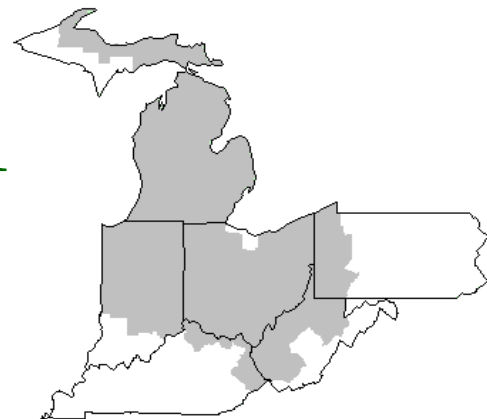


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**DECEMBER 2020**

### Recent Developments in Dairy Markets

Dairy exports on a milk-fat milk-equivalent basis totaled 747 million pounds in September, 46 million lower than August but 7 million higher than September 2019. On a skim-solids milk-equivalent basis, September exports totaled 3.723 billion pounds, 317 million lower than August but 167 million higher than September 2019. Exports of cheese continued to be substantial in September, totaling 62.7 million pounds, 5.7 lower than August but 2.5 million higher than September 2019. Although we do not have data indicating dates for export orders, it is reasonable to assume that many of the orders for cheese shipped in September were made in August, when U.S. cheese prices dipped to relatively low levels. Exports of dry skim milk products<sup>2</sup> weakened to 135.6 million pounds in September, 16.1 million less than August this year and 8.6 million less than September 2019. U.S. exports of dry skim milk products to Mexico totaled 50.2 million pounds in September, 25.0 million less than September 2019. Increased exports of dry skim milk products to Southeast Asian countries have made up for some of the loss in exports to Mexico.

Domestic commercial use for the third quarter of 2020 was 55.759 million pounds on a milk-fat basis, 1.011 billion higher than the third quarter of 2019. On a skim-solids basis, domestic use for the third quarter totaled 45.462 billion pounds, 32 million less than the third quarter of 2019. High demand for Cheddar cheese contributed to the recent increase in Cheddar cheese prices. Of all the products for which USDA Economic Research Service publishes commercial disappearance numbers, American type cheese<sup>5</sup> is the only product category that had year-over-year growth in the third quarter—a 3.6 percent increase. Cheddar accounted for 71.5 percent of American-type cheese production in the third quarter.

The largest year-over-year percentage declines in commercial use for the third quarter were for dry skim milk products (-16.6 percent), dry whey (-29.2 percent), and whey protein concentrate (-20.6 percent). Fluid milk sales declined by 1.6 percent from the previous year in the third quarter. Low in person school attendance due to the pandemic likely contributed to the decline.

**Source:** *Livestock, Dairy, and Poultry Outlook*, LDP-M-317, November 17, 2020  
USDA, Economic Research Service

### Dairy Forecasts for the Remainder of 2020

Based on recent milk production data, milk cows for the fourth quarter of 2020 are expected to average 9.370 million head, 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. Average milk output per cow in the third quarter was 5,910 pounds per head, 10 pounds more than

expected. For the fourth quarter, the forecast has been raised by 10 pounds to 5,875 pounds per head. The forecast for the year is 23,755 pounds, 20 pounds higher than last month's forecast. The milk production forecast for 2020 is 222.5 billion pounds, 0.2 billion higher than last month's forecast.

The forecasts for dairy exports in the fourth quarter of 2020 have been raised. Slightly higher exports of cheese are expected based on recent export data. Higher exports of butterfat products and dry skim milk products are expected due to U.S. price competitiveness. For the year, the forecast for dairy exports on a milk-fat basis is 9.4 billion pounds, 0.1 billion higher than last month's forecast. On a skim solids basis, the forecast is 47.3 billion pounds, 0.2 billion higher than the previous forecast.

The forecast for 2020 dairy imports on a milk-fat basis has been raised to 7.0 billion pounds (+0.1 billion) due to higher expected imports of cheese and butterfat products. On a skim-solids basis, the forecast has been lowered to 5.6 billion pounds (-0.1 billion) due to lower expected imports of low-fat milk powders.

The forecast for 2020 ending stocks on a milk-fat basis has been raised by 0.3 billion pounds to 14.3 billion pounds. On a skim-solids basis, the forecast for ending stocks is 10.3 billion pounds, 0.2 billion lower than last month's forecast. The forecast for 2020 domestic use on a milk-fat basis is 218.1 billion pounds, 0.1 billion lower than last month's forecast. On a skim-solids basis, the forecast for domestic use is 179.6 billion pounds, 0.1 billion higher than the previous forecast.

*(Continued on Page 3)*

### November 2020 Pool Summary

#### Classification of Producer Milk

	Pounds	Percent
Class I	575,155,671	46.1
Class II	305,751,294	24.5
Class III	93,062,503	7.5
Class IV	274,631,233	21.9
Total	1,248,600,701	100.0

#### Producer Prices

Producer Price Differential	\$ (7.40) / cwt
Butterfat Price	1.5553 / lb
Protein Price	5.6226 / lb
Other Solids Price	0.1894 / lb
Somatic Cell Adjustment Rate	0.00123 / cwt
Statistical Uniform Price	15.94 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

November 2020

**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			562,269,531			\$14.78 / cwt	\$ 83,103,436.68
Class I Butterfat		12,886,140				1.6516 / lb	21,282,748.80
Class I Location Differential	575,155,671						(337,272.03)
Class II SNF Value				26,673,686		0.9667/ lb	25,785,452.28
Class II Butterfat		22,421,000				1.5623/ lb	35,028,328.31
Class III Protein Value			2,965,934			5.6226/ lb	16,676,260.49
Class III Other Solids Value					5,227,811	0.1894/ lb	990,147.38
Class III Butterfat		5,935,488				1.5553/ lb	9,259,459.89
Class IV SNF Value				24,980,059		0.9047/ lb	22,599,459.36
Class IV Butterfat		8,929,431				1.5553/ lb	13,887,944.02
Somatic Cell Value II / III / IV							<u>1,599,242.96</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,248,600,701	50,190,059	40,686,004		72,068,306		\$ 229,875,208.14
Overages						\$ 0.00	
Beginning Inventory & OS Charges						(6,155.63)	
<b>TOTAL ADJUSTMENTS</b>							\$ (6,155.63)
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 229,869,052.51
Total Protein Value			40,686,004 lbs	@	\$ 5.6226		\$(228,761,126.11)
Total Other Solids Value			72,068,306 lbs	@	0.1894		(13,649,737.15)
Butterfat Value			50,190,059 lbs	@	1.5553		(78,060,598.79)
Total Somatic Cell Values							<u>(2,951,674.80)</u>
<b>TOTALS</b>							\$ (93,554,084.34)
Net Producer Location Adjustments							\$ 1,093,423.37
1/2 Unobligated Balance Producer Settlement Fund							<u>582,000.00</u>
Total - Divided by Total Pounds			1,248,600,701 lbs			(7.3585303)	\$ (91,878,660.97)
Rate of Cash Reserve						<u>(0.0414697)</u>	<u>(517,790.96)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH <sup>1</sup></b>			1,248,600,701			\$(7.40) / cwt	\$ (92,396,451.93)

**COMPONENT PRICES**

November

**COMPUTATION OF UNIFORM PRICE**

November

	2020	2019	2020	2019
Butterfat Price	\$1.5553 / lb	\$2.3195 / lb	Class III Price - 3.5% BF	\$23.34
Protein Price	5.6226 / lb	3.9118 / lb	Producer Price Differential*	<u>(7.40)</u>
Other Solids Price	0.1894 / lb	0.1112 / lb	Statistical Uniform Price	\$15.94
Somatic Cell Adjustment Rate	0.00123 / cwt	0.00109 / cwt		\$18.01
Nonfat Solids Price <sup>2</sup>	0.9047 / lb	0.9763 / lb		

**CLASS PRICES**

November

**CLASSIFICATION OF PRODUCER MILK**

November

	2020	2019	2020	2019
Class I*	\$20.04	\$20.14	Product lbs.	Product lbs.
Class II	13.86	16.85	Class I	575,155,671
Class III	23.34	20.45	Class II	305,751,294
Class IV	13.30	16.60	Class III	93,062,503
			Class IV	<u>274,631,233</u>
			Total	1,248,600,701
				1,323,169,413

<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 November was (\$7.40) and the Statistical Uniform Price was \$15.94 for the month. The Statistical Uniform Price is \$1.20 higher than last month, and is \$2.07 lower than November 2019.

The Producer Butterfat Price of \$1.5553 per pound decreased \$0.0835 from October and is down \$0.7642 from a year ago. The Protein Price of \$5.6226 is up \$0.6080 from last month and is up \$1.7108 from November 2019. The Other Solids Price in November was \$0.1894 per pound, an increase from last month's price of \$0.1534 and \$0.0782 higher than last November. The Somatic Cell Adjustment rate for November was \$0.00123 per cwt.

November producer receipts of 1.25 billion pounds were 2.4 percent lower than October and 5.6 percent lower than November 2019 production of 1.32 billion pounds. Producer milk allocated to Class I accounted for 46.1 percent of the total producer milk in November 2020, lower than the 46.2 percent in October, and higher than the 39.9 percent in November 2019. A total of 3,752 producers were pooled on the Mideast Order compared to 4,050 producers pooled in November 2019.

The market average content of producer milk was as follows: Butterfat 4.02%; Protein 3.26%; Other Solids 5.77% and Nonfat Solids 9.03%.

(continued from Front Page)

Based on recent price strength, price forecasts for the fourth quarter of 2020 have been raised for Cheddar cheese, nonfat dry milk, and dry whey to \$2.295 per pound (+21.5 cents), \$1.080 per pound (+1.5 cents), and \$0.360 per pound (+2.0 cents), respectively. The forecast for the fourth-quarter butter price has been lowered to \$1.500 per pound (-3.5 cents) due to recent price declines and high stock levels. For the year, price forecasts for Cheddar cheese, nonfat dry milk, and dry whey have been raised to \$1.965 (+5.5 cents), \$1.040 (+0.5 cents), and \$0.355 (+0.5 cents), respectively. The forecast for the 2020 butter price has been lowered to \$1.585 per pound (-1.0 cent).

With higher price forecasts for Cheddar cheese and dry whey, the fourth-quarter Class III milk price forecast has been raised to \$21.70 per hundredweight (cwt), \$2.20 higher than last month's forecast. With the lower butter price forecast more than offsetting the higher NDM price forecast, the fourth quarter Class IV milk price forecast has been lowered to \$13.45 per cwt, \$0.05 lower than the previous forecast. The all-milk price forecast for the fourth quarter has been raised by \$0.85 to \$19.75 per cwt. For the year, the Class III price forecast has been raised \$0.55 to \$18.55 per cwt, but the rounded Class IV price annual forecast is unchanged at \$13.50 per cwt. The all-milk price forecast for 2020 is \$18.25 per cwt, \$0.25 higher than the previous forecast.

**Source:** *Livestock, Dairy, and Poultry Outlook*, LDP-M-317, November 17, 2020  
USDA, Economic Research Service

### Dairy Forecasts for 2021

The milk production forecast for 2021 has been raised based on recent milk production data and higher expected milk prices. However, higher feed costs are expected to slow the rate of growth. The forecast for milk per cow in 2021 has been raised by 20 pounds to 24,090 pounds per head. The forecast for 2020 average size of the milking herd has been raised to 9.380 million head, 10,000 higher than last month's forecast. The milk production forecast for 2021 is 225.9 billion pounds, 0.4 billion higher than last month's forecast.

Based on recent price movements and an improved economic outlook, price forecasts for 2021 have been raised for Cheddar cheese, dry whey, and NDM to \$1.825 (+2.5 cents), \$0.365 (+0.5 cents), and \$1.055 (+0.5 cents) per pound, respectively. However, with recent price movements and high stock levels for butter expected to carry into 2021, the butter price forecast has been lowered to \$1.685 per pound (-2.0 cents). With higher expected

prices for cheese and dry whey, the Class III price forecast for 2021 has been raised by \$0.25 to \$17.25 per cwt. With the lower expected butter price more than offsetting the higher expected NDM price, the Class IV price forecast has been lowered by \$0.10 to \$14.00 per cwt. The all-milk price forecast for 2021 has been raised by \$0.10 to \$17.70 per cwt.

**Source:** *Livestock, Dairy, and Poultry Outlook*, LDP-M-317, November 17, 2020  
USDA, Economic Research Service

### October Milk Production Up 2.5 Percent

Milk production in the 23 major States during October totaled 17.7 billion pounds, up 2.5 percent from October 2019. September revised production, at 17.2 billion pounds, was up 2.4 percent from September 2019. The September revision represented a decrease of less than 0.1 percent or 5 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,997 pounds for October, 35 pounds above October 2019.

The number of milk cows on farms in the 24 major States was 8.88 million head, 62,000 head more than October 2019, and 17,000 head more than September 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 October totaled 2.7 billion pounds, up 4.2 percent from October 2019.

Production per cow in the Mideast states averaged 1,963 pounds for October 52 pounds above October 2019.

The number of cows on farms in the Mideast states was 1.4 million head, 19,000 head more than October 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	October 2020 -----Weighted Averages-----						October 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	944	667,063	3.94	3.24	5.78	153	737,838	3.85	3.17	5.78	169
Ohio	1,326	271,816	3.96	3.22	5.72	169	309,042	3.86	3.15	5.67	184
Indiana	640	224,886	3.92	3.22	5.79	165	231,928	3.84	3.17	5.81	185
New York	134	43,847	4.15	3.28	5.87	184	84,075	3.95	3.16	5.76	174
Pennsylvania	596	61,425	4.05	3.18	5.65	219	78,521	4.01	3.19	5.70	216
Other	143	10,078	4.02	3.19	5.67	222	16,323	3.67	3.21	5.72	245
Total/Average *	3,783	1,279,115	3.96	3.23	5.77	164	1,457,729	3.87	3.17	5.75	178

\* 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  
November 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)	2,187,625	683,121	31.2	\$(5.07)	\$18.27
FO 5 Appalachian - (Charlotte)	435,659	322,458	76.3	<sup>2/</sup>	19.72
FO 6 Florida - (Tampa)	214,461	175,969	82.1	<sup>2/</sup>	21.70
FO 7 Southeast - (Atlanta)	375,340	258,579	68.9	<sup>2/</sup>	19.66
FO 30 Upper Midwest - (Chicago)	895,621	213,006	23.8	(5.43)	17.91
FO 32 Central - (Kansas City)	881,250	387,870	44.0	(8.50)	14.84
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,248,601</b>	<b>575,156</b>	<b>46.1</b>	<b>(7.40)</b>	<b>15.94</b>
FO 51 California - (Los Angeles)	1,843,120	425,815	23.1	(9.55)	13.79
FO 124 Pacific Northwest - (Seattle)	585,958	140,851	24.0	(6.88)	16.46
FO 126 Southwest - (Dallas)	910,086	340,007	37.4	(8.45)	14.89
FO 131 Arizona - (Phoenix)	315,992	107,973	34.2	<sup>2/</sup>	16.04

<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 DECEMBER 2020 .....\$13.30 /cwt.**

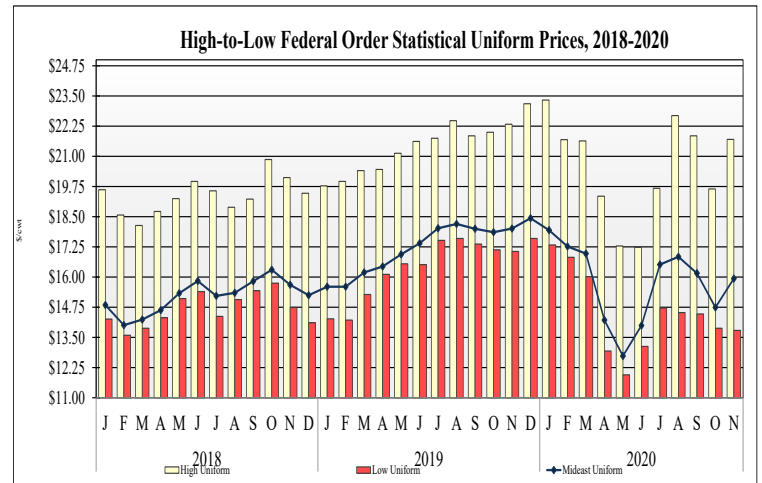
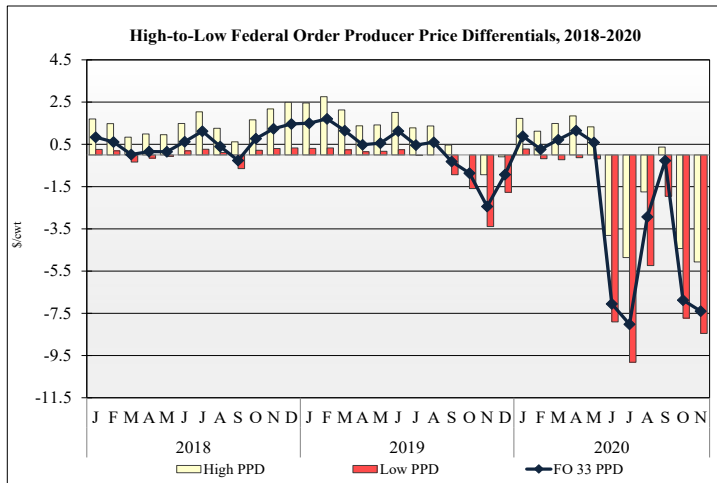


# Mideast Market Administrator's Bulletin

Federal Order No. 33

Supplement  
December 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 November 2020 Federal Order 1 had a PPD of  $-\$5.07$  per hundredweight (cwt),  $\$0.53$  higher than their October PPD of  $-\$4.54$  per cwt.

In November 2020 Federal Order 33 had the third highest PPD, behind Orders 1 and 30, at  $-\$7.40$  per cwt,  $\$0.53$  per cwt lower than the October PPD.

For November 2020 Federal Order 51 had the lowest PPD at  $-\$9.55$  per cwt,  $\$1.82$  per cwt lower than the October PPD.

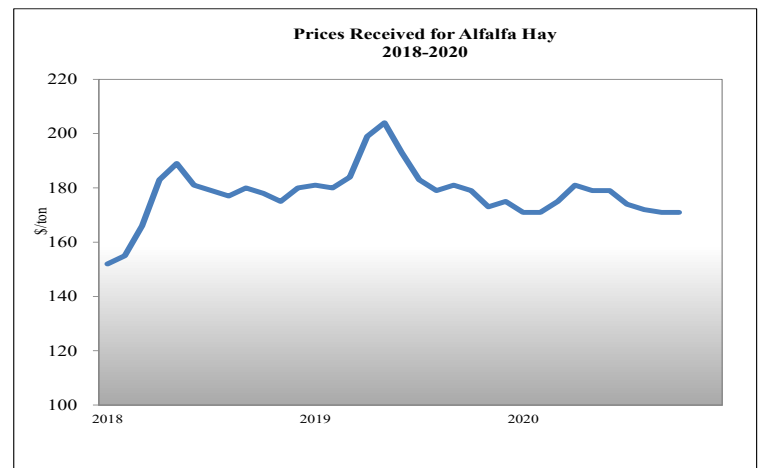
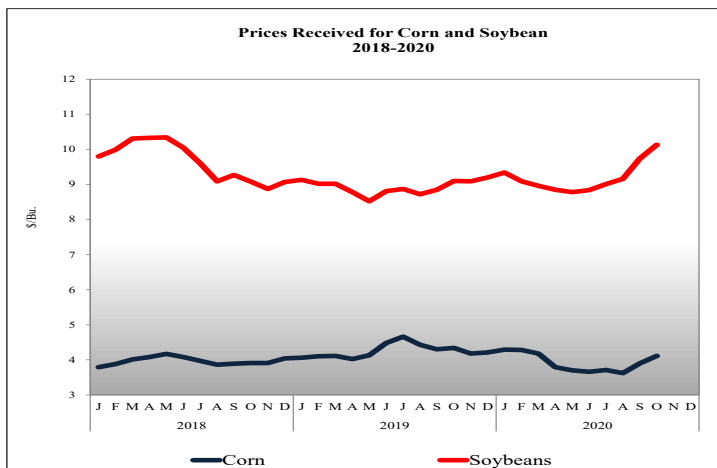
Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2020 Federal Order 6 had a SUP of  $\$21.70$  per cwt,  $\$2.05$  higher than the previous month's SUP.

Federal Order 33 had a SUP of  $\$15.94$  per cwt,  $\$1.20$  per cwt higher than the previous month's SUP.

The California order had the lowest SUP at  $\$14.89$  per cwt,  $\$1.01$  per cwt higher 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