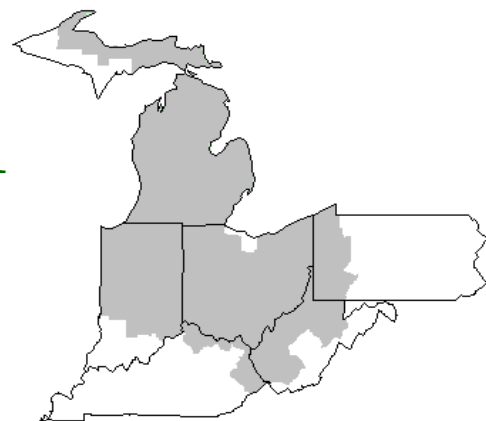


Mideast Market Administrator's Bulletin



Federal Order No. 33

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JANUARY 2020

Recent Developments in Dairy Markets

Most international export prices for major dairy commodities increased from October to November. Skim milk powder (SMP) export prices for Oceania and Europe, as reported by USDA Agricultural Marketing Service, rose to \$1.37 and \$1.26 per pound, respectively, at the midpoints of the ranges. The Oceania export price for Cheddar cheese rose to \$1.71, and the European price for dry whey rose to \$0.40 per pound. Butter prices for Oceania and Europe remained about the same in November as they were in October, at \$1.87 and \$1.82 per pound, respectively.

In October, dairy exports on a milk-fat milk-equivalent basis totaled 700 million pounds, 42 million lower than September and 211 million lower than October 2018. October exports on a skim-solids milk-equivalent basis were 3.642 billion pounds, 87 million higher than September and 126 million higher than October 2018. Exports of NDM/SMP continued to rise, totaling 156 million pounds in October, 12 million higher than September and 22 million higher than October 2018. Exports of whey products (dry whey, whey protein concentrate, and modified whey), fell to 66 million pounds, 6 million less than September and 17 million less than October 2018. Retaliatory tariffs by China and lower feed use in China due to African Swine Fever have likely contributed to the decline in whey product exports. Imports of dairy products on a milk-fat basis were 674 million pounds in October, 24 million less than September but 59 million higher than October 2018. On a skim-solids basis, October imports were 485 million pounds, 62 million higher than September and 57 million higher than October 2018.

On a milk-fat basis, October ending stocks were 15.050 billion pounds, 271 million pounds lower than October 2018. On a skim-solids basis, October ending stocks were 10.061 billion pounds, 197 million lower than October 2018. Notably, manufacturers' stocks of NDM totaled 220 million pounds for the end of October, 33 million less than October 2018. For the 3 months from August through October 2019, domestic use on a milk-fat basis was 1.9 percent higher than the same 3 months of 2018. On a skim-solids basis, domestic use for the 3 months from August through October 2019 was 1.5 percent higher than the same 3 months of 2018.

The 2019/20 corn price forecast is unchanged from last month at \$3.85 per bushel. The soybean meal forecast for 2019/20 is \$310 per short ton, \$15 lower than last month's forecast. The October alfalfa hay price was \$179 per short ton, \$2 lower than September but \$3 higher than October 2018. The 5-State weighted-average price for premium alfalfa hay in October was \$205 per short ton, \$1 higher

than the September price. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

Dairy Forecasts for 2020

The 2020 annual forecast for milk production is unchanged from last month at 222.4 billion pounds. Milk cows are forecast to average 9.335 million head, and milk per cow is forecast at 23,830 pounds.

On a milk-fat basis, the 2020 export forecast has been raised 0.1 billion pounds to 9.3 billion as lower expected U.S. prices for butter and milkfat are expected to be more competitive in global markets for butterfat products. The export forecast on a skim-solids basis has been raised 0.1 billion pounds to 43.1 billion due to higher expected NDM/SMP exports. The 2020 forecast for imports on a milk-fat basis has been lowered 0.1 billion pounds to 6.4 billion, and the forecast for imports on a skim-solids basis is unchanged at 5.5 billion pounds.

Ending stocks for 2020 on a milk-fat basis are projected at 13.3 billion pounds for the year, 0.1 billion pounds higher than last month's forecast. On a skim-solids basis, ending stocks are projected at 10.8 billion pounds, unchanged from the last forecast. The domestic use forecasts for 2020 have been lowered to 218.7 billion pounds on a milk-fat basis (-0.3 billion) and to 183.5 billion pounds on a skim-solids basis (-0.1 billion).

(continued on Page 3)

December 2019 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	570,009,537	37.3
Class II	285,415,878	18.7
Class III	356,994,662	23.3
Class IV	316,797,663	20.7
Total	1,529,217,740	100.0

Producer Prices

Producer Price Differential	\$ (0.93) / cwt
Butterfat Price	2.1952 / lb
Protein Price	3.6515 / lb
Other Solids Price	0.1341 / lb
Somatic Cell Adjustment Rate	0.00103 / cwt
Statistical Uniform Price	18.44 / cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
DECEMBER 2019

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			557,588,432			\$13.61 / cwt	\$ 75,887,785.60
Class I Butterfat		12,421,105				2.3408 / lb	29,075,322.58
Class I Location Differential	570,009,537						(281,671.82)
Class II SNF Value				24,726,867		1.0478 / lb	25,908,811.23
Class II Butterfat		21,286,697				2.2022 / lb	46,877,564.14
Class III Protein Value			11,670,058			3.6515 / lb	42,613,216.79
Class III Other Solids Value					20,709,843	0.1341 / lb	2,777,189.96
Class III Butterfat		11,531,952				2.1952 / lb	25,314,941.03
Class IV SNF Value				28,165,916		1.0378 / lb	29,230,587.64
Class IV Butterfat		15,919,592				2.1952 / lb	34,946,688.36
Somatic Cell Value II / III / IV							<u>1,847,249.19</u>
TOTAL PRODUCER MILK VALUE	1,529,217,740	61,159,346	49,414,699		88,077,569		\$ 314,197,684.70
Overages						\$ 76,421.47	
Beginning Inventory & OS Charges						39,917.49	
TOTAL ADJUSTMENTS							\$ <u>116,338.96</u>
TOTAL HANDLER OBLIGATIONS							\$ 314,314,023.66
Total Protein Value			49,414,699 lbs	@	\$ 3.6515		\$(180,437,773.39)
Total Other Solids Value			88,077,569 lbs	@	0.1341		(11,811,201.96)
Butterfat Value			61,159,346 lbs	@	2.1952		(134,256,996.35)
Total Somatic Cell Values							<u>(2,953,449.28)</u>
TOTALS							\$ (15,145,397.32)
Net Producer Location Adjustments							\$ 1,058,745.54
1/2 Unobligated Balance Producer Settlement Fund							<u>525,000.00</u>
Total - Divided by Total Pounds			1,529,217,740 lbs			(0.8868329)	\$ (13,561,651.78)
Rate of Cash Reserve						<u>(0.0431641)</u>	<u>(660,073.07)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,529,217,740			\$(0.93) / cwt	\$ (14,221,724.85)

COMPONENT PRICES**December****COMPUTATION OF UNIFORM PRICE****December**

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Butterfat Price	\$2.1952 / lb	\$2.5080 / lb	Class III Price - 3.5% BF	\$19.37	\$13.78
Protein Price	3.6515 / lb	1.1417 / lb	Producer Price Differential*	<u>(0.93)</u>	<u>1.47</u>
Other Solids Price	0.1341 / lb	0.2775 / lb	Statistical Uniform Price	\$18.44	\$15.25
Somatic Cell Adjustment Rate	0.00103 / cwt	0.00069 / cwt			
Nonfat Solids Price	1.0378 / lb	0.7269 / lb			

CLASS PRICES**December****CLASSIFICATION OF PRODUCER MILK****December**

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Class I*	\$21.33	\$17.05	Class I	Product lbs. 570,009,537	Product lbs. 557,879,918
Class II	16.81	15.67	Class II	285,415,878	181,917,989
Class III	19.37	13.78	Class III	356,994,662	571,486,912
Class IV	16.70	15.09	Class IV	<u>316,797,663</u>	<u>263,509,387</u>
			Total	1,529,217,740	1,574,794,206

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2019 was \$-0.93 and the Statistical Uniform Price was \$18.44 for the month. The Statistical Uniform Price is \$0.43 higher than last month, and is \$3.19 higher than December 2019.

The Producer Butterfat Price of \$2.1952 per pound decreased \$0.1243 from November and is down \$0.3128 from a year ago. The Protein Price of \$3.6515 is down \$0.2603 from last month and is up \$2.5098 from December 2018. The Other Solids Price in December was \$0.1341 per pound, an increase from last month's price of \$0.1112 and \$0.1434 lower than last December. The Somatic Cell Adjustment rate for December was \$0.00103 per cwt.

December producer receipts of 1.53 billion pounds were 15.6 percent higher than November and 2.9 percent lower than December 2018 production of 1.57 billion pounds. Producer milk allocated to Class I accounted for 37.3 percent of the total producer milk in December 2019, lower than the 39.9 percent in November, and higher than the 35.4 percent in December 2018. A total of 3,995 producers were pooled on the Mideast Order compared to 4,441 producers pooled in December 2018.

The market average content of producer milk was as follows: Butterfat 4.00%; Protein 3.23%; Other Solids 5.76% and Nonfat Solids 8.99%.

(continued from Front Page)

The NDM price forecast for 2020 has been raised substantially to \$1.230 per pound (+13.5 cents) based on recent price increases, relatively low stock levels, and higher expected exports. Since whey products are sometimes used as a substitutes for NDM/SMP, domestic demand for whey products may increase with the higher expected NDM price. Accordingly, the dry whey price forecast has been raised to \$0.345 per pound (+2.5 cents). With higher expected demand for cheese, the 2020 cheese price forecast has been raised to \$1.865 per pound (+0.5 cents). With recent weakness in butter prices expected to extend into next year, the butter price forecast for 2020 has been lowered to \$2.020 per pound (-4.0 cents).

With the higher expected prices for all major dairy product prices except for butter, the Class III price has been raised to \$17.65 per cwt (+\$0.15) and the Class IV price has been raised to \$16.95 per cwt (+\$1.00). The all-milk forecast for 2020 has been raised to \$19.40 per cwt, \$0.55 higher than last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-306, December 16, 2019 USDA, Economic Research Service

November Milk Production Up 0.8 Percent

Milk production in the 24 major States during November totaled 16.7 billion pounds, up 0.9 percent from November 2018. October revised production at 17.2 billion pounds, was up 1.4 percent from October 2018. The October Revision represented a decrease of 60 million pounds or 0.3 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,892 pounds for November, 16 pounds above November 2018.

The number of milk cows on farms in the 24 major States was 8.81 million head, 8,000 head more than November 2018, but unchanged from October 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 November totaled 2.5 billion pounds, down 2 million pounds or 0.1 percent from November 2018.

Production per cow in the Mideast states averaged 1,836 pounds for November 13 pounds above November 2018.

The number of cows on farms in the Mideast states was 1.3 million head, this was 25,000 head less than November 2018.

November 2019 Highlights

Total cheese output (excluding cottage cheese) was 1.10 billion pounds, 0.5 percent above November 2018 but 3.2 percent below October 2019.

Italian type cheese production totaled 474 million pounds, 1.0 percent above November 2018 but 2.4 percent below October 2019.

American type cheese production totaled 435 million pounds, 0.2 percent above November 2018 but 2.5 percent below October 2019.

Butter production was 156 million pounds, 4.4 percent above November 2018 but 0.6 percent below October 2019.

Dry milk products (comparisons in percentage with November 2018) Nonfat dry milk, human - 142 million pounds, up 5.7 percent. Skim milk powder - 43.7 million pounds, up 3.0 percent.

Whey products (comparisons in percentage with November 2018) Dry whey, total - 75.1 million pounds, up 3.9 percent. Lactose, human and animal - 90.2 million pounds, down 12.5 percent. Whey protein concentrate, total - 40.3 million pounds, down 1.5 percent.

Frozen products (comparisons in percentage with November 2018) Ice cream, regular (hard) - 48.9 million gallons, up 1.8 percent. Ice cream, lowfat (total) - 27.3 million gallons, down 9.5 percent. Sherbet (hard) - 2.12 million gallons, down 9.3 percent. Frozen yogurt (total) - 3.06 million gallons, down 6.1 percent.

Source: Released January 6, 2020, 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:

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

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State

Federal Order No. 33

State	November 2019						November 2018					
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages -----				Pounds of Milk (000)	-----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)		Butterfat	Protein	Other Solids	SCC (000)	
Michigan	993	672,500	4.00	3.26	5.77	156	817,295	3.96	3.26	5.77	159	
Ohio	1,375	278,179	4.04	3.25	5.70	167	356,478	4.02	3.24	5.67	176	
Indiana	638	205,494	4.02	3.26	5.83	164	202,822	3.99	3.25	5.78	175	
New York	163	81,393	4.10	3.26	5.83	168	81,075	4.10	3.26	5.73	175	
Pennsylvania	683	70,671	4.11	3.22	5.63	199	79,895	4.14	3.26	5.70	216	
Other	155	14,918	4.05	3.27	5.74	208	15,935	4.13	3.32	5.75	200	
Total/Average *	4,007	1,323,156	4.02	3.26	5.76	163	1,553,500	3.99	3.25	5.74	169	

* 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 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)	2,250,181	715,367	31.8	\$(0.09)	\$19.28
FO 5	Appalachian - (Charlotte)	459,372	321,868	70.1	^{2/}	21.11
FO 6	Florida - (Tampa)	219,933	176,763	80.4	^{2/}	23.18
FO 7	Southeast - (Atlanta)	391,845	284,970	72.7	^{2/}	21.63
FO 30	Upper Midwest - (Chicago)	1,798,135	232,367	12.9	(0.40)	18.97
FO 32	Central - (Kansas City)	1,046,183	393,626	37.6	(1.29)	18.08
FO 33	Mideast - (Cleveland)	1,529,218	570,010	37.3	(0.93)	18.44
FO 51	California (Los Angeles)	1,879,855	457,049	24.3	(1.77)	17.60
FO 124	Pacific Northwest - (Seattle)	626,059	143,609	22.9	(1.60)	17.77
FO 126	Southwest - (Dallas)	871,342	352,706	40.5	(1.15)	18.22
FO 131	Arizona - (Phoenix)	385,351	107,149	27.8	^{2/}	18.71

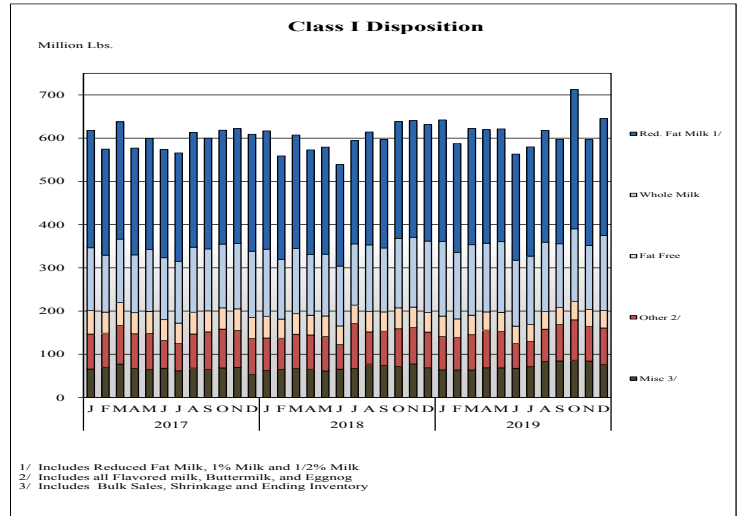
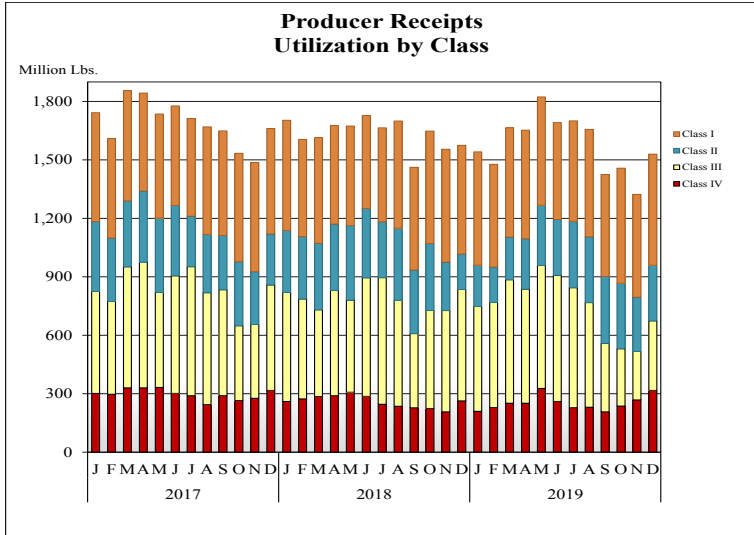
^{1/} Names in parentheses are principal points of markets.

^{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 2020\$16.70 /cwt.

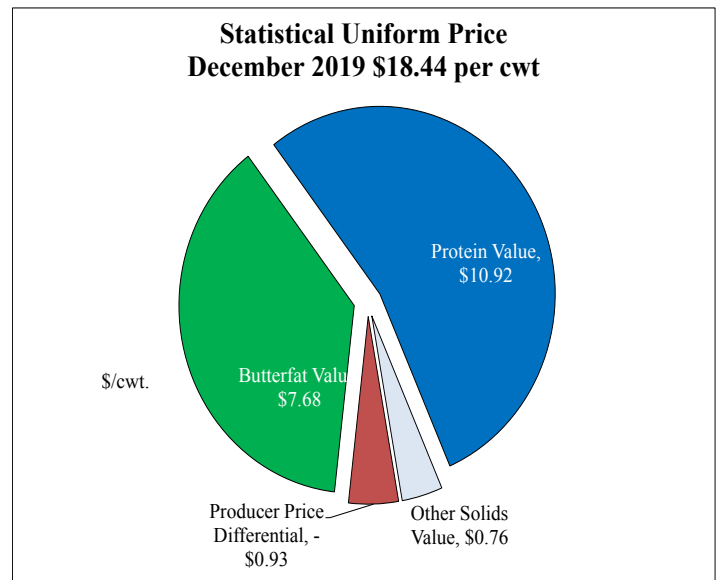
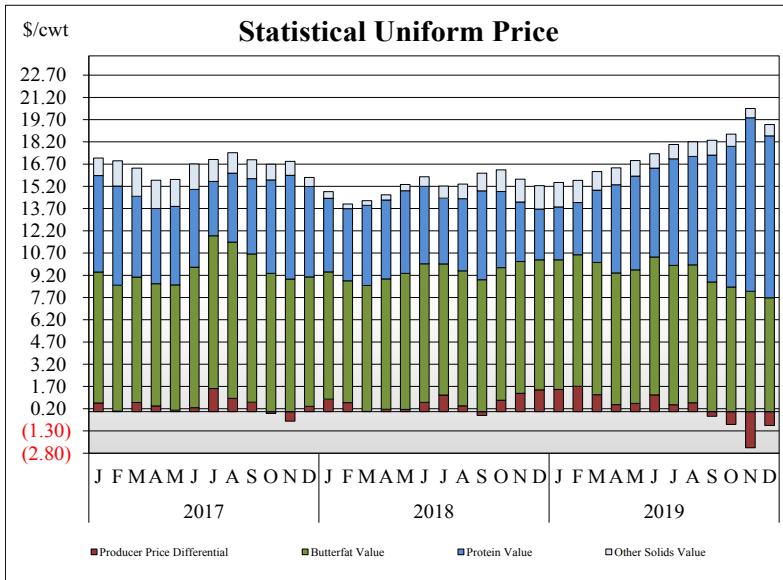
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.53 billion pounds in December 2019. The pounds allocated to Class I represented 37.3 percent of the total pounds. Producer receipts increased 206 million pounds compared to November 2019, and were down 4 million pounds from the prior year.

Class I Pounds: Class I Disposition for the Mideast Order totaled 645.2 million pounds in December 2019, up 13.8 million pounds from December 2018. Finished products include 174 million pounds used for whole milk, 270 million pounds of reduced fat and low fat milk, and 40.2 million pounds of fat free (skim) milk.

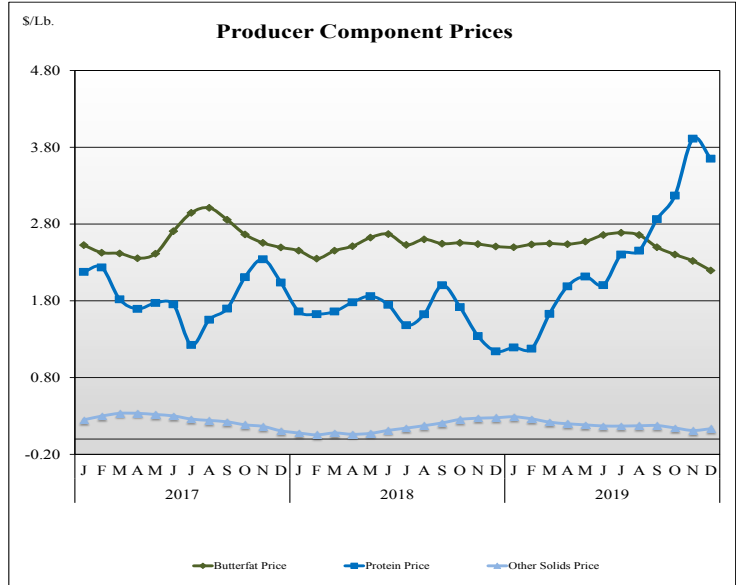
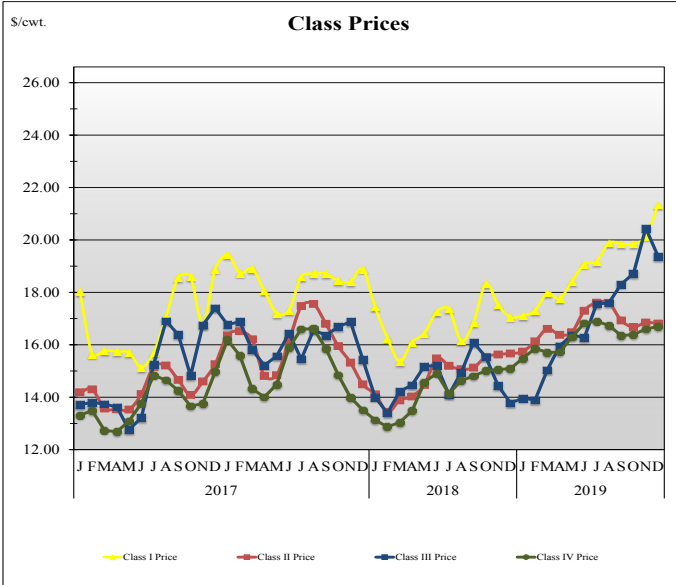
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$18.44 per cwt for December 2019. The December 2019 SUP was \$3.19 per cwt higher than the December 2018 SUP. The December 2019 SUP is \$0.43 per cwt higher than the November 2019 SUP.

December 2019 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the December 2019 SUP are: \$10.92 per cwt for protein, \$7.68 per cwt for butterfat and \$0.76 per cwt for other solids. Also included in the SUP is the -\$0.93 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

