Mideast Market Administrator's

Bulletin

Federal Order No. 33

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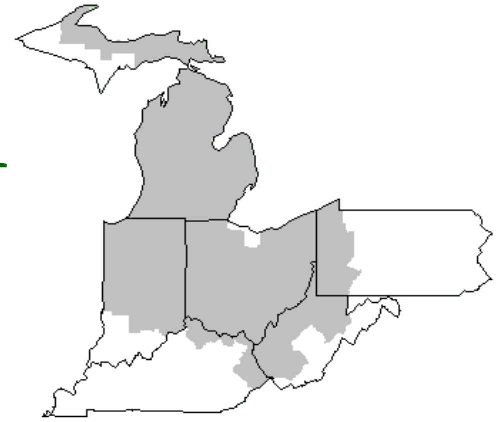
October 2013



Expiration of Dairy Forward Pricing Program

The American Taxpayer Relief Act of 2012 (ATRA) extended the authorization of the Dairy Forward Pricing Program contained in the Food, Conservation and Energy Act of 2008 (the 2008 Farm Bill), through September 30, 2013. Beginning October 1, 2013, the authority for USDA to operate the Dairy Forward Pricing Program expired. As of October 1, 2013, Congress has not passed legislation extending the authority for USDA to carry out this program, and USDA cannot make new commitments to the program.

Therefore, proprietary handlers establishing new forward contracts on or after October 1, 2013, will not be exempt from paying minimum Federal order prices. Previously established contracts that expire on or before September 30, 2015, are not impacted.

With the expiration of the Forward Pricing Program, all producers may still choose to (but are not required to) have forward pricing contracts. For producers being paid by proprietary plants, however, such contracts do not exempt the proprietary plant from its obligation to pay the producer at least Federal order minimums on milk pooled on the order.

Any questions pertaining to the above should be directed to this office at (888)751-3220 or email suther@fmmaclev.com.

Demand Firms Prices in 2014 Despite Higher Expected Milk Production Next Year

Milk production for the current year was reduced fractionally in September from the August forecast to 201.8 billion pounds. The production forecast for 2014 was unchanged from August at 204.5 billion pounds. The small reduction in current year production is predicated on slightly lower production in the third quarter, based on hot weather reducing production in Western states, partly offset by continued production growth in the Midwest and Eastern states. There is no basis for changing the 2014 production forecast.

The 2013/14 price forecast for corn was lowered from the August projection to $4.40-$5.20 per bushel. Yield forecasts were raised for September, and the higher production offset lower projected carry in stocks. Forecast corn production is now a record 13.8 billion bushels. The 2013/14 forecast soybean meal price was increased in September for 2013/14 to $360-$400 per ton due to a lower yield forecast. The August Agricultural Prices report places the preliminary August price for alfalfa hay at $200 per ton, down slightly from last month and down fractionally from August 2012. On balance, feed prices are forecast to moderate next year and the milk-feed price ratio should climb in 2014, helping to boost milk production.

Milk equivalent imports on a fats basis are lowered fractionally from August to 4.1 billion pounds for 2013 and are unchanged from last month at 4.1 billion pounds in 2014. Imports on a skims-solids basis were lowered from August estimates to 5.2 billion pounds for 2013 on the basis of lower-than-expected milk protein concentrate imports. The skims-solids import forecast is unchanged from August at 5.4 billion pounds for 2014.

Current-year export forecasts on both a fats and skims-solids basis are increased from August to 11.0 and 38.1 billion pounds, respectively. For next year, milk equivalent exports are raised from August forecasts to 10.4 billion pounds on a fats basis and 37.3 billion pounds on a skims-solids basis. International dairy product prices remain seasonally strong, despite an expected good production year in New Zealand. European Union (EU) production is lagging and internal EU prices remain strong. Year-to-date butter exports are robust and, given the relatively competitive U.S. prices, should continue apace. While global dairy prices will likely moderate in 2014, the United States will maintain a competitive advantage in world dairy markets. U.S. dairy exports will likely remain brisk to traditional markets, such as Asia and Mexico.

Stronger exports and slightly higher domestic disappearance are the rationale for this month's reduced milk equivalent stocks for 2013 on both a fats and skim-solids basis. Ending stocks were lowered for 2014, in part on the basis of lower expected carry in stocks from 2013.

(Continued on Page 3)

September 2013 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	530,305,204	40.8
Class II	200,123,422	15.4
Class III	453,647,901	34.9
Class IV	115,444,062	8.9
Total	1,299,520,589	100.0

Producer Prices

Producer Price Differential	$ 1.42	/cwt
Butterfat Price	1.5196	/ lb
Protein Price	3.5419	/ lb
Other Solids Price	0.3914	/ lb
Somatic Cell Adjustment Rate	0.00090	/ cwt
Statistical Uniform Price	19.56	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

September 2013

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			521,179,709			$ 16.26 / cwt	$ 84,743,820.68
Class I Butterfat		9,125,495				1.5620 / lb	14,254,023.17
Class I Location Differential	530,305,204						(248,997.37)
Class II SNF Value				17,013,748		1.6622 / lb	28,280,251.91
Class II Butterfat		13,779,717				1.5266 / lb	21,036,115.93
Class III Protein Value			13,961,280			3.5419 / lb	49,449,457.64
Class III Other Solids Value					25,888,743	0.3914 / lb	10,132,854.01
Class III Butterfat		18,228,036				1.5196 / lb	27,699,323.48
Class IV SNF Value				9,948,121		1.6243 / lb	16,158,732.97
Class IV Butterfat		6,941,303				1.5196 / lb	10,548,004.03
Somatic Cell Value II / III / IV							924,181.76
TOTAL PRODUCER MILK VALUE	1,299,520,589	40,074,551	39,971,308		74,383,147		$ 262,977,768.21
Overages					11,324.80		
Beginning Inventory & OS Charges					(11,265.77)		
TOTAL ADJUSTMENTS							$ 59.03
TOTAL HANDLER OBLIGATIONS							$ 262,977,827.24
Total Protein Value			39,971,308 lbs	@	$3.5419		$(141,574,375.82)
Total Other Solids Value			74,383,147 lbs	@	0.3914		(29,113,563.78)
Butterfat Value			48,074,551 lbs	@	1.5196		(73,054,087.67)
Total Somatic Cell Values							(1,545,278.81)
TOTALS							$ 17,690,521.16
Net Producer Location Adjustments							$ 705,008.45
1/2 Unobligated Balance Producer Settlement Fund							622,000.00
Total - Divided by Total Pounds			1,299,520,589 lbs		1.4634266		$ 19,017,529.61
Rate of Cash Reserve					(0.0434266)		(564,337.61)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,299,520,589		**$ 1.42 /cwt**		$ 18,453,192.00

COMPONENT PRICES

September	2013**	2012
Butterfat Price	$1.5196 / lb	$2.0047 / lb
Protein Price	3.5419 / lb	3.2521 / lb
Other Solids Price	0.3914 / lb	0.3971 / lb
Somatic Cell Adjustment Rate	0.00090 / cwt	0.00093 / cwt
Nonfat Solids Price	1.6243 / lb	1.1969 / lb

COMPUTATION OF UNIFORM PRICE

September	2013	2012
Class III Price - 3.5% BF	$ 18.14	$19.00
Producer Price Differential*	1.42	(0.47)
Statistical Uniform Price	$19.56	$18.53

CLASS PRICES

September	2013	2012
Class I*	$21.16	$19.59
Class II	19.78	17.04
Class III	18.14	19.00
Class IV	19.43	17.41

* Subject to Location Adjustment.
** Equivalent Prices, computed pursuant to 7 CFR, Section 1000.54.

CLASSIFICATION OF PRODUCER MILK

September	2013 *Product lbs.*	2012 *Product lbs.*
Class I	530,305,204	481,107,660
Class II	200,123,422	286,390,471
Class III	453,647,901	275,538,151
Class IV	115,444,062	146,800,104
Total	1,299,520,589	1,189,836,386

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for September 2013 was $1.42 and the Statistical Uniform Price was $19.56 for the month. The Statistical Uniform Price is $0.24 higher than last month, and is $1.03 higher than September 2012.

The Producer Butterfat Price of $1.5196 per pound increased $0.0092 from August and is down $0.4851 from a year ago. The Protein Price of $3.5419 is up $0.0644 cents from last month and is up $0.2898 from September 2012. The Other Solids Price in September was $0.3914 per pound, an increase from last month's price of $0.3901 and $0.0057 lower than last September. The Somatic Cell Adjustment rate for September was $0.00090.

September producer receipts of 1.30 billion pounds were 8.2 percent lower than August and 9.2 percent higher than September 2012 production of 1.19 billion pounds. Producer milk allocated to Class I accounted for 40.8 percent of the total producer milk in September 2013, more than the 39.2 percent in August, and more than the 40.4 percent in September 2012. A total of 6344 producers were pooled on the Mideast Order compared to 6,265 producers pooled in September 2012.

The market average content of producer milk was as follows: Butterfat 3.70%; Protein 3.08%; Other Solids 5.72% and Nonfat Solids 8.80%.

(Continued from Front Page)

Price forecasts for the major dairy products are raised in the September forecast. Demand, particularly foreign demand, remains firm, while a U.S. production rebound is not expected until 2014. Cheese prices are raised from August to $1.755-$1.775 per pound this year and are increased for 2014 to $1.670-$1.770 per pound. Butter prices are raised slightly for 2013 to $1.500-$1.540 per pound and increased for next year to $1.470-$1.600 per pound. Stronger demand across the board tightens stocks; however, higher expected production next year lowers prices on a year-over-year basis for cheese and butter. Nonfat dry milk price forecasts for 2013 are raised in September to $1.675-$1.695 per pound and to $1.675-$1.745 per pound next year. Whey prices are unchanged from August at 58.5-60.5 cents per pound for the current year, increased slightly in 2014 to 58.5-61.5 cents per pound.

Milk prices are increased to reflect the higher product prices. The Class III price is forecast higher than August 2013 at $17.90-$18.10 per cwt and forecast at $17.05- $18.05 per cwt in 2014. The Class IV price for 2013 is projected higher this month at $18.60-$18.90 per cwt and is also raised to $18.45-$19.55 per cwt for next year. Similarly, the all milk price is raised this month to $19.70-$19.90 per cwt and to $19.35-$20.35 per cwt for 2013 and 2014, respectively.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-231/Sept 18, 2013 Economic Research Service, USDA

August Milk Production Up 2.7 Percent

Milk production in the 23 major States during August totaled 15.7 billion pounds, up 2.7 percent from August 2012. July revised production, at 15.7 billion pounds, was up 1.3 percent from July 2012. The June revision represented an increase of 0.2 percent or 29 million pounds from last month's preliminary production estimate.

The Mideast Marketing Area has four states represented in the 23 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during August totaled 2.4 billion pounds, up 79 million pounds or 3.3 percent from August 2012.

*Due to Sequestration, administrative data will be used for all releases of the above information through the end of the fiscal year on September 30, 2013. Releases will contain milk production data only. No information on the number of cows or milk per cow will be released. Please check the NASS website at www.nass.usda.gov for any future updates on NASS programs.

July 2013 Dairy Product Highlights

Total cheese output (excluding cottage cheese) was 910 million pounds, 3.0 percent above July 2012 but slightly below June 2013.

Italian type cheese production totaled 393 million pounds, 6.4 percent above July 2012 and slightly above June 2013.

American type cheese production totaled 360 million pounds, 1.0 percent above July 2012 but 0.9 percent below June 2013.

Butter production was 134 million pounds, 0.5 percent above July 2012 but 4.6 percent below June 2013.

Dry milk powders (comparisons with July 2012)
- Nonfat dry milk, human - 116 million pounds, down 17.5 percent.
- Skim milk powders - 53.1 million pounds, up 42.7 percent.

Whey products (comparisons with July 2012)
- Dry whey, total - 76.2 million pounds, down 4.5 percent.
- Lactose, human and animal - 85.8 million pounds, up 1.7 percent.
- Whey protein concentrate, total - 39.1 million pounds, up 15.4 percent.

Frozen products (comparisons with July 2012)
- Ice cream, regular (hard) - 77.0 million gallons, up 2.4 percent.
- Ice cream, lowfat (total) - 41.9 million gallons, down 4.5 percent.
- Sherbet (hard) - 4.19 million gallons, up 4.8 percent.
- Frozen yogurt (total) - 6.52 million gallons, up slightly.

Released September 4, 2013, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- Weighted Average NASS/AMS Prices

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State

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	August 2013							August 2012				
			-----------Weighted Averages -----------						---------Weighted Averages ---------			
State	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)		Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,624	650,008	3.60	3.01	5.75	190		651,199	3.52	3.00	5.75	189
Ohio	2,068	343,756	3.70	3.03	5.71	247		271,422	3.57	3.02	5.74	251
Indiana	1,029	166,092	3.65	3.01	5.75	240		161,584	3.54	3.00	5.74	243
Pennsylvania	951	101,017	3.71	3.03	5.70	287		91,928	3.63	3.03	5.72	300
New York	293	95,174	3.73	3.02	5.74	219		96,455	3.62	3.00	5.77	240
Wisconsin	81	48,466	3.65	3.04	5.78	240		3,971	3.51	3.05	5.77	298
West Virginia	46	3,294	3.77	3.12	5.68	339		2,496	3.74	3.09	5.67	317
Other	127	9,763	3.76	3.06	5.70	276		8,318	3.55	3.00	5.70	294
Total/Average *	6,219	1,417,570	3.65	3.02	5.74	221		1,287,372	3.55	3.00	5.74	222

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* 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.

United States
Department of
Agriculture

Mideast Market Administrator Bulletin
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FEDERAL ORDER DATA

September 2013

		Producer Milk		Class I	Producer	Statistical
	Marketing Area [1]	Total	Class I	Percent	Price Differential	Uniform Price
		(000)	*(000)*	%	*(per cwt.)*	*(per cwt.)*
FO 1	Northeast - *(Boston)*	1,997,714	776,354	38.9	$2.44	$20.58
FO 5	Appalachian - *(Charlotte)*	444,817	314,965	70.8	[2]	21.72
FO 6	Florida - *(Tampa)*	222,897	192,821	86.5	[2]	23.86
FO 7	Southeast - *(Atlanta)*	476,259	332,019	69.7	[2]	22.10
FO 30	Upper Midwest - *(Chicago)*	2,747,455	297,832	10.8	0.36	18.50
FO 32	Central - *(Kansas City)*	1,223,100	398,326	32.6	1.03	19.17
FO 33	**Mideast - *(Cleveland)***	**1,299,521**	**530,305**	**40.8**	**1.42**	**19.56**
FO 124	Pacific Northwest - *(Seattle)*	602,277	174,199	28.9	0.99	19.13
FO 126	Southwest - *(Dallas)*	989,110	356,256	36.0	1.83	19.97
FO 131	Arizona - *(Phoenix)*	331,788	110,934	33.4	[2]	19.79

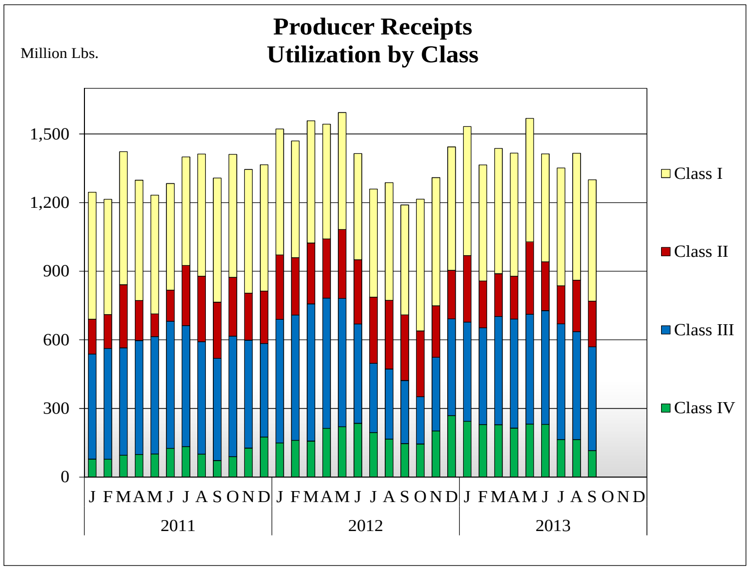
[1] Names in parentheses are principal points of markets.

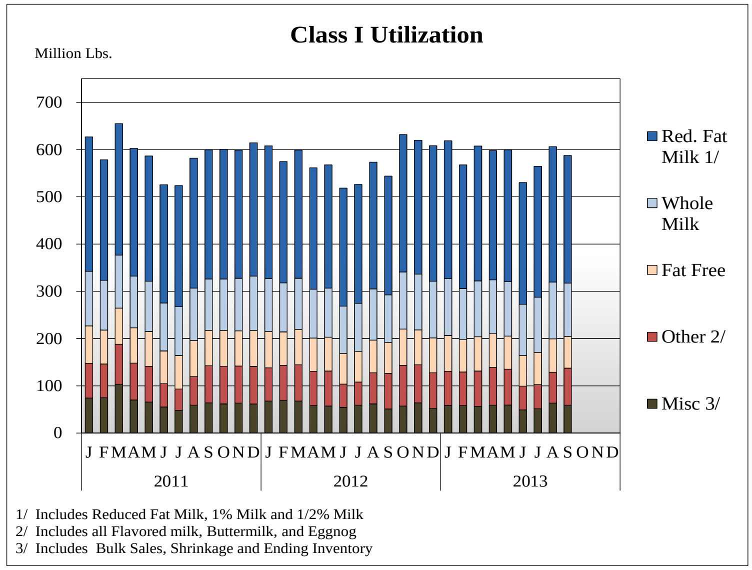
[2] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2013 ....$18.14 /cwt.

Mideast Market Administrator's
Bulletin *Supplement*
Federal Order No. 33 October 2013

PRODUCER MILK CLASSIFICATION

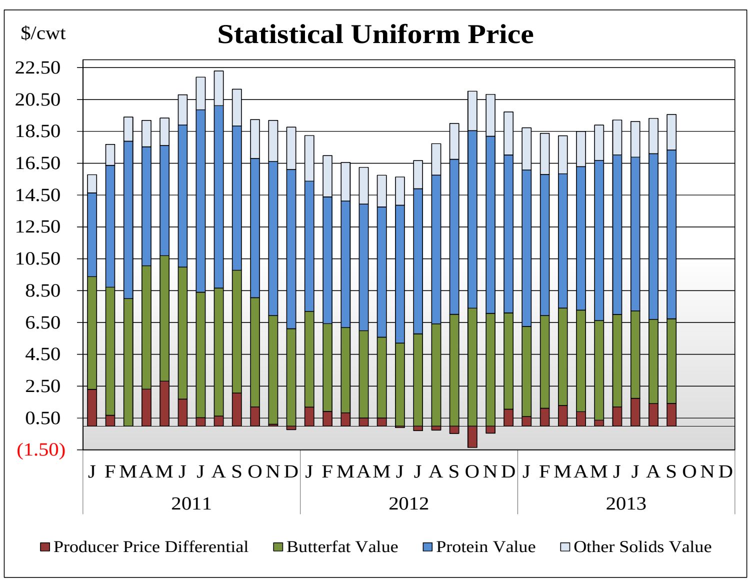


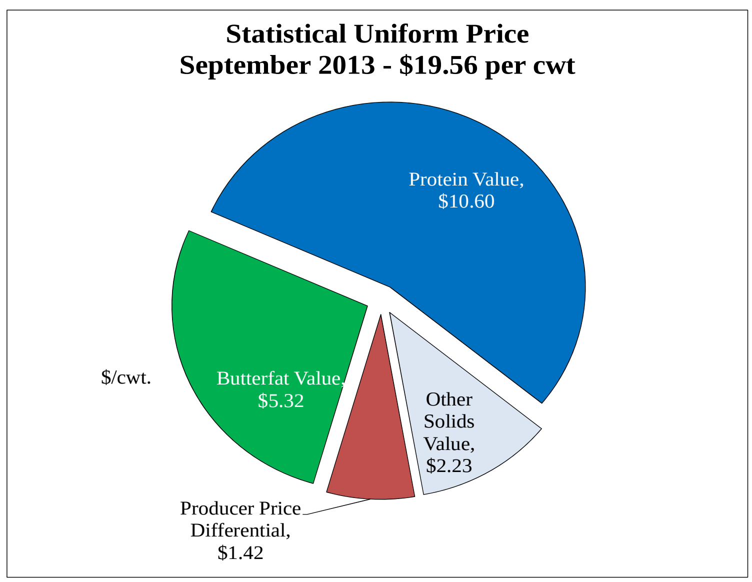


Producer Receipts: Producer receipts for the Mideast Order totaled 1.3 billion pounds in September 2013. The pounds allocated to Class I represented 40.8 percent of the total pounds. Producer receipts decreased 116.5 million pounds compared to August 2013, and were up 109.7 million pounds from the prior year.

Class I Pounds: Class I utilization for the Mideast Order totaled 587 million pounds in September 2013, up 43 million pounds from 2012. Finished products include 113 million pounds used for whole milk, 270 million pounds of reduced fat and low fat milk, and 67 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

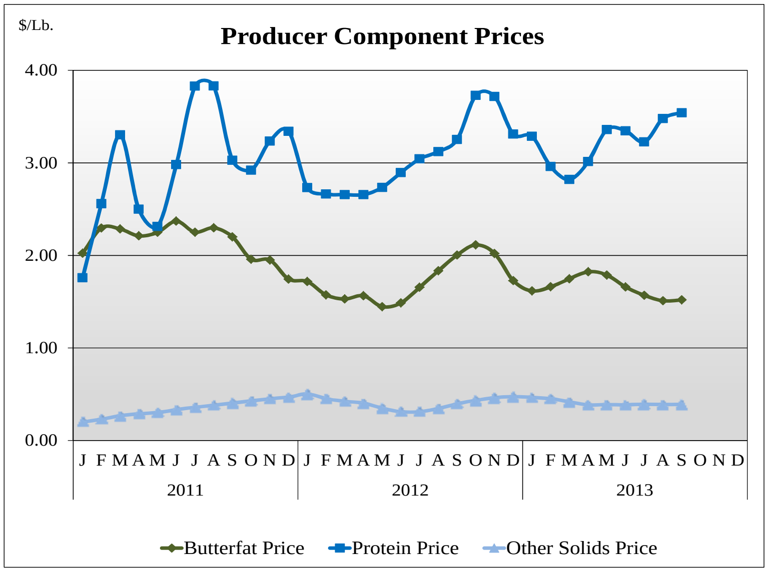


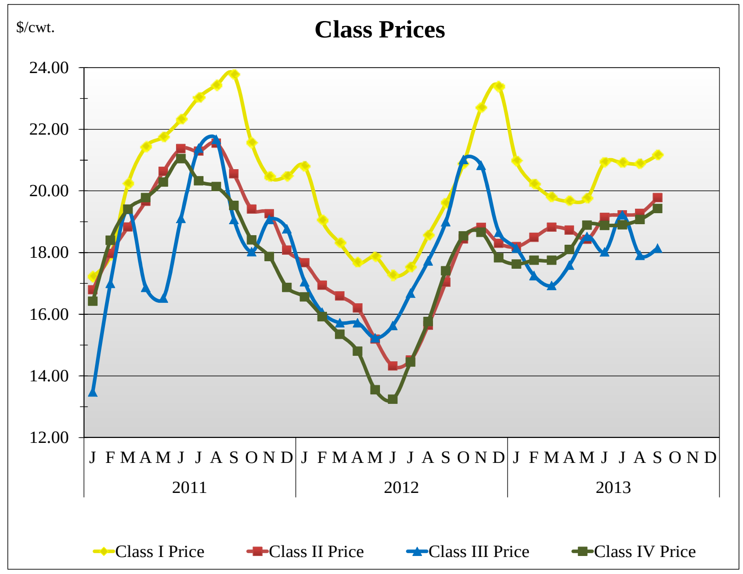


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was $19.56 per cwt for September 2013. The September 2013 SUP was $1.03 per cwt higher than the September 2012 SUP. The September 2013 SUP is $0.24 per cwt higher than the August 2013 SUP.

September 2013 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the September 2013 SUP are: $10.60 per cwt for protein, $5.32 per cwt for butterfat and $2.23 per cwt for other solids. Also included in the SUP is the $1.42 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES





WEIGHTED AVERAGE NATIONAL PRODUCT PRICES