

# THE COURIER

Monthly Newsletter

April 2018

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## Dairy Outlook

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The 2018 estimate for the size of the milking herd is unchanged from the March forecast at 9.415 million head, as growth is expected to taper off later in the year. The forecast for milk per cow in 2018 has been raised slightly to 23,260 pounds, as year-over-year growth was higher than expected in January and February. The annual milk production forecast remains at a rounded 219.0 billion pounds.

The forecast for imports on a milk-fat basis has been lowered 0.1 billion pounds to 5.6 billion for the year due to lower expected imports of dry whole milk. The export forecast on a milk-fat basis is unchanged at 9.6 billion pounds for the year.

*Dairy Outlook, cont'd on pg. 3* ➔

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## USDA Issues Final Decision

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On March 30, 2018, the U.S. Department of Agriculture (USDA) published in the Federal Register a final decision to establish a Federal Milk Marketing Order (FMMO) for California. The proposed FMMO would incorporate the entire state of California.

USDA will conduct a referendum among dairy producers to determine whether they support the proposed FMMO. USDA will mail ballot materials to all known eligible dairy producers supplying milk to the proposed marketing area. The FMMO would become effective if approved by two-thirds of the voting producers, or by producers of two-thirds of the milk represented in the voting process.

FMMOs are legal instruments that regulate the sale of milk between dairy farmers and the first buyer. Where appropriate, the proposed California FMMO adopts the uniform order provisions contained in the 10 current FMMOs in the national system. These uniform provisions include, but are not limited to, dairy product classification, end-product price formulas, and the producer-handler definition. The proposed order would recognize the unique market structure of the California dairy industry through tailored, performance-based standards to determine eligibility for pool participation. The proposed order provides for the recognition of producer quota as administered by the California Department of Food and Agriculture.

The entire hearing record is available at [www.ams.usda.gov/caorder](http://www.ams.usda.gov/caorder).



Harold H. Friedly, Jr.  
Market Administrator

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## Appalachian Statistical Summary

	MARCH 2018	FEBRUARY 2018	MARCH 2017
<b>PRICES: (Base Zone)</b>			
Uniform Price	\$16.02	\$16.31	\$19.06
Class I Price	16.76	17.65	20.30
Class II Price	13.88	13.44	16.21
Class III Price	14.22	13.40	15.81
Class IV Price	13.04	12.87	14.32
Uniform Skim Milk Price	\$7.87	\$8.13	\$10.89
Class I Skim Milk Price	8.78	9.11	12.05
Class II Skim Milk Price	5.55	5.38	8.00
Class III Skim Milk Price	5.93	5.37	7.61
Class IV Skim Milk Price	4.71	4.82	6.07
Uniform Butterfat Price	\$2.4084	\$2.4179	\$2.4420
Class I Butterfat Price	2.3674	2.5316	2.4768
Class II Butterfat Price	2.4343	2.3560	2.4246
Class III Butterfat Price	2.4273	2.3490	2.4176
Class IV Butterfat Price	2.4273	2.3490	2.4176

### PRODUCER MILK:

Class I	347,334,308	314,303,408	350,666,448
Class II	75,444,362	61,902,022	77,720,652
Class III	26,869,766	30,416,536	27,587,336
Class IV	70,250,280	50,338,179	46,731,935
<b>Total Producer Milk</b>	<b>519,898,716</b>	<b>456,960,145</b>	<b>502,706,371</b>

### PERCENT PRODUCER MILK IN:

Class I	66.81	68.78	69.75
Class II	14.51	13.55	15.46
Class III	5.17	6.66	5.49
Class IV	13.51	11.01	9.30

## February Milk Production Up 1.8%

Milk production in the United States during February totaled 17.0 billion pounds, up 1.8 percent from February 2017.

Production per cow in the United States averaged 1,807 pounds for February, 24 pounds above February 2017.

The number of milk cows on farms in the United States was 9.41 million head, 45,000 head more than February 2017, and 1,000 head more than January 2018.

### F.O. 5 STATS FOR MARCH 2018:

#### The Uniform Price

for March 2018 was \$16.02 per cwt., a decrease of \$0.29 from February 2018.

#### Total Class I Milk

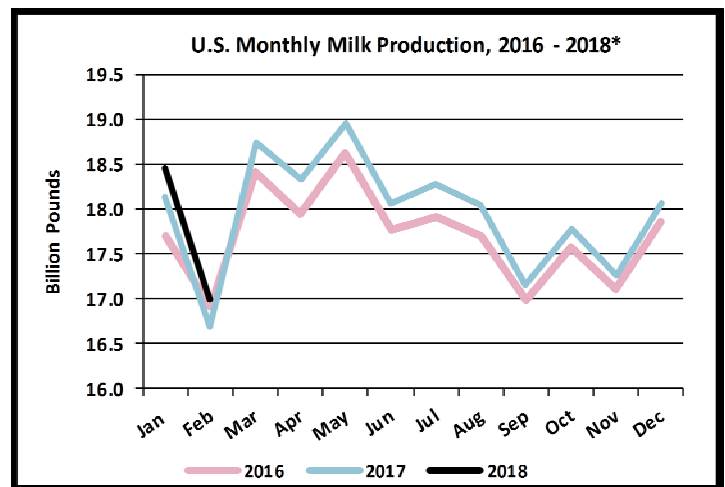
for March 2018 was 347,334,308 pounds, a decrease of 3.3 million pounds, or 1.0 percent, compared to March 2017.

#### Class I Utilization

was 66.81 percent for March 2018, a decrease of 2.9 percentage points from March 2017.

#### Total Producer Milk

for March 2018 was 519,898,716 pounds, an increase of 17.2 million pounds, or 3.4 percent, compared to March 2017.



\*Based on entire U.S. production

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## Dairy Outlook, cont'd from pg. 1

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With continued weakness in domestic use in recent months, the forecast for 2018 domestic use is now projected slightly lower than it was last month at 214.7 billion pounds. With high stock levels in recent months and weaker expected domestic use, the forecast for 2018 milk-fat basis ending stocks has been raised to 12.9 billion pounds, 0.1 billion pounds higher than the March forecast.

Imports on a skim-solids basis are forecast at 5.9 billion pounds for the year, unchanged from last month's forecast. Exports are forecast 0.6 billion pounds higher, at 43.4 billion pounds, based on higher expected exports of NDM and lactose. Stocks on a skim-solids basis continued to build in February, and growth in domestic demand has been sluggish in recent months, as evidenced by low prices for NDM and dry whey and weak domestic use on a skim-solids basis. As a result, the forecast for ending stocks on a skim-solids basis for 2018 has been raised 0.2 billion pounds to 11.5 billion, and the domestic use forecast has been lowered 0.7 billion pounds to 180.9 billion.

Slight changes have been made in product price forecasts for 2018. The largest change from last month is a 2.5-cent reduction in the dry whey price forecast to \$0.240-\$0.270 per pound, due to recent price data, large supplies, and lower expected demand. The cheddar cheese price forecast is \$1.550-\$1.600 per pound, unchanged at the midpoint of the range from last month. The butter and NDM price forecasts are slightly lower for the year than previously forecast at \$2.210-\$2.290 and \$0.700-\$0.740 per pound, respectively, based on recent data.

The Class III price for 2018 is now forecast lower than last month, at \$14.20-\$14.70 per cwt, due mainly to the lower dry whey price forecast. The Class IV price is projected slightly lower than the previous forecast at \$13.25-\$13.85 per cwt for the year. The all-milk price forecast for 2018 is now \$15.60-\$16.10 per cwt, 20 cents lower at the midpoint of the range than last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-286, April 16, 2018  
USDA, Economic Research Service

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## USDA Reopens Enrollment for Improved Dairy Safety Net Tool

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U.S. Secretary of Agriculture Sonny Perdue is encouraging dairy producers to consider enrolling in the new and improved Margin Protection Program for Dairy (MPP-Dairy), which will provide better protections for dairy producers from shifting milk and feed prices. With changes authorized under the Bipartisan Budget Act of 2018, the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) has set the enrollment period to run from April 9, 2018 to June 1, 2018.

"We recognize the financial hardships many of our nation's dairy producers are experiencing right now. Folks are losing their contracts and they are getting anxious about getting their bills paid while they watch their milk check come in lower and lower each month. The Bipartisan Budget Act provided some much-needed incentives for dairy producers to make cost-effective decisions to strengthen their farms, mitigate risk, and conserve their natural resources," said Secretary Perdue. "This includes our support of America's dairy farms. We encourage dairy producers to review the provisions of the updated program, which Congress shaped with their feedback. Those changes are now in effect, and I'd ask any producers who are interested to contact their local USDA service centers."

USDA is mailing postcards advising dairy producers of the changes. For more information, visit [www.fsa.usda.gov/dairy](http://www.fsa.usda.gov/dairy) or contact your local USDA service center.

**APPALACHIAN MARKETING AREA  
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**Federal Milk Marketing Order Statistics - March 2018**

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
<b>1 Northeast</b>	<b>2,370.8</b>	<b>768.9</b>	<b>32.4</b>	<b>15.06</b>
<b>5 <i>Appalachian</i></b>	<b>519.9</b>	<b>347.3</b>	<b>66.8</b>	<b>16.02</b>
<b>6 Florida</b>	<b>227.6</b>	<b>194.0</b>	<b>85.2</b>	<b>18.14</b>
<b>7 Southeast</b>	<b>500.0</b>	<b>323.7</b>	<b>64.7</b>	<b>16.30</b>
<b>30 Upper Midwest</b>	<b>2,688.1</b>	<b>269.9</b>	<b>10.0</b>	<b>14.25</b>
<b>32 Central</b>	<b>1,286.7</b>	<b>413.3</b>	<b>32.1</b>	<b>13.92</b>
<b>33 Mideast</b>	<b>1,614.3</b>	<b>542.6</b>	<b>33.6</b>	<b>14.24</b>
<b>124 Pacific Northwest</b>	<b>635.0</b>	<b>160.4</b>	<b>25.3</b>	<b>13.88</b>
<b>126 Southwest</b>	<b>810.1</b>	<b>356.7</b>	<b>44.0</b>	<b>14.79</b>
<b>131 Arizona</b>	<b>441.6</b>	<b>110.7</b>	<b>25.1</b>	<b>14.02</b>
<b>All Orders <sup>1</sup></b>	<b>11,094.1</b>	<b>3,487.7</b>	<b>31.4</b>	<b>14.65</b>

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