

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

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

Recent Developments in Dairy Markets

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

In recent weeks, wholesale prices for most dairy products, as reported in the USDA National Dairy Products Sales Report (NDPSR), have moved upward. The butter price increased the most, by about 23 cents per pound from the week ending April 29 to the week ending June 3. The exception was dry whey, which decreased by 2.7 cents per pound over the same period. Export prices of foreign competitors have also strengthened significantly in recent weeks, especially for Europe. USDA Dairy Market News reported that for the 2 weeks ending June 9, the European export prices for butter and skim milk powder (SMP) were \$2.68-\$2.80 and \$0.99-\$1.07 per pound, respectively. At the mid-points of the ranges, these prices were 49 cents and 15 cents higher, respectively, than the European export prices reported for the 2 weeks ending May 12.

April dairy exports on a milk-fat basis were 724 million pounds, 53 million less than March but 64 million greater than April 2016. On a skim-solids basis, dairy exports have continued to grow, with April exports of 3.467 billion pounds, 68 million more than March and 348 million more than April 2016. Notably, exports of nonfat dry milk and skim milk powder (NDM/SMP) increased from 107 million to 123 million pounds from March to April. Exports of NDM/SMP have trended upward in 2016 and the first 4 months of 2017. Mexico has consistently been the largest export destination for NDM/SMP.

Imports on a milk-fat basis were 478 million pounds in April, 34 million pounds higher than April 2016. This contrasts with a year-over-year decrease of 15 million pounds on a skim-solids basis for April to 485 million pounds. Overall, ending stock levels remained high for April, with year-over-year increases of 837 million pounds on a milk-fat basis and 437 million (continued on page 4)

Uniform Price Falls

The uniform price in Fulton County, GA, was \$17.83 per hundredweight of milk at 3.5 percent butterfat for the month of May. The uniform price is \$0.14 lower than the previous month and is \$1.56 per hundredweight higher compared to May 2016.

Class I utilization was 62.92 percent in May, 3.35 percent higher than the previous month and 1.53 percent lower than May of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in April 2017 was 18.31 billion pounds, 2.0 percent higher than April of last year and 0.9 percent higher compared with March 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.04 billion pounds, 3.7 percent above April 2016 and 1.2 percent higher than March 2017 on a daily average basis. Butter production was 164 million pounds, 4.1 percent below April 2016 and 3.7 percent below March 2017 on a daily average basis.

Nonfat dry milk powder production was 170.9 million pounds in April, down slightly from April of last year and 10.6 percent higher than March 2017 on a daily average basis. Total dry whey production was 84.3 million pounds in April, 3.0 percent higher than April 2016 and 0.4 percent higher than March 2017 on a daily average basis. Whey protein concentrates production was 42.9 million pounds in April, 10.0 above April 2016 and 4.8 percent higher than March 2017 on a daily average basis.

April's milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to 1 pound of whole milk, was 2.23, down from the 2.39 price ratio from the prior month.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	36.81%	6,684,249	\$2.3736	\$ 15,865,733.39
Class I Differential at Location				10,275,432.45
Class II Butterfat	35.09%	6,372,474	\$2.4204	15,423,936.06
Class III Butterfat	9.39%	1,704,555	\$2.4134	4,113,773.05
Class IV Butterfat	18.71%	3,398,342	\$2.4134	8,201,558.59
Total Butterfat	100.00%	18,159,620		\$ 43,824,610.95

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.4133**

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	63.91%	305,761,373	\$7.14 /cwt.	\$ 21,831,362.05
Class I Butterfat	36.81%	6,684,249	\$2.3736 /lb.	15,865,733.39
Class I Differential at Location		312,445,622		10,275,432.45
Total Class I Milk	62.92%	312,445,622		\$ 47,972,527.89
Class II Skim Milk	13.07%	62,522,555	\$6.60 /cwt.	\$ 4,126,488.64
Class II Butterfat	35.09%	6,372,474	\$2.4204 /lb.	15,423,936.06
Total Class II Milk	13.87%	68,895,029		\$ 19,550,424.70
Class III Skim Milk	13.51%	64,648,038	\$7.38 /cwt.	\$ 4,771,025.21
Class III Butterfat	9.39%	1,704,555	\$2.4134 /lb.	4,113,773.05
Total Class III Milk	13.36%	66,352,593		\$ 8,884,798.26
Class IV Skim Milk	9.51%	45,491,954	\$6.26 /cwt.	\$ 2,847,796.33
Class IV Butterfat	18.71%	3,398,342	\$2.4134 /lb.	8,201,558.59
Total Class IV Milk	9.85%	48,890,296		\$ 11,049,354.92
Producer Milk	100.00%	496,583,540		\$ 87,457,105.77

Adjustments

Overage and Other Source	\$12,229.81
Inventory Adjustments	\$14,362.65
Producer butterfat at uniform butterfat price	(\$43,824,610.95)
Location Adjustments to Producers	\$2,862,191.67
1/2 Unobligated Balance in P.S.F.	\$188,194.35

Adjusted Pool Value

	\$ 9.76320	\$46,709,473.30
Reserve for Producer Settlement Fund	\$ 0.04320	\$206,668.27

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

\$9.72

Uniform Price per cwt. (Fulton County, Georgia)

\$17.83*

* 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 %
	MAY 2017	JUNE 2017	APR 2017	MAY 2017	MAY 2017
Appalachian (Charlotte)	\$ 18.60	\$ 18.71	\$ 17.77	\$ 17.65	67.37%
Arizona (Phoenix)	\$ 17.55	\$ 17.66	\$ 15.35	\$ 15.53	24.10%
Central (Kansas City)	\$ 17.20	\$ 17.31	\$ 15.24	\$ 15.50	29.59%
Florida (Tampa)	\$ 20.60	\$ 20.71	\$ 20.08	\$ 19.69	81.18%
Mideast (Cleveland)	\$ 17.20	\$ 17.31	\$ 16.43	\$ 15.67	30.80%
Northeast (Boston)	\$ 18.45	\$ 18.56	\$ 16.39	\$ 16.51	30.70%
Pacific Northwest (Seattle)	\$ 17.10	\$ 17.21	\$ 15.23	\$ 15.43	25.71%
Southeast (Atlanta)	\$ 19.00	\$ 19.11	\$ 17.97	\$ 17.83	62.92%
Southwest (Dallas)	\$ 18.20	\$ 18.31	\$ 16.32	\$ 16.37	38.55%
Upper Midwest (Chicago)	\$ 17.00	\$ 17.11	\$ 15.37	\$ 15.65	11.40%

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

Receipts:	MAY 2017	MAY 2016
Producer Milk		
Class I	312,445,622	308,829,342
Class II	68,895,029	69,401,555
Class III	66,352,593	64,655,060
Class IV	48,890,296	36,202,218
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Total Producer Milk	496,583,540	479,088,175
Average Butterfat Test	3.66%	3.60%
Percent of Producer Milk in Class I	62.92%	64.45%
Daily Average Receipts	16,018,824	15,454,457
Other Source Milk		
Class I	5,777,665	5,815,340
Class II	3,098,843	3,779,498
Class III	0	2,688,117
Class IV	7,137,761	8,880,784
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Total Other Source Milk	16,014,269	21,163,739
Overage		
Class I	0	0
Class II	0	0
Class III	19,670	0
Class IV	172,175	6,718
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Total Overage	191,845	0
Opening Inventory		
Class I	17,460,903	20,214,732
Class II	2,206,026	413,942
Class III	48,951	5,633,948
Class IV	25,233,049	11,838,318
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Total Opening Inventory	44,948,929	38,100,940
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Total Receipts	557,738,583	538,359,572
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	15,567,360	19,263,420
Route Disposition Class I	308,359,553	302,206,711
Shrinkage	2,273,568	1,538,281
Transfers & Diversions to Nonpool	9,483,709	11,851,002
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Total Class I Utilization	335,684,190	334,859,414
Average Butterfat Test	2.12%	2.13%
Daily Average Utilization	10,828,522	10,801,917
Class II Utilization		
Nonfluid Used To Produce	2,788,939	3,447,983
Shrinkage	189	0
Transfers & Diversions to Nonpool/Commercial Foods	59,170,060	56,830,050
Used To Produce/Other Uses	12,240,710	13,316,962
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Total Class II Utilization	74,199,898	73,594,995
Average Butterfat Test	8.59%	8.55%
Class III Utilization		
Shrinkage	0	5,257,331
Transfers & Diversions to Nonpool	66,421,214	62,507,063
Used To Produce/Other Uses	0	5,212,731
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Total Class III Utilization	66,421,214	72,977,125
Average Butterfat Test	2.57%	2.52%
Class IV Utilization		
Inventory	18,494,644	16,790,343
Nonfluid Used To Fortify	715,623	707,726
Shrinkage	5,891,770	0
Transfers & Diversions to Nonpool	52,835,547	39,429,969
Used To Produce/Other Uses	3,495,697	0
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Total Class IV Utilization	81,433,281	56,928,038
Average Butterfat Test	7.89%	8.46%
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Total Utilization	557,738,583	538,359,572

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2017 is \$17.83 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.72 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4133 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 May, Class I use, which is primarily bottled or packaged fluid milk, accounted for 63.91% of all producer skim milk (priced to handlers at \$7.14 per hundredweight, plus the Class I differential, see page 2) and 36.81% of producer butterfat (priced to handlers at \$2.3736 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 13.07% of all producer skim milk (\$6.60 per hundredweight) and 35.09% of producer butterfat (\$2.4204 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.51% of all producer skim milk (\$7.38 per hundredweight) and 9.39% of producer butterfat (\$2.4134 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.51% of all producer skim milk (\$6.26 per hundredweight) and 18.71% of producer butterfat (\$2.4134 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
April 2017		
Whole Milk	124,232,741	34.88%
Fat Free Milk	24,458,925	6.87%
Low fat Milk (incl. 1%)	39,364,371	11.05%
Reduced Fat Milk (incl. 2%)	115,411,166	32.40%
Cultured Fluid Milk (incl. Buttermilk)	6,733,440	1.89%
Flavored Drinks and Milk	45,982,772	12.91%
Total Disposition in Marketing Area	356,183,415	100.0%
Total Disposition by Pool Plants	264,578,982	74.28%
Total Disposition by Nonpool Plants	91,604,433	25.71%
Total Disposition in Marketing Area	356,183,415	100.0%

Receipts of producer milk during May totaled 497.6 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 May 2017. Class I route disposition in the area was 356.1 million pounds in April 2017.

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

(continued from page 1) pounds on a skim-solids basis. However, it is notable that butter stocks of 292 million pounds at the end of April were 3.5 million pounds less than April 2016—the first month since March 2015 that butter stocks were below the previous year.

Outlook for Dairy Feed Prices

For the 2016/17 marketing year, prices for corn and soybean meal are estimated to be \$3.25-\$3.45 per bushel and \$315 per short ton, respectively. The 2017/18 price forecasts for corn and soybean meal are unchanged from last month at \$3.00-\$3.80 per bushel and \$295-\$335 per short ton, respectively. The alfalfa hay price in April was \$148 per short ton, \$13 higher than March but \$6 lower than April 2016.

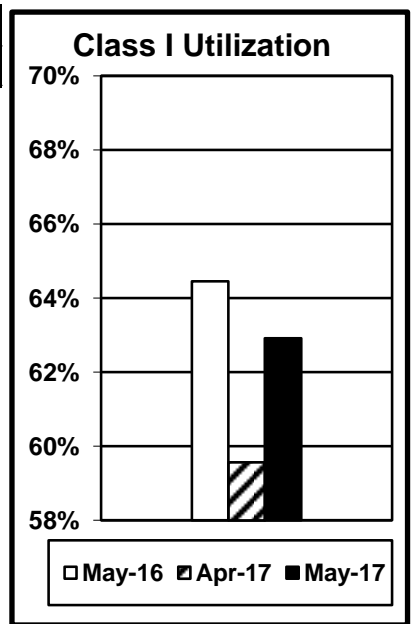
Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-276/June 15, 2017 ERS, USDA.*

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
Apr 2016	\$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	\$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											

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 2016	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	1,570	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	1,580**	312,446	62.92%	68,895	13.87%	66,353	13.36%	48,890	9.85%



* 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
June	07/11/17	07/12/17	07/13/17	06/26/17	06/26/17	07/13/17	07/14/17
July	08/11/17	08/14/17	08/15/17	07/25/17	07/26/17	08/15/17	08/16/17
August	09/11/17	09/12/17	09/13/17	08/25/17	08/28/17	09/13/17	09/14/17

** The base rate for making partial payments in Fulton County, GA for June will be \$16.05 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.83 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 – 566 June 9, 2017

Milk production forecasts for 2017 and 2018 are lowered from last month as lower expected growth in milk per cow more than offsets expected gains in cow numbers. For 2017 and 2018, fat basis exports are reduced on the expectation that current high prices will temper export demand, but skim-solid basis exports are raised for both years on expected strength in nonfat dry milk/ skim milk powder demand. The 2017 fat basis import forecast is raised on stronger imports of cheese and butterfat. For 2018, lower expected imports of some processed dairy products more than offsets higher expected imports of cheese and butterfat, and the forecast for fat basis imports is lowered. The skim-solid basis import forecasts are unchanged.

Cheese, butter, and nonfat dry milk (NDM) price forecasts are raised for both 2017 and 2018 on strong domestic and international demand and a reduced production forecast. However, whey prices are reduced from last month for 2017, but raised for 2018. For 2017, the Class III price is raised as the cheese price increase more than offsets the lower whey price, and the Class IV price forecasts reflects higher butter and NDM prices. For 2018, Class prices are raised on higher component product prices. The all milk price is forecast higher at \$17.80 to \$18.20 per cwt for 2017 and is increased to \$18.10 to \$19.10 per cwt for 2018.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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