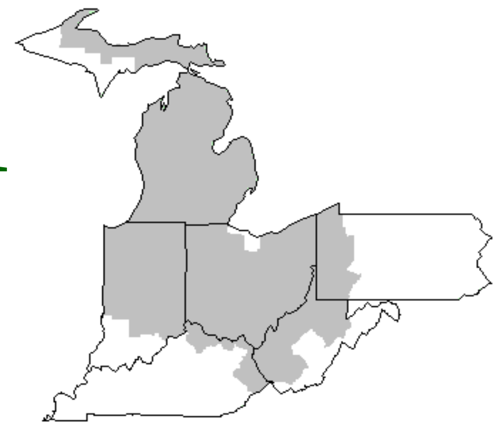
Mideast Market Administrator's

Bulletin



Federal Order No. 33

Sharon R. Uther, Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com

MARCH 2016

Mideast Staff to Have Booth at Spring Dairy Expo

The Mideast Market Administrator's Office will have a booth at the Spring Dairy Expo in Columbus, Ohio on March 31-April 2, 2016. The Spring Dairy Expo (SDE) features all breeds with daily shows and sales. The 2015 show and sale had 508 head of cattle from 14 states during the three day event. Please stop by our booth to find out more information on Federal Order operations and pricing.All of the monthly national wholesale prices for basic dairy products, as reported by USDA Agricultural Marketing Service (AMS), declined from November to December. The largest decline was for butter, which fell from $2.800 to $2.571 per pound. Notably, the daily closing price for spot butter on the Chicago Mercantile Exchange (CME) fell from $2.790 per pound on December 9th to $2.300 on December 10th. The fall of 49 cents per pound was the largest 1-day decrease in at least 15 years. The daily CME price continued to fall before stabilizing within a range of $2.018 to $2.080 per pound during the second half of the month. National weekly wholesale prices for butter typically follow CME prices with a lag of about 1 week.

January Milk Production Up 0.3 Percent

Milk production in the 23 major States during January totaled 16.6 billion pounds, up 0.3 percent from January 2015. December revised production at 16.4 billion pounds, was up 0.7 percent from December 2014. The December revision represented an increase of 19 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,923 pounds for January, 4 pounds above January 2015. This is the highest production per cow for the month of January 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, 6,000 head more than January 2015, but 11,000 head less than December 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 January totaled 2.6 billion pounds, up 63 million pounds or 2.4 percent from January 2015.

Production per cow in the Mideast states averaged 1,896 pounds for January, 28 pounds more January 2015.

The number of cows on farms in the Mideast states was 1.4 million head, 11,000 head more than January 2015.

2015 Annual Milk Production Up 1.3 Percent from 2014

The annual production of milk for the U.S. during 2015 was 208.6 billion pounds, 1.3 percent above 2014.

Production per cow in the U.S. averaged 22,393 pounds for 2015, 134 pounds above 2014. The average annual rate of milk production per cow has increased 19.4 percent from 2003.

The average number of milk cows on farms in the U.S. during 2015 was 9.3 million head, up 0.6 percent from 2014.

The Mideast Marketing Area has four states represented above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during 2015 totaled 30.6 billion pounds, up 991 million pounds or 3.3 percent from 2014.

Production per cow in the Mideast states averaged 22,058 pounds for 2015, this was 323 pounds above 2014.

The number of cows on farms in the Mideast states was 1.4 million head, 22,000 head more than 2014.

February 2016 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	518,037,384	32.3
Class II	305,527,018	19.1
Class III	497,116,591	31.0
Class IV	280,915,532	17.6
Total	1,601,596,525	100.0

Producer Prices

Producer Price Differential	$ 0.57	/ cwt
Butterfat Price	2.3778	/ lb
Protein Price	1.7389	/ lb
Other Solids Price	0.0492	/ lb
Somatic Cell Adjustment Rate	0.00076	/ cwt
Statistical Uniform Price	14.37	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
February 2016

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			508,484,252			$7.91 / cwt	$40,221,104.36
Class I Butterfat		9,553,132				2.2878/ lb	21,855,655.40
Class I Location Differential	518,037,384						(201,891.42)
Class II SNF Value				26,436,201		0.6856/ lb	18,124,659.41
Class II Butterfat		19,697,191				2.3848/ lb	46,973,861.12
Class III Protein Value			15,790,862			1.7389/ lb	27,458,729.91
Class III Other Solids Value					28,711,021	0.0492/ lb	1,412,582.23
Class III Butterfat		16,708,544				2.3778/ lb	39,729,575.94
Class IV SNF Value				24,606,499		0.5951/ lb	14,643,327.53
Class IV Butterfat		15,310,954				2.3778/ lb	36,406,386.40
Somatic Cell Value II / III / IV							1,464,902.85
TOTAL PRODUCER MILK VALUE	1,601,596,525	61,269,821	50,510,502		92,071,566		$248,088,893.73
Overages					50,763.69		
Beginning Inventory & OS Charges					51,177.65		
TOTAL ADJUSTMENTS							101,941.34
TOTAL HANDLER OBLIGATIONS							$248,190,835.07

	Pounds		Price	Value
Total Protein Value	50,510,502 lbs	@	$1.7389	$(87,832,711.93)
Total Other Solids Value	92,071,566 lbs	@	0.0492	(4,529,921.04)
Butterfat Value	61,269,821 lbs	@	2.3778	(145,687,380.40)
Total Somatic Cell Values				(2,139,684.87)
TOTALS				$ 8,001,136.83
Net Producer Location Adjustments				$ 1,085,033.31
1/2 Unobligated Balance Producer Settlement Fund				796,000.00
Total - Divided by Total Pounds	1,601,596,525 lbs		0.6170200	$ 9,882,170.14
Rate of Cash Reserve			(0.0470200)	(753,070.69)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,601,596,525		$0.57 / cwt	$ 9,129,099.45

COMPONENT PRICES

	February 2016	February 2015
Butterfat Price	$2.3778 / lb	$1.8296 / lb
Protein Price	1.7389 / lb	2.4051 / lb
Other Solids Price	0.0492 / lb	0.3273 / lb
Somatic Cell Adjustment Rate	0.00076 / cwt	0.00077 / cwt
Nonfat Solids Price	0.5951 / lb	0.8544 / lb

COMPUTATION OF UNIFORM PRICE

	February 2016	February 2015
Class III Price - 3.5% BF	$ 13.80	$15.46
Producer Price Differential*	0.57	0.31
Statistical Uniform Price	$14.37	$15.77

CLASS PRICES

	February 2016	February 2015
Class I*	$18.04	$18.24
Class II	14.19	14.48
Class III	13.72	15.46
Class IV	13.31	13.82

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	February 2016 *Product lbs.*	February 2015 *Product lbs.*
Class I	518,037,384	493,758,866
Class II	305,527,018	303,881,918
Class III	497,116,591	512,034,988
Class IV	280,915,532	261,124,097
Total	1,601,596,525	1,570,799,869

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for February 2016 was $0.57 and the Statistical Uniform Price was $14.37 for the month. The Statistical Uniform Price is the $0.23 lower than last month, and is $1.40 lower than February 2015.

The Producer Butterfat Price of $2.3778 per pound increased 7.16 cents from January 2015 and is up 54.82 cents from a year ago. The Protein Price of $1.7389 is down 7.80 cents from last month and is down $0.6662 from February 2015. The Other Solids Price in February was $0.0492 per pound, an increase from last month’s price of $0.371 and a decrease of 27.81 cents from last February. The Somatic Cell Adjustment rate for February was $0.00076.

February producer receipts of 1.60 billion pounds were 6.1 percent lower than January and 2.0 percent lower than February 2015 production of 1.57 billion pounds. Producer milk allocated to Class I accounted for 32.3 percent of the total producer milk in February 2016, more than the 32.2 percent in January 2016 and more than the 31.4 percent in February 2015. A total of 5,323 producers were pooled on the Mideast Order compared to 5,715 producers pooled in February 2015.

The market average content of producer milk was as follows: Butterfat 3.83%; Protein 3.15%; Other Solids 5.75% and Nonfat Solids 8.90%.

Recent Developments in Dairy Markets

From December to January, U.S. average prices for cheese, butter, and nonfat dry milk all declined. Dry whey was the exception, with a slight monthly increase. Butter had the largest decrease, a fall from $2.571 per pound in December to $2.076 in January. However, weekly butter prices, as reported in the USDA National Dairy Products Sales Report, strengthened from $2.041 for the week ending January 2 to $2.150 for the week ending January 30. This was well above January export prices for butter from Oceania and Europe of $1.384 and $1.355 per pound, respectively.

Recent weakness of dairy prices in the United States and abroad can be attributed in large part to international supply and demand conditions. In October and November, cows' milk marketings for the European Union (EU) increased by about 5 percent over the same months of the previous year, a large increase from the world's largest supplier of cows' milk. The termination of EU milk production quotas as of March 31 has undoubtedly contributed to the milk production increase. In the fourth quarter, the United States had a modest 0.6 percent year-over-year increase in milk production, while fourth-quarter milk production for New Zealand and Australia fell by 2.2 and 2.7 percent, respectively. The year-over-year increases in milk production for the EU and the United States have much more than offset recent declines for New Zealand and Australia. Meanwhile, dairy import demand from China continues to be weak, and the Russian trade ban continues to be a factor as Europeans have turned to alternative outlets for their dairy product supplies.

High supplies of some dairy products have played a role in recent price declines. Year-end 2015 stocks for butter, cheese, and dry whey for human use were above 2014 levels by 46.0, 12.6, and 11.9 percent, respectively. However, nonfat dry milk (NDM) ending stocks were 16.6 percent lower than the previous year.

On January 29, USDA National Agricultural Statistics Service (NASS) reported a U.S. dairy cow inventory of 9,315 head as of December 31st in its Cattle report. There is considerable potential for refreshing the herd, with December 31 replacement heifers at 4,824 head (52 percent of dairy cows) and 3,117 heifers expected to calve during 2016. Milk per cow in December was 1,872 pounds, 0.4 percent above December 2014.

Feed price forecasts remain relatively low. The corn price for 2015/16 is forecast $3.35-$3.85 per bushel, unchanged from last month's forecast at the midpoint. The 2015/16 soybean meal price forecast is unchanged at $270-$310 per short ton. The national average price for alfalfa hay in December was unchanged from November at $150 per short ton.

Based on the most recent NASS Milk Production and Cattle reports, the forecast for 2016 first-quarter milk production has been raised by 0.1 billion pounds, with milk cows numbering 9,295 head and milk per cow 5,690 pounds. Milk production for 2016 is forecast at 211.9 billion pounds, an increase of 0.1 billion pounds over last month's forecast.

With high international supplies and weak demand fordairy products expected abroad, 2016 forecasts for exports have been reduced by 0.3 billion pounds on a milk-fat milk-equivalent basis and by 0.7 billion pounds on a skim-solids milk-equivalent basis. With strong demand expected for butter, the domestic commercial use forecast for 2016 has been raised by 0.6 billion pounds on a milk-fat basis. Domestic commercial use on a skim-solids basis has been raised by 0.5 billion pounds due to lower expected NDM and dry whey prices.

For 2016, the butter price forecast has been raised to $1.990-$2.090 per pound due to strong domestic demand. Weak exports and high supplies are expected to keep butter prices throughout 2016 from rising to levels seen in the fourth quarter of 2015. The price forecast for cheese has been narrowed to $1.550-$1.620 per pound as higher expected prices in the first quarter are offset by lower forecasts in the second half of the year. With lower exports expected, the NDM and dry whey prices have been lowered to $0.775-$0.835 and $0.230-$0.260 per pound, respectively.

With lower expected whey prices, the 2016 Class III milk forecast has been lowered at the upper end of the range to $14.05-$14.75 per hundredweight (cwt). The Class IV milk forecast has been lowered to $13.00-$13.80 per cwt, as the projected reduction in the NDM price more than offsets the increase in the butter price. With lower expected Class III and IV prices, the all-milk price forecast for 2016 has been lowered to $15.30-$16.00 per cwt, a reduction from $15.35-$16.15 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-260/Feb. 16, 2016 Economic Research Service, USDA

Bulletin WebPage Edition

www.fmmaclev.com

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

	January 2016							January 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	1,431	851,606	3.78	3.16	5.75	155	776,937	3.78	3.16	5.74	159
Ohio	1,847	422,593	3.92	3.21	5.72	189	420,609	3.87	3.17	5.70	195
Indiana	957	215,529	3.82	3.18	5.74	193	210,810	3.87	3.21	5.82	196
New York	254	106,156	3.92	3.18	5.75	181	99,505	3.92	3.15	5.74	173
Pennsylvania	776	95,856	4.01	3.17	5.71	229	97,427	3.98	3.16	5.71	234
Wisconsin	27	4,348	3.83	3.07	5.71	225	66,640	3.80	3.14	5.73	230
West Virginia	40	2,833	4.08	3.27	5.70	252	2,813	4.17	3.29	5.69	250
Other	125	5,938	4.02	3.20	5.71	240	13,978	3.95	3.19	5.75	205
Total/Average *	5,457	1,704,859	3.84	3.18	5.74	175	1,688,719	3.84	3.17	5.74	181

* 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

PRSRT STD
U.S. POSTAGE
PAID
Cleveland, Ohio
Permit No. 2511

Mideast Market Administrator Bulletin
1325 Industrial Parkway North
P.O. Box 5102
Brunswick, Ohio 44212

POSTMASTER: Time Sensitive Material - Deliver Promptly

FEDERAL ORDER DATA
February 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*)	2,137,767	725,857	34.0	$1.49	$15.29
FO 5	Appalachian - (*Charlotte*)	454,073	316,929	69.8	[2]	16.41
FO 6	Florida - (*Tampa*)	235,525	196,350	83.4	[2]	18.43
FO 7	Southeast - (*Atlanta*)	426,663	312,548	73.3	[2]	16.88
FO 30	Upper Midwest - (*Chicago*)	3,100,965	284,109	9.2	0.19	13.99
FO 32	Central - (*Kansas City*)	1,312,624	394,203	30.5	0.41	14.21
FO 33	**Mideast - (*Cleveland*)**	**1,601,597**	**518,037**	**32.3**	**0.57**	**14.37**
FO 124	Pacific Northwest - (*Seattle*)	716,472	159,525	22.3	0.28	14.08
FO 126	Southwest - (*Dallas*)	1,197,350	352,726	29.5	1.22	15.02
FO 131	Arizona - (*Phoenix*)	433,099	104,101	24.0	[2]	14.30

[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 MARCH 2016.........................$13.49 /cwt.

Printed on recycled paper