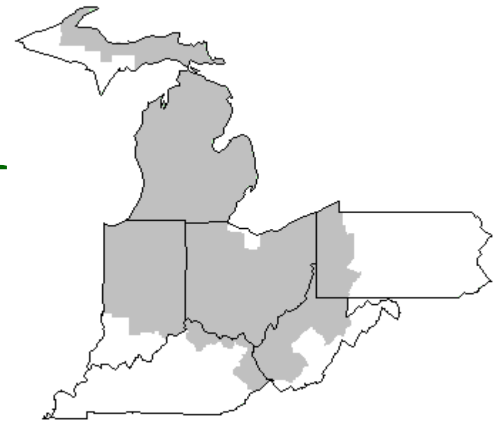
Mideast Market Administrator's Bulletin



Federal Order No. 33
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December 2014

USDA Seeks Nominees for National Fluid Milk Processor Promotion Board

The U.S. Department of Agriculture is asking fluid milk processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board.

The Secretary of Agriculture will appoint seven individuals from those nominated to succeed members whose terms expire on June 30, 2015. These appointed members will serve 3-year terms from July 1, 2015, through June 30, 2018. The Secretary will also appoint one individual to fill a vacancy in Region 8 (Illinois and Indiana), who will serve the remainder of a term that will expire on June 30, 2017.

USDA will accept nominations for board representation in six geographic regions, as well as two at-large positions. Nominees for the six regional positions must be active owners or employees of a fluid milk processor. At least one at-large position must be from the general public. The other at-large position may be either a fluid milk processor or a member of the general public. The geographic regions with vacancies for 3-year terms are: Region 3 (Delaware, District of Columbia, Maryland, Pennsylvania and Virginia); Region 6 (Ohio and West Virginia); Region 9 (Alabama, Kentucky, Louisiana, Mississippi and Tennessee); Region 12 (Arizona, Colorado, New Mexico, Nevada and Utah); Region 15 (Southern California). Region 8 (Illinois and Indiana) has a vacancy for a 2-year term.

The Fluid Milk Promotion Act of 1990, as amended, established the National Fluid Milk Processor Promotion Board to develop and administer a coordinated program of advertising and education to promote fluid milk products. Of the board's 20 members, 15 represent geographic regions and 5 are at-large members. The at-large members must include at least three fluid milk processors and at least one member from the general public. Currently, four at-large processor members and one member from the general public serve on the board.

The national fluid milk program is financed by a mandatory 20-cent per hundredweight assessment on fluid milk processors who process and market commercially in consumer-type packages more than 3 million pounds of fluid milk products per month in the contiguous 48 states and the District of Columbia, excluding fluid milk products delivered directly to consumer homes.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the programs. USDA encourages all eligible women, minorities and persons with disabilities to seek nomination for a seat on the National Fluid Milk Processor Promotion Board

The factsheet "Shape the Future of Agriculture" describes the responsibilities and benefits of serving on a research and promotion board. Fluid milk processors and interested parties may submit nominations for regions in which they are located or market fluid milk, and for at-large members. To nominate an individual, please submit a copy of the nomination form and a signed background form for each nominee by December 26 to: Emily DeBord, Promotion, Research, and Planning Division, Dairy Program, AMS, USDA, 1400 Independence Ave., S.W., Stop 0233, Room 2958-S, Washington, D.C. 20250-0233, or via email at emily.debord@ams.usda.gov. To obtain forms or additional information, call (202) 720-5567. Blank forms are available on the Dairy Promotion, Research and Planning Division's website at http://www.ams.usda.gov/Dairy.

October Milk Production Up 3.9 Percent

Milk production in the 23 major States during October totaled 16.0 billion pounds, up 3.9 percent from October 2013. September revised production at 15.5 billion pounds, was up 4.3 percent from September 2013. The September revision represented an increase of 22 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,868 pounds for October, 51 pounds above October 2013. The number of milk cows on farms in the 23 major States was 8.59 million head, 89,000 head more than October 2013, and 3,000 head more than September 2014.

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 October totaled 2.5 billion pounds, up 105 million pounds or 4.4 percent from October 2013.

Production per cow in the Mideast states averaged 1,815 pounds for October, 50 pounds above October 2013. The number of cows on farms in the Mideast states was 1.4 million head, 16,000 head more than October 2013.

November 2014 - Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	523,346,911	36.2
Class II	271,057,232	18.7
Class III	380,299,542	26.3
Class IV	272,080,843	18.8
Total	1,446,784,528	100.0

Producer Prices

Producer Price Differential	$ (0.74)	/ cwt
Butterfat Price	2.2011	/ lb
Protein Price	3.9018	/ lb
Other Solids Price	0.4505	/ lb
Somatic Cell Adjustment Rate	0.00107	/ cwt
Statistical Uniform Price	21.20	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
November 2014

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			513,703,565			$15.25 / cwt	$ 78,339,793.70
Class I Butterfat		9,643,346				3.2416 / lb	31,259,870.40
Class I Location Differential	523,346,911						(214,272.48)
Class II SNF Value				23,481,229		1.4022 / lb	32,925,379.31
Class II Butterfat		18,133,000				2.2081 / lb	40,039,477.30
Class III Protein Value			12,193,090			3.9018 / lb	47,574,998.58
Class III Other Solids Value					21,706,922	0.4505 / lb	9,778,968.34
Class III Butterfat		15,730,171				2.2011 / lb	34,623,679.39
Class IV SNF Value				24,140,223		1.2102 / lb	29,214,497.87
Class IV Butterfat		12,468,645				2.2011 / lb	27,444,734.54
Somatic Cell Value II / III / IV							1,691,353.29
TOTAL PRODUCER MILK VALUE	1,446,784,528	55,975,162	46,461,524		82,678,998		$ 332,678,480.24

Overages	2,719.02	
Beginning Inventory & OS Charges	11,093.52	
TOTAL ADJUSTMENTS		$ 13,812.54
TOTAL HANDLER OBLIGATIONS		$ 332,692,292.78

Total Protein Value	46,461,524 lbs	@	$3.9018	$ (181,283,574.33)
Total Other Solids Value	82,678,998 lbs	@	0.4505	(37,246,888.64)
Butterfat Value	55,975,162 lbs	@	2.2011	(123,206,929.06)
Total Somatic Cell Values				(2,636,954.45)
TOTALS				$ (11,682,053.70)

Net Producer Location Adjustments			$ 917,875.49
1/2 Unobligated Balance Producer Settlement Fund			683,000.00
Total - Divided by Total Pounds	1,446,784,528 lbs	(0.6967989)	$ (10,081,178.21)
Rate of Cash Reserve		(0.0432011)	(625,026.83)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,446,784,528	**$ (0.74) /cwt**	$ (10,706,205.04)

COMPONENT PRICES

	November 2014	November 2013
Butterfat Price	$2.2011 / lb	$1.6336 / lb
Protein Price	3.9018 / lb	3.6316 / lb
Other Solids Price	0.4505 / lb	0.3955 / lb
Somatic Cell Adjustment Rate	0.00107 / cwt	0.00093 / cwt
Nonfat Solids Price	1.2102 / lb	1.7042 / lb

COMPUTATION OF UNIFORM PRICE

	November 2014	November 2013
Class III Price - 3.5% BF	$ 21.94	$18.83
Producer Price Differential*	(0.74)	1.29
Statistical Uniform Price	$21.20	$20.12

CLASS PRICES

	November 2014	November 2013
Class I*	$26.06	$22.20
Class II	19.91	20.76
Class III	21.94	18.83
Class IV	18.21	20.52

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	November 2014 *Product lbs.*	November 2013 *Product lbs.*
Class I	523,346,911	556,102,493
Class II	271,057,232	150,388,783
Class III	380,299,542	480,924,426
Class IV	272,080,843	118,520,173
Total	1,446,784,528	1,305,935,875

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for November 2014 was $(0.74) and the Statistical Uniform Price was $21.20 for the month. The Statistical Uniform Price is $2.11 lower than last month, and is $1.08 higher than November 2013.

The Producer Butterfat Price of $2.2011 per pound decreased $0.6496 from October and is up $0.5675 from a year ago. The Protein Price of $3.9018 is up 0.1656 cents from last month and is up $0.2702 from November 2013. The Other Solids Price in November was $0.4505 per pound, a decrease from last month's price of $0.4670 and $0.055 higher than last November. The Somatic Cell Adjustment rate for November was $0.00107.

November producer receipts of 1.447 billion pounds were 2.0 percent higher than October and 10.8 percent higher than November 2013 production of 1.306 billion pounds. Producer milk allocated to Class I accounted for 36.2 percent of the total producer milk in November 2014, lower than the 38.7 percent in October, and less than the 42.6 percent in November 2013. A total of 5,962 producers were pooled on the Mideast Order compared to 6,130 producers pooled in November 2013.

The market average content of producer milk was as follows: Butterfat 3.87%; Protein 3.21%; Other Solids 5.71% and Nonfat Solids 8.92%.

Dairy Prices Decline in October After a Record-Setting Increase

The October all milk price of $25.30 per cwt was second only to the record-high September price of $25.70 per hundredweight (cwt). The October USDA benchmark 16-percent dairy-feed ration was $8.25 per cwt of feed, the lowest since November 2010.1 The milk-feed ratio of 3.07 for October 2014 was at its highest level since October 2007. However, from September to October, dairy product prices and Federal order minimum milk prices declined. As buyers felt more comfortable with supplies ahead of the holidays, the national weekly butter price as reported by USDA Agricultural Marketing Service (AMS) fell more than a dollar in 4 weeks, from a record high of $3.01 per pound for the week ending October 4 to $1.99 per pound for the week ending November 1.

Although U.S. dairy product prices have declined, they are still significantly higher than export prices of competitors. For example, for the week ending November 1, the AMS butter price was $1.99 per pound while the Oceania export price ranged from $1.10 to $1.45 per pound for the 2 weeks ending November 7. Several factors are contributing to relatively low dairy prices abroad. New Zealand and the European Union (EU) have both experienced robust growth in milk production. For the January through August period, New Zealand experienced 14-percent year-over year growth, while the growth for the EU was 5 percent over the same period (Dairy Companies Association of New Zealand and Eurostat). A reduction in dairy import demand from China has played a role as China's imports of milk powder have fallen from a peak of 159,034 metric tons in January 2014 to 25,518 metric tons in September. EU export prices have declined since Russia announced a 1-year ban on agricultural product imports from several countries in August. The large differences between U.S. domestic prices and foreign export prices have influenced the U.S. dairy trade.

U.S. milk production during the third quarter totaled 51.1 billion pounds, up 3.5 percent from the third quarter last year and slightly higher than projected last month. Milk cow numbers for the quarter were lower than expected, while milk per cow for the quarter was higher than expected. Of the 23 Selected States reported monthly by USDA National Agricultural Statistics Service, all had September year over-year gains in milk production with the exception of Illinois, which had a decline of 0.7 percent. Despite persistent drought conditions, milk production for California continues to grow, with September milk production 2.9 percent above last year.

Reflecting recent data, for the fourth quarter of 2014, there are offsetting adjustments from last month's forecast in cow numbers (down 20-thousand head) and milk per cow (up 15 pounds), leaving milk production for the quarter unchanged at 51.2 billion pounds. The annual milk production projection for 2014 is increased 0.1 billion pounds to 206.2 billion pounds, reflecting higher milk per cow in the third quarter. Milk prices relative to feed prices are expected to continue to encourage expansion of milk production in 2015, though at a lesser rate than forecast last month. The corn price projection for 2014/15 is raised to $3.20-$3.80 per bushel, and the soybean meal price is unchanged at $330-$370 per short ton. Milk production for 2015 is projected at 212.3 billion pounds, 0.4 billion pounds less than last month's projection.

With the fall in the butter price throughout October, the butter price forecast for the fourth quarter of 2014 is $2.110 to $2.170 per pound. The forecast for the fourth quarter cheese price has been raised to $2.125 - $2.155 per pound, the nonfat dry milk price forecast has been raised to $1.405 - $1.435 per pound, and the fourth quarter dry whey price is lowered to 62.0 - 64.0 cents per pound. The Class III price for the quarter is raised to $21.90 - $22.20 per cwt. With the lower butter price, the Class IV price for the fourth quarter is lowered to $18.90 - $19.30 per cwt, and the range for the all-milk price forecast is reduced to $23.55 - $23.85 per cwt. For the 2014 annual projection, the all-milk price is $24.15 - $24.25 per cwt.

With lower export forecasts, 2015 prices for milk and dairy products have been lowered from last month's forecast. Of the major dairy products, the nonfat dry milk price is most dependent upon the export market. The nonfat dry milk price projection has been reduced through the entire year, with an annual forecast of $1.410 - $1.480 per pound. Cheese and butter prices have been reduced for the first half of the year, resulting in annual projections of $1.690 - $1.780 per pound and $1.660 - $1.780 per pound, respectively. The dry whey price forecast is unchanged from last month at 56.0 - 59.0 cents per pound. The Class III price forecast is lowered to $17.15 - $18.05 per cwt, and the Class IV price is lowered to $17.05 - $18.05 per cwt. Next year's all milk price forecast is lowered to $18.85 - $19.75 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-245/Nov. 17, 2014 Economic Research Service, USDA

Bulletin WebPage Edition

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Featured this month are:

- Mailbox Prices
- Producer Price Differential & Uniform Price Statistics
- Grain & Alfalfa Hay Prices

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

Federal Order No. 33

	October 2014							October 2013				
			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	1,533	627,698	3.74	3.15	5.74	165	581,708	3.72	3.14	5.73	168
Ohio	1,958	356,887	3.77	3.15	5.66	204	318,526	3.88	3.18	5.71	219
Indiana	994	193,181	3.80	3.21	5.80	208	167,938	3.77	3.17	5.71	208
Pennsylvania	894	97,756	3.89	3.16	5.67	243	105,340	3.88	3.16	5.70	251
New York	273	98,743	3.81	3.12	5.72	193	92,748	3.84	3.14	5.71	192
Wisconsin	88	36,151	3.82	3.14	5.76	237	48,021	3.76	3.16	5.74	229
West Virginia	41	2,534	4.09	3.34	5.64	264	2,978	4.09	3.33	5.67	278
Other	161	5,648	3.96	3.25	5.64	253	11,258	3.93	3.21	5.68	236
Total/Average *	5,942	1,418,599	3.77	3.16	5.72	190	1,328,519	3.97	3.16	5.72	197

* 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

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FEDERAL ORDER DATA
November 2014

	Marketing Area [1/]	Producer Milk Total (000)	Producer Milk Class I (000)	Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
FO 1	Northeast - *(Boston)*	2,075,859	753,626	36.3	$0.32	$22.26
FO 5	Appalachian - *(Charlotte)*	453,939	320,509	70.6	[2/]	24.16
FO 6	Florida - *(Tampa)*	227,182	191,992	84.5	[2/]	26.64
FO 7	Southeast - *(Atlanta)*	424,860	319,178	75.1	[2/]	24.85
FO 30	Upper Midwest - *(Chicago)*	2,397,332	297,102	12.4	(0.19)	21.75
FO 32	Central - *(Kansas City)*	1,109,006	408,444	36.8	(0.56)	21.38
FO 33	**Mideast - *(Cleveland)***	**1,446,785**	**523,347**	**36.2**	**(0.74)**	**21.20**
FO 124	Pacific Northwest - *(Seattle)*	435,216	165,356	38.0	(1.76)	20.18
FO 126	Southwest - *(Dallas)*	664,740	360,752	54.3	0.34	22.28
FO 131	Arizona - *(Phoenix)*	372,321	103,822	27.9	[2/]	21.19

[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 DECEMBER 2014 ....$18.21 /cwt.

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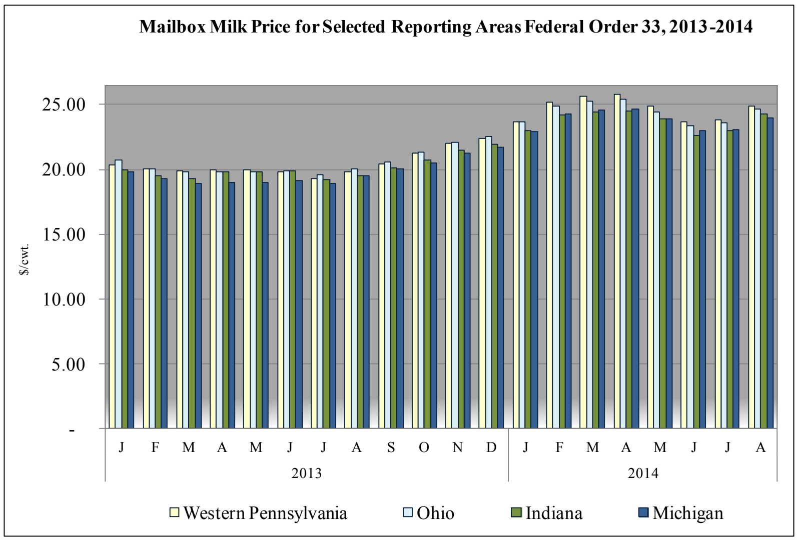
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 December 2014

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

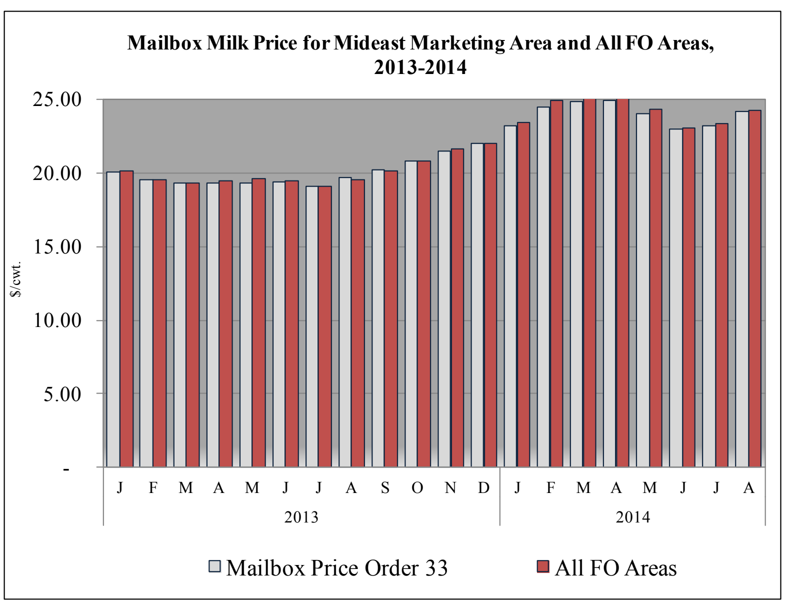


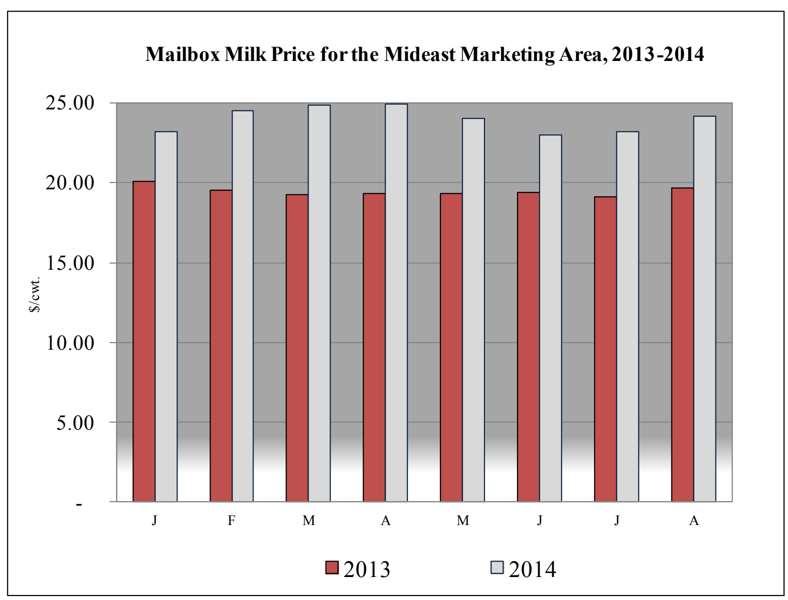
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments.

The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

FEDERAL ORDER 33 MAILBOX PRICE STATISTICS



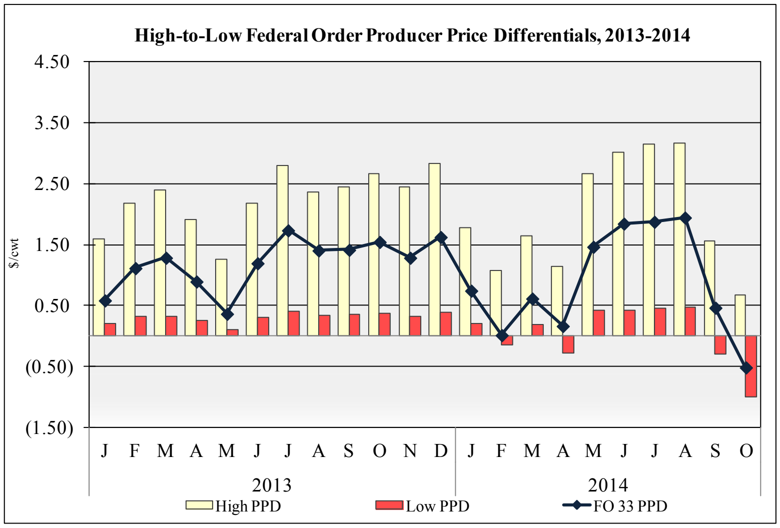


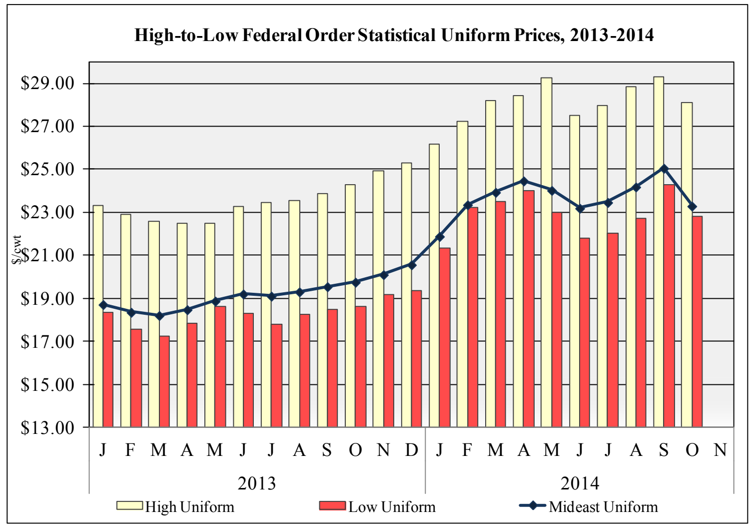
The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $24.20 per hundredweight for August 2014. The August mailbox price is $0.99 higher than the mailbox price for July 2014. The August mailbox price is $4.52 higher than the August 2013 mailbox price of $19.68 per cwt.

For August 2014 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.09 below the average mailbox price for all Federal Orders, as reported by Dairy Market News. For August 2014, the all Federal Order mailbox price was $24.29 per hundredweight, $4.70 higher than August 2013.

1/ Mailbox prices are generally released by Dairy Market News on the 10th of the third following month (January data in April).

PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 2/ 3/





Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing.

Of those orders, Federal Order 126 had the highest producer price differential. For October 2014, Federal Order 126 had a PPD of 0.68 per hundredweight (cwt), $0.52 lower than their September PPD of $1.20 per cwt.

In October 2014 Federal Order 33 had the fifth highest PPD, with a -$0.51 per cwt, $0.98 per cwt lower than the September PPD.

For October 2014 Federal Order 124 had the lowest PPD at -$0.99 per cwt, $0.69 per lower than the September PPD.

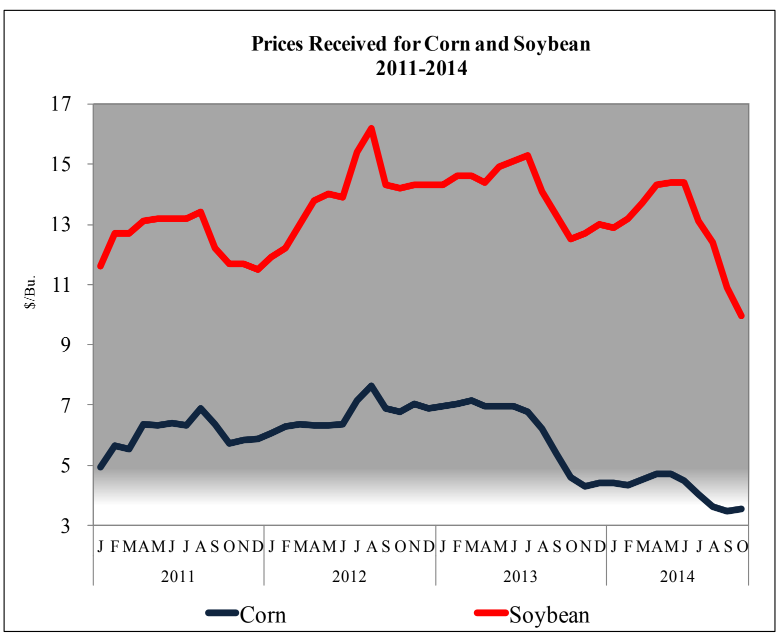
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

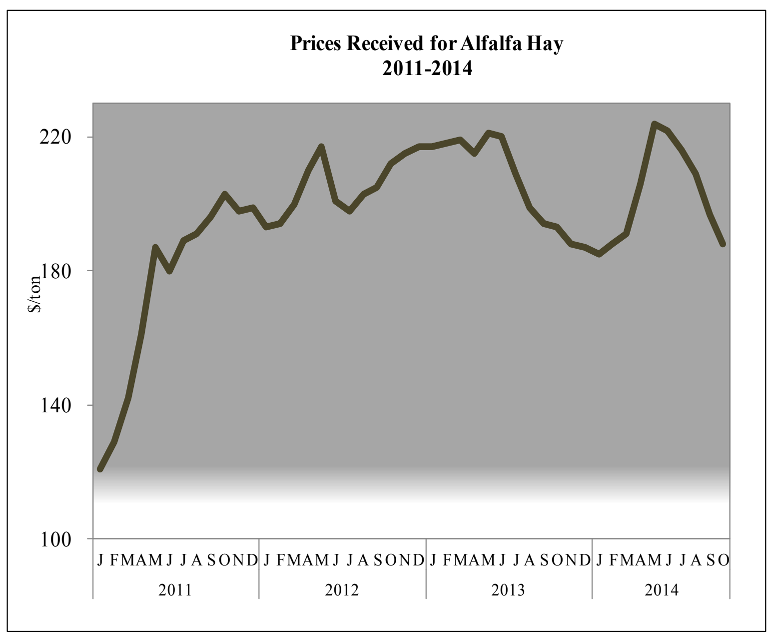
Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For October 2014, Federal Order 6 had a SUP of $28.10 per cwt, $1.19 lower than the previous month's SUP.

Federal Order 33 had a SUP of $23.31 per cwt, $1.76 per cwt lower than the previous month's SUP.

The Pacific Northwest order had the lowest SUP at $22.83 per cwt, $1.47 per cwt lower than the previous month's SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/





2/ Producer price differentials are subject to location adjustment.
3/ Statistical uniform prices are at 3.5 percent butterfat and subject to location adjustment.
4/ Source: USDA, National Agricultural Statistics Service