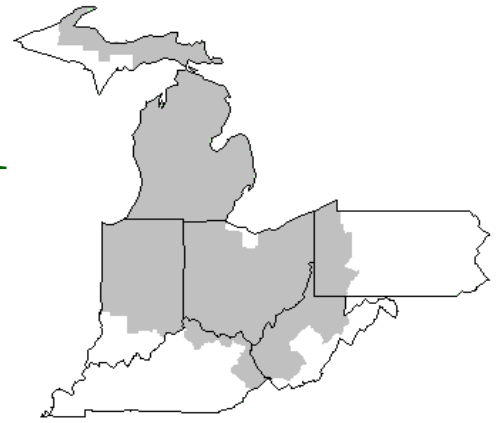


Mideast Market Administrator's Bulletin



Federal Order No. 33

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MAY 2019

USDA Announces \$1.5 Million in Grants Available to Support the Dairy Industry

The U.S. Department of Agriculture (USDA) announced \$1.5 million in competitive grant funding is available for the Dairy Business Innovation (DBI) Initiatives. DBI is authorized through the 2018 Farm Bill. This program supports USDA's efforts to reduce risk and develop higher-value uses for dairy products, diversify farmer income through processing and marketing innovation, and encourage the use of regional milk production.

The DBI Initiatives are expected to provide direct technical assistance and make grants to dairy businesses. Initiatives must be positioned to draw on existing dairy industry resources, including dairy farm density and farmland suitability for dairying, as well as activities conducted by dairy promotion and research programs, research organizations, dairy businesses, or academic and industry stakeholders. Initiatives may serve a certain product niche, such as specialty cheese, or serve dairy businesses with dairy products derived from the milk of a specific type of dairy animal, including products made from cow, sheep and goat milk.

Applications must be submitted electronically through www.grants.gov by 11:59 p.m. Eastern Time on June 17, 2019. For more information about grant eligibility, visit DBI Initiatives or contact AMSGrants@usda.gov.

Dairy Outlook

With upward revisions to 2018 milk cow numbers and a larger milking herd in February than previously expected, the annual estimate for size of milking herd has been raised 10 thousand head to 9.360 million. However, downward revisions to 2018 milk per cow data motivated a decrease in the forecast for 2019 to 23,455 pounds. With these changes, milk production for 2019 is now forecast at 219.5 billion pounds, a reduction of 0.2 billion pounds from the last forecast.

The alfalfa hay price in February was \$180 per short ton, \$1 less than January and \$25 more than February 2018. The 2018/19 price forecasts for corn and soybean meal are \$3.40-\$3.70 per pound and \$305-\$325 per short ton, respectively, both unchanged at the midpoint from last month's forecast. For more information, see Feed Outlook, published by USDA, Economic Research Service.

The 2019 export forecasts have been lowered to 9.8 billion pounds (-0.3 billion) pounds on a milk-fat basis and to 42.2 billion pounds (-1.4 billion) on a skim-solids basis. The changes are primarily due to lower expectations for exports of whey products. Our forecasts assume that China's retaliatory tariffs will remain in place. Although there is considerable uncertainty concerning the spread of African Swine Fever, it is expected that China's swine inventories at the end of 2019 will be 13 percent below the first of the year. In addition to lower expected exports of whey products, lower expectations for exports of butterfat products, lactose, and NDM to a number of markets factor into the forecasts. These forecasts assume that current trade policies remain in place.

(continued on Page 3)

April 2019 Pool Summary

Classification of Producer Milk

| | <i>Pounds</i> | <i>Percent</i> |
|-----------|---------------|----------------|
| Class I | 557,399,677 | 33.7 |
| Class II | 258,817,243 | 15.7 |
| Class III | 584,828,941 | 35.4 |
| Class IV | 251,473,285 | 15.2 |
| Total | 1,652,519,146 | 100.0 |

Producer Prices

| | |
|------------------------------|--------------|
| Producer Price Differential | \$ 0.48 /cwt |
| Butterfat Price | 2.5375 /lb |
| Protein Price | 1.9890 /lb |
| Other Solids Price | 0.1990 /lb |
| Somatic Cell Adjustment Rate | 0.00082 /cwt |
| Statistical Uniform Price | 16.44 /cwt |

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

April 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 | | | 546,050,907 | | | \$9.05 / cwt | \$ 49,417,607.10 |
| Class I Butterfat | | 11,348,770 | | | | 2.5799/ lb | 29,278,691.72 |
| Class I Location Differential | 557,399,677 | | | | | | (261,598.84) |
| Class II SNF Value | | | | 22,158,587 | | 0.8611/ lb | 19,080,759.26 |
| Class II Butterfat | | 19,983,978 | | | | 2.5445/ lb | 50,849,232.05 |
| Class III Protein Value | | | 18,485,867 | | | 1.9890/ lb | 36,768,389.48 |
| Class III Other Solids Value | | | | | 33,945,729 | 0.1990/ lb | 6,755,200.12 |
| Class III Butterfat | | 20,105,562 | | | | 2.5375/ lb | 51,017,863.59 |
| Class IV SNF Value | | | | 22,220,900 | | 0.7883/ lb | 17,516,735.48 |
| Class IV Butterfat | | 12,261,260 | | | | 2.5375/ lb | 31,112,947.27 |
| Somatic Cell Value II / III / IV | | | | | | | <u>1,667,425.38</u> |
| TOTAL PRODUCER MILK VALUE | 1,652,519,146 | 63,699,570 | 51,936,072 | | 95,558,080 | | \$ 293,203,252.61 |
| Overages | | | | | | \$ 244.68 | |
| Beginning Inventory & OS Charges | | | | | | 33,576.30 | |
| TOTAL ADJUSTMENTS | | | | | | | \$ <u>33,820.98</u> |
| TOTAL HANDLER OBLIGATIONS | | | | | | | \$ 293,237,073.59 |
| Total Protein Value | | | 51,936,072 lbs | @ | \$ 1.9890 | | \$(103,300,847.26) |
| Total Other Solids Value | | | 95,558,080 lbs | @ | 0.1990 | | (19,016,057.93) |
| Butterfat Value | | | 63,699,570 lbs | @ | 2.5375 | | (161,637,658.95) |
| Total Somatic Cell Values | | | | | | | <u>(2,522,571.26)</u> |
| TOTALS | | | | | | | \$ 6,759,938.19 |
| Net Producer Location Adjustments | | | | | | | \$ 1,185,536.62 |
| 1/2 Unobligated Balance Producer Settlement Fund | | | | | | | <u>801,000.00</u> |
| Total - Divided by Total Pounds | | | 1,652,519,146 lbs | | 0.5292813 | | \$ 8,746,474.81 |
| Rate of Cash Reserve | | | | | (0.0492813) | | <u>(814,382.92)</u> |
| PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH* | | | 1,652,519,146 | | \$ 0.48 / cwt | | \$ 7,932,091.89 |

COMPONENT PRICES

April

COMPUTATION OF UNIFORM PRICE

April

| | <u>2019</u> | <u>2018</u> | | <u>2019</u> | <u>2018</u> |
|------------------------------|---------------|---------------|------------------------------|-------------|-------------|
| Butterfat Price | \$2.5375 / lb | \$2.5113 / lb | Class III Price - 3.5% BF | \$15.96 | \$14.47 |
| Protein Price | 1.9890 / lb | 1.7810 / lb | Producer Price Differential* | <u>0.48</u> | <u>0.16</u> |
| Other Solids Price | 0.1990 / lb | 0.0619 / lb | Statistical Uniform Price | \$16.44 | \$14.63 |
| Somatic Cell Adjustment Rate | 0.00082 / cwt | 0.00079 / cwt | | | |
| Nonfat Solids Price | 0.7883 / lb | 0.5401 / lb | | | |

CLASS PRICES

April

CLASSIFICATION OF PRODUCER MILK

April

| | <u>2019</u> | <u>2018</u> | | <u>2019</u> | <u>2018</u> |
|-----------|-------------|-------------|-----------|-----------------------------|-----------------------------|
| Class I* | \$17.76 | \$16.10 | Class I | Product lbs. 557,399,677 | Product lbs. 505,481,984 |
| Class II | 16.38 | 14.03 | Class II | 258,817,243 | 340,551,980 |
| Class III | 15.96 | 14.47 | Class III | 584,828,941 | 539,500,135 |
| Class IV | 15.72 | 13.48 | Class IV | <u>251,473,285</u> | <u>290,114,291</u> |
| | | | Total | 1,652,519,146 | 1,675,648,390 |

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2019 was \$0.48 and the Statistical Uniform Price was \$16.44 for the month. The Statistical Uniform Price is \$0.25 higher than last month, and is \$1.81 higher than April 2018.

The Producer Butterfat Price of \$2.5375 per pound decreased \$0.0086 from March and is up \$0.0262 from a year ago. The Protein Price of \$1.9890 is up \$0.3587 from last month and is up \$0.2080 from April 2018. The Other Solids Price in April was \$0.1990 per pound, a decrease from last month's price of \$0.2200 and \$0.1371 higher than last April. The Somatic Cell Adjustment rate for April was \$0.00082 per cwt.

April producer receipts of 1.65 billion pounds were 0.7 percent lower than March and 1.4 percent lower than April 2018 production of 1.68 billion pounds. Producer milk allocated to Class I accounted for 33.7 percent of the total producer milk in April 2019, the same as the 33.7 percent in March, and higher than the 30.2 percent in April 2018. A total of 4,291 producers were pooled on the Mideast Order compared to 4,545 producers pooled in April 2018.

The market average content of producer milk was as follows: Butterfat 3.85%; Protein 3.14%; Other Solids 5.78% and Nonfat Solids 8.92%.

(continued from Front Page)

On a milk-fat basis, the import forecast for 2019 is unchanged at 6.5 billion pounds. The 2019 import forecast on a skim-solids basis has been raised 0.1 billion pounds to 5.3 billion due to higher expected imports of milk protein products. The domestic use forecast is 215.6 billion pounds for the year, an increase of 0.3 billion pounds based upon recent strength. Domestic use on a skim-solids basis is now forecast at 181.5 billion pounds, an increase of 1.4 billion pounds from the last forecast due to relatively strong domestic use in recent months and higher expected domestic use of whey products in response to lower prices. Ending stocks on a milk-fat basis are forecast at 13.4 billion pounds for 2019, 0.2 billion less than the last forecast. The ending stock forecast on a skim-solids basis has been lowered 0.1 billion pounds to 10.4 billion.

The largest changes in product price forecasts have been made for cheese and whey. The cheddar cheese price for 2019 is now forecast at \$1.555-\$1.605 per pound, 4.0 cents higher at the midpoint of the range than the last forecast, based on recent gains in domestic cheese prices and higher expected demand. The dry whey price forecast for 2019 has been lowered 4.5 cents at the midpoint of the range to \$0.380-\$0.410 per pound, as weakness in exports is expected to persist throughout 2019. The butter price forecast for the year is \$2.255-\$2.335 per pound, a slight downward shift from last month's forecast; however, year-over-year growth in butterfat demand should still offer price support through the end of 2019. The NDM price forecast for 2019 is \$0.965-\$1.005 per pound, also a slight reduction from last month's forecast due to recent declines in prices.

The Class III price forecast for the year is \$15.10-\$15.60 per cwt, 15 cents higher at the midpoint of the range than previously forecast, as higher cheese prices should outweigh lower whey prices. The Class IV price forecast has been lowered 5 cents at the midpoint of the range to \$15.75-\$16.35 per cwt due to lower expected butter and NDM prices. The all-milk price for 2019 is now forecast at \$17.25-\$17.75 per cwt, an increase of 20 cents at the midpoint of the range from the last forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-298, April 15, 2019
 USDA, Economic Research Service

March Milk Production Down 0.1 Percent

Milk production in the 23 major States during March totaled 17.8 billion pounds, down 0.1 percent from March 2018. February production, revised at 16.0 billion pounds, was up 0.4 percent from February 2018. The February revision represented a decrease of 37 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 2,044 pounds for March, 10 pounds above March 2018. This is the highest production per cow for the month of March since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.71 million head, 50,000 head less than March 2018, and 9,000 head less than February 2019.

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 March totaled 2.7 billion pounds, down 99 million pounds or 3.6 percent from March 2018.

Production per cow in the Mideast states averaged 1,975 pounds for March, 15 pounds below March 2018.

The number of cows on farms in the Mideast states was 1.4 million head, 44,000 less than March 2018.

Bulletin WebPage Edition
 www.fmmacleev.com
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 | March 2019 -----Weighted Averages----- | | | | | | March 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 | 1,074 | 863,445 | 3.90 | 3.20 | 5.81 | 165 | 790,878 | 3.84 | 3.16 | 5.81 | 165 |
| Ohio | 1,489 | 389,208 | 3.98 | 3.19 | 5.73 | 168 | 412,613 | 3.91 | 3.15 | 5.74 | 168 |
| Indiana | 736 | 219,893 | 3.87 | 3.17 | 5.78 | 177 | 220,741 | 3.85 | 3.14 | 5.82 | 182 |
| New York | 176 | 83,634 | 4.05 | 3.20 | 5.74 | 169 | 94,238 | 3.95 | 3.14 | 5.76 | 158 |
| Pennsylvania | 655 | 82,039 | 4.06 | 3.16 | 5.73 | 199 | 86,534 | 4.01 | 3.13 | 5.77 | 203 |
| Other | 159 | 26,112 | 3.89 | 3.13 | 5.74 | 220 | 9,317 | 4.05 | 3.19 | 5.74 | 323 |
| Total/Average * | 4,289 | 1,664,331 | 3.93 | 3.19 | 5.78 | 170 | 1,614,321 | 3.88 | 3.15 | 5.79 | 170 |

* 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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Department of
Agriculture**

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**FEDERAL ORDER DATA
April 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) | 2,271,294 | 701,013 | 30.9 | \$1.38 | \$17.34 |
| FO 5 | Appalachian - (Charlotte) | 470,145 | 310,879 | 66.1 | ^{2/} | 18.28 |
| FO 6 | Florida - (Tampa) | 214,020 | 182,709 | 85.4 | ^{2/} | 20.46 |
| FO 7 | Southeast - (Atlanta) | 444,507 | 298,507 | 67.2 | ^{2/} | 18.70 |
| FO 30 | Upper Midwest - (Chicago) | 3,010,895 | 230,702 | 7.7 | 0.15 | 16.11 |
| FO 32 | Central - (Kansas City) | 1,511,964 | 394,661 | 26.1 | 0.17 | 16.13 |
| FO 33 | Mideast - (Cleveland) | 1,652,519 | 557,400 | 33.7 | 0.48 | 16.44 |
| FO 51 | California - (Los Angeles) | 2,180,138 | 451,032 | 20.7 | 0.46 | 16.42 |
| FO 124 | Pacific Northwest - (Seattle) | 754,289 | 146,942 | 19.5 | 0.15 | 16.11 |
| FO 126 | Southwest - (Dallas) | 1,285,338 | 359,283 | 28.0 | 1.04 | 17.00 |
| FO 131 | Arizona - (Phoenix) | 440,355 | 106,005 | 24.1 | ^{2/} | 16.43 |

^{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 MAY 2019.....\$15.72 /cwt.



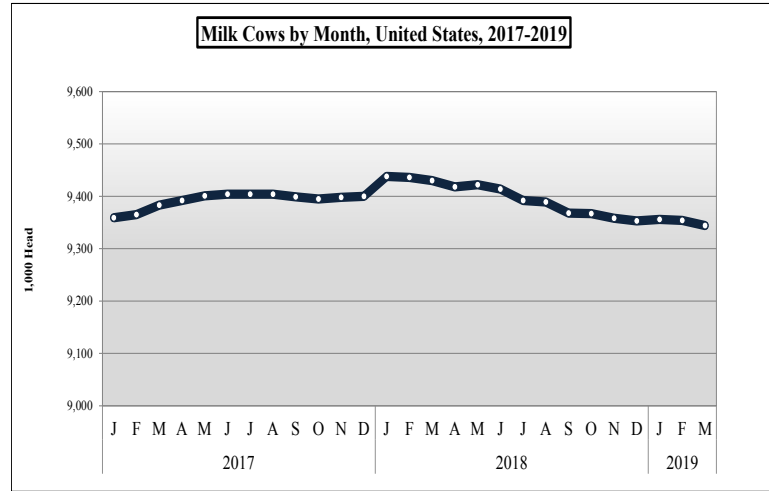
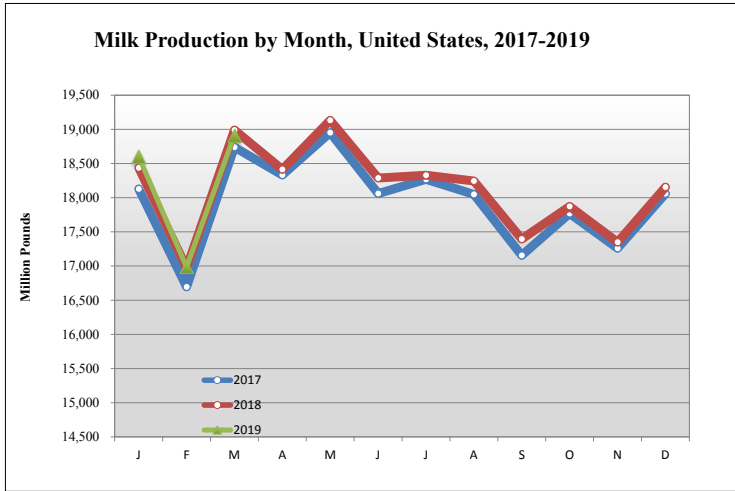
Mideast Market Administrator's Bulletin

Supplement

Federal Order No. 33

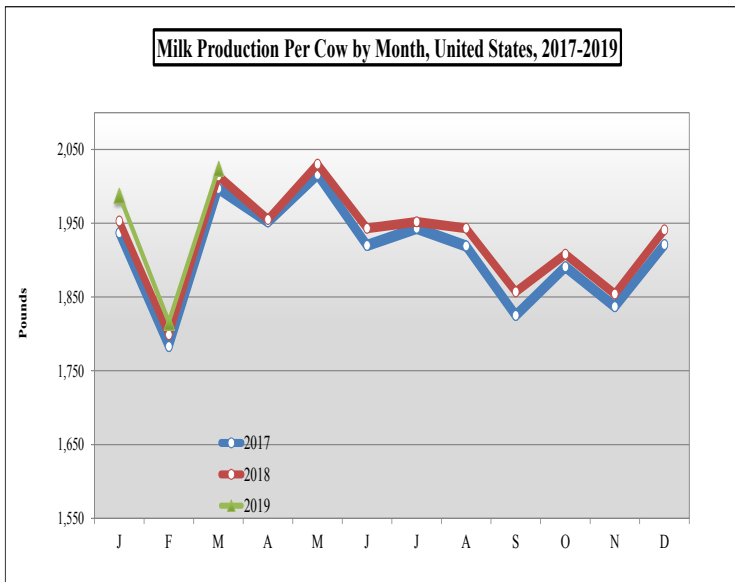
May 2019

MILK PRODUCTION STATISTICS 1/

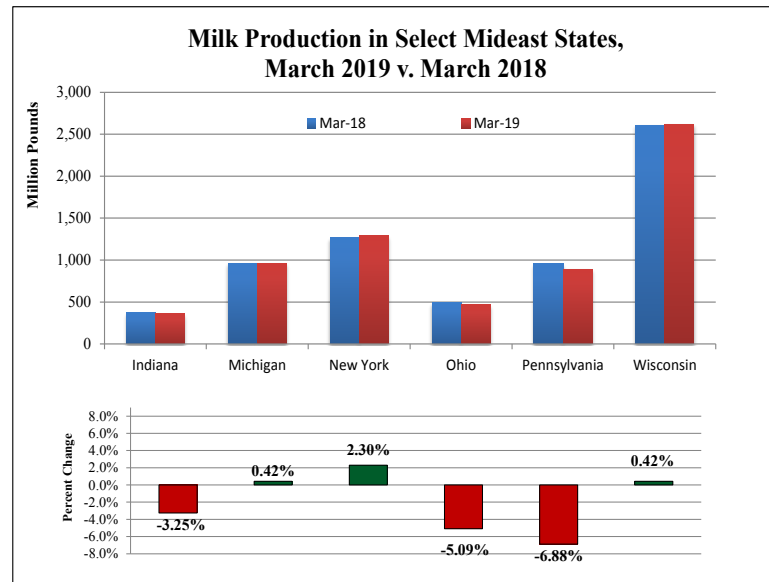


March 2019 milk production in the United States increased 1.9 billion pounds from February to 18.9 billion pounds. March 2018 milk production in the United States was down 0.4 percent from the same month of the prior year.

The number of milk cows on farms in the United States was 9.3 million head for March 2019, down 10,000 head from February and 86,000 head less than March 2018



Production per cow in the United States averaged 2,024 pounds for March 2019, up 208 pounds from February 2019. March 2019 milk production per cow was up 10 pounds from the same month of the prior year.



Milk production from selected states which pool on the Mideast marketing area totaled 6.6 billion pounds during March 2019, up 59 million pounds from the prior year. Milk production in Michigan was up 4 million pounds while production in Pennsylvania was down 66 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.

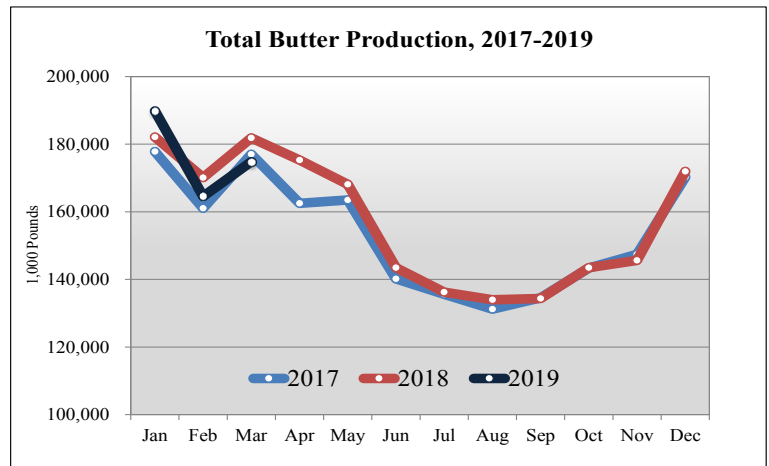
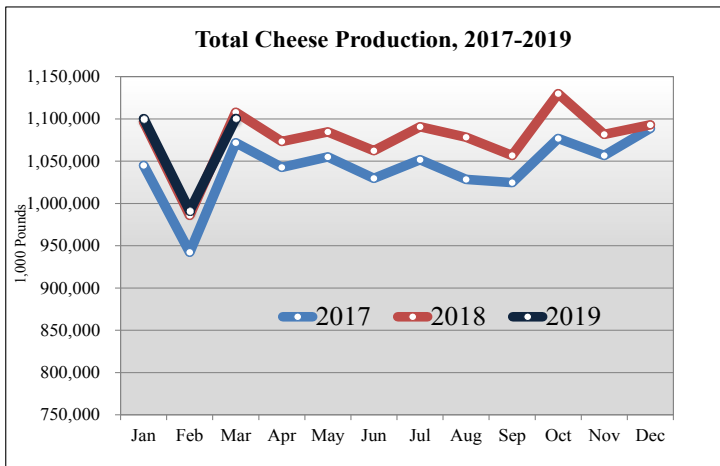
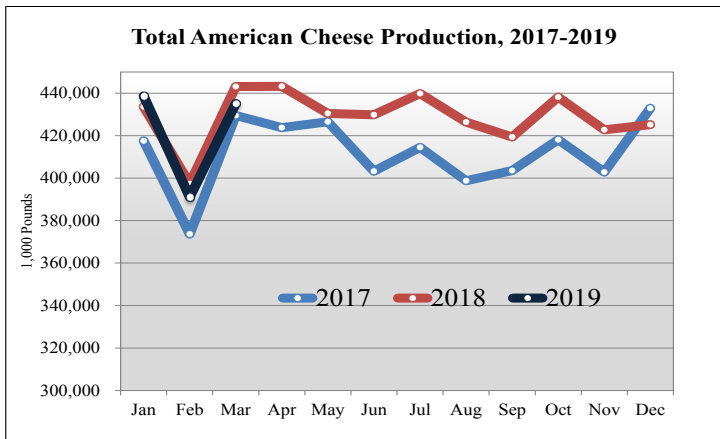
DAIRY PRODUCT PRODUCTION 1/

Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) for March 2019 was 1.1 billion pounds, 0.7 percent below March 2018 and 11.0 percent above February 2019.

American type cheese production totaled 435 million pounds, 1.8 percent below March 2018 and 11.3 percent above February 2019.

Butter production was 175 million pounds, 3.9 percent below March 2018 and 6.3 percent above February 2019.

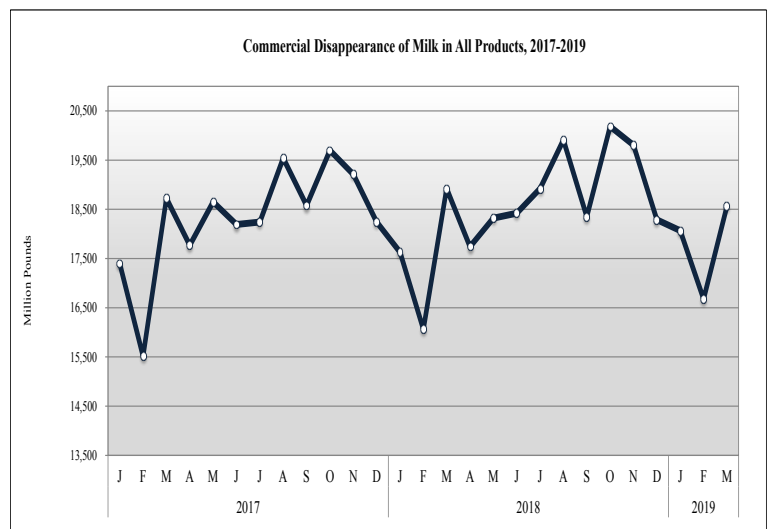


COMMERCIAL DISAPPEARANCE 2/

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 March 2019, commercial disappearance of milk was 18.6 billion pounds, down 1.9 percent from the prior year. The cumulative disappearance total for 2019 is 53 billion pounds, an increase of 1.3 percent from the same 3-month period of 2018.

March 2019 commercial disappearance of American cheese was 435 million pounds, down 1.4 percent from the prior year. March 2019 commercial disappearance of butter was 156 million pounds, down 11.8 percent from the prior year.



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.