

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Harold H. Friedly, Jr. - Market Administrator

www.fmmatlanta.com

January 2021

Volume 22—No. 1

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

Dairy Outlook

Excerpts from *Livestock, Dairy, and Poultry Outlook, January 2021, USDA, Economic Research Service:*

Dairy Estimates for 2020

Based on recent milk production data, the milk production estimate for 2020 has been raised to 222.9 billion pounds, 0.2 billion higher than last month's forecast. The estimate for the average number of milk cows for 2020 has been raised to 9.380 million head, 5,000 more than last month's forecast. Milk per cow for 2020 is expected to average 23,765 pounds per head, 10 pounds more than the previous forecast. The estimate for 2020 dairy imports on a milk-fat basis has been lowered to 6.8 billion pounds (-0.1 billion) due to lower expected imports of butterfat products. While dairy supply and use data are not yet available for December, complete 2020 price data are available, with the exception of the all-milk price. For the year, average prices for Cheddar cheese, dry whey, butter, and NDM were \$1.9236, \$0.3621, \$1.5808, and \$1.0417 per pound, respectively. The Class III and IV milk prices averaged \$18.16 and \$13.49 per hundredweight (cwt), respectively. The all-milk price estimate for 2020 is \$18.30 per cwt, \$0.05 higher than last month's forecast.

Dairy Forecasts for 2021

Based on recent data and higher expected milk prices, the milk production forecast for 2021 has been raised to 226.7 billion pounds, 0.4 billion higher than last month's forecast. Milk cows are projected to average 9.410 million head, 15,000 higher than last month's forecast. Milk per cow is projected to average 24,095 per head, 5 pounds more than the previous forecast. Dairy import forecasts have been lowered on both the milk-fat and skim-solids bases to 6.6 billion pounds (-0.2 billion) and 5.5 billion pounds (-0.1 billion), respectively, due to lower expected imports of butterfat products and milk protein concentrate. Due to an improved economic (continued at right)

Uniform Price

The uniform price in Fulton County, GA, was \$20.99 per hundredweight of milk at 3.5 percent butterfat for December 2020. The uniform price is \$1.33 per hundredweight higher than the previous month and is \$0.64 lower than last year.

Class I utilization was 68.29 percent in December. This represents a 0.60 percent decrease from the previous month and is 4.43 percent lower than December of last year.

Dairy Outlook, continued

(continued from left) outlook, enhanced by Federal Government actions to stimulate the economy and USDA's announcements regarding purchases of dairy products, domestic demand expectations for dairy products have strengthened.

The forecast for 2021 domestic use on a milk-fat basis is 222.6 billion pounds, 0.1 billion higher than last month's forecast. On a skim-solids basis, the forecast for domestic use has been raised by 0.1 billion pounds to 182.4 billion pounds. Due to stronger expected demand, price forecasts for 2021 have been raised for Cheddar cheese, dry whey, butter, and NDM to \$1.740 (+10.5 cents), \$0.450 (+4.5 cents), \$1.605 (+3.5 cents), and \$1.100 (+3.5 cents), respectively. With higher dairy product prices expected across the board, Class III and IV milk price forecasts for 2021 are \$16.90 per cwt (+\$1.30) and \$14.10 per cwt (+\$0.50), respectively. The all-milk price forecast for 2021 is \$17.65 per cwt, \$1.05 higher than last month's forecast.

Recent Federal Government Actions Affecting Dairy Markets

On December 21, Congress passed the Consolidated Appropriations Act (CAA) of 2021 (H.R. 133 of the 116th Congress), and the President signed it into law on December 27. The CAA includes \$900 billion (continued. on page 4)

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.41%	6,779,045	\$1.5756	\$ 10,681,063.31
Class I Differential at Location				220,758.79
Class II Butterfat	38.98%	6,381,138	\$1.5469	9,870,982.38
Class III Butterfat	8.36%	1,368,039	\$1.5399	2,106,643.27
Class IV Butterfat	11.25%	1,840,768	\$1.5399	2,834,598.64
Total Butterfat	100.00%	16,368,990		\$ 25,714,046.39

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.5709**

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	69.41%	273,311,057	\$14.88 /cwt.	\$ 40,668,685.28
Class I Butterfat	41.41%	6,779,045	\$1.5756 /lb.	10,681,063.31
Class I Differential at Location		280,090,102		9,132,725.04
Total Class I Milk	68.29%	280,090,102		\$ 60,482,473.63
Class II Skim Milk	15.82%	62,298,680	\$8.91 /cwt.	\$ 5,550,812.42
Class II Butterfat	38.98%	6,381,138	\$1.5469 /lb.	9,870,982.38
Total Class II Milk	16.75%	68,679,818		\$ 15,421,794.80
Class III Skim Milk	8.55%	33,662,662	\$10.71 /cwt.	\$ 3,605,271.12
Class III Butterfat	8.36%	1,368,039	\$1.5399 /lb.	2,106,643.27
Total Class III Milk	8.54%	35,030,701		\$ 5,711,914.39
Class IV Skim Milk	6.22%	24,480,183	\$8.26 /cwt.	\$ 2,022,063.10
Class IV Butterfat	11.25%	1,840,768	\$1.5399 /lb.	2,834,598.64
Total Class IV Milk	6.42%	26,320,951		\$ 4,856,661.74
Producer Milk	100.00%	410,121,572		\$ 86,472,844.56

Adjustments

Overage and Other Source	\$12,858.37
Inventory Adjustments	\$6,809.95
Producer butterfat at uniform butterfat price	(\$25,714,046.39)
Location Adjustments to Producers	\$2,412,368.33
1/2 Unobligated Balance in P.S.F.	\$165,543.35
Adjusted Pool Value	\$ 16.09040
Reserve for Producer Settlement Fund	\$ 0.04040
	\$63,356,378.17
	\$159,088.76

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$16.05**

Uniform Price per cwt. (Fulton County, Georgia) **\$20.99***

* 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 %
	December	January	November	December	December
Appalachian (Charlotte)	\$ 23.27	\$ 18.54	\$ 19.72	\$ 20.61	68.06%
Arizona (Phoenix)	\$ 22.22	\$ 17.49	\$ 16.04	\$ 16.24	29.38%
California (Woodland)	\$ 21.97	\$ 17.24	\$ 13.79	\$ 14.94	26.10%
Central (Kansas City)	\$ 21.87	\$ 17.14	\$ 14.84	\$ 16.23	37.88%
Florida (Tampa)	\$ 25.27	\$ 20.54	\$ 21.70	\$ 23.18	80.84%
Mideast (Cleveland)	\$ 21.87	\$ 17.14	\$ 15.94	\$ 16.90	41.40%
Northeast (Boston)	\$ 23.12	\$ 18.39	\$ 18.27	\$ 17.26	32.90%
Pacific Northwest (Seattle)	\$ 21.77	\$ 17.04	\$ 16.46	\$ 15.52	24.28%
Southeast (Atlanta)	\$ 23.67	\$ 18.94	\$ 19.66	\$ 20.99	68.29%
Southwest (Dallas)	\$ 22.87	\$ 18.14	\$ 14.89	\$ 16.31	33.56%
Upper Midwest (Chicago)	\$ 21.67	\$ 16.94	\$ 17.91	\$ 15.89	13.30%

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

Receipts:	Dec. 2020	Dec. 2019
Producer Milk		
Class I	280,090,102	284,969,653
Class II	68,679,818	58,388,347
Class III	35,030,701	12,019,179
Class IV	26,320,951	36,467,732
Total Producer Milk	410,121,572	391,844,911
Average Butterfat Test	3.99%	3.95%
Percent of Producer Milk in Class I	68.29%	72.72%
Daily Average Receipts	13,229,728	12,640,158
Other Source Milk		
Class I	4,714,977	6,966,438
Class II	2,126,564	2,436,099
Class III	0	0
Class IV	10,466,529	5,334,682
Total Other Source Milk	17,308,070	14,737,219
Overage		
Class I	6,155	0
Class II	0	1,049
Class III	0	0
Class IV	7,944	0
Total Overage	14,149	1,049
Opening Inventory		
Class I	19,110,948	20,720,303
Class II	691,027	2,527,047
Class III	58,527	0
Class IV	21,152,782	12,792,216
Total Opening Inventory	41,013,284	36,039,566
Total Receipts	468,457,075	442,622,745
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	21,029,702	23,622,296
Route Disposition Class I	278,442,669	315,081,217
Shrinkage	2,963,399	-36,048,132
Transfers & Diversions to Nonpool	1,480,257	12,339,550
Total Class I Utilization	303,916,027	314,994,931
Average Butterfat Test	2.42%	2.11%
Daily Average Utilization	9,803,743	10,161,127
Class II Utilization		
Nonfluid Used To Produce	1,894,452	1,629,183
Shrinkage	15,027	647
Transfers & Diversions to Nonpool/Commercial Foods	52,582,617	46,326,612
Used To Produce/Other Uses	17,011,468	17,446,200
Total Class II Utilization	71,503,564	65,402,642
Average Butterfat Test	8.92%	11.68%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	35,089,228	12,019,179
Used To Produce/Other Uses	0	0
Total Class III Utilization	35,089,228	12,019,179
Average Butterfat Test	3.89%	4.73%
Class IV Utilization		
Inventory	19,223,801	16,064,103
Nonfluid Used To Fortify	2,236,986	2,302,277
Shrinkage	4,710,567	5,168,001
Transfers & Diversions to Nonpool	28,213,614	29,956,334
Used To Produce/Other Uses	3,563,288	4,517,333
Total Class IV Utilization	57,948,256	58,008,048
Average Butterfat Test	9.05%	6.77%
Total Utilization	468,457,075	450,424,800

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2020 is \$20.99 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$16.05 per hundredweight plus 3.5 times the uniform butterfat price of 1.5709 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 December 2020, Class I use, which is primarily bottled or packaged fluid milk, accounted for 69.41% of all producer skim milk (priced to handlers at \$14.88 hundredweight, plus the Class I differential, see page 2) and 41.41% of producer butterfat (priced to handlers at \$1.5756 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 15.82% of all producer skim milk (\$8.91 per hundredweight) and 38.98% of producer butterfat (\$1.5469 per pound). Class III use, mostly milk used to produce cheese, accounted for 8.55% of all producer skim milk (\$10.71 per hundredweight) and 8.36% of producer butterfat (\$1.5399 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.22% of all producer skim milk (\$8.26 per hundredweight) and 11.25% of producer butterfat (\$1.5399 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<u>November 2020</u>		
Whole Milk	127,013,205	39.08%
Fat Free Milk	15,175,394	4.66%
Low fat Milk (incl. 1%)	36,670,138	11.28%
Reduced Fat Milk (incl. 2%)	98,712,122	30.37%
Cultured Fluid Milk (incl. Buttermilk)	7,367,384	2.27%
Flavored Drinks and Milk	40,097,593	12.34%
Total Disposition in Marketing Area	325,035,836	100.00%
Total Disposition by Pool Plants	227,369,353	69.95%
Total Disposition by Nonpool Plants	97,666,483	30.05%
Total Disposition in Marketing Area	325,035,836	100.00%

Receipts of producer milk during December 2020 totaled 410.1 million pounds. There were 19 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 December 2020. Class I route disposition in the area was 325 million pounds in November 2020.

Dairy Outlook, continued

(continued from page 1) for COVID-19 relief in the form of direct payments to households, jobless aid, support for small businesses, and many other financial stimulus measures. The relief provisions include about \$13 billion specifically designated for the agricultural sector.

For the dairy industry specifically, the CAA includes supplemental Dairy Margin Coverage (DMC) payments based on the difference between each participant's actual milk production in 2019 and the operation's historical production base previously established through the program. The CAA establishes a dairy donation program to provide \$400 million to pay for milk to be processed into dairy products and donated to nonprofit entities. Also, the Secretary of Agriculture is authorized to make recourse loans available to dairy processors, packagers, or merchandisers impacted by COVID-19.

On January 4, USDA announced continuation of the Farmers to Families Food Box Program using additional funding from the CAA. Under this fifth round of the program, USDA will purchase an additional \$1.5 billion worth of food for distribution to Americans in need. Contract awards are expected to be made by January 19. Deliveries will begin shortly thereafter and will continue through the end of April. USDA will purchase combination boxes that include fresh produce, dairy products, fluid milk, meat products, and seafood products.

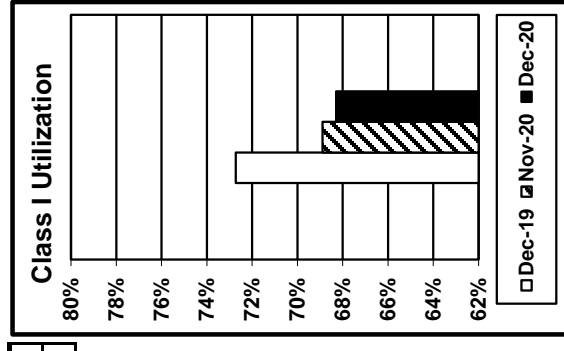
For more information, see the USDA Farmers to Families Food Box website. USDA has also solicited purchases of significant quantities of dairy products under the authority of Section 32 of the Act of August 24, 1935. For more information, see the USDA, Agricultural Marketing Service website.

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	\$1.5623	\$13.86	\$18.55	\$1.5553	\$23.34	\$8.14	\$1.5553	\$13.30	\$14.55	\$1.6041	\$19.66
Dec	\$18.68	\$1.6136	\$23.67	\$8.91	\$1.5469	\$14.01	\$10.71	\$1.5399	\$15.72	\$8.26	\$1.5399	\$13.36	\$16.05	\$1.5709	\$20.99
Jan	\$13.83	\$1.5989	\$18.94	\$9.03											

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.	%
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	1,395	272,133	70.52%	74,008	19.18%	6,641	1.72%	33,103	8.58%
Nov	375,340	1,268	258,579	68.89%	68,826	18.34%	7,806	2.08%	40,129	10.69%
Dec	410,122	1,287**	280,090	68.29%	68,680	16.75%	35,031	8.54%	26,321	6.42%



* 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
Dec-20	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
February-21	03/11/21	03/12/21	03/15/21	02/25/21	02/26/21	03/15/21	03/16/21

** The base rate for making partial payments in Fulton County, GA for January will be \$18.89 per hundredweight. This is 90 percent of the preceding month's uniform price.

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 – 608, January 12, 2021

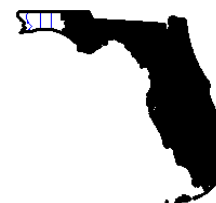
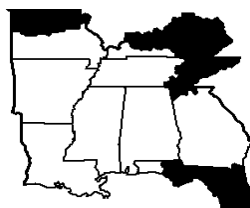
The milk production estimate for 2020 and forecast for 2021 are raised from December on growth in milk per cow and higher dairy cow numbers. Fat basis imports for 2020 and 2021 are reduced from last month on lower expected imports of butterfat products. The fat basis export estimate for 2020 is unchanged, but the 2021 forecast is raised on higher expected exports of butterfat products. The skim-solids basis import estimate for 2020 is unchanged but the 2021 forecast is reduced. The skim-solids basis export estimate for 2020 is reduced on recent trade data while the 2021 forecast is unchanged.

Dairy product price estimates for 2020 reflect December price data. For 2021, cheese, butter, nonfat dry milk (NDM), and whey price forecasts are raised from last month on firm domestic demand. The 2021 Class III price and Class IV price are raised from the previous month on higher product prices. The 2021 all milk price forecast is raised to \$17.65 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](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.