

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, February 2022, USDA, Economic Research Service:

Dairy Forecasts for 2022

Due to declines in milk cows in recent months, higher projected feed prices, a low inventory of replacement heifers, and higher expected cull-cow prices, milk cows are projected to average 9.360 million head in 2022, 25,000 lower than last month's forecast. Milk per cow is projected to average 24,265 pounds per head in 2022, unchanged from the previous forecast. As a result, the milk production forecast for 2022 has been adjusted to 227.2 billion, 0.5 billion pounds lower than last month's forecast but 0.9 billion pounds above 2021.

With U.S. dairy prices expected to be less competitive in international markets, the 2022 export projections are adjusted downward. Lower exports are expected for whey products, dry skim milk products, butter, and cheese.

The forecast for 2022 dairy exports on a milk-fat basis has been adjusted to 11.0 billion pounds, 0.2 billion lower than last month. On a skim-solids basis, the 2022 dairy export forecast has been adjusted to 51.2 billion pounds, 0.6 billion lower than last month's forecast.

Dairy import projections for 2022 have been raised to 6.9 billion pounds on a milk-fat basis (+0.1 billion) and 5.7 billion pounds on a skim-solids basis (+0.1 billion). Higher imports are expected for butter, milk protein products, and several other miscellaneous dairy products.

The forecast for 2022 ending stocks on a milk-fat basis is adjusted to 14.1 billion pounds, 0.4 billion lower than the previous forecast, mostly due to lower-than-expected beginning stocks and lower projected milk production during the year.

Excerpt –National Milk Producers Federation

DEADLINE EXTENDED: FOR USDA'S DAIRY MARGIN COVERAGE PROGRAM

The signup period for 2022 coverage under USDA's Dairy Margin Coverage (DMC) program has been extended by five weeks to maximize producer participation in this important program. DMC offers effective margin protection for small and mid-sized farms and affordable catastrophic coverage for large farms. Nearly \$1.2 billion – a record – in DMC payments are expected to be distributed to producers under the 2021 program, according to USDA data.

Every dairy farmer should sign up for maximum Tier 1 DMC coverage in 2022 by contacting their local Farm Service Agency (FSA) office by March 25, 2022. For more information, visit the farmers.gov DMC webpage, or contact your local USDA Service Center.

To locate your local FSA office, visit farmers.gov/service-center-locator.

Dairy Forecasts for 2022 (continued)

The projection for 2022 domestic use on a milk-fat basis is 222.2 billion pounds (-0.2 billion). On a skim-solids basis, the forecast for domestic use is 180.8 billion pounds (+0.5 billion). Due to relatively high domestic and international dairy product prices in recent weeks, lower projected milk production, and relatively low beginning stock levels, wholesale price forecasts have been raised for all major dairy products. For 2022, price forecasts for Cheddar cheese, dry whey, butter, and NDM are \$1.900 (+2.5 cents), \$0.705 (+6.0 cents), \$2.390 (+9.0 cents), and \$1.665 (+11.5 cents) per pound, respectively. With higher dairy product prices expected across the board, Class III and IV milk price forecasts for 2022 have been raised to \$20.30 per cwt (+\$0.65) and \$22.30 per cwt (+\$1.40), respectively. The all-milk price forecast for 2022 is \$23.55 per cwt, \$0.95 higher than last month's forecast.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - January 2022

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	44.46%	6,197,597	\$2.2660	\$ 14,043,754.79
Class I Differential at Location				203,208.17
Class II Butterfat	36.59%	5,102,021	\$2.9637	15,120,859.63
Class III Butterfat	8.73%	1,217,213	\$2.9567	3,598,933.66
Class IV Butterfat	10.22%	1,425,073	\$2.9567	4,213,513.34
Total Butterfat	100.00%	13,941,904		\$ 37,180,269.59

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.6668**

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	78.67%	258,723,471	\$12.21 /cwt.	\$ 31,590,135.79
Class I Butterfat	44.46%	6,197,597	\$2.2660 /lb.	14,043,754.79
Class I Differential at Location		264,921,068		8,665,314.54
Total Class I Milk	77.27%	264,921,068		\$ 54,299,205.12
Class II Skim Milk	8.64%	28,427,294	\$12.91 /cwt.	\$ 3,669,963.65
Class II Butterfat	36.59%	5,102,021	\$2.9637 /lb.	15,120,859.63
Total Class II Milk	9.78%	33,529,315		\$ 18,790,823.28
Class III Skim Milk	9.10%	29,935,273	\$10.40 /cwt.	\$ 3,113,268.38
Class III Butterfat	8.73%	1,217,213	\$2.9567 /lb.	3,598,933.66
Total Class III Milk	9.09%	31,152,486		\$ 6,712,202.04
Class IV Skim Milk	3.59%	11,818,431	\$13.20 /cwt.	\$ 1,560,032.88
Class IV Butterfat	10.22%	1,425,073	\$2.9567 /lb.	4,213,513.34
Total Class IV Milk	3.86%	13,243,504		\$ 5,773,546.22
Producer Milk	100.00%	342,846,373		\$ 85,575,776.66

Adjustments

Overage and Other Source	\$8,926.28
Inventory Adjustments	\$88,347.77
Producer butterfat at uniform butterfat price	(\$37,180,269.59)
Location Adjustments to Producers	\$2,039,459.07
1/2 Unobligated Balance in P.S.F.	\$169,256.84
Adjusted Pool Value	\$ 15.41527
Reserve for Producer Settlement Fund	\$ 0.04527
	\$50,701,497.03
	\$148,880.15

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$15.37**

Uniform Price per cwt. (Fulton County, Georgia) **\$24.17***

* 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 %
	Jan	Feb	Dec	Jan	Jan
Appalachian (Charlotte)	\$ 23.11	\$ 25.04	\$ 22.08	\$ 23.72	71.62%
Arizona (Phoenix)	\$ 22.06	\$ 23.99	\$ 20.07	\$ 22.44	27.34%
California (Woodland)	\$ 21.81	\$ 23.74	\$ 19.33	\$ 21.25	22.10%
Central (Kansas City)	\$ 21.71	\$ 23.64	\$ 19.03	\$ 21.09	30.22%
Florida (Tampa)	\$ 25.11	\$ 27.04	\$ 23.97	\$ 25.49	82.56%
Mideast (Cleveland)	\$ 21.71	\$ 23.64	\$ 19.35	\$ 21.34	36.00%
Northeast (Boston)	\$ 22.96	\$ 24.89	\$ 20.49	\$ 22.74	31.40%
Pacific Northwest (Seattle)	\$ 21.61	\$ 23.54	\$ 19.12	\$ 21.49	19.63%
Southeast (Atlanta)	\$ 23.51	\$ 25.44	\$ 22.28	\$ 24.17	77.27%
Southwest (Dallas)	\$ 22.71	\$ 24.64	\$ 19.77	\$ 21.63	30.44%
Upper Midwest (Chicago)	\$ 21.51	\$ 23.44	\$ 18.61	\$ 20.59	8.50%

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

Receipts:	Jan 2022	Jan 2021
Producer Milk		
Class I	264,921,068	268,924,985
Class II	33,529,315	81,387,270
Class III	31,152,486	3,962,832
Class IV	13,243,504	41,739,615
Total Producer Milk	342,846,373	396,014,702
Average Butterfat Test	4.07%	4.00%
Percent of Producer Milk in Class I	77.27%	67.91%
Daily Average Receipts	11,059,560	12,774,668
Other Source Milk		
Class I	8,921,718	3,479,995
Class II	2,968,195	2,295,528
Class III	29,683	2,031,237
Class IV	3,077,665	8,836,464
Total Other Source Milk	14,997,261	16,643,224
Overage		
Class I	0	0
Class II	0	0
Class III	0	1,612
Class IV	3,019	0
Total Overage	3,019	1,612
Opening Inventory		
Class I	22,551,154	21,096,372
Class II	237,390	771
Class III	500,370	7,304,056
Class IV	7,076,376	11,944,732
Total Opening Inventory	30,365,290	40,345,931
Total Receipts	388,211,943	453,005,469
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	22,336,813	19,080,367
Route Disposition Class I	266,235,936	270,668,343
Shrinkage	1,655,867	2,524,082
Transfers & Diversions to Nonpool	6,165,324	1,228,560
Total Class I Utilization	296,393,940	293,501,352
Average Butterfat Test	2.33%	2.28%
Daily Average Utilization	9,561,095	9,467,786
Class II Utilization		
Nonfluid Used To Produce	2,386,027	2,053,445
Shrinkage	0	42,518
Transfers & Diversions to Nonpool/Commercial Foods	17,344,242	65,533,015
Used To Produce/Other Uses	17,004,631	16,054,591
Total Class II Utilization	36,734,900	83,683,569
Average Butterfat Test	15.47%	7.44%
Class III Utilization		
Shrinkage	5,148,049	0
Transfers & Diversions to Nonpool	23,113,915	13,299,737
Used To Produce/Other Uses	3,420,575	0
Total Class III Utilization	31,682,539	13,299,737
Average Butterfat Test	3.94%	2.11%
Class IV Utilization		
Inventory	17,648,369	29,005,200
Nonfluid Used To Fortify	642,639	560,806
Shrinkage	37,263	4,604,728
Transfers & Diversions to Nonpool	5,072,293	25,701,449
Used To Produce/Other Uses	0	2,648,628
Total Class IV Utilization	23,400,564	62,520,811
Average Butterfat Test	12.00%	9.02%
Total Utilization	388,211,943	453,005,469

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2022 is \$24.17 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$15.37 per hundredweight plus 3.5 times the uniform butterfat price of 2.6668 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 January 2022, Class I use, which is primarily bottled or packaged fluid milk, accounted for 78.67% of all producer skim milk (priced to handlers at \$12.21 hundredweight, plus the Class I differential, see page 2) and 44.46% of producer butterfat (priced to handlers at \$2.2660 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.64% of all producer skim milk (\$12.91 per hundredweight) and 36.59% of producer butterfat (\$2.9637 per pound). Class III use, mostly milk used to produce cheese, accounted for 9.10% of all producer skim milk (\$10.40 per hundredweight) and 8.73% of producer butterfat (\$2.9567 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.59% of all producer skim milk (\$13.20 per hundredweight) and 10.22% of producer butterfat (\$2.9567 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
December 2021		
Whole Milk	140,748,317	42.08%
Fat Free Milk	13,813,466	4.13%
Low fat Milk (incl. 1%)	26,798,971	8.01%
Reduced Fat Milk (incl. 2%)	104,123,016	31.13%
Cultured Fluid Milk (incl. Buttermilk)	6,580,495	1.97%
Flavored Drinks and Milk	42,397,818	12.68%
Total Disposition in Marketing Area	334,462,083	100.00%
Total Disposition by Pool Plants	231,973,593	69.36%
Total Disposition by Nonpool Plants	102,488,490	30.64%
Total Disposition in Marketing Area	334,462,083	100.00%

Receipts of producer milk during January 2022 totaled 343 million pounds. There were 18 regulated pool distributing plants and 10 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2022. Class I route disposition in the area was 334 million pounds in December 2021.

Class prices rise

January prices for all individual classes of milk were up from December:

The advanced January Class I base price moved to a 13-month high, up 54 cents from December to \$19.71 per hundredweight (cwt). Adding Class I differentials, the January Class I price averaged \$22.53 per cwt, with a high of \$25.11 per cwt in the Florida FMMO and a low of \$21.51 per cwt in the Upper Midwest FMMO. January's Class II milk price was \$22.83 per cwt, up \$2.99 from December, up \$8.65 from January 2021 and the highest since September 2014. The January 2022 Class III price rose \$2.02 from December 2021 to \$20.38 per cwt, the highest since November 2020, when government purchases of cheese for food boxes supported Class III prices. It's also up \$4.34 from January 2021. The Class IV milk price soared to a 90-month high in January 2022 and is \$9.34 higher than a year ago. At \$23.09 per cwt, it's up \$3.21 from December 2021 and the highest since August 2017. After reaching \$23 per cwt six times in 2014, the Class IV price hadn't topped \$20 per cwt since October 2017.

January Class III-IV milk prices moved higher due to increases in values of butterfat and milk solids used in monthly milk price calculations, but the value of protein was down.

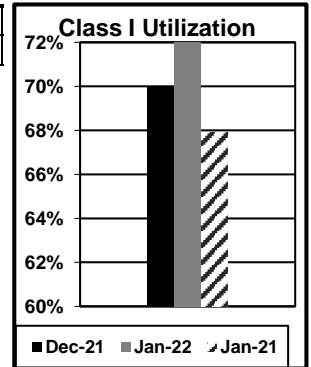
The value of butterfat rose about 66.5 cents from December to almost \$2.96 per pound. The value of milk protein slipped about 24 cents from December to \$2.36 per pound. The value of nonfat solids rose a dime in January to \$1.47 per pound, while the value of other solids increased 7 cents to 52.5 cents per pound. <https://www.progressivedairy.com/news/industry-news>

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
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	\$1.9458	\$16.89	\$10.10	\$1.9388	\$16.53	\$ 9.92	\$1.9388	\$16.36	\$ 13.45	\$1.9201	\$19.70
Oct	\$14.46	\$1.9801	\$20.88	\$10.63	\$1.9484	\$17.08	\$11.44	\$1.9414	\$17.83	\$ 10.62	\$1.9414	\$17.04	\$ 13.48	\$1.9580	\$19.86
Nov	\$15.53	\$1.9418	\$21.78	\$11.23	\$2.1611	\$18.40	\$10.87	\$2.1541	\$18.03	\$ 11.66	\$2.1541	\$18.79	\$ 14.51	\$2.0636	\$21.22
Dec	\$16.00	\$2.1519	\$22.97	\$12.22	\$2.2989	\$19.84	\$10.71	\$2.2919	\$18.36	\$ 12.29	\$2.2919	\$19.88	\$ 14.99	\$2.2338	\$22.28
Jan 2022	\$16.01	\$2.3040	\$23.51	\$12.91	\$2.9637	\$22.83	\$10.40	\$2.9567	\$20.38	\$ 13.20	\$2.9567	\$23.09	\$ 15.37	\$2.6668	\$24.17
Feb	\$16.24	\$2.7917	\$25.44	\$13.67											

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.	%
Jan 2021	396,015	1,272	268,925	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%	84,744	22.00%	10,069	2.61%	44,620	11.59%
Jun	363,696	1,272	234,549	64.50%	74,681	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	1,272	259,422	71.80%	60,958	16.87%	22,781	6.31%	18,134	5.02%
Sept	367,050	1,297	261,089	71.14%	69,793	19.01%	25,890	7.05%	10,279	2.80%
Oct	384,594	1,272	261,339	67.95%	76,082	19.78%	7,303	1.90%	39,869	10.37%
Nov	376,476	1,268	268,132	71.21%	72,530	19.27%	28,633	7.61%	7,181	1.91%
Dec	382,327	1,297	267,519	69.97%	67,032	17.53%	25,870	6.77%	21,906	5.73%
Jan 2022	342,846	1289**	264,921	77.27%	33,529	9.78%	31,152	9.09%	13,244	3.86%



*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
February	03/11/22	03/14/22	03/15/22	02/25/22	02/28/22	03/15/22	03/16/22
March	04/11/22	04/12/22	04/13/22	03/25/22	03/28/22	04/13/22	04/14/22
April	05/11/22	05/12/22	05/13/22	04/25/22	04/26/22	05/13/22	05/16/22

** The base rate for making partial payments in Fulton County, GA for February will be \$21.75 per hundredweight. This is 90 percent of the preceding month's uniform price of \$24.17 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 – 621-4 February 9, 2022

The 2021 milk production, trade, and stock estimates are adjusted to reflect December data. For 2022, the milk production forecast is lowered from last month, on lower dairy cow numbers. The Cattle report estimated the dairy cow inventory on January 1 almost one percent below 2021, and the number of heifers held for dairy cow replacement was 3 percent lower. The 2022 fat basis import forecast is raised on higher expected imports of butter, while exports are reduced on lower expected shipments of butter and cheese.

On a skim-solids basis, the import forecast is raised, reflecting higher imports of milk proteins and several other dairy-containing products while the export forecast is reduced on weaker expected sales of whey products and skim milk powder. Annual product price forecasts for cheese, butter, nonfat dry milk, and whey are raised from the previous month on current prices, lower expected milk production, and tightening stocks. With higher product prices, both the Class III and the Class IV prices are raised. The 2022 all milk price forecast is increased to \$23.55 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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