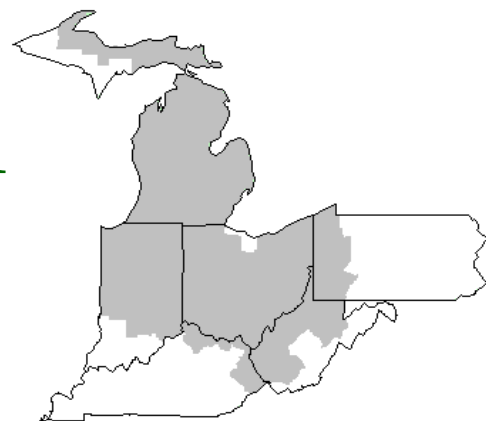


Mideast Market Administrator's Bulletin



Federal Order No. 33

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MARCH 2020

Recap of the 2019 Dairy Situation

In 2019, the supply and demand situation for the dairy industry was tighter than it was in 2018. The simple average all-milk price was \$18.60 per hundredweight (cwt), \$2.33 higher than the simple-average all-milk price of \$16.27 in 2018. Average Class III and IV milk prices for 2019 were \$16.96 per cwt (\$2.35 higher than 2018) and \$16.30 per cwt (\$2.07 higher), respectively. Average prices for cheese, nonfat dry milk (NDM), and dry whey increased to \$1.759 per pound (+22.1 cents), \$1.042 (+24.7 cents), and \$0.380 per pound (+3.8 cents), respectively. The average butter price in 2019 was \$2.243 per pound, 1.4 cents lower than 2018.

For the year, 2019 milk production was 218.3 billion pounds, only 0.3 percent higher than 2018. The average size of the milking herd was 9.332 million head, 67 thousand less than 2018. Quarterly average milk cow numbers fell through most of the year, from 9.334 million head in the first quarter to 9.319 million in the third quarter before rising to 9.337 million head in the fourth quarter. Milk per cow in 2019 averaged 23,396 pounds, 1.1 percent higher than 2018.

Commercial exports for dairy products in 2019 totaled 9.1 billion pounds on a milk-fat basis, 1.3 billion less than 2018. On a skim-solids basis, 2019 exports totaled 41.6 billion pounds, 3.1 billion below 2018. While exports of cheese rose from 2018 to 2019, exports of butter, NDM/SMP, dry whey, whey protein concentrate, and lactose decreased. Retaliatory tariffs by China throughout 2019 and by Mexico in the first 5 months of the year contributed to the year-over-year decline in exports of most dairy products. Exports of some types of whey products (often used as animal feed) were also affected by the spread of African Swine Fever in China.

For the year, 2019 dairy imports on a milk-fat basis totaled 7.0 billion, 0.7 billion higher than 2018. On a skim-solids basis, 2019 dairy imports totaled 5.8 billion pounds, 0.3 billion higher than 2018. Notably, butter imports, which were supplied mostly by Ireland, totaled 84.5 million pounds, 5.7 million more than 2018.

For the year, 2019 domestic use totaled 215.1 billion pounds on a milk-fat basis, 1.4 percent higher than 2018. On a skim-solids basis, 2019 domestic use totaled 181.8 billion pounds, 1.8 percent higher than 2018. Year over year, domestic use increased for butter, NDM, cheese, and whey products. The greatest percentage growth was for whey products and lactose. With lower U.S. exports of these products, dairy manufacturers likely adjusted some of their marketing resources to attract greater domestic sales. Fluid milk sales continued to decline in 2019; the most recent data from USDA Agricultural Marketing Service (AMS) shows that the volume of fluid milk product sales for January through October 2019 declined by 1.8 percent compared to January through October 2018.

Ending stocks for 2019 were 13.6 billion pounds on a milk-fat basis, 0.2 billion less than ending stocks for 2018. On a skim-solids basis, 2019 ending stocks totaled 10.2 billion pounds, 0.5 billion lower than ending

stocks for 2018. Notably, American-type cheese stocks at the end of 2019 were 743.5 million pounds, 56.8 million pounds less than ending stocks for 2018.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-308, February 18, 2020
USDA, Economic Research Service

January Milk Production Up 1.2 Percent

Milk production in the 24 major States during January totaled 17.9 billion pounds, up 1.2 percent from January 2019. December revised production at 17.5 billion pounds, was up 1.3 percent from December 2018. The December revision represented an increase of 82 million pounds or 0.5 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,031 pounds for January, 21 pounds above January 2019.

The number of milk cows on farms in the 24 major States was 8.82 million head, 16,000 head more than January 2019, and 5,000 head more than December 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 January totaled 2.7 billion pounds, down 15 million pounds or 0.6 percent from January 2019.

Production per cow in the Mideast states averaged 1,978 pounds for January, 38 pounds more January 2019.

The number of cows on farms in the Mideast states was 1.3 million head, 22,000 head less than January 2019.

February 2020 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	524,673,391	30.8
Class II	352,647,485	20.7
Class III	552,661,277	32.4
Class IV	273,601,783	16.1
Total	1,703,583,936	100.0

Producer Prices

Producer Price Differential	\$ 0.27 / cwt
Butterfat Price	1.9813 / lb
Protein Price	3.0309 / lb
Other Solids Price	0.1750 / lb
Somatic Cell Adjustment Rate	0.00089 / cwt
Statistical Uniform Price	17.27 / cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
FEBRUARY 2020

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	<u>POUNDS</u>	<u>BUTTERFAT</u>	<u>SKIM / PROTEIN</u>	<u>NONFAT SOLIDS</u>	<u>OTHER SOLIDS</u>	<u>PRICE</u>	<u>VALUE</u>
Class I Skim Value			513,747,929			\$12.46 / cwt	\$ 64,012,991.96
Class I Butterfat		10,925,462				2.1509 / lb	23,499,576.19 (274,060.80)
Class I Location Differential	524,673,391						
Class II SNF Value				30,887,208		1.1378 / lb	35,143,465.28
Class II Butterfat		22,131,651				1.9883 / lb	44,004,361.69
Class III Protein Value			17,776,754			3.0309 / lb	53,879,563.69
Class III Other Solids Value					32,170,318	0.1750 / lb	5,629,805.76
Class III Butterfat		18,264,916				1.9813 / lb	36,188,278.06
Class IV SNF Value				24,067,159		1.0667 / lb	25,672,438.53
Class IV Butterfat		16,120,500				1.9813 / lb	31,939,546.64
Somatic Cell Value II / III / IV							1,984,008.13
TOTAL PRODUCER MILK VALUE	1,703,583,936	67,442,529	54,390,450		98,509,383		\$ 321,679,975.13
Overages					270,296.12		
Beginning Inventory & OS Charges					4,884.96		
TOTAL ADJUSTMENTS							\$ 275,181.08
TOTAL HANDLER OBLIGATIONS							\$ 321,955,156.21
Total Protein Value			54,390,450 lbs	@	\$3.0309		\$ (164,852,014.94)
Total Other Solids Value			98,509,383 lbs	@	0.175		(17,239,142.19)
Butterfat Value			67,442,529 lbs	@	1.9813		(133,623,882.71)
Total Somatic Cell Values							(2,869,584.67)
TOTALS							\$ 3,370,531.70
Net Producer Location Adjustments							\$ 1,311,131.92
1/2 Unobligated Balance Producer Settlement Fund							655,000.00
Total - Divided by Total Pounds			1,703,583,936 lbs		0.3132610		\$ 5,336,663.62
Rate of Cash Reserve					(0.0432610)		(736,987.45)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH ¹			1,703,583,936		\$ 0.27 /cwt		\$ 4,599,676.17

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	February		February		
	2020	2019	2020	2019	
Butterfat Price	\$1.9813 / lb	\$2.5345 / lb	Class III Price - 3.5% BF	\$17.00	\$13.89
Protein Price	3.0309 / lb	1.1776 / lb	Producer Price Differential*	-0.27	1.71
Other Solids Price	0.1750 / lb	0.2631 / lb	Statistical Uniform Price	\$17.27	\$15.60
Somatic Cell Adjustment Rate	0.00089 / cwt	0.00070 / cwt			
Nonfat Solids Price ²	1.0667 / lb	0.8041 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	February		February		
	2020	2019	2020	2019	
Class I*	\$19.55	\$17.30	Product lbs.	Product lbs.	
Class II	16.84	16.13	Class I	524,673,391	527,299,596
Class III	17.00	13.89	Class II	352,647,485	181,871,270
Class IV	16.20	15.86	Class III	552,661,277	559,086,947
			Class IV	273,601,783	228,831,211
			Total	1,703,583,936	1,477,089,024

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 February 2020 was \$0.27 and the Statistical Uniform Price was \$17.27 for the month. The Statistical Uniform Price is \$0.67 lower than last month, and is \$1.67 higher than February 2019.

The Producer Butterfat Price of \$1.9813 per pound decreased \$0.1304 from January and is down \$0.5532 from a year ago. The Protein Price of \$3.0309 is up \$0.0703 from last month and is up \$1.8533 from February 2019. The Other Solids Price in February was \$0.1750 per pound, an increase from last month's price of \$0.1417 and \$0.0881 lower than last February. The Somatic Cell Adjustment rate for February was \$0.00089 per cwt.

February producer receipts of 1.70 billion pounds were 2.4 percent lower than January and 15.3 percent higher than February 2019 production of 1.48 billion pounds. Producer milk allocated to Class I accounted for 30.8 percent of the total producer milk in February 2020, higher than the 33.3 percent in January, and lower than the 35.7 percent in February 2019. A total of 4,023 producers were pooled on the Mideast Order compared to 4,399 producers pooled in February 2019.

The market average content of producer milk was as follows: Butterfat 3.96%; Protein 3.19%; Other Solids 5.78% and Nonfat Solids 8.97%.

January 2020 Highlights

Total cheese output (excluding cottage cheese) was 1.10 billion pounds, 0.4 percent above January 2019 but 2.3 percent below December 2019.

Italian type cheese production totaled 482 million pounds, 0.4 percent above January 2019 but 0.2 percent below December 2019.

American type cheese production totaled 436 million pounds, 0.7 percent below January 2019 and 4.9 percent below December 2019.

Butter production was 191 million pounds, 0.6 percent above January 2019 and 7.9 percent above December 2019.

Dry milk products (comparisons in percentage with January 2019)
Nonfat dry milk, human - 173 million pounds, up 0.3 percent.
Skim milk powder - 51.5 million pounds, up 29.5 percent.

Whey products (comparisons in percentage with January 2019)
Dry whey, total - 84.8 million pounds, up 4.4 percent.
Lactose, human and animal - 87.5 million pounds, down 21.6 percent.
Whey protein concentrate, total - 41.2 million pounds, down 4.5 percent.

Frozen products (comparisons in percentage with January 2019)
Ice cream, regular (hard) - 51.7 million gallons, down 3.4 percent.
Ice cream, lowfat (total) - 30.2 million gallons, down 4.2 percent.
Sherbet (hard) - 2.56 million gallons, up 0.5 percent.
Frozen yogurt (total) - 4.41 million gallons, down 14.4 percent.

Released March 4, 2020, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Dairy Forecasts for 2020

This month, relatively small changes have been made to supply and use forecasts for 2020. The annual forecast for milk production is unchanged from last month's forecast of 222.0 billion pounds. Annual forecast for milk cow numbers and milk production per cow are unchanged from last month.

Import forecasts for 2020 on both a milk-fat basis and skim-solids basis are unchanged at 6.3 billion and 5.5 billion pounds, respectively. The commercial export forecast on a milk-fat basis is

unchanged at 9.4 billion pounds. With the recent strength in NDM/SMP exports expected to continue in 2020, the forecast for commercial exports on a skim-solids basis has been raised 0.2 billion pounds to 43.6 billion.

The forecast for domestic commercial use has been lowered to 217.9 billion pounds on a milk-fat basis (-0.1 billion) and to 182.7 billion pounds on a skim-solids basis (-0.2 billion). The forecast for ending stocks on a milk-fat basis is unchanged at 13.4 billion pounds. With lower beginning stocks for 2020 on a skim-solids basis, ending stocks for 2020 have been lowered by 0.1 billion pounds to 10.3 billion.

Based on recent price weakening and lower expectations for cheese and butter demand, 2020 price forecasts have been lowered to \$1.790 per pound (-4.5 cents) and \$1.910 per pound (-5.0 cents) per pound, respectively. With recent price strengthening for dry whey, the 2020 forecast has been raised to \$0.345 per pound (+0.5 cents). The NDM price forecast for 2020 is unchanged at \$1.255 per pound.

With the lower expected cheese price more than offsetting the higher expected dry whey price, the Class III milk price forecast for 2020 has been lowered \$0.40 to \$16.95 per cwt. With the lower butter price forecast, the Class IV milk price forecast has been lowered by \$0.20 to \$16.70 per cwt. The all-milk forecast for 2020 has been lowered to \$18.85 per cwt, \$0.40 lower than last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-308, February 18, 2020
USDA, Economic Research Service

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	January 2020 -----Weighted Averages-----						January 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	979	900,493	3.94	3.21	5.79	157	793,283	3.92	3.22	5.80	161
Ohio	1,389	411,569	4.01	3.19	5.72	170	363,570	4.01	3.20	5.71	171
Indiana	681	236,441	3.94	3.18	5.79	166	205,148	3.93	3.19	5.78	175
New York	175	89,242	4.04	3.22	5.85	169	83,187	4.08	3.22	5.73	184
Pennsylvania	708	86,222	4.03	3.14	5.66	194	79,915	4.09	3.20	5.72	207
Other	147	21,086	3.95	3.13	5.74	204	17,292	4.04	3.23	5.77	194
Total/Average *	4,079	1,745,054	3.96	3.20	5.77	164	1,542,397	3.96	3.21	5.77	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
February 2020**

<u>Marketing Area</u> ^{1/}		Producer Milk		Class I	Producer	Statistical
		<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)	2,178,121	649,004	29.8	\$1.12	\$18.12
FO 5	Appalachian - (Charlotte)	428,261	301,354	70.4	^{2/}	19.63
FO 6	Florida - (Tampa)	215,268	175,449	81.5	^{2/}	21.69
FO 7	Southeast - (Atlanta)	358,024	259,633	72.5	^{2/}	20.00
FO 30	Upper Midwest - (Chicago)	2,247,486	212,020	9.4	0.06	17.06
FO 32	Central - (Kansas City)	1,347,966	374,032	27.8	(0.11)	16.89
FO 33	Mideast - (Cleveland)	1,703,584	524,673	30.8	0.27	17.27
FO 51	California (Los Angeles)	1,876,681	399,557	21.3	(0.12)	16.88
FO 124	Pacific Northwest - (Seattle)	649,390	130,845	20.2	(0.18)	16.82
FO 126	Southwest - (Dallas)	937,641	332,967	35.5	0.52	17.52
FO 131	Arizona - (Phoenix)	429,026	97,329	22.7	^{2/}	17.25

^{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 MARCH 2020.....\$16.20 /cwt.

