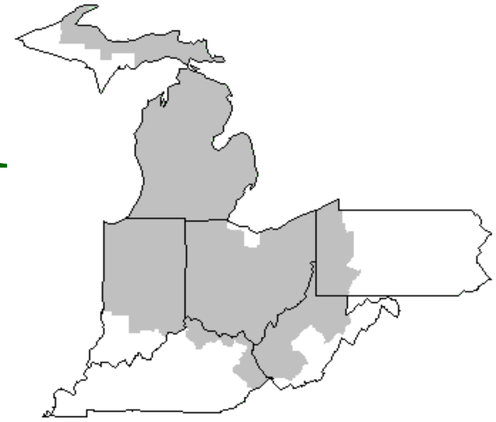
Mideast Market Administrator's Bulletin

Federal Order No. 33



Sharon R. Uther, Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com

April 2015

Recent Developments in Dairy Markets

In January, U.S. milk production was 17.6 billion pounds, 2.1 percent higher than in January 2014. This growth was substantially lower than the December year-over year growth rate of 3.4 percent and much lower than the peak growth rate of 4.3 percent in September. Slower milk production growth was the result of slower year-over-year growth in output per cow, which fell from 2.3 percent in December to 1.0 percent in January. The year-over-year growth rate in milk cow numbers was 1.0 percent in both December and January.

Contributing factors for lower yields include declining milk prices relative to feed prices and the ongoing drought in California1 and other western areas of the country. Although feed prices have generally declined since the second quarter of 2014, milk prices have declined proportionally more since September, resulting in a decrease in the milk-feed ratio from 2.97 in September to 2.09 in January. As the drought in western areas persisted, California milk production fell in January by 2.6 percent from the January 2014 level, and New Mexico milk production fell by 1.9 percent. Even with USDA's assumption of a return of normal weather, low snowpack levels from the Cascades southward into the Sierra Nevada are a concern for water supplies in California and other western areas in coming months.

U.S. exports fell substantially in January for a wide range of dairy products, including whey products, cheese, and butterfat products. Nonfat dry milk (NDM) exports increased from December to January; however, this was after a significant reduction last month. The labor dispute involving West Coast ports reportedly had an impact, although the extent is unclear. The dispute has been resolved at this point, and Dairy Market News2 reports that some manufacturers are resuming the use of West Coast ports for exports to Asian markets. In addition, a stronger U.S. dollar is likely making U.S. goods less competitive in world markets.

Price directions of major dairy commodities, as reported in the USDA National Dairy Products Sales Report, were mixed during February. From the week ending January 31 to the week ending February 28, prices of butter and NDM increased from $1.564 to $1.707 and $0.971 to $1.058 per pound, respectively. Cheddar cheese prices were relatively stable, with 40-pound blocks decreasing from $1.558 to $1.553 per pound and 500-pound barrels (adjusted to 38 percent moisture) increasing from $1.512 to $1.526 per pound. The dry whey price fell from 57.9 cents to 48.8 cents per pound.

Dairy Forecasts for 2015

Feed price forecasts remain conducive to expansion of the milk supply, with the corn price forecast for 2014/15 at $3.50-$3.90 per bushel and the soybean meal price forecast at $350-$390 per short ton. With January's deceleration in the growth rate of milk per cow and the lingering effects of the drought in California and other western areas, the 2015 milk per cow forecast has been reduced to 22,640 pounds per year, 50 pounds less than forecast last month. Given the January increase in milk cow numbers, the 2015 milk cow forecast is increased in the first half of the year, resulting in an annual forecast of 9,325 thousand head, 5 thousand more than forecast last month. Milk production for 2015 is forecast at 211.1 billion pounds, 2.5 percent higher than the 2014 level of 206.0 billion pounds, but 0.4 billion pounds less than forecast last month.

Given the substantial fall in January exports of dairy products and expectations of strong competition, commercial exports have been reduced from last month's forecast to 10.8 billion pounds on a milk-fat milk-equivalent basis (0.3 billion pounds less) and 37.3 billion pounds on a skim-solids milk-equivalent basis (0.7 billion pounds less). With Russia's ban on dairy products from certain countries scheduled to end in August, exports in the second half of the year are expected to exceed those of the first half.

Strength in domestic demand is expected to support increased use of dairy products. On a milk-fat basis, domestic commercial disappearance is forecast at 203.1 billion pounds, 3.1 percent higher than the 2014 level. On a skim-solids basis, domestic commercial disappearance is forecast at 178.4 billion pounds, 4.9 percent higher than the 2014 level.

With a lower milk production forecast, stronger expected domestic use, and price increases that occurred for butter and NDM in February, the 2015 forecast prices for butter and NDM have been increased. However, the price forecasts have been tempered by expected export reductions. The 2015 butter price is forecast at $1.670-$1.760 per pound, and the NDM price is forecast at $1.205-$1.255 per pound. Although the first-quarter cheese price forecast

(Continued on Page 3)

March 2015
Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	528,668,966	33.9
Class II	337,262,774	21.6
Class III	409,023,670	26.2
Class IV	284,698,293	18.3
Total	1,559,653,703	100.0

Producer Prices

Producer Price Differential	$ (0.03)	/ cwt
Butterfat Price	1.8444	/ lb
Protein Price	2.4875	/ lb
Other Solids Price	0.2918	/ lb
Somatic Cell Adjustment Rate	0.00079	/ cwt
Statistical Uniform Price	15.53	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

March 2015

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			519,206,452			$11.59 / cwt	$ 60,176,027.80
Class I Butterfat		9,462,514				1.8208 / lb	17,229,345.49
Class I Location Differential	528,668,966						(219,044.70)
Class II SNF Value				29,214,452		0.9233 / lb	26,973,703.52
Class II Butterfat		20,240,071				1.8514 / lb	37,472,467.48
Class III Protein Value			12,839,308			2.4875 / lb	31,937,778.70
Class III Other Solids Value					23,403,892	0.2918 / lb	6,829,255.67
Class III Butterfat		16,006,215				1.8444 / lb	29,521,862.96
Class IV SNF Value				25,013,399		0.8454 / lb	21,146,327.53
Class IV Butterfat		13,672,222				1.8444 / lb	25,217,046.22
Somatic Cell Value II / III / IV							1,304,150.92
TOTAL PRODUCER MILK VALUE	1,559,653,703	59,381,022	48,954,504		89,330,563		$ 257,588,921.59
Overages					120,993.54		
Beginning Inventory & OS Charges					52,968.69		
TOTAL ADJUSTMENTS							$ 173,962.23
TOTAL HANDLER OBLIGATIONS							$ 257,762,883.82

Total Protein Value	48,954,504 lbs @ $2.4875			$(121,774,328.76)
Total Other Solids Value	89,330,563 lbs @ 0.2918			(26,066,658.28)
Butterfat Value	59,381,022 lbs @ 1.8444			(109,522,357.00)
Total Somatic Cell Values				(1,956,656.78)
TOTALS				$ (1,557,117.00)
Net Producer Location Adjustments				$ 1,043,708.57
1/2 Unobligated Balance Producer Settlement Fund				720,000.00
Total - Divided by Total Pounds	1,559,653,703 lbs		0.0132460	$ 206,591.57
Rate of Cash Reserve			(0.0432460)	(674,487.84)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*	1,559,653,703		**$ (0.03) /cwt**	$ (467,896.27)

COMPONENT PRICES

March	2015	2014
Butterfat Price	$1.8444 / lb	$2.0402 / lb
Protein Price	2.4875 / lb	4.5172 / lb
Other Solids Price	0.2918 / lb	0.4700 / lb
Somatic Cell Adjustment Rate	0.00079 / cwt	0.00113 / cwt
Nonfat Solids Price	0.8454 / lb	1.9027 / lb

COMPUTATION OF UNIFORM PRICE

March	2015	2014
Class III Price - 3.5% BF	$ 15.56	$23.33
Producer Price Differential*	(0.03)	0.62
Statistical Uniform Price	$15.53	$23.95

CLASS PRICES

March	2015	2014
Class I*	$17.56	$25.64
Class II	14.50	24.22
Class III	15.56	23.33
Class IV	13.80	23.66

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

March	2015 *Product lbs.*	2014 *Product lbs.*
Class I	528,668,966	528,832,470
Class II	337,262,774	199,728,901
Class III	409,023,670	492,888,523
Class IV	284,698,293	226,703,398
Total	1,559,653,703	1,448,153,292

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2015 was $(0.03) and the Statistical Uniform Price was $15.53 for the month. The Statistical Uniform Price is $0.24 lower than last month, and is $8.42 lower than March 2014.

The Producer Butterfat Price of $1.8444 per pound increased $0.0148 from February and is down $0.1958 from a year ago. The Protein Price of $2.4875 is up $0.0824 from last month and is down $2.0297 from March 2014. The Other Solids Price in March was $0.2918 per pound, a decrease from last month's price of $0.3273 and $0.1782 lower than last March. The Somatic Cell Adjustment rate for March was $0.00079.

March producer receipts of 1.560 billion pounds were 0.7 percent lower than February and 7.7 percent higher than March 2014 production of 1.448 billion pounds. Producer milk allocated to Class I accounted for 33.9 percent of the total producer milk in March 2015, higher than the 31.4 percent in February, and less than the 36.5 percent in March 2014. A total of 5,676 producers were pooled on the Mideast Order compared to 5,975 producers pooled in March 2014.

The market average content of producer milk was as follows: Butterfat 3.81%; Protein 3.14%; Other Solids 5.73% and Nonfat Solids 8.87%.

(Continued from Front Page)

has been raised slightly due to recent price data, the 2015 annual forecast range is unchanged at the midpoint but narrowed to $1.600-$1.660 per pound. With substantially lower exports of whey products in January and falling dry whey prices observed in February, the dry whey price forecast for 2015 is lowered to 49.0-52.0 cents per pound.

With the lower whey price forecast for 2015, the Class III milk price forecast has been lowered to $15.95-$16.55 per cwt. With higher forecasts for butter and NDM prices, the Class IV milk price forecast has been raised to $15.30-$16.00 per cwt. The reduction in the Class III forecast more than offsets the increase in the Class IV price forecast, resulting in a 2015 all-milk price forecast of $17.05-$17.65 per cwt, a decrease from last month's forecast of $17.40-$18.10 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-249/Mar. 16, 2015 Economic Research Service, USDA

USDA Appoints Members to National Fluid Milk Processor Promotion Board

Agriculture Secretary Tom Vilsack announced the appointment of eight members to fill vacancies on the National Fluid Milk Processor Promotion Board. The terms for these appointees begin on July 1, 2015, and expire on June 30, 2018.

Newly appointed members are: Brian P. Linney, Sterling, Virginia (Region 3); Greg Schwarz, Dallas, Texas (Region 8); John D. Cox, Millersville, Pennsylvania (Region 15); Lewis R. Goldstein, Viroqua, Wisconsin (at-large, processor) and Subriana Pierce, Corona, California (at-large, general public).

Reappointed were: Brad Anderson, Charlotte, North Carolina (Region 6); Gary L. Aggus, Springfield, Missouri (Region 9) and Sandra Kelly, Phoenix, Arizona (Region 12).

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and 5 at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

February Milk Production Up 1.7 Percent

Milk production in the 23 major States during February totaled 15.1billion pounds, up 1.7 percent from February 2014. January revised production, at 16.5 billion pounds, was up 2.2 percent from January 2015. The January revision represented an increase of 17 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,757 pounds for February, 8 pounds above February 2014. This is the highest production per cow for the month of February since the 23 State series began in 2003. This comparison is based upon all months of February being adjusted to 28 days.

The number of milk cows on farms in the 23 major States was 8.62 million head, 106,000 head more than February 2014, and 2,000 head more than January 2015.

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 February totaled 2.4 billion pounds, up 100 million pounds or 4.4 percent from February 2014.

Production per cow in the Mideast states averaged 1,698 pounds for February, 35 pounds above February 2014.

The number of cows on farms in the Mideast states was 1.4 million head, 28,000 head more than February 2014.

Bulletin WebPage Edition

www.fmmaclev.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

	February 2015							February 2014				
			-----------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	1,508	738,874	3.80	3.17	5.75	187	552,408	3.81	3.17	5.72	177
Ohio	1,897	380,319	3.88	3.17	5.68	199	339,903	3.91	3.19	5.70	217
Indiana	957	196,527	3.86	3.21	5.82	245	166,900	3.84	3.20	5.73	214
New York	267	88,839	3.95	3.16	5.75	181	90,822	3.90	3.14	5.73	196
Pennsylvania	821	87,974	3.99	3.16	5.71	234	94,491	3.99	3.16	5.70	242
Wisconsin	76	63,393	3.79	3.12	5.73	363	30,868	3.85	3.15	5.72	245
West Virginia	42	2,553	4.17	3.27	5.70	243	2,688	4.26	3.31	5.69	281
Other	123	12,181	3.97	3.19	5.76	202	18,680	3.55	3.12	5.61	197
Total/Average *	5,691	1,570,660	3.85	3.17	5.74	207	1,296,761	3.86	3.18	5.71	201

* 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
1325 Industrial Parkway North
P.O. Box 5102
Brunswick, Ohio 44212

PRSRT STD
U.S. POSTAGE
PAID
Cleveland, Ohio
Permit No. 2511

POSTMASTER: Time Sensitive Material - Deliver Promptly

FEDERAL ORDER DATA
March 2015

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*)	2,241,069	769,769	34.3	$0.84	$16.40
FO 5	Appalachian - (*Charlotte*)	495,063	323,796	65.4	[2]	17.63
FO 6	Florida - (*Tampa*)	242,484	200,458	82.7	[2]	19.93
FO 7	Southeast - (*Atlanta*)	473,689	335,909	70.9	[2]	18.30
FO 30	Upper Midwest - (*Chicago*)	2,643,658	299,455	11.3	0.07	15.63
FO 32	Central - (*Kansas City*)	1,270,916	403,050	31.7	(0.07)	15.49
FO 33	Mideast - (*Cleveland*)	1,559,654	528,669	33.9	(0.03)	15.53
FO 124	Pacific Northwest - (*Seattle*)	499,699	163,918	32.8	(0.56)	15.00
FO 126	Southwest - (*Dallas*)	860,286	364,696	42.4	0.76	16.32
FO 131	Arizona - (*Phoenix*)	435,075	113,715	26.1	[2]	15.33

[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 APRIL 2015..............................$13.80 /cwt.

Printed on recycled paper