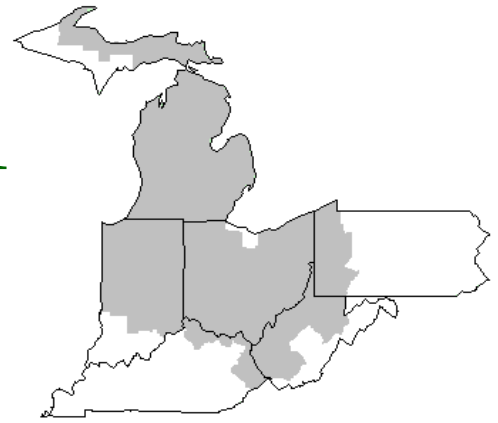


Mideast Market Administrator's Bulletin



Federal Order No. 33

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AUGUST 2019

Dairy News

USDA, National Agricultural Statistics Service (NASS) estimated that U.S. milk production was 19.055 billion pounds in May, down 0.4 percent from May 2018. Milk cows in May numbered 9.333 million head, up 5,000 head from April. Milk per cow averaged 2,042 pounds in May, 0.6 percent higher than May 2018.

Dairy exports in May were generally weaker than May 2018. On a milk-fat milk-equivalent basis, May exports were 859 million pounds, 83 million more than April but 63 million less than May 2018. Notably, exports of butterfat products (butter, anhydrous milk fat, butteroil, and certain dairy spreads) totaled 5.3 million pounds in May, 3.5 million pounds less than May 2018. Price competition from major competitors likely contributed to lower exports of butterfat products. On a skim-solids milk-equivalent basis, exports were 3.604 billion pounds, 177 million more than April but 658 million less than May 2018. Notably, exports of whey products (dry whey, whey protein concentrate, and modified whey) totaled 75.7 million pounds, 32.5 million less than May 2018. Exports of lactose were 66.2 million pounds in May, 11.3 million less than May 2018.

Dairy imports generally strengthened in May. Imports on a milk-fat basis were 654 million pounds in May, 93 million higher than April and 110 million higher than May 2018. Notably, imports of butterfat products totaled 14.1 million pounds in May, 3.6 million pounds higher than May 2018. On a skim-solids basis, imports were 558 million pounds, 58 million higher than April and 76 million higher than May 2018.

May ending stocks on a milk-fat basis were 17.823 billion pounds, 736 million pounds below May 2018. On a skim-solids basis, May ending stocks totaled 11.191 billion pounds, 79 million lower than May 2018. Notably, May ending stocks for cheese stocks in cold storage were 1.386 billion pounds, a counter-seasonal decline of 12.8 million from April and only 1.1 million higher than May 2018. This was the first time since 2012 that ending stocks for cheese declined from April to May.

The 2019/20 corn price forecast has been lowered 10 cents to \$3.70 per bushel. The soybean meal forecast for 2019/20 has been raised to \$300 per short ton, \$5 higher than last month's forecast. The May alfalfa hay price was \$204 per short ton, \$5 higher than April and \$15 higher than May 2018. NASS has been reporting a new monthly price series, prices received for premium and supreme alfalfa hay price for 5 States, with data starting in January 2019. In May, the premium and supreme alfalfa hay price was \$222, \$3 higher than April. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

Dairy Forecasts for 2019

Based on May data, the forecast for the size of the milking herd for 2019 has been raised 5,000 head to 9.340 million. Based on recent milk

yields, higher expected milk cow numbers, and higher feed price forecasts, the milk per cow forecast for the year has been lowered 10 pounds to 23,365. The overall milk production forecast for 2019 is 218.2 billion pounds, unchanged from last month's forecast.

On a milk-fat basis, the import forecast for 2019 has been raised 0.4 billion pounds to 6.9 billion pounds because of recent strength in imports of butterfat products. However, the export forecast on a milk-fat basis has been lowered 0.2 billion pounds to 9.5 billion pounds, as exports of butterfat products have slowed in recent months, and are expected to continue to face considerable competition from lower prices in Europe and Oceania. Imports on a skim-solids basis are forecast at 5.4 billion pounds for the year, unchanged from the previous forecast. The export forecast on a skim-solids basis has been lowered 0.7 billion pounds to 41.3 billion primarily because exports of whey products and lactose to China have been relatively low. U.S. exporters have been unable to gain traction for these products in other markets.

Due to recent strength in domestic use and expectations for strong economic growth this year and next, domestic use forecasts have been raised. Domestic use on a milk-fat basis for 2019 is forecast at 215.1 billion pounds, 0.6 billion higher than the previous forecast. Domestic use on a skim-solids basis is forecast higher on a skim-solids basis for 2019 than the last forecast, at 181.7 billion pounds. Ending stocks on a milk-fat basis for 2019 are forecast at 13.1 billion pounds, unchanged from the previous forecast. On a skim-solids basis, ending stocks are forecast at 10.0 billion pounds, down 0.2 billion from last month's forecast.

(continued on Page 3)

July 2019 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	515,742,756	30.3
Class II	341,071,097	20.1
Class III	614,962,101	36.2
Class IV	228,473,272	13.4
Total	1,700,249,226	100.0

Producer Prices

Producer Price Differential	\$ 0.47 /cwt
Butterfat Price	2.6858 /lb
Protein Price	2.4032 /lb
Other Solids Price	0.1689 /lb
Somatic Cell Adjustment Rate	0.00091 /cwt
Statistical Uniform Price	18.02 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

JULY 2019**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			504,779,233			\$10.18 / cwt	\$ 51,386,525.97
Class I Butterfat		10,963,523				2.6729/ lb	29,304,400.62
Class I Location Differential	515,742,756						(236,071.75)
Class II SNF Value				28,404,297		0.9422/ lb	26,762,528.66
Class II Butterfat		24,555,142				2.6928/ lb	66,122,086.36
Class III Protein Value			18,579,792			2.4032/ lb	44,650,956.14
Class III Other Solids Value					35,462,432	0.1689/ lb	5,989,604.75
Class III Butterfat		18,208,793				2.6858/ lb	48,905,176.23
Class IV SNF Value				19,937,454		0.8628/ lb	17,202,035.32
Class IV Butterfat		9,266,646				2.6858/ lb	24,888,357.84
Somatic Cell Value II / III / IV							<u>1,628,772.52</u>
TOTAL PRODUCER MILK VALUE	1,700,249,226	62,994,104	50,896,165		97,096,144		\$ 316,604,372.66
Overages						\$ 141,147.28	
Beginning Inventory & OS Charges						59,833.79	
TOTAL ADJUSTMENTS							\$ <u>200,981.07</u>
TOTAL HANDLER OBLIGATIONS							\$ 316,805,353.73
Total Protein Value			50,896,165 lbs	@	\$ 2.4032		\$(122,313,663.76)
Total Other Solids Value			97,096,144 lbs	@	0.1689		(16,399,538.77)
Butterfat Value			62,994,104 lbs	@	2.6858		(169,189,564.49)
Total Somatic Cell Values							<u>(2,319,674.31)</u>
TOTALS							\$ 6,582,912.40
Net Producer Location Adjustments							\$ 1,325,580.21
1/2 Unobligated Balance Producer Settlement Fund							<u>832,000.00</u>
Total - Divided by Total Pounds			1,700,249,226 lbs			0.5140713	\$ 8,740,492.61
Rate of Cash Reserve						<u>(0.0440713)</u>	<u>(749,321.94)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,700,249,226			\$ 0.47 / cwt	\$ 7,991,170.67

COMPONENT PRICES

July

COMPUTATION OF UNIFORM PRICE

July

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Butterfat Price	\$2.6858 / lb	\$2.5287 / lb	Class III Price - 3.5% BF	\$17.55	\$14.10
Protein Price	2.4032 / lb	1.4827 / lb	Producer Price Differential*	<u>0.47</u>	<u>1.12</u>
Other Solids Price	0.1689 / lb	0.1422 / lb	Statistical Uniform Price	\$18.02	\$15.22
Somatic Cell Adjustment Rate	0.00091 / cwt	0.00074 / cwt			
Nonfat Solids Price	0.8628 / lb	0.6085 / lb			

CLASS PRICES

July

CLASSIFICATION OF PRODUCER MILK

July

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Class I*	\$19.18	\$17.36	Product lbs.		
Class II	17.61	15.20	Class I	515,742,756	482,426,321
Class III	17.55	14.10	Class II	341,071,097	286,831,987
Class IV	16.90	14.14	Class III	614,962,101	649,420,996
			<u>Class IV</u>	<u>228,473,272</u>	<u>245,980,201</u>
			Total	1,700,249,226	1,664,659,505

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for July 2019 was \$0.47 and the Statistical Uniform Price was \$18.02 for the month. The Statistical Uniform Price is \$0.62 higher than last month, and is \$2.80 higher than July 2018.

The Producer Butterfat Price of \$2.6858 per pound increased \$0.0279 from June and is up \$0.1571 from a year ago. The Protein Price of \$2.4032 is up \$0.3986 from last month and is up \$0.9205 from July 2018. The Other Solids Price in July was \$0.1689 per pound, a decrease from last month's price of \$0.1702 and \$0.0267 higher than last July. The Somatic Cell Adjustment rate for July was \$0.00091 per cwt.

July producer receipts of 1.70 billion pounds were 0.5 percent higher than June and 2.1 percent higher than July 2018 production of 1.66 billion pounds. Producer milk allocated to Class I accounted for 30.3 percent of the total producer milk in July 2019, higher than the 29.4 percent in June, and higher than the 29.0 percent in July 2018. A total of 4,125 producers were pooled on the Mideast Order compared to 4,479 producers pooled in July 2018.

The market average content of producer milk was as follows: Butterfat 3.70%; Protein 2.99%; Other Solids 5.71% and Nonfat Solids 8.70%.

(continued from Front Page)

As the Cheddar cheese price has risen faster than expected in recent weeks, and demand appears to be relatively strong, the cheese price forecast for 2019 has been raised 2 cents to \$1.660 per pound. Further declines in whey product exports have motivated a decrease in the dry whey price forecast to \$0.375 per pound. The butter price forecast for the year is \$2.315 per pound, 1 cent lower than last month's forecast, because of higher imports of butterfat products. The NDM price forecast for 2019 is \$1.020 per pound, half a cent higher than last month's forecast.

The Class III milk price forecast for the year has been raised 15 cents to \$16.05 per hundredweight (cwt) as the higher expected cheese price more than offsets the lower expected whey price. The Class IV price forecast for 2019 has been raised 5 cents to \$16.45 per cwt as the higher expected NDM price more than offsets the lower expected butter price. The all-milk price forecast for 2019 is \$18.20 per cwt, an increase of 20 cents from last month's forecast.

Dairy Forecasts for 2020

The annual forecast for the size of the milking herd in 2020 is unchanged at 9.355 million head. However, recent yield data and relatively high expected feed prices have motivated a slight decrease in forecasted yield per cow to 23,710 pounds. As a result, the milk production forecast for 2020 is 0.1 billion pounds lower than last month's forecast, at 221.8 billion pounds.

High demand for imports of butterfat products is expected to continue through 2020; as a result, the forecast for imports for the year on a milk-fat basis has been raised 0.2 billion pounds to 6.8 billion. The forecast for imports on a skim-solids basis for 2020 is 5.0 billion pounds, unchanged from the previous forecast. Lower exports of butterfat products are also expected to persist in 2020, motivating a decrease in the export forecast to 10.2 billion pounds. The forecast for exports on a skim-solids basis for the year has been lowered 0.5 billion pounds to 42.9 billion, largely due to lower expected exports of whey products and lactose.

Due to recent strength in domestic use and expectations for relatively strong economic growth, domestic use forecasts for 2020 have been raised. On a milk-fat basis, the domestic use forecast is 217.4 billion pounds, 0.3 billion higher than last month's forecast. The domestic use forecast on a skim-solids basis has been raised to 182.8 billion pounds, 0.2 billion pounds higher than previously expected. The ending stock forecasts for the year are unchanged on both the milk-fat and skim-solids bases, at 13.1 billion pounds and 10.1 billion pounds, respectively.

Only slight changes have been made in product price forecasts for 2020. The Cheddar cheese price forecast for the year has been increased by one-half cent to \$1.730 per pound. As whey exports are expected to remain relatively weak in 2020, the dry whey price forecast has been lowered 1.5 cents to \$0.360 per pound. The butter price is forecast at \$2.345 per pound, 2 cents lower than the last forecast, because of higher expected imports and lower expected exports of butterfat products. The Class III price forecast for 2020 is \$16.65 per cwt, unchanged from last month's projection. Due to a slightly lower butter price, the Class IV price forecast has been lowered 10 cents to \$16.75 for the year. The all-milk price for 2020 is projected to be \$18.85 per cwt, 5 cents lower than last month.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-301, July 17, 2019 USDA, Economic Research Service

June Milk Production Up 0.1 Percent

Milk production in the 24 major States during June totaled 17.3 billion pounds, up 0.1 percent from June 2018. May revised production, at 18.1 billion pounds, was down slightly from May 2018. The May revision represented an increase of 0.1 percent or 18 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,976 pounds for June, 15 pounds above June 2018.

The number of milk cows on farms in the 24 major States was 8.78 million head, 62,000 head less than June 2018, and 12,000 head less than May 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 June totaled 2.6 billion pounds, this was down 2.5 percent from June 2018.

Production per cow in the Mideast states averaged 1,930 pounds for June. This was an increase of 19 pounds per cow from June 2018.

The number of cows on farms in the Mideast states was 1.3 million head, 50,000 head less than June 2018.

Bulletin WebPage Edition
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Featured this month are:

- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk in All Products

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

State	June 2019 -----Weighted Averages-----						June 2018 -----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	1,031	890,639	3.72	3.07	5.82	162	902,363	3.72	3.02	5.81	174
Ohio	1,460	392,219	3.77	3.06	5.75	188	409,883	3.67	2.99	5.71	202
Indiana	694	217,681	3.66	3.02	5.76	184	220,338	3.64	2.99	5.81	210
New York	180	88,124	3.85	3.07	5.77	186	96,281	3.78	3.03	5.77	197
Pennsylvania	646	78,694	3.82	3.04	5.74	224	83,122	3.77	3.00	5.75	233
Other	162	24,266	3.76	3.01	5.78	222	15,701	3.80	3.05	5.74	230
Total/Average *	4,173	1,691,624	3.73	3.06	5.79	176	1,727,689	3.70	3.01	5.78	190

* 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
July 2019**

<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)	2,239,876	662,625	29.6	\$1.28	\$18.83
FO 5	Appalachian - (Charlotte)	411,410	290,921	70.7	^{2/}	19.84
FO 6	Florida - (Tampa)	198,777	164,132	82.3	^{2/}	21.75
FO 7	Southeast - (Atlanta)	401,668	280,070	69.7	^{2/}	20.25
FO 30	Upper Midwest - (Chicago)	2,896,799	216,020	7.5	0.16	17.71
FO 32	Central - (Kansas City)	1,335,050	352,326	26.4	0.09	17.64
FO 33	Mideast - (Cleveland)	1,700,249	515,743	30.3	0.47	18.02
FO 51	California - (Los Angeles)	2,004,725	438,996	21.9	0.27	17.82
FO 124	Pacific Northwest - (Seattle)	795,385	140,658	17.7	(0.03)	17.52
FO 126	Southwest - (Dallas)	1,143,527	320,015	28.0	0.92	18.47
FO 131	Arizona - (Phoenix)	390,814	100,229	25.7	^{2/}	17.88

^{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 AUGUST 2019.....\$16.90 /cwt.



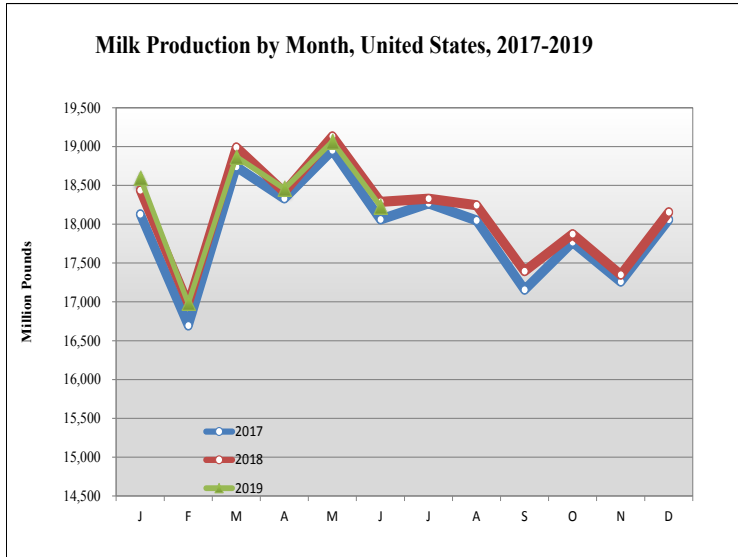
Mideast Market Administrator's Bulletin

Supplement

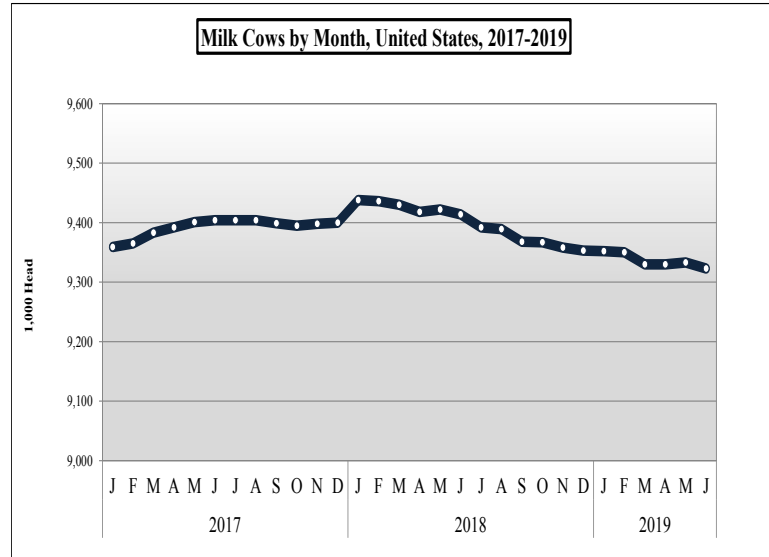
Federal Order No. 33

August 2019

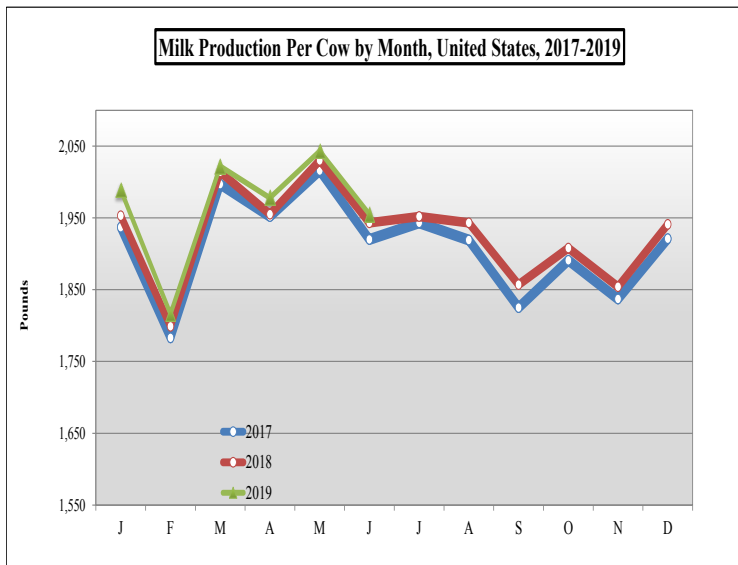
MILK PRODUCTION STATISTICS 1/



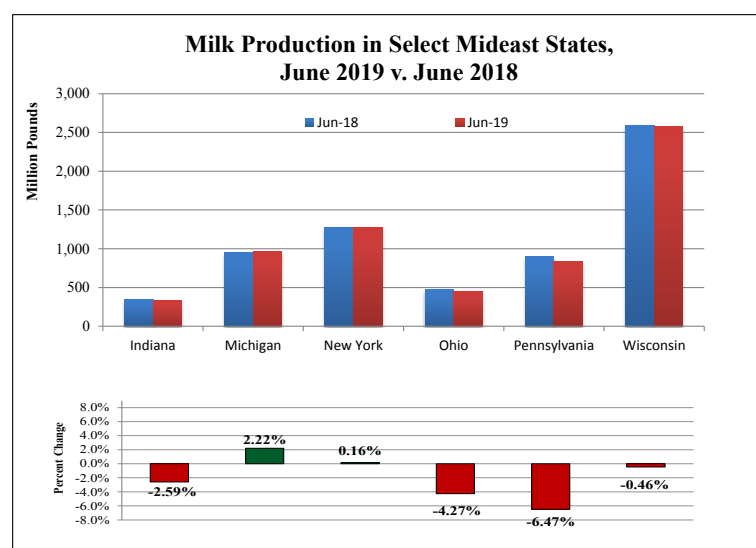
June 2019 milk production in the United States decreased 834 million pounds from May to 18.2 billion pounds. June 2019 milk production in the United States was down 0.3 percent from the same month of the prior year.



The number of milk cows on farms in the United States was 9.3 million head for June 2019, down 10,000 head from May. June Cow numbers were 91,000 head lower than June 2018.



Production per cow in the United States averaged 1,955 pounds for June 2019 down 88 pounds from May 2019. June 2019 milk production per cow was up 12 pounds from the same month of the prior year.

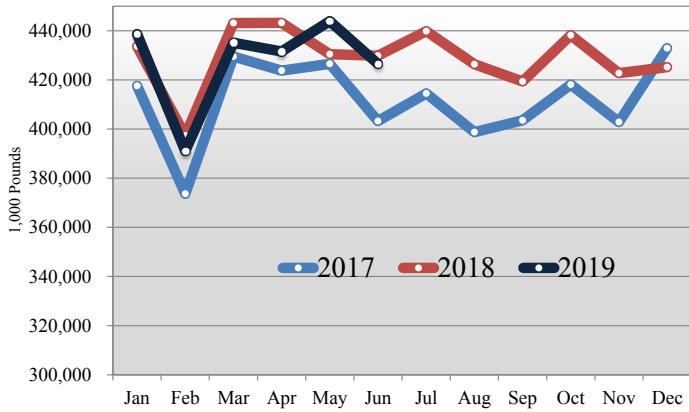


Milk production from selected states which pool on the Mideast marketing area totaled 6.4 billion pounds during June 2019, down 76 million pounds from the prior year. Milk production in Pennsylvania was down 58 million pounds while production in Michigan was up 21 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA). Gaps in data in figures is due to NASS suspension of select data to meet sequestration requirements.

DAIRY PRODUCT PRODUCTION 1/

Total American Cheese Production, 2017-2019



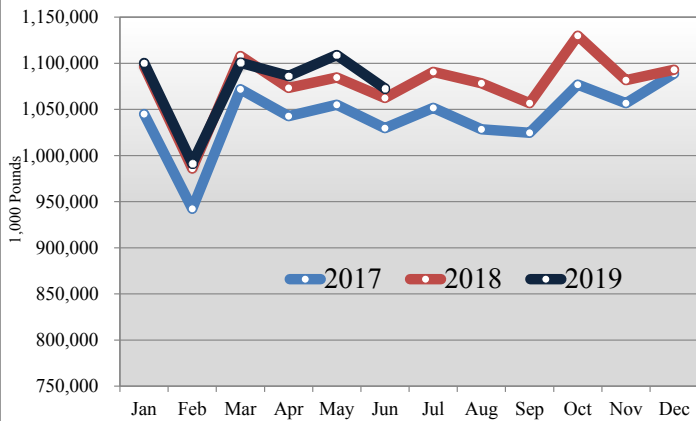
Dairy Product Production Summary:

American type cheese production totaled 426.5 million pounds, 0.6 percent below June 2018 and 3.9 percent below May 2019.

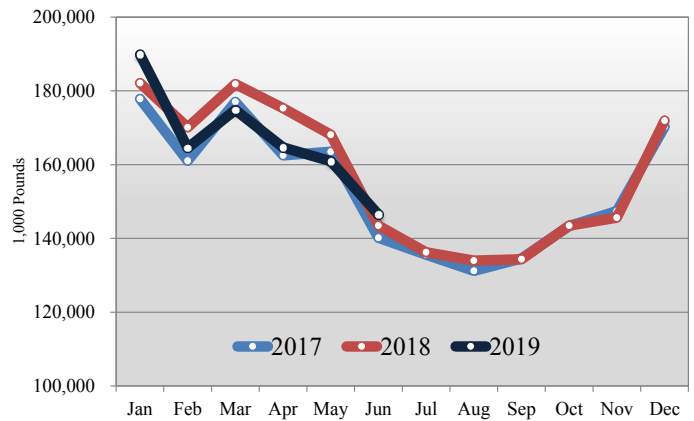
Total cheese output (excluding cottage cheese) was 1.1 billion pounds, 0.6 percent below June 2018 and 3.3 percent below May 2019.

Butter production was 146 million pounds, 3.1 percent above June 2018 and 9.0 percent below May 2019.

Total Cheese Production, 2017-2019



Total Butter Production, 2017-2019



COMMERCIAL DISAPPEARANCE 2/

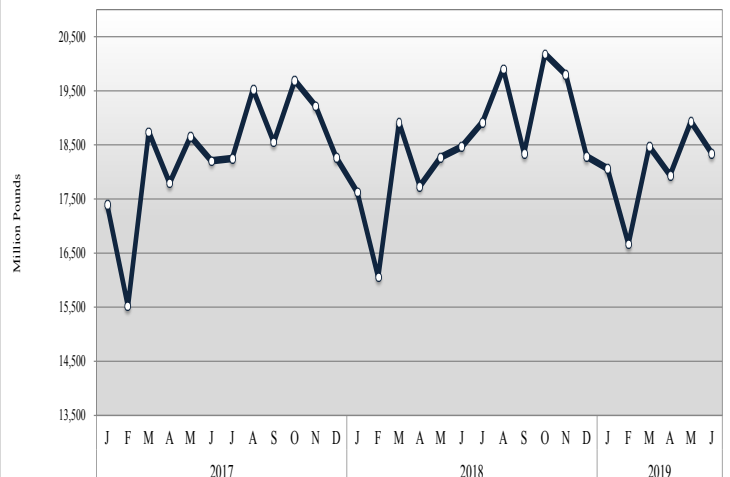
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For June 2019 commercial disappearance of milk was 18.4 billion pounds, down 0.7 percent from the prior year. The cumulative disappearance total for 2019 is 108.4 billion pounds, an increase of 1.3 percent from the same 6-month period of 2018.

June 2019 commercial disappearance of American cheese was 430.7 million pounds, down 0.9 percent from the prior year. The cumulative disappearance is up 0.9% from 2018.

June 2019 commercial disappearance of butter was 140.2 million pounds, down 7.2 percent from the prior year. The cumulative disappearance is up 1.2% from 2018.

Commercial Disappearance of Milk in All Products, 2017-2019



1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

2/ Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.