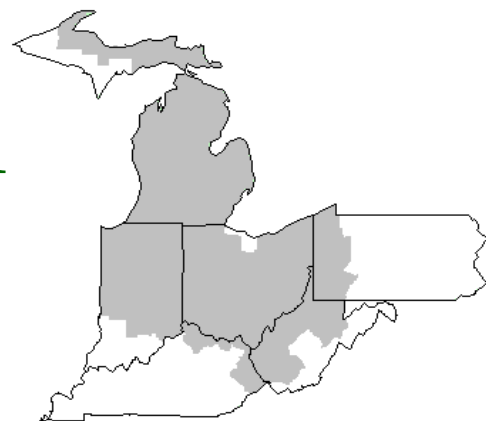


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**FEBRUARY 2020**

## 2019 Market Summary

Producer milk receipts pooled totaled 18.9 billion pounds on the Mideast Order during 2019, a decrease of 631.2 million pounds, or 3.2 percent from 2018. During 2019, there were over 1,367.2 million pounds of milk voluntarily depooled. Monthly producer receipts ranged from a low of 1.32 billion pounds in November to a high of 1.82 billion pounds in May.

The number of producers pooled on the Mideast Order in 2019 averaged 4,182 per month, down 7.5 percent from a year earlier. Producer milk averaged 3.86 percent butterfat in 2019, ranging from a low of 3.70 percent in July to a high of 4.02 percent in November. The protein test averaged 3.14 percent for 2019. Protein tests ranged from a low of 2.99 percent in July, to a high of 3.26 percent in November. Other solids tests for producer milk averaged 5.76 percent for the year.

For the year, 34.6 percent of producer milk was utilized as Class I; 17.9 percent in Class II; 31.5 percent in Class III; and 16.0 percent in Class IV. The Class I utilization percentage had a low of 29.4 percent in June and a high of 40.5 percent in October. Class I milk totaled 6.6 billion pounds during 2019, up 2.9 percent from 2018. Class II milk totaled 3.4 billion pounds in 2019, a decrease of 11.1 percent from 2018. Class III pooled pounds were 6.0 billion pounds in 2019, a decrease of 5.3% from 2018. Class IV milk totaled 3.0 billion pounds in 2019, a decrease of 2.9 percent from 2018.

The Class I price averaged \$18.99 per cwt for the year, an increase of \$2.15 per cwt from 2018. The Class I price had a low of \$17.12 per cwt in January and a high of \$21.33 per cwt in December. The Class II price averaged \$16.76 per cwt, an increase of \$1.96 per cwt from the prior year. It ranged from a low of \$15.74 per cwt in January to a high of \$17.61 per cwt in July. The Class III price averaged \$16.96 per cwt, an increase of \$2.35 per cwt from 2018. The Class III price ranged from a low of \$13.89 per cwt in February to a high of \$20.45 per cwt in November. The Class IV price averaged \$16.30 per cwt for the year, an increase of \$2.07 per cwt from a year ago. It was lowest in January at \$15.48 per cwt and was highest in July at \$16.90 per cwt.

The Statistical Uniform Price averaged \$17.21 per cwt for 2019 compared to \$15.21 per cwt in 2018. The Producer Butterfat Price averaged \$2.5088 per pound in 2019. This was a decrease of \$0.01700 from 2018. The butterfat price was lowest in December at \$2.1952 per pound and was highest in July at \$2.6858 per pound. The Protein Price averaged \$2.3796 per pound in 2019. This was an increase of \$0.7299 from the previous year. The lowest price was in February at \$1.1776 per pound and was highest in November at \$3.9118 per pound. Other Solids Price averaged \$0.1862 per pound, \$0.0388 higher than the 2018 average. The Producer Price

Differential (PPD) averaged \$0.26 per cwt in 2019 with low of (\$2.44) per cwt in November and a high of \$1.71 per cwt in February.

## December Milk Production Up 0.9 Percent

Milk production in the 24 major States during December totaled 17.4 billion pounds, up 0.9 percent from December 2018. November revised production at 16.7 billion pounds, was up 0.9 percent from November 2018. The November revision represented an increase of 4 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,978 pounds for December, 14 pounds above December 2018.

The number of milk cows on farms in the 24 major States was 8.81 million head, 16,000 head more than December 2018, but unchanged from November 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 December totaled 2.6 billion pounds, down 3million pounds or 0.1 percent from December 2018.

Production per cow in the Mideast states averaged 1,916 pounds for December, 13 pounds more December 2018.

The number of cows on farms in the Mideast states was 1.3million head, 23,000 head less than December 2018.

## January 2020 Pool Summary

### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	580,573,737	33.3
Class II	338,426,472	19.4
Class III	542,100,718	31.1
Class IV	283,997,349	16.2
Total	1,745,098,276	100.0

### Producer Prices

Producer Price Differential	\$ 0.89 /cwt
Butterfat Price	2.1117 /lb
Protein Price	2.9606 /lb
Other Solids Price	0.1417 /lb
Somatic Cell Adjustment Rate	0.00090 /cwt
Statistical Uniform Price	17.94 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

**JANUARY 2020****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			568,479,856			\$13.71 / cwt	\$ 77,938,588.30
Class I Butterfat		12,093,881				2.2215 / lb	26,866,556.69
Class I Location Differential	580,573,737						(315,684.64)
Class II SNF Value				29,459,891		1.1089 / lb	32,668,073.16
Class II Butterfat		22,620,577				2.1187 / lb	47,926,216.48
Class III Protein Value			17,452,360			2.9606 / lb	51,669,457.03
Class III Other Solids Value					31,463,293	0.1417 / lb	4,458,348.59
Class III Butterfat		18,132,688				2.1117 / lb	38,290,797.26
Class IV SNF Value				25,007,352		1.0665 / lb	26,670,340.90
Class IV Butterfat		16,338,278				2.1117 / lb	34,501,541.67
Somatic Cell Value II / III / IV							1,949,416.80
<b>TOTAL PRODUCER MILK VALUE</b>	1,745,098,276	69,185,424	55,769,234		100,679,900		<u>\$ 342,623,652.24</u>
Overages						5,137.49	
Beginning Inventory & OS Charges						9,250.62	
<b>TOTAL ADJUSTMENTS</b>							<u>\$ 14,388.11</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							<u>\$ 342,638,040.35</u>
Total Protein Value			55,769,234 lbs	@	\$2.9606		\$ (165,110,394.21)
Total Other Solids Value			100,679,900 lbs	@	0.1417		(14,266,341.83)
Butterfat Value			69,185,424 lbs	@	2.1117		(146,098,859.86)
Total Somatic Cell Values							<u>(2,919,247.37)</u>
<b>TOTALS</b>							<u>\$ 14,243,197.08</u>
Net Producer Location Adjustments							\$ 1,395,147.45
1/2 Unobligated Balance Producer Settlement Fund							<u>623,000.00</u>
Total - Divided by Total Pounds			1,745,098,276 lbs		0.9318297		\$ 16,261,344.53
Rate of Cash Reserve					(0.0418297)		<u>(729,969.37)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH <sup>1</sup></b>			1,745,098,276		<b>\$ 0.89 /cwt</b>		<u>\$ 15,531,375.16</u>

**COMPONENT PRICES**

	<b>January</b>	
	<u>2020</u>	<u>2019</u>
Butterfat Price	\$2.1117 / lb	\$2.4981 / lb
Protein Price	2.9606 / lb	1.1927 / lb
Other Solids Price	0.1417 / lb	0.2898 / lb
Somatic Cell Adjustment Rate	0.00090 / cwt	0.00069 / cwt
Nonfat Solids Price <sup>2</sup>	1.0665 / lb	0.7757 / lb

**COMPUTATION OF UNIFORM PRICE**

	<b>January</b>	
	<u>2020</u>	<u>2019</u>
Class III Price - 3.5% BF	\$17.05	\$13.96
Producer Price Differential*	<u>-0.89</u>	<u>1.50</u>
Statistical Uniform Price	\$17.94	\$15.46

**CLASS PRICES**

	<b>January</b>	
	<u>2020</u>	<u>2019</u>
Class I*	\$21.01	\$17.12
Class II	17.05	15.74
Class III	17.05	13.96
Class IV	16.65	15.48

**CLASSIFICATION OF PRODUCER MILK**

	<b>January</b>	
	<u>2020</u>	<u>2019</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	580,573,737	581,578,661
Class II	338,426,472	212,241,327
Class III	542,100,718	537,626,390
Class IV	<u>283,997,349</u>	<u>209,673,424</u>
Total	1,745,098,276	1,541,119,802

<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 January 2020 was \$0.89 and the Statistical Uniform Price was \$17.94 for the month. The Statistical Uniform Price is \$0.50 lower than last month, and is \$2.48 higher than January 2019.

The Producer Butterfat Price of \$2.1117 per pound decreased \$0.0835 from December and is down \$0.3864 from a year ago. The Protein Price of \$2.9606 is down \$0.6909 from last month and is up \$1.7679 from January 2019. The Other Solids Price in January was \$0.1417 per pound, an increase from last month's price of \$0.1341 and \$0.1481 lower than last January. The Somatic Cell Adjustment rate for January was \$0.00090 per cwt.

January producer receipts of 1.75 billion pounds were 14.1 percent higher than December and 13.2 percent higher than January 2019 production of 1.54 billion pounds. Producer milk allocated to Class I accounted for 33.3 percent of the total producer milk in January 2020, lower than the 37.3 percent in December, and lower than the 37.7 percent in January 2019. A total of 4,023 producers were pooled on the Mideast Order compared to 4,311 producers pooled in January 2019.

The market average content of producer milk was as follows: Butterfat 3.96%; Protein 3.20%; Other Solids 5.77% and Nonfat Solids 8.97%.

## December 2019 Highlights

**Total cheese** output (excluding cottage cheese) was 1.11 billion pounds, 0.2 percent above December 2018 and 1.3 percent above November 2019.

**Italian type cheese** production totaled 471 million pounds, 1.7 percent below December 2018 and 0.7 percent below November 2019.

**American type cheese** production totaled 457 million pounds, 1.9 percent above December 2018 and 5.0 percent above November 2019.

**Butter** production was 177 million pounds, 4.0 percent above December 2018 and 13.9 percent above November 2019.

**Dry milk products** (comparisons in percentage with December 2018)  
Nonfat dry milk, human - 164 million pounds, up 15.3 percent.  
Skim milk powder - 52.8 million pounds, up 4.8 percent.

**Whey products** (comparisons in percentage with December 2018)  
Dry whey, total - 79.8 million pounds, up 7.1 percent.  
Lactose, human and animal - 93.7 million pounds, down 15.1 percent.  
Whey protein concentrate, total - 42.8 million pounds, down 2.2 percent.

**Frozen products** (comparisons in percentage with December 2018)  
Ice cream, regular (hard) - 49.9 million gallons, up 13.8 percent.  
Ice cream, lowfat (total) - 25.2 million gallons, down 10.5 percent.  
Sherbet (hard) - 1.84 million gallons, down 12.2 percent.  
Frozen yogurt (total) - 3.11 million gallons, down 0.7 percent.

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

## Dairy Forecasts for 2020

The 2020 annual forecast for milk production has been lowered 0.4 billion pounds to 222.0 billion pounds. The forecast for the average size of the milking herd is 9.335 million head, unchanged from last month's forecast. With the significant drop in milk per cow in November, expectations for 2020 yields have been lowered. The milk per cow estimate is 23,785 pounds per head, 45 pounds lower than last month's forecast.

With lower expected imports of butter and cheese, the 2020 forecast for imports on a milk-fat basis has been lowered 0.1 billion

pounds to 6.3 billion. The forecast for imports on a skim-solids basis is unchanged at 5.5 billion. On a milk-fat basis, the 2020 export forecast has been raised 0.1 billion pounds to 9.4 billion. The export forecast on a skim-solids basis has been raised 0.3 billion pounds to 43.4 billion due to higher expected exports of NDM/SMP.

Ending stocks for 2020 on a milk-fat basis are projected at 13.4 billion pounds for the year, 0.1 billion higher than last month's forecast. On a skim-solids basis, ending stocks are projected at 10.4 billion pounds, 0.4 billion below the last forecast, due to lower expected milk production and higher expected exports. Lower expected growth in domestic demand is expected to carry into 2020. The domestic use forecasts for 2020 have been lowered to 218.0 billion pounds on a milk-fat basis (-0.7 billion) and to 182.9 billion pounds on a skim-solids basis (-0.6 billion).

Based on recent price weakening and lower expected domestic demand, 2020 price forecasts for Cheddar cheese and butter have been lowered to \$1.835 per pound (-3.0 cents) and \$1.960 per pound (-6.0 cents), respectively. With higher expected demand for NDM exports and relatively low NDM stock levels, the NDM price forecast for 2020 has been raised 2.5 cents to \$1.255 per pound. The dry whey price forecast has been lowered 0.5 cents to \$0.340 per pound.

With the lower expected cheese price, the Class III milk price forecast for 2020 has been lowered \$0.30 to \$17.35 per cwt. With the lower butter price forecast more than offsetting the higher NDM price forecast, the Class IV milk price forecast has been lowered by \$0.05 to \$16.90 per cwt. The all-milk forecast for 2020 has been lowered to \$19.25 per cwt, \$0.15 lower than last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-307, January 16, 2020

### 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	December 2019 -----Weighted Averages-----						December 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	986	756,367	3.97	3.24	5.79	156	823,324	3.96	3.25	5.78	159
Ohio	1,345	350,381	4.03	3.22	4.69	170	361,573	4.02	3.22	5.67	177
Indiana	667	237,482	3.99	3.22	5.78	161	205,198	3.98	3.22	5.79	181
New York	161	86,600	4.07	3.26	5.84	167	85,041	4.07	3.23	5.70	178
Pennsylvania	672	81,751	4.08	3.17	5.64	199	83,091	4.13	3.22	5.70	211
Other	171	16,596	4.03	3.23	5.73	212	17,159	4.09	3.27	5.75	201
Total/Average *	4,002	1,529,177	4.00	3.23	5.76	164	1,575,384	3.99	3.23	5.75	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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**FEDERAL ORDER DATA  
January 2020**

<u>Marketing Area</u> <sup>1/</sup>		<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)	2,301,865	715,647	31.1	\$1.73	\$18.78
FO 5	Appalachian - (Charlotte)	466,196	344,939	74.0	<sup>2/</sup>	21.03
FO 6	Florida - (Tampa)	225,150	192,608	85.6	<sup>2/</sup>	23.33
FO 7	Southeast - (Atlanta)	419,672	299,358	71.3	<sup>2/</sup>	21.32
FO 30	Upper Midwest - (Chicago)	2,234,479	238,623	10.7	0.28	17.33
FO 32	Central - (Kansas City)	1,304,962	419,105	32.1	0.58	17.63
<b>FO 33</b>	<b>Mideast - (Cleveland)</b>	<b>1,745,098</b>	<b>580,574</b>	<b>33.3</b>	<b>0.89</b>	<b>17.94</b>
FO 51	California - (Los Angeles)	2,335,329	452,813	19.4	0.51	17.56
FO 124	Pacific Northwest - (Seattle)	769,451	149,161	19.4	0.28	17.33
FO 126	Southwest - (Dallas)	1,311,164	374,299	28.6	1.22	18.27
FO 131	Arizona - (Phoenix)	442,939	108,333	24.5	<sup>2/</sup>	17.92

<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 FEBRUARY 2020 .....\$16.65 /cwt.**



**MIDEAST MARKETING AREA  
FEDERAL ORDER 33**

**BALANCE SHEET  
MARKETING SERVICE FUND**

**As of December 31, 2019**

**ASSETS**

**Current Assets:**

Cash and Bank Deposits	\$ 249,792.72
Investments	72,273.05
Accounts Receivable - Handlers	136,565.49
Allowance for Uncollectible Accounts	.00
Accounts Receivable - Other	.00
Accrued Interest Receivable	.00

**Other Assets:**

Prepaid Expenses	\$ 2,455.64
Deposits	.00

**Fixed Assets:**

Motor Vehicles	\$ 267,914.63
Accumulated Depreciation	(211,655.09)
Furniture and Equipment	25,509.50
Accumulated Depreciation	(25,509.50)
Laboratory Equipment	1,049,935.30
Accumulated Depreciation	(971,933.56)
Leasehold Improvements	139,115.08
Accumulated Depreciation	(125,449.12)

**Total Assets** \$ 609,014.14

**LIABILITIES AND OPERATING BALANCE**

**Current Liabilities:**

Accounts Payable - Other	\$ .00
Accrued Employee Salaries Payable	(9,096.84)
Accrued Employee Annual Leave	62,900.58
Payroll Contributions and Withholdings	(2,964.36)

**Operating Balance** \$ 558,174.76

**Total Liabilities and Operating Balance** \$ 609,014.14

**MIDEAST MARKETING AREA  
FEDERAL ORDER 33**

**INCOME AND EXPENSE STATEMENT  
MARKETING SERVICE FUND**

**For the Year Ending December 31, 2019**

**Income:**

Assessments or Deductions	\$1,423,824.52
Late Payment Charges Assessed	.00
Interest Earned	753.87
Miscellaneous	<u>35,515.47</u>
<b><u>Total Income</u></b>	<b><u>\$1,460,093.86</u></b>

**Expenses:**

Salaries and Services	\$ 657,741.46
Travel	54,329.16
Communications	26,977.70
Employer Payroll Contributions	238,493.33
Insurance	5,300.33
Rent - Buildings and Equipment	65,756.54
Repairs and Maintenance	21,898.05
Supplies	34,398.60
Testing and Weighing	20,131.99
Utilities	5,986.18
Depreciation of Fixed Assets	87,654.28
Conferences and Meetings	.00
Training	1,293.58
Uncollectible Accounts	.00
Miscellaneous	525.25
Amortization of Leasehold Improvements	<u>2,827.44</u>
<b><u>Total Expenses</u></b>	<b><u>\$1,223,313.89</u></b>

**Net Income**

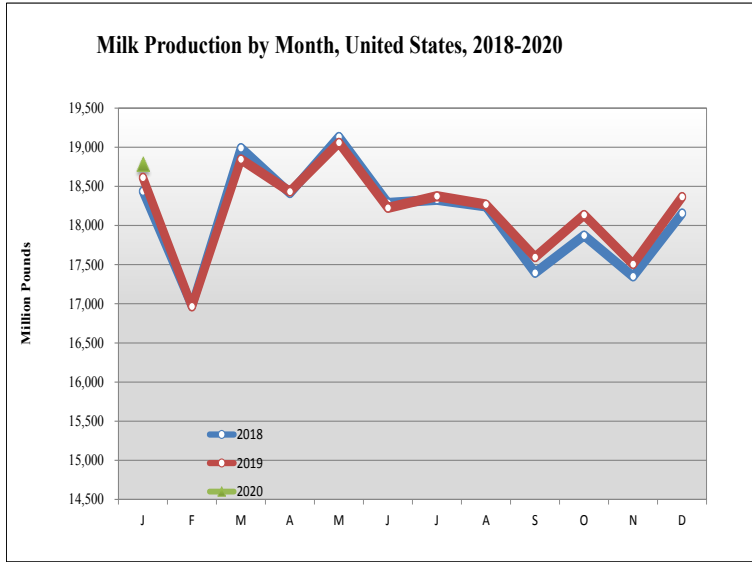
\$ 236,779.97

# Mideast Market Administrator's Bulletin

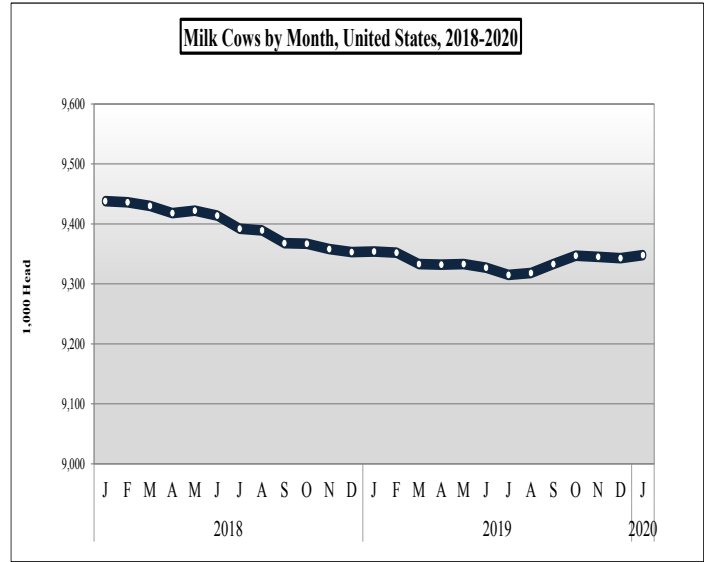
Federal Order No. 33

Supplement  
February 2020

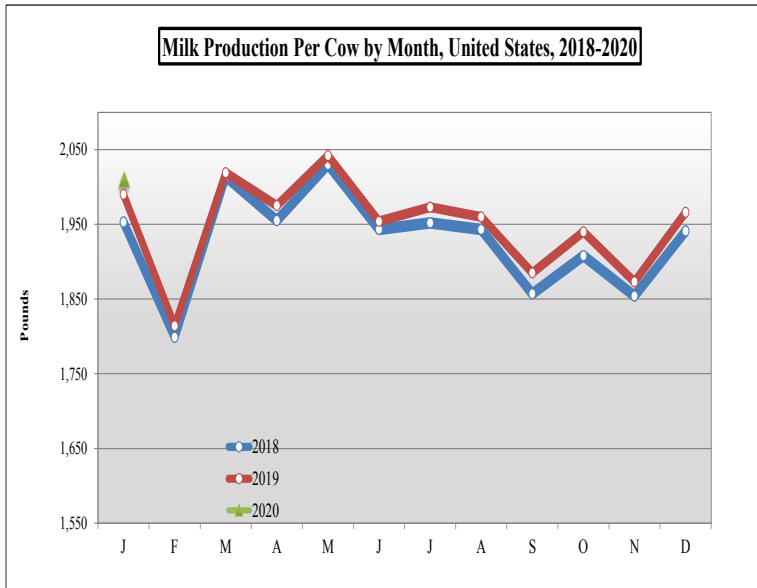
## MILK PRODUCTION STATISTICS 1/



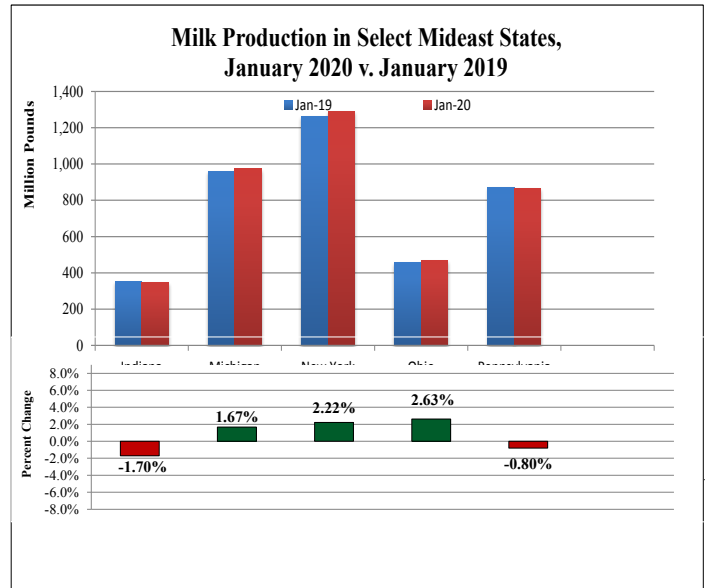
January 2020 milk production in the United States increased 420 million pounds from December 2019 to 18.8 billion pounds. January 2020 milk production in the United States was up 0.9 percent from the same month of the prior year.



The number of milk cows on farms in the United States was 9.3 million head for January 2020, up 5,000 head from December 2019 and 6,000 head less than January 2019.



Production per cow in the United States averaged 2,010 pounds for January 2020 up 44 pounds from December 2019. January 2020 milk production per cow was up 20 pounds from the same month of the prior year.

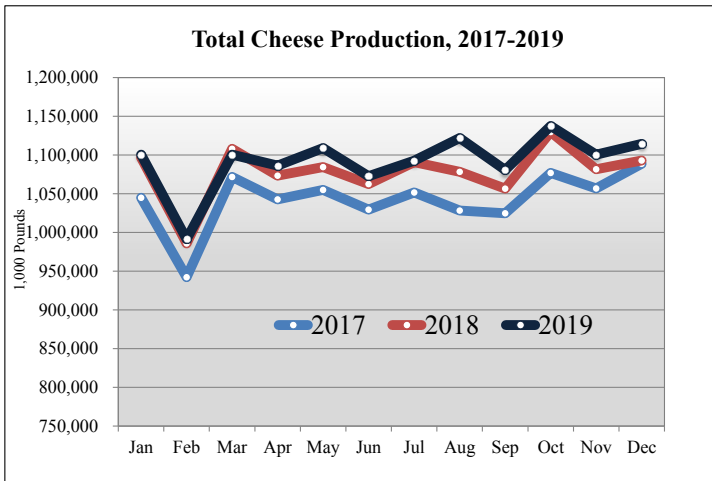


Milk production from selected states which pool on the Mideast marketing area totaled 3.9 billion pounds during January 2020, up 43 million pounds from the prior year. Milk production in Pennsylvania declined 7 million pounds while production in Michigan increased 16 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agriculture 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/

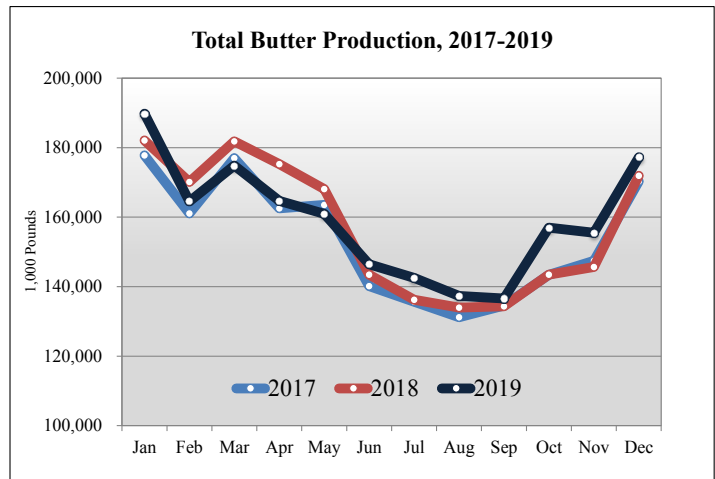
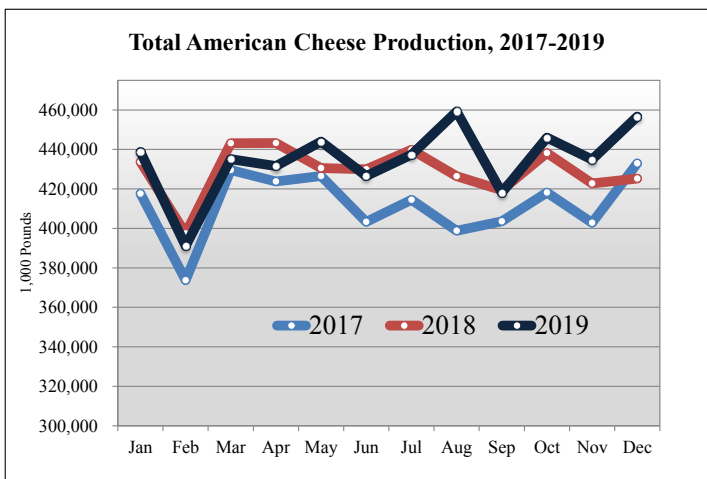


### Dairy Product Production Summary:

American type cheese production totaled 457 million pounds, 1.9 percent above December 2018 and 5.0 percent below November 2019.

Total cheese output (excluding cottage cheese) was 1.1 billion pounds, 0.2 percent above December 2018 and 1.3 percent above November 2019.

Butter production was 177 million pounds, 4.0 percent above December 2018 and 13.9 percent above November 2019.



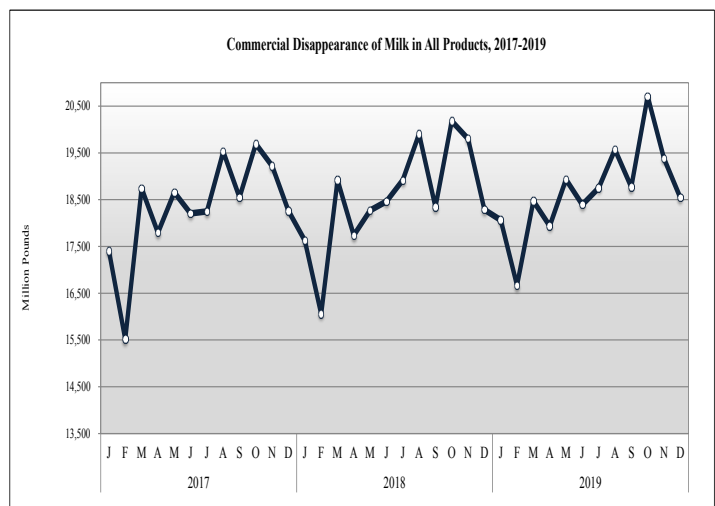
## COMMERCIAL DISAPPEARANCE 2/

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 December 2019 commercial disappearance of milk was 18.8 billion pounds, up 1.4 percent from the prior year. The cumulative disappearance total for 2019 is 224 billion pounds, an increase of 0.8 percent from the same 12-month period of 2018.

December 2019 commercial disappearance of American cheese was 456 million pounds, up 1.3 percent from the prior year.

December 2019 commercial disappearance of butter was 171 million pounds, up 11.5 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.