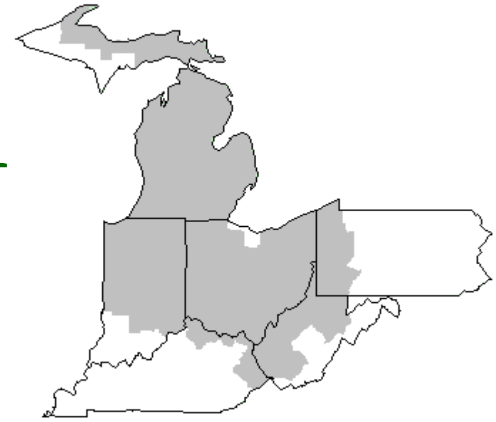
Mideast Market Administrator's Bulletin



Federal Order No. 33

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AUGUST 2016

Recent Developments in Dairy Markets

Wholesale prices for all major dairy products rose in June. From the week ending June 4 to the week ending July 2, prices for butter, 40-pound blocks of cheddar cheese, 500-pound barrels of cheddar cheese, and nonfat dry milk (NDM) rose by $0.271, $0.178, $0.166, and $0.043 per pound, respectively. The price for dry whey was relatively steady, rising by $0.008 over the same period.

International prices have increased recently as well. From the biweekly period ending June 10 to the period ending July 8, the Oceania export price range for skim milk powder rose from $0.828-0.850 to $0.862-$0.885 per pound. The Western Europe export price range for dry whey rose from $0.272-0.340 to $0.283-0.352 per pound over the period. Although international prices for butter and cheese rose over the same period, they remained considerably below domestic prices. Oceania export price ranges for butter and cheese for the biweekly period ending July 8 were $1.281-$1.406 and $1.270-$1.315 per pound, respectively.

The USDA National Agricultural Statistics Service (NASS) reported May milk production of 18.6 billion pounds, up 1.2 percent from May 2015. Milk per cow averaged 1,999 pounds, 23 pounds above May 2015. NASS reported milk cow numbers staying constant from March through May at 9.327 million head, 3,000 more than May 2015.

Dairy imports increased from April to May by 96 million pounds on a milk-fat milk-equivalent basis and 59 million pounds on a skim-solids milk-equivalent basis. Products with notable increases in imports included cheese, milk protein products, milk albumin, and food preparations with significant dairy content. Dairy exports also increased from April to May by 65 million pounds on a milk-fat basis and 148 million pounds on a skim-solids basis. Products with notable increases in exports included dry whole milk, cheese, whey products, and lactose. Exports of butterfat products decreased significantly from April to May.

Domestic demand for dairy products has been relatively high in 2016, especially on a skim-solids basis. In April and May, the year-over-year percentage increases on a skim-solids basis were 5.0 and 5.4 percent, respectively. On a milk-fat basis, year-over-year percentage increases for the same 2 months were 2.6 and 2.2 percent, respectively. Stocks remain high for butter and cheese, with May ending stocks at 22.5 and 12.4 percent above previous-year levels, respectively. NDM ending stocks were 9.9 percent below the previous-year levels in May.

Feed price forecasts for 2015/2016 and 2016/17 have generally been lowered from last month. The 2015/16 corn price forecast is $3.60-$3.70 per bushel, down $0.05 from last month's forecast at the midpoint. The 2016/17 corn price forecast is $3.10-$3.70 per bushel, down $0.10 at both ends of the range. The estimated 2015/16 soybean meal price is $340 per short ton, up $5. The 2016/17 soybean meal price forecast is $325-$365 per short ton, up $5 at both ends of the range. The reductions in the corn price forecasts are proportionally greater than the higher forecasts for the soybean meal prices. The national average price for alfalfa hay decreased from $153 per short ton in April to $147 in May.

Based on recent data, forecasts of milk cow numbers for the second and third quarter of 2016 have been lowered by 10,000 head. The 2016 forecast of milk per cow is unchanged from last month. As a result of the lower expected cow numbers, the milk production forecast for 2016 is 212.4 billion pounds, a reduction of 0.2 billion pounds.

On a milk-fat basis, 2016 imports are forecast at 6.8 billion pounds, unchanged from last month. With lower exports of butterfat products expected to more than offset higher dry whole milk exports, the export forecast on a milk-fat basis is lowered 0.1 billion pounds to 8.4 billion pounds. Due to persistently high stock levels in recent months, ending stocks have been increased by 0.4 billion pounds. With forecasts for higher ending stocks and lower milk production, the domestic commercial use forecast on a milk-fat basis is lowered for the year from 210.2 to 209.7 billion pounds.

(Continued on Page 3)

July 2016 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	500,082,257	29.7
Class II	325,433,291	19.3
Class III	573,164,727	34.0
Class IV	287,467,750	17.0
Total	1,686,148,025	100.0

Producer Prices

Producer Price Differential	$ 0.21	/ cwt
Butterfat Price	2.5964	/ lb
Protein Price	1.9112	/ lb
Other Solids Price	0.0774	/ lb
Somatic Cell Adjustment Rate	0.00082	/ cwt
Statistical Uniform Price	15.45	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

July 2016

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			490,391,735			$7.57 / cwt	$37,122,654.37
Class I Butterfat		9,690,522				2.3989/ lb	23,246,593.22
Class I Location Differential	500,082,257						(216,000.93)
Class II SNF Value				27,446,168		0.6967/ lb	19,121,745.25
Class II Butterfat		23,201,239				2.6034/ lb	60,402,105.63
Class III Protein Value			17,296,292			1.9112/ lb	33,056,673.24
Class III Other Solids Value					33,309,629	0.0774/ lb	2,578,165.29
Class III Butterfat		16,777,131				2.5964/ lb	43,560,142.93
Class IV SNF Value				25,163,230		0.6618/ lb	16,653,025.57
Class IV Butterfat		10,742,834				2.5964/ lb	27,892,694.18
Somatic Cell Value II / III / IV							1,436,460.98
TOTAL PRODUCER MILK VALUE	1,686,148,025	60,411,726	50,383,554		97,335,610		$264,854,259.73
Overages					82,330.97		
Beginning Inventory & OS Charges					81,926.21		
TOTAL ADJUSTMENTS							164,257.18
TOTAL HANDLER OBLIGATIONS							$265,018,516.91

Total Protein Value	50,383,554 lbs	@	$1.9112	$(96,293,048.39)
Total Other Solids Value	97,335,610 lbs	@	0.0774	(7,533,776.20)
Butterfat Value	60,411,726 lbs	@	2.5964	(156,853,005.34)
Total Somatic Cell Values				(2,016,257.09)
TOTALS				$ 2,322,429.89
Net Producer Location Adjustments				$ 1,139,440.13
1/2 Unobligated Balance Producer Settlement Fund				821,000.00
Total - Divided by Total Pounds	1,686,148,025 lbs		0.2540032	$ 4,282,870.02
Rate of Cash Reserve			(0.0440032)	(741,959.09)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,686,148,025		$0.21 / cwt	$ 3,540,910.93

COMPONENT PRICES

	July 2016	July 2015
Butterfat Price	$2.5964 / lb	$2.1125 / lb
Protein Price	1.9112 / lb	2.6070 / lb
Other Solids Price	0.0774 / lb	0.2004 / lb
Somatic Cell Adjustment Rate	0.00082 / cwt	0.00085 / cwt
Nonfat Solids Price	0.6618 / lb	0.6621 / lb

COMPUTATION OF UNIFORM PRICE

	July 2016	July 2015
Class III Price - 3.5% BF	$ 15.24	$16.33
Producer Price Differential*	0.21	(0.17)
Statistical Uniform Price	$15.45	$16.16

CLASS PRICES

	July 2016	July 2015
Class I*	$15.70	$18.53
Class II	15.16	14.70
Class III	15.24	16.33
Class IV	14.84	13.15

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	July 2016 *Product lbs.*	July 2015 *Product lbs.*
Class I	500,082,257	507,898,920
Class II	325,433,291	361,593,094
Class III	573,164,727	298,683,789
Class IV	287,467,750	269,183,447
Total	1,686,148,025	1,437,359,250

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for July 2016 was $0.21 and the Statistical Uniform Price was $15.45 for the month. The Statistical Uniform Price is $1.28 higher than last month, and is $0.71 lower than July 2015.

The Producer Butterfat Price of $2.5964 per pound increased $0.1855 from June and is up $0.4839 from a year ago. The Protein Price of $1.9112 is up $0.4305 from last month and is down $0.6958 from July 2015. The Other Solids Price in July was $0.0774 per pound, an increase from last month's price of $0.0628 and $0.1230 lower than last July. The Somatic Cell Adjustment rate for July was $0.00082.

July producer receipts of 1.69 billion pounds were 2.3 percent higher than June and 17.3 percent higher than July 2015 production of 1.44 billion pounds. Producer milk allocated to Class I accounted for 29.7 percent of the total producer milk in July 2016, higher than the 29.3 percent in June, and lower than the 35.3 percent in July 2015. A total of 5,363 producers were pooled on the Mideast Order compared to 5,578 producers pooled in July 2015.

The market average content of producer milk was as follows: Butterfat 3.58%; Protein 2.99%; Other Solids 5.77% and Nonfat Solids 8.76%.

(continued from Front Page)

Recent data for imports of milk albumin and food preparations suggest slightly higher skim-solids imports for the year. The 2016 forecast for imports on a skim-solids basis is 6.5 billion pounds, 0.1 billion pounds higher than last month's forecast. The forecast for exports has been raised significantly, from 36.0 to 36.4 billion pounds on a skim-solids basis, partly due to increasing dry whey prices in Europe and increasing international prices for milk powder. Ending stocks have been reduced from 14.3 to 13.8 billion pounds for the year as result of the increase in exports and a higher forecast for domestic commercial use, which has been raised to 181.7 billion pounds, 0.2 billion pounds above last month's forecast.

Based on recent price data and expectations of robust demand, prices for all of the major dairy products are expected to be higher than expected last month. The 2016 forecasts for cheese, butter, NDM, and dry whey have been raised to $1.515-$1.545, $2.155-$2.215, $0.785-$0.815, and $0.250-$0.270 per pound, respectively. With higher prices forecast for cheese and whey, the Class III price forecast is raised to $13.90-$14.20 per hundredweight (cwt). Similarly, the Class IV price forecast is raised to $13.80-$14.20 per cwt due to higher prices for butter and NDM. With price forecasts for dairy products being raised across the board, the all-milk price forecast is $15.55-$15.85 per cwt, an increase from $14.95-$15.35 per cwt forecast last month.

The forecast for milk cows is increased by 15,000 cows for 2017 to 9.335 million, due to higher forecasts for milk prices and lower forecasts for feed prices. Output per cow is unchanged, at 23,095 pounds for the year. Total production is forecast at 215.6 billion pounds, 0.3 billion pounds higher than last month, and an increase of 1.5 percent from 2016.

On a skim-solids basis, 2017 import and export forecasts have been increased slightly from last month. Imports are now forecast at 6.3 billion pounds, 0.1 billion pounds higher, due to higher expected imports of milk albumin and food preparations with significant dairy content. Exports are forecast at 37.3 billion pounds, 0.2 billion pounds higher due to higher expected exports of dry whole milk. Ending commercial stocks are forecast at 13.8 billion pounds, 0.2 billion pounds lower than last month. The domestic commercial use forecast is lowered 0.1 billion pounds to 183.6 billion for 2017.

Higher dairy product price forecasts are extended into 2017. Robust domestic demand is expected to contribute to higher prices for all major dairy products, and improving international markets are expected to support higher domestic prices for NDM and dry whey. Price forecasts for cheese, butter, NDM and dry whey have been raised to $1.565-$1.665, $1.940-$2.070, $0.865-$0.935 and $0.280-$0.310 per pound, respectively. With higher cheese and whey price forecasts in 2017, the Class III price is forecast higher, $14.50-$15.50 per cwt for the year. The Class IV price forecast has also been raised from last month to $13.50-$14.60 per cwt. As a result, the forecast all-milk price for the year has been raised to $15.70-$16.70 per cwt, an increase from $15.25-$16.70 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-265/July 18, 2016 Economic Research Service, USDA

June Milk Production Up 1.6 Percent

Milk production in the 23 major States during June totaled 16.7 billion pounds, up 1.6 percent from June 2015. May revised production, at 17.4 billion pounds, was up 1.2 percent from May 2015. The May revision represented a decrease of 0.1 percent or 2 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,926 pounds for June, 26 pounds above June 2015. This is the highest production per cow for the month of June since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.65 million head, 17,000 head more than June 2015, and 3,000 head more than May 2016.

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 June totaled 2.6 billion pounds, up 65 million pounds or 2.5 percent from June 2015.

Production per cow in the Mideast states averaged 1,874 pounds for June. The number of cows on farms in the Mideast states was 1.4 million head, 14,000 head more than June 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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	June 2016							June 2015				
			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	1,397	809,191	3.54	3.01	5.79	168	648,873	3.55	3.00	5.77	167
Ohio	1,881	421,767	3.65	3.03	5.73	193	376,294	3.58	2.98	5.70	208
Indiana	908	201,660	3.57	3.00	5.77	207	199,053	3.59	3.02	5.84	213
New York	231	105,578	3.70	3.03	5.76	179	93,582	3.71	3.00	5.76	203
Pennsylvania	754	96,901	3.73	3.01	5.73	236	101,269	3.67	2.98	5.75	244
Wisconsin	19	4,041	3.46	3.01	5.72	269	5,007	3.73	3.07	5.74	213
West Virginia	38	3,049	3.70	3.09	5.72	277	2,740	3.78	3.08	5.72	259
Other	100	5,714	3.76	3.04	5.71	255	7,768	3.63	3.00	5.74	237
Total/Average *	5,328	1,647,901	3.60	3.02	5.77	184	1,434,586	3.59	3.00	5.76	193

* 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
July 2016

	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*)	2,300,792	673,939	29.3	$0.98	$16.22
FO 5	Appalachian - (*Charlotte*)	436,514	296,137	67.8	[2/]	16.80
FO 6	Florida - (*Tampa*)	205,763	171,449	83.3	[2/]	18.71
FO 7	Southeast - (*Atlanta*)	418,092	287,264	68.7	[2/]	17.20
FO 30	Upper Midwest - (*Chicago*)	2,712,972	258,565	9.5	0.10	15.34
FO 32	Central - (*Kansas City*)	1,298,432	365,593	28.2	0.02	15.26
FO 33	**Mideast** - (*Cleveland*)	**1,686,148**	**500,082**	**29.7**	**0.21**	**15.45**
FO 124	Pacific Northwest - (*Seattle*)	771,834	152,386	19.7	(0.05)	15.19
FO 126	Southwest - (*Dallas*)	1,172,026	323,010	27.6	0.87	16.11
FO 131	Arizona - (*Phoenix*)	398,835	102,062	25.6	[2/]	15.42

[1/] Names in parentheses are principal points of markets.

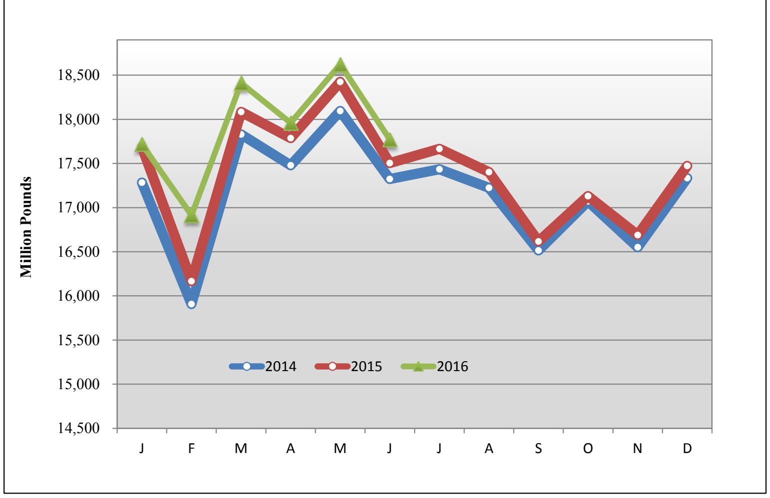
[2/] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR AUGUST 2016........................$14.84 /cwt.

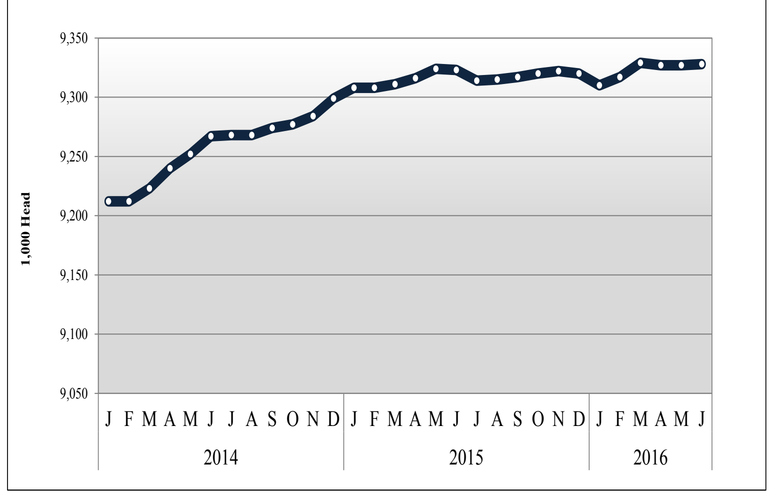
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 August 2016

MILK PRODUCTION STATISTICS 1/

Milk Production by Month, United States, 2014-2016



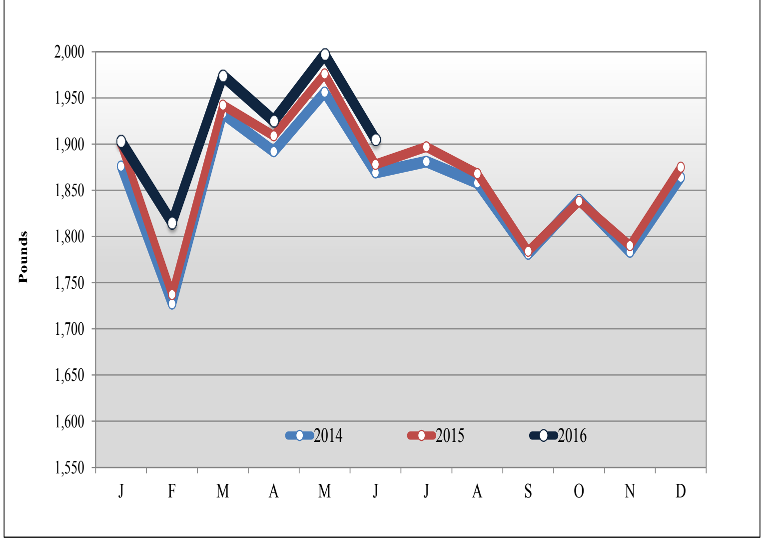
Milk Cows by Month, United States, 2014-2016



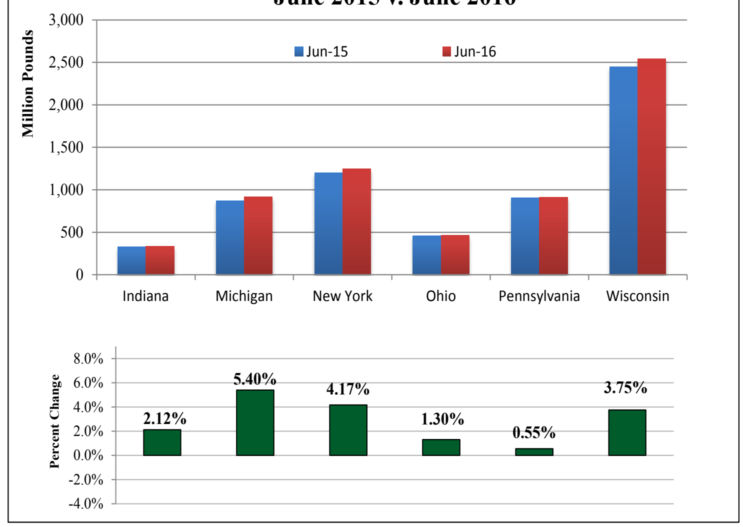
June 2016 milk production in the United States decreased 852 million pounds from May to 17.8 billion pounds. June 2016 milk production in the United States was up 1.5% percent from the same month of the prior year.

The number of milk cows on farms in the United States was 9.3 million head for June 2016, up 1,000 head from May . June Cow number were 5,000 head higher than June 2015.

Milk Production Per Cow by Month, United States, 2014-2016



Milk Production in Select Mideast States, June 2015 v. June 2016

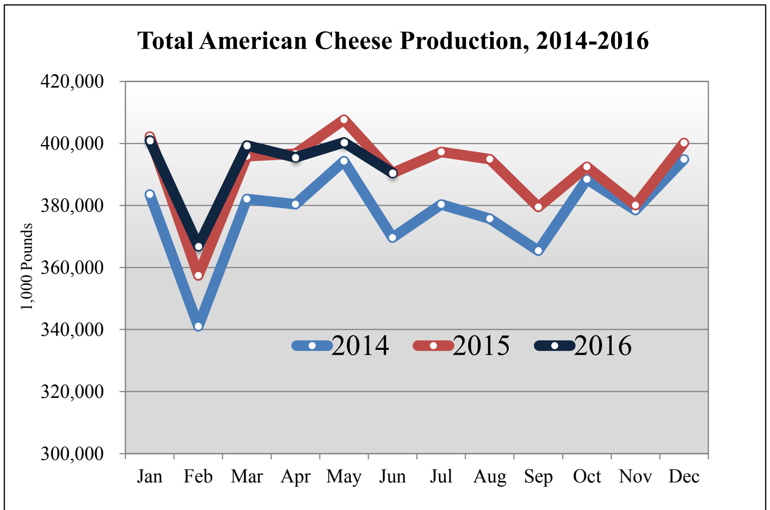


Production per cow in the United States averaged 1,905 pounds for June 2016 down 92 pounds from May 2016. June 2016 milk production per cow was up 27 pounds from the same month of the prior year.

Milk production from selected states which pool on the Mideast marketing area totaled 6.4 billion pounds during June 2016, up 207 million pounds from the prior year. Milk production in Wisconsin was up 92million pounds while production in Pennsylvania was up 5 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/

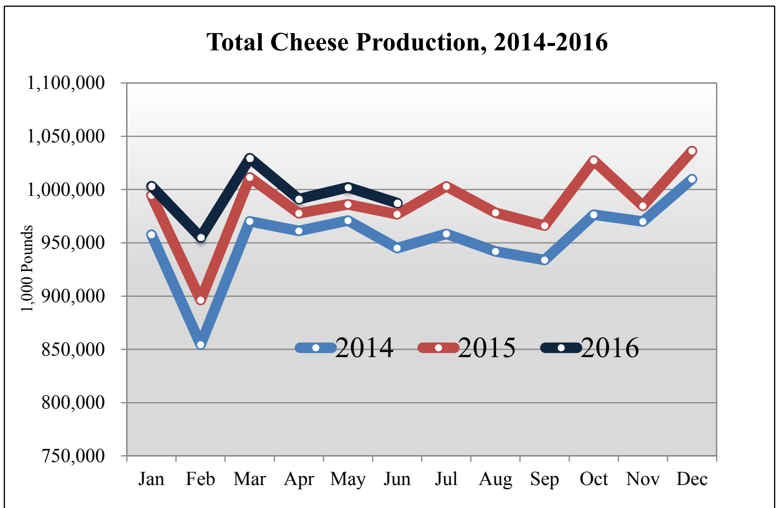


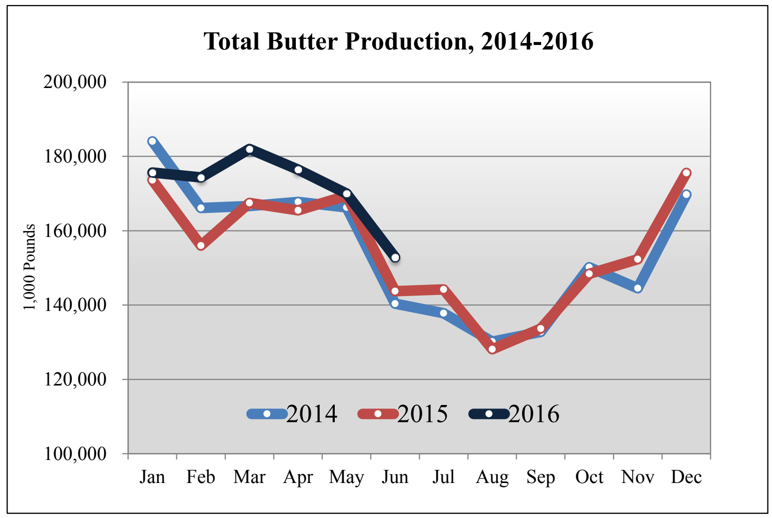
Dairy Product Production Summary:

American type cheese production totaled 390 million pounds, 0.2 percent below June 2015 and 2.6 percent below May 2016.

Total cheese output (excluding cottage cheese) was 987 million pounds, 1.1 percent above June 2015 and 1.5 percent below May 2016.

Butter production was 153 million pounds, 6.4 percent Above June 2015 and 10.1 percent below May 2016.





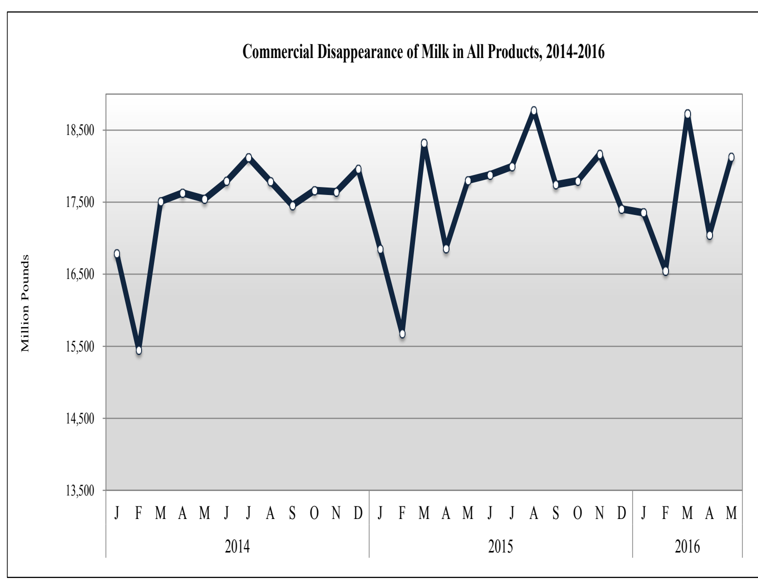
COMMERCIAL DISAPPEARANCE 2/

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 May 2016 commercial disappearance of milk was 18.1 billion pounds, up 1.7 percent from the prior year. The cumulative disappearance total for 2016 is 87.7 billion pounds, an increase of 2.6 percent from the same 5-month period of 2015.

May 2016 commercial disappearance of American cheese was 380 million pounds, down 1.2 percent from the prior year.

May 2016 commercial disappearance of butter was 144 million pounds, up 3.4 percent from the prior year.



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.