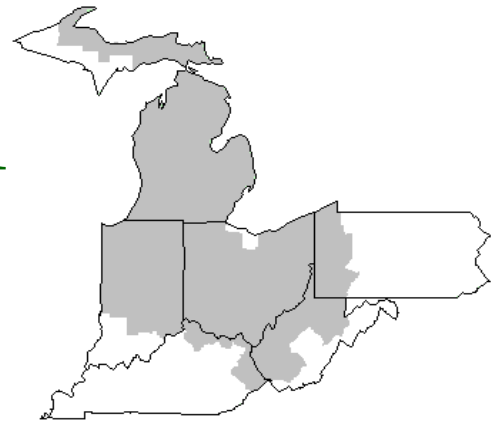


Mideast Market Administrator's Bulletin



Federal Order No. 33

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MARCH 2022

Added Uncertainty for Dairy Markets

The Russian invasion of Ukraine has added uncertainty to the global dairy outlook.

For the U.S. dairy industry, the effects are mostly indirect. U.S. dairy trade with both countries (both imports and exports) has been very small. Neither Russia nor Ukraine are major global dairy exporters. Russia imports substantial quantities of dairy products, mostly from Belarus. In 2021, Argentina and New Zealand were distant second and third suppliers of dairy products to Russia. Fonterra, the leading dairy supplier from New Zealand, has suspended shipments of dairy products (mostly butter) to Russia.

Ukraine is a major exporter of corn and wheat. Russia is a major exporter of oil, natural gas, wheat, and fertilizer. Disruptions in exports from these countries could contribute to higher costs of these commodities, with both supply and demand implications for the U.S. dairy industry. On the supply side, higher feed, fuel, energy, and fertilizer prices obviously increase costs of dairy production. Other input costs could also rise since virtually all sectors supplying the industry are affected by costs of fuel and energy.

On the demand side (both domestic and foreign), to the extent that costs of dairy production are passed on to consumers in the form of higher dairy product prices, smaller quantities of dairy products may be consumed. Also, demand for dairy products could be reduced as inflation reduces consumer purchasing power.

The gravity of these effects will depend upon the severity and duration of the crisis, global response to it, and many other factors that impact global dairy markets.

Livestock, Dairy, and Poultry Outlook, LDP-M-333, March 15, 2022, USDA, Economic Research Service

Outlook for Feed Prices

The 2021/22 corn price projection is \$5.65 per bushel, \$0.20 higher than last month's projection. The 2021/22 price projection for soybean meal is \$420 per short ton, \$10 higher than last month's forecast.³ For more information, see Feed Outlook, published by USDA, Economic Research Service. The alfalfa hay price in January was \$211 per short ton, \$2 lower than December 2021 and \$43 higher than January 2021. The 5-State weighted-average price for premium alfalfa hay in January was \$262 per short ton, \$9 higher than December 2021 and \$56 higher than January 2021.

January Milk Production Down 1.4 Percent

Milk production in the 24 major States during January totaled 18.2 billion pounds, down 1.4 percent from January 2021. December revised production at 18.0 billion pounds, was down 0.8 percent from December 2020. The December revision represented a decrease of 35 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,053 pounds for January, 14 pounds below January 2021.

The number of milk cows on farms in the 24 major States was 8.88 million head, 63,000 head less than January 2020, and 5,000 head less than December 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 January totaled 2.7 billion pounds, down 95 million pounds or 3.4 percent from January 2021.

Production per cow in the Mideast states averaged 1,993 pounds for January, 13 pounds less than January 2021.

The number of cows on farms in the Mideast states was 1.3 million head, 34,000 head less than January 2021.

February 2022 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	504,736,231	39.5
Class II	135,338,274	10.6
Class III	600,829,288	47.0
Class IV	37,708,603	2.9
Total	1,278,612,396	100.0

Producer Prices

Producer Price Differential	\$ 1.28 / cwt
Butterfat Price	3.0218 / lb
Protein Price	2.3168 / lb
Other Solids Price	0.5983 / lb
Somatic Cell Adjustment Rate	0.00095 / cwt
Statistical Uniform Price	22.19 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

FEBRUARY 2022**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			494,134,847			\$14.44 / cwt	\$ 71,353,071.90
Class I Butterfat		10,601,384				2.7737/ lb	29,405,058.81
Class I Location Differential	504,736,231						(303,885.88)
Class II SNF Value				11,620,405		1.5189 lb	17,650,233.12
Class II Butterfat		12,799,910				3.0288/ lb	38,768,367.41
Class III Protein Value			19,779,648			2.3168/ lb	45,825,488.49
Class III Other Solids Value					34,746,583	0.5983/ lb	20,788,880.60
Class III Butterfat		23,268,650				3.0218/ lb	70,313,206.59
Class IV SNF Value				3,001,521		1.5450/ lb	4,637,350.00
Class IV Butterfat		6,089,433				3.0218/ lb	18,401,048.64
Somatic Cell Value II / III / IV							<u>1,324,223.98</u>
TOTAL PRODUCER MILK VALUE	1,278,612,396	52,759,377	42,128,447		73,484,992		\$ 318,163,043.66
Overages						238,608.96	
Beginning Inventory & OS Charges						(77,124.66)	
TOTAL ADJUSTMENTS							\$ <u>161,484.30</u>
TOTAL HANDLER OBLIGATIONS							318,324,527.96
Total Protein Value			42,128,447 lbs	@	\$2.3168		\$ (97,603,186.00)
Total Other Solids Value			73,784,992 lbs	@	0.5983		(44,145,560.74)
Butterfat Value			52,759,377 lbs	@	3.0218		(159,428,285.40)
Total Somatic Cell Values							<u>(2,169,520.68)</u>
TOTALS							\$ <u>14,977,975.14</u>
Net Producer Location Adjustments							1,078,201.75
1/2 Unobligated Balance Producer Settlement Fund							<u>862,000.00</u>
Total - Divided by Total Pounds			1,278,612,396 lbs		1.3213670		\$ 16,918,176.89
Rate of Cash Reserve					<u>(0.0431670)</u>		<u>(551,938.61)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,278,612,396		\$ 1.28/ cwt		\$ <u>16,366,238.28</u>

COMPONENT PRICES

	February	
	<u>2022</u>	<u>2021</u>
Butterfat Price	\$3.0218 / lb	\$1.4376 / lb
Protein Price	2.3168 / lb	2.9816 / lb
Other Solids Price	0.5983 / lb	0.3161 / lb
Somatic Cell Adjustment Rate	0.00095 / cwt	0.00080 / cwt
Nonfat Solids Price ²	0.9391 / lb	0.9391 / lb

COMPUTATION OF UNIFORM PRICE

	February	
	<u>2022</u>	<u>2021</u>
Class III Price - 3.5% BF	\$20.91	\$15.75
Producer Price Differential*	<u>1.28</u>	<u>(0.84)</u>
Statistical Uniform Price	\$22.19	\$14.91

CLASS PRICES

	February	
	<u>2022</u>	<u>2021</u>
Class I*	\$23.64	\$17.54
Class II	23.79	14.00
Class III	20.91	15.75
Class IV	24.00	13.19

CLASSIFICATION OF PRODUCER MILK

	February	
	<u>2022</u>	<u>2021</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	504,736,231	532,400,723
Class II	135,338,274	297,368,726
Class III	600,829,288	194,886,563
<u>Class IV</u>	<u>37,708,603</u>	<u>257,810,271</u>
Total	1,278,612,396	1,282,466,283

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 February 2022 was \$1.28 and the Statistical Uniform Price was \$22.19 for the month. The Statistical Uniform Price is \$0.85 higher than last month, and is \$7.28 higher than February 2021. The Producer Butterfat Price of \$3.0218 per pound increased \$0.0651 from January and is up \$1.5842 from a year ago. The Protein Price of \$2.3168 is down \$0.0395 from last month and is down \$0.6648 from February 2021. The Other Solids Price in February was \$0.5983 per pound, an increase from last month's price of \$0.5249 and \$0.2822 higher than last February. The Somatic Cell Adjustment rate for February was \$0.00095 per cwt.

February producer receipts of 1.28 billion pounds were 17.1 percent lower than January and 0.3 percent lower than February 2021 production of 1.28 billion pounds. Producer milk allocated to Class I accounted for 39.5 percent of the total producer milk in February 2022, higher than the 36.0 percent in January, and lower than the 41.5 percent in February 2021. A total of 3,394 producers were pooled on the Mideast Order compared to 3,666 producers pooled in February 2021.

The market average content of producer milk was as follows: Butterfat 4.13%; Protein 3.29%; Other Solids 5.77% and Nonfat Solids 9.06%.

January 2022 Highlights

Total cheese output (excluding cottage cheese) was 1.17 billion pounds, 2.8 percent above January 2021 and 1.8 percent above December 2021.

Italian type cheese production totaled 489 million pounds, 1.7 percent above January 2021 and 0.9 percent above December 2021.

American type cheese production totaled 480 million pounds, 1.1 percent above January 2021 and 4.7 percent above December 2021.

Butter production was 195 million pounds, 6.9 percent below January 2021 and 8.5 percent above December 2021.

Dry milk products (comparisons in percentage with January 2021)
Nonfat dry milk, human - 171 million pounds, down 13.8 percent.
Skim milk powder – 43.4 million pounds, up 20.6 percent.

Whey products (comparisons in percentage with January 2021)
Dry whey, total – 80.3 million pounds, down 4.4 percent.
Lactose, human and animal – 101 million pounds, up 7.2 percent.
Whey protein concentrate, total – 47.5 million pounds, up 8.5 percent.

Frozen products (comparisons in percentage with January 2021)
Ice cream, regular (hard) – 53.1 million gallons, down 6.9 percent.
Ice cream, lowfat (total) – 28.4 million gallons, down 7.5 percent.
Sherbet (hard) - 2.11 million gallons, down 20.8 percent.
Frozen yogurt (total) – 3.60 million gallons, down 5.4 percent.

Released March 4, 2022, by the National Agricultural Statistics Service (NASS),
Agricultural Statistics Board, United States Department of Agriculture (USDA).

Dairy Forecasts for 2022

Milk production for 2022 is projected at 226.0 billion pounds, 1.2 billion lower than last month's forecast and a decrease of 0.3 billion pounds from 2021. This would be the first year-over-year decrease since 2009.

Milk cows are projected to average 9.355 million head in 2022, 5,000 lower than last month's forecast and a year-over year decline of 93,000 head. Relatively low numbers of replacement heifers, higher expected cull-cow prices, and higher expected production costs will likely contribute to the reduction in milk cow numbers. Milk per cow is projected to average 24,160 pounds per head, 105 pounds down from the previous forecast and a year-over year increase of 212 pounds. This projected slowing in growth in milk per cow is associated with anticipated higher feed costs and an expected reduction in feed nutritive value early in the year due to corn silage quality issues.

Dairy export projections for 2022 are adjusted lower due to relatively low exports in January and higher expected U.S. dairy prices. Lower exports are expected for several dairy categories including whey products, dry skim milk products, lactose, and dry whole milk. The forecast for 2022 dairy exports on a milk-fat basis has been adjusted to 10.9 billion pounds, 0.1 billion lower than last month's forecast. On a skim-solids basis, the 2022 dairy export forecast has been adjusted to 49.8 billion pounds, 1.4 billion lower than last month's projection.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-333, March 15, 2022 USDA, Economic Research Service

Bulletin WebPage Edition

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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	January 2022 -----Weighted Averages -----						January 2021 -----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	863	810,493	4.14	3.32	5.79	152	654,139	4.00	3.26	5.79	149
Ohio	1,181	363,610	4.17	3.32	5.77	175	316,869	4.02	3.24	5.75	164
Indiana	578	192,788	4.10	3.28	5.80	186	273,040	3.99	3.21	5.76	154
Pennsylvania	630	82,398	4.13	3.20	5.69	212	70,724	4.07	3.16	5.64	220
New York	142	79,492	4.22	3.30	5.86	184	67,970	4.22	3.34	5.87	172
Other	158	13,329	4.16	3.21	5.78	229	23,200	4.05	3.21	5.78	175
Total/Average *	3,552	1,542,110	4.14	3.31	5.78	167	1,405,942	4.02	3.25	5.78	159

* 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
February 2022**

Marketing Area ^{1/}	Producer Milk		Class I	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)	Percent %		
FO 1 Northeast - (Boston)	2,062,708	638,978	31.0	\$2.76	\$23.67
FO 5 Appalachian - (Charlotte)	424,658	303,333	71.4	^{2/}	24.87
FO 6 Florida - (Tampa)	205,011	168,428	82.2	^{2/}	26.71
FO 7 Southeast - (Atlanta)	301,272	233,026	77.3	^{2/}	25.47
FO 30 Upper Midwest - (Chicago)	2,389,554	194,920	8.2	0.28	21.19
FO 32 Central - (Kansas City)	1,169,899	345,688	29.6	1.07	21.98
FO 33 Mideast - (Cleveland)	1,278,612	504,736	39.5	1.28	22.19
FO 51 California (Los Angeles)	1,725,733	367,628	21.3	1.06	21.97
FO 124 Pacific Northwest - (Seattle)	670,601	126,416	18.9	1.54	22.45
FO 126 Southwest - (Dallas)	1,052,981	308,646	29.3	1.49	22.40
FO 131 Arizona - (Phoenix)	411,177	111,229	27.1	^{2/}	23.30

^{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.

^{3/} Data not available at time of publication, please see website version for information.

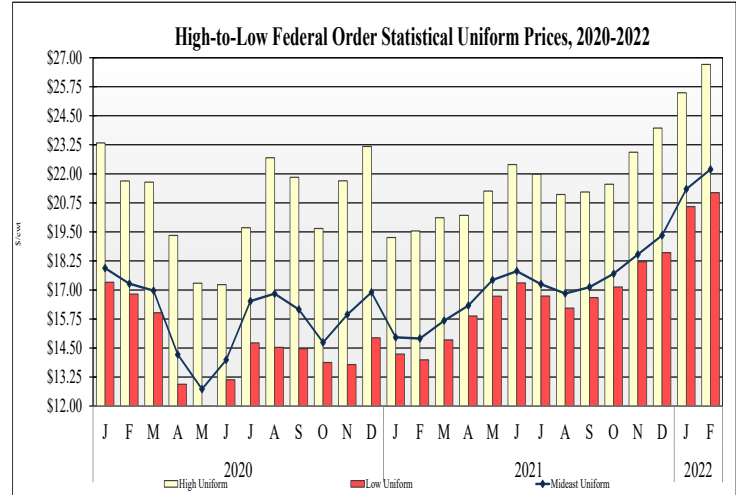
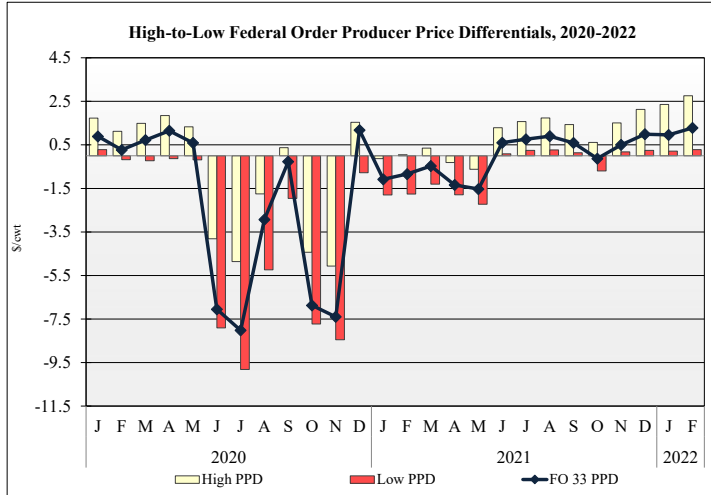
MINIMUM PARTIAL PAYMENT PRICE FOR MARCH 2022.....\$20.91 /cwt.



Mideast Market Administrator's Bulletin

Federal Order No. 33 Supplement
March 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 February 2022 Federal Order 1 had a PPD of \$2.76 per hundredweight (cwt), \$0.40 higher than their January PPD of \$ 2.36 per cwt.

In February 2022, Federal Order 33 had the fourth highest PPD, behind Order 1, 126, and 124 at \$1.28 per cwt, \$0.32 per cwt higher than the January PPD.

For February 2022, Federal Order 30 had the lowest PPD at \$0.28 per cwt, \$0.07 per cwt higher than the January PPD.

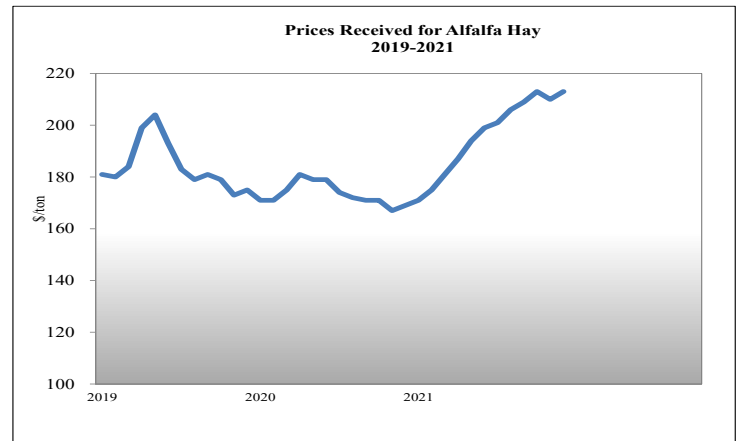
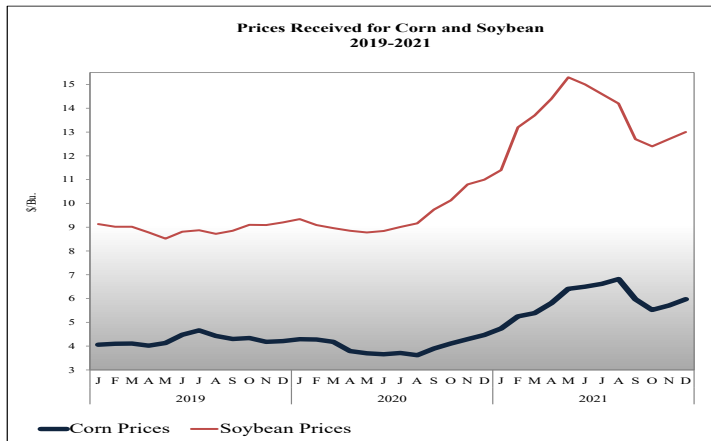
Producers in Orders 1, 30, 32, 33, 51, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For February 2022 , Federal Order 6 had a SUP of \$26.71 per cwt, \$1.22 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$22.19 per cwt, \$0.85 per cwt higher than the previous month's SUP.

Federal Order 30 had the lowest SUP at \$21.19 per cwt, \$0.60 per cwt higher 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