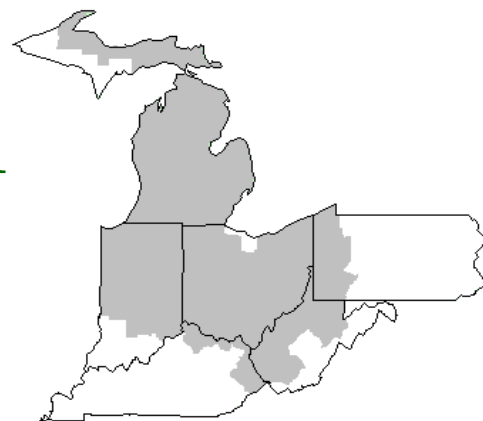


Mideast Market Administrator's Bulletin



Federal Order No. 33

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DECEMBER 2019

Dairy Forecasts for the Remainder of 2019

Based on recent milk cow and heifer statistics, the forecast of the milking herd in 2019 has been lowered 5 thousand head to 9.335 million. Due to a lower number than expected for milk per cow in June, the milk per cow estimate for the year has been lowered 15 pounds to 23,350. With these changes, total milk production for 2019 is now forecast at 217.9 billion pounds, 0.3 billion lower than the previous forecast.

Imports on a milk-fat basis are now forecast at 7.2 billion pounds for the year, 0.3 billion pounds higher than last month's forecast, as recent strength in imports of butter from the EU (particularly Ireland) should continue through year end. The export forecast on a milk-fat basis has been lowered 0.1 billion pounds to 9.4 billion. Ending stocks for 2019 are now forecast at 13.0 billion pounds, 0.1 billion pounds lower than the last forecast. Domestic use on a milk-fat basis for the year is forecast slightly higher than last month at 215.2 billion pounds.

On a skim-solids basis, the import forecast for 2019 has been raised 0.1 billion pounds to 5.5 billion due to higher expected imports of milk protein products. A weaker Chinese yuan, continued trade tensions with China, and strong competition for NDM exports have motivated a dimmer outlook for skim-solids exports; exports are now forecast at 40.6 billion pounds, 0.7 billion pounds lower than the last forecast. Ending stocks for 2019 are forecast at 10.0 billion pounds, unchanged from the last forecast. Helped by slightly lower NDM prices, domestic use is now forecast at 182.3 billion pounds for the year, 0.6 billion pounds higher than last month's forecast.

Slight changes in dairy product price forecasts have been made for the remainder of 2019. Recent strength in cheese prices and growth in domestic use have motivated an increase of 2.5 cents in the Cheddar cheese price for the year to \$1.685 per pound. The dry whey price has also been raised slightly for the year to \$0.380 per pound. Domestic demand continues to support the U.S. butter price; as a result, the butter price forecast has been raised slightly to \$2.320 per pound for the year. In contrast, weakening shipments of NDM in recent months have allowed the NDM price to weaken somewhat of late; therefore, the NDM price forecast has been lowered 1.5 cents to \$1.005 per pound for the year.

With slightly higher prices for cheese and whey, the Class III price for 2019 has been raised 25 cents to \$16.30 per cwt. The lower NDM price forecast has led to a decrease of 15 cents in the Class IV

price forecast to \$16.30 per cwt. The all-milk price for 2019 is now forecast at \$18.30 per cwt, 10 cents higher than the previous forecast.

Dairy Forecasts for 2020

Lower expected growth in milk cow numbers and higher expected milk per cow for the latter part of 2019 are expected to carry into 2020. Milk cows are forecast to average 9.335 million head in 2020, 5,000 less than last month's forecast. Milk per cow is forecast at 23,830 pounds, 105 pounds higher than last month's forecast. With higher yields expected to more than offset lower growth in the milking herd, milk production for 2020 is forecast at 222.4 billion pounds, 0.8 billion pounds higher than last month's forecast.

On a milk-fat basis, the 2020 export forecast has been lowered 0.1 billion pounds to 9.2 billion as relatively high domestic cheese prices compared to foreign export prices are expected to reduce U.S. competitiveness. The export forecast on a skim-solids basis is unchanged at 43.0 billion pounds, as lower expected exports of cheese and whey products are offset by higher expected exports of NDM/SMP. The 2020 import forecasts on both the milk-fat and skim-solids bases are unchanged from last month's forecasts at 6.5 billion and 5.5 billion pounds, respectively.

(continued on Page 3)

November 2019 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	528,108,947	39.9
Class II	278,316,181	21.0
Class III	248,358,918	18.8
Class IV	268,385,367	20.3
Total	1,323,169,413	100.0

Producer Prices

Producer Price Differential	\$ (2.44) / cwt
Butterfat Price	2.3195 / lb
Protein Price	3.9118 / lb
Other Solids Price	0.1112 / lb
Somatic Cell Adjustment Rate	0.00109 / cwt
Statistical Uniform Price	18.01 / cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
NOVEMBER 2019

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			516,593,722			\$12.11 / cwt	\$ 62,559,499.71
Class I Butterfat		11,515,226				2.4155 / lb	27,815,026.00
Class I Location Differential	528,108,947						(248,405.34)
Class II SNF Value				24,191,146		1.0022/ lb	24,244,366.52
Class II Butterfat		21,057,467				2.3265/ lb	48,990,196.98
Class III Protein Value			8,135,116			3.9118/ lb	31,822,946.80
Class III Other Solids Value					14,324,874	0.1112/ lb	1,592,925.99
Class III Butterfat		9,246,542				2.3195/ lb	21,447,354.18
Class IV SNF Value				24,118,380		0.9763/ lb	23,546,774.40
Class IV Butterfat		11,414,299				2.3195/ lb	26,475,466.51
Somatic Cell Value II / III / IV							<u>1,604,578.91</u>
TOTAL PRODUCER MILK VALUE	1,323,169,413	53,233,533	43,120,518		76,216,355		\$ 269,850,730.66
Overages						\$ 109,198.60	
Beginning Inventory & OS Charges						49,137.45	
TOTAL ADJUSTMENTS							\$ 158,336.05
TOTAL HANDLER OBLIGATIONS							\$ 270,009,066.71
Total Protein Value			43,120,518 lbs	@	\$ 3.9118		\$(168,678,842.32)
Total Other Solids Value			76,216,355 lbs	@	0.1112		(8,475,258.64)
Butterfat Value			53,233,533 lbs	@	2.3195		(123,475,179.80)
Total Somatic Cell Values							<u>(2,699,177.80)</u>
TOTALS							\$ (33,319,391.85)
Net Producer Location Adjustments							\$ 870,955.69
1/2 Unobligated Balance Producer Settlement Fund							<u>704,000.00</u>
Total - Divided by Total Pounds			1,323,169,413 lbs		(2.3991211)		\$ (31,744,436.16)
Rate of Cash Reserve					(0.0408789)		<u>(540,897.10)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,323,169,413		\$(2.44) / cwt		\$ (32,285,333.26)

COMPONENT PRICES**November****COMPUTATION OF UNIFORM PRICE****November**

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Butterfat Price	\$2.3195 / lb	\$2.5385 / lb	Class III Price - 3.5% BF	\$20.45	\$14.44
Protein Price	3.9118 / lb	1.3419 / lb	Producer Price Differential*	<u>(2.44)</u>	<u>1.24</u>
Other Solids Price	0.1112 / lb	0.2714 / lb	Statistical Uniform Price	\$18.01	\$15.68
Somatic Cell Adjustment Rate	0.00109 / cwt	0.00072 / cwt			
Nonfat Solids Price	0.9763 / lb	0.7110 / lb			

CLASS PRICES**November****CLASSIFICATION OF PRODUCER MILK****November**

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Class I*	\$20.14	\$17.52	Class I	Product lbs. 528,108,947	Product lbs. 579,459,140
Class II	16.85	15.63	Class II	278,316,181	248,996,407
Class III	20.45	14.44	Class III	248,358,918	519,026,405
Class IV	16.60	15.06	<u>Class IV</u>	<u>268,385,367</u>	<u>207,315,684</u>
			Total	1,323,169,413	1,554,797,636

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for November 2019 was \$-2.44 and the Statistical Uniform Price was \$18.01 for the month. The Statistical Uniform Price is \$0.15 higher than last month, and is \$2.33 higher than November 2018.

The Producer Butterfat Price of \$2.3195 per pound decreased \$0.0836 from October and is down \$0.2190 from a year ago. The Protein Price of \$3.9118 is up \$0.7418 from last month and is up \$2.5699 from November 2018. The Other Solids Price in November was \$0.1112 per pound, a decrease from last month's price of \$0.1447 and \$0.1602 lower than last November. The Somatic Cell Adjustment rate for November was \$0.00109 per cwt.

November producer receipts of 1.32 billion pounds were 9.2 percent lower than October and 14.1 percent lower than November 2018 production of 1.55 billion pounds. Producer milk allocated to Class I accounted for 39.9 percent of the total producer milk in November 2019, lower than the 40.5 percent in October, and higher than the 37.3 percent in November 2018. A total of 4,050 producers were pooled on the Mideast Order compared to 4,381 producers pooled in November 2018.

The market average content of producer milk was as follows: Butterfat 4.02%; Protein 3.26%; Other Solids 5.76% and Nonfat Solids 9.02%.

(continued from Front Page)

Based on higher beginning stock forecasts and higher expected milk production in 2020, ending stocks have been raised substantially. Ending stocks for 2020 on a milk-fat basis are now projected at 13.2 billion pounds for the year, 0.4 billion pounds higher than last month's forecast. On a skim-solids basis, ending stocks are projected at 10.8 billion pounds, 1.3 billion pounds higher than the last forecast. The domestic use forecast for 2020 on a milk-fat basis has been raised by 1.2 billion pounds to 219.0 billion, but the domestic use forecast on a skim-solids basis has been lowered 0.2 billion pounds to 183.6 billion.

With higher expected higher domestic demand for cheese, the cheese price forecast for 2020 has been raised 7.0 cents to \$1.860 per pound for the year. The NDM price forecast has been raised by 5.5 cents to \$1.095 per pound due to higher expected demand for exports. The butter price for 2020 has been lowered 14.0 cents to \$2.060 per pound due to recent price weakness and higher expected beginning stocks. The dry whey price has been lowered 5.5 cents to \$0.320 per pound due to recent price weakness and lower expected exports.

With the higher expected cheese price more than offsetting the lower expected whey price, the Class III milk price forecast for 2020 has been raised to \$17.50 per cwt, \$0.30 higher than last month's forecast. The Class IV milk price forecast has been lowered to \$15.95 per cwt, \$0.15 lower than last month's forecast, as the lower butter price forecast more than offsets the higher NDM price forecast. With largely offsetting price forecasts for Class III and IV milk, the all-milk price forecast for 2020 is unchanged at \$18.85 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-305, November 15, 2019 USDA, Economic Research Service

October Milk Production Up 1.7 Percent

Milk production in the 23 major States during October totaled 17.3 billion pounds, up 1.7 percent from October 2018. September revised production, at 16.8 billion pounds, was up 1.7 percent from September 2018. The September revision represented a decrease of less than 0.1 percent or 7 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,964 pounds for October, 33 pounds above October 2018.

The number of milk cows on farms in the 24 major States was 8.81 million head, 1,000 head less than October 2018, but 5,000 head more than September 2019.

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 0.4 percent from October 2018.

Production per cow in the Mideast states averaged 1,903 pounds for October 33 pounds above October 2018.

The number of cows on farms in the Mideast states was 1.3 million head, 35,000 head less than October 2018.

October 2019 Highlights

Total cheese output (excluding cottage cheese) was 1.13 billion pounds, 2.1 percent below October 2018 but 4.6 percent above September 2019.

Italian type cheese production totaled 482 million pounds, 0.3 percent below October 2018 but 2.4 percent above September 2019.

American type cheese production totaled 443 million pounds, 3.2 percent below October 2018 but 6.8 percent above September 2019.

Butter production was 157 million pounds, 5.4 percent above October 2018 and 13.8 percent above September 2019.

Frozen products (comparisons in percentage with October 2018)
Ice cream, regular (hard) - 58.7 million gallons, down 3.1 percent.
Ice cream, lowfat (total) - 31.9 million gallons, down 12.8 percent.
Sherbet (hard) - 2.46 million gallons, down 17.3 percent.
Frozen yogurt (total) - 3.07 million gallons, down 1.8 percent.

Source: Released December 4, 2019, by the *National Agricultural Statistics Service (NASS)*, *Agricultural Statistics Board*, *United States Department of Agriculture (USDA)*.

Bulletin WebPage Edition
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Featured this month are:

- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk Products

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

State	October 2019 -----Weighted Averages-----						October 2018 -----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	1,011	737,838	3.85	3.17	5.78	169	863,557	3.87	3.19	5.77	170
Ohio	1,417	309,042	3.86	3.15	5.67	184	383,176	3.86	3.15	5.67	190
Indiana	675	231,928	3.84	3.17	5.81	185	226,776	3.82	3.15	5.77	192
New York	170	84,075	3.95	3.16	5.76	174	74,056	3.97	3.18	5.72	195
Pennsylvania	666	78,521	4.01	3.19	5.70	216	83,141	4.00	3.17	5.70	231
Other	151	16,323	3.67	3.21	5.72	245	16,501	4.06	3.26	5.75	217
Total/Average *	4,090	1,457,729	3.87	3.17	5.75	178	1,647,207	3.87	3.18	5.74	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 2019**

<u>Marketing Area</u> ^{1/}		<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
		<u>Total</u>	<u>Class I</u>	<u>Percent</u>	<u>Price Differential</u>	<u>Uniform Price</u>
		(000)	(000)	%	(per cwt.)	(per cwt.)
FO 1	Northeast - (Boston)	2,075,369	660,852	31.8	\$(1.25)	\$19.20
FO 5	Appalachian - (Charlotte)	385,560	285,022	73.9	^{2/}	20.53
FO 6	Florida - (Tampa)	180,196	148,163	82.2	^{2/}	22.33
FO 7	Southeast - (Atlanta)	336,588	259,960	77.2	^{2/}	20.98
FO 30	Upper Midwest - (Chicago)	1,617,069	234,960	14.5	(0.94)	19.51
FO 32	Central - (Kansas City)	851,826	361,092	42.4	(3.00)	17.45
FO 33	Mideast - (Cleveland)	1,323,169	528,109	39.9	(2.44)	18.01
FO 51	California (Los Angeles)	1,656,467	385,613	23.3	(3.39)	17.06
FO 124	Pacific Northwest - (Seattle)	601,785	143,001	23.8	(2.81)	17.64
FO 126	Southwest - (Dallas)	757,473	312,765	41.3	(2.97)	17.48
FO 131	Arizona - (Phoenix)	368,622	104,922	28.5	^{2/}	18.53

^{1/} Names in parentheses are principal points of markets.

^{2/} Producers in these markets are paid on the basis of a uniform skim and butterfat price.

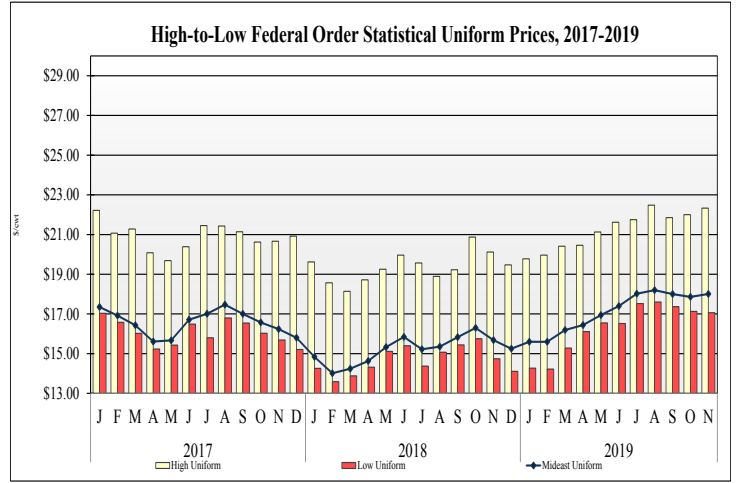
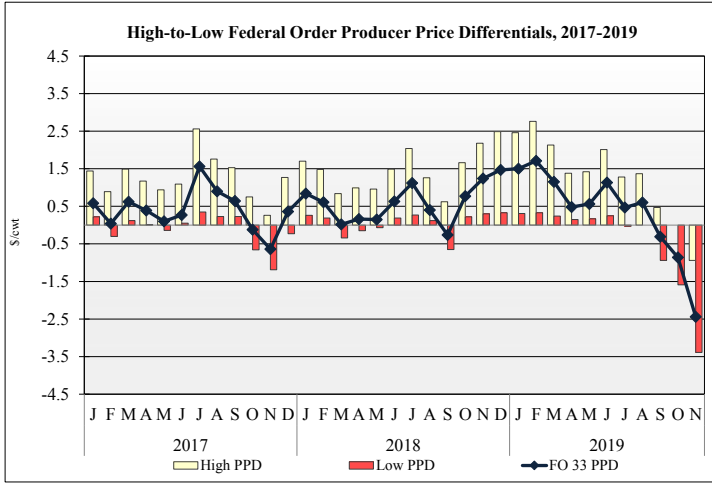
MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2019\$16.60 /cwt.



Mideast Market Administrator's Bulletin *Supplement*

Federal Order No. 33 December 2019

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 2019 Federal Order 30 had the highest with a PPD of \$-0.94 per hundred-weight (cwt), \$0.64 lower than their October PPD of \$-0.30 per cwt.

In November 2019 Federal Order 33 had the third highest PPD, behind Orders 1 and 30 at \$-2.44 per cwt, \$1.58 per cwt lower than the October PPD.

For November 2019 Federal Order 51 had the lowest PPD at \$-3.39 per cwt, \$1.80 per cwt lower than the October PPD.

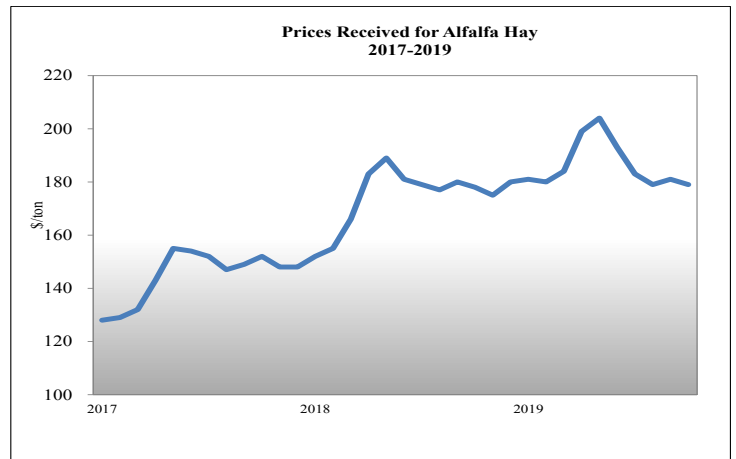
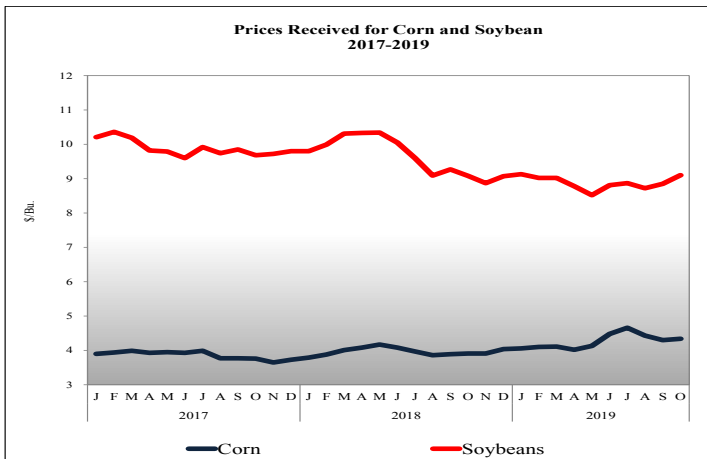
Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2019 Federal Order 6 had a SUP of \$22.33 per cwt, \$0.33 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$18.01 per cwt, \$0.15 per cwt higher than the previous month's SUP.

The California order had the lowest SUP at \$17.06 per cwt, \$0.07 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