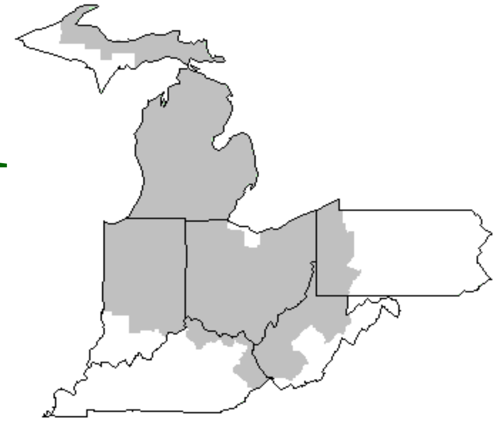
Mideast Market Administrator's Bulletin



Federal Order No. 33

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June 2015

Recent Developments in Dairy Markets

Estimated U.S. milk production in February was 1.7 percent higher than in February 2014. Average yield per cow in February was 0.5 percent above the February 2014 level. The year-over-year percentage growth rate in yield per cow has declined each month since September, when it was 3.6 percent above the previous year. In February, the estimated U.S. dairy herd numbered 9.312 million head. While the herd continues to grow, the month-over-month growth rate has been declining. In February, the herd grew by about 3 thousand head over the previous month, less than month-over-month additions of 15 thousand and 10 thousand head in December and January, respectively.

Milk production growth is likely to be moderate in coming months. The milk-feed ratio fell to 2.02 in February, the lowest level for the indicator since September 2013. The impact of the persistent drought in California and other Western areas seems to have increased, with February year-over-year yield per cow in California lower by 3.7 percent. Year-over-year yield per cow in February was also lower for New Mexico, Idaho, Texas, Oregon, and Washington. Even with USDA's assumption of a return to normal weather patterns, low water supplies remain a concern for coming months.

Exports for February remained at relatively low levels compared with their peaks in 2014. The United States has become less competitive in foreign markets as the U.S. dollar has risen against currencies of U.S. dairy export competitors every month since August 2014.1 In addition, the Russian trade ban2 has caused the European Union (EU) to find other dairy export outlets, many in competition with the United States. While U.S. exports of skim milk powder (SMP) and whey products have fallen substantially from the first half of 2014, EU exports of the same products have recently grown to relatively high levels. The strong U.S. dollar also has implications for imports. Imports of butter, anhydrous milk fat, and cheese have contributed to relatively high levels of imports on a milk-fat milk-equivalent basis in recent months.

Price directions of major dairy commodities, as reported in the USDA National Dairy Products Sales Report, have been mixed in recent weeks. From the week ending March 7 to the week ending April 4, prices of NDM and dry whey decreased, respectively, from $1.044 to $0.996 per pound and 50.2 cents to 46.8 cents per pound. The price of Cheddar cheese 40-pound blocks increased from $1.558 to $1.576 per pound, and 500-pound barrels (adjusted to 38-percent moisture) increased from $1.530 to $1.573 per pound. The butter price increased from $1.682 to $1.697 per pound.

Dairy farmers participating in the Margin Protection Program for Dairy who chose coverage at the maximum margin level will receive small Government payments based on milk and feed prices for January and February. The average milk margin calculated for the program (the all-milk price minus a feed value calculation) for the January-February period was $7.99554 per cwt. Dairy farmers who chose coverage of $8.00 per cwt will receive a payment of $0.00446 per cwt for the selected volume of coverage.

Feed price forecasts remain relatively low compared with prices in recent years. The corn price forecast for 2014/15 is $3.55-$3.85 per bushel, and the soybean meal price forecast is $355-$385 per short ton. Both price forecasts are unchanged from last month at midpoints of the ranges.

With February'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 22,520 pounds per year, 120 pounds less than forecast last month. Milk cow number forecasts for 2015 are unchanged from last month. Milk production for 2015 is forecast at 210.0 billion pounds, 1.9 percent higher than the 2014 level of 206.0 billion pounds, but 1.1 billion pounds less than forecast last month.

Forecasts for dairy exports have been lowered from those of last month based upon the increasing value of the U.S. dollar, increased global competition, and relatively low exports on a skim-solids basis in January and February. The 2015 export forecasts are 36.5 billion pounds on a skim-solids basis (0.8 billion pounds less) and 10.7 billion pounds on a milk-fat basis (0.1 billion pounds less). With Russia's ban on imports of 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. The 2015 import forecast is raised on a milk-fat basis to 4.4 billion pounds (0.3 billion pounds more), but the rounded 2015 import forecast on a skim-solids basis is unchanged at 5.5 billion pounds.

(Continued on Page 3)

May 2015 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	501,399,071	33.7
Class II	337,925,731	22.7
Class III	316,241,315	21.3
Class IV	331,070,810	22.3
Total	1,486,636,927	100.0

Producer Prices

Producer Price Differential	$ (0.21)	/ cwt
Butterfat Price	2.0599	/ lb
Protein Price	2.5206	/ lb
Other Solids Price	0.2533	/ lb
Somatic Cell Adjustment Rate	0.00083	/ cwt
Statistical Uniform Price	15.98	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
May 2015

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			492,300,121			$11.52 / cwt	$ 56,712,973.92
Class I Butterfat		9,098,950				1.9172 / lb	17,444,506.94
Class I Location Differential	501,399,071						(214,128.01)
Class II SNF Value				28,822,308		0.8722 / lb	25,138,817.03
Class II Butterfat		21,376,213				2.0669 / lb	44,182,494.68
Class III Protein Value			9,634,613			2.5206 / lb	24,285,005.52
Class III Other Solids Value					18,234,559	0.2533 / lb	4,618,813.79
Class III Butterfat		10,828,356				2.0599 / lb	22,305,330.55
Class IV SNF Value				28,990,084		0.7708 / lb	22,345,556.72
Class IV Butterfat		12,896,860				2.0599 / lb	26,566,241.92
Somatic Cell Value II / III / IV							1,414,585.19
TOTAL PRODUCER MILK VALUE	1,486,636,927	54,200,379	45,111,447		85,387,623		$ 244,800,198.25
Overages					14,998.38		
Beginning Inventory & OS Charges					57,278.25		
TOTAL ADJUSTMENTS							$ 72,276.63
TOTAL HANDLER OBLIGATIONS							$ 244,872,474.88
Total Protein Value			45,111,447 lbs	@	$2.5206		$ (113,707,913.31)
Total Other Solids Value			85,387,623 lbs	@	0.2533		(21,628,684.92)
Butterfat Value			54,200,379 lbs	@	2.0599		(111,647,360.68)
Total Somatic Cell Values							(2,105,649.85)
TOTALS							$ (4,217,133.88)
Net Producer Location Adjustments							$ 999,606.71
1/2 Unobligated Balance Producer Settlement Fund							695,000.00
Total - Divided by Total Pounds			1,486,636,927 lbs		(0.1696801)		$ (2,522,527.17)
Rate of Cash Reserve					(0.0403199)		(599,410.52)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,486,636,927		**$ (0.21) /cwt**		$ (3,121,937.69)

COMPONENT PRICES

	May 2015	May 2014
Butterfat Price	$2.0599 / lb	$2.2721 / lb
Protein Price	2.5206 / lb	3.9553 / lb
Other Solids Price	0.2533 / lb	0.4897 / lb
Somatic Cell Adjustment Rate	0.00083 / cwt	0.00109 / cwt
Nonfat Solids Price	0.7708 / lb	1.6919 / lb

COMPUTATION OF UNIFORM PRICE

	May 2015	May 2014
Class III Price - 3.5% BF	$ 16.19	$22.57
Producer Price Differential*	(0.21)	1.47
Statistical Uniform Price	$15.98	$24.04

CLASS PRICES

	May 2015	May 2014
Class I*	$17.83	$26.47
Class II	14.81	24.44
Class III	16.19	22.57
Class IV	13.91	22.65

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	May 2015 *Product lbs.*	May 2014 *Product lbs.*
Class I	501,399,071	513,558,857
Class II	337,925,731	205,922,386
Class III	316,241,315	546,688,953
Class IV	331,070,810	274,686,095
Total	1,486,636,927	1,540,856,291

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May 2015 was $(0.21) and the Statistical Uniform Price was $15.98 for the month. The Statistical Uniform Price is $0.28 higher than last month, and is $8.06 lower than May 2014.

The Producer Butterfat Price of $2.0599 per pound increased $0.1659 from April and is down $0.2122 from a year ago. The Protein Price of $2.5206 is down $0.0345 from last month and is down $1.4347 from May 2014. The Other Solids Price in May was $0.2533 per pound, a decrease from last month’s price of $0.2698 and $0.2364 lower than last May. The Somatic Cell Adjustment rate for May was $0.00083.

May producer receipts of 1.487 billion pounds were 0.4 percent lower than April and 3.5 percent lower than May 2014 production of 1.541 billion pounds. Producer milk allocated to Class I accounted for 33.7 percent of the total producer milk in May 2015, lower than the 34.3 percent in April, and higher than the 33.3 percent in May 2014. A total of 5,801 producers were pooled on the Mideast Order compared to 6,036 producers pooled in May 2014.

The market average content of producer milk was as follows: Butterfat 3.65%; Protein 3.03%; Other Solids 5.74% and Nonfat Solids 8.77%.

(Continued from Front Page)

With an improving economy and lower prices in 2015 compared with 2014, growth in domestic demand is expected to be robust in 2015, increasing 2.8 percent on a milk-fat basis and 4.8 percent on a skim-solids basis. Ending stock forecasts for 2015 have been lowered to 11.4 billion pounds on a milk-fat basis (0.1 billion pounds less) and to 12.9 billion pounds on a skim-solids basis (0.1 billion pounds less).

With a lowered outlook for exports on a skim solids basis and recent declines in NDM prices, the NDM price forecast for 2015 has been lowered to $1.090-$1.130 per pound. Butter and cheese price forecasts have been raised to $1.705-$1.785 and $1.625-$1.675 per pound, respectively, based on recent price movements, the lower milk production forecast, and expected strong demand. Although small quarterly changes have been made to the dry whey price forecasts, the rounded annual forecast remains unchanged at 49.0-52.0 cents per pound.

Based on the higher cheese price forecast, the 2015 Class III milk price forecast has been increased to $16.20-$16.70 per hundredweight (cwt). The Class IV milk price forecast has been lowered to $14.45-$15.05 per cwt, as the lower forecast for the NDM price more than offsets the higher forecast for the butter price. With offsetting effects of the changes to Class III and Class IV milk price forecasts, the 2015 all-milk price forecast is $17.10-$17.60 per cwt, unchanged from last month’s forecast at the midpoint of the range.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-250/Apr. 15, 2015 Economic Research Service, USDA

April Milk Production Up 1.7 Percent

Milk production in the 23 major States during April totaled 16.6 billion pounds, up 1.7 percent from April 2014. March revised production, at 16.9 billion pounds, was up 1.3 percent from March 2014. The March revision represented an increase of 30.0 million pounds or less than 0.2 percent from last month’s preliminary production estimate.

Production per cow in the 23 major States averaged 1,928 pounds for April, 16 pounds above April 2014. This is the highest production per cow for the month of April since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.62 million head, 77,000 head more than April 2014, and 2,000 head more than March 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 April totaled 2.6 billion pounds, up 92 million pounds or 3.7 percent from April 2014.

Production per cow in the Mideast states averaged 1,856 pounds for April, 24 pounds above April 2014.

The number of cows on farms in the Mideast states was 1.4 million head, 25,000 head more than April 2014.

April 2015 Dairy Products Highlights

Total cheese output (excluding cottage cheeses) was 979 million pounds, 1.9 percent above April 2014 but 1.7 percent below March 2015.

Italian type cheese production totaled 428 million pounds, 2.5 percent above April 2014 but 2.1 percent below March 2015.

American type cheese production totaled 389 million pounds, 2.3 percent above April 2014 but 0.3 percent below March 2015.

Butter production was 165 million pounds, 1.7 percent below April 2014 but 0.3 percent above March 2015.

Dry milk powders (comparisons with April 2014)
Nonfat dry milk, human - 181 million pounds, up 13.1 percent.
Skim milk powders – 34.5 million pounds, down 30.9 percent.

Whey products (comparisons with April 2014)
Dry whey, total – 77.4 million pounds, up 8.1 percent.
Lactose, human and animal – 89.3 million pounds, down 4.4 percent.
Whey protein concentrate, total – 42.0 million pounds, down 8.7 percent.

Frozen products (comparisons with April 2014)
Ice cream, regular (hard) – 66.9 million gallons, down 5.1 percent.
Ice cream, lowfat (total) – 41.0 million gallons, up 1.2 percent.
Sherbet (hard) – 3.67 million gallons, down 9.8 percent.
Frozen yogurt (total) – 6.94 million gallons, up 6.5 percent.

Source: *National Agricultural Statistics Service;* June 3, 2015

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

State	Number of Producers	April 2015 Pounds of Milk (000)	April 2015 Butterfat	April 2015 Protein	April 2015 Other Solids	April 2015 SCC (000)	April 2014 Pounds of Milk (000)	April 2014 Butterfat	April 2014 Protein	April 2014 Other Solids	April 2014 SCC (000)
Michigan	1,490	668,276	3.67	3.08	5.74	162	636,923	3.69	3.09	5.73	171
Ohio	1,969	404,609	3.72	3.06	5.67	195	382,395	3.73	3.08	5.68	201
Indiana	950	204,935	3.75	3.13	5.83	195	173,999	3.73	3.14	5.80	207
New York	266	98,624	3.82	3.09	5.76	181	101,297	3.83	3.07	5.74	191
Pennsylvania	868	98,977	3.84	3.06	5.72	230	104,596	3.86	3.09	5.72	234
Wisconsin	76	7,237	3.84	3.15	5.70	187	6,734	3.83	3.12	5.69	207
West Virginia	42	2,899	3.93	3.18	5.71	243	2,943	4.00	3.19	5.71	249
Other	134	7,055	3.86	3.11	5.72	219	11,875	3.71	3.08	5.73	225
Total/Average *	5,795	1,492,611	3.72	3.08	5.73	182	1,420,761	3.73	3.09	5.72	190

* 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.

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Department of
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FEDERAL ORDER DATA
May 2015

		Producer Milk		Class I	Producer	Statistical
Marketing Area [1/]		Total *(000)*	Class I *(000)*	Percent *%*	Price Differential *(per cwt.)*	Uniform Price *(per cwt.)*
FO 1	Northeast - (Boston)	2,252,252	731,895	32.5	$.63	$16.82
FO 5	Appalachian - (Charlotte)	499,845	304,498	60.9	[2/]	17.83
FO 6	Florida - (Tampa)	223,270	185,331	83.0	[2/]	20.36
FO 7	Southeast - (Atlanta)	453,603	306,977	67.7	[2/]	18.59
FO 30	Upper Midwest - (Chicago)	2,306,881	284,230	12.3	.01	16.20
FO 32	Central - (Kansas City)	1,115,466	384,384	34.5	(0.21)	15.98
FO 33	**Mideast - (Cleveland)**	**1,486,637**	**501,399**	**33.7**	**(0.21)**	**15.98**
FO 124	Pacific Northwest - (Seattle)	600,178	163,113	27.2	(0.63)	15.56
FO 126	Southwest - (Dallas)	683,683	351,688	51.4	0.55	16.74
FO 131	Arizona - (Phoenix)	431,240	106,769	24.8	[2/]	15.67

[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 JUNE 2015 ....$13.91 /cwt.

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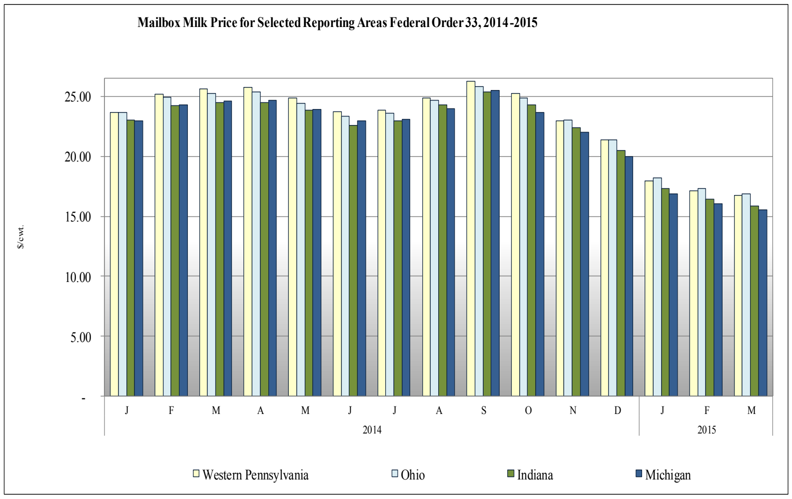
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 June 2015

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

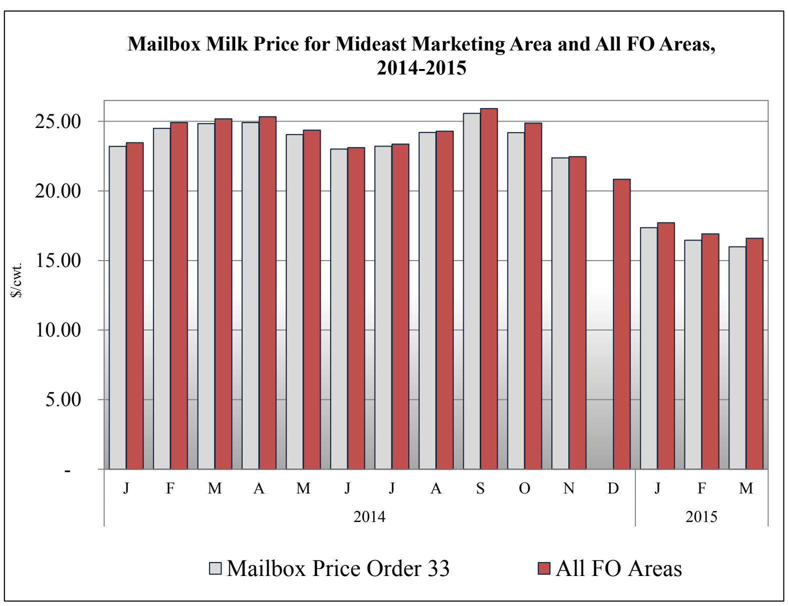


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

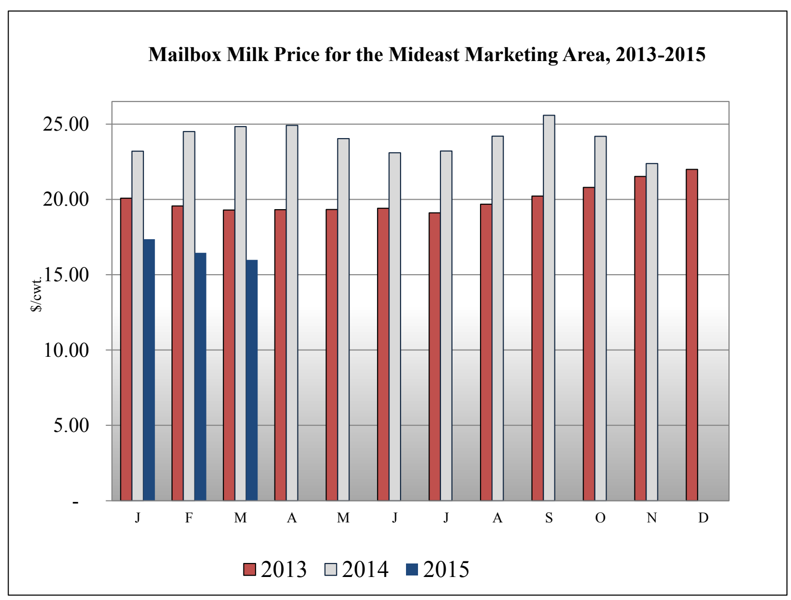
The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

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



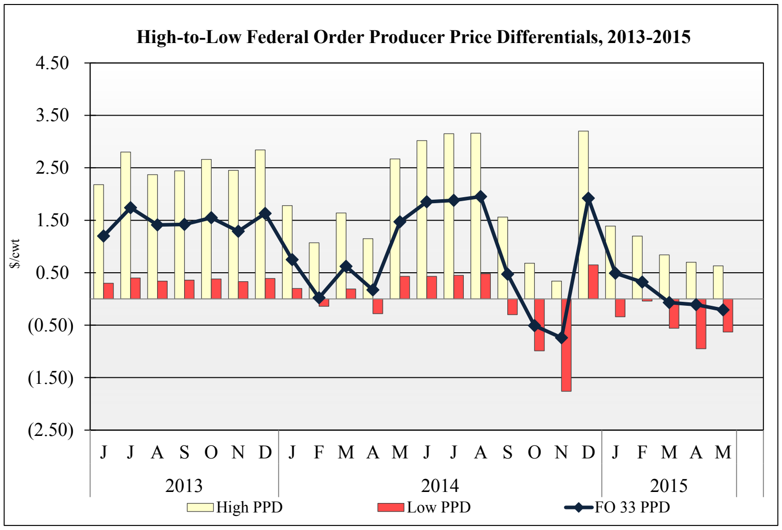
The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $15.99 per hundredweight for March 2015. The March mailbox price is $0.46 lower than the mailbox price for February 2015. The March mailbox price is $8.78 higher than the March 2014 mailbox price of $24.77 per cwt.

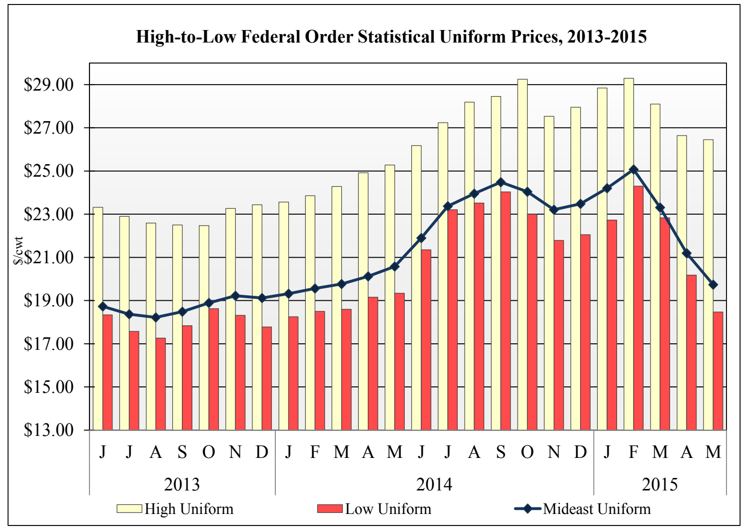


For March 2015 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.61 below the average mailbox price for all Federal Orders, as reported by Dairy Market News. For March 2015, the all Federal Order mailbox price was $16.60 per hundredweight, $8.58 lower than March 2014.

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 1 had the highest producer price differential. For May 2015 Federal Order 1 had a PPD of $0.63 per hundredweight (cwt), $0.07 lower than their April PPD of $0.70 per cwt.

In May 2015 Federal Order 33 had the fourth highest PPD, with a –0.21 per cwt, $0.10 per cwt higher than the April PPD.

For May 2015 Federal Order 124 had the lowest PPD at $ -0.63 per cwt, $0.32 per higher than the April PPD.

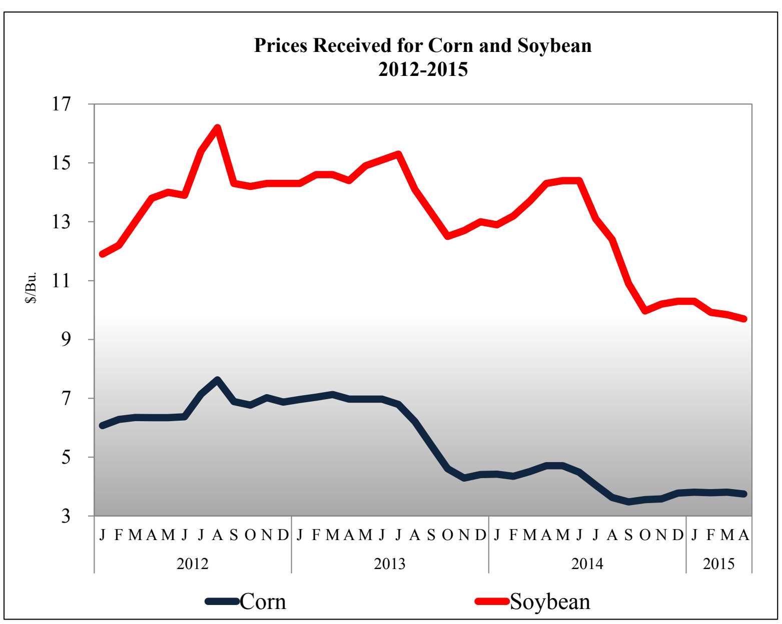
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

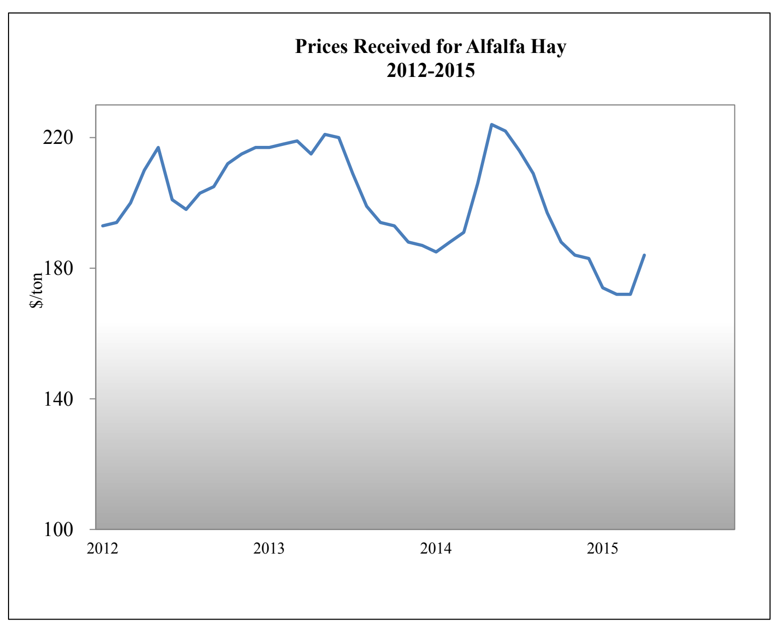
Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For May 2015, Federal Order 6 had a SUP of $20.36 per cwt, $0.38 higher than the previous month's SUP.

Federal Order 33 had a SUP of $15.98 per cwt, $0.28 per cwt higher than the previous month's SUP.

The Pacific Northwest order had the lowest SUP at $15.56 per cwt, $0.70 per cwt higher 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