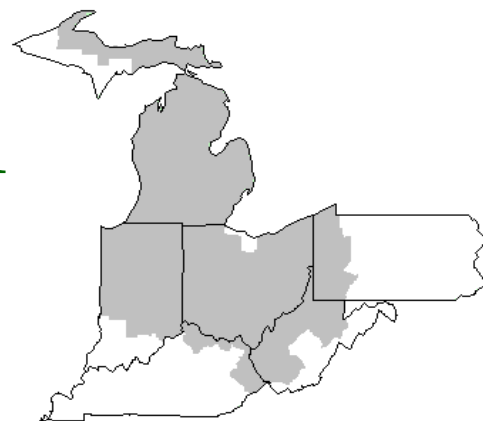


Mideast Market Administrator's Bulletin



Federal Order No. 33

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USDA Announces Producer Approval of California Federal Milk Marketing Order

The U.S. Department of Agriculture (USDA) announced today that California dairy producers have voted to approve a Federal Milk Marketing Order (FMMO) for the entire State of California. As a result of this favorable vote, USDA today published a final rule in the *Federal Register* indicating that approval. The new California FMMO will be implemented October 17, 2018, with publication of the Announcement of Advanced Prices and Pricing Factors, and affected parties must comply with all provisions beginning November 1, 2018. USDA will work over the next few months to educate handlers who will become regulated by the new FMMO.

California represents over 18 percent of all U.S. milk production and is currently regulated by a state milk marketing order administered by California Department of Agriculture (CDFA). Once this new FMMO is established, over 80 percent of the U.S. milk supply would fall under the FMMO regulatory framework.

FMMOs are legal instruments that regulate the sale of milk between dairy farmers and the first buyer. Where appropriate, the 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 new FMMO recognizes the unique market structure of the California dairy industry through tailored, performance-based standards to determine eligibility for pool participation. The order also provides for the recognition of producer quota as administered by the CDFA.

The entire record of the rulemaking is available at: www.ams.usda.gov/caorder

Dairy Outlook

U.S. dairy product prices have continued competitive with foreign export prices. USDA Dairy Market News reported that Oceania and Western Europe export prices in April were \$2.54 and \$2.98 per pound for butter, respectively, and \$0.88 and \$0.75 for skim milk powder (SMP), respectively.

Global demand and competitive U.S. prices led to high exports among a wide variety of dairy products in the first quarter. In March, commercial exports of dairy products reached a record 4.255 billion pounds on a skim-solids milk-equivalent basis. On a milk-fat milk-equivalent basis, dairy exports were 996 million pounds, the highest level since July 2014. March exports of NDM/SMP, whey products, lactose, cheese, and butterfat products were higher than February of this year and March 2017. Exports of whey protein concentrate and lactose reached records of 37.0 million and 83.7 million pounds, respectively.

U.S. milk production has continued to grow, but the year-over-year growth rate has been declining. In March, the year-over-year growth rate was 1.3 percent, lower than 1.7 and 1.6 percent in January and February, respectively. Milk cows numbered 9.406 million head in March, 2,000 less than February. Dairy cow slaughter rates continue to exceed those of last year. Milk per cow was 2,019 pounds, 1.1 percent higher than March 2017.

Feed prices have continued to rise. In March, the 16-percent protein feed value, as calculated by USDA National Agricultural Statistics Service (NASS), was \$7.91 per hundredweight (cwt). It has risen each month since November, when it was \$7.13 per cwt. While feed prices have risen, the all-milk price has fallen from \$18.20 per cwt in November to \$15.30 in February before rising slightly to \$15.60 in March. With rising feed prices and relatively low milk prices, the milk-feed ratio fell to 1.97 in March, the lowest point since June 2016.

With the size of the milking herd falling slightly in March, relatively high slaughter rates in recent months, and higher expected feed prices, the annual milk cow estimate for 2018 has been lowered by 5,000 head to 9.410 million. Higher feed-price forecasts have muted expectations for yield growth; as a result, the milk per cow forecast has been lowered to 23,240 pounds for the year. These changes result in a milk production forecast of 218.7 billion pounds for the year, 0.3 billion pounds lower than the previous forecast.

(Continued on Page 3)

May 2018 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	511,135,783	30.5
Class II	382,683,567	22.9
Class III	472,438,399	28.2
Class IV	307,530,690	18.4
Total	1,673,788,439	100.0

Producer Prices

Producer Price Differential	\$ 0.15 /cwt
Butterfat Price	2.6239 /lb
Protein Price	1.8609 /lb
Other Solids Price	0.0742 /lb
Somatic Cell Adjustment Rate	0.00082 /cwt
Statistical Uniform Price	15.33 /cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****May 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			501,029,761			\$7.98 / cwt	\$ 39,982,174.95
Class I Butterfat		10,106,022				2.4977/ lb	25,241,811.15
Class I Location Differential	511,135,783						(256,278.71)
Class II SNF Value				32,841,129		0.6056/ lb	19,888,587.74
Class II Butterfat		25,244,916				2.6309/ lb	66,416,849.50
Class III Protein Value			14,592,730			1.8609/ lb	27,155,611.26
Class III Other Solids Value					27,466,498	0.0742/ lb	2,038,104.17
Class III Butterfat		15,284,287				2.6239/ lb	40,104,440.65
Class IV SNF Value				27,197,225		0.6196/ lb	16,851,400.63
Class IV Butterfat		12,441,067				2.6239/ lb	32,644,115.73
Somatic Cell Value II / III / IV							<u>1,663,894.07</u>
TOTAL PRODUCER MILK VALUE	1,673,788,439	63,076,292	51,331,649		96,831,082		\$ 271,730,621.14
Overages						\$ 14,513.13	
Beginning Inventory & OS Charges						147,336.80	
TOTAL ADJUSTMENTS							<u>161,849.93</u>
TOTAL HANDLER OBLIGATIONS							\$ 271,892,471.07
Total Protein Value			51,331,649 lbs	@	\$1.8609		\$ (95,523,065.64)
Total Other Solids Value			96,831,082 lbs	@	0.0742		(7,184,866.28)
Butterfat Value			63,076,292 lbs	@	2.6239		(165,505,882.59)
Total Somatic Cell Values							<u>(2,400,707.79)</u>
TOTALS							\$ 1,277,948.77
Net Producer Location Adjustments							\$ 1,187,143.96
1/2 Unobligated Balance Producer Settlement Fund							<u>789,000.00</u>
Total - Divided by Total Pounds			1,673,788,439 lbs		0.1944148		\$ 3,254,092.73
Rate of Cash Reserve					(0.0444148)		<u>(743,409.79)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,673,788,439		\$ 0.15 / cwt		\$ 2,510,682.94

COMPONENT PRICES**May**

	<u>2018</u>	<u>2017</u>
Butterfat Price	\$2.6239 / lb	\$2.4134 / lb
Protein Price	1.8609 / lb	1.7723 / lb
Other Solids Price	0.0742 / lb	0.3196 / lb
Somatic Cell Adjustment Rate	0.00082 / cwt	0.00077 / cwt
Nonfat Solids Price	0.6196 / lb	0.6956 / lb

COMPUTATION OF UNIFORM PRICE**May**

	<u>2018</u>	<u>2017</u>
Class III Price - 3.5% BF	\$15.18	\$15.57
Producer Price Differential*	<u>0.15</u>	<u>0.10</u>
Statistical Uniform Price	\$15.33	\$15.67

CLASS PRICES**May**

	<u>2018</u>	<u>2017</u>
Class I*	\$16.44	\$17.20
Class II	14.47	14.84
Class III	15.18	15.57
Class IV	14.57	14.49

CLASSIFICATION OF PRODUCER MILK**May**

	<u>2018</u>	<u>2017</u>
Product lbs.		
Class I	511,135,783	534,276,835
Class II	382,683,567	381,693,682
Class III	472,438,399	487,268,151
Class IV	<u>307,530,690</u>	<u>332,374,392</u>
Total	1,673,788,439	1,735,583,060

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May 2018 was \$0.15 and the Statistical Uniform Price was \$15.33 for the month. The Statistical Uniform Price is \$0.70 higher than last month, and is \$0.34 lower than May 2017.

The Producer Butterfat Price of \$2.6239 per pound increased \$0.1126 from April and is up \$0.2105 from a year ago. The Protein Price of \$1.8609 is up \$0.0799 from last month and is up \$0.0886 from May 2017. The Other Solids Price in May was \$0.0742 per pound, an increase from last month's price of \$0.0619 and \$0.2454 lower than last May. The Somatic Cell Adjustment rate for May was \$0.00082 per cwt.

May producer receipts of 1.67 billion pounds were 0.1 percent lower than April and 3.6 percent lower than May 2017 production of 1.74 billion pounds. Producer milk allocated to Class I accounted for 30.5 percent of the total producer milk in May 2018, more than the 30.2 percent in April, and lower than the 30.8 percent in May 2017. A total of 4,549 producers were pooled on the Mideast Order compared to 5,021 producers pooled in May 2017.

The market average content of producer milk was as follows: Butterfat 3.77%; Protein 3.07%; Other Solids 5.79% and Nonfat Solids 8.86%.

(continued from Front Page)

Product price forecasts for 2018 have been raised across the board. Recent price strength and higher expected exports motivated an increase in the cheddar cheese price forecast of 5 cents at the midpoint of the range, to \$1.600-\$1.650 per pound. The same is true for the butter price forecast, which has been raised 3.5 cents at the midpoint of the range to \$2.245-\$2.325 per pound. The dry whey price forecast for 2018 is now \$0.255-\$0.285 per pound, slightly higher than last month's estimate. Recent gains in NDM prices should be supported by higher exports for the remainder of 2018; as a result, the NDM price forecast has been raised to \$0.740-\$0.780, 4 cents higher at the midpoint than last month's forecast.

Higher product price forecasts have resulted in higher milk price forecasts for 2018. The Class III price is now forecast at \$14.80-\$15.30 per cwt for the year, 60 cents higher at the midpoint of the range than last month's forecast; the Class IV price is forecast at \$13.75-\$14.35 per cwt, 50 cents higher at the midpoint of the range. The all-milk price forecast for 2018 is \$16.20-\$16.70 per cwt, 60 cents higher at the midpoint than last month's projection.

The forecast for the size of the milking herd is 9.410 million, level with the 2018 forecast. Milk per cow, however, is expected to continue to grow, averaging 23,535 pounds for 2019. Milk production for 2019 is projected at 221.5 billion pounds, a modest 1.3 percent increase from the 2018 forecast.

Imports on a milk-fat basis are forecast at 5.5 billion pounds, the same as the 2018 forecast. Exports on a milk-fat basis are forecast to increase 0.3 billion pounds year-over-year to 10.2 billion. Domestic use is forecast at 216.6 billion pounds, a 1.1 percent increase from the forecast for 2018. Ending stocks on a milk-fat basis for 2019 are projected at 11.8 billion, 0.8 billion less than 2018.

On a skim-solids basis, 2019 imports are expected to remain steady at 5.8 billion pounds. Exports are forecast at 45.3 billion pounds, 0.2 billion pounds higher than the current 2018 forecast. While global demand is expected to continue growing in 2019, competition may limit export growth. Domestic use is expected to grow to 181.1 billion pounds, 1.1 percent higher than the 2018 forecast. Ending stocks are projected at 10.8 billion pounds, 0.2 billion less than the 2018 forecast.

Prices for butter and cheese in 2019 are expected to hold near 2018 levels. The 2019 cheddar cheese price forecast is \$1.585-\$1.685 per pound, 1 cent higher at the midpoint of the range than 2018. The 2019 butter price forecast is \$2.215-\$2.345 per pound, slightly lower at the midpoint of the range than the 2018 projection. The 2019 nonfat dry milk price is expected to be 2 cents higher at the midpoint than 2018 at \$0.745-\$0.815, as growth in export demand is expected to carry over into next year. Similarly, the domestic dry whey price is expected to

continue to find support from overseas trading partners, rising 3 cents from 2018 at the midpoint of the range to \$0.285-\$0.315 per pound.

With higher expected cheese and whey prices, the Class III price forecast for 2019 is \$14.80-\$15.80 per cwt, 25 cents higher than the forecast for 2018. The Class IV price is forecast at \$13.65-\$14.75 per cwt, 15 cents higher at the midpoint of the range than the 2018 forecast, as the higher forecast for nonfat dry milk price more than offsets the lower butter price. The all-milk price for 2019 is projected at \$16.25-\$17.25 per cwt, 30 cents higher at the midpoint of the range than the current 2018 forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-287, May 16, 2018 USDA, Economic Research Service

April Milk Production Up 0.7 Percent

Milk production in the 23 major States during April totaled 17.3 billion pounds, up 0.7 percent from April 2017. March revised production, at 17.8 billion pounds, was up 1.4 percent from March 2017.

The March revision represented a decrease of 9 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,982 pounds for April, 10 pounds above April 2017. This is the highest production per cow for the month of April since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.74 million head, 14,000 head more than April 2017, and 2,000 head less than March 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 April totaled 2.7 billion pounds, down 38 million pounds or 1.4 percent from April 2017.

Production per cow in the Mideast states averaged 1,943 pounds for April, 12 pounds below April 2017.

The number of cows on farms in the Mideast states was 1.4 million head, 7,000 head less than April 2017.

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	April 2018 -----Weighted Averages-----						April 2017 -----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	1,209	865,693	3.87	3.16	5.80	159	917,688	3.72	3.12	5.78	166	
Ohio	1,601	413,015	3.88	3.12	5.71	168	445,575	3.79	3.11	5.68	178	
Indiana	746	210,939	3.88	3.15	5.86	181	246,354	3.74	3.12	5.78	181	
New York	194	92,698	3.97	3.13	5.77	158	91,409	3.87	3.10	5.77	179	
Pennsylvania	671	84,598	3.99	3.11	5.75	199	100,584	3.89	3.09	5.74	215	
Other	132	8,741	3.98	3.18	5.72	229	40,938	3.97	3.15	5.78	166	
Total/Average *	4,553	1,675,685	3.88	3.15	5.78	166	1,842,548	3.76	3.12	5.75	174	

* 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
May 2018**

<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<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)	2,435,360	735,674	30.2	\$0.96	\$16.14
FO 5 Appalachian - (Charlotte)	487,450	330,246	67.8	^{2/}	17.20
FO 6 Florida - (Tampa)	209,046	177,409	84.9	^{2/}	19.25
FO 7 Southeast - (Atlanta)	456,835	309,464	67.8	^{2/}	17.46
FO 30 Upper Midwest - (Chicago)	2,589,931	257,913	10.0	0.07	15.25
FO 32 Central - (Kansas City)	1,416,604	391,751	27.7	(0.07)	15.11
FO 33 Mideast - (Cleveland)	1,673,788	511,136	30.5	0.15	15.33
FO 124 Pacific Northwest - (Seattle)	770,187	156,005	20.3	0.00	15.18
FO 126 Southwest - (Dallas)	1,282,551	350,400	27.3	0.84	16.02
FO 131 Arizona - (Phoenix)	459,346	105,536	23.0	^{2/}	15.28

^{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.

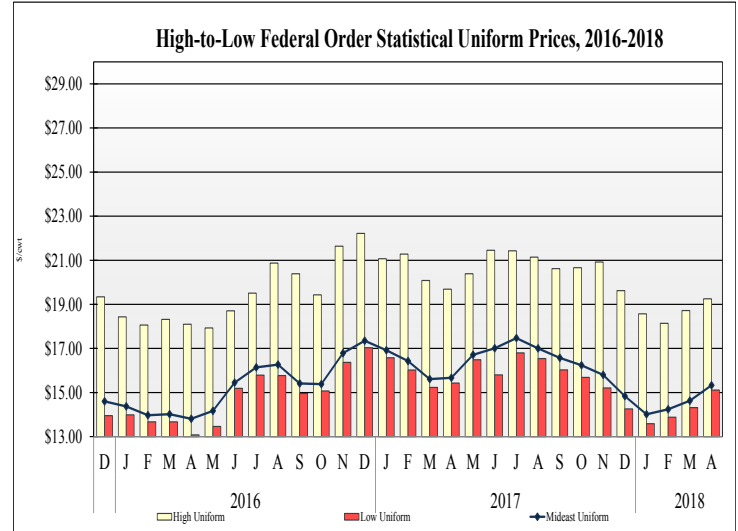
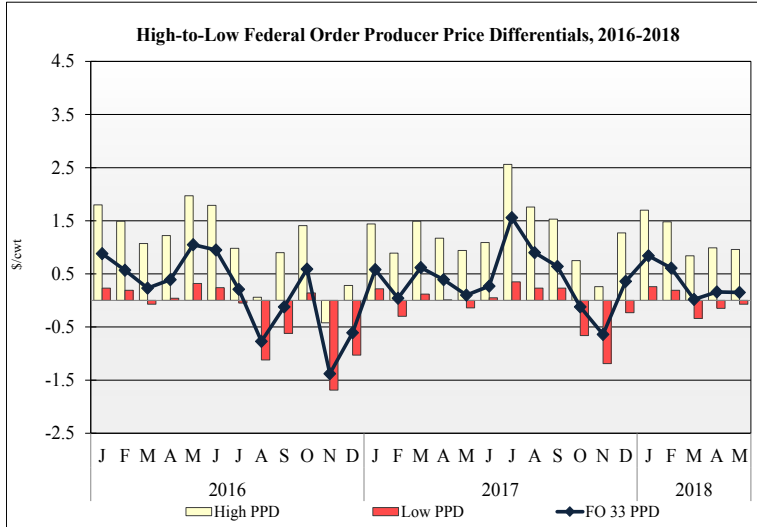
MINIMUM PARTIAL PAYMENT PRICE FOR JUNE 2018.....14.47 /cwt.

Mideast Market Administrator's Bulletin

Supplement
June 2018

Federal Order No. 33

PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 1/ 2/



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

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For May 2018 Federal Order 1 had a PPD of \$0.96 per hundredweight (cwt), \$0.03 lower than their April PPD of \$0.99 per cwt.

In May 2018, Federal Order 33 had the third highest PPD, behind Orders 1, and 126, at \$0.15 per cwt, \$0.01 per cwt lower than the April PPD.

For May 2018, Federal Order 32 had the lowest PPD at \$-0.07 per cwt, \$0.06 per cwt higher than the April PPD.

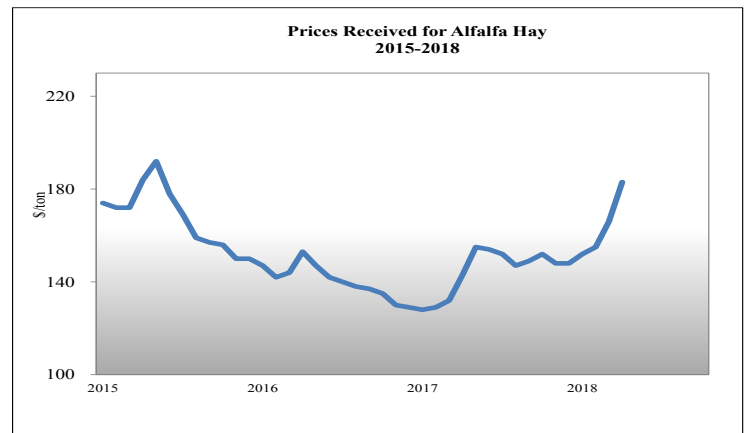
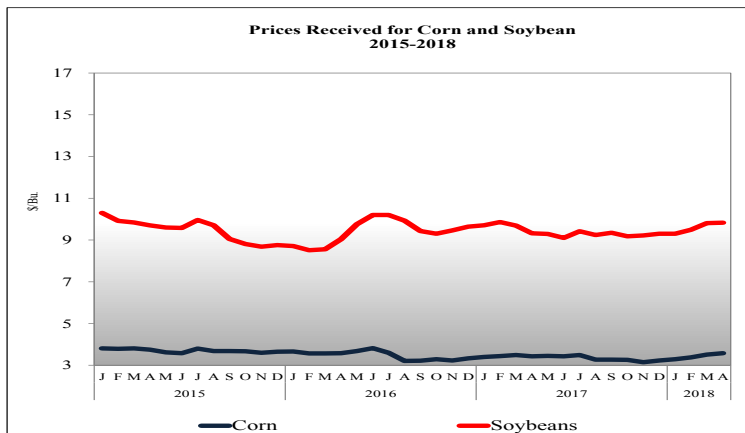
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For May 2018, Federal Order 6 had a SUP of \$19.25 per cwt, \$0.53 higher than the previous month's SUP.

Federal Order 33 had a SUP of 15.33 per cwt, \$0.70 per cwt higher than the previous month's SUP.

The Central order had the lowest SUP at \$15.11 per cwt, \$0.77 per cwt lower than the previous month's SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



1/ Producer price differentials are subject to location adjustment.

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

3/ Source: USDA, National Agricultural Statistics Service