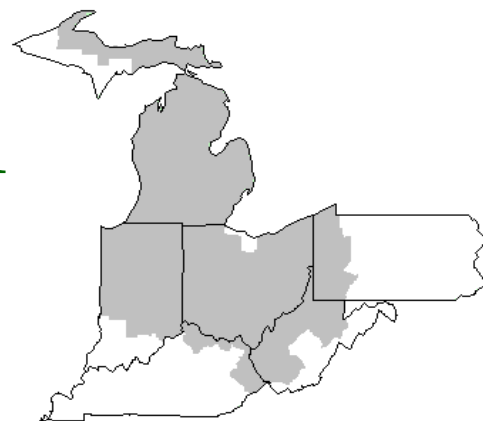


Mideast Market Administrator's Bulletin



Federal Order No. 33

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JULY 2019

Dairy News

Dairy exports generally weakened in April. On a milk-fat milk-equivalent basis, they were 776 million pounds, 82 million less than March and 284 million less than April 2018. On a skim-solids milk-equivalent basis, exports were 3.431 billion pounds, 288 million less than March and 1.057 billion less than April 2018. Exports of butterfat products (butter, anhydrous milk fats, and butteroil), cheese, nonfat dry milk and skim milk powder (NDM/SMP), whey products, and lactose declined from March to April.

Dairy imports generally strengthened in April. Imports on a milk-fat basis were 561 million pounds in April, 54 million higher than March and 45 million higher than April 2018. On a skim-solids basis, imports were 501 million pounds, 127 million higher than March and 56 million higher than April 2018. Imports of milk protein products (milk protein concentrate and casein products) totaled 22 million pounds in April, about twice as much as March.

April ending stocks on a milk-fat basis were 17.127 billion pounds, 160 million pounds below April 2018. On a skim-solids basis, April ending stocks totaled 11.075 billion pounds, 22 million higher than April 2018.

In the summer of 2018, China levied supplementary tariffs on many products imported from the United States, including virtually all dairy products, in response to higher tariffs imposed by the U.S. Government on certain goods imported from China. On May 13, 2019, China announced that tariffs on imports of certain U.S. products would be increased in response to additional U.S. tariffs levied on imports from China. U.S. dairy products subject to the latest round of increased tariffs include whey products, lactose, infant formula, and casein products.

In the summer of 2018, Canada and Mexico levied retaliatory tariffs on some products imported from the United States in response to higher tariffs imposed by the U.S. Government on imports of steel and aluminum products. With respect to dairy-related products, Canada imposed a 10-percent surtax on yogurt and pizza imports, and Mexico imposed tariffs of 20 or 25 percent on cheese imports, depending upon the type of cheese. On May 17, 2019, the United States agreed to lift the tariffs on steel and aluminum imports from Mexico and Canada. On May 19, Canada responded by repealing retaliatory measures, including surtaxes on yogurt and pizza. Likewise, on May 20, Mexico responded by removing retaliatory measures, including tariffs on cheese.

Unusually wet weather in corn production areas is expected to have significant effects on feed prices. According to the USDA *World Agricultural Supply and Demand Estimates* report, "Unprecedented planting delays observed through early June are expected to prevent some plantings and reduce yield prospects." The 2019/20 corn price forecast has been raised 50 cents to \$3.80 per bushel. While the forecast last month was for a decrease in the corn price from 2018/19, the new forecast is for a year-over-year increase. The soybean meal forecast for 2019/20 has been raised to \$295 per short ton, \$5 higher than last

month's forecast. The April alfalfa hay price was \$199 per short ton, \$15 higher than March and \$16 higher than April 2018. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

Due to recent declines in milk cow numbers, relatively high slaughter levels, and higher expected feed prices, the forecast for the size of the milking herd in 2019 has been lowered 10 thousand head to 9.335 million. The higher expected feed prices should also impact yields; therefore, the milk per cow forecast for the year has been lowered 25 pounds to 23,375. Milk production in 2019 is now forecast at 218.2 billion pounds, 0.5 billion pounds lower than the last forecast.

Imports on a milk-fat basis for 2019 are forecast at 6.5 billion pounds, the same as last month's forecast. The export forecast for 2019 on a milk-fat basis has been lowered 0.5 billion pounds to 9.7 billion, as higher expected cheese exports to Mexico due to elimination of tariffs only partially offset lower expected exports of butterfat products. Ending stocks on a milk-fat basis are now forecast at 13.1 billion pounds, an increase of 0.1 billion pounds from last month's estimate. The forecast for domestic use has been lowered 0.1 billion pounds to 214.5 billion for the year.

Imports on a skim-solids basis are now forecast at 5.4 billion pounds for the year, an increase of 0.3 billion from last month's forecast due to higher expected imports of milk protein products. The export forecast has been lowered 0.6 billion pounds to 42.0 billion due to lower expected exports of NDM/SMP and lactose. Additional tariffs by China are expected to constrain lactose exports to some extent. Ending stocks are forecast at 10.2 billion pounds for the year, unchanged from last month's estimate. The forecast for domestic use on a skim-solids basis in 2019 has been raised 0.3 billion pounds to 180.8 billion.

(continued on Page 3)

June 2019 - Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	497,486,817	29.4
Class II	286,965,678	17.0
Class III	646,702,863	38.2
Class IV	260,399,820	15.4
Total	1,691,555,178	100.0

Producer Prices

Producer Price Differential	\$ 1.13 /cwt
Butterfat Price	2.6579 /lb
Protein Price	2.0046 /lb
Other Solids Price	0.1702 /lb
Somatic Cell Adjustment Rate	0.00085 /cwt
Statistical Uniform Price	17.40 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

JUNE 2019

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			486,911,301			\$10.39 / cwt	\$ 50,590,084.17
Class I Butterfat		10,575,516				2.5834/ lb	27,320,788.03
Class I Location Differential	497,486,817						(243,023.53)
Class II SNF Value				24,311,675		0.9178/ lb	22,313,255.31
Class II Butterfat		22,004,042				2.6649/ lb	58,638,571.54
Class III Protein Value			19,888,842			2.0046/ lb	39,869,172.67
Class III Other Solids Value					37,657,466	0.1702/ lb	6,409,300.74
Class III Butterfat		20,092,343				2.6579/ lb	53,403,438.45
Class IV SNF Value				22,930,428		0.8665/ lb	19,869,215.86
Class IV Butterfat		10,527,224				2.6579/ lb	27,980,308.63
Somatic Cell Value II / III / IV							<u>1,768,821.11</u>
TOTAL PRODUCER MILK VALUE	1,691,555,178	63,199,125	51,604,413		97,897,199		\$ 307,919,932.98
Overages						\$ 115,282.49	
Beginning Inventory & OS Charges						63,804.23	
TOTAL ADJUSTMENTS							\$ <u>179,086.72</u>
TOTAL HANDLER OBLIGATIONS							\$ 308,099,019.70
Total Protein Value			51,604,413 lbs	@	\$ 2.0046		\$(103,446,206.31)
Total Other Solids Value			97,897,199 lbs	@	0.1702		(16,662,103.28)
Butterfat Value			63,199,125 lbs	@	2.6579		(167,976,954.36)
Total Somatic Cell Values							<u>(2,484,945.29)</u>
TOTALS							\$ 17,528,810.46
Net Producer Location Adjustments							\$ 1,339,261.65
1/2 Unobligated Balance Producer Settlement Fund							<u>933,000.00</u>
Total - Divided by Total Pounds			1,691,555,178 lbs		1.1705839		\$ 19,801,072.11
Rate of Cash Reserve					(0.0405839)		<u>(686,499.06)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,691,555,178		\$ 1.13 / cwt		\$ 19,114,573.05

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	<u>June</u>			<u>June</u>	
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Butterfat Price	\$2.6579 / lb	\$2.6692 / lb	Class III Price - 3.5% BF	\$16.27	\$15.21
Protein Price	2.0046 / lb	1.7478 / lb	Producer Price Differential*	<u>1.13</u>	<u>0.63</u>
Other Solids Price	0.1702 / lb	0.1128 / lb	Statistical Uniform Price	\$17.40	\$15.84
Somatic Cell Adjustment Rate	0.00085 / cwt	0.00081 / cwt			
Nonfat Solids Price	0.8665 / lb	0.6407 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	<u>June</u>			<u>June</u>	
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Class I*	\$19.07	\$17.25	Product lbs.		
Class II	17.30	15.48	Class I	497,486,817	477,551,007
Class III	16.27	15.21	Class II	286,965,678	355,393,139
Class IV	16.83	14.91	Class III	646,702,863	608,743,355
			<u>Class IV</u>	<u>260,399,820</u>	<u>286,303,479</u>
			Total	1,691,555,178	1,727,990,980

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for June 2019 was \$1.13 and the Statistical Uniform Price was \$17.40 for the month. The Statistical Uniform Price is \$0.46 higher than last month, and is \$1.56 higher than June 2018.

The Producer Butterfat Price of \$2.6579 per pound increased \$0.0861 from May and is down \$0.0113 from a year ago. The Protein Price of \$2.0046 is down \$0.1113 from last month and is up \$0.2568 from June 2018. The Other Solids Price in June was \$0.1702 per pound, a decrease from last month's price of \$0.1847 and \$0.0574 higher than last June. The Somatic Cell Adjustment rate for June was \$0.00085 per cwt.

June producer receipts of 1.69 billion pounds were 7.2 percent lower than May and 2.1 percent lower than June 2018 production of 1.73 billion pounds. Producer milk allocated to Class I accounted for 29.4 percent of the total producer milk in June 2019, lower than the 30.5 percent in May, and higher than the 27.6 percent in June 2018. A total of 4,201 producers were pooled on the Mideast Order compared to 4,530 producers pooled in June 2018.

The market average content of producer milk was as follows: Butterfat 3.74%; Protein 3.05%; Other Solids 5.79% and Nonfat Solids 8.84%.

(continued from Front Page)

Although lower milk production usually contributes to higher dairy product prices, expectations for cheese prices in 2019 are lower due to recent price movements. The cheese price forecast for 2019 has been lowered to \$1.64 per pound, 1 cent lower than last month's forecast. The whey price forecast has been lowered one-half cent to \$0.390 per pound due to recent price movements and continued weakness in exports. Prices for butter and NDM have been raised to \$2.325 (+3.5 cents) and \$1.015 (+1.0 cent), respectively, due to recent price movements and lower expected milk production.

With lower price forecasts for cheese and whey in 2019, the Class III price forecast for the year has been lowered 15 cents to \$15.90 per cwt. In contrast, higher butter and NDM price forecasts have resulted in a higher Class IV price forecast of \$16.40 per cwt. The all-milk price for 2019 is now forecast at \$18.00 per cwt, 5 cents lower than the previous forecast.

Dairy Forecasts for 2020

With higher feed prices and lower expected milk cow numbers in 2019, the 2020 forecast for size of the milking herd has been lowered 10 thousand head to 9.355 million (a year-over-year increase of 20 thousand head). Milk per cow is forecast at 23,720 pounds for the year, 60 pounds lower than the last forecast, due to higher expected feed prices. The 2020 milk production is forecast at 221.9 billion pounds for 2020, a reduction of 0.8 billion pounds from last month's forecast.

The forecast for imports on a milk-fat basis in 2020 is unchanged at 6.6 billion pounds. The export forecast for the year on a milk-fat basis is also unchanged at 10.4 billion pounds, as higher expected cheese exports to Mexico will offset lower expected exports of butterfat products. Ending stocks are forecast at 13.1 billion pounds, unchanged from last month's estimate. The forecast for domestic use in 2020 has been lowered 0.7 billion pounds to 217.1 billion, as higher butter and cheese prices should contribute to less consumption.

On a skim-solids basis, the import forecast for 2020 remains at 5.0 billion pounds. Exports for the year are forecast at 43.4 billion pounds on a skim-solids basis, 0.2 billion lower than the last forecast, due to lower expected exports of lactose. Ending stocks in 2020 are forecast slightly lower than previously estimated, at 10.1 billion pounds. Domestic use for the year on a skim-solids basis is now forecast at 182.6 billion pounds, 0.4 billion pounds lower than the last forecast.

Most dairy product prices are expected to move higher in 2020. Due to lower milk production and higher expectations for exports, the cheese price forecast has been raised to \$1.725 per pound, 1.5 cents higher than last month's forecast. Recent price gains and relatively strong expected domestic demand have motivated a half-cent increase in the butter price

forecast for 2020 to \$2.365 per pound. The NDM price forecast for the year is unchanged at \$1.045 per pound; this would represent price growth of 3 cents per pound from 2019 if forecasts are realized. The dry whey price for 2020 is now forecast at \$0.375 per pound, a half-cent lower than last month's forecast.

The higher cheese price forecast has resulted in an increase of 10 cents in the Class III price forecast for 2020, to \$16.65 per cwt. Similarly, with higher expected butter prices, the Class IV price forecast for the year is 5 cents higher than the previous forecast, at \$16.85 per cwt. The all-milk price is now forecast at \$18.90 per cwt for the year, an increase of 10 cents from the last forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-300, June 17, 2019 USDA, Economic Research Service

May Milk Production Down 0.1 Percent

Milk production in the 24 major States during May totaled 18.1 billion pounds, down 0.1 percent from May 2018. April revised production, at 17.6 billion pounds, was up 0.5 percent from April 2018. The April revision represented an increase of 1.1 percent or 195 million pounds from last month's preliminary 23-State production estimate.

Production per cow in the 24 major States averaged 2,062 pounds for May, 11 pounds above May 2018.

The number of milk cows on farms in the 24 major States was 8.79 million head, 55,000 head less than May 2018, but 5,000 head more than April 2019.

The Mideast Marketing Area has four states represented in the 24 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during May totaled 2.7 billion pounds, down 95 million pounds or 3.4 percent from May 2018.

Production per cow in the Mideast states averaged 2,011 pounds for May. This was a decrease of 5 pounds from May 2018.

The number of cows on farms in the Mideast states was 1.3 million head, 45,000 head less than May 2018.

Bulletin WebPage Edition
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Featured this month are:

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

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

State	Number of Producers	Pounds of Milk (000)	May 2019 -----Weighted Averages -----				May 2018 -----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,042	952,751	3.79	3.13	5.81	156	824,727	3.79	3.10	5.79	163
Ohio	1,461	416,999	3.82	3.10	5.74	174	419,448	3.79	3.07	5.78	181
Indiana	686	248,488	3.75	3.08	5.78	172	232,870	3.68	3.02	5.76	183
New York	185	92,419	3.91	3.11	5.71	171	98,367	3.87	3.07	5.78	179
Pennsylvania	656	85,548	3.87	3.08	5.74	208	87,792	3.85	3.04	5.76	208
Other	163	27,180	3.73	3.04	5.78	189	10,579	3.81	3.11	5.73	229
Total/Average *	4,193	1,823,385	3.80	3.11	5.78	166	1,673,783	3.78	3.08	5.78	174

* 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
June 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)	2,246,173	628,220	28.0	\$2.01	\$18.28
FO 5	Appalachian - (Charlotte)	418,037	262,224	63.0	^{2/}	19.44
FO 6	Florida - (Tampa)	189,294	155,308	82.1	^{2/}	21.62
FO 7	Southeast - (Atlanta)	441,567	252,443	57.2	^{2/}	19.58
FO 30	Upper Midwest - (Chicago)	3,248,017	197,590	6.1	0.25	16.52
FO 32	Central - (Kansas City)	1,541,924	333,121	21.6	0.64	16.91
FO 33	Mideast - (Cleveland)	1,691,555	497,487	29.4	1.13	17.40
FO 51	California - (Los Angeles)	2,372,952	385,922	16.3	0.96	17.23
FO 124	Pacific Northwest - (Seattle)	761,526	126,787	16.7	0.67	16.94
FO 126	Southwest - (Dallas)	1,119,904	298,841	26.7	1.61	17.88
FO 131	Arizona - (Phoenix)	413,983	91,384	22.1	^{2/}	17.32

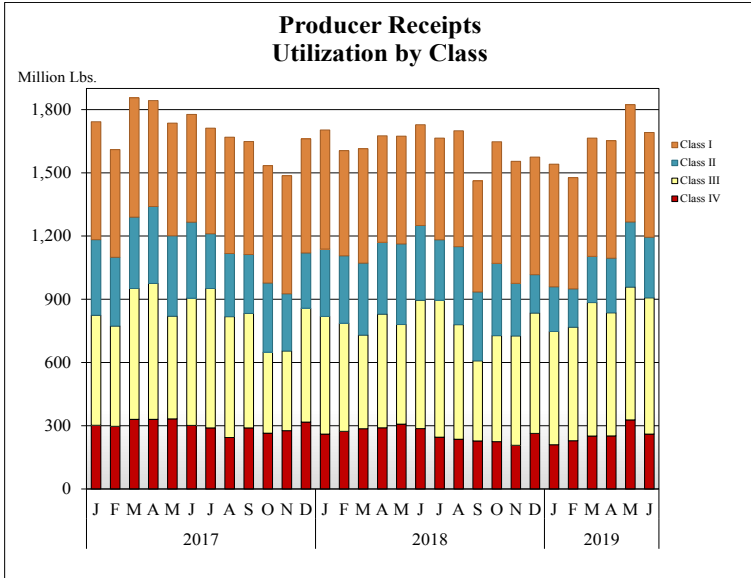
^{1/} Names in parentheses are principal points of markets.

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

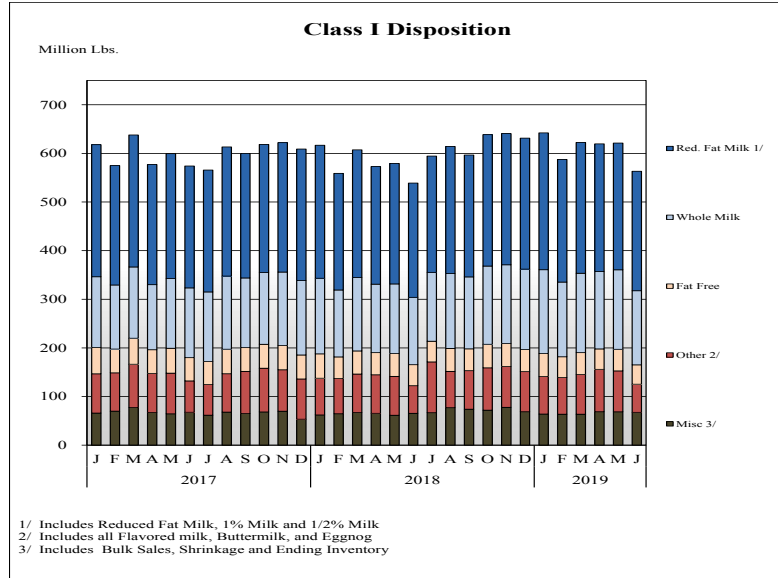
^{3/} Data not available at time of publication, please see website version for information.

MINIMUM PARTIAL PAYMENT PRICE FOR JULY 2019.....\$16.27 /cwt.

PRODUCER MILK CLASSIFICATION

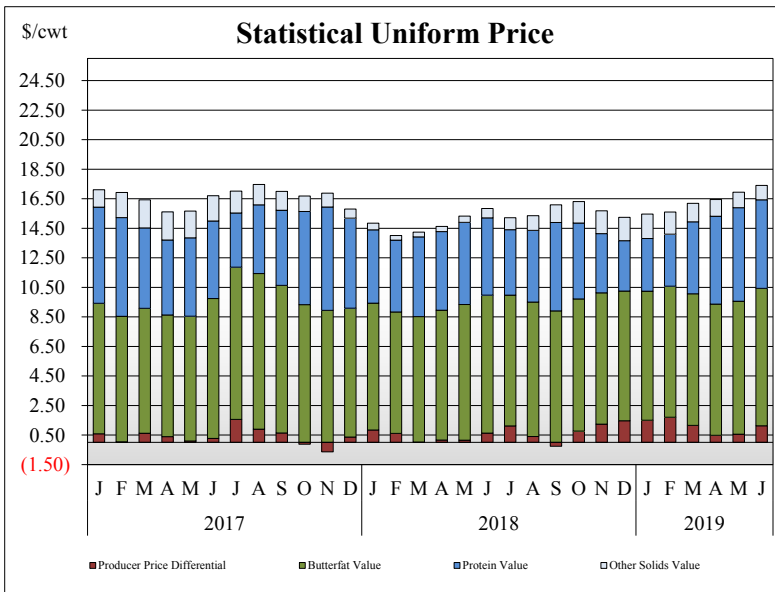


Producer Receipts: Producer receipts for the Mideast Order totaled 1.692 billion pounds in June 2019. The pounds allocated to Class I represented 29.4 percent of the total pounds. Producer receipts decreased 131 million pounds compared to May 2019, and were down 36 million pounds from the prior year.

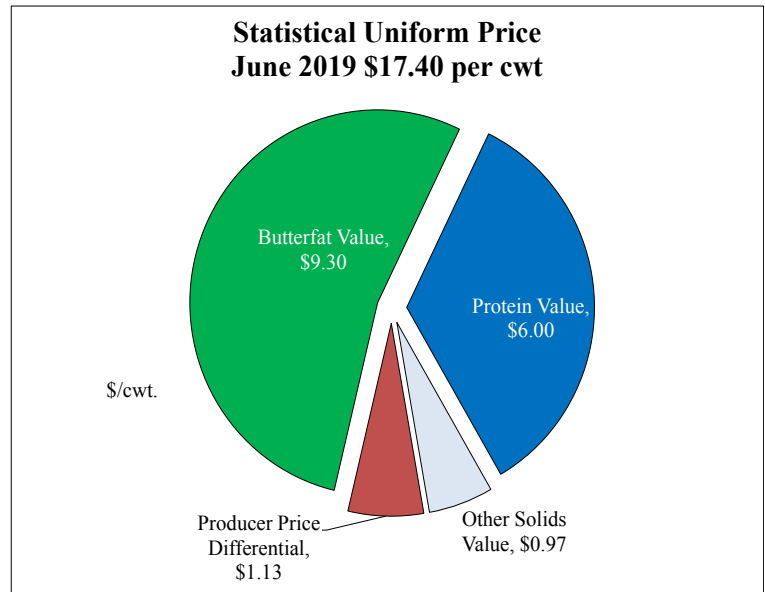


Class I Pounds: Class I Disposition for the Mideast Order totaled 563 million pounds in June 2019, up 24 million pounds from June 2018. Finished products include 153 million pounds used for whole milk, 246 million pounds of reduced fat and low fat milk, and 40 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

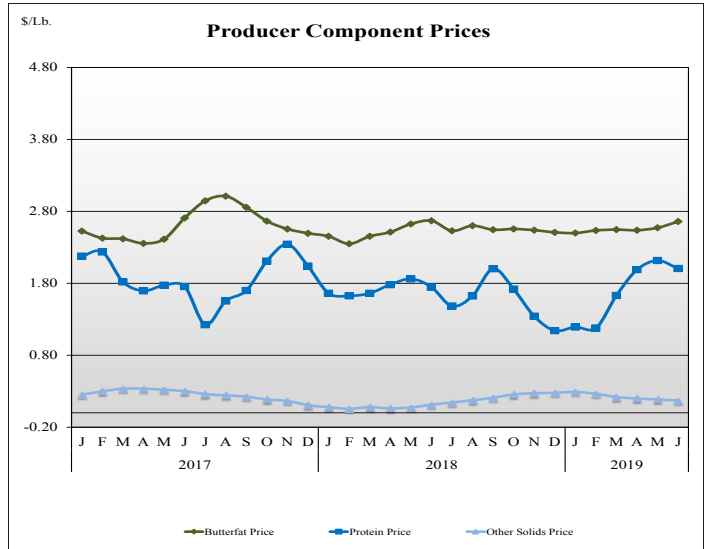
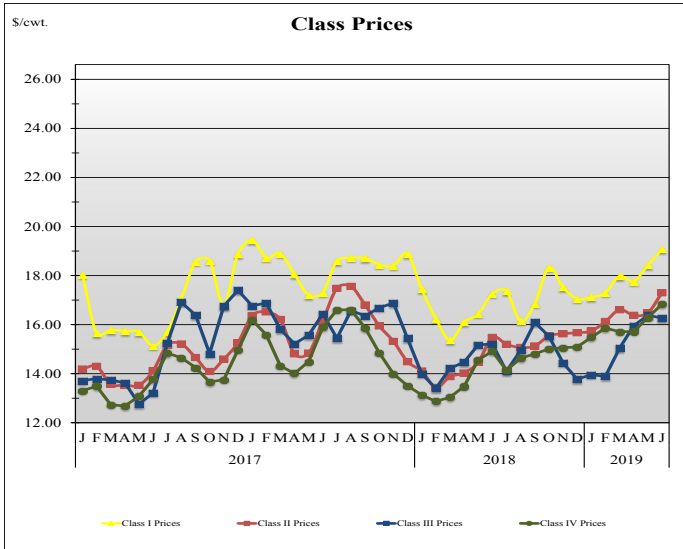


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$17.40 per cwt for June 2019. The June 2019 SUP was \$1.56 per cwt higher than the June 2018 SUP. The June 2019 SUP is \$0.46 per cwt higher than the May 2019 SUP.



June 2019 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the June 2019 SUP are: \$6.00 per cwt for protein, \$9.30 per cwt for butterfat and \$0.97 per cwt for other solids. Also included in the SUP is the \$1.13 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

