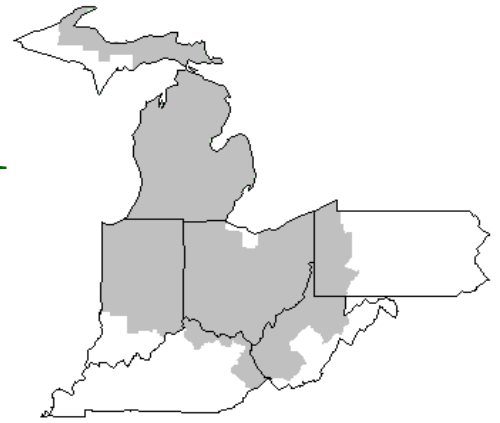


Mideast Market Administrator's Bulletin



Federal Order No. 33

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NOVEMBER 2020

Discussion of Recent Dairy Supply and Use Data

Dairy exports on a milk-fat milk-equivalent basis totaled 792 million pounds in August, 26 million lower than July but 13 million higher than August 2019. On a skim-solids milk-equivalent basis, August exports totaled 4.039 billion pounds, 129 million lower than July but 649 million higher than August 2019. Notably, exports of cheese totaled 68.4 million pounds in August, 3.8 million more than July and 9.8 million higher than August 2019. From July to August, exports of butterfat products declined to 4.3 million (-1.4 million). Lactose exports declined to 64.3 million pounds (-7.4 million).

U.S. dairy imports on a milk-fat basis were 573 million pounds in August, 54 million lower than July and 61 million lower than August 2019. On a skim-solids basis, August imports totaled 409 million pounds, 117 million lower than July and 38 million lower than August 2019.

Ending stocks were relatively high at the end of August. On a milk-fat basis, they totaled 18.959 billion pounds, 1.324 billion higher than August 2019. August ending stocks on a skim-solids basis totaled 11.141 billion pounds, 253 million more than August 2019. Notably, butter stocks at the end of August totaled 371.7 million pounds, 67.4 million higher than August 2019. Butter ending stocks rose counter seasonally by 0.3 million pounds from July to August. The last July-to-August increase for butter ending stocks was in 1990. For the 3 months from June to August, domestic use was up 1.6 percent on a milkfat basis but down 2.7 percent on a skim-solids basis.

Dairy Forecasts for 2020

Based on recent milk production data, milk cows for the third quarter of 2020 are expected to number 5,000 more than last month's forecast. For the year, the rounded forecast for the average number of milk cows is 9.365 million head, unchanged from last month's forecast. The milk per cow forecast for 2020 has been raised by 25 pounds to 23,735 pounds per head. The milk production forecast is 222.3 billion pounds, 0.3 billion higher than last month's forecast.

The forecast for exports on a milk-fat basis for 2020 has been lowered 0.1 billion pounds to 9.3 billion pounds due to lower expected shipments of butterfat products. On a skim-solids basis, the export forecast has been lowered by 0.1 billion pounds to 47.1 billion pounds, due to lower expected exports of dry whey and lactose. Import forecasts for 2020 are unchanged at 6.9 billion pounds on a milk-fat basis and 5.7 billion pounds on a skim-solids basis.

The forecast for 2020 ending stocks on a milk-fat basis has been raised by 0.8 billion pounds to 14.0 billion pounds. On a skim-solids

basis, the forecast for ending stocks is 10.5 billion pounds, 0.3 billion higher than last month's forecast. The forecast for 2020 domestic use on a milk-fat basis is 218.2 billion pounds, 0.5 billion lower than last month's forecast. On a skim-solids basis, the forecast for domestic use is 179.5 billion pounds, 0.2 billion higher than the previous forecast.

Based on recent price strength, price forecasts for Cheddar cheese and nonfat dry milk for 2020 have been raised to \$1.910 per pound (+7.5 cents) and \$1.035 per pound (+1.0 cent), respectively. The dry whey price forecast has been raised by 1.0 cent for the fourth quarter, but the rounded forecast for the year remains unchanged at \$0.350 per pound. The forecast for the butter price has been lowered for the fourth quarter due to recent declines in CME prices and high stock levels. For the year, the butter price forecast is \$1.595 per pound, 0.5 cents lower than last month's forecast.

With the higher Cheddar cheese price forecast, the 2020 forecast for the Class III milk price has been raised to \$18.00 per hundredweight (cwt), \$0.75 higher than last month's forecast. With the higher NDM price forecast more than offsetting the lower butter price forecast, the Class IV milk price forecast has been raised by \$0.10 to \$13.50 per cwt. The all-milk price forecast for 2020 is \$18.00 per cwt, an increase from last month's forecast of \$17.75 per cwt.

(Continued on Page 3)

October 2020 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	591,541,160	46.2
Class II	362,704,207	28.4
Class III	85,452,639	6.7
Class IV	239,420,314	18.7
Total	1,279,118,320	100.0

Producer Prices

Producer Price Differential	\$ (6.87) / cwt
Butterfat Price	1.6388 / lb
Protein Price	5.0146 / lb
Other Solids Price	0.1534 / lb
Somatic Cell Adjustment Rate	0.00115 / cwt
Statistical Uniform Price	14.74 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

October 2020

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			578,634,297			\$11.97 / cwt	\$ 69,262,525.36
Class I Butterfat		12,906,863				1.6133 / lb	20,822,642.07
Class I Location Differential	591,541,160						(353,190.87)
Class II SNF Value				31,664,980		0.9056 / lb	28,675,805.88
Class II Butterfat		25,185,148				1.6458 / lb	41,449,716.57
Class III Protein Value			2,711,955			5.0146 / lb	13,599,369.54
Class III Other Solids Value					4,806,602	0.1534 / lb	737,332.73
Class III Butterfat		5,355,397				1.6388 / lb	8,776,424.60
Class IV SNF Value				21,775,744		0.8902 / lb	19,384,767.30
Class IV Butterfat		7,191,984				1.6388 / lb	11,786,223.41
Somatic Cell Value II / III / IV							<u>1,480,086.26</u>
TOTAL PRODUCER MILK VALUE	1,279,118,320	50,639,392	41,388,337		73,821,002		\$ 215,621,702.85
Overages						\$ 17,821.002	
Beginning Inventory & OS Charges						68,280.43	
TOTAL ADJUSTMENTS							\$ <u>85,900.93</u>
TOTAL HANDLER OBLIGATIONS							\$ 215,707,603.78
Total Protein Value			41,388,337 lbs	@	\$ 5.0146		\$(207,545,954.72)
Total Other Solids Value			73,821,002 lbs	@	0.1534		(11,324,141.70)
Butterfat Value			50,639,392 lbs	@	1.6388		(82,987,835.62)
Total Somatic Cell Values							<u>(2,737,885.41)</u>
TOTALS							\$ (88,888,213.67)
Net Producer Location Adjustments							\$ 1,081,187.11
1/2 Unobligated Balance Producer Settlement Fund							<u>504,000.00</u>
Total - Divided by Total Pounds			1,279,118,320 lbs			(6.8252503)	\$ (87,303,026.56)
Rate of Cash Reserve						<u>(0.0447497)</u>	<u>(572,401.61)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH ¹			1,279,118,320			\$(6.87) / cwt	\$ (87,875,428.17)

COMPONENT PRICES

October

COMPUTATION OF UNIFORM PRICE

October

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Butterfat Price	\$1.6388 / lb	\$2.4031 / lb	Class III Price - 3.5% BF	\$21.61	\$18.72
Protein Price	5.0146 / lb	3.1700 / lb	Producer Price Differential*	<u>(6.87)</u>	<u>(0.86)</u>
Other Solids Price	0.1534 / lb	0.1447 / lb	Statistical Uniform Price	\$14.74	\$17.86
Somatic Cell Adjustment Rate	0.00115 / cwt	0.00098 / cwt			
Nonfat Solids Price ²	0.8902 / lb	0.9186 / lb			

CLASS PRICES

October

CLASSIFICATION OF PRODUCER MILK

October

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Class I*	\$17.20	\$19.84	Class I	Product lbs. 591,541,160	Product lbs. 590,319,338
Class II	13.63	16.68	Class II	362,704,207	337,264,875
Class III	21.61	18.72	Class III	85,452,639	293,179,972
Class IV	13.47	16.39	Class IV	<u>239,420,314</u>	<u>236,935,651</u>
			Total	1,279,118,320	1,457,699,836

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 October was (\$6.87) and the Statistical Uniform Price was \$14.74 for the month. The Statistical Uniform Price is \$1.42 lower than last month, and is \$3.12 lower than October 2019.

The Producer Butterfat Price of \$1.6388 per pound increased \$0.0456 from September and is down \$0.7643 from a year ago. The Protein Price of \$5.0146 is up \$1.6211 from last month and is up \$1.8446 from October 2019. The Other Solids Price in October was \$0.1534 per pound, an increase from last month's price of \$0.1241 and \$0.0087 higher than last October. The Somatic Cell Adjustment rate for October was \$0.00115 per cwt.

October producer receipts of 1.28 billion pounds were 12.1 percent lower than September and 12.3 percent lower than October 2019 production of 1.46 billion pounds. Producer milk allocated to Class I accounted for 46.2 percent of the total producer milk in October 2020, higher than the 38.3 percent in September, and higher than the 40.5 percent in October 2019. A total of 3,826 producers were pooled on the Mideast Order compared to 4,147 producers pooled in October 2019.

The market average content of producer milk was as follows: Butterfat 3.96%; Protein 3.24%; Other Solids 5.77% and Nonfat Solids 9.01%.

(continued from Front Page)

Dairy Forecasts for 2021

Based on recent milk production data and higher expected milk prices, the milk production forecast has been raised. However, growth is expected to be muted due to higher expected feed costs. The forecast for milk per cow in 2021 has been raised by 10 pounds to 24,070 pounds per head. The forecast for 2020 average milk cow numbers is unchanged at 9.370 million head. The milk production forecast for 2021 is 225.5 billion pounds, 0.1 billion higher than last month's forecast.

The forecast for 2021 exports on a milk-fat basis has been lowered to 9.5 billion pounds, 0.1 billion less than last month's forecast, due to lower expected exports of butterfat products. The forecast for exports on a skim-solids basis has been raised by to 47.8 billion pounds, up 0.6 billion, due to higher expected exports of dry skim milk products and whey products. Forecasts for 2021 imports are unchanged from last month's forecast, at 6.7 billion pounds on a milk-fat basis and 5.7 billion pounds on a skim-solids basis.

The forecast for 2021 domestic use on a milk-fat basis is 221.9 billion pounds, 0.3 billion higher than last month's forecast. On a skim-solids basis, the forecast for domestic use is 182.7 billion pounds, 0.2 billion lower than the previous forecast. The ending stock forecast for 2021 has been raised to 13.8 billion pounds on a milk-fat basis, 0.7 billion higher than last month's forecast. On a skim-solids basis, the ending stock forecast has been raised to 10.2 billion pounds, 0.1 billion higher than the previous forecast.

Based on recent price movements and improving economic conditions, price forecasts for 2021 have been raised for Cheddar cheese, dry whey, butter, and NDM to \$1.80 (+9.5 cents), \$0.360 (+1.0 cents), \$1.705 (+3.0 cents), and \$1.050 (+4.0 cents) per pound, respectively. With the higher dairy product prices, Class III and IV milk price forecasts have been raised to \$17.00 (+\$1.00) and \$14.10 (+0.50) per cwt, respectively. The all-milk price forecast for 2021 has been raised to \$17.60 per cwt, \$0.60 higher than last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-316, October 16, 2020
USDA, Economic Research Service

September Milk Production Up 2.4 Percent

Milk production in the 24 major States during September totaled 17.2 billion pounds, up 2.4 percent from September 2019. August revised production at 17.8 billion pounds, was up 1.9 percent from August 2019. The August revision represented an increase of 1 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,944 pounds for September, 36 pounds above September 2019.

The number of milk cows on farms in the 24 major States was 8.85 million head, 46,000 head more than September 2019, and 6,000 head more than August 2020.

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 September totaled 2.6 billion pounds, the same as September 2019.

Production per cow in the Mideast states averaged 1,650 pounds for September, 52 pounds more than September 2019.

The number of cows on farms in the Mideast states was 1.35 million head, 9,000 head more than September 2019.

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	September 2020 -----Weighted Averages-----						September 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	948	769,270	3.81	3.15	5.77	170	739,372	3.77	3.11	5.77	177
Ohio	1,323	301,773	3.83	3.12	5.71	189	329,416	3.78	3.09	5.68	199
Indiana	674	212,916	3.82	3.14	5.80	188	187,669	3.80	3.14	5.86	201
Pennsylvania	622	77,356	3.89	3.08	5.64	237	76,014	3.88	3.11	5.69	237
New York	137	75,007	3.99	3.21	5.87	198	83,266	3.87	3.09	5.75	195
Other	138	9,590	3.91	3.12	5.72	250	9,332	3.84	3.14	5.69	254
Total/Average *	3,842	1,445,911	3.83	3.14	5.76	182	1,425,067	3.79	3.11	5.75	190

* 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
October 2020**

Marketing Area ^{1/}	Producer Milk		Class I	Producer	Statistical
	Total (000)	Class I (000)	Percent %	Price Differential (per cwt.)	Uniform Price (per cwt.)
FO 1 Northeast - (Boston)	2,261,714	721,679	31.9	\$(4.54)	\$17.07
FO 5 Appalachian - (Charlotte)	416,763	336,622	80.8	^{2/}	17.82
FO 6 Florida - (Tampa)	213,746	180,370	84.4	^{2/}	19.65
FO 7 Southeast - (Atlanta)	385,884	272,133	70.5	^{2/}	17.86
FO 30 Upper Midwest - (Chicago)	926,330	226,196	24.4	(4.43)	17.18
FO 32 Central - (Kansas City)	866,628	412,539	47.6	(7.38)	14.23
FO 33 Mideast - (Cleveland)	1,279,118	591,541	46.2	(6.87)	14.74
FO 51 California (Los Angeles)	1,808,694	438,290	24.2	(7.73)	13.88
FO 124 Pacific Northwest - (Seattle)	615,678	144,316	23.4	(5.77)	15.84
FO 126 Southwest - (Dallas)	937,638	359,548	38.4	(7.38)	14.23
FO 131 Arizona - (Phoenix)	302,036	108,409	35.9	^{2/}	15.24

^{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 NOVEMBER 2020.....\$13.47 /cwt.



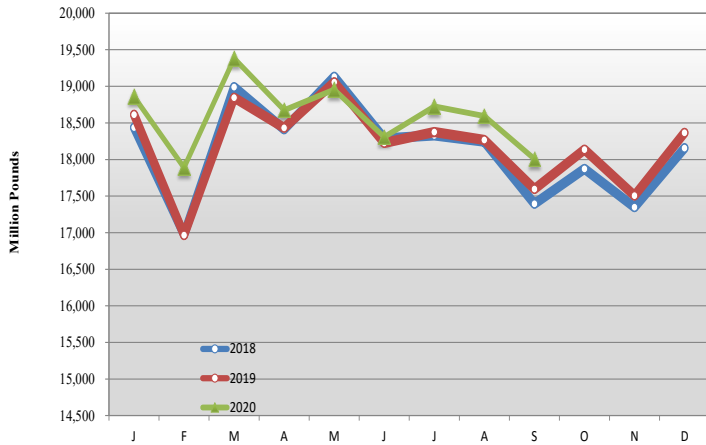
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November 2020

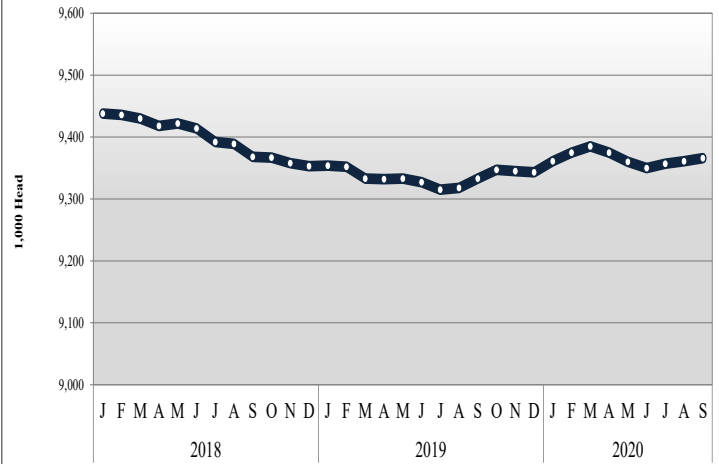
MILK PRODUCTION STATISTICS 1/

Milk Production by Month, United States, 2018-2020



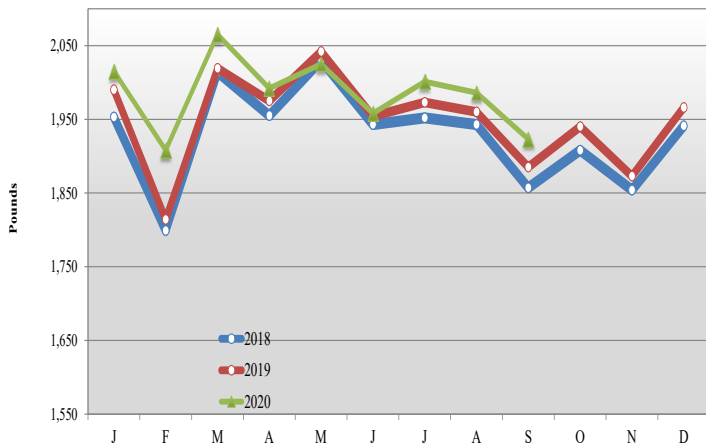
September 2020 milk production in the United States decreased 587 million pounds from August to 18.0 billion pounds. September 2020 milk production in the United States was up 2.3 percent from the same month of the prior year.

Milk Cows by Month, United States, 2018-2020



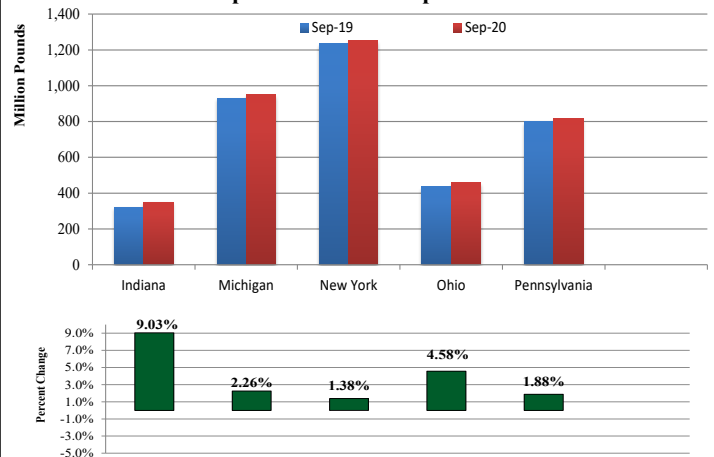
The number of milk cows on farms in the United States was 9.4 million head for September 2020, up 5,000 head from August and 33,000 head more than September 2019.

Milk Production Per Cow by Month, United States, 2018-2020



Production per cow in the United States averaged 1,923 pounds for September 2020 down 63 pounds from August 2020. September 2020 milk production per cow was up 38 pounds from the same month of the prior year.

Milk Production in Select Mideast States, September 2020 v. September 2019

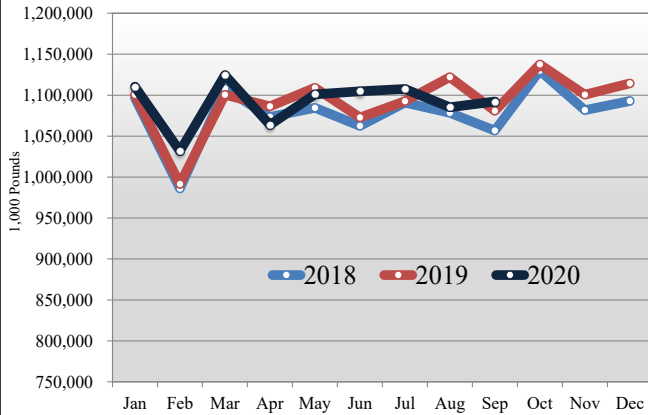


Milk production from selected states which pool on the Mideast marketing area totaled 3.8 billion pounds during September 2020, up 102 million pounds from the prior year. Milk production in Indiana increased 29 million pounds while production in Pennsylvania increased 15 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agriculture Statistics Board, United States Department of Agriculture (USDA). Gaps in data in figures is due to NASS suspension of select data to meet sequestration requirements.

DAIRY PRODUCT PRODUCTION 1/

Total Cheese Production, 2018-2020



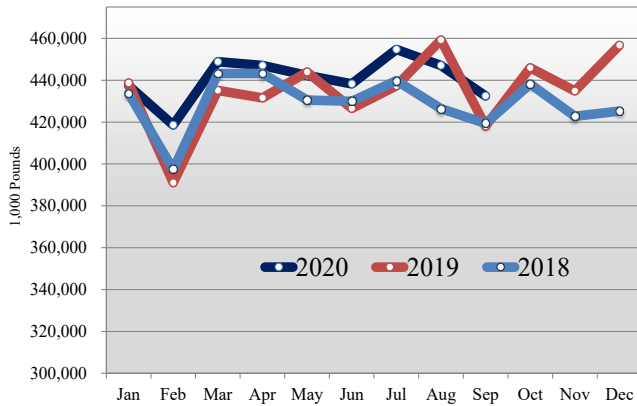
Dairy Product Production Summary:

American type cheese production totaled 432 million pounds, 4.0 percent above September 2019 and 3.3 percent below August 2020.

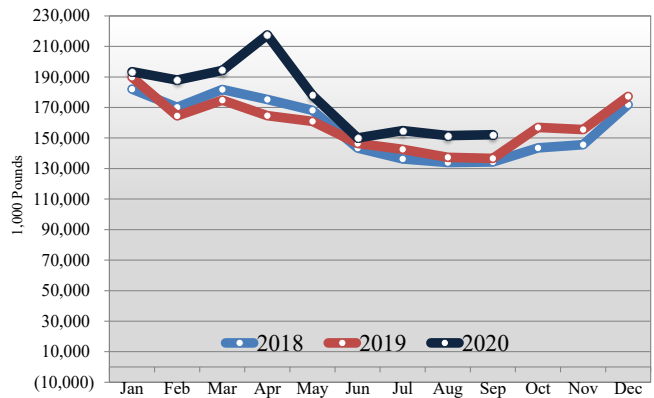
Total cheese output (excluding cottage cheese) was 1.1 billion pounds, 1.1 percent above September 2019 and 0.6 percent above August 2020.

Butter production was 152 million pounds, 5.4 percent above September 2019 and 0.3 percent above August 2020.

Total American Cheese Production, 2018-2020



Total Butter Production, 2018-2020



COMMERCIAL DISAPPEARANCE 2/

Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For September 2020 commercial disappearance of milk was 19.7 billion pounds, up 4.9 percent from the prior year. The cumulative disappearance total for 2020 is 168 billion pounds, an increase of 1.2 percent from the same 9-month period of 2019.

September 2020 commercial disappearance of American cheese was 451 million pounds, up 10.2 percent from the prior year.

September 2020 commercial disappearance of butter was 188.7 million pounds, up 12.2 percent from the prior year.

Commercial Disappearance of Milk in All Products, 2018-2020



1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).
 2/ Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.