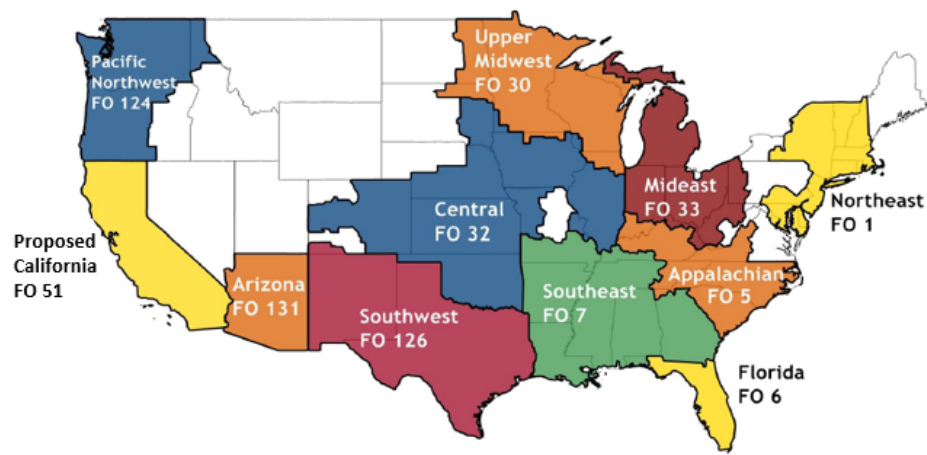


KY and TN Farm Bureau Meeting

Knoxville, TN

May 16, 2018



Presented by:

Dana Coale, Deputy Administrator, Dairy Program

Harold Friedly, Market Administrator, Appalachian Marketing Area

Erin Taylor, Acting Director, Dairy Program Order Formulation and Enforcement

Shawn Boockoff, Assistant Market Administrator, Northeast and Southeast Marketing Areas

Steven Duprey, Supervisory Economist, Southeast Marketing Area

John Herbert, Agricultural Economist, Appalachian Marketing Area

Agenda

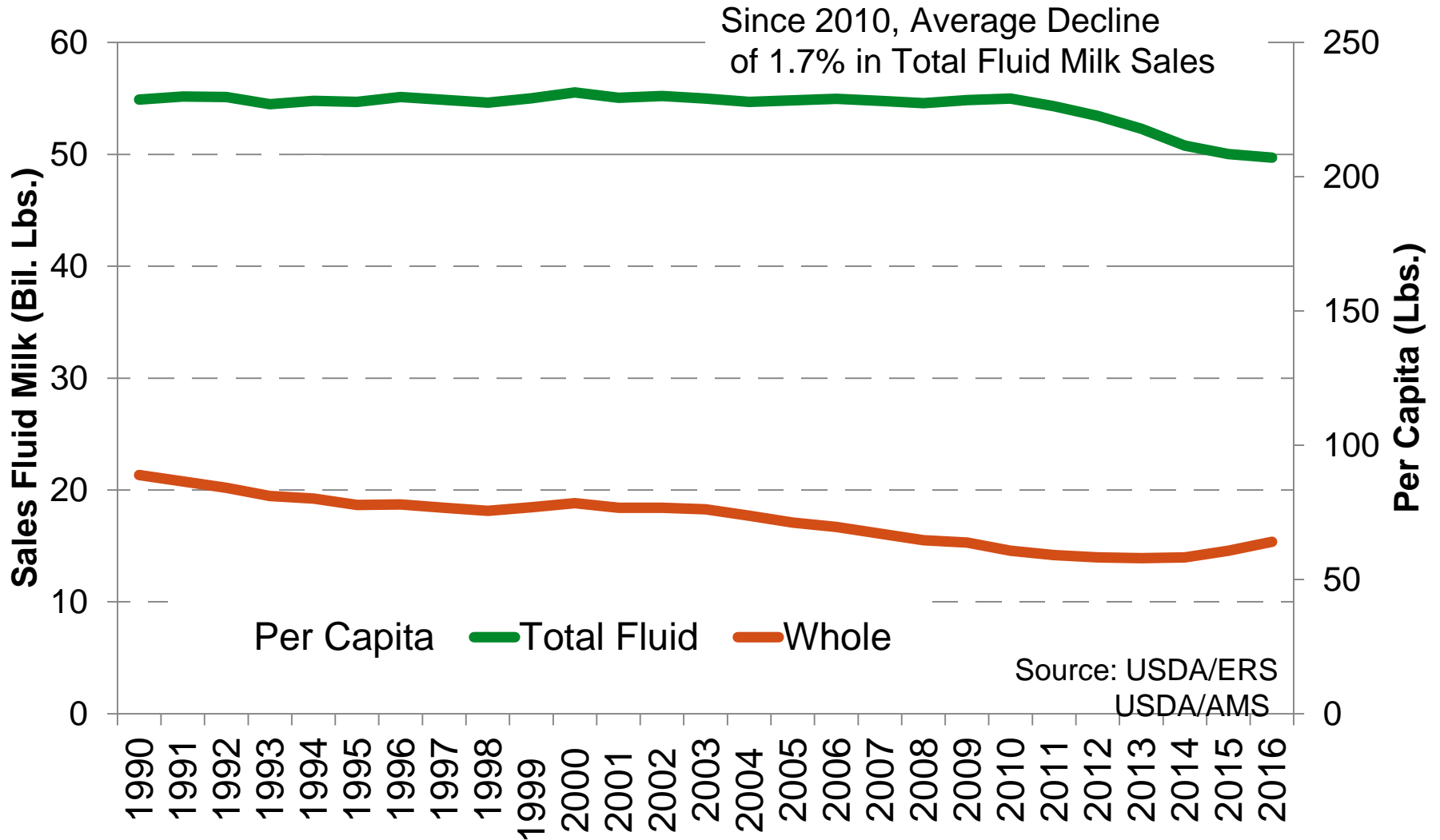
- Dairy Market Overview
- Federal Milk Marketing Order (FMMO) Overview
- Rulemaking process
- Multiple Component Pricing Proposal and Analysis
- Market Information: Southeast and Appalachian Orders

Dairy Market Overview

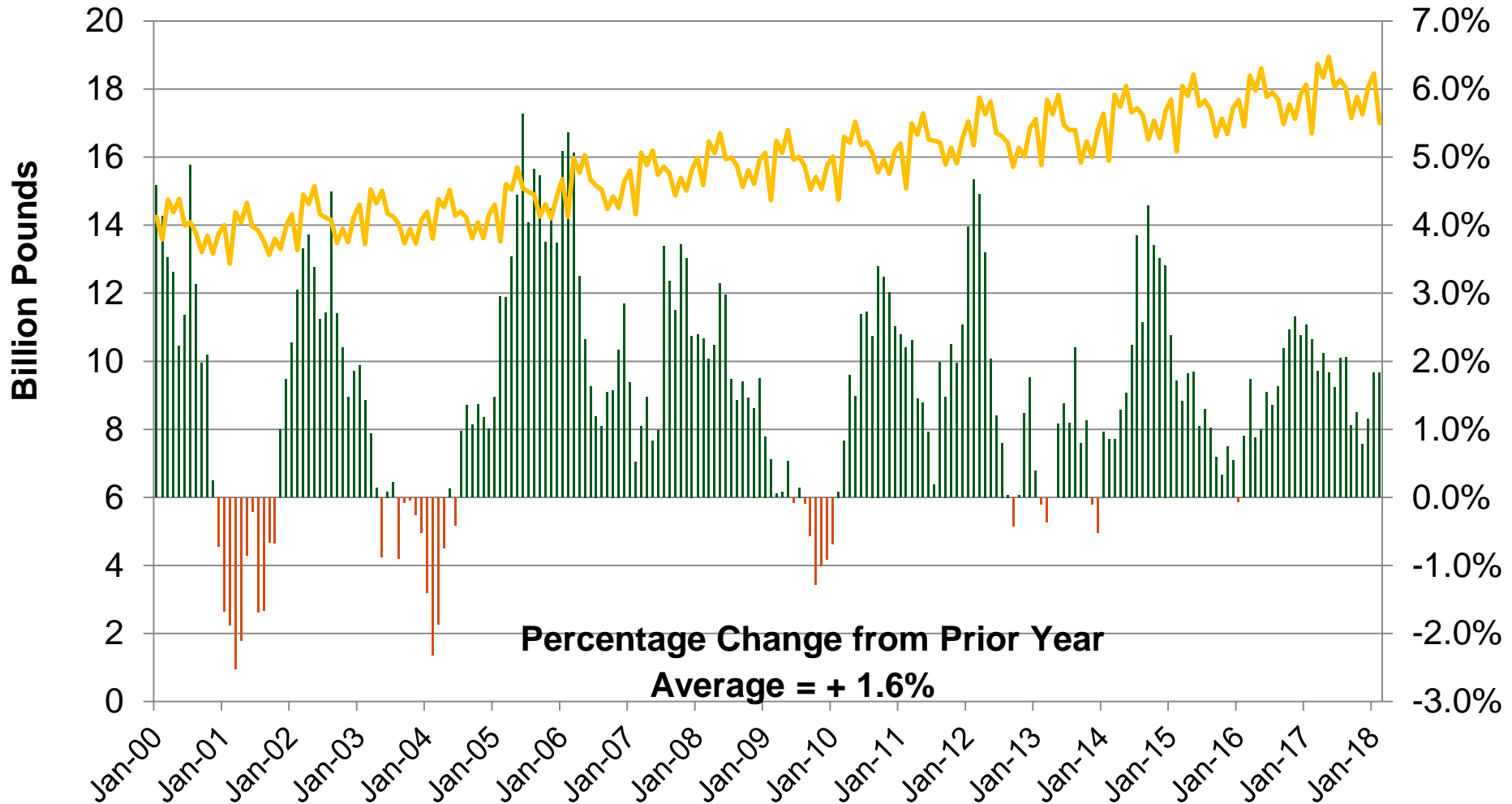
Largest Dairy Processors in North America

2002	Sales (Billion)	Plants	2017	Sales (Billion)	Plants
1. Dean Foods Co.	8.1	113	1. Nestle USA	12.1	9
2. Kraft Foods	4.1	18	2. Dean Foods Co.	7.7	66
3. Land O'Lakes, Inc.	2.9	12	3. Saputo Inc.	7.1	50
4. Saputo Inc.	2.5	47	4. DanoneWave	6.0	15
5. Schreiber Foods	2.3	16	5. Kraft Heinz Co.	5.7	10
6. National Dairy Holdings	2.1	32	6. Schreiber Foods	5.0	28
7. Kroger Co.	1.9	18	7. Agropor Cooperative	4.5	39
8. Parmalat Canada	1.8	28	8. Dairy Farmers of America, Inc.	4.2	41
9. Dairy Farmers of America, Inc.	1.6	27	9. Lactalis American Group	3.9	21
10. Leprino Foods Co.	1.5	10	10. Land O'Lakes, Inc.	3.8	8

Fluid Milk Consumption

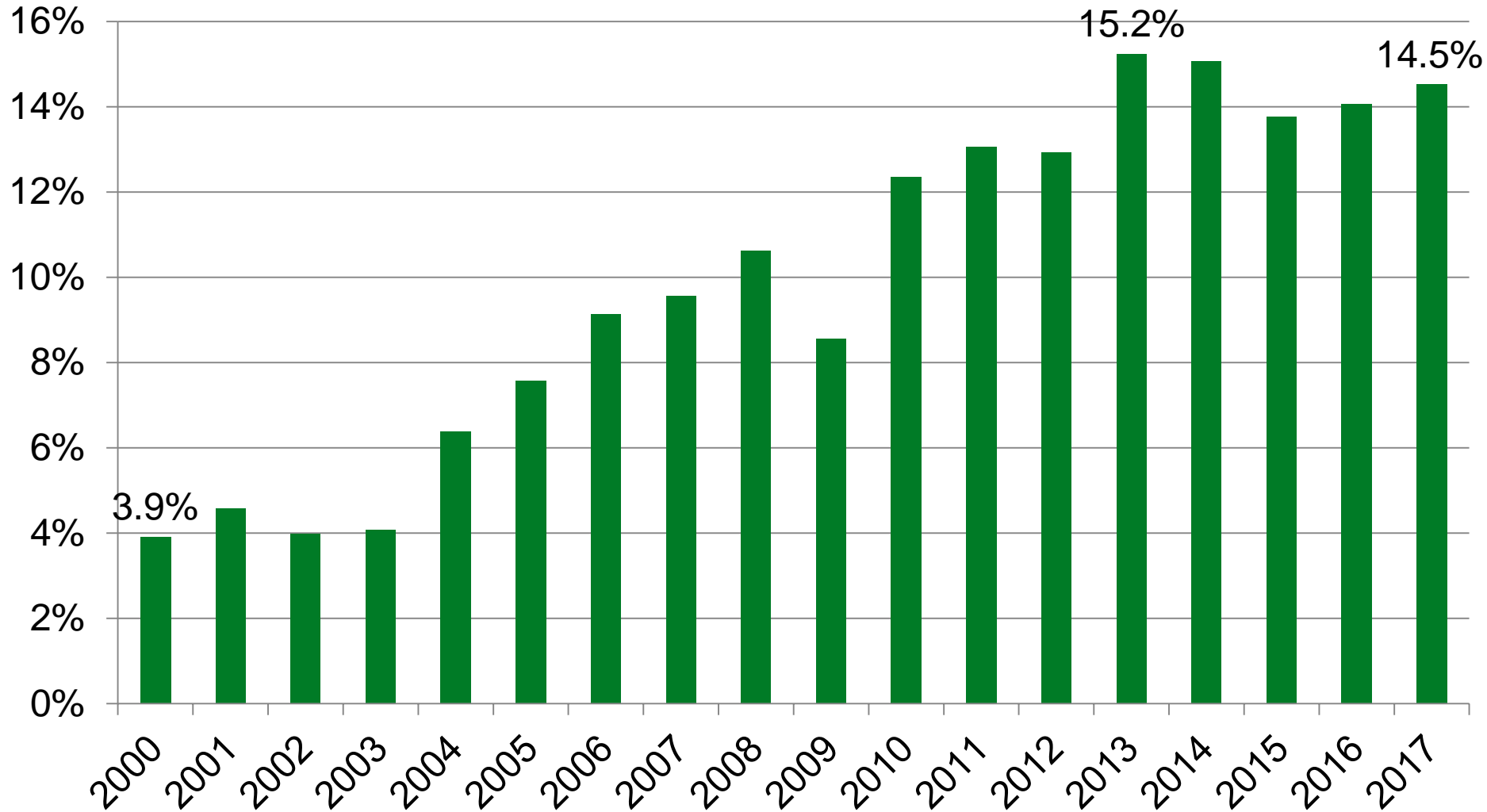


U.S. Monthly Milk Production



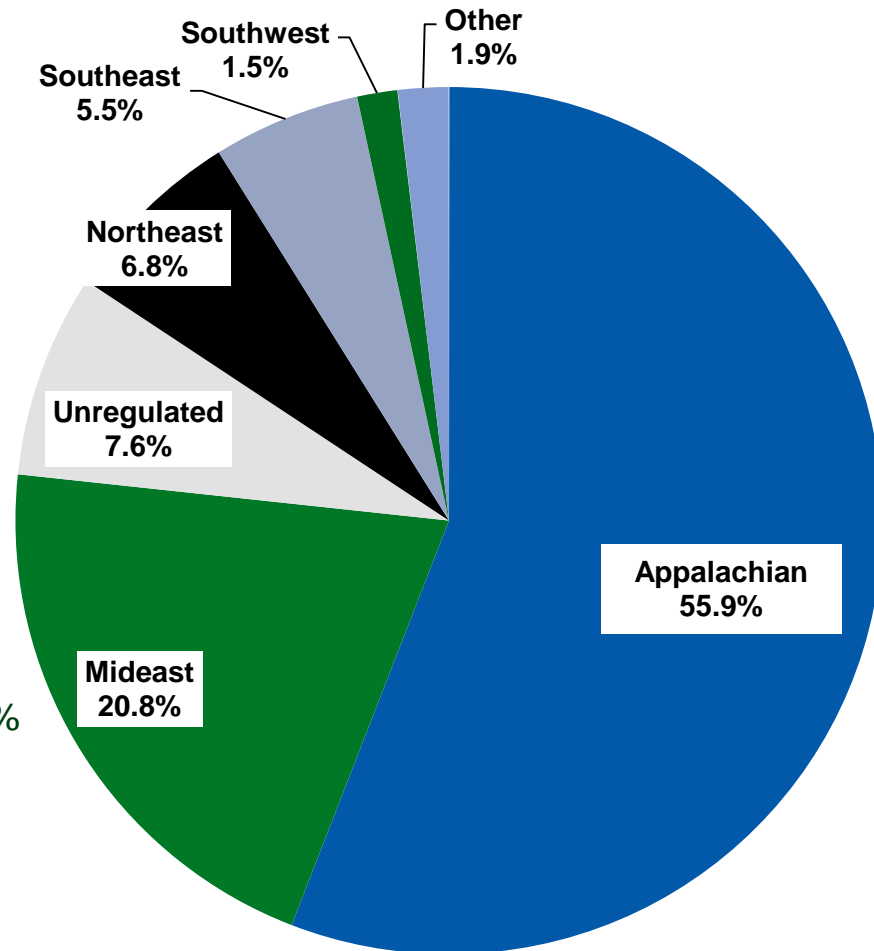
U.S. Exports

Percentage of Total Solids Production



FO 5 Milkshed – 2017

Appalachian Marketing Area



**FO 5 Producer Milk
By the Marketing Area
Location of Producer**

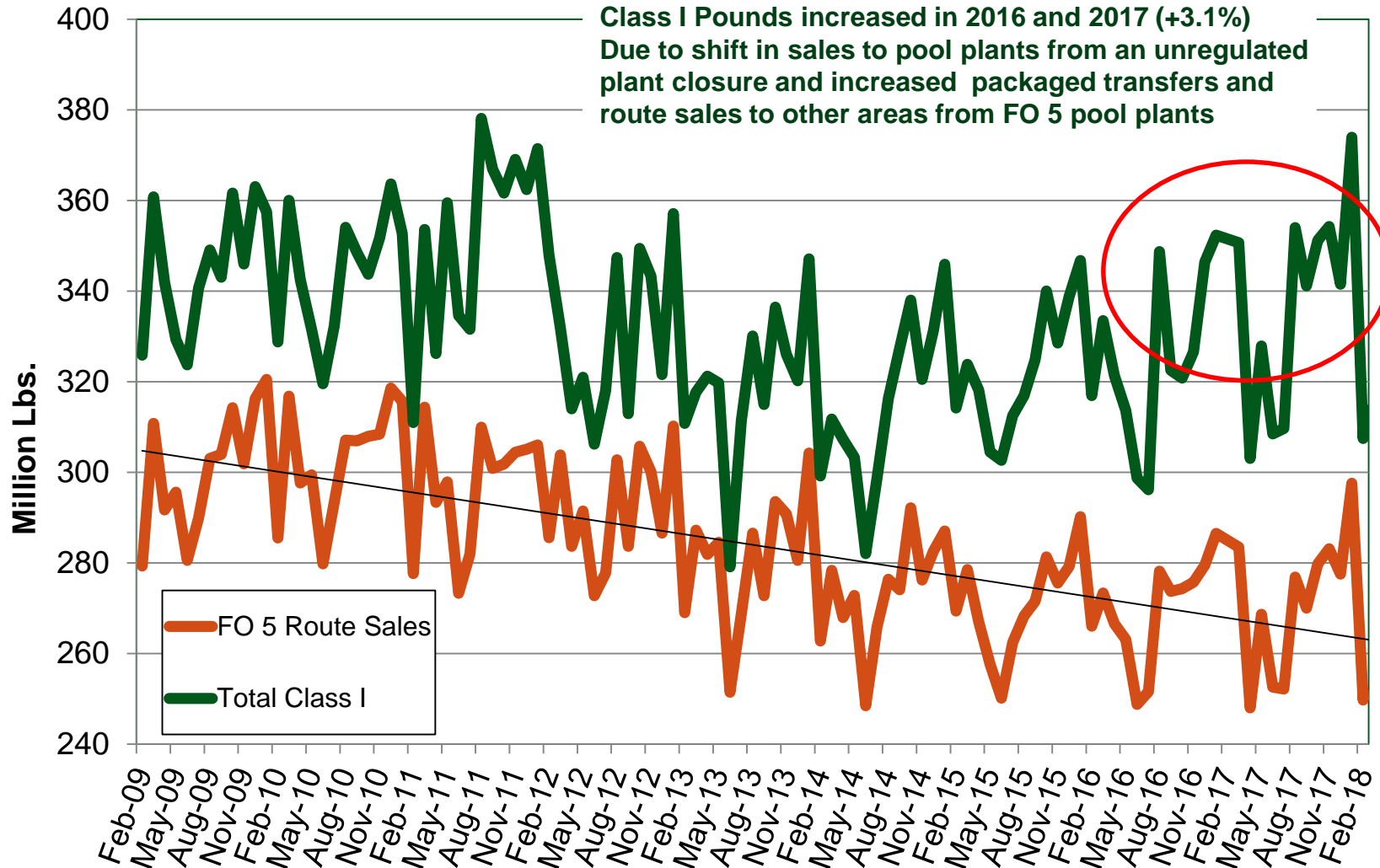
Appalachian + Southeast + Unregulated = 69%

Unregulated Area = Mainly Virginia counties
outside of FO 5

FO 5- In Area Route Sales – Fluid Milk

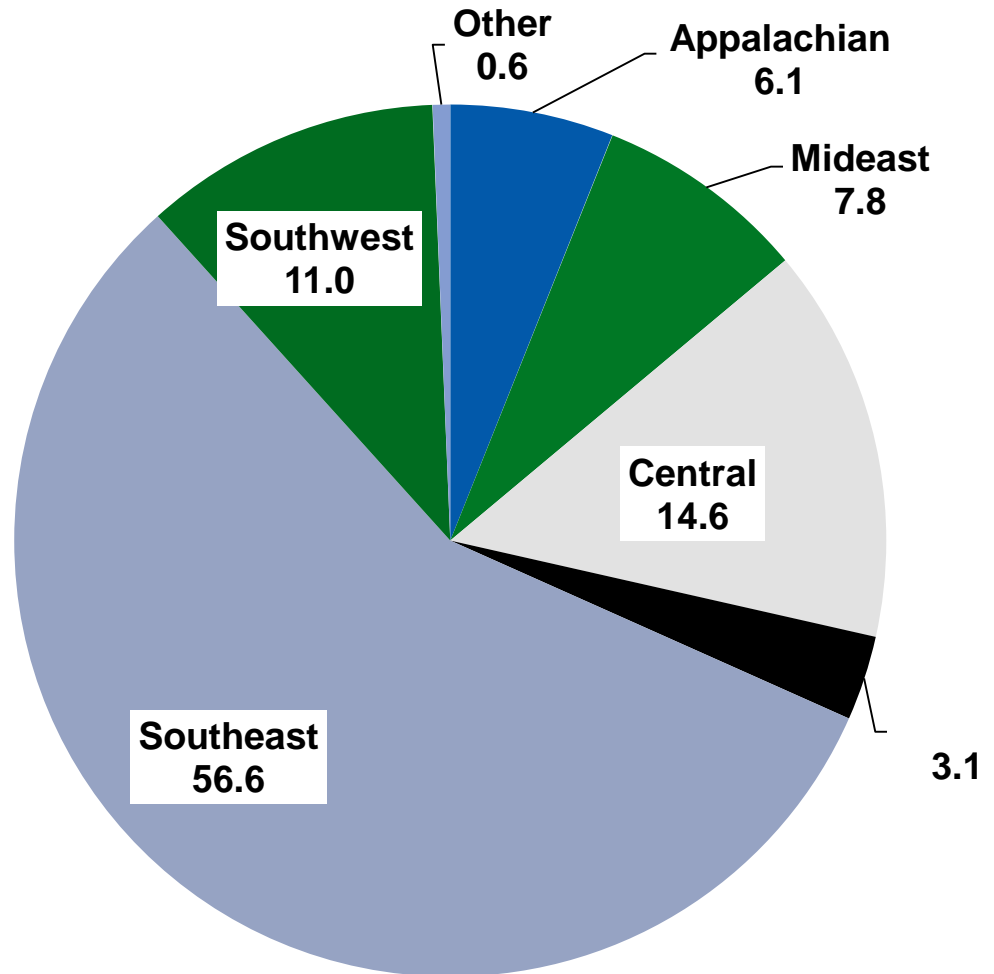
2014 – Down 2.2%
2015 - Down 1.6%

2016 – Down 0.5%
2017 – Down 0.1%



FO 7 Milkshed – 2017

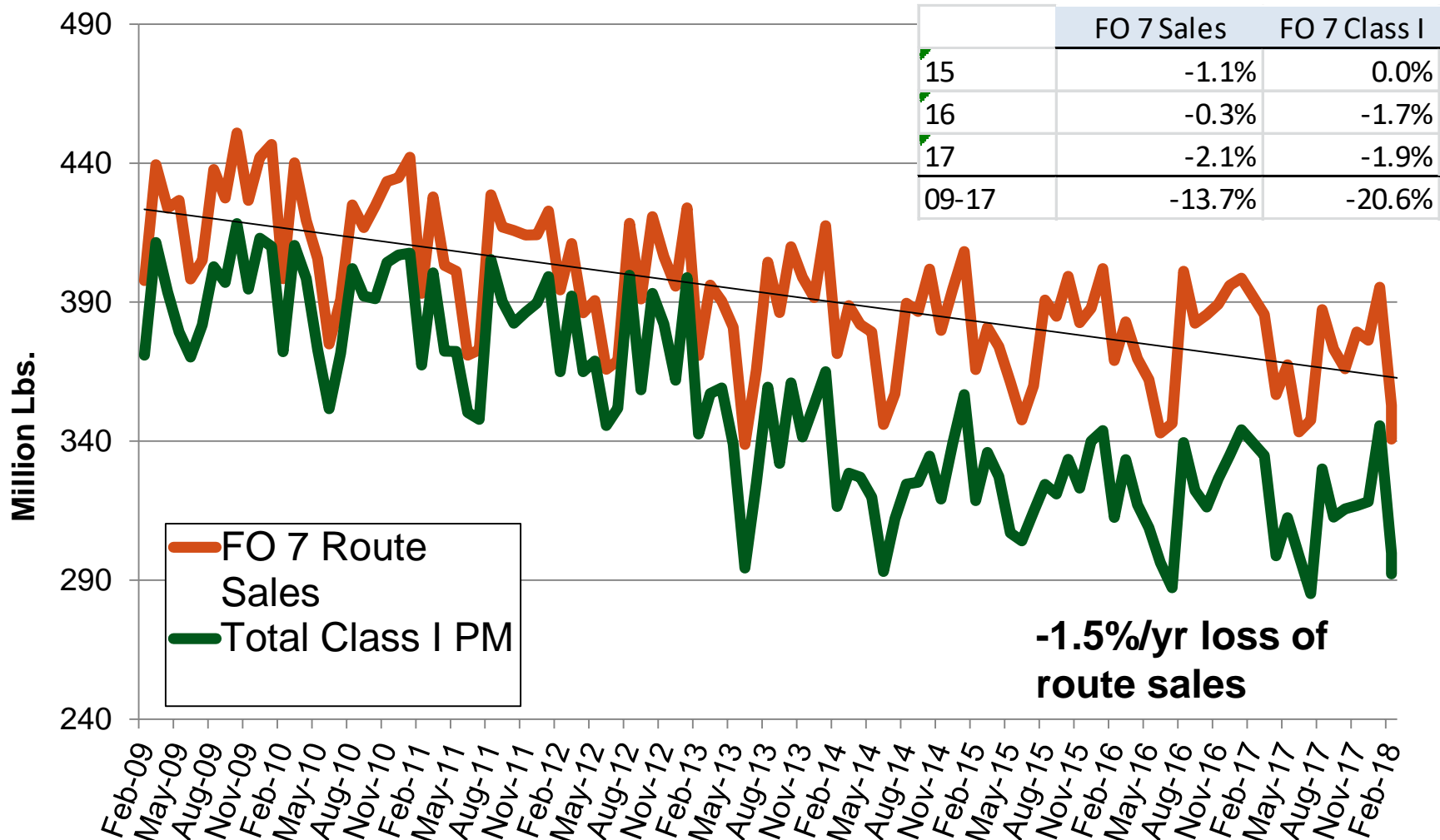
Southeast Marketing Area



**FO 7 Producer Milk
By the Marketing Area
Location of Producer**

Appalachian + Southeast = 63%

FO 7- In Area Route Sales – Fluid Milk



Federal Milk Marketing Order Overview

FMMO Authorization

- Authorized by the Agricultural Marketing Agreement Act of 1937, as amended (AMAA). The AMAA enables USDA to:
 - Establish and maintain orderly marketing conditions
 - Establish classified prices based on how milk is used (handler)
 - Establish uniform blend prices (producer)
- FMMOS are permanent law
- FMMOs are not a price or income support program.
- USDA is not authorized to administer regulation beyond the scope of authority provided by Congress

FMMO Purpose and Objectives

Purpose:

- Ensure an adequate supply of fluid milk for processors and consumers

Objectives:

- Establish **monthly, market-based minimum prices** paid to farmers
- Ensure **proper payments** by:
 - Auditing handler records
 - Verifying milk weights and tests
 - Enforcing timely payments
- Provide timely **market information**

A Federal Milk Order **DOES**:

- Regulate **fluid milk processors**
- Provide a framework to make buying and selling milk a **more orderly process**
- Allow market **supply and demand conditions** to determine the basic price of milk
- Enforce **timely minimum payments** to producers
- Promote equity among handlers by **establishing identical minimum class prices** for all handlers similarly located
- **Provide market statistics** and economic analysis

A Federal Milk Order Does **NOT**:

- Regulate **producers** or **guarantee a market** for milk
- Regulate **from whom** a handler may buy milk
- Set **wholesale, retail** milk, or **maximum prices** to producers
- **Restrict production**
- Establish **sanitary or quality** standards
- **Change** without industry initiation
 - *FMMO changes **must be industry-driven***
- **Insulate** producers from market signals

FMMO Pooling Standards

Standards are:

- Tailored to the local market
- Performance-based
- Designed to encourage service to **Class I market**

Standards determine:

- ✓ **Plants** eligible to pool their milk supply
- ✓ **Producers** eligible to have their milk pooled
- ✓ **Milk** eligible to be pooled

FMMO Pooling Provisions

- Class I fully regulated plants **must** pool all their milk
- Class II, III, and IV manufacturing plants have the option to pool
- Farmers must be **qualified as a producer** so their milk is eligible for pooling
- **Handlers** make pooling decisions

FMMO Pooling Provisions

Route Disposition Standard:

Purpose: Defines what fluid milk handlers/plants supply the fluid beverage needs of the marketing area

Southeast/Appalachian Orders:

- * **50% of plants total milk receipts made into fluid milk products**
- * **25% of the plants fluid milk products are distributed in the marketing area**

Shipping Standard:

Purpose: Defines manufacturing handlers/plants demonstrating service to the Class I market by supplying the fluid processing plants

Southeast/Appalachian Orders:

- * **50% of total milk receipts**
- * **60% of total milk receipts (cooperatives owned plant)**

FMMO Pooling Provisions

Diversion Limits:

Purpose: Balance milk supply of the market while ensuring efficient disposition of fluid milk supply.

- Market milk needs fluctuate. Diversions allow additional supply to pool so fluid needs can always be met
- Diverted milk can be **priced and pooled** on the order even when it is not received at a pool plant

Standard:

25%: Jan-Feb, July-Nov

35%: March-June, Dec

Touch Base Provisions:

Purpose: Define what producers are able to supply the market's fluid needs. Once eligible, the producers' milk can be diverted to nonpool plants

Standard: 1 day's production physically received at a pool plant, per month

Transportation Credit Provisions

Purpose:

- Assist handlers in obtaining supplemental milk when needed
- Transportation credits are paid through an assessment on the **handler**, not producer

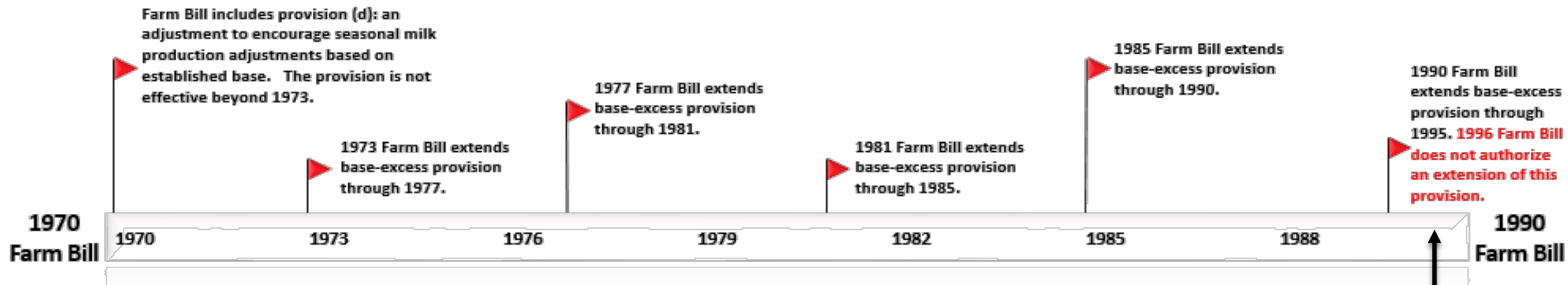
FO 5 Transportation Credit: \$0.15/cwt per month, July – Feb payout
effective July 1, decreased to \$0.10/cwt

FO 7 Transportation Credit: \$0.30/cwt per month, July – Feb payout

Base-Excess Plans

Purpose: Provided producers with price incentives to shift production to more closely mirror consumption (i.e. increase production during the fall)

Base-Excess Plan Legislative Timeline



Authority to administer these plans expired in 1995.

Rulemaking Process

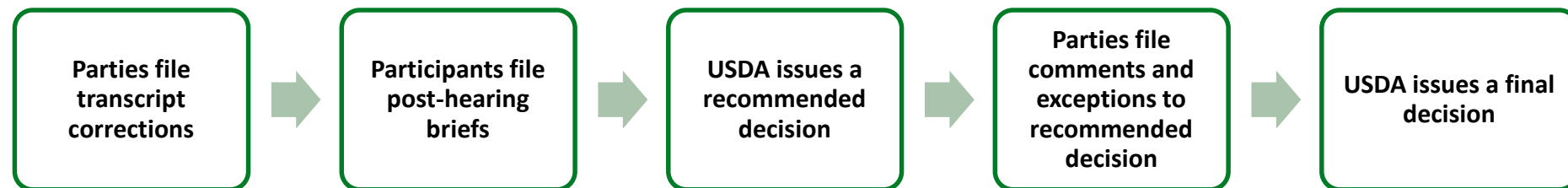
- **Industry-driven**—changes are proposed by the industry, not USDA
- **All-inclusive**—anyone can participate during the hearing or the public comment period
- **Transparent**—decisions are based solely on the proceeding record; *ex-parte* restrictions apply
- **Producer-approved**—producers must approve any change via a voting process

Rulemaking Process

Prior to and During Hearing:



Prior to Producer Vote:



Prior to Implementing a Change:



Producer Approval Process



- Each producer gets a **single vote**.
- A USDA-FMMO approved Cooperative may bloc-vote on behalf of its members.
- Votes are on the **entire order** as proposed, not individual provisions.

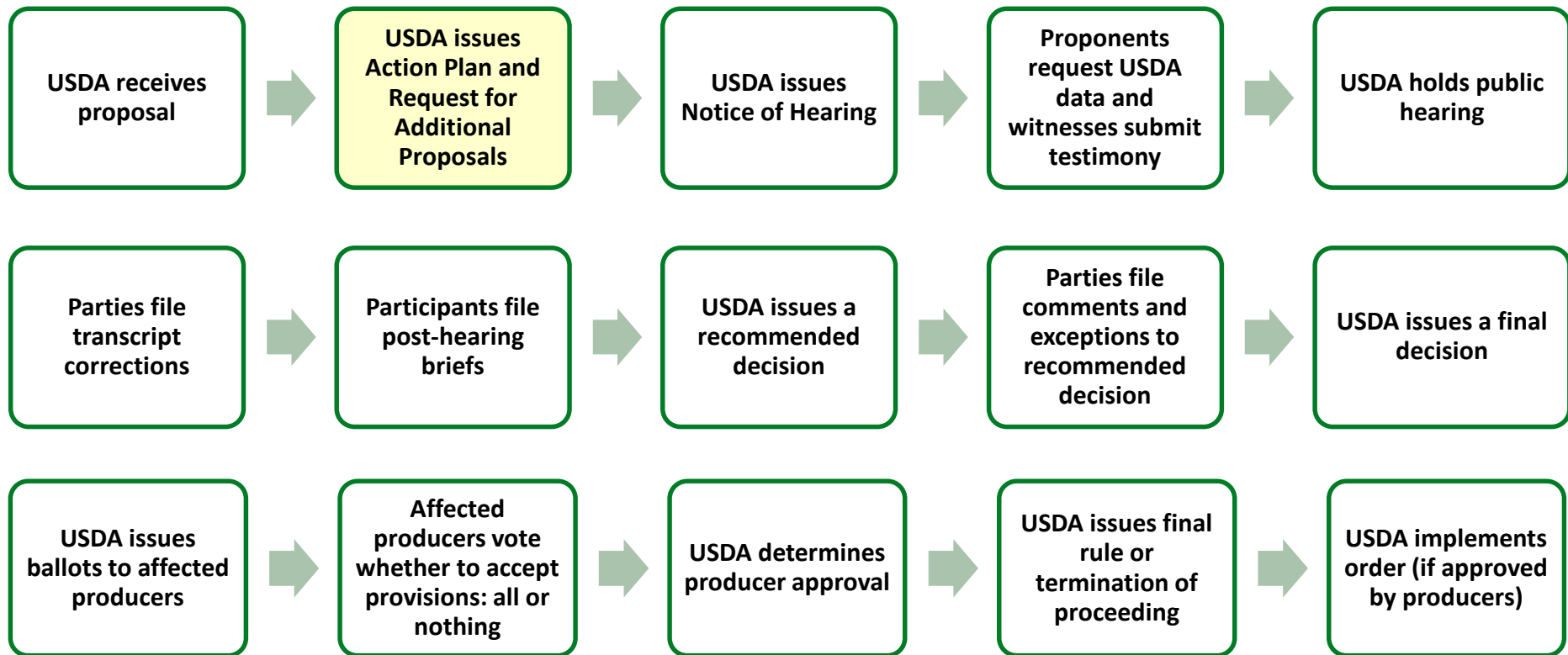
Producer Approval Determination



- The order will be approved if “YES” ballots are received by:
 - ✓ 2/3 of voting producers OR
 - ✓ 2/3 of voting milk volume

Multiple Component Pricing Proposal

MCP Proposal: Where are we in the process?



- Action Plan is required by FMMO regulations
- Additional Proposals are due **June 1, 2018**
- A decision on whether to hold a hearing has **not yet been made**

Multiple Component Pricing Proposal

Current System:

Skim & Fat Pricing

Producers in the Southeast and Appalachian markets are paid for the butterfat and skim milk they produce.

Proposed System:

On behalf of 14 cooperative associations and 4 producer trade associations, National All-Jersey, Inc. submitted a proposal to adopt multiple component pricing in the Southeast and Appalachian milk marketing orders.

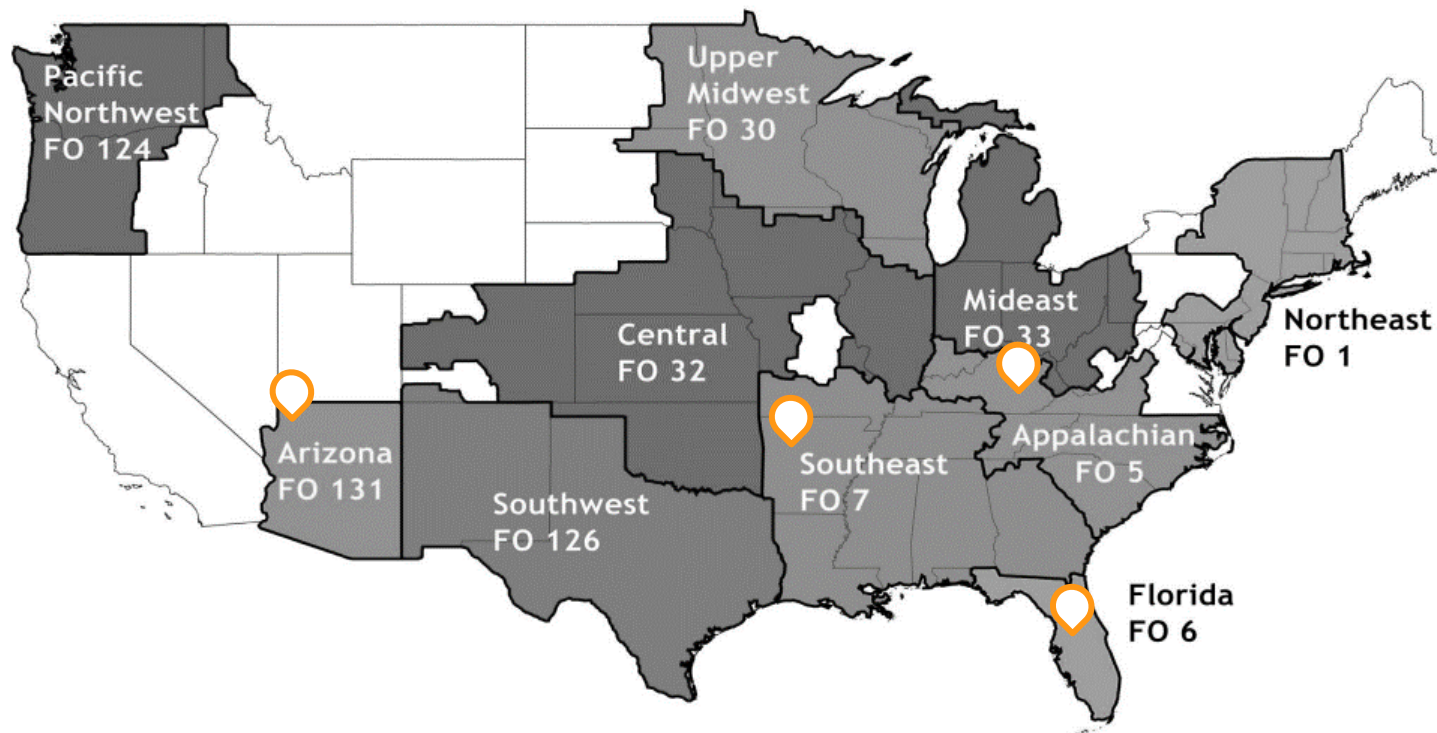
Multiple Component Pricing with Somatic Cell Adjustment

A MCP model pays producers for butterfat and the **solids** content of their skim milk (protein and other nonfat solids).

Currently, producer payments in the Southeast and Appalachian markets are **not** adjusted to account for somatic cell levels.

FMMO Skim and Fat Pricing Areas

Federal Milk Marketing Order Areas



Pricing under Fat and Skim Orders

How are handler prices currently determined?

Under Fat and Skim orders, handlers pay on:

1. Pounds of fat purchased (\$/lb)

- *Class I butterfat price: Advanced butterfat price*
- *Class II butterfat price: butterfat price + \$0.007*
- *Class III and Class IV butterfat prices: butterfat price*

2. CWT of skim purchased (\$/cwt)

- *Class I Skim: Higher of Advanced Class III or IV skim price + differential*
- *Class II Skim: Advanced Class IV skim price + \$0.70*
- *Class III Skim: Protein, Other Solids*
- *Class IV Skim: Nonfat Solids*

- ❖ 3.1 pounds of protein in skim
- ❖ 5.9 pounds of other solids
- ❖ 9 pounds of nonfat solids

Dairy Products Mandatory Reporting Program

- Weekly **mandatory** survey of wholesale prices for:
 - Cheese
 - Butter
 - Nonfat Dry Milk
 - Dry Whey
- Participating plants produce > 1 million pounds annually
- Data verified by FMMO auditors
- Weekly survey prices feed into monthly average product prices
- Monthly average product prices are used to determine raw milk values

How are handler prices announced?

FMMO skim and fat prices:

- AMS's Announcement of Class and Component Prices
- Released on or before the 5th of the following month
- Contains prices for:
 - Class II Butterfat
 - Class II Skim
 - Class III Skim
 - Class IV Skim
 - Butterfat



Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service Dairy Programs Market Information Branch
CLS-0318 April 4, 2018

March 2018 Highlights

Class II Price was \$13.88 per hundredweight for the month of March 2018. The price per hundredweight increased \$0.44 from the previous month.

Class III Price was \$14.22 per hundredweight for the month of March 2018. The price per hundredweight increased \$0.82 from the previous month.

Class IV Price was \$13.04 per hundredweight for the month of March 2018. The price per hundredweight increased \$0.17 from the previous month.

Announcement of Class and Component Prices for March 2018

Class II Price:	\$13.88	(per hundredweight)
Class II Butterfat Price:	\$2.4343	(per pound)
Class II Skim Milk Price ^{1/}	\$5.55	(per hundredweight)
Class III Price:	\$14.22	(per hundredweight)
Class III Skim Milk Price:	\$5.93	(per hundredweight)
Class IV Price:	\$13.04	(per hundredweight)
Class IV Skim Milk Price:	\$4.71	(per hundredweight)
Butterfat Price:	\$2.4273	(per pound)
Nonfat Solids Price:	\$0.5232	(per pound)
Protein Price:	\$1.8066	(per pound)
Other Solids Price:	\$0.0556	(per pound)
Somatic Cell Adjustment Rate:	0.00078	(per 1,000 somatic cell count)
Product Price Averages:		
Butter	\$2.1759	(per pound)
Nonfat Dry Milk	\$0.6963	(per pound)
Cheese	\$1.5542	(per pound)
Dry Whey	\$0.2531	(per pound)

^{1/} February 2018 Advanced Price Announcement

How are producers currently paid?

FMMO skim and fat prices:

- Total Skim Value:
 - Class I + Class II + Class III + Class IV Skim Dollars
- Total Butterfat Value:
 - Class I + Class II + Class III + Class IV Butterfat Dollars

UNITED STATES DEPARTMENT OF AGRICULTURE
 AGRICULTURAL MARKETING SERVICE
 DAIRY PROGRAMS
 MILK MARKET ADMINISTRATOR

APPALACHIAN MARKETING AREA
 Federal Order No. 5
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 Fax: 502-499-8749
 E-Mail: friedly@malouisville.com

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 Louisville, Kentucky 40291-4467
 (Mail) P. O. Box 91528
 Louisville, Kentucky 40291-0528
<http://www.malouisville.com>

Federal Order No. 5
COMPUTATION OF UNIFORM PRICES
 March 2018

	Utilization Percentage	Product Pounds	Component Pounds	Price	Total Dollars
Class I	66.81	347,334,308			
Skim Milk			340,188,909	8.78	29,868,586.21
Butterfat			7,145,399	2.3674	16,916,017.59
Location Adjustment					(834,374.44)
Class II	14.51	75,444,362			
Skim Milk			68,006,772	5.55	3,774,375.85
Butterfat			7,437,590	2.4343	18,105,325.34
Class III	5.17	26,869,766			
Skim Milk			25,546,328	5.93	1,514,897.25
Butterfat			1,323,438	2.4273	3,212,381.06
Class IV	13.51	70,250,280			
Skim Milk			66,311,935	4.71	3,123,292.14
Butterfat			3,938,345	2.4273	9,559,544.82
Total Producer Milk Classified Value		519,898,716			85,240,045.82
Add:					
Overage					49,622.09
Inventory Reclassified					29,370.36
Other Source Milk					
Location Adjustments					1,897,825.76
1/2 Balance Producer Settlement Fund					161,183.57
Total Butterfat					19,844,772
Total Skim Milk Value					39,583,898.72
Subtract: Producer Settlement Fund Reserve					229,653.32
Total Producer Skim Milk & Other Source Milk					500,053,944
Prices at Mecklenburg County, NC					
Uniform Skim Milk Price				7.87	
Uniform Butterfat Price				2.4084	
Uniform Price				16.02	

How are producers currently paid?

FMMO skim and fat prices:

- Total Skim Value:
 - Class I + Class II + Class III + Class IV Skim Dollars
- Total Butterfat Value:
 - Class I + Class II + Class III + Class IV Butterfat Dollars
- Uniform Skim Milk Price:
 - Total Producer Skim Dollars/Total Skim Pounds

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How are producers currently paid?

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- Total Butterfat Value:
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- Total Butterfat Value:
 - Class I + Class II + Class III + Class IV Butterfat Dollars
- Uniform Butterfat Price:
 - (=Total Butterfat Dollars/Total Butterfat Pounds)

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Uniform Price				16.02	

How is my payment calculated?

Pounds of butterfat produced \times average butterfat price

+ Pounds of skim milk produced \times average skim milk price

+/- (cwt of milk \times Location Adjustment)

- Authorized Deductions

= Producer Payment

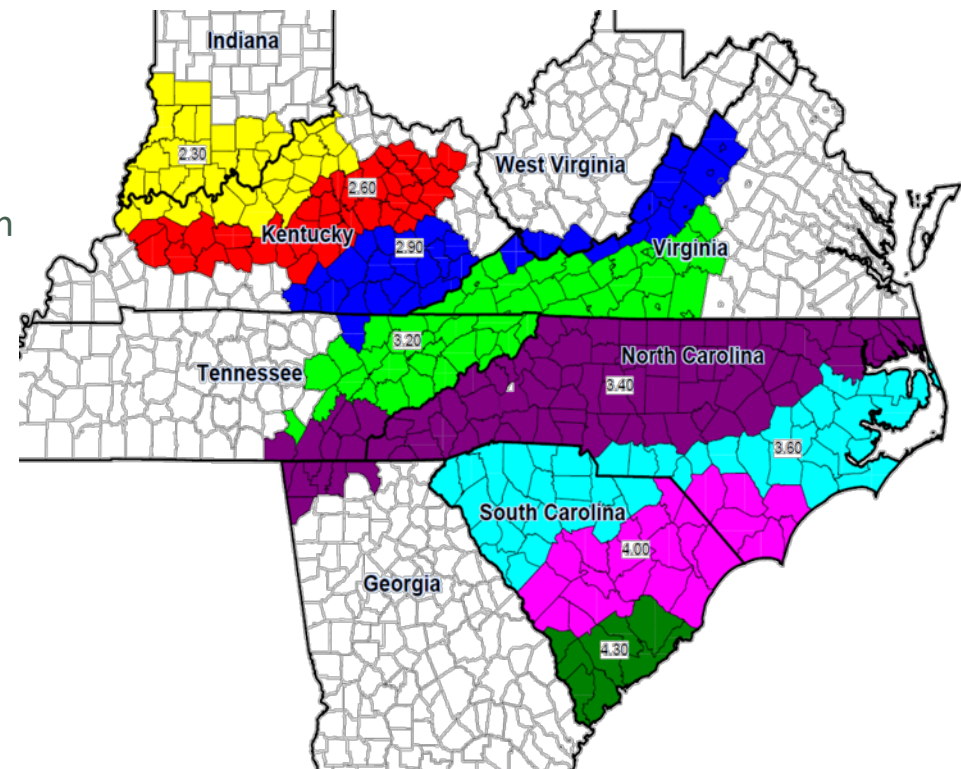
Pricing—Location Adjustment: FO 5

- Order Blend price announced at the Charlotte \$3.40 zone
- Prices received by producers will reflect location pricing (*by the plant of first receipt*)

Examples:

- If you deliver to a plant located in the \$4.00 zone
Your blend = announced blend + \$0.60 / cwt
- If you deliver to a plant located in the \$2.90 zone
Your blend = announced blend - \$0.50 / cwt

PRODUCER PAYMENT ZONES



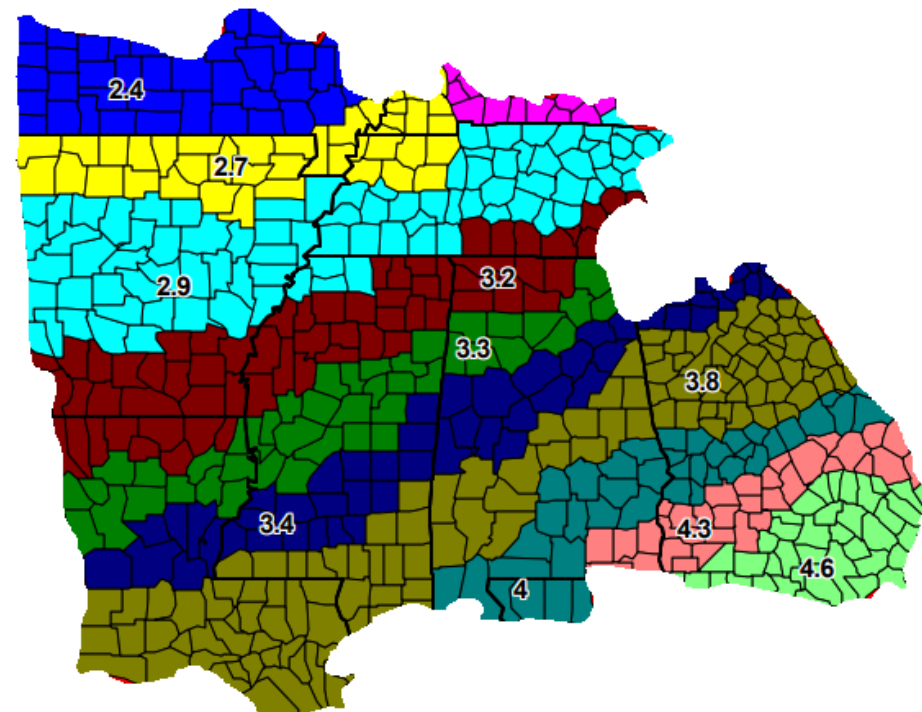
Pricing—Location Adjustment: FO 7

- Order Blend price announced at the Atlanta \$3.80 zone
- Prices received by producers will reflect location pricing (*by the plant of first receipt*)

Examples:

- If you deliver to a plant located in the \$3.20 zone
Your blend = announced blend - \$0.60 / cwt
- If you deliver to a plant located in the \$4.60 zone
Your blend = announced blend + \$0.80 / cwt

PRODUCER PAYMENT ZONES



Pricing under MCP Orders

Pricing— Handler Component Price Calculations

FMMO component prices:

- Butterfat Price:
 - (NDPSR butter price - \$0.1715) * 1.211
- Nonfat solids Price:
 - (NDPSR NFDM price - \$0.1678) * .99
- Protein Price:
 - (NDPSR cheddar cheese price - \$0.2003) * 1.383
– (Butterfat adjustment)
- Other Solids Price:
 - (NDPSR dry whey price - \$0.1991) * 1.03



Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service Dairy Programs Market Information Branch
CLS-0318 April 4, 2018

March 2018 Highlights

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Announcement of Class and Component Prices for March 2018

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Class II Butterfat Price:	\$2.4343 (per pound)
Class II Skim Milk Price ¹ :	\$5.55 (per hundredweight)
Class III Price:	\$14.22 (per hundredweight)
Class III Skim Milk Price:	\$5.93 (per hundredweight)
Class IV Price:	\$13.04 (per hundredweight)
Class IV Skim Milk Price:	\$4.71 (per hundredweight)
Butterfat Price:	\$2.4273 (per pound)
Nonfat Solids Price:	\$0.5232 (per pound)
Protein Price:	\$1.8066 (per pound)
Other Solids Price:	\$0.0556 (per pound)
Somatic Cell Adjustment Rate:	0.00078 (per 1,000 somatic cell count)
Product Price Averages:	
Butter	\$2.1759 (per pound)
Nonfat Dry Milk	\$0.6963 (per pound)
Cheese	\$1.5542 (per pound)
Dry Whey	\$0.2531 (per pound)

¹ February 2018 Advanced Price Announcement

Pricing— Handler Component Price Calculations

FMMO component prices:

- Butterfat Price:
 - (NDPSR butter price - **\$0.1715**) * **1.211**
- Nonfat solids Price:
 - (NDPSR NFDM price - **\$0.1678**) * **.99**
- Protein Price:
 - (NDPSR cheddar cheese price - **\$0.2003**) * **1.383**
– (Butterfat adjustment)
- Other Solids Price:
 - (NDPSR dry whey price - **\$0.1991**) * **1.03**



Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service Dairy Programs Market Information Branch
CLS-0318 April 4, 2018

March 2018 Highlights

Class II Price was \$13.88 per hundredweight for the month of March 2018. The price per hundredweight increased \$0.44 from the previous month.

Class III Price was \$14.22 per hundredweight for the month of March 2018. The price per hundredweight increased \$0.82 from the previous month.

Class IV Price was \$13.04 per hundredweight for the month of March 2018. The price per hundredweight increased \$0.17 from the previous month.

Announcement of Class and Component Prices for March 2018

Class II Price:	\$13.88	(per hundredweight)
Class II Butterfat Price:	\$2.4343	(per pound)
Class II Skim Milk Price ^{1/}	\$5.55	(per hundredweight)
Class III Price:	\$14.22	(per hundredweight)
Class III Skim Milk Price:	\$5.93	(per hundredweight)
Class IV Price:	\$13.04	(per hundredweight)
Class IV Skim Milk Price:	\$4.71	(per hundredweight)
Butterfat Price:	\$2.4273	(per pound)
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^{1/} February 2018 Advanced Price Announcement

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Announcement of Class and Component Prices for March 2018

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^{1/} February 2018 Advanced Price Announcement

Pricing— Handler Component Price Calculations

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Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service Dairy Programs Market Information Branch
CLS-0318 April 4, 2018

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^{1/} February 2018 Advanced Price Announcement

Pricing – Producer Component Pricing

Producer Payment Includes:

- **Prices per pound** of the Class III values of butterfat, true protein, and other solids contained in your milk pooled.
- **Producer Price Differential (PPD)**
 - The PPD is the remaining market value of your milk after accounting for the Class III component values.
 - The PPD is paid on a per hundredweight (cwt) basis.
 - The PPD is **adjusted by location**. The adjustment is the **difference** between the announcement zone in your Order, and the location of the plant where your milk is delivered.
 - FO 5 announcement zone: \$3.40 in Mecklenburg County, NC
 - FO 7 announcement zone: \$3.80 in Fulton County, Georgia

What is the Producer Price Differential?

Producer Price Differential:

= \$0.00/cwt, if pool classified value is **equal** to Class III value

= Positive value, if pool classified value is **greater** than Class III value

= Negative value, if pool classified value is **lower** than Class III value

Positive Producer Price Differential

Pool Revenue

- Class I Handler Value
- Class II Handler Value
- Class III Handler Value
- Class IV Handler Value



Producer Component Values (Class III)

- Butterfat Value
- Protein Value
- Other Solids Value



**POSITIVE
PRODUCER PRICE
DIFFERENTIAL
(PPD)**



Negative Producer Price Differential

Pool Revenue

- Class I Handler Value
- Class II Handler Value
- Class III Handler Value
- Class IV Handler Value



Producer Component Values (Class III)

- Butterfat Value
- Protein Value
- Other Solids Value

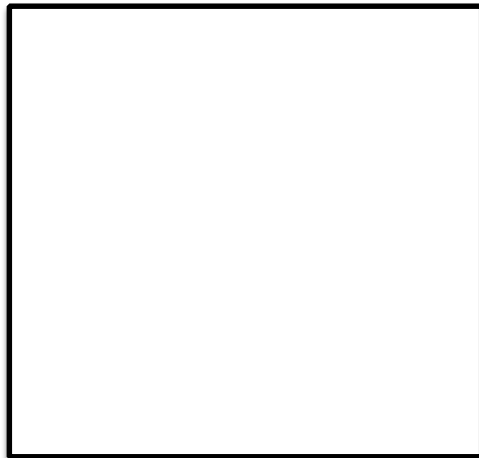


**NEGATIVE
PRODUCER PRICE
DIFFERENTIAL
(PPD)**

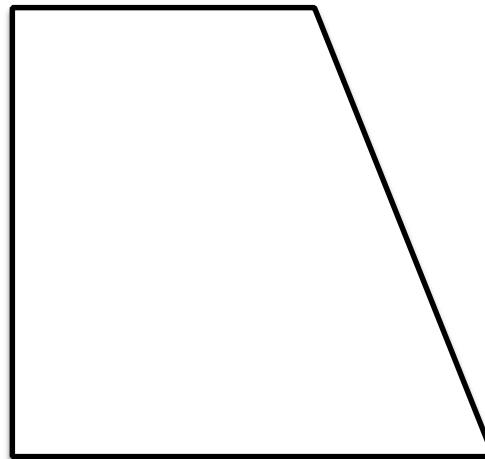


Positive Producer Price Differential

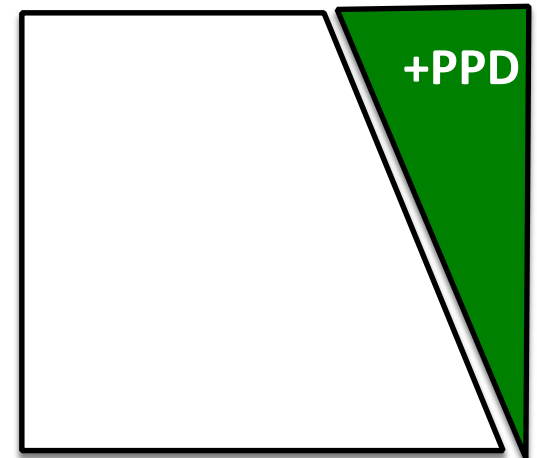
Pool Revenue



Producer Component Values (Class III)

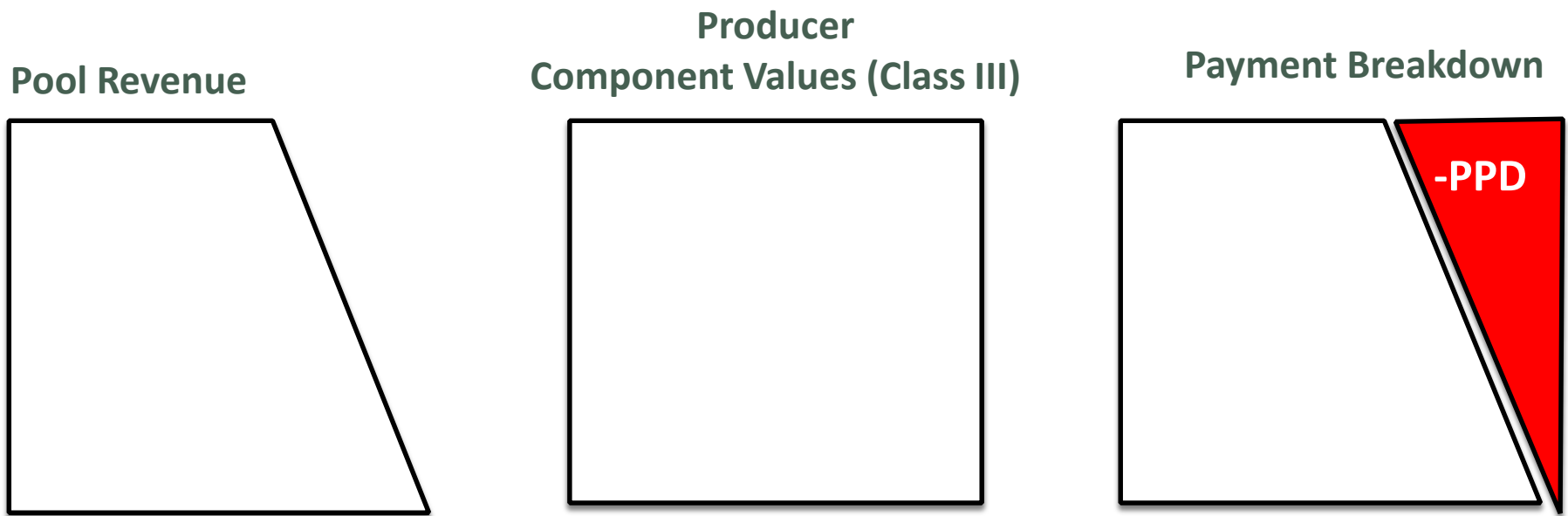


Payment Breakdown



When the value of the pool is **greater** than your Class III component value payments, the PPD is **positive**

Negative Producer Price Differential



When the value of the pool is **less** than your Class III component value payments, a PPD is **negative**

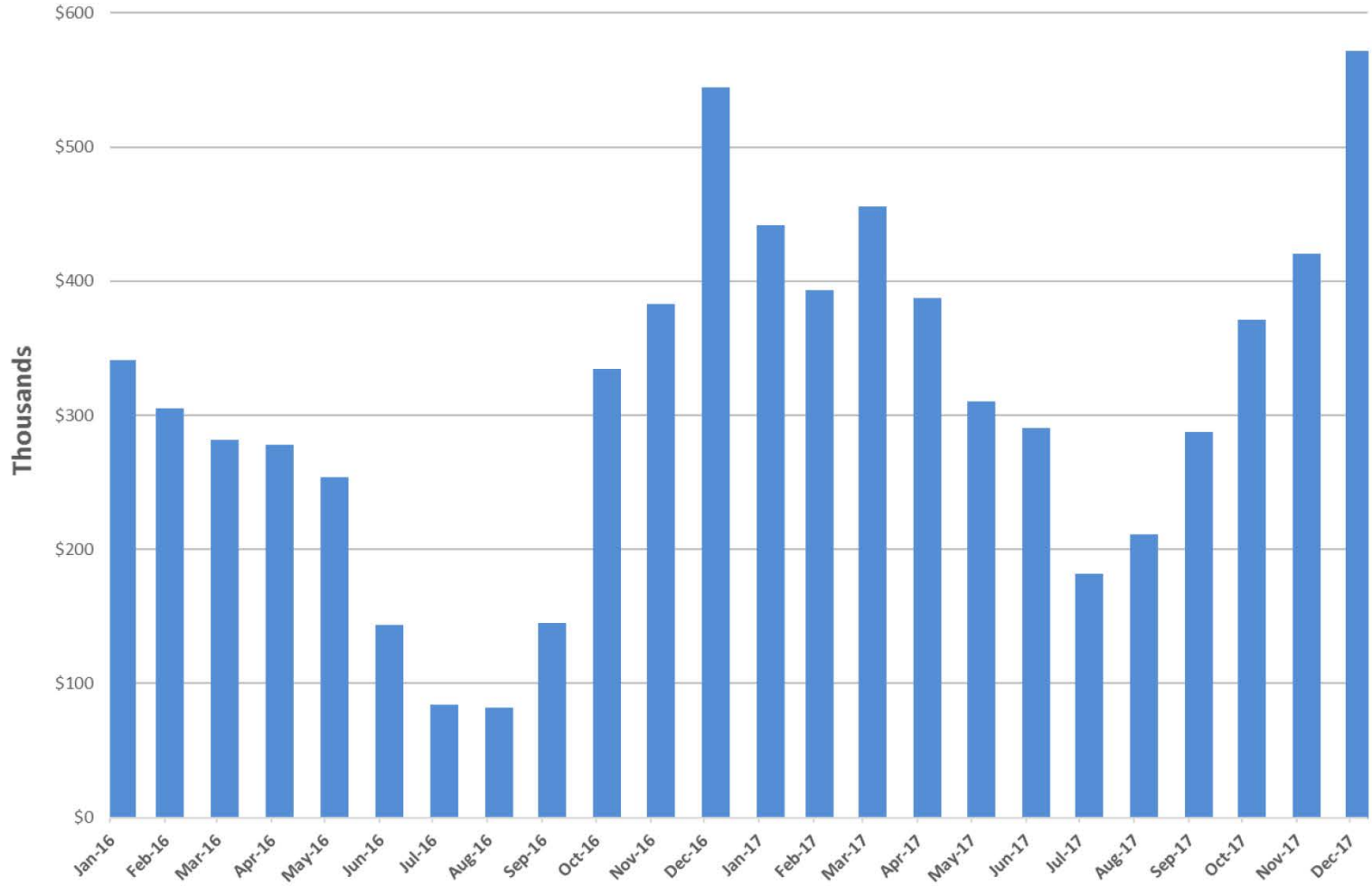
How is my payment calculated?

- Pounds of butterfat produced \times butterfat price
 - + Pounds of true protein produced \times protein price
 - + Pounds of other solids produced \times other solids price
 - + (cwt of milk \times PPD*)
 - +/- Somatic Cell Adjustment
 - Authorized Deductions
-
- = Producer Payment

*Adjusted for location

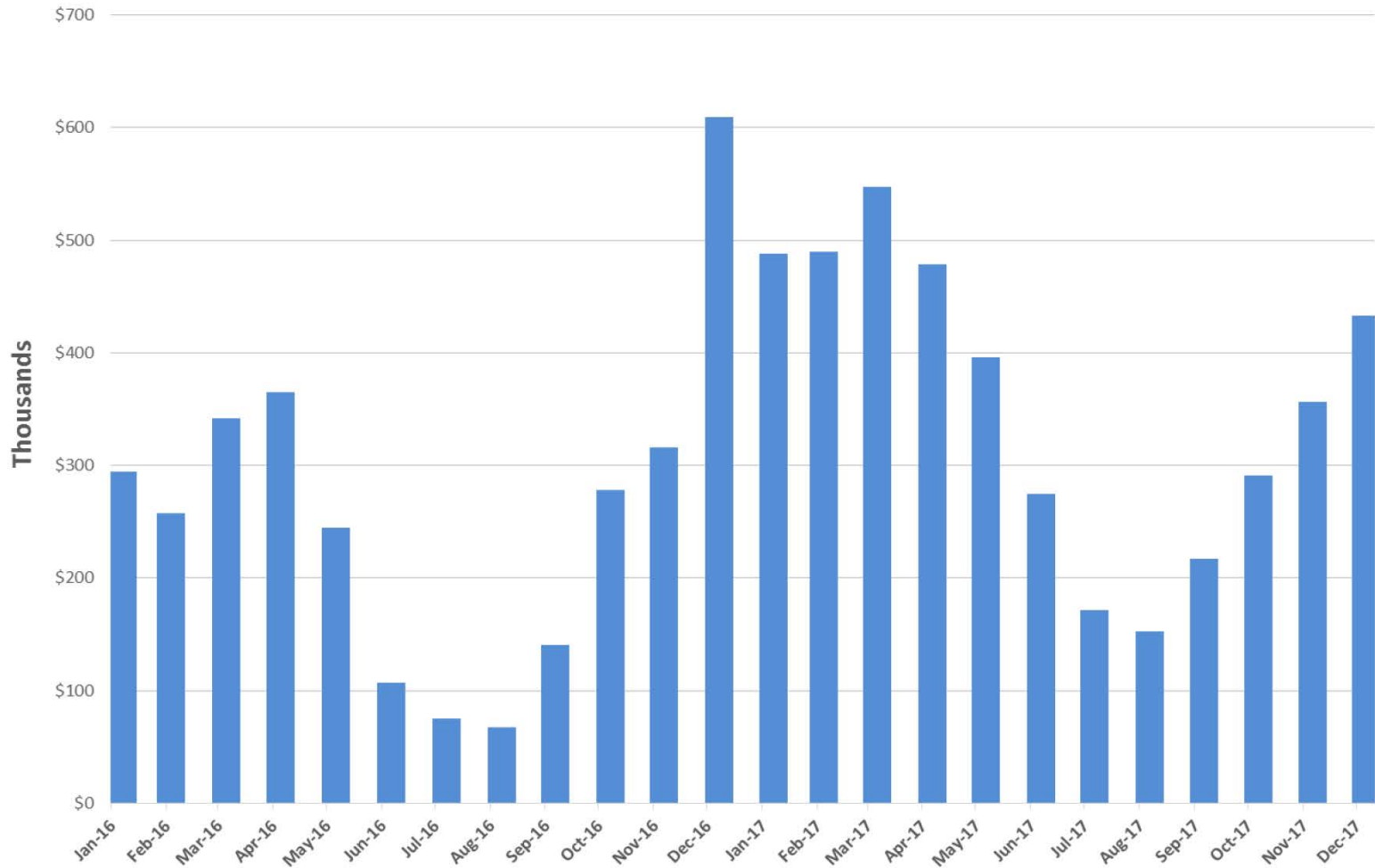
MCP Analysis – Appalachian and Southeast Orders

Estimated Change in FO 5 Pool Value with MCP Additional \$7.26 Million (\$0.06 per cwt) from 2016 - 2017



Agricultural Marketing Service

Estimated Change in FO 7 Pool Value with MCP Additional \$7.11 Million (\$0.06 per cwt) from 2016 - 2017



FO 5 Multiple Component Pricing Impact Estimate

	Market Average Component Tests				Impact		Producer Price Differential	
	Butterfat	Protein	Other Solids	SCC	Difference	per cwt	Value	per cwt
Jan-16	3.8076	3.1114	5.7326	226	\$331,353.48	\$0.07	\$15,361,101.89	\$3.12
Feb-16	3.8158	3.0904	5.7476	228	\$295,506.71	\$0.07	\$10,759,147.81	\$2.37
Mar-16	3.7131	3.0216	5.7557	218	\$271,630.42	\$0.05	\$10,017,995.73	\$2.02
Apr-16	3.6710	3.0140	5.7592	210	\$267,919.53	\$0.06	\$11,074,432.66	\$2.28
May-16	3.6388	2.9937	5.7587	217	\$243,718.94	\$0.05	\$15,475,251.11	\$3.16
Jun-16	3.5833	2.9500	5.7387	234	\$133,598.52	\$0.03	\$12,431,135.58	\$2.70
Jul-16	3.5652	2.9324	5.7293	258	\$74,302.52	\$0.02	\$6,949,451.52	\$1.59
Aug-16	3.5648	2.9582	5.7166	273	\$72,088.84	\$0.02	\$3,468,029.68	\$0.74
Sep-16	3.6273	3.0150	5.7115	260	\$135,315.59	\$0.03	\$8,962,583.21	\$2.06
Oct-16	3.7373	3.0984	5.7401	231	\$324,211.44	\$0.07	\$13,680,771.70	\$3.01
Nov-16	3.8236	3.1529	5.7451	210	\$372,894.78	\$0.09	\$787,231.18	\$0.18
Dec-16	3.9134	3.1774	5.7608	205	\$534,255.86	\$0.11	\$6,414,799.93	\$1.32
Jan-17	3.8602	3.1368	5.7478	215	\$431,646.79	\$0.09	\$13,859,758.18	\$2.87
Feb-17	3.8073	3.1003	5.7520	201	\$382,982.95	\$0.09	\$8,168,520.43	\$1.89
Mar-17	3.7907	3.0983	5.7633	194	\$446,074.81	\$0.09	\$14,933,396.42	\$2.97
Apr-17	3.7309	3.0507	5.7546	200	\$377,712.84	\$0.08	\$11,462,412.86	\$2.39
May-17	3.6990	3.0366	5.7461	213	\$300,073.82	\$0.06	\$9,336,995.63	\$1.92
Jun-17	3.6571	3.0125	5.7380	225	\$280,183.11	\$0.06	\$8,763,613.49	\$1.81
Jul-17	3.6338	2.9899	5.7192	241	\$171,669.90	\$0.04	\$17,955,555.56	\$3.82
Aug-17	3.6610	3.0234	5.7259	247	\$201,522.77	\$0.04	\$14,055,083.18	\$2.84
Sep-17	3.7389	3.0662	5.7470	231	\$277,336.00	\$0.06	\$11,973,928.25	\$2.53
Oct-17	3.7727	3.1014	5.7440	223	\$361,471.66	\$0.07	\$8,023,834.74	\$1.63
Nov-17	3.8589	3.1531	5.7576	207	\$410,468.54	\$0.09	\$6,255,663.55	\$1.31
Dec-17	3.8968	3.1578	5.7630	194	\$561,364.88	\$0.11	\$13,214,430.55	\$2.54

FO 7 Multiple Component Pricing Impact Estimate

					Impact		Producer Price Differential	
	Bfat	Protein	Other Solids	SCC	Difference	per cwt	Value	per cwt
Jan-16	3.78	3.1527	5.7081	270	\$283,181	\$0.06	\$17,267,346	\$3.66
Feb-16	3.76	3.1318	5.7109	270	\$245,671	\$0.06	\$11,956,122	\$2.80
Mar-16	3.67	3.0843	5.7199	256	\$330,388	\$0.07	\$11,707,435	\$2.30
Apr-16	3.63	3.0867	5.7383	244	\$353,412	\$0.07	\$12,421,264	\$2.52
May-16	3.61	3.0505	5.7262	261	\$233,154	\$0.05	\$16,215,984	\$3.38
Jun-16	3.59	2.9963	5.7074	288	\$95,752	\$0.02	\$13,264,107	\$2.90
Jul-16	3.59	3.0009	5.6907	306	\$63,489	\$0.02	\$7,940,075	\$1.90
Aug-16	3.61	3.0347	5.6820	316	\$55,660	\$0.01	\$4,991,442	\$1.19
Sep-16	3.68	3.1119	5.6821	312	\$128,911	\$0.03	\$10,283,234	\$2.52
Oct-16	3.75	3.1815	5.6938	281	\$266,330	\$0.06	\$14,815,960	\$3.48
Nov-16	3.81	3.2176	5.7076	248	\$304,501	\$0.07	\$2,313,004	\$0.56
Dec-16	3.90	3.2363	5.7267	241	\$597,902	\$0.13	\$7,784,290	\$1.67
Jan-17	3.83	3.1652	5.7142	256	\$476,097	\$0.10	\$15,139,045	\$3.07
Feb-17	3.76	3.1333	5.7246	228	\$477,881	\$0.11	\$9,335,132	\$2.13
Mar-17	3.74	3.1295	5.7344	226	\$535,986	\$0.10	\$15,742,277	\$3.07
Apr-17	3.68	3.1032	5.7196	230	\$467,243	\$0.09	\$12,786,131	\$2.55
May-17	3.66	3.0990	5.7022	250	\$384,076	\$0.08	\$10,197,419	\$2.05
Jun-17	3.67	3.0791	5.6885	266	\$263,060	\$0.06	\$9,303,921	\$2.06
Jul-17	3.66	3.0650	5.6769	285	\$159,441	\$0.04	\$17,148,521	\$4.06
Aug-17	3.68	3.1038	5.6740	293	\$140,890	\$0.03	\$8,815,587	\$2.06
Sep-17	3.74	3.1589	5.6905	271	\$205,811	\$0.05	\$15,225,701	\$3.73
Oct-17	3.76	3.1976	5.6977	268	\$279,120	\$0.07	\$7,755,841	\$1.83
Nov-17	3.85	3.2319	5.7124	243	\$344,763	\$0.08	\$5,315,580	\$1.26
Dec-17	3.87	3.2078	5.7292	235	\$421,480	\$0.09	\$11,205,508	\$2.48

FO 5 Multiple Component Pricing Impact Estimate by Class

	Class II Value		Class III Value		Class IV Value		SCC Impact		Total Impact	
	Difference	per cwt	Difference	per cwt	Difference	per cwt	Adjustment	per cwt	Difference	per cwt
Jan-16	\$72,172.83	\$0.01	\$49,050.14	\$0.01	\$72,947.50	\$0.01	\$137,183.01	\$0.03	\$331,353.48	\$0.07
Feb-16	\$80,308.15	\$0.02	\$39,701.80	\$0.01	\$47,957.43	\$0.01	\$127,539.33	\$0.03	\$295,506.71	\$0.07
Mar-16	\$54,253.40	\$0.01	\$17,749.11	\$0.00	\$37,041.95	\$0.01	\$162,585.96	\$0.03	\$271,630.42	\$0.05
Apr-16	\$45,207.18	\$0.01	\$10,638.59	\$0.00	\$38,834.01	\$0.01	\$173,239.76	\$0.04	\$267,919.53	\$0.06
May-16	\$35,392.56	\$0.01	\$3,886.04	\$0.00	\$37,774.43	\$0.01	\$166,665.90	\$0.03	\$243,718.94	\$0.05
Jun-16	\$5,150.41	\$0.00	-\$12,609.39	\$0.00	\$6,259.34	\$0.00	\$134,798.17	\$0.03	\$133,598.52	\$0.03
Jul-16	-\$8,299.23	\$0.00	-\$15,682.11	\$0.00	-\$7,768.82	\$0.00	\$106,052.67	\$0.02	\$74,302.52	\$0.02
Aug-16	-\$2,273.76	\$0.00	-\$9,450.21	\$0.00	-\$1,522.73	\$0.00	\$85,335.55	\$0.02	\$72,088.84	\$0.02
Sep-16	\$26,525.16	\$0.01	\$10,040.00	\$0.00	\$9,021.03	\$0.00	\$89,729.40	\$0.02	\$135,315.59	\$0.03
Oct-16	\$92,385.38	\$0.02	\$48,996.39	\$0.01	\$57,089.11	\$0.01	\$125,740.56	\$0.03	\$324,211.44	\$0.07
Nov-16	\$121,060.67	\$0.03	\$67,748.66	\$0.02	\$50,611.62	\$0.01	\$133,473.83	\$0.03	\$372,894.78	\$0.09
Dec-16	\$140,060.90	\$0.03	\$86,304.89	\$0.02	\$128,342.86	\$0.03	\$179,547.22	\$0.04	\$534,255.86	\$0.11
Jan-17	\$126,890.88	\$0.03	\$76,203.45	\$0.02	\$77,804.93	\$0.02	\$150,747.53	\$0.03	\$431,646.79	\$0.09
Feb-17	\$108,429.91	\$0.03	\$56,739.14	\$0.01	\$61,372.83	\$0.01	\$156,441.07	\$0.04	\$382,982.95	\$0.09
Mar-17	\$131,880.91	\$0.03	\$66,224.10	\$0.01	\$62,920.19	\$0.01	\$185,049.61	\$0.04	\$446,074.81	\$0.09
Apr-17	\$76,335.42	\$0.02	\$30,915.01	\$0.01	\$70,739.42	\$0.01	\$199,722.98	\$0.04	\$377,712.84	\$0.08
May-17	\$62,764.39	\$0.01	\$23,353.98	\$0.00	\$46,701.02	\$0.01	\$167,254.44	\$0.03	\$300,073.82	\$0.06
Jun-17	\$47,452.62	\$0.01	\$17,117.50	\$0.00	\$35,825.70	\$0.01	\$179,787.28	\$0.04	\$280,183.11	\$0.06
Jul-17	\$23,870.33	\$0.01	\$3,635.15	\$0.00	\$9,916.04	\$0.00	\$134,248.38	\$0.03	\$171,669.90	\$0.04
Aug-17	\$50,093.97	\$0.01	\$16,251.63	\$0.00	\$15,620.81	\$0.00	\$119,556.36	\$0.02	\$201,522.77	\$0.04
Sep-17	\$84,437.50	\$0.02	\$26,612.75	\$0.01	\$36,137.69	\$0.01	\$130,148.05	\$0.03	\$277,336.00	\$0.06
Oct-17	\$105,438.69	\$0.02	\$54,004.95	\$0.01	\$47,447.33	\$0.01	\$154,580.69	\$0.03	\$361,471.66	\$0.07
Nov-17	\$122,893.69	\$0.03	\$76,238.37	\$0.02	\$53,859.67	\$0.01	\$157,476.80	\$0.03	\$410,468.54	\$0.09
Dec-17	\$112,036.48	\$0.02	\$88,124.38	\$0.02	\$132,292.95	\$0.03	\$228,911.07	\$0.04	\$561,364.88	\$0.11

FO 7 Multiple Component Pricing Impact Estimate by Class

	Class II Value		Class III Value		Class IV Value		SCC Adjustment		Total Est. Impact	
	Difference	per cwt	Difference	per cwt	Difference	per cwt	Total	per cwt	Difference	per cwt
Jan-16	\$83,537	\$0.02	\$73,402	\$0.02	\$48,172	\$0.01	\$78,070	\$0.02	\$283,181	\$0.06
Feb-16	\$60,296	\$0.01	\$90,186	\$0.02	\$25,852	\$0.01	\$69,338	\$0.02	\$245,671	\$0.06
Mar-16	\$59,681	\$0.01	\$114,604	\$0.02	\$31,882	\$0.01	\$124,221	\$0.02	\$330,388	\$0.07
Apr-16	\$62,479	\$0.01	\$115,278	\$0.02	\$35,621	\$0.01	\$140,035	\$0.03	\$353,412	\$0.07
May-16	\$41,306	\$0.01	\$62,850	\$0.01	\$21,526	\$0.00	\$107,472	\$0.02	\$233,154	\$0.05
Jun-16	\$11,632	\$0.00	\$7,159	\$0.00	\$5,571	\$0.00	\$71,390	\$0.02	\$95,752	\$0.02
Jul-16	\$6,404	\$0.00	\$8,141	\$0.00	\$1,722	\$0.00	\$47,221	\$0.01	\$63,489	\$0.02
Aug-16	\$17,806	\$0.00	\$10,970	\$0.00	\$2,164	\$0.00	\$24,720	\$0.01	\$55,660	\$0.01
Sep-16	\$52,609	\$0.01	\$35,473	\$0.01	\$12,035	\$0.00	\$28,795	\$0.01	\$128,911	\$0.03
Oct-16	\$105,981	\$0.02	\$52,861	\$0.01	\$47,785	\$0.01	\$59,702	\$0.01	\$266,330	\$0.06
Nov-16	\$130,546	\$0.03	\$70,056	\$0.02	\$25,390	\$0.01	\$78,508	\$0.02	\$304,501	\$0.07
Dec-16	\$163,097	\$0.03	\$231,171	\$0.05	\$73,229	\$0.02	\$130,406	\$0.03	\$597,902	\$0.13
Jan-17	\$133,255	\$0.03	\$155,158	\$0.03	\$68,629	\$0.01	\$119,055	\$0.02	\$476,097	\$0.10
Feb-17	\$84,085	\$0.02	\$209,988	\$0.05	\$42,202	\$0.01	\$141,605	\$0.03	\$477,881	\$0.11
Mar-17	\$110,192	\$0.02	\$190,310	\$0.04	\$62,244	\$0.01	\$173,241	\$0.03	\$535,986	\$0.10
Apr-17	\$69,330	\$0.01	\$146,887	\$0.03	\$68,442	\$0.01	\$182,583	\$0.04	\$467,243	\$0.09
May-17	\$62,008	\$0.01	\$137,295	\$0.03	\$42,978	\$0.01	\$141,795	\$0.03	\$384,076	\$0.08
Jun-17	\$49,226	\$0.01	\$92,765	\$0.02	\$17,003	\$0.00	\$104,067	\$0.02	\$263,060	\$0.06
Jul-17	\$37,722	\$0.01	\$41,058	\$0.01	\$12,146	\$0.00	\$68,515	\$0.02	\$159,441	\$0.04
Aug-17	\$52,919	\$0.01	\$32,172	\$0.01	\$9,805	\$0.00	\$45,994	\$0.01	\$140,890	\$0.03
Sep-17	\$82,856	\$0.02	\$33,446	\$0.01	\$27,045	\$0.01	\$62,464	\$0.02	\$205,811	\$0.05
Oct-17	\$107,484	\$0.03	\$46,198	\$0.01	\$48,979	\$0.01	\$76,460	\$0.02	\$279,120	\$0.07
Nov-17	\$133,530	\$0.03	\$63,926	\$0.02	\$46,963	\$0.01	\$100,345	\$0.02	\$344,763	\$0.08
Dec-17	\$117,740	\$0.03	\$107,852	\$0.02	\$69,436	\$0.02	\$126,451	\$0.03	\$421,480	\$0.09

FO 5 Estimated MCP Impact Scenarios – July 2017

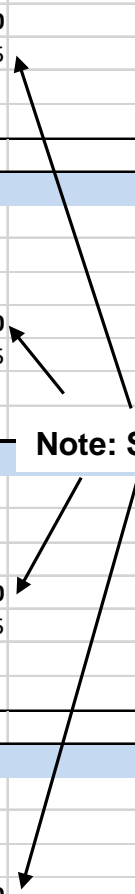
Component Tests Equal to FO 5 Market Averages							
Skim Pounds:	96.366	BF Pounds:	3.634	Total Pounds:	100		
Skim Value:	\$9.28	BF Value:	\$10.44	FO 5 Uniform Value:		\$19.72	
Protein Pounds:	2.990	OS Pounds:	5.719	BF Pounds:	3.634	SCC:	241
Protein Value:	\$3.66	OS Value:	\$1.49	BF Value:	\$10.70	SCC Value:	\$0.0839
PPD Value:	\$3.82			MCP Value:		\$19.76	
				Difference:		\$0.04	
Component Tests Less Than FO 5 Market Averages							
Skim Pounds:	96.770	BF Pounds:	3.230	Total Pounds:	100		
Skim Value:	\$9.32	BF Value:	\$9.28	FO 5 Uniform Value:		\$18.60	
Protein Pounds:	2.790	OS Pounds:	5.719	BF Pounds:	3.230	SCC:	241
Protein Value:	\$3.42	OS Value:	\$1.49	BF Value:	\$9.51	SCC Value:	\$0.0839
PPD Value:	\$3.82			MCP Value:		\$18.32	
				Difference:		-\$0.28	
Component Tests Greater Than FO 5 Market Averages							
Skim Pounds:	96.050	BF Pounds:	3.950	Total Pounds:	100		
Skim Value:	\$9.25	BF Value:	\$11.35	FO 5 Uniform Value:		\$20.60	
Protein Pounds:	3.190	OS Pounds:	5.719	BF Pounds:	3.950	SCC:	241
Protein Value:	\$3.91	OS Value:	\$1.49	BF Value:	\$11.64	SCC Value:	\$0.0839
PPD Value:	\$3.82			MCP Value:		\$20.93	
				Difference:		\$0.33	
Component Tests for High Component Producers							
Skim Pounds:	95.040	BF Pounds:	4.960	Total Pounds:	100		
Skim Value:	\$9.15	BF Value:	\$14.25	FO 5 Uniform Value:		\$23.40	
Protein Pounds:	3.390	OS Pounds:	5.719	BF Pounds:	4.960	SCC:	241
Protein Value:	\$4.15	OS Value:	\$1.49	BF Value:	\$14.61	SCC Value:	\$0.0839
PPD Value:	\$3.82			MCP Value:		\$24.15	
				Difference:		\$0.75	

Note: SCC = 241

FO 5 Estimated MCP Impact Scenarios – July 2017

Component Tests Equal to FO 5 Market Averages						
Skim Pounds:	96.366	BF Pounds:	3.634	Total Pounds:	100	
Skim Value:	\$9.28	BF Value:	\$10.44	FO 5 Uniform Value:		\$19.72
Protein Pounds:	2.990	OS Pounds:	5.719	BF Pounds:	3.634	SCC: 400
Protein Value:	\$3.66	OS Value:	\$1.49	BF Value:	\$10.70	SCC Value: -\$0.0385
PPD Value:	\$3.82			MCP Value:	\$19.64	
				Difference:	-\$0.09	
Component Tests Less Than FO 5 Market Averages						
Skim Pounds:	96.770	BF Pounds:	3.230	Total Pounds:	100	
Skim Value:	\$9.32	BF Value:	\$9.28	FO 5 Uniform Value:		\$18.60
Protein Pounds:	2.790	OS Pounds:	5.719	BF Pounds:	3.230	SCC: 400
Protein Value:	\$3.42	OS Value:	\$1.49	BF Value:	\$9.51	SCC Value: -\$0.0385
PPD Value:	\$3.82			MCP Value:	\$18.20	
				Difference:	-\$0.40	
Component Tests Greater Than FO 5 Market Averages						
Skim Pounds:	96.050	BF Pounds:	3.950	Total Pounds:	100	
Skim Value:	\$9.25	BF Value:	\$11.35	FO 5 Uniform Value:		\$20.60
Protein Pounds:	3.190	OS Pounds:	5.719	BF Pounds:	3.950	SCC: 400
Protein Value:	\$3.91	OS Value:	\$1.49	BF Value:	\$11.64	SCC Value: -\$0.0385
PPD Value:	\$3.82			MCP Value:	\$20.81	
				Difference:	\$0.21	
Component Tests for High Component Producers						
Skim Pounds:	95.040	BF Pounds:	4.960	Total Pounds:	100	
Skim Value:	\$9.15	BF Value:	\$14.25	FO 5 Uniform Value:		\$23.40
Protein Pounds:	3.390	OS Pounds:	5.719	BF Pounds:	4.960	SCC: 400
Protein Value:	\$4.15	OS Value:	\$1.49	BF Value:	\$14.61	SCC Value: -\$0.0385
PPD Value:	\$3.82			MCP Value:	\$24.03	
				Difference:	\$0.63	

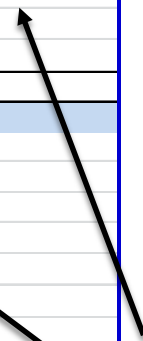
Note: SCC = 400



FO 7 Estimated MCP Impact Scenarios – July 2017

Component Tests Equal to FO 7 Market Averages						
Skim Pounds:	96.340	BF Pounds:	3.660	Total Pounds:	100	
Skim Value:	\$9.59	BF Value:	\$10.50	FO 7 Uniform Value:	\$20.08	
Protein Pounds:	3.065	OS Pounds:	5.677	BF Pounds:	3.660	SCC: 285
Protein Value:	\$3.75	OS Value:	\$1.48	BF Value:	\$10.78	SCC Value: \$0.0501
PPD Value:	\$4.06			MCP Value:	\$20.12	
				Difference:	\$0.04	
Component Tests Less Than FO 7 Market Averages						
Skim Pounds:	96.770	BF Pounds:	3.230	Total Pounds:	100	
Skim Value:	\$9.63	BF Value:	\$9.26	FO 7 Uniform Value:	\$18.89	
Protein Pounds:	2.865	OS Pounds:	5.677	BF Pounds:	3.230	SCC: 285
Protein Value:	\$3.51	OS Value:	\$1.48	BF Value:	\$9.51	SCC Value: \$0.0501
PPD Value:	\$4.06			MCP Value:	\$18.61	
				Difference:	-\$0.28	
Component Tests Greater Than FO 7 Market Averages						
Skim Pounds:	96.050	BF Pounds:	3.950	Total Pounds:	100	
Skim Value:	\$9.56	BF Value:	\$11.33	FO 7 Uniform Value:	\$20.89	
Protein Pounds:	3.265	OS Pounds:	5.677	BF Pounds:	3.950	SCC: 285
Protein Value:	\$4.00	OS Value:	\$1.48	BF Value:	\$11.64	SCC Value: \$0.0501
PPD Value:	\$4.06			MCP Value:	\$21.22	
				Difference:	\$0.33	
Component Tests for High Component Producers						
Skim Pounds:	95.040	BF Pounds:	4.960	Total Pounds:	100	
Skim Value:	\$9.46	BF Value:	\$14.23	FO 7 Uniform Value:	\$23.68	
Protein Pounds:	3.465	OS Pounds:	5.677	BF Pounds:	4.960	SCC: 285
Protein Value:	\$4.24	OS Value:	\$1.48	BF Value:	\$14.61	SCC Value: \$0.0501
PPD Value:	\$4.06			MCP Value:	\$24.44	
				Difference:	\$0.76	

Note: SCC = 285



FO 7 Estimated MCP Impact Scenarios – July 2017

Component Tests Equal to FO 7 Market Averages							
Skim Pounds:	96.340	BF Pounds:	3.660	Total Pounds:	100		
Skim Value:	\$9.59	BF Value:	\$10.50	FO 7 Uniform Value:		\$20.08	
Protein Pounds:	3.065	OS Pounds:	5.677	BF Pounds:	3.660	SCC:	400
Protein Value:	\$3.75	OS Value:	\$1.48	BF Value:	\$10.78	SCC Value:	-\$0.0385
PPD Value:	\$4.06			MCP Value:		\$20.03	
				Difference:		-\$0.05	
Component Tests Less Than FO 7 Market Averages							
Skim Pounds:	96.770	BF Pounds:	3.230	Total Pounds:	100		
Skim Value:	\$9.63	BF Value:	\$9.26	FO 7 Uniform Value:		\$18.89	
Protein Pounds:	2.865	OS Pounds:	5.677	BF Pounds:	3.230	SCC:	400
Protein Value:	\$3.51	OS Value:	\$1.48	BF Value:	\$9.51	SCC Value:	-\$0.0385
PPD Value:	\$4.06			MCP Value:		\$18.52	
				Difference:		-\$0.37	
Component Tests Greater Than FO 7 Market Averages							
Skim Pounds:	96.050	BF Pounds:	3.950	Total Pounds:	100		
Skim Value:	\$9.56	BF Value:	\$11.33	FO 7 Uniform Value:		\$20.89	
Protein Pounds:	3.265	OS Pounds:	5.677	BF Pounds:	3.950	SCC:	400
Protein Value:	\$4.00	OS Value:	\$1.48	BF Value:	\$11.64	SCC Value:	-\$0.0385
PPD Value:	\$4.06			MCP Value:		\$21.13	
				Difference:		\$0.25	
Component Tests for High Component Producers							
Skim Pounds:	95.040	BF Pounds:	4.960	Total Pounds:	100		
Skim Value:	\$9.46	BF Value:	\$14.23	FO 7 Uniform Value:		\$23.68	
Protein Pounds:	3.465	OS Pounds:	5.677	BF Pounds:	4.960	SCC:	400
Protein Value:	\$4.24	OS Value:	\$1.48	BF Value:	\$14.61	SCC Value:	-\$0.0385
PPD Value:	\$4.06			MCP Value:		\$24.35	
				Difference:		\$0.67	

Note: SCC = 400

FO 5 Estimated MCP Impact Scenarios – December 2017

Component Tests Equal to FO 5 Market Averages						
Skim Pounds:	96.103	BF Pounds:	3.897	Total Pounds:	100	
Skim Value:	\$9.49	BF Value:	\$9.84	FO 5 Uniform Value:	\$19.33	
Protein Pounds:	3.158	OS Pounds:	5.763	BF Pounds:	3.897	SCC: 194
Protein Value:	\$6.43	OS Value:	\$0.62	BF Value:	\$9.72	SCC Value: \$0.1279
PPD Value:	\$2.54			MCP Value:	\$19.44	
				Difference:	\$0.11	
Component Tests Less Than FO 5 Market Averages						
Skim Pounds:	96.770	BF Pounds:	3.230	Total Pounds:	100	
Skim Value:	\$9.56	BF Value:	\$8.15	FO 5 Uniform Value:	\$17.72	
Protein Pounds:	2.958	OS Pounds:	5.763	BF Pounds:	3.230	SCC: 194
Protein Value:	\$6.03	OS Value:	\$0.62	BF Value:	\$8.06	SCC Value: \$0.1279
PPD Value:	\$2.54			MCP Value:	\$17.37	
				Difference:	-\$0.34	
Component Tests Greater Than FO 5 Market Averages						
Skim Pounds:	96.050	BF Pounds:	3.950	Total Pounds:	100	
Skim Value:	\$9.49	BF Value:	\$9.97	FO 5 Uniform Value:	\$19.46	
Protein Pounds:	3.358	OS Pounds:	5.763	BF Pounds:	3.950	SCC: 194
Protein Value:	\$6.84	OS Value:	\$0.62	BF Value:	\$9.86	SCC Value: \$0.1279
PPD Value:	\$2.54			MCP Value:	\$19.98	
				Difference:	\$0.52	
Component Tests for High Component Producers						
Skim Pounds:	95.040	BF Pounds:	4.960	Total Pounds:	100	
Skim Value:	\$9.39	BF Value:	\$12.52	FO 5 Uniform Value:	\$21.91	
Protein Pounds:	3.558	OS Pounds:	5.763	BF Pounds:	4.960	SCC: 194
Protein Value:	\$7.25	OS Value:	\$0.62	BF Value:	\$12.38	SCC Value: \$0.1279
PPD Value:	\$2.54			MCP Value:	\$22.91	
				Difference:	\$1.00	

Note: SCC = 194

FO 5 Estimated MCP Impact Scenarios – December 2017

Component Tests Equal to FO 5 Market Averages						
Skim Pounds:	96.103	BF Pounds:	3.897	Total Pounds:	100	
Skim Value:	\$9.49	BF Value:	\$9.84	FO 5 Uniform Value:		\$19.33
Protein Pounds:	3.158	OS Pounds:	5.763	BF Pounds:	3.897	SCC: 370
Protein Value:	\$6.43	OS Value:	\$0.62	BF Value:	\$9.72	SCC Value: -\$0.0164
PPD Value:	\$2.54			MCP Value:		\$19.30
				Difference:		-\$0.03
Component Tests Less Than FO 5 Market Averages						
Skim Pounds:	96.770	BF Pounds:	3.230	Total Pounds:	100	
Skim Value:	\$9.56	BF Value:	\$8.15	FO 5 Uniform Value:		\$17.72
Protein Pounds:	2.958	OS Pounds:	5.763	BF Pounds:	3.230	SCC: 370
Protein Value:	\$6.03	OS Value:	\$0.62	BF Value:	\$8.06	SCC Value: -\$0.0164
PPD Value:	\$2.54			MCP Value:		\$17.23
				Difference:		-\$0.49
Component Tests Greater Than FO 5 Market Averages						
Skim Pounds:	96.050	BF Pounds:	3.950	Total Pounds:	100	
Skim Value:	\$9.49	BF Value:	\$9.97	FO 5 Uniform Value:		\$19.46
Protein Pounds:	3.358	OS Pounds:	5.763	BF Pounds:	3.950	SCC: 370
Protein Value:	\$6.84	OS Value:	\$0.62	BF Value:	\$9.86	SCC Value: -\$0.0164
PPD Value:	\$2.54			MCP Value:		\$19.84
				Difference:		\$0.38
Component Tests for High Component Producers						
Skim Pounds:	95.040	BF Pounds:	4.960	Total Pounds:	100	
Skim Value:	\$9.39	BF Value:	\$12.52	FO 5 Uniform Value:		\$21.91
Protein Pounds:	3.558	OS Pounds:	5.763	BF Pounds:	4.960	SCC: 370
Protein Value:	\$7.25	OS Value:	\$0.62	BF Value:	\$12.38	SCC Value: -\$0.0164
PPD Value:	\$2.54			MCP Value:		\$22.77
				Difference:		\$0.85

Note: SCC = 370

Estimated State Average Component Levels
FO 5 Producer Milk - 2017

State	Average Protein	Average Other Solids	Average SCC
Georgia	3.12	5.74	237
Indiana	3.07	5.75	188
Kentucky	3.12	5.71	256
North Carolina	3.06	5.74	236
South Carolina	3.15	5.74	251
Tennessee	3.05	5.74	273
Virginia	3.05	5.76	207
West Virginia	3.12	5.72	182
Other	3.11	5.75	192
FO 5 Market Average	3.08	5.75	216

Estimated State Average Component Levels FO 7 Producer Milk - 2017

	Bfat	Protein	Other Solids	SCC	Share of Producer Milk
Alabama	3.85	3.12	5.68	382	26%
Florida	3.61	3.07	5.72	199	94%
Georgia	3.65	3.07	5.72	244	83%
Indiana	3.65	3.08	5.75	201	76%
Kansas	3.77	3.20	5.77	218	81%
Kentucky	3.65	3.06	5.73	267	67%
Louisiana	3.77	3.17	5.65	422	45%
Michigan	3.78	3.19	5.72	163	26%
Mississippi	3.90	3.22	5.63	388	70%
Missouri	3.87	3.19	5.66	326	96%
New Mexico	3.80	3.32	5.72	259	34%
Ohio	4.47	3.35	5.68	184	32%
Pennsylvania	3.65	2.94	5.80	165	33%
South Carolina	4.11	3.31	5.69	353	87%
Tennessee	3.75	3.10	5.73	281	29%
Texas	3.83	3.24	5.70	329	65%

Agricultural Marketing Service

Appalachian Marketing Area Federal Milk Marketing Order 5

Harold H. Friedly, Jr. - Market Administrator

USDA United States Department of Agriculture
Agriculture Marketing Service
Dairy Programs



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Price Announcements

- Advanced Prices
- Class Prices
- Statistical Uniform Prices
- Price Release Dates

Statistical Reports

- Statistical Material
- Statistical Summary
- Packaged Fluid Milk Sales in Federal Milk Order Markets

Publications

- Monthly Newsletter
- Statistical Reports
- Plant and Handler Lists
- Marketing Area Map

Price Reports

- Advance Price
- Milk Marketing Order Statistics (Includes Mailbox Prices)

Geographical Reports

- Producer Milk by State and County

Appalachian Marketing Area

- Federal Order Information
- Policy Statements and Decisions
- Reporting and Payment Dates

Multiple Component Pricing Information

- Estimated FO 5 Component Pricing Impact
- Estimated FO 5 Component Pricing Impact by Class
- Estimated FO 5 Component Data by State

Lab Test Results Site Map

FO 5 Statistical Reports:

<http://www.malouisville.com/linkeddocus/StatReports/StatReports.html>

FO 7 Statistical Reports:

http://www.fmmatlanta.com/Statistical_Report.htm

AMS Dairy Programs – Industry Requests

<https://www.ams.usda.gov/rules-regulations/moa/dairy/ca/industry-requests>

Florida and Southeast Marketing Areas Federal Milk Marketing Orders 6 and 7

Shawn Boockoff - Acting Market Administrator

USDA United States Department of Agriculture
Agriculture Marketing Service
Dairy Program



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- Marketing Area Maps

FL & SE Marketing Area

- Federal Order Information
- Policy Statements and Decisions
- Reporting and Payment Dates
- Transportation Credit Balancing Fund Info
- Handler Reporting Forms

Monthly Statistical Summaries

Florida - FO6 Current Year

- January
- February
- March
- April
- May
- June
- July
- August
- September
- October
- November
- December

Southeast - FO7 Current Year

- January
- February
- March
- April
- May
- June
- July
- August
- September
- October
- November
- December

Past Years

- Florida - FO6 Historical Stat Summaries
- Southeast - FO7 Historical Stat Summaries

Annual Statistics

Florida - FO6

- 2014
- 2013
- 2012
- 2011
- 2010
- 2009
- 2008
- 2007
- 2006
- 2005
- 2004
- 2003
- 2002
- 2001
- 2000

Southeast - FO7

- 2014
- 2013
- 2012
- 2011
- 2010
- 2009
- 2008
- 2007
- 2006
- 2005
- 2004
- 2003
- 2002
- 2001
- 2000

Producer Milk by State and County

Florida - FO6 Current Year

- January
- February
- March
- April
- May
- June
- July
- August
- September
- October
- November
- December

Southeast - FO7 Current Year

- January
- February
- March
- April
- May
- June
- July
- August
- September
- October
- November
- December

Past Years

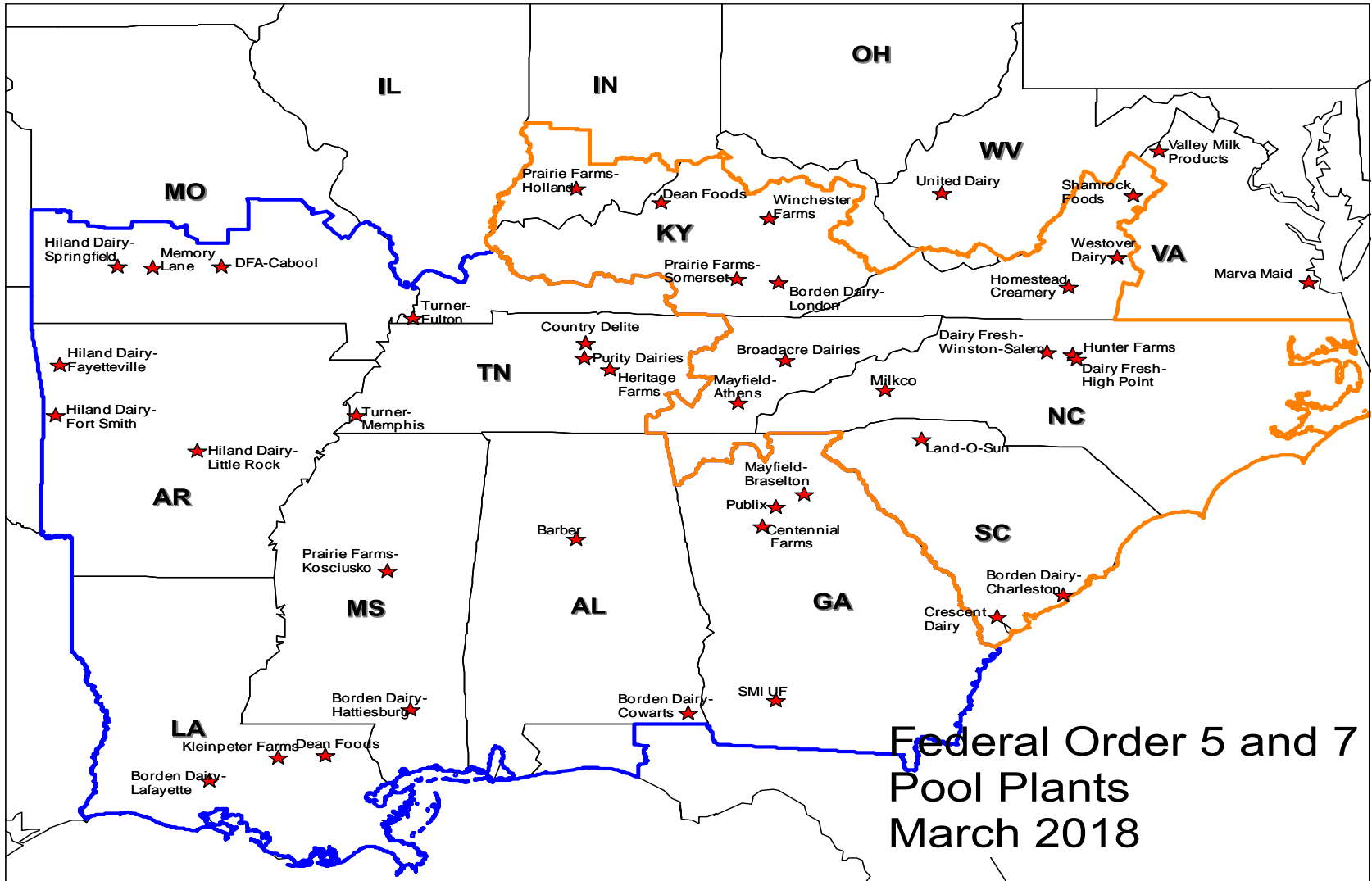
- Florida - FO6 Historical State and County
- Southeast - FO7 Historical State and County

Miscellaneous Reports

- Estimated Impact of Multiple Component Pricing (FO6 / FO7)
- Estimated Impact of Multiple Component Pricing, By Class (FO6 / FO7)

Market Information - Appalachian and Southeast Orders

FO 5 and 7 Pool Plants



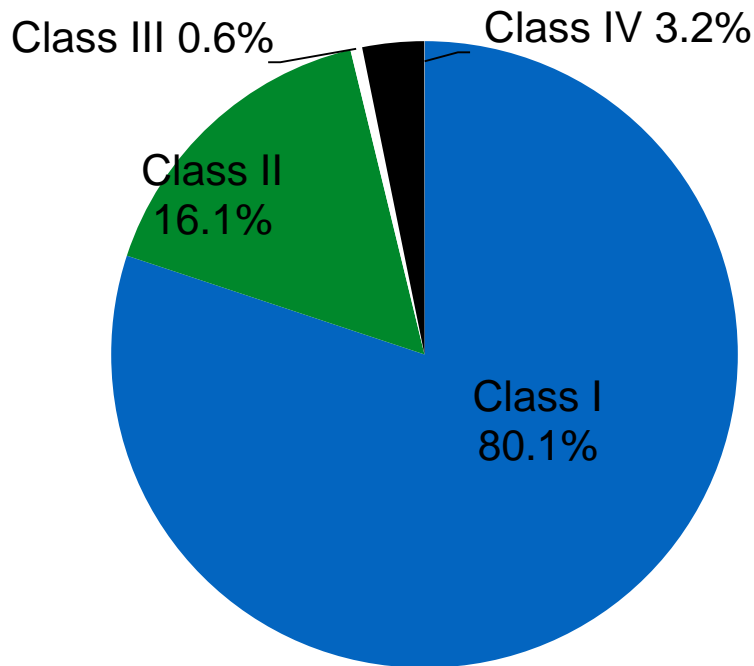
Federal Order 5 and 7
Pool Plants
March 2018

2017 Utilization - Federal Order 5

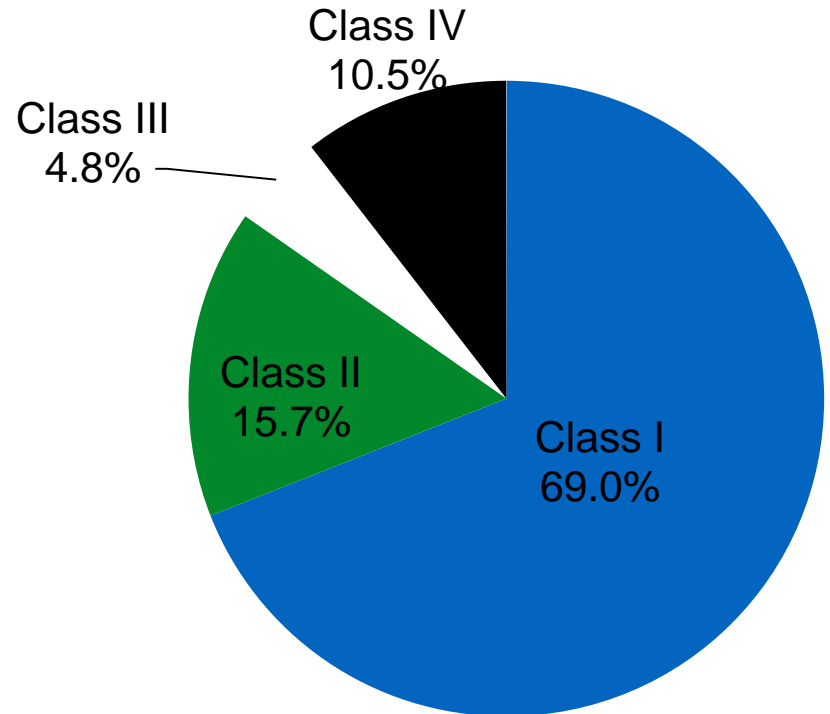
19 Pool Distributing Plants

1 Pool Supply Plant

Pool Plants



Market

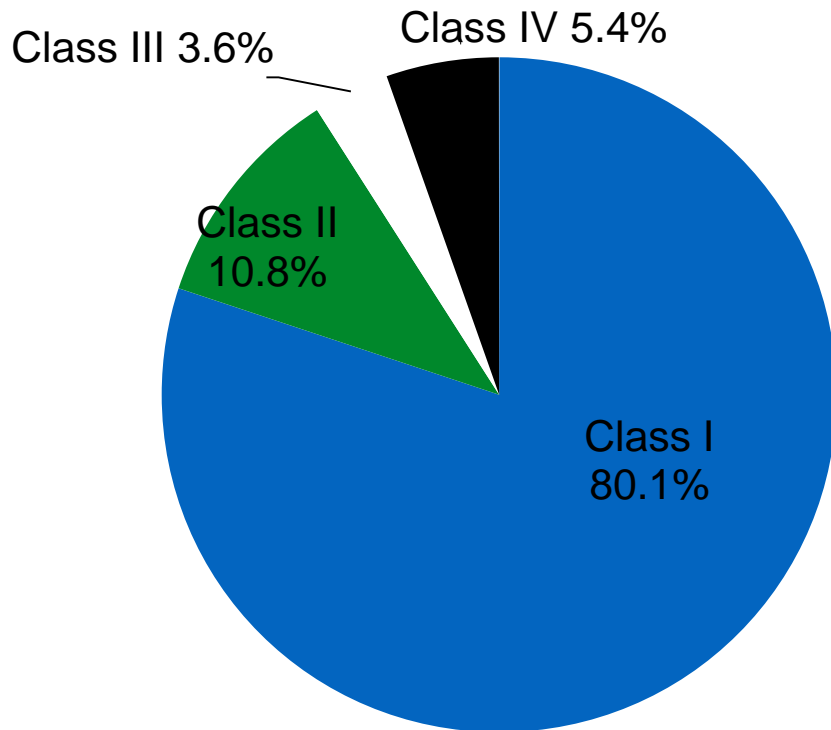


2017 Utilization - Federal Order 7

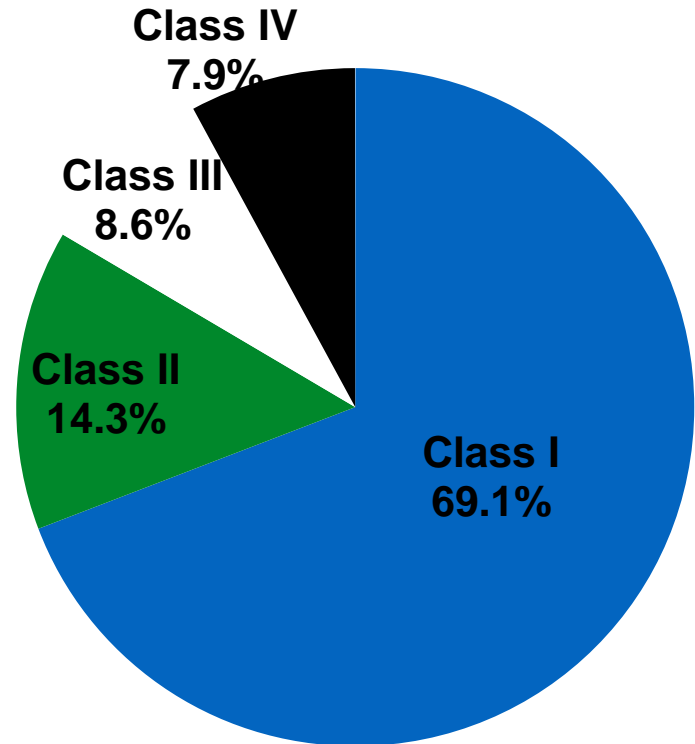
Pool Distributing Plants: 20

Pool Supply Plants: 1-2

Pool Plants

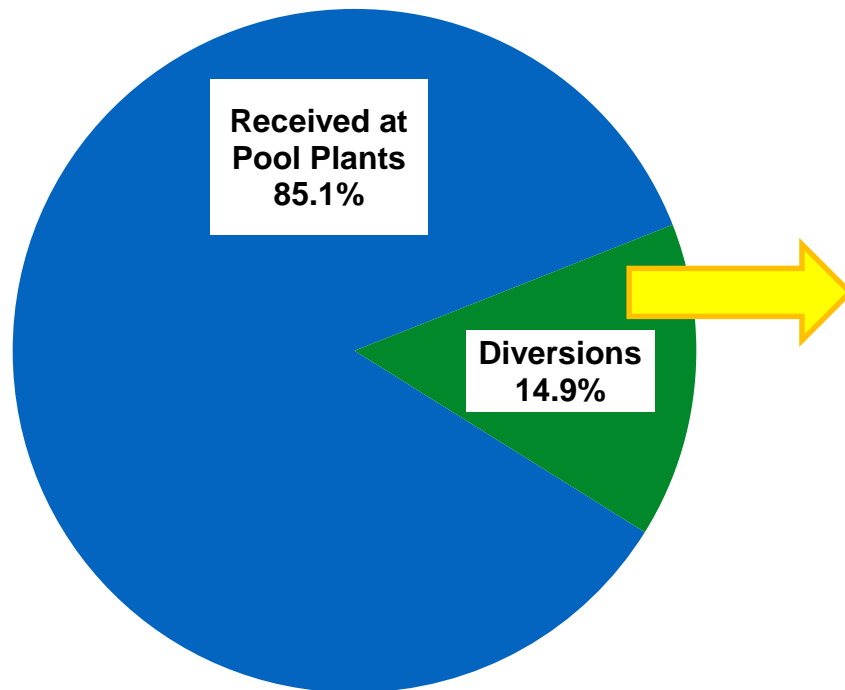


Market



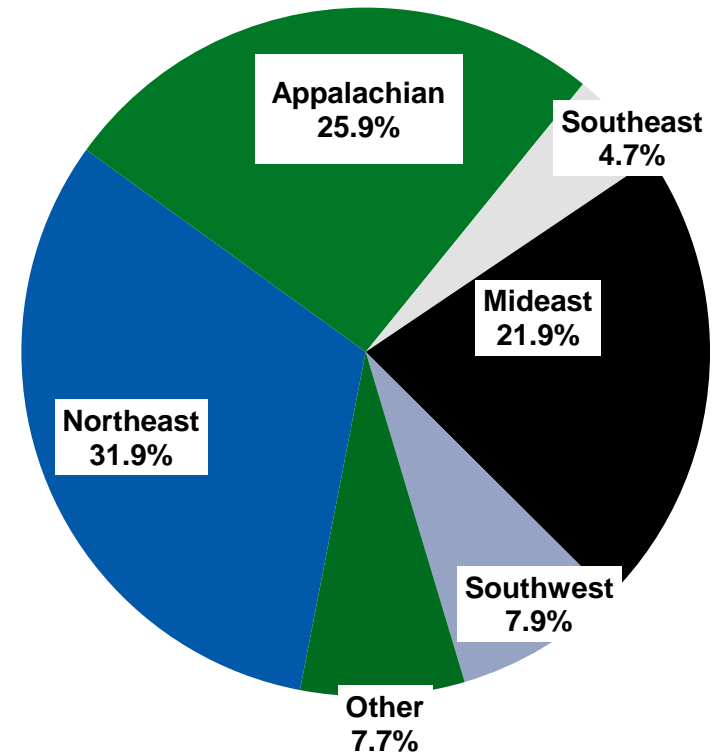
Federal Order 5 Diversions: 2017

FO 5 Total Producer Milk



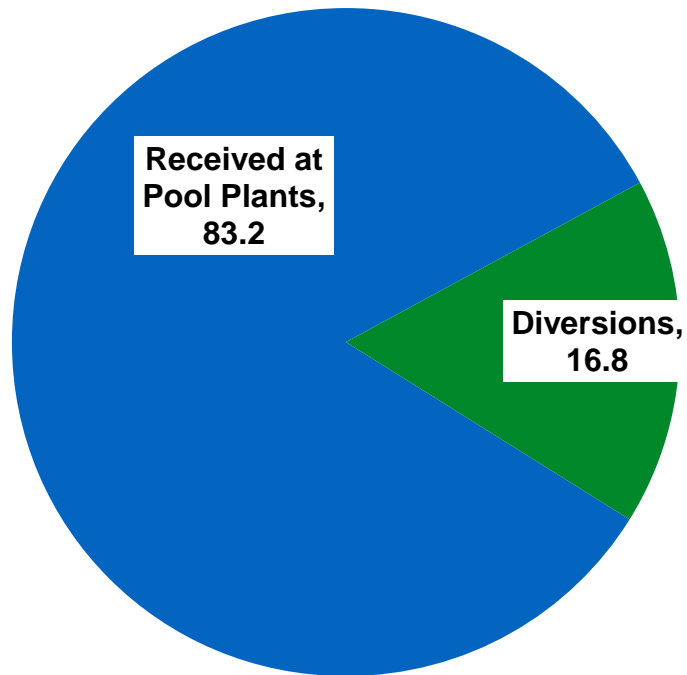
Diversions by Plant Location

30.6% to Non-Pool Plants located in FO 5 & 7



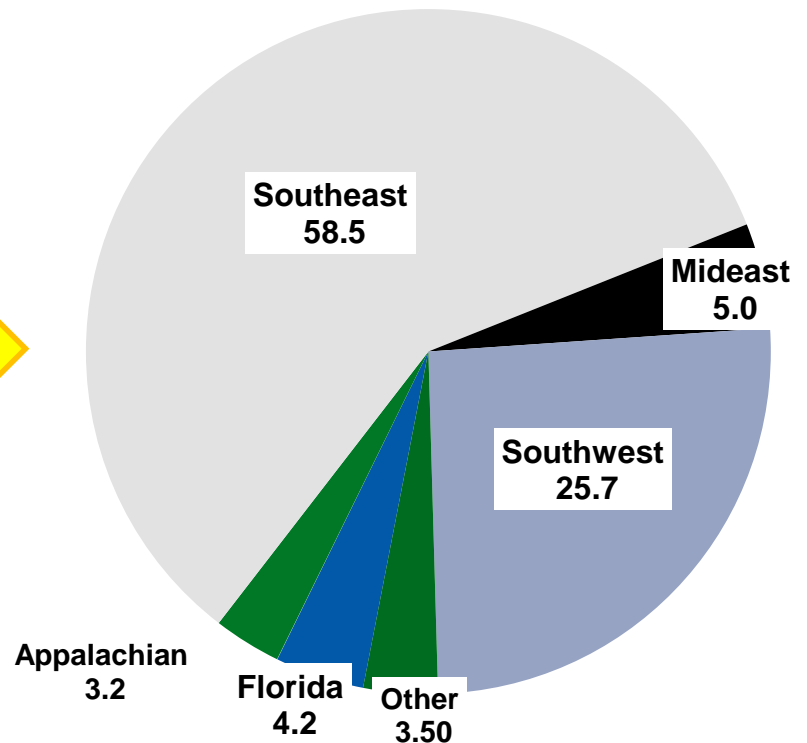
Federal Order 7 Diversions: 2017

FO 7 Total Producer Milk



Diversions by Plant Location

84.1 % to Non-Pool Plants located in FO's 7 & 126

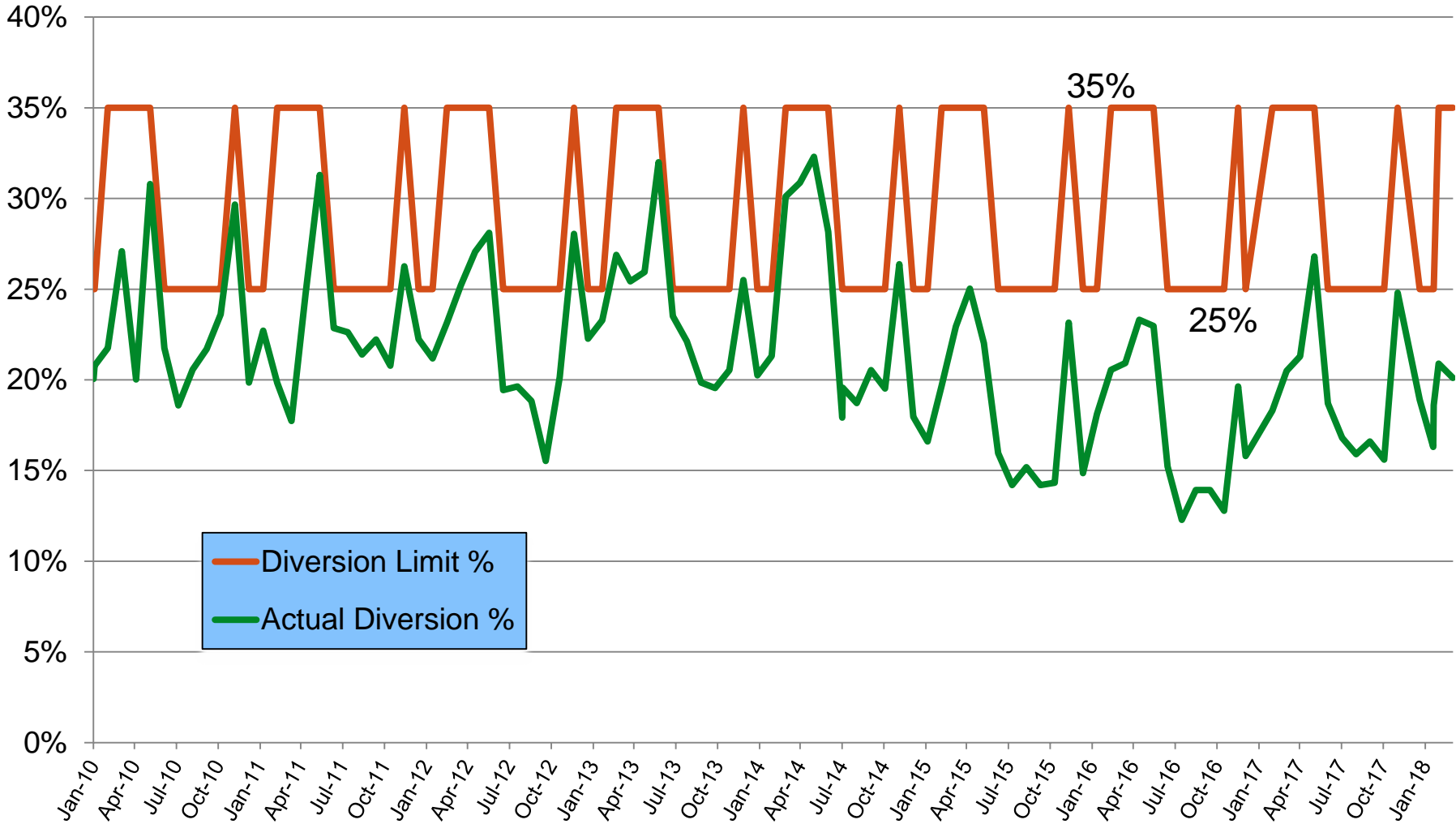


Diversion Limits & Performance Requirements

<u>FO No.</u>	<u>FO Name</u>	<u>Diversion Limits</u>	<u>Delivery Day Requirements</u>	<u>Class I Utilization- 2017</u>	<u>Class I Pounds- 2017 (Billion Lbs.)</u>
5	Appalachian	25-35%	1/month	69.0%	4.0
6	Florida	10-20%	10/month	83.3%	2.2
7	Southeast	25-35%	1/month	69.1%	3.8
1	Northeast	80-90%	1-(until association lost)	32.1%	8.8
30	Upper Midwest	90%	1-(until association lost)	10.0%	3.2
32	Central	75-80%	1-(until association lost)	30.5%	4.8
33	Mideast	50-60%	2-(until association lost)	31.8%	6.4
124	Pacific Northwest	80%	3/month	24.7%	1.9
126	Southwest	50%	1-(at least 40,000 lbs)	32.2%	4.2
131	Arizona	50%	1/month	25.4%	1.3

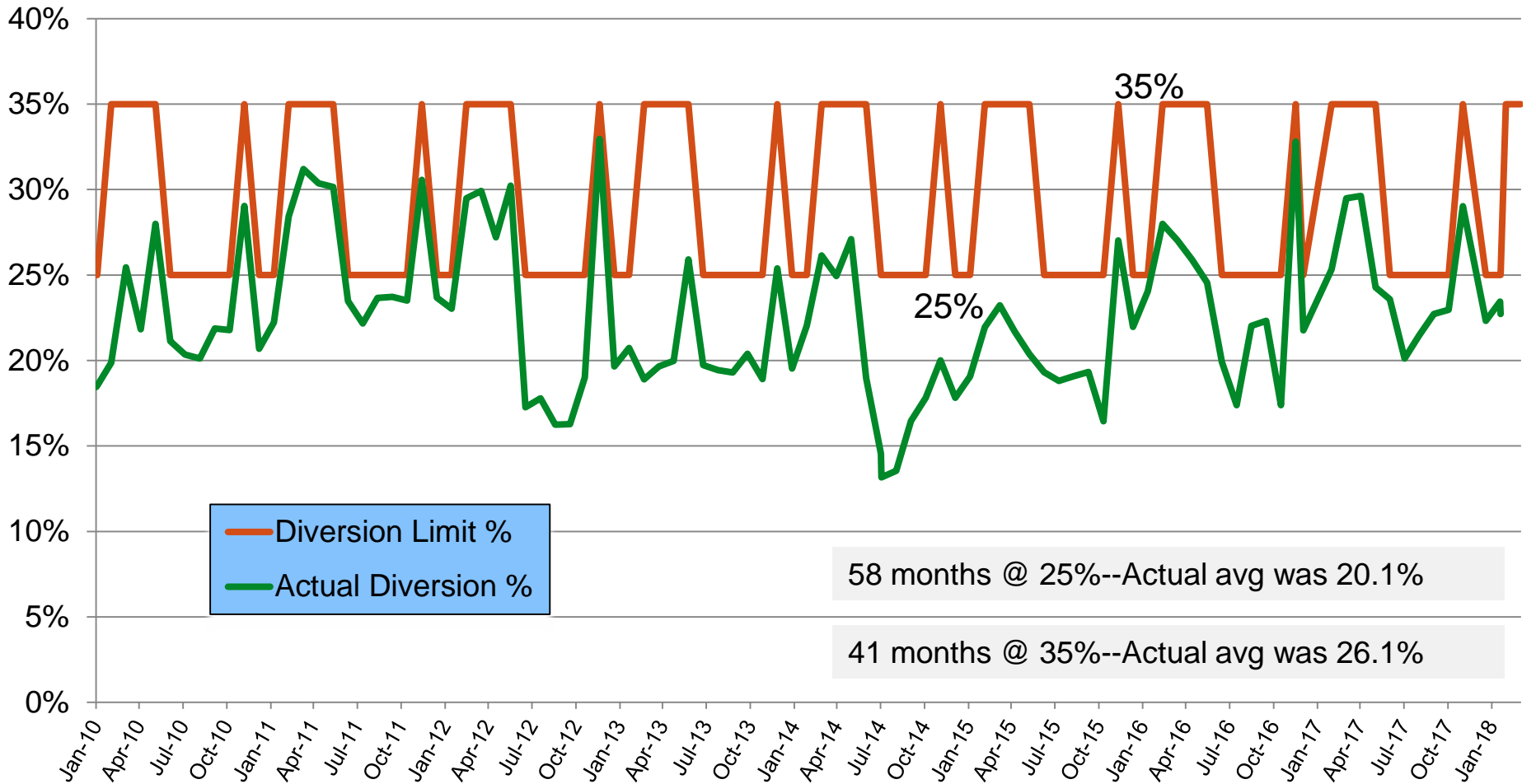
Federal Order 5 Diversions

2010-2018

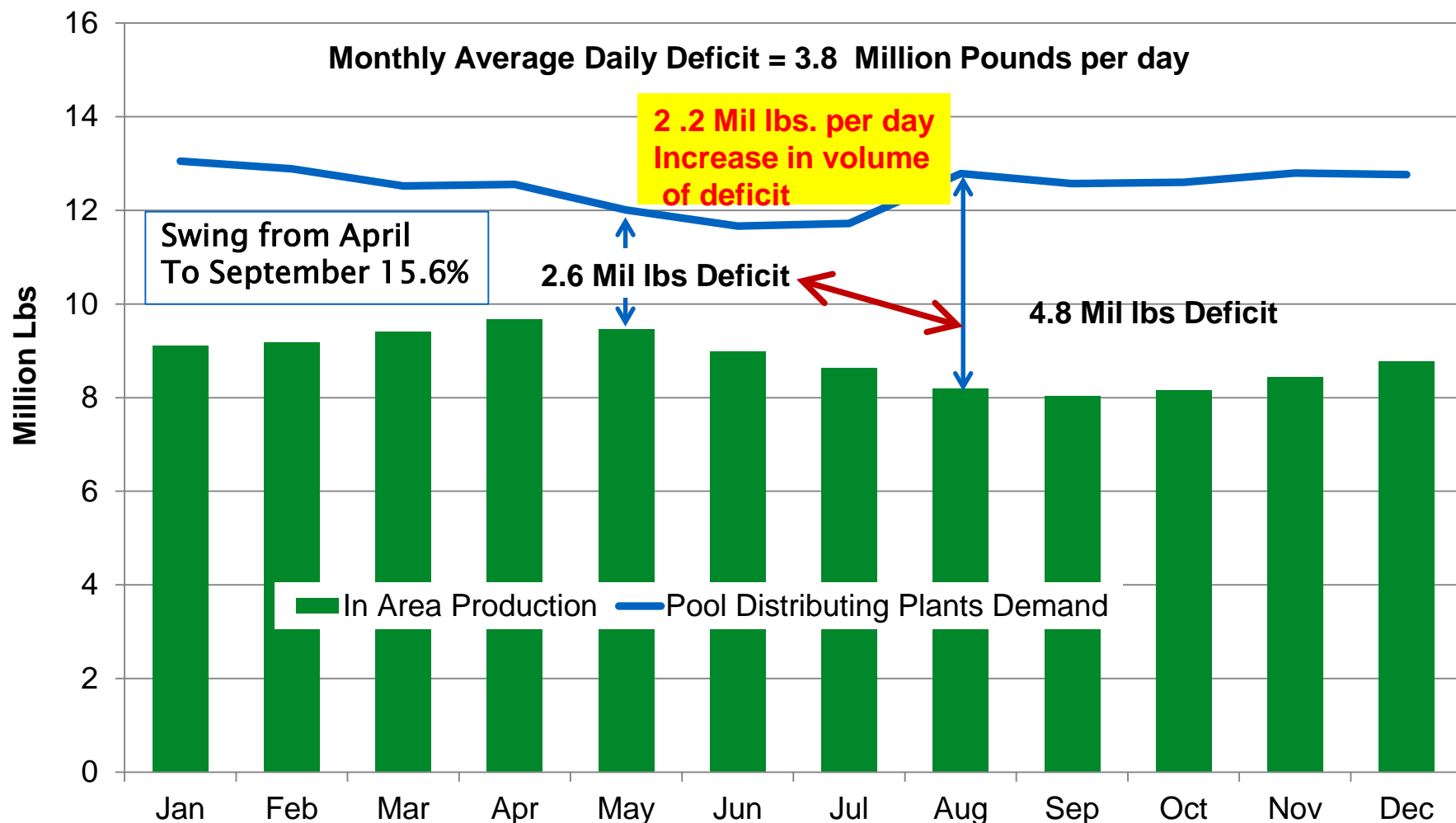


Federal Order 7 Diversions

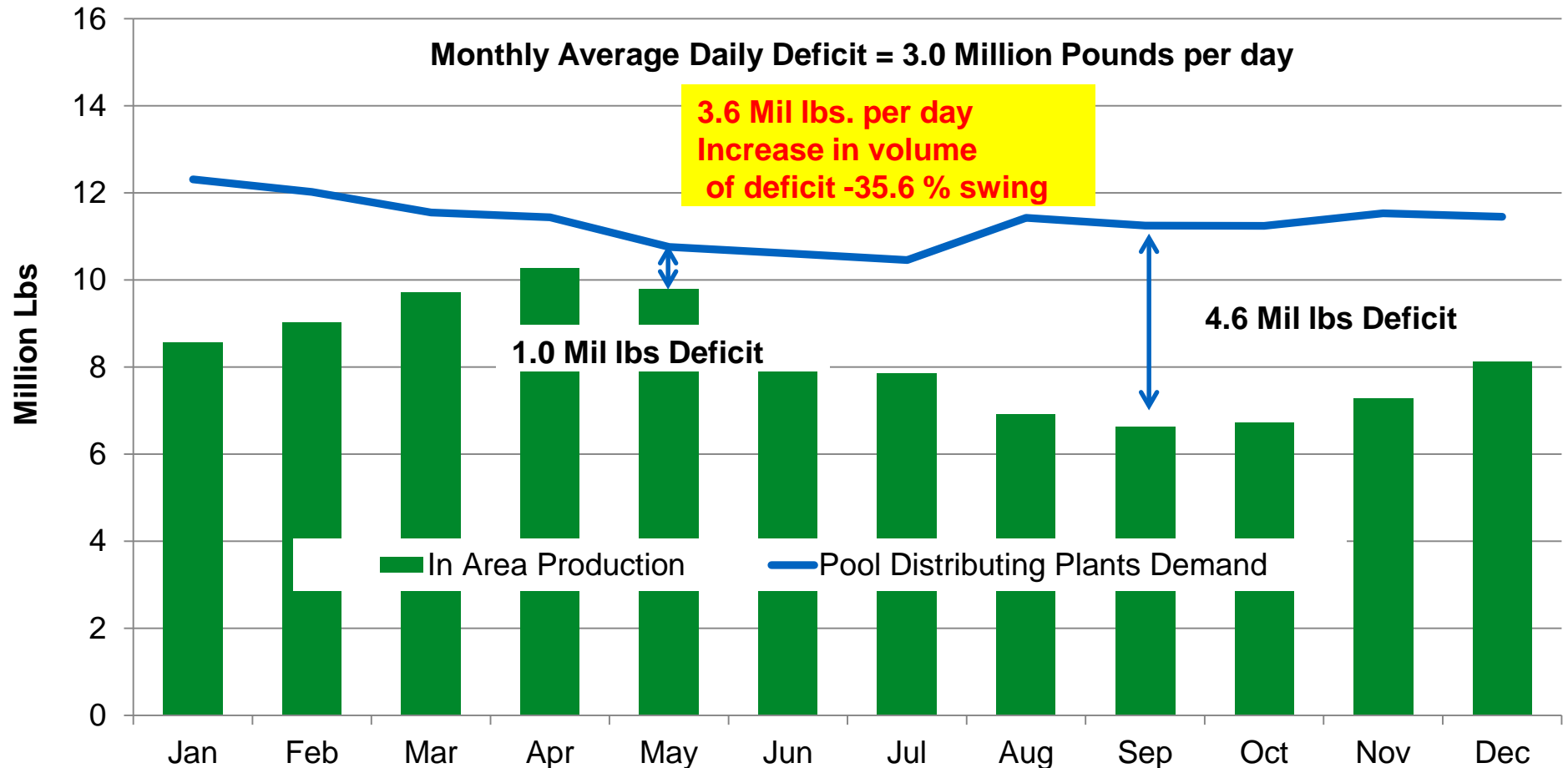
2010-2018



FO 5 Daily Average Production and Pool Distributing Plant Demand 2015-2017

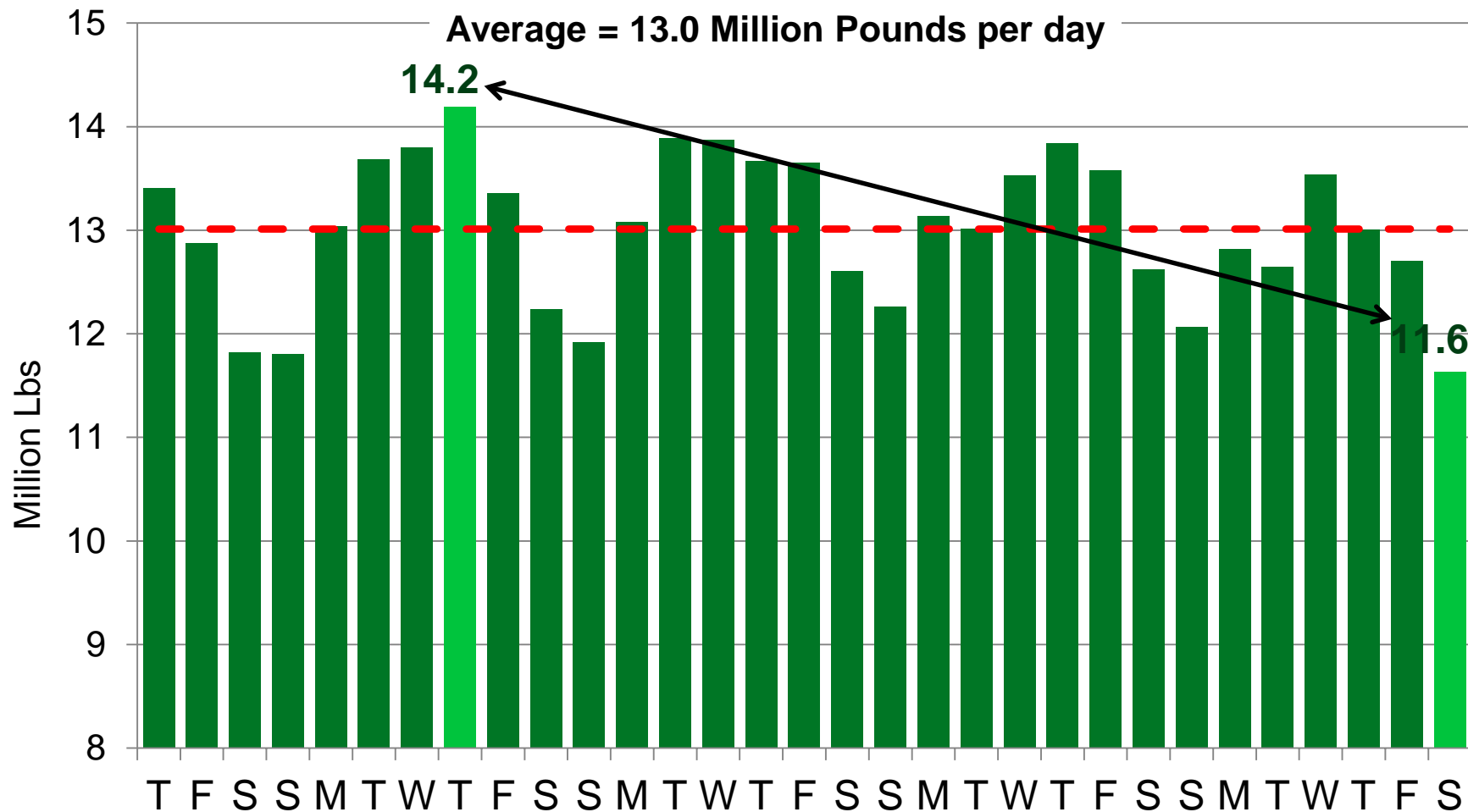


FO 7 Daily Average Production and Pool Distributing Plant Demand 2015-2017



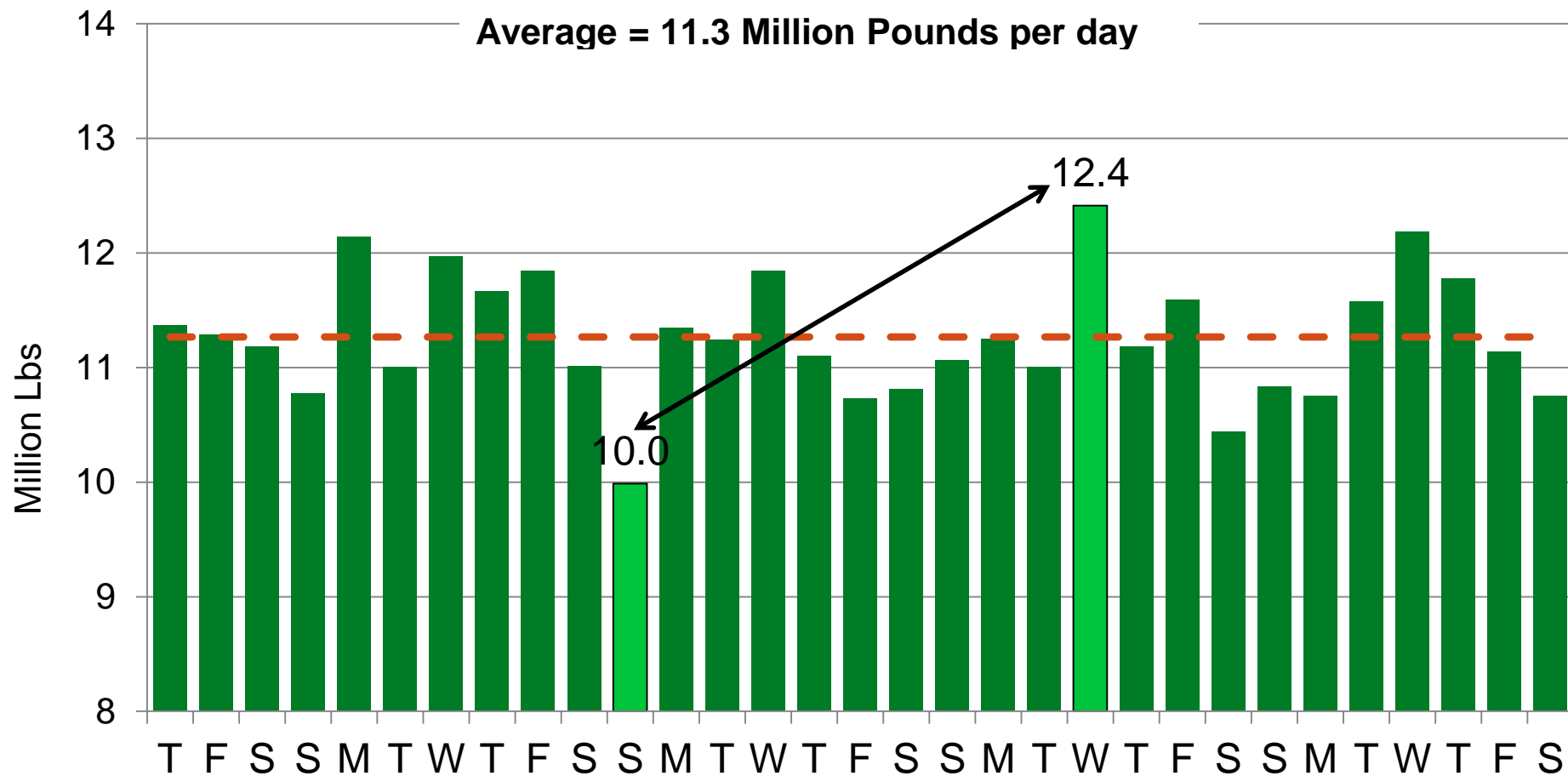
Daily Producer Milk Receipts

FO 5 Pool Distributing Plants – March 2018

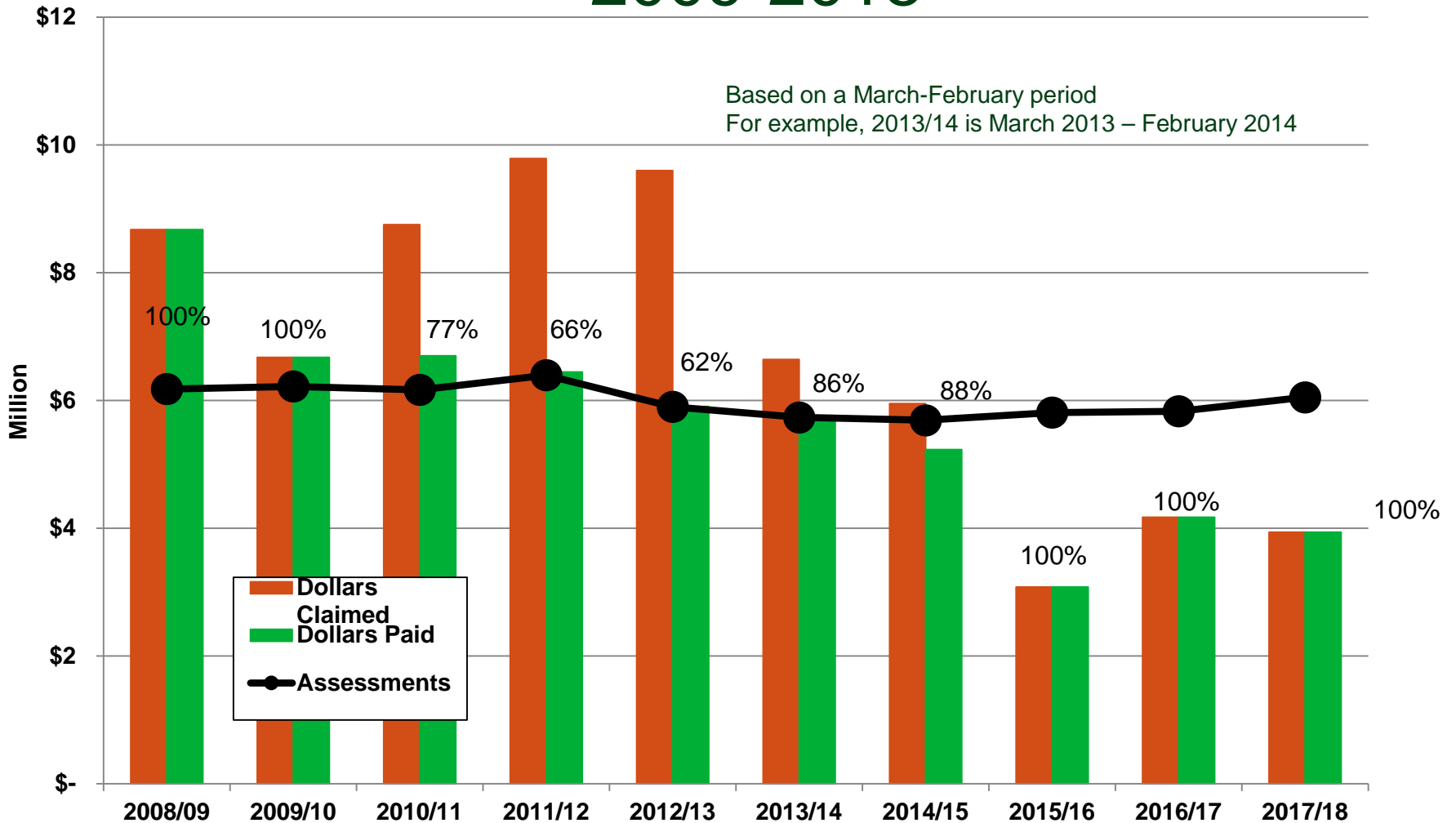


Daily Producer Milk Receipts

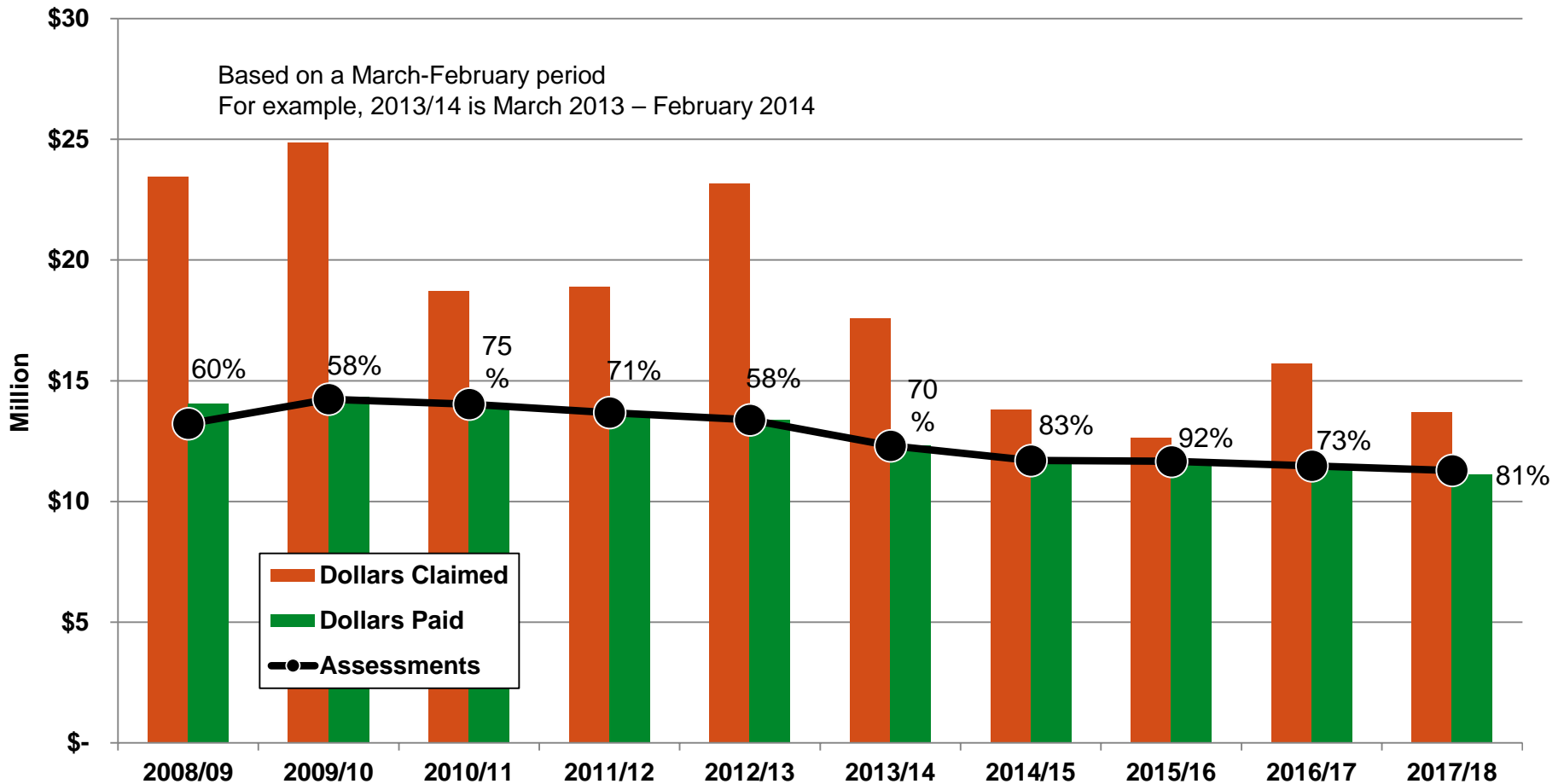
FO 7 Pool Distributing Plants – March 2018



FO 5 Transportation Credit Balancing Fund 2009-2018



FO 7 Transportation Credit Balancing Fund 2009-2018



Capper-Volstead Cooperatives

Capper-Volstead Act

- Act approved in 1922
- Grants certain agricultural cooperatives limited immunity from antitrust laws.
- Allows associations (cooperatives) of producers of agricultural products to act together in the processing, preparing for market, handling and marketing in interstate and foreign commerce their products.

Capper-Volstead Act

Requirements:

- **Members** must produce the agricultural product
- **One vote** per member
- Dividends on stock or membership capital **cannot exceed 8 percent**
- **Nonmember business** cannot be more than member business
- The association must operate for the **mutual benefit** of its members

Capper-Volstead Act

Restrictions:

- The cooperative **may not monopolize** or restrain trade in interstate or foreign commerce to such an extent that the price of any agricultural product is unduly enhanced.

Oversight:

- By the United States **Department of Agriculture**
- **Not** Federal Trade Commission or Department of Justice

FMMO “Qualified Cooperative”

- Special FMMO Designation
- Approval granted by USDA-AMS-Dairy Program
- Requirements:
 - Qualified under the Capper – Volstead Act
 - Organization and activities are under member control
 - Has full authority in sale of member milk
 - Engaged in the collective sales of milk and dairy products for its members
 - Exemption from marketing services payments under an order shall be determined by the provisions of the order
- Qualified cooperatives must file an annual report with USDA

FMMO “Qualified Cooperative”

FMMO Benefits for Qualified Cooperatives:

- Ability to represent members in order referendums (bloc vote)
- Authorization to collect payments from handlers for members’ milk
- Ability to render marketing services to producers (testing, market information)



Questions?