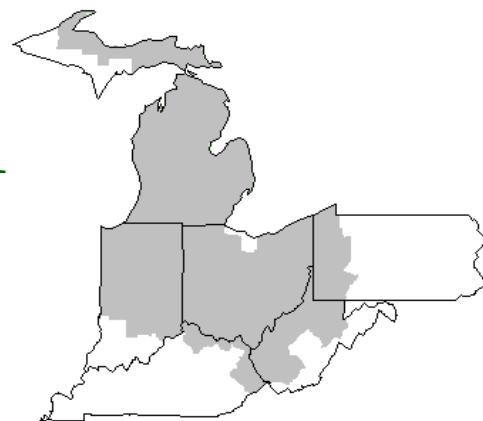


Mideast Market Administrator's Bulletin



Federal Order No. 33

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SEPTEMBER 2019

Dairy Forecasts for 2019

Based on recent milk cow and heifer statistics, the forecast of the milking herd in 2019 has been lowered 5 thousand head to 9.335 million. Due to a lower number than expected for milk per cow in June, the milk per cow estimate for the year has been lowered 15 pounds to 23,350. With these changes, total milk production for 2019 is now forecast at 217.9 billion pounds, 0.3 billion lower than the previous forecast.

Imports on a milk-fat basis are now forecast at 7.2 billion pounds for the year, 0.3 billion pounds higher than last month's forecast, as recent strength in imports of butter from the EU (particularly Ireland) should continue through year end. The export forecast on a milk-fat basis has been lowered 0.1 billion pounds to 9.4 billion. Ending stocks for 2019 are now forecast at 13.0 billion pounds, 0.1 billion pounds lower than the last forecast. Domestic use on a milk-fat basis for the year is forecast slightly higher than last month at 215.2 billion pounds.

On a skim-solids basis, the import forecast for 2019 has been raised 0.1 billion pounds to 5.5 billion due to higher expected imports of milk protein products. A weaker Chinese yuan, continued trade tensions with China, and strong competition for NDM exports have motivated a dimmer outlook for skim-solids exports; exports are now forecast at 40.6 billion pounds, 0.7 billion pounds lower than the last forecast. Ending stocks for 2019 are forecast at 10.0 billion pounds, unchanged from the last forecast. Helped by slightly lower NDM prices, domestic use is now forecast at 182.3 billion pounds for the year, 0.6 billion pounds higher than last month's forecast.

Slight changes in dairy product price forecasts have been made for the remainder of 2019. Recent strength in cheese prices and growth in domestic use have motivated an increase of 2.5 cents in the Cheddar cheese price for the year to \$1.685 per pound. The dry whey price has also been raised slightly for the year to \$0.380 per pound. Domestic demand continues to support the U.S. butter price; as a result, the butter price forecast has been raised slightly to \$2.320 per pound for the year. In contrast, weakening shipments of NDM in recent months have allowed the NDM price to weaken somewhat of late; therefore, the NDM price forecast has been lowered 1.5 cents to \$1.005 per pound for the year.

With slightly higher prices for cheese and whey, the Class III price for 2019 has been raised 25 cents to \$16.30 per cwt. The lower NDM price forecast has led to a decrease of 15 cents in the Class IV price forecast to \$16.30 per cwt. The all-milk price for 2019 is now forecast at \$18.30 per cwt, 10 cents higher than the previous forecast.

Dairy Forecasts for 2020

The decline in milk cows in the second half of 2019 is expected to continue into early 2020, before the inventory begins to increase; therefore, the estimate for the size of the milking herd in 2020 has been lowered 5 thousand head to 9.350 million. Similarly, the forecast for milk per cow has been lowered 35 pounds to 23,675. The forecast for milk production in 2020 is now 221.4 billion pounds, a reduction of 0.4 billion pounds from the last forecast.

Recent strength in butter imports should continue through next year; accordingly, the forecast for imports on a milk-fat basis for 2020 has been raised to 7.0 billion pounds. Exports on a milk-fat basis are projected 0.3 billion pounds lower than the previous forecast at 9.9 billion pounds, as domestic butter prices remain well above those in the EU and Oceania and show little sign of retreating substantially in the near future. Ending stocks are estimated at 13.0 billion pounds for 2020, a reduction of 0.1 billion pounds from last month's forecast. The forecast for domestic use on a milk-fat basis in 2020 has been raised slightly to 217.5 billion pounds.

Higher expected imports of milk protein products should continue into 2020; as a result, the import forecast on a skim-solids basis has been raised 0.2 billion pounds to 5.2 billion. The forecast for exports has been lowered 0.5 billion pounds to 42.4 billion, due to expectations for continued competition with the EU in NDM export markets. The ending stock forecast for the year is unchanged at 10.1

(continued on Page 3)

August 2019 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	551,657,296	33.3
Class II	337,579,331	20.4
Class III	536,618,841	32.4
Class IV	230,645,156	13.9
Total	1,656,500,624	100.0

Producer Prices

Producer Price Differential	\$ 0.60 / cwt
Butterfat Price	2.6574 / lb
Protein Price	2.4453 / lb
Other Solids Price	0.1730 / lb
Somatic Cell Adjustment Rate	0.00091 / cwt
Statistical Uniform Price	18.20 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

AUGUST 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			540,297,299			\$10.81 / cwt	\$ 58,406,138.02
Class I Butterfat		11,359,997				2.7030 / lb	30,706,071.92
Class I Location Differential	551,657,296						(309,189.35)
Class II SNF Value				28,744,830		0.9522 / lb	27,370,827.10
Class II Butterfat		23,379,159				2.6644 / lb	62,291,431.24
Class III Protein Value			16,451,288			2.4453 / lb	40,228,334.54
Class III Other Solids Value					30,983,233	0.1730 / lb	5,360,099.35
Class III Butterfat		18,247,582				2.6574 / lb	48,491,124.41
Class IV SNF Value				20,315,531		0.8570 / lb	17,410,410.09
Class IV Butterfat		8,708,983				2.6574 / lb	23,143,251.44
Somatic Cell Value II / III / IV							<u>1,470,857.68</u>
TOTAL PRODUCER MILK VALUE	1,656,500,624	61,695,721	50,531,437		95,371,017		\$ 314,569,356.44
Overages						\$ 23,745.49	
Beginning Inventory & OS Charges						54,819.23	
TOTAL ADJUSTMENTS							<u>\$ 78,564.72</u>
TOTAL HANDLER OBLIGATIONS							<u>\$ 314,647,921.16</u>
Total Protein Value			50,531,437 lbs	@	\$ 2.4453		\$(123,564,522.87)
Total Other Solids Value			95,371,017 lbs	@	0.1730		(16,499,186.00)
Butterfat Value			61,695,721 lbs	@	2.6574		(163,950,209.04)
Total Somatic Cell Values							<u>(2,205,115.09)</u>
TOTALS							\$ 8,428,888.16
Net Producer Location Adjustments							\$ 1,278,858.59
1/2 Unobligated Balance Producer Settlement Fund							<u>954,000.00</u>
Total - Divided by Total Pounds			1,656,500,624 lbs		0.6436307		\$ 10,661,746.75
Rate of Cash Reserve					<u>(0.0436307)</u>		<u>(722,742.82)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,656,500,624		\$ 0.60 / cwt		\$ 9,939,003.93

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	<u>August</u>			<u>August</u>	
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Butterfat Price	\$2.6574 / lb	\$2.6009 / lb	Class III Price - 3.5% BF	\$17.60	\$14.95
Protein Price	2.4453 / lb	1.6245 / lb	Producer Price Differential*	<u>0.60</u>	<u>0.40</u>
Other Solids Price	0.1730 / lb	0.1741 / lb	Statistical Uniform Price	\$18.20	\$15.35
Somatic Cell Adjustment Rate	0.00091 / cwt	0.00078 / cwt			
Nonfat Solids Price	0.8570 / lb	0.6369 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	<u>August</u>			<u>August</u>	
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Class I*	\$19.89	\$16.15	Class I	551,657,296	549,736,196
Class II	17.60	15.07	Class II	337,579,331	369,701,024
Class III	17.60	14.95	Class III	536,618,841	543,964,069
Class IV	16.74	14.63	<u>Class IV</u>	<u>230,645,156</u>	<u>235,869,253</u>
			Total	1,656,500,624	1,699,270,542

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for August 2019 was \$0.60 and the Statistical Uniform Price was \$18.20 for the month. The Statistical Uniform Price is \$0.18 higher than last month, and is \$2.85 higher than August 2018.

The Producer Butterfat Price of \$2.6574 per pound decreased \$0.0284 from July and is up \$0.0565 from a year ago. The Protein Price of \$2.4453 is up \$0.0421 from last month and is up \$0.8208 from August 2018. The Other Solids Price in August was \$0.1730 per pound, an increase from last month's price of \$0.1689 and \$0.0011 lower than last August. The Somatic Cell Adjustment rate for August was \$0.00091 per cwt.

August producer receipts of 1.66 billion pounds were 2.6 percent lower than July and 2.5 percent lower than August 2018 production of 1.70 billion pounds. Producer milk allocated to Class I accounted for 33.3 percent of the total producer milk in August 2019, higher than the 30.3 percent in July, and higher than the 32.4 percent in August 2018. A total of 4,092 producers were pooled on the Mideast Order compared to 4,459 producers pooled in August 2018.

The market average content of producer milk was as follows: Butterfat 3.72%; Protein 3.05%; Other Solids 5.76% and Nonfat Solids 8.81%..

(continued from Front Page)

billion pounds. Domestic use on a skim-solids basis is now projected at 183.1 billion pounds, 0.3 billion pounds higher than last month's estimate, as recent strength in domestic demand and weaker NDM prices should replace some lost exports.

Most dairy product price forecasts for 2020 have been lowered slightly. The Cheddar cheese price is now forecast at \$1.725 per pound for the year, half a cent lower than last month's forecast. The projection for the dry whey price in 2020 is \$0.360 per pound, unchanged from the last forecast. The butter price forecast has been lowered 1 cent to \$2.335 per pound. As recent struggles for NDM exports suggest significant competition abroad, the NDM price forecast has been lowered 3 cents to \$1.015 per pound.

With the lower expected cheese price, the Class III milk price estimate for 2020 is now \$16.55 per cwt, 10 cents lower than last month's forecast. Since the butter and NDM price forecasts have been lowered, the Class IV milk price forecast has been lowered 30 cents to \$16.45 per cwt. The all-milk price forecast for 2020 is now \$18.80 per cwt, 5 cents lower than previously forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-302, August 16, 2019 USDA, Economic Research Service

Details Announced on USDA's Market Facilitation Program

On July 25th, USDA announced the terms of its Market Facilitation Program (MFP), which is intended to support farmers affected by retaliatory tariffs and non-tariff trade disruptions by China and other nations. Dairy producers who were in business as of June 1, 2019, will receive a per hundredweight payment on production history. The program is being administered by the Farm Service Agency (FSA), and signup for the program is currently open through December 6, 2019. For more information, see USDA Press Release No. 0114.19.

July Milk Production Up 0.1 Percent

Milk production in the 24 major States during July totaled 17.5 billion pounds, up 0.1 percent from July 2018. June revised production, at 17.4 billion pounds, was up 0.2 percent from June 2018. The June revision represented an increase of 0.1 percent or 26 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,993 pounds for July, 16 pounds above July 2018.

The number of milk cows on farms in the 24 major States was 8.77 million head, 60,000 head less than July 2018, and 8,000 head less than June 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 July totaled 2.6 billion pounds, down 107 million pounds or 4.0 percent from July 2018.

Production per cow in the Mideast states averaged 1,909 pounds for July. This was a decrease of 5 pounds from July 2018.

The number of cows on farms in the Mideast states was 1.3 million head. Down 56,000 head from July 2018.

July 2019 Highlights

Total cheese output (excluding cottage cheese) was 1.09 billion pounds, 0.5 percent above July 2018 and 2.3 percent above June 2019.

Italian type cheese production totaled 466 million pounds, 0.7 percent above July 2018 and 0.6 percent above June 2019.

American type cheese production totaled 436 million pounds, 1.1 percent below July 2018 but 2.2 percent above June 2019.

Butter production was 143 million pounds, 6.0 percent above July 2018 but 1.5 percent below June 2019.

Dry milk products (comparisons in percentage with July 2018)
Nonfat dry milk, human - 169 million pounds, up 12.4 percent.
Skim milk powder - 36.7 million pounds, down 22.7 percent.

Whey products (comparisons in percentage with July 2018)
Dry whey, total - 82.1 million pounds, down 8.9 percent.
Lactose, human and animal - 108 million pounds, up 9.1 percent.
Whey protein concentrate, total - 39.8 million pounds, down 2.6 percent.

Frozen products (comparisons in percentage with July 2018)
Ice cream, regular (hard) - 66.1 million gallons, down 4.2 percent.
Ice cream, lowfat (total) - 45.5 million gallons, up 7.4 percent.
Sherbet (hard) - 2.96 million gallons, down 6.0 percent.
Frozen yogurt (total) - 2.55 million gallons, down 40.2 percent.

Source: Released September 4, 2019, 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 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	Number of Producers	Pounds of Milk (000)	July 2019 -----Weighted Averages -----				July 2018 -----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,024	897,967	3.70	3.00	5.80	181	860,018	3.69	3.00	5.80	184
Ohio	1,436	379,767	3.72	2.99	5.71	213	397,379	3.67	2.98	5.69	215
Indiana	702	226,830	3.67	2.98	5.78	211	212,977	3.61	2.99	5.80	229
New York	178	93,091	3.80	3.01	5.75	205	96,892	3.76	3.00	5.77	209
Pennsylvania	636	77,596	3.76	2.98	5.71	251	81,925	3.74	2.98	5.72	252
Other	163	25,538	3.69	2.99	5.75	241	15,403	3.76	3.05	5.74	243
Total/Average *	4,139	1,700,789	3.70	3.00	5.77	197	1,664,594	3.68	2.99	5.77	203

* 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
August 2019**

Marketing Area ^{1/}	Producer Milk		Class I	Producer	Statistical
	Total (000)	Class I (000)	Percent %	Price Differential (per cwt.)	Uniform Price (per cwt.)
FO 1 Northeast - (Boston)	2,236,881	678,897	30.4	\$1.37	\$18.97
FO 5 Appalachian - (Charlotte)	465,581	339,294	72.9	^{2/}	20.34
FO 6 Florida - (Tampa)	214,991	184,434	85.8	^{2/}	22.48
FO 7 Southeast - (Atlanta)	405,200	298,250	73.6	^{2/}	20.85
FO 30 Upper Midwest - (Chicago)	3,172,758	222,980	7.0	0.15	17.75
FO 32 Central - (Kansas City)	1,328,407	391,380	29.5	0.25	17.85
FO 33 Mideast - (Cleveland)	1,656,501	551,657	33.3	0.60	18.20
FO 51 California - (Los Angeles)	1,872,356	442,620	23.6	0.24	17.84
FO 124 Pacific Northwest - (Seattle)	784,408	140,235	17.9	0.00	17.60
FO 126 Southwest - (Dallas)	1,287,240	358,866	27.9	1.09	18.69
FO 131 Arizona - (Phoenix)	384,250	107,138	27.9	^{2/}	18.11

^{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 SEPTEMBER 2019.....\$16.74 /cwt.

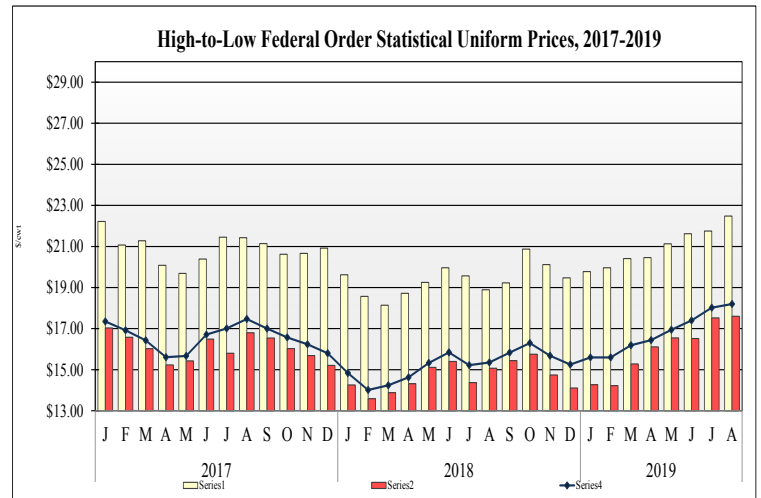
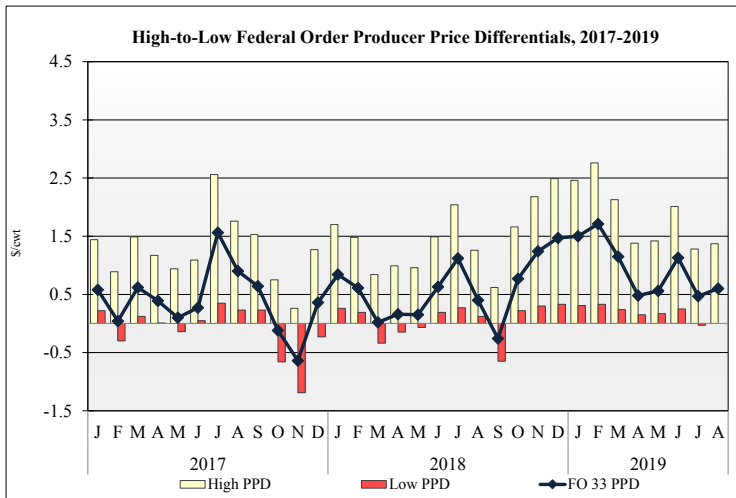


Mideast Market Administrator's Bulletin

Federal Order No. 33

Supplement
September 2019

PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 2/ 3/



Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing.

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For August 2019 Federal Order 1 had a PPD of \$1.37 per hundredweight (cwt), \$0.09 higher than their July PPD of \$1.28 per cwt.

In August 2019 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at \$0.60 per cwt, \$0.13 per cwt higher than the July PPD.

For August 2019 Federal Order 124 had the lowest PPD at \$0.00 per cwt, \$0.03 per cwt higher than the July PPD.

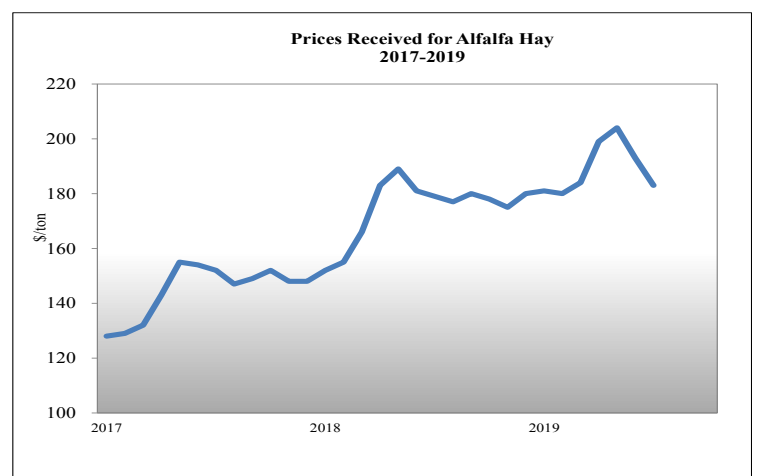
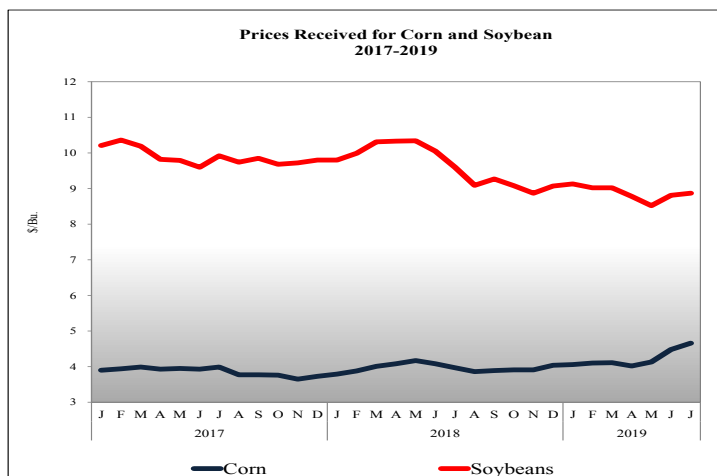
Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For August 2019 Federal Order 6 had a SUP of \$22.48 per cwt, \$0.73 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$18.20 per cwt, \$0.18 per cwt higher than the previous month's SUP.

The Pacific Northwest order had the lowest SUP at \$17.60 per cwt, \$0.08 per cwt higher than the previous month's SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



2/ Producer price differentials are subject to location adjustment.

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

4/ Source: USDA, National Agricultural Statistics Service