

ROCK HOUSE CREAMERY NAMED 2018 FLAVOR OF GA DAIRY CATEGORY WINNER



Rock House Creamery located in Newborn, Georgia, was awarded first place for the dairy category at the 2018 Flavor of Georgia Dairy Category on March 20.

The annual contest, conducted by the UGA Center for Agribusiness and Economic Development, is a chance for food businesses to showcase their new products.

Governor Nathan Deal, Ag Commissioner Gary Black and UGA College of Agricultural and Environmental Sciences Dean and Director Sam Pardue congratulated the category and grand prize winners during Flavor of Georgia Day, part of Georgia Agriculture Awareness Week in Atlanta.

Category winners received an award and membership in the Department of Agriculture's Georgia Grown program, statewide notoriety and bragging rights. All winners and finalists earn the right to have their products stamped with the 2018 Flavor of Georgia logo. They also gain exposure to grocery buyers and food industry professionals who judge the final round of the contest.

The contest is sponsored by the UGA College of Ag Center for Agribusiness and Economic Development, Gourmet Foods International, GA Center of Innovation for Agribusiness, the Office of the Governor, the Georgia Department of Agriculture and the Georgia Agribusiness Council.



Where's My Milk From? *Farrah Newberry, GMP Executive Director*

2018 looks bad, real bad, for the dairy industry. U.S. dairy farm families are facing the fourth year of record low milk prices which are the same as those paid to farmers in the 1970s. Legacy dairy farms are struggling and faced with the question of whether to stay in business or to close their dairy that was established three or four generations ago.

When milk prices get this low, farmers tend to produce more milk to pay the bills, which has sadly led to excess supply across the U.S. Also, people just aren't drinking milk like they were 20 years ago. Nut juices and the vast selection of beverages available at stores have taken a toll on our domestic market. It's a challenging time for our industry and organizations like Georgia Milk Producers are searching for ways to turn the situation around quickly.

For years, Southeast dairy cooperatives have struggled with balancing surplus milk during the spring and finding milk to supply our region in the fall when we are deficit. It is a tremendous task and has led to the increase of milk pooling onto our Order from the Mid-West and West.

Over the last decade, more and more milk from outside of our Order has found a home in stores or plants across the Southeast. A prime example of this is the increase of caseless packaged milk from the Mid-West displacing Class I milk in the Florida market. According to Calvin Covington, caseless packaged milk imports are replacing total fluid sales in the Florida order (*Dixie Dairy Report July 2017*). From Jan. 2017 to June 2017, total fluid sales in the Florida order were only down 0.6%, but Class I disposition by fluid plants in the Florida order was down 6.5%. This explains why Florida experienced additional surplus milk last year.

So how can you find out where the milk you buy is from? If you look at your carton near the expiration date, a plant code will be close by (in the form 00-0000). Enter that number online at www.wherismymilkfrom.com to find out where it was bottled. This will allow for you, the consumer, to drink milk from the Southeast, supporting local farms and regional processors. It's a small drop in the gallon, but is a start to taking back our market.

Georgia Milk Producers will continue to seek new opportunities and ideas to sustain our current industry. Please contact our office or your district director to communicate your needs and desires for the future.

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Dairy MPP Worth a Second Look

By Jim Dickrell, Dairy Herd Management

In a paper by economists Andy Novakovic and Mark Stephenson on the revised Dairy Margin Protection Program (MPP), it appears the reduced premiums, monthly calculations and weak milk futures prices in 2018 will combine to offer some risk management for smaller producers.

"The changes to the program for Tier 1 are sufficiently improved to more than justify giving the program a hard look," say the economists. Novakovic is with Cornell University; Stephenson, the University of Wisconsin.

In its revision, Congress increased the amount of coverage offered to so-called Tier I producers, from 4 million pounds per year to 5 million. Congress also markedly reduced Tier I premium costs at each protection level. The margin calculations will now also be made monthly, rather than bimonthly and averaged. That means it's much more likely margin payments will be triggered in times of low, volatile milk prices.

A decision tool to help producers through the labyrinth of MPP choices can be found online at <https://dairymarkets.org/MPP/Tool/>.

Novakovic and Stephenson estimate the expected margins in 2018 based on futures prices on Feb. 14. Margins will be below \$8 February through July, with margins falling below \$7 March through April and the lowest anticipated margin coming in April at \$6.86. If Tier I farmers were to take out \$7 coverage in those three months, they would recoup their premiums and make a few cents. If they paid the 8.7¢ per cwt premium for \$7.50 coverage, they would net about 50¢ on every cwt of milk they protect in February, March and April.

Though Congress increased the amount of milk that can be protected to qualify for Tier I premiums, it did not change Tier 2 premiums for producers who wish to protect more milk. As a result, higher premiums would likely yield no net benefits even though margins could be below \$8 over six months this year. Find the full paper at: <https://dairymarkets.org/PubPod/Pubs/BP18-01.pdf>.

Morgan Co. Dairyman is National Outstanding Young Farmer Finalist

By Lucy Ray, Morgan Co. Extension Agent

Daniel Williams and his wife, Kristy, were honored at the 2018 National Outstanding Young Farmer Awards Congress in Sacramento, California this spring. The Outstanding Young Farmer Award is the oldest award of its type in the country and began in 1955. Competitors are nominated by a County Extension Agent, Farm Bureau President or other agricultural personnel from their community and compete in state. Twenty selected state winners then progress to a semi-finalist contest. Of these, ten are selected to be inducted into the Outstanding Farmers of America. The Outstanding Farmers of America is comprised of past nominees to the Outstanding Young Farmer Program and is designed to facilitate an exchange of ideas and friendship that encourages excellence and involvement in agriculture and the local, state, and national community. There are approximately 1,500 members of the Outstanding Farmers of America nationwide. The organization supports networking among individuals who are the top in their field and promotes the importance of America's farming community.

Daniel Williams, a member of Madison's WDairy, LLC family, was selected as one of the ten national finalists and traveled to Sacramento, to receive this award. The ten finalists and their families were treated to three days of tours, interviews, and informational sessions culminating in an awards banquet. Mr. and Mrs. Williams spoke about WDairy's 1700 head milking operation as well as their community involvement. Their support of Morgan County's 4-H and FFA Dairy Programs was highlighted. Seeing Morgan County dairymen highlighted on a national stage was wonderful to see and well-deserved!





Changes Passed for GATE Program

From GA Agribusiness Council

The GATE bill (HB 886) by Rep. Sam Watson (Moultrie) made its way through the Senate and House and is now awaiting signature by Governor Deal. Special thanks to our partner Ag organizations, Senator John Wilkson (Toccoa) and Rep. Sam Watson for

coordinating with the Ag industry and legislative leaders to secure improvements to the GATE program. These changes will strengthen the integrity of the program with the creation of a three-year card that carries a \$150 registration fee, additional education initiatives, and enhanced application process. As written, it will do the following:

- Prohibit retailers from providing the sales tax exemption if the GATE card is not current.
- Provide a three-year card that carries a \$150 fee and issue new plastic GATE cards each year along with GATE usage guidance information.
- Require the GATE applicant to obtain a state taxpayer identification number through the Department of Revenue's Georgia Tax Center.
- Strengthen the GATE application process to improve qualifying tax documentation.
- Move the minimum revenue threshold to qualify for a GATE card to \$5,000.
- Improve the sharing of data by the Department of Revenue when GATE purchases are audited.
- Establish parameters for GATE card use to be revoked for abuse.



The Dairy Alliance Awakens Hope for Dairy Farm Families in the Southeast

From: The Dairy Alliance

ATLANTA (March 13) - The Dairy Alliance's Global Dairy Summit convened state agriculture officials, industry stakeholders and thought leaders from across the Southeast to rally around a plan to reverse the dire economic circumstances facing the 2,000 local, family-owned farms in the Southeast.

For local dairy farm families, the future looks grim. Since 2010, the U.S. has lost nearly a quarter of its dairy farms nationwide, and the situation is even worse in the Southeast, with a 33% loss. This decline threatens the economic prospects of the 38,000 individuals employed by the dairy industry in the region, as well. And it's unfortunate for the public, because drinking fresh milk is a source of nourishment, enjoyment and supports the family farms of the southeast.



"The Global Dairy Summit is the stake-in-the ground for changing the trajectory of the dairy industry in the Southeast," said Doug Ackerman, CEO, The Dairy Alliance. "It's a chance for us to unite the industry around common goals. We need to act aggressively and decisively if the dairy industry is going to survive in the Southeast."

Today at the Summit, U.S. Dairy Export Council (USDEC) CEO and President Tom Vilsack introduced USDEC's "Next 5% Plan" that features common sense, proactive measures to reverse the economic tide for dairy farmers by 2025.

"For dairy farm families to have the chance to pass their farms onto their kids, the shift to a global marketplace focus holds the key," said Vilsack. "The "Next 5% Plan" will advance the dairy industry in the Southeast, providing a viable dairy industry in the Southeast for years to come."

A Promising Future: Next Steps with the "Next 5% Plan"

- Unite the U.S. dairy industry and improve coordination with USDEC and its members to grow exports from 15% to 20% for the benefit of all industry members.
- Combat domestic challenges such as U.S. milk surplus and low milk prices impacting the bottom lines of hard-working dairy farm families.
- Strengthen existing and recruit new international markets by expanding and evolving U.S. dairy capabilities to meet global demand expectations.

Educate the American public about the importance of dairy exports to their lives, to the U.S. economy and to the nearly 100,000 jobs created by dairy exports. For more information on The Dairy Alliance, visit them online at: <http://www.thedairyalliance.com/>

Dixie Dairy Report – March 2018

Calvin Covington

Total fluid milk sales declined again in 2017, but whole milk sales continue to increase. As shown below, conventional fluid sales in 2017 were 2.3% lower compared to 2016 while organic sales were flat. This is the seventh consecutive year sales have declined. However, there is good news to report. Whole milk sales increased 2.7% from 2016 which makes the fourth consecutive year for increased sales of whole milk. Since 2013, whole milk sales are up 13% while lowfat and skim milk sales are down 15%. For the first time in many years, whole milk sales exceeded sales of reduced fat (2%) milk in 2017.

The decline in fluid milk sales was lower in the southeast, compared to the national average. As shown below, fluid milk sales in the three southeastern orders were down 1.2% in 2017 compared to 2016. Breaking down sales changes by order, fluid sales in the Appalachian order were 0.9% lower in 2017 versus 2016, 0.8% lower in Florida, and 1.6% lower in the Southeast order

Butter and American cheese domestic disappearance higher in 2017, and a stronger year for exports. Butter domestic disappearance was only up 0.3% in 2017, a lower increase compared to previous years. However, butter domestic disappearance has increased every year since 2002. Cheese disappearance was mixed in 2017. American cheese was up 3.1%, but other cheeses were down 0.1%. In 2017, 14.5% of U.S. milk production (total solids basis) was exported compared to 14.1% in 2016.

Milk production picks back up. After slowing down the past four months, milk production increased 1.8% in January compared to a year ago, the largest month- over- month increase since last August. January production was only lower in three (3) of the 23 reporting states, Florida down 1.3%, New York down 3.3%, and Vermont down 2.1%. Florida added 2,000 cows, compared to last year, but production was down 50 lbs. per cow. After many months of lower milk production, January production was up in California, 2.2%. In the nation's number two dairy producing state Wisconsin, production was up 0.4%. Production continues to grow in New Mexico and Texas, with production up 5.0% and 5.8%, respectively. Even though 20,000 more dairy cows went to slaughter in January, versus a year earlier, the nation's dairy herd had 46,000 more head than a year ago.

ESTIMATED ANNUAL U.S. FLUID MILK SALES (2013-2017)

Year	Conventional (million lbs.)	% change from previous year	Organic (million lbs.)	% change from previous year	Total (million lbs.)	% change from previous year
2013	49,240	-2.9%	2,265	5.0%	51,505	-2.5%
2014	47,643	-3.2%	2,474	9.2%	50,118	-2.7%
2015	47,028	-1.3%	2,437	-1.5%	49,665	-1.3%
2016	46,564	-1.0%	2,576	5.7%	49,140	-0.7%
2017	45,484	-2.3%	2,577	0.0%	48,061	-2.2%

Source: Dairy Market News and Fluid Milk Products Sales Reports

SOUTHEASTERN FEDERAL ORDERS ANNUAL FLUID MILK SALES (2013-2017)

Year	Florida	Southeast	Appalachian	Total	% change from previous year
(million lbs.)					
2013	2,797	4,646	3,376	10,819	-2.7%
2014	2,724	4,584	3,301	10,609	-1.9%
2015	2,732	4,534	3,249	10,515	-0.9%
2016	2,777	4,517	3,243	10,537	0.2%
2017	2,756	4,443	3,213	10,412	-1.2%

Source: Dairy Market News and Fluid Milk Products Sales Reports

Projected Blend Prices –Base Zones – Southeastern Federal Orders

Month	Appalachian	Florida	Southeast
(dollars /cwt.) – 3.5% butterfat			
February 2018	\$16.39	\$18.43	\$16.60
March	\$16.14	\$18.10	\$16.28
April	\$16.10	\$18.08	\$16.28
May	\$16.33	\$18.30	\$16.47
June	\$16.54	\$18.65	\$16.94
July	\$17.23	\$19.45	\$17.71

ago. January milk production was not good news for higher prices, and the spring flush is still to come. Below are our blend price projections through June. For the first quarter of 2018, blend prices are projected to average about \$2.75/cwt. lower compared to the first quarter of last year.

Blend prices. Based on increasing dairy product prices, Class III and IV futures prices moving higher, and reports of improving domestic and global dairy demand, is the tide turning toward higher milk prices? These indicators say yes, but it will be a slow climb upward. Butter, cheese, and especially powder inventories are higher than a year