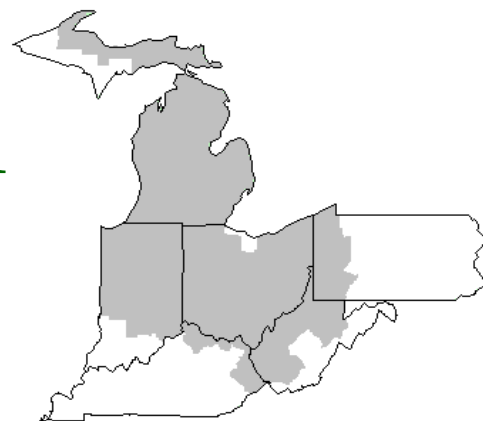


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

Sharon R. Uther, Market Administrator

Phone: (330) 225-4758 Toll Free: (888) 751-3220

Email: [clevelandma1@sprynet.com](mailto:clevelandma1@sprynet.com)

WebPage: [www.fmmaclev.com](http://www.fmmaclev.com)

**AUGUST 2020**

### Milk Donation Reimbursement Program

The U.S. Department of Agriculture (USDA) is accepting applications through March 31, 2021, for participation in the Milk Donation Reimbursement Program during fiscal year 2021 (FY21).

Under the program, eligible dairy organizations partner with non-profit organizations to distribute food to low-income individuals and donate fluid milk products to the non-profit partner. After donations are made, the eligible dairy organization may apply for and receive limited reimbursements to cover expenses related to their fluid milk product donations. To participate, the eligible dairy organization must be the entity that has an obligation to a Federal milk marketing order pool. More information can be found at [www.ams.usda.gov/mdrp](http://www.ams.usda.gov/mdrp).

### Dairy Forecasts for 2020

Milk cow number estimates reported by NASS for January and February were higher than expected. As a result, the milk cow forecast for the first quarter of 2020 has been revised upward to 9.365 million head, 15,000 higher than last month's forecast. Due to the downturn in prices, milk cow numbers are expected to contract through the rest of the year. The annual average for the 2020 is 9.350 million head, 5,000 higher than last month's forecast. Lower expected prices will likely affect yields. Average milk per cow for 2020 is forecast at 23,765 pounds, a decrease of 15 pounds per cow.

The 2020 forecast for exports on a milk-fat basis is 8.9 billion pounds, 0.3 billion lower than last month's forecast. Exports on a skim-solids basis are forecast at 42.1 billion pounds, 1.8 billion lower than last month's forecast. Based on recent data and weaker expected global demand, expectations for exports of cheese, butterfat products, NDM and SMP, and lactose are lower. The 2020 forecast for imports on a milk-fat basis is 6.6 billion pounds, 0.2 billion lower than last month's forecast, as demand for butter and butterfat product imports is expected to be weaker. The annual forecast for imports on a skim solids basis is unchanged at 5.6 billion pounds.

The forecast for domestic commercial use has been lowered to 217.0 billion pounds on a milk-fat basis, 1.2 billion lower than last month's forecast. The pandemic is expected to have large negative effects on cheese and butter demand. On a skim-solids basis, domestic use has been raised 0.6 billion pounds to 183.3 billion. Note that milk marketed but not processed is included in the 2020 forecasts for domestic commercial use. With weaker expected demand, stocks are expected to be substantially higher. The forecast for ending stocks has been raised from last month's forecast to 15.3 billion pounds on a milkfat basis (+1.2 billion) and to 11.4 billion pounds on a skim-solids basis (+1.0 billion).

Based on recent price weakening and lower expected demand, 2020 price forecasts for cheese, butter, NDM, and dry whey have been lowered to \$1.380 (-37.5 cents), \$1.430 (-41.5 cents), \$0.955 (-22.0 cents), and \$0.345 per pound (-1.0 cent), respectively. With the lower expected wholesale prices for all of the major dairy products, the Class III milk price forecast has been lowered by \$3.90 to \$12.75 per hundredweight (cwt), and the Class IV price forecast has been lowered by \$3.60 to \$12.15 per cwt. The all-milk price forecast for 2020 is \$14.35 per cwt, a reduction from last month's forecast of \$18.25 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-310, April 15, 2020 USDA, Economic Research Service

### Income-Over-Feed Margin for May Triggers Third Payment for 2020

The U.S. Department of Agriculture's Farm Service Agency (FSA) announced that the May 2020 income over feed cost margin was \$5.37 per hundredweight (cwt.), triggering the third payment of 2020 for dairy producers who purchased the appropriate level of coverage under the Dairy Margin Coverage (DMC) program.

"This payment comes at a critical time for many dairy producers," said FSA Administrator Richard Fordyce. "DMC has proved to be a worthwhile risk management tool, providing dairy producers with much-needed financial support when markets are most volatile."

(continued on Page 3)

### July 2020 Pool Summary

#### Classification of Producer Milk

	Pounds	Percent
Class I	530,070,088	43.7
Class II	318,125,699	26.2
Class III	72,047,123	5.9
Class IV	291,948,229	24.2
Total	1,212,191,139	100.0

#### Producer Prices

Producer Price Differential	\$ (8.02) / cwt
Butterfat Price	1.9583 / lb
Protein Price	5.6294 / lb
Other Solids Price	0.1492 / lb
Somatic Cell Adjustment Rate	0.00129 / cwt
Statistical Uniform Price	16.52 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES****Federal Order No. 33****July****COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			518,515,845			\$12.62 / cwt	\$ 65,439,699.62
Class I Butterfat		11,554,243				1.8223 / lb	21,055,297.01
Class I Location Differential	530,070,088						(298,994.24)
Class II SNF Value				27,047,721		0.7956/ lb	21,519,166.84
Class II Butterfat		21,880,534				1.9653/ lb	43,001,813.45
Class III Protein Value			2,119,772			5.6294/ lb	11,933,044.51
Class III Other Solids Value					4,028,128	0.1492/ lb	600,996.70
Class III Butterfat		4,706,438				1.9583/ lb	9,216,617.53
Class IV SNF Value				26,065,676		0.7959/ lb	20,745,671.54
Class IV Butterfat		6,631,098				1.9583/ lb	12,985,679.22
Somatic Cell Value II / III / IV							<u>1,402,956.85</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,212,191,139	44,772,313	36,544,170		70,048,458		\$ 207,598,949.03
Overages						\$ 29,462.90	
Beginning Inventory & OS Charges						120,844.96	
<b>TOTAL ADJUSTMENTS</b>							\$ <u>150,307.86</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 207,749,256.89
Total Protein Value			36,544,170 lbs	@	\$ 5.6294		\$(205,721,750.60)
Total Other Solids Value			70,048,458 lbs	@	0.1492		(10,451,229.90)
Butterfat Value			44,772,313 lbs	@	1.9583		(87,677,620.54)
Total Somatic Cell Values							<u>(2,484,400.88)</u>
<b>TOTALS</b>							\$ (98,585,745.03)
Net Producer Location Adjustments							\$ 1,133,519.21
1/2 Unobligated Balance Producer Settlement Fund							<u>731,000.00</u>
Total - Divided by Total Pounds			1,293,065,554 lbs			(7.9790408)	\$ (96,721,225.82)
Rate of Cash Reserve						(0.0409592)	<u>(496,503.79)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH <sup>1</sup></b>			1,293,065,554			\$(8.02) / cwt	\$ (97,217,729.61)

**COMPONENT PRICES****July****COMPUTATION OF UNIFORM PRICE****July**

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Butterfat Price	\$1.9583 / lb	\$2.6858 / lb	Class III Price - 3.5% BF	\$24.54	\$17.55
Protein Price	5.6294 / lb	2.4032 / lb	Producer Price Differential*	<u>(8.02)</u>	<u>0.47</u>
Other Solids Price	0.1492 / lb	0.1689 / lb	Statistical Uniform Price	\$16.52	\$18.02
Somatic Cell Adjustment Rate	0.00129 / cwt	0.00091 / cwt			
Nonfat Solids Price <sup>2</sup>	0.7959 / lb	0.8628 / lb			

**CLASS PRICES****July****CLASSIFICATION OF PRODUCER MILK****July**

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Class I*	\$18.56	\$19.18	Class I	Product lbs. 530,070,088	Product lbs. 515,742,756
Class II	13.79	17.61	Class II	318,125,699	341,071,097
Class III	24.54	17.55	Class III	72,047,123	614,962,101
Class IV	13.76	16.90	Class IV	<u>291,948,229</u>	<u>228,473,272</u>
			Total	1,212,191,139	1,700,249,226

<sup>1</sup> Subject to Location Adjustment.<sup>2</sup> Producers are not paid on this component.**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for July 2020 was (\$8.02) and the Statistical Uniform Price was \$16.52 for the month. The Statistical Uniform Price is \$2.53 higher than last month, and is \$1.50 lower than July 2019.

The Producer Butterfat Price of \$1.9583 per pound increased \$0.0992 from June and is down \$0.7275 from a year ago. The Protein Price of \$5.6294 is up \$1.0945 from last month and is up \$3.2262 from July 2019. The Other Solids Price in July was \$0.1492 per pound, a decrease from last month's price of \$0.1696 and \$0.0197 lower than last July. The Somatic Cell Adjustment rate for July was \$0.00129 per cwt.

July producer receipts of 1.21 billion pounds were 6.3 percent lower than June and 28.7 percent lower than July 2019 production of 1.70 billion pounds. Producer milk allocated to Class I accounted for 43.7 percent of the total producer milk in July 2020, higher than the 40.4 percent in June, and higher than the 30.3 percent in July 2019. A total of 3,437 producers were pooled on the Mideast Order compared to 4,125 producers pooled in July 2019.

The market average content of producer milk was as follows: Butterfat 3.69%; Protein 3.01%; Other Solids 5.78% and Nonfat Solids 8.79%.

(continued from Front Page)

To date, FSA has issued more than \$176 million in program benefits to dairy producers who purchased DMC coverage for 2020.

Authorized by the 2018 Farm Bill, DMC is a voluntary risk management program that offers protection to dairy producers when the difference between the all-milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer. Over 13,000 operations enrolled in the program for the 2020 calendar year.

Although DMC enrollment for 2020 coverage has closed, signup for 2021 coverage will begin October 13 and will run through December 11, 2020.

For more information, visit [farmers.gov](http://farmers.gov) DMC webpage or contact your local USDA Service Center. To locate your local FSA office, visit [farmers.gov/service-center-locator](http://farmers.gov/service-center-locator).

### June 2020 Highlights

**Total cheese** output (excluding cottage cheese) was 1.10 billion pounds, 3.5 percent above June 2019 and 0.3 percent above May 2020.

**Italian type cheese** production totaled 475 million pounds, 3.0 percent above June 2019 but 1.1 percent below May 2020.

**American type cheese** production totaled 438 million pounds, 2.5 percent above June 2019 but 0.9 percent below May 2020.

**Butter** production was 150 million pounds, 3.1 percent below June 2019 and 15.7 percent below May 2020.

**Dry milk products** (comparisons in percentage with June 2019)  
Nonfat dry milk, human - 147 million pounds, down 7.1 percent.  
Skim milk powder - 61.3 million pounds, up 17.7 percent.

**Whey products** (comparisons in percentage with June 2019)  
Dry whey, total - 85.4 million pounds, up 2.9 percent.  
Lactose, human and animal - 101 million pounds, down 6.9 percent.  
Whey protein concentrate, total - 39.5 million pounds, down 0.1 percent.

**Frozen products** (comparisons in percentage with June 2019)

Ice cream, regular (hard) - 71.2 million gallons, up 9.7 percent.  
Ice cream, lowfat (total) - 44.7 million gallons, up 0.8 percent.  
Sherbet (hard) - 3.50 million gallons, up 10.6 percent.  
Frozen yogurt (total) - 5.41 million gallons, down 4.2 percent.

Released August 4, 2020, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

### June Milk Production Up 0.5 Percent

Milk production in the 24 major States during June totaled 17.4 billion pounds, up 0.5 percent from June 2019. May revised production, at 18.0 billion pounds, was down 0.5 percent from May 2019. The May revision represented an increase of 0.5 percent or 93 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,974 pounds for June, unchanged from June 2019.

The number of milk cows on farms in the 24 major States was 8.83 million head, 43,000 head more than June 2019, but 9,000 head less than May 2020.

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 up 0.5percent from June 2019.

Production per cow in the Mideast states averaged 1,959 pounds for June. This was an increase of 14 pounds per cow from June 2019.

The number of cows on farms in the Mideast states was 1.3 million head, 5,000 head less than June 2019.

#### Bulletin WebPage Edition

[www.fmmacleev.com](http://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	Number of Producers	Pounds of Milk (000)	June 2020 -----Weighted Averages -----				June 2019 -----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	822	632,149	3.69	3.07	5.79	168	890,639	3.72	3.07	5.82	162
Ohio	1,233	266,481	3.72	3.04	5.73	183	392,219	3.77	3.06	5.75	188
Indiana	617	236,976	3.76	3.10	5.89	177	217,681	3.66	3.02	5.76	184
New York	145	79,571	3.82	3.09	5.88	182	88,124	3.85	3.07	5.77	186
Pennsylvania	529	64,875	3.79	3.01	5.66	228	78,694	3.82	3.04	5.74	224
Other	137	10,880	3.66	2.93	5.55	213	24,266	3.76	3.01	5.78	222
Total/Average *	3,483	1,290,933	3.72	3.06	5.79	177	1,691,624	3.73	3.06	5.79	176

\* 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 2020**

Marketing Area <sup>1/</sup>	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,345,352	658,990	28.1	\$(5.46)	\$19.08
FO 5 Appalachian - (Charlotte)	376,133	319,142	84.9	<sup>2/</sup>	19.34
FO 6 Florida - (Tampa)	192,535	160,232	83.2	<sup>2/</sup>	20.80
FO 7 Southeast - (Atlanta)	388,050	269,249	69.4	<sup>2/</sup>	18.89
FO 30 Upper Midwest - (Chicago)	1,000,856	211,874	21.2	(4.86)	19.68
FO 32 Central - (Kansas City)	823,905	373,926	45.4	(8.69)	15.85
FO 33 Mideast - (Cleveland)	1,212,191	530,070	43.7	(8.02)	16.52
FO 51 California (Los Angeles)	1,879,381	408,004	21.7	(9.82)	14.72
FO 124 Pacific Northwest - (Seattle)	700,924	157,599	22.5	(7.43)	17.11
FO 126 Southwest - (Dallas)	871,298	336,812	38.7	(8.84)	15.70
FO 131 Arizona - (Phoenix)	289,900	102,058	35.2	<sup>2/</sup>	16.12

<sup>1/</sup> Names in parentheses are principal points of markets.

<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR AUGUST 2020.....\$13.76 /cwt.**



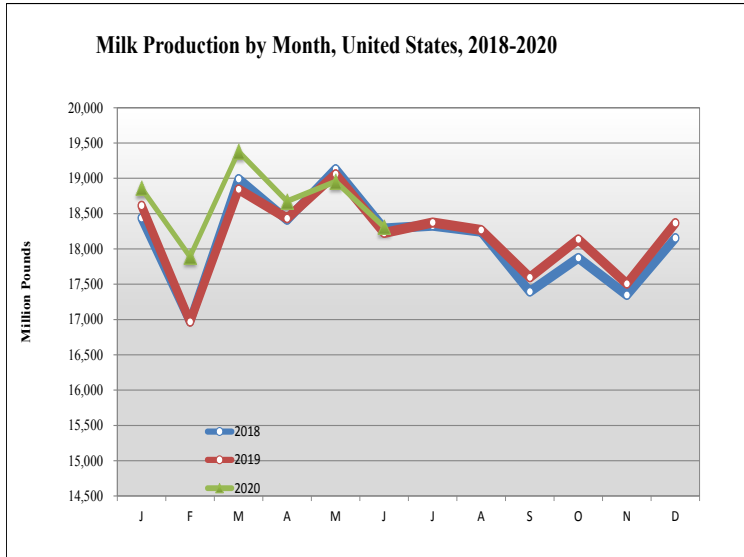
# Mideast Market Administrator's Bulletin

Supplement

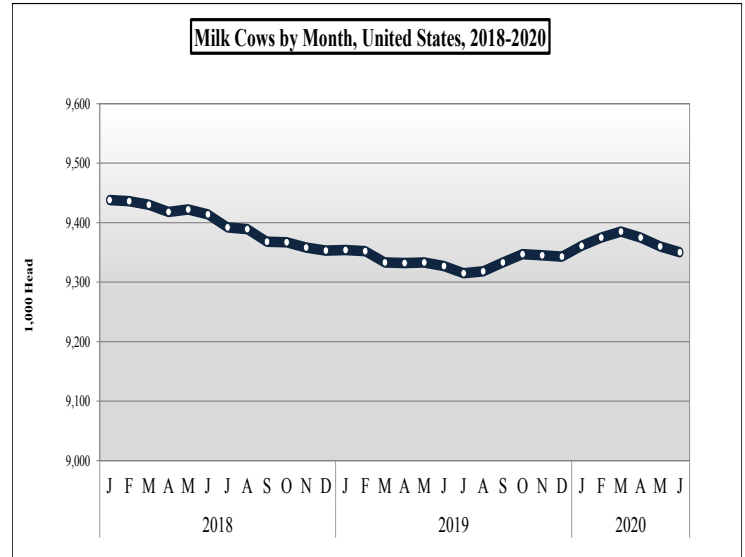
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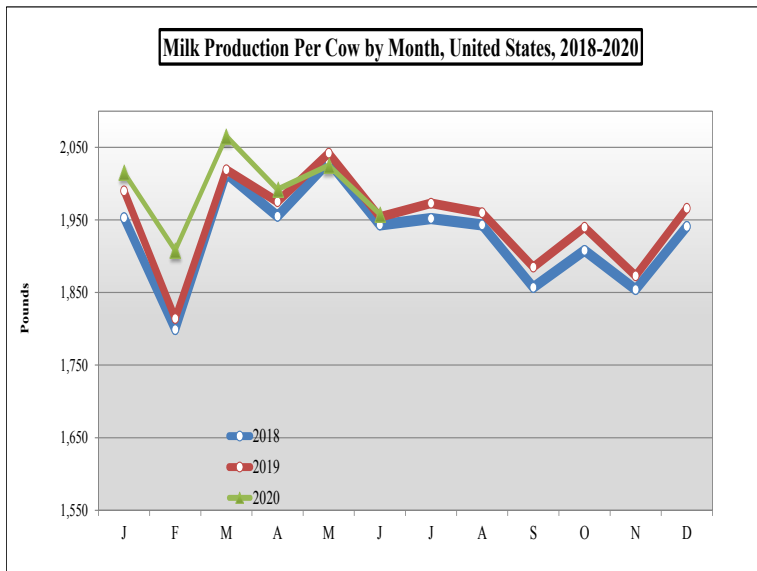
## MILK PRODUCTION STATISTICS 1/



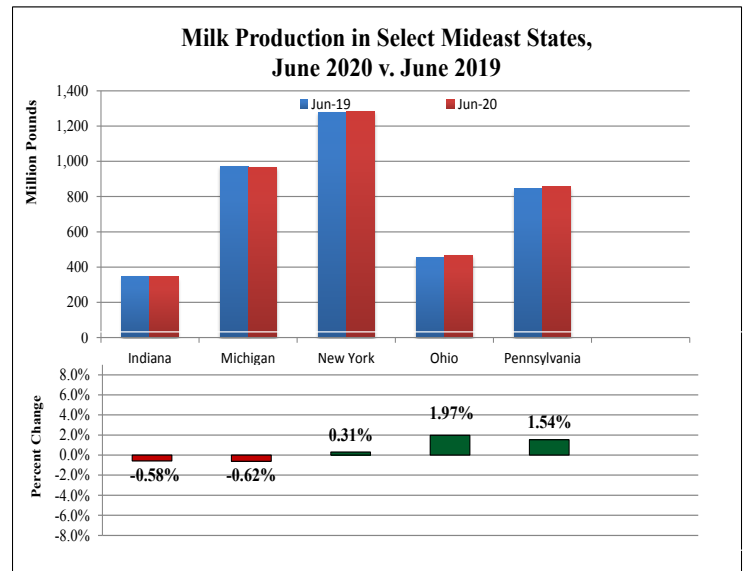
June 2020 milk production in the United States decreased 647 million pounds from May to 18.3 billion pounds. June 2020 milk production in the United States was up 0.4 percent from the same month of the prior year.



The number of milk cows on farms in the United States was 9.4 million head for June 2020, down 10,000 head from May. June Cow numbers were 23,000 head more than June 2019.



Production per cow in the United States averaged 1,958 pounds for June 2020 down 67 pounds from May 2020. June 2020 milk production per cow was up 4 pounds from the same month of the prior year.

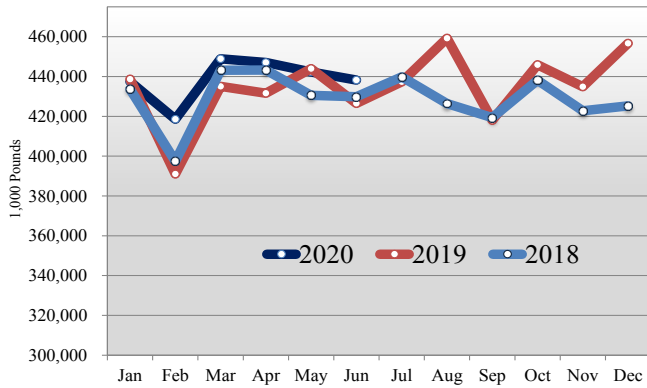


Milk production from selected states which pool on the Mideast marketing area totaled 3.9 billion pounds during June 2020, up 18 million pounds from the prior year. Milk production in Pennsylvania was up 13 million pounds while production in Michigan was down 6 million pounds.

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, 2018-2020**



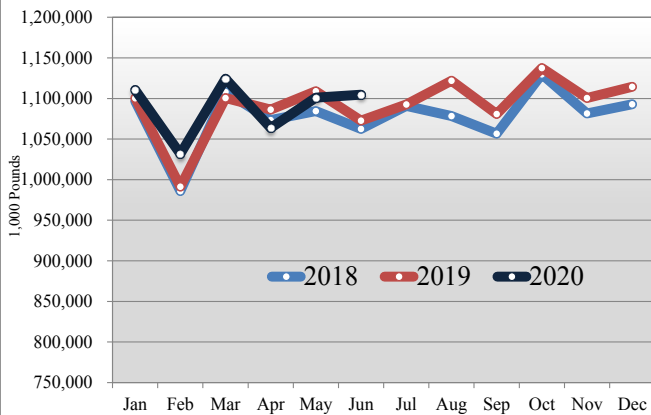
### Dairy Product Production Summary:

American type cheese production totaled 438.2 million pounds, 2.7 percent above June 2019 and 0.9 percent below May 2020.

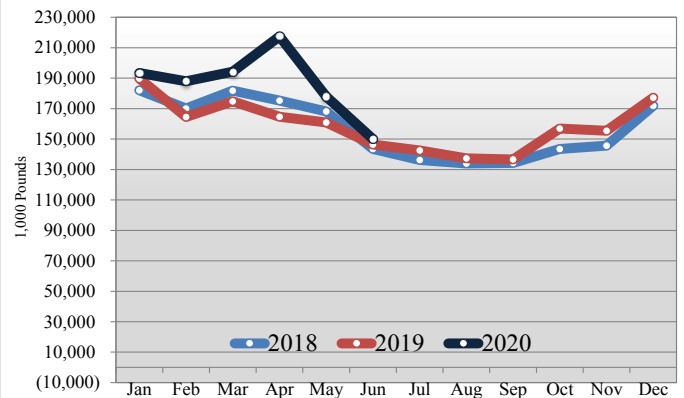
Total cheese output (excluding cottage cheese) was 1.1 billion pounds, 3.0 percent above June 2019 and 0.3 percent above May 2020.

Butter production was 150 million pounds, 2.4 percent above June 2019 and 15.7 percent below May 2020.

**Total Cheese Production, 2018-2020**



**Total Butter Production, 2018-2020**



## COMMERCIAL DISAPPEARANCE 2/

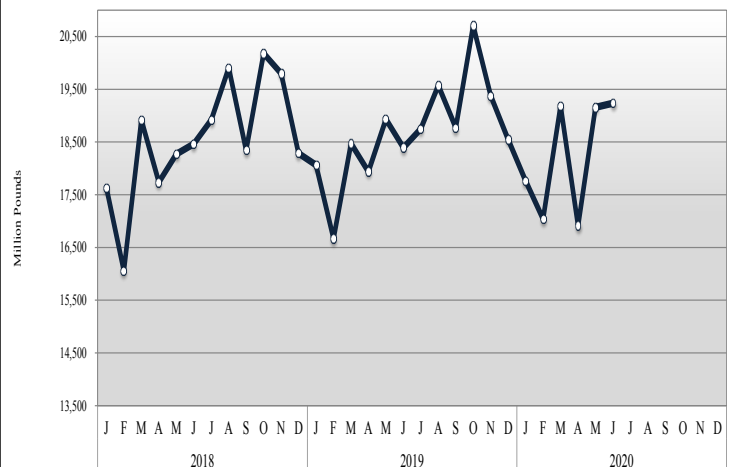
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For June 2020 commercial disappearance of milk was 19.2 billion pounds, up 4.7 percent from the prior year. The cumulative disappearance total for 2020 is 109.4 billion pounds, an increase of 0.8 percent from the same 6-month period of 2019.

June 2020 commercial disappearance of American cheese was 464.6 million pounds, up 7.6 percent from the prior year. The cumulative disappearance is down 2.6 % from 2019.

June 2020 commercial disappearance of butter was 176 million pounds, up 17.3 percent from the prior year. The cumulative disappearance is up 5.0 % from 2019.

**Commercial Disappearance of Milk in All Products, 2018-2020**



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.