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GEORGIAMILKREVIEW

MONTHLY NEWSLETTER FOR GEORGIA MILK PRODUCERS, INC.

THISISSUE

USDA to Release Second Round of CFAP Payments

Sign-up began on September 21, 2020, for a second round of CFAP payments (Coronavirus Food Assistance Program). This is welcome news to our industry which has faced tremendous market disruptions due to COVID-19. The Coronavirus Food Assistance Program 2, or CFAP 2, will provide producers with financial assistance that gives them the ability to absorb some of the increased marketing costs associated with the COVID-19 pandemic. USDA will accept CFAP 2 applications through December 11, 2020. Learn more at farmers.gov/cfap.

CFAP 2 payments will be made for three categories of commodities – Price Trigger Commodities, Flat-Rate Crops, and Sales Commodities. Payments for cow milk will be equal to the sum of the following:

- The producer's total actual milk production from April 1, 2020, to August 31, 2020, multiplied by the payment $1.20 per hundredweight

  AND

- The producer's estimated milk production from September 1, 2020, to December 31, 2020, based on the daily average production from April 1, 2020, through August 31, 2020, multiplied by 122, multiplied by a payment rate of $1.20 per hundredweight.

For dairy beef:

- Producers are eligible for cattle inventory payment on bull calves and dairy steers, but not for breeding stock. The beef payment is $55 per head on eligible cattle in inventory on a date selected by the producer between April and the end of August. To view a full list of eligible commodities and payment rates visit the USDA CFAP website at https://www.farmers.gov/cfap/commodities.
- There will be no payments for animals sent to slaughter during this round.

Dairy operations applying for CFAP 2 must be producing and commercially marketing milk at the time of application. Dairy operations that dissolve or have dissolved on or after Sept. 1, 2020 are eligible for a pro-

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LAST FALL DISTRICT MEETING FOR GA MILK ON OCT. 1

Georgia Milk Producers and The Dairy Alliance will host the final fall district meeting on Thursday, Oct. 1, in Williamson at the Barn Stormer's Grill. Our organizations will hold elections; report on industry issues and promotional efforts; and announce upcoming events. Dinner will be served at beginning of the meeting at 7 p.m. Due to current Covid-19 restrictions for gatherings, no more than 50 people are allowed to attend each meeting.To pre-register for the district meeting, please contact the Georgia Milk office at 706-310-0020. Thank you to those that attended our meetings this month. We value the input you share at our meetings!!

ZOOM MEETINGS FOR GMP DISTRICTS 1 & 7

Georgia Milk Producers will hold ZOOM conference calls for Districts 1 (Oct. 6) and 7 (Oct. 7) this month. An email and letter invite has been sent to all producers located in these districts. Please make plans to join us and contact us with questions at gamilkproducers@gmail.com.

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rated payment for the number of days the dairy operation commercially markets milk from Sept. 1, 2020, through Dec. 31, 2020. Dairy operations that dissolve before Sept. 1, 2020, are ineligible for CFAP 2 payments.

Producers will also have to certify they meet the Adjusted Gross Income limitation of $900,000 unless at least 75 percent of their income is derived from farming, ranching or forestry-related activities. Producers must also be in compliance with Highly Erodible Land and Wetland Conservation provisions.

For more information visit the FSA website here: https://www.farmers.gov/cfap or you can contact our office with questions at 706-207-0168.

UGA Administration Closes Tifton Dairy Research Center

From GA Milk Producers

After several years of battling low milk prices, changes in administrators and recent state budget cuts from COVID-19, the vacuum pumps at the University of Georgia (UGA) Tifton Dairy Research Center were permanently turned off on September 4, 2020.

Since 1998, UGA faculty have utilized these facilities to conduct research in the areas of nutrition, lactation and metabolic physiology, milk quality, animal health, heat stress abatement, production management, nutrient management and water quality.

With the announced retirement of Dr. John Bernard earlier this year, a noted animal nutritionist focusing on applied dairy nutrition, the Tifton campus was left with only one researcher conducting trials at the facility, Dr. Sha Tao. Upper administration for the UGA College of Agricultural and Environmental Science made the decision to shift Dr. Tao to the UGA Athens campus, to interact closer with remaining UGA dairy scientists, Dr. Jillian Bohlen, a reproductive physiologist, and Dr. Valerie Ryman, an immunologist whose research focuses on mastitis.

According to a letter sent to the Georgia Milk Producers Board of Directors, Dr. Francis Fluharty, head of the Animal and Dairy Science, stated that Tao's move to Athens will allow students in ADS to learn more about the interaction of heat stress and immunity, and will allow for more opportunities for undergraduate and graduate research.

"Dr. Tao's research uses technology that is not currently available in Athens. The movement of his equipment to Athens brings new opportunities in both teaching and research, and will strengthen our overall undergraduate and graduate programs in the dairy area" stated Fluharty.

While the closure of the dairy is a major hit for Georgia dairy production research, Fluharty is certain that the Department will not abandon its mission in Tifton. With 1.3 million beef cows in Georgia, the ADS department will transition the Tifton campus toward research and Extension efforts impacting the beef industry. Fluharty plans to hire a extension researcher for beef at the Tifton campus in the spring of 2021.

"The goal of these changes is to use our fiscal, personnel, and land resources responsibly to best serve the beef and dairy industries in Georgia, and to consolidate our scientists serving these two industries into groups with a greater critical mass in both Athens and Tifton so that interaction is strengthened, thus increasing interdisciplinary research and Extension efforts that addresses the complex issues facing animal agriculture." stated Fluharty.

Nick T. Place named dean and director of UGA College of Agricultural and Environmental Sciences

By Sam Fahmy for CAES News

Nick T. Place, an academic leader with a record of applying research-based expertise to the needs of agricultural producers and communities, has been named dean of the University of Georgia College of Agricultural and Environmental Sciences and director of the UGA Cooperative Extension and Agricultural Experiment Stations.

Place is currently dean for extension, director of the Florida Cooperative Extension Service and a professor in the department of agricultural education and communication at the University of Florida. His appointment at UGA is effective Jan. 1, 2021.

As dean and director of the UF Institute of Food and Agricultural Sciences Extension, a position he has held since 2012, Place oversees faculty located in each of Florida's counties, 13 research and education centers, 15 academic departments and the School of Forest Resources and Conservation. He previously served as associate dean and associate director of University of Maryland Extension and as a faculty member at UF, where he was graduate coordinator and led the graduate program in agricultural education and communication. He began his career as an extension agent at Penn State University, where he conducted educational programs in dairy, livestock, 4-H youth development and community development.

Place earned his bachelor's degree in dairy husbandry at Delaware Valley College in Pennsylvania. He earned his M.S. in dairy and animal science and his Ph.D. in agricultural and extension education from Penn State University.

"I am looking forward to becoming the dean and director of the College of Agricultural and Environmental Sciences," Place said. "There is recognizable strong potential in areas such as agricultural technology, innovation, food systems and a host of other areas across all three missions of research, teaching and extension outreach. I stand ready to proactively work with the outstanding faculty and staff at CAES and UGA who are poised to take the college to whole new heights."

Fluid Milk Sales Examined in Dixie Dairy Report

By Calvin Covington, SE Dairy Consultant

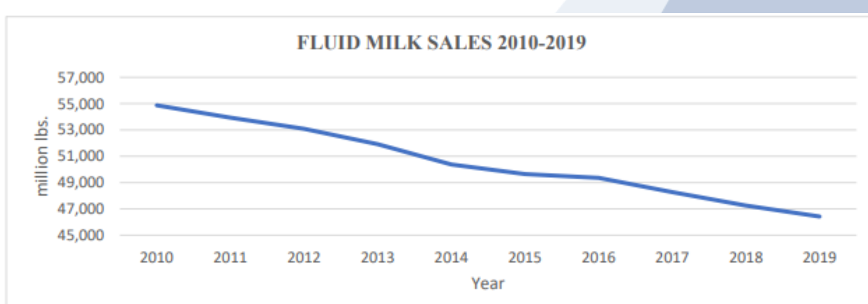
Packaged fluid milk sales. Just recently, USDA released packaged fluid milk sales data for the first five months of 2020. Sales are 0.4% lower compared to the same period a year ago. Even though fluid sales declined from a year earlier, the decline is lower than previous years. As shown below, March sales were 7.2% higher than a year earlier, as consumers cleared grocery shelves of fluid milk. Once panic buying slowed, and food service sales almost ground to a halt, fluid sales declined 0.5% in April and 3.2% in May. As the table shows, conventional sales were down 1.1%, but organic sales were up a strong 12.6%. It is interesting to note whole milk sales, combined for both conventional and organic. Through May, total whole milk sales are up 5.6% while reduced fat sales were down 3.9%.

MONTLY % CHANGES in PACKAGED FLUID MILK SALES (January-May 2020* vs. 2019)

Milk Variety	January	February	March	April	May	Total
Conventional	-3.2%	-2.8%	+6.4%	-1.8%	-4.2%	-1.1%
Organic	+1.7%	+3.4%	+21.4%	+23.8%	+14.0%	+12.6%
Conv. + Org.	-3.0%	-2.5%	+7.2%	-0.5%	-3.2%	-0.4%

Source: USDA - Agricultural Marketing Service *adjusted for Leap Year

Southeastern fluid milk sales. As anticipated, due to the large increase in the Class I Mover from June to July, Class I producer milk in July fell below a year ago in the Florida and Southeastern orders. July producer milk in Florida was 2.3% below a year ago and in the Southeast order down 3.8%. Class I producer milk in the Appalachian order continues to run ahead of last year. It was 22.8% higher in June, and 9.7% higher in July, compared to the same months a year earlier.



Fluid milk sales. On August 31 USDA-ERS releases its annual fluid milk sales report. Total fluid milk sales in 2019 were 46.4 billion lbs. This is a 1.8% decline from the previous year, and the tenth consecutive yearly decline. Fluid sales were almost 55 billion lbs. in 2010. On the positive side, 2019 marks the sixth consecutive year for an increase in whole milk sales. All of the fluid milk sales decline is in reduced fat and skim milk.

Dixie Dairy Report – September 2020

Calvin Covington

Dairy product prices. August began with both block and barrel cheddar cheese trading slightly over $2.00/lb. at the CME. Then on the last trading day in August, blocks closed at $1.8275/lb. and barrels at $1.4300/lb. At one point during August, blocks fell as low as $1.65/lb. The August monthly average saw blocks $0.91/lb. lower than July, and barrels $0.87/lb. lower. Then on August 25 additional funding was announced for USDA's Food Box Program, cheese prices starting moving higher. During the first week of September, blocks gained almost $0.30/lb. and barrels $0.27/lb. Closing CME cheese prices on September 4 were $1.9375/lb. and $1.5575/lb. for blocks and barrels, respectively. The large block to barrel spread shows the uncertainty in the cheese market. Historically, the start of the new school year provides a boost to cheese prices, due to fluid milk plants needing additional milk to fill the school pipelines. Unfortunately, with many schools not or only partially reopening, the seasonal boost is not occurring this year. Time will tell how long the Food Box program can support cheese prices.

Both butter production and inventory continue to grow. Historically, butter production declines from June to July, but not this year, with July production higher than June. For the year to-date butter production is up 7.6%. The butter inventory at the end of July was over 13% higher than last July. And, butter imports are at historical highs through the first half of 2020. The August DPSR butter price is $1.5154/lb. which is $0.27/lb. lower than July, and $0.85/lb. lower than last August. This is the lowest August butter price since 2013. Hopefully, the lower domestic butter price will curtail imports, and provide more export opportunities. The August nonfat dry milk powder (NDM) dropped a penny to $0.9619/lb. Even though domestic disappearance for the first six months of 2020 is 35% lower than the same period in 2019, exports are up 24%. A competitive powder price and weaker dollar are fueling powder exports. The one caution flag with powder is an expanding inventory, up 6% at the end of July.

More cows and more milk. USDA reports July milk production 1.5% higher than last July. More milk is due to more cows and more milk per cow. The nation's dairy herd at the end of July is estimated at 9.352 million head, up 2,000 head from June, and 37,000 more cows than a year ago. Through July, 68,300 fewer dairy cows have gone to slaughter compared to last year. Milk produced per cow in July was 1.1% higher compared to last July, two months earlier it was 0.8% lower. Only six out of the 24 reporting states produced less milk in July compared to last July. Two of those six states with lower production were Florida and Georgia, down 5.7% and 0.7%, respectively. USDA reports 5,000 less dairy cows in Florida versus last July, along with less milk per cow. Cow numbers are steady in Georgia, but milk per cow is 10 lbs. lower.

Total dairy demand. For the first six months of 2020, compared to the same period in 2019, total dairy demand is up 0.6% (total solids basis and adjusted for Leap Year). On the domestic front, demand is down 1.8%. Stronger retail sales helped partially offset the decline in food service sales. Exports were up a strong 15.2%. For the first six months of the year, exports accounted for 15.96% of demand measured by milk solids. The USDA Food Box program aided domestic demand greatly. We estimate from May 15 through August 31, the Food Box program utilized about 2.5% of total milk production.

Blend prices. After being lower than the Class III price for the past two months, August blend prices are projected higher than the Class III price in all three southeastern orders. As shown below, August blend prices in the Appalachian and Southeast orders are projected above $21,00/cwt. and in Florida above $23.00/cwt. Blend prices are projected lower in September and October. Compared to the futures market, my projections are lower for the remainder of the year, due to uncertainty in the cheese market .

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
		($/cwt. at 3.5% butterfat)	
July 2020	$19.33	$20.80	$18.89
August	**$21.36**	**$23.19**	**$21.33**
September	**$19.71**	**$21.80**	**$20.22**
October	**$17.91**	**$19.72**	**$18.35**
November	**$18.42**	**$20.19**	**$18.96**
December	**$17.80**	**$19.85**	**$18.20**

*Projections in bold

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RETURN SERVICE REQUESTED