

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 Forecast for 2020

Excerpts from Livestock, Dairy, and Poultry Outlook, June 2020, USDA, Economic Research Service:

Based on higher-than-expected milk cow numbers in April, higher expected milk prices, and the decline in dairy cow slaughter numbers in recent weeks, the milk cow average for 2020 is forecast at 9.375 million head, 20,000 higher than last month's forecast. The milk per cow forecast has been lowered for the second quarter of 2020 as some dairy farmers have likely taken steps to reduce output in response to actions taken by cooperatives and milk handlers to limit growth in milk production. For the year, average milk per cow is forecast at 23,740 pounds, 30 pounds less than last month's forecast. Milk production is forecast at 222.5 billion pounds, an increase of 0.1 billion pounds from the previous forecast.

The forecast for 2020 exports on a milk-fat basis is 8.9 billion pounds, 0.3 billion lower than last month's forecast, as higher U.S. cheese prices are expected to dampen cheese exports. On a skim-solids basis, exports are forecast at 45.1 billion pounds, 0.7 billion higher than forecast last month, due to higher expected exports of dry skim milk products and lactose.

For 2020, the forecast for imports on a milk-fat basis is 6.8 billion pounds, 0.1 billion higher than last month's forecast, due to higher expected butter imports. The forecast for 2020 imports on a skim-solids basis has been raised to 5.8 billion pounds, 0.1 billion higher than last month, due to higher expected imports of low-fat milk powder in the second quarter.

With foodservice establishments reopening in many parts of the country, expected improvement in economic conditions, and relatively large Government purchases of dairy products, domestic use forecasts have (cont. at right)

Uniform Price

The uniform price in Fulton County, GA, was \$15.39 per hundredweight of milk at 3.5 percent butterfat for the month of May 2020. The uniform price is \$2.36 per hundredweight lower than the previous month and is \$3.85 lower than May 2019.

Class I utilization was 66.55 percent in May. This represents a 2.87 percent decrease from the previous month and is 0.73 percent higher than May of last year.

Dairy Forecast for 2020

(cont. from left) been raised for 2020. On a milk-fat basis, the 2020 domestic commercial use forecast is 218.6 billion pounds, 1.7 billion higher than last month's forecast. The 2020 forecast for domestic commercial use on a skim-solids basis is 181.7 billion pounds, 0.2 billion higher than last month's forecast. The forecast for 2020 ending stocks on a milk-fat basis is 14.2 billion pounds, 1.1 billion lower than last month's forecast. On a skim-solids basis, the 2020 forecast for ending stocks is 10.6 billion pounds, 0.7 billion lower than the previous forecast.

Based on recent price strength and higher expected domestic demand, the cheese price forecast for 2020 has been raised to \$1.660 per pound, 24 cents higher than last month's forecast. Likewise, the butter price forecast has been raised to \$1.680 per pound, 27 cents higher than the previous forecast. With higher expected exports, the NDM price forecast has been raised to \$1.000 per pound, 6 cents higher than forecast last month.

With the higher expected cheese price, the Class III price forecast for 2020 has been raised to \$15.65 per hundredweight (cwt), \$2.30 higher than last month's forecast. Higher expected butter and NDM prices translate to a Class IV price of \$13.55 per cwt, \$1.65 higher than last month's forecast. The all-milk price forecast for 2020 is \$16.65 an increase from the May forecast of \$14.55 per cwt.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - May 2020

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.49%	6,054,354	\$1.2948	\$ 7,839,177.59
Class I Differential at Location				196,634.86
Class II Butterfat	37.81%	5,518,397	\$1.3826	7,629,735.68
Class III Butterfat	4.46%	650,501	\$1.3756	894,829.19
Class IV Butterfat	16.24%	2,370,320	\$1.3756	3,260,612.17
Total Butterfat	100.00%	14,593,572		\$ 19,820,989.49

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.3582**

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	67.54%	251,050,154	\$8.72 /cwt.	\$ 21,891,573.42
Class I Butterfat	41.49%	6,054,354	\$1.2948 /lb.	7,839,177.59
Class I Differential at Location		257,104,508		8,353,089.18
Total Class I Milk	66.55%	257,104,508		\$ 38,083,840.19
Class II Skim Milk	15.16%	56,367,467	\$7.73 /cwt.	\$ 4,357,205.20
Class II Butterfat	37.81%	5,518,397	\$1.3826 /lb.	7,629,735.68
Total Class II Milk	16.02%	61,885,864		\$ 11,986,940.88
Class III Skim Milk	3.55%	13,209,012	\$7.59 /cwt.	\$ 1,002,564.02
Class III Butterfat	4.46%	650,501	\$1.3756 /lb.	894,829.19
Total Class III Milk	3.59%	13,859,513		\$ 1,897,393.21
Class IV Skim Milk	13.75%	51,111,471	\$6.07 /cwt.	\$ 3,102,466.25
Class IV Butterfat	16.24%	2,370,320	\$1.3756 /lb.	3,260,612.17
Total Class IV Milk	13.84%	53,481,791		\$ 6,363,078.42
Producer Milk	100.00%	386,331,676		\$ 58,331,252.70

Adjustments

Overage and Other Source		\$0.00
Inventory Adjustments		\$8,468.15
Producer butterfat at uniform butterfat price		(\$19,820,989.49)
Location Adjustments to Producers		\$2,465,727.40
1/2 Unobligated Balance in P.S.F.		\$164,843.42
Adjusted Pool Value		\$ 11.06943
Reserve for Producer Settlement Fund		\$ 0.04943

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$11.02**

Uniform Price per cwt. (Fulton County, Georgia) **\$15.39***

* 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 %
	May	June	April	May	May
Appalachian (Charlotte)	\$ 16.35	\$ 14.82	\$ 17.49	\$ 15.14	68.71%
Arizona (Phoenix)	\$ 15.30	\$ 13.77	\$ 13.33	\$ 12.38	29.38%
California (Woodland)	\$ 15.05	\$ 13.52	\$ 12.94	\$ 11.95	26.10%
Central (Kansas City)	\$ 14.95	\$ 13.42	\$ 13.51	\$ 12.24	27.31%
Florida (Tampa)	\$ 18.35	\$ 16.82	\$ 19.35	\$ 17.29	81.11%
Mideast (Cleveland)	\$ 14.95	\$ 13.42	\$ 14.22	\$ 12.73	31.20%
Northeast (Boston)	\$ 16.20	\$ 14.67	\$ 14.92	\$ 13.47	32.90%
Pacific Northwest (Seattle)	\$ 14.85	\$ 13.32	\$ 13.15	\$ 11.97	24.28%
Southeast (Atlanta)	\$ 16.75	\$ 15.22	\$ 17.75	\$ 15.39	66.55%
Southwest (Dallas)	\$ 15.95	\$ 14.42	\$ 14.22	\$ 13.01	36.12%
Upper Midwest (Chicago)	\$ 14.75	\$ 13.22	\$ 13.31	\$ 12.31	7.90%

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

Receipts:	May 2020	May 2019
Producer Milk		
Class I	257,104,508	287,784,462
Class II	61,885,864	61,239,632
Class III	13,859,513	50,168,687
Class IV	53,481,791	37,996,915
Total Producer Milk	<u>386,331,676</u>	<u>437,189,696</u>
Average Butterfat Test	3.77%	3.72%
Percent of Producer Milk in Class I	66.55%	65.82%
Daily Average Receipts	12,462,312	14,102,893
Other Source Milk		
Class I	8,614,556	3,778,540
Class II	3,610,476	12,189,174
Class III	0	0
Class IV	6,265,558	6,225,606
Total Other Source Milk	<u>18,490,590</u>	<u>22,193,320</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	476
Total Overage	<u>0</u>	<u>476</u>
Opening Inventory		
Class I	14,000,512	22,899,091
Class II	510,178	7,180,545
Class III	0	80,124
Class IV	10,008,716	14,441,642
Total Opening Inventory	<u>24,519,406</u>	<u>44,601,402</u>
Total Receipts	429,341,672	503,984,894
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	15,416,924	23,838,623
Route Disposition Class I	259,402,072	277,286,510
Shrinkage	1,608,123	3,132,492
Transfers & Diversions to Nonpool	3,292,457	10,204,468
Total Class I Utilization	<u>279,719,576</u>	<u>314,462,093</u>
Average Butterfat Test	2.34%	2.28%
Daily Average Utilization	9,023,212	10,143,938
Class II Utilization		
Nonfluid Used To Produce	2,629,397	3,667,847
Shrinkage	12,814	283,632
Transfers & Diversions to Nonpool/Commercial Foods	45,430,674	41,138,796
Used To Produce/Other Uses	17,933,633	35,519,076
Total Class II Utilization	<u>66,006,518</u>	<u>80,609,351</u>
Average Butterfat Test	9.49%	12.27%
Class III Utilization		
Shrinkage	0	3,467
Transfers & Diversions to Nonpool	13,859,513	50,245,344
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>13,859,513</u>	<u>50,248,811</u>
Average Butterfat Test	4.69%	2.07%
Class IV Utilization		
Inventory	24,013,182	12,067,022
Nonfluid Used To Fortify	542,286	1,249,454
Shrinkage	4,860,129	5,940,576
Transfers & Diversions to Nonpool	37,385,213	35,043,402
Used To Produce/Other Uses	2,955,255	4,364,185
Total Class IV Utilization	<u>69,756,065</u>	<u>58,664,639</u>
Average Butterfat Test	4.73%	4.92%
Total Utilization	429,341,672	503,984,894

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2020 is \$15.39 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.02 per hundredweight plus 3.5 times the uniform butterfat price of 1.3582 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 May 2020, Class I use, which is primarily bottled or packaged fluid milk, accounted for 67.54% of all producer skim milk (priced to handlers at \$8.72 per hundredweight, plus the Class I differential, see page 2) and 41.49% of producer butterfat (priced to handlers at \$1.2948 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 15.16% of all producer skim milk (\$7.73 per hundredweight) and 37.81% of producer butterfat (\$1.3826 per pound). Class III use, mostly milk used to produce cheese, accounted for 3.55% of all producer skim milk (\$7.59 per hundredweight) and 4.46% of producer butterfat (\$1.3756 per pound). Class IV use, generally milk processed into butter and powder, accounted for 13.75% of all producer skim milk (\$6.07 per hundredweight) and 16.24% of producer butterfat (\$1.3756 per pound).

Receipts of producer milk during May 2020 totaled 386.3 million pounds. There were 18 regulated pool distributing plants, 2 pool supply plants and 15 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2020. Class I route disposition in the area was 328.2 million pounds in April 2020.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
April 2020		
Whole Milk	137,075,546	41.77%
Fat Free Milk	17,213,880	5.24%
Low fat Milk (incl. 1%)	33,036,452	10.07%
Reduced Fat Milk (incl. 2%)	111,300,496	33.91%
Cultured Fluid Milk (incl. Buttermilk)	5,396,996	1.64%
Flavored Drinks and Milk	24,177,378	7.37%
Total Disposition in Marketing Area	328,200,748	100.0%
Total Disposition by Pool Plants	229,157,401	61.93%
Total Disposition by Nonpool Plants	99,043,347	38.07%
Total Disposition in Marketing Area	328,200,748	100.0%

Excerpts from USDA's Dairy Outlook

In April, substantial quantities of milk from various parts of the country were not processed due to low demand for dairy products and logistical problems resulting from effects of the COVID-19 pandemic. NASS milk production estimates generally include this milk. At the request of milk handlers, administrators of FMMOs have allowed this unprocessed milk to be pooled on a FMMO if that milk would normally have been pooled through the FMMO. This allows a handler to draw the difference between the pooled uniform price and the lowest use value of the milk, but the handler still bears the loss of that manufacturing value. If the handler is a farmer cooperative, as is most common, that loss is borne by its farmer-owners together.

This unprocessed milk priced and pooled on FMMOs falls within the broader regulatory category of milk in "other uses," which includes milk "that is dumped, used for animal feed, destroyed, or lost by a handler in a vehicular accident, flood, fire, or similar occurrence beyond the handler's control" (7 CFR §1000.40 (e)). This could include milk lost during processing and transportation, as well as milk discarded before or after processing. Every month, there is at least some milk that falls in this category. However, the quantity in April was extremely large, totaling nearly 350 million pounds. This quantity was 2.6 percent of total milk pooled on FMMOs in April. (Total milk pooled on FMMOs accounted for 73 percent of U.S. milk production in April.) For milk outside of the FMMO system, no data are available comparable to FMMO milk in "other uses."

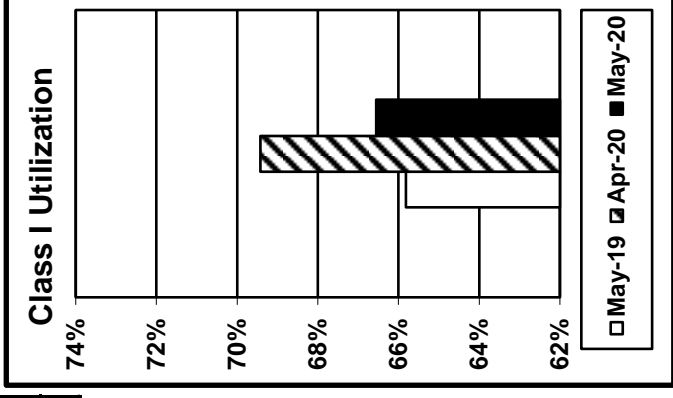
Source: Livestock, Dairy, and Poultry Outlook, LDP-M-312, June 17, 2020, USDA, Economic Research Service

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
Mar 2019	\$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	\$2.4101	\$16.68	\$10.68	\$2.4031	\$18.72	\$8.27	\$2.4031	\$16.39	\$12.40	\$2.4810	\$20.65
Nov	\$13.91	\$2.4335	\$21.94	\$9.02	\$2.3265	\$16.85	\$12.78	\$2.3195	\$20.45	\$8.79	\$2.3195	\$16.60	\$13.14	\$2.3705	\$20.98
Dec	\$15.41	\$2.3588	\$23.13	\$9.43	\$2.2022	\$16.81	\$12.11	\$2.1952	\$19.37	\$9.34	\$2.1952	\$16.70	\$14.20	\$2.2656	\$21.63
Jan 2020	\$15.51	\$2.2395	\$22.81	\$9.98	\$2.1187	\$17.05	\$10.01	\$2.1117	\$17.05	\$9.60	\$2.1117	\$16.65	\$14.25	\$2.1637	\$21.32
Feb	\$14.26	\$2.1689	\$21.35	\$10.24	\$1.9883	\$16.84	\$10.43	\$1.9813	\$17.00	\$9.60	\$1.9813	\$16.20	\$13.26	\$2.0586	\$20.00
Mar	\$14.62	\$2.0437	\$21.26	\$10.38	\$1.9247	\$16.75	\$9.88	\$1.9177	\$16.25	\$8.45	\$1.9177	\$14.87	\$13.21	\$1.9678	\$19.64
Apr	\$13.99	\$1.9819	\$20.44	\$9.55	\$1.3288	\$13.87	\$8.75	\$1.3218	\$13.07	\$7.02	\$1.3218	\$11.40	\$12.57	\$1.6052	\$17.75
May	\$12.52	\$1.3328	\$16.75	\$7.73	\$1.3826	\$12.30	\$7.59	\$1.3756	\$12.14	\$6.07	\$1.3756	\$10.67	\$11.02	\$1.3582	\$15.39
June	\$10.88	\$1.3487	\$15.22	\$6.69											

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.	%
Mar 2019	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	1,510	278,544	73.01%	62,746	16.45%	18,818	4.93%	21,387	5.61%
Oct	384,159	1,501	299,335	77.91%	65,484	17.05%	6,058	1.58%	13,282	3.46%
Nov	336,588	1,380	259,960	77.23%	55,026	16.35%	4,138	1.23%	17,463	5.19%
Dec	391,845	1,437	284,970	72.72%	58,388	14.90%	12,019	3.07%	36,468	9.31%
Jan 2020	419,672	1,430	299,358	71.33%	59,410	14.16%	13,406	3.19%	47,497	11.32%
Feb	358,024	1,353	259,633	72.51%	42,915	11.99%	13,844	3.87%	41,631	11.63%
Mar	463,410	1,390	306,587	66.16%	54,081	11.67%	18,066	3.90%	84,675	18.27%
Apr	386,784	1,393	268,509	69.42%	43,238	11.18%	20,234	5.23%	54,802	14.17%
May	386,332	1,393**	257,105	66.55%	61,886	16.02%	13,860	3.59%	53,482	13.84%



* 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
June	07/11/20	07/13/20	07/14/20	06/25/20	06/26/20	07/14/20	07/15/20
July	08/11/20	08/12/20	08/13/20	07/27/20	07/27/20	08/13/20	08/14/20
August	09/11/20	09/14/20	09/15/20	08/25/20	08/26/20	09/15/20	09/16/20

** The base rate for making partial payments in Fulton County, GA for June will be \$13.85 per hundredweight. This is 90 percent of the preceding month's uniform price of \$15.39 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%

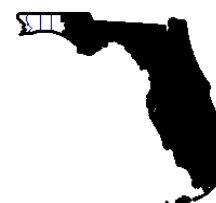
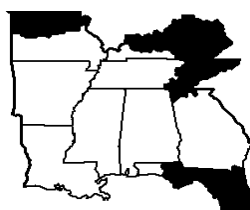
WASDE Dairy Report 1/ WASDE – 601, June 11, 2020

Milk production for 2020 is raised from last month on higher expected cow numbers. The fat basis import forecast is raised from the previous month on higher imports of butter fat products, while the fat basis export forecast is reduced on lower expected sales of cheese. The 2020 skim-solids basis import forecast is raised from last month on recent trade data and expectations of higher imports of a number of dairy products. The skim-solids basis export forecast is raised primarily on higher skim milk powder and lactose exports. Price forecasts for cheese, butter, and nonfat dry milk are raised from the previous month on recent price strength and stronger anticipated demand. The whey price forecast is lowered from last month. Class III and Class IV prices are raised for 2020. The all milk price forecast is raised to \$16.65 per cwt for 2020.

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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