

# **SOUTHEAST DAIRY OUTLOOK**

**Georgia Milk Producers Association**

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# MORE OPTIMISTIC THIS YEAR vs. LAST YEAR

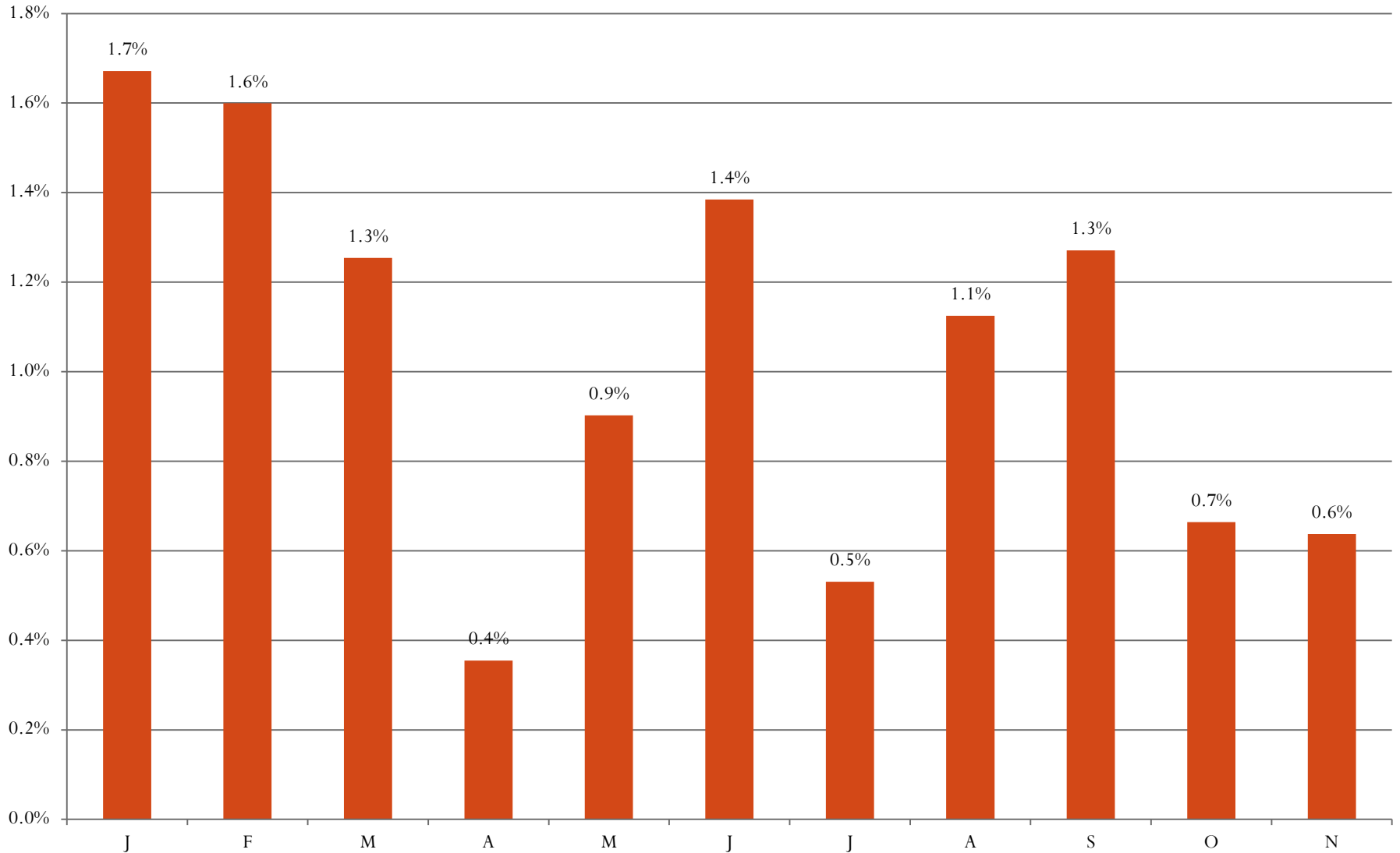
- Last year 2018 SE FO blend price \$1.50/cwt. lower than 2017. (actual \$1.40/cwt. lower)
- This year 2019 blend prices about \$1.45/cwt. higher than 2018.
- Milk prices moving up – Walk not a run.

# OUTLINE

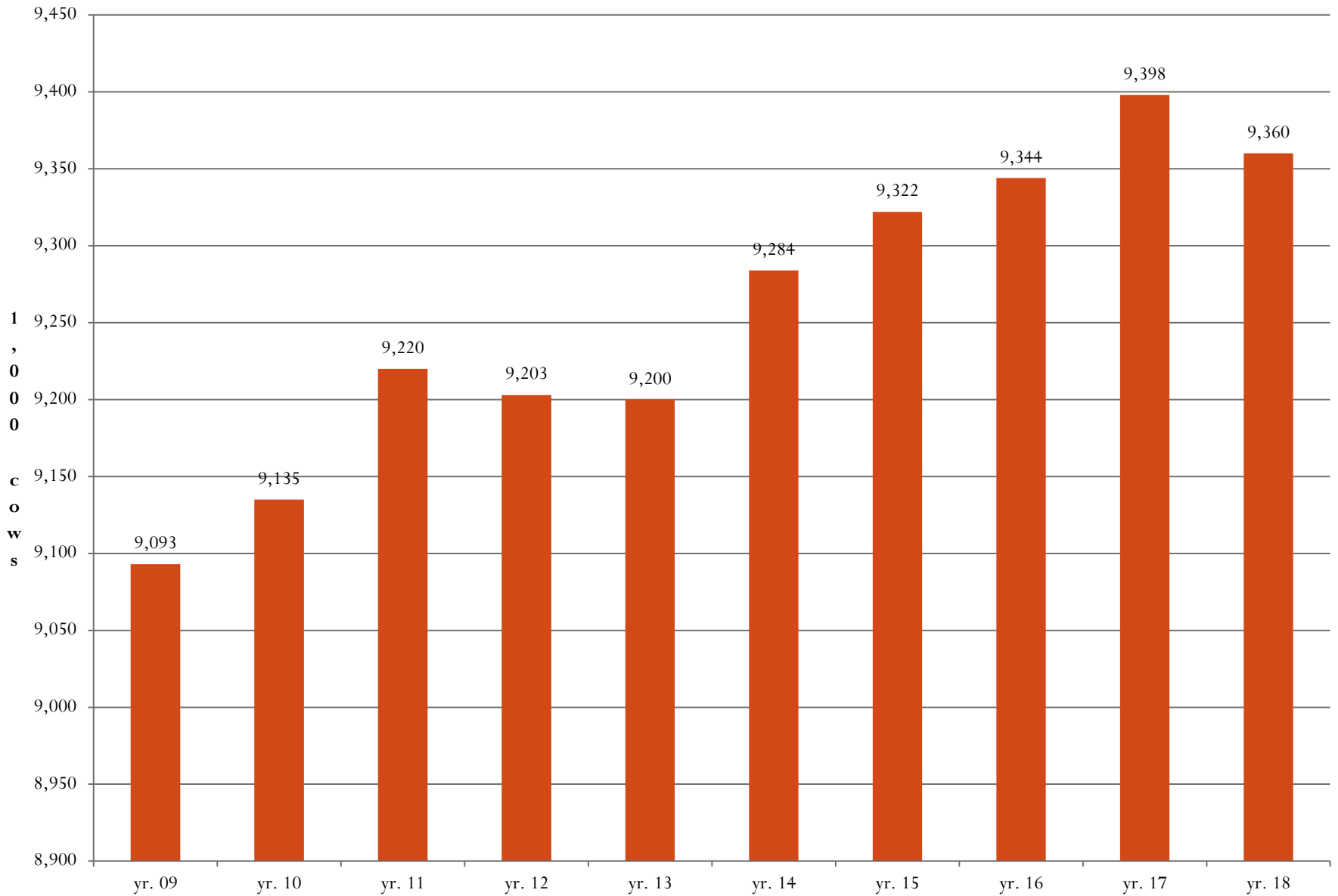
- Supply
- Demand
- Price

# MILK PRODUCTION 2018 vs. 2017

## Monthly Change %



# NOVEMBER DAIRY COWS 2009 -2018



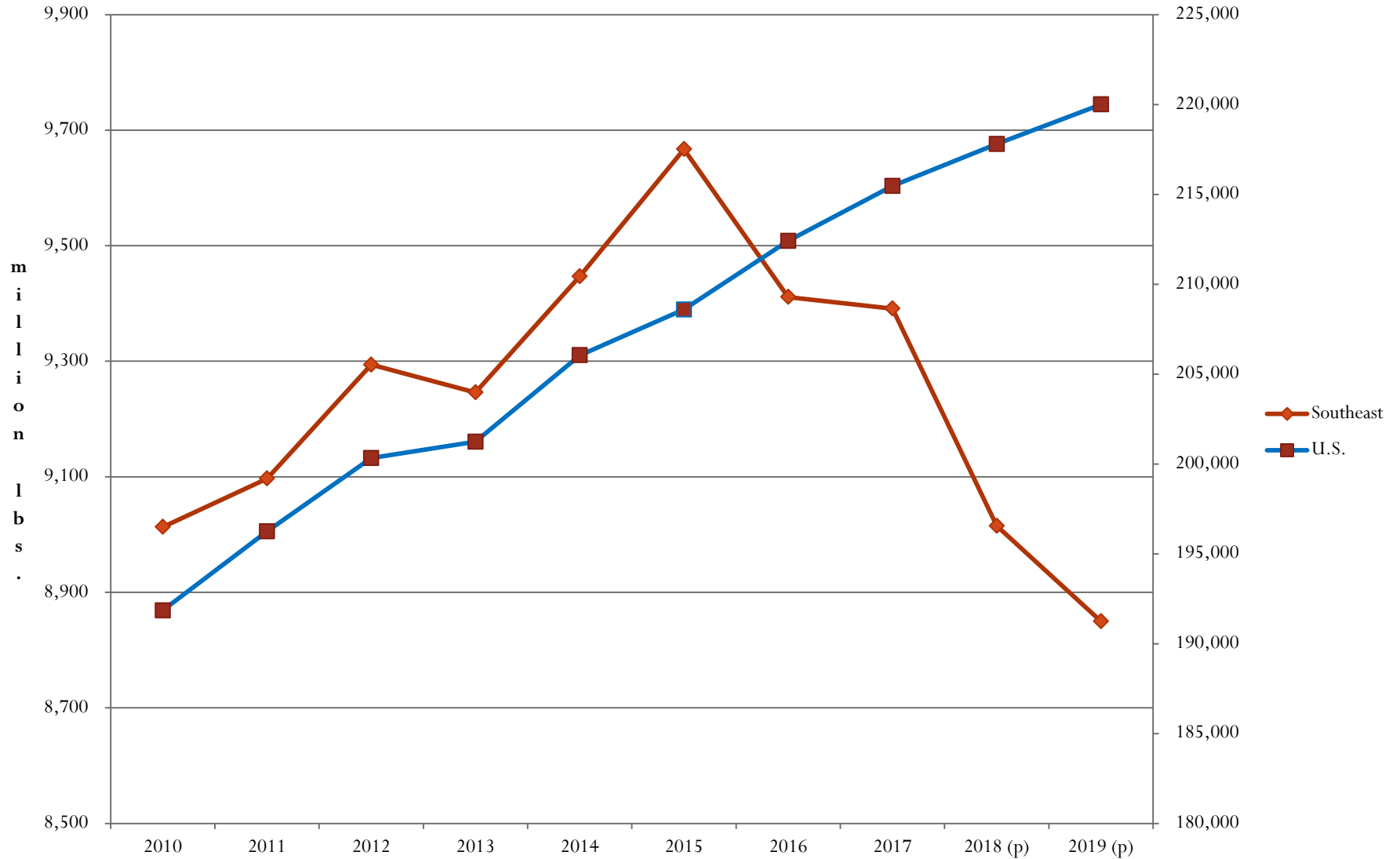
# Milk Production Shifting Back West

<u>Region</u>	2017 (January-September)	2018 (January-September)	<u>Change %</u>
	(million lbs.)		
<b>Midwest</b>	51,442	51,570	<b>0.2%</b>
<b>California</b>	29,989	30,416	<b>1.4%</b>
<b>Northwest</b>	23,471	24,241	<b>3.3%</b>
<b>Northeast</b>	23,739	23,488	<b>-1.1%</b>
<b>Southwest</b>	19,689	20,440	<b>3.8%</b>
<b>Plains (I-29)</b>	6,868	7,068	<b>2.9%</b>
<i>Southeast</i>	<i>7,148</i>	<i>6,886</i>	<i>-3.7%</i>
<b>Alaska + Hawaii</b>	32.2	32.0	<b>-0.6%</b>
<b>Total</b>	162,379	164,141	<b>1.1%</b>

# Southeast States Production

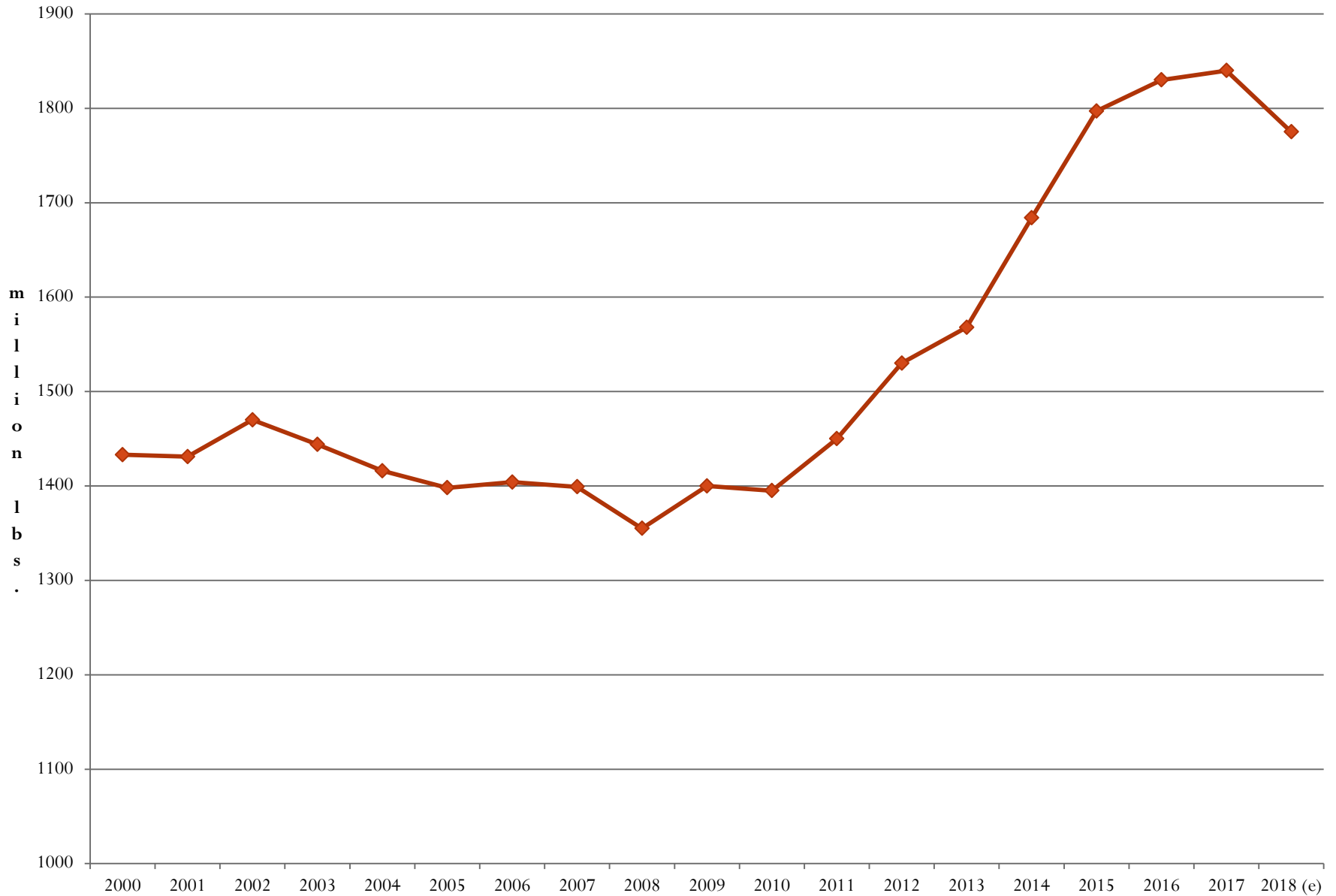
<u>State</u>	2017 (January-September)	2018 (January-September)	<u>Change %</u>
	(million lbs.)		
<b>Florida</b>	<b>1,919</b>	<b>1,829</b>	<b>-4.7</b>
<b>Georgia</b>	<b>1,406</b>	<b>1,346</b>	<b>-4.3</b>
<b>Virginia</b>	<b>1,308</b>	<b>1,254</b>	<b>-4.1</b>
Kentucky	784	781	-0.4
North Carolina	718	717	-0.1
Tennessee	525	493	-6.1
South Carolina	188	187	-0.5
Louisiana	123	120	-2.4
Mississippi	107	101	-5.6
Alabama	70	58	-17.1
<b>Total</b>	<b>7,148</b>	<b>6,886</b>	<b>-3.7</b>

# U.S. and SOUTHEAST MILK PRODUCTION (2010-2019p)





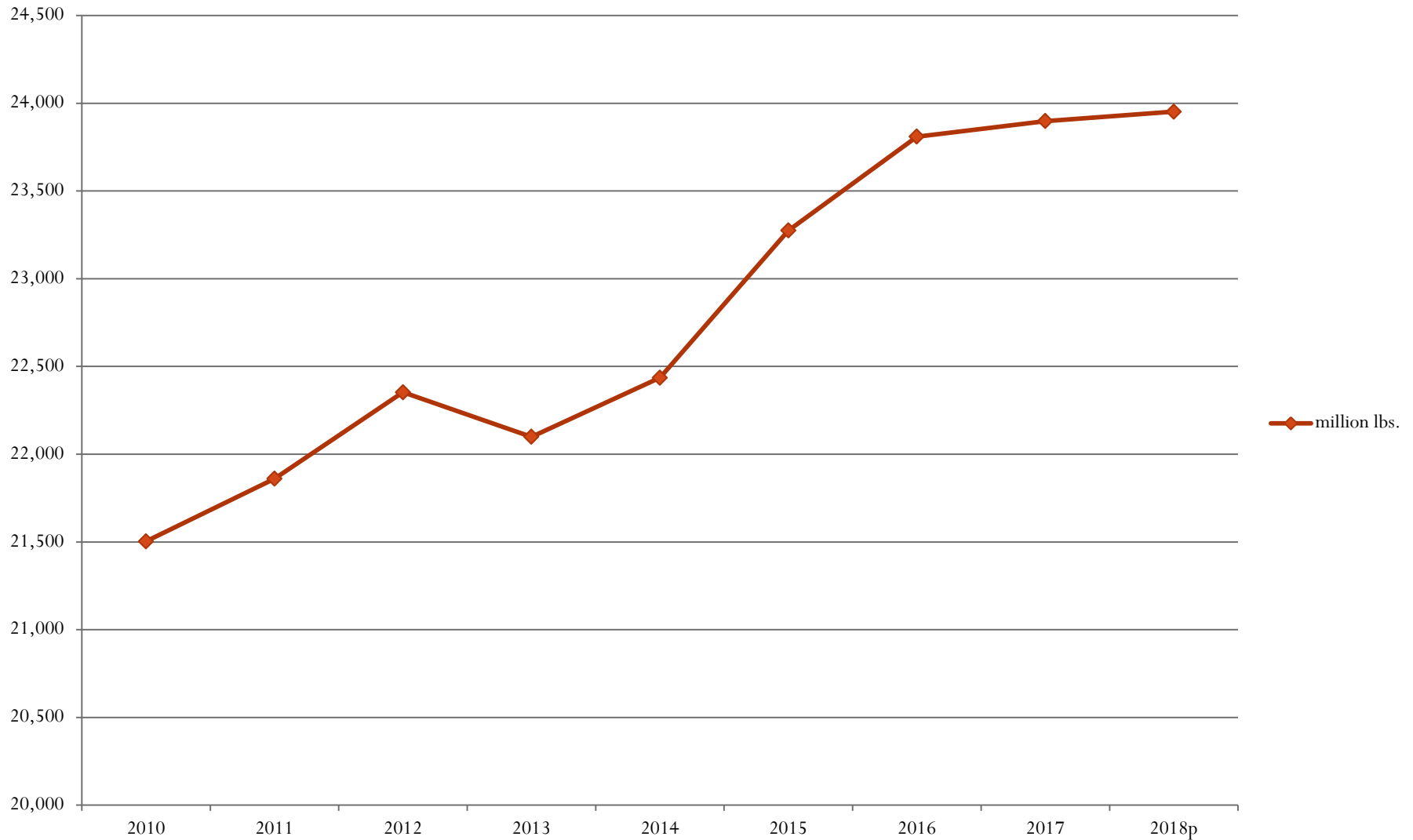
# GEORGIA MILK PRODUCTION (2000-2018e)



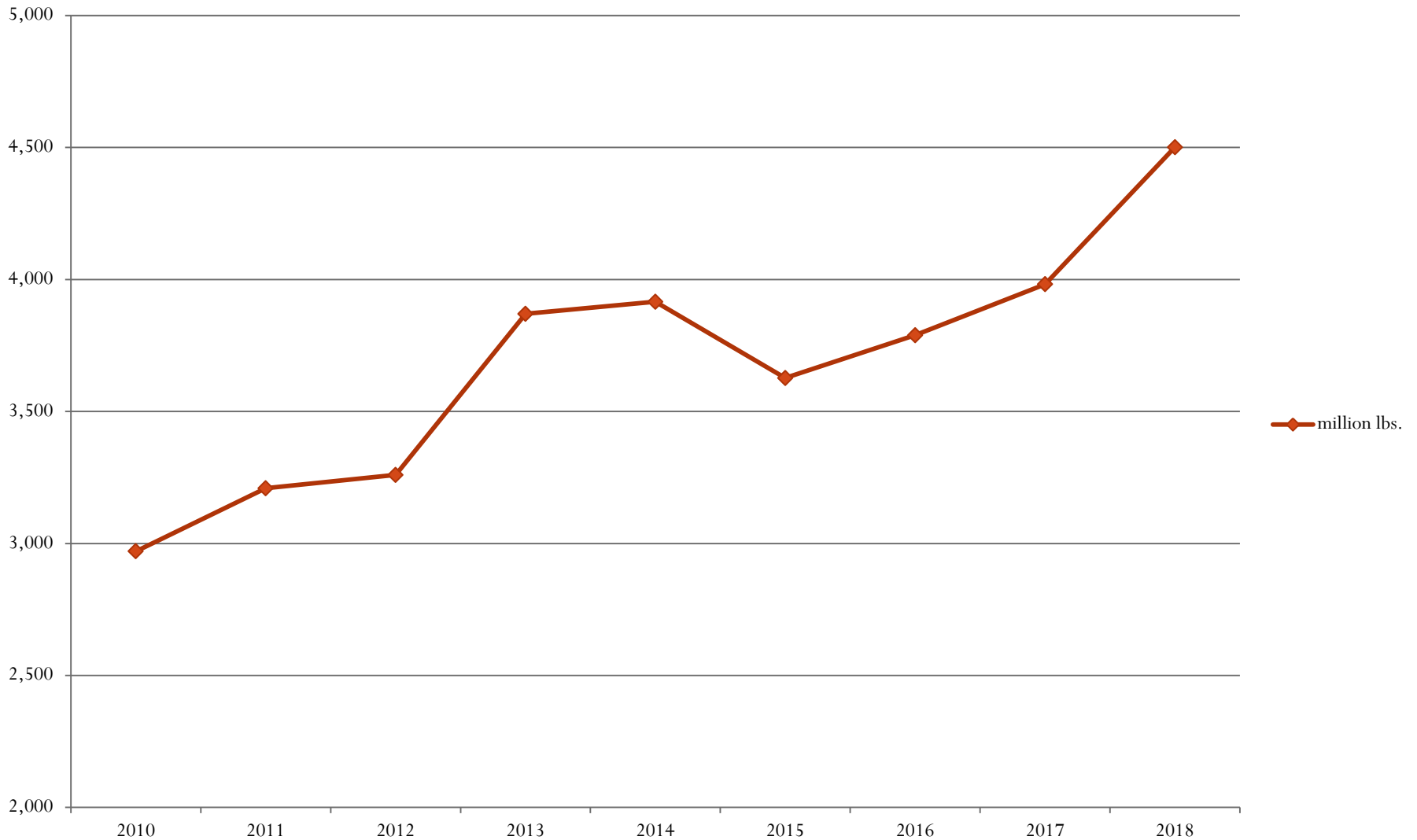
# DAIRY PRODUCT INVENTORY

<u>Product</u>	<u>Nov. 2016</u>	<u>Nov. 2017</u>	<u>Nov. 2018</u>	<u>18 vs, 17</u> <u>Change %</u>
	(million lbs.)			
Butter	161	159	154	<b>-3.3%</b>
Nonfat Dry Milk Powder	215	317	253(Oct)	<b>-20.2%</b>
Dry Whey	61	100	74 (Oct)	<b>-21.2%</b>
Cheese	1,182,646	1,258,630	1,352,815	<b>+7.5%</b>
EU Skim Milk Powder	937,067	840,385	484,900	<b>-42.3%</b>

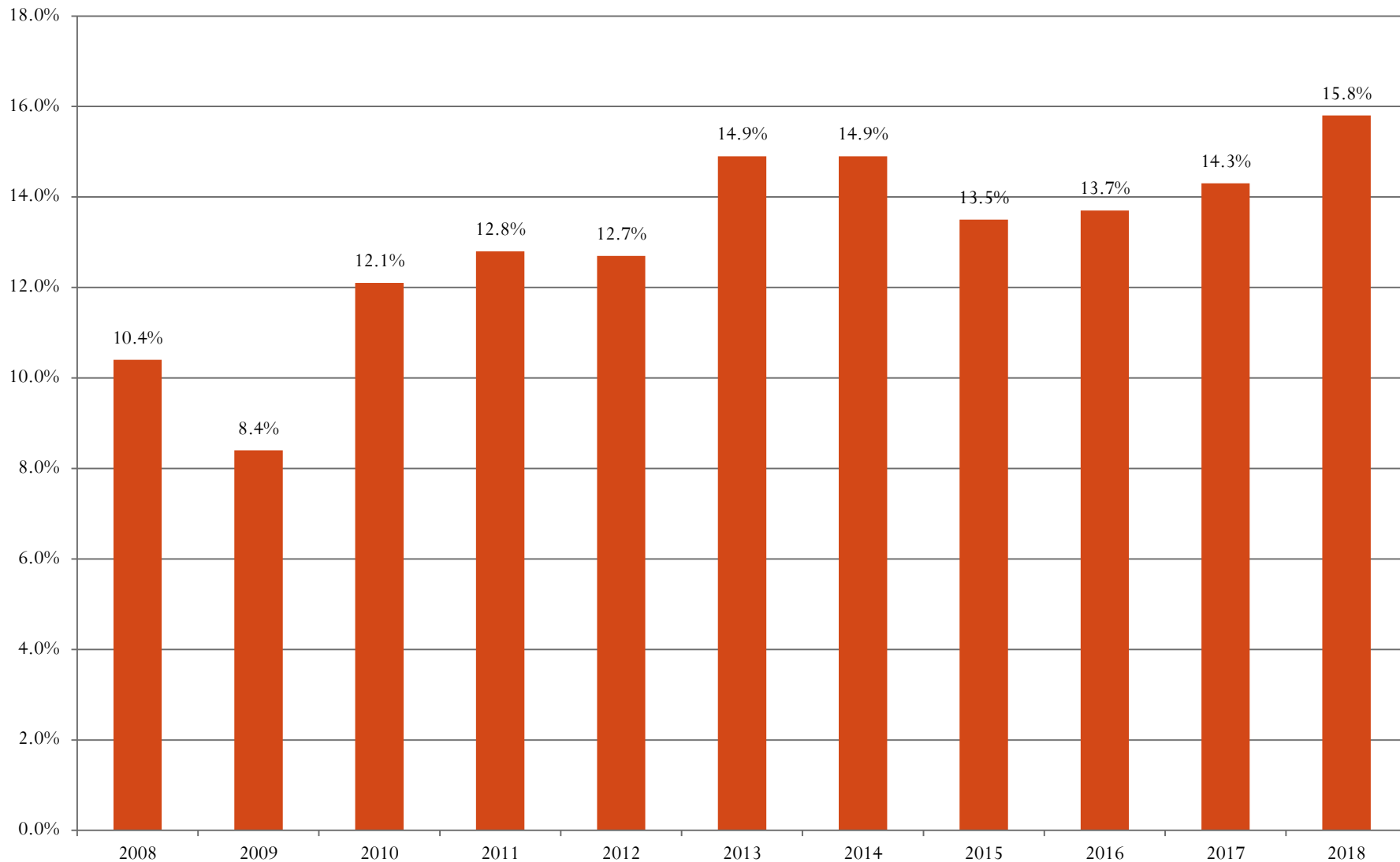
# DOMESTIC CONSUMPTION TOTAL SOLIDS (2010-2018p)



# EXPORTS - TOTAL SOLIDS (2010-2018p)



# EXPORTS % of TOTAL SOLIDS DEMAND



# SKIM and FAT DEMAND

	DOMESTIC	EXPORT
SKIM (protein)	66%	91%
FAT	34%	9%

# COMBINED SOUTHEASTERN FEDERAL ORDERS UTILIZATION

Class	2017	2018
	(%)	
Class I	71.73	72.79
Class II	14.32	14.49
Class III & IV	13.96	12.72

# Southeast Distributing Plants Class I Utilization (billion lbs.)

<u>Year</u>	<u>Appalachian</u>	<u>Florida</u>	<u>Southeast</u>	<u>Total</u>
2010	4.59	2.72	5.17	12.48
2015	4.19	2.49	4.30	10.98
2016	4.22	2.44	4.21	10.87
2017	4.36	2.33	4.12	10.81
2018	4.40	2.27	4.05	10.73
<b>2010 vs. 2018 (daily milk tankers)</b>	<b>-10</b>	<b>-25</b>	<b>-62</b>	<b>-97</b>
<b>Blend Estimated \$/cwt.</b>	<b>\$0.08</b>	<b>\$0.77</b>	<b>\$0.60</b>	



# SE PER CAPITA PRODUCTION vs. PER CAPITA FLUID SALES

Year	Production	Fluid Sales	Difference
	(lbs. per capita)		
2010	122	178	<b>-56</b>
2011	122	174	<b>-52</b>
2012	124	170	<b>-46</b>
2013	122	165	<b>-43</b>
2014	124	159	<b>-35</b>
2015	125	156	<b>-31</b>
2016	121	154	<b>-33</b>
2017	119	149	<b>-30</b>
2018 (e)	114 (e)	145 (e)	<b>-31</b>

# CLASS I MOVER CALCULATION

- 2017 = +\$0.11/cwt.
- 2018 = +\$0.34/cwt.
- 2019 (January) = +\$0.08/cwt.  
(February) = +\$0.10/cwt.

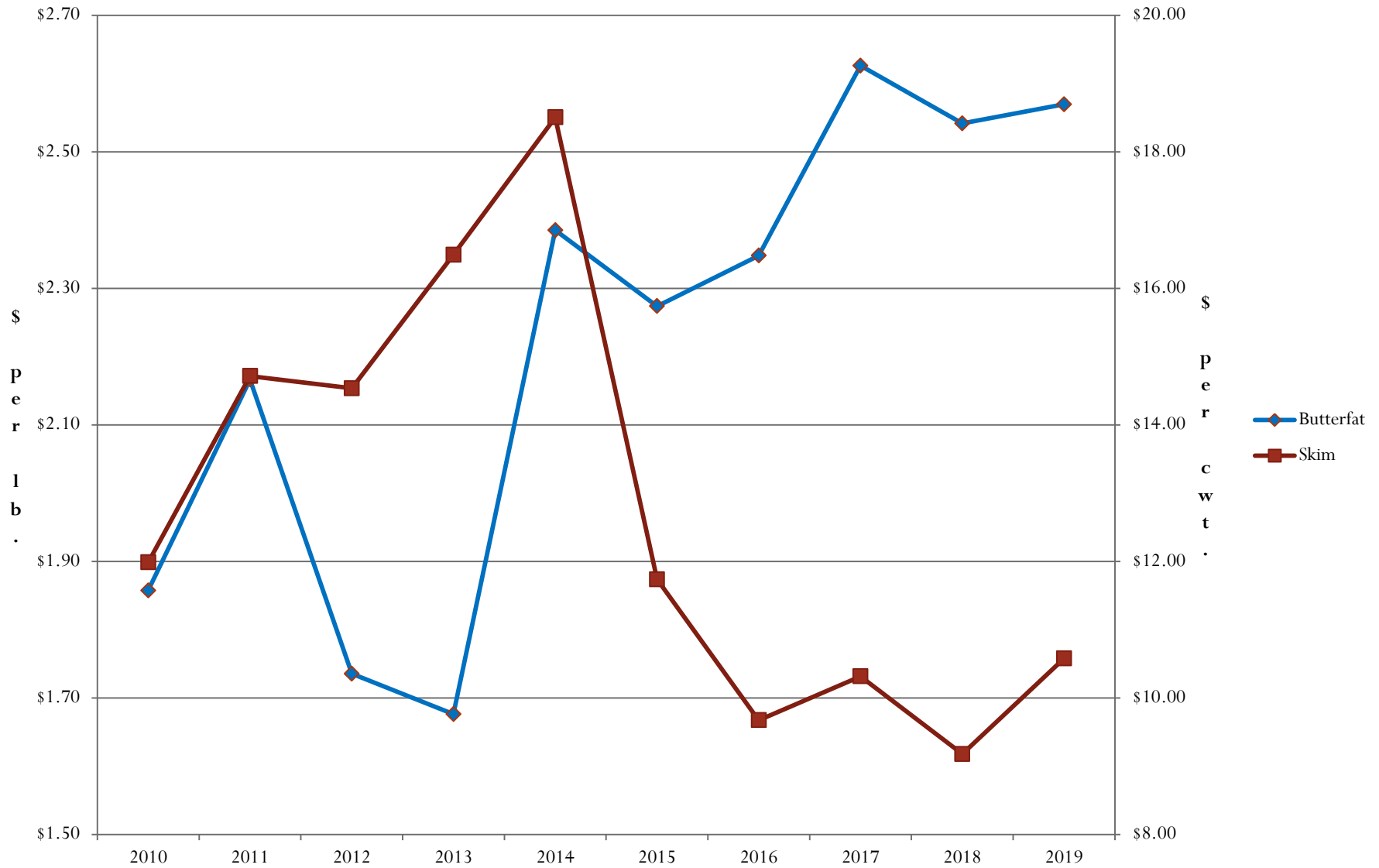
# DPSR COMMODITY PRICES

<b>Year</b>	<b>Butter</b>	<b>Cheese</b>	<b>Nonfat Dry Milk Powder</b>	<b>Dry Whey</b>
	(\$/lb.)			
<b>2014</b>	<b>\$2.14</b>	<b>\$2.16</b>	<b>\$1.77</b>	<b>\$0.65</b>
<b>2015</b>	<b>\$2.08</b>	<b>\$1.65</b>	<b>\$0.90</b>	<b>\$0.38</b>
<b>2016</b>	<b>\$2.08</b>	<b>\$1.61</b>	<b>\$0.83</b>	<b>\$0.29</b>
<b>2017</b>	<b>\$2.33</b>	<b>\$1.63</b>	<b>\$0.87</b>	<b>\$0.44</b>
<b>2018</b>	<b>\$2.26</b>	<b>\$1.54</b>	<b>\$0.79</b>	<b>\$0.34</b>
<b><u>2019 (p)</u></b>	<b><u>\$2.28</u></b>	<b><u>\$1.54</u></b>	<b><u>\$1.00</u></b>	<b><u>\$0.47</u></b>

# FEDERAL ORDER ACTUAL & PROJECTED BLEND PRICES

Year	Appalachian	Florida	Southeast
	(\$/cwt. – 3.5% fat – base zone)		
2015	\$18.58	\$20.90	\$19.29
2016	\$17.09	\$19.23	\$17.55
2017	\$18.79	\$20.91	\$19.15
2018	\$17.31	\$19.37	\$17.75
2019 (p)	\$18.80	\$20.85	\$19.20
<u>2019 vs. 2018</u>	<u>\$1.49</u>	<u>\$1.48</u>	<u>\$1.45</u>

# SOUTHEAST FO FAT and SKIM PRICES (2010--2019p)



# SOUTHEAST FO BLEND vs. SOUTHEAST STATES MAILBOX

<u>Year</u>	<u>Blend @Test</u>	<u>Mailbox</u>	<u>Blend-Mailbox</u>
	(\$/cwt.)		
2010	\$18.36	\$18.54	\$0.18
2011	\$22.21	\$22.11	(\$0.10)
2012	\$20.42	\$20.04	(\$0.38)
2013	\$22.12	\$21.61	(\$0.51)
2014	\$26.56	\$25.89	(\$0.67)
2015	\$19.67	\$18.20	(\$1.47)
2016	\$17.98	\$16.37	(\$1.61)
2017	\$19.75	\$17.62	(\$2.13)
2018	\$18.49	\$16.30 (e)	(\$2.19)
<b><u>2018 vs. 2017</u></b>	<b><u>-\$1.26</u></b>	<b><u>-\$1.32</u></b>	

# WHAT WILL IMPACT MILK PRICE PROJECTION?

1. Cow numbers – farm exits, slaughter prices, sexed semen.
2. Domestic consumption – cheese inventory.
3. Exports – competitive price, EU and Oceania milk production.
4. Impact of revised and new federal dairy programs.
5. Fluid milk sales.
6. Mailbox - balancing costs and premiums.