Issue
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October 2017

GEORGIA MILK REVIEW

MONTHLY NEWSLETTER FOR GEORGIA MILK PRODUCERS, INC.

THIS ISSUE

Dawn at Waldroup Dairy, LaGrange

Georgia Dairy Managers Series to focus on Do's and Don'ts of Reproduction Technologies

Georgia Milk Producers and the University of Georgia Cooperative Extension Service invites dairymen, herdsmen and farm employees to attend our upcoming Georgia Dairy Managers Series titled, *The Do's and Don'ts of Reproduction Technologies*. This series will focus on new dairy reproduction technologies for cows for first AI, early non-pregnancy diagnosis and for resubmission of non-pregnant cows for second and greater AI. Our speakers will also provide do's and don'ts of reproductive technologies used in a reproductive management program.

The speakers, Dr. Jillian Bohlen and Dr. Roberto Palomares, are both from the University of Georgia. Dr. Bohlen is an Assistant Professor at the UGA Animal and Dairy Science Department. Her area of interest is in applied reproduction in cattle with direct activities involving animal synchronization, use of ultrasound as a tool in reproductive programs, and methods to increase embryo competency. Dr. Palomares is an Assistant Professor of Bovine Production Medicine and Theriogenology at the UGA College of Veterinary Medicine. His research involves the study of noninfectious factors that affect bovine fertility and strategies to improve reproductive performance in dairy and beef cattle such as ovulation synchronization and TAI programs.

Meetings are open to dairymen, managers, and employees - free of charge and will be held from 10 a.m. until noon. Please preregister for meal by calling our office at 706-310-0020. The meetings will be held at:

October 27	**10 a.m.**	**Burke Co. Extension Office, Waynesboro** *(715 West 6th Street, Waynesboro, 30830)*
November 1	**10 a.m.**	**Reid Bros. Irrigation Company, Americus** *(908 Adderton St, Americus, GA 31719)*
November 2	**10 a.m.**	**Andy's BBQ Restaurant, Eatonton** *(100 Friendship Rd SW, Eatonton, GA 31024)*

Sponsored by Georgia Milk Producers, Inc. and UGA Cooperative Extension

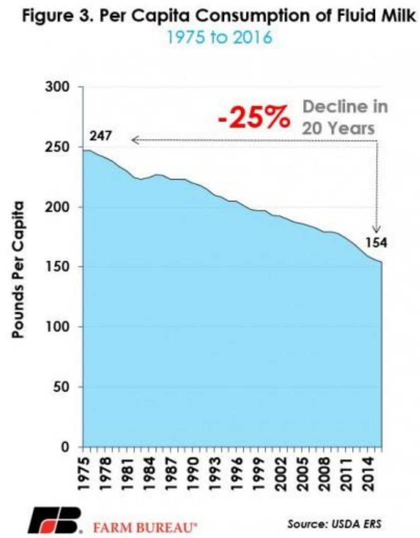
NOMINATIONS OPEN FOR FRIEND OF THE 2017 DAIRY INDUSTRY AWARD

Georgia Milk Producers will award the "Friend of the Dairy Industry" Award to an individual or company that served as a strong advocate for Georgia's dairy industry in 2017 at the GA Dairy Conference in January. We would like Georgia dairy producers to send in nominations for this award to our office by December 8, 2017. This award is open to any individual who is involved with the dairy industry (Cooperative officials/field representatives, feed/supply companies or salesperson, veterinarian, etc.). Please call our office with your nomination at 706-310- 0020, fax at 706-310-0025 or email it to gamilkproducers@gmail.com.

5TH ANNUAL SQMI MEETING IN NOV.

Dairymen are encouraged to attend the upcoming Southeast Quality Milk Initiative (SQMI) meeting in Nashville on Nov. 8-9. The dairy community portion of the 2017 program will be Wednesday, Nov. 8. Registration is $20. For more information at http://sequalitymilk.com/

Industry Discusses Proposal to Change FMMO Class I Price Formula



Last month, John Newton, Market Intelligence director with the American Farm Bureau Federation (AFBF), released an analysis on an industry proposal to change the method of calculating the federal milk marketing order (FMMO) minimum prices for Class I (fluid) milk. According to Newton, the proposal could benefit processors and farmers through reduced price fluctuations and have the potential to slowdown the decline of fluid milk sales.

Currently, the Class I base price is calculated using the "higher of" the advanced Class III or Class IV milk price. Under this new proposal, the monthly Class I base price would be a simple average of the advanced Class III and IV milk prices, plus 74 cents per hundredweight (cwt).

While Newton says the proposal will allow for risk management protection for fluid milk processors and minimize price fluctuations, other industry affiliates are concerned. They believe that by replacing the "higher-of" formula with a simple average, producers would likely receive a lower overall milk price. It is important that dairy producers review the proposal, ask cooperatives for input and voice opinions.

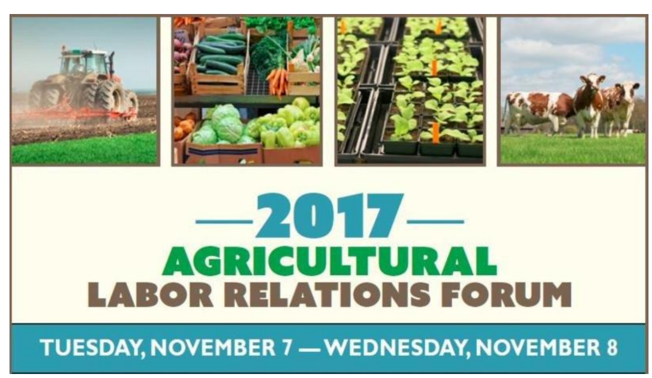
John Guess, dairy consultant from Naples, Florida, wrote in his recent blog at http://milkprice.blogspot.com, that despite declining fluid milk sales, Class I milk remains the second largest milk category (27 percent) within milk marketing order systems (FMMO and California state order), trailing only Class III (43 percent) based on 2016 receipts. Therefore any change in the method of calculating the Class I base price will have a significant impact on the blended producer milk price.

Geuss said dairy farmers in the Florida FMMO, with the highest Class I utilization, would see the biggest negative impact on milk prices. Three other orders – including the Southeast - using the "advanced" pricing system would see significant changes, although the impact would be less.

In order for the proposed Class I pricing formula to advance, a FMMO hearing and producer vote will be necessary. To learn more about Newton's analysis on the proposal visit online at https://www.fb.org/market-intel/proposed-changes-to-fluid-milk-pricing.

Registration is now open for the 2017 AG Labor Relations Forum

Tuesday, November 7 -
Wednesday, November 8
UGA Tifton Conference Center



Georgia Milk Producers is pleased to team with the Georgia Fruit and Vegetable Growers Association and other Ag interest groups to help sponsor the 2017 Georgia Agricultural Labor Relations Forum on November 7-8 at the UGA Tifton Campus Conference Center.

Labor continues to be a major issue for all of agriculture. Workshops will cover Department of Labor Audits, I-9 Audits, Workers Compensation and much more.

Don't miss this chance to get up to date information from leading experts on topics that will impact your dairy farm. Registration is just $150 for the 2 day conference and includes lunch on day one. For more information visit their website at http://www.georgiaaglaborforum.com/.

Make Your Hotel Reservation for GDC by Dec. 24

Take advantage of special room rates for the 2018 Georgia Dairy Conference by making your reservations before Sunday, Dec. 24!

The Savannah Riverfront Marriott is offering room rates for those attending the Georgia Dairy Conference from Saturday, Jan. 13, until Wednesday, Jan. 17, at $127.00/room for single and double occupancy rooms. Individuals are requested to call the hotel at 912-233-7722 or 800-285-0398 for reservations. Please mention you are with the "GA DAIRY CONFERENCE 2018" when making your reservation to ensure that you receive the discounted room rate. A link to online reservations can be found on our website at www.gadairyconference.com. Parking at the Savannah Riverfront Marriott has been reduced to $5 per day for those attending the Georgia Dairy Conference.

PLEASE NOTE: Any reservation received after the cut-off date will be accepted on a space and rate-available basis. Availability and pricing cannot be guaranteed after the cut-off date.

GEORGIA DAIRY PRODUCERS: Georgia Milk Producers will deduct $100/night for two nights from each Georgia dairy farm's hotel bill at checkout. It's our way to show our appreciation for your support and to encourage you to attend your annual dairy conference! Registration for the conference is also free for Georgia dairy producers. Please register online at www.gadairyconference.com or call our office at 706-310-0020.

Dairy Product Consumption Sets New Record - *Written by Calvin Covington*

Per capita consumption of all dairy products in 2016 was 646 lbs. This is 16 lbs. higher than 2015. As shown in the table below, almost all of the growth is due to increased cheese consumption. Total per capita cheese consumption has doubled in the past 35 years. Butter consumption continues to inch up, and is at the highest level since the 1960's. After doubling from 2000 to 2010, yogurt consumption is declining. Much of yogurt's decline is probably due to the growth of Greek yogurt (more concentrated). However, since it takes about twice the volume of milk to make Greek yogurt compared to conventional, more milk is actually utilized in yogurt even with consumption declining. Consumption of frozen dairy products, which includes ice cream, continues to decline. I contribute much of the decline to many ice cream makers no longer using half-gallon packages. The number of unit sales remains the same, but less ice cream per unit. Fluid milk continues its steady downward trend. In my lifetime per capita consumption of fluid milk has dropped in half from about 300 lbs. to only 154 lbs.

PER CAPITA CONSUMPTION of DAIRY PRODUCTS – 2000 to 2016

Product	2000	2010	2015	2016
		(lbs. per capita)		
Fluid Milk	197	178	156	154
Butter	4.5	4.9	5.6	5.7
American Cheese	12.7	13.3	14.0	14.3
Other Cheese	16.9	19.4	21.1	22.0
Yogurt	6.5	13.4	14.4	13.7
Frozen Dairy Products	27.5	23.9	23.2	23.0
All Dairy Products (milkfat equivalent)	591	604	630	646

Source: USDA-ERS

Are plant based beverage products taking sales away from cow's milk? A recent USDA study shows that the market share of cow's milk versus plant based beverage products declined about 2% from 2013 to 2015 as shown below. Other plant beverages include coconut, cashew, and rice.

MARKET SHARE of COWS's MILK versus PLANT BEVERAGES – 2013-2015

Year	Cow's Milk	Almond Beverage	Soy Beverage	Other Plant Beverages	Total Market Share
			(%)		
2013	94.33	3.42	1.82	0.43	100
2014	92.70	4.90	1.69	0.71	100
2015	92.37	5.12	1.38	1.14	100

Source: USDA-ERS

Dixie Dairy Report – October 2017

Calvin Covington

Cheese up, but butter down. Both block and barrel cheddar at the CME gained over $0.20/lb. since the first of September. As of October 4 block and barrel cheddar are $1.75/lb. and $1.73/lb., respectively. The need to build inventories for the coming holiday season is a reason given for higher prices. Butter is a different story with the price declining about $0.15/lb. over the past month. CME butter closed at $2.35/lb. on October 4. It is difficult to find a reason for a lower butter price, especially with butter inventories relatively low, and the U.S. butter price at a large discount to the world price. Look for the butter price to rebound shortly. Moving to dried products, both the September AMS nonfat dry milk powder and dry whey prices are about two cents per lb. lower than August. Both products have moved downward since June. Heavy European powder inventories are a major reason for the decline.

More cows and more milk. Month to month milk production has increased for 45 consecutive months. August milk production is 2% higher than last August. The nation's dairy herd is estimated at 9.405 million cows, the highest number in many years. Of the 23 monthly reporting milk production states, only four (4) states showed a drop in production; California, Washington, Oregon, and Idaho. All are located in the west, areas with relatively lower mailbox milk prices. For the two southeast reporting states, production in Florida was up 2.6% and Virginia up 2.9%.

Blend prices moving lower. After increasing the past few months, blend prices are projected to trend downward. September blend prices are projected $0.20 to $0.40/cwt. lower than August. Then another similar decline in October as shown here:

Projected Federal Order Blend Prices ($/cwt. 3.5% butterfat at base zone)

Federal Order	September	October	November	December
Appalachian	$19.14	$18.79	$18.85	$18.65
Florida	$21.22	$20.84	$20.64	$20.92
Southeast	$19.68	$19.47	$19.36	$19.22

2018 price projections. Currently, we project 2018 blend prices in the three southeastern orders to be similar to 2017. There is little on the horizon, in regards to supply and demand, to warrant much price difference for the coming year. Next month we will provide a complete 2018 monthly projection. USDA's September outlook projects a 2017 all-milk price of $17.70 to $17.90/ cwt. This is $1.40-$1.60/cwt. higher than 2016. For 2018, USDA projects an all-milk price of $17.55 to $18.55/cwt. which ranges from $0.35/cwt below to $0.85/cwt. higher than 2017.

Higher mailbox prices. As shown below, mailbox prices for the first six months of this year, compared to a year ago are $1.80 to $2.25/cwt. higher.

Southeast Mailbox Prices (first six months 2016 vs. 2017)

Reporting Area	2016	2017	Difference
		($/cwt.)	
Florida	$16.14	$18.40	$2.26
Southeast	$15.18	$16.98	$1.80
Appalachian	$15.57	$17.82	$2.25