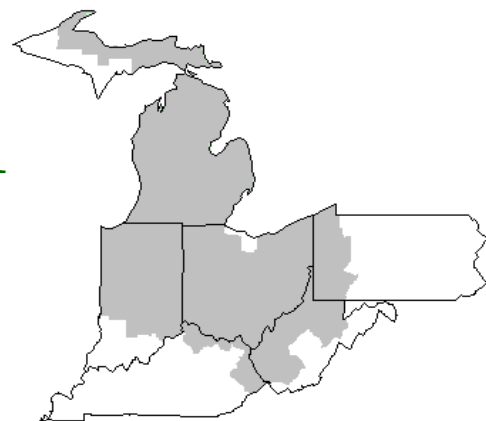


Mideast Market Administrator's Bulletin



Federal Order No. 33

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APRIL 2020

Recent Developments in Dairy Markets

In February, U.S. domestic prices were competitive with international export prices of other major global suppliers. Butter prices for Oceania and Europe were \$1.891 and \$1.786 per pound, respectively, at the midpoints of the ranges. The Oceania Cheddar cheese export price was \$2.010 per pound. Skim milk powder (SMP) prices for Oceania and Europe were \$1.363 and \$1.287 per pound, respectively. Europe's dry whey export price was \$0.414 per pound.

In January, New Zealand milk production was down 0.7 percent from January 2019, while Australia milk production was up 0.5 percent. January milk production data are not yet available for all of the EU countries. In December, milk production of the top four dairy exporters (EU, New Zealand, United States, and Australia) totaled 54.5 billion pounds, a 0.9-percent increase from December 2018. EU milk production was up 1.2 percent, Australia was even with the previous year, and New Zealand was down 0.5 percent. New Zealand's North Island, where most dairy farms are located, has experienced a severe drought in recent months. The drought was declared a medium-scale adverse event for Northland and parts of Auckland by Agriculture Minister Damien O'Connor on February 11.

In January, U.S. dairy exports on a skim-solids milk-equivalent basis were robust, totaling 3.806 billion pounds, an increase of 87 million from December and 744 million from January 2019. This was a record high for January, surpassing 3.399 billion pounds in January 2018. By contrast, January dairy exports on a milk-fat milk-equivalent basis were comparatively low, totaling 674 million pounds, 21 million less than December and 12 million less than January 2019.

The 2019/20 corn price forecast is \$3.80 per bushel, 5 cents lower than last month's forecast. The 2019/20 soybean meal forecast is \$305 per short ton, unchanged from the previous forecast. The alfalfa hay price in January was \$171 per short ton, \$4 lower than December and \$8 lower than January 2019. The 5-State weighted-average price for premium alfalfa hay in January was \$210 per short ton, \$10 higher than the December but \$11 lower than January 2019. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

Dairy Forecasts for 2020

Based on recent milk production data, the 2020 forecast for the number of milk cows has been raised to 9.345 million head, 10,000 higher than last month's forecast. Milk per cow is now forecast at 23,780 pounds, 5 pounds lower than the previous forecast. With the higher projection for milk cows more than offsetting the lower projection for milk per cow, the milk production forecast has been raised by 0.3 billion pounds to 222.3 billion.

With relatively low exports on a milk-fat basis in January, the export forecast for 2020 has been lowered to 9.2 billion pounds, 0.2 lower than

last month's forecast. The forecast for 2020 dairy exports on a skim-solids basis has been raised to 43.9 billion pounds, 0.3 billion higher than last month's forecast. Strong exports of NDM & SMP, whey products, and lactose are expected to continue. The higher forecast reflects improved access to China's markets and the impact of drought on New Zealand's dairy sector. However, with potential effects of the COVID-19, expectations for higher dairy export forecasts have been tempered.

The import forecast for 2020 on a milk-fat basis has been raised to 6.8 billion pounds as higher imports of cheese and butterfat products are expected. On a skim solids basis, the forecast for 2020 has been raised to 43.9 billion pounds, as higher imports of cheese, milk protein products, and other products are expected.

The forecast for domestic commercial use has been raised to 218.2 billion pounds on a milk-fat basis (+0.3 billion) but is unchanged at 182.7 billion pounds on a skim-solids basis. The forecast for ending stocks on a milk-fat basis has been raised to 14.1 billion pounds (+0.7 billion) and to 10.4 billion pounds on a skim-solids basis (+0.1 billion).

Based on recent price weakening, higher expected milk production, and lower expectations for global demand, 2020 price forecasts for cheese, butter, and NDM have been lowered to \$1.755 (-3.5 cents), \$1.845 (-6.5 cents), and \$1.175 (-8.0 cents) per pound, respectively. With recent strengthening in the dry whey price, its forecast has been raised by 1.0 cent to \$0.355 per pound.

(Continued on Page 3)

March 2020 Pool Summary

Classification of Producer Milk

| | <i>Pounds</i> | <i>Percent</i> |
|-----------|---------------|----------------|
| Class I | 618,229,835 | 35.4 |
| Class II | 313,903,674 | 18.0 |
| Class III | 563,260,578 | 32.2 |
| Class IV | 252,323,825 | 14.4 |
| Total | 1,747,717,912 | 100.0 |

Producer Prices

| | |
|------------------------------|---------------|
| Producer Price Differential | \$ 0.72 / cwt |
| Butterfat Price | 1.9177 / lb |
| Protein Price | 2.8424 / lb |
| Other Solids Price | 0.1810 / lb |
| Somatic Cell Adjustment Rate | 0.00085 / cwt |
| Statistical Uniform Price | 16.97 / cwt |

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

MARCH 2020**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 | | | 604,849,177 | | | \$12.82 / cwt | \$ 77,541,664.50 |
| Class I Butterfat | | 13,380,658 | | | | 2.0257 / lb | 27,105,198.91 |
| Class I Location Differential | 618,229,835 | | | | | | (340,026.62) |
| Class II SNF Value | | | | 27,299,445 | | 1.1533 / lb | 31,484,449.96 |
| Class II Butterfat | | 21,080,521 | | | | 1.9247 / lb | 40,573,678.71 |
| Class III Protein Value | | | 17,989,642 | | | 2.8424 / lb | 51,133,758.41 |
| Class III Other Solids Value | | | | | 32,762,675 | 0.1810 / lb | 5,930,044.19 |
| Class III Butterfat | | 18,920,325 | | | | 1.9177 / lb | 36,283,507.26 |
| Class IV SNF Value | | | | 22,111,184 | | 0.9387 / lb | 20,755,768.41 |
| Class IV Butterfat | | 15,168,242 | | | | 1.9177 / lb | 29,088,137.67 |
| Somatic Cell Value II / III / IV | | | | | | | <u>1,843,573.43</u> |
| TOTAL PRODUCER MILK VALUE | 1,747,717,912 | 68,549,746 | 55,457,753 | | 101,095,486 | | \$ 321,399,754.83 |
| Overages | | | | | 41,954.17 | | |
| Beginning Inventory & OS Charges | | | | | 1,289.22 | | |
| TOTAL ADJUSTMENTS | | | | | | | \$ 43,243.39 |
| TOTAL HANDLER OBLIGATIONS | | | | | | | \$ 321,442,998.22 |
| Total Protein Value | | | 55,457,753 lbs | @ | \$2.8424 | | \$ (157,633,117.12) |
| Total Other Solids Value | | | 101,095,486 lbs | @ | 0.181 | | (18,298,282.97) |
| Butterfat Value | | | 68,549,746 lbs | @ | 1.9177 | | (131,457,847.89) |
| Total Somatic Cell Values | | | | | | | <u>(2,848,231.89)</u> |
| TOTALS | | | | | | | \$ 11,205,518.35 |
| Net Producer Location Adjustments | | | | | | | \$ 1,382,356.77 |
| 1/2 Unobligated Balance Producer Settlement Fund | | | | | | | <u>723,000.00</u> |
| Total - Divided by Total Pounds | | | 1,747,717,912 lbs | | 0.7616146 | | \$ 13,310,875.12 |
| Rate of Cash Reserve | | | | | <u>(0.0416146)</u> | | <u>(727,305.82)</u> |
| PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH ¹ | | | 1,747,717,912 | | \$ 0.72 /cwt | | \$ 12,583,569.30 |

COMPONENT PRICES

March

COMPUTATION OF UNIFORM PRICE

March

| | <u>2020</u> | <u>2019</u> | | <u>2020</u> | <u>2019</u> |
|----------------------------------|---------------|---------------|------------------------------|-------------|-------------|
| Butterfat Price | \$1.9177 / lb | \$2.5461 / lb | Class III Price - 3.5% BF | \$16.25 | \$15.04 |
| Protein Price | 2.8424 / lb | 1.6303 / lb | Producer Price Differential* | <u>0.72</u> | <u>1.15</u> |
| Other Solids Price | 0.1810 / lb | 0.2200 / lb | Statistical Uniform Price | \$16.97 | \$16.19 |
| Somatic Cell Adjustment Rate | 0.00085 / cwt | 0.00077 / cwt | | | |
| Nonfat Solids Price ² | 0.9387 / lb | 0.7832 / lb | | | |

CLASS PRICES

March

CLASSIFICATION OF PRODUCER MILK

March

| | <u>2020</u> | <u>2019</u> | | <u>2020</u> | <u>2019</u> |
|-----------|-------------|-------------|--------------|--------------------|--------------------|
| Class I* | \$19.46 | \$17.98 | Product lbs. | Product lbs. | |
| Class II | 16.75 | 16.61 | Class I | 618,229,835 | 560,693,919 |
| Class III | 16.25 | 15.04 | Class II | 313,903,674 | 219,367,456 |
| Class IV | 14.87 | 15.71 | Class III | 563,260,578 | 633,125,340 |
| | | | Class IV | <u>252,323,825</u> | <u>251,360,251</u> |
| | | | Total | 1,747,717,912 | 1,664,546,966 |

¹ Subject to Location Adjustment.² Producers are not paid on this component.**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for March 2020 was \$0.72 and the Statistical Uniform Price was \$16.97 for the month. The Statistical Uniform Price is \$0.30 lower than last month, and is \$0.78 higher than March 2019.

The Producer Butterfat Price of \$1.9177 per pound decreased \$0.0636 from February and is down \$0.6284 from a year ago. The Protein Price of \$2.8424 is down \$0.1885 from last month and is up \$1.2121 from March 2019. The Other Solids Price in March was \$0.1810 per pound, an increase from last month's price of \$0.1750 and \$0.0390 lower than last March. The Somatic Cell Adjustment rate for March was \$0.00085 per cwt.

March producer receipts of 1.75 billion pounds were 2.6 percent higher than February and 5.0 percent higher than March 2019 production of 1.66 billion pounds. Producer milk allocated to Class I accounted for 35.4 percent of the total producer milk in March 2020, higher than the 30.8 percent in February, and higher than the 33.7 percent in March 2019. A total of 4,055 producers were pooled on the Mideast Order compared to 4,284 producers pooled in March 2019.

The market average content of producer milk was as follows: Butterfat 3.92%; Protein 3.17%; Other Solids 5.78% and Nonfat Solids 8.95%.

(continued from Front Page)

With the lower expected cheese price more than offsetting the higher expected dry whey price, the Class III milk price forecast has been lowered \$0.30 to \$16.65 per hundredweight (cwt). With lower expected prices for butter and NDM, the Class IV price forecast has been lowered by \$0.95 to \$15.75 per cwt. The all-milk price forecast for 2020 is \$18.25 per cwt, a reduction of \$0.60 from last month's forecast of \$18.85 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-309, March 16, 2020 USDA, Economic Research Service

February 2020 Highlights

Total cheese output (excluding cottage cheese) was 1.03 billion pounds, 3.7 percent above February 2019 but 7.4 percent below January 2020.

Italian type cheese production totaled 449 million pounds, 1.8 percent above February 2019 but 7.4 percent below January 2020.

American type cheese production totaled 415 million pounds, 6.1 percent above February 2019 but 5.1 percent below January 2020.

Butter production was 179 million pounds, 8.9 percent above February 2019 but 7.3 percent below January 2020.

Dry milk products (comparisons in percentage with February 2019)
Nonfat dry milk, human - 156 million pounds, up 1.5 percent.
Skim milk powder - 40.4 million pounds, up 13.5 percent.

Whey products (comparisons in percentage with February 2019)
Dry whey, total - 76.5 million pounds, up 2.1 percent.
Lactose, human and animal - 87.2 million pounds, down 11.1 percent.
Whey protein concentrate, total - 36.0 million pounds, down 8.3 percent.

Frozen products (comparisons in percentage with February 2019)
Ice cream, regular (hard) - 51.8 million gallons, down 0.6 percent.
Ice cream, lowfat (total) - 32.7 million gallons, up 1.4 percent.
Sherbet (hard) - 3.01 million gallons, up 13.6 percent.
Frozen yogurt (total) - 4.33 million gallons, down 3.7 percent.

Released April 2, 2020, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

February Milk Production Up 5.6 Percent

Milk production in the 24 major States during February totaled 17.0 billion pounds, up 5.6 Percent from February 2019. However, adjusting production for the additional day due to leap year causes February milk production to be up 2.0 percent on a per day basis. January revised production, at 18.0 billion pounds, was up 1.5 percent from January 2019. The January revision represented an increase of 38 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,927 pounds for February, 94 pounds above February 2019. When production is adjusted for the additional day due to leap year, February production per cow is 27 pounds above February 2019 on a per day basis.

The number of milk cows on farms in the 24 major States was 8.84 million head, 39,000 head more than February 2020, and 8,000 head more than February 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 February totaled 2.5 billion pounds, up 105 million pounds or 4.3 percent from February 2019.

Production per cow in the Mideast states averaged 1,873 pounds for February, 100 pounds more February 2019.

The number of cows on farms in the Mideast states was 1.3 million head, 9,000 head less than February 2019.

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

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| State | February 2020 -----Weighted Averages ----- | | | | | | February 2019 -----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 | 971 | 870,046 | 3.93 | 3.21 | 5.81 | 152 | 754,948 | 3.96 | 3.24 | 5.80 | 172 |
| Ohio | 1,367 | 394,555 | 4.01 | 3.19 | 5.72 | 168 | 345,540 | 4.01 | 3.19 | 5.71 | 175 |
| Indiana | 695 | 247,747 | 3.93 | 3.17 | 5.80 | 163 | 199,471 | 3.92 | 3.19 | 5.80 | 184 |
| New York | 181 | 88,060 | 4.03 | 3.22 | 5.87 | 159 | 81,060 | 4.05 | 3.20 | 5.74 | 175 |
| Pennsylvania | 662 | 82,971 | 4.03 | 3.12 | 5.67 | 193 | 74,344 | 4.08 | 3.17 | 5.73 | 208 |
| Other | 149 | 20,257 | 3.87 | 3.16 | 5.75 | 219 | 21,750 | 3.87 | 3.16 | 5.75 | 219 |
| Total/Average * | 4,025 | 1,703,637 | 3.96 | 3.19 | 5.78 | 160 | 1,477,112 | 3.98 | 3.22 | 5.77 | 177 |

* 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
March 2020**

| Marketing Area ^{1/} | Producer Milk | | Class I | Producer Price Differential (per cwt.) | Statistical Uniform Price (per cwt.) |
|--------------------------------------|------------------|------------------|--------------|---|---|
| | Total (000) | Class I (000) | Percent % | | |
| FO 1 Northeast - (Boston) | 2,365,719 | 731,847 | 30.9 | \$1.49 | \$17.74 |
| FO 5 Appalachian - (Charlotte) | 493,317 | 349,040 | 70.8 | ^{2/} | 19.49 |
| FO 6 Florida - (Tampa) | 231,659 | 190,993 | 82.4 | ^{2/} | 21.64 |
| FO 7 Southeast - (Atlanta) | 463,410 | 306,587 | 66.2 | ^{2/} | 19.64 |
| FO 30 Upper Midwest - (Chicago) | 2,545,583 | 245,280 | 9.6 | 0.17 | 16.42 |
| FO 32 Central - (Kansas City) | 1,444,176 | 426,532 | 29.5 | 0.15 | 16.40 |
| FO 33 Mideast - (Cleveland) | 1,747,718 | 618,230 | 35.4 | 0.72 | 16.97 |
| FO 51 California - (Los Angeles) | 2,036,298 | 481,011 | 23.6 | (0.23) | 16.02 |
| FO 124 Pacific Northwest - (Seattle) | 638,264 | 154,936 | 24.3 | (0.14) | 16.11 |
| FO 126 Southwest - (Dallas) | 1,007,008 | 389,645 | 38.7 | 0.87 | 17.12 |
| FO 131 Arizona - (Phoenix) | 462,499 | 118,841 | 25.3 | ^{2/} | 16.56 |

^{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 APRIL 2020.....\$14.87 /cwt.



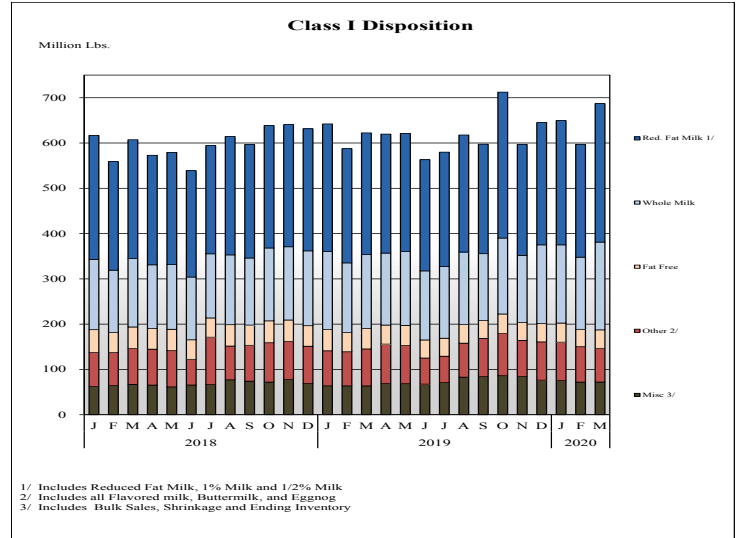
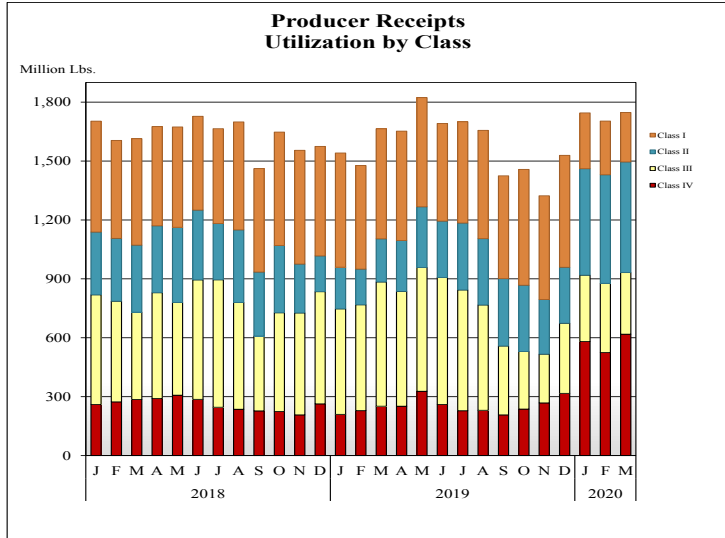
Mideast Market Administrator's Bulletin

Supplement

Federal Order No. 33

April 2020

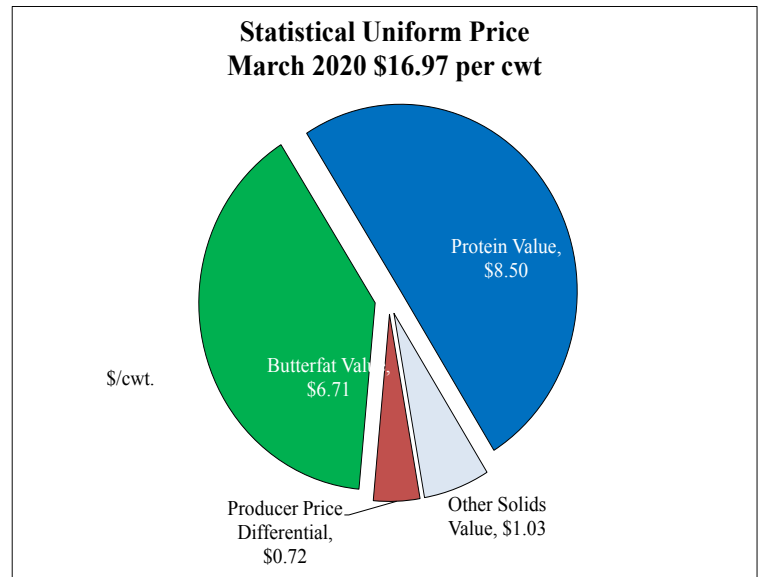
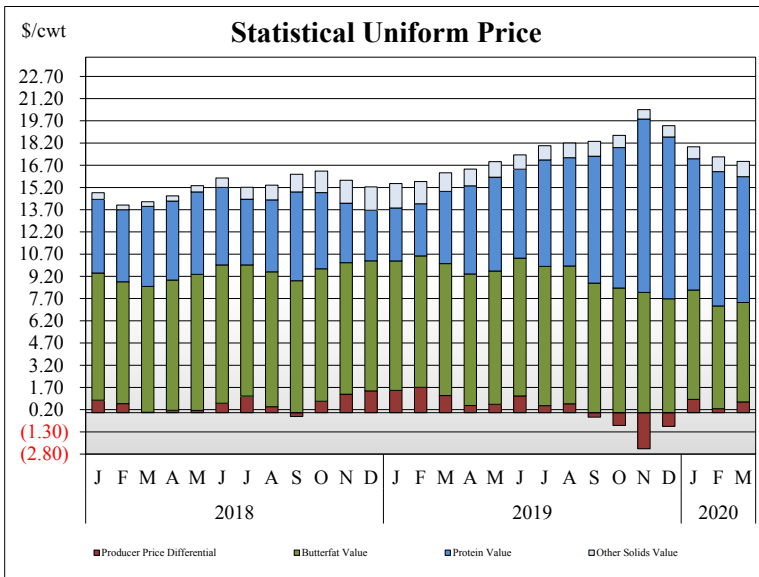
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.75 billion pounds in March 2020. The pounds allocated to Class I represented 35.4 percent of the total pounds. Producer receipts increased 44.1 million pounds compared to February 2020, and were up 83.2 million pounds from the prior year.

Class I Pounds: Class I Disposition for the Mideast Order totaled 618.2 million pounds in March 2020, up 57.5 million pounds from March 2019. Finished products include 193.7 million pounds used for whole milk, 305.8 million pounds of reduced fat and low fat milk, and 41.0 million pounds of fat free (skim) milk.

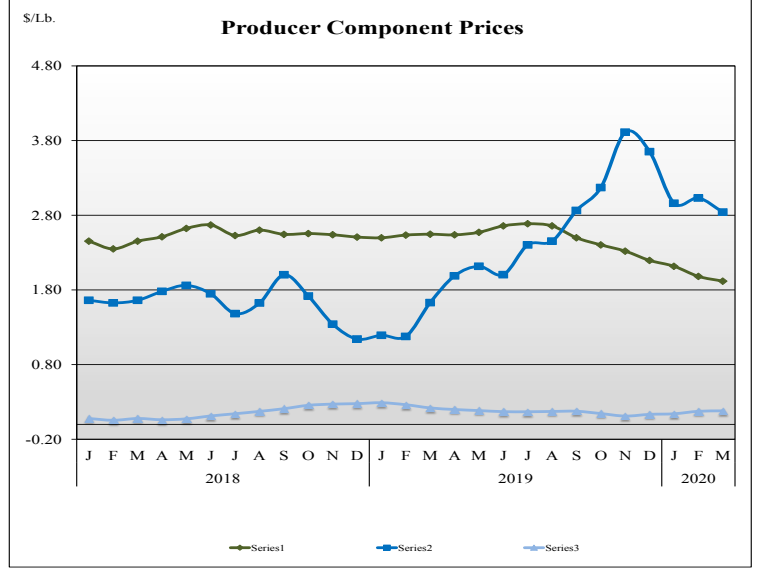
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$16.97 per cwt for March 2020. The March 2020 SUP was \$0.78 per cwt higher than the March 2019 SUP. The March 2020 SUP is \$0.30 per cwt lower than the February 2020 SUP.

March 2020 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the March 2020 SUP are: \$8.50 per cwt for protein, \$6.71 per cwt for butterfat and \$1.03 per cwt for other solids. Also included in the SUP is the \$0.72 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

