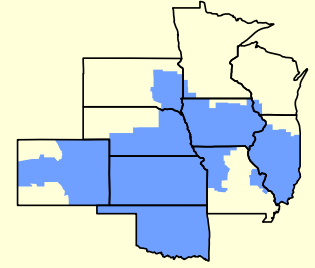


Bulletin

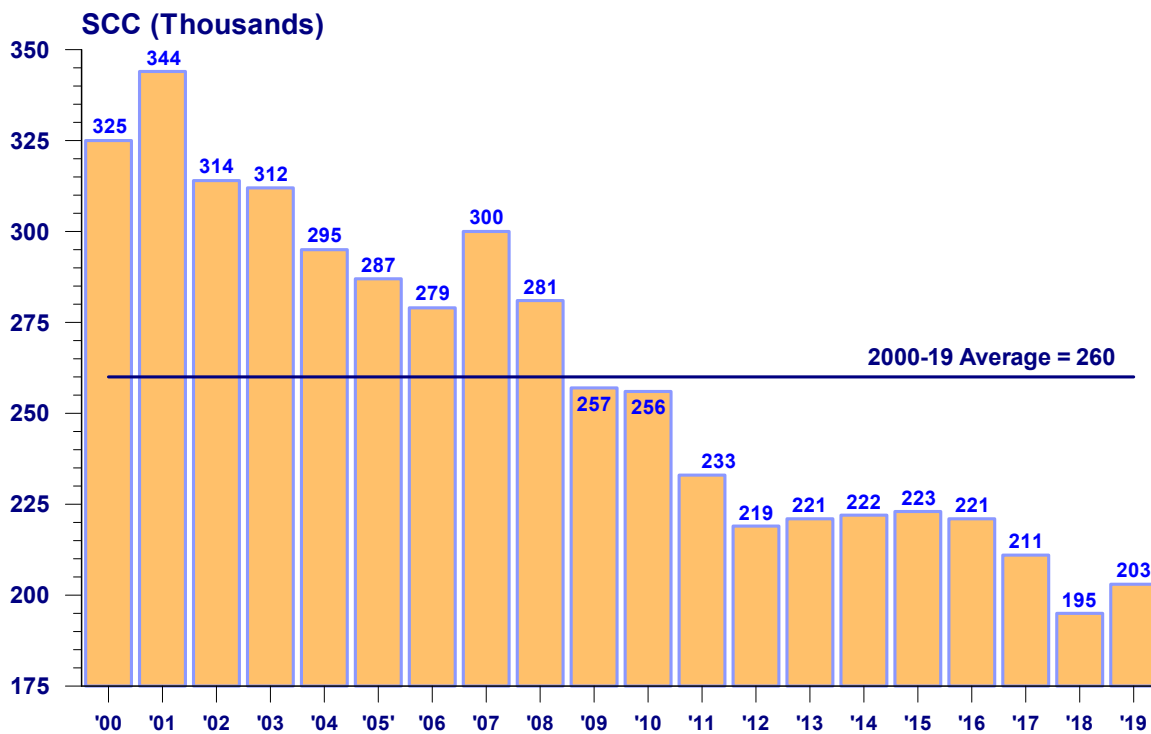
Facilitating the efficient marketing of milk and dairy products.



CENTRAL MARKETING AREA



Producer Milk Somatic Cell Counts Central Federal Milk Order



A well-known and widely-used standard for producer milk quality is the somatic cell count (SCC). SCC is a measure of the total number of cells* per milliliter in milk, and lower counts are indicative of higher quality. Somatic cells enable animals to fight infection and ensure good health, and all milk naturally contains some somatic cells. Although high SCCs can affect dairy product manufacturing yields, milk flavor and product shelf life,

they generally are not a food safety or public health issue. The federal SCC regulatory limit is 750,000, except in California which has a maximum of 600,000 cells per milliliter. However, the SCC limit in many other major dairy countries is 400,000.

Four of the current 11 Federal Milk Orders (FMOs) adjust milk payments to producers based on the SCC in raw milk. The benchmark SCC for this adjustment is 350,000, with positive payments for SCCs below that level and negative adjustments for milk with higher counts. Price adjustments are made on a per hundredweight basis for every 1,000 SCC variation from the 350,000 standard. The magnitude of the SCC adjustment varies monthly based on the wholesale price of cheese.

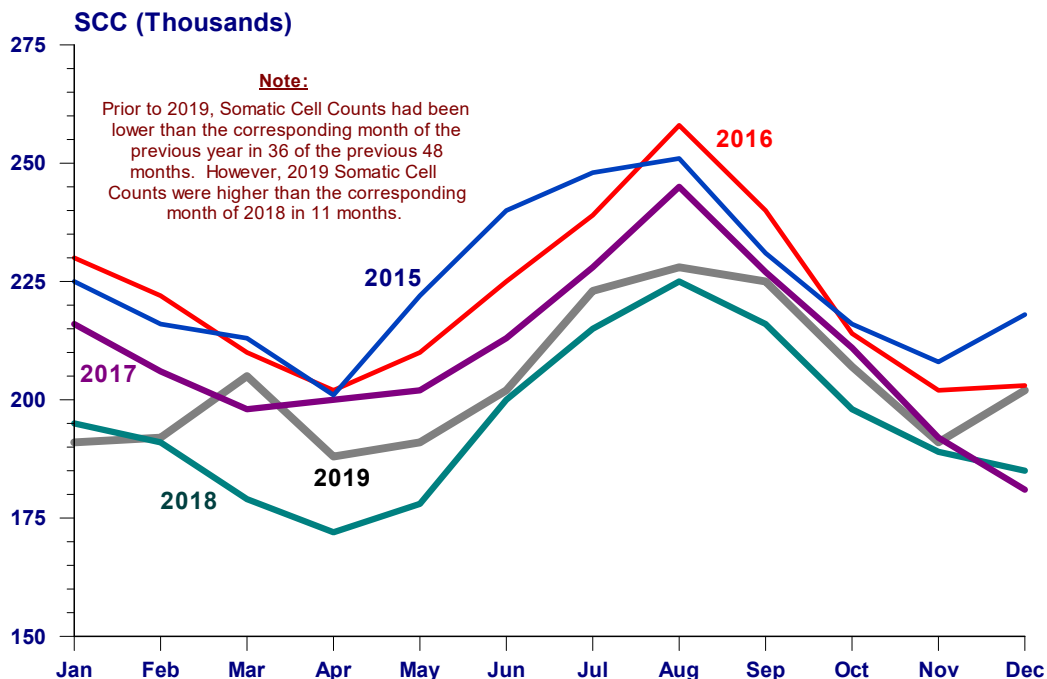
The Central Order is one of the four FMOs that utilize a SCC price adjustment. The graph on this page displays yearly average SCCs for the Central FMO since its inception in 2000. As indicated by this graph, SCCs have

* The somatic cell count (SCC) is primarily composed of leukocytes, or white blood cells, that are produced by a cow's immune system to fight inflammation in the mammary gland. All milk naturally contains some somatic cells.

decreased significantly since the early years of the order's existence. With a couple of notable exceptions, the annual SCC for the Central Order has exhibited a persistent downward trend, averaging 260,000 over the 20 years depicted by the graph on page one. The annual SCC has been below the 20-year average during each of the last 11 years, and has been less than the previous year in 12 of the 20 years since 2000. The 203,000 SCC average for 2019 is the second lowest on record for the Central Order. 2019's average SCC was slightly above the record low of 195,000 recorded for 2018, which is the only time the annual average has fallen below 200,000.

Producer Milk Somatic Cell Counts

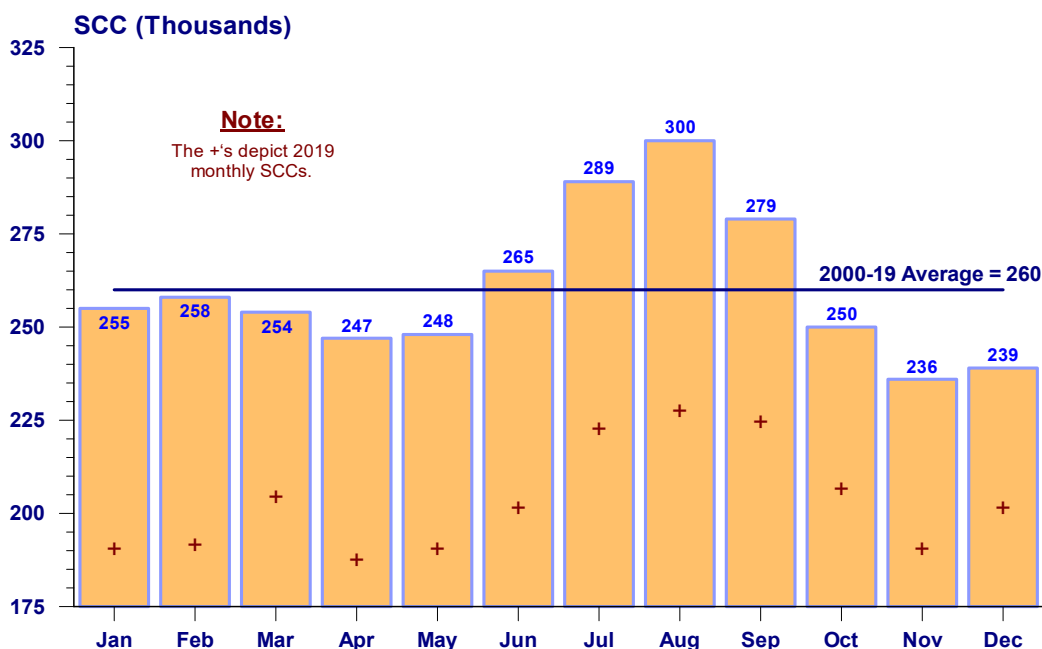
Central Federal Milk Order



The top graph on this page depicts Central Order monthly SCCs for the last 5 years (January 2015 through December 2019), and highlights the extent of the downward trend in SCCs over this period of time. Prior to 2019, SCCs had been lower than the corresponding month of the previous year during 36 of 48 months. This persistent downward trend did not continue in 2019, since SCCs were higher than the corresponding month of 2018 in every month except January. The year-over-year increases during the last 11 months of 2019 were relatively minor, however, averaging just 10,000 more than the record low levels of 2018.

2000 - 2019 Monthly Average SCCs

Central Federal Milk Order

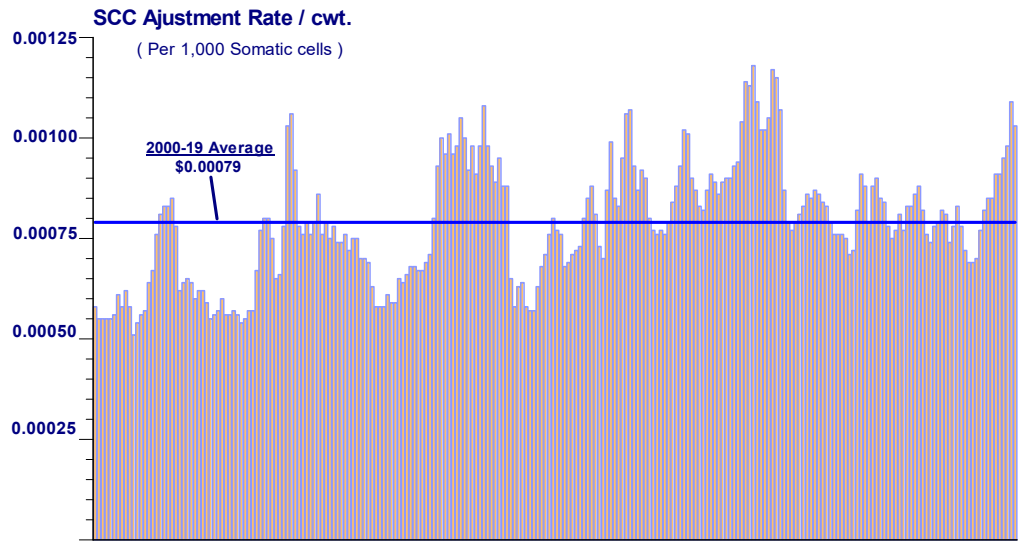


Central Order monthly average SCCs for 2000 through 2019 are depicted by the bottom graph on this page. A distinct seasonal pattern is evident from the information presented in this graph, along with the top graph on this page. SCCs have been higher than the 20-year average during the summer months of June through September, substantially so during July and August. The lowest monthly average SCCs have been recorded during the early winter months of

November and December. The 20-year average for August is the highest of any month at 300,000, while the lowest is attributable to November with a 236,000 SCC average. Monthly SCCs for 2019 are depicted by the pluses inside the bars of the graph on the bottom of page 2.

The top graph on this page details monthly SCC adjustment rates for January 2000 through December 2019. Milk payments to Central Order producers are adjusted for counts above and below 350,000, and these adjustments are made on a per hundredweight basis for each 1,000 variation in SCC. The adjustment rate averaged \$0.00079 during the time frame depicted by this graph, ranging from a low of 0.00051 in November 2000 to a high of 0.00118 recorded during April 2014.

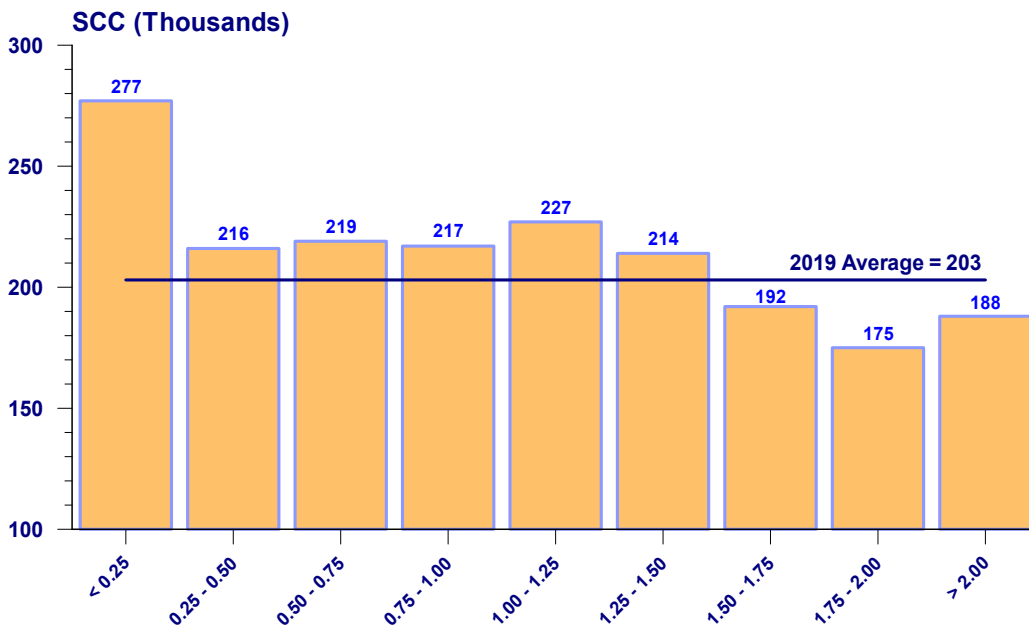
SCC Monthly Adjustment Rates Central Federal Milk Order



January 2000 through December 2019

The lower graph on this page depicts 2019 weighted average SCC's for Central Order producers grouped by marketing size category. The categories used in this graph increase in 250,000 pound increments up to 2,000,000 per month - all marketings above that size are grouped together. This graph depicts Central Order data only; therefore, the marketings represented in each size category do not necessarily correspond to overall farm size, since producers often have marketings on more than one FMO during any given month. With that caveat in mind, the data in this graph indicates a decline in SCC of more than 22% going from the smallest size category to the next

2019 SCC by Marketing Size Categories Central Federal Milk Order



Monthly Marketings (Million Pounds)

larger size, then are relatively flat through 1,500,000 pounds. The next two size categories were lower than the previous one by 10.2% and 8.9%, respectively, while the SCC for the largest size was 7.4% higher than the second largest category. While SCC's for all size ranges up to 1,500,000 pounds were above the 2019 market average of 203,000, all larger size categories were below this average. These three larger size categories accounted for 72% of the total Central Order marketings during 2019.



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Milk Donation Reimbursement Program

The U.S. Department of Agriculture (USDA) is accepting applications through March 31, 2021, for participation in the Milk Donation Reimbursement Program during fiscal year 2021 (FY21).

Under the program, eligible dairy organizations partner with non-profit organizations to distribute food to low-income individuals and donate fluid milk products to the non-profit partner. After donations are made, the eligible dairy organization may apply for and receive limited reimbursements to cover expenses related to their fluid milk product donations. To participate, the eligible dairy organization must be the entity that has an obligation to a Federal milk marketing order pool. More information can be found at www.ams.usda.gov/mdrp.

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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jul '20	Jun '20	Jul'20	Jun '19	Jul '20	Jun '20
Northeast	19.08	15.66	-5.46	-5.38	28.10	34.84
Appalachian	19.34	15.27	---	---	84.85	83.01
Florida	20.80	16.83	---	---	83.22	84.26
Southeast	18.89	15.38	---	---	69.38	70.06
Upper Midwest	19.68	17.23	-4.86	-3.81	21.17	19.49
Central	15.85	13.53	-8.69	-7.51	45.38	43.06
Mideast	16.52	13.99	-8.02	-7.05	43.73	40.42
California	14.72	13.13	-9.82	-7.91	21.71	24.43
Pacific Northwest	17.11	15.17	-7.43	-5.87	22.48	22.04
Southwest	15.70	13.42	-8.84	7.62	38.66	40.96
Arizona	16.12	15.50	---	---	35.20	26.23