

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, October 18, 2017, Economic Research Service, USDA:

Based on recent data, the 2018 yield-per-cow forecast has been raised to 23,335 pounds, 40 pounds higher than last month. Milk cow numbers have been lowered by 5,000 pounds for the first quarter of 2018, but no changes have been made to the forecasts for the outlying quarters. The milk production forecast for 2018 is 220.4 billion pounds, 0.3 billion pounds more than last month's forecast.

The export forecast for 2018 on a milk-fat basis has been raised 0.4 billion pounds to 9.6 billion, based on expectations for higher butter exports, stemming from expectations that domestic prices will remain competitive with international prices. Imports on a milk-fat basis are also expected higher in 2018 than previously forecast, at 5.9 billion pounds, as strong imports of butter are expected to continue. The forecast for ending stocks in 2018 is unchanged at 12.1 billion pounds. The domestic use forecast on a milk-fat basis is 216.7 billion pounds, 0.4 billion more than last month's forecast, as cheese demand is expected to be strong and lower butter prices are expected to contribute to greater butter consumption.

The 2018 forecast for exports on a skim-solids basis has been raised 0.2 billion pounds to 42.0 billion, as the growth in exports of whey products is expected to continue. The import forecast on a skim-solids basis for 2018 is unchanged at 6.2 billion pounds. Ending stocks are forecast 0.3 billion pounds higher than last month, at 9.7 billion pounds for the year. The 2018 domestic use forecast on a skim-solids basis is 185.0 billion pounds, 0.7 billion more than last month's forecast, with stronger expected cheese demand and greater consumption of NDM and dry whey due to lower expected prices.

With higher expected cheese (cont. on page 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$19.61 per hundredweight of milk at 3.5 percent butterfat for the month of September. The uniform price is \$0.41 lower than the previous month and is \$0.40 per hundredweight higher compared to September 2016.

Class I utilization was 76.55 percent in September, 0.67 percent lower than the previous month and 2.36 percent lower than September of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in August 2017 was 18.05 billion pounds, 2.0 percent higher than August of last year and 1.2 percent lower compared with July 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.03 billion pounds, 2.3 percent above August 2016 but 0.7 percent below July 2017. Butter production was 131 million pounds, 6.2 percent above August 2016 but 3.4 percent below July 2017.

Nonfat dry milk powder production was 136.0 million pounds in August, up 15.9 percent from August of last year and 7.9 percent lower than July 2017. Total dry whey production was 95.8 million pounds in August, 24.5 percent higher than August 2016 and 4.5 percent lower than the previous month. Whey protein concentrates production was 37.9 million pounds in August, 6.3 percent above August 2016 and 9.8 percent lower than July 2017.

August's milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to 1 pound of whole milk, was 2.49, up from the 2.29 price ratio from the prior month. This is based upon both a higher all-milk price and lower corn, soybeans and alfalfa hay prices.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.72%	6,516,645	\$3.0291	\$ 19,739,569.38
Class I Differential at Location				212,622.11
Class II Butterfat	39.55%	6,032,785	\$2.8629	17,271,260.17
Class III Butterfat	4.51%	688,610	\$2.8559	1,966,601.31
Class IV Butterfat	13.22%	2,015,924	\$2.8559	5,757,277.35
Total Butterfat	100.00%	15,253,964		\$ 44,947,330.32

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.9466**

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	77.87%	306,120,039	\$6.33 /cwt.	\$ 19,377,398.47
Class I Butterfat	42.72%	6,516,645	\$3.0291 /lb.	19,739,569.38
Class I Differential at Location		312,636,684		10,236,260.81
Total Class I Milk	76.55%	312,636,684		\$ 49,353,228.66
Class II Skim Milk	14.00%	55,047,596	\$7.03 /cwt.	\$ 3,869,845.99
Class II Butterfat	39.55%	6,032,785	\$2.8629 /lb.	17,271,260.17
Total Class II Milk	14.96%	61,080,381		\$ 21,141,106.16
Class III Skim Milk	2.75%	10,811,408	\$6.59 /cwt.	\$ 712,471.78
Class III Butterfat	4.51%	688,610	\$2.8559 /lb.	1,966,601.31
Total Class III Milk	2.82%	11,500,018		\$ 2,679,073.09
Class IV Skim Milk	5.38%	21,142,900	\$6.08 /cwt.	\$ 1,285,488.32
Class IV Butterfat	13.22%	2,015,924	\$2.8559 /lb.	5,757,277.35
Total Class IV Milk	5.67%	23,158,824		\$ 7,042,765.67
Producer Milk	100.00%	408,375,907		\$ 80,216,173.58

Adjustments

Overage and Other Source	\$271.31
Inventory Adjustments	\$3,542.87
Producer butterfat at uniform butterfat price	(\$44,947,330.32)
Location Adjustments to Producers	\$2,599,664.65
1/2 Unobligated Balance in P.S.F.	\$178,422.88

Adjusted Pool Value

	\$ 9.67912	\$38,050,744.97
Reserve for Producer Settlement Fund	\$ 0.04912	\$193,101.85

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

\$9.63

Uniform Price per cwt. (Fulton County, Georgia)

\$19.61*

* 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 %
	SEPT 2017	OCT 2017	AUG 2017	SEPT 2017	SEPT 2017
Appalachian (Charlotte)	\$ 20.11	\$ 19.84	\$ 19.53	\$ 19.06	72.07%
Arizona (Phoenix)	\$ 19.06	\$ 18.79	\$ 17.40	\$ 16.59	26.54%
Central (Kansas City)	\$ 18.71	\$ 18.44	\$ 17.13	\$ 16.72	28.79%
Florida (Tampa)	\$ 22.11	\$ 21.84	\$ 21.43	\$ 21.14	85.93%
Mideast (Cleveland)	\$ 18.71	\$ 18.44	\$ 17.47	\$ 17.00	33.20%
Northeast (Boston)	\$ 19.96	\$ 19.69	\$ 18.33	\$ 17.89	33.90%
Pacific Northwest (Seattle)	\$ 18.61	\$ 18.34	\$ 17.05	\$ 16.49	22.24%
Southeast (Atlanta)	\$ 20.51	\$ 20.24	\$ 20.02	\$ 19.61	76.55%
Southwest (Dallas)	\$ 19.71	\$ 19.44	\$ 17.98	\$ 17.58	30.24%
Upper Midwest (Chicago)	\$ 18.51	\$ 18.24	\$ 16.80	\$ 16.54	8.40%

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

Receipts:	SEPT 2017	SEPT 2016
Producer Milk		
Class I	312,636,684	322,220,753
Class II	61,080,381	59,402,132
Class III	11,500,018	11,371,481
Class IV	23,158,824	15,339,990
Total Producer Milk	408,375,907	408,334,356
Average Butterfat Test	3.74%	3.69%
Percent of Producer Milk in Class I	76.55%	78.91%
Daily Average Receipts	13,612,530	13,611,145
Other Source Milk		
Class I	12,958,243	17,231,431
Class II	3,996,948	4,067,408
Class III	3,079	20,645
Class IV	6,627,406	2,559,228
Total Other Source Milk	23,585,676	23,878,712
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	95	0
Total Overage	95	0
Opening Inventory		
Class I	21,540,617	21,180,632
Class II	88,214	1,600,446
Class III	435,117	636,415
Class IV	12,659,500	13,502,302
Total Opening Inventory	34,723,448	36,919,795
Total Receipts	466,685,126	469,132,863
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	19,316,529	25,051,634
Route Disposition Class I	313,117,331	318,341,521
Shrinkage	2,446,980	3,096,854
Transfers & Diversions to Nonpool	12,237,504	14,142,807
Total Class I Utilization	347,118,344	360,632,816
Average Butterfat Test	2.08%	2.03%
Daily Average Utilization	11,570,611	12,021,094
Class II Utilization		
Nonfluid Used To Produce	2,488,162	2,161,806
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods	52,067,176	51,452,135
Used To Produce/Other Uses	10,626,405	11,456,045
Total Class II Utilization	65,182,743	65,069,986
Average Butterfat Test	9.30%	9.00%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	11,938,214	12,028,541
Used To Produce/Other Uses	0	0
Total Class III Utilization	11,938,214	12,028,541
Average Butterfat Test	5.77%	5.96%
Class IV Utilization		
Inventory	11,825,505	9,078,338
Nonfluid Used To Fortify	1,127,099	714,235
Shrinkage	5,734,609	5,266,161
Transfers & Diversions to Nonpool	19,362,400	12,241,247
Used To Produce/Other Uses	4,396,212	4,101,539
Total Class IV Utilization	42,445,825	31,401,520
Average Butterfat Test	9.07%	9.60%
Total Utilization	466,685,126	469,132,863

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2017 is \$19.61 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.63 per hundredweight plus 3.5 times the uniform butterfat price of \$2.9466 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 September, Class I use, which is primarily bottled or packaged fluid milk, accounted for 77.87% of all producer skim milk (priced to handlers at \$6.33 per hundredweight, plus the Class I differential, see page 2) and 42.72% of producer butterfat (priced to handlers at \$3.0291 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 14.00% of all producer skim milk (\$7.03 per hundredweight) and 39.55% of producer butterfat (\$2.8629 per pound). Class III use, mostly milk used to produce cheese, accounted for 2.75% of all producer skim milk (\$6.59 per hundredweight) and 4.51% of producer butterfat (\$2.8559 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.38% of all producer skim milk (\$6.08 per hundredweight) and 13.22% of producer butterfat (\$2.8559 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<u>August 2017</u>		
Whole Milk	137,295,356	35.50%
Fat Free Milk	24,901,374	6.43%
Low fat Milk (incl. 1%)	45,433,408	11.75%
Reduced Fat Milk (incl. 2%)	122,190,300	31.60%
Cultured Fluid Milk (incl. Buttermilk)	7,413,584	1.92%
Flavored Drinks and Milk	49,491,020	12.80%
Total Disposition in Marketing Area	386,725,042	100.0%
Total Disposition by Pool Plants	294,112,628	76.05%
Total Disposition by Nonpool Plants	92,612,414	23.95%
Total Disposition in Marketing Area	386,725,042	100.0%

Receipts of producer milk during September totaled 408.4 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 September 2017. Class I route disposition in the area was 386.7 million pounds in August 2017.

Dairy Forecast for 2018, cont.

(continued from page 1) demand, the cheese price forecast for 2018 has been raised to \$1.645-\$1.735 per pound. With recent price declines and higher expected milk production, the butter price forecast has been lowered to \$2.315-2.435 per pound. With high stock levels, recent price declines, and higher expected milk production, and continued pressure from international competitors, NDM and dry whey price forecasts for 2018 have been lowered to \$0.815-\$0.885 and \$0.380-\$0.410 per pound, respectively.

With the lower whey price forecast more than offsetting the higher cheese price forecast, the Class III price forecast for 2018 is \$16.00-\$16.90 per cwt, a 10-cent decrease from last month's forecast at the upper end of the range. With lower forecasts for butter and NDM, the Class IV price forecast for 2018 has been lowered to \$14.70-\$15.70. The all-milk price forecast for 2018 is \$17.45-\$18.35 per cwt, a reduction from \$17.55-\$18.55 forecast last month.

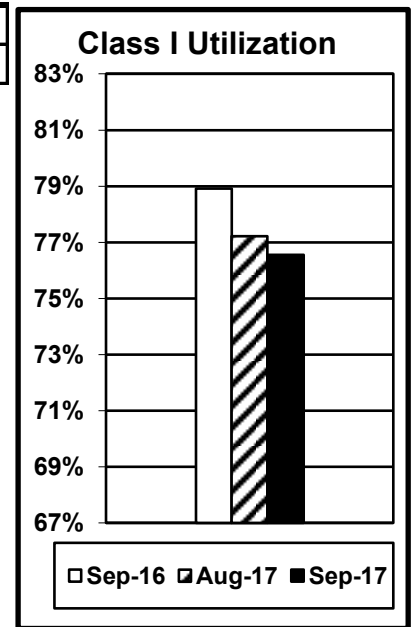
Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-280/October 18, 2017 Economic Research Service, USDA*

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
Aug 2016	\$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	\$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											

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.	%
Aug 2016	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	1,589	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	1,900**	312,637	76.55%	61,080	14.96%	11,500	2.82%	23,159	5.67%



* 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
October	11/11/17	11/13/17	11/14/17	10/25/17	10/26/17	11/14/17	11/15/17
November	12/11/17	12/12/17	12/13/17	11/27/17	11/27/17	12/13/17	12/14/17
December	01/11/18	01/12/18	01/16/18	12/26/17	12/26/17	01/16/18	01/17/18

** The base rate for making partial payments in Fulton County, GA for October will be \$17.65 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.65 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 – 570 October 12, 2017

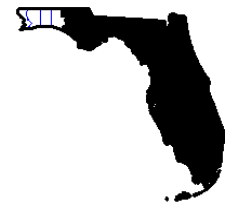
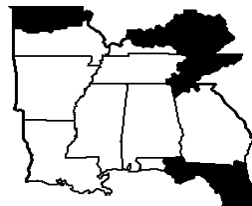
The milk production forecast for 2017 and 2018 is raised on a slightly more rapid pace of growth in milk per cow. However, forecast cow numbers for late 2017 and 2018 are slightly lower. Fat basis imports for 2017 and 2018 are raised on strength in butter imports but skim-solids imports are lowered for 2017 and unchanged for 2018. Exports on a fat basis are raised for 2017 on stronger butter and cheese exports, and increased sales of butter and anhydrous milkfat are expected to support higher fat basis exports in 2018. Skim-solids exports for 2017 and 2018 are raised, primarily on stronger expected shipments of whey products.

For 2017, butter and nonfat dry milk (NDM) prices are lowered on large supplies, but the whey price is unchanged at the midpoint and the cheese price forecast is raised on current demand strength. For 2018, continued demand strength for cheese is reflected in a higher price forecast, while butter, NDM, and whey prices are lowered on larger supplies and pressure from international prices. The Class III price is raised for 2017 on stronger cheese prices, but for 2018, lower whey prices are expected to more than offset the increases in cheese prices, and the price forecast is lowered. The Class IV price is lowered for both years due to lower forecast butter and NDM prices. The 2017 all milk price forecast range is \$17.75 to \$17.85 per cwt, unchanged at the midpoint, but the 2018 price is lowered to \$17.45 to \$18.35 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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