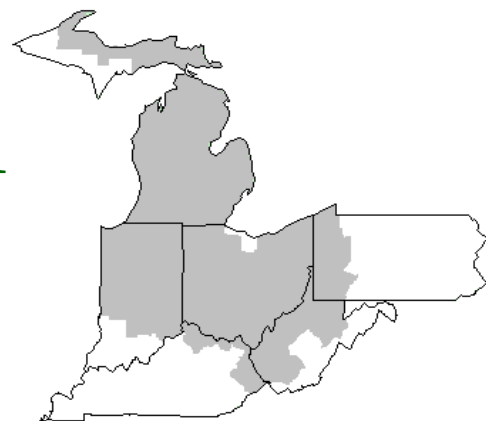


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

Sharon R. Uther, Market Administrator

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

Email: clevelandma1@sprynet.com

WebPage: www.fmmaclev.com

**JUNE 2019**

### Dairy Forecasts for 2019

The size of the milking herd was lower than expected in March; as a result, the projection for the average milk cow inventory in 2019 has been lowered 15,000 head to 9.345 million. The milk per cow forecast for the year is now 23,400 pounds, 55 pounds lower than last month's forecast. Milk production for 2019 is now forecast at 218.7 billion pounds, 0.8 billion pounds lower than the previous forecast.

Domestic use on a milk-fat basis for 2019 is now forecast at 214.6 billion pounds, 1 billion pounds lower than last month's forecast, with higher expected prices contributing to slower growth. The export forecast for the year has been raised 0.4 billion pounds to 10.2 billion, based on higher expectations for cheese exports. Imports on a milk-fat basis are forecast at 6.5 billion pounds, unchanged from last month's forecast. Ending stocks on a milk-fat basis for 2019 are now forecast at 13.0 billion pounds, 0.4 billion pounds lower than the last forecast, due to lower milk production and higher exports.

The 2019 domestic use forecast on a skim-solids basis is now forecast at 180.5 billion pounds for the year, 1.0 billion pounds lower than the previous forecast. Exports on a skim-solids basis are forecast 0.4 billion pounds higher than last month's forecast, at 42.6 billion pounds for the year, based on higher expected cheese and lactose shipments. Imports are now forecast 5.1 billion pounds for the year, 0.2 billion pounds lower than previously forecast. With lower than expected ending stocks for the first quarter of 2019 and lower expected milk production, the ending stock forecast for 2019 on a skim-solids basis has been lowered slightly to 10.2 billion pounds.

With recent strength in cheese prices and higher expected cheese exports, the cheddar cheese price forecast has been raised to \$1.650 per pound for the year. The dry whey price forecast for 2019 is unchanged at \$0.395 per pound. Butter prices have traded within a relatively small range in 2019, and are expected to continue to do so; the 2019 butter price forecast is \$2.290 per pound. With higher NDM prices in recent weeks and flagging production in Europe and Oceania, the NDM price forecast for 2019 has been raised to \$1.005 per pound.

The Class III price forecast for 2019 has been raised to \$16.05 per cwt due to higher expected cheese prices. The higher forecast for the 2019 NDM price has resulted in a higher Class IV price forecast of \$16.20 per cwt. The 2019 all-milk price has been raised to \$18.05 per cwt.

In 2020, higher milk prices and lower feed prices are expected to stimulate growth in the milking herd. Milk cows in 2020 are projected to number 9.365 million head, 20,000 higher than the 2019 projection. Milk per cow is forecast at 23,780 pounds for the year, which would represent year-over-year growth of 1.4 percent, adjusted for leap year. Overall milk production in 2020 is expected to grow 1.6 percent (adjusted for leap year) to 222.7 billion pounds.

On a milk-fat basis, 2020 domestic use is forecast at 217.8 billion pounds, an increase of 1.5 percent from 2019. Exports on a milk-fat basis are forecast to grow by 0.2 billion pounds to 10.4 billion as production is expected to be tighter among global competitors. Imports are also projected to increase slightly to 6.6 billion pounds. Ending stocks on a milk-fat basis are forecast to rise slightly from 2019 to 13.1 billion pounds.

On a skim-solids basis, 2020 domestic use is forecast to grow 1.4 percent from the 2019 forecast to 183.0 billion pounds. Exports are forecast to increase 1.0 billion pounds from 2019 to 43.6 billion pounds, as U.S. prices are expected to become more competitive with world prices. Imports are forecast to fall slightly to 5.0 billion pounds for the year. On a skim-solids basis, ending stocks for 2020 are forecast slightly higher than this year's ending stocks at 10.3 billion pounds.

*(continued on Page 3)*

### May 2019 Pool Summary

#### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	555,940,808	30.5
Class II	308,964,740	16.9
Class III	630,622,347	34.6
Class IV	327,462,125	18.0
Total	1,822,990,020	100.0

#### Producer Prices

Producer Price Differential	\$ 0.56 / cwt
Butterfat Price	2.5718 / lb
Protein Price	2.1159 / lb
Other Solids Price	0.1847 / lb
Somatic Cell Adjustment Rate	0.00085 / cwt
Statistical Uniform Price	16.94 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

**MAY 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			544,505,298			\$9.82 / cwt	\$ 53,470,420.27
Class I Butterfat		11,435,510				2.5555/ lb	29,223,445.81
Class I Location Differential	555,940,808						(272,591.15)
Class II SNF Value				26,434,187		0.8578/ lb	22,675,245.61
Class II Butterfat		22,589,176				2.5788/ lb	58,252,967.06
Class III Protein Value			19,708,163			2.1159/ lb	41,700,502.11
Class III Other Solids Value					36,679,316	0.1847/ lb	6,774,669.68
Class III Butterfat		20,586,319				2.5718/ lb	52,943,895.19
Class IV SNF Value				28,943,964		0.8386/ lb	24,272,408.19
Class IV Butterfat		14,523,782				2.5718/ lb	37,352,262.58
Somatic Cell Value II / III / IV							<u>1,985,383.10</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,822,990,020	69,134,787	56,580,695		105,449,646		\$ 328,378,608.45
Overages					\$ 106,826.60		
Beginning Inventory & OS Charges					60,703.78		
<b>TOTAL ADJUSTMENTS</b>							<u>\$ 167,530.38</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 328,546,138.83
Total Protein Value			56,580,695 lbs	@	\$ 2.1159		\$(119,719,092.51)
Total Other Solids Value			105,449,646 lbs	@	0.1847		(19,476,549.66)
Butterfat Value			69,134,787 lbs	@	2.5718		(177,800,845.22)
Total Somatic Cell Values							<u>(2,842,554.77)</u>
<b>TOTALS</b>							\$ 8,707,096.67
Net Producer Location Adjustments							\$ 1,454,092.25
1/2 Unobligated Balance Producer Settlement Fund							<u>923,000.00</u>
Total - Divided by Total Pounds			1,822,990,020 lbs		0.6080225		\$ 11,084,188.92
Rate of Cash Reserve					<u>(0.0480225)</u>		<u>(875,445.38)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,822,990,020		\$ 0.56 / cwt		\$ 10,208,743.54

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

	<u>May</u>			<u>May</u>	
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Butterfat Price	\$2.5718 / lb	\$2.6239 / lb	Class III Price - 3.5% BF	\$16.38	\$15.18
Protein Price	2.1159 / lb	1.8609 / lb	Producer Price Differential*	<u>0.56</u>	<u>0.15</u>
Other Solids Price	0.1847 / lb	0.0742 / lb	Statistical Uniform Price	\$16.94	\$15.33
Somatic Cell Adjustment Rate	0.00085 / cwt	0.00082 / cwt			
Nonfat Solids Price	0.8386 / lb	0.6196 / lb			

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

	<u>May</u>			<u>May</u>	
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Class I*	\$18.42	\$16.44	Product lbs.		
Class II	16.48	14.47	Class I	555,940,808	511,135,783
Class III	16.38	15.18	Class II	308,964,740	382,683,567
Class IV	16.29	14.57	Class III	630,622,347	472,438,399
			<u>Class IV</u>	<u>327,462,125</u>	<u>307,530,690</u>
			Total	1,822,990,020	1,673,788,439

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for May 2019 was \$0.56 and the Statistical Uniform Price was \$16.94 for the month. The Statistical Uniform Price is \$0.50 higher than last month, and is \$1.61 higher than May 2018.

The Producer Butterfat Price of \$2.5718 per pound increased \$0.0343 from April and is down \$0.0521 from a year ago. The Protein Price of \$2.1159 is up \$0.1269 from last month and is up \$0.2550 from May 2018. The Other Solids Price in May was \$0.1847 per pound, a decrease from last month's price of \$0.1990 and \$0.1105 higher than last May. The Somatic Cell Adjustment rate for May was \$0.00085 per cwt.

May producer receipts of 1.82 billion pounds were 10.3 percent higher than April and 8.9 percent higher than May 2018 production of 1.67 billion pounds. Producer milk allocated to Class I accounted for 30.5 percent of the total producer milk in May 2019, lower than the 33.7 percent in April, and the same as the 30.5 percent in May 2018. A total of 4,221 producers were pooled on the Mideast Order compared to 4,549 producers pooled in May 2018.

The market average content of producer milk was as follows: Butterfat 3.79%; Protein 3.10%; Other Solids 5.78% and Nonfat Solids 8.88%.

(continued from Front Page)

The 2020 cheese price is forecast to rise to \$1.710 per pound in 2020, 6 cents higher than the 2019 forecast, based on strength in demand. The dry whey price, however, is forecast slightly lower next year at \$0.380 per pound, as relatively low export levels are expected to persist. The 2020 butter price is projected to rise to \$2.360 per pound, 7 cents higher than 2019. The NDM price is expected to rise 4 cents in 2020 to \$1.045 per pound, as limited supply growth overseas should help stimulate U.S. export demand.

With a higher expected cheese price more than offsetting a lower expected dry whey price, the Class III price is forecast to increase to \$16.55 per cwt, 50 cents higher than the 2019 forecast. Higher butter and NDM prices in 2020 would result in a Class IV price of \$16.80 per cwt, 60 cents higher than the 2019 forecast. The all-milk price is forecast to increase to \$18.80 per cwt in 2020, 75 cents higher than 2019. If realized, this would be the highest all-milk price since the price of \$23.97 per cwt in 2014.

**Source:** *Livestock, Dairy, and Poultry Outlook*, LDP-M-299, May 16, 2019 USDA, Economic Research Service

### April Milk Production Up 0.3 Percent

Milk production in the 23 major States during April totaled 17.4 billion pounds, up 0.3 percent from April 2018. March revised production, at 17.8 billion pounds, was down 0.3 percent from March 2018.

The March revision represented a decrease of 40 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,996 pounds for April, 19 pounds above April 2018. This is the highest production per cow for the month of April since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.71 million head, 55,000 head less than April 2018, and 1,000 head less than March 2019.

The Mideast Marketing Area has four states represented in the 23 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during

April totaled 2.6 billion pounds, down 91 million pounds or 3.4 percent from April 2018.

Production per cow in the Mideast states averaged 1,933 pounds for April, 8 pounds below April 2018.

The number of cows on farms in the Mideast states was 1.3 million head, 45,000 head less than April 2018.

### April 2019 Highlights

**Total cheese** output (excluding cottage cheese) was 1.08 billion pounds, 0.2 percent above April 2018 but 3.6 percent below March 2019.

**Italian type cheese** production totaled 474 million pounds, 2.9 percent above April 2018 but 4.2 percent below March 2019.

**American type cheese** production totaled 432 million pounds, 2.8 percent below April 2018 and 1.9 percent below March 2019.

**Butter** production was 167 million pounds, 4.8 percent below April 2018 and 3.9 percent below March 2019.

**Dry milk products** (comparisons in percentage with April 2018) Nonfat dry milk, human - 165 million pounds, down 2.6 percent. Skim milk powder - 45.0 million pounds, down 9.0 percent.

**Whey products** (comparisons in percentage with April 2018) Dry whey, total - 74.0 million pounds, down 13.7 percent. Lactose, human and animal - 108 million pounds, up 15.9 percent. Whey protein concentrate, total - 41.4 million pounds, down 1.1 percent.

**Frozen products** (comparisons in percentage with April 2018) Ice cream, regular (hard) - 63.2 million gallons, up 0.6 percent. Ice cream, lowfat (total) - 43.5 million gallons, up 6.5 percent. Sherbet (hard) - 3.26 million gallons, down 8.9 percent. Frozen yogurt (total) - 4.89 million gallons, down 6.2 percent.

**Source:** *Dairy Products* (June 2019) USDA, National Agricultural Statistics Service

**Bulletin WebPage Edition**  
[www.fmmacllev.com](http://www.fmmacllev.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	April 2019						April 2018					
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----				Pounds of Milk (000)	-----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)		Butterfat	Protein	Other Solids	SCC (000)	
Michigan	1,067	846,961	3.86	3.16	5.81	158	865,693	3.87	3.16	5.80	159	
Ohio	1,480	398,518	3.88	3.13	5.73	164	413,015	3.88	3.12	5.71	168	
Indiana	723	213,196	3.81	3.13	5.79	170	210,939	3.88	3.15	5.86	181	
New York	186	85,483	3.98	3.15	5.76	164	92,698	3.97	3.13	5.77	158	
Pennsylvania	647	81,328	3.97	3.10	5.74	198	84,598	3.99	3.11	5.75	199	
Other	192	26,589	3.81	3.08	5.76	217	8,741	3.98	3.18	5.72	229	
Total/Average *	4,295	1,652,074	3.87	3.15	5.78	164	1,675,685	3.88	3.15	5.78	166	

\* 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  
May 2019**

<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)	2,353,721	703,487	29.9	\$1.42	\$17.80
FO 5	Appalachian - (Charlotte)	457,001	306,830	67.1	<sup>2/</sup>	18.93
FO 6	Florida - (Tampa)	206,139	176,728	85.7	<sup>2/</sup>	21.13
FO 7	Southeast - (Atlanta)	437,190	287,784	65.8	<sup>2/</sup>	19.24
FO 30	Upper Midwest - (Chicago)	3,247,290	236,307	7.3	0.17	16.55
FO 32	Central - (Kansas City)	1,497,924	382,168	25.5	0.24	16.62
<b>FO 33</b>	<b>Mideast - (Cleveland)</b>	<b>1,822,990</b>	<b>555,941</b>	<b>30.5</b>	<b>0.56</b>	<b>16.94</b>
FO 51	California - (Los Angeles)	2,584,231	470,340	18.2	0.55	16.93
FO 124	Pacific Northwest - (Seattle)	787,038	149,092	18.9	0.24	16.62
FO 126	Southwest - (Dallas)	1,268,271	355,823	28.1	1.13	17.51
FO 131	Arizona - (Phoenix)	434,075	103,554	23.9	<sup>2/</sup>	16.94

<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.

<sup>3/</sup> Data not available at time of publication, please see website version for information.

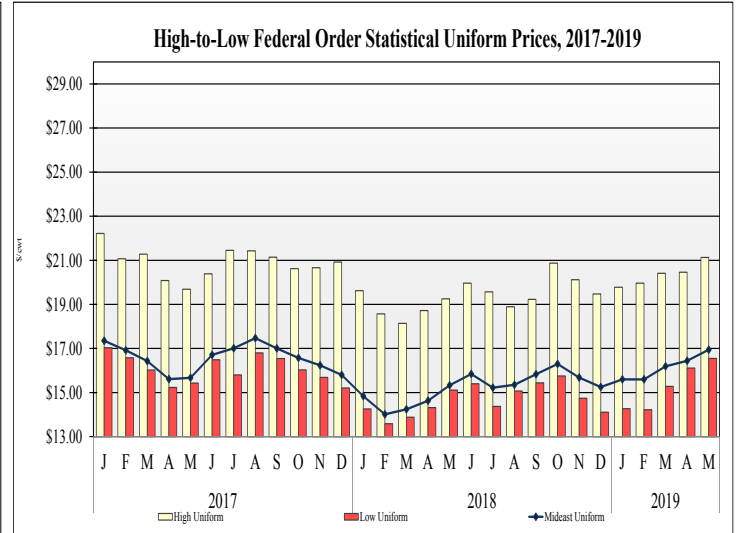
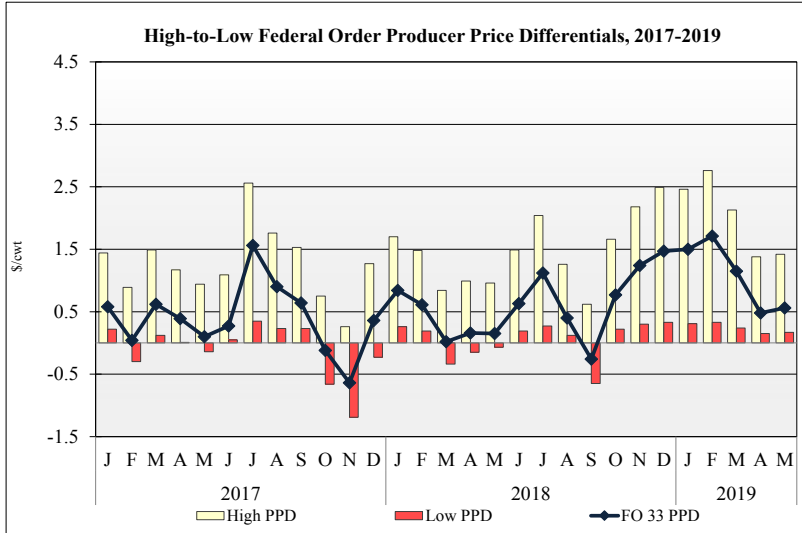
**MINIMUM PARTIAL PAYMENT PRICE FOR JUNE 2019.....\$16.29 /cwt.**

# Mideast Market Administrator's Bulletin

Supplement  
June 2019

Federal Order No. 33

## PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 1/ 2/



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

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For May 2019 Federal Order 1 had a PPD of \$1.42 per hundredweight (cwt), \$0.04 higher than their April PPD of \$1.38 per cwt.

In May 2019, Federal Order 33 had the third highest PPD, behind Orders 1, and 126, at \$0.56 per cwt, \$0.08 per cwt higher than the April PPD.

For May 2019, Federal Order 30 had the lowest PPD at \$0.17 per cwt, \$0.02 per cwt higher than the April PPD.

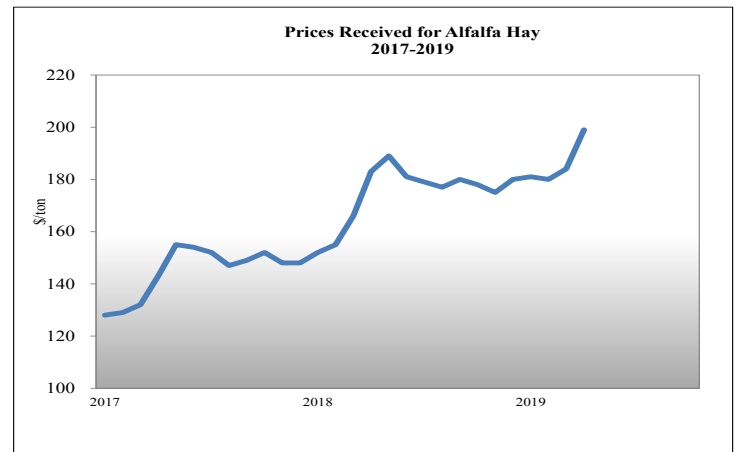
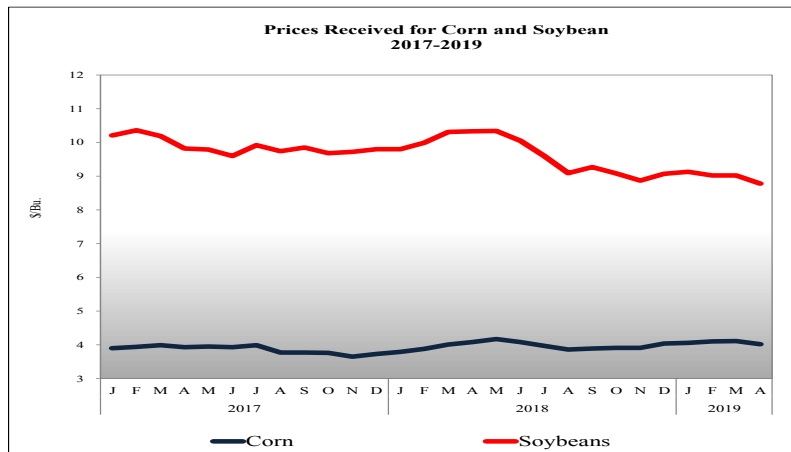
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For May 2019, Federal Order 6 had a SUP of \$21.13 per cwt, \$0.67 higher than the previous month's SUP.

Federal Order 33 had a SUP of 16.94 per cwt, \$0.50 per cwt higher than the previous month's SUP.

The Central order had the lowest SUP at \$16.55 per cwt, \$0.44 per cwt higher than the previous month's SUP.

## PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



1/ Producer price differentials are subject to location adjustment.

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

3/ Source: USDA, National Agricultural Statistics Service