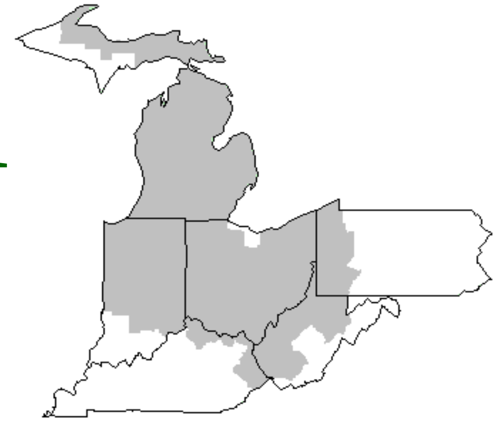
Mideast Market Administrator's

Bulletin

Federal Order No. 33



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September 2015

July Milk Production Up 1.2 Percent

Milk production in the 23 major States during July totaled 16.6 billion pounds, up 1.2 percent from July 2014. June revised production at 16.4 billion pounds, was up 0.9 percent from June 2014. The June revision represented an increase of 40.0 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,921 pounds for July, 12 pounds above July 2014. This is the highest production per cow for the month of July since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.63 million head, 47,000 head more than July 2014, and 2,000 head more than June 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 July totaled 2.6 billion pounds, up 86 million pounds or 3.4 percent from July 2014.

Production per cow in the Mideast states averaged 1,879 pounds for July. The number of cows on farms in the Mideast states was 1.4 million head, 17,000 head more than July 2014.

Dairy Outlook

The U.S. domestic nonfat dry milk price (NDM) averaged $0.837 per pound in July, the lowest monthly level since May 2009. July international export prices for skim milk powder (SMP) were also very low, $0.79 per pound for Oceania and $0.85 per pound for Western Europe. The weighted average SMP price for the August 4th Global Dairy Trade auction was $0.64 per pound. Since the U.S. market for NDM is highly dependent upon exports, domestic prices track fairly closely with international prices. The domestic price for dry whey, which is also highly dependent upon exports, fell from 42.5 cents in June to 39.4 cents in July.

In contrast to NDM and dry whey prices, the U.S. domestic butter price rose slightly from June to July, and it was much higher than international export prices. The domestic cheese price fell slightly but remained substantially higher than the Oceania export price. U.S. prices for butter and cheese can remain above competitors' export prices for two reasons: (1) U.S. butter and cheese markets are not highly dependent upon exports, and (2) the domestic market is somewhat insulated from imports by tariffs and transportation costs. Over-quota import tariffs1 for butter and cheddar cheese are about $0.70 and $0.56 per pound, respectively.

Dairy exports fell from May to June, reflecting weak global demand and strong competition. Products with significant month-over-month decreases in exports included nonfat dry milk, whey products, butterfat products, and cheese. Month over-month dairy imports rose, reflecting low import prices and strength of U.S. demand. Products with significant month-over-month increases in imports included butterfat products, cheese, milk protein concentrate, and milk albumin.

USDA National Agricultural Statistics Service (NASS) revised May milk cow numbers upward by 14 thousand head to 9.324 million. The estimate for June milk cow numbers is 9.317 million cows, which would represent the first month-over month decline in cow numbers since November 2013. The milk per cow estimate for June is 1,872 pounds, 3 pounds more than June of 2014. The milk production estimate for June is 17.445 billion pounds, 0.7 percent over the previous year but a deceleration from the 1.5 percent year-over-year growth in May. NASS reported that as of July 1, milk cow replacement heifers numbered 4.2 million head, about 2 percent above the previous year.

With low international prices and weaker exports in June, dairy export forecasts for 2015 have been lowered from last month's forecasts to 9.8 billion pounds on a milk-fat basis (-0.7 billion pounds) and to 39.5 billion pounds on a skim-solids basis (-0.2 billion pounds). Forecasts for imports have been raised to 5.7 billion pounds on a milk-fat basis (+0.5 billion pounds) and to 6.6 billion pounds on a skim-solids basis (+0.5 billion pounds).

(Continued on Page 3)

August 2015 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	522,631,249	36.6
Class II	383,743,076	26.9
Class III	275,909,870	19.3
Class IV	244,467,619	17.2
Total	1,426,751,814	100.0

Producer Prices

Producer Price Differential	$ (0.22)	/ cwt
Butterfat Price	2.2674	/ lb
Protein Price	2.5692	/ lb
Other Solids Price	0.1151	/ lb
Somatic Cell Adjustment Rate	0.00087	/ cwt
Statistical Uniform Price	16.05	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

August 2015

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			513,101,467			$11.13 / cwt	$ 57,108,193.30
Class I Butterfat		9,529,782				2.1532 / lb	20,519,526.61
Class I Location Differential	522,631,249						(217,847.80)
Class II SNF Value				32,743,472		0.7578 / lb	24,813,003.10
Class II Butterfat		22,689,297				2.2744 / lb	51,604,537.06
Class III Protein Value			8,282,159			2.5692 / lb	21,278,522.93
Class III Other Solids Value					15,810,505	0.1151 / lb	1,819,789.12
Class III Butterfat		10,553,475				2.2674 / lb	23,928,949.22
Class IV SNF Value				21,456,788		0.5707 / lb	12,245,388.88
Class IV Butterfat		8,234,088				2.2674 / lb	18,669,971.14
Somatic Cell Value II / III / IV							1,143,331.50
TOTAL PRODUCER MILK VALUE	1,426,751,814	51,006,642	42,925,730		81,885,995		$ 232,913,365.06
Overages					23,326.42		
Beginning Inventory & OS Charges					134,146.75		
TOTAL ADJUSTMENTS							$ 157,473.17
TOTAL HANDLER OBLIGATIONS							$ 233,070,838.23
Total Protein Value			42,925,730 lbs	@	$2.5692		$ (110,284,785.49)
Total Other Solids Value			81,885,995 lbs	@	0.1151		(9,425,078.02)
Butterfat Value			51,006,642 lbs	@	2.2674		(115,652,460.08)
Total Somatic Cell Values							(1,760,270.30)
TOTALS							$ (4,051,755.66)
Net Producer Location Adjustments							$ 919,292.28
1/2 Unobligated Balance Producer Settlement Fund							612,000.00
Total - Divided by Total Pounds			1,426,751,814 lbs		(0.1766575)		$ (2,520,463.38)
Rate of Cash Reserve					(0.0433425)		(618,389.90)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,426,751,814		**$ (0.22) /cwt**		$ (3,138,853.28)

COMPONENT PRICES

	August 2015	August 2014
Butterfat Price	$2.2674 / lb	$2.8448 / lb
Protein Price	2.5692 / lb	3.1496 / lb
Other Solids Price	0.1151 / lb	0.5036 / lb
Somatic Cell Adjustment Rate	0.00087 / cwt	0.00105 / cwt
Nonfat Solids Price	0.5707 / lb	1.6047 / lb

COMPUTATION OF UNIFORM PRICE

	August 2015	August 2014
Class III Price - 3.5% BF	$ 16.27	$22.25
Producer Price Differential*	(0.22)	1.95
Statistical Uniform Price	$16.05	$24.20

CLASS PRICES

	August 2015	August 2014
Class I*	$18.28	$25.87
Class II	14.54	25.34
Class III	16.27	22.25
Class IV	12.90	23.89

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	August 2015 *Product lbs.*	August 2014 *Product lbs.*
Class I	522,631,249	515,524,576
Class II	383,743,076	166,875,100
Class III	275,909,870	566,614,543
Class IV	244,467,619	207,208,653
Total	1,426,751,814	1,456,222,872

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for August 2015 was $(0.22) and the Statistical Uniform Price was $16.05 for the month. The Statistical Uniform Price is $0.11 lower than last month, and is $8.15 lower than August 2014.

The Producer Butterfat Price of $2.2674 per pound increased $0.1549 from July and is down $0.5774 from a year ago. The Protein Price of $2.5692 is down $0.0378 from last month and is down $0.5804 from August 2014. The Other Solids Price in August was $0.1151 per pound, a decrease from last month's price of $0.2004 and $0.3885 lower than last August. The Somatic Cell Adjustment rate for August was $0.00087.

August producer receipts of 1.427 billion pounds were 0.7 percent lower than July and 2.0 percent lower than August 2014 production of 1.46 billion pounds. Producer milk allocated to Class I accounted for 36.6 percent of the total producer milk in August 2015, higher than the 35.3 percent in July, and higher than the 35.4 percent in August 2014. A total of 5,534 producers were pooled on the Mideast Order compared to 6,053 producers pooled in August 2014.

The market average content of producer milk was as follows: Butterfat 3.58%; Protein 3.01%; Other Solids 5.74% and Nonfat Solids 8.75%.

(Continued from Front Page)

The latest data provide mixed signals for short-term forecasts of milk cow numbers. Milk cows for the second quarter were higher than expected due to the May revision, but the change from May to June was downward. The year-over-year increase in replacement heifers suggests that significant numbers of cows will enter the dairy herd in coming months. Thus, the annual average milk cow forecast for 2015 is unchanged from last month at 9.315 million head. Given recent yield data, the milk per cow forecast has been lowered slightly to 22,410 pounds. The milk production forecast rounds to 208.8 billion pounds, unchanged from last month.

The forecast for milk-fat basis ending stocks for 2015 has been raised to 12.0 billion pounds, largely due to higher than expected butter stocks. The forecast for skim-solids basis ending stock forecasts has been raised to 13.1 billion pounds, mostly as a result of higher expected NDM stocks.

Based upon recent price declines and expectations of lower net exports, 2015 dairy product price forecasts have been lowered to $1.635-$1.655 per pound for cheese, $0.865-$0.885 for NDM, and 41.5-43.5 cents for dry whey. For butter, the projection is $1.815-$1.855 per pound—lowered slightly at the midpoint of the range. With lower dairy product prices, milk price forecasts have been lowered. The Class III and IV milk price forecasts have been lowered to $15.85-$16.05 and $13.00-$13.30 per cwt, respectively. The all-milk price forecast is $16.75-$16.95 per cwt, lower than $17.05-$17.35 per cwt forecast last month.

For 2016, the NDM forecast price has been lowered to $0.950-$1.020 per pound due to expectations of weak export demand and strong competition. With the lower NDM price, less skim milk is expected to move to driers, and more milk is expected to move into cheese vats. With more milk going to cheese vats, less cream is expected for butter churns, and a larger supply of whey (a cheese co-product) will be available. With a greater expected supply of cheese, the cheese price forecast has been lowered to $1.595-$1.695 per pound, although demand for cheese is expected to remain relatively strong. With a greater supply expected and weaker export demand for whey, the dry whey price forecast has been lowered to $0.410-$0.440 per pound. With a smaller expected butter supply and a relatively strong domestic demand expected, the butter price forecast has been raised to $1.760-$1.890 per pound.

With lower cheese and whey price forecasts, the Class III price forecast for 2016 is lowered to $15.45-$16.45 per cwt. The lower NDM price forecast more than offsets the higher butter price forecast, resulting in a lower Class IV price of $13.50-$14.60 per cwt. The all-milk price is forecast at $16.40-$17.40 per cwt, a reduction from the $17.00-$18.00 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-254/Aug. 18, 2015* Economic Research Service, USDA

July 2015 Dairy Products Highlights

Butter production was 133.3 million pounds, 3.2 percent below July 2014 and 6.2 percent below June 2015. American type cheese production totaled 393.2 million pounds, 3.4 percent above July 2014 and 2.4 percent above June 2015. Total cheese output (excluding cottage cheese) was 988.4 million pounds, 3.1 percent above July 2014 and 2.5 percent above June 2015.

Organic Dairy Fluid Overview

AMS reported June 2015 total organic milk products sales at 199 million pounds, unchanged from the previous year. This is the first time since 2011 that June total organic milk products sales have not shown an increase when compared to previous year sales. Sales are down 1.6%, January through June 2015, compared with the same months of 2014.

June organic whole milk sales are 67 million pounds, up 13.0% from June last year. Year to date sales are up 10.7% compared to sales within the same period last year. The impact of tightness in organic fluid sales will most likely be seen in private label brands.

Total milk volumes received by some larger organic producers throughout the U.S. are slightly below year ago levels. Optimism is increasing about the interest of conventional dairy producers to convert to organic dairy production. However, a 3 year certification wait period pushes additional organic milk volumes into the future.

Source: *Dairy Market News,* August 24 - 28, 2015 Volume 82, Report 34

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	July 2015 Number of Producers	July 2015 Pounds of Milk (000)	July 2015 Butterfat	July 2015 Protein	July 2015 Other Solids	July 2015 SCC (000)	July 2014 Pounds of Milk (000)	July 2014 Butterfat	July 2014 Protein	July 2014 Other Solids	July 2014 SCC (000)
Michigan	1,452	654,408	3.54	2.98	5.76	173	641,316	3.56	3.01	5.73	186
Ohio	1,906	371,120	3.58	2.98	5.69	222	352,886	3.60	3.01	5.68	228
Indiana	928	201,410	3.58	3.02	5.82	229	169,494	3.58	3.03	5.80	232
New York	256	102,232	3.69	3.00	5.76	215	101,312	3.66	2.99	5.78	210
Pennsylvania	812	97,474	3.66	2.97	5.72	264	103,654	3.67	2.99	5.71	275
Wisconsin	25	2,783	3.51	2.95	5.71	256	34,865	3.58	3.06	5.79	296
West Virginia	40	2,680	3.76	3.09	5.69	301	2,679	3.78	3.11	5.67	334
Other	106	5,103	3.69	3.02	5.70	309	13,573	3.69	3.02	5.74	261
Total/Average *	5,525	1,437,210	3.58	2.99	5.75	203	1,419,780	3.59	3.01	5.73	214

* 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
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FEDERAL ORDER DATA
August 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)	2,211,446	712,938	32.2	$0.63	$16.90
FO 5	Appalachian - (Charlotte)	457,970	316,925	69.2	[2/]	18.37
FO 6	Florida - (Tampa)	229,532	190,534	83.0	[2/]	20.62
FO 7	Southeast - (Atlanta)	421,374	324,477	77.0	[2/]	19.18
FO 30	Upper Midwest - (Chicago)	2,012,528	278,536	13.9	(0.02)	16.25
FO 32	Central - (Kansas City)	1,126,590	392,621	34.9	0.00	16.27
FO 33	**Mideast - (Cleveland)**	**1,426,752**	**522,631**	**36.6**	**(0.22)**	**16.05**
FO 124	Pacific Northwest - (Seattle)	455,854	157,641	34.6	(1.42)	14.85
FO 126	Southwest - (Dallas)	1,197,330	351,073	29.3	1.00	17.27
FO 131	Arizona - (Phoenix)	360,484	109,155	30.3	[2/]	15.88

[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.

[3/] Data not available at time of publication, visit website version for information.

MINIMUM PARTIAL PAYMENT PRICE FOR SEPTEMBER 2015..................$12.90 /cwt.

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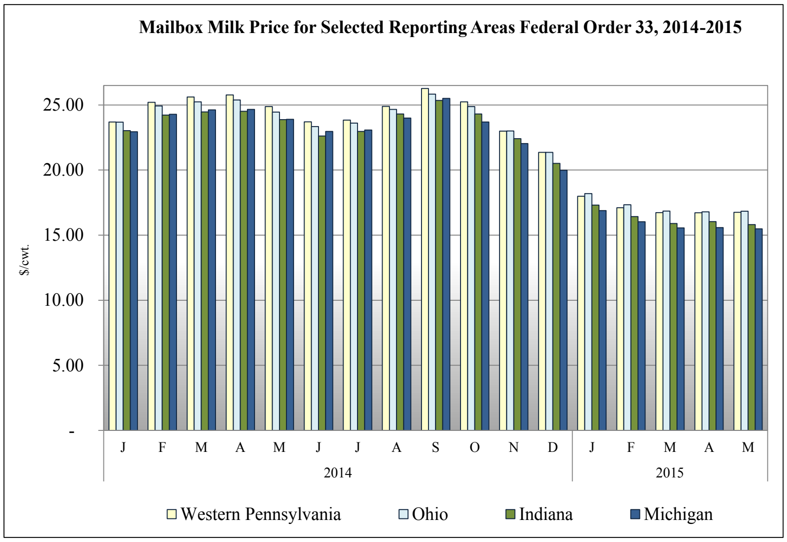
Supplement
Federal Order No. 33 September 2015

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

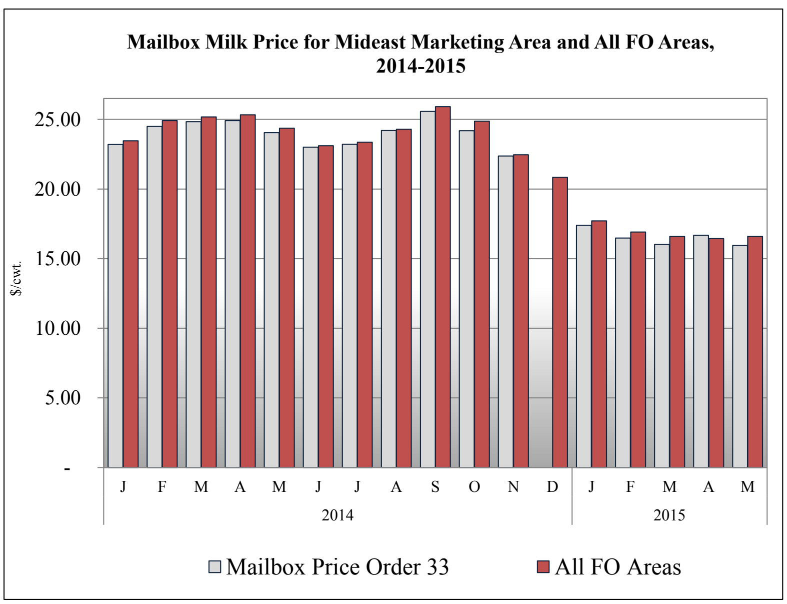


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

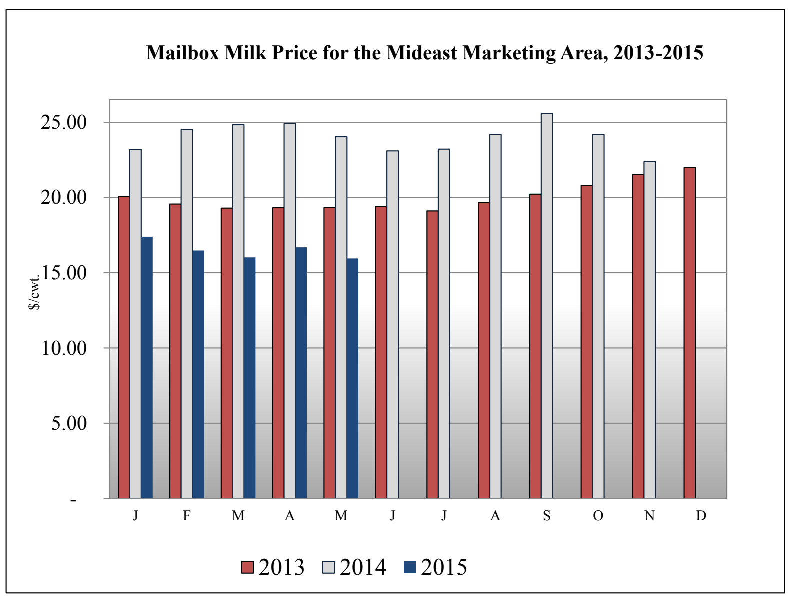
The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

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



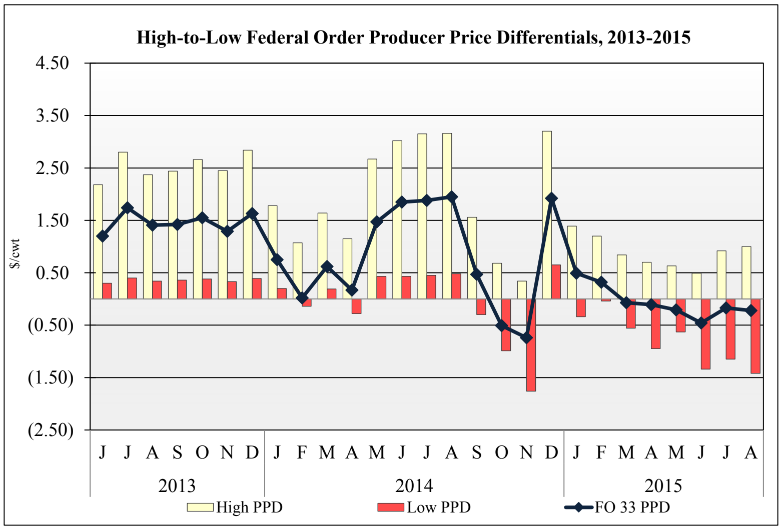
The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $15.95 per hundredweight for May 2015. The May mailbox price is $0.74 lower than the mailbox price for April 2015. The May mailbox price is $8.09 lower than the May 2014 mailbox price of $24.04 per cwt.

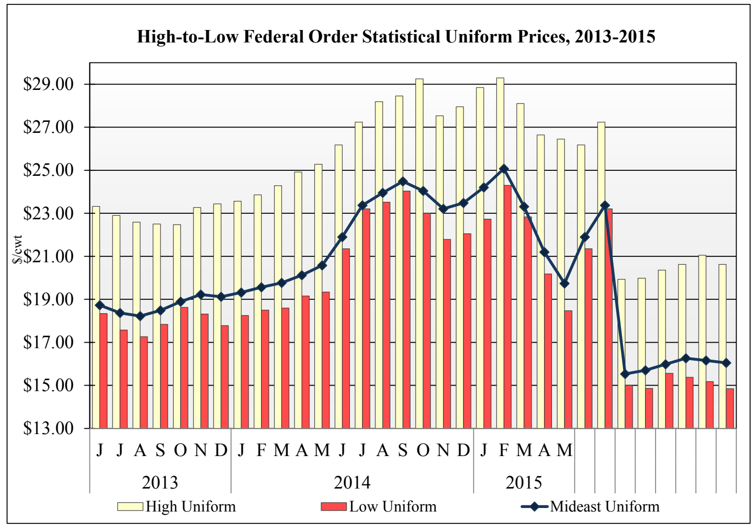


For May 2015 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.65 below the average mailbox price for all Federal Orders, as reported by Dairy Market News. For May 2015, the all Federal Order mailbox price was $16.60 per hundredweight, $7.77 lower than May 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 126 had the highest producer price differential. For August 2015, Federal Order 126 had a PPD of $1.00 per hundredweight (cwt), $0.08 higher than their July PPD of $0.92 per cwt.

In August 2015, Federal Order 33 had the fifth highest PPD, at -$0.22 per cwt, $0.05 per cwt lower than the July PPD.

For August 2015 Federal Order 124 had the lowest PPD at -$1.42 per cwt, $0.27 per lower than the July PPD.

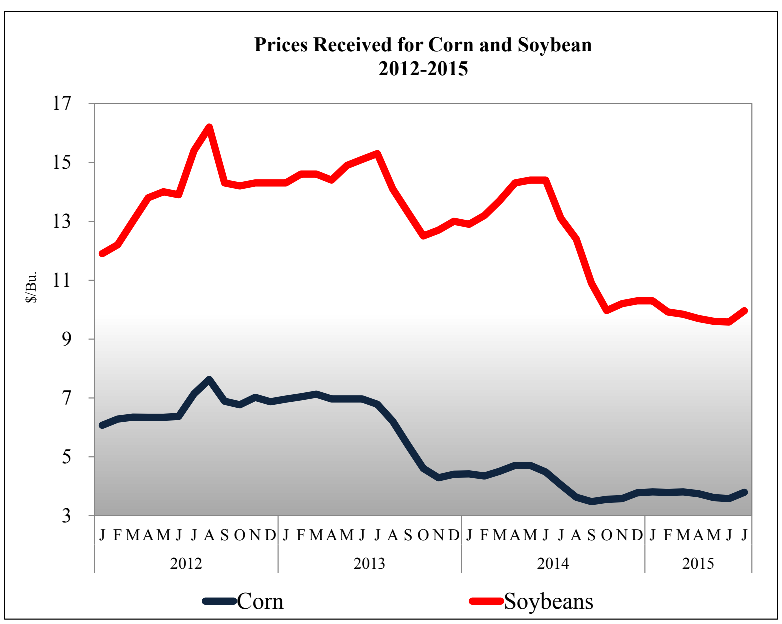
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

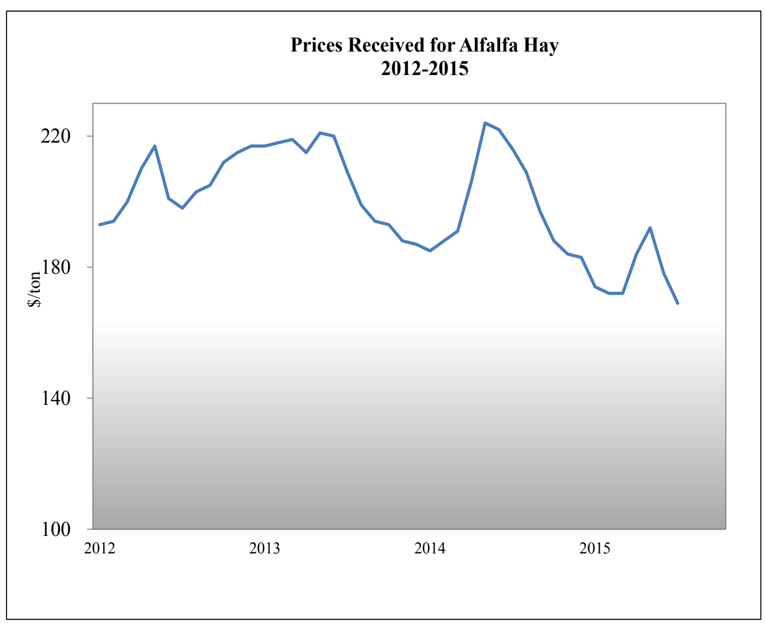
Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For August 2015, Federal Order 6 had a SUP of $20.62 per cwt, $0.43 lower than the previous month's SUP.

Federal Order 33 had a SUP of $16.05 per cwt, $0.11 per cwt lower than the previous month's SUP.

The Pacific Northwest order had the lowest SUP at $14.85 per cwt, $0.33 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