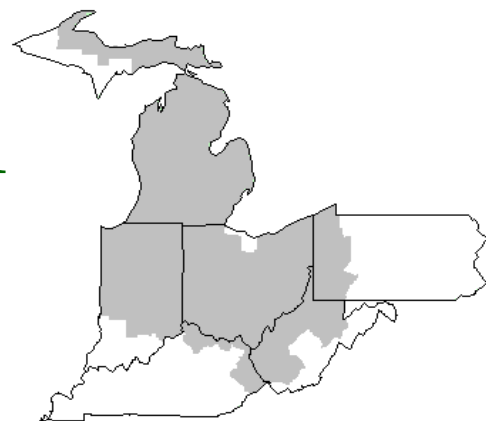


Mideast Market Administrator's Bulletin



Federal Order No. 33

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USDA Issues Final Decision on California Federal Milk Marketing Order

The U.S. Department of Agriculture (USDA) published in the *Federal Register* a final decision to establish a Federal Milk Marketing Order (FMMO) for California. The proposed FMMO would incorporate the entire state of California. The final decision is based on the evidentiary record of a public hearing held in Clovis, Calif., from September to November 2015. A recommended decision regarding the proposed program was published February 14, 2017.

USDA will conduct a referendum among dairy producers to determine whether they support the proposed FMMO. The referendum will be held from April 2, 2018 through May 5, 2018. USDA will mail ballot materials to all known eligible dairy producers supplying milk to the proposed marketing area. The FMMO would become effective if approved by two-thirds of the voting producers, or by producers of two-thirds of the milk represented in the voting process.

FMMOs are legal instruments that regulate the sale of milk between dairy farmers and the first buyer. Where appropriate, the proposed California FMMO adopts the uniform order provisions contained in the 10 current FMMOs in the national system. These uniform provisions include, but are not limited to, dairy product classification, end-product price formulas, and the producer-handler definition. The proposed order would recognize the unique market structure of the California dairy industry through tailored, performance-based standards to determine eligibility for pool participation. The proposed order provides for the recognition of producer quota as administered by the California Department of Food and Agriculture (CDFA).

California represents over 18 percent of all U.S. milk production and is currently regulated by a state milk marketing order administered by CDFA.

Along with issuing this final decision, USDA conducted a Regulatory Economic Impact Analysis to determine the potential impact of regulating California milk handlers under a FMMO on the milk supply, product demand and prices, and milk allocation in California and throughout the United States. The entire hearing record, including the Regulatory Economic Impact Analysis, is available at www.ams.usda.gov/caorder. The *Federal Register* notice is available at: www.regulations.gov.

USDA held a public meeting on Tuesday, April 10, 2018, in Clovis, Calif., to answer questions related to how the proposed California FMMO would operate and how eligible dairy producers can participate in the referendum. Interested parties had the opportunity to attend in person or watch the meeting live via webcast. Meeting details, as well as information regarding the

producer referendum, are available on the AMS website at www.ams.usda.gov/rules-regulations/moa/dairy/ca.

February Milk Production Up 1.8 Percent

Milk production in the 23 major States during February totaled 15.9 billion pounds, up 1.8 percent from February 2017. January revised production, at 17.3 billion pounds, was up 1.8 percent from January 2017. The January revision represented an increase of 9 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,822 pounds for February, 23 pounds above February 2017.

The number of milk cows on farms in the 23 major States was 8.75 million head, 49,000 head more than February 2017, and 1,000 head more than January 2018.

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 February totaled 2.5 billion pounds, up 10 million pounds or 0.4 percent from February 2017.

Production per cow in the Mideast states averaged 1,771 pounds for February, The same as February 2017.

The number of cows on farms in the Mideast states was 1.4 million head, 4,000 head more than February 2017.

March 2018 - Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	542,642,206	33.6
Class II	341,434,821	21.2
Class III	444,282,040	27.5
Class IV	285,934,173	17.7
Total	1,614,293,240	100.0

Producer Prices

Producer Price Differential	\$ 0.02 / cwt
Butterfat Price	2.4273 / lb
Protein Price	1.8066 / lb
Other Solids Price	0.0556 / lb
Somatic Cell Adjustment Rate	0.00078 / cwt
Statistical Uniform Price	14.24 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

March 2018

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			532,040,772			\$7.38 / cwt	\$ 39,264,608.96
Class I Butterfat		10,601,434				2.3534/ lb	24,949,414.80
Class I Location Differential	542,642,206						(274,468.40)
Class II SNF Value				29,646,309		0.6167/ lb	18,282,878.72
Class II Butterfat		22,586,056				2.4343/ lb	54,981,236.13
Class III Protein Value			14,108,605			1.8066/ lb	25,488,605.78
Class III Other Solids Value					25,821,627	0.0556/ lb	1,435,682.48
Class III Butterfat		15,132,506				2.4273/ lb	36,731,131.82
Class IV SNF Value				25,275,726		0.5232/ lb	13,224,259.87
Class IV Butterfat		14,433,962				2.4273/ lb	35,035,555.98
Somatic Cell Value II / III / IV							<u>1,499,170.43</u>
TOTAL PRODUCER MILK VALUE	1,614,293,240	62,753,958	50,942,553		93,414,715		\$ 250,618,076.57
Overages						\$ 85,909.31	
Beginning Inventory & OS Charges						81,232.86	
TOTAL ADJUSTMENTS							<u>167,142.17</u>
TOTAL HANDLER OBLIGATIONS							\$ 250,785,218.74
Total Protein Value			50,942,553 lbs	@	\$1.8066		\$ (92,032,816.26)
Total Other Solids Value			93,414,715 lbs	@	0.0556		(5,193,858.12)
Butterfat Value			62,753,958 lbs	@	2.4273		(152,322,682.28)
Total Somatic Cell Values							<u>(2,268,273.45)</u>
TOTALS							\$ (1,032,411.37)
Net Producer Location Adjustments							\$ 1,154,690.32
1/2 Unobligated Balance Producer Settlement Fund							<u>856,000.00</u>
Total - Divided by Total Pounds			1,614,293,240 lbs			0.0606011	\$ 978,278.95
Rate of Cash Reserve						<u>(0.0406011)</u>	<u>(655,420.81)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,614,293,240			\$ 0.02 / cwt	\$ 322,858.14

COMPONENT PRICES

March

COMPUTATION OF UNIFORM PRICE

March

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Butterfat Price	\$2.4273 / lb	\$2.4176 / lb	Class III Price - 3.5% BF	\$14.22	\$15.81
Protein Price	1.8066 / lb	1.8198 / lb	Producer Price Differential*	<u>0.02</u>	<u>0.62</u>
Other Solids Price	0.0556 / lb	0.3345 / lb	Statistical Uniform Price	\$14.24	\$16.43
Somatic Cell Adjustment Rate	0.00078 / cwt	0.00078 / cwt			
Nonfat Solids Price	0.5232 / lb	0.6747 / lb			

CLASS PRICES

March

CLASSIFICATION OF PRODUCER MILK

March

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Class I*	\$15.36	\$18.90	Product lbs.		
Class II	13.88	16.21	Class I	542,642,206	565,993,656
Class III	14.22	15.81	Class II	341,434,821	338,604,355
Class IV	13.04	14.32	Class III	444,282,040	620,618,458
			<u>Class IV</u>	<u>285,934,173</u>	<u>330,521,877</u>
			Total	1,614,293,240	1,855,738,346

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2018 was \$0.02 and the Statistical Uniform Price was \$14.24 for the month. The Statistical Uniform Price is \$0.23 higher than last month, and is \$2.19 lower than March 2017.

The Producer Butterfat Price of \$2.4273 per pound increased \$0.0783 from February and is up \$0.0097 from a year ago. The Protein Price of \$1.8066 is up \$0.1801 from last month and is down \$0.0132 from March 2017. The Other Solids Price in March was \$0.0556 per pound, an increase from last month's price of \$0.0550 and \$0.2789 lower than last March. The Somatic Cell Adjustment rate for March was \$0.00078 per cwt.

March producer receipts of 1.61 billion pounds were 0.6 percent higher than February and 13.0 percent lower than March 2017 production of 1.86 billion pounds. Producer milk allocated to Class I accounted for 33.6 percent of the total producer milk in March 2018, less than the 31.1 percent in February, and higher than the 30.5 percent in March 2017. A total of 4,619 producers were pooled on the Mideast Order compared to 5,082 producers pooled in March 2017.

The market average content of producer milk was as follows: Butterfat 3.89%; Protein 3.16%; Other Solids 5.79% and Nonfat Solids 8.95%.

Dairy Forecasts for 2018

Due to recent growth in milk production per cow, forecasts for milk yields have been increased for the first half of 2018, resulting in a 2018 forecast of 23,255 pounds per head, 25 pounds higher than last month's forecast. The forecast for the size of the milking herd in 2018 is unchanged at 9.415 million head. The milk production forecast for 2018 is 219.0 billion pounds, 0.3 billion pounds higher than last month's forecast.

Feed price forecasts have been raised since last month. The 2017/18 corn price forecast is \$3.15-\$3.55 per bushel, an increase of 5 cents at the midpoint of the range. The soybean meal price forecast is \$325-\$355 per short ton, an increase of \$20 at the midpoint of the range. The alfalfa hay price was \$152 per short ton in January, an increase of \$4 from December and \$26 from January 2017. Drought in alfalfa hay production areas has contributed to higher prices.

With competitive prices and recent strength in exports of cheese and whey products, the 2018 export forecasts have been raised from last month's forecast to 9.6 billion pounds on a milk-fat basis (+0.1 billion) and to 42.8 billion pounds on a skim-solids basis (+0.3 billion). Forecasts for imports have been lowered from last month's forecast to 5.7 billion pounds (-0.3 billion) on a milk-fat basis and to 5.9 billion pounds (-0.1 billion) on a skim-solids basis due to lower expected dairy-related food preparations.

The 2018 domestic use forecasts are 214.8 billion pounds on a milk-fat basis, 0.1 billion less than last month's forecast, and 181.6 billion pounds on a skim-solids basis, unchanged from last month. Ending stock forecasts are 12.8 billion pounds on a milk-fat basis, down 0.1 billion from last month. On a skim-solids basis, the ending stock forecast has been lowered to 11.3 billion pounds, 0.3 billion less than last month, due to the downward revision of beginning stocks and stronger expected exports.

Forecasts for product prices in 2018 have changed only slightly from last month. The cheddar cheese price is forecast slightly higher than the last forecast at \$1.545-\$1.605 per pound, while the dry whey price forecast has been slightly lowered to \$0.265-\$0.295. The butter price forecast has been raised to \$2.210-\$2.300 per pound, based on recent gains in prices. The NDM price forecast has been lowered to \$0.700-\$0.750 as stocks continued to build last month and global supply remains high.

The Class III price forecast for the year is slightly higher than last month's forecast at \$14.30-\$14.90 per cwt, while the Class IV forecast is slightly lower, at \$13.25-\$13.95 per cwt. Changes in Class III and IV forecasts balance each other out; therefore, the all-milk price forecast is \$15.75-\$16.35 per cwt for the year, unchanged at the midpoint from last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-285, March 14, 2018 USDA, Economic Research Service

February 2018 Highlights

Total cheese output (excluding cottage cheese) was 982 million pounds, 4.2 percent above February 2017 but 10.5 percent below January 2018.

Italian type cheese production totaled 424 million pounds, 4.3 percent above February 2017 but 10.6 percent below January 2018.

American type cheese production totaled 397 million pounds, 6.1 percent above February 2017 but 8.5 percent below January 2018.

Butter production was 169 million pounds, 4.7 percent above February 2017 but 7.4 percent below January 2018.

Dry milk products (comparisons in percentage with February 2017)

Nonfat dry milk, human - 159 million pounds, up 12.1 percent.

Skim milk powder - 36.5 million pounds, down 8.9 percent.

Released April 4, 2018, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

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	February 2018						February 2017				
	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	1,224	826,722	3.88	3.19	5.80	167	787,386	3.77	3.16	5.78	162
Ohio	1,608	382,937	3.92	3.15	5.72	175	394,509	3.88	3.15	5.68	177
Indiana	774	218,259	3.86	3.16	5.83	184	226,888	3.85	3.19	5.82	180
Pennsylvania	669	77,419	4.03	3.14	5.75	217	90,315	3.98	3.14	5.74	218
New York	199	84,360	3.97	3.15	5.76	153	82,033	3.95	3.13	5.80	165
Other	158	15,482	4.06	3.23	5.73	191	26,954	3.97	3.16	5.79	172
Total/Average *	4,632	1,605,180	3.90	3.17	5.78	173	1,608,085	3.83	3.16	5.76	171

* 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
March 2018**

Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,370,771	768,875	32.4	\$0.84	\$15.06
FO 5 Appalachian - (Charlotte)	519,899	347,334	66.8	^{2/}	16.02
FO 6 Florida - (Tampa)	227,613	194,005	85.2	^{2/}	18.14
FO 7 Southeast - (Atlanta)	500,008	323,728	64.7	^{2/}	16.30
FO 30 Upper Midwest - (Chicago)	2,688,149	269,940	10.0	0.03	14.25
FO 32 Central - (Kansas City)	1,286,699	413,281	32.1	(0.30)	13.92
FO 33 Mideast - (Cleveland)	1,614,293	542,642	33.6	0.02	14.24
FO 124 Pacific Northwest - (Seattle)	634,993	160,423	25.3	(0.34)	13.88
FO 126 Southwest - (Dallas)	810,105	356,735	44.0	0.57	14.79
FO 131 Arizona - (Phoenix)	441,564	110,735	25.1	^{2/}	14.02

^{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 APRIL 2018.....13.04 /cwt.

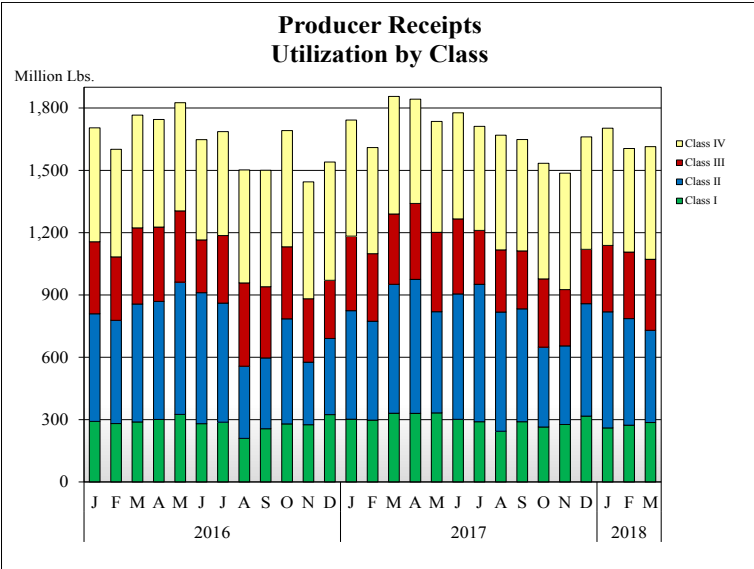
Mideast Market Administrator's Bulletin

Supplement

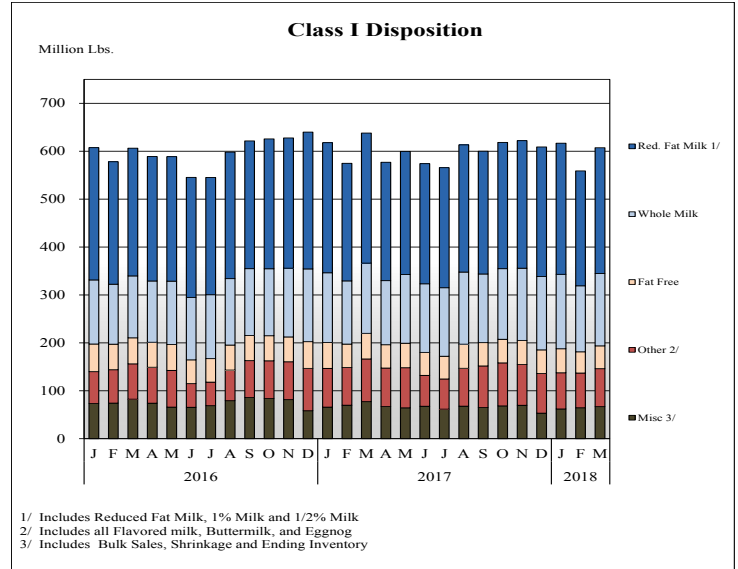
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April 2018

PRODUCER MILK CLASSIFICATION

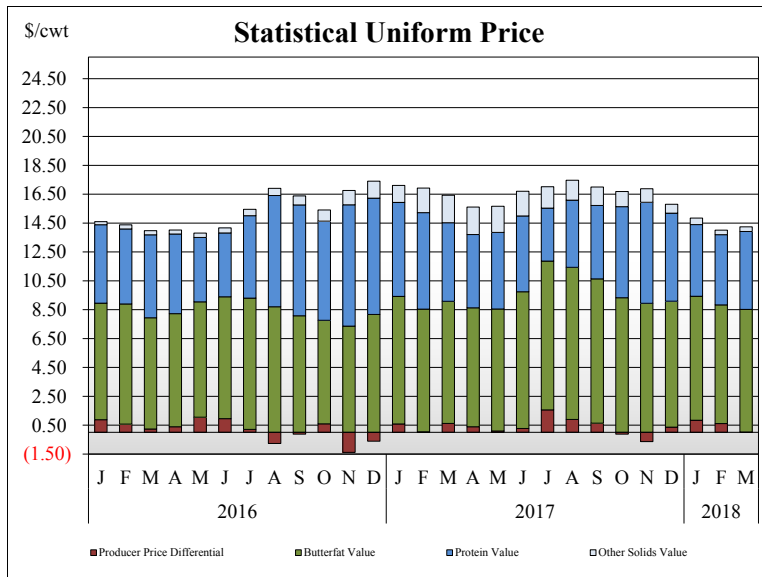


Producer Receipts: Producer receipts for the Mideast Order totaled 1.61 billion pounds in March 2018. The pounds allocated to Class I represented 33.6 percent of the total pounds. Producer receipts increased 9.0 million pounds compared to February 2018, and were down 241.4 million pounds from the prior year.

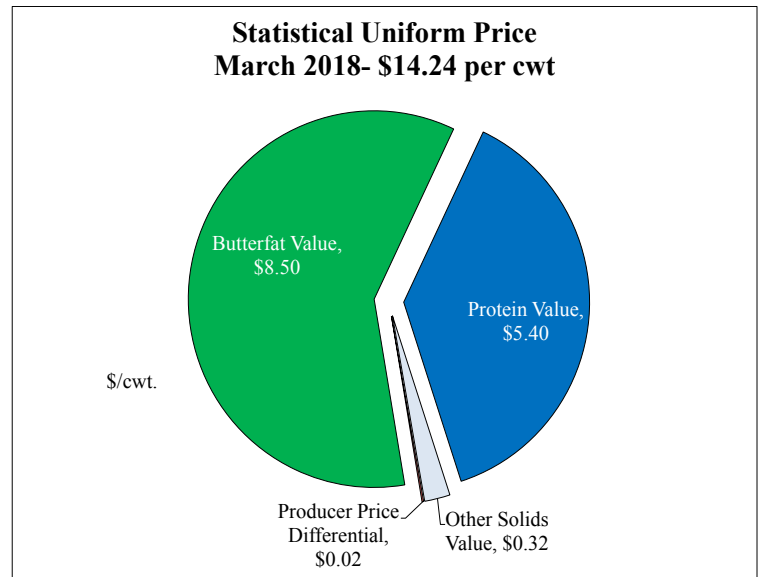


Class I Pounds: Class I Disposition for the Mideast Order totaled 542.6 million pounds in March 2018, down 23.4 million pounds from March 2017. Finished products include 151.0 million pounds used for whole milk, 262.4 million pounds of reduced fat and low fat milk, and 47.6 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

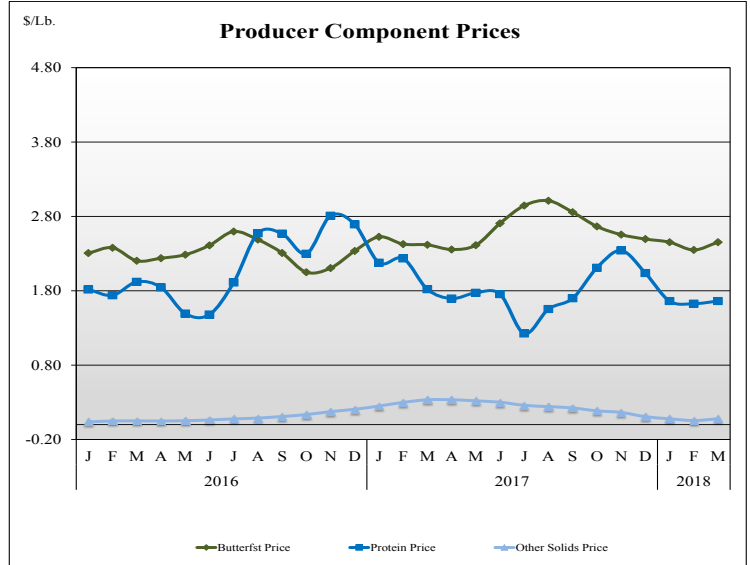
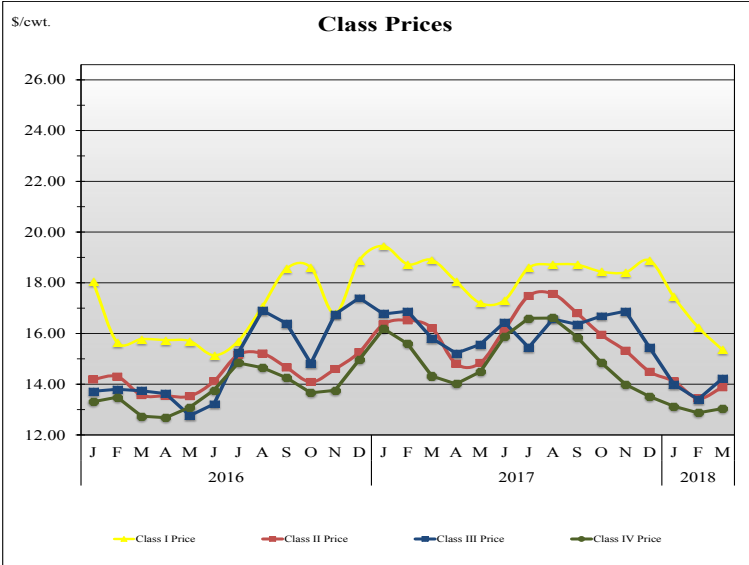


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$14.24 per cwt for March 2018. The March 2018 SUP was \$2.19 per cwt lower than the March 2017 SUP. The March 2018 SUP is \$0.23 per cwt higher than the February 2018 SUP.



March 2018 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the March 2018 SUP are: \$5.40 per cwt for protein, \$8.50 per cwt for butterfat and \$0.32 per cwt for other solids. Also included in the SUP is the \$0.02 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

