

# THE COURIER

Monthly Newsletter

September 2018

## Dairy Outlook

With the size of the milking herd falling by 8,000 head from June to July, the 2018 forecast for milk cows has been lowered by 5,000 to 9.400 million head. The milk per cow forecast for the year is unchanged at 23,175 pounds. The milk production forecast for 2018 is 217.8 billion pounds, 0.1 billion less than last month's forecast.

The forecast for imports on a milk-fat basis has been raised 0.2 billion pounds to 6.2 billion for the year, as both butter and cheese imports saw strong year-over-year gains in July. Exports on a milk-fat basis are now forecast at 10.3 billion pounds for the year, slightly lower than previously forecast. Ending stocks are forecast at 13.5 billion pounds, unchanged from last month. The domestic use forecast for the year has been raised 0.2 billion pounds to 212.6 billion.

On a skim-solids basis, the import forecast for the year has been raised slightly to 5.7 billion pounds due to higher expected imports of cheese and several miscellaneous products. July whey product exports declined more than expected and are not expected to rebound significantly for the remainder of 2018. Therefore, exports on a skim-solids basis are now forecast at 44.7 billion pounds, 0.7 billion pounds lower than the last forecast. Higher domestic demand will make up for some, but not all, of the lost exports. As a result, the ending stock forecast has been raised 0.5 billion pounds to 11.0 billion pounds for the year, and domestic use is forecast 0.2 billion pounds higher at 178.6 billion pounds.

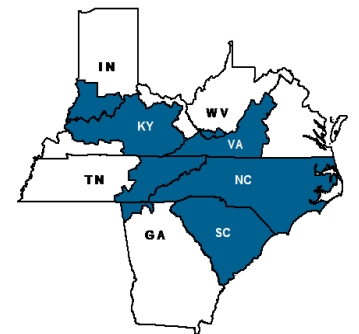
*Dairy Outlook, cont'd on pg. 3*

## USDA Launches Trade Mitigation Programs

On September 4, 2018, U.S. Secretary of Agriculture Sonny Perdue launched the trade mitigation package aimed at assisting farmers suffering from damage due to unjustified trade retaliation by foreign nations. Producers of certain commodities can now sign up for the Market Facilitation Program (MFP), while USDA will also begin to purchase identified commodities under a food purchase and distribution program. Additionally, USDA has begun accepting proposals for the Agricultural Trade Promotion Program (ATP), which will help American farmers find and access new markets for their products. In total, USDA will authorize up to \$12 billion in programs, consistent with World Trade Organization obligations.

Perdue announced in July that USDA would act to aid farmers in response to trade damage from unjustified retaliation. President Trump directed Secretary Perdue to craft a short-term relief strategy to protect agricultural producers while the Administration works on free, fair, and reciprocal trade deals to open more markets in the long run to help American farmers compete globally. These programs will assist agricultural producers to meet some of the costs of disrupted markets.

*USDA Launches Trade Mitigation Programs, cont'd on pg. 3*



Harold H. Friedly, Jr.  
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## Appalachian Statistical Summary

	AUGUST 2018	JULY 2018	AUGUST 2017
<b>PRICES: (Base Zone)</b>			
Uniform Price	\$17.03	\$17.52	\$19.53
Class I Price	17.55	18.76	20.12
Class II Price	15.07	15.20	17.56
Class III Price	14.95	14.10	16.57
Class IV Price	14.63	14.14	16.61
Uniform Skim Milk Price	\$8.25	\$8.71	\$9.31
Class I Skim Milk Price	8.86	9.65	9.95
Class II Skim Milk Price	6.16	6.55	7.25
Class III Skim Milk Price	6.06	5.44	6.25
Class IV Skim Milk Price	5.73	5.48	6.29
Uniform Butterfat Price	\$2.5914	\$2.6030	\$3.0120
Class I Butterfat Price	2.5703	2.6981	3.0059
Class II Butterfat Price	2.6079	2.5357	3.0179
Class III Butterfat Price	2.6009	2.5287	3.0109
Class IV Butterfat Price	2.6009	2.5287	3.0109

<b>PRODUCER MILK:</b>			
Class I	343,033,522	308,470,270	354,031,717
Class II	75,227,337	75,627,991	83,846,878
Class III	20,472,769	27,526,429	25,659,287
Class IV	34,643,442	35,083,805	30,812,665
<b>Total Producer Milk</b>	<b>473,377,070</b>	<b>446,708,495</b>	<b>494,350,547</b>

<b>PERCENT PRODUCER MILK IN:</b>			
Class I	72.47	69.06	71.62
Class II	15.89	16.93	16.96
Class III	4.32	6.16	5.19
Class IV	7.32	7.85	6.23

**F.O. 5 STATS FOR AUGUST 2018:**

**The Uniform Price** for August 2018 was \$17.03 per cwt., a decrease of \$0.49 from July 2018.

**Total Class I Milk** for August 2018 was 343,033,522 pounds, a decrease of 11.0 million pounds, or 3.1 percent, compared to August 2017.

**Class I Utilization** was 72.47 percent for August 2018, an increase of 0.8 percentage points from August 2017.

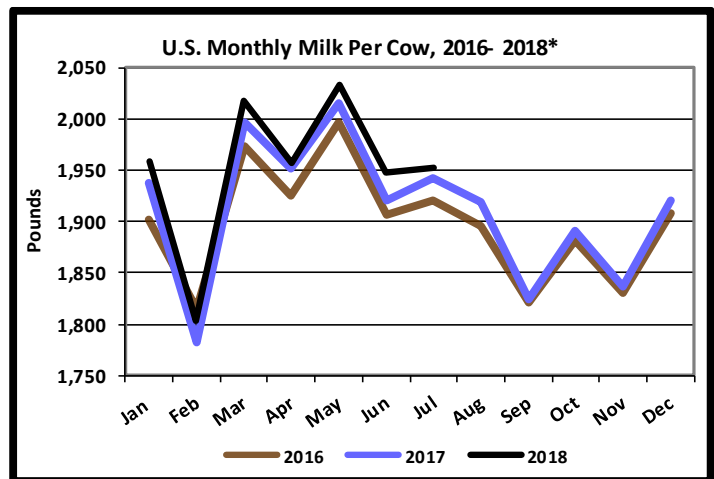
**Total Producer Milk** for August 2018 was 473,377,070 pounds, a decrease of 21.0 million pounds, or 4.2 percent, compared to August 2017.

### July Milk Production Up 0.4%

Milk production in the United States during July totaled 18.4 billion pounds, up 0.4 percent from July 2017.

Production per cow in the United States averaged 1,953 pounds for July, 10 pounds above July 2017.

The number of milk cows on farms in the United States was 9.40 million head, 8,000 head less than July 2017, and 8,000 head less than June 2018.



\*Based on entire U.S. production

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

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Based on recent price movements, dairy product price forecasts for 2018 have mostly been raised from the previous projections. Prices for cheddar cheese and NDM have been raised to \$1.570-\$1.590 and \$0.785-\$0.805, respectively. Although exports of whey products have fallen significantly, stocks of whey products have been relatively low. As a result, the export forecast for dry whey has been raised to \$0.320-\$0.340 per pound. With recent weakness in CME butter prices, the butter price forecast has been lowered to \$2.220-\$2.260 per pound.

With higher cheese and whey price forecasts, the Class III milk price forecast for the year has been raised to \$14.85-\$15.05 per cwt. With the higher NDM price forecast more than offsetting the lower butter price forecast, the Class IV milk price forecast has been raised to \$14.00-\$14.30 per cwt. The all-milk price forecast for 2018 has been raised 20 cents at the midpoint of the range to \$16.30-\$16.50 per cwt.

### Dairy Forecasts for 2019

With higher milk price forecasts and lower feed price forecasts, the size of the milking herd is expected to grow fractionally in 2019; the milk cow forecast for the year is now 9.405 million head. Milk per cow is forecast at 23,495 pounds for 2019, unchanged from last month. Milk production is projected at 221.0 billion pounds for the year, an increase of 0.1 billion pounds from the last forecast.

Although expectations are lower for whey product exports, tightness in the whey product markets is expected to last into the first part of 2019. As a result, the dry whey price forecast for 2019 has been raised to \$0.350-\$0.380 per pound. The NDM price forecast has been raised to \$0.825-\$0.895 per pound as recent price strength should continue into 2019. The cheddar cheese price forecast for 2019 is unchanged at \$1.590-\$1.690 per pound, while the butter price forecast has been lowered slightly to \$2.205-\$2.335 per pound.

As a result of the higher whey price forecast, the 2019 Class III price forecast has been raised to \$15.20-\$16.20 per cwt. With the higher expected NDM price expected to more than offset the lower expected butter price, the Class IV forecast has been raised to \$14.30-\$15.40 per cwt. The all-milk price is forecast 30 cents higher at the midpoint of the range for the year, at \$16.75-\$17.75 per cwt.

Livestock, Dairy, and Poultry Outlook, LDP-M-291, September 18, 2018  
USDA, Economic Research Service

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## USDA Launches Trade Mitigation Programs, cont'd from pg. 1

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USDA provided details in August of the programs to be employed:

- USDA's Farm Service Agency (FSA) will administer the Market Facilitation Program (MFP) to provide payments to corn, cotton, dairy, hog, sorghum, soybean, and wheat producers. An announcement about further payments will be made in the coming months, if warranted.
- USDA's Agricultural Marketing Service (AMS) will administer a food purchase and distribution program to purchase up to \$1.2 billion in commodities unfairly targeted by unjustified retaliation. USDA's Food and Nutrition Service (FNS) will distribute these commodities through nutrition assistance programs, such as The Emergency Food Assistance Program and child nutrition programs.
- Through the Foreign Agricultural Service's (FAS) Agricultural Trade Promotion Program (ATP), \$200 million will be made available to develop foreign markets for U.S. agricultural products. The program will help U.S. agricultural exporters identify and access new markets and help mitigate the adverse effects of other countries' restrictions.

The sign-up period for MFP is now open and runs through January 15, 2019, with information and instructions provided at [www.farmers.gov/mfp](http://www.farmers.gov/mfp). The MFP provides payments to cotton, corn, dairy, hog, sorghum, soybean, and wheat producers who have been significantly impacted by actions of foreign governments resulting in the loss of traditional exports. The MFP is established under the statutory authority of the Commodity Credit Corporation CCC Charter Act and is under the administration of USDA's FSA. Eligible producers should apply after harvest is complete, as payments will only be issued once production is reported.

A payment will be issued on 50 percent of the producer's total production, multiplied by the MFP rate for a specific commodity. A second payment period, if warranted, will be determined by the USDA.

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**Federal Milk Marketing Order Statistics - August 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>2,268.4</b>	<b>706.4</b>	<b>31.1</b>	<b>16.21</b>
<b>5 <i>Appalachian</i></b>	<b>473.4</b>	<b>343.0</b>	<b>72.5</b>	<b>17.03</b>
6 Florida	214.9	179.6	83.5	18.89
7 Southeast	420.9	318.4	75.6	17.53
30 Upper Midwest	2,949.5	253.4	8.6	15.08
32 Central	1,341.0	408.8	30.5	15.09
33 Mideast	1,699.3	549.7	32.4	15.35
124 Pacific Northwest	636.0	152.6	24.0	15.07
126 Southwest	1,286.5	361.3	28.1	15.96
131 Arizona	402.2	106.4	26.5	15.32
<b>All Orders</b>	<b>11,692.1</b>	<b>3,379.7</b>	<b>28.9</b>	<b>15.68</b>

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