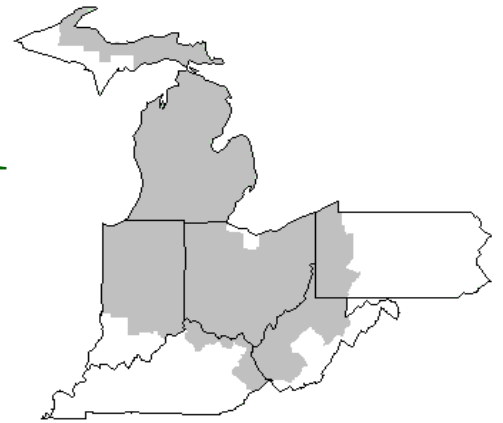


Mideast Market Administrator's Bulletin



Federal Order No. 33

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September 2022

Dairy Forecasts for 2022

In the following forecast analysis, any changes discussed are adjustments from previous month forecasts, unless otherwise specified.

Based on recent milk production information, the forecast for the average number of milk cows in 2022 has been lowered by 15,000 head, to 9.405 million head. However, the projected average yield per cow in 2022 was adjusted slightly higher, at 24,075 pounds per year. With lower cows and steady productivity per cow, the milk production forecast for 2022 is 226.5 billion pounds, down 0.3 billion.

Due to anticipated strong demand from the international market and competitive domestic prices, higher export volumes of dairy products are projected throughout the rest of 2022. The forecast for 2022 dairy exports on a milk equivalent milk-fat basis was adjusted to 13.2 billion pounds, 0.3 billion higher. On a milk equivalent skim-solids basis, 2022 exports are forecast at 52.1 billion pounds, up 0.8 billion. Higher exports are expected for whey, lactose, and cheese, as U.S. prices are expected to remain competitive in international markets.

Dairy import forecasts were adjusted higher for 2022. On a milk equivalent milk-fat basis, annual dairy import projections for 2022 were adjusted up to 7.1 billion pounds, 0.1 billion higher. On a milk equivalent skim-solids basis, 2022 dairy imports were also adjusted up to at 6.2 billion pounds, 0.1 billion higher. Higher expected imports of cheese are anticipated throughout 2022.

Due to recent weakness in domestic use and higher expected wholesale prices for most dairy products, the domestic commercial use forecasts for 2022 were adjusted downward. On a milk-equivalent milk-fat basis, the annual forecast for 2022 domestic use is 220.3 billion pounds, down 0.8 billion. The domestic use forecast on a milk-equivalent skim-solids basis for 2022 is 179.0 billion pounds, down 1.0 billion.

Wholesale price forecasts for most dairy products have been adjusted higher or remain unchanged for 2022. Price forecasts for butter and NDM are \$2.850 (+6.5 cents) and \$1.690 (+2.5 cents) per pound, respectively. The 2022 wholesale price forecasts for cheese and dry whey remained unchanged at \$2.075 and \$0.610 per pound, respectively.

The Class III milk price forecast for 2022 is \$21.65 per hundredweight (cwt), up \$0.05. Due to higher butter and NDM price forecasts, the Class IV milk price projection was adjusted to \$24.45 per cwt, up \$0.50. The all-milk price forecast for 2022 is \$25.45 per cwt, an increase of \$0.25.

Dairy Forecasts for 2023

As with the forecasts for 2022, any changes discussed in this section are adjustments from previous month forecasts, unless otherwise specified.

The 2023 forecast for the average number of milk cows has been lowered by 20,000 heads to 9,415 million head as the rate of growth in cow numbers is expected to slow in 2023. The 2023 forecast for milk per cow remains unchanged at 24,300 pounds. The projection for 2023 milk production has been revised to 228.8 billion pounds, 0.4 billion pounds lower.

The export forecast for 2023 on a milk-equivalent milk-fat basis is 12.4 billion pounds, 0.7 billion higher. On a milk-equivalent skim-solids basis, 2023 dairy exports are projected to total 51.8 billion pounds, 0.6 billion higher. As for 2022, in 2023, higher exports are expected for whey, lactose, and cheese at competitive prices in the international markets. On a milk-equivalent milk-fat basis, 2023 dairy imports forecast are up 0.2 billion pounds to 7.0 billion pounds and were adjusted up to 6.1 billion pounds (+0.2 billion) on a milk-equivalent skim-solids basis.

Based on current relatively weak domestic use for dairy products, 2023 domestic use is projected lower. On a milk-equivalent milk-fat basis, the domestic use forecast for 2023 is 221.2 billion pounds, 0.9 billion lower. On a milk-equivalent skim-solids basis, the forecast for domestic use is 181.4 billion pounds, 0.8 billion lower.

(continued on Page 3)

August 2022 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	505,582,273	38.9
Class II	107,707,830	8.3
Class III	667,567,223	51.3
Class IV	20,277,702	1.5
Total	1,301,135,028	100.0

Producer Prices

Producer Price Differential	\$ 3.23 / cwt
Butterfat Price	3.4001 / lb
Protein Price	2.1417 / lb
Other Solids Price	0.3146 / lb
Somatic Cell Adjustment Rate	0.00099 / cwt
Statistical Uniform Price	23.33 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

August 2022

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			494,669,508			\$15.75 / cwt	\$ 77,910,447.53
Class I Butterfat		10,921,765				3.4086 / lb	37,197,250.80
Class I Location Differential	505,582,273						(287,029.11)
Class II SNF Value				8,631,947		1.7256 / lb	14,895,287.73
Class II Butterfat		14,156,401				3.4071 / lb	48,232,273.82
Class III Protein Value			20,818,907			2.1417 lb	44,587,853.14
Class III Other Solids Value					38,668,315	0.3146 / lb	12,165,051.91
Class III Butterfat		23,509,345				3.4001 / lb	79,934,123.93
Class IV SNF Value				1,710,886		1.4862 / lb	2,542,718.76
Class IV Butterfat		1,751,377				3.4001 / lb	5,595,856.93
Somatic Cell Value II / III / IV							<u>1,148,286.03</u>
TOTAL PRODUCER MILK VALUE	1,301,135,028	50,329,888	40,494,162		100,886,474		\$ 324,281,121.47
Overages						272,489.25	
Beginning Inventory & OS Charges						(266,132.07)	
TOTAL ADJUSTMENTS							\$ 6,357.18
TOTAL HANDLER OBLIGATIONS							\$ 324,287,478.65
Total Protein Value			40,494,162 lbs	@	\$ 2.1417		\$(86,726,346.74)
Total Other Solids Value			75,033,311 lbs	@	0.3146		(23,605,479.71)
Butterfat Value			50,329,888 lbs	@	3.4001		(171,126,652.21)
Total Somatic Cell Values							<u>(1,843,499.78)</u>
TOTALS							\$ 40,985,500.21
Net Producer Location Adjustments							\$ 1,083,833.75
1/2 Unobligated Balance Producer Settlement Fund							<u>492,000.00</u>
Total - Divided by Total Pounds			1,301,135,028 lbs			3.2710928	\$ 42,561,333.96
Rate of Cash Reserve						<u>(0.0410928)</u>	<u>(534,672.81)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH ¹			1,301,135,028			\$ 3.23 / cwt	\$ 42,026,661.13

COMPONENT PRICES

August

COMPUTATION OF UNIFORM PRICE

August

	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
Butterfat Price	\$3.4001 / lb	\$1.8508 / lb	Class III Price - 3.5% BF	\$20.10	\$15.95
Protein Price	2.1417 / lb	2.4582 / lb	Producer Price Differential*	<u>3.23</u>	<u>0.90</u>
Other Solids Price	0.3146 / lb	0.3735 / lb	Statistical Uniform Price	\$23.33	\$16.85
Somatic Cell Adjustment Rate	0.00099 / cwt	0.00078 / cwt			
Nonfat Solids Price ²	1.4862 / lb	1.0872 / lb			

CLASS PRICES

August

CLASSIFICATION OF PRODUCER MILK

August

	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
Class I*	\$27.13	\$21.78	Product lbs.		
Class II	26.91	13.27	Class I	505,582,273	516,772,279
Class III	20.10	19.77	Class II	107,707,830	369,529,084
Class IV	24.81	12.53	Class III	667,567,223	699,058,263
			Class IV	<u>20,277,702</u>	<u>165,466,352</u>
			Total	1,301,135,028	1,750,825,978

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

The Producer Price Differential for the Mideast Marketing Area for August 2022 was \$3.23, and the Statistical Uniform Price was \$23.33 for the month. The Statistical Uniform Price is \$1.37 lower than last month and is \$6.48 higher than August 2021.

The Producer Butterfat Price of \$3.4001 per pound increased \$0.0401 from July and is up \$1.5493 from a year ago. The Protein Price of \$2.1417 is down \$0.7699 from last month and is down \$0.3165 from August 2021. The Other Solids Price in August was \$0.3146 per pound, a decrease from last month's price of \$0.3596 and \$0.0589 lower than last August. The Somatic Cell Adjustment rate for August was \$0.00099 per cwt.

August producer receipts of 1.30 billion pounds were 1.0 percent lower than July and 25.7 percent lower than August 2021 production of 1.75 billion pounds. Producer milk allocated to Class I accounted for 38.9 percent of the total producer milk in August 2022, higher than the 35.7 percent in July, and higher than the 29.5 percent in August 2021. A total of 3,531 producers were pooled on the Mideast Order compared to 3,616 producers pooled in August 2021.

The market average content of producer milk was as follows: Butterfat 3.87%; Protein 3.11%; Other Solids 5.77% and Nonfat Solids 8.88%.

(continued from Front Page)

Except for cheese and dry whey, dairy product price forecasts for 2023 have been adjusted higher due to expectations of relatively strong international demand and lower expected milk production. Wholesale price forecasts for butter and NDM were raised on expected tighter supplies to \$2.385 (+1.0 cents) and \$1.505 (+5.5 cents) per pound, respectively. The 2023 dry whey price forecast remained unchanged at \$0.485, and the Cheddar cheese price forecast was adjusted to \$1.970 (-0.5 cent) per pound.

The Class III milk price forecast for 2023 was unchanged at \$19.70 per cwt. Due to higher butter and NDM price forecasts, the Class IV milk price projection for 2023 is \$20.85 per cwt, \$0.50 higher. The all-milk price forecast for 2023 is \$22.70 per cwt, an increase of \$0.20.

Livestock, Dairy, and Poultry Outlook: September 2022, LDP-M-339, September 16, 2022 USDA, Economic Research Service

Recent Dairy Supply and Use Data

The July all milk price was \$25.70 per hundredweight (cwt), \$1.20 lower than June but \$7.90 higher than July 2021. The alfalfa hay price in July 2022 was \$276 per short ton, \$31 higher than June and \$70 higher than July 2021. The 5-State weighted-average price for premium alfalfa hay in July 2022 was \$333 per short ton, \$56 higher than June and \$93 higher than July 2021.

The milk-feed ratio has been generally declining each month since February 2022, reaching 1.79 in July 2022. From January 2022 to July 2022, the all-milk price increased by \$1.50 per cwt of milk. However, for those same months, the price of dairy cattle feed, used by NASS in its calculations, increased by \$3.26 per cwt, more than offsetting the increase in the price of milk

July Milk Production Up 0.3 Percent

Milk production in the 24 major States during July totaled 18.3 billion pounds, up 0.3 percent from July 2021. June revised production, at 18.1 billion pounds, was up slightly from June 2021. The June revision represented a decrease of less than 0.2 percent or 45 million pounds from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,055 pounds for July, 21 pounds above July 2021.

The number of milk cows on farms in the 24 major States was 8.92 million head, 66,000 head less than July 2021, but 1,000 head more than June 2022.

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 2.7 billion pounds, this was down 3.2 percent from July 2021.

Production per cow in the Mideast states averaged 1,999 pounds for July. This was an increase of 10 pounds per cow from July 2021. The number of cows on farms in the Mideast states was 1.3 million head, 50,000 head less than July 2021.

Released August 22, 2022, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Bulletin WebPage Edition

www.fmmaclev.com

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 2022 -----Weighted Averages-----				July 2021 -----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	690	641,593	3.83	3.10	5.79	180	905,261	3.78	3.08	5.80	176
Ohio	1,163	349,819	3.86	3.10	5.76	218	410,301	3.78	3.06	5.71	208
Indiana	542	177,428	3.78	3.08	5.79	230	287,058	3.76	3.06	5.83	208
Pennsylvania	643	79,612	3.79	3.01	5.66	259	83,989	3.82	2.99	5.65	255
New York	144	46,880	4.01	3.14	5.90	212	59,968	3.96	3.15	5.87	225
Other	173	18,885	3.87	3.05	5.77	239	20,366	3.80	3.04	5.74	216
Total/Average *	3,355	1,314,217	3.84	3.09	5.78	204	1,766,942	3.78	3.07	5.78	194

* 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 2022**

<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)	2,264,033	650,240	28.7	\$5.32	25.42
FO 5	Appalachian - (Charlotte)	446,745	326,013	73.0	^{2/}	27.49
FO 6	Florida - (Tampa)	205,190	171,470	83.6	^{2/}	29.74
FO 7	Southeast - (Atlanta)	320,109	248,368	77.6	^{2/}	28.17
FO 30	Upper Midwest - (Chicago)	2,896,315	167,168	5.8	0.50	20.60
FO 32	Central - (Kansas City)	1,312,144	368,062	28.1	2.72	22.82
FO 33	Mideast - (Cleveland)	1,301,135	505,582	38.9	3.23	23.33
FO 51	California (Los Angeles)	1,843,284	402,438	21.8	2.28	22.38
FO 124	Pacific Northwest - (Seattle)	618,904	134,348	21.7	2.98	23.08
FO 126	Southwest - (Dallas)	1,184,620	338,909	28.6	3.06	23.16
FO 131	Arizona - (Phoenix)	324,545	101,272	31.2	^{2/}	23.86

^{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.

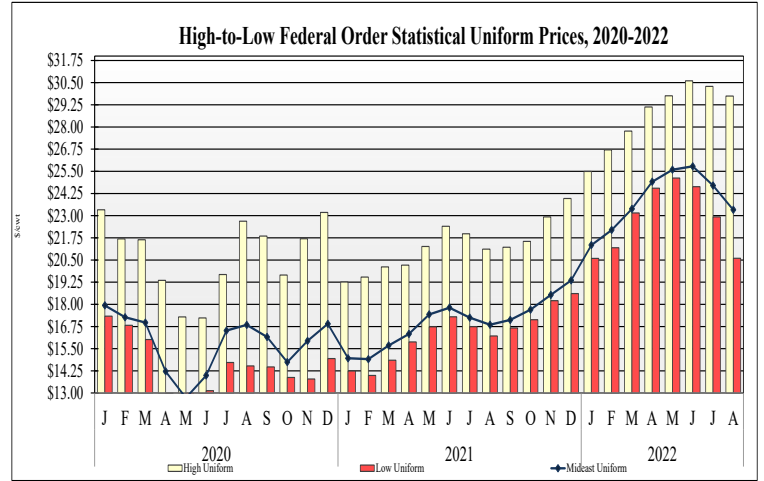
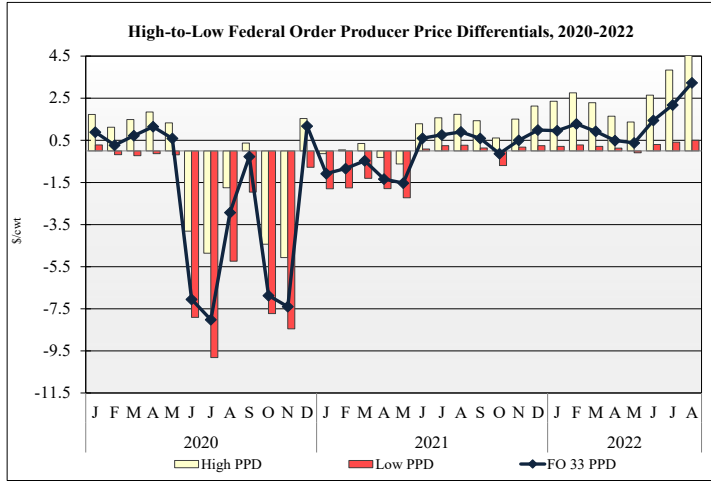
MINIMUM PARTIAL PAYMENT PRICE FOR SEPTEMBER 2022.....\$20.10 /cwt.

Mideast Market Administrator's Bulletin

Federal Order No. 33

Supplement
September 2022

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 2022 Federal Order 1 had a PPD of 5.32 per hundredweight (cwt), \$1.48 higher than their July PPD of \$3.84 per cwt.

In August 2022 Federal Order 33 had the third highest PPD, behind Order 1 at \$3.23 per cwt, \$1.05 per cwt higher than the July PPD.

For August 2022 Federal Order 30 had the lowest PPD at \$0.50 per cwt, \$0.09 per cwt higher than the July PPD.

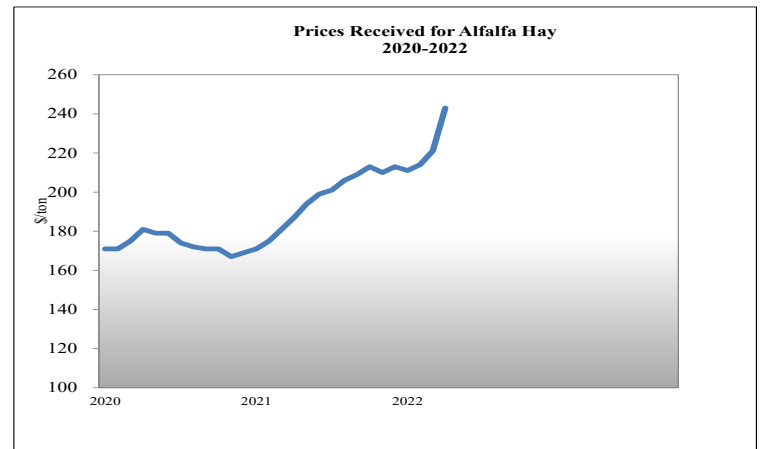
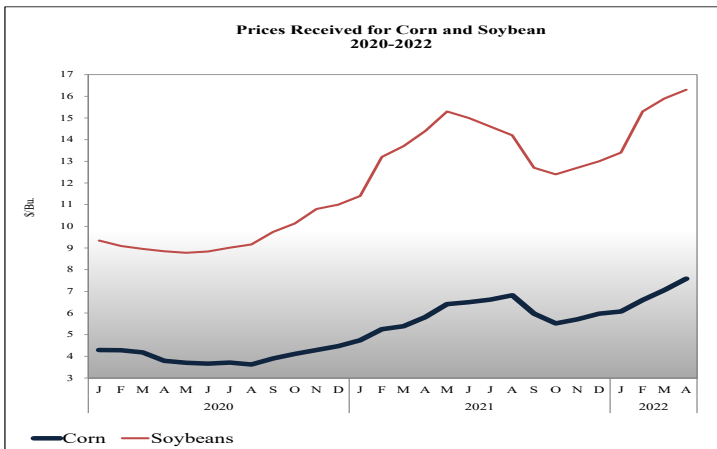
Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For August 2022 Federal Order 6 had a SUP of \$29.74 per cwt, \$0.55 lower than the previous month's SUP.

Federal Order 33 had a SUP of \$23.33 per cwt, \$1.37 per cwt lower than the previous month's SUP.

The Upper Midwest Order had the lowest SUP at \$20.60 per cwt, \$2.33 per cwt lower 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