

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 2018

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

Based on recent data, the 2018 yield-per-cow forecast has been raised to 23,335 pounds, 40 pounds higher than last month. Milk cow numbers have been lowered by 5,000 pounds for the first quarter of 2018, but no changes have been made to the forecasts for the outlying quarters. The milk production forecast for 2018 is 220.4 billion pounds, 0.3 billion pounds more than last month's forecast.

The export forecast for 2018 on a milk-fat basis has been raised 0.4 billion pounds to 9.6 billion, based on expectations for higher butter exports, stemming from expectations that domestic prices will remain competitive with international prices. Imports on a milk-fat basis are also expected higher in 2018 than previously forecast, at 5.9 billion pounds, as strong imports of butter are expected to continue. The forecast for ending stocks in 2018 is unchanged at 12.1 billion pounds. The domestic use forecast on a milk-fat basis is 216.7 billion pounds, 0.4 billion more than last month's forecast, as cheese demand is expected to be strong and lower butter prices are expected to contribute to greater butter consumption.

The 2018 forecast for exports on a skim-solids basis has been raised 0.2 billion pounds to 42.0 billion, as the growth in exports of whey products is expected to continue. The import forecast on a skim-solids basis for 2018 is unchanged at 6.2 billion pounds. Ending stocks are forecast 0.3 billion pounds higher than last month, at 9.7 billion pounds for the year. The 2018 domestic use forecast on a skim-solids basis is 185.0 billion pounds, 0.7 billion more than last month's forecast, with stronger expected cheese demand and greater consumption of NDM and dry whey due to lower expected prices.

With higher expected cheese (cont. on page 4)

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$19.61 per hundredweight of milk at 3.5 percent butterfat for the month of September. The uniform price is \$0.41 lower than the previous month and is \$0.40 per hundredweight higher compared to September 2016.

Class I utilization was 76.55 percent in September, 0.67 percent lower than the previous month and 2.36 percent lower than September of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in August 2017 was 18.05 billion pounds, 2.0 percent higher than August of last year and 1.2 percent lower compared with July 2017 on a daily average basis. Total cheese output (excluding cottage cheese) was 1.03 billion pounds, 2.3 percent above August 2016 but 0.7 percent below July 2017. Butter production was 131 million pounds, 6.2 percent above August 2016 but 3.4 percent below July 2017.

Nonfat dry milk powder production was 136.0 million pounds in August, up 15.9 percent from August of last year and 7.9 percent lower than July 2017. Total dry whey production was 95.8 million pounds in August, 24.5 percent higher than August 2016 and 4.5 percent lower than the previous month. Whey protein concentrates production was 37.9 million pounds in August, 6.3 percent above August 2016 and 9.8 percent lower than July 2017.

August's milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to 1 pound of whole milk, was 2.49, up from the 2.29 price ratio from the prior month. This is based upon both a higher all-milk price and lower corn, soybeans and alfalfa hay prices.

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

Calculation of Uniform Butterfat Price:

| | <u>Utilization</u> | <u>Pounds</u> | <u>Price/lb.</u> | <u>Value</u> |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat | 42.72% | 6,516,645 | \$3.0291 | \$ 19,739,569.38 |
| Class I Differential at Location | | | | 10,236,260.81 |
| Class II Butterfat | 39.55% | 6,032,785 | \$2.8629 | 17,271,260.17 |
| Class III Butterfat | 4.51% | 688,610 | \$2.8559 | 1,966,601.31 |
| Class IV Butterfat | 13.22% | 2,015,924 | \$2.8559 | 5,757,277.35 |
| Total Butterfat | 100.00% | 15,253,964 | | \$ 44,947,330.32 |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.9466**

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 | 77.87% | 306,120,039 | \$6.33 /cwt. | \$ 19,377,398.47 |
| Class I Butterfat | 42.72% | 6,516,645 | \$3.0291 /lb. | 19,739,569.38 |
| Class I Differential at Location | | 312,636,684 | | 10,236,260.81 |
| Total Class I Milk | 76.55% | 312,636,684 | | \$ 49,353,228.66 |
| Class II Skim Milk | 14.00% | 55,047,596 | \$7.03 /cwt. | \$ 3,869,845.99 |
| Class II Butterfat | 39.55% | 6,032,785 | \$2.8629 /lb. | 17,271,260.17 |
| Total Class II Milk | 14.96% | 61,080,381 | | \$ 21,141,106.16 |
| Class III Skim Milk | 2.75% | 10,811,408 | \$6.59 /cwt. | \$ 712,471.78 |
| Class III Butterfat | 4.51% | 688,610 | \$2.8559 /lb. | 1,966,601.31 |
| Total Class III Milk | 2.82% | 11,500,018 | | \$ 2,679,073.09 |
| Class IV Skim Milk | 5.38% | 21,142,900 | \$6.08 /cwt. | \$ 1,285,488.32 |
| Class IV Butterfat | 13.22% | 2,015,924 | \$2.8559 /lb. | 5,757,277.35 |
| Total Class IV Milk | 5.67% | 23,158,824 | | \$ 7,042,765.67 |
| Producer Milk | 100.00% | 408,375,907 | | \$ 80,216,173.58 |

Adjustments

| | |
|---|-------------------|
| Overage and Other Source | \$271.31 |
| Inventory Adjustments | \$3,542.87 |
| Producer butterfat at uniform butterfat price | (\$44,947,330.32) |
| Location Adjustments to Producers | \$2,599,664.65 |
| 1/2 Unobligated Balance in P.S.F. | \$178,422.88 |

Adjusted Pool Value

| | | |
|--------------------------------------|-------------------|------------------------|
| | \$ 9.67912 | \$38,050,744.97 |
| Reserve for Producer Settlement Fund | \$ 0.04912 | \$193,101.85 |

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

\$9.63

Uniform Price per cwt. (Fulton County, Georgia)

\$19.61*

* 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 2017 | OCT 2017 | AUG 2017 | SEPT 2017 | SEPT 2017 |
| Appalachian (Charlotte) | \$ 20.11 | \$ 19.84 | \$ 19.53 | \$ 19.06 | 72.07% |
| Arizona (Phoenix) | \$ 19.06 | \$ 18.79 | \$ 17.40 | \$ 16.59 | 26.54% |
| Central (Kansas City) | \$ 18.71 | \$ 18.44 | \$ 17.13 | \$ 16.72 | 28.79% |
| Florida (Tampa) | \$ 22.11 | \$ 21.84 | \$ 21.43 | \$ 21.14 | 85.93% |
| Mideast (Cleveland) | \$ 18.71 | \$ 18.44 | \$ 17.47 | \$ 17.00 | 33.20% |
| Northeast (Boston) | \$ 19.96 | \$ 19.69 | \$ 18.33 | \$ 17.89 | 33.90% |
| Pacific Northwest (Seattle) | \$ 18.61 | \$ 18.34 | \$ 17.05 | \$ 16.49 | 22.24% |
| Southeast (Atlanta) | \$ 20.51 | \$ 20.24 | \$ 20.02 | \$ 19.61 | 76.55% |
| Southwest (Dallas) | \$ 19.71 | \$ 19.44 | \$ 17.98 | \$ 17.58 | 30.24% |
| Upper Midwest (Chicago) | \$ 18.51 | \$ 18.24 | \$ 16.80 | \$ 16.54 | 8.40% |

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

| Receipts: | SEPT 2017 | SEPT 2016 |
|--|--------------------|--------------------|
| Producer Milk | | |
| Class I | 312,636,684 | 322,220,753 |
| Class II | 61,080,381 | 59,402,132 |
| Class III | 11,500,018 | 11,371,481 |
| Class IV | 23,158,824 | 15,339,990 |
| Total Producer Milk | 408,375,907 | 408,334,356 |
| Average Butterfat Test | 3.74% | 3.69% |
| Percent of Producer Milk in Class I | 76.55% | 78.91% |
| Daily Average Receipts | 13,612,530 | 13,611,145 |
| Other Source Milk | | |
| Class I | 12,958,243 | 17,231,431 |
| Class II | 3,996,948 | 4,067,408 |
| Class III | 3,079 | 20,645 |
| Class IV | 6,627,406 | 2,559,228 |
| Total Other Source Milk | 23,585,676 | 23,878,712 |
| Overage | | |
| Class I | 0 | 0 |
| Class II | 0 | 0 |
| Class III | 0 | 0 |
| Class IV | 95 | 0 |
| Total Overage | 95 | 0 |
| Opening Inventory | | |
| Class I | 21,540,617 | 21,180,632 |
| Class II | 88,214 | 1,600,446 |
| Class III | 435,117 | 636,415 |
| Class IV | 12,659,500 | 13,502,302 |
| Total Opening Inventory | 34,723,448 | 36,919,795 |
| Total Receipts | 466,685,126 | 469,132,863 |
| Utilization: | | |
| Class I Utilization | | |
| Inventory of Packaged FMP | 19,316,529 | 25,051,634 |
| Route Disposition Class I | 313,117,331 | 318,341,521 |
| Shrinkage | 2,446,980 | 3,096,854 |
| Transfers & Diversions to Nonpool | 12,237,504 | 14,142,807 |
| Total Class I Utilization | 347,118,344 | 360,632,816 |
| Average Butterfat Test | 2.08% | 2.03% |
| Daily Average Utilization | 11,570,611 | 12,021,094 |
| Class II Utilization | | |
| Nonfluid Used To Produce | 2,488,162 | 2,161,806 |
| Shrinkage | 0 | 0 |
| Transfers & Diversions to Nonpool/Commercial Foods | 52,067,176 | 51,452,135 |
| Used To Produce/Other Uses | 10,626,405 | 11,456,045 |
| Total Class II Utilization | 65,182,743 | 65,069,986 |
| Average Butterfat Test | 9.30% | 9.00% |
| Class III Utilization | | |
| Shrinkage | 0 | 0 |
| Transfers & Diversions to Nonpool | 11,938,214 | 12,028,541 |
| Used To Produce/Other Uses | 0 | 0 |
| Total Class III Utilization | 11,938,214 | 12,028,541 |
| Average Butterfat Test | 5.77% | 5.96% |
| Class IV Utilization | | |
| Inventory | 11,825,505 | 9,078,338 |
| Nonfluid Used To Fortify | 1,127,099 | 714,235 |
| Shrinkage | 5,734,609 | 5,266,161 |
| Transfers & Diversions to Nonpool | 19,362,400 | 12,241,247 |
| Used To Produce/Other Uses | 4,396,212 | 4,101,539 |
| Total Class IV Utilization | 42,445,825 | 31,401,520 |
| Average Butterfat Test | 9.07% | 9.60% |
| Total Utilization | 466,685,126 | 469,132,863 |

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2017 is \$19.61 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.63 per hundredweight plus 3.5 times the uniform butterfat price of \$2.9466 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, Class I use, which is primarily bottled or packaged fluid milk, accounted for 77.87% of all producer skim milk (priced to handlers at \$6.33 per hundredweight, plus the Class I differential, see page 2) and 42.72% of producer butterfat (priced to handlers at \$3.0291 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 14.00% of all producer skim milk (\$7.03 per hundredweight) and 39.55% of producer butterfat (\$2.8629 per pound). Class III use, mostly milk used to produce cheese, accounted for 2.75% of all producer skim milk (\$6.59 per hundredweight) and 4.51% of producer butterfat (\$2.8559 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.38% of all producer skim milk (\$6.08 per hundredweight) and 13.22% of producer butterfat (\$2.8559 per pound).

Packaged Class I Route Sales in Marketing Area

| Product Description | Pounds | Percent |
|--|--------------------|---------------|
| <u>August 2017</u> | | |
| Whole Milk | 137,295,356 | 35.50% |
| Fat Free Milk | 24,901,374 | 6.43% |
| Low fat Milk (incl. 1%) | 45,433,408 | 11.75% |
| Reduced Fat Milk (incl. 2%) | 122,190,300 | 31.60% |
| Cultured Fluid Milk (incl. Buttermilk) | 7,413,584 | 1.92% |
| Flavored Drinks and Milk | 49,491,020 | 12.80% |
| Total Disposition in Marketing Area | 386,725,042 | 100.0% |
| Total Disposition by Pool Plants | 294,112,628 | 76.05% |
| Total Disposition by Nonpool Plants | 92,612,414 | 23.95% |
| Total Disposition in Marketing Area | 386,725,042 | 100.0% |

Receipts of producer milk during September totaled 408.4 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 September 2017. Class I route disposition in the area was 386.7 million pounds in August 2017.

Dairy Forecast for 2018, cont.

(continued from page 1) demand, the cheese price forecast for 2018 has been raised to \$1.645-\$1.735 per pound. With recent price declines and higher expected milk production, the butter price forecast has been lowered to \$2.315-2.435 per pound. With high stock levels, recent price declines, and higher expected milk production, and continued pressure from international competitors, NDM and dry whey price forecasts for 2018 have been lowered to \$0.815-\$0.885 and \$0.380-\$0.410 per pound, respectively.

With the lower whey price forecast more than offsetting the higher cheese price forecast, the Class III price forecast for 2018 is \$16.00-\$16.90 per cwt, a 10-cent decrease from last month's forecast at the upper end of the range. With lower forecasts for butter and NDM, the Class IV price forecast for 2018 has been lowered to \$14.70-\$15.70. The all-milk price forecast for 2018 is \$17.45-\$18.35 per cwt, a reduction from \$17.55-\$18.55 forecast last month.

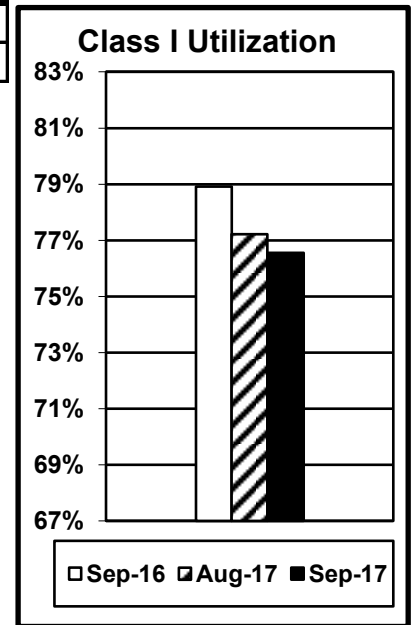
Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-280/October 18, 2017 Economic Research Service, USDA*

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 |
| Aug 2016 | \$9.96 | \$2.6453 | \$18.87 | \$6.71 | \$2.4943 | \$15.21 | \$8.50 | \$2.4873 | \$16.91 | \$ 6.16 | \$2.4873 | \$14.65 | \$ 9.61 | \$2.5608 | \$18.24 |
| Sep | \$11.97 | \$2.5155 | \$20.36 | \$6.79 | \$2.3152 | \$14.66 | \$8.61 | \$2.3082 | \$16.39 | \$ 6.39 | \$2.3032 | \$14.23 | \$ 11.21 | \$2.3990 | \$19.21 |
| Oct | \$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 | | | | | | | | | | | |

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. | % |
| Aug 2016 | 419,230 | 1,764 | 339,478 | 80.97% | 60,605 | 14.46% | 9,580 | 2.29% | 9,567 | 2.28% |
| Sep | 408,334 | 1,715 | 322,221 | 78.91% | 59,402 | 14.55% | 11,371 | 2.78% | 15,340 | 3.76% |
| Oct | 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 | 1,900** | 312,637 | 76.55% | 61,080 | 14.96% | 11,500 | 2.82% | 23,159 | 5.67% |



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

Southeast Marketing Area - Federal Order 7

| 2017 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 | 11/11/17 | 11/13/17 | 11/14/17 | 10/25/17 | 10/26/17 | 11/14/17 | 11/15/17 |
| November | 12/11/17 | 12/12/17 | 12/13/17 | 11/27/17 | 11/27/17 | 12/13/17 | 12/14/17 |
| December | 01/11/18 | 01/12/18 | 01/16/18 | 12/26/17 | 12/26/17 | 01/16/18 | 01/17/18 |

** The base rate for making partial payments in Fulton County, GA for October will be \$17.65 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.65 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 – 570 October 12, 2017

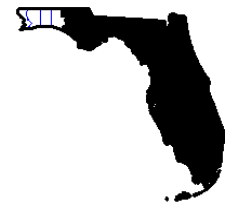
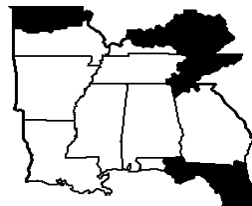
The milk production forecast for 2017 and 2018 is raised on a slightly more rapid pace of growth in milk per cow. However, forecast cow numbers for late 2017 and 2018 are slightly lower. Fat basis imports for 2017 and 2018 are raised on strength in butter imports but skim-solids imports are lowered for 2017 and unchanged for 2018. Exports on a fat basis are raised for 2017 on stronger butter and cheese exports, and increased sales of butter and anhydrous milkfat are expected to support higher fat basis exports in 2018. Skim-solids exports for 2017 and 2018 are raised, primarily on stronger expected shipments of whey products.

For 2017, butter and nonfat dry milk (NDM) prices are lowered on large supplies, but the whey price is unchanged at the midpoint and the cheese price forecast is raised on current demand strength. For 2018, continued demand strength for cheese is reflected in a higher price forecast, while butter, NDM, and whey prices are lowered on larger supplies and pressure from international prices. The Class III price is raised for 2017 on stronger cheese prices, but for 2018, lower whey prices are expected to more than offset the increases in cheese prices, and the price forecast is lowered. The Class IV price is lowered for both years due to lower forecast butter and NDM prices. The 2017 all milk price forecast range is \$17.75 to \$17.85 per cwt, unchanged at the midpoint, but the 2018 price is lowered to \$17.45 to \$18.35 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 most recent WASDE report is available at www.usda.gov/oce/commodity/wasde/index.htm.



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