

THE COURIER

Monthly Newsletter

February 2018

Dairy Outlook

The forecast for the size of the milking herd in 2018 is unchanged at 9.415 million head, as cow numbers saw little change in December. Due to lower-than-expected yields in the fourth quarter of 2017, lower projected milk prices, and higher expected feed prices, the milk per cow forecast has been lowered slightly for the first half of the year and is now expected to total 23,230 pounds in 2018. As a result, the milk production forecast for the year is 0.1 billion pounds lower than last month's forecast, at 218.7 billion pounds.

Feed price forecasts have been raised since last month. The 2017/18 corn price forecast is \$3.05-\$3.55 per bushel, an increase of 5 cents at the midpoint of the range. The soybean meal price forecast is \$305-\$335 per short ton, an increase of \$5 at the midpoint of the range. The alfalfa hay price was \$148 per short ton in December, unchanged from November but \$21 higher than December 2016. For more information, see the USDA Economic Research Service publication *Feed Outlook*, at <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1273>.

The annual forecast for exports on a milk-fat basis in 2018 is unchanged at 9.5 billion pounds, as slight growth from 2017 is still expected due to competitive domestic prices, a weaker dollar, and plentiful domestic supplies.

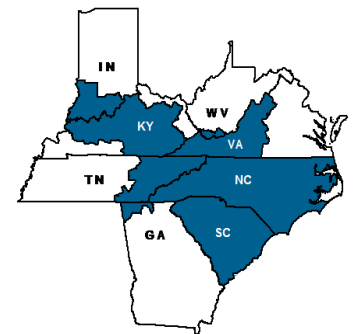
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USDA Launches MARS

On January 31, 2018, the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) announced the launch of a new electronic data platform to deliver market price information to the commodities industry. The new web-based platform, Market Analysis and Reporting Services (MARS), uses state-of-the-art technology to present detailed data sets in a more customer-focused way to better support competitive markets for producers and help stabilize food prices for American families.

"USDA Market News is the most relied upon source of unbiased agricultural market data," said Greg Ibach, Under Secretary for Marketing and Regulatory Programs. "USDA's on-site market reporters gather, analyze and publish unbiased data all day long to ensure fair food prices for consumers across the country and around the world. The MARS project applies the best data management practices to make that data available when and where farmers, packers and processors need it."

USDA Launches MARS, cont'd on pg. 3 ➔



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Appalachian Statistical Summary

	JANUARY 2018	DECEMBER 2017	JANUARY 2017
PRICES: (Base Zone)			
Uniform Price	\$17.53	\$18.37	\$20.06
Class I Price	18.84	20.28	20.85
Class II Price	14.11	14.49	16.36
Class III Price	14.00	15.44	16.77
Class IV Price	13.13	13.51	16.19
Uniform Skim Milk Price	\$9.17	\$9.88	\$11.83
Class I Skim Milk Price	10.38	11.70	13.01
Class II Skim Milk Price	5.70	5.94	7.77
Class III Skim Milk Price	5.61	6.95	8.22
Class IV Skim Milk Price	4.71	4.95	7.62
Uniform Butterfat Price	\$2.4816	\$2.5245	\$2.4699
Class I Butterfat Price	2.5215	2.5675	2.3714
Class II Butterfat Price	2.4601	2.5021	2.5323
Class III Butterfat Price	2.4531	2.4951	2.5253
Class IV Butterfat Price	2.4531	2.4951	2.5253
PRODUCER MILK:			
Class I	373,944,347	341,480,359	352,361,215
Class II	63,688,984	66,976,629	68,543,879
Class III	27,504,521	24,059,803	21,215,747
Class IV	60,611,492	88,141,897	41,319,485
Total Producer Milk	525,749,344	520,658,688	483,440,326
PERCENT PRODUCER MILK IN:			
Class I	71.13	65.59	72.88
Class II	12.11	12.86	14.18
Class III	5.23	4.62	4.39
Class IV	11.53	16.93	8.55

F.O. 5 STATS FOR JANUARY 2018:

The Uniform Price for January 2018 was \$17.53 per cwt., a decrease of \$0.84 from December 2017.

Total Class I Milk for January 2018 was 373,944,347 pounds, an increase of 21.6 million pounds, or 6.1 percent, compared to January 2017.

Class I Utilization was 71.13 percent for January 2018, an increase of 5.5 percentage points from December 2017.

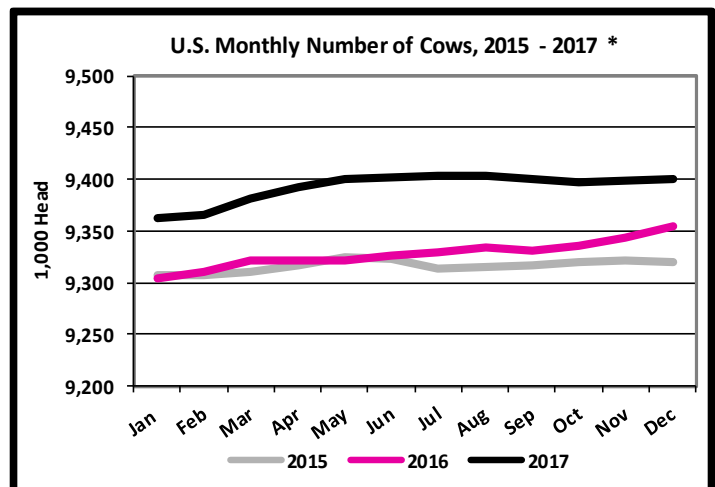
Total Producer Milk for January 2018 was 525,749,344 pounds, an increase of 42.3 million pounds, or 8.8 percent, compared to January 2017.

December Milk Production Up 1.2%

Milk production in the 23 major States during December totaled 17.0 billion pounds, up 1.2 percent from December 2016.

Production per cow in the 23 major States averaged 1,943 pounds for December, 11 pounds above December 2016. This is the highest production per cow for the month of December since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.74 million head, 54,000 head more than December 2016, and 3,000 head more than November 2017.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

The 2018 annual import forecast on a milk-fat basis is also unchanged at 6.0 billion pounds. Expectations of domestic demand for products with high milk-fat content are weaker than reflected in last month's forecast based on recent price weakness and high stocks; therefore, the 2018 domestic use forecast on a milk-fat basis has been lowered 0.2 billion pounds to 214.9 billion. Ending stocks for 2018 on a milk-fat basis are forecast 0.1 billion pounds higher than last month's forecast, at 12.9 billion pounds.

On a skim-solids basis, exports for 2018 are projected 0.5 billion pounds higher than the previous forecast, at 42.5 billion pounds, as recent strength in exports of NDM/SMP, whey products, and lactose is expected to carry into the first half of 2018. Imports on a skim-solids basis are now forecast at 6.0 billion pounds for the year, 0.1 billion pounds higher than the last forecast. The domestic use forecast has been lowered 0.8 billion pounds to 181.6 billion, as domestic use lagged year-ago levels in November and December despite lower prices for most dairy products. Ending stocks on a skim-solids basis for the year are forecast at 11.6 billion pounds, unchanged from last month's forecast.

Small changes have been made in forecasts for some product prices in 2018. The cheddar cheese price forecast has been lowered to \$1.530-\$1.600 per pound for the year, as prices in the first half are projected lower but should still climb throughout the year. Recent price declines and continued flagging growth in butter consumption have motivated a decrease in the butter price forecast for the year to \$2.195-\$2.295 per pound. The dry whey and NDM price annual forecasts are unchanged at \$0.270-\$0.300 and \$0.715-\$0.775 per pound, respectively.

The Class III price forecast has been lowered to \$14.20-\$14.90 per cwt due to lower cheese prices; the Class IV price forecast for 2018 is also lower at \$13.35-\$14.15 because of lower butter prices. The all-milk price forecast for the year is \$15.70-\$16.40 per cwt, 15 cents lower at the midpoint of the range than last month's forecast.

Livestock, Dairy, and Poultry Outlook/LDP-M-284/February 14, 2018
Economic Research Service, USDA

USDA Launches MARS, cont'd from pg. 1

As Agriculture Secretary Sonny Perdue promised last summer, USDA staff are using the latest technologies available to deliver the most effective, most efficient, customer-focused service in the federal government. MARS improves the transparency, speed and accuracy of USDA Market News, and facilitates the flow of data from more than 3,600 markets to AMS analysts and ultimately to producers, industry and the public. The new dynamic interface provides data analysts one-stop instant access to agricultural commodity data through a searchable database with the ability to create custom reports, data sets and data visualizations to make large amounts of information more easily understandable in a fraction of the time. Businesses may also utilize the built-in application program interface (API) to use the data to create new uses for the data as customer needs evolve.

On February 2, 2018, Market News information for dairy products will be the first set of data and reports available through MARS followed by Cotton and Tobacco, scheduled for April 2018. Dates for Livestock, Poultry and Grain and Specialty Crops will be announced on the new My Market News website. It is anticipated that all Market News data will be moved to the new system by March 2019. USDA's existing Market News website will continue to post data until all commodities are available through MARS.

To learn more about MARS, participate in our overview webinar (<https://www.ams.usda.gov/event/modernized-market-news-mars>) or visit the new My Market News (<https://mymarketnews.ams.usda.gov/>) web portal.

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**Oct - Dec Milk
Production Up 1.1%**

Milk production in the United States during the October - December quarter totaled 53.1 billion pounds, up 1.1 percent from the October - December quarter last year.

The average number of milk cows in the United States during the quarter was 9.40 million head, 3,000 head less than the July - September quarter, but 55,000 head more than the same period last year.

Federal Milk Marketing Order Statistics - January 2018

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,282.6	762.1	33.4	15.70
5 Appalachian	525.7	373.9	71.1	17.53
6 Florida	242.5	198.5	81.8	19.62
7 Southeast	476.3	345.5	72.5	18.00
30 Upper Midwest	2,850.0	282.3	9.9	14.26
32 Central	1,456.1	428.7	29.4	14.52
33 Mideast	1,703.2	564.9	33.2	14.84
124 Pacific Northwest	742.3	163.1	22.0	14.32
126 Southwest	1,387.9	391.0	28.2	15.35
131 Arizona	481.9	115.3	23.9	14.56
All Orders ¹	12,148.6	3,625.2	29.8	15.18

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