

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Harold H. Friedly, Jr. - Market Administrator

www.fmmatlanta.com

October 2019

Volume 20—No. 10

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

USDA Opens 2020 Enrollment for Dairy Margin Coverage Program

Dairy producers can now enroll in the Dairy Margin Coverage (DMC) for calendar year 2020. USDA's Farm Service Agency (FSA) opened signup today for the program that helps producers manage economic risk brought on by milk price and feed cost disparities.

"We know it's tough out there for American farmers, including our dairy producers," said Bill Northey, Under Secretary for Farm Production and Conservation. "As Secretary Perdue said, farmers are pretty good at managing through tough times, and we know that more dairy farmers will be able to survive with this 2018 Farm Bill and its risk mitigation measures, like the Dairy Margin Coverage program." The DMC program offers reasonably priced protection to dairy producers when the difference between the all-milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer. The deadline to enroll in DMC for 2020 is Dec. 13, 2019.

Dairy farmers earned more than \$300 million dollars from the program in 2019 so far. Producers are encouraged to take advantage of this very important risk management tool for 2020. All producers who want 2020 coverage, even those who took advantage of the 25 percent premium discount by locking in the coverage level for five years of margin protection coverage are required to visit the office during this signup period to pay the annual administrative fee.

"Dairy producers should definitely consider coverage for 2020 as even the slightest drop in the margin can trigger payments," said Northey. "Dairy producers should consider enrolling in DMC to guard against what has been, for several years, an extremely unforgiving market."

For more information on enrolling in DMC and taking advantage of an (continued on page 4)

Appointment of Market Administrator

Harold H. Friedly, Jr., was appointed Market Administrator, Southeast and Florida Milk Marketing Orders effective October 7, 2019. Harold will continue to serve as the Appalachian Market Administrator. Harold has been serving as the Appalachian Market Administrator since July 2003. With over 36 years of experience working with the USDA-AMS-Dairy Program, Harold has held a variety of positions in the Appalachian and predecessor Federal milk marketing orders resulting in a diverse background and vast experience base. Harold's familiarity with the Southeastern United States and stakeholders in the region will ensure consistency in the administration of these two orders and enhance efficiencies in overall operations.

Uniform Price

The uniform price in Fulton County, GA, was \$20.52 per hundredweight of milk at 3.5 percent butterfat for the month of September 2019. The uniform price is \$0.33 per hundredweight lower than the previous month and is \$2.58 above September 2018.

Class I utilization was 73.01 percent in September. This represents a 0.59 percent decrease from the previous month and is 1.75 percent lower than September of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in August was 18.28 billion pounds, 0.2 percent above August of last year and 2.8 percent lower compared with July. Total cheese output was 1.11 billion pounds, 2.2 percent above August 2018 and 1.6 percent above July 2019. Butter production was 136 million pounds, 2.1 percent above August 2018 but 4.3 percent below July 2019.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - September 2019

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.58%	6,077,666	\$2.6555	\$ 16,139,242.07
Class I Differential at Location				196,855.20
Class II Butterfat	43.30%	6,180,604	\$2.5052	15,483,649.13
Class III Butterfat	5.42%	773,784	\$2.4982	1,933,067.21
Class IV Butterfat	8.70%	1,241,649	\$2.4982	3,101,887.54
Total Butterfat	100.00%	14,273,703		\$ 36,854,701.15
Uniform Butterfat Price per lb. (Fulton County, Georgia):				\$2.5820

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	74.20%	272,466,737	\$8.87 /cwt.	\$ 24,167,799.57
Class I Butterfat	42.58%	6,077,666	\$2.6555 /lb.	16,139,242.07
Class I Differential at Location		278,544,403		9,048,563.17
Total Class I Milk	73.01%	278,544,403		\$ 49,355,604.81
Class II Skim Milk	15.40%	56,565,155	\$8.46 /cwt.	\$ 4,785,412.12
Class II Butterfat	43.30%	6,180,604	\$2.5052 /lb.	15,483,649.13
Total Class II Milk	16.45%	62,745,759		\$ 20,269,061.25
Class III Skim Milk	4.91%	18,043,856	\$9.91 /cwt.	\$ 1,788,146.12
Class III Butterfat	5.42%	773,784	\$2.4982 /lb.	1,933,067.21
Total Class III Milk	4.93%	18,817,640		\$ 3,721,213.33
Class IV Skim Milk	5.49%	20,144,943	\$7.88 /cwt.	\$ 1,587,421.53
Class IV Butterfat	8.70%	1,241,649	\$2.4982 /lb.	3,101,887.54
Total Class IV Milk	5.61%	21,386,592		\$ 4,689,309.07
Producer Milk	100.00%	381,494,394		\$ 78,035,188.46

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	(\$10,988.33)
Producer butterfat at uniform butterfat price	(\$36,854,701.15)
Location Adjustments to Producers	\$2,525,038.50
1/2 Unobligated Balance in P.S.F.	\$182,660.82
Adjusted Pool Value	\$ 11.94845
Reserve for Producer Settlement Fund	\$ 0.04845
	\$43,877,198.30
	\$177,936.09

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

\$11.90

Uniform Price per cwt. (Fulton County, Georgia)

\$20.52*

* 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 %
	Sept	Oct	Aug	Sept	Sept
Appalachian (Charlotte)	\$ 21.25	\$ 21.24	\$ 20.34	\$ 20.04	72.57%
Arizona (Phoenix)	\$ 20.20	\$ 20.19	\$ 18.11	\$ 18.08	30.39%
California (Woodland)	\$ 19.95	\$ 19.94	\$ 17.84	\$ 17.37	25.80%
Central (Kansas City)	\$ 19.85	\$ 19.84	\$ 17.85	\$ 17.71	35.92%
Florida (Tampa)	\$ 23.25	\$ 23.24	\$ 22.48	\$ 21.85	80.00%
Midwest (Cleveland)	\$ 19.85	\$ 19.84	\$ 18.20	\$ 18.00	36.80%
Northeast (Boston)	\$ 21.10	\$ 21.09	\$ 18.97	\$ 18.78	31.80%
Pacific Northwest (Seattle)	\$ 19.75	\$ 19.74	\$ 17.60	\$ 17.43	22.83%
Southeast (Atlanta)	\$ 21.65	\$ 21.64	\$ 20.85	\$ 20.52	73.01%
Southwest (Dallas)	\$ 20.85	\$ 20.84	\$ 18.69	\$ 18.21	44.30%
Upper Midwest (Chicago)	\$ 19.65	\$ 19.64	\$ 17.75	\$ 18.23	9.70%

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

Receipts:	Sept 2019	Sept 2018
Producer Milk		
Class I	278,544,403	294,734,758
Class II	62,745,759	61,588,410
Class III	18,817,640	8,034,604
Class IV	21,386,592	29,899,687
	<hr/>	<hr/>
Total Producer Milk	381,494,394	394,257,459
Average Butterfat Test	3.74%	3.76%
Percent of Producer Milk in Class I	73.01%	74.76%
Daily Average Receipts	12,716,480	13,141,915
Other Source Milk		
Class I	10,822,626	14,733,783
Class II	6,144,536	10,611,015
Class III	17,634	0
Class IV	6,774,255	5,885,221
	<hr/>	<hr/>
Total Other Source Milk	23,759,051	31,230,019
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	112,248
	<hr/>	<hr/>
Total Overage	0	112,248
Opening Inventory		
Class I	19,752,096	23,372,010
Class II	1,959,411	3,978,796
Class III	0	0
Class IV	14,281,210	9,239,513
	<hr/>	<hr/>
Total Opening Inventory	35,992,717	36,590,319
	<hr/>	<hr/>
Total Receipts	441,246,162	462,190,045
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	19,699,373	20,217,571
Route Disposition Class I	278,128,639	296,778,803
Shrinkage	4,141,407	3,905,599
Transfers & Diversions to Nonpool	7,149,706	11,938,578
	<hr/>	<hr/>
Total Class I Utilization	309,119,125	332,840,551
Average Butterfat Test	2.16%	2.15%
Daily Average Utilization	10,303,971	11,094,685
Class II Utilization		
Nonfluid Used To Produce	2,644,230	2,716,589
Shrinkage	0	4,835
Transfers & Diversions to Nonpool/Commercial Foods	39,457,085	46,413,889
Used To Produce/Other Uses	28,748,391	27,042,908
	<hr/>	<hr/>
Total Class II Utilization	70,849,706	76,178,221
Average Butterfat Test	11.96%	11.36%
Class III Utilization		
Shrinkage	7,469	0
Transfers & Diversions to Nonpool	18,827,805	8,034,604
Used To Produce/Other Uses	0	0
	<hr/>	<hr/>
Total Class III Utilization	18,835,274	8,034,604
Average Butterfat Test	4.14%	5.32%
Class IV Utilization		
Inventory	20,363,669	22,220,165
Nonfluid Used To Fortify	1,570,472	1,344,365
Shrinkage	5,468,316	5,398,010
Transfers & Diversions to Nonpool	11,546,372	13,116,242
Used To Produce/Other Uses	3,493,228	3,057,887
	<hr/>	<hr/>
Total Class IV Utilization	42,442,057	45,136,669
Average Butterfat Test	6.08%	6.47%
	<hr/>	<hr/>
Total Utilization	441,246,162	462,190,045

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2019 is \$20.52 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.90 per hundredweight plus 3.5 times the uniform butterfat price of \$2.5820 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 September 2019, Class I use, which is primarily bottled or packaged fluid milk, accounted for 74.20% of all producer skim milk (priced to handlers at \$8.87 per hundredweight, plus the Class I differential, see page 2) and 42.58% of producer butterfat (priced to handlers at \$2.6555 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 15.40% of all producer skim milk (\$8.46 per hundredweight) and 43.30% of producer butterfat (\$2.5052 per pound). Class III use, mostly milk used to produce cheese, accounted for 4.91% of all producer skim milk (\$9.91 per hundredweight) and 5.42% of producer butterfat (\$2.4982 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.49% of all producer skim milk (\$7.88 per hundredweight) and 8.70% of producer butterfat (\$2.4982 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
August 2019		
Whole Milk	129,103,288	37.84%
Fat Free Milk	18,128,623	5.31%
Low fat Milk (incl. 1%)	37,746,071	11.06%
Reduced Fat Milk (incl. 2%)	105,899,253	31.03%
Cultured Fluid Milk (incl. Buttermilk)	5,461,943	1.60%
Flavored Drinks and Milk	44,849,496	13.16%
Total Disposition in Marketing Area	341,188,674	100.0%
Total Disposition by Pool Plants	252,739,838	71.66%
Total Disposition by Nonpool Plants	88,448,836	28.34%
Total Disposition in Marketing Area	341,188,674	100.0%

Receipts of producer milk during September totaled 381.5 million pounds. There were 19 regulated pool distributing plants, 1 pool supply plants and 15 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2019. Class I route disposition in the area was 341.2 million pounds in August 2019.

USDA Opens 2020 Enrollment for Dairy Margin Coverage Program

(continued from page 1) online dairy decision tool that assists producers in selecting coverage for 2020, visit the DMC webpage. Enrollment Ends Dec. 13, 2019. For additional questions and assistance, contact your local USDA service center. To locate your local FSA office, visit farmers.gov/service-locator.

Opens 2020 Enrollment for Dairy Margin Coverage Program

USDA Agricultural Marketing Service (AMS) is updating their performance measures and looking for feedback from farmers, producers, ranchers, farmer organizations, trade associations, universities, etc. for their grant programs, including the Farmers Market and Local Food Promotion Programs, Specialty Crop Block Grant Program, and Dairy Business Innovation Initiatives. Visit their website to learn more about the Performance Measures project.

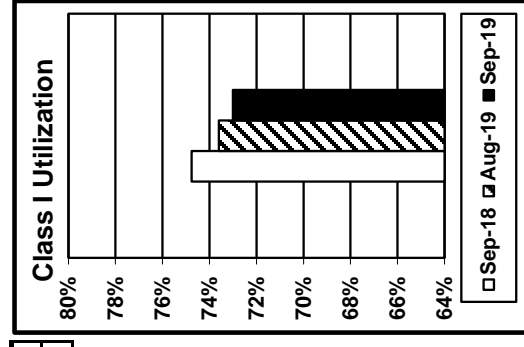
You may provide your feedback at <https://nasda.foundation/contact-us> .

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 2018	\$10.05	\$2.7021	\$19.16	\$6.55	\$2.5357	\$15.20	\$5.44	\$2.5287	\$14.10	\$5.48	\$2.5287	\$14.14	\$9.31	\$2.6108	\$18.12
Aug	\$9.26	\$2.5743	\$17.95	\$6.16	\$2.6079	\$15.07	\$6.06	\$2.6009	\$14.95	\$5.73	\$2.6009	\$14.63	\$8.77	\$2.5897	\$17.53
Sep	\$9.72	\$2.6498	\$18.65	\$6.43	\$2.5512	\$15.13	\$7.45	\$2.5442	\$16.09	\$6.12	\$2.5442	\$14.81	\$9.20	\$2.5903	\$17.94
Oct	\$11.51	\$2.5773	\$20.13	\$6.81	\$2.5621	\$15.54	\$6.83	\$2.5551	\$15.53	\$6.29	\$2.5551	\$15.01	\$10.79	\$2.5658	\$19.39
Nov	\$10.61	\$2.5958	\$19.32	\$6.96	\$2.5455	\$15.63	\$5.76	\$2.5385	\$14.44	\$6.40	\$2.5385	\$15.06	\$10.08	\$2.5651	\$18.71
Dec	\$10.22	\$2.5666	\$18.85	\$7.12	\$2.5150	\$15.67	\$5.18	\$2.5080	\$13.78	\$6.54	\$2.5080	\$15.09	\$9.47	\$2.5328	\$18.00
Jan 2019	\$10.32	\$2.5597	\$18.92	\$7.22	\$2.5051	\$15.74	\$5.41	\$2.4981	\$13.96	\$6.98	\$2.4981	\$15.48	\$9.77	\$2.5249	\$18.27
Feb	\$10.60	\$2.5342	\$19.10	\$7.50	\$2.5415	\$16.13	\$5.20	\$2.5345	\$13.89	\$7.24	\$2.5345	\$15.86	\$9.82	\$2.5348	\$18.35
Mar	\$11.05	\$2.6050	\$19.78	\$7.95	\$2.5531	\$16.61	\$6.35	\$2.5461	\$15.04	\$7.05	\$2.5461	\$15.71	\$10.06	\$2.5694	\$18.70
Apr	\$10.85	\$2.5979	\$19.56	\$7.75	\$2.5445	\$16.38	\$7.34	\$2.5375	\$15.96	\$7.09	\$2.5375	\$15.72	\$10.09	\$2.5622	\$18.70
May	\$11.62	\$2.5735	\$20.22	\$7.72	\$2.5788	\$16.48	\$7.65	\$2.5718	\$16.38	\$7.55	\$2.5718	\$16.29	\$10.60	\$2.5732	\$19.24
Jun	\$12.19	\$2.6014	\$20.87	\$8.26	\$2.6649	\$17.30	\$7.22	\$2.6579	\$16.27	\$7.80	\$2.6579	\$16.83	\$10.72	\$2.6381	\$19.58
Jul	\$11.98	\$2.6909	\$20.98	\$8.48	\$2.6928	\$17.61	\$8.45	\$2.6858	\$17.55	\$7.77	\$2.6858	\$16.90	\$11.23	\$2.6885	\$20.25
Aug	\$12.61	\$2.7210	\$21.69	\$8.57	\$2.6644	\$17.60	\$8.60	\$2.6574	\$17.60	\$7.71	\$2.6574	\$16.74	\$11.86	\$2.6858	\$20.85
Sep	\$12.67	\$2.6935	\$21.65	\$8.46	\$2.5052	\$16.93	\$9.91	\$2.4982	\$18.31	\$7.88	\$2.4982	\$16.35	\$11.90	\$2.5820	\$20.52
Oct	\$13.09	\$2.5750	\$21.64	\$8.54											

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 2018	394,913	1,609	289,503	73.31%	66,380	16.81%	27,069	6.85%	11,961	3.03%
Aug	420,897	1,725	318,396	75.65%	67,641	16.07%	8,420	2.00%	26,439	6.28%
Sep	394,257	1,744	294,735	74.76%	61,588	15.62%	8,034	2.04%	29,900	7.58%
Oct	401,698	1,695	315,428	78.53%	62,676	15.60%	5,508	1.37%	18,086	4.50%
Nov	407,114	1,699	319,114	78.39%	56,843	13.96%	16,138	3.96%	15,019	3.69%
Dec	426,100	1,627	298,320	70.02%	50,467	11.84%	35,373	8.30%	41,941	9.84%
Jan 2019	439,493	1,646	333,721	75.94%	66,115	15.04%	21,058	4.79%	18,598	4.23%
Feb	390,842	1,531	274,855	70.33%	63,642	16.28%	31,702	8.11%	20,643	5.28%
Mar	448,057	1,611	289,923	64.70%	69,170	15.44%	30,637	6.84%	58,328	13.02%
Apr	444,507	1,649	298,507	67.16%	63,541	14.29%	49,024	11.03%	33,435	7.52%
May	437,190	1,457	287,784	65.82%	61,240	14.01%	50,169	11.48%	37,997	8.69%
Jun	441,567	1,446	252,443	57.17%	67,770	15.35%	71,012	16.08%	50,341	11.40%
Jul	401,668	1,438	280,070	69.72%	66,719	16.61%	30,027	7.48%	24,852	6.19%
Aug	405,200	1,588	298,250	73.60%	65,105	16.07%	26,948	6.65%	14,897	3.68%
Sep	381,494	1,550**	278,544	73.01%	62,746	16.45%	18,818	4.93%	21,387	5.61%



* 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
October	11/11/19	11/12/19	11/13/19	10/25/19	10/28/19	11/13/19	11/14/19
November	12/11/19	12/12/19	12/13/19	11/25/19	11/26/19	12/13/19	12/16/19
December	01/11/20	01/13/20	01/14/20	12/26/19	12/26/19	01/14/20	01/15/20

** The base rate for making partial payments in Fulton County, GA for October will be \$18.47 per hundredweight. This is 90 percent of the preceding month's uniform price of \$20.52 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 – 593, October 10, 2019

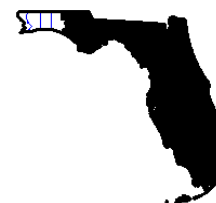
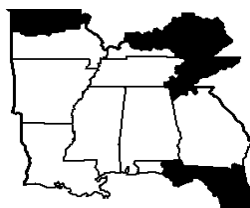
Milk production forecasts for 2019 are raised on higher cow numbers and stronger growth in milk per cow. For 2020, expected continued gains in milk per cow supported an increase in the milk production forecast.

For 2019, cheese and NDM prices are raised from the previous month, but price forecasts for butter and whey are reduced. The Class III price is raised from last month as the higher cheese price more than offsets the lower whey price; the Class IV price is raised as the higher NDM price more than offsets the lower butter price. For 2020, cheese and NDM prices are raised from the previous month, but the price forecast for butter is reduced. The whey price is unchanged. As a result, the Class III price forecast is higher, but the Class IV price is lowered, as the higher NDM price is more than offset by the lower butter price. The 2019 all milk price is forecast higher at \$18.40; for 2020 the price is unchanged at \$18.85 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/.



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](#) (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.