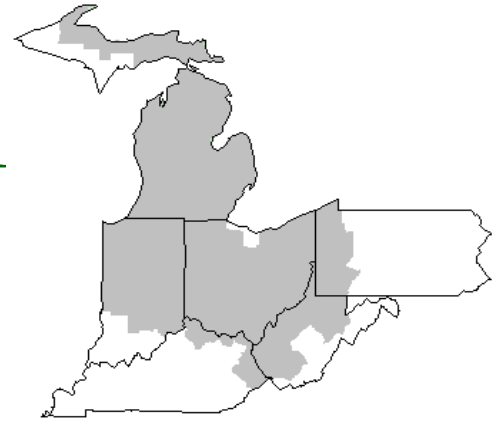


Mideast Market Administrator's Bulletin



Federal Order No. 33

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OCTOBER 2023

Dairy Forecasts for 2023

With the continued erosion of dairy margins and the average milk cow inventory reported through July, projections for the milking herd in 2023 are lowered by 5,000 head to 9.405 million. The milk-per-cow forecast for the year is lowered by 40 pounds to 24,185 as the hot and humid weather impacted the milk yield in July, likely further impacting the August production, and may have residual effects on cow lactation for the remainder of the year. Total milk production is now forecast at 227.5 billion pounds, 0.4 billion lower than the previous forecast.

On a milk-fat basis, imports for 2023 are forecast at 7.4 billion pounds, 0.1 billion pounds lower than last month due to recent weakness in imports of cheese, butter, and whole milk powder, which will likely continue through the remainder of the year. Relative to last month's forecasts, total exports and ending stocks held steady at 11.1 billion and 14.6 billion pounds, respectively. Domestic use is forecast at 222.6 billion pounds, 0.5 billion lower than the previous projection but 3.5 billion pounds higher than 2022 domestic use. Higher expected prices for cheese and butter will likely contribute to constrained domestic use.

On a skim-solids basis, the forecast for 2023 imports is 6.5 billion pounds, unchanged from the previous forecast. The forecast for exports is lowered by 0.5 billion pounds to 50.0 billion pounds due to soft demand for whey products from China and other Asian markets. At 182.6 billion pounds, the forecast for 2023 domestic use is unchanged from last month.

The 2023 wholesale price forecasts for Cheddar cheese and dry whey are revised up to \$1.810 (+3.5 cents), and \$0.345 (+2.0 cents) per pound, due to recent price developments as well as steady domestic demand support. With higher projected prices, the Class III milk price forecast for 2023 is \$17.35 per cwt, \$0.45 higher than last month.

The 2023 wholesale price forecast for butter is revised up 4.5 cents to \$2.540 per pound on strong domestic demand, while the NDM price projection is revised down 1.5 cents to \$1.160 per pound due to weaker expected demand. With the higher butter price projection more than offsetting the lower NDM projected price, the price forecast for Class IV milk is revised up \$0.10 to \$18.60 per cwt. The all-milk price forecast for 2023 is adjusted up by \$0.45 to \$20.40 per cwt.

Dairy Forecasts for 2024

The milk supply typically responds to changes in prices with a lag of several months. The low margins experienced in 2023 are expected to contribute to further contraction of the dairy herd in the first half of 2024. However, some rebuilding of the milking herd is expected in late 2024 as milk prices improve and feed costs moderate. The milking cow herd forecast for 2024 rounds to 9.385 million head, unchanged from the last forecast but 20 million head lower than the 2023 forecast. The milk per cow forecast for 2024 is unchanged from last month at 24,560 pounds. Milk production for 2024 is forecast at 230.4 billion pounds, 0.1 billion lower than the previous forecast. Year-over-year, total milk production is expected to increase, driven by higher projected yields.

On a milk-fat basis for 2024, the forecast for imports is decreased 0.1 billion pounds to 7.4 billion pounds due to lower-expected imports of cheese and butter. The forecast for total exports is decreased by 0.3 billion pounds to 12.1 billion pounds based on expectations of lower exports of butter and cheese. Domestic use is now forecast at 224.7 billion pounds, 0.1 billion higher than the previous projection.

On a skim-solids basis for 2024, the forecast for imports is unchanged at 6.8 billion pounds. The forecast for total exports is decreased by 0.3 billion pounds to 53.0 billion pounds due to lower expected exports of whey products and cheese.

(continued on page 3)

September 2023 - Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	549,450,037	35.9
Class II	170,709,259	11.2
Class III	700,383,761	45.8
Class IV	109,473,350	7.2
Total	1,530,016,407	100.0

Producer Prices

Producer Price Differential	\$ 0.99 / cwt
Butterfat Price	3.1264 / lb
Protein Price	2.3027 / lb
Other Solids Price	0.0992 / lb
Somatic Cell Adjustment Rate	0.00097 / cwt
Statistical Uniform Price	19.38 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

September 2023

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			537,122,970			\$10.64 / cwt	\$ 57,149,884.01
Class I Butterfat		12,327,067				3.0370 / lb	37,437,302.48
Class I Location Differential	549,450,037						(343,600.15)
Class II SNF Value				14,403,542		1.0378 lb	14,947,995.92
Class II Butterfat		16,671,941				3.1334/ lb	52,239,859.90
Class III Protein Value			22,361,778			2.3027/ lb	51,492,466.21
Class III Other Solids Value					40,626,045	0.0992/ lb	4,030,103.67
Class III Butterfat		25,328,345				3.1264/ lb	79,186,537.81
Class IV SNF Value				9,558,560		0.9382 lb	8,967,840.98
Class IV Butterfat		6,971,311				3.1264/ lb	21,795,106.71
Somatic Cell Value II / III / IV							<u>1,581,570.12</u>
TOTAL PRODUCER MILK VALUE	1,303,430,882	51,310,304	41,423,223		75,092,242		\$ 328,485,067.66
Overages						\$ 70,125.31	
Beginning Inventory & OS Charges						51,220.49	
TOTAL ADJUSTMENTS							\$ 121,345.80
TOTAL HANDLER OBLIGATIONS							\$ 328,606,413.46
Total Protein Value			48,699,375 lbs	@	\$ 2.3027		\$(112,140,050.78)
Total Other Solids Value			88,441,190 lbs	@	0.0992		(8,773,366.04)
Butterfat Value			61,298,664 lbs	@	3.1264		(191,644,143.10)
Total Somatic Cell Values							<u>(2,390,158.72)</u>
TOTALS							13,658,694.82
Net Producer Location Adjustments							\$ 1,522,043.25
1/2 Unobligated Balance Producer Settlement Fund							<u>703,000.00</u>
Total - Divided by Total Pounds			1,530,032,428 lbs		1.0381308		\$ 15,883,738.07
Rate of Cash Reserve					(0.0481308)		<u>(736,417.00)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH ¹			1,530,032,428		\$0.99 / cwt		\$ 15,147,321.07

COMPONENT PRICES

September

COMPUTATION OF UNIFORM PRICE

September

	<u>2023</u>	<u>2022</u>
Butterfat Price	\$3.1264 / lb	\$3.5653 / lb
Protein Price	2.3027 / lb	1.8847 / lb
Other Solids Price	0.0992 / lb	0.2998 / lb
Somatic Cell Adjustment Rate	0.00097 / cwt	0.00098 /cwt
Nonfat Solids Price ²	0.9382 / lb	1.3984 / lb

	<u>2023</u>	<u>2022</u>
Class III Price - 3.5% BF	\$18.39	\$19.82
Producer Price Differential*	<u>0.99</u>	<u>2.82</u>
Statistical Uniform Price	\$19.38	\$22.64

CLASS PRICES

September

CLASSIFICATION OF PRODUCER MILK

September

	<u>2023</u>	<u>2022</u>
Class I*	\$20.90	\$25.62
Class II	19.98	26.51
Class III	18.39	19.82
Class IV	19.09	24.63

	<u>2023</u>	<u>2022</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	549,450,037	510,054,128
Class II	170,709,259	113,707,545
Class III	700,383,761	654,408,540
Class IV	<u>109,473,350</u>	<u>25,260,669</u>
Total	1,530,016,407	1,303,430,882

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 September 2023 was \$0.99, and the Statistical Uniform Price was \$19.38 for the month. The Statistical Uniform Price is \$1.31 higher than last month and is \$3.26 lower than September 2022.

The Producer Butterfat Price of \$3.1264 per pound increased \$0.1046 from August and is down \$0.4389 from a year ago. The Protein Price of \$2.3027 is up \$0.2176 from last month and is up \$0.4180 from September 2022. The Other Solids Price in September was \$0.0992 per pound, an increase from last month's price of \$0.0648 and \$0.2006 lower than last September. The Somatic Cell Adjustment rate for

September was \$0.00097 per cwt. September producer receipts of 1.53 billion pounds were 9.7 percent higher than August and 17.4 percent higher than September 2022 production of 1.30 billion pounds. Producer milk allocated to Class I accounted for 35.9 percent of the total producer milk in September 2022, lower than the 38.3 percent in August, and lower than the 39.1 percent in September 2022. A total of 3,439 producers were pooled on the Mideast Order compared to 3,449 producers pooled in September 2022.

The market average content of producer milk was as follows: Butterfat 4.01%; Protein 3.18%; Other Solids 5.78% and Nonfat Solids 8.96%.

(continued from Front Page)

Ending stocks are projected at 12.00 billion pounds, 0.1 billion lower than the previous projection. The domestic use is now forecast at 183.3 billion pounds, 0.4 billion pounds higher than the previous projection.

The 2024 price forecasts for Cheddar cheese, butter, and dry whey are increased to \$1.845 (+9.0 cents), \$2.550 (+12.0 cents), and \$0.315 (+1.0 cents) per pound, respectively. The 2024 NDM price projection is lowered to \$1.090 (-3.5 cents). The Class III milk price forecast for 2024 is adjusted to \$17.55 per cwt, up \$1.00 from last month's forecast, while the Class IV milk price forecast is \$18.00 per cwt, up \$0.20. The all-milk price forecast for 2024 is \$20.30 per cwt, \$0.95 higher than last month's forecast.

Livestock, Dairy, and Poultry Outlook: September 2023, LDP-M-351, September 18, 2023 USDA, Economic Research Service

August Milk Production Down 0.3 Percent

Milk production in the 24 major States during August totaled 18.2 billion pounds, down 0.3 percent from August 2022. July revised production, at 18.2 billion pounds, was down 0.8 percent from July 2022. The July revision represented a decrease of 27 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the United States averaged 2,038 pounds for August, 2 pounds below August 2022.

The number of milk cows on farms in the United States was 8.91 million head, 15,000 head less than August 2022, but 1,000 head more than July 2023.

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 2.5 percent from August 2022.

Production per cow in the Mideast states averaged 1,993 pounds for August. This was an increase of 15 pounds from August 2022.

The number of milk cows was 1.35 million head, 18,000 head more than August 2022.

August 2023 Highlights

Total cheese output (excluding cottage cheese) was 1.15 billion pounds, 0.2 percent below August 2022 and 0.1 percent below July 2023. Italian type cheese production totaled 484 million pounds, 0.6 percent below August 2022 and 0.2 percent above July 2023. American type cheese production totaled 459 million pounds, 0.3 percent above August 2022 and 2.0 percent below July 2023.

Butter production was 140 million pounds, 2.1 percent below August 2022 and 12.1 percent below July 2023.

Dry milk products (comparisons in percentage with August 2022) Nonfat dry milk, human - 113 million pounds, down 15.2 percent. Skim milk powder - 57.2 million pounds, down 12.7 percent.

Frozen products (comparisons in percentage with August 2022) Ice cream, regular (hard) - 66.2 million gallons, up 1.1 percent. Ice cream, lowfat (total) - 40.5 million gallons, down 5.2 percent. Sherbet (hard) - 2.15 million gallons, up 7.1 percent. Frozen yogurt (total) - 4.21 million gallons, up 6.9 percent.

Released October 4, 2023, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Bulletin WebPage Edition
www.fmmaclew.com
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 Federal Order No. 33

State	August 2023						August 2022				
	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	738	667,461	3.95	3.13	5.80	177	627,827	3.86	3.11	5.78	182
Ohio	1,197	370,698	3.93	3.13	5.76	212	349,197	3.89	3.13	5.74	224
Indiana	599	187,333	3.90	3.10	5.79	222	169,785	3.82	3.10	5.77	233
Pennsylvania	623	80,950	3.88	3.05	5.66	247	77,161	3.82	3.03	5.64	270
New York	109	41,723	4.11	3.23	5.92	213	43,928	4.03	3.18	5.92	214
Other	204	46,333	4.02	3.14	5.77	202	33,353	3.89	3.08	5.77	221
Total/Average *	3,470	1,394,497	3.94	3.13	5.78	198	1,301,251	3.87	3.11	5.77	207

* 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 2023**

<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>
		<i>(000)</i>	<i>(000)</i>	<i>%</i>	<i>(per cwt.)</i>	<i>(per cwt.)</i>
FO 1	Northeast - (<i>Boston</i>)	2,178,445	654,124	30.0	\$2.03	\$20.42
FO 5	Appalachian - (<i>Charlotte</i>)	444,496	313,735	70.6	^{2/}	21.68
FO 6	Florida - (<i>Tampa</i>)	205,490	167,518	81.5	^{2/}	23.59
FO 7	Southeast - (<i>Atlanta</i>)	275,454	214,684	77.9	^{2/}	22.37
FO 30	Upper Midwest - (<i>Chicago</i>)	2,714,671	161,206	5.9	0.21	18.60
FO 32	Central - (<i>Kansas City</i>)	1,336,745	361,404	27.0	0.59	18.98
FO 33	Mideast - (<i>Cleveland</i>)	1,530,016	549,450	35.9	0.99	19.38
FO 51	California (<i>Los Angeles</i>)	2,250,692	386,914	17.2	0.81	19.20
FO 124	Pacific Northwest - (<i>Seattle</i>)	584,790	131,805	22.5	0.64	19.03
FO 126	Southwest - (<i>Dallas</i>)	1,187,808	318,772	26.8	1.42	19.81
FO 131	Arizona - (<i>Phoenix</i>)	401,879	120,073	29.9	^{2/}	19.71

^{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 OCTOBER 2023\$18.39 /cwt.

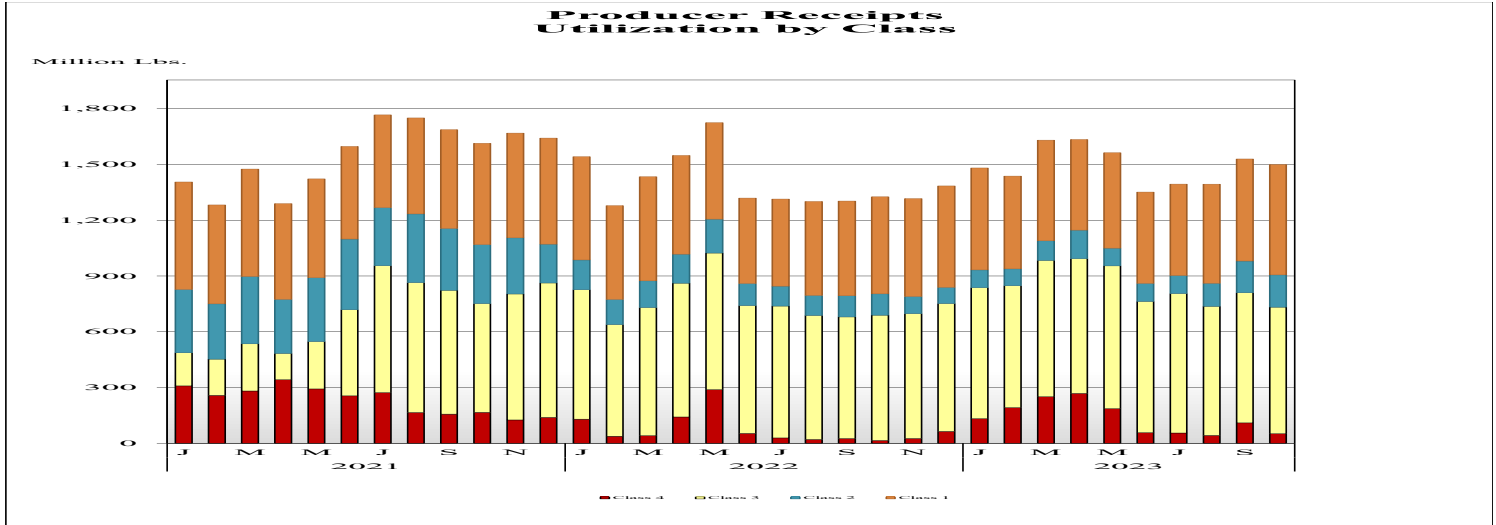


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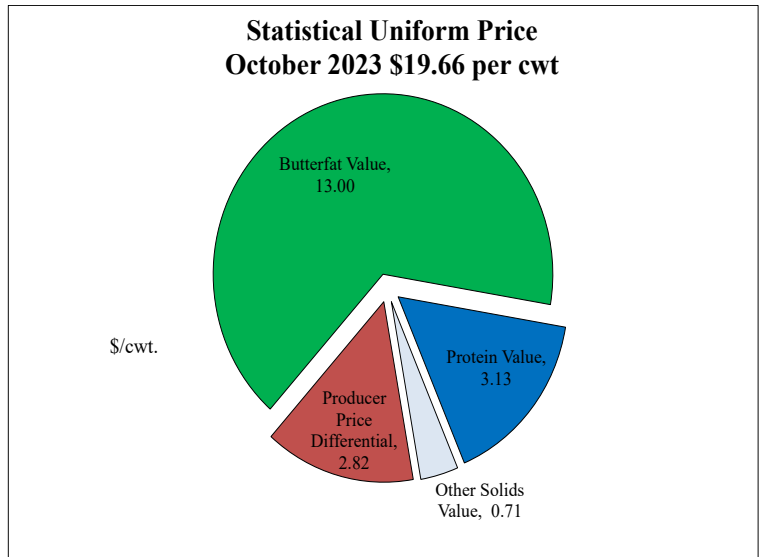
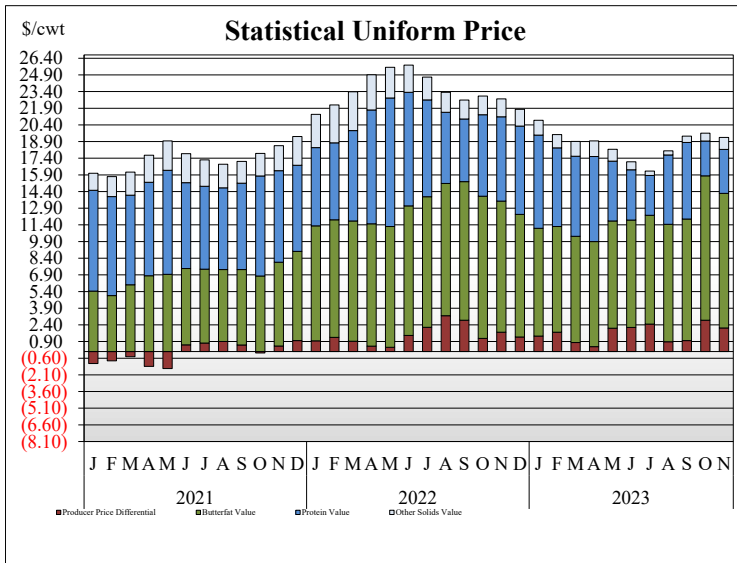
Supplement
October 2023

PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.50 billion pounds in October 2023. The pounds allocated to Class I represented 39.6 percent of the total pounds. Producer receipts decreased 30.5 million pounds compared to September 2023, and were up 173.6 million pounds from the prior year.

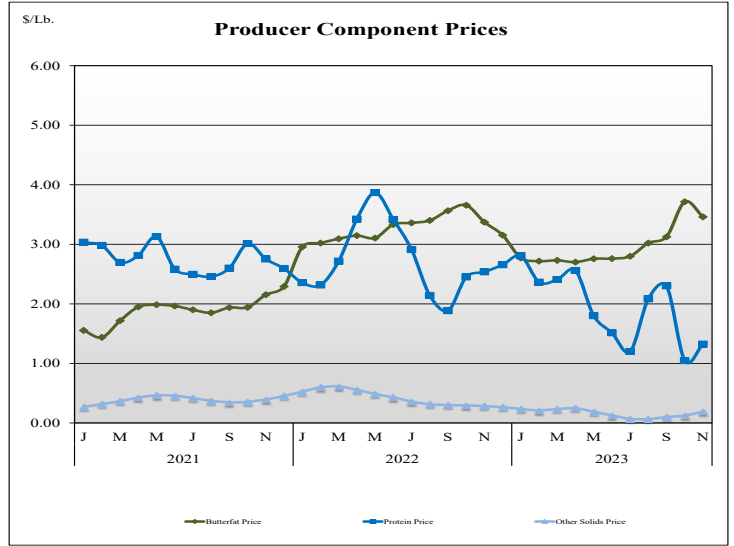
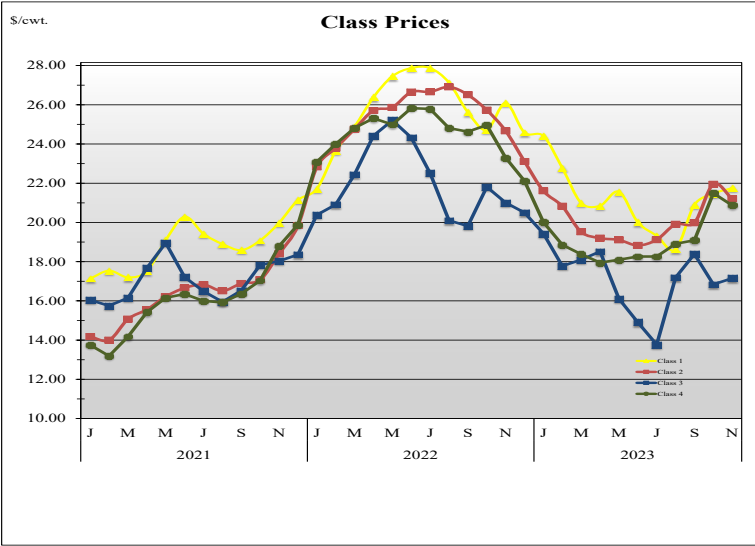
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$19.66 per cwt for October 2023. The October 2023 SUP was \$3.33 per cwt lower than the October 2022 SUP. The October 2023 SUP is \$0.28 per cwt higher than the September 2023 SUP.

October 2023 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the October 2023 SUP are: \$3.13 per cwt for protein, \$13.00 per cwt for butterfat and \$0.71 per cwt for other solids. Also included in the SUP is the \$2.82 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

