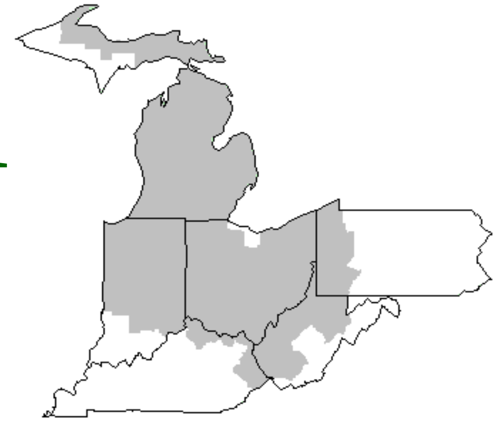
Mideast Market Administrator's
Bulletin



Federal Order No. 33
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May 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.

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.

Dairy Forecasts for 2015

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.

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).

(Continued on Page 3)

April 2015 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	511,390,575	34.3
Class II	329,148,930	22.1
Class III	380,228,115	25.5
Class IV	271,829,815	18.1
Total	1,492,597,435	100.0

Producer Prices

Producer Price Differential	$ (0.11)	/ cwt
Butterfat Price	1.8940	/ lb
Protein Price	2.5551	/ lb
Other Solids Price	0.2698	/ lb
Somatic Cell Adjustment Rate	0.00081	/ cwt
Statistical Uniform Price	15.70	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
April 2015

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			502,240,882			$11.37 / cwt	$ 57,104,788.29
Class I Butterfat		9,149,693				1.8642 / lb	17,056,857.68
Class I Location Differential	511,390,575						(207,996.60)
Class II SNF Value				28,318,980		0.9589 / lb	27,155,069.90
Class II Butterfat		19,836,525				1.9010 / lb	37,709,234.02
Class III Protein Value			11,735,561			2.5551 / lb	29,985,531.92
Class III Other Solids Value					21,813,579	0.2698 / lb	5,885,303.61
Class III Butterfat		14,069,249				1.8940 / lb	26,647,157.62
Class IV SNF Value				23,793,754		0.7926 / lb	18,858,929.44
Class IV Butterfat		12,456,129				1.8940 / lb	23,591,908.96
Somatic Cell Value II / III / IV							1,356,821.96
TOTAL PRODUCER MILK VALUE	1,492,597,435	55,511,596	46,025,958		85,580,867		$ 245,143,606.17
Overages					3,620.03		
Beginning Inventory & OS Charges					41,661.19		
TOTAL ADJUSTMENTS							$ 45,281.22
TOTAL HANDLER OBLIGATIONS							$ 245,188,887.39

Total Protein Value	46,025,958 lbs	@ $2.5551		$(117,600,925.27)
Total Other Solids Value	85,580,867 lbs	@ 0.2698		(23,089,717.97)
Butterfat Value	55,511,596 lbs	@ 1.8940		(105,138,962.84)
Total Somatic Cell Values				(2,031,827.46)
TOTALS				$ (2,672,546.15)
Net Producer Location Adjustments				$ 996,428.44
1/2 Unobligated Balance Producer Settlement Fund				712,000.00
Total - Divided by Total Pounds	1,492,597,435 lbs		(0.0645933)	$ (967,117.71)
Rate of Cash Reserve			(0.0454067)	(677,739.24)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*	1,492,597,435		**$ (0.11) /cwt**	$ (1,641,856.95)

COMPONENT PRICES

	April 2015	April 2014
Butterfat Price	$1.8940 / lb	$2.1207 / lb
Protein Price	2.5551 / lb	4.7089 / lb
Other Solids Price	0.2698 / lb	0.4926 / lb
Somatic Cell Adjustment Rate	0.00081 / cwt	0.00118 / cwt
Nonfat Solids Price	0.7926 / lb	1.8328 / lb

COMPUTATION OF UNIFORM PRICE

	April 2015	April 2014
Class III Price - 3.5% BF	$ 15.81	$24.31
Producer Price Differential*	(0.11)	0.17
Statistical Uniform Price	$15.70	$24.48

CLASS PRICES

	April 2015	April 2014
Class I*	$17.50	$25.65
Class II	14.98	24.74
Class III	15.81	24.31
Class IV	13.51	23.34

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	April 2015 *Product lbs.*	April 2014 *Product lbs.*
Class I	511,390,575	511,965,858
Class II	329,148,930	224,443,971
Class III	380,228,115	438,762,990
Class IV	271,829,815	245,641,750
Total	1,492,597,435	1,420,814,569

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2015 was $(0.11) and the Statistical Uniform Price was $15.70 for the month. The Statistical Uniform Price is $0.17 higher than last month, and is $8.78 lower than April 2014.

The Producer Butterfat Price of $1.8940 per pound increased $0.0496 from March and is down $0.2267 from a year ago. The Protein Price of $2.551 is up $0.0676 from last month and is down $2.1538 from April 2014. The Other Solids Price in April was $0.2698 per pound, a decrease from last month's price of $0.2918 and $0.2228 lower than last April. The Somatic Cell Adjustment rate for April was $0.00081.

April producer receipts of 1.493 billion pounds were 4.3 percent lower than March and 5.1 percent higher than April 2014 production of 1.421 billion pounds. Producer milk allocated to Class I accounted for 34.3 percent of the total producer milk in April 2015, higher than the 33.9 percent in March, and less than the 36.0 percent in April 2014. A total of 6,099 producers were pooled on the Mideast Order compared to 5,987 producers pooled in April 2014.

The market average content of producer milk was as follows: Butterfat 3.72%; Protein 3.08%; Other Solids 5.73% and Nonfat Solids 8.81%.

(Continued from Front Page)

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/April.15, 2015 Economic Research Service, USDA

March Milk Production Up 1.1 Percent

Milk production in the 23 major States during March totaled 16.9 billion pounds, up 1.1 percent from March 2014. February production, revised at 15.1 billion pounds, was up 1.7 percent from February 2014.The February revision represented a decrease of 10 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,959 pounds for March, 2 pounds above March 2014. This is the highest production per cow for the month of March 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, 86,000 head more than March 2014, but 4,000 head fewer than February 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 March totaled 2.6 billion pounds, up 89 million pounds or 3.5 percent from March 2014.

Production per cow in the Mideast states averaged 1,883 pounds for March, 22 pounds above March 2014. The number of cows on farms in the Mideast states was 1.4 million head, 28,000 head more than March 2014.

Summary of 2014 Dairy Products

Total cheese production, excluding cottage cheeses, was 11.5 billion pounds, 3.1 percent above 2013 production. Wisconsin was the leading State with 25.4 percent of the production.

Italian varieties, with 4.95 billion pounds were 4.5 percent above 2013 production and accounted for 43.2 percent of total cheese in 2014. Mozzarella accounted for 79.3 percent of the Italian production followed by Provolone with 7.3 percent and Parmesan with 6.1 percent. California was the leading State in Italian cheese production with 31.6 percent of the production.

American type cheese production was 4.53 billion pounds, 2.6 percent above 2013 and accounted for 39.6 percent of total cheese in 2014. Wisconsin was the leading State in American type cheese production with 18.7 percent of the production.

Butter production in the United States during 2014 totaled 1.86 billion pounds, 0.3 percent below 2013. California accounted for 33.0 percent of the production.

Dry milk powders (2014 United States production, comparisons with 2013)
Nonfat dry milk, human - 1.76 billion pounds, up 19.4 percent.
Skim milk powders - 544 million pounds, down 13.8 percent.

Whey products (2014 United States production, comparisons with 2013)
Dry whey, total - 870 million pounds, down 8.7 percent.
Lactose, human and animal - 1.13 billion pounds, up 8.9 percent.
Whey protein concentrate, total - 538 million pounds, up 8.1 percent.

Frozen products (2014 United States production, comparisons with 2013)
Ice cream, Regular (total) - 872 million gallons, down 2.8 percent.
Ice cream, Low-fat (total) - 412 million gallons, up 2.7 percent.
Sherbet (total) - 45.7 million gallons, down 1.0 percent.
Frozen Yogurt (total) - 66.8 million gallons, down 10.4 percent.

***Source:** Dairy Products 2014 Summary* (April 2015)

Bulletin WebPage Edition

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<u>Featured this month are:</u>

- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk in All Products

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State
Federal Order No. 33

	March 2015						March 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	1,494	680,108	3.75	3.13	5.74	172	649,830	3.78	3.15	5.72	176
Ohio	1,898	425,295	3.84	3.14	5.67	201	372,925	3.87	3.17	5.71	208
Indiana	969	204,069	3.83	3.19	5.81	203	174,170	3.79	3.16	5.72	212
New York	267	99,294	3.93	3.13	5.74	190	101,745	3.90	3.13	5.74	198
Pennsylvania	809	96,927	3.93	3.12	5.71	240	110,134	3.96	3.14	5.71	235
Wisconsin	74	38,950	3.73	3.11	5.70	247	17,236	3.82	3.14	5.70	202
West Virginia	42	2,859	4.08	3.22	5.70	267	3,001	4.18	3.27	5.70	272
Other	122	12,352	3.95	3.17	5.72	201	19,156	3.82	3.14	5.71	225
Total/Average *	5,675	1,559,854	3.81	3.14	5.73	191	1,448,198	3.83	3.15	5.72	196

* 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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FEDERAL ORDER DATA
April 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*)	2,204,453	723,128	32.8	$0.70	$16.51
FO 5	Appalachian - (*Charlotte*)	487,684	318,136	65.2	[2]	17.64
FO 6	Florida - (*Tampa*)	234,750	195,485	83.3	[2]	19.98
FO 7	Southeast - (*Atlanta*)	462,704	327,269	70.7	[2]	18.33
FO 30	Upper Midwest - (*Chicago*)	2,287,256	291,998	12.8	0.03	15.84
FO 32	Central - (*Kansas City*)	1,109,021	400,857	36.2	(0.19)	15.62
FO 33	**Mideast - (*Cleveland*)**	**1,492,597**	**511,391**	**34.3**	**(0.11)**	**15.70**
FO 124	Pacific Northwest - (*Seattle*)	469,017	162,672	34.7	(0.95)	14.86
FO 126	Southwest - (*Dallas*)	670,033	361,538	54.0	0.66	16.47
FO 131	Arizona - (*Phoenix*)	424,975	110,108	26.0	[2]	15.25

[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 MAY 2015................................$13.51 /cwt.

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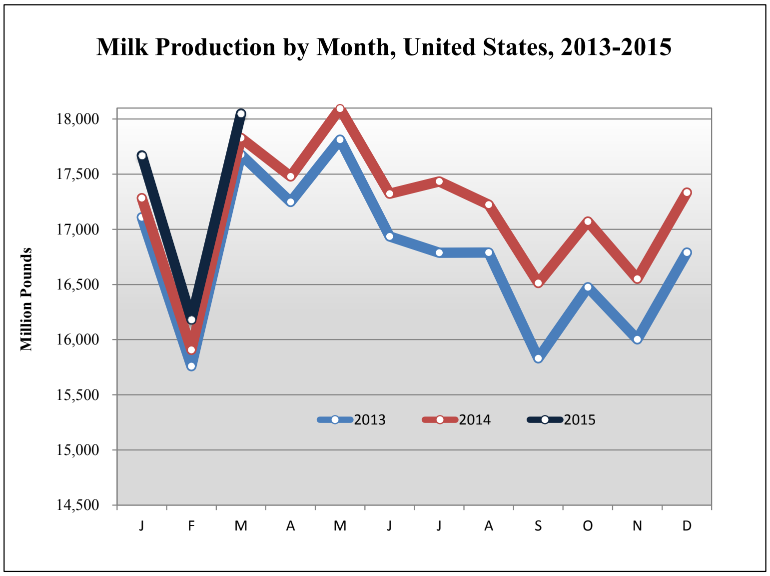
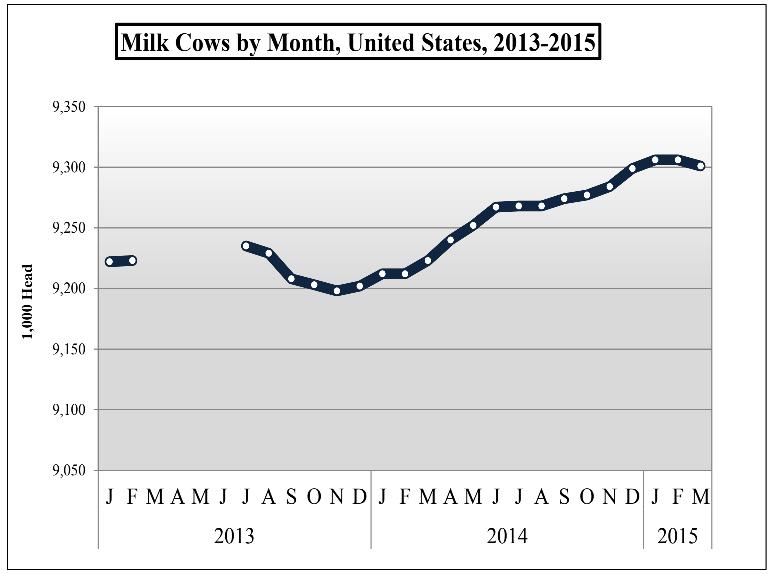
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 May 2015

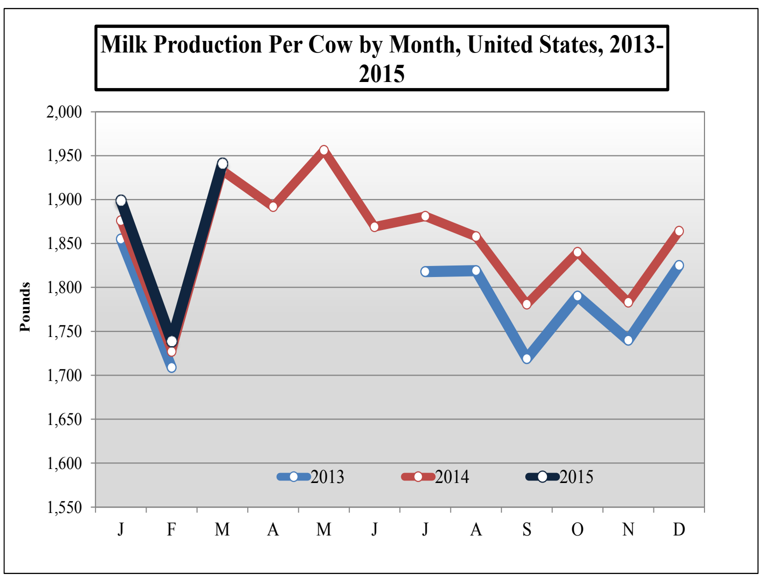
MILK PRODUCTION STATISTICS 1/

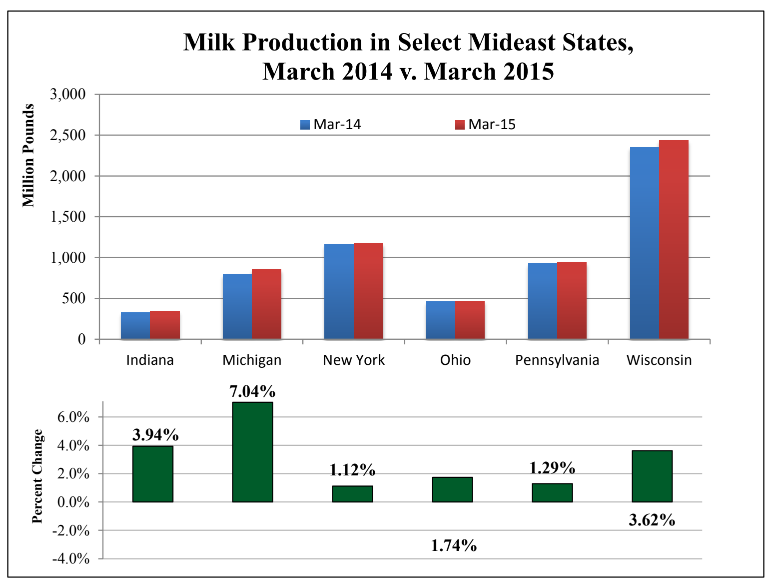




March 2015 milk production in the United States increased 1.9 billion pounds from February to 18.1 billion pounds. March 2015 milk production in the United States was up 1.2% percent from the same month of the prior year.

The number of milk cows on farms in the United States was 9.3 million head for March 2015, down 5,000 head from February and 78,000 head more than March 2014.





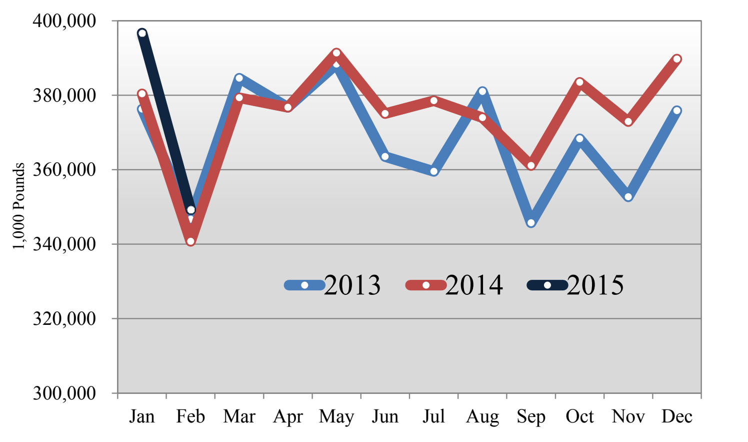
Production per cow in the United States averaged 1,941 pounds for March 2015 up 202 pounds from February 2015. March 2015 milk production per cow was up 8 pounds from the same month of the prior year.

Milk production from selected states which pool on the Mideast marketing area totaled 6.2 billion pounds during March 2015, up 187 million pounds from the prior year. Milk production in Wisconsin was up 85 million pounds while production in Ohio was up 8 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA). Gaps is data in figures is due to NASS suspension of select data to meet sequestration requirements.

DAIRY PRODUCT PRODUCTION 1/

Total American Cheese Production, 2013-2015



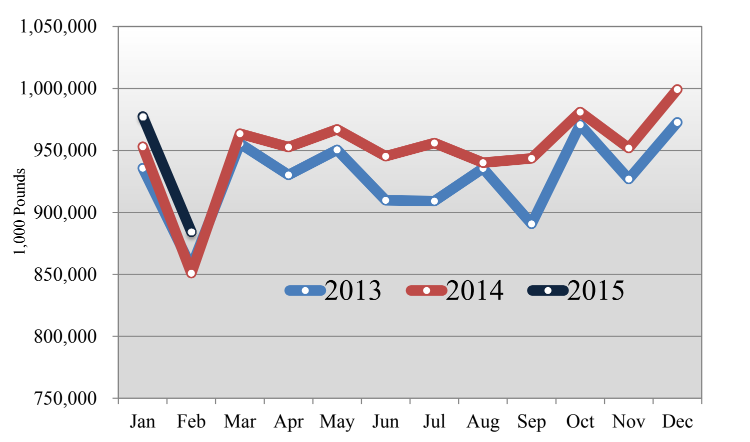
Dairy Product Production Summary:

American type cheese production totaled 349 million pounds, 2.5 percent above February 2014 and 11.9 percent below January 2015.

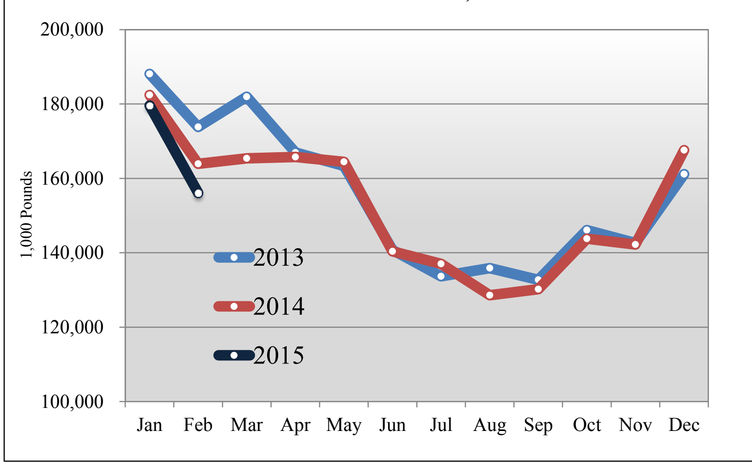
Total cheese output (excluding cottage cheese) was 884 million pounds, 3.9 percent above February 2014 and 9.5 percent below January 2015.

Butter production was 156 million pounds, 4.8 percent below February 2014 and 13.1 percent below January 2015.

Total Cheese Production, 2012-2014



Total Butter Production, 2013-2015



COMMERCIAL DISAPPEARANCE 2/

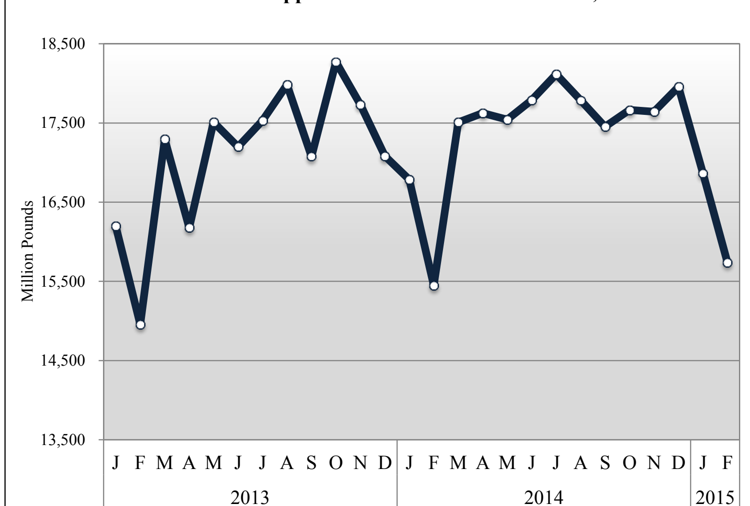
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For February 2015 commercial disappearance of milk was 15.7 billion pounds, up 1.9 percent from the prior year. The cumulative disappearance total for 2015 is 32 billion pounds, an increase of 1.1 percent from the same 2-month period of 2014.

February 2015 commercial disappearance of American cheese was 343 million pounds, down 0.3 percent from the prior year.

February 2015 commercial disappearance of butter was 131 million pounds, down 4.7 percent from the prior year.

Commercial Disappearance of Milk in All Products, 2013-2015



1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).
2/ Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.