

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 Outlook

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

Dairy Forecasts for 2021

Dairy Forecasts for 2021 Based on recent declines in milk cow numbers and relatively high dairy cow slaughter, the forecast for the average number of milk cows in 2021 has been lowered to 9.485 million head, 15,000 below the previous month estimation. Based on the decline in milk per cow from June to July, lower milk per cow is projected for the third quarter of 2021. The projected average yield per cow in 2021 is 24,010 pounds per year, 10 pounds lower than last month's forecast. The milk production forecast for 2021 is 227.8 billion pounds, 0.3 billion less than last month's forecast.

Due to anticipated hearty demand from the international market, higher export volumes of dairy products are projected throughout the rest of 2021. The forecast for 2021 dairy exports on a milk-fat basis is 11.4 billion pounds, 0.4 billion higher than the previous month's projection. On a skim-solids basis, 2021 exports are forecast at 51.7 billion pounds, 0.2 billion higher than last month's projection. Higher exports are expected for skim milk powder, whey products, cheese, and butterfat products. Due to recent weakness in domestic use and higher expected wholesale prices for most dairy products, the domestic commercial use forecasts for 2021 are lower than projected last month. Price forecasts for cheese, butter, and NDM are \$1.640 (+0.5 cents), \$1.690 (+4.5 cents), \$1.225 (+2.0 cents) per pound, respectively. The 2021 wholesale price forecast for dry whey remains unchanged from the last forecast at \$0.555 per pound. With a higher projected wholesale price for cheese, the Class III milk price forecast for 2021 is \$16.65 per hundredweight (cwt), \$0.10 higher than the previous month's forecast. Due to higher butter and NDM price forecasts, the Class IV milk price projection is \$15.55 per cwt, \$0.40 higher than last month's forecast. The all-milk price forecast for 2021 is \$18.15 per cwt, an increase of \$0.20 from last month's projection. **Dairy Forecasts for 2022** The average number of milk cows is expected to continue declining in the first half of 2022. (continued on Page 4)

Dairy Donation

The U.S. Department of Agriculture (USDA) recently announced a Dairy Donation Program to facilitate timely dairy product donations while reducing food waste. Under this new program, eligible dairy organizations form partnerships with non-profit feeding organizations that distribute food to individuals and families in need. Those partnerships may apply for and receive reimbursements to cover some expenses related to eligible dairy product donations.

An eligible dairy organization is a dairy farmer, cooperative, or processor that purchases fresh milk or bulk dairy products to process into retail-packaged dairy products and accounts to a Federal milk marketing order (FMMO). The reimbursement rate will be the sum of: 1) the cost of milk used to make the donated eligible dairy product (monthly FMMO classified milk price based on the product and month of processing); 2) manufacturing cost (FMMO make allowance); and 3) transportation cost from the plant to distribution point. These reimbursements will help offset the cost for dairy products donated to food assistance programs.

Details about program eligibility and participation are available at www.ams.usda.gov/ddp. Interested partnerships must apply by completing and submitting a Dairy Donation and Distribution Plan (Plan) describing the process to be used for the donation, processing, transportation, temporary storage, and distribution of eligible dairy products. Plans will be accepted on a rolling basis and approved within 15 business days of submission. After approval, partnerships will be able to submit specific information to obtain reimbursement claims for eligible dairy products donated since January 1, 2020.

Entities participating in the MDRP will be automatically enrolled and do not need to reapply for the DDP. Supplemental reimbursements will be automatically distributed to MDRP participants who received reimbursements under the MDRP for eligible donations made since January 1, 2020. These reimbursements will equal the difference between the reimbursed values for the DDP and MDRP.

To ensure equitable participation amongst low-income and other underserved persons and communities, USDA-AMS encourages collaborations with faith-based, community-based, and non-profit organizations of all sizes.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	43.67%	5,919,993	\$1.9050	\$ 11,277,586.73
Class I Differential at Location				192,918.93
Class II Butterfat	41.42%	5,614,446	\$1.8578	10,430,517.78
Class III Butterfat	7.10%	962,345	\$1.8508	1,781,108.11
Class IV Butterfat	7.81%	1,059,190	\$1.8508	1,960,348.87
Total Butterfat	100.00%	13,555,974		\$ 25,642,480.42
Uniform Butterfat Price per lb. (Fulton County, Georgia):				\$1.8916

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	72.90%	253,502,371	\$10.60 /cwt.	\$ 26,871,251.34
Class I Butterfat	43.67%	5,919,993	\$1.9050 /lb.	11,277,586.73
Class I Differential at Location		259,422,364		8,473,951.76
Total Class I Milk	71.80%	259,422,364		\$ 46,622,789.83
Class II Skim Milk	15.92%	55,343,313	\$10.37 /cwt.	\$ 5,739,101.54
Class II Butterfat	41.42%	5,614,446	\$1.8578 /lb.	10,430,517.78
Total Class II Milk	16.87%	60,957,759		\$ 16,169,619.32
Class III Skim Milk	6.27%	21,818,163	\$9.82 /cwt.	\$ 2,142,543.63
Class III Butterfat	7.10%	962,345	\$1.8508 /lb.	1,781,108.11
Total Class III Milk	6.31%	22,780,508		\$ 3,923,651.74
Class IV Skim Milk	4.91%	17,075,274	\$9.78 /cwt.	\$ 1,669,961.80
Class IV Butterfat	7.81%	1,059,190	\$1.8508 /lb.	1,960,348.87
Total Class IV Milk	5.02%	18,134,464		\$ 3,630,310.67
Producer Milk	100.00%	361,295,095		\$ 70,346,371.56
Adjustments				
Overage and Other Source				\$6,410.01
Inventory Adjustments				\$17,422.87
Producer butterfat at uniform butterfat price				(\$25,642,480.42)
Location Adjustments to Producers				\$2,060,786.71
1/2 Unobligated Balance in P.S.F.				\$135,943.85
Adjusted Pool Value			\$ 13.49415	\$46,924,454.58
Reserve for Producer Settlement Fund			\$ 0.04415	\$153,542.82

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$13.45**

Uniform Price per cwt. (Fulton County, Georgia) **\$19.60***

* 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 %
	Aug	Sept	July	Aug	Aug
Appalachian (Charlotte)	\$ 20.30	\$ 19.99	\$ 19.61	\$ 19.24	72.11%
Arizona (Phoenix)	\$ 19.25	\$ 18.94	\$ 17.27	\$ 16.43	32.37%
California (Woodland)	\$ 19.00	\$ 18.69	\$ 16.94	\$ 16.59	16.10%
Central (Kansas City)	\$ 18.90	\$ 18.59	\$ 16.84	\$ 16.50	28.02%
Florida (Tampa)	\$ 22.30	\$ 21.99	\$ 21.98	\$ 21.11	80.55%
Midwest (Cleveland)	\$ 18.90	\$ 18.59	\$ 17.25	\$ 16.85	29.50%
Northeast (Boston)	\$ 20.15	\$ 19.84	\$ 18.06	\$ 17.69	32.90%
Pacific Northwest (Seattle)	\$ 18.80	\$ 18.49	\$ 16.77	\$ 16.28	22.57%
Southeast (Atlanta)	\$ 20.70	\$ 20.39	\$ 19.80	\$ 19.60	71.80%
Southwest (Dallas)	\$ 19.90	\$ 19.59	\$ 17.65	\$ 17.33	31.10%
Upper Midwest (Chicago)	\$ 18.70	\$ 18.39	\$ 16.74	\$ 16.22	9.70%

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

Receipts:	Aug 2021	Aug 2020
Producer Milk		
Class I	259,422,364	250,479,950
Class II	60,957,759	80,105,350
Class III	22,780,508	3,497,659
Class IV	18,134,464	34,209,128
Total Producer Milk	361,295,095	368,292,087
Average Butterfat Test	3.75%	3.74%
Percent of Producer Milk in Class I	71.80%	68.01%
Daily Average Receipts	11,654,680	11,880,390
Other Source Milk		
Class I	7,705,349	6,651,084
Class II	3,988,712	4,500,573
Class III	1,754,997	0
Class IV	5,813,672	5,418,147
Total Other Source Milk	19,262,730	16,569,804
Overage		
Class I	0	0
Class II	61,813	0
Class III	0	0
Class IV	0	580,158
Total Overage	61,813	580,158
Opening Inventory		
Class I	18,022,100	20,611,105
Class II	4,332,020	263,001
Class III	0	20,512
Class IV	10,180,154	11,403,462
Total Opening Inventory	32,534,274	32,298,080
Total Receipts	413,153,912	417,740,129
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	20,717,267	19,507,231
Route Disposition Class I	258,937,072	252,548,940
Shrinkage	3,210,117	1,753,937
Transfers & Diversions to Nonpool	2,285,357	3,932,031
Total Class I Utilization	285,149,813	277,742,139
Average Butterfat Test	2.28%	2.31%
Daily Average Utilization	9,198,381	8,959,424
Class II Utilization		
Nonfluid Used To Produce	3,154,461	2,345,148
Shrinkage	10,121	15,205
Transfers & Diversions to Nonpool/Commercial Foods	46,211,638	63,488,960
Used To Produce/Other Uses	19,964,084	19,019,611
Total Class II Utilization	69,340,304	84,868,924
Average Butterfat Test	9.35%	8.00%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	24,535,505	3,518,171
Used To Produce/Other Uses	0	0
Total Class III Utilization	24,535,505	3,518,171
Average Butterfat Test	3.92%	9.88%
Class IV Utilization		
Inventory	16,825,740	21,165,340
Nonfluid Used To Fortify	606,949	519,253
Shrinkage	5,296,084	4,334,487
Transfers & Diversions to Nonpool	8,333,969	22,657,889
Used To Produce/Other Uses	3,065,548	2,933,926
Total Class IV Utilization	34,128,290	51,610,895
Average Butterfat Test	5.48%	4.88%
Total Utilization	413,153,912	417,740,129

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2021 is \$19.60 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.45 per hundredweight plus 3.5 times the uniform butterfat price of 1.8916 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 August 2021, Class I use, which is primarily bottled or packaged fluid milk, accounted for 72.90% of all producer skim milk (priced to handlers at \$10.60 hundredweight, plus the Class I differential, see page 2) and 43.67% of producer butterfat (priced to handlers at \$1.9050 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 15.92% of all producer skim milk (\$10.37 per hundredweight) and 41.42% of producer butterfat (\$1.8578 per pound). Class III use, mostly milk used to produce cheese, accounted for 6.27% of all producer skim milk (\$9.82 per hundredweight) and 7.10% of producer butterfat (\$1.8508 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.91% of all producer skim milk (\$9.78 per hundredweight) and 7.81% of producer butterfat (\$1.8508 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
July 2021		
Whole Milk	128,716,676	43.39%
Fat Free Milk	13,632,657	4.60%
Low fat Milk (incl. 1%)	25,521,692	8.60%
Reduced Fat Milk (incl. 2%)	98,275,211	33.12%
Cultured Fluid Milk (incl. Buttermilk)	5,699,399	1.92%
Flavored Drinks and Milk	24,836,153	8.37%
Total Disposition in Marketing Area	296,681,788	100.00%
Total Disposition by Pool Plants	207,285,136	69.87%
Total Disposition by Nonpool Plants	89,396,652	30.13%
Total Disposition in Marketing Area	296,681,788	100.00%

Receipts of producer milk during August 2021 totaled 361.2 million pounds. There were 18 regulated pool distributing plants, 2 pool supply plants and 16 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for August 2021. Class I route disposition in the area was 296.7 million pounds in July 2021.

Dairy Outlook

(continued from Page 1)As a result, the annual forecast has been lowered to 9,480 million head, 20,000 head lower than last month's forecast. The forecast for milk per cow is 24,330 pounds, 5 pounds lower than last month's forecast. The projection for 2022 milk production has been adjusted to 230.6 billion pounds, 0.6 billion pounds lower than last month's forecast but 2.8 billion pounds higher than 2021. The export forecast for 2022 on a milk-fat basis is 10.9 billion pounds, 0.3 billion higher than last month's forecast. On a skim-solids basis, 2022 dairy exports are projected to total 51.8 billion pounds, 0.5 billion up from last month's forecast. Higher exports are expected for dry skim milk products, whey products, cheese, and butterfat products.

Except for dry whey, dairy product price forecasts for 2022 have been adjusted higher due to lower anticipated beginning stock levels, expectations of relatively strong international demand, and lower expected milk production. Wholesale price forecasts for Cheddar cheese, butter, and NDM are raised from last month's projections to \$1.655 (+2.5 cents), \$1.730 (+7.0 cents), \$1.270 (+6.0 cents), respectively, while the dry whey price forecast remains unchanged from last month's projection at \$0.500 cents per pound. With higher estimated wholesale prices for cheese, the Class III milk price forecast for 2022 is \$16.45 per cwt, \$0.30 higher than the previous month's forecast. Due to higher butter and NDM price forecasts, the Class IV milk price projection for 2022 is \$16.05 per cwt, \$0.75 higher than last month's forecast. The all-milk price forecast for 2022 is \$18.40 per cwt, an increase of \$0.55 from last month's projection.

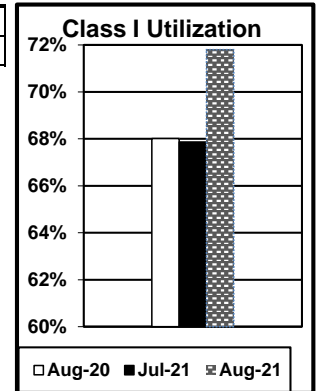
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 2020	\$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	\$1.9066	\$16.83	\$10.20	\$1.8996	\$16.49	\$ 9.69	\$1.8996	\$16.00	\$ 13.47	\$1.9437	\$19.80
Aug	\$14.40	\$1.9430	\$20.70	\$10.37	\$1.8578	\$16.51	\$ 9.82	\$1.8508	\$15.95	\$ 9.78	\$1.8508	\$15.92	\$ 13.45	\$1.8916	\$19.60
Sep	\$14.26	\$1.8933	\$20.39	\$10.45											

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.	%
Aug 2020	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%
Jul	349,017	1,250	236,872	67.87%	85,431	24.48%	14,840	4.25%	11,874	3.40%
Aug	361,295	1272**	259,422	71.80%	60,957	16.87%	22,781	6.31%	18,134	5.02%

*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
August	09/11/21	09/13/21	09/14/21	08/25/21	08/26/21	09/14/21	09/15/21
September	10/11/21	10/12/21	10/13/21	09/27/21	09/27/21	10/13/21	10/14/21
October	11/11/21	11/12/21	11/15/21	10/25/21	10/26/21	11/15/21	11/16/21

** The base rate for making partial payments in Fulton County, GA for September will be \$17.64 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.60 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 – 615, August 12, 2021

Milk production forecasts for 2021 and 2022 are reduced from last month on smaller dairy cow numbers and lower milk per cow. The fat basis import forecast is unchanged from the previous month, while the fat basis export forecast is raised on strong sales of cheese and butter and milk fat. The skim-solids basis import forecast is unchanged from last month, but the export forecast is raised on firm global demand for skim milk powder, cheese, and whey. For 2022, the fat basis imports are raised on strong demand for imported cheese, while the fat basis export forecast is raised as U.S. butter is expected to be remain competitive in international markets. No change is made to the 2022 skim-solids basis import forecast; However, skim-solids basis exports are raised from last month on continued strong global demand for SMP and whey. For 2021 and 2022, butter, cheese, nonfat dry milk (NDM) price forecasts are raised on improving demand and lower production. The whey price forecast is unchanged for both years. The 2021 and 2022 Class III and Class IV price forecasts are raised from last month on higher dairy product prices. The 2021 all milk price is forecast higher at \$18.15 per cwt. The all milk price forecast for 2022 is \$18.40 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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