

Market Information BULLETIN



Harold H. Friedly, Jr. - Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

November 2020

Volume 21—No. 11

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

Dairy Outlook

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

Dairy Forecasts for the Remainder of 2020

Based on recent milk production data, milk cows for the fourth quarter of 2020 are expected to average 9.370 million head, 5,000 more than last month's forecast. Average milk output per cow in the third quarter was 5,910 pounds per head, 10 pounds more than expected. For the fourth quarter, the forecast has been raised by 10 pounds to 5,875 pounds per head. The forecast for the year is 23,755 pounds, 20 pounds higher than last month's forecast. The milk production forecast for 2020 is 222.5 billion pounds, 0.2 billion higher than last month's forecast.

Based on recent price strength, price forecasts for the fourth quarter of 2020 have been raised for Cheddar cheese, nonfat dry milk, and dry whey to \$2.295 per pound (+21.5 cents), \$1.080 per pound (+1.5 cents), and \$0.360 per pound (+2.0 cents), respectively. The forecast for the fourth-quarter butter price has been lowered to \$1.500 per pound (-3.5 cents) due to recent price declines and high stock levels. For the year, price forecasts for Cheddar cheese, nonfat dry milk, and dry whey have been raised to \$1.965 (+5.5 cents), \$1.040 (+0.5 cents), and \$0.355 (+0.5 cents), respectively. The forecast for the 2020 butter price has been lowered to \$1.585 per pound (-1.0 cent).

With higher price forecasts for Cheddar cheese and dry whey, the fourth-quarter Class III milk price forecast has been raised to \$21.70 per hundredweight (cwt), \$2.20 higher than last month's forecast. With the lower butter price forecast more than offsetting the higher NDM price forecast, the fourth-quarter Class IV milk price forecast has been lowered to \$13.45 per cwt, \$0.05 lower than the previous forecast. The all-milk price forecast for the fourth quarter has been (continued at right)

Uniform Price

The uniform price in Fulton County, GA, was \$17.86 per hundredweight of milk at 3.5 percent butterfat for October 2020. The uniform price is \$1.76 per hundredweight lower than the previous month and is \$2.79 lower than October 2019.

Class I utilization was 70.52 percent in October. This represents a 3.24 percent increase from the previous month and is 7.39 percent lower than October of last year.

Dairy Outlook, continued

(continued from left) raised by \$0.85 to \$19.75 per cwt \$19.75 per cwt. For the year, the Class III price forecast has been raised \$0.55 to \$18.55 per cwt, but the rounded Class IV price annual forecast is unchanged at \$13.50 per cwt. The all-milk price forecast for 2020 is \$18.25 per cwt, \$0.25 higher than the previous forecast.

Dairy Forecasts for 2021

The milk production forecast for 2021 has been raised based on recent milk production data and higher expected milk prices. However, higher feed costs are expected to slow the rate of growth.

On a skim-solids basis, the forecast for dairy exports has been raised 48.1 billion pounds, 0.3 billion higher than last month, due to higher expected exports of dry skim milk products brought about by competitive U.S. prices. The forecast for 2021 imports on a milk-fat basis has been raised to 6.9 billion pounds, 0.2 billion higher than last month's forecast, due to higher expected imports of cheese and butterfat products. On a skim-solids basis, the import forecast for 2021 has been lowered to 5.6 billion pounds (-0.1 billion) due to lower expected imports of miscellaneous dairy products.

The forecast for milk per cow in 2021 has been raised by 20 pounds to 24,090 pounds per head. The forecast for (continued on page 4)

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.47%	6,430,712	\$1.5933	\$ 10,246,053.44
Class I Differential at Location				209,237.83
Class II Butterfat	44.35%	6,716,435	\$1.6458	11,053,908.73
Class III Butterfat	1.14%	172,409	\$1.6388	282,543.86
Class IV Butterfat	12.04%	1,823,993	\$1.6388	2,989,159.72
Total Butterfat	100.00%	15,143,549		\$ 24,780,903.58

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.6364**

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	71.67%	265,701,875	\$9.97 /cwt.	\$ 26,490,476.94
Class I Butterfat	42.47%	6,430,712	\$1.5933 /lb.	10,246,053.44
Class I Differential at Location		272,132,587		8,837,741.21
Total Class I Milk	70.52%	272,132,587		\$ 45,574,271.59
Class II Skim Milk	18.15%	67,291,137	\$8.15 /cwt.	\$ 5,484,227.68
Class II Butterfat	44.35%	6,716,435	\$1.6458 /lb.	11,053,908.73
Total Class II Milk	19.18%	74,007,572		\$ 16,538,136.41
Class III Skim Milk	1.74%	6,468,645	\$16.45 /cwt.	\$ 1,064,092.11
Class III Butterfat	1.14%	172,409	\$1.6388 /lb.	282,543.86
Total Class III Milk	1.72%	6,641,054		\$ 1,346,635.97
Class IV Skim Milk	8.44%	31,279,030	\$8.01 /cwt.	\$ 2,505,450.31
Class IV Butterfat	12.04%	1,823,993	\$1.6388 /lb.	2,989,159.72
Total Class IV Milk	8.58%	33,103,023		\$ 5,494,610.03
Producer Milk	100.00%	385,884,236		\$ 68,953,654.00

Adjustments

Overage and Other Source	\$25,423.54
Inventory Adjustments	\$294,683.80
Producer butterfat at uniform butterfat price	(\$24,780,903.58)
Location Adjustments to Producers	\$2,124,592.56
1/2 Unobligated Balance in P.S.F.	\$162,977.80

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 12.61810	\$46,780,428.12
	\$ 0.04810	\$178,323.75

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

\$12.57

Uniform Price per cwt. (Fulton County, Georgia)

\$17.86*

* 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 %
	October	November	September	October	October
Appalachian (Charlotte)	\$ 18.60	\$ 21.44	\$ 19.68	\$ 17.82	80.77%
Arizona (Phoenix)	\$ 17.55	\$ 20.39	\$ 16.00	\$ 15.24	29.38%
California (Woodland)	\$ 17.30	\$ 20.14	\$ 14.47	\$ 13.88	26.10%
Central (Kansas City)	\$ 17.20	\$ 20.04	\$ 15.71	\$ 14.23	47.60%
Florida (Tampa)	\$ 20.60	\$ 23.44	\$ 21.85	\$ 19.65	84.39%
Midwest (Cleveland)	\$ 17.20	\$ 20.04	\$ 16.16	\$ 14.74	46.20%
Northeast (Boston)	\$ 18.45	\$ 21.29	\$ 16.80	\$ 17.07	32.90%
Pacific Northwest (Seattle)	\$ 17.10	\$ 19.94	\$ 15.19	\$ 15.84	24.28%
Southeast (Atlanta)	\$ 19.00	\$ 21.84	\$ 19.62	\$ 17.86	70.52%
Southwest (Dallas)	\$ 18.20	\$ 21.04	\$ 15.83	\$ 14.23	38.35%
Upper Midwest (Chicago)	\$ 17.00	\$ 19.84	\$ 15.97	\$ 17.18	24.40%

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

Receipts:	Oct. 2020	Oct. 2019
Producer Milk		
Class I	272,132,587	299,335,080
Class II	74,007,572	65,484,462
Class III	6,641,054	6,058,163
Class IV	33,103,023	13,281,500
Total Producer Milk	385,884,236	384,159,205
Average Butterfat Test	3.92%	3.86%
Percent of Producer Milk in Class I	70.52%	77.91%
Daily Average Receipts	12,447,879	12,392,232
Other Source Milk		
Class I	7,920,892	9,347,325
Class II	3,667,020	2,776,589
Class III	1,084,202	0
Class IV	8,231,590	4,217,000
Total Other Source Milk	20,903,704	16,340,914
Overage		
Class I	0	0
Class II	0	0
Class III	150,954	0
Class IV	361	0
Total Overage	151,315	0
Opening Inventory		
Class I	20,274,192	17,622,807
Class II	788,369	352,536
Class III	3,088,974	0
Class IV	16,632,517	18,449,412
Total Opening Inventory	40,784,052	36,424,755
Total Receipts	447,723,307	436,924,874
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	20,978,841	21,128,064
Route Disposition Class I	271,979,093	289,333,551
Shrinkage	4,716,837	3,828,029
Transfers & Diversions to Nonpool	2,652,900	12,015,568
Total Class I Utilization	300,327,671	326,305,212
Average Butterfat Test	2.35%	2.22%
Daily Average Utilization	9,687,989	10,525,975
Class II Utilization		
Nonfluid Used To Produce	2,170,600	1,850,569
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods	61,386,877	49,868,194
Used To Produce/Other Uses	14,905,484	16,894,824
Total Class II Utilization	78,462,961	68,613,587
Average Butterfat Test	8.79%	10.32%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	10,965,184	6,058,163
Used To Produce/Other Uses	0	0
Total Class III Utilization	10,965,184	6,058,163
Average Butterfat Test	1.57%	5.60%
Class IV Utilization		
Inventory	16,782,721	14,549,373
Nonfluid Used To Fortify	1,604,765	1,897,577
Shrinkage	5,299,210	5,575,913
Transfers & Diversions to Nonpool	31,060,895	10,617,456
Used To Produce/Other Uses	3,219,900	3,307,593
Total Class IV Utilization	57,967,491	35,947,912
Average Butterfat Test	5.54%	7.07%
Total Utilization	447,723,307	436,924,874

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2020 is \$17.86 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.57 per hundredweight plus 3.5 times the uniform butterfat price of 1.6434 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 October 2020, Class I use, which is primarily bottled or packaged fluid milk, accounted for 71.67% of all producer skim milk (priced to handlers at \$9.97 hundredweight, plus the Class I differential, see page 2) and 42.47% of producer butterfat (priced to handlers at \$1.5933 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 18.15% of all producer skim milk (\$8.15 per hundredweight) and 44.35% of producer butterfat (\$1.6458 per pound). Class III use, mostly milk used to produce cheese, accounted for 1.74% of all producer skim milk (\$16.45 per hundredweight) and 1.14% of producer butterfat (\$1.6388 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.44% of all producer skim milk (\$8.01 per hundredweight) and 12.04% of producer butterfat (\$1.6388 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<u>September 2020</u>		
Whole Milk	126,017,506	40.02%
Fat Free Milk	14,703,594	4.67%
Low fat Milk (incl. 1%)	31,443,319	10.00%
Reduced Fat Milk (incl. 2%)	100,552,734	31.94%
Cultured Fluid Milk (incl. Buttermilk)	4,954,921	1.57%
Flavored Drinks and Milk	37,184,504	11.80%
Total Disposition in Marketing Area	314,856,578	100.00%
Total Disposition by Pool Plants	215,904,989	68.57%
Total Disposition by Nonpool Plants	98,951,589	31.43%
Total Disposition in Marketing Area	314,856,578	100.00%

Receipts of producer milk during October 2020 totaled 385.9 million pounds. There were 18 regulated pool distributing plants, 2 pool supply plants and 16 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for October 2020. Class I route disposition in the area was 314.9 million pounds in September 2020.

Dairy Outlook, (continued)

(continued from page 4) 2020 average size of the milking herd has been raised to 9.380 million head, 10,000 higher than last month's forecast. The milk production forecast for 2021 is 225.9 billion pounds, 0.4 billion higher than last month's forecast.

The forecast for 2021 domestic use on a milk-fat basis is 222.5 billion pounds, 0.6 billion higher than last month's forecast, due to an improved outlook for the U.S. economy. Based on recent price movements and an improved economic outlook, price forecasts for 2021 have been raised for Cheddar cheese, dry whey, and NDM to \$1.825 (+2.5 cents), \$0.365 (+0.5 cents), and \$1.055 (+0.5 cents) per pound, respectively. However, with recent price movements and high stock levels for butter expected to carry into 2021, the butter price forecast has been lowered to \$1.685 per pound (-2.0 cents). With higher expected prices for cheese and dry whey, the Class III price forecast for 2021 has been raised by \$0.25 to \$17.25 per cwt. With the lower expected butter price more than offsetting the higher expected NDM price, the Class IV price forecast has been lowered by \$0.10 to \$14.00 per cwt. The all-milk price forecast for 2021 has been raised by \$0.10 to \$17.70 per cwt.

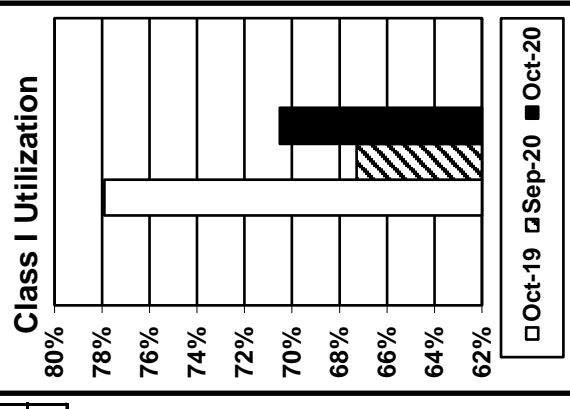
Source: *Livestock, Dairy, and Poultry Outlook, LDP-M-317, November 17, 2020, USDA, Economic Research Service*

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
Oct 2019	\$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
Jun	\$10.88	\$1.3487	\$15.22	\$6.69	\$1.8661	\$12.99	\$15.06	\$1.8591	\$21.04	\$6.62	\$1.8591	\$12.90	\$10.01	\$1.6333	\$15.38
Jul	\$14.42	\$1.8403	\$20.36	\$7.16	\$1.9653	\$13.79	\$18.33	\$1.9583	\$24.54	\$7.16	\$1.9583	\$13.76	\$12.66	\$1.9065	\$18.89
Aug	\$17.14	\$2.0123	\$23.58	\$7.82	\$1.6345	\$13.27	\$14.58	\$1.6275	\$19.77	\$7.08	\$1.6275	\$12.53	\$14.42	\$1.7889	\$20.18
Sep	\$16.82	\$1.7155	\$22.24	\$7.83	\$1.6002	\$13.16	\$11.25	\$1.5932	\$16.43	\$7.43	\$1.5932	\$12.75	\$14.37	\$1.6436	\$19.62
Oct	\$13.77	\$1.6313	\$19.00	\$8.15	\$1.6458	\$13.63	\$16.45	\$1.6388	\$21.61	\$8.01	\$1.6388	\$13.47	\$12.57	\$1.6364	\$17.86
Nov	\$16.58	\$1.6696	\$21.84	\$8.70											

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 2019	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	1,388	257,105	66.55%	61,886	16.02%	13,860	3.59%	53,482	13.84%
Jun	365,386	1,322	255,976	70.06%	80,358	21.99%	5,868	1.61%	23,183	6.34%
Jul	388,050	1,328	269,249	69.38%	79,863	20.58%	4,374	1.13%	34,563	8.91%
Aug	368,292	1,328	250,480	68.01%	80,105	21.75%	3,498	0.95%	34,209	9.29%
Sep	393,116	1,388	264,494	67.28%	76,306	19.41%	12,489	3.18%	39,826	10.13%
Oct	385,884	1,375**	272,133	70.52%	74,008	19.18%	6,641	1.72%	33,103	8.58%



* 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
November	12/11/20	12/14/20	12/15/20	11/25/20	11/27/20	12/15/20	12/16/20
December	01/11/21	01/12/21	01/13/21	12/28/20	12/28/20	01/13/21	01/14/21
January-21	02/11/21	02/12/21	02/16/21	01/25/21	01/26/21	02/16/21	02/17/21

** The base rate for making partial payments in Fulton County, GA for November will be \$16.07 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.86 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 – 606, November 10, 2020

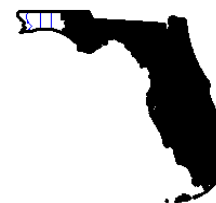
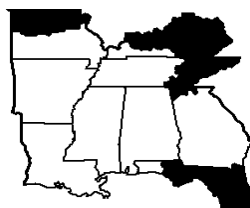
The milk production forecasts for 2020 and 2021 are raised from the previous month on stronger growth in milk per cow and higher expected dairy cow inventory.... Cheese, nonfat dry milk (NDM), and whey price forecasts for 2020 are raised from last month on strength in demand. The butter price forecast for 2020 is reduced on current and expected continued weakness in prices. The 2020 Class III price forecast is raised on higher prices for cheese and whey. The Class IV price forecast is unchanged from last month as the higher NDM price offsets the lower butter price. The 2020 all-milk price forecast is raised to \$18.25 per cwt.

For 2021, cheese, NDM, and whey price forecasts are raised on continued strength in demand. The butter price forecast is reduced on lower expected prices through the first part of the year. The 2021 Class III price forecast is raised on higher forecast prices for cheese and whey. The Class IV price forecast is reduced as the lowered butter price more than offsets the increase in NDM. The all milk price forecast for 2021 is raised to \$17.70 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 \(PDF\)](http://www.ascr.usda.gov/complaint_filing_cust.html), 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.