Market Information BULLETIN

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Southeast Marketing Area Federal Order 7

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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, April 16, 2018, Economic Research Service, USDA:

The 2018 estimate for the size of the milking herd is unchanged from the March forecast at 9.415 million head, as growth is expected to taper off later in the year. The forecast for milk per cow in 2018 has been raised slightly to 23,260 pounds, as year-over-year growth was higher than expected in January and February. The annual milk production forecast remains at a rounded 219.0 billion pounds.

The corn price forecast for 2017/18 is \$3.20-\$3.50 per bushel, unchanged from last month's forecast at the midpoint. However, the 2017/18 soybean meal price forecast has been raised to \$340-\$360 per short ton, \$10 higher than last month's forecast at the midpoint. For more information, see the USDA Economic Research Service publication 'Feed Outlook'.

The forecast for imports on a milk-fat basis has been lowered 0.1 billion pounds to 5.6 billion for the year due to lower expected imports of dry whole milk. The export forecast on a milk-fat basis is unchanged at 9.6 billion pounds for the year. With continued weakness in domestic use in recent months, the forecast for 2018 domestic use is now projected slightly lower than it was last month at 214.7 billion pounds. With high stock levels in recent months and weaker expected domestic use, the forecast for 2018 milk-fat basis ending stocks has been raised to 12.9 billion pounds, 0.1 billion pounds higher than the March forecast.

Imports on a skim-solids basis are forecast at 5.9 billion pounds for the year, unchanged from last month's forecast. Exports are forecast 0.6 billion pounds higher, at 43.4 billion pounds, based on higher expected exports of NDM and lactose. Stocks on a skim-solids basis continued to build in

Slight changes have been made in product price forecasts for 2018. The largest change from last month is a 2.5-cent reduction (continued on pg. 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$16.30 per hundredweight of milk at 3.5 percent butterfat for the month of March. The uniform price is \$0.27 lower than the previous month and is \$2.85 per hundredweight lower compared to March 2017.

Class I utilization was 64.74 percent in March, 3.32 percent lower than the previous month and 0.49 percent lower than March of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in February was 17.0 billion pounds, 1.8 percent higher than February of last year and 2.0 percent higher compared with January 2018 on a daily average basis. Total cheese output was 982 million pounds, 4.2 percent above February 2017 but 0.9 percent below January 2018 on a daily average basis. Butter production was 169 million pounds, 4.7 percent above February 2017 and 2.5 percent higher than January 2018 on a daily average basis.

Nonfat dry milk powder production was 158.5 million pounds in February, 12.1 percent higher than last year and 9.5 percent higher than January 2017 on a daily average basis. Total dry whey production was 89.4 million pounds in February, 14.6 percent more than February 2017 and 9.6 percent higher than the previous month on a daily average basis. Whey protein concentrates production was 39.9 million pounds in February, 10.7 percent above February 2017 and 1.7 percent higher than January 2017 on a daily average basis.

February's milk-feed price ratio, the pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk, fell 0.16 in value from January 2018 to 2.03.

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

Calculation of Uniform Butterfat Pr	rice:				
		<u>Utilization</u>	Pounds	Price/lb.	<u>Value</u>
Class I Butterfat		36.22%	6,837,126	\$2.3334	\$ 15,953,749.83
Class I Differential at Location					223,333.82
Class II Butterfat		42.51%	8,026,574	\$2.4343	19,539,089.07
Class III Butterfat		4.03%	760,400	\$2.4273	1,845,718.92
Class IV Butterfat	;	17.24%	3,255,396	\$2.4273	7,901,822.68
Total Butterfat		100.00%	18,879,496		\$ 45,463,714.32 _
Uniform Bu	itterfat Price p	er lb. (Fulton Co	unty, Georgia):	\$2.4081	
Calculation of Uniform Skim Milk F	Price:				
Producer Milk	<u>Utilization</u>	<u>Pounds</u>		<u>oer unit</u>	<u>Value</u>
Class I Skim Milk	65.86%	316,891,368	\$5.38		\$ 17,048,755.63
Class I Butterfat	36.22%	6,837,126	\$2.3334	/lb.	15,953,749.83
Class I Differential at Location		323,728,494			10,629,395.68
Total Class I Milk	64.74%	323,728,494			\$ 43,631,901.14
Class II Skim Milk	15.64%	75,226,295	\$5.55	/cwt.	\$ 4,175,059.40
Class II Butterfat	42.51%	8,026,574	\$2.4343	/lb.	19,539,089.07
Total Class II Milk	16.65%	83,252,869			\$ 23,714,148.47
Class III Skim Milk	8.88%	42,717,191	\$5.93	/cwt.	\$ 2,533,129.43
Class III Butterfat	4.03%	760,400	\$2.4273	/lb.	1,845,718.92
Total Class III Milk	8.70%	43,477,591			\$ 4,378,848.35
Class IV Skim Milk	9.62%	46,293,366	\$4.71	/cwt.	\$ 2,180,417.52
Class IV Butterfat	17.24%	3,255,396	\$2.4273	/lb.	7,901,822.68
Total Class IV Milk	9.91%	49,548,762			\$ 10,082,240.20
Producer Milk	100.00%	500,007,716			\$ 81,807,138.16
Adjustments					
Overage and Other Source					\$0.00
Inventory Adjustments					\$12,973.20
Producer butterfat at uniform but					(\$45,463,714.32)
Location Adjustments to Produc					\$2,909,533.10
1/2 Unobligated Balance in P.S.I	F.				\$202,571.24
Adjusted Pool Value Reserve for Producer Settlemen	t Fund		\$ 8.20332 \$ 0.04332		\$39,468,501.38 \$208,438.65
Uniform Skim Milk Price per cwt. (Fulton County	, Georgia):	\$8.16		
Uniform Price per cwt. (Fulton Cou	ınty, Georgia)		\$16.30*		

^{*} At 3.5% butterfat test; for information purposes.

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME	CLA	SS I	UNIFO	CLASS I %	
(Priced at)	MAR 2018	APR 2018	FEB 2017	MAR 2018	MAR 2018
Appalachian (Charlotte)	\$ 16.76	\$ 17.50	\$ 16.31	\$ 16.02	66.81%
Arizona (Phoenix)	\$ 15.71	\$ 16.45	\$ 13.91	\$ 14.02	25.08%
Central (Kansas City)	\$ 15.36	\$ 16.10	\$ 13.72	\$ 13.92	32.11%
Florida (Tampa)	\$ 18.76	\$ 19.50	\$ 18.57	\$ 18.14	85.24%
Mideast (Cleveland)	\$ 15.36	\$ 16.10	\$ 14.01	\$ 14.24	33.60%
Northeast (Boston)	\$ 16.61	\$ 17.35	\$ 14.88	\$ 15.06	32.40%
Pacific Northwest (Seattle)	\$ 15.26	\$ 16.00	\$ 13.66	\$ 13.88	25.26%
Southeast (Atlanta)	\$ 17.16	\$ 17.90	\$ 16.57	\$ 16.30	64.74%
Southwest (Dallas)	\$ 16.36	\$ 17.10	\$ 14.60	\$ 14.79	44.04%
Upper Midwest (Chicago)	\$ 15.16	\$ 15.90	\$ 13.59	\$ 14.25	10.00%

SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7 STATISTICAL SUMMARY

Receipts:	March 2018	March 2017
Producer Milk		
Class I	323,728,494	334,818,759
Class II	83,252,869	65,417,015
Class III	43,477,591	65,280,968
Class IV	49,548,762	47,728,357
Total Producer Milk	500,007,716	513,245,099
Average Butterfat Test	3.78%	3.74%
Percent of Producer Milk in Class I	64.74%	65.23%
Daily Average Receipts	16,129,281	16,556,294
Other Source Milk		
Class I	5,694,500	9,597,750
Class II		0
Class III	3,649,971	2,818,577
Class IV	5,369,266	6,443,881
Total Other Source Milk	14,713,737	18,860,208
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	19,564,820	21,411,779
Class II	507,909	1,586,787
Class III	0	32,128
Class IV	21,983,128	17,934,412
Total Opening Inventory	42,055,857	40,965,106
Total Receipts	556,777,310	573,070,413
Utilization:	, ,	, ,
Class I Utilization		
Inventory of Packaged FMP	17,875,922	22,193,788
Route Disposition Class I	317,181,308	327,878,405
Shrinkage	3,013,507	3,113,604
Transfers & Diversions to Nonpool	10,917,077	12,642,491
Total Class I Utilization	348,987,814	365,828,288
Average Butterfat Test	2.10%	2.13%
Daily Average Utilization	11,257,671	11,800,913
Class II Utilization	• •	, ,
Nonfluid Used To Produce	2,366,283	2,495,567
Shrinkage	80,569	436,818
Transfers & Diversions to Nonpool/Commercial Foods	68,579,963	55,691,690
Used To Produce/Other Uses	16,383,934	11,198,304
Total Class II Utilization	87,410,749	69,822,379
Average Butterfat Test	9.67%	8.66%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	0	65,313,096
Used To Produce/Other Uses	43,477,591	0
Total Class III Utilization	43,477,591	65,313,096
Average Butterfat Test	1.75%	2.65%
Class IV Utilization		2.0070
Inventory	19,168,362	14,385,214
Nonfluid Used To Fortify	658,531	708,348
Shrinkage	5,950,093	6,506,849
Transfers & Diversions to Nonpool	47,057,548	47,395,248
Used To Produce/Other Uses	4,066,622	3,110,991
Total Class IV Utilization	76,901,156	72,106,650
Average Butterfat Test	70,301,130	10.21%
Total Utilization	556,777,310	573,070,413
I Otal Utilization	330,111,310	313,010,413

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2018 is \$16.30 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.16 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4081 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 65.86% of all producer skim milk (priced to handlers at \$5.38 per hundredweight, plus

the Class I differential, see page 2) and 36.22% of producer butterfat (priced to handlers at \$2.3334 per pound plus Class I differential). Class Il use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 15.64% of all producer skim milk (\$5.55 per hundredweight) and 42.51% producer butterfat (\$2.4343 per Class III use, mostly milk pound). used to produce cheese, accounted for 8.88% of all producer skim milk (\$5.93 per hundredweight) and 4.03% of producer butterfat (\$2.4273 pound). Class IV use, generally milk processed into butter and powder, accounted for 9.62% of all producer skim milk (\$4.71 per hundredweight)

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
February 20	<u>18</u>	
Whole Milk	122,750,404	36.01%
Fat Free Milk	21,822,528	6.40%
Low fat Milk (incl. 1%)	35,827,941	10.53%
Reduced Fat Milk (incl. 2%)	108,748,699	31.92%
Cultured Fluid Milk (incl. Buttermilk)	6,228,252	1.82%
Flavored Drinks and Milk	45,390,475	13.32%
Total Disposition in Marketing Area	340,768,299	100.0%
Total Disposition by Pool Plants	255,395,328	74.94%
Total Disposition by Nonpool Plants	85,372,921	25.06%
Total Disposition in Marketing Area	340,768,249	100.0%

and 17.24% of producer butterfat (\$2.4273 per pound).

Receipts of producer milk during March totaled 500.0 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 March 2018. Class I route disposition in the area was 340.8 million pounds in February 2018.

Dairy Forecast for 2018, cont.

(continued from page 1) in the dry whey price forecast to \$0.240-\$0.270 per pound, due to recent price data, large supplies, and lower expected demand. The cheddar cheese price forecast is \$1.550-\$1.600 per pound, unchanged at the midpoint of the range from last month. The butter and NDM price forecasts are slightly lower for the year than previously forecast at \$2.210-\$2.290 and \$0.700-\$0.740 per pound, respectively, based on recent data.

The Class III price for 2018 is now forecast lower than last month, at \$14.20-\$14.70 per cwt, due mainly to the lower dry whey price forecast. The Class IV price is projected slightly lower than the previous forecast at \$13.25-\$13.85 per cwt for the year. The all-milk price forecast for 2018 is now \$15.60-\$16.10 per cwt, 20 cents lower at the midpoint of the range than last month's forecast.

Changes to the Dairy Margin Protection Program for Dairy Producers

Significant changes have been made to the Margin Protection Program for Dairy Producers as authorized by the Bipartisan Budget Act of 2018. USDA has reopened enrollment for the program, and it will remain open until June 1. Dairy producers who choose to participate must make new coverage elections for 2018, even if they enrolled in a previous signup period. For more information, see USDA press release 0074.18, "USDA Reopens Enrollment for Improved Safety Net Tool."

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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Pool		CLASS I*			CLASS II			CLASS III			CLASS IV		ገ	UNIFORM*	
Period	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	9.8	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		\$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		\$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		\$6.89	\$2.7136	\$16.15	\$7.22	\$2.7066	\$16.44		\$2.7066	\$15.89	\$ 10.04	\$2.5760	\$18.70
Jul	\$11.12	\$2.7592		\$7.41	\$2.9526	\$17.48	\$5.33	\$2.9456	\$15.45		\$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		\$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		\$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		\$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		\$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		\$2.5255		\$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		\$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		\$5.52	\$2.4343	\$13.88	\$5.93	\$2.4343	\$14.24	\$ 4.71	\$2.4273	\$13.04	\$8.16	\$2.4081	\$16.30
Apr	\$9.62	\$2.4631		\$5.41											

FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK

1010	Zation							<u></u>		<i></i>	/	′	,,		-18 ■ Mar-18		
1111110000	Ciass i Utilization	~~		71%		%69			%29		⁶⁵ %			63%	□Mar-17 □Feb-18 ■Mar-18		
S IV	%	8.01%	6.64%	9.30%	14.08%	9.85%	2.69%	6.24%	3.38%	2.67%	8.01%	%92.9	9.94%	8.45%	7.87%	9.91%	J
CLASS IV	1000 lbs.	39,494	29,053	47,728	70,650	48,890	25,675	26,350	14,452	23,159	33,970	28,586	45,006	40,249	33,798	49,549	
CLASS III	%	7.56%	13.52%	12.72%	13.57%	13.36%	12.57%	10.19%	4.28%	2.82%	2.42%	2.58%	2.09%	4.24%	8.36%	8.70%	
CLA	1000 lbs.	37,280	59,203	65,281	68,088	66,353	56,703	43,037	18,284	11,500	10,281	10,918	23,050	20,218	40,181	43,478	
SS II	%	14.67%	11.36%	12.75%	12.78%	13.87%	15.49%	16.06%	15.12%	14.96%	15.17%	15.77%	14.68%	14.77%	14.71%	16.65%	
II SSYTO	1000 lbs.	72,378	49,736	65,417	64,104	68,895	69,834	67,810	64,618	61,080	64,366	66,679	66,442	70,352	63,177	83,253	
YSS I	%	%92.69	68.48%	65.23%	29.57%	62.92%	66.25%	67.51%	77.22%	76.55%	74.40%	74.89%	70.29%	72.54%	%90.89	64.74%	1 1 1 1 1 1 1 1
CLA	1000 lbs.	344,109	299,761	334,819	298,804	312,446	298,763	285,119	330,006	312,637	315,628	316,742	318,219	345,495	292,267	323,728	;
Number of	Farms	1,637	1,551	1,570	1,578	1,589	1,645	1,814	1,902	1,824	1,840	1,808	1,830	1,922	1,683	1,700**	
Producer Milk	1000 lbs.	493,261	437,752	513,245	501,646	496,584	450,975	422,316	427,360	408,376	424,246	422,925	452,716	476,314	429,423	500,008	
Pool	Period	Jan 2017	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2018	Feb	Mar	,

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

Southeast Marketing Area - Federal Order 7

		2018 F	Pool and Pay	ment Da	ates						
		MA Pay	ment Dates		Payments for	ts for Producer Milk					
	Pool & Uniform	Due to:	Due From:	Partial Pa	yment** Due	Final Pa	yment Due				
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Соор	Nonmember	Соор	Nonmember				
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				
June	07/11/18	07/12/18	07/13/18	06/25/18	06/26/18	07/13/18	07/16/18				

^{**} The base rate for making partial payments in Fulton County, GA for April will be \$14.67 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.30 per hundredweight.

Producer	Touc	h Bas	e Req	uirem	ents 8	& Han	dler D	iversi	on Lir	nits			
[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 - 576 April 10, 2018

The milk production forecast for 2018 is unchanged from last month. The 2018 import forecast is reduced slightly on a fat basis, but is unchanged on a skim-solids basis. Exports on fat basis are unchanged from last month, but skim-solids-basis exports are raised on stronger sales of nonfat dry milk and skim milk powder, and lactose.

The annual product price forecast for cheese is unchanged at the midpoint although the range is narrowed. Butter prices are expected to increase more slowly in the second half of the year and the price forecast is reduced. The nonfat dry milk (NDM) price is reduced slightly on current prices. The annual whey price forecast is lowered on larger supplies and weaker demand. The Class III price is lowered on the lower whey price forecast while the Class IV price is down on lower NDM and butter price forecasts. The all milk price forecast is lowered to \$15.60 to \$16.10 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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