

GEORGIA MILK REVIEW

MONTHLY NEWSLETTER FOR GEORGIA MILK PRODUCERS, INC.

SOUTHEAST UNITED DAIRY INDUSTRY ASSOCIATION GETS A NEW NAME



The Southeast United Dairy Industry Association, Atlanta, said it has new leadership, new branding and a new name: The Dairy Alliance.

This change represents the new vision and mission of the organization. The Dairy Alliance said it has an emphasis on market-focused partnerships that proactively promote and protect the interests of 2,100 dairy farm families in the Southeast. The new branding initiative includes a new logo, a new strategic mission and vision and a renewed effort to expand partnerships and provide growth opportunities in the dairy industry.

"We are aligning our organization to more accurately reflect the vision of our dairy farmer board of directors and bring focus and clarity to the new mission of The Dairy Alliance," said Doug Ackerman, who has served as CEO since January of 2017.

"The rebranding is more than a new logo and a new name. It is a fundamental shift in how we position ourselves within the dairy industry, individual business channels and communities where we live and partner for a healthier future for us all."

Since 1971, The Dairy Alliance has served as a voice for dairy in the Southeast. The primary goal has been promoting milk and dairy foods for farmers and working with industry partners.



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GA Dairy Conference

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Jan. 15-17, 2018 • Savannah Georgia
www.gadairyconference.com

Over 540 Attend the 2018 Georgia Dairy Conference



Global and domestic markets, driving demand, heifer management, robotic milking systems and connecting with consumers and fellow dairymen, were among the many issues discussed at the 2018 Georgia Dairy Conference this month in Savannah. Over 540 Southeastern dairy farmers and agribusiness representatives attending the

2018 Georgia Dairy Conference (GDC) left the three-day event with new insights on a variety of dairy issues and management topics.

On Monday, Robert Fox, dairy sector manager at the Wells Fargo's Advisors Group, served as the keynote speaker. Fox's presentation, "Dairy Trends in the Southeast, U.S. and Beyond" provided dairy farmers with insight on current dairy product inventories and where the industry is headed in 2018. Additional stimulating presentations were made over the course of the convention, including those from Kristi Pagel of Leading Edge Consulting, Kim Bremmer of Ag Inspirations, Dr. Lance Fox of Diamond V and Calvin Covington, former CEO of Southeast Milk, Inc. and author of the Dixie Dairy Report. Copies of the presentations from our speakers can be found online at www.gadairyconference.com/proceedings.

During Monday's evening banquet, the annual Georgia Dairy Youth Foundation fundraising auction saw another year of success, raising close to \$17,000 to support various 4-H, FFA and collegiate level dairy youth programs at the state and national levels. *Continued on next page*



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On Tuesday morning, dairy spouses enjoyed fellowship over breakfast and then participated in a unique painting session featuring instructors from Savannah's own Painting with a Twist. All participants enjoyed painting a special one-of-a-kind dairy creation.



support provided by industry organizations.

The 2018 Southeast Dairy Student Symposium was held Jan. 14-15 in Savannah, in conjunction with the Georgia Dairy Conference.

Over 50 students and advisors were in attendance representing Abraham Baldwin Agricultural College, Virginia Tech, Berry College, NC State University, the University of Georgia, and the University of Florida. The SEDSS allows dairy science students from throughout the Southeast to come together and connect with dairy producers and industry affiliates.

By joining with industry leaders and organizations, Georgia Milk Producers has successfully built a stronger, higher-quality dairy management conference for the Southeast.

Special thanks to the ladies of the GDC: Farrah Newberry, Kellay Watson, Peggy Gates, Julie Walker and Carol Williams. It takes many months of planning to execute a large conference like the 2018 Georgia Dairy Conference. The success of the conference is definitely owed to those working tirelessly in the background! To view a list of our conference sponsors, visit the conference website online at <http://www.gadairyconference.com>.

Throughout the conference, attendees had the opportunity to interact with representatives from 77 agribusinesses and organizations in the exhibit hall. With a record number of trade show exhibitors, GMP is grateful for the support of dairy industry affiliates in making this conference a success. A key component of the Georgia Dairy Conference is the financial



Students from Virginia Tech, Georgia, and North Carolina State at the 2018 Southeast Dairy Student Symposium / GA Dairy Conference



Students from Univ. of Florida & Berry College at the 2018 Southeast Dairy Student Symposium



Turk Receives GMP 2018 Friend of the Dairy Industry Award at GA Dairy Conference

Longtime Georgia dairy farmer, Earnest Turk, was presented with the 2018 Friend of the Dairy Industry Award on Monday, Jan. 15, at the Georgia Dairy Conference in Savannah.

Turk and his wife, Dixie, live in Eatonton, Ga. They joined the family dairy farm business in 1971 and purchased it in 1976 from Turk's father. They have two daughters and six grandchildren.

Turk has served on many boards over the past 30 years, including the Eatonton Co-op Feed Company, Georgia Milk Producers, F & M Bank and the Georgia Holstein Association. He also served as the Putnam County DHIA president for over 30 years.

The Turks are strong supporters of their community, hosting field days and judging practices for local and state judging teams for over 20 years. Turk was active as well in the purebred Holstein business for many years and managed the Southern Invitational Holstein Sale numerous times.

Earnest Turk is recognized as a top Georgia Holstein breeder, selling cattle and embryos to various AI organizations. His involvement in purebred marketing reached an international level, with him exporting live cattle and embryos to Canada, Italy, England, Holland, and Japan. Thank you Earnest and family for your contributions to Georgia's dairy industry. Best wishes as you start your next journey in life!



Certified Nutrient Planner/ Waste Operator Training in March

The Georgia Department of Agriculture and the University of Georgia will hold their annual planner/operator certification training in Athens at the UGA Livestock Arena classroom on March 20-21, 2018. Anyone interested in becoming a Certified Nutrient Management Planner or Certified Waste Operator in Georgia must attend this training. This training is only available once a year. Also, those seeking continuing education credit hours are welcome to attend. For more information and to register for the training visit the AWARE website at: <http://aware.uga.edu/downloads/Operator-plannerFlyer2018.pdf>

Milk Production Slowing, but Lower Blend Prices for 2018

Written by Calvin Covington

Through the first eleven months of 2017, U.S. milk production is 1.5% higher than the previous year. Production increasing (1.5%) greater than dairy product disappearance (1.2%) helps explain why milk prices are declining. There is some encouraging news, milk production growth is slowing. November 2017 production was only up 1.0% compared to the previous November. This is the third consecutive month with production up around 1%. Production increased 1.2% in October and the September increase was 1.0%. Cow numbers have remained constant for several months around 9.4 million head.

Out of the 23 reporting states, November production was down in five states and up in the remaining 18. Of the five states with lower production, four are major milk producers – California, New York, Idaho, and Washington. In the Southeast, production was up 1.0% in Florida and up 4.4% in Virginia.

We do maintain some optimism that 2018 milk prices will be higher than projected. The overall economy is improving, consumer confidence is high, unemployment is at a 17 year low, and the stock market continues to set record highs, unemployment is at a 17 year low, and the stock market continues to set record highs.

Hopefully, this will encourage consumers to increase dairy product purchases at the grocery store, order a few more pizzas, and dine out more. Increasing domestic demand from 0.7% to 1% or better will do much to lift milk prices.

Projected Blend Prices –Base Zones – Southeastern Federal Orders

Quarter	Appalachian	Florida	Southeast
(dollars /cwt.) – 3.5% butterfat			
December, 2017	\$18.48	\$21.14	\$19.18
January, 2018	\$17.73	\$19.94	\$17.93
February	\$16.57	\$18.53	\$16.76
March	\$16.35	\$18.33	\$16.48
April	\$16.22	\$18.20	\$16.37
May	\$16.38	\$18.30	\$16.54

Dixie Dairy Report – January 2018

Calvin Covington

December commodity prices lower. 2017 ended and 2018 is beginning with commodity prices moving lower. As shown below, the December butter price is down a nickel from November. Cheese is down almost twelve cents, and is almost fifteen cents below a year ago. The December nonfat dry milk powder price (NFDM) of \$0.7237/lb. is the lowest monthly powder price since these prices (used to calculate federal order class prices) were first published in January 2000. Compared to a year ago, NFDM has dropped over \$0.23/lb. This equates to over a \$2.00/cwt. decline in the Class IV skim price. Dry whey continues to decline as well, dropping about a dime over the past year. Each penny decline in dry whey lowers the Class III price about \$0.06/cwt.

Activity at the CME, during the first week of 2018, has pushed block cheddar below \$1.50/lb. and barrel cheddar below \$1.40/lb. Cheese plants are full of milk. With low powder prices, more surplus milk is moving to cheese versus powder. Dairy Market News reports cheese plants are purchasing surplus milk as low as \$6.00/cwt. below class price. On the positive side butter remains steady, closing at \$2.2375/lb. NFDM is trading at the CME around \$0.67-\$0.68/lb. The last time NFDM prices were in the 60 cent price range was the early 1970's. Various reports indicate NFDM may have found its bottom price.

Butter is the stalwart. Looking at annual commodity price averages over the past five years, butter is the stalwart. Butter has remained above \$2.00/lb. for the past four years. On the other hand the NFDM price declined about 50%. After averaging over \$2.00/lb. in 2014, cheese has yet to surpass the \$2.00 mark since. Changes in these four commodity prices, over the past few years, show the shift in milk's value from nonfat solids and protein to butterfat.

Growing inventories. Expanding inventories, of NFDM and dry whey, are depressing prices for these commodities. At the end of November, the NFDM inventory is estimated at 302 million lbs. This is 40% or 87 million more lbs. than a year ago. The November inventory of dry whey is 100 million lbs. compared to 61 million lbs. last year, an increase of 64%.

However, the U.S. powder inventory is small compared to the European Union's (EU) skim milk powder inventory of about 800 million lbs. putting the EU inventory in perspective; it is about one-third of annual NFDM production in the U.S.

Commercial disappearance flat. Through October of 2017, compared to the same period a year earlier, domestic commercial disappearance of all dairy products, on a total solids basis, is only up 0.7%. This compares to year-over-year domestic disappearance in 2016 and 2015 of 3.2% and 2.2%, respectively. Exports look better with 13.9% of total solids production exported through October compared to 13.4% in October 2016. Combining domestic and export, disappearance is 1.2% higher through the first ten months of 2017, compared to 2016.

National Dairy Products Sales Report Prices (NDPSR) – Monthly

Product	December 2016	November 2017	December 2017
		(\$/lb.)	
Butter	\$2.1000	\$2.2810	\$2.2319
Cheese (block & barrel)	\$1.7900	\$1.7617	\$1.6481
Nonfat Dry Milk Powder	\$0.9579	\$0.7553	\$0.7237
Dry Whey	\$0.3994	\$0.3587	\$0.3030

National Dairy Products Sales Report Prices – Annual Averages

Year	Butter	Cheese	Nonfat Dry Milk Powder	Dry Whey
			(\$/lb.)	
2013	\$1.5451	\$1.7683	\$1.7066	\$0.5902
2014	\$2.1361	\$2.1551	\$1.7682	\$0.6538
2015	\$2.0670	\$1.6454	\$0.9016	\$0.3804
2016	\$2.0777	\$1.6050	\$0.8292	\$0.2875
2017	\$2.3303	\$1.6344	\$0.8666	\$0.4437