

FDA COMMISSIONER SAYS AGENCY WILL ADDRESS USE OF TERM "MILK"



On July 16, Food and Drug Administration Commissioner, Scott Gottlieb, stated that FDA will "crack down on the use of the term "milk" for nondairy products like soy and almond beverages".

FDA plans to issue a guidance document outlining changes to its standards of identity policies for marketing milk and open up a comment period for public input.

The dairy industry sees this action as a move forward. Recently industry organizations across the U.S. petitioned FDA, asking them to enforce marketing standards for milk. This is the first time the agency has addressed the issue.

Georgia Milk Producers applauds the efforts of National Milk Producers Federation, International Dairy Foods Association and the American Dairy Coalition for working with legislators and officials on this issue.

Source: Politico Magazine



Over 110 youth and volunteers attend the 2018 SE Dairy Youth Retreat hosted in Central GA

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Just Stop It – You're Better Than That

Op-Ed Written by Kim Bremmer, Ag Inspirations

I never grow tired of sharing the unparalleled success story of agriculture... from how far we have come in improvements in animal care and soil health and conservation, to how excited I am for the future of agriculture with so many young, bright, enthusiastic people entering food production. I am passionate about protecting the role of science, technology and innovation in agriculture. I take a lot of pride in promoting the exceptional job of the 1% and my respect and admiration for farmers extends a lifetime. But being world leaders in the efficiency of growing and raising food comes at a price. Food is a commodity, whether we like it or not. Every person no longer needs to grow their own food to feed themselves or their family, and now has the time to pursue other careers and interests instead of planting, weeding, harvesting and praying every day that Mother Nature cooperates to support a healthy crop. As consumers, we are both truly spoiled and blessed.



But I AM tired of people in agriculture attacking each other. I understand that in an economic crisis, it is our instinct as humans to lash out and want to hurt others when we are hurting. I hear farmers fueling the "big is bad" message and using words like "factory", "industrial", and "mega," which are all terms coined by anti-agriculture activists. I hear others using the words "small," "inefficient" and "old-fashioned" as synonyms carrying a negative connotation. I challenge all of you and say...we are better than that.

It doesn't matter how many cows you have or how many acres you run – in times like these, each and every farmer who wakes up in the morning is chewing up equity to remain in business. Everyone is struggling with how long they are willing or able to operate in this financial climate. Everyone is struggling with which payments are going to have to wait. And everyone is afraid of failure and fearful for the future. *(continued on next page)*

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Just Stop It – You're Better Than That

Large farms were once small farms who had a little luck in timing and circumstance, and decided somewhere along the way to take a leap of faith and grow. Ask any of them going through an expansion is fun...you will see the growing pains in the lines on their faces. Large farms are still family owned and operated. Many large farms are simply siblings or relatives choosing to work together. Some are farm kids who once shared a similar dream and vision, building a business with their friends. Many grew out of a hope to build a viable business that could support more of their children one day. Many wanted to be able to have employees so they could have a little time off to attend kid's sporting events or church more frequently and on time, or even take a vacation once in a while. Yet many romanticize about days of past when they may have gotten to manage cows instead of people, or when their seemingly endless binders of S.O.Ps, training manuals, regulations and compliance issues were skinnier. Farming, no matter the scale, is difficult and not for the faint of heart. It's why you are outnumbered 99:1. Frankly, you are the only brave and crazy people left! Please remember, my friends, the grass isn't always greener on the other side of the fence. You all have the same pit in your stomach at the end of the day and the same worry on your hearts before you close your eyes each and every night.

So instead of bashing your neighbors in the dairy family, let's work together during this challenging time. Let's stop fueling activist agendas by using their terms and catch phrases. Let's focus on connecting with consumers and get creative about how we put a face back on the commodities we produce. Let's sell our value to consumers, remembering that value is something people feel, not something we tell them they get. Let's address how we get the food we produce to the people who need it most (1 out of 5 kids in our country is food insecure and 5 out of 6 adolescent girls are deficient in calcium). Let's be truthful in marketing campaigns and stop misleading consumers and eroding their trust in what we do every day. It helps no one. Let's continually challenge the status quo in processing and in check off programs and focus our energy on driving demand through innovation AND collaboration. I am convinced we can make a difference – especially if we work together instead of against each other. Let's make our words and actions things our future generations can be proud of.

UGA Hosts 2018 SE Dairy Youth Retreat

Over 110 students, industry volunteers and chaperones attended the 2018 Southeast Dairy Youth Retreat this week in central Georgia. This annual event is a tremendous opportunity for youth ages 8 to 18 to learn about the diverse southeast dairy industry. This year it was hosted by the UGA Dairy Science Department.

On the first day of the retreat, youth participants from five southeastern states interacted with professionals from UGA, GA Milk Producers and GA's Mobile Dairy Classroom during several hands-on learning activities at the GA FFA-FCCLA Center in Covington. *(continued on next page)*





On Tuesday, they took a behind-the-scenes tour at Zoo Atlanta and enjoyed an evening of bowling. On the last day, participants visited Godfrey Dairy, WDairy and Rockhouse Creamery and finished the day with a sponsored meal from the Morgan County Cattlemen's Association and GA Dairy Youth Foundation and a fun-filled relay event ran by the GDYF Junior Board. Many thanks to the GA dairy farm families, industry volunteers and UGA Extension for investing in our future generation of Ag leaders!!



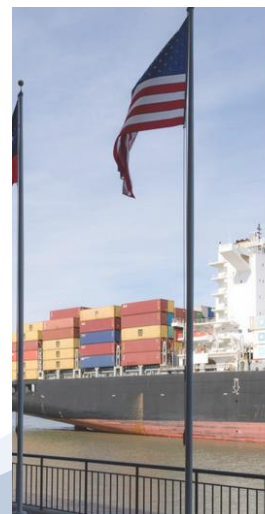
May milk production up 0.8%. – From Calvin Covington

For the second consecutive month, milk production increased less than 1%. According to USDA, May production was 0.8% higher than last May. Cow numbers are remaining relatively flat at 9.4 million head. Out of the 23 milk reporting states, production in May was up in 12 states, down in 9 states, and no change in two states. California production was up 0.5%, mainly due to more milk per cow, and Wisconsin production was up 1.1% for the same reason. Production remains strong in Texas, up 6.6%. In the Northeast, New York and Pennsylvania, production is down 1.8% and 2.1%, respectively.

In the two southeast reporting states, May milk production was down 5.6% in Florida and down 5.8% in Virginia. In both states lower production is due to fewer cows, and less milk per cow. May is the sixth consecutive month for production declines in Florida, and this May was the lowest May production in Florida since 2012. To put the Florida production drop in better perspective, the 5.6% decline is about four less tanker loads of milk per day this May, compared to last May.

Watching Florida milk production is one of the better indicators of dairy farm financial conditions. History shows if financial returns on the farm are good, Florida milk production increases. If farm returns are poor, milk production declines. Due to its dairy structure, Florida dairy farmers make these production decisions quicker than dairy farmers in other states. As pointed out earlier, Florida's production has declined for the past six months. The numbers back up this response. Through the first five months of 2018, the national average margin is about \$2.50/cwt. lower than a year ago, and is the lowest since 2012. The *National Dairy Advanced Index*, for the first quarter of 2018, reports a net loss before debt and draws, of \$0.67/cwt. After debt repayment and owner draws, the loss is \$2.09/cwt.

Milk produced per southeastern dairy farm exceeds 4 million lbs. In 2001 the average annual milk production per southeastern dairy farm was about 2 million lbs. It was 2012, eleven (11) years later, before average annual production surpassed 3 million lbs. Then it only took another four (4) years, in 2017, for average annual production to exceed 4 million lbs. More milk per farm is due to annual milk per cow increasing from about 15,000 lbs. to over 19,500 lbs. from 2000 to 2017, and the average number of cows per farm increasing from 132 to 218 during the same time period. The ten (10) southeastern states show a wide range in milk produced per farm. Florida tops the list with average annual farm milk production in 2017 at 22.7 million lbs. followed by Georgia at 10.2 million lbs. The two lowest states are Kentucky and Louisiana at about 1.7 million lbs. average annual production per farm.



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Dixie Dairy Report – July 2018

Calvin Covington

CME dairy product prices decline. Since the first of June, butter, cheese, and nonfat dry milk powder (NFDM) prices have moved significantly lower at the CME. As shown below, butter declined almost twenty cents and barrel cheddar over twenty cents per lb. since the first of June. Unfortunately, these lower prices will eventually translate into

lower milk checks. We identify four reasons for lower commodity prices:

- 1) Building inventories. Total cheese inventory at the end of May was a record high, almost 1.4 billion lbs. and six percent higher than last May. The butter inventory is growing as well, eight percent higher than a year ago. However, there is some good news regarding inventories. The NFDM inventory is 3.1% lower than a year ago, and dry whey inventory is down 7.8%.
- 2) Weak domestic demand. For the past two months of available data, March and April, domestic dairy product demand was down 1.4 and 0.7%, respectively, compared to a year ago.
- 3) Uncertainty in the barrel cheese market. Barrel cheese at the CME was \$1.565/lb. on June 11, two weeks later on June 25 it fell to \$1.205/lb., the lowest price since July 2009. By July 7 barrels climbed back to \$1.28/lb. The current spread between blocks and barrels is \$0.26/lb., well above the historical spread of about a nickel. During June about 230 loads of barrel cheese traded at the CME, a year ago it was about 60 loads. Low barrel prices, heavy trading, and a high block-barrel price spread indicate there is still much surplus milk looking for a market. Plus, the barrel price responds quickly to lower domestic demand.
- 4) Higher tariffs and the threat of higher tariffs by some countries on imported U.S. dairy products. According to *Dairy Market News* some export orders have been cancelled due to this issue. Through the first four months of this year, exports represent 16.5% of total U.S. dairy demand.

Future blend prices. June blend prices are projected about \$0.50/cwt. higher than May. In July prices are projected to decline a few pennies from June. From August through the remainder of the year, our blend price projections are significantly

lower, compared to last month, due to lower commodity prices. However, our projections are not as low as the current futures market indicates. We are optimistic that trade issues are short-term, domestic demand will strengthen, and the gap between supply and demand will tighten during the last half of the year. For all 2018, our forecast is similar to the beginning of the year, 2018 southeastern federal order blend prices average about \$1.50/cwt. lower than 2017.

CME DAILY PRICES – June 1 vs. July 5, 2018

Product	June 1	July 5	Change
		(\$/lb.)	
Butter	\$2.3775	\$2.1800	-\$0.1975
Block Cheddar	\$1.5975	\$1.5425	-\$0.0550
Barrel Cheddar	\$1.5200	\$1.2800	-\$0.2400
Nonfat Dry Milk Powder	\$0.8250	\$0.7425	-\$0.0825

PROJECTED BLEND PRICES–BASE ZONES – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
		(\$ /cwt.) – 3.5% butterfat	
June 2018	\$17.74	\$19.87	\$18.08
July	\$17.56	\$19.75	\$17.93
August	\$17.16	\$19.15	\$17.65
September	\$17.45	\$19.19	\$17.96
October	\$18.02	\$19.53	\$18.55