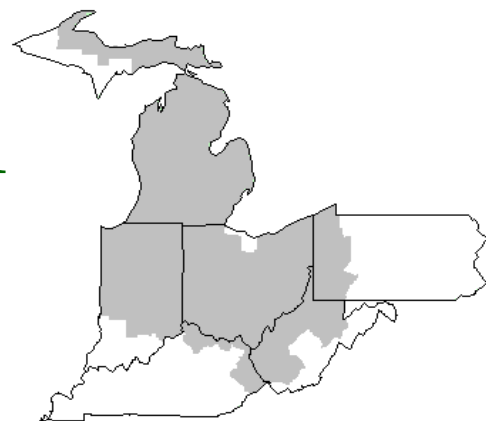


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**OCTOBER 2020**

### Recent Developments in Dairy Markets

U.S. dairy exports remained strong in July. On a milk-fat milk-equivalent basis, they totaled 819 million pounds, 146 lower than June but 106 million higher than July 2019. On a skim-solids milk-equivalent basis, July exports totaled 4.169 billion pounds, 94 million lower than June but 825 million higher than July 2019. Cheese exports dropped to 64.5 million pounds in July after peaking at 84.7 million pounds in June, the highest, monthly level to date. As noted above, U.S. cheese prices were less competitive in July than in June. Butter exports in July dropped to 4.4 million pounds in July from 4.8 million pounds in June. June and July were the two highest months for U.S. 2020 butter exports. Dry whey and whey protein concentrate, WPC, exports were higher in July than in June. Dry whey exports increased from 40.0 to 40.7 million pounds; WPC increased from 24.1 to 27.8 million pounds.

U.S. dairy imports on a milk-fat basis were 627 million pounds in July, 127 million lower than June and 22 million lower than July 2019. On a skim-solids basis, July imports totaled 526 million pounds, 44 million more than June but 70 million lower than July 2019. More competitive U.S. butter prices led to lower imports. July 2020 imports were 7.6 million pounds, 4.5 million pounds lower than June 2020's 12.1 million pounds of imports.

On a milk-fat basis, July domestic use was 18.222 billion pounds, 96 million less than June but 219 million higher than July 2019. On a skim-solids basis, domestic use was 14.781 billion pounds, 362 million less than June and 712 million less than July 2019. Notably, domestic use of butter averaged 4.6 million pounds per day in July, a decline from 5.7 million pounds in June. Domestic use of dry skim milk products, dry whey, whey protein concentrate, and lactose also decreased from June to July. Domestic use of many dairy products typically increases toward the end of the year with holiday season buying. With some social gatherings likely to be curtailed due to the pandemic, this remains uncertain for 2020.

### Dairy Forecasts for 2020

The dairy production forecast for 2020 was raised on higher-than-expected milk per cow. Revised second-quarter milk per cow was 6 pounds higher than expected, and with the expectation of stronger trend growth milk per cow was increased by 10 pounds for the last two quarters of this year, giving an annual average of 23,710 pounds of milk per cow. Cow numbers are forecast to grow at a slow pace, and the forecast is unchanged from last month at 9.365 million head. Strong exports in July and expectations of continued strength in foreign demand led to increases in forecast exports. The forecast for milk-fat equivalent exports for 2020 is raised 200 million pounds on firm demand for butter, cheese, and whey products. Skim-solids

exports for 2020 are raised 1 billion pounds for skim milk powder and whey products. Annual 2020 forecasts for exports are 9.4 billion pounds on a milk-fat basis and 47.2 billion pounds on a skim-solids basis.

Lower-than-expected butter and cheese imports led to lower forecasts for third- and fourth-quarter milkfat equivalent imports. Milk-fat equivalent import forecasts for the second half are 200 million pounds lower than last month's forecasts. The forecast for 2020 milk-fat equivalent imports is 6.9 billion pounds. Third- and fourth-quarter domestic use forecasts are slightly lower than last month's forecasts on both a skim-solids and a milk-fat basis. Forecast ending stocks have been raised.

Dairy product price forecasts for cheese, butter, and dry whey are lower this month compared to last, but the forecast for nonfat dry milk is unchanged. The lower prices for the three products result in lower Class III and Class IV price forecasts. The Class III 2020 annual price forecast is \$17.25 per cwt and the Class IV forecast is \$13.40 per cwt. The annual average all-milk price forecast is \$17.75 dollars per hundredweight, \$0.20 lower than the August forecast.

### Dairy Forecasts for 2021

The 2021 production forecast is raised 100 million pounds. This reflects slightly stronger growth in milk per cow; the forecast for cow numbers is unchanged from last month at 9.370 head.

*(Continued on Page 3)*

### September 2020 Pool Summary

#### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	553,664,029	38.3
Class II	385,417,946	26.7
Class III	287,543,226	19.9
Class IV	219,330,495	15.1
Total	1,445,955,696	100.0

#### Producer Prices

Producer Price Differential	\$ (0.27) / cwt
Butterfat Price	1.5932 / lb
Protein Price	3.3935 / lb
Other Solids Price	0.1241 / lb
Somatic Cell Adjustment Rate	0.00089 / cwt
Statistical Uniform Price	16.16 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

September 2020

**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			541,525,207			\$15.02 / cwt	\$ 81,337,086.08
Class I Butterfat		12,138,822				1.6975 / lb	20,605,650.40
Class I Location Differential	553,664,029						(326,690.77)
Class II SNF Value				33,206,507		0.8700/ lb	28,889,661.09
Class II Butterfat		27,001,182				1.6002/ lb	43,207,291.45
Class III Protein Value			9,103,835			3.3935/ lb	30,893,864.09
Class III Other Solids Value					16,674,164	0.1241/ lb	2,069,263.76
Class III Butterfat		9,293,975				1.5932/ lb	14,807,160.98
Class IV SNF Value				19,681,576		0.8253/ lb	16,243,204.68
Class IV Butterfat		6,927,619				1.5932/ lb	11,037,082.58
Somatic Cell Value II / III / IV							<u>1,337,257.61</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,445,955,696	55,361,598	45,458,033		83,334,736		\$ 250,100,831.95
Overages						\$ 63,655.19	
Beginning Inventory & OS Charges						62,132.10	
<b>TOTAL ADJUSTMENTS</b>							\$ <u>125,787.29</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 250,226,619.24
Total Protein Value			45,458,033 lbs	@	\$ 3.3935		\$(154,261,834.98)
Total Other Solids Value			83,334,736 lbs	@	0.1241		(10,341,840.71)
Butterfat Value			55,361,598 lbs	@	1.5932		(88,202,097.93)
Total Somatic Cell Values							<u>(2,156,751.87)</u>
<b>TOTALS</b>							\$ (4,735,906.25)
Net Producer Location Adjustments							\$ 1,053,722.30
1/2 Unobligated Balance Producer Settlement Fund							<u>432,000.00</u>
Total - Divided by Total Pounds			1,445,955,696 lbs			(0.2247776)	\$ (3,250,183.95)
Rate of Cash Reserve						<u>(0.0452224)</u>	<u>(653,895.87)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH <sup>1</sup></b>			1,445,955,696			\$(0.27) / cwt	\$ (3,904,079.82)

**COMPONENT PRICES**

September

**COMPUTATION OF UNIFORM PRICE**

September

	2020	2019	2020	2019
Butterfat Price	\$1.5932 / lb	\$2.4982 / lb	Class III Price - 3.5% BF	\$16.43
Protein Price	3.3935 / lb	2.8633 / lb	Producer Price Differential*	<u>(0.27)</u>
Other Solids Price	0.1241 / lb	0.1758 / lb	Statistical Uniform Price	\$16.16
Somatic Cell Adjustment Rate	0.00089 / cwt	0.00095 / cwt		\$18.00
Nonfat Solids Price <sup>2</sup>	0.8253 / lb	0.8753 / lb		

**CLASS PRICES**

September

**CLASSIFICATION OF PRODUCER MILK**

September

	2020	2019	2020	2019
Class I*	\$20.44	\$19.85	Product lbs.	Product lbs.
Class II	13.16	16.93	Class I	553,664,029
Class III	16.43	18.31	Class II	385,417,946
Class IV	12.75	16.35	Class III	287,543,226
			Class IV	<u>219,330,495</u>
			Total	1,445,955,696
				1,425,089,975

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

The Producer Price Differential for the Mideast Marketing Area for September was (\$0.27) and the Statistical Uniform Price was \$16.16 for the month. The Statistical Uniform Price is \$0.68 lower than last month, and is \$1.84 lower than September 2019.

The Producer Butterfat Price of \$1.5932 per pound decreased \$0.0343 from August and is down \$0.9050 from a year ago. The Protein Price of \$3.3935 is down \$1.0459 from last month and is up \$0.5302 from September 2019. The Other Solids Price in September was \$0.1241 per pound, a decrease from last month's price of \$0.1387 and \$0.0517 lower than last September. The Somatic Cell Adjustment rate for September was \$0.00089 per cwt.

September producer receipts of 1.45 billion pounds were 7.1 percent higher than August and 1.5 percent higher than September 2019 production of 1.43 billion pounds. Producer milk allocated to Class I accounted for 38.3 percent of the total producer milk in September 2020, lower than the 40.7 percent in August, and higher than the 36.8 percent in September 2019. A total of 3,877 producers were pooled on the Mideast Order compared to 4,079 producers pooled in September 2019.

The market average content of producer milk was as follows: Butterfat 3.83%; Protein 3.14%; Other Solids 5.76% and Nonfat Solids 8.90%.

(continued from Front Page)

Imports on a fat basis are reduced 200 million pounds to 6.7 billion pounds, largely on continued weaker demand for imported cheese and butter. On a skims-solids basis, imports are raised 100 million pounds to 5.7 billion pounds, reflecting increased imports of several dairy products. Fat-basis exports are raised 100 million pounds to 9.6 billion pounds on increased international competitiveness for U.S. butter, while exports on a skim-solids basis are raised 900 million pounds to 47.2 billion pounds on continued strength in demand for skim-milk powder and whey products.

Domestic commercial use forecasts are lowered 100 million pounds on a fat basis and 700 million pounds on a skim-solids basis. Annual 2021 forecasts for cheese, dry whey, and butter prices are lower, reflecting continued weakness in domestic demand. However, the NDM price is unchanged from last month. Lower product prices result in slightly lower forecast prices. The Class III price is lowered to \$16.00 per cwt and the Class IV price is lowered to \$13.60 per cwt. The all-milk price in 2021 is also lowered by \$0.05 to \$17.00 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-315, September 17, 2020  
USDA, Economic Research Service

### August Milk Production Up 1.9 Percent

Milk production in the 24 major States during August totaled 17.8 billion pounds, up 1.9 percent from August 2019. July revised production, at 17.9 billion pounds, was up 2.0 percent from July 2019. The July revision represented an increase of 0.5 percent or 91 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,009 pounds for August, 25 pounds above August 2019.

The number of milk cows on farms in the 24 major States was 8.84 million head, 51,000 head more than August 2019, but unchanged from July 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 August totaled 2.7 billion pounds, up 65 million pounds or 2.5 percent from August 2019.

Production per cow in the Mideast states averaged 1,961 pounds for August. This was an increase of 35 pounds from August 2019.

The number of cows on farms in the Mideast states was 1.3 million head. Up 10,000 head from August 2019.

### Dairy Margin Coverage Program Enrollment for 2021 Open

USDA is now enrolling dairy farmers for the 2021 Dairy Margin Coverage program year. The enrollment period runs through December 11, 2021. To determine the appropriate level of coverage for a specific dairy operation, producers can utilize the recently updated online dairy decision tool. More information can be found at <https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>.

#### 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	August 2020						August 2019					
	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	956	716,661	3.73	3.07	5.76	181	891,826	3.66	3.04	5.78	192	
Ohio	1,301	274,883	3.74	3.05	5.71	198	372,927	3.73	3.04	5.69	215	
Indiana	671	226,664	3.72	3.06	5.80	192	211,097	3.70	3.05	5.79	214	
Pennsylvania	533	62,052	3.80	3.02	5.67	259	78,938	3.80	3.03	5.69	258	
New York	136	59,845	3.84	3.10	5.83	223	88,242	3.77	3.03	5.75	213	
Other	141	10,440	3.88	3.10	5.83	313	16,196	3.76	3.03	5.73	251	
Total/Average *	3,738	1,350,545	3.74	3.06	5.76	193	1,659,226	3.70	3.04	5.76	205	

\* 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  
September 2020**

Marketing Area <sup>1/</sup>	Producer Milk		Class I	Producer	Statistical
	Total (000)	Class I (000)	Percent %	Price Differential (per cwt.)	Uniform Price (per cwt.)
FO 1 Northeast - (Boston)	2,167,748	655,267	30.2	\$ 0.37	\$16.80
FO 5 Appalachian - (Charlotte)	449,286	324,612	72.3	<sup>2/</sup>	19.68
FO 6 Florida - (Tampa)	195,063	158,860	81.4	<sup>2/</sup>	21.85
FO 7 Southeast - (Atlanta)	393,116	264,494	67.3	<sup>2/</sup>	19.62
FO 30 Upper Midwest - (Chicago)	1,063,551	213,163	20.0	(0.46)	15.97
FO 32 Central - (Kansas City)	869,849	382,441	44.0	(0.72)	15.71
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,445,956</b>	<b>553,664</b>	<b>38.3</b>	<b>(0.27)</b>	<b>16.16</b>
FO 51 California (Los Angeles)	1,797,526	409,471	22.8	(1.96)	14.47
FO 124 Pacific Northwest - (Seattle)	607,088	136,862	22.5	(1.24)	15.19
FO 126 Southwest - (Dallas)	857,977	334,645	39.0	(0.60)	15.83
FO 131 Arizona - (Phoenix)	265,724	100,505	37.8	<sup>2/</sup>	16.00

<sup>1/</sup> Names in parentheses are principal points of markets.

<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2020 .....\$12.75 /cwt.**

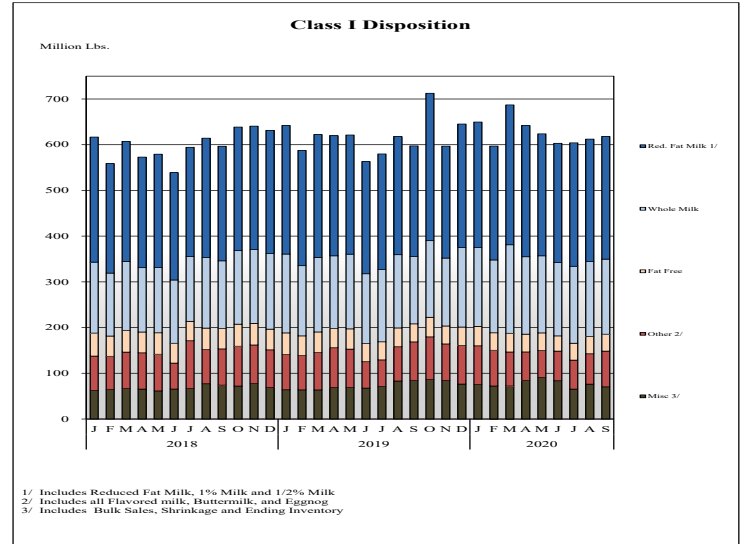
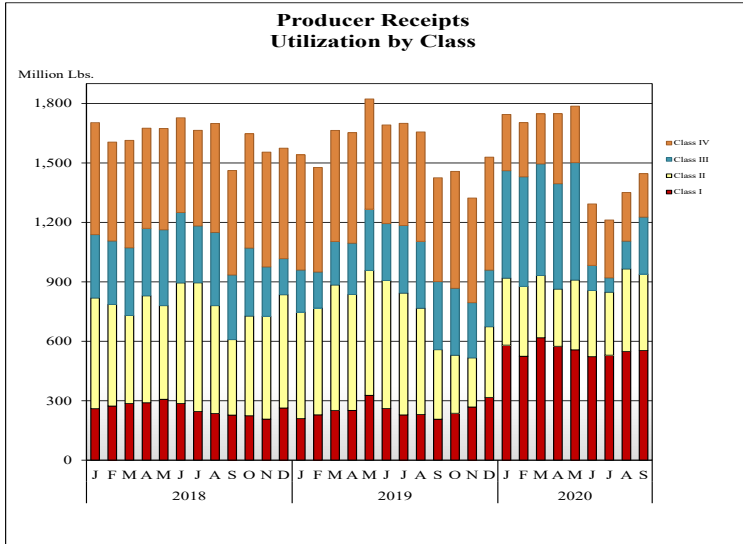


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Supplement  
October 2020

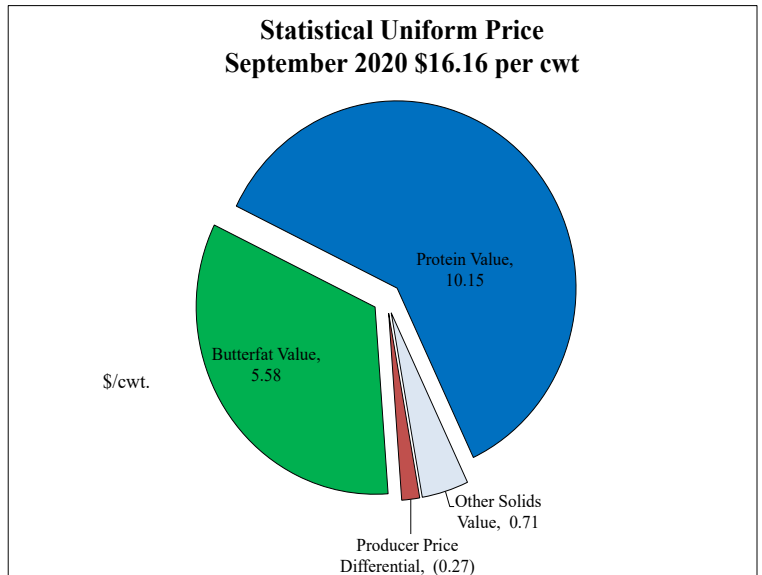
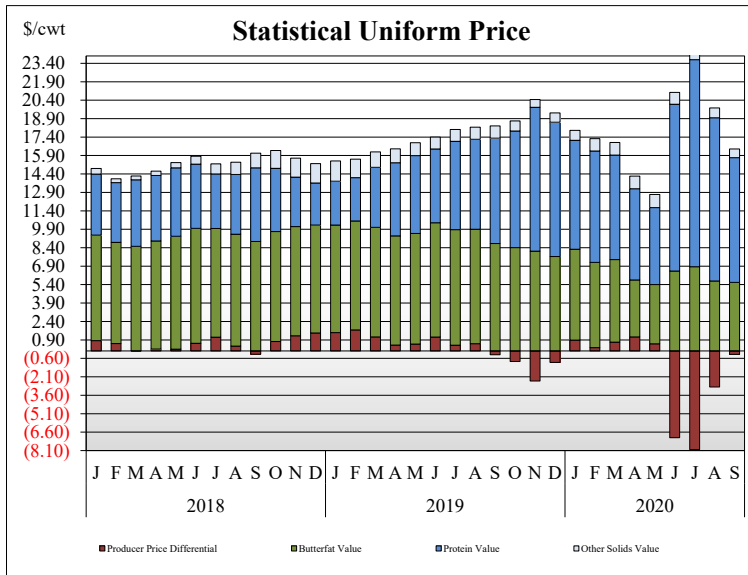
## PRODUCER MILK CLASSIFICATION



**Producer Receipts:** Producer receipts for the Mideast Order totaled 1.45 billion pounds in September 2020. The pounds allocated to Class I represented 38.3 percent of the total pounds. Producer receipts increased 95.3 million pounds compared to August 2020, and were up 20.9 million pounds from the prior year.

**Class I Pounds:** Class I Disposition for the Mideast Order totaled 618 million pounds in September 2020, up 20.8 million pounds from September 2019. Finished products include 164 million pounds used for whole milk, 268 million pounds of reduced fat and low fat milk, and 37 million pounds of fat free (skim) milk.

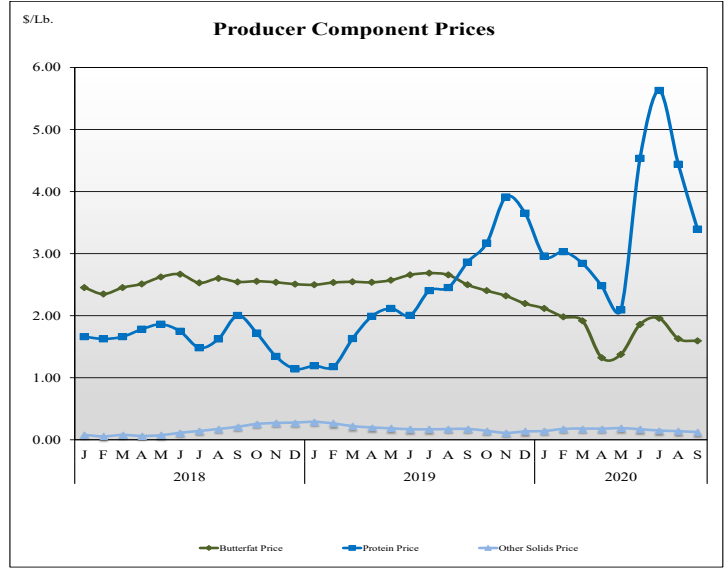
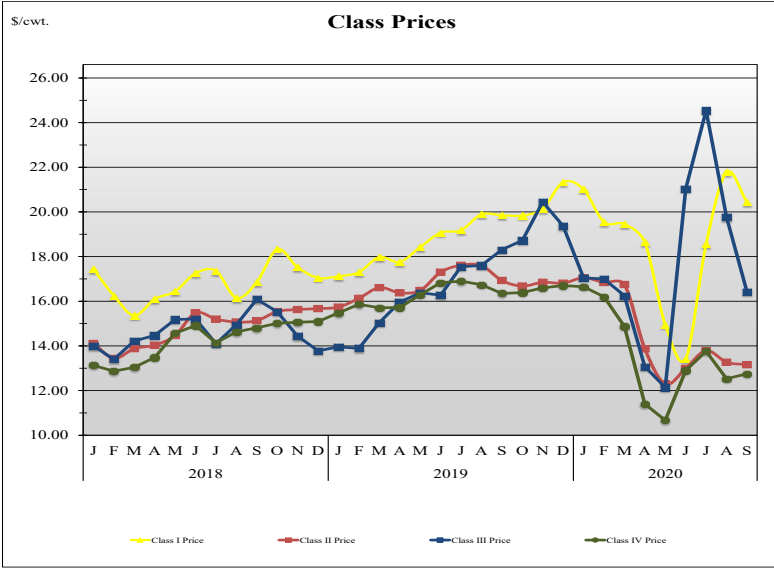
## STATISTICAL UNIFORM PRICE



**Statistical Uniform Price:** The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$16.16 per cwt for September 2020. The September 2020 SUP was \$1.84 per cwt lower than the September 2019 SUP. The September 2020 SUP is \$0.68 per cwt lower than the August 2020 SUP.

**September 2020 Statistical Uniform Price:** Using the Class III Price formula at 3.5% BF, the component values for the September 2020 SUP are: \$10.15 per cwt for protein, \$5.58 per cwt for butterfat and \$0.71 per cwt for other solids. Also included in the SUP is the -\$0.27 per cwt producer price differential. (May not add to total due to rounding.)

## CLASS AND COMPONENT PRICES



## WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

