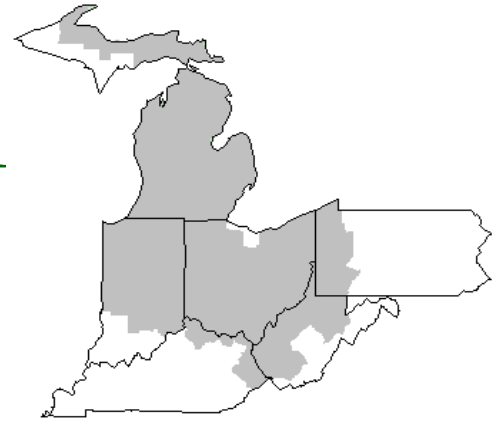


Mideast Market Administrator's Bulletin



Federal Order No. 33

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JULY 2024

USDA Issues Recommended Decision Proposing Amendments to all Eleven Federal Milk Marketing Orders

The U.S. Department of Agriculture (USDA) issued a Recommended Decision on July 1, 2024, proposing to amend the uniform pricing formulas applicable in all 11 Federal milk marketing orders (FMMOs). The Recommended Decision follows a 49-day national hearing held from August 23, 2023, to January 30, 2024, in Carmel, Indiana, where USDA heard testimony and received evidence on 21 proposals from the dairy industry. The link to the website is located at the address <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>

The Recommended Decision puts forth a package of amendments to update formulas and factors based on the evidentiary record of the proceeding. More specifically, this decision recommends the following:

- 1) Milk Composition Factors: Update the factors to 3.3 percent true protein, 6.0 percent other solids, and 9.3 percent nonfat solids.
- 2) Surveyed Commodity Products: Remove 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey and rely solely on the 40-pound block cheddar cheese price to determine the monthly average cheese price used in the formulas.
- 3) Class III and Class IV Formula Factors: Update the manufacturing allowances to: Cheese: \$0.2504; Butter: \$0.2257; NFD: \$0.2268; and Dry Whey: \$0.2653. The Recommended Decision also proposes updating the butterfat recovery factor to 91 percent.
- 4) Base Class I Skim Milk Price: Update the formula as follows: the base Class I skim milk price would be the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adopt a rolling monthly Class I extended shelf life (ESL) adjustment that would provide for better price equity for ESL products whose marketing characteristics are distinct from other Class I products. .
- 5) Class I differentials: Update the Class I differential values to reflect the increased cost of servicing the Class I market. The county-specific Class I differentials are specified in the decision.

Publication of the Recommended Decision in the Federal Register is anticipated in July 2024 and will invite public comments on the recommended proposals. Once it is published, comments may be submitted at <http://www.regulations.gov>. Comments may also be filed with the Hearing Clerk, U.S. Department of Agriculture, Room

1031-S, Washington, DC 20250-9200, fax number (202) 720-9976. All comments should reference

the docket number and the date and page number of this issue of the Federal Register. All comments will be made available for public inspection in the Office of the Hearing Clerk.

Copies of the hearing notice may also be obtained from USDA/AMS/Dairy Program; STOP 0225 - Rm. 2530; 1400 Independence Avenue, S.W., Washington, D.C. 20250-0225.

Dairy Forecast for 2024

Based on recent data from the USDA, NASS Milk Production report and steady improvements in the farm margins, the 2024 forecast for the dairy herd is raised by 5,000 head to 9.350 million head. However, the forecast for milk yield is reduced to 24,265 pounds per cow, 55 pounds less than the previous forecast. Several factors contributed to a lower average forecast milk yield for 2024: a lower than-expected milk yield reported in May, above-average temperatures and humidity levels reported in key producing regions in June, and the expectation that these conditions will continue in the near term—hot weather creates stress conditions for livestock, including dairy cows. Furthermore, the current slaughter rates and high replacement heifer costs suggest that farmers are likely holding onto their dairy cows longer, leading to lower-than-expected growth rates for yields per cow. Consequently, the milk production forecast for 2024 is lowered by 0.4 billion pounds to 226.9 billion pounds.

(Continued on Page 3)

June 2024 - Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	517,246,981	35.5
Class II	161,760,850	11.1
Class III	688,683,853	47.2
Class IV	90,031,066	6.2
Total	1,457,722,750	100.0

Producer Prices

Producer Price Differential	\$ 0.96 / cwt
Butterfat Price	3.5444 / lb
Protein Price	2.0546 / lb
Other Solids Price	0.2326 / lb
Somatic Cell Adjustment Rate	0.00100 / cwt
Statistical Uniform Price	20.

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

June 2024

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			505,311,496			\$10.29 / cwt	\$ 51,996,552.94
Class I Butterfat		11,935,485				3.4712 / lb	41,430,455.53
Class I Location Differential	517,246,981						(337,255.76)
Class II SNF Value				13,513,380		1.0556/ lb	14,264,723.93
Class II Butterfat		16,560,354				3.5514/ lb	58,812,441.21
Class III Protein Value			21,711,467			2.0546/ lb	44,608,380.15
Class III Other Solids Value					41,211,240	0.2326/ lb	9,283,892.89
Class III Butterfat		25,218,157				3.5444/ lb	89,383,235.67
Class IV SNF Value				7,938,217		0.9991/ lb	7,931,072.59
Class IV Butterfat		4,886,840				3.5444/ lb	17,320,915.68
Somatic Cell Value II / III / IV							<u>1,566,907.69</u>
TOTAL PRODUCER MILK VALUE	1,457,722,750	58,600,836	45,803,241			84,197,266	\$ 336,261,322.52
Overages						\$ 71,222.95	
Beginning Inventory & OS Charges						13,588.70	
TOTAL ADJUSTMENTS							\$ 84,811.65
TOTAL HANDLER OBLIGATIONS							\$ 336,346,134.17
Total Protein Value			45,803,241 lbs.	@	\$ 2.0546		\$(94,107,338.96)
Total Other Solids Value			84,197,266 lbs.	@	0.2326		(19,584,284.06)
Butterfat Value			58,600,836 lbs.	@	3.5444		(207,704,803.14)
Total Somatic Cell Values							<u>(2,383,086.99)</u>
TOTALS							\$ 12,566,621.02
Net Producer Location Adjustments							\$ 1,429,020.93
1/2 Unobligated Balance Producer Settlement Fund							<u>665,000.00</u>
Total - Divided by Total Pounds			1,457,727,686 lbs.			1.0057188	\$ 14,660,641.95
Rate of Cash Reserve						<u>(0.0457188)</u>	<u>(666,456.19)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH ¹			1,457,727,686			\$0.96 / cwt	\$ 13,994,185.76

COMPONENT PRICES

COMPUTATION OF UNIFORM PRICE

	June			June	
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>
Butterfat Price	\$3.5444 / lb	\$2.7605 / lb	Class III Price - 3.5% BF	\$19.87	\$14.91
Protein Price	2.0546 / lb	1.5144 / lb	Producer Price Differential*	<u>0.96</u>	<u>2.17</u>
Other Solids Price	0.2326 / lb	0.1266 / lb	Statistical Uniform Price	\$20.83	\$17.08
Somatic Cell Adjustment Rate	0.00100 / cwt	0.00079 / cwt			
Nonfat Solids Price ²	0.9991 / lb	0.9896 / lb			

CLASS PRICES

CLASSIFICATION OF PRODUCER MILK

	June			June	
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>
Class I*	\$22.08	\$20.01		<i>Product lbs.</i>	<i>Product lbs.</i>
Class II	21.60	18.83	Class I	517,246,981	491,640,408
Class III	19.87	14.91	Class II	161,760,850	96,576,054
Class IV	21.08	18.26	Class III	688,683,853	708,803,059
			<u>Class IV</u>	<u>90,031,066</u>	<u>56,750,371</u>
			Total	1,457,722,750	1,351,769,282

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 June 2024 was \$0.96, and the Statistical Uniform Price was \$20.83 for the month. The Statistical Uniform Price is \$1.38 higher than last month and is \$3.75 higher than June 2023.

The Producer Butterfat Price of \$3.5444 per pound increased \$0.0808 from May and is up \$0.7839 from a year ago. The Protein Price of 2.0546 is up \$0.3197 from last month and is down \$0.5402 from June 2023. The Other Solids Price in June was \$0.2326 per pound, an increase from last month's price of \$0.2181 and \$0.1060 lower than last June. The Somatic Cell Adjustment rate for June was \$0.00100 per cwt.

June producer receipts of 1.46 billion pounds were 6.0 percent higher than May and 7.8 percent higher than June 2023 production of 1.35 billion pounds. Producer milk allocated to Class I accounted for 35.5 percent of the total producer milk in June 2024, lower than the 38.3 percent in May, and lower than the 36.4 percent in June 2023. A total of 3,236 producers were pooled on the Mideast Order compared to 3,326 producers pooled in June 2023.

The market average content of producer milk was as follows: Butterfat 4.02%; Protein 3.14%; Other Solids 5.78% and Nonfat Solids 8.92%.

(Continued from page 1)

Based on the volume of dairy imports shown in recent trade data and higher expected prices for cheese and butter, 2024 import forecasts have been adjusted from previous projections. On a milk-fat basis, at 8.9 (+0.3) billion pounds the imports in 2024 are forecast higher. On a skim-solids basis, they are forecast at 7.0 billion pounds, 0.3 billion pounds lower than the previous forecast. Among several dairy product categories, in 2024, imports of cheese, butter and butterfat products are expected to be higher, while imports for infant formula and milk protein products (casein and milk protein concentrate) are expected to be lower than previously forecast.

Similarly to imports, the 2024 forecasts for dairy exports have been adjusted from last month's forecast as follows: upward on a fat-milk basis—11.4 (+0.2) billion pounds—and downward on a skim-solids basis—48.8 (-0.5) billion pounds. Higher exports for cheese and dry whey products are forecast in 2024, while lower exports are expected for nonfat dry milk, lactose, and other dairy products as current weak demand from Southeast Asian importing countries is expected to persist throughout the rest of the year.

On a milk-fat basis, 2024 domestic use is forecast at 223.6 billion pounds, 0.3 billion pounds lower than the last projection, while on a skim-solids basis it is forecast at 184.3 billion pounds, 0.1 billion pounds higher. On a milk-fat basis, 2024 ending stocks are forecast at 13.5 billion pounds, unchanged from the last forecast; on a skim-solids basis, they are forecast at 9.7 billion pounds, 0.3 billion lower than the previous forecast.

Dairy Forecast for 2025

With higher all-milk prices and lower feed costs in the near-term, dairy farm margins are expected to further improve through the second half of 2024, which could have a lagged positive impact on the number of cows in 2025. However, relatively tight supplies of dairy heifers may constrain the ability to expand rapidly. Consequently, the forecast for the average size of the dairy herd in 2025 is revised upward by 5,000 head to 9.375 million head. Conversely, the yield per cow is lowered 30 pounds to 24,440 pounds after adjusting for lower expected yields in 2024. Milk production for 2025 is projected at 229.1 billion pounds, 0.2 billion pounds lower than the last month's forecast, as the lower expected yield per cow more than offsets the higher projections for milk cow numbers.

Livestock, Dairy, and Poultry Outlook: July 2024, LDP-M-361, July 18, 2024 USDA, Economic Research Service

May Milk Production Down 0.7 Percent

Milk production in the 24 major States during May totaled 18.9 billion pounds, down 0.7 percent from May 2023. April revised production, at 18.3 billion pounds, was down 0.4 percent from April 2023. The April revision represented a decrease of 27 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,122 pounds for May, 3 pounds below May 2023. The number of milk cows on farms in the 24 major States was 8.89 million head, 52,000 head less than May 2023, but 5,000 head more from April 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 May totaled 2.8 billion pounds, down 7 million pounds or 0.3 percent from May 2023.

Production per cow in the Mideast states averaged 2,055 pounds for May. This was a decrease of 13 pounds from May 2023.

The number of cows on farms in the Mideast states was 1.3 million head, 4,000 head more than May 2023.

. Released June 21, 2024, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Bulletin WebPage Edition
www.fmmacleve.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	Number of Producers	Pounds of Milk (000)	May 2024 -----Weighted Averages -----				May 2023 -----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	707	640,148	4.10	3.21	5.80	165	765,869	4.00	3.18	5.79	157
Ohio	1,119	365,292	4.00	3.15	5.70	185	386,938	3.98	3.20	5.76	182
Indiana	576	189,727	4.04	3.18	5.82	190	240,489	3.96	3.20	5.83	191
Pennsylvania	578	81,300	4.03	3.11	5.68	214	93,193	3.96	3.12	5.69	203
New York	92	36,853	4.38	3.28	5.92	176	52,145	4.21	3.27	5.88	181
Other	166	61,979	4.21	3.21	5.71	155	24,798	3.99	3.15	5.76	188
Total/Average *	3,238	1,375,299	4.07	3.19	5.77	176	1,563,432	3.99	3.19	5.79	172

* 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
June 2024**

<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>)	2,186,549	578,316	26.4	\$1.96	\$21.83
FO 5	Appalachian - (<i>Charlotte</i>)	425,741	268,784	63.1	^{2/}	22.84
FO 6	Florida - (<i>Tampa</i>)	185,590	148,153	79.8	^{2/}	24.72
FO 7	Southeast - (<i>Atlanta</i>)	306,659	184,345	60.1	^{2/}	23.23
FO 30	Upper Midwest - (<i>Chicago</i>)	2,570,449	140,691	5.5	0.18	20.05
FO 32	Central - (<i>Kansas City</i>)	1,248,890	310,335	24.9	0.49	20.36
FO 33	Mideast - (<i>Cleveland</i>)	1,457,723	517,247	35.5	0.96	20.83
FO 51	California - (<i>Los Angeles</i>)	1,978,589	347,638	17.6	0.79	20.66
FO 124	Pacific Northwest - (<i>Seattle</i>)	597,584	111,758	18.7	0.70	20.57
FO 126	Southwest - (<i>Dallas</i>)	1,010,308	274,807	27.2	1.33	21.20
FO 131	Arizona - (<i>Phoenix</i>)	304,549	86,924	28.5	^{2/}	21.15

^{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.

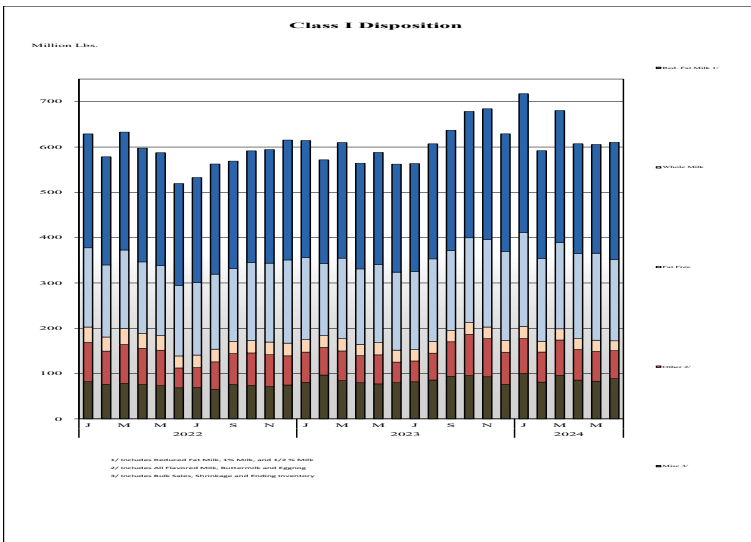
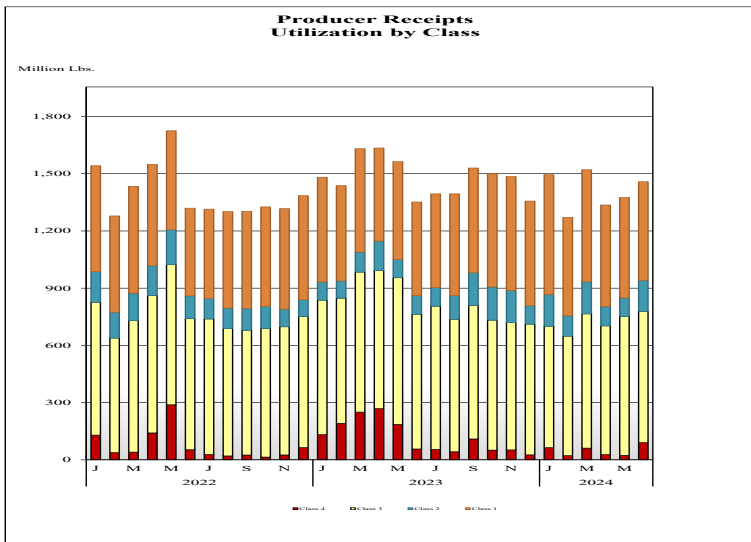
MINIMUM PARTIAL PAYMENT PRICE FOR JULY 2024.....\$19.87 /cwt.



Mideast Market Administrator's Bulletin

Federal Order No. 33 Supplement
July 2024

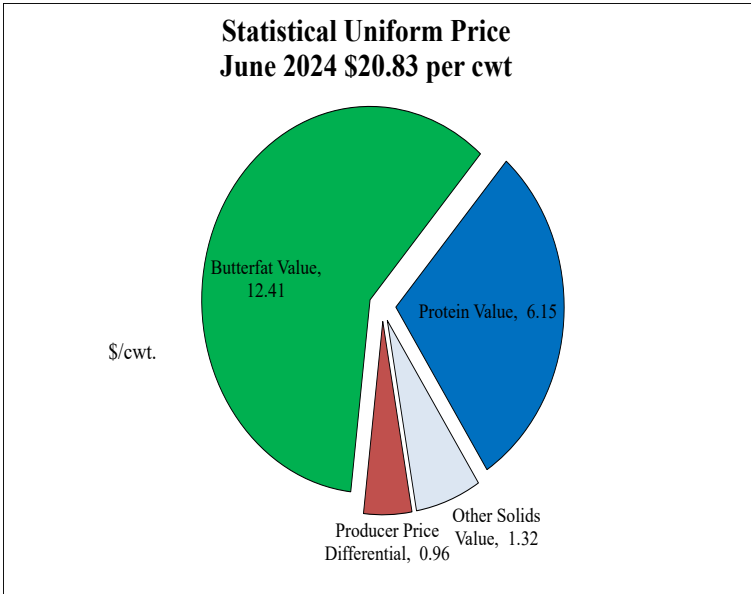
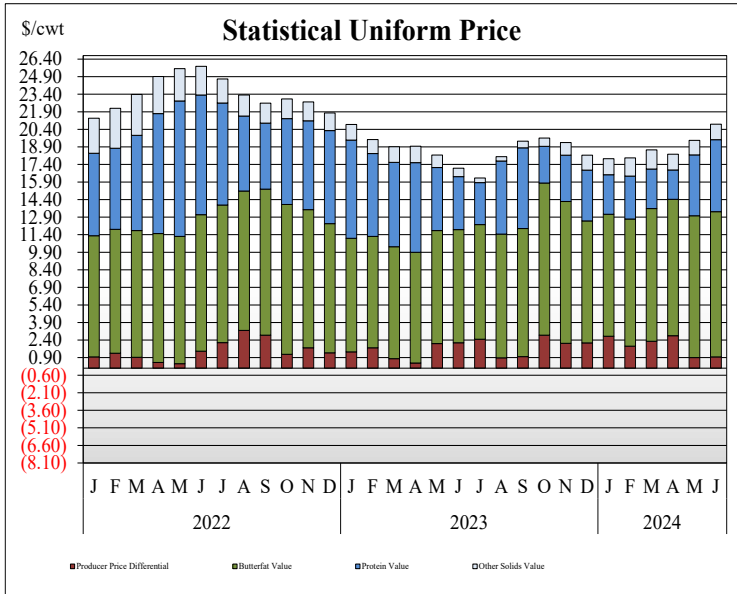
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.458 billion pounds in June 2024. The pounds allocated to Class I represented 35.5 percent of the total pounds. Producer receipts increased 81 million pounds compared to May 2024, and were up 106 million pounds from the prior year.

Class I Pounds: Class I Disposition for the Mideast Order totaled 610 million pounds in June 2024, up 48 million pounds from June 2023. Finished products include 179 million pounds used for whole milk, 259 million pounds of reduced fat and low fat milk, and 22 million pounds of fat free (skim) milk.

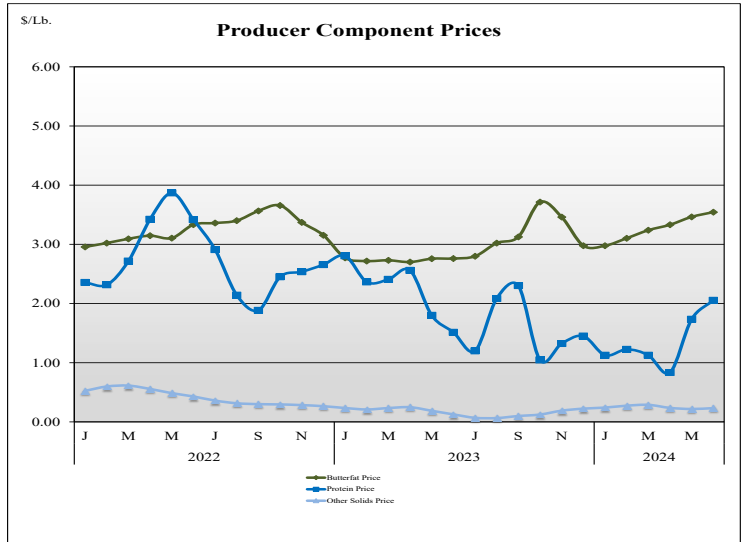
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$20.83 per cwt for June 2024. The June 2024 SUP was \$3.75 per cwt higher than the June 2023 SUP. The June 2024 SUP is \$1.38 per cwt higher than the May 2024 SUP.

June 2024 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the June 2024 SUP are: \$6.15 per cwt for protein, \$12.41 per cwt for butterfat and \$1.32 per cwt for other solids. Also included in the SUP is the \$0.96 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

