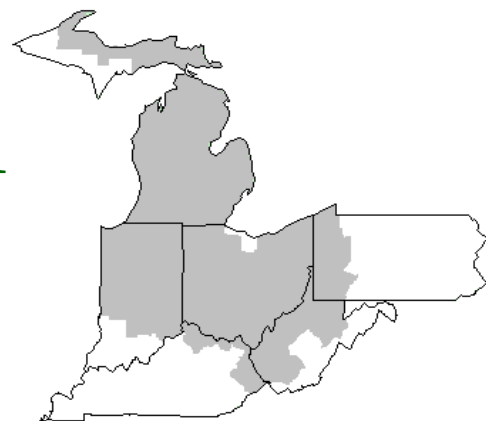


Mideast Market Administrator's Bulletin



Federal Order No. 33

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JANUARY 2019

Dairy Forecasts for the Remainder of 2018

Based on recent milk production data, lower expected milk prices, and relatively high slaughter rates, milk cow numbers for the fourth quarter of 2018 have been lowered to 9.360 million head, 5,000 less than last month's forecast. The milk per cow forecast for the fourth quarter has been lowered to 5,730 pounds per head, 10 pounds less than projected last month. With these changes, the milk production forecast for the year has been lowered to 217.8 billion pounds, 0.1 billion less than last month's forecast.

The fourth-quarter forecast for exports on a milk-fat basis has been raised from last month's forecast to 2.6 billion pounds on a milk-fat basis (+0.2 billion), based on higher expected exports of butteroil and AMF. On a skim-solids basis, the fourth-quarter export forecast has been raised to 10.3 billion pounds (+0.1 billion) due to higher expected exports of NDM/SMP. The fourth-quarter forecast for imports on a milk-fat basis has been raised to 2.0 billion pounds (+0.2 billion) due to higher expected imports of butter, but the skim-solids import forecast is unchanged.

Based on recent data, 2018 ending stocks have been raised to 14.1 billion pounds on a milk-fat basis (+0.2 billion pounds) but are unchanged on a skim-solids basis. Based on recent relatively weak growth in domestic use, fourth-quarter forecasts for domestic use have been lowered to 55.9 billion pounds on a milk-fat basis (-0.2 billion) and to 44.2 billion pounds on a skim-solids basis (-0.2 billion).

The largest change for fourth-quarter dairy product price forecasts is for cheddar cheese. Due to recent lower cheddar cheese prices and high stock levels, the cheddar cheese price forecast has been lowered to \$1.435-\$1.455 per pound. Based on recent price data, the fourth-quarter butter price forecast has been lowered at the upper end of the range to \$2.235-\$2.275 per pound. The NDM price forecast is unchanged at the midpoint of the range. With relatively low supplies of dry whey, the fourth-quarter dry whey price forecast has been raised to \$0.445-\$0.465 per pound (although the range for the 2018 dry whey average price forecast remains unchanged from last month).

With the lower cheese price forecast more than offsetting the higher whey price forecast, the fourth-quarter Class III milk price forecast has been lowered to \$14.25-\$14.45 per cwt.

With the lower butter price forecast, the fourth-quarter Class IV milk price projection has been lowered at the upper end of the range to \$14.85-\$15.15 per cwt. With lower expected class prices, the fourth-quarter all-milk price forecast is \$16.90-\$17.10 per cwt, a reduction from last month's forecast of \$17.05-\$17.35. For the year, the all-milk price forecast is \$16.15-\$16.25 per cwt, a reduction from last month's forecast of \$16.20-\$16.30.

Dairy Forecasts for 2019

Based on recent data and lower expected returns, the 2019 forecast for the milking herd has been lowered to 9.365 million head, 10,000 lower than last month's forecast. The milk per cow forecast has been lowered to 23,555 pounds per head, 10 pounds less than last month. Milk production for 2019 is projected at 220.6 billion pounds, 0.3 billion less than projected last month.

With higher expected butter imports, the forecast for 2019 imports on a milk-fat basis has been raised to 6.7 billion pounds, 0.5 billion higher than forecast last month. The forecast for imports on a skim-solids basis has been lowered to 5.2 billion pounds, down 0.1 from last month, due to lower expected imports of milk protein concentrate and various other products.

(Continued on Page 3)

December 2018 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	557,879,918	35.4
Class II	181,917,989	11.6
Class III	571,486,912	36.3
Class IV	263,509,387	16.7
Total	1,574,794,206	100.0

Producer Prices

Producer Price Differential	\$ 1.47 /cwt
Butterfat Price	2.5080 /lb
Protein Price	1.1417 /lb
Other Solids Price	0.2775 /lb
Somatic Cell Adjustment Rate	0.00069 /cwt
Statistical Uniform Price	15.25 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

December 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			545,939,933			\$8.42 / cwt	\$ 45,968,142.34
Class I Butterfat		11,939,985				2.5486/ lb	30,430,245.78
Class I Location Differential	557,879,918						(333,243.03)
Class II SNF Value				15,345,816		0.7911/ lb	12,140,075.05
Class II Butterfat		17,782,163				2.5150/ lb	44,722,140.07
Class III Protein Value			18,588,655			1.1417/ lb	21,222,678.79
Class III Other Solids Value					32,989,006	0.2775/ lb	9,154,449.22
Class III Butterfat		20,327,720				2.5080/ lb	50,981,921.76
Class IV SNF Value				23,451,407		0.7269/ lb	17,046,827.74
Class IV Butterfat		12,809,055				2.5080/ lb	32,125,109.95
Somatic Cell Value II / III / IV							<u>1,254,870.05</u>
TOTAL PRODUCER MILK VALUE	1,574,794,206	62,858,923	50,896,623		90,553,641		\$ 264,713,217.72
Overages						\$ 14,901.09	
Beginning Inventory & OS Charges						11,077.42	
TOTAL ADJUSTMENTS							<u>25,978.51</u>
TOTAL HANDLER OBLIGATIONS							\$ 264,739,196.23
Total Protein Value			50,896,623 lbs	@	\$ 1.1417		\$ (58,108,674.49)
Total Other Solids Value			90,553,641 lbs	@	0.2775		(25,128,635.45)
Butterfat Value			62,858,923 lbs	@	2.5080		(157,650,178.88)
Total Somatic Cell Values							<u>(1,942,170.06)</u>
TOTALS							\$ 21,909,537.35
Net Producer Location Adjustments							\$ 1,218,070.98
1/2 Unobligated Balance Producer Settlement Fund							<u>716,000.00</u>
Total - Divided by Total Pounds			1,574,794,206 lbs		1.5140777		\$ 23,843,608.33
Rate of Cash Reserve					(0.0440777)		<u>(694,133.07)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,574,794,206		\$ 1.47 / cwt		\$ 23,149,475.26

COMPONENT PRICES

December

COMPUTATION OF UNIFORM PRICE

December

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Butterfat Price	\$2.5080 / lb	\$2.4951 / lb	Class III Price - 3.5% BF	\$13.78	\$15.44
Protein Price	1.1417 / lb	2.0378 / lb	Producer Price Differential*	<u>1.47</u>	<u>0.36</u>
Other Solids Price	0.2775 / lb	0.1070 / lb	Statistical Uniform Price	\$15.25	\$15.80
Somatic Cell Adjustment Rate	0.00069 / cwt	0.00082 / cwt			
Nonfat Solids Price	0.7269 / lb	0.5503 / lb			

CLASS PRICES

December

CLASSIFICATION OF PRODUCER MILK

December

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Class I*	\$17.05	\$18.88	Product lbs.	Product lbs.	
Class II	15.67	14.49	Class I	557,879,918	541,188,321
Class III	13.78	15.44	Class II	181,917,989	261,850,391
Class IV	15.09	13.51	Class III	571,486,912	540,709,990
			<u>Class IV</u>	<u>263,509,387</u>	<u>317,127,223</u>
			Total	1,574,794,206	1,660,875,925

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2018 was \$1.47 and the Statistical Uniform Price was \$15.25 for the month. The Statistical Uniform Price is \$0.43 lower than last month, and is \$0.55 lower than December 2017.

The Producer Butterfat Price of \$2.5080 per pound decreased \$0.0305 from November and is up \$0.0129 from a year ago. The Protein Price of \$1.1417 is down \$0.2002 from last month and is down \$0.8961 from December 2017. The Other Solids Price in December was \$0.2775 per pound, an increase from last month's price of \$0.2714 and \$0.1705 higher than last December. The Somatic Cell Adjustment rate for December was \$0.00069 per cwt.

December producer receipts of 1.57 billion pounds were 1.2 percent higher than November and 5.2 percent lower than December 2017 production of 1.66 billion pounds. Producer milk allocated to Class I accounted for 35.4 percent of the total producer milk in December 2018, less than the 37.3 percent in November, and higher than the 32.6 percent in December 2017. A total of 4,441 producers were pooled on the Mideast Order compared to 4,756 producers pooled in December 2017.

The market average content of producer milk was as follows: Butterfat 3.99%; Protein 3.23%; Other Solids 5.75% and Nonfat Solids 8.98%.

(continued from Front Page)

The 2019 forecast for exports on a milk-fat basis has been raised to 10.0 billion pounds, up 0.2 billion from last month's forecast, due to higher expected exports of butteroil and AMF. With lower expected lactose exports offsetting higher expected NDM/SMP exports, the forecast for exports on a skim-solids basis is unchanged.

Due to relatively weak growth of domestic use in recent months, 2019 forecasts of domestic use have been lowered to 216.3 billion pounds on a milk-fat basis (-1.0 billion) and 180.9 billion pounds on a skim-solids basis (-0.3 billion). The forecast for ending stocks on a milk-fat basis has been raised to 13.7 billion pounds (+1.1 billion), as relatively high stocks of cheese and butter are expected to persist in 2019. The 2019 forecast for ending stocks on a skim-solids basis has been lowered to 10.4 billion pounds (-0.1 billion), as lower expected stocks of NDM and whey products more than offset higher expected cheese stocks.

Due to recent low cheese prices and high stock levels, the 2019 cheese price forecast has been lowered from last month's forecast to \$1.495-\$1.575 per pound. The 2019 butter price forecast has been lowered at the midpoint of the range to \$2.200-\$2.310 per pound. The NDM price forecast is \$0.835-\$0.895 per pound, unchanged from last month at the midpoint of the range. With considerably lower expected cheese prices, some milk will likely shift from cheese manufacturing to production of butter and NDM. With less expected cheese production, less whey solids will be produced. Due to relatively low stock levels and lower expected whey production, the dry whey price forecast has been raised to \$0.405-\$0.435 per pound.

With lower projected cheese prices more than offsetting higher expected dry whey prices, the 2019 Class III price forecast has been lowered to \$14.65-\$15.45 per cwt. The Class IV price forecast for the year is \$14.40-\$15.30 per cwt, unchanged from last month at the midpoint of the range. With the lower Class III price forecast, the all-milk price for 2019 is now forecast \$16.40-\$17.20 per cwt, a reduction from last month's forecast of \$16.70-\$17.60.

Source: Livestock, Dairy, and Poultry Outlook, LDP-M-294, December 17, 2018 USDA, Economic Research Service

November Milk Production Up 0.8 Percent

Milk production in the 23 major States during November totaled 16.4 billion pounds, up 0.8 percent from November 2017. October revised production at 16.9 billion pounds, was up 0.9 percent from October 2017. The October Revision represented a decrease of 18 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,877 pounds for November, 18 pounds above November 2017. This is the highest production per cow for the month of November since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.72 million head, 16,000 head less than November 2017, and 8,000 head less from October 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 November totaled 2.5 billion pounds, down 86 million pounds or 3.4 percent from November 2017.

Production per cow in the Mideast states averaged 1,806 pounds for November, 20 pounds below November 2017.

The number of cows on farms in the Mideast states was 1.4 million head, this was 35,000 head less than November 2017.

Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class & Component Prices
- National Product Prices

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

State	November 2018 -----Weighted Averages-----						November 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	1,143	817,295	3.96	3.26	5.77	159	727,934	3.86	3.20	5.77	162
Ohio	1,508	356,478	4.02	3.24	5.67	176	369,745	3.95	3.20	5.69	175
Indiana	763	202,822	3.99	3.25	5.78	175	208,933	3.94	3.25	5.84	180
New York	187	81,075	4.10	3.26	5.73	175	91,774	4.00	3.21	5.75	150
Pennsylvania	696	79,895	4.14	3.26	5.70	216	78,282	4.10	3.21	5.71	216
Other	111	15,935	4.13	3.32	5.75	200	9,727	4.14	3.33	5.68	228
Total/Average *	4,408	1,553,500	3.99	3.25	5.74	169	1,486,395	3.92	3.21	5.75	170

* 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
December 2018**

<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)	2,218,946	753,708	34.0	\$2.49	\$16.27
FO 5	Appalachian - (Charlotte)	498,068	331,586	66.6	^{2/}	17.45
FO 6	Florida - (Tampa)	227,917	185,341	81.3	^{2/}	19.47
FO 7	Southeast - (Atlanta)	426,100	298,320	70.0	^{2/}	18.00
FO 30	Upper Midwest - (Chicago)	2,946,575	232,285	7.9	0.33	14.11
FO 32	Central - (Kansas City)	1,394,022	408,209	29.3	0.96	14.74
FO 33	Mideast - (Cleveland)	1,574,794	557,880	35.4	1.47	15.25
FO 51	California - (Los Angeles)	2,037,534	459,611	22.6	1.13	14.91
FO 124	Pacific Northwest - (Seattle)	806,781	169,371	21.0	1.18	14.96
FO 126	Southwest - (Dallas)	1,222,846	354,867	29.0	1.75	15.53
FO 131	Arizona - (Phoenix)	444,570	105,110	23.6	^{2/}	15.30

^{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.

^{3/} Data not available at time of publication, please see website version for information.

MINIMUM PARTIAL PAYMENT PRICE FOR JANUARY 201913.78 /cwt.



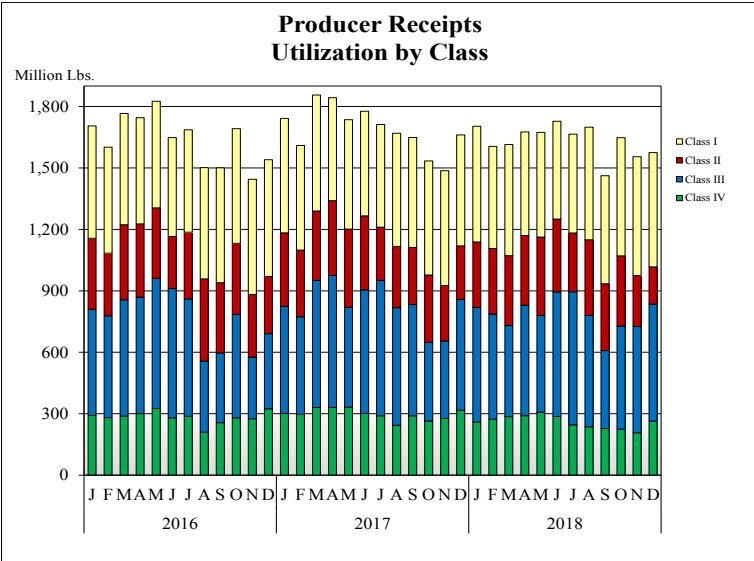
Mideast Market Administrator's Bulletin

Supplement

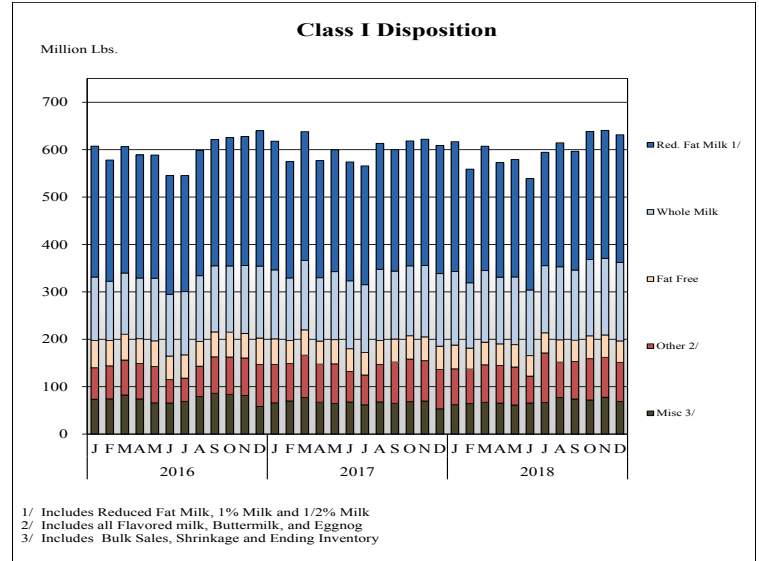
Federal Order No. 33

January 2019

PRODUCER MILK CLASSIFICATION

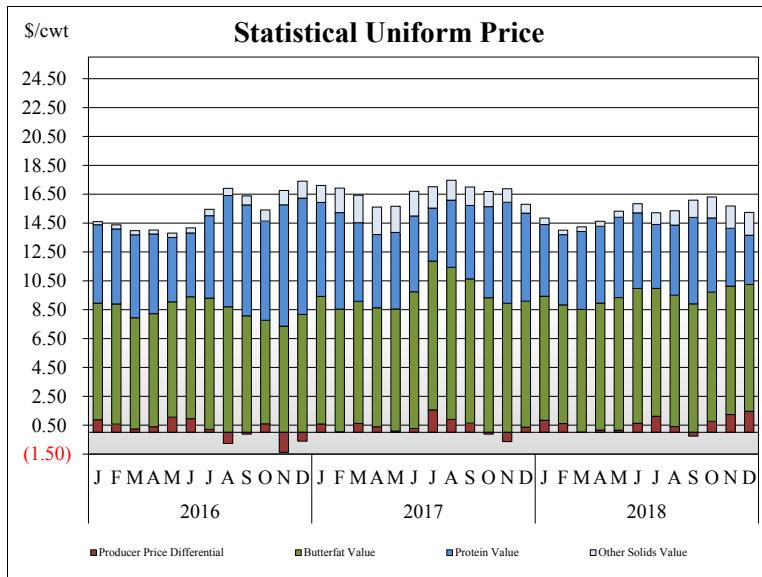


Producer Receipts: Producer receipts for the Mideast Order totaled 1.57 billion pounds in December 2018. The pounds allocated to Class I represented 35.4 percent of the total pounds. Producer receipts increased 20.0 million pounds compared to November 2018, and were down 86.1 million pounds from the prior year.

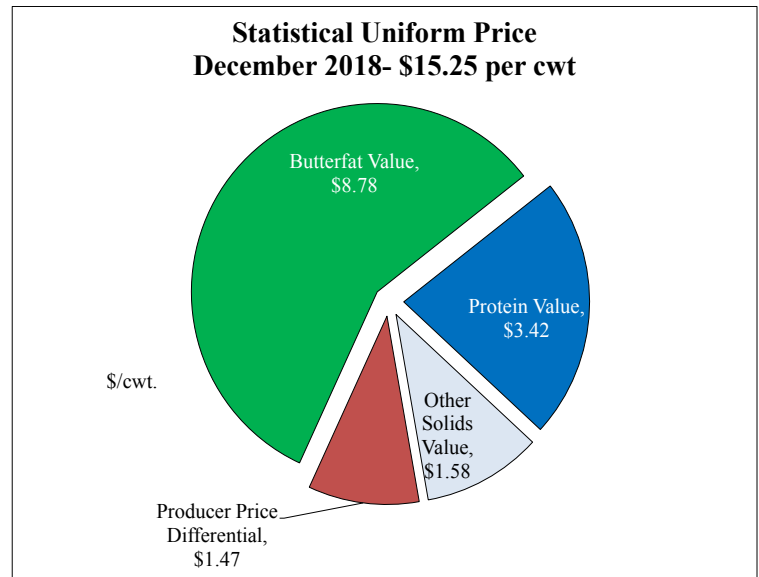


Class I Pounds: Class I Disposition for the Mideast Order totaled 631.4 million pounds in December 2018, up 22.8 million pounds from December 2017. Finished products include 165 million pounds used for whole milk, 269.5 million pounds of reduced fat and low fat milk, and 45.3 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

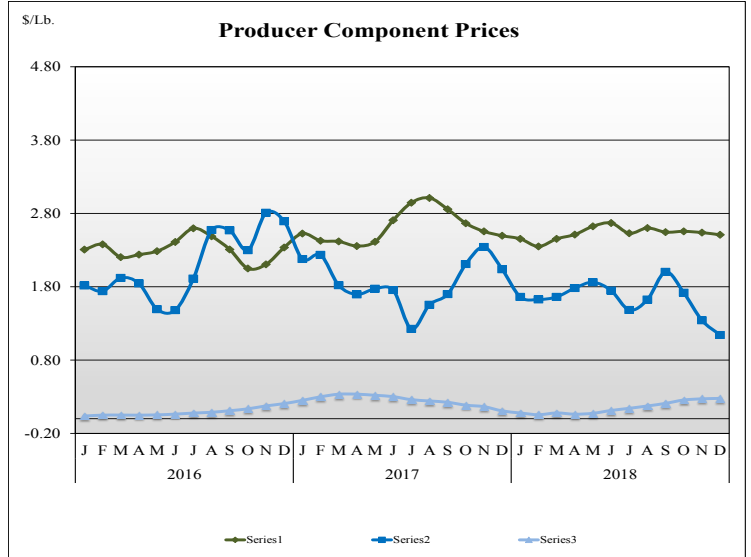
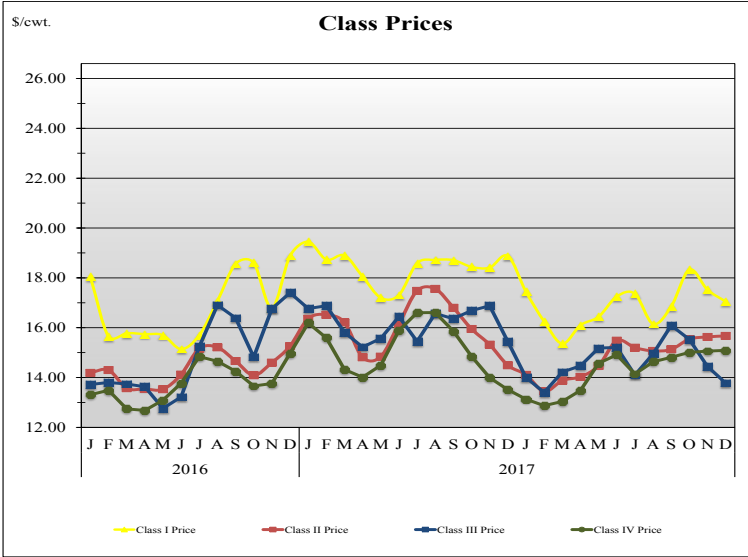


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$15.25 per cwt for December 2018. The December 2018 SUP was \$0.55 per cwt lower than the December 2017 SUP. The December 2018 SUP is \$0.43 per cwt lower than the November 2018 SUP.



December 2018 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the December 2018 SUP are: \$3.42 per cwt for protein, \$8.78 per cwt for butterfat and \$1.58 per cwt for other solids. Also included in the SUP is the -\$1.47 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

