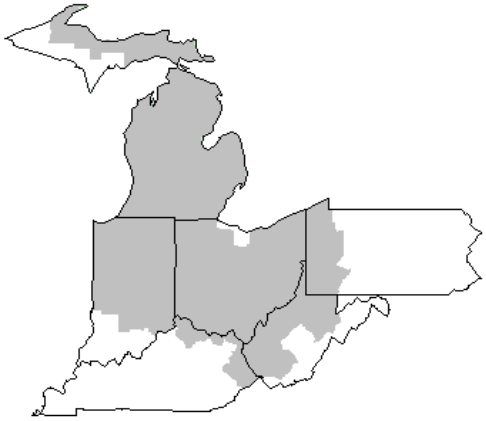
Mideast Market Administrator's

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
MAY 2016

Recent Developments in Dairy Markets

U.S. dairy imports continued relatively high in February, especially for products with high milk-fat content. Imports of cheese and butterfat products were higher than January 2016 and much higher than February 2015. Imports from New Zealand, the European Union (EU), and Canada made up substantial shares of dairy imports. On the export side, combined exports of nonfat dry milk (NDM) and skim milk powder remained strong compared to exports of other products, with exports to Mexico making up the largest share. Exports of whey products grew from January to February and exceeded February 2015. U.S. exports of butterfat products also increased significantly over the previous month and February 2015.

Price differences between U.S. domestic wholesale prices and foreign export prices have contributed to the increase in imports of products with high milk-fat content and the resilience of exports of products with high skim-solids content. The large price gap between the U.S. and foreign prices for butter has encouraged non-licensed butter imports at the high-tier tariff rate of $0.699 per pound. Although U.S. prices for NDM and dry whey are competitive with prices of foreign competitors, U.S. export growth continues to be constrained by slow global demand growth.

U.S. milk production has continued to grow. Daily milk production in February was 1.0 percent higher than February 2015, and daily milk per cow in February was 0.9 percent higher. Milk cows were four-thousand head higher than the previous February. Prices for corn, soybean meal, and alfalfa hay have been relatively low in recent months, contributing to favorable conditions for increased milk production.

For the weeks ending March 5 through March 26, federally inspected milk cow slaughter was below corresponding weeks in 2015. Relatively low cull-cow prices may have contributed to retention of some milk cows that would have otherwise been culled. Although specific price data are not available for dairy cull-cows, the National dressed domestic cutter-cow price (live weight equivalent) is a reasonable proxy. The cutter-cow price declined substantially through the second half of 2015 and continued to be relatively low in the first quarter of 2016.

Butter and cheese stocks remain well above previous-year levels, with February ending stocks higher than the previous year by 31.5 percent (butter) and 10.8 percent (cheese). NDM ending stocks for February were 10.0 percent lower than the previous year.

Price directions of major dairy commodities were mixed in March. From the week ending March 5 to the week ending April 2, prices reported in the National Dairy Products Sales Report (NDPSR) decreased for butter, NDM, and dry whey as follows: $2.031 to $1.954, $0.761 to $0.746, and $0.253 to $0.252 per pound, respectively. For the same weeks, the NDPSR price of 40-pound blocks of Cheddar cheese increased from $1.505 to $1.524 per pound, and 500-pound barrels (adjusted to 38-percent moisture) increased from $1.496 to $1.510 per pound.

Feed price forecasts continue to remain relatively low. The corn price forecast for 2015/16 is $3.40-$3.70 per bushel, a decrease from $3.40-$3.80 forecast last month. The 2015/16 soybean meal price forecast is $275-$295 per short ton, unchanged at the midpoint from last month's forecast. The national average price for alfalfa hay decreased from $147 per short ton in January to $142 in February.

Based on recent data for milk production, milk cow slaughter, and expectations of relatively low cull-cow prices, milk production forecasts have been raised to 211.8 billion pounds for 2016, an increase of 0.2 billion pounds from last month's forecast. The 2016 forecast for milk cows is 9.310 million head, 5 thousand more than forecast last month. Milk per cow has been raised to 22,755 pounds per head, 10 pounds more than forecast last month.

Based on recent trade data and the price gap between domestic and foreign export prices, the forecast for 2016 imports on a milk-fat milk-equivalent basis has been raised by 0.5 billion pounds. Imports on a skim-solids milk-equivalent basis have been lowered by 0.2 billion pounds due to lower expected imports of milk protein products. Commercial export forecasts have been raised on a milk-fat

(Continued on Page 3)

April 2016
Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	517,996,438	29.7
Class II	357,694,069	20.5
Class III	568,487,248	32.6
Class IV	300,897,451	17.2
Total	1,745,075,206	100.0

Producer Prices

Producer Price Differential	$ 0.39	/ cwt
Butterfat Price	2.2376	/ lb
Protein Price	1.8450	/ lb
Other Solids Price	0.0489	/ lb
Somatic Cell Adjustment Rate	0.00075	/ cwt
Statistical Uniform Price	14.02	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

April 2016

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			508,499,036			$8.22 / cwt	$41,798,620.77
Class I Butterfat		9,497,402				2.2306/ lb	21,184,904.93
Class I Location Differential	517,996,438						(211,178.10)
Class II SNF Value				30,848,392		0.6544/ lb	20,187,187.70
Class II Butterfat		22,988,213				2.2446/ lb	51,599,342.92
Class III Protein Value			17,792,232			1.8450/ lb	32,826,668.14
Class III Other Solids Value					32,993,995	0.0489/ lb	1,613,406.39
Class III Butterfat		18,141,267				2.2376/ lb	40,592,899.06
Class IV SNF Value				26,369,215		0.5573/ lb	14,695,563.50
Class IV Butterfat		15,040,438				2.2376/ lb	33,654,484.08
Somatic Cell Value II / III / IV							1,607,993.15
TOTAL PRODUCER MILK VALUE	1,745,075,206	65,667,320	54,167,225		100,719,595		$259,549,892.54
Overages					4,226.61		
Beginning Inventory & OS Charges					40,367.29		
TOTAL ADJUSTMENTS							44,593.90
TOTAL HANDLER OBLIGATIONS							$259,594,486.44

Total Protein Value	54,167,225 lbs	@	$1.8450		$(99,938,530.28)
Total Other Solids Value	100,719,595 lbs	@	0.0489		(4,925,188.17)
Butterfat Value	65,667,320 lbs	@	2.2376		(146,937,195.24)
Total Somatic Cell Values					(2,276,371.36)
TOTALS					$ 5,517,201.39
Net Producer Location Adjustments					$ 1,172,351.91
1/2 Unobligated Balance Producer Settlement Fund					833,000.00
Total - Divided by Total Pounds	1,745,075,206 lbs		0.4310733		$ 7,522,553.30
Rate of Cash Reserve			(0.0410733)		(716,759.97)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,745,075,206		$0.39 / cwt		$ 6,805,793.33

COMPONENT PRICES

April	2016	2015
Butterfat Price	$2.2376 / lb	$1.8940 / lb
Protein Price	1.8450 / lb	2.5551 / lb
Other Solids Price	0.0489 / lb	0.2698 / lb
Somatic Cell Adjustment Rate	0.00075 / cwt	0.00081 / cwt
Nonfat Solids Price	0.5573 / lb	0.7926 / lb

COMPUTATION OF UNIFORM PRICE

April	2016	2015
Class III Price - 3.5% BF	$ 13.63	$15.81
Producer Price Differential*	0.39	(0.11)
Statistical Uniform Price	$14.02	$15.70

CLASS PRICES

April	2016	2015
Class I*	$15.74	$17.50
Class II	13.54	14.98
Class III	13.63	15.81
Class IV	12.68	13.51

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

April	2016 *Product lbs.*	2015 *Product lbs.*
Class I	517,996,438	511,390,575
Class II	357,694,069	329,148,930
Class III	568,487,248	380,228,115
Class IV	300,897,451	271,829,815
Total	1,745,075,206	1,492,597,435

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2016 was $0.39 and the Statistical Uniform Price was $14.02 for the month. The Statistical Uniform Price is $0.05 higher than last month, and is $1.68 lower than April 2015.

The Producer Butterfat Price of $2.2376 per pound increased $0.0348 from March and is up $0.3436 from a year ago. The Protein Price of $1.8450 is down $0.0756 from last month and is down $0.7101 from April 2015. The Other Solids Price in April was $0.0489 per pound, a decrease from last month’s price of $0.0501 and $0.2209 lower than last April. The Somatic Cell Adjustment rate for April was $0.00075.

April producer receipts of 1.75 billion pounds were 1.2 percent lower than March and 16.9 percent higher than April 2015 production of 1.49 billion pounds. Producer milk allocated to Class I accounted for 29.7 percent of the total producer milk in April 2016, lower than the 30.8 percent in March, and lower than the 34.3 percent in April 2015. A total of 5,279 producers were pooled on the Mideast Order compared to 5,795 producers pooled in April 2015.

The market average content of producer milk was as follows: Butterfat 3.76%; Protein 3.10%; Other Solids 5.77% and Nonfat Solids 8.87%.

(continued from Front Page)

basis due to higher recent exports of products with high milk-fat content. Commercial forecasts on a skim-solids basis have been lowered by 0.1 billion pounds due to lower sales of some whey products.

With an improving economic outlook and lower expected prices for butter and NDM compared to last month's forecast, higher consumption is expected. Forecasts for domestic commercial use have been increased by 0.3 billion pounds on a milk-fat basis and 0.1 billion pounds a skim-solids basis. Year over year, 2016 domestic use is expected to exceed 2015 by 4.0 percent on a milk-fat basis and 2.9 percent on a skim-solids basis. The forecast for ending stocks has been raised by 0.3 billion pounds on a milk-fat basis and is unchanged on a skim-solids basis.

Several factors indicate that dairy prices may fall, including recent high stock levels for butter and cheese, higher forecasts for milk production, and higher imports of products with high milk-fat content. However, strong domestic demand is expected to mitigate downward price pressure. The 2016 price forecasts for butter and NDM have been lowered slightly to $2.005-$2.085 and $0.760-$0.800 per pound, respectively. The 2016 cheese price forecast has been raised for the first half of the year but lowered for the second half, resulting in an annual forecast of $1.510-$1.560 per pound, unchanged at the midpoint from last month's forecast. The dry whey price forecast is unchanged at $0.230-$0.260 per pound.

The 2016 Class III milk price forecast is $13.65-$14.15 per cwt, unchanged at the midpoint from last month's forecast. The Class IV milk price forecast is lowered to $12.90-$13.50 per cwt. The all-milk price forecast for 2016 is $15.00-$15.50 per cwt., unchanged at the midpoint from last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-262/April 18, 2016 Economic Research Service, USDA

March Milk Production Up 1.8 Percent

Milk production in the 23 major States during March totaled 17.2 billion pounds, up 1.8 percent from March 2015. February production, revised at 15.8 billion pounds, was up 4.6 percent from February 2015.The February revision represented a decrease of 4 million pounds or 0.1 percent from last month's preliminary production estimate. Adjusting February production for the additional day due to leap year causes February revised production to be up 1.0 percent on a per day basis.

Production per cow in the 23 major States averaged 1,993 pounds for March, 31 pounds above March 2015. 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 8.64 million head, 19,000 head more than March 2015, and 9,000 head more than February 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 March totaled 2.7 billion pounds, up 100 million pounds or 3.8 percent from March 2015.

Production per cow in the Mideast states averaged 1,934 pounds for March, 49 pounds above March 2015.

The number of cows on farms in the Mideast states was 1.4 million head, 14,000 head more than March 2015.

2015 Dairy Products Recap

Total cheese production, excluding cottage cheeses, was 11.8 billion pounds, 2.8 percent above 2014 production. Wisconsin was the leading State with 25.9 percent of the production.

Italian varieties, with 5.09 billion pounds were 2.8 percent above 2014 production and accounted for 43.0 percent of total cheese in 2015. Mozzarella accounted for 78.5 percent of the Italian production followed by Provolone with 7.5 percent and Parmesan with 6.7 percent. California was the leading State in Italian cheese production with 30.7 percent of the production.

American type cheese production was 4.69 billion pounds, 2.3 percent above 2014 and accounted for 39.7 percent of total cheese in 2015. Wisconsin was the leading State in American type cheese production with 19.4 percent of the production.

Butter production in the United States during 2015 totaled 1.86 billion pounds, 0.1 percent above 2014. California accounted for 31.2 percent of the production.

Source: *Dairy Products 2015 Summary* (April 2016) 5 USDA, National Agricultural Statistics Service

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

Federal Order No. 33

	March 2016						March 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	1,419	881,680	3.72	3.10	5.77	159	680,108	3.75	3.13	5.74	193
Ohio	1,839	436,148	3.82	3.12	5.71	186	425,295	3.84	3.14	5.67	201
Indiana	937	227,683	3.77	3.14	5.85	196	204,069	3.83	3.19	5.81	203
New York	244	108,438	3.89	3.13	5.76	173	99,294	3.93	3.13	5.74	190
Pennsylvania	755	96,969	3.94	3.10	5.74	225	96,927	3.93	3.12	5.71	240
Wisconsin	16	4,284	3.76	3.08	5.72	231	38,950	3.73	3.11	5.70	247
West Virginia	39	2,985	3.92	3.19	5.73	239	2,859	4.08	3.22	5.70	267
Other	156	7,923	3.88	3.12	5.75	216	12,352	3.95	3.17	5.72	201
Total/Average *	5,405	1,766,110	3.77	3.11	5.76	176	1,559,854	3.81	3.14	5.73	191

* 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
1325 Industrial Parkway North
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Brunswick, Ohio 44212

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FEDERAL ORDER DATA
April 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*)	2,265,930	725,155	32.0	$1.22	$14.85
FO 5	Appalachian - (*Charlotte*)	486,658	321,308	66.0	[2/]	16.01
FO 6	Florida - (*Tampa*)	231,542	195,608	84.5	[2/]	18.32
FO 7	Southeast - (*Atlanta*)	493,274	317,125	64.3	[2/]	16.34
FO 30	Upper Midwest - (*Chicago*)	3,192,598	283,379	8.9	0.15	13.78
FO 32	Central - (*Kansas City*)	1,390,590	414,624	29.8	0.28	13.91
FO 33	**Mideast - (*Cleveland*)**	**1,745,075**	**517,996**	**29.7**	**0.39**	**14.02**
FO 124	Pacific Northwest - (*Seattle*)	580,732	152,824	26.3	0.04	13.67
FO 126	Southwest - (*Dallas*)	1,256,092	368,776	29.4	1.17	14.80
FO 131	Arizona - (*Phoenix*)	445,245	103,676	23.3	[2/]	13.82

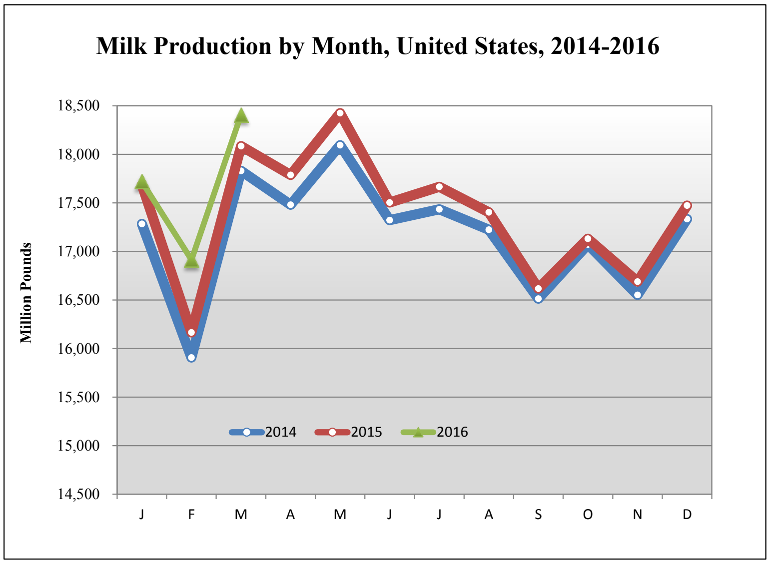
[1/] Names in parentheses are principal points of markets.

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

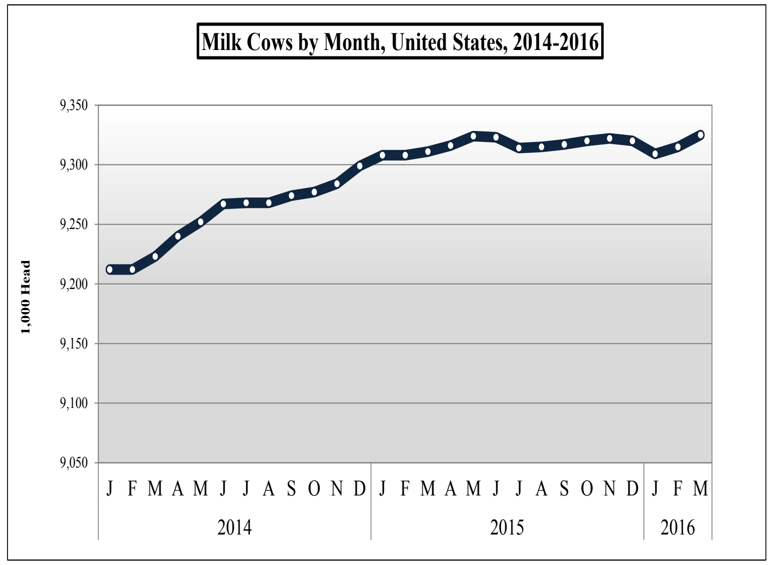
MINIMUM PARTIAL PAYMENT PRICE FOR MAY 2016 ....$12.68 /cwt.

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

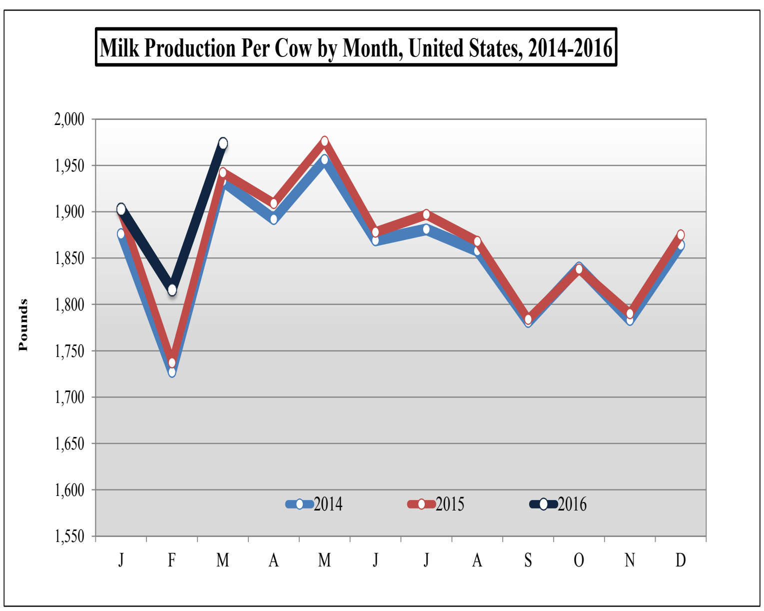
MILK PRODUCTION STATISTICS 1/



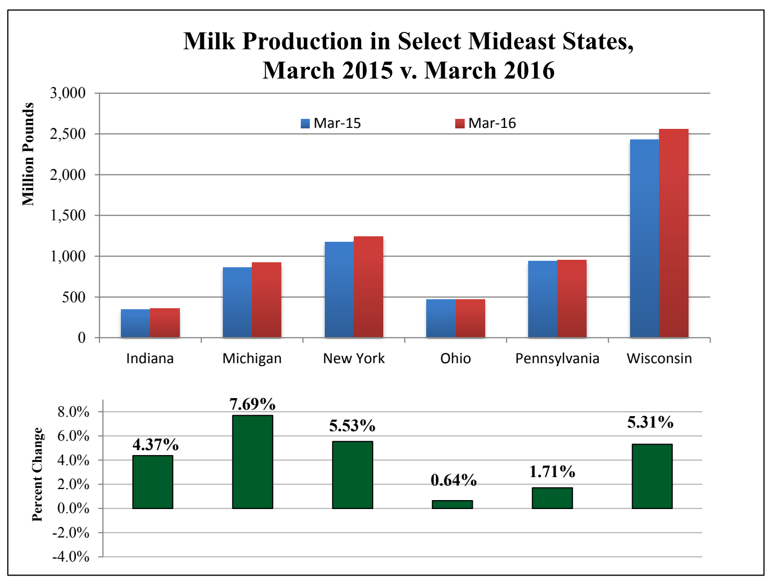
March 2016 milk production in the United States increased 1.5 billion pounds from February to 18.4 billion pounds. March 2016 milk production in the United States was up 1.8% percent from the same month of the prior year.



The number of milk cows on farms in the United States was 9.3 million head for March 2016, up 10,000 head from February and 14,000 head more than March 2015.



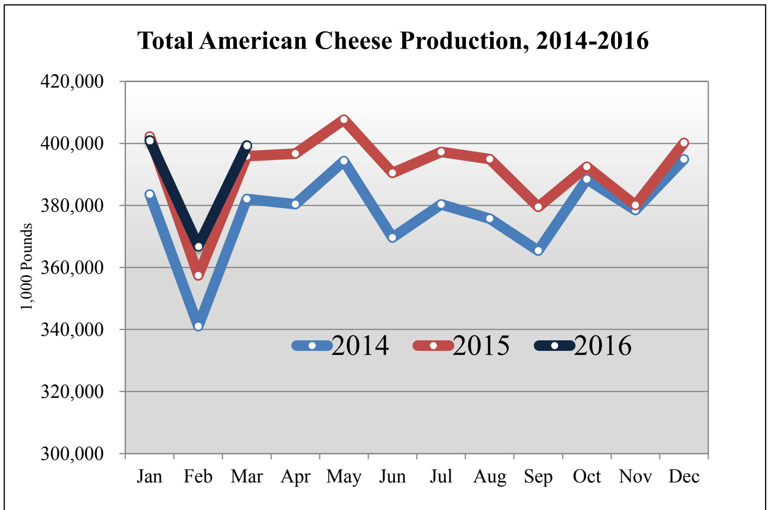
Production per cow in the United States averaged 1,974 pounds for March 2016 up 158 pounds from February 2016. March 2016 milk production per cow was up 32 pounds from the same month of the prior year.



Milk production from selected states which pool on the Mideast marketing area totaled 6.5 billion pounds during March 2016, up 294 million pounds from the prior year. Milk production in Wisconsin was up 129 million pounds while production in Ohio was up 3 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/

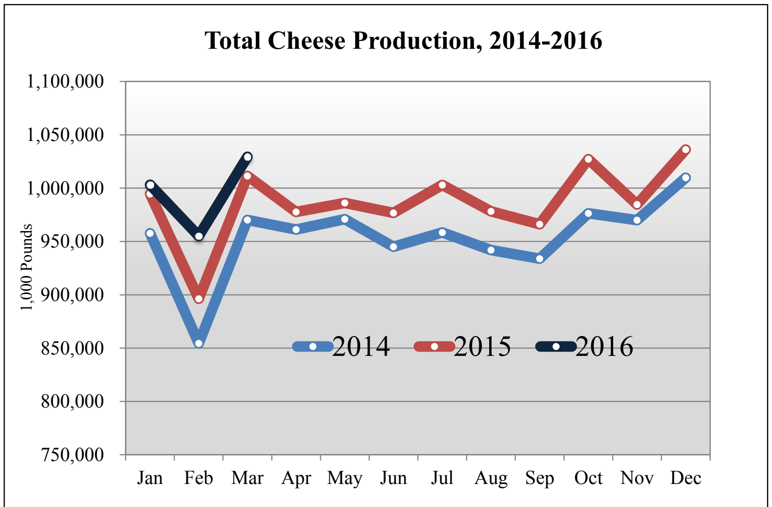


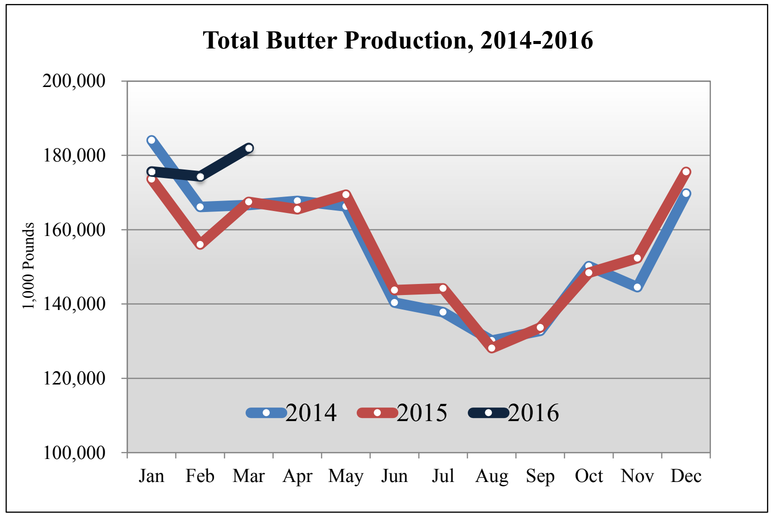
Dairy Product Production Summary:

American type cheese production totaled 399 million pounds, 8.9 percent above February 2016 and 0.9 percent above March 2015.

Total cheese output (excluding cottage cheese) was 1,029 million pounds, 7.8 percent above February 2016 and 1.8 percent above March 2015.

Butter production was 182 million pounds, 4.4 percent Above February 2016 and 8.6 percent above March 2015.





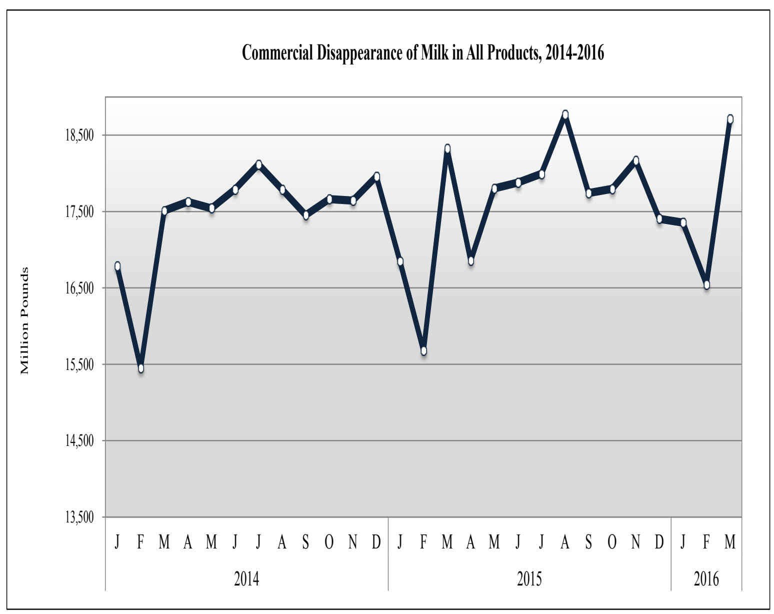
COMMERCIAL DISAPPEARANCE 2/

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 March 2016 commercial disappearance of milk was 18.7 billion pounds, up 2.1 percent from the prior year. The cumulative disappearance total for 2016 is 53 billion pounds, an increase of 3.5 percent from the same 2-month period of 2015.

March 2016 commercial disappearance of American cheese was 394 million pounds, down 3.6 percent from the prior year.

March 2016 commercial disappearance of butter was 180 million pounds, up 8.8 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.