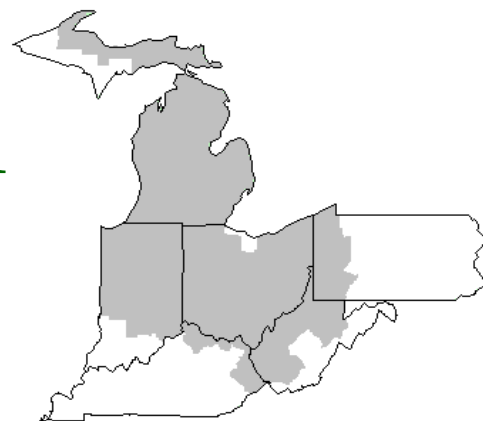


Mideast Market Administrator's Bulletin



Federal Order No. 33

Sharon R. Uther, Market Administrator

Phone: (330) 225-4758 Toll Free: (888) 751-3220

Email: clevelandma1@sprynet.com

WebPage: www.fmmaclev.com

SEPTEMBER 2020

Dairy Forecasts for 2020

With the decline in the number of milk cows from May to June, forecasts of milk cow numbers for the remainder of the year have been lowered. For the year, milk cows are forecast to average 9.365 million head, 5,000 less than last month's forecast. Since milk per cow was 30 pounds higher than expected in the second quarter, it has been raised by 15 pounds for the third quarter. For the year, the forecast for milk per cow is 23,685 pounds, 50 pounds higher than the previous forecast. The milk production forecast is 221.8 billion pounds, 0.3 billion higher than forecast last month.

The forecast for 2020 exports on a milk-fat basis is 9.2 billion pounds, 0.1 billion higher than last month's forecast. On a skim-solids basis, exports are forecast at 46.2 billion pounds, 0.4 billion higher than forecast last month, due to higher expected exports of dry skim milk products. Exports of butterfat products (butter, anhydrous milk fat, and high-milk-fat dairy spreads) are expected to be greater due to lower expected U.S. butter prices for the remainder of the year. Although cheese exports for the second quarter were strong, they are expected to weaken in the second half of the year since domestic prices are expected to be high relative to export prices of competitors.

The forecast for 2020 imports on a milk-fat basis has been raised to 7.1 billion pounds, 0.1 billion higher than last month's forecast, due to higher expected imports of butterfat products. The annual forecast for 2020 imports on a skim-solids basis is 5.7 billion pounds, 0.1 billion lower than the previous forecast, due to lower imports of whey products in the second quarter.

On a milk-fat basis, the domestic use forecast for 2020 is 218.9 billion pounds, 0.3 billion higher than last month's forecast. The domestic use forecast on a skim-solids basis is 180.2 billion pounds, 0.1 billion lower than the previous forecast. The ending stocks forecast for 2020 on a milk-fat basis is 13.1 billion pounds, 0.1 billion less than last month's forecast. On a skim solids basis, the forecast for ending stocks is 10.1 billion pounds, 0.2 billion less than the previous forecast.

Based on recent price changes, the 2020 forecasts for Cheddar cheese, butter, and NDM have been lowered to \$1.845 (-6.0 cents), \$1.625 (-6.0 cents), and \$1.025 per pound (-1.5 cents), respectively. The dry whey price forecast is unchanged at \$0.355 per pound. With the lower expected cheese price, the Class III price forecast for 2020 has been lowered to \$17.40 per cwt, \$0.60 lower than last month's forecast. Lower expected butter and NDM prices result in a Class IV price of \$13.55 per cwt, \$0.40 lower than last month's forecast. The all-milk price forecast for 2020 is \$17.95 per cwt, a decrease from the July forecast of \$18.25 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-314, August 18, 2020
USDA, Economic Research Service

Discussion of Recent U.S. Dairy Supply and Demand Data

As reported last month, dairy farmers reduced milk production in May as they faced pricing terms formulated to discourage milk production growth. In the most recent Milk Production report, the USDA National Agricultural Statistics Service (NASS) revised its milk production estimates for February through May, with an estimate for May of 18.955 billion pounds (611.5 million per day). Whereas the previous report estimated a 1.1-percent decline from May 2019, the most recent report estimates a 0.5-percent year-over-year decline for May. Although this was a significant revision, the decline in daily milk production from April to May was still the largest April-to-May decline on record.

In June, dairy farmers responded to higher prices. The June milk production estimate is 18.308 billion pounds (610.3 million per day), 0.5 percent higher than June 2019. Daily milk production typically declines from May to June, and 2020 was not an exception. However, the May-to-June decline of only 1.2 million pounds per day was the smallest since 1985. Milk cows averaged 9.350 million head in June, 10,000 fewer than May. Milk per cow was 1,958 pounds per head in June, 4 pounds higher than June 2019.

(Continued on Page 3)

August 2020 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	549,293,337	40.7
Class II	416,164,395	30.8
Class III	140,207,844	10.4
Class IV	245,016,108	18.1
Total	1,350,681,684	100.0

Producer Prices

Producer Price Differential	\$ (2.93) / cwt
Butterfat Price	1.6275 / lb
Protein Price	4.4394 / lb
Other Solids Price	0.1387 / lb
Somatic Cell Adjustment Rate	0.00105 / cwt
Statistical Uniform Price	16.84 / cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****August****COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			537,574,577			\$15.34 / cwt	\$ 82,463,940.14
Class I Butterfat		11,718,760				1.9943 / lb	23,370,723.09
Class I Location Differential	549,293,337						(322,759.18)
Class II SNF Value				27,047,721		0.8689 / lb	31,120,260.01
Class II Butterfat		25,632,054				1.6345 / lb	41,895,592.26
Class III Protein Value			4,254,588			4.4394 / lb	18,887,817.98
Class III Other Solids Value					7,956,396	0.1387 / lb	1,103,552.13
Class III Butterfat		7,145,422				1.6275 / lb	11,629,174.34
Class IV SNF Value				26,065,676		0.7862 / lb	17,230,226.34
Class IV Butterfat		6,013,683				1.6275 / lb	9,787,269.34
Somatic Cell Value II / III / IV							<u>1,326,050.22</u>
TOTAL PRODUCER MILK VALUE	1,350,681,684	50,509,919	41,387,771		77,838,974		\$ 238,491,846.46
Overages					\$ 128,192.04		
Beginning Inventory & OS Charges					(20,799.09)		
TOTAL ADJUSTMENTS							\$ <u>107,392.95</u>
TOTAL HANDLER OBLIGATIONS							\$ 238,599,239.41
Total Protein Value			41,387,771 lbs	@	\$ 4.4394		\$(183,736,870.58)
Total Other Solids Value			77,838,974 lbs	@	0.1387		(10,796,265.75)
Butterfat Value			50,509,919 lbs	@	1.6275		(82,204,893.27)
Total Somatic Cell Values							<u>(2,236,626.20)</u>
TOTALS							\$ (40,375,416.39)
Net Producer Location Adjustments							\$ 1,176,254.43
1/2 Unobligated Balance Producer Settlement Fund							<u>185,000.00</u>
Total - Divided by Total Pounds			1,350,681,684 lbs		(2.8884794)		\$ (39,014,161.96)
Rate of Cash Reserve					(0.0415206)		<u>(560,811.14)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH ¹			1,350,681,684		\$(2.93) / cwt		\$ (39,574,973.10)

COMPONENT PRICES**August****COMPUTATION OF UNIFORM PRICE****August**

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Butterfat Price	\$1.6275 / lb	\$2.6574 / lb	Class III Price - 3.5% BF	\$19.77	\$17.60
Protein Price	4.4394 / lb	2.4453 / lb	Producer Price Differential*	(2.93)	0.60
Other Solids Price	0.1387 / lb	0.1730 / lb	Statistical Uniform Price	\$16.84	\$18.20
Somatic Cell Adjustment Rate	0.00105 / cwt	0.00091 / cwt			
Nonfat Solids Price ²	0.7862 / lb	0.8570 / lb			

CLASS PRICES**August**

	<u>2020</u>	<u>2019</u>
Class I*	\$21.78	\$19.89
Class II	13.27	17.60
Class III	19.77	17.60
Class IV	12.53	16.74

CLASSIFICATION OF PRODUCER MILK**August**

	<u>2020</u>	<u>2019</u>
Product lbs.		
Class I	549,293,337	551,657,296
Class II	416,164,395	337,579,331
Class III	140,207,844	536,618,841
Class IV	<u>245,016,108</u>	<u>230,645,156</u>
Total	1,350,681,684	1,656,500,624

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 August 2020 was (\$2.93) and the Statistical Uniform Price was \$16.84 for the month. The Statistical Uniform Price is \$0.32 higher than last month, and is \$1.36 lower than August 2019.

The Producer Butterfat Price of \$1.6275 per pound decreased \$0.3308 from July and is down \$1.0299 from a year ago. The Protein Price of \$4.4394 is down \$1.1900 from last month and is up \$1.9941 from August 2019. The Other Solids Price in August was \$0.1387 per pound, a decrease from last month's price of \$0.1492 and \$0.0343 lower than last August. The Somatic Cell Adjustment rate for August was \$0.00105 per cwt.

August producer receipts of 1.35 billion pounds were 11.4 percent higher than July and 18.5 percent lower than August 2019 production of 1.66 billion pounds. Producer milk allocated to Class I accounted for 40.7 percent of the total producer milk in August 2020, lower than the 43.7 percent in July, and higher than the 33.3 percent in August 2019. A total of 3,731 producers were pooled on the Mideast Order compared to 4,092 producers pooled in August 2019.

The market average content of producer milk was as follows: Butterfat 3.74%; Protein 3.06%; Other Solids 5.76% and Nonfat Solids 8.82%.

(continued from Front Page)

The recent Cattle report issued by NASS shows that U.S. milk cows numbered 9.350 million head on July 1, 50,000 higher than July 1, 2019. The July 1 inventory is the same as the NASS estimate for the average numbers of milk cows in June. Milk cow replacement heifers numbered 4.100 million head on July 1, the same as July 1, 2019. Weekly federally inspected dairy cow slaughter has been lower than corresponding weeks in 2019 for every week from the week ending May 9 to the week ending August 1.

U.S. dairy exports remained strong in June. On a milk-fat milk-equivalent basis, they totaled 965 million pounds, 55 million higher than May and 153 million higher than June 2019. On a skim-solids milk equivalent basis, June exports totaled 4.263 billion pounds, 134 million lower than May but 991 million higher than June 2019. Exports of cheese in June reached a record high for any month, totaling 84.7 million pounds, 6.2 million more than May and 19.0 million higher than June 2019. Top destinations for cheese were Mexico, South Korea, and Japan. A significant proportion of the cheese exports was likely contracted in April and the early part of May when domestic cheese prices were very low. The average unit value for U.S. cheese exports in June was \$1.77 per pound. This compares with \$1.96 per pound for May of the previous year. Exports of dry skim milk products were 167.2 million pounds in June, 7.3 million lower than May but 72.9 million higher than June 2019. Top destinations included Mexico and Southeast Asian countries.

U.S. dairy imports on a milk-fat basis were 755 million pounds in June, 181 million more than May and 117 million more than June 2019. On a skim-solids basis, June imports totaled 483 million pounds, 39 million less than May and 31 million lower than June 2019. Imports of butter in June were a record 12.1 million pounds, 0.8 million higher than May and 4.4 million higher than June 2019. Most butter imports continued to come from Ireland. Imports of anhydrous milk fat and butter oil totaled 8.1 million pounds, 5.3 million more than May and 2.0 million higher than May 2019. Imports of whey products have been decreasing in recent months. In June, they totaled 7.3 million pounds, 0.7 million less than May.

Due to the pandemic, lower foodservice use and the financial hardship of some U.S. residents likely contributed to relatively low domestic use of dairy products in the second quarter. On a milk-fat basis, domestic use in the second quarter was 52.734 billion pounds, 0.2 percent lower than the second quarter of 2019. On a skim-solids basis, it was 44.799 billion pounds, 3.8 percent less than the second quarter of 2019. Domestic use statistics in April included substantial quantities of milk that were not processed. Much of this milk was

spread on fields or poured into manure lagoons. Domestic use of Other-than-American cheese, dry skim milk products, lactose, dry whey, and whey protein concentrate declined year over year in the second quarter. However, domestic use of American-type cheese increased slightly, and butter use increased significantly.

Ending stocks were relatively high at the end of June. On a milk-fat basis, they totaled 19.038 billion pounds, an increase of 916 million from June 2019. June ending stocks on a skim-solids basis totaled 11.373 billion pounds, 219 million more than June 2019.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-314, August 18, 2020
 USDA, Economic Research Service

July Milk Production Up 1.5 Percent

Milk production in the 24 major States during July totaled 17.8 billion pounds, up 1.5 percent from July 2019. June revised production, at 17.5 billion pounds, was up 0.8 percent from June 2019. The June revision represented an increase of 0.3 percent or 59 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,016 pounds for July, 19 pounds above July 2019.

The number of milk cows on farms in the 24 major States was 8.83 million head, 44,000 head more than July 2019, and 2,000 head more than June 2020.

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 July totaled 2.7 billion pounds, up 99 million pounds or 3.8 percent from July 2019.

Production per cow in the Mideast states averaged 1,979 pounds for July. This was an increase of 61 pounds from July 2019.

The number of cows on farms in the Mideast states was 1.3 million head up 8,000 head from July 2019.

Bulletin WebPage Edition

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Featured this month are:

- Producer Price Differential & Uniform Price Statistics
- Grain & Alfalfa Hay Prices

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

State	July 2020 -----Weighted Averages-----						July 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	799	610,406	3.69	3.02	5.78	180	897,967	3.70	3.00	5.80	181
Ohio	1,178	269,133	3.69	2.99	5.70	194	379,767	3.72	2.99	5.71	213
Indiana	584	230,173	3.72	3.05	5.88	191	226,830	3.67	2.98	5.78	211
Pennsylvania	532	62,696	3.72	2.95	5.64	249	77,596	3.76	2.98	5.71	251
New York	111	28,827	3.94	3.15	5.99	218	93,091	3.80	3.01	5.75	205
Other	140	11,083	3.80	2.99	5.74	263	25,538	3.69	2.99	5.75	241
Total/Average *	3,344	1,212,318	3.69	3.01	5.78	190	1,700,789	3.70	3.00	5.77	197

* 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
August 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)	2,260,177	646,066	28.6	\$(1.75)	\$18.02
FO 5 Appalachian - (Charlotte)	448,958	318,120	70.9	^{2/}	20.25
FO 6 Florida - (Tampa)	197,127	160,747	81.5	^{2/}	22.69
FO 7 Southeast - (Atlanta)	368,292	250,480	68.0	^{2/}	20.18
FO 30 Upper Midwest - (Chicago)	1,090,672	203,186	18.6	(2.06)	17.71
FO 32 Central - (Kansas City)	864,081	370,800	42.9	(3.62)	16.15
FO 33 Mideast - (Cleveland)	1,350,682	549,293	40.7	(2.93)	16.84
FO 51 California (Los Angeles)	1,831,608	400,040	21.8	(5.24)	14.53
FO 124 Pacific Northwest - (Seattle)	627,301	130,074	20.7	(3.61)	16.16
FO 126 Southwest - (Dallas)	899,817	333,268	37.0	(3.76)	16.01
FO 131 Arizona - (Phoenix)	298,982	97,367	32.6	^{2/}	15.84

^{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 SEPTEMBER 2020.....\$12.53 /cwt.

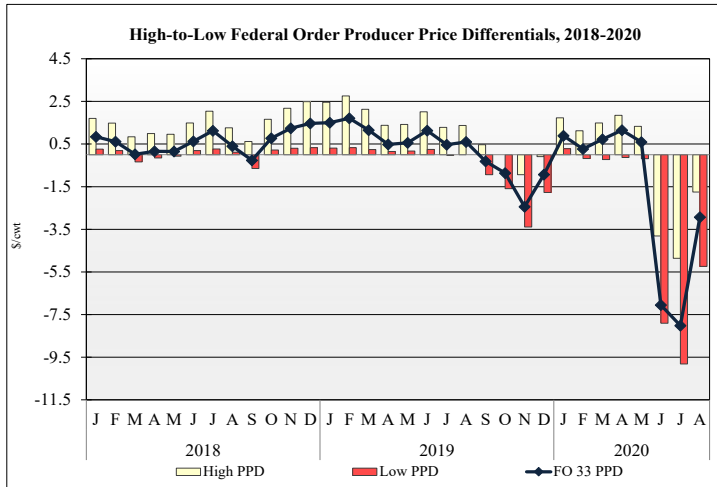


Mideast Market Administrator's Bulletin

Federal Order No. 33

Supplement
September 2020

PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 2/ 3/

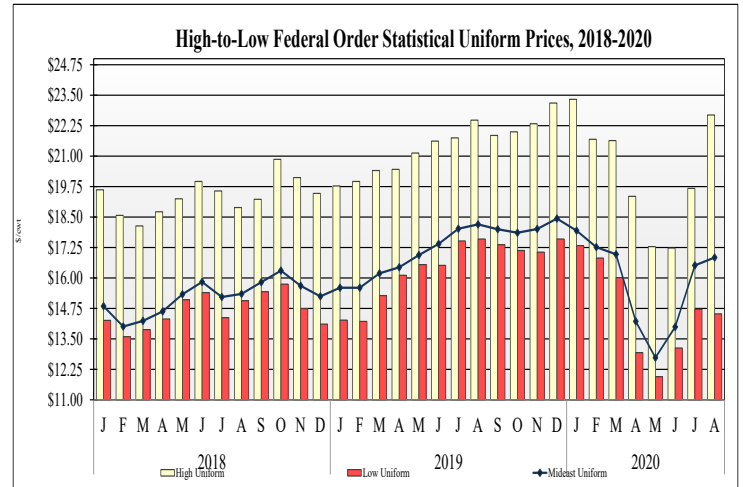


Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing.

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For August 2020 Federal Order 1 had a PPD of -\$1.75 per hundredweight (cwt), \$3.71 higher than their July PPD of -\$5.46 per cwt.

In August 2020 Federal Order 33 had the third highest PPD, behind Orders 1 and 30, at -\$2.93 per cwt, \$5.09 per cwt higher than the July PPD.

For August 2020 Federal Order 51 had the lowest PPD at -\$5.24 per cwt, \$4.58 per cwt higher than the July PPD.



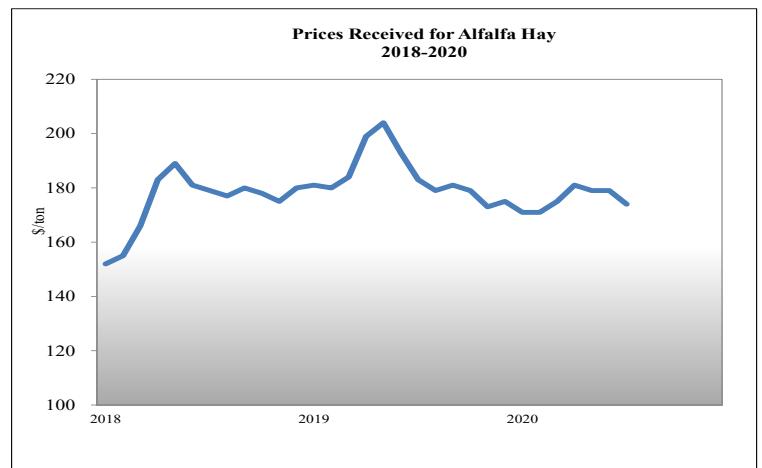
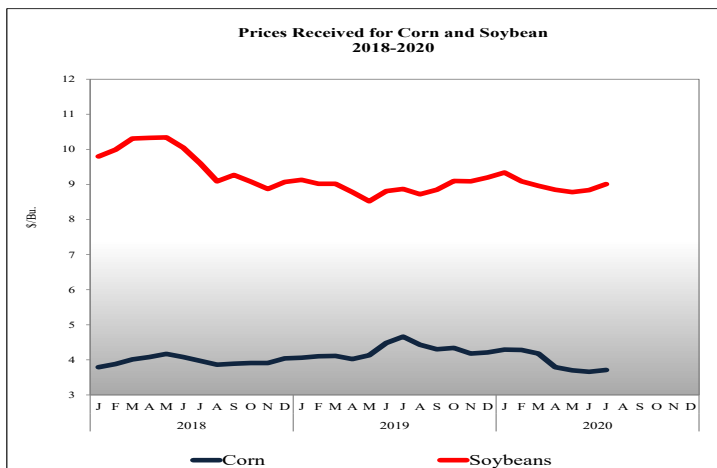
Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For August 2020 Federal Order 6 had a SUP of \$22.69 per cwt, \$1.89 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$16.84 per cwt, \$0.32 per cwt higher than the previous month's SUP.

The California order had the lowest SUP at \$14.53 per cwt, \$0.19 per cwt lower than the previous month's SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



2/ Producer price differentials are subject to location adjustment.

3/ Statistical uniform prices are at 3.5 percent butterfat and subject to location adjustment.

4/ Source: USDA, National Agricultural Statistics Service