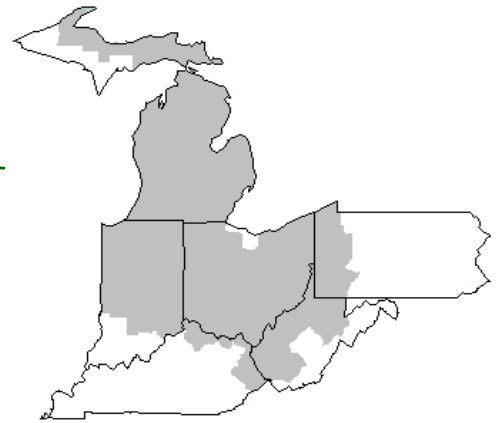


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**OCTOBER 2021**

## Pandemic Market Volatility Assistance Program (PMVAP) Update

Since the announcement of the Pandemic Market Volatility Assistance Program (PMVAP) in mid-August, USDA has been actively implementing the administration of this program that will distribute up to \$350 million in payments directly to dairy farmers.

### *The role of the handler/cooperative*

USDA is wrapping up one-on-one meetings with approximately 200 handlers and cooperatives that purchased milk and participated in the Federal Milk Marketing Order program during the July-December 2020 period. Handlers and cooperatives are critical to the administration of the PMVAP. They have the proprietary producer production data that determines the eligible milk under PMVAP rules. Further, they are the entities that distribute program funds to dairy farmers. To ensure the integrity of the PMVAP and proper distribution of funds, USDA will enter into an agreement with each handler and cooperative. This process, along with a thorough explanation of the mechanics of the program, is currently underway.

### *Dairy farmer payments*

As reported when the program was announced on August 19, 2021, PMVAP is designed to provide pandemic assistance payments directly to dairy farmers who received a lower value for their milk due to market abnormalities caused by the pandemic. Funds are projected to be paid to dairy farmers by the end of December 2021.

## AGI CERTIFICATION REQUIRED BY DAIRY FARMERS

Similar to many USDA programs the PMVAP requires dairy farmers to attest that they meet *either of the following* adjusted gross income (AGI) requirements of the program:

- Less than \$900,000 average AGI for tax years 2016, 2017, and 2018, **or**
- 75 percent of your average taxable income for tax years 2016, 2017, and 2018 came from farming, ranching, or forestry-related activities

Your handler or cooperative may have provided you with an attestation statement, which you **MUST** complete and return in order to receive a payment from the program.

## Additional Information

Program information for handlers and dairy farmers can be found at <https://www.ams.usda.gov/services/pandemic-market-volatility-assistance-program>.

For additional questions not covered in the resources online, please email [PMVAP@usda.gov](mailto:PMVAP@usda.gov).

## Dairy Forecasts for 2021

Based on recent declines in milk cow numbers and relatively high dairy cow slaughter, the forecast for the average number of milk cows in 2021 has been lowered to 9.485 million head, 15,000 below previous month estimation. Based on the decline in milk per cow from June to July, lower milk per cow is projected for the third quarter of 2021. The projected average yield per cow in 2021 is 24,010 pounds per year, 10 pounds lower than last month's forecast. The milk production forecast for 2021 is 227.8 billion pounds, 0.3 billion less than last month's forecast.

Due to anticipated hearty demand from the international market, higher export volumes of dairy products are projected throughout the rest of 2021. The forecast for 2021 dairy exports on a milk-fat basis is 11.4 billion pounds, 0.4 billion higher than the previous month's projection. On a skim-solids basis, 2021 exports are forecast at 51.7 billion pounds, 0.2 billion higher than last month's projection. Higher exports are expected for skim milk powder, whey products, cheese, and butterfat products.

*(Continued on Page 3)*

## September 2021 - Pool Summary

### Classification of Producer Milk

	Pounds	Percent
Class I	531,599,930	31.5
Class II	332,542,617	19.7
Class III	666,729,077	39.5
Class IV	156,631,380	9.3
Total	1,687,503,004	100.0

### Producer Prices

Producer Price Differential	\$ 0.59 / cwt
Butterfat Price	1.9388 / lb
Protein Price	2.6010 / lb
Other Solids Price	0.3445 / lb
Somatic Cell Adjustment Rate	0.00082 / cwt
Statistical Uniform Price	17.12 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

September 2021

**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			520,403,197			\$12.46 / cwt	\$ 64,842,238.36
Class I Butterfat		11,196,733				1.8753 / lb	20,997,233.37
Class I Location Differential	531,599,930						(322,149.71)
Class II SNF Value				28,791,537		1.1611 / lb	33,429,853.60
Class II Butterfat		21,762,536				1.9458 / lb	42,345,542.56
Class III Protein Value			21,025,224			2.6010 / lb	54,686,607.66
Class III Other Solids Value					38,380,923	0.3445 / lb	13,222,227.98
Class III Butterfat		24,701,296				1.9388 / lb	47,890,872.67
Class IV SNF Value				13,826,283		1.1027 / lb	15,246,242.29
Class IV Butterfat		7,390,073				1.9388 / lb	14,327,873.55
Somatic Cell Value II / III / IV							<u>1,458,739.02</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,687,503,004	65,050,638	53,164,451		97,026,448		\$ 308,125,281.35
Overages						\$ 35,536.67	
Beginning Inventory & OS Charges						80,090.42	
<b>TOTAL ADJUSTMENTS</b>							\$ <u>115,627.09</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 308,240,908.44
Total Protein Value			53,164,451 lbs	@	\$ 2.6010		\$(138,280,737.05)
Total Other Solids Value			97,026,448 lbs	@	0.3445		(33,425,611.34)
Butterfat Value			65,050,638 lbs	@	1.9388		(126,120,176.91)
Total Somatic Cell Values							<u>(2,087,700.75)</u>
<b>TOTALS</b>							\$ 8,326,682.39
Net Producer Location Adjustments							\$ 1,565,950.94
1/2 Unobligated Balance Producer Settlement Fund							<u>876,000.00</u>
Total - Divided by Total Pounds			1,687,503,004 lbs		0.6381401		\$ 10,768,633.33
Rate of Cash Reserve					<u>(0.0481401)</u>		<u>(812,365.63)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH <sup>1</sup></b>			1,687,503,004		\$0.59 / cwt		\$ 9,956,267.70

**COMPONENT PRICES**

September

	<u>2021</u>	<u>2020</u>
Butterfat Price	\$1.9388 / lb	\$1.5932 / lb
Protein Price	2.6010 / lb	3.3935 / lb
Other Solids Price	0.3445 / lb	0.1241 / lb
Somatic Cell Adjustment Rate	0.00082 / cwt	0.00089 / cwt
Nonfat Solids Price <sup>2</sup>	1.1027 / lb	0.8253 / lb

**COMPUTATION OF UNIFORM PRICE**

September

	<u>2021</u>	<u>2020</u>
Class III Price - 3.5% BF	\$16.53	\$16.43
Producer Price Differential*	<u>.59</u>	<u>(0.27)</u>
Statistical Uniform Price	\$17.12	\$16.16

**CLASS PRICES**

September

	<u>2021</u>	<u>2020</u>
Class I*	\$18.59	\$20.44
Class II	16.89	13.16
Class III	16.53	16.43
Class IV	16.36	12.75

**CLASSIFICATION OF PRODUCER MILK**

September

	<u>2021</u>	<u>2020</u>
Product lbs.		
Class I	531,599,930	553,664,029
Class II	332,542,617	385,417,946
Class III	666,729,077	287,543,226
Class IV	<u>156,631,380</u>	<u>219,330,495</u>
Total	1,687,503,004	1,445,955,696

<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 September 2021 was \$0.59 and the Statistical Uniform Price was \$17.12 for the month. The Statistical Uniform Price is \$0.27 higher than last month, and is \$0.96 higher than September 2020.

The Producer Butterfat Price of \$1.9388 per pound increased \$0.0880 from August and is up \$0.3456 from a year ago. The Protein Price of \$2.6010 is up \$0.1428 from last month and is down \$0.7925 from September 2020. The Other Solids Price in September was \$0.3445 per pound, a decrease from last month's price of \$0.3735 and \$0.2204 higher than last September. The Somatic Cell Adjustment rate for September

was \$0.00082 per cwt. September producer receipts of 1.69 billion pounds were 3.6 percent lower than August and 16.7 percent higher than September 2020 production of 1.45 billion pounds. Producer milk allocated to Class I accounted for 31.5 percent of the total producer milk in September 2021, lower than the 29.5 percent in August, and lower than the 38.3 percent in September 2020. A total of 3,583 producers were pooled on the Mideast Order compared to 3,877 producers pooled in September 2020.

The market average content of producer milk was as follows: Butterfat 3.85%; Protein 3.15%; Other Solids 5.75% and Nonfat Solids 8.90%.

(continued from Front Page)

Due to recent weakness in domestic use and higher expected wholesale prices for most dairy products, the domestic commercial use forecasts for 2021 are lower than projected last month. On a milk-fat basis, the annual forecast for 2021 domestic commercial use is 221.9 billion pounds, 0.3 billion lower than last month's forecast. The domestic use forecast on a skim-solids basis for 2021 is 180.7 billion pounds, 0.4 billion lower than last month's forecast.

The forecasts for ending stocks in 2021 have been lowered from last month's forecast, as lower expected milk production and higher exports more than offset lower expected domestic use. The forecasts for 2021 ending stocks are 15.6 billion pounds on a milk-fat basis (-0.4 billion) and 11.0 billion pounds on a skim-solids basis (-0.2 billion).

Based on recent price data, lower stock levels, lower expected milk production, and higher expected exports, wholesale price forecasts for most dairy products have been adjusted higher for 2021. Price forecasts for cheese, butter, and NDM are \$1.640 (+0.5 cents), \$1.690 (+4.5 cents), \$1.225 (+2.0 cents) per pound, respectively. The 2021 wholesale price forecast for dry whey remains unchanged from the last forecast at \$0.555 per pound.

With a higher projected wholesale price for cheese, the Class III milk price forecast for 2021 is \$16.65 per hundredweight (cwt), \$0.10 higher than the previous month's forecast. Due to higher butter and NDM price forecasts, the Class IV milk price projection is \$15.55 per cwt, \$0.40 higher than last month's forecast. The all-milk price forecast for 2021 is \$18.15 per cwt, an increase of \$0.20 from last month's projection.

*Livestock, Dairy, and Poultry Outlook, LDP-M-327, September 16, 2021 USDA, Economic Research Service*

### August Milk Production Up 1.1 Percent

Milk production in the 24 major States during August totaled 18.0 billion pounds, up 1.1 percent from August 2020. July revised production, at 18.3 billion pounds, was up 2.0 percent from July 2020. The July revision represented a decrease of 18 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,007 pounds for August, 3 pounds below August 2020. The number of milk cows on farms in the 24 major States was 8.97 million head,

112,000 head more than August 2020, but 20,000 head less than July 2021.

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 August totaled 2.7 billion pounds, up 65 million pounds or 2.4 percent from August 2020.

Production per cow in the Mideast states averaged 1,980 pounds for August. This was an increase of 5 pounds from August 2020.

### Dairy Forecasts for 2022

The average number of milk cows is expected to continue declining in the first half of 2022. As a result, the annual forecast has been lowered to 9,480 million head, 20,000 head lower than last month's forecast. The forecast for milk per cow is 24,330 pounds, 5 pounds lower than last month's forecast. The projection for 2022 milk production has been adjusted to 230.6 billion pounds, 0.6 billion pounds lower than last month's forecast but 2.8 billion pounds higher than 2021.

The export forecast for 2022 on a milk-fat basis is 10.9 billion pounds, 0.3 billion higher than last month's forecast. On a skim-solids basis, 2022 dairy exports are projected to total 51.8 billion pounds, 0.5 billion up from last month's forecast. Higher exports are expected for dry skim milk products, whey products, cheese, and butterfat products.

#### Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- National Product Prices

### Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State

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State	August 2021						August 2020					
	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	892	949,234	3.80	3.09	5.77	178	716,661	3.73	3.07	5.76	181	
Ohio	1,235	416,226	3.83	3.10	5.73	209	274,883	3.74	3.05	5.71	198	
Indiana	624	209,527	3.77	3.07	5.80	228	226,664	3.72	3.06	5.80	192	
New York	143	83,380	3.91	3.13	5.83	222	59,845	3.84	3.10	5.83	223	
Pennsylvania	557	81,925	3.85	3.01	5.64	257	62,052	3.80	3.02	5.67	259	
Other	155	10,494	3.77	3.04	5.69	254	10,440	3.88	3.10	5.83	313	
Total/Average *	3,606	1,750,786	3.81	3.09	5.76	198	1,350,545	3.74	3.06	5.76	193	

\* 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  
September 2021**

<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>
		<i>(000)</i>	<i>(000)</i>	<i>%</i>	<i>(per cwt.)</i>	<i>(per cwt.)</i>
FO 1	Northeast - ( <i>Boston</i> )	2,176,690	673,631	31.0	\$1.43	\$17.96
FO 5	Appalachian - ( <i>Charlotte</i> )	418,463	308,713	73.8	<sup>2/</sup>	19.37
FO 6	Florida - ( <i>Tampa</i> )	197,037	164,197	83.3	<sup>2/</sup>	21.22
FO 7	Southeast - ( <i>Atlanta</i> )	367,050	261,089	71.1	<sup>2/</sup>	19.70
FO 30	Upper Midwest - ( <i>Chicago</i> )	2,264,338	208,033	9.2	0.18	16.71
FO 32	Central - ( <i>Kansas City</i> )	1,230,897	356,823	29.0	0.20	16.73
<b>FO 33</b>	<b>Mideast - (<i>Cleveland</i>)</b>	<b>1,687,503</b>	<b>531,600</b>	<b>31.5</b>	<b>0.59</b>	<b>17.12</b>
FO 51	California - ( <i>Los Angeles</i> )	1,903,560	396,532	20.8	0.38	16.91
FO 124	Pacific Northwest - ( <i>Seattle</i> )	567,310	135,467	23.9	0.14	16.67
FO 126	Southwest - ( <i>Dallas</i> )	1,055,945	333,603	31.6	1.02	17.55
FO 131	Arizona - ( <i>Phoenix</i> )	362,633	118,402	32.7	<sup>2/</sup>	17.40

<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.

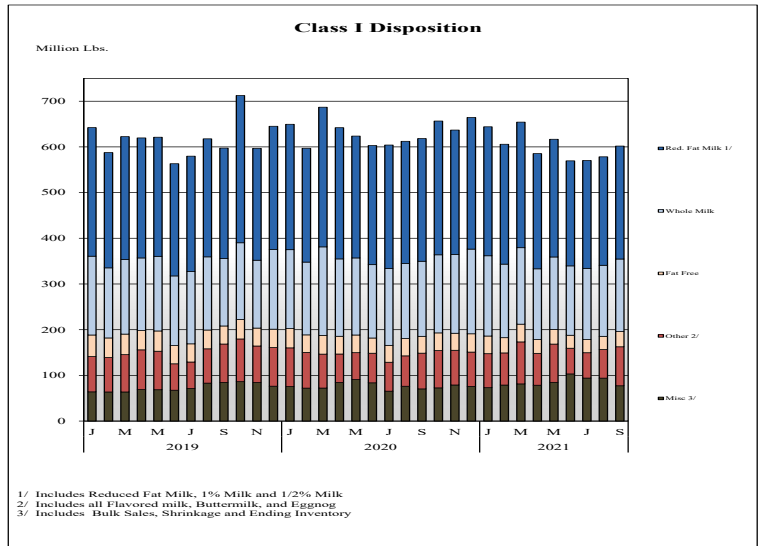
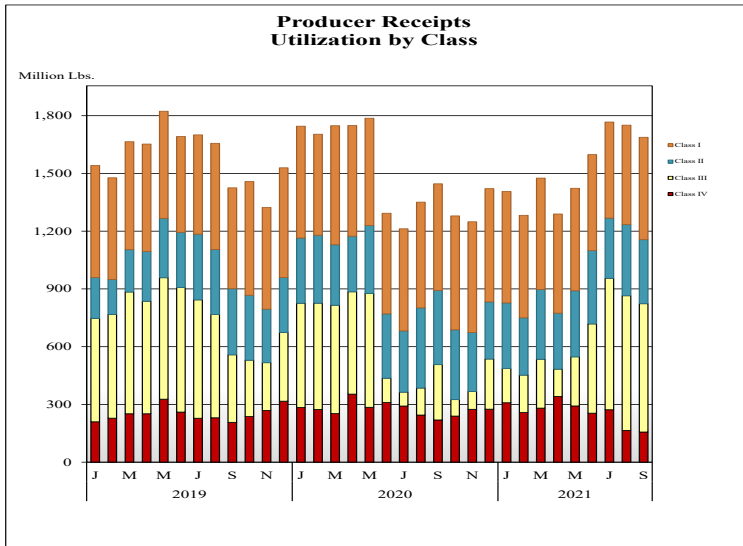
**MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2021 .....\$16.36 /cwt.**

# Mideast Market Administrator's Bulletin

Federal Order No. 33

Supplement  
October 2021

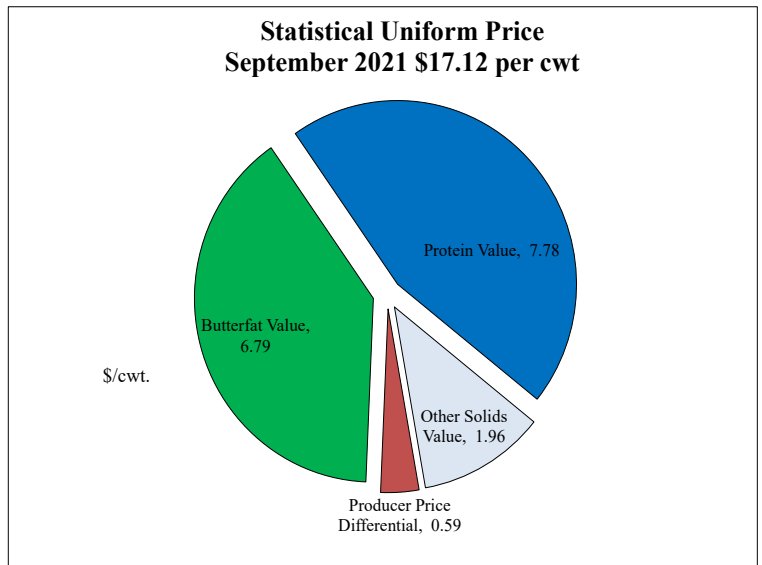
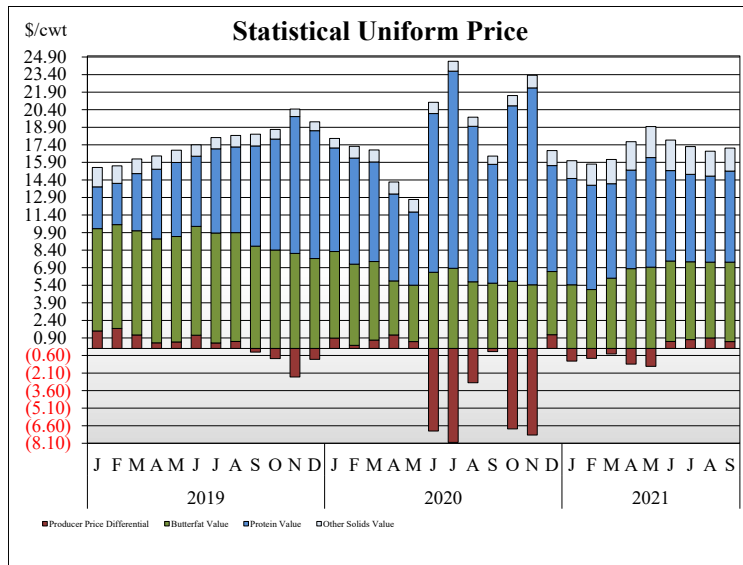
## PRODUCER MILK CLASSIFICATION



**Producer Receipts:** Producer receipts for the Mideast Order totaled 1.69 billion pounds in September 2021. The pounds allocated to Class I represented 31.5 percent of the total pounds. Producer receipts decreased 63.3 million pounds compared to August 2021, and were up 241.5 million pounds from the prior year.

**Class I Pounds:** Class I Disposition for the Mideast Order totaled 602 million pounds in September 2021, down 16.2 million pounds from September 2020. Finished products include 159 million pounds used for whole milk, 247 million pounds of reduced fat and low fat milk, and 33 million pounds of fat free (skim) milk.

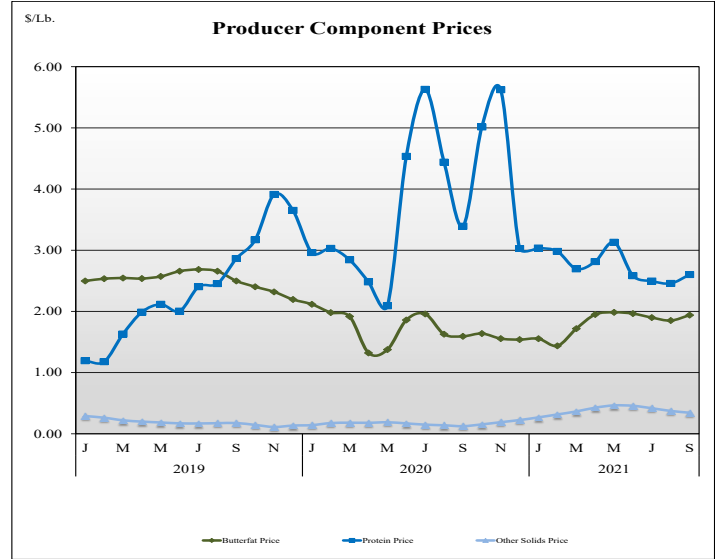
## STATISTICAL UNIFORM PRICE



**Statistical Uniform Price:** The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$17.12 per cwt for September 2021. The September 2021 SUP was \$0.96 per cwt higher than the September 2020 SUP. The September 2021 SUP is \$0.27 per cwt higher than the August 2021 SUP.

**September 2021 Statistical Uniform Price:** Using the Class III Price formula at 3.5% BF, the component values for the September 2021 SUP are: \$7.78 per cwt for protein, \$6.79 per cwt for butterfat and \$1.96 per cwt for other solids. Also included in the SUP is the \$0.59 per cwt producer price differential. (May not add to total due to rounding.)

## CLASS AND COMPONENT PRICES



## WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

