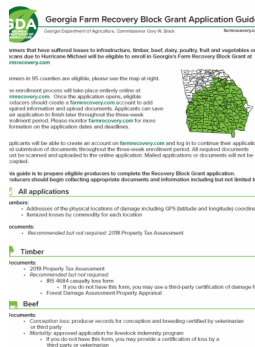


## APPLICATION DEADLINE EXTENDED FOR DISASTER BLOCK GRANT



Earlier this month, Georgia Agriculture Commissioner Gary Black, extended the application deadline for the Georgia Farm Recovery Block Grant.

Applications will be accepted until April 30, 2020.

"We recognize that normal business operations across the state have been disrupted or altered over the past few weeks," said Commissioner Black. "We want every eligible producer to have an opportunity to complete their application with full confidence, while continuing the critical work of providing food and fiber during these unsettling times."

Georgia farmers and forest landowners in 95 eligible counties who suffered losses to beef, dairy, fruit and vegetable, pecan, poultry, timber, and uninsured infrastructure are eligible to apply for the recovery program at [farmrecovery.com](http://farmrecovery.com).



The 59th Annual Georgia Cattleman's Association Convention & Trade Show has been **rescheduled for May 28-30, 2020** at the Georgia National Fairgrounds in Perry, GA. For more information visit [www.gabeef.org](http://www.gabeef.org)



Joel Keith Farms, Hogansville  
Photo taken by Joseph Keith

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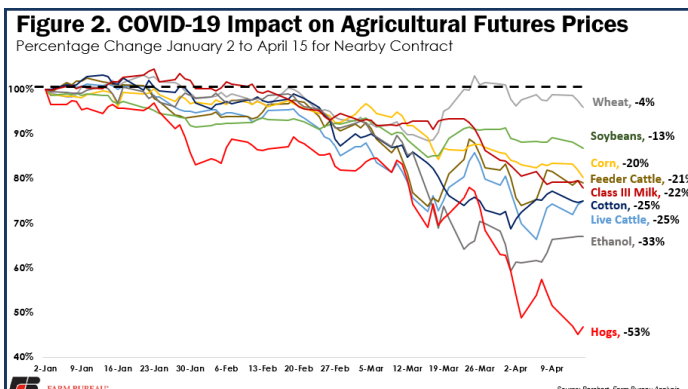
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## What's in the CARES Act for Food and Agriculture

From Michael Nepveux, American Farm Bureau Federation



On April 17, USDA unveiled details of the much-anticipated CARES Act assistance package for agriculture, which includes \$16 billion in direct payments to farmers and ranchers and \$3 billion in food product purchases for distribution.

Commodity prices across the board have been significantly impacted as a result of the economic consequences of social distancing and the closing of non-essential businesses, especially the full

or partial shuttering of the retail, food service and restaurant sectors. For example, during March, Census Bureau data revealed that in-store clothing sales – impacting demand for cotton – had fallen by 50%. Additionally, grocery store sales were at a record \$73 billion, while sales in food service and drinking establishments declined by 25% year-over-year to \$50 billion.

### Direct Payments to Producers

The Coronavirus Food Assistance Program, crafted using funding in the CARES Act, is made of two components: direct payments to farmers and ranchers totaling \$16 billion, and \$3 billion in food product purchases for distribution.

The direct payments will financially assist producers with additional adjustment and marketing costs resulting from lost demand due to COVID-19. The payments will be coupled to actual production and based on actual losses agricultural producers experienced in response to price declines and supply chain disruptions, i.e., sales of commodities impacted by COVID-19. To qualify for a payment, a commodity must have declined in price by at least 5% between January and April.

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## What's in the CARES Act for Food and Agriculture (cont'd)

From Michael Nepveux, American Farm Bureau Federation

Of the \$16 billion provided for direct payments to producers, it's been reported that \$9.6 billion is directed toward the livestock industry, e.g., cattle, dairy and hogs; \$3.9 billion is for producers of row crops, such as cotton; \$2.1 billion is for specialty crop producers; and \$500 million is for other crops. USDA has yet to confirm this distribution of funding. **While these "buckets" of money are current estimates of what may be needed for each industry, if one "bucket" needs less, USDA will still be able to**

**move money between "buckets" to ensure the funds get to where they are needed.** USDA has disclosed the payments are determined using two calculations. One part of the payment will be determined from price losses that **occurred January 1 through approximately April 15-17 (no final date confirmed by department)**; Producers will be compensated for 85% of the price loss during that period. The other part of the payment calculation is derived from losses from **April 15-17** through the next two quarters, for which producers will be compensated 30% of expected losses.

Since the length of enforced social distancing measures remains to be seen, there will be some self-certification of losses, so producers will need to save records and paperwork to demonstrate losses. This is particularly true for producers who are being forced to depopulate livestock or forced to destroy their product (i.e., dumping milk, plowing under specialty crops) as CFAP payments are expected to help to partially offset these losses.

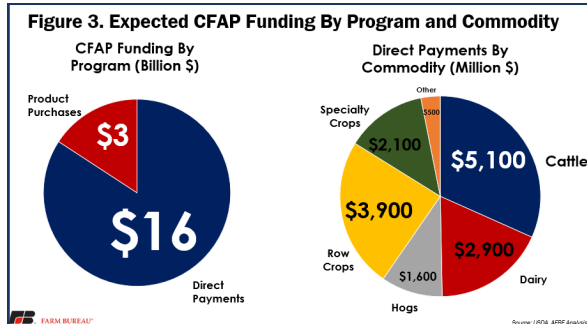
**In the dumped milk example, it is not expected that producers will be compensated for the full value of the dumped milk, but the milk that is produced and dumped will still be eligible for the payment rate that milk receives under the direct payment program (i.e., 85% of the price drop from January to April). CFAP funds will not be used to pay for depopulated livestock. Additionally, the funds are intended to cover producers who own the commodity or product, so animals raised under contract (i.e., poultry grown under contract for an integrator) are not expected to be covered.**

**USDA has set a goal** to distribute payments in May. Payment limits still apply, set at \$125,000 per commodity with an overall limit of \$250,000 per individual or entity. Additionally, USDA has indicated that CFAP may take into consideration other farm program benefits, which could limit some CFAP payments to prevent farmers from being paid more across multiple farm programs. **Participation in other farm programs such as Agriculture Risk Coverage, Price Loss Coverage, Dairy Margin Coverage and Dairy Revenue Protection is complementary to CFAP and will not lower a recipient's CFAP payments.** **Product Purchase Program**

USDA will partner with regional and local food distributors in areas where the workforce has been significantly impacted by the closure of many restaurants, hotels, and other food service entities to purchase \$3 billion in fresh produce, dairy and meat. USDA will start by buying an estimated \$100 million per month in fresh fruits and vegetables, \$100 million per month in a variety of dairy products, and \$100 million per month in meat products.

The distributors and wholesalers will then provide a pre-approved box of fresh produce, dairy and meat products to food banks, community and faith-based organizations, and other non-profits serving Americans in need.

In addition to the \$3 billion, USDA announced it would use other available funding sources to purchase and distribute food. USDA still has up to \$873.3 million available in Section 32 funding to purchase a variety of agricultural products for distribution to food banks. USDA has indicated that the use of these funds will be determined by a mix of industry requests, USDA analysis and food bank needs. Additionally, the Families First Coronavirus Response Act and the CARES Act provided another \$850 million for food bank administrative costs and USDA procure, of which at least \$600 million must be food purchases.





# Farmer to Farmer Support Program

From Farrah Newberry, GA Milk Producers, Inc.

## Farmer to Farmer Support Program

You are not alone. Across the Southeast dairy farmers are struggling to cope with market losses. Reach out to Georgia Milk Producers for a list of farmers to talk too:

### Caring for Yourself

*Caring for your own health and wellness is just as important as caring for your farm. When you feel stressed or anxious, use one or more of these techniques to help yourself feel better.*

<b>Breathe</b>	<b>Self-encouragement</b>
Take a deep breath. Let the air out slowly. Do this five times.	Tell yourself you can get through this. You have come through rough times before, and you can do it again. You are strong and capable.
<b>Exercise</b>	<b>Talk</b>
Add an enjoyable physical activity to your day. Just taking a short walk in the sunshine can be a big help in improving your mood and your health.	Reach out to someone you trust and talk it over. Connecting with someone else can help you to see things in a different way.

\*\*Information provided by the Mississippi State University Extension Service.

Farmers across the Southeast are experiencing times like none before. All aspects of Agriculture have been hit by market losses due to COVID-19, but dairy has reached a level of uncertainty that I have never seen before in my 20 years with this organization.

As we navigate through these next few months, I want you to all to know that we are in this together. Days may be hard, but there is always something to be thankful for. If you find that you need support or would like to talk to a fellow farmer or industry friend, we have several volunteers across the Southeast that are here to help.

On our Georgia Milk Producers' website contact information for our volunteers with our Farmer to Farmer Support Program is available ([www.gamilk.org](http://www.gamilk.org)). Our packet also covers how to identify signs of stress, how to cope with stress and when a farmer should seek professional help.

What you do day in and day out is so important. I am so thankful for the sacrifices you make and the food that you provide for my family. Once we reach the end of this pandemic, I believe that Americans will have a new appreciation for Agriculture and will value the importance of food made in America.

Please feel free to contact me at 706-207-0168 anytime. Our organization will continue to represent the needs of all Georgia dairy farm families and we value your input.

## Southeast Federal Order Blend Prices

From Calvin Covington, April Dixie Dairy Report

It is always a challenge to project milk prices, but this pandemic makes it more difficult. We think future prices, especially in the later months, have overreacted. CME traders have a tendency to overreact in both the bull and bear markets. Our projections are higher than current futures indicate. Please be mindful, our projections are federal order blend prices, not mailbox prices. Order blend prices do not reflect any over-order premiums or additional costs to import milk during the initial surge, surplus milk or dumped milk.

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS			
Month	Appalachian	Florida	Southeast
(\$/cwt. at 3.5% butterfat)			
January 2020	\$21.03	\$23.33	\$21.32
February	\$19.63	\$21.69	\$20.00
<b>March</b>	<b>\$19.18</b>	<b>\$21.54</b>	<b>\$19.61</b>
<b>April</b>	<b>\$17.57</b>	<b>\$20.44</b>	<b>\$18.21</b>
<b>May</b>	<b>\$15.46</b>	<b>\$17.95</b>	<b>\$15.87</b>
<b>June</b>	<b>\$15.01</b>	<b>\$17.05</b>	<b>\$15.29</b>

\*Numbers in bold are projected prices based on current information. Actual prices may and will most likely be different

As shown in this table, March blend prices are projected slightly lower than February. April blend prices are projected about \$1.40/cwt. below March in the Appalachian and Southeast orders, and about \$1.00/cwt. lower in Florida. Due to higher Class III and IV utilization in the Appalachian and Southeast orders, these orders will feel the impact of lower prices earlier. The big decline, based on current information, comes in May, with a further price drop in June. Again, these are our best prices projections based on current information. Hopefully, action will be taken to prevent prices from dropping this low.

# Dixie Dairy Report – April 2020

## Calvin Covington

**Coronavirus pandemic sharply and quickly lowers dairy prices.** The past two weeks saw a 25 to 35% decline in butter, cheese, and nonfat dry milk powder prices at the Chicago Mercantile Exchange (CME). Dairy product price declines were greater than the stock market. CME closing prices on April 3 were: butter = \$1.2800/lb.; block cheddar = \$1.1500/lb.; barrel cheddar = \$1.1375/lb.; and nonfat dry milk powder = \$0.8625/lb. Butter and cheese prices are at the lowest level since 2009. Class III futures for April, May, and June only average \$13.15/cwt. as of April 3. This is \$3.00/cwt. drop over the past month. Class IV futures for the same period average \$11.49/cwt., down \$3.76/cwt. For Southeast dairy farmers, these lower commodity prices will be partially reflected in April milk checks, with the remainder of the decline in May.

Before sharing blend price projections, it is helpful to summarize what has and is happening with dairy markets over the past couple of weeks, prompting the sharp decline. Shortly after coronavirus cases expanded in the U.S., and governments shut down most of the economy, there was a surge in retail grocery sales, including dairy. As reported in the March 27, 2020 issue of Dairy Market Analyst, Nielsen year-over-year retail sales data for the week ending March 21 showed butter up 127%, cheese up 84%, fluid milk up 53%, ice cream up 50%, and yogurt 34%. The entire dairy supply chain from farms to plants to stores was challenged to meet the demand. Significant volumes of milk were trucked into the Southeast to meet milk needs. Temporarily, the surge in grocery store buying helped partially cover the loss in food service sales. Dairy sales are about 50% retail and 50% food service (schools and restaurants). The grocery buying surge resulted in home refrigerators, freezers, and cupboards became stocked and overflowing. Now retail dairy sales are slowing, and are no longer offsetting the loss of food service sales.

Export dairy sales were already down due to China being a major international dairy customer. Most recently, Mexico implemented coronavirus related restrictions hindering dairy imports. About one-third of U.S. dairy exports go to Mexico. With about 15% of total milk solids being exported over the past couple of years, the U.S. is now dependent upon the export market for milk utilization. Exports are in decline. Outside of the U.S., New Zealand the largest dairy exporter, saw its February exports 6.1% lower than last February.

Milk plants producing products mainly for food service significantly reduced milk intake or shut down, over the past couple of weeks. Their food service customers cancelled orders leaving them no market for their products. It is reported plants in the Northeast are having labor challenges due to coronavirus keeping workers at home. All of this is reducing homes for raw milk, including the Southeast. Plus, the "flush season" makes it worse. The result, millions of pounds of milk have and more will be dumped throughout the country due to no markets.

Several plants and cooperatives have told their dairy farmers to reduce milk production, implementing various plans to do so. Reports from reliable sources estimate the nation could have 10% or more, too much milk in next month or so. This equates to about 1,000 more tankers of milk per day than needed.

**Change in milk plant ownership.** On March 31 the successful bidders for the Dean Foods milk plants were announced. Dairy Farmers of America (DFA) was the successful bidder on 44 plants, Prairie Farms on 8 plants, and two other entities a plant each. The bankruptcy court approved the successful bidders, but the Department of Justice indicates they will review any sale of the plants to DFA. Dean Foods has twelve plants in the Southeast. DFA was the successful bidder on: Orlando and Orange City, FL; Spartanburg, SC; High Point and Winston-Salem, NC; Athens and two plants in Nashville, TN; and the Birmingham, AL ice cream plant. Prairie Farms was the successful bidder on the Birmingham, AL fluid plant and Hammond, LA. A new company, Mana Saves McArthur was the winning bid on the Miami, FL plant.

RETURN SERVICE REQUESTED

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