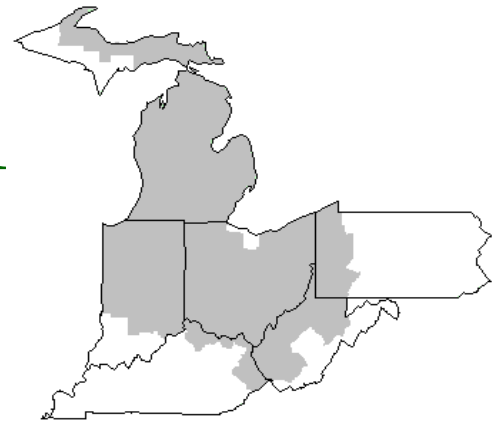


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**DECEMBER 2018**

## DairyAmerica Settlement

After obtaining approval from handlers to release their data, USDA provided Rust Consulting with the producer pounds of milk pooled on FMMO's that was available during the settlement period, January 2002 through April 2007. As instructed on the claim forms that producers have begun receiving, if producers have records indicating a different amount of pooled pounds, copies of those documents can be provided to Rust Consulting. In either case, producers are reminded that signed claimed forms must be postmarked by January 28, 2019.

## Dairy Outlook

In September, dairy exports declined from August but were up compared to September 2017. On a milk-fat milk-equivalent basis, September exports were 848 million pounds, 68 million less than August but 151 million more than September 2017. September exports on a skim-solids milk-equivalent basis were 3.446 billion pounds, 495 million less than August but 360 million more than September 2017. Exports declined from August to September for most dairy products, including nonfat dry milk/skim milk powder (NDM/SMP), butterfat products (butter, anhydrous milkfat, and dairy spreads), cheese, whey products, and lactose. High tariffs imposed by Mexico on cheese and by China on a wide variety of dairy products continue to limit exports to those countries.

In September, imports on a milk-fat basis were 549 million pounds, 38 million less than August but 113 million more than September 2017. On a skim-solids basis, September imports were 355 million pounds, 47 million less than August and 26 million less than September 2017. Notably, imports of milk protein products (casein and milk protein concentrate), whole milk powder, and various food preparations containing milk solids fell from August to September.

Year-over-year growth in domestic commercial use in the third quarter of 2018 was modest. On a milk-fat basis, it was 54.7 billion pounds, 1.1 percent higher than the third quarter of 2017. On a skim-solids basis, third-quarter domestic commercial use was 45.1 billion pounds, 1.6 percent higher than the third quarter of 2017. Notably, while overall third-quarter domestic uses of most major products were above the third quarter of 2017, domestic uses of NDM/SMP and dry whey were down by 20.0 percent and 11.7 percent, respectively.

September ending stocks on a milk-fat basis were 17.190 billion pounds, an increase from 16.163 billion pounds at the end of September 2017. On a skim-solids basis, September ending stocks were 10.465 billion pounds, a decrease from 12.114 billion pounds at the end of September 2017.

## Dairy Forecasts for the Remainder of 2018:

Due to revisions of cow numbers for July and August and the fall in cow numbers reported by NASS in September, the estimate for the size of the milking herd in the fourth quarter of 2018 has been lowered 35,000 head to 9.365 million. Milk per cow, on the other hand, is forecast slightly higher for the fourth quarter, at 5,740 pounds. The lower forecast for the size of the milking herd more than offsets the increased yield per cow, resulting in a fourth-quarter milk production forecast of 53.8 billion pounds, 0.1 billion pounds lower than last month's forecast.

Forecasts for both imports and exports in the fourth quarter on a milk-fat basis are unchanged at 1.8 billion and 2.4 billion pounds, respectively. With higher than expected milk-fat basis ending stocks for the third quarter, the forecast for 2018 ending stocks has been raised 0.4 billion pounds to 13.9 billion. The domestic use forecast for the fourth quarter has been raised slightly to 56.1 billion pounds, as lower prices for cheese and butter are expected to lead to gains.

The forecast for imports on a skim-solids basis for the fourth quarter has been lowered 0.2 billion pounds to 1.3 billion, due to recent declines in imports of milk protein concentrate and casein. The export forecast for the fourth quarter has also been lowered due to lower expected shipments of lactose and whey products; the forecast is now 10.2 billion pounds. Domestic use on a skim-solids basis is expected to be 0.2 billion pounds lower in the fourth quarter than previously forecast, at 44.4 billion, as lower domestic demand over the past few months is expected to persist. Ending stocks are forecast at 10.7 billion pounds for 2018, 0.1 billion pounds lower than the last forecast.

*(Continued on Page 3)*

## November 2018 Pool Summary

### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	579,459,140	37.3
Class II	248,996,407	16.0
Class III	519,026,405	33.4
Class IV	207,315,684	13.3
Total	1,554,797,636	100.0

### Producer Prices

Producer Price Differential	\$ 1.24 / cwt
Butterfat Price	2.5385 / lb
Protein Price	1.3419 / lb
Other Solids Price	0.2714 / lb
Somatic Cell Adjustment Rate	0.00072 / cwt
Statistical Uniform Price	15.68 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

November 2018

**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	<u>POUNDS</u>	<u>BUTTERFAT</u>	<u>SKIM / PROTEIN</u>	<u>NONFAT SOLIDS</u>	<u>OTHER SOLIDS</u>	<u>PRICE</u>	<u>VALUE</u>
Class I Skim Value			567,404,188			\$8.81 / cwt	\$ 49,988,308.96
Class I Butterfat		12,054,952				2.5778/ lb	31,075,255.23
Class I Location Differential	579,459,140						(345,192.61)
Class II SNF Value				21,233,941		0.7733/ lb	16,420,206.57
Class II Butterfat		22,451,865				2.5455/ lb	57,151,222.36
Class III Protein Value			17,011,119			1.3419/ lb	22,827,220.58
Class III Other Solids Value					29,924,293	0.2714/ lb	8,121,453.13
Class III Butterfat		18,721,075				2.5385/ lb	47,523,448.88
Class IV SNF Value				18,593,753		0.7110/ lb	13,220,158.40
Class IV Butterfat		9,003,648				2.5385/ lb	22,855,760.43
Somatic Cell Value II / III / IV							<u>1,283,027.98</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,554,797,636	63,231,540	50,671,135		89,327,369		\$ 270,120,869.91
Overages						\$ 71,342.30	
Beginning Inventory & OS Charges						(41,473.57)	
<b>TOTAL ADJUSTMENTS</b>							<u>29,868.73</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 270,150,738.64
Total Protein Value			50,671,135 lbs	@	\$ 1.3419		\$ (67,995,596.02)
Total Other Solids Value			89,327,369 lbs	@	0.2714		(24,243,447.93)
Butterfat Value			62,231,540 lbs	@	2.5385		(157,974,764.31)
Total Somatic Cell Values							<u>(2,036,503.03)</u>
<b>TOTALS</b>							\$ 17,900,427.35
Net Producer Location Adjustments							\$ 1,297,155.72
1/2 Unobligated Balance Producer Settlement Fund							<u>761,000.00</u>
Total - Divided by Total Pounds			1,554,797,636 lbs		1.2836772		\$ 19,958,583.07
Rate of Cash Reserve					(0.0436772)		<u>(679,092.07)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,554,797,636		\$ 1.24 / cwt		\$ 19,279,491.00

**COMPONENT PRICES**

November

**COMPUTATION OF UNIFORM PRICE**

November

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Butterfat Price	\$2.5385 / lb	\$2.5546 / lb	Class III Price - 3.5% BF	\$14.44	\$16.88
Protein Price	1.3419 / lb	2.3412 / lb	Producer Price Differential*	<u>1.24</u>	<u>(0.64)</u>
Other Solids Price	0.2714 / lb	0.1644 / lb	Statistical Uniform Price	\$15.68	\$16.24
Somatic Cell Adjustment Rate	0.00072 / cwt	0.00088 / cwt			
Nonfat Solids Price	0.7110 / lb	0.5816 / lb			

**CLASS PRICES**

November

**CLASSIFICATION OF PRODUCER MILK**

November

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Class I*	\$17.52	\$18.41	Product lbs.	Product lbs.	
Class II	15.63	15.32	Class I	579,459,140	560,193,884
Class III	14.44	16.88	Class II	248,996,407	270,971,188
Class IV	15.06	13.99	Class III	519,026,405	378,484,580
			<u>Class IV</u>	<u>207,315,684</u>	<u>276,632,335</u>
			Total	1,554,797,636	1,486,281,987

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for November 2018 was \$1.24 and the Statistical Uniform Price was \$15.68 for the month. The Statistical Uniform Price is \$0.62 lower than last month, and is \$0.56 lower than November 2017.

The Producer Butterfat Price of \$2.5385 per pound decreased \$0.0166 from October and is down \$0.0161 from a year ago. The Protein Price of \$1.3419 is down \$0.3766 from last month and is down \$0.9993 from November 2017. The Other Solids Price in November was \$0.2714 per pound, an increase from last month's price of \$0.2553 and \$0.1070 higher than last November. The Somatic Cell Adjustment rate for November was \$0.00072 per cwt.

November producer receipts of 1.55 billion pounds were 5.6 percent lower than October and 4.6 percent higher than November 2017 production of 1.49 billion pounds. Producer milk allocated to Class I accounted for 37.3 percent of the total producer milk in November 2018, more than the 35.0 percent in October, and lower than the 37.7 percent in November 2017. A total of 4,381 producers were pooled on the Mideast Order compared to 4,819 producers pooled in November 2017.

The market average content of producer milk was as follows: Butterfat 4.00%; Protein 3.26%; Other Solids 5.75% and Nonfat Solids 9.01%.

(continued from Front Page)

Due to recent falling average cheddar cheese prices, the cheddar cheese price forecast for the fourth quarter has been lowered 12.5 cents at the midpoint of the range to \$1.465-\$1.495 per pound. The dry whey price is forecast slightly higher for the quarter than last month, at \$0.440-\$0.460 per pound. The price forecast for butter for the quarter is slightly lower at the midpoint of the range at \$2.235-\$2.295 per pound, while the forecast for nonfat dry milk is unchanged at \$0.870-\$0.900 per pound.

Due to the reduction in the cheese price forecast, the Class III price is now forecast lower for the fourth quarter, at \$14.55-\$14.85 per cwt. The Class IV price forecast is slightly lower for the quarter than last month's, at \$14.85-\$15.25 per cwt. The fourth-quarter all-milk price is now forecast at \$17.05-\$17.35 per cwt, 60 cents lower than last month's forecast at the midpoint. For the year, the all-milk price forecast is \$16.20-\$16.30, 15 cents lower than last month's forecast at the midpoint of the range.

### Dairy Forecasts for 2019:

A smaller milking herd in late 2018 is expected to persist into 2019; therefore, the milk cow forecast has been lowered to 9.375 million head, 35,000 less than last month's forecast. However, with increased culling of the herd, higher milking efficiency is expected, motivating an increase in the milk per cow forecast to 23,565 pounds. With these changes, the overall milk production forecast for 2019 is now 220.9 billion pounds, 0.5 billion pounds lower than the last forecast.

Due to lower expected imports of milk protein concentrate and casein, imports on a milk-fat basis are forecast 0.1 billion pounds lower than last month's forecast, at 6.2 billion pounds for the year. The export forecast for 2019 is unchanged at 9.8 billion pounds. Ending stocks are now forecast at 12.6 billion pounds, 0.1 billion pounds higher than the last forecast, as higher stocks in late 2018 will carry through 2019 to some extent. The domestic use forecast for the year has been lowered 0.2 billion pounds to 217.3 billion.

The import forecast on a skim-solids basis has been lowered 0.2 billion pounds to 5.3 billion, as lower milk protein concentrate and casein imports are expected to continue into 2019. Exports on a skim-solids basis are forecast at 44.1 billion pounds, unchanged from the previous forecast. Ending stocks are forecast at 10.5 billion pounds for the year, a reduction of 0.3 billion pounds from last month's projection, as lower production should result in some drawdown in stocks. Domestic use in 2019 is projected at 181.2 billion pounds, 0.4 billion pounds lower than the last forecast.

Current weakness in cheese prices is expected to carry into 2019 but should begin to abate in the second half of the year; as a result, the cheddar cheese price has been lowered 15 cents at the midpoint of the range to \$1.560-\$1.650 per pound. With lower butter prices expected to

continue next year, the butter price forecast has been lowered to \$2.200-\$2.320 per pound for the year. The dry whey price and NDM price forecasts for 2019 have been raised slightly to \$0.390-\$0.420 and \$0.830-\$0.900 per pound, respectively.

With lower projected cheese prices, the Class III price forecast has been lowered to \$15.15-\$16.05 per cwt. The Class IV price forecast for the year is unchanged at \$14.35-\$15.35 per cwt. With the lower Class III price forecast, the all-milk price for 2019 is now forecast 15 cents lower at the midpoint of the range than the previous estimate, at \$16.70-\$17.60 per cwt.

**Source:** *Livestock, Dairy, and Poultry Outlook*, LDP-M-293, November 15, 2018  
USDA, Economic Research Service

### October Milk Production Up 1.0 Percent

Milk production in the 23 major States during October totaled 16.9 billion pounds, up 1.0 percent from October 2017. September revised production, at 16.4 billion pounds, was up 1.5 percent from September 2017. The September revision represented a decrease of less than 0.1 percent or 2 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,934 pounds for October, 20 pounds above October 2017.

The number of milk cows on farms in the 23 major States was 8.72 million head, 8,000 head less than October 2017, and 1,000 head less than September 2018.

The Mideast Marketing Area has four states represented in the 23 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during October totaled 2.6 billion pounds, down 3.0 percent from October 2017.

Production per cow in the Mideast states averaged 1,868 pounds for October, 17 pounds below October 2017.

The number of cows on farms in the Mideast states was 1.4 million head, 30,000 head less than October 2017.

### Bulletin WebPage Edition

[www.fmmaclev.com](http://www.fmmaclev.com)

Featured this month are:

- Producer Price Differential & Uniform Price Statistics
- Grain & Alfalfa Hay Prices

### Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State Federal Order No. 33

State	October 2018 -----Weighted Averages-----						October 2017 -----Weighted Averages-----				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,158	863,557	3.87	3.19	5.77	170	752,018	3.70	3.12	5.78	170
Ohio	1,525	383,176	3.86	3.15	5.67	190	375,834	3.82	3.13	5.69	190
Indiana	748	226,776	3.82	3.15	5.77	192	213,736	3.79	3.17	5.83	197
Pennsylvania	677	83,141	4.00	3.17	5.70	231	81,051	3.95	3.15	5.72	237
New York	185	74,056	3.97	3.18	5.72	195	94,878	3.88	3.15	5.76	163
Other	116	16,501	4.06	3.26	5.75	217	16,319	3.93	3.26	5.68	220
Total/Average *	4,409	1,647,207	3.87	3.18	5.74	182	1,533,837	3.77	3.13	5.76	182

\* Totals may not add due to rounding. Data provided on a one month delay basis and includes only milk from these states *pooled* on the Mideast order.



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**FEDERAL ORDER DATA  
November 2018**

Marketing Area <sup>1/</sup>	Producer Milk		Class I	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)	Percent %		
FO 1 Northeast - (Boston)	2,117,734	755,389	35.7	\$2.18	\$16.62
FO 5 Appalachian - (Charlotte)	471,759	352,758	74.8	<sup>2/</sup>	18.12
FO 6 Florida - (Tampa)	218,408	186,412	85.4	<sup>2/</sup>	20.12
FO 7 Southeast - (Atlanta)	407,114	319,114	78.4	<sup>2/</sup>	18.71
FO 30 Upper Midwest - (Chicago)	2,698,557	247,752	9.2	0.30	14.74
FO 32 Central - (Kansas City)	1,421,583	422,701	29.7	0.78	15.22
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,554,798</b>	<b>579,459</b>	<b>37.3</b>	<b>1.24</b>	<b>15.68</b>
FO 51 California - (Los Angeles)	2,079,796	467,112	22.5	1.00	15.44
FO 124 Pacific Northwest - (Seattle)	724,157	149,804	20.7	0.78	15.22
FO 126 Southwest - (Dallas)	1,249,530	374,727	30.0	1.63	16.07
FO 131 Arizona - (Phoenix)	414,263	108,201	26.1	<sup>2/</sup>	15.69

<sup>1/</sup> Names in parentheses are principal points of markets.

<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2018 .....14.44 /cwt.**

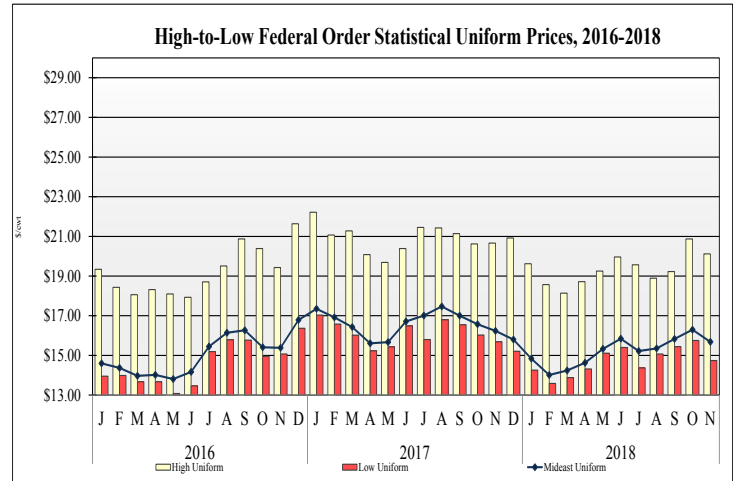
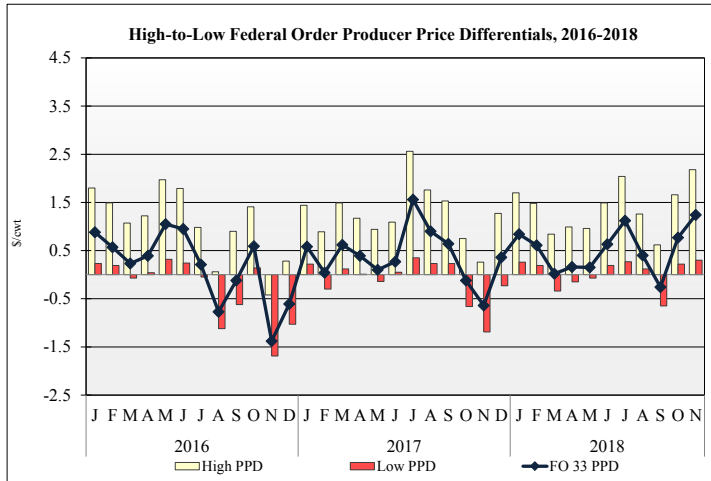


# Mideast Market Administrator's Bulletin

Supplement  
December 2018

Federal Order No. 33

## PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 2/ 3/



Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing.

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For November 2018 Federal Order 1 had a PPD of \$2.18 per hundredweight (cwt), \$0.52 higher than their October PPD of \$1.66 per cwt.

In November 2018 Federal Order 33 had the third highest PPD, behind Orders 1, 30 and 126, at \$1.24 per cwt, \$0.47 per cwt higher than the October PPD.

For November 2018 Federal Order 30 had the lowest PPD at \$0.30 per cwt, \$0.08 per cwt higher than the October PPD.

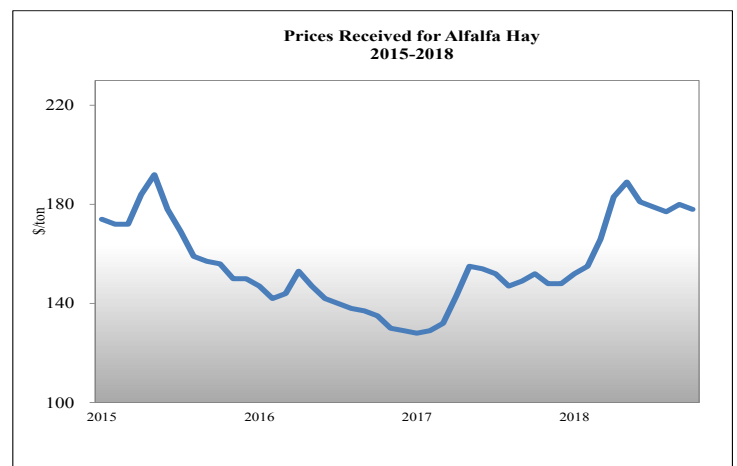
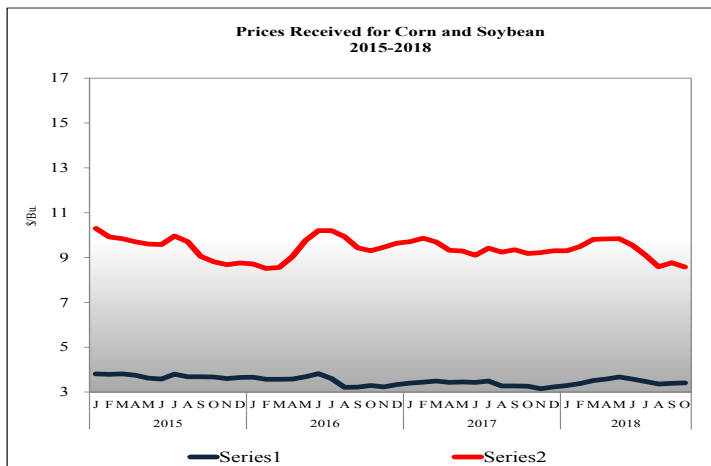
Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2018 Federal Order 6 had a SUP of \$20.12 per cwt, \$0.75 lower than the previous month's SUP.

Federal Order 33 had a SUP of \$15.68 per cwt, \$0.62 per cwt lower than the previous month's SUP.

The Upper Midwest order had the lowest SUP at \$14.74 per cwt, \$1.01 per cwt lower than the previous month's SUP.

## PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



2/ Producer price differentials are subject to location adjustment.

3/ Statistical uniform prices are at 3.5 percent butterfat and subject to location adjustment.

4/ Source: USDA, National Agricultural Statistics Service