

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Erik F. Rasmussen, Market Administrator

www.fmmatlanta.com

December 2017

Volume 18—No. 12

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

Dairy Forecast for 2018

Excerpts from Livestock, Dairy, & Poultry Outlook, December 18, 2017, Economic Research Service, USDA:

The forecast for the size of the dairy herd in 2018 has been lowered to 9.435 million head, as lower milk prices are expected to lead to slower growth in the second half of the year. Based on recent data and lower expected prices, the milk per cow forecast has been reduced to 23,250 pounds. With these changes, milk production is now projected at 219.3 billion pounds for the year, 0.4 billion pounds lower than previously forecast.

The forecasts for imports and exports on a milk-fat basis for 2018 are unchanged at 6.1 billion pounds and 9.4 billion pounds, respectively. If realized, these forecasts would represent growth of 0.3 billion pounds in exports and no change in imports from 2017. As high stocks persist, ending stocks are now projected 0.4 billion pounds higher than previously forecast, at 12.8 billion pounds for the year. Recent weakness in dairy product prices coupled with high stocks suggest lower domestic demand than previously thought; therefore, the domestic use forecast for the year on a milk-fat basis has been lowered 0.8 billion pounds to 215.9 billion.

The forecast for imports on a skim-solids basis for 2018 remains at 6.1 billion pounds, level with the forecast for 2017. The export forecast for the year on a skim-solids basis has been raised slightly to 41.8 billion pounds, as some of the growth in whey product exports in 2017 should carry over to the following year. As higher stock levels are expected to continue in 2018, the ending stock forecast has been raised 1.3 billion pounds to 12.0 billion. The domestic use forecast on a skim-solids basis has been lowered to 183.2 billion pounds for the year, 1.9 billion pounds less than last month's forecast, as weaker domestic demand is expected.

Product price forecasts have been lowered across the board for 2018. (continued. on page 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$19.07 per hundredweight of milk at 3.5 percent butterfat for the month of November. The uniform price is \$0.05 lower than the previous month and is \$1.05 per hundredweight higher compared to November 2016.

Class I utilization was 74.89 percent in November, 0.49 percent higher than the previous month and 3.92 percent lower than November of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in October 2017 was 17.81 billion pounds, 1.2 percent higher than October of last year and 0.4 percent higher compared with September 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.07 billion pounds, 1.7 percent above October 2016 and 1.8 percent above September 2017 on a daily average basis. Butter production was 143 million pounds, 2.6 percent above October 2016 and 3.3 percent above September 2017 on a daily average basis.

Nonfat dry milk powder production was 149.2 million pounds in October, up 6.5 percent from October of last year and 8.1 percent lower than September 2017 on a daily average basis. Total dry whey production was 80.6 million pounds in October, 3.8 percent below October 2016 and 14.5 percent below the previous month on a daily average basis. Whey protein concentrates production was 40.9 million pounds in October, 7.5 percent above October 2016 and 1.8 percent higher than September 2017 on a daily average basis.

October's milk-feed price ratio, the pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk, was unchanged at 2.45.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.46%	6,912,126	\$2.6804	\$ 18,527,262.52
Class I Differential at Location				226,344.36
Class II Butterfat	38.56%	6,279,684	\$2.5616	16,086,038.56
Class III Butterfat	3.35%	545,880	\$2.5546	1,394,505.04
Class IV Butterfat	15.63%	2,545,847	\$2.5546	6,503,620.73
Total Butterfat	100.00%	16,283,537		\$ 42,737,771.21
Uniform Butterfat Price per lb. (Fulton County, Georgia):				\$2.6246

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	76.20%	309,830,211	\$7.28 /cwt.	\$ 22,555,639.37
Class I Butterfat	42.46%	6,912,126	\$2.6804 /lb.	18,527,262.52
Class I Differential at Location		316,742,337		10,397,198.98
Total Class I Milk	74.89%	316,742,337		\$ 51,480,100.87
Class II Skim Milk	14.85%	60,399,271	\$6.58 /cwt.	\$ 3,974,272.04
Class II Butterfat	38.56%	6,279,684	\$2.5616 /lb.	16,086,038.56
Total Class II Milk	15.77%	66,678,955		\$ 20,060,310.60
Class III Skim Milk	2.55%	10,372,526	\$8.23 /cwt.	\$ 853,658.89
Class III Butterfat	3.35%	545,880	\$2.5546 /lb.	1,394,505.04
Total Class III Milk	2.58%	10,918,406		\$ 2,248,163.93
Class IV Skim Milk	6.40%	26,039,712	\$5.23 /cwt.	\$ 1,361,876.92
Class IV Butterfat	15.63%	2,545,847	\$2.5546 /lb.	6,503,620.73
Total Class IV Milk	6.76%	28,585,559		\$ 7,865,497.65
Producer Milk	100.00%	422,925,257		\$ 81,654,073.05

Adjustments

Overage and Other Source	\$14,762.50
Inventory Adjustments	\$12,576.48
Producer butterfat at uniform butterfat price	(\$42,737,771.21)
Location Adjustments to Producers	\$2,683,592.00
1/2 Unobligated Balance in P.S.F.	\$192,223.34
Adjusted Pool Value	\$ 10.28410
Reserve for Producer Settlement Fund	\$ 0.04410
	\$41,819,456.16

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

\$10.24

Uniform Price per cwt. (Fulton County, Georgia)

\$19.07*

* 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 %
	NOV 2017	DEC 2017	OCT 2017	NOV 2017	NOV 2017
Appalachian (Charlotte)	\$ 19.81	\$ 20.28	\$ 18.59	\$ 18.63	73.95%
Arizona (Phoenix)	\$ 18.76	\$ 19.23	\$ 16.43	\$ 16.02	28.41%
Central (Kansas City)	\$ 18.41	\$ 18.88	\$ 16.72	\$ 15.98	40.59%
Florida (Tampa)	\$ 21.81	\$ 22.28	\$ 20.62	\$ 20.66	84.34%
Mideast (Cleveland)	\$ 18.41	\$ 18.88	\$ 16.69	\$ 16.24	37.70%
Northeast (Boston)	\$ 19.66	\$ 20.13	\$ 17.44	\$ 17.14	35.10%
Pacific Northwest (Seattle)	\$ 18.31	\$ 18.78	\$ 16.03	\$ 15.69	27.29%
Southeast (Atlanta)	\$ 20.21	\$ 20.68	\$ 19.12	\$ 19.07	74.89%
Southwest (Dallas)	\$ 19.41	\$ 19.88	\$ 17.16	\$ 16.76	53.82%
Upper Midwest (Chicago)	\$ 18.21	\$ 18.68	\$ 16.66	\$ 16.67	13.40%

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

Receipts:	Nov 2017	Nov 2016
Producer Milk		
Class I	316,742,337	326,451,305
Class II	66,678,955	62,695,624
Class III	10,918,406	10,682,622
Class IV	28,585,559	14,421,162
	<hr/>	<hr/>
Total Producer Milk	422,925,257	414,250,713
Average Butterfat Test	3.85%	3.81%
Percent of Producer Milk in Class I	74.89%	78.81%
Daily Average Receipts	14,097,509	13,808,357
Other Source Milk		
Class I	11,624,290	10,290,334
Class II	3,273,575	2,458,286
Class III	0	0
Class IV	7,015,387	4,524,833
	<hr/>	<hr/>
Total Other Source Milk	21,913,252	17,273,453
Overage		
Class I	0	0
Class II	5,763	0
Class III	0	0
Class IV	0	0
	<hr/>	<hr/>
Total Overage	5,763	0
Opening Inventory		
Class I	23,305,122	20,080,594
Class II	1,365,085	1,073,886
Class III	0	16,160
Class IV	14,936,592	19,614,030
	<hr/>	<hr/>
Total Opening Inventory	39,606,799	40,784,640
	<hr/>	<hr/>
Total Receipts	484,451,071	472,308,806
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	23,033,674	20,801,735
Route Disposition Class I	317,023,073	322,068,672
Shrinkage	2,634,171	3,210,074
Transfers & Diversions to Nonpool	8,980,831	10,741,752
	<hr/>	<hr/>
Total Class I Utilization	35,671,749	356,822,233
Average Butterfat Test	2.18%	2.13%
Daily Average Utilization	11,722,392	11,894,074
Class II Utilization		
Nonfluid Used To Produce	1,976,941	2,208,583
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	57,184,857	54,156,360
	<hr/>	<hr/>
Total Class II Utilization	71,323,378	66,227,766
Average Butterfat Test	9.15%	9.34%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	10,918,406	10,698,782
	<hr/>	<hr/>
Total Class III Utilization	10,918,406	10,698,782
Average Butterfat Test	5.00%	5.29%
Class IV Utilization		
Inventory	15,148,540	15,814,505
Nonfluid Used To Fortify	2,124,178	2,086,230
Shrinkage	5,876,978	5,390,298
Transfers & Diversions to Nonpool Used To Produce/Other Uses	23,890,471	11,388,875
	<hr/>	<hr/>
Total Class IV Utilization	50,537,538	38,560,025
Average Butterfat Test	8.52%	9.90%
	<hr/>	<hr/>
Total Utilization	484,451,071	472,308,806

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2017 is \$19.07 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.24 per hundredweight plus 3.5 times the uniform butterfat price of \$2.6246 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 November, Class I use, which is primarily bottled or packaged fluid milk, accounted for 76.20% of all producer skim milk (priced to handlers at \$7.28 per hundredweight, plus the Class I differential, see page 2) and 42.46% of producer butterfat (priced to handlers at \$2.6804 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 14.85% of all producer skim milk (\$6.58 per hundredweight) and 38.56% of producer butterfat (\$2.5616 per pound). Class III use, mostly milk used to produce cheese, accounted for 2.55% of all producer skim milk (\$8.23 per hundredweight) and 3.35% of producer butterfat (\$2.5546 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.40% of all producer skim milk (\$5.23 per hundredweight) and 15.63% of producer butterfat (\$2.5546 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<u>October 2017</u>		
Whole Milk	127,122,097	34.74%
Fat Free Milk	24,113,588	6.58%
Low fat Milk (incl. 1%)	42,152,202	11.51%
Reduced Fat Milk (incl. 2%)	116,150,521	31.73%
Cultured Fluid Milk (incl. Buttermilk)	7,005,080	1.92%
Flavored Drinks and Milk	49,455,608	13.52%
Total Disposition in Marketing Area	365,999,096	100.0%
Total Disposition by Pool Plants	283,119,851	77.36%
Total Disposition by Nonpool Plants	82,879,245	22.64%
Total Disposition in Marketing Area	365,999,096	100.0%

Receipts of producer milk during November totaled 422.9 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 November 2017. Class I route disposition in the area was 365.1 million pounds in October 2017.

Dairy Forecast for 2018, cont.

(continued from page 1) The cheddar cheese price is now forecast at \$1.620-\$1.700 per pound, while the dry whey price is now forecast at \$0.310-\$0.340 per pound for the year. The butter price is forecast at \$2.270-\$2.380 per pound for the year, 2 cents lower at the midpoint of the range than last month, and the NDM price is forecast at \$0.745-\$0.805 per pound for 2018, 3 cents lower at the midpoint of the range. The Class III and Class IV price forecasts for the year are \$15.30-\$16.10 and \$13.90-\$14.80 per cwt, respectively. The all-milk price forecast for 2018 is 30 cents lower at the midpoint of the range than the previous projection, at \$16.65-\$17.45 per cwt.

Outlook for Dairy Feed Prices

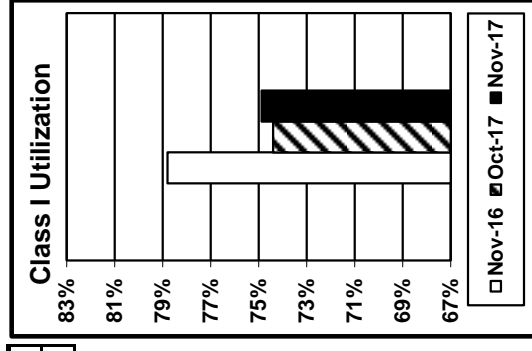
The 2017/18 price forecast for corn is \$2.85-\$3.55 per pound, unchanged from last month's forecast at the midpoint of the range. The soybean meal price forecast for 2017/18 is \$295-\$335 per short ton, unchanged from last month's forecast. The alfalfa hay price in October was \$152 per short ton, \$3 more than September and \$17 more than October 2016.

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
Oct 2016	\$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	\$2.6716	\$15.95	\$7.63	\$2.6646	\$16.69	\$5.72	\$2.6646	\$14.85	\$9.80	\$2.7619	\$19.12
Nov	\$11.08	\$2.7184	\$20.21	\$6.58	\$2.5616	\$15.32	\$8.23	\$2.5546	\$16.88	\$5.23	\$2.5546	\$13.99	\$10.24	\$2.6246	\$19.07
Dec	\$12.10	\$2.5715	\$20.68	\$5.94											

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.	%
Oct 2016	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	1,824	312,637	76.55%	61,080	14.96%	11,500	2.82%	23,159	5.67%
Oct	424,246	1,840	315,628	74.40%	64,366	15.17%	10,281	2.42%	33,970	8.01%
Nov	422,925	1,850**	316,742	74.89%	66,679	15.77%	10,918	2.58%	28,586	6.76%



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

Southeast Marketing Area - Federal Order 7

2017 & 2018 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
December	01/11/18	01/12/18	01/16/18	12/26/17	12/26/17	01/16/18	01/17/18
January	02/11/18	02/12/18	02/13/18	01/25/18	01/26/18	02/13/18	02/14/18
February	03/11/18	03/12/18	03/13/18	02/26/18	02/26/18	03/13/18	03/14/18

** The base rate for making partial payments in Fulton County, GA for December will be \$17.16 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.07 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 – 572 December 12, 2017

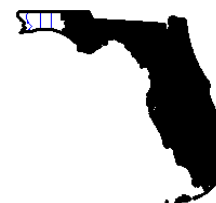
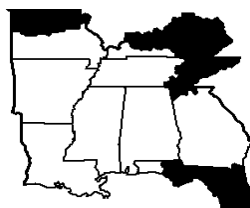
The milk production forecast is lowered for 2017 on slower growth in milk per cow. The slower growth in milk per cow is expected to carry into 2018 and combined with an expected slower rate of growth in cow numbers, the 2018 milk production forecast is lowered. The 2017 and 2018 fat basis import and export forecasts are unchanged from the previous month. On a skim-solids basis, the 2017 and 2018 export forecasts are raised on higher expected whey exports. No changes are made to 2017 and 2018 skim-solids basis import forecasts.

Price forecasts for cheese, butter, and nonfat dry milk are lowered for 2017 on current price weakness and slower demand. The 2017 whey price forecast is unchanged at the midpoint. All dairy product price forecasts are reduced for 2018 on pressure from large stocks and slower expected demand.

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.



MILK MARKET ADMINISTRATOR
 U.S. Department Of Agriculture
 2763 Meadow Church Road, Suite 100
 Duluth, Georgia 30097



www.fmmatlanta.com

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) If you wish to file a Civil Rights program complaint of discrimination, complete the [USDA Program Discrimination Complaint Form](http://www.ascr.usda.gov/complaint_filing_cust.html) (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.