billion pounds lower than projected last month. Based on recent data, the forecast for exports on a milk-fat basis has also been lowered slightly to 8.2 billion pounds for the year. With the recent rise in stocks of butter and cheese and lower expectations for domestic use, the projection for ending stocks on a milk-fat basis is 14.4 billion pounds for the year, 0.1 billion pounds more than last month's forecast.

The domestic use forecast on a skim-solids basis for 2017 has been reduced 0.2 billion pounds to 182.9 billion, reflecting weaker expected domestic use of NDM and cheese. Imports on a skim-solids basis are forecast 0.2 billion pounds higher than last month, at 6.4 billion (continued on page 4)

Uniform Price Falls

The uniform price in Fulton County, GA, was \$19.15 per hundredweight of milk at 3.5 percent butterfat for the month of March. The uniform price is \$0.21 lower than the previous month and is \$2.93 per hundredweight higher compared to March 2016.

Class I utilization was 65.23 percent in March, 3.25 percent lower than the previous month and 0.38 percent lower than March of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in February 2017 was 16.70 billion pounds, down 1.2 percent from February 2016 and 2.0 percent higher compared with January 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 942 million pounds, 1.4 percent below February 2016 and 0.2 percent below January 2017 on a daily average basis. Butter production was 164 million pounds, 5.8 percent below February 2016 and 2.3 percent above January 2017 on a daily average basis.

Nonfat dry milk powder production was 140.0 million pounds in February, 0.1 percent lower than February of last year and 1.1 percent higher than January 2017 on a daily average basis. Total dry whey production was 78.0 million pounds in February, 3.4 percent higher than February 2016 and 4.9 percent higher than January 2017 on a daily average basis. Whey protein concentrates production was 36.7 million pounds in February, 0.2 percent higher than February 2016 and 1.2 percent higher than January 2017 on a daily average basis.

February's milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal 1 in value to 1 pound of whole milk, was 2.61, down 0.08 compared to the prior month.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.42%	7,192,189	\$2.4428	\$ 17,569,079.30
Class I Differential at Location				237,710.25
Class II Butterfat	31.45%	6,044,400	\$2.4246	14,655,252.23
Class III Butterfat	9.00%	1,728,939	\$2.4176	4,179,882.93
Class IV Butterfat	22.13%	4,253,815	\$2.4176	10,284,023.16
Total Butterfat	100.00%	19,219,343		\$ 46,925,947.87
Uniform Butterfat Price per lb. (Fulton County, Georgia):				\$2.4416

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	80.81%	327,626,570	\$8.65 /cwt.	\$ 28,339,698.31
Class I Butterfat	37.42%	7,192,189	\$2.4428 /lb.	17,569,079.30
Class I Differential at Location		334,818,759		11,030,860.07
Total Class I Milk	65.23%	334,818,759		\$ 56,939,637.68
Class II Skim Milk	12.02%	59,372,615	\$8.00 /cwt.	\$ 4,749,809.20
Class II Butterfat	31.45%	6,044,400	\$2.4246 /lb.	14,655,252.23
Total Class II Milk	12.75%	65,417,015		\$ 19,405,061.43
Class III Skim Milk	12.86%	63,552,029	\$7.61 /cwt.	\$ 4,836,309.43
Class III Butterfat	9.00%	1,728,939	\$2.4176 /lb.	4,179,882.93
Total Class III Milk	12.72%	65,280,968		\$ 9,016,192.36
Class IV Skim Milk	8.80%	43,474,542	\$6.07 /cwt.	\$ 2,638,904.70
Class IV Butterfat	22.13%	4,253,815	\$2.4176 /lb.	10,284,023.16
Total Class IV Milk	9.30%	47,728,357		\$ 12,922,927.86
Producer Milk	100.00%	513,245,099		\$ 98,283,819.33

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	\$11,395.03
Producer butterfat at uniform butterfat price	(\$46,925,947.87)
Location Adjustments to Producers	\$2,948,834.61
1/2 Unobligated Balance in P.S.F.	\$175,791.53
Adjusted Pool Value	\$ 11.03058
Reserve for Producer Settlement Fund	\$ 0.04058

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

\$10.99

Uniform Price per cwt. (Fulton County, Georgia)

\$19.15*

* 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 %
	MAR 2017	APR 2017	FEB 2017	MAR 2017	MAR 2017
Appalachian (Charlotte)	\$ 20.30	\$ 19.45	\$ 19.09	\$ 19.06	69.75%
Arizona (Phoenix)	\$ 19.25	\$ 18.40	\$ 16.73	\$ 16.02	24.33%
Central (Kansas City)	\$ 18.90	\$ 18.05	\$ 16.83	\$ 16.24	28.66%
Florida (Tampa)	\$ 22.30	\$ 21.45	\$ 21.07	\$ 21.28	83.42%
Midwest (Cleveland)	\$ 18.90	\$ 18.05	\$ 16.92	\$ 16.43	30.50%
Northeast (Boston)	\$ 20.15	\$ 19.30	\$ 17.77	\$ 17.30	32.10%
Pacific Northwest (Seattle)	\$ 18.80	\$ 17.95	\$ 16.58	\$ 15.93	26.59%
Southeast (Atlanta)	\$ 20.70	\$ 19.85	\$ 19.36	\$ 19.15	65.23%
Southwest (Dallas)	\$ 19.90	\$ 19.05	\$ 17.57	\$ 17.00	29.32%
Upper Midwest (Chicago)	\$ 18.70	\$ 17.85	\$ 16.94	\$ 16.05	9.90%

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

Receipts:	March 2017	March 2016
Producer Milk		
Class I	334,818,759	333,373,066
Class II	65,417,015	70,622,034
Class III	65,280,968	60,084,651
Class IV	47,728,357	44,014,116
Total Producer Milk	513,245,099	508,093,867
Average Butterfat Test	3.74%	3.67%
Percent of Producer Milk in Class I	65.23%	65.61%
Daily Average Receipts	16,556,294	16,390,125
Other Source Milk		
Class I	9,597,750	7,579,616
Class II	0	0
Class III	2,818,577	2,911,992
Class IV	6,443,881	6,486,689
Total Other Source Milk	18,860,208	16,978,297
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	851
Total Overage	0	851
Opening Inventory		
Class I	21,411,779	19,792,062
Class II	1,586,787	1,266,331
Class III	32,128	34,000
Class IV	17,934,412	20,793,981
Total Opening Inventory	40,965,106	41,886,374
Total Receipts	573,070,413	566,959,389
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	22,193,788	22,617,277
Route Disposition Class I	327,878,405	323,617,543
Shrinkage	3,113,604	2,359,771
Transfers & Diversions to Nonpool	12,642,491	12,150,153
Total Class I Utilization	365,828,288	360,744,744
Average Butterfat Test	2.13%	2.06%
Daily Average Utilization	11,800,913	11,636,927
Class II Utilization		
Nonfluid Used To Produce	2,495,567	3,722,957
Shrinkage	436,818	183,790
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	55,691,690	59,064,267
	11,198,304	11,829,343
Total Class II Utilization	69,822,379	74,800,357
Average Butterfat Test	8.66%	9.07%
Class III Utilization		
Shrinkage	0	18,647
Transfers & Diversions to Nonpool Used To Produce/Other Uses	65,313,096	60,100,004
	0	0
Total Class III Utilization	65,313,096	60,118,651
Average Butterfat Test	2.65%	3.00%
Class IV Utilization		
Inventory	14,385,214	15,049,911
Nonfluid Used To Fortify	708,348	784,887
Shrinkage	6,506,849	6,343,556
Transfers & Diversions to Nonpool Used To Produce/Other Uses	47,395,248	44,752,779
	3,110,991	4,364,504
Total Class IV Utilization	72,106,650	71,295,637
Average Butterfat Test	10.21%	8.41%
Total Utilization	573,070,413	566,959,389

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2017 is \$19.15 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.99 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4416 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 March, Class I use, which is primarily bottled or packaged fluid milk, accounted for 66.32% of all producer skim milk (priced to handlers at \$8.65 per hundredweight, plus the Class I differential, see page 2) and 37.42% of producer butterfat (priced to handlers at \$2.4428 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.02% of all producer skim milk (\$8.00 per hundredweight) and 31.45% of producer butterfat (\$2.4246 per pound). Class III use, mostly milk used to produce cheese, accounted for 12.86% of all producer skim milk (\$7.61 per hundredweight) and 9.00% of producer butterfat (\$2.4176 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.80% of all producer skim milk (\$6.07 per hundredweight) and 22.13% of producer butterfat (\$2.4176 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
February 2017		
Whole Milk	123,161,334	34.97%
Fat Free Milk	26,128,036	7.43%
Low fat Milk (incl. 1%)	40,391,593	11.47%
Reduced Fat Milk (incl. 2%)	112,721,944	32.00%
Cultured Fluid Milk (incl. Buttermilk)	6,293,597	1.77%
Flavored Drinks and Milk	43,552,501	12.36%
Total Disposition in Marketing Area	352,249,005	100.0%
Total Disposition by Pool Plants	264,017,064	74.95%
Total Disposition by Nonpool Plants	88,231,941	25.05%
Total Disposition in Marketing Area	352,249,005	100.0%

Receipts of producer milk during March totaled 513.2 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 March 2017. Class I route disposition in the area was 352.2 million pounds in February 2017.

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

(continued from page 1) pounds for the year, due to higher expected imports of milk protein products and other miscellaneous products. The forecast for skim-solids exports has also been increased slightly to 39.9 billion pounds for the year, as domestic prices for NDM have become more competitive and exports have recently increased. With the increase in ending stocks for February and lower expected domestic use, the forecast for ending stocks in 2017 has been raised 0.2 billion pounds to 14.7 billion.

Forecasts for all of the dairy product prices have been lowered from last month. In the face of recent dairy product price weakness, high February ending stocks, and lower expected domestic commercial use, 2017 price forecasts for cheese, butter, and NDM have been lowered to \$1.600-\$1.650, \$2.120-\$2.200, and \$0.865-\$0.905 per pound, respectively. The relatively low NDM price may put downward pressure on dry whey prices since the products are substitutable for some purposes; therefore, the 2017 dry whey price forecast has been lowered slightly to \$0.490-\$0.520 per pound. As a result of lower dairy product prices, the Class III and IV milk price forecasts have been lowered to \$16.10- \$16.60 and \$14.30-\$14.90 per cwt. respectively. With these changes, the all milk price estimate for the year is now \$17.40-\$17.90 per cwt, a decrease from \$17.80-\$18.40 projected last month.

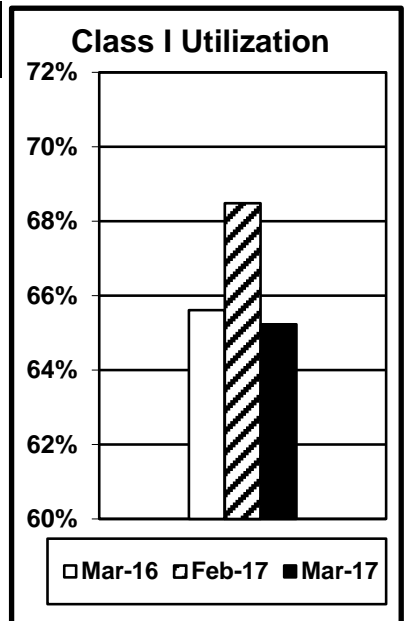
Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-274/April 17, 2017 ERS, USDA*

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
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	\$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											

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 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	1,551	299,761	68.48%	49,736	11.36%	59,203	13.52%	29,053	6.64%
Mar	513,245	1,550**	334,819	65.23%	65,417	12.75%	65,281	12.72%	47,728	9.30%



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

Southeast Marketing Area - Federal Order 7

2017 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
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
June	07/11/17	07/12/17	07/13/17	06/26/17	06/26/17	07/13/17	07/14/17

** The base rate for making partial payments in Fulton County, GA for April will be \$17.24 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.15 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 – 564 April 11, 2017

The milk production forecast for 2017 is lowered as reductions in milk per cow offset increases in milk cow numbers. Fat basis imports are reduced on weaker imports of cheese and butterfat products, but imports of milk protein products support a higher skim-solids basis import forecast. Fat basis exports are lowered on weaker sales of whole milk powder (WMP), but skim-solids basis exports are raised as weaker WMP is more than offset by higher sales of a number of skim-based products. Ending stock forecasts are raised on both a fat and skim-solids basis, reflecting current large supplies and lower expected domestic use.

Dairy products price forecasts for cheese, butter, nonfat dry milk, and whey are lowered as both domestic and international supplies are large. As a result both Class III and Class IV price forecasts are reduced from last month. The all milk price for 2017 is lowered to \$17.40-\$17.90 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.*



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



www.fmmatlanta.com

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