

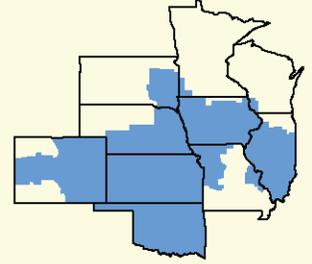
APRIL 2019

Marketing Service

# Bulletin

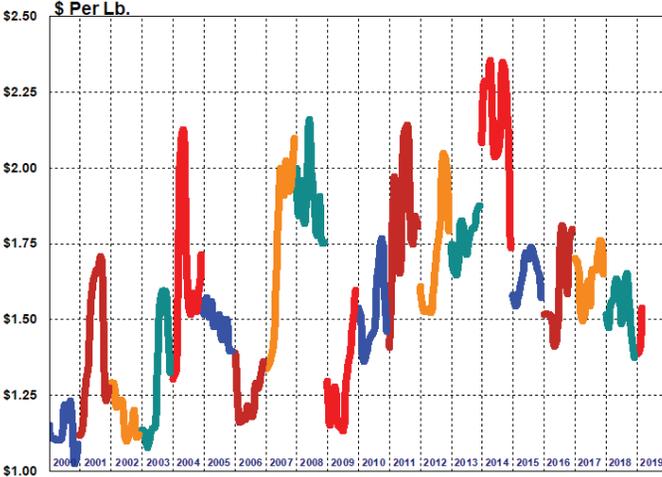


Facilitating the efficient marketing of milk and dairy products.

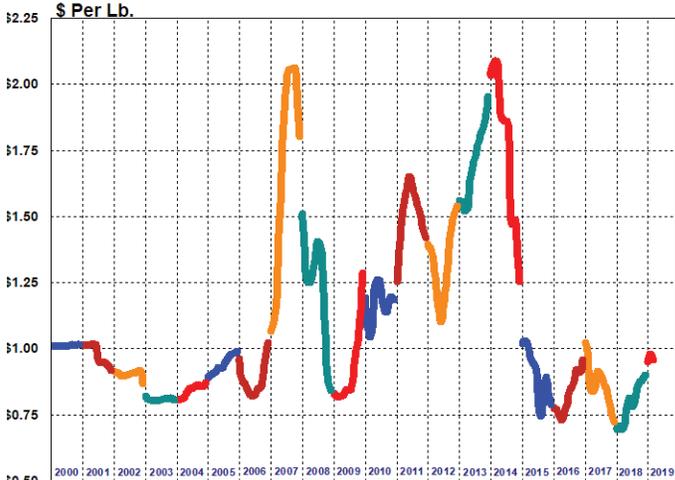


**CENTRAL MARKETING AREA**

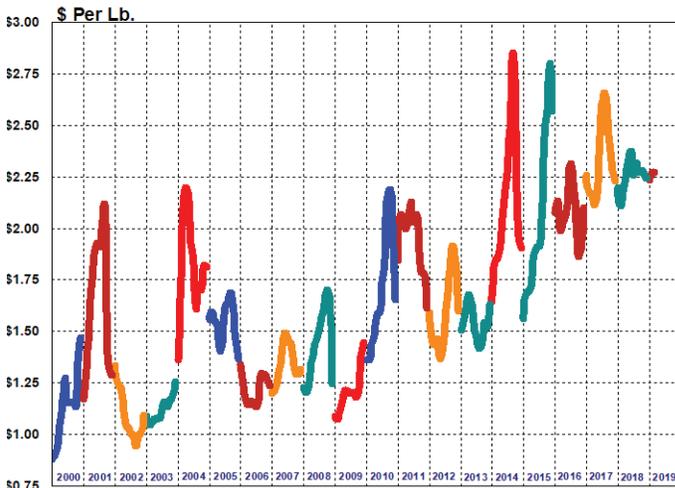
**AMS / NASS Wtd. Avg. Block/Barrel Cheese Prices\***



**AMS / NASS Nonfat Dry Milk Prices\***



**AMS / NASS Butter Prices\***



A variety of economic factors affecting the U.S. dairy industry are illustrated by the graphs in this bulletin. These graphs depict monthly data for 15 selected factors from January 2000 through March of this year. A cursory examination of this data provides insight into the milk marketing environment in the U.S. over the past 20 years.



Most of the price series depicted in this bulletin reached record high levels during 2014, but nearly all have declined substantially since. This is particularly true for nonfat dry milk prices which, in early 2018, declined to their lowest levels during this time frame. Nonfat dry milk prices have strengthened since then, however, nearing one dollar per pound. Similarly, producer protein prices have decreased substantially, falling below \$1.50 per pound during each of the past four years (2015 through 2018), before strengthening in recent months. In contrast, butter prices have been strong, remaining well above \$2.00 per pound since late 2016.

Federal Milk Order (FMO) Class prices remain substantially below the peak levels recorded during 2014. Compared with 2014's all-time highs, most recent FMO Class prices for I, II, III & IV are down 30.4%, 36.4%, 38.9%, and 34.2%, respectively. The Central Order Statistical Blend Price has also declined substantially since 2014, with current levels approximately 36.5% less than the all-time high of \$24.83 posted in September 2014.

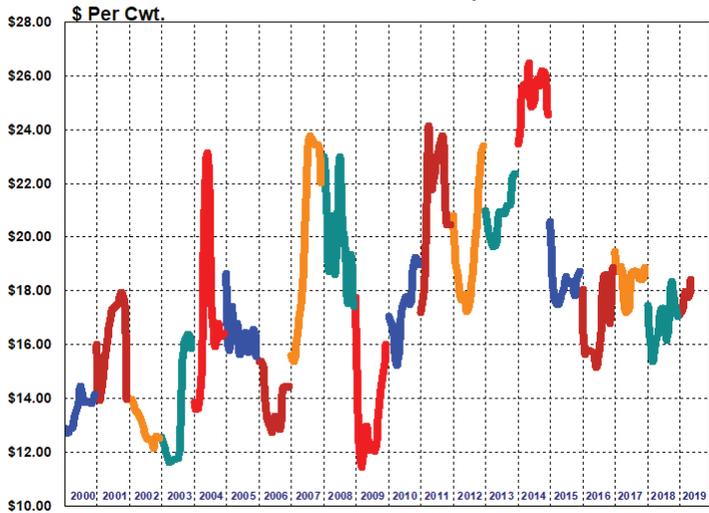
Prices for soybeans and corn registered all-time highs in mid-year 2012. Since that time, both have declined substantially with current soybean prices roughly \$8 below peak levels, while corn prices remain around \$4 below 2012's record (page 3). The substantial price decreases for these two important feed grains have helped to lessen the impact of lower producer milk prices on dairy producers' income over feed costs (IOFC).

Two non-price data series are depicted in this bulletin – U.S. milk production and FMO Class I producer receipts. U.S. milk production, portrayed in the bottom left graph on page three, indicates a persistent upward trend since 2001. Year-over-year milk production has increased in 20 of the last 22 years, with the only exceptions occurring in 2001 and 2009. In contrast to U.S. milk production, FMO Class I producer receipts have been on a downward trajectory since 2009, as indicated by the third graph on page three. This downward trend has been halted, however, with the addition of the California order in November 2018.

The graphs on this page illustrate three commodity price series that have a direct impact on Federal Milk Order minimum prices. The six graphs on page two along with the first graph on page three depict FMO prices applicable to dairy farmers and/or regulated milk processors. A variety of factors that directly and indirectly influence the economic environment for milk production and processing are portrayed by the remaining graphs on page three.

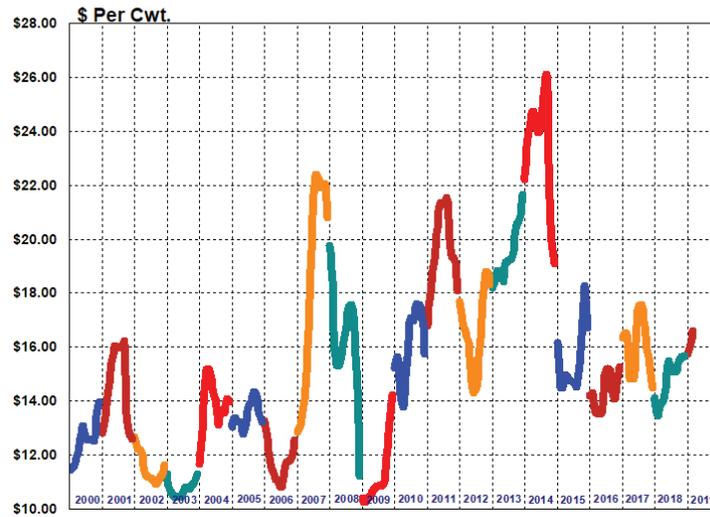
\*NASS prices prior to April 2012.

**Federal Order Class I Price (\$2.00 Differential)\***

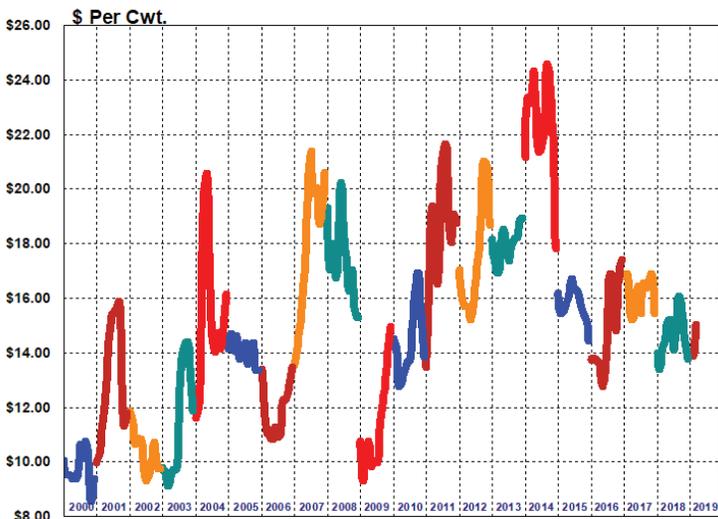


\*Through May 2019

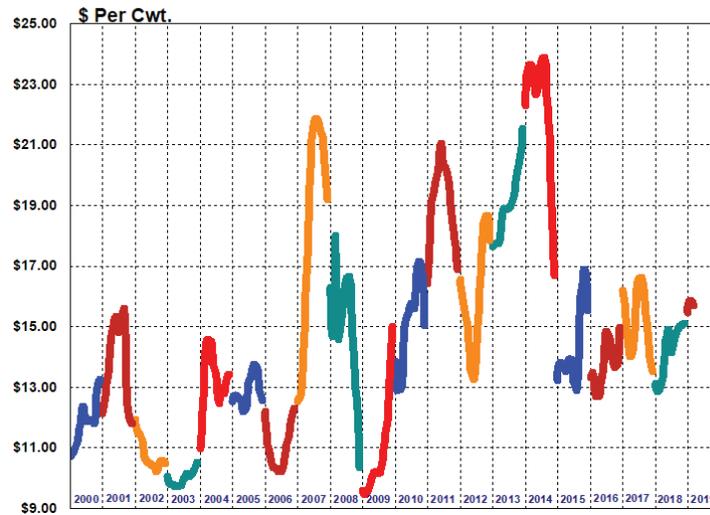
**Federal Order Class II Price**



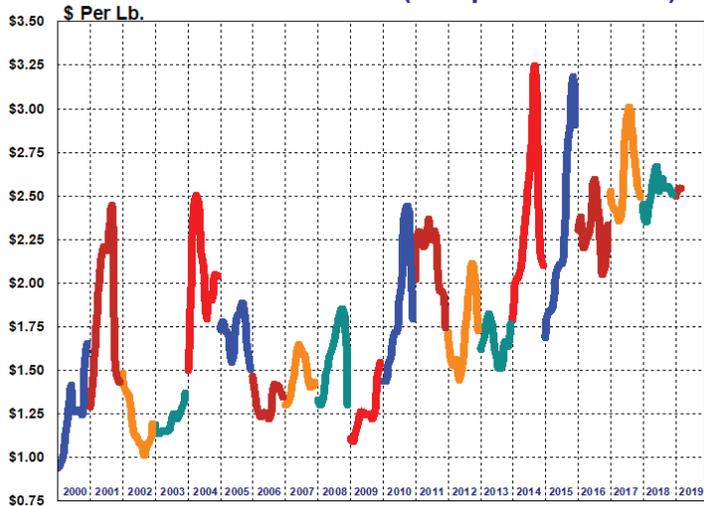
**Federal Order Class III Price**



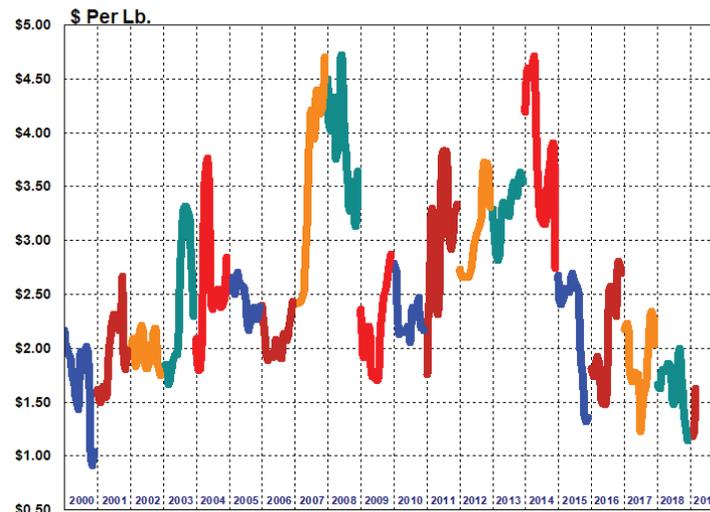
**Federal Order Class IV Price**



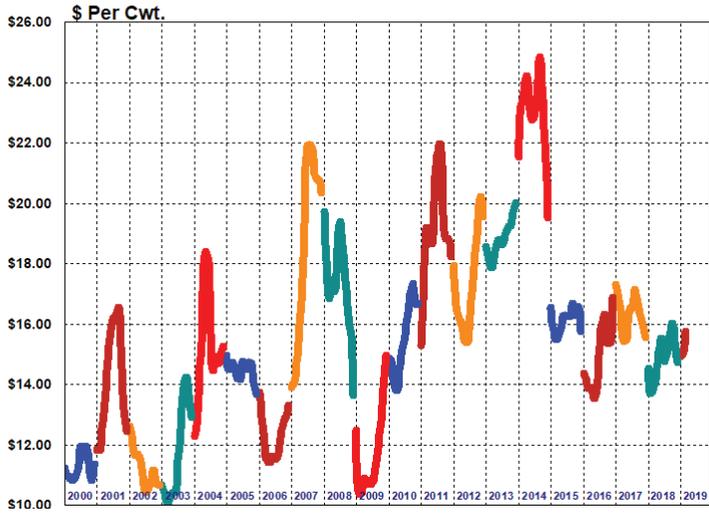
**Producer Butterfat Price (component orders)**



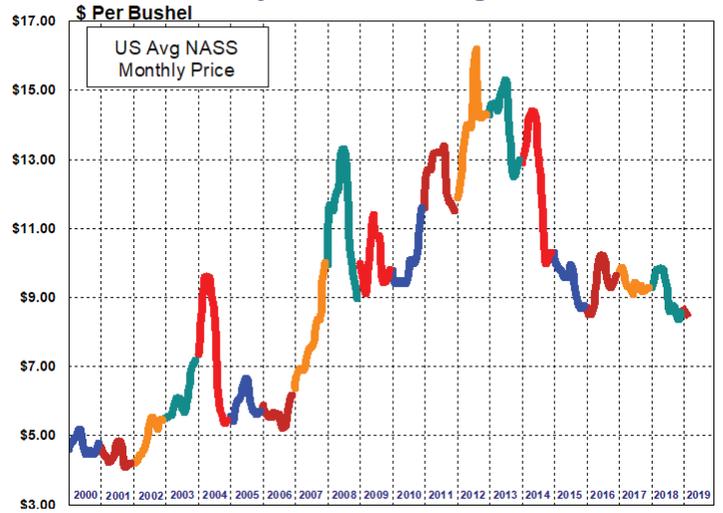
**Producer & Handler Protein Price**



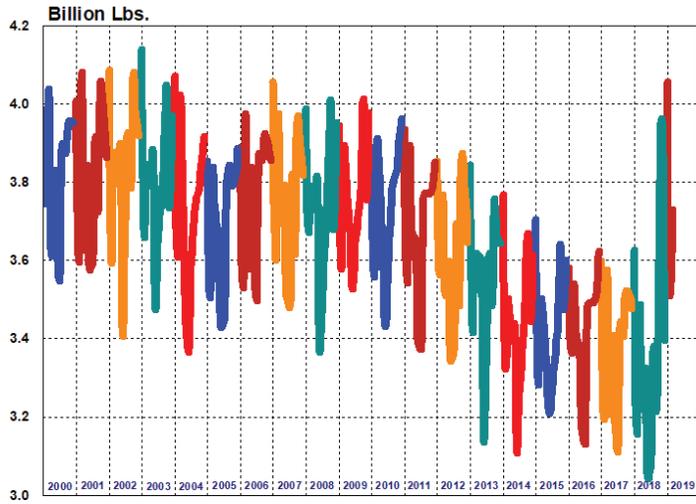
### Central Federal Order Statistical Blend Price



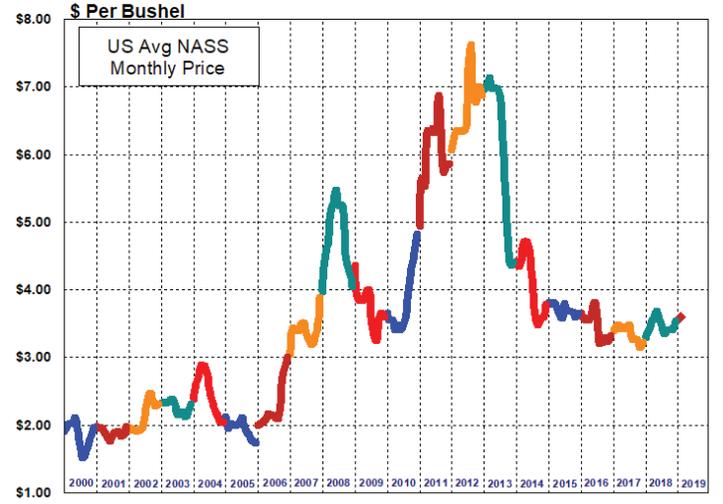
### Soybeans - US Avg Prices



### Class I Producer Receipts (All Federal Milk Orders)\*



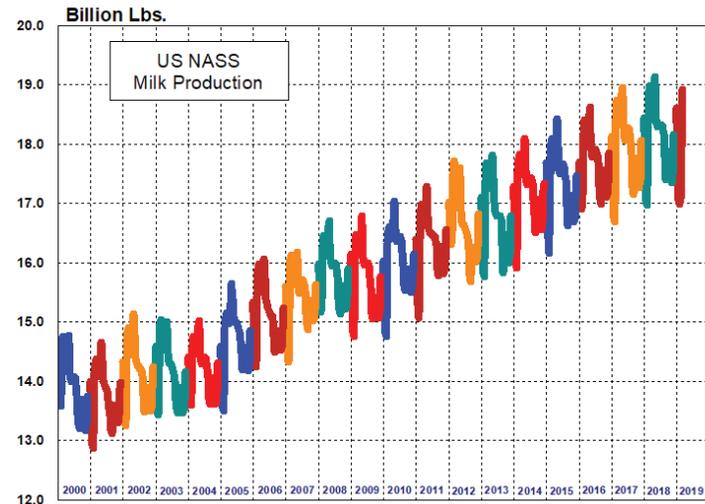
### Corn - U.S. Avg Prices



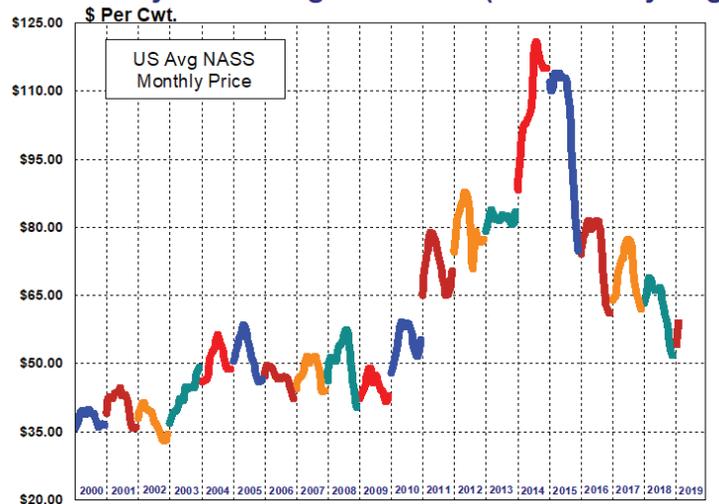
\*The California Order became effective November 2018



### Estimated U.S. Milk Production



### Beef & Dairy Cow Slaughter Prices (U.S. Monthly Avg.)





**United States  
Department of  
Agriculture**

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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>Mar '19</u>	<u>Feb '19</u>	<u>Mar '19</u>	<u>Feb '19</u>	<u>Mar '19</u>	<u>Feb '19</u>
Northeast	17.17	16.65	2.13	2.76	30.58	31.43
Appalachian	18.31	18.00	-----	-----	64.69	72.11
Florida	20.41	19.96	-----	-----	81.92	84.32
Southeast	18.70	18.35	-----	-----	64.71	70.32
Upper Midwest	15.28	14.22	0.24	0.33	7.03	7.85
<b>Central</b>	<b>15.76</b>	<b>15.07</b>	<b>0.72</b>	<b>1.18</b>	<b>26.42</b>	<b>30.68</b>
Mideast	16.19	15.60	1.15	1.71	33.68	35.70
California	16.03	15.12	0.99	1.23	19.82	22.98
Pacific Northwest	15.79	15.28	0.75	1.39	19.34	22.98
Southwest	16.58	15.72	1.54	1.83	27.43	30.30
Arizona	16.18	15.76	-----	-----	22.53	23.59

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