Mideast Market Administrator's Bulletin

Federal Order No. 33

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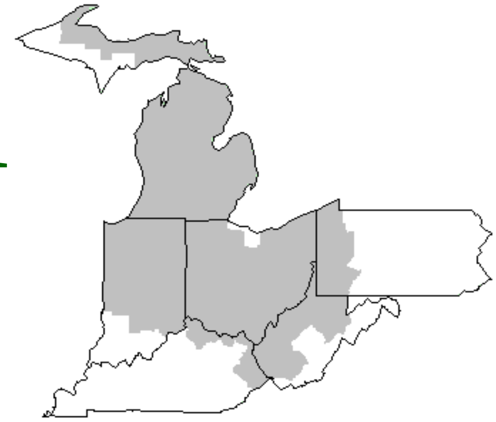

Dairy Developments

Average national wholesale prices for basic dairy products, as reported by USDA Agricultural Marketing Service (AMS), moved in mixed directions from August to September. The cheddar cheese price decreased from $1.739 to $1.715 per pound. The nonfat dry milk (NDM) price rose from the low level of $0.744 to $0.801 per pound. The dry whey price fell substantially from $0.311 to $0.244 per pound. The greatest change was in the butter price, which rose from $2.044 to $2.445 per pound.

Notably, the daily Chicago Mercantile Exchange (CME) spot price for butter spiked over a few days to a record high of $3.135 per pound on September 25, but the price fell substantially thereafter. The AMS September national average butter price of $2.445 per pound was much higher than average export prices, as reported by AMS Dairy Market News: $1.357 per pound for Oceania and $1.309 per pound for Europe.

With large price differences between the domestic price and foreign export prices, butter imports have grown to high levels, even at the high-tier tariff rate of about $0.70 per pound1. For January through August 2015, licensed imports were 11.8 million pounds, high-tier butter imports were 12.4 million pounds, and imports under free trade agreements were 2.1 million pounds. With butter imports exceeding a trigger level of about 20.8 million pounds, a safeguard duty of $0.233 per pound has been implemented, effective from October 5 through December 31, 2015.

Milk production for August was 0.8 percent above August 2014. While year-over year milk production increased for most States, it was notably lower in California (-3.4 percent) and New Mexico (-4.3 percent). Notably, August ending stocks for cheese and dry whey were higher than August 2014 levels by 12 percent and 43 percent, respectively.

Recent milk production data are consistent with last month's expectations. The 2015 milk production forecasts for the remainder of the year are unchanged from last month. For the fourth quarter, milk production is forecast at 51.6 billion pounds, with cow numbers at 9.325 million head and a yield of 5,530 pounds per cow.

With domestic demand expected to support higher imports of butter and cheese, the expectation for imports on a milk-fat milk-equivalent basis for the third quarter has been raised by 0.1 billion pounds, while the projection is unchanged for the fourth quarter. The expectation for third-quarter imports on a skim-solids milk-equivalent basis has been lowered by 0.1 billion pounds, and the fourth quarter forecast has been lowered by 0.1 billion pounds based on lower expected imports of milk protein concentrate.

On a milk-fat basis, expectations for exports have been lowered by 0.2 billion pounds for the third quarter based on weaker cheese sales, and the projection is unchanged for the fourth quarter. On a skim-solids basis, expectations for exports have been lowered by 0.2 billion pounds for the third quarter based upon lower expected cheese and whey exports, and the forecast is unchanged for the fourth quarter.

Ending stock forecasts for 2015 have been raised by 0.1 billion pounds on a milkfat basis and 0.2 billion pounds on a skim-solids basis. Changes in stock levels are based upon high ending cheese stocks for August and lower expected exports.

Fourth-quarter price forecasts for cheese and NDM have been raised to $1.705- $1.745 and $0.900-$0.940 per pound, respectively. Although the third-quarter butter price was higher than expected, the fourth-quarter forecast has been lowered to $2.080-$2.150 per pound as declines are expected to continue in the near term. The whey price forecast for the fourth quarter has been lowered significantly to 21.5-23.5 cents per pound based upon recent price data and high stock levels.

With the higher cheese price forecast more than offsetting the lower whey price, the Class III milk price forecast for the fourth quarter has been raised to $15.45-$15.85 per cwt. With the higher forecast NDM price more than offsetting the lower butter price, the Class IV milk price has been raised to $14.45-$14.95 per cwt. The all milk price forecast for the fourth quarter is $17.00-$17.40 per cwt, an increase from $16.60-$17.10 forecast last month.

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October 2015 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	561,644,819	34.0
Class II	328,146,931	19.9
Class III	523,673,562	31.7
Class IV	237,917,245	14.4
Total	1,651,382,557	100.0

Producer Prices

Producer Price Differential	$ 1.13	/ cwt
Butterfat Price	2.9087	/ lb
Protein Price	1.7019	/ lb
Other Solids Price	0.0328	/ lb
Somatic Cell Adjustment Rate	0.00084	/ cwt
Statistical Uniform Price	16.59	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

October 2015

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			551,296,371			$8.57 / cwt	$47,246,098.99
Class I Butterfat		10,348,448				2.7352/ lb	28,305,074.93
Class I Location Differential	561,644,819						(242,112.37)
Class II SNF Value				28,293,853		0.7178/ lb	20,309,327.71
Class II Butterfat		21,347,834				2.9157/ lb	62,243,879.60
Class III Protein Value			16,524,522			1.7019/ lb	28,123,083.99
Class III Other Solids Value					30,026,861	0.0328/ lb	984,881.08
Class III Butterfat		19,091,994				2.9087/ lb	55,532,882.96
Class IV SNF Value				20,912,582		0.7200/ lb	15,057,059.04
Class IV Butterfat		11,060,907				2.9087/ lb	32,172,860.18
Somatic Cell Value II / III / IV							1,583,699.20
TOTAL PRODUCER MILK VALUE	1,651,382,557	61,849,183	52,012,458		94,593,558		$291,316,735.31
Overages					25,647.45		
Beginning Inventory & OS Charges					78,931.10		
TOTAL ADJUSTMENTS							104,578.55
TOTAL HANDLER OBLIGATIONS							$291,421,313.86

Total Protein Value	52,012,458 lbs	@	$1.7019	$(88,520,002.29)
Total Other Solids Value	94,593,558 lbs	@	0.0328	(3,102,668.74)
Butterfat Value	61,849,183 lbs	@	2.9087	(179,900,718.57)
Total Somatic Cell Values				(2,370,834.39)
TOTALS				$17,527,089.87
Net Producer Location Adjustments				$1,191,998.86
1/2 Unobligated Balance Producer Settlement Fund				741,000.00
Total - Divided by Total Pounds	1,651,382,557 lbs		1.1784119	$19,460,088.73
Rate of Cash Reserve			(0.0484119)	(799,465.67)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,651,382,557		$1.13 /cwt	$18,660,623.06

COMPONENT PRICES

October	2015	2014
Butterfat Price	$2.9087 / lb	$2.8507 / lb
Protein Price	1.7019 / lb	3.7362 / lb
Other Solids Price	0.0328 / lb	0.4670 / lb
Somatic Cell Adjustment Rate	0.00084 / cwt	0.00115 / cwt
Nonfat Solids Price	0.7200 / lb	1.3090 / lb

COMPUTATION OF UNIFORM PRICE

October	2015	2014
Class III Price - 3.5% BF	$ 15.46	$23.82
Producer Price Differential*	1.13	(0.51)
Statistical Uniform Price	$16.59	$23.31

CLASS PRICES

October	2015	2014
Class I*	$17.84	$26.19
Class II	16.44	21.93
Class III	15.46	23.82
Class IV	16.43	21.35

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

October	2015 *Product lbs.*	2014 *Product lbs.*
Class I	561,644,819	548,877,240
Class II	328,146,931	312,079,177
Class III	523,673,562	314,552,655
Class IV	237,917,245	243,176,826
Total	1,651,382,557	1,418,685,898

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for October 2015 was $1.13 and the Statistical Uniform Price was $16.59 for the month. The Statistical Uniform Price is $0.18 lower than last month, and is $6.72 lower than October 2014.

The Producer Butterfat Price of $2.9087 per pound increased $0.1556 from September and is up $0.0580 from a year ago. The Protein Price of $1.7019 is down $0.2782 from last month and is down $2.0343 from October 2014. The Other Solids Price in October was $0.0328 per pound, a decrease from last month’s price of $0.0465 and $0.4342 lower than last October. The Somatic Cell Adjustment rate for October was $0.00084.

October producer receipts of 1.65 billion pounds were 5.8 percent higher than September and 16.4 percent higher than October 2014 production of 1.42 billion pounds. Producer milk allocated to Class I accounted for 34.0 percent of the total producer milk in October 2015, higher than the 33.4 percent in September, and lower than the 38.7 percent in October 2014. A total of 5,493 producers were pooled on the Mideast Order compared to 5,892 producers pooled in October 2014.

The market average content of producer milk was as follows: Butterfat 3.75%; Protein 3.15%; Other Solids 5.73% and Nonfat Solids 8.88%.

(Continued from Front Page)

Changes from last month's 2016 forecasts for supply and use are relatively small. The milk production forecast for 2016 is unchanged at 213.0 billion pounds, a 1.8 percent year-over-year increase, adjusted for leap year. Milk cows are expected to average 9.310 million head, with a yield per cow of 22,880 pounds. Global competition is expected to remain strong in 2016. Export forecasts for 2016 are unchanged from last month. Forecasts for imports are raised by 0.2 billion pounds on a milk-fat basis and lowered by 0.1 billion pounds on a skim-solids basis.

Domestic commercial use forecasts have been raised by 0.2 billion pounds on both a milk-fat and skim-solids basis. The 2016 forecasts for butter, cheese, and NDM are higher than last month at $1.840-$1.960, $1.600-$1.690, and $0.960-$1.030 per pound, respectively. The forecast for dry whey has been lowered to 28.0-31.0 cents per pound. The Class III milk price forecast has been lowered to $14.75-$15.65 per cwt, as the decrease in the dry whey price forecast more than offsets the higher price forecasts of the other contributing dairy products. With higher price forecasts for butter and NDM, the Class IV milk price forecast has been raised to $13.95-14.95 per cwt. With a lower Class III price more than offsetting the higher Class IV price, the all-milk price forecast has been lowered to $16.05-$16.95 per cwt, a decrease from $16.10-$17.10 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-256/October 16, 2015

September Milk Production Up 0.4 Percent

Milk production in the 23 major States during September totaled 15.6 billion pounds, up 0.4 percent from September 2014. August revised production at 16.3 billion pounds, was up 0.9 percent from August 2014. The August revision represented an increase of 15 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,805 pounds for September, 1 pound below September 2014.

The number of milk cows on farms in the 23 major States was 8.63 million head, 41,000 head more than September 2014, but unchanged from August 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 September totaled 1.8 billion pounds, up 64 million pounds or 3.7 percent from September 2014.

Production per cow in the Mideast states averaged 1,821 pounds for September, 17 pounds more than September 2014.

The number of cows on farms in the Mideast states was 1.39 million head, 17,000 head more than September 2014.

September 2015 Dairy Product Highlights

Total cheese output (excluding cottage cheese) was 956 million pounds, 2.4 percent above September 2014 but 2.3 percent below August 2015.

Italian type cheese production totaled 403 million pounds, 0.4 percent above September 2014 but 1.6 percent below August 2015.

American type cheese production totaled 376 million pounds, 2.8 percent above September 2014 but 3.8 percent below August 2015.

Butter production was 134 million pounds, 0.9 percent above September 2014 and 4.3 percent above August 2015.

Frozen products (comparisons with September 2014)
Ice cream, regular (hard) - 64.4 million gallons, up 2.9 percent.
Ice cream, lowfat (total) - 34.3 million gallons, up 2.0 percent.
Sherbet (hard) - 3.48 million gallons, down 1 percent.
Frozen yogurt (total) - 4.93 million gallons, down 3.8 percent.

Source: *National Agricultural Statistics Service*, November 3, 2015

Bulletin WebPage Edition

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Featured this month are:

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

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State
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State	September 2015 Number of Producers	September 2015 Pounds of Milk (000)	September 2015 Butterfat	September 2015 Protein	September 2015 Other Solids	September 2015 SCC (000)	September 2014 Pounds of Milk (000)	September 2014 Butterfat	September 2014 Protein	September 2014 Other Solids	September 2014 SCC (000)
			Weighted Averages					Weighted Averages			
Michigan	1,445	794,385	3.59	3.04	5.74	175	649,867	3.65	3.09	5.74	175
Ohio	1,842	395,140	3.67	3.06	5.69	215	380,025	3.68	3.08	5.67	222
Indiana	955	201,879	3.61	3.07	5.78	228	167,300	3.70	3.13	5.80	232
Pennsylvania	796	85,154	3.76	3.05	5.70	258	96,242	3.76	3.09	5.69	259
New York	261	72,532	3.74	3.06	5.73	209	95,344	3.74	3.07	5.75	209
Wisconsin	28	3,964	3.55	3.03	5.71	245	65,193	3.71	3.09	5.74	262
West Virginia	39	2,288	3.90	3.22	5.65	309	2,482	3.88	3.23	5.63	285
Other	112	5,080	3.81	3.13	5.67	326	12,956	3.81	3.10	5.71	237
Total/Average *	5,478	1,560,422	3.63	3.05	5.73	199	1,469,410	3.68	3.09	5.72	206

* 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
October 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)	2,135,971	804,040	37.6	$2.14	$17.60
FO 5	Appalachian - (Charlotte)	463,968	340,038	73.3	[2]	18.82
FO 6	Florida - (Tampa)	232,541	202,350	87.0	[2]	20.89
FO 7	Southeast - (Atlanta)	414,082	333,480	80.5	[2]	19.43
FO 30	Upper Midwest - (Chicago)	2,747,391	305,652	11.1	0.31	15.77
FO 32	Central - (Kansas City)	1,261,548	425,208	33.7	0.82	16.28
FO 33	Mideast - (Cleveland)	1,651,383	561,645	34.0	1.13	16.59
FO 124	Pacific Northwest - (Seattle)	736,766	173,444	23.5	0.82	16.28
FO 126	Southwest - (Dallas)	1,229,204	383,065	31.2	1.60	17.06
FO 131	Arizona - (Phoenix)	387,918	112,283	28.9	[2]	16.80

[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 NOVEMBER 2015...................$15.46 /cwt.

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