

Market Information BULLETIN



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Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

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

Dairy Forecast for 2019

Excerpts from Livestock, Dairy, & Poultry Outlook, May 16, 2018, Economic Research Service, USDA:

The forecast for the size of the milking herd is 9.410 million, level with the 2018 forecast. Milk per cow, however, is expected to continue to grow, averaging 23,535 pounds for 2019. Milk production for 2019 is projected at 221.5 billion pounds, a modest 1.3 percent increase from the 2018 forecast.

Imports on a milk-fat basis are forecast at 5.5 billion pounds, the same as the 2018 forecast. Exports on a milk-fat basis are forecast to increase 0.3 billion pounds year-over-year to 10.2 billion. Domestic use is forecast at 216.6 billion pounds, a 1.1 percent increase from the forecast for 2018. Ending stocks on a milk-fat basis for 2019 are projected at 11.8 billion, 0.8 billion less than 2018.

On a skim-solids basis, 2019 imports are expected to remain steady at 5.8 billion pounds. Exports are forecast at 45.3 billion pounds, 0.2 billion pounds higher than the current 2018 forecast. While global demand is expected to continue growing in 2019, competition may limit export growth. Domestic use is expected to grow to 181.1 billion pounds, 1.1 percent higher than the 2018 forecast. Ending stocks are projected at 10.8 billion pounds, 0.2 billion less than the 2018 forecast.

Prices for butter and cheese in 2019 are expected to hold near 2018 levels. The 2019 cheddar cheese price forecast is \$1.585-\$1.685 per pound, 1 cent higher at the midpoint of the range than 2018. The 2019 butter price forecast is \$2.215-\$2.345 per pound, slightly lower at the midpoint of the range than the 2018 projection. The 2019 nonfat dry milk price is expected to be 2 cents higher at the midpoint than 2018 at \$0.745-\$0.815, as growth in export demand is expected to carry over into next year. Similarly, the domestic dry whey price is expected to continue to find support from overseas trading partners, rising 3 cents from 2018 at the midpoint of the range to (continued on pg. 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$16.88 per hundredweight of milk at 3.5 percent butterfat for the month of April. The uniform price is \$0.58 higher than the previous month and is \$1.09 per hundredweight lower compared to April 2017.

Class I utilization was 65.02 percent in April, 0.28 percent higher than the previous month and 5.45 percent higher than April of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in March was 19.0 billion pounds, 1.3 percent higher than March of last year and 1.0 percent higher compared with February 2018 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.10 billion pounds in March, 2.7 percent above March 2017 and 0.8 percent above February 2018 on a daily average basis. Butter production was 186 million pounds in March, 4.8 percent above March 2017 and 1.5 percent below February 2018 on a daily average basis.

Nonfat dry milk powder production was 180.3 million pounds in March, 12.0 percent higher than last year and 3.2 percent higher than February on a daily average basis. Total dry whey production was 88.0 million pounds in March, 1.5 percent above March 2017 and 11.3 percent lower than the previous month on a daily average basis. Whey protein concentrates production was 43.6 million pounds in March, 2.7 percent above March 2017 and 0.1 percent lower than February on a daily average basis.

March's milk-feed price ratio, the pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk, was 1.97, a decline from the previous month's ratio of 2.03.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	36.86%	6,709,466	\$2.4251	\$ 16,271,125.99
Class I Differential at Location				219,062.63
Class II Butterfat	40.53%	7,378,641	\$2.5183	18,581,631.63
Class III Butterfat	2.72%	494,333	\$2.5113	1,241,418.46
Class IV Butterfat	19.89%	3,621,279	\$2.5113	9,094,117.96
Total Butterfat	100.00%	18,203,719		\$ 45,407,356.67

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.4944**

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	66.13%	306,561,800	\$5.82 /cwt.	\$ 17,841,896.76
Class I Butterfat	36.86%	6,709,466	\$2.4251 /lb.	16,271,125.99
Class I Differential at Location		313,271,266		10,277,740.55
Total Class I Milk	65.02%	313,271,266		\$ 44,390,763.30
Class II Skim Milk	14.54%	67,415,509	\$5.41 /cwt.	\$ 3,647,179.03
Class II Butterfat	40.53%	7,378,641	\$2.5183 /lb.	18,581,631.63
Total Class II Milk	15.52%	74,794,150		\$ 22,228,810.66
Class III Skim Milk	8.07%	37,404,168	\$5.89 /cwt.	\$ 2,203,105.48
Class III Butterfat	2.72%	494,333	\$2.5113 /lb.	1,241,418.46
Total Class III Milk	7.87%	37,898,501		\$ 3,444,523.94
Class IV Skim Milk	11.26%	52,200,284	\$4.86 /cwt.	\$ 2,536,933.79
Class IV Butterfat	19.89%	3,621,279	\$2.5113 /lb.	9,094,117.96
Total Class IV Milk	11.59%	55,821,563		\$ 11,631,051.75
Producer Milk	100.00%	481,785,480		\$ 81,695,149.65

Adjustments

Overage and Other Source	\$309.99
Inventory Adjustments	\$26,382.50
Producer butterfat at uniform butterfat price	(\$45,407,356.67)
Location Adjustments to Producers	\$2,865,834.78
1/2 Unobligated Balance in P.S.F.	\$206,242.98

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.49614	\$39,386,563.23
	\$ 0.04614	\$213,904.41

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

\$8.45

Uniform Price per cwt. (Fulton County, Georgia)

\$16.88*

* 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 %
	APR 2018	MAY 2018	MAR 2017	APR 2018	APR 2018
Appalachian (Charlotte)	\$ 17.50	\$ 17.84	\$ 16.02	\$ 16.56	65.80%
Arizona (Phoenix)	\$ 16.45	\$ 16.79	\$ 14.02	\$ 14.50	23.73%
Central (Kansas City)	\$ 16.10	\$ 16.44	\$ 13.92	\$ 14.34	28.49%
Florida (Tampa)	\$ 19.50	\$ 19.84	\$ 18.14	\$ 18.72	83.86%
Midwest (Cleveland)	\$ 16.10	\$ 16.44	\$ 14.24	\$ 14.63	30.20%
Northeast (Boston)	\$ 17.35	\$ 17.69	\$ 15.06	\$ 15.46	30.80%
Pacific Northwest (Seattle)	\$ 16.00	\$ 16.34	\$ 13.88	\$ 14.32	23.69%
Southeast (Atlanta)	\$ 17.90	\$ 18.24	\$ 16.30	\$ 16.88	65.02%
Southwest (Dallas)	\$ 17.10	\$ 17.44	\$ 14.79	\$ 15.24	36.80%
Upper Midwest (Chicago)	\$ 15.90	\$ 16.24	\$ 14.25	\$ 14.54	9.80%

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

Receipts:	April 2018	April 2017
Producer Milk		
Class I	313,271,266	298,804,467
Class II	74,794,150	64,104,363
Class III	37,898,501	68,087,530
Class IV	55,821,563	70,649,985
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Total Producer Milk	481,785,480	501,646,345
Average Butterfat Test	3.78%	3.68%
Percent of Producer Milk in Class I	65.02%	59.57%
Daily Average Receipts	16,059,516	16,721,545
Other Source Milk		
Class I	5,308,329	6,399,563
Class II	3,089,311	2,943,688
Class III	0	0
Class IV	7,212,712	3,749,068
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Total Other Source Milk	15,610,352	13,092,319
Overage		
Class I	0	0
Class II	5,730	0
Class III	0	0
Class IV	0	0
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Total Overage	5,730	0
Opening Inventory		
Class I	17,875,887	22,193,788
Class II	1,465,351	0
Class III	613,995	0
Class IV	17,089,016	14,385,214
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Total Opening Inventory	37,044,249	36,579,002
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Total Receipts	534,445,811	551,317,666
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	19,293,646	17,460,903
Route Disposition Class I	303,001,652	298,321,327
Shrinkage	2,262,086	1,697,401
Transfers & Diversions to Nonpool	11,898,098	9,918,187
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Total Class I Utilization	336,455,482	327,397,818
Average Butterfat Test	2.13%	2.04%
Daily Average Utilization	11,215,183	10,913,261
Class II Utilization		
Nonfluid Used To Produce	2,544,193	2,650,726
Shrinkage	15,893	271,062
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	60,848,419	53,396,220
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Total Class II Utilization	79,354,542	67,048,051
Average Butterfat Test	9.81%	9.59%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	38,512,496	68,087,530
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Total Class III Utilization	38,512,496	68,087,530
Average Butterfat Test	1.28%	2.61%
Class IV Utilization		
Inventory	20,126,001	27,488,026
Nonfluid Used To Fortify	612,871	654,908
Shrinkage	5,207,127	5,522,946
Transfers & Diversions to Nonpool Used To Produce/Other Uses	50,783,938	51,397,054
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Total Class IV Utilization	80,123,291	88,784,267
Average Butterfat Test	7.59%	6.68%
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Total Utilization	534,445,811	551,317,666

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2018 is \$16.88 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.45 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4944 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 April, Class I use, which is primarily bottled or packaged fluid milk, accounted for 66.13% of all producer skim milk (priced to handlers at \$5.82 per hundredweight, plus the Class I differential, see page 2) and 36.86% of producer butterfat (priced to handlers at \$2.4251 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 14.54% of all producer skim milk (\$5.41 per hundredweight) and 40.53% of producer butterfat (\$2.5183 per pound). Class III use, mostly milk used to produce cheese, accounted for 8.07% of all producer skim milk (\$5.89 per hundredweight) and 2.72% of producer butterfat (\$2.5113 per pound). Class IV use, generally milk processed into butter and powder, accounted for 11.26% of all producer skim milk (\$4.86 per hundredweight) and 19.89% of producer butterfat (\$2.5113 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
March 2018		
Whole Milk	136,311,950	36.30%
Fat Free Milk	23,786,618	6.33%
Low fat Milk (incl. 1%)	40,322,218	10.73%
Reduced Fat Milk (incl. 2%)	119,928,414	31.94%
Cultured Fluid Milk (incl. Buttermilk)	7,264,729	1.93%
Flavored Drinks and Milk	47,861,464	12.77%
Total Disposition in Marketing Area	375,475,393	100.0%
Total Disposition by Pool Plants	281,102,756	74.86%
Total Disposition by Nonpool Plants	94,372,637	25.14%
Total Disposition in Marketing Area	375,475,393	100.0%

Receipts of producer milk during April totaled 481.8 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 April 2018. Class I route disposition in the area was 375.5 million pounds in March 2018.

Dairy Forecast for 2019, cont.

(continued from page 1)) \$0.285-\$0.315 per pound.

With higher expected cheese and whey prices, the Class III price forecast for 2019 is \$14.80-\$15.80 per cwt, 25 cents higher than the forecast for 2018. The Class IV price is forecast at \$13.65-\$14.75 per cwt, 15 cents higher at the midpoint of the range than the 2018 forecast, as the higher forecast for nonfat dry milk price more than offsets the lower butter price. The all-milk price for 2019 is projected at \$16.25-\$17.25 per cwt, 30 cents higher at the midpoint of the range than the current 2018 forecast.

Outlook for Feed Prices

Feed price forecasts for 2017/18 have been raised from last month's forecast, with price forecasts for corn and soybean meal of \$3.25-\$3.55 per bushel and \$360 per short ton, respectively. The alfalfa hay price in March was \$166 per short ton, \$11 higher than February and \$32 higher than March of last year. The average corn price for 2018/19 is expected to be \$3.30-\$4.30 per bushel, 40 cents higher than the 2017/18 estimate at the midpoint. The 2018/19 average soybean meal is projected at \$330-\$370 per short ton, \$10 lower than the 2017/18 estimate at the midpoint. For more information, see the USDA Economic Research Service publication Feed Price Outlook.

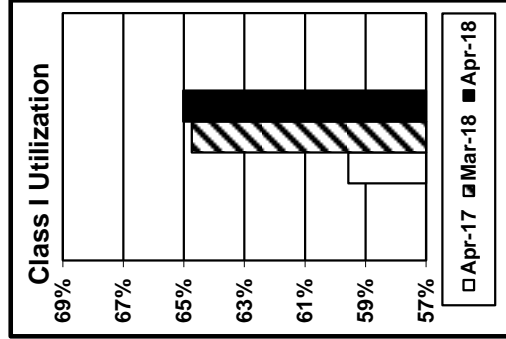
Source: Livestock, Dairy, and Poultry Outlook, LDP-M-287, May 16, 2018 USDA, Economic Research Service

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
Apr 2017	\$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	\$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	\$17.90	\$5.41	\$2.5183	\$14.03	\$5.89	\$2.5113	\$14.47	\$4.86	\$2.5113	\$13.48	\$8.45	\$2.4944	\$16.88
May	\$9.78	\$2.5157	\$18.24	\$5.45											

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.	%
Apr 2017	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	1,683	292,267	68.06%	63,177	14.71%	40,181	9.36%	33,798	7.87%
Mar	500,008	1,693	323,728	64.74%	83,253	16.65%	43,478	8.70%	49,549	9.91%
Apr	481,785	1,700**	313,271	65.02%	74,794	15.52%	37,899	7.87%	55,822	11.59%



* 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
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
July	08/11/18	08/13/18	08/14/18	07/25/18	07/26/18	08/14/18	08/15/18

** The base rate for making partial payments in Fulton County, GA for May will be \$15.19 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.88 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 – 577 May 10, 2018

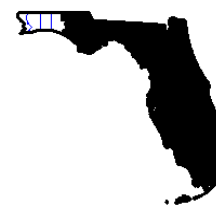
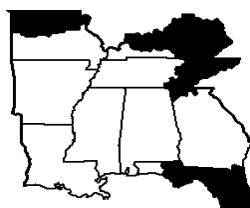
Milk production for 2019 is forecast higher on gradual recovery in milk per cow. Cow numbers are expected to remain near 2018 levels. Commercial exports on both a fat and skim-solids basis are forecast higher than the previous year on robust global demand. Fat and skim-solids basis imports are unchanged from 2018. With stronger expected domestic and export demand, cheese, nonfat dry milk (NDM), and whey prices are forecast higher for 2019. Butter prices are forecast slightly lower. The Class III price is forecast higher on stronger cheese and whey prices. The Class IV price is forecast higher also as a stronger expected NDM price more than offsets the lower butter price. The 2019 all milk price is forecast at \$16.25 to \$17.25 per cwt, slightly higher than 2018.

The 2018 milk production forecast is reduced from the previous month on lowered milk cow numbers and slow growth in milk per cow. Exports are raised from the previous month on both a fat and skim-solids basis on strong global demand. Imports are lowered on a fat and skim-solids basis. Cheese, butter, NDM and whey prices are raised from the previous month resulting in both Class III and Class IV prices being raised. The 2018 all milk price is increased to \$16.20 to \$16.70 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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