

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

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www.fmmatlanta.com

September 2017

Volume 18—No. 9

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

Dairy Producers Can Enroll for 2018 Coverage, Secretary Allows Producers to Opt Out

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) today announced that starting Sept. 1, 2017, dairy producers can enroll for 2018 coverage in the Margin Protection Program (MPP-Dairy). Secretary Sonny Perdue has utilized additional flexibility this year by providing dairy producers the option of opting out of the program for 2018. "Secretary Perdue is using his authority to allow producers to withdraw from the MPP Dairy Program and not pay the annual administrative fee for 2018," said Acting Deputy Under Secretary for Farm Production and Conservation Rob Johansson. "The decision is in response to requests by the dairy industry and a number of MPP-Dairy program participants."

To opt out, a producer should not sign up during the annual registration period. By opting out, a producer would not receive any MPP-Dairy benefits if 2018 payments are triggered. Full details will be included in a Federal Register Notice. The decision would be for 2018 only and is not retroactive. The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin (the difference between the milk price and feed costs) falls below the coverage level selected by the producer.

MPP-Dairy gives participating dairy producers the flexibility to select coverage levels best suited for their operation. Enrollment ends on Dec. 15, 2017, for coverage in calendar year 2018. Participating farmers will remain in the program through Dec. 31, 2018, and pay a minimum \$100 administrative fee for 2018 coverage. Producers have the option of selecting a different coverage level from the previous coverage year during open enrollment. Dairy operations enrolling in the program must meet conservation compliance provisions and cannot participate in the Livestock Gross Margin Dairy Insurance Program. (continued on pg. 4)

Uniform Price Increases

The uniform price in Fulton County, GA, was \$20.02 per hundredweight of milk at 3.5 percent butterfat for the month of August. The uniform price is \$0.38 higher than the previous month and is \$1.78 per hundredweight higher compared to August 2016.

Class I utilization was 77.22 percent in August, 9.71 percent higher than the previous month and 3.75 percent lower than August of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in July 2017 was 18.24 billion pounds, 1.8 percent higher than July of last year and 2.2 percent lower compared with June 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.03 billion pounds, 1.0 percent above July 2016 but 3.5 percent below June 2017 on a daily average basis. Butter production was 137 million pounds, 1.6 percent above July 2016 but 5.2 percent below June 2017 on a daily average basis.

Nonfat dry milk powder production was 148.0 million pounds in July, down 1.6 percent from July of last year and 12.1 percent lower than June 2017 on a daily average basis. Total dry whey production was 99.2 million pounds in July, 21.0 percent higher than July 2016 and 9.0 percent higher than the previous month on a daily average basis. Whey protein concentrates production was 41.7 million pounds in July, 8.5 percent above July 2016 and 0.9 percent lower than June 2017 on a daily average basis.

July's milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to 1 pound of whole milk, was 2.29, down from the 2.31 price ratio from the prior month.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	43.93%	6,903,203	\$2.9719	\$ 20,515,629.02
Class I Differential at Location				10,827,708.77
Class II Butterfat	42.49%	6,676,328	\$3.0179	20,148,490.27
Class III Butterfat	5.44%	854,673	\$3.0109	2,573,334.92
Class IV Butterfat	8.14%	1,278,747	\$3.0109	3,850,179.35
Total Butterfat	100.00%	15,712,951		\$ 47,313,266.76

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$3.0111**

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	78.49%	323,103,248	\$6.55 /cwt.	\$ 21,163,262.72
Class I Butterfat	43.93%	6,903,203	\$2.9719 /lb.	20,515,629.02
Class I Differential at Location		330,006,451		10,827,708.77
Total Class I Milk	77.22%	330,006,451		\$ 52,506,600.51
Class II Skim Milk	14.08%	57,941,599	\$7.25 /cwt.	\$ 4,200,765.96
Class II Butterfat	42.49%	6,676,328	\$3.0179 /lb.	20,148,490.27
Total Class II Milk	15.12%	64,617,927		\$ 24,349,256.23
Class III Skim Milk	4.23%	17,429,265	\$6.25 /cwt.	\$ 1,089,329.11
Class III Butterfat	5.44%	854,673	\$3.0109 /lb.	2,573,334.92
Total Class III Milk	4.28%	18,283,938		\$ 3,662,664.03
Class IV Skim Milk	3.20%	13,173,190	\$6.29 /cwt.	\$ 828,593.67
Class IV Butterfat	8.14%	1,278,747	\$3.0109 /lb.	3,850,179.35
Total Class IV Milk	3.38%	14,451,937		\$ 4,678,773.02
Producer Milk	100.00%	427,360,253		\$ 85,197,293.79

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	\$1,541.87
Producer butterfat at uniform butterfat price	(\$47,313,266.76)
Location Adjustments to Producers	\$2,630,432.98
1/2 Unobligated Balance in P.S.F.	\$152,941.93

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.87956	\$40,668,943.81
	\$ 0.04956	\$204,014.01

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

\$9.83

Uniform Price per cwt. (Fulton County, Georgia)

\$20.02*

* 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 2017	SEPT 2017	JULY 2017	AUG 2017	AUG 2017
Appalachian (Charlotte)	\$ 20.12	\$ 20.11	\$ 19.35	\$ 19.53	71.62%
Arizona (Phoenix)	\$ 19.07	\$ 19.06	\$ 17.02	\$ 16.59	27.13%
Central (Kansas City)	\$ 18.72	\$ 18.71	\$ 16.52	\$ 17.13	28.61%
Florida (Tampa)	\$ 22.12	\$ 22.11	\$ 21.45	\$ 21.43	84.22%
Mideast (Cleveland)	\$ 18.72	\$ 18.71	\$ 17.01	\$ 17.47	33.10%
Northeast (Boston)	\$ 19.97	\$ 19.96	\$ 18.01	\$ 18.33	31.60%
Pacific Northwest (Seattle)	\$ 18.62	\$ 18.61	\$ 16.60	\$ 16.49	21.01%
Southeast (Atlanta)	\$ 20.52	\$ 20.51	\$ 19.64	\$ 20.02	77.22%
Southwest (Dallas)	\$ 19.72	\$ 19.71	\$ 17.29	\$ 17.98	28.39%
Upper Midwest (Chicago)	\$ 18.52	\$ 18.51	\$ 15.80	\$ 16.80	8.30%

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

Receipts:	AUGUST 2017	AUGUST 2016
Producer Milk		
Class I	330,006,451	339,477,780
Class II	64,617,927	60,604,927
Class III	18,283,938	9,580,177
Class IV	14,451,937	9,567,046
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Total Producer Milk	427,360,253	419,229,930
Average Butterfat Test	3.68%	3.61%
Percent of Producer Milk in Class I	77.22%	80.97%
Daily Average Receipts	13,785,815	13,523,546
Other Source Milk		
Class I	10,099,605	14,331,422
Class II	4,488,905	4,212,931
Class III	291,815	0
Class IV	1,195,874	2,353,660
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Total Other Source Milk	16,076,279	20,898,013
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	3,323
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Total Overage	0	3,323
Opening Inventory		
Class I	17,574,446	17,541,883
Class II	912,744	1,262,980
Class III	2,754,578	366,538
Class IV	14,696,227	20,890,941
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Total Opening Inventory	35,937,995	40,062,342
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Total Receipts	479,374,527	480,193,608
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	21,471,012	21,180,632
Route Disposition Class I	323,670,973	332,593,207
Shrinkage	2,113,328	4,167,689
Transfers & Diversions to Nonpool	10,425,189	13,409,557
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Total Class I Utilization	357,680,502	371,351,085
Average Butterfat Test	2.07%	2.06%
Daily Average Utilization	11,538,081	11,979,067
Class II Utilization		
Nonfluid Used To Produce	2,963,559	2,748,224
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods	55,539,076	51,046,991
Used To Produce/Other Uses	11,517,021	12,285,623
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Total Class II Utilization	70,019,658	66,080,838
Average Butterfat Test	9.56%	9.21%
Class III Utilization		
Shrinkage	5,700,101	0
Transfers & Diversions to Nonpool	12,182,437	9,946,715
Used To Produce/Other Uses	3,447,793	0
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Total Class III Utilization	21,330,331	9,946,715
Average Butterfat Test	4.33%	6.41%
Class IV Utilization		
Inventory	13,136,717	15,739,163
Nonfluid Used To Fortify	696,830	705,031
Shrinkage	96,307	5,844,994
Transfers & Diversions to Nonpool	16,414,184	6,997,213
Used To Produce/Other Uses	0	3,528,569
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Total Class IV Utilization	30,344,038	32,814,970
Average Butterfat Test	7.55%	7.77%
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Total Utilization	479,374,527	480,193,608

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2017 is \$20.02 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.83 per hundredweight plus 3.5 times the uniform butterfat price of \$3.0111 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, Class I use, which is primarily bottled or packaged fluid milk, accounted for 78.49% of all producer skim milk (priced to handlers at \$6.55 per hundredweight, plus the Class I differential, see page 2) and 43.93% of producer butterfat (priced to handlers at \$2.9719 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 14.08% of all producer skim milk (\$7.25 per hundredweight) and 42.49% of producer butterfat (\$3.0179 per pound). Class III use, mostly milk used to produce cheese, accounted for 4.23% of all producer skim milk (\$6.25 per hundredweight) and 5.44% of producer butterfat (\$3.0109 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.20% of all producer skim milk (\$6.29 per hundredweight) and 8.14% of producer butterfat (\$3.0109 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<u>July 2017</u>		
Whole Milk	137,447,791	39.59%
Fat Free Milk	21,168,261	6.10%
Low fat Milk (incl. 1%)	36,465,792	10.50%
Reduced Fat Milk (incl. 2%)	122,146,692	35.19%
Cultured Fluid Milk (incl. Buttermilk)	6,900,447	1.99%
Flavored Drinks and Milk	23,025,857	6.63%
Total Disposition in Marketing Area	347,154,840	100.0%
Total Disposition by Pool Plants	250,957,689	72.29%
Total Disposition by Nonpool Plants	96,197,151	27.71%
Total Disposition in Marketing Area	347,154,840	100.0%

Receipts of producer milk during August totaled 427.4 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 August 2017. Class I route disposition in the area was 347.2 million pounds in July 2017.

Dairy Producers Can Enroll for 2018 Coverage, Secretary Allows Producers to Opt Out, cont.

(continued from page 1) Producers can mail the appropriate form to the producer's administrative county FSA office, along with applicable fees, without necessitating a trip to the local FSA office. If electing higher coverage for 2018, dairy producers can either pay the premium in full at the time of enrollment or pay 100 percent of the premium by Sept. 1, 2018. Premium fees may be paid directly to FSA or producers can work with their milk handlers to remit premiums on their behalf.

USDA has a web tool to help producers determine the level of coverage under the MPP-Dairy that will provide them with the strongest safety net under a variety of conditions. The online resource, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, Smartphone, tablet or any other platform, 24 hours a day, seven days a week.

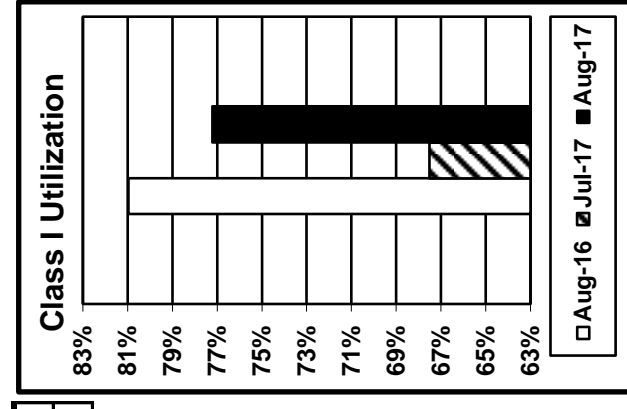
For more information, visit FSA online at www.fsa.usda.gov/dairy or stop by a local FSA office to learn more about the MPP-Dairy. To find a local FSA office in your area, visit <http://offices.usda.gov>.

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
Jul 2016	\$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	\$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											

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.	%
Jul 2016	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	1,589	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	1,800**	330,006	77.22%	64,618	15.12%	18,284	4.28%	14,452	3.38%



* 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
September	10/11/17	10/12/17	10/13/17	09/25/17	09/26/17	10/13/17	10/16/17
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

** The base rate for making partial payments in Fulton County, GA for September will be \$18.02 per hundredweight. This is 90 percent of the preceding month's uniform price of \$20.02 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%

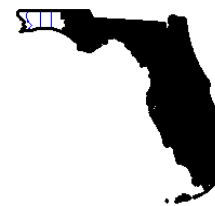
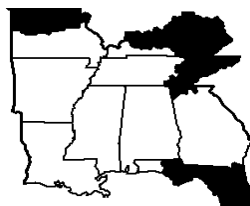
WASDE Dairy Report 1/ WASDE – 569 September 12, 2017

The milk production forecast for 2017 is raised as increases in milk per cow more than offset a slower rate of milk cow expansion. For 2017, fat basis exports are reduced from the previous month on slowing cheese shipments, while fat basis imports are raised on increased purchases of butterfat. On a skim-solids basis, the export forecast for 2017 is lowered on weaker than expected skim milk powder sales, while the import forecast is raised due to stronger demand for a number of dairy products. For 2018, the milk production forecast is reduced from the previous month on slower growth in cow inventories. The annual fat basis export forecast is unchanged from the previous month, but the import forecast is reduced on expected declining cheese imports. The skim-solids basis export forecast is reduced from the previous month as competition in international powder markets is expected to remain strong; imports are reduced on lower milk protein and cheese shipments. Butter, NDM, and whey prices are forecast lower for 2017 while cheese prices are forecast higher from the previous month. The 2017 Class III price is raised as higher forecast cheese prices offset lower whey prices. The Class IV price is reduced on lower butter and NDM. For 2018, all dairy product prices are reduced, resulting in lower Class III and Class IV product prices. The all milk price is reduced to \$17.70 to \$17.90 per cwt for 2017 and \$17.75 to \$18.55 per cwt for 2018.

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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