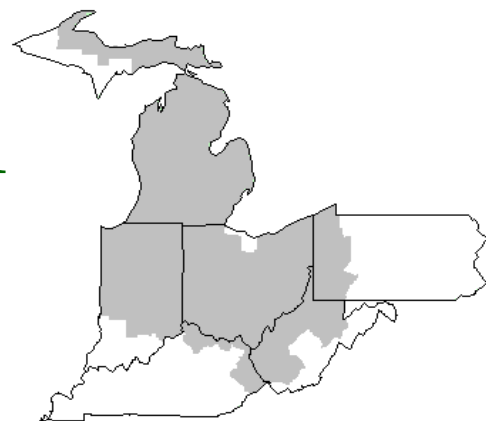


Mideast Market Administrator's Bulletin



Federal Order No. 33

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OCTOBER 2019

Dairy Forecasts for 2019

With the milking herd continuing to shrink in July, the forecast for the size of the milking herd in 2019 has been lowered 10 thousand head to 9.325 million. However, continued growth in the milk yield in July and improved returns in the second half of 2019 have motivated an increase in the milk per cow forecast to 23,375 pounds for the year. With these changes, milk production is now forecast at 218.0 billion pounds for 2019, 0.1 billion pounds higher than the last forecast.

The import forecast on a milk-fat milk-equivalent basis for 2019 is 7.0 billion pounds, 0.2 billion less than the last forecast due to lower expected butterfat imports. The export forecast 2019 is also lowered slightly to 9.3 billion pounds, due to a weaker outlook for exports of butterfat products. Ending stocks on a milk-fat basis are forecast at 13.0 billion pounds, unchanged from the previous forecast. The forecast for domestic use for the year is also unchanged at 215.2 billion pounds.

On a skim-solids milk-equivalent basis, the import forecast for 2019 is raised 0.4 billion pounds to 5.9 billion, based on higher expected imports of milk protein products. The export forecast for the year is lowered 0.4 billion pounds to 40.2 billion, as exports of dry whey and whey products have continued to fall year over year. The forecast for ending stocks on a skim-solids basis is unchanged at 10.0 billion pounds. The domestic use forecast for 2019 has been raised 0.9 billion pounds to 183.2 billion, reflecting recent apparent relative strength in demand for products with high skim-solids content.

Dairy product price forecasts for 2019 are mostly higher than the previous forecasts. Due to recent price increases and lower ending stock levels for July, price forecasts for Cheddar cheese, NDM, and dry whey have been raised from last month's forecast to \$1.700 (+1.5 cents), \$1.015 (+1 cent), and \$0.39 (+1 cent) per pound, respectively. Due to recent price decreases and a higher ending stock level for July, the butter price forecast for 2019 has been lowered to \$2.265 per pound (-5.5 cents).

With higher cheese and whey price forecasts, the Class III price forecast for 2019 has been raised 15 cents to \$16.45 per cwt. The Class IV price forecast has been lowered 15 cents to \$16.15 per cwt, due to the lower butter price forecast. The all-milk price forecast for 2019 is \$18.35 per cwt, 5 cents higher than last month's estimate.

Dairy Forecasts for 2020

With expectations for slower growth in the size of the milking herd in the second half of 2019 carrying into next year, the 2020

forecast has been lowered 10 thousand head to 9.340 million. The milk per cow forecast for 2020 has been raised to 23,690 pounds as higher expected growth carries into 2020. Overall, these changes result in a milk production forecast of 221.2 billion pounds for 2020, 0.2 billion pounds lower than the previous forecast.

Imports on a milk-fat basis are now forecast at 6.9 billion pounds, a reduction of 0.1 billion pounds from the last forecast, due to continued lower expected imports of butterfat. The export forecast for 2020 has been lowered 0.3 billion pounds to 9.6 billion, due to lower expected exports of butterfat products. Ending stocks on a milk-fat basis are projected at 13.0 billion pounds, unchanged from last month's forecast. Domestic use is forecast at 217.3 billion pounds for 2020, 0.2 billion pounds lower than the previous forecast due to continued weakness in domestic use for butter.

On a skim-solids basis, the import forecast for 2020 has been raised 0.4 billion pounds to 5.6 billion, as higher imports of milk protein products this year should continue into next year. The forecast for exports on a skim-solids basis has been raised to 42.6 billion pounds, 0.2 billion higher than last month's forecast, due to higher expected exports of lactose and modified whey. Domestic use on a skim-solids basis in 2020 is forecast 0.3 billion pounds higher than last month's estimate, at 183.4 billion pounds, as relative strength in demand should continue. Ending stocks on a skim-solids basis are forecast at 9.8 billion pounds, 0.3 billion pounds lower than the last forecast.

(continued on Page 3)

September 2019 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	523,988,927	36.8
Class II	343,196,729	24.1
Class III	350,799,296	24.6
Class IV	207,105,023	14.5
Total	1,425,089,975	100.0

Producer Prices

Producer Price Differential	\$ (0.31) /cwt
Butterfat Price	2.4982 /lb
Protein Price	2.8633 /lb
Other Solids Price	0.1758 /lb
Somatic Cell Adjustment Rate	0.00095 /cwt
Statistical Uniform Price	18.00 /cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
SEPTEMBER 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			512,998,286			\$10.87 / cwt	\$ 55,762,913.71
Class I Butterfat		10,990,641				2.6755 / lb	29,405,460.02
Class I Location Differential	523,988,927						(305,640.52)
Class II SNF Value				29,598,053		0.9400/ lb	27,822,169.82
Class II Butterfat		21,950,021				2.5052/ lb	54,989,192.60
Class III Protein Value			11,006,613			2.8633/ lb	31,515,234.98
Class III Other Solids Value					20,270,074	0.1758/ lb	3,563,478.97
Class III Butterfat		11,567,251				2.4982/ lb	28,897,306.48
Class IV SNF Value				18,203,212		0.8753/ lb	15,933,271.48
Class IV Butterfat		9,541,951				2.4982/ lb	23,837,701.97
Somatic Cell Value II / III / IV							<u>1,371,386.62</u>
TOTAL PRODUCER MILK VALUE	1,425,089,975	54,049,864	44,306,999		81,999,308		\$ 272,792,476.13
Overages						\$ 10,095.23	
Beginning Inventory & OS Charges						25,700.33	
TOTAL ADJUSTMENTS							<u>\$ 35,765.56</u>
TOTAL HANDLER OBLIGATIONS							<u>\$ 272,828,271.69</u>
Total Protein Value			44,306,999 lbs	@	\$ 2.8633		\$(126,864,230.22)
Total Other Solids Value			81,999,308 lbs	@	0.1758		(14,415,478.37)
Butterfat Value			54,049,864 lbs	@	2.4982		(135,027,370.26)
Total Somatic Cell Values							<u>(2,169,235.45)</u>
TOTALS							\$ 5,648,042.61
Net Producer Location Adjustments							\$ 995,033.72
1/2 Unobligated Balance Producer Settlement Fund							<u>812,000.00</u>
Total - Divided by Total Pounds			1,425,089,975 lbs			(0.2695275)	\$ (3,841,008.89)
Rate of Cash Reserve						<u>(0.0404725)</u>	<u>(576,769.54)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,425,089,975			\$(0.31) / cwt	\$ (4,417,778.43)

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE****September****September**

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Butterfat Price	\$2.4982 / lb	\$2.5442 / lb	Class III Price - 3.5% BF	\$18.31	\$16.09
Protein Price	2.8633 / lb	2.0029 / lb	Producer Price Differential*	<u>(0.31)</u>	<u>(0.26)</u>
Other Solids Price	0.1758 / lb	0.2098 / lb	Statistical Uniform Price	\$18.00	\$15.83
Somatic Cell Adjustment Rate	0.00095 / cwt	0.00083 / cwt			
Nonfat Solids Price	0.8753 / lb	0.6801 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK****September****September**

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Class I*	\$19.85	\$16.85	Product lbs.		
Class II	16.93	15.13	Class I	523,988,927	527,074,581
Class III	18.31	16.09	Class II	343,196,729	326,298,093
Class IV	16.35	14.81	Class III	350,799,296	380,680,675
			<u>Class IV</u>	<u>207,105,023</u>	<u>227,700,062</u>
			Total	1,425,089,975	1,461,753,411

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for September 2019 was \$-0.31 and the Statistical Uniform Price was \$18.00 for the month. The Statistical Uniform Price is \$0.20 lower than last month, and is \$2.17 higher than September 2018.

The Producer Butterfat Price of \$2.4982 per pound decreased \$0.1592 from August and is down \$0.0460 from a year ago. The Protein Price of \$2.8633 is up \$0.4180 from last month and is up \$0.8604 from September 2018. The Other Solids Price in September was \$0.1758 per pound, an increase from last month's price of \$0.1730 and \$0.0340 lower than last September. The Somatic Cell Adjustment rate for September was \$0.00095 per cwt.

September producer receipts of 1.43 billion pounds were 14.0 percent lower than August and 2.5 percent lower than September 2018 production of 1.46 billion pounds. Producer milk allocated to Class I accounted for 36.8 percent of the total producer milk in September 2019, higher than the 33.3 percent in August, and higher than the 36.1 percent in September 2018. A total of 4,079 producers were pooled on the Mideast Order compared to 4,434 producers pooled in September 2018.

The market average content of producer milk was as follows: Butterfat 3.79%; Protein 3.11%; Other Solids 5.75% and Nonfat Solids 8.86%...

(continued from Front Page)

The Cheddar cheese price forecast for 2020 has been raised 5 cents to \$1.775 per pound due to recent price strength that is expected to carry over into next year. The butter price has been lowered 11 cents to \$2.225 per pound due to lower expectations for butter demand. The dry whey price has been raised 1.5 cents to \$0.375 per pound, while the NDM price has been raised 2 cents to \$1.035.

The Class III price forecast for 2020 has been raised 50 cents to \$17.05 per cwt, due to higher price forecasts for cheese and dry whey. The Class IV price forecast has been lowered 30 cents to \$16.15 per cwt as a result of the lower butter price forecast. The all-milk price for 2020 is now estimated at \$18.85 per cwt, 5 cents higher than last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-303, September 18, 2019
 USDA, Economic Research Service

August Milk Production Up 0.4 Percent

Milk production in the 24 major States during August totaled 17.4 billion pounds, up 0.4 percent from August 2018. July revised production, at 17.5 billion pounds, was up 0.4 percent from July 2018. The July revision represented an increase of 0.2 percent or 38 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,986 pounds for August, 18 pounds above August 2018.

The number of milk cows on farms in the 24 major States was 8.78 million head, 48,000 head less than August 2018, and 1,000 head less than July 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 August totaled 2.6 billion pounds, down 56 million pounds or 2.1 percent from August 2018.

Production per cow in the Mideast states averaged 1,925 pounds for August. This was an increase of 22 pounds from August 2018.

The number of cows on farms in the Mideast states was 1.3 million head. Down 49,000 head from August 2018.

USDA Grants would like Feedback on how they Evaluate Grant Programs like the Dairy Business Innovation Grant!

USDA Agricultural Marketing Service (AMS) is updating their performance measures and looking for feedback from farmers, producers, ranchers, farmer organizations, trade associations, universities, etc. for their grant programs, including the Farmers Market and Local Food Promotion Programs, Specialty Crop Block Grant Program, and Dairy Business Innovation Initiatives. Visit their website to learn more about the Performance Measures project.

You may provide your feedback at the following national meetings or through comments to <https://nasda.foundation/contact-us> | **RSVP Today!**

- Rosemont, IL: October 9, 2019
- New Haven, CT: October 25, 2019
- Tallahassee, FL: October 29, 2019
- Monterey, CA: November 5, 2019

Bulletin WebPage Edition

www.fmmacleev.com

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	August 2019 -----Weighted Averages -----						August 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	1,028	891,826	3.66	3.04	5.78	192	885,291	3.71	3.04	5.80	185
Ohio	1,402	372,927	3.73	3.04	5.69	215	401,474	3.71	3.02	5.70	213
Indiana	689	211,097	3.70	3.05	5.79	214	228,833	3.65	3.02	5.79	223
New York	172	88,242	3.77	3.03	5.75	213	89,687	3.80	3.04	5.76	213
Pennsylvania	663	78,938	3.80	3.03	5.69	258	82,439	3.80	3.01	5.72	254
Other	117	16,196	3.76	3.03	5.73	251	11,431	3.79	3.11	5.72	257
Total/Average *	4,071	1,659,226	3.70	3.04	5.76	205	1,699,156	3.71	3.03	5.77	202

* 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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Agriculture**

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**FEDERAL ORDER DATA
September 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)	2,163,652	688,219	31.8	\$0.47	\$18.78
FO 5	Appalachian - (Charlotte)	442,572	321,162	72.6	^{2/}	20.04
FO 6	Florida - (Tampa)	204,310	163,443	80.0	^{2/}	21.85
FO 7	Southeast - (Atlanta)	381,494	278,544	73.0	^{2/}	20.52
FO 30	Upper Midwest - (Chicago)	2,283,861	220,901	9.7	(0.08)	18.23
FO 32	Central - (Kansas City)	1,038,205	372,937	35.9	(0.60)	17.71
FO 33	Mideast - (Cleveland)	1,425,090	523,989	36.8	(0.31)	18.00
FO 51	California - (Los Angeles)	1,768,245	455,699	25.8	(0.94)	17.37
FO 124	Pacific Northwest - (Seattle)	622,963	142,198	22.8	(0.88)	17.43
FO 126	Southwest - (Dallas)	783,460	347,069	44.3	(0.10)	18.21
FO 131	Arizona - (Phoenix)	335,288	101,895	30.4	^{2/}	18.08

^{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 OCTOBER 2019\$16.35 /cwt.

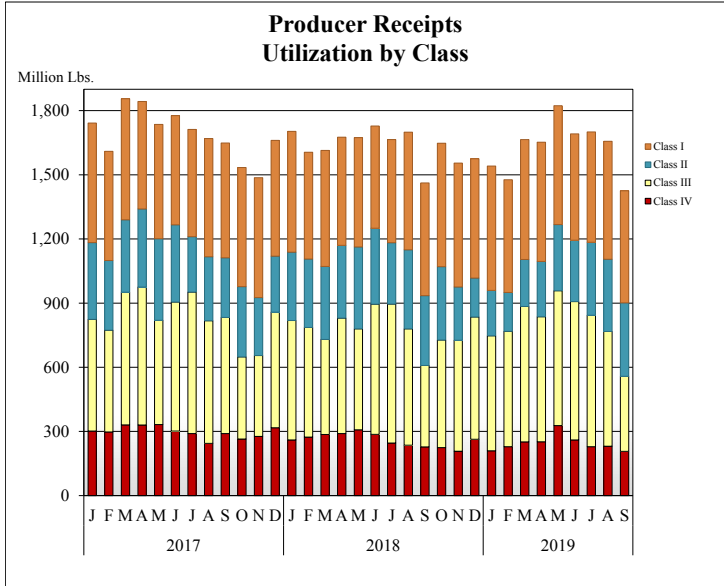


Mideast Market Administrator's Bulletin

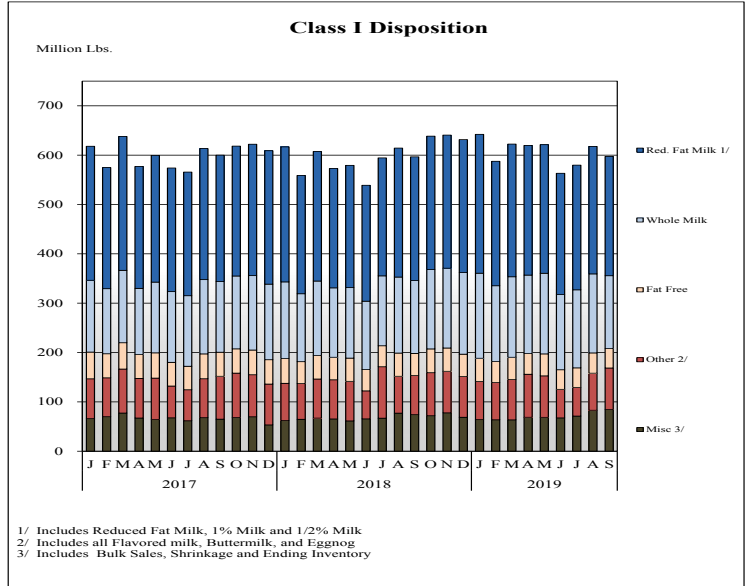
Federal Order No. 33

Supplement
October 2019

PRODUCER MILK CLASSIFICATION

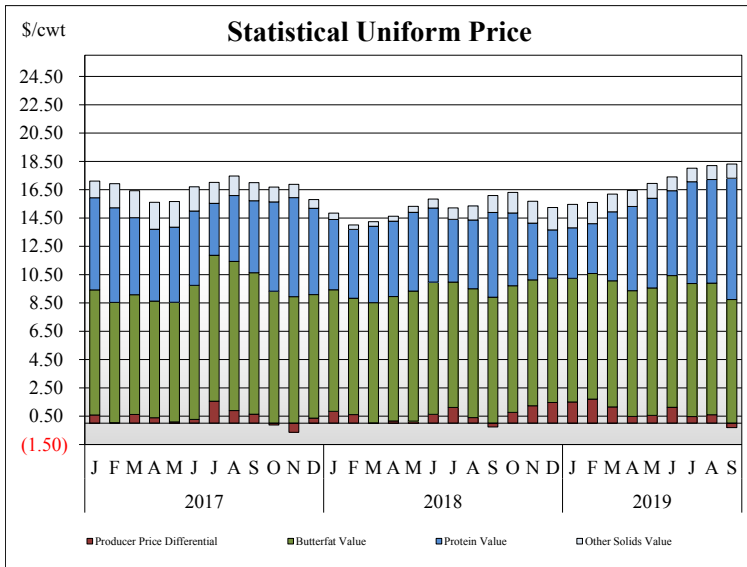


Producer Receipts: Producer receipts for the Mideast Order totaled 1.43 billion pounds in September 2019. The pounds allocated to Class I represented 36.8 percent of the total pounds. Producer receipts decreased 231.4 million pounds compared to August 2019, and were down 36.7 million pounds from the prior year.

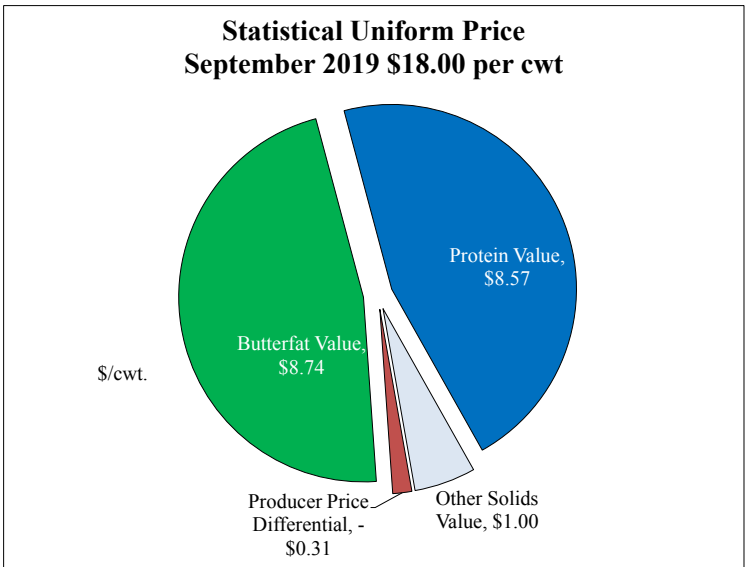


Class I Pounds: Class I Disposition for the Mideast Order totaled 597 million pounds in September 2019, down 0.8 million pounds from September 2018. Finished products include 148 million pounds used for whole milk, 242 million pounds of reduced fat and low fat milk, and 40 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

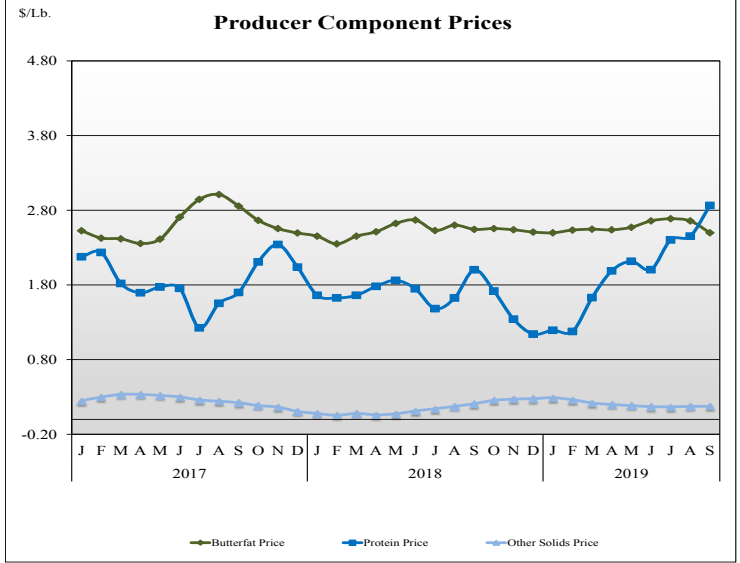
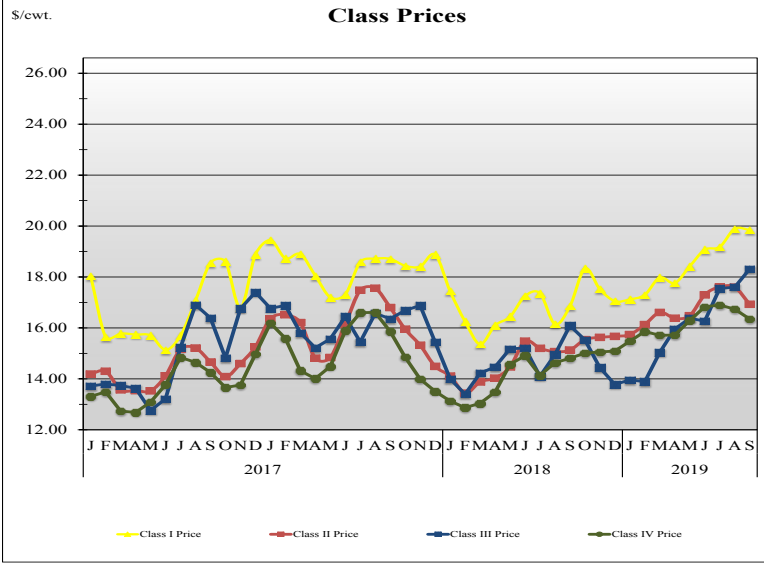


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$18.00 per cwt for September 2019. The September 2019 SUP was \$2.17 per cwt higher than the September 2018 SUP. The September 2019 SUP is \$0.20 per cwt lower than the August 2019 SUP.



September 2019 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the September 2018 SUP are: \$8.57 per cwt for protein, \$8.74 per cwt for butterfat and \$1.00 per cwt for other solids. Also included in the SUP is the -\$0.31 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

