

THE COURIER

Monthly Newsletter

September 2017

Dairy Margin Protection Program

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) announced that starting September 1, 2017, dairy producers can enroll for 2018 coverage in the Margin Protection Program (MPP-Dairy). Secretary Sonny Perdue has utilized additional flexibility this year by providing dairy producers the option of opting out of the program for 2018.

“Secretary Perdue is using his authority to allow producers to withdraw from the MPP Dairy Program and not pay the annual administrative fee for 2018,” said Acting Deputy Under Secretary for Farm Production and Conservation Rob Johansson. “The decision is in response to requests by the dairy industry and a number of MPP-Dairy program participants.”

To opt out, a producer should not sign up during the annual registration period. By opting out, a producer would not receive any MPP-Dairy benefits if payments are triggered for 2018. Full details will be included in a subsequent Federal Register Notice. The decision would be for 2018 only and is not retroactive.

The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer.

Dairy Margin Protection Program, cont'd on pg. 3

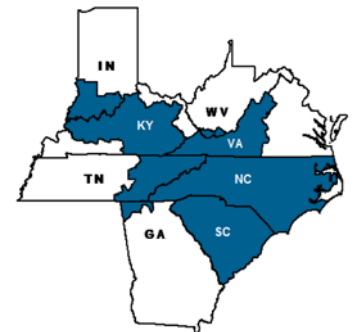
Dairy Outlook

Dairy Forecasts for 2017

With the July month-over-month decline in milk cows, expectations of growth in the dairy herd have been dampened, and the 2017 forecast for milk cows has been lowered to 9.395 million, 5 thousand less than last month's forecast. However, with relatively strong growth in yield per cow in July, the milk per cow forecast for the year has been raised to 22,980 pounds. These changes result in a milk production forecast of 216.0 billion pounds for 2017, 0.3 billion pounds higher than previously forecast.

Due to lower expectations for cheese exports, the forecast for exports on a milk-fat basis has been lowered to 9.2 billion pounds for the year. Recent strength in imports of butter and several other products motivated a slight increase in the import forecast on a milk-fat basis, to 6.1 billion pounds for 2017. With the high ending stocks for cheese in July, 2017 ending stocks on a milk-fat basis have been raised to 12.8 billion pounds, an increase of 0.7 billion pounds from the last forecast. Domestic use on a milk-fat basis in 2017 is now forecast at 211.8 billion pounds, a decrease of 0.1 billion pounds from last month.

Dairy Outlook, cont'd on pg. 3



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Appalachian Statistical Summary

	AUGUST 2017	JULY 2017	AUGUST 2016
PRICES: (Base Zone)			
Uniform Price	\$19.53	\$19.35	\$17.62
Class I Price	20.12	19.99	18.47
Class II Price	17.56	17.48	15.21
Class III Price	16.57	15.45	16.91
Class IV Price	16.61	16.60	14.65
Uniform Skim Milk Price	\$9.31	\$9.63	\$8.99
Class I Skim Milk Price	9.95	10.72	9.56
Class II Skim Milk Price	7.25	7.41	6.71
Class III Skim Milk Price	6.25	5.33	8.50
Class IV Skim Milk Price	6.29	6.52	6.16
Uniform Butterfat Price	\$3.0120	\$2.8735	\$2.5550
Class I Butterfat Price	3.0059	2.7552	2.6413
Class II Butterfat Price	3.0179	2.9526	2.4943
Class III Butterfat Price	3.0109	2.9456	2.4873
Class IV Butterfat Price	3.0109	2.9456	2.4873
PRODUCER MILK:			
Class I	354,031,717	309,656,508	348,681,298
Class II	83,846,878	85,893,882	83,139,301
Class III	25,659,287	30,099,554	12,140,742
Class IV	30,812,665	44,106,236	25,769,680
Total Producer Milk	494,350,547	469,756,180	469,731,021
PERCENT PRODUCER MILK IN:			
Class I	71.62	65.92	74.23
Class II	16.96	18.28	17.70
Class III	5.19	6.41	2.58
Class IV	6.23	9.39	5.49

F.O. 5 STATS FOR AUGUST 2017:

The Uniform Price for August 2017 was \$19.53 per cwt., an increase of \$0.18 from July 2017 and \$1.91 from August 2016.

Total Class I Milk for August 2017 was 354,031,717 pounds, an increase of 5.4 million pounds, or 1.5 percent, compared to August 2016.

Class I Utilization was 71.62 percent for August 2017, an increase of 5.7 percentage points from July 2017.

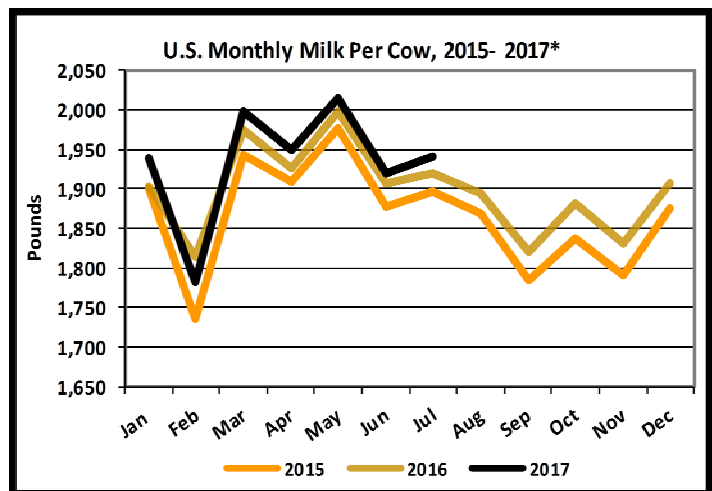
Total Producer Milk for August 2017 was 494,350,547 pounds, an increase of 24.6 million pounds, or 5.2 percent, compared to August 2016.

July Milk Production in the US up 1.8%

Milk production in the United States during July totaled 18.2 billion pounds, up 1.8 percent from July 2016.

Production per cow in the United States averaged 1,940 pounds for July, 20 pounds above July 2016.

The number of milk cows on farms in the United States was 9.40 million head, 74,000 head more than July 2016, but 1,000 head less than June 2017.



*Based on entire U.S. production

Dairy Margin Protection Program, cont'd from pg. 1

MPP-Dairy gives participating dairy producers the flexibility to select coverage levels best suited for their operation. Enrollment ends on Dec. 15, 2017, for coverage in calendar year 2018. Participating farmers will remain in the program through Dec. 31, 2018, and pay a minimum \$100 administrative fee for 2018 coverage. Producers have the option of selecting a different coverage level from the previous coverage year during open enrollment.

Dairy operations enrolling in the program must meet conservation compliance provisions and cannot participate in the Livestock Gross Margin Dairy Insurance Program. Producers can mail the appropriate form to the producer's administrative county FSA office, along with applicable fees, without necessitating a trip to the local FSA office. If electing higher coverage for 2018, dairy producers can either pay the premium in full at the time of enrollment or pay 100 percent of the premium by Sept. 1, 2018. Premium fees may be paid directly to FSA or producers can work with their milk handlers to remit premiums on their behalf.

USDA has a web tool to help producers determine the level of coverage under the MPP-Dairy that will provide them with the strongest safety net under a variety of conditions. The online resource, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, Smartphone, tablet or any other platform, 24 hours a day, seven days a week.

For more information, visit FSA online at www.fsa.usda.gov/dairy or stop by a local FSA office to learn more about the MPP-Dairy. To find a local FSA office in your area, visit <http://offices.usda.gov>.

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Dairy Outlook, cont'd from pg. 1

Forecasts for exports and imports on a skim-solids milk-equivalent basis follow a pattern similar to those on a milk-fat basis. The export forecast for 2017 on a skim-solids basis has been lowered 0.1 billion pounds to 40.6 billion pounds, based on flagging exports of NDM/SMP and cheese. Imports on a skim-solids basis are forecast slightly higher for the year at 6.4 billion pounds, due to higher expected imports of milk protein concentrate and whole milk powder. Domestic use is forecast at 180.1 billion pounds for the year, 0.2 billion pounds higher than the previous forecast. With high ending stocks of cheese, NDM, and whey in July, ending stocks on a skim-solids basis are now forecast at 10.2 billion pounds for the year, 0.3 billion pounds higher than last month's estimate.

Most dairy product price forecasts have been lowered for the year, with the exception of cheddar cheese; its price forecast has been raised to \$1.610-\$1.630 per pound, based on recent strength. The dry whey price is forecast slightly lower at \$0.445-\$0.465, based on higher stocks and recent price movements. Butter prices have fallen in recent weeks as export growth has failed to materialize; therefore, the butter price forecast for the year has been lowered to \$2.355-\$2.395 per pound. With high stocks and lower expectations for exports, the NDM price forecast has been slightly lowered as well, to \$0.880-\$0.900 for the year.

The Class III milk price forecast for the year is \$16.05-\$16.25 per cwt, as higher expected cheese prices more than offset lower expected dry whey prices. Since the butter and NDM price forecasts have been lowered, the Class IV milk price forecast for the year is lower than last month, at \$15.40-\$15.70. The all-milk price for the year is forecast at \$17.70-\$17.90 per cwt, a reduction from \$17.80-\$18.00 forecast last month.

Dairy Forecasts for 2018

Lower product prices across the board have resulted in lower Class III and Class IV price forecasts, at \$16.00-\$17.00 and \$15.10-\$16.20 per cwt, respectively, for the year. The all milk price for 2018 is now forecast at \$17.55-\$18.55 per cwt, a reduction from \$18.00-\$19.00 forecast last month.

Livestock, Dairy, and Poultry Outlook/LDP-M-279/September 18, 2017
Economic Research Service, USDA

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Federal Milk Marketing Order Statistics - August 2017

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,274.3	719.0	31.6	18.33
5 Appalachian	494.4	354.0	71.6	19.53
6 Florida	215.2	181.2	84.2	21.43
7 Southeast	427.4	330.0	77.2	20.02
30 Upper Midwest	3,219.8	267.9	8.3	16.80
32 Central	1,461.0	418.1	28.6	17.13
33 Mideast	1,669.2	552.2	33.1	17.47
124 Pacific Northwest	750.0	157.6	21.0	17.05
126 Southwest	1,240.5	352.2	28.4	17.98
131 Arizona	413.8	112.3	27.1	17.40
All Orders¹	12,165.5	3,444.5	28.3	17.68

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