

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

Dairy Outlook

Excerpts from Livestock, Dairy, and Poultry Outlook, June 16, 2021, USDA, Economic Research Service:

Dairy Forecasts for 2021

Based on recent data, milk cows are projected to average 9.500 million head in 2021, 5,000 more than last month's forecast. The upward trend in milk cow numbers is anticipated to continue through the end of the year. Based on recent data, expectations of continued drought, relatively high feed prices, and lower expected milk prices, the projected annual yield per cow for 2021 has been lowered to 24,020 pounds, 45 pounds less than the previous month's estimate. The milk production forecast for 2021 has been lowered to 228.2 billion pounds, 0.3 billion lower than last month, as lower expected yield per cow more than offsets higher expected milk cow numbers.

Based on recent downward trends in wholesale prices for most dairy products, stronger international price competition, lower-than-anticipated domestic demand, high stock levels, and higher expected imports, wholesale price forecasts for dairy products have been lowered. Price forecasts for cheese, butter, NDM, and dry whey are \$1.655 (-5.0 cents), \$1.690 (-2.5 cents), \$1.210 (-4.0 cents), and \$0.570 (-2.0 cents) per pound, respectively.

Due to the lower expected wholesale prices for cheese and dry whey, the Class III price forecast for 2021 has been adjusted to \$16.80 per hundredweight (cwt), 65 cents lower than last month's forecast. Lower anticipated butter and NDM prices translate to a Class IV price of \$15.40 per cwt, 45 cents lower than last month's projection. The all-milk price forecast for 2021 is \$18.30 per cwt, 55 cents lower than the June forecast.

Dairy Outlook (continued on Page 4)

USDA Invests \$20.2 Million in Grants for Dairy Business Innovation Initiatives

On July 1, 2021, the U.S. Department of Agriculture (USDA) announced \$20.2 million in grant funding for the Dairy Business Innovation (DBI) Initiatives. This program supports USDA's efforts to develop higher value uses for dairy products, diversify farmer income through processing and marketing innovation, and encourage the use of regional milk production.

DBI Initiatives provide direct technical assistance and make grants to dairy businesses. The three current DBI initiatives at University of Tennessee, The Vermont Agency of Agriculture, Food & Markets, and the University of Wisconsin are eligible for additional grant funding (up to \$18.4 million) to continue their work.

In addition, \$1.8 million will be competitively awarded to at least one new Initiative. USDA will give priority to applications that serve a geographic area not covered by an existing initiative and that cover multiple states. Initiatives must be able to draw upon existing dairy resources. Initiatives may serve a certain product niche, such as specialty cheese, or serve dairy businesses with dairy products derived from the milk of a specific type of dairy animal, including dairy products made from cow milk, sheep milk, and goat milk.

Applications must be submitted electronically through www.grants.gov by 11:59 p.m. Eastern Time on Monday, August 30, 2021. For more information about grant eligibility and previously funded projects, visit the DBI webpage at <https://www.ams.usda.gov/services/grants/dbi> dairy products made from cow milk, sheep milk, and goat milk.

Source: AMS Press Release No.: 077-21

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - June 2021

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.33%	5,611,559	\$1.9674	\$ 11,040,181.16
Class I Differential at Location				183,200.90
Class II Butterfat	43.44%	5,896,922	\$1.9711	11,623,422.98
Class III Butterfat	5.47%	742,030	\$1.9641	1,457,421.12
Class IV Butterfat	9.76%	1,324,770	\$1.9641	2,601,980.78
Total Butterfat	100.00%	13,575,281		\$ 26,906,206.94

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.9820**

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	65.38%	228,937,275	\$11.82 /cwt.	\$ 27,060,385.90
Class I Butterfat	41.33%	5,611,559	\$1.9674 /lb.	11,040,181.16
Class I Differential at Location		234,548,834		7,656,864.33
Total Class I Milk	64.50%	234,548,834		\$ 45,757,431.39
Class II Skim Milk	19.65%	68,784,047	\$10.12 /cwt.	\$ 6,960,945.54
Class II Butterfat	43.44%	5,896,922	\$1.9711 /lb.	11,623,422.98
Total Class II Milk	20.53%	74,680,969		\$ 18,584,368.52
Class III Skim Milk	6.10%	21,350,279	\$10.71 /cwt.	\$ 2,286,614.88
Class III Butterfat	5.47%	742,030	\$1.9641 /lb.	1,457,421.12
Total Class III Milk	6.07%	22,092,309		\$ 3,744,036.00
Class IV Skim Milk	8.87%	31,048,764	\$9.82 /cwt.	\$ 3,048,988.60
Class IV Butterfat	9.76%	1,324,770	\$1.9641 /lb.	2,601,980.78
Total Class IV Milk	8.90%	32,373,534		\$ 5,650,969.38
Producer Milk	100.00%	363,695,646		\$ 73,736,805.29

Adjustments

Overage and Other Source	\$45,511.02
Inventory Adjustments	\$21,877.86
Producer butterfat at uniform butterfat price	(\$26,906,206.94)
Location Adjustments to Producers	\$1,888,183.49
1/2 Unobligated Balance in P.S.F.	\$163,411.65
Adjusted Pool Value	\$ 13.98079
Reserve for Producer Settlement Fund	\$ 0.04079

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$13.94**

Uniform Price per cwt. (Fulton County, Georgia) **\$20.39***

* 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 %
	June	July	May	June	June
Appalachian (Charlotte)	\$ 21.69	\$ 20.82	\$ 19.35	\$ 20.19	65.70%
Arizona (Phoenix)	\$ 20.64	\$ 19.77	\$ 17.25	\$ 16.43	27.99%
California (Woodland)	\$ 20.39	\$ 19.52	\$ 16.73	\$ 17.30	19.10%
Central (Kansas City)	\$ 20.29	\$ 19.42	\$ 16.78	\$ 17.44	29.96%
Florida (Tampa)	\$ 23.69	\$ 22.82	\$ 21.26	\$ 22.40	80.56%
Midwest (Cleveland)	\$ 20.29	\$ 19.42	\$ 17.43	\$ 17.81	31.20%
Northeast (Boston)	\$ 21.54	\$ 20.67	\$ 18.34	\$ 18.50	32.90%
Pacific Northwest (Seattle)	\$ 20.19	\$ 19.32	\$ 17.26	\$ 16.28	22.57%
Southeast (Atlanta)	\$ 22.09	\$ 21.22	\$ 19.52	\$ 20.39	64.50%
Southwest (Dallas)	\$ 21.29	\$ 20.42	\$ 17.32	\$ 18.05	29.84%
Upper Midwest (Chicago)	\$ 20.09	\$ 19.22	\$ 17.52	\$ 17.38	14.60%

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

Receipts:	June 2021	June 2020
Producer Milk		
Class I	234,548,834	255,976,369
Class II	74,680,969	80,358,197
Class III	22,092,309	5,868,017
Class IV	32,373,534	23,183,131
Total Producer Milk	363,695,646	365,385,714
Average Butterfat Test	0.37%	0.37%
Percent of Producer Milk in Class I	64.50%	70.06%
Daily Average Receipts	12,123,188	12,179,524
Other Source Milk		
Class I	3,432,167	4,531,197
Class II	3,622,772	3,782,581
Class III	0	0
Class IV	2,950,365	1,824,494
Total Other Source Milk	10,005,304	10,138,272
Overage		
Class I	0	0
Class II	7,605	0
Class III	114,988	0
Class IV	185,393	670,759
Total Overage	307,986	670,759
Opening Inventory		
Class I	16,685,437	1,557,779
Class II	1,027,406	4,703,826
Class III	1,644,713	93,229
Class IV	16,963,808	19,075,290
Total Opening Inventory	36,321,364	39,430,124
Total Receipts	410,330,300	415,624,869
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	19,290,758	19,578,487
Route Disposition Class I	231,764,171	246,817,106
Shrinkage	1,980,499	1,264,264
Transfers & Diversions to Nonpool	1,631,010	8,405,488
Total Class I Utilization	254,666,438	276,065,345
Average Butterfat Test	0.23%	0.23%
Daily Average Utilization	8,488,881	9,202,178
Class II Utilization		
Nonfluid Used To Produce	2,913,117	2,883,508
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	56,168,640	65,194,725
Total Class II Utilization	79,338,752	88,844,604
Average Butterfat Test	0.82%	0.80%
Class III Utilization		
Shrinkage	80	0
Transfers & Diversions to Nonpool	23,851,930	5,961,246
Used To Produce/Other Uses	0	0
Total Class III Utilization	23,852,010	5,961,246
Average Butterfat Test	0.31%	0.28%
Class IV Utilization		
Inventory	19,783,658	17,234,352
Nonfluid Used To Fortify	557,758	566,995
Shrinkage	3,566,398	3,940,850
Transfers & Diversions to Nonpool	26,238,031	20,188,187
Used To Produce/Other Uses	2,327,255	2,823,290
Total Class IV Utilization	52,473,100	44,753,674
Average Butterfat Test	0.45%	0.47%
Total Utilization	410,330,300	415,624,869

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2021 is \$20.9 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.94 per hundredweight plus 3.5 times the uniform butterfat price of 1.9820 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 June 2021, Class I use, which is primarily bottled or packaged fluid milk, accounted for 65.38% of all producer skim milk (priced to handlers at \$11.82 hundredweight, plus the Class I differential, see page 2) and 41.33% of producer butterfat (priced to handlers at \$1.9674 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 19.65% of all producer skim milk (\$10.12 per hundredweight) and 43.44% of producer butterfat (\$1.9711 per pound). Class III use, mostly milk used to produce cheese, accounted for 6.10% of all producer skim milk (\$10.71 per hundredweight) and 5.47% of producer butterfat (\$1.9641 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.87% of all producer skim milk (\$9.82 per hundredweight) and 9.76% of producer butterfat (\$1.9641 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
May 2021		
Whole Milk	121,095,578	38.68%
Fat Free Milk	14,569,536	4.65%
Low fat Milk (incl. 1%)	31,526,172	10.06%
Reduced Fat Milk (incl. 2%)	100,393,262	32.06%
Cultured Fluid Milk (incl. Buttermilk)	5,473,872	1.76%
Flavored Drinks and Milk	40,028,939	12.79%
Total Disposition in Marketing Area	313,087,359	100.00%
Total Disposition by Pool Plants	215,606,222	68.86%
Total Disposition by Nonpool Plants	97,481,137	31.14%
Total Disposition in Marketing Area	313,087,359	100.00%

Receipts of producer milk during June 2021 totaled 363.7 million pounds. There were 19 regulated pool distributing plants, 2 pool supply plants and 15 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2021. Class I route disposition in the area was 313 million pounds in May 2021.

Dairy Outlook, continued from page 1

Dairy Forecasts for 2022

The upward trend in milk cow numbers projected for 2021 is expected to continue into 2022. The number of cows is forecast to average 9,515 million head in 2022, an increase of 20,000 from last month's forecast and 15,000 head more than 2021. The forecast for milk per cow is 24,335 pounds, unchanged from last month's forecast, but 315 pounds higher than 2021. The forecast for 2022 milk production has been raised to 231.6 billion pounds, 0.5 billion higher than last month's forecast and 3.4 billion pounds higher than 2021.

Due to recent price trends and greater expected supplies from milk production and imports, wholesale price forecasts for Cheddar cheese and butter have been lowered from last month's projections to \$1.680 (-3.5 cents) and \$1.750 (-4.5 cents), respectively. Price forecasts for NDM and dry whey are unchanged at \$1.220 and \$0.510 per pound, respectively, as effects of higher milk supplies are anticipated to balance higher expected export demands.

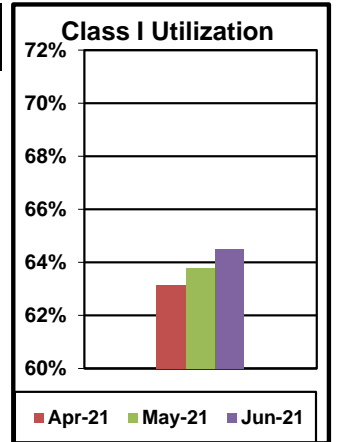
Due to lower cheese price projection, the Class III milk price forecast for 2022 is \$16.75 per cwt, \$0.40 lower than the previous month's forecast. With lower butter and NDM price forecasts, the Class IV milk price projection for 2022 is \$15.75 per cwt, \$0.20 lower than last month's forecast. The all-milk price forecast for 2022 is \$18.50 per cwt, a decrease of \$0.25 from last month's forecast.

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
May 2020	\$12.52	\$1.3328	\$16.75	\$7.73	\$1.3826	\$12.30	\$7.59	\$1.3756	\$12.14	\$ 6.07	\$1.3756	\$10.67	\$ 11.02	\$1.3582	\$15.39
Jun	\$10.88	\$1.3487	\$15.22	\$6.69	\$1.8661	\$12.99	\$15.06	\$1.8591	\$21.04	\$ 6.62	\$1.8591	\$12.90	\$ 10.01	\$1.6333	\$15.38
Jul	\$14.42	\$1.8403	\$20.36	\$7.16	\$1.9653	\$13.79	\$18.33	\$1.9583	\$24.54	\$ 7.16	\$1.9583	\$13.76	\$ 12.66	\$1.9065	\$18.89
Aug	\$17.14	\$2.0123	\$23.58	\$7.82	\$1.6345	\$13.27	\$14.58	\$1.6275	\$19.77	\$ 7.08	\$1.6275	\$12.53	\$ 14.42	\$1.7889	\$20.18
Sep	\$16.82	\$1.7155	\$22.24	\$7.83	\$1.6002	\$13.16	\$11.25	\$1.5932	\$16.43	\$ 7.43	\$1.5932	\$12.75	\$ 14.37	\$1.6436	\$19.62
Oct	\$13.77	\$1.6313	\$19.00	\$8.15	\$1.6458	\$13.63	\$16.45	\$1.6388	\$21.61	\$ 8.01	\$1.6388	\$13.47	\$ 12.57	\$1.6364	\$17.86
Nov	\$16.58	\$1.6696	\$21.84	\$8.70	\$1.5623	\$13.86	\$18.55	\$1.5553	\$23.34	\$ 8.14	\$1.5553	\$13.30	\$ 14.55	\$1.6041	\$19.66
Dec	\$18.68	\$1.6136	\$23.67	\$8.91	\$1.5469	\$14.01	\$10.71	\$1.5399	\$15.72	\$ 8.26	\$1.5399	\$13.36	\$ 16.05	\$1.5709	\$20.99
Jan 2021	\$13.83	\$1.5989	\$18.94	\$9.03	\$1.5611	\$14.18	\$10.99	\$1.5541	\$16.04	\$ 8.61	\$1.5541	\$13.75	\$ 12.53	\$1.5722	\$17.59
Feb	\$14.17	\$1.6184	\$19.34	\$9.27	\$1.4446	\$14.00	\$11.11	\$1.4376	\$15.75	\$ 8.45	\$1.4376	\$13.19	\$ 12.88	\$1.5119	\$17.72
Mar	\$14.42	\$1.4515	\$19.00	\$9.36	\$1.7246	\$15.07	\$10.51	\$1.7176	\$16.15	\$ 8.46	\$1.7176	\$14.18	\$ 12.68	\$1.6243	\$17.92
Apr	\$13.80	\$1.7115	\$19.31	\$9.03	\$1.9566	\$15.56	\$11.24	\$1.9496	\$17.67	\$ 8.91	\$1.9496	\$15.42	\$ 12.38	\$1.8623	\$18.46
May	\$14.36	\$2.0135	\$20.90	\$9.58	\$1.9921	\$16.22	\$12.45	\$1.9851	\$18.96	\$ 9.55	\$1.9851	\$16.16	\$ 12.98	\$1.9972	\$19.52
Jun	\$15.62	\$2.0054	\$22.09	\$10.12	\$1.9711	\$16.66	\$10.71	\$1.9641	\$17.21	\$ 9.82	\$1.9641	\$16.35	\$ 13.94	\$1.9820	\$20.39
Jul	\$14.75	\$1.9970	\$21.22	\$10.53											

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.	%
May 2020	386,332	1,388	257,105	66.55%	61,886	16.02%	13,860	3.59%	53,482	13.84%
Jun	365,386	1,322	255,976	70.06%	80,358	21.99%	5,868	1.61%	23,183	6.34%
Jul	388,050	1,328	269,249	69.38%	79,863	20.58%	4,374	1.13%	34,563	8.91%
Aug	368,292	1,328	250,480	68.01%	80,105	21.75%	3,498	0.95%	34,209	9.29%
Sep	393,116	1,388	264,494	67.28%	76,306	19.41%	12,489	3.18%	39,826	10.13%
Oct	385,884	1,395	272,133	70.52%	74,008	19.18%	6,641	1.72%	33,103	8.58%
Nov	375,340	1,268	258,579	68.89%	68,826	18.34%	7,806	2.08%	40,129	10.69%
Dec	410,122	1,276	280,090	68.29%	68,680	16.75%	35,031	8.54%	26,321	6.42%
Jan 2021	396,015	1,272	268,924	67.91%	81,387	20.55%	3,963	1.00%	41,740	10.54%
Feb	355,112	1,297	253,450	71.37%	67,513	19.01%	6,956	1.96%	27,193	7.66%
Mar	439,938	1,276	271,841	61.79%	103,290	23.48%	16,331	3.71%	48,476	11.02%
Apr	420,663	1,287	265,574	63.14%	94,748	22.52%	12,847	3.05%	47,494	11.29%
May	385,139	1,289	245,707	63.80%	84,743	22.00%	10,068	2.61%	44,619	11.59%
Jun	363,695	1,272	234,548	64.50%	74,680	20.53%	22,092	6.07%	32,373	8.90%



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

Southeast Marketing Area - Federal Order 7

Upcoming 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	06/11/21	06/14/21	06/15/21	05/25/21	05/26/21	06/15/21	06/16/21
June	07/11/21	07/12/21	07/13/21	06/25/21	06/28/21	07/13/21	07/14/21
July	08/11/21	08/12/21	08/13/21	07/26/21	07/26/21	08/13/21	08/16/21

** The base rate for making partial payments in Fulton County, GA for February will be \$15.95 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.72 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 – 613, July 12, 2021

Milk production forecast for 2021 is lowered from last month as slower-expected growth in milk per cow more than offsets higher forecast cow numbers. However, the 2022 milk production forecast is raised from last month on higher cow numbers. USDA's Cattle report, to be released on July 23rd, will provide a mid-year estimate of the dairy cow inventory and producer intentions regarding retention of heifers for dairy cow replacement.

For 2021, cheese, butter, nonfat dry milk (NDM), and whey price forecasts are lowered from last month on relatively high stocks and weaker-than-previously-expected demand. As a result, Class III and Class IV prices are lowered. The 2021 all milk price forecast is lowered to \$18.30 per cwt. For 2022, price forecasts for cheese and butter are lowered on larger expected stocks and higher production, but price forecasts for NDM and whey are unchanged. With lower cheese and butter prices, Class III and Class IV price forecasts are reduced and the 2022 all milk price forecast is lowered to \$18.50 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 WASDE report is available at www.usda.gov/oce/commodity/wasde/.

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