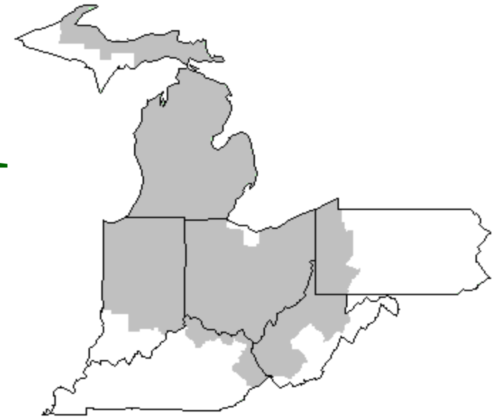
Mideast Market Administrator's

Bulletin

Federal Order No. 33



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APRIL 2017

Recent Developments in Dairy Markets

From the week ending February 24 to the week ending March 3 on the Chicago Mercantile Exchange (CME), the butter price increased from $2.129 to $2.180 per pound, while prices declined for cheddar cheese—from $1.543 to $1.507 per pound for 40-pound blocks, and from $1.557 to $1.476 for 500-pound barrels. Price changes on the CME for butter and cheese typically precede similar changes reported in the NDPSR by a week or two.

Strong demand for whey protein concentrate (WPC) and whey protein isolate (WPI) has likely contributed to the increase in the dry whey price. Production of the two products grew from 46 million pounds in September to 50 million pounds in December and remained about the same in January. Dry whey stocks became relatively tight—67 million pounds at the end of January (much lower than 84 million in at the end of January 2016).

From December to January, commercial exports decreased for most dairy products, with notable declines for cream, whey products, and lactose. Combined exports of nonfat dry milk and skim milk powder (NDM/SMP), the dairy product with the highest export volume for the United States, were 105 million pounds in January, slightly higher than December but lower than the recent peak of 125 million pounds in October.

Mexico has consistently been the leading export destination for U.S. dairy products, and NDM/SMP has been the leading U.S. dairy product exported to Mexico. In 2016, 54.1 percent of NDM/SMP produced in the United States was exported, and 43.1 percent of NDM/SMP exports went to Mexico. NDM/SMP exports to Mexico have declined each month since October, although they remained a substantial proportion of the total in January. However, there is a great deal of uncertainty concerning the future of exports to Mexico. The strong U.S. dollar is making NDM/SMP exports from U.S. to Mexico less attractive. For the week ending February 17, USDA Dairy Market News (DMN) reported that the Mexican Government bought 15,000 metric tons (about 33 million pounds) of SMP from Europe. According to DMN, "Mexican buyers have been quiet, analyzing SMP tenders from other international manufacturers outside the U.S." In subsequent reports, DMN has continued to report Mexico's sluggish demand for U.S. NDM/SMP. Mexico's purchase of 33 million pounds of SMP from the EU is considerable; for the entire year of 2016, EU exports of SMP to Mexico totaled only 18 million pounds.

U.S. milk cow numbers climbed to 9.360 million head in January, 6,000 more than December 2016 and 56,000 more than January 2016. Yield per cow averaged 1,937 pounds, 35 pounds above January 2016. U.S. milk production was 18.1 billion pounds in January, up 2.5 percent above the previous year.

Feed price forecasts for corn and soybean meal for 2016/17 are $3.20-$3.60 per bushel and $310-$340 per short ton, both unchanged from last month's forecasts. The alfalfa hay price decreased from $129 per short ton in December to $128 in January; this is $13 lower than January 2016.

Imports in January were 542 million pounds on a milk-fat milk-equivalent basis, a decrease of 55 million from December. On a skim-solids milk-equivalent basis, January imports were 576 million pounds, a decrease of 8 million pounds from December. Stock levels remained relatively high, with ending stocks for January higher than January 2016 by 221 million pounds on a milk-fat basis and 602 million pounds on a skim-solids basis.

Based on recent data, the 2017 forecast for milk cows is now 9.380 million head, an increase of 10,000 head from the previous forecast. Milk per cow is forecast 10 pounds lower than last month's forecast, at 23,185 pounds for the year. These changes result in a milk production forecast for 2017 of 217.5 billion pounds, 0.1 billion pounds higher than last month's forecast.

The import forecast for the year on a milk-fat basis is unchanged at 6.6 billion pounds. Exports on a milk-fat basis are projected to be 8.3 billion pounds in 2017, the same as last month's forecast. The domestic-use forecast on a milk-fat basis is 214.6 billion pounds for the year, a reduction of 0.1 billion pounds from the previous estimate. The estimate for stocks at year's end on a milk-fat basis is unchanged at 14.3 billion pounds.

(Continued on Page 3)

March 2017 - Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	565,993,656	30.5
Class II	338,604,355	18.2
Class III	620,618,458	33.4
Class IV	330,521,877	17.9
Total	1,855,738,346	100.0

Producer Prices

Producer Price Differential	$ 0.62	/ cwt
Butterfat Price	2.4176	/ lb
Protein Price	1.8198	/ lb
Other Solids Price	0.3345	/ lb
Somatic Cell Adjustment Rate	0.00078	/ cwt
Statistical Uniform Price	16.43	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

March 2017

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			555,271,412			$10.65 / cwt	$ 59,136,405.38
Class I Butterfat		10,722,244				2.4628/ lb	26,406,742.51
Class I Location Differential	565,993,656						(288,487.92)
Class II SNF Value				29,272,304		0.8889/ lb	26,020,151.03
Class II Butterfat		22,549,673				2.4246/ lb	54,673,937.18
Class III Protein Value			19,725,097			1.8198/ lb	35,895,731.56
Class III Other Solids Value					35,885,334	0.3345/ lb	12,003,644.21
Class III Butterfat		20,812,127				2.4176/ lb	50,315,398.27
Class IV SNF Value				29,046,319		0.6747/ lb	19,597,551.43
Class IV Butterfat		16,862,032				2.4176/ lb	40,765,648.60
Somatic Cell Value II / III / IV							1,823,982.95
TOTAL PRODUCER MILK VALUE	1,855,738,346	70,946,076	58,607,466		106,733,832		$ 326,350,705.20
Overages					15,434.42		
Beginning Inventory & OS Charges					41,486.76		
TOTAL ADJUSTMENTS							56,921.18
TOTAL HANDLER OBLIGATIONS							$ 326,407,626.38
Total Protein Value			58,607,466 lbs	@	$1.8198		$(106,653,866.64)
Total Other Solids Value			106,733,832 lbs	@	0.3345		(35,702,466.78)
Butterfat Value			70,946,076 lbs	@	2.4176		(171,519,233.31)
Total Somatic Cell Values							(2,620,003.75)
TOTALS							$ 9,912,055.90
Net Producer Location Adjustments							$ 1,662,864.23
1/2 Unobligated Balance Producer Settlement Fund							761,000.00
Total - Divided by Total Pounds			1,855,738,346 lbs		0.6647446		$ 12,335,920.13
Rate of Cash Reserve					(0.0447446)		(830,342.70)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,855,738,346		$0.62 / cwt		$ 11,505,577.43

COMPONENT PRICES

March	2017	2016
Butterfat Price	$2.4176 / lb	$2.2028 / lb
Protein Price	1.8198 / lb	1.9206 / lb
Other Solids Price	0.3345 / lb	0.0501 / lb
Somatic Cell Adjustment Rate	0.00078 / cwt	0.00076 / cwt
Nonfat Solids Price	0.6747 / lb	0.5786 / lb

COMPUTATION OF UNIFORM PRICE

March	2017	2016
Class III Price - 3.5% BF	$ 15.81	$13.74
Producer Price Differential*	0.62	0.23
Statistical Uniform Price	$16.43	$13.97

CLASS PRICES

March	2017	2016
Class I*	$18.90	$15.78
Class II	16.21	13.57
Class III	15.81	13.74
Class IV	14.32	12.74

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

March	2017 Product lbs.	2016 Product lbs.
Class I	565,993,656	543,210,306
Class II	338,604,355	366,496,436
Class III	620,618,458	567,502,046
Class IV	330,521,877	288,844,717
Total	1,855,738,346	1,766,053,505

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2017 was $0.62 and the Statistical Uniform Price was $16.43 for the month. The Statistical Uniform Price is $0.49 lower than last month, and is $2.46 higher than March 2016.

The Producer Butterfat Price of $2.4176 per pound decreased $0.0098 from February and is up $0.2148 from a year ago. The Protein Price of $1.8198 is down $0.4150 from last month and is down $0.1008 from March 2016. The Other Solids Price in March was $0.3345 per pound, an increase from last month's price of $0.2990 and $0.2844 higher than last March. The Somatic Cell Adjustment rate for March was $0.00078 per cwt.

March producer receipts of 1.86 billion pounds were 15.3 percent higher than February and 5.1 percent higher than March 2016 production of 1.77 billion pounds. Producer milk allocated to Class I accounted for 30.5 percent of the total producer milk in March 2017, lower than the 31.7 percent in February, and lower than the 30.8 percent in March 2016. A total of 5,082 producers were pooled on the Mideast Order compared to 5,343 producers pooled in March 2016.

The market average content of producer milk was as follows: Butterfat 3.82%; Protein 3.16%; Other Solids 5.75% and Nonfat Solids 8.91%.

(Continued from Front Page)

The 2017 import forecast on a skim-solids basis is 6.2 billion pounds, unchanged from last month's forecast. Exports on a skim-solids basis are forecast 0.3 billion pounds lower, at 39.8 billion pounds for the year, mostly due to lower expectations for NDM/SMP exports. Domestic use is expected slightly lower than last month, at 183.1 billion pounds for the year. With lower expected exports and higher expected milk production, the forecast for ending stocks on a skim-solids basis has been raised to 14.5 billion pounds, 0.5 billion pounds higher than last month.

Recent weakness in cheese prices and sustained high stocks result in a reduction in the cheese price forecast to $1.645-$1.705 per pound for the year. With the price strength of and tightness in the supply of dry whey (due in part to high production of WPC and WPI), the whey price forecast has been increased to $0.495-$0.525 per pound for the year. Spot prices for NDM have recently moved significantly downward; in addition, expectations for exports this year have been lowered. As a result, the NDM price is now forecast at $0.925-$0.975 per pound for 2017. The butter price forecast for the year has been raised to $2.120-$2.210 per pound due to higher expected demand.

With increases in the whey price more than offsetting decreases in the cheese price, the Class III price forecast is raised to $16.60-$17.20 for the year. The Class IV price forecast is lowered to $14.85-$15.55 per cwt, as lower NDM prices negate the positive effects of higher butter prices. The all-milk price forecast for 2017 is $17.80-$18.40 per cwt, an increase of 10 cents at the lower end of the range from last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-273/March 15, 2017
Economic Research Service, USDA

February 2017 Highlights

Total cheese output (excluding cottage cheese) was 942 million pounds, 1.4 percent below February 2016 and 9.9 percent below January 2017.

Italian type cheese production totaled 407 million pounds, 4.0 percent below February 2016 and 10.3 percent below January 2017.

American type cheese production totaled 373 million pounds, 1.7 percent above February 2016 but 10.6 percent below January 2017.

Butter production was 164 million pounds, 5.8 percent below February 2016 and 7.6 percent below January 2017.

Released April 5, 2017, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

February Milk Production Down 1.0 Percent

Milk production in the 23 major States during February totaled 15.7 billion pounds, down 1.0 percent from February 2016. However, production was 2.5 percent above last year after adjusting for the leap year. January revised production, at 17.0 billion pounds, was up 2.7 percent from January 2016. The January revision represented a decrease of 4 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,801 pounds for February, 32 pounds below February 2016.

The number of milk cows on farms in the 23 major States was 8.69 million head, 66,000 head more than February 2016, and 3,000 head more than January 2017.

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 February totaled 2.5 billion pounds, down 11 million pounds or 0.4 percent from February 2016.

Production per cow in the Mideast states averaged 1,764 pounds for February, 20 pounds below February 2016.

The number of cows on farms in the Mideast states was 1.4 million head, 4,000 head more than February 2016.

Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- National Product Prices

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State

Federal Order No. 33

	February 2017						February 2016				
			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	1,341	787,386	3.77	3.16	5.78	162	789,973	3.77	3.15	5.77	159
Ohio	1,747	394,509	3.88	3.15	5.68	177	398,016	3.89	3.17	5.72	185
Indiana	839	226,888	3.85	3.19	5.82	180	210,171	3.77	3.14	5.75	192
Pennsylvania	771	90,315	3.98	3.14	5.74	218	91,061	3.99	3.15	5.72	222
New York	212	82,033	3.95	3.13	5.80	165	100,058	3.91	3.16	5.75	173
Wisconsin	35	12,939	4.05	3.20	5.77	166	3,935	3.87	3.08	5.72	239
West Virginia	31	1,752	4.08	3.21	5.67	230	2,697	4.04	3.25	5.70	263
Other	112	12,263	3.87	3.12	5.82	171	5,559	4.02	3.17	5.73	240
Total/Average *	5,088	1,608,085	3.83	3.16	5.76	171	1,601,470	3.83	3.15	5.75	175

* 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
March 2017

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*)	2,396,030	768,340	32.1	$1.49	$17.30
FO 5	Appalachian - (*Charlotte*)	502,706	350,666	69.8	[2]	19.06
FO 6	Florida - (*Tampa*)	235,520	196,479	83.4	[2]	21.28
FO 7	Southeast - (*Atlanta*)	513,245	334,819	65.2	[2]	19.15
FO 30	Upper Midwest - (*Chicago*)	2,936,391	292,022	9.9	0.24	16.05
FO 32	Central - (*Kansas City*)	1,495,368	428,502	28.7	0.43	16.24
FO 33	**Mideast** - (*Cleveland*)	**1,855,738**	**565,994**	**30.5**	**0.62**	**16.43**
FO 124	Pacific Northwest - (*Seattle*)	619,178	164,649	26.6	0.12	15.93
FO 126	Southwest - (*Dallas*)	1,239,413	363,401	29.3	1.19	17.00
FO 131	Arizona - (*Phoenix*)	458,012	111,454	24.3	[2]	16.02

[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 APRIL 2017.............................$14.32 /cwt.

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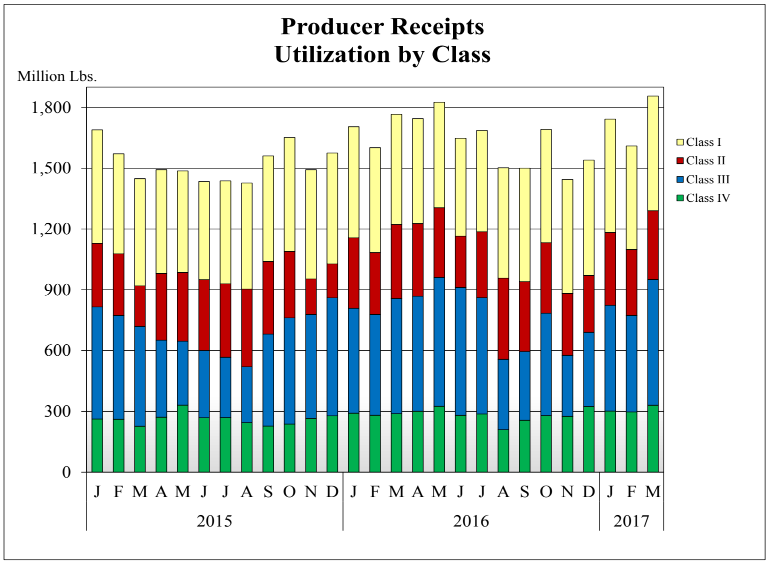
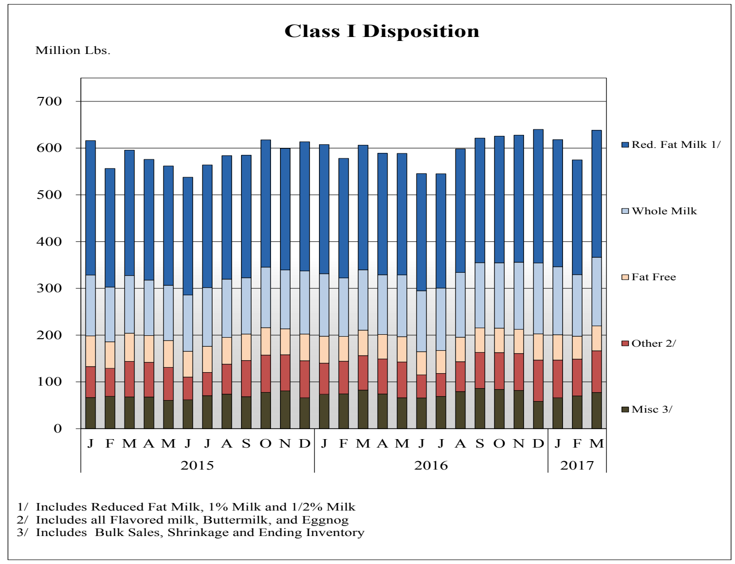
Mideast Market Administrator's Bulletin *Supplement*

Federal Order No. 33 **April 2017**

PRODUCER MILK CLASSIFICATION

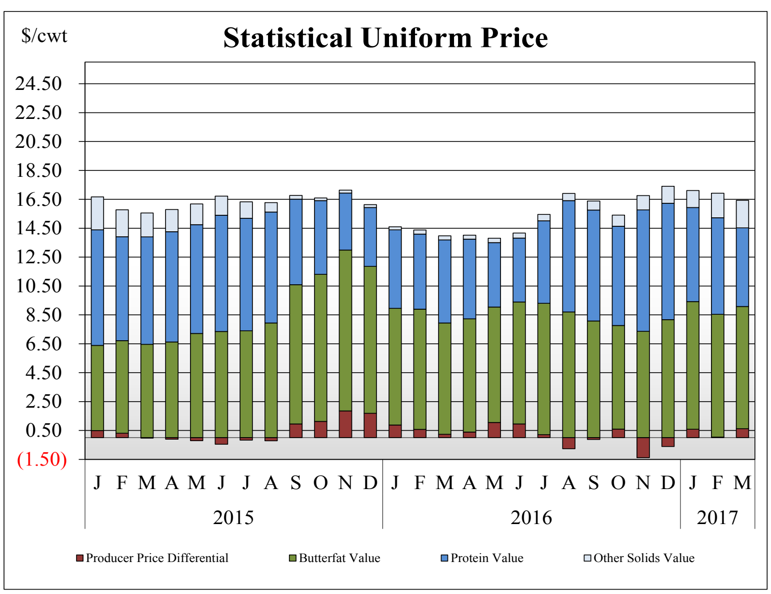


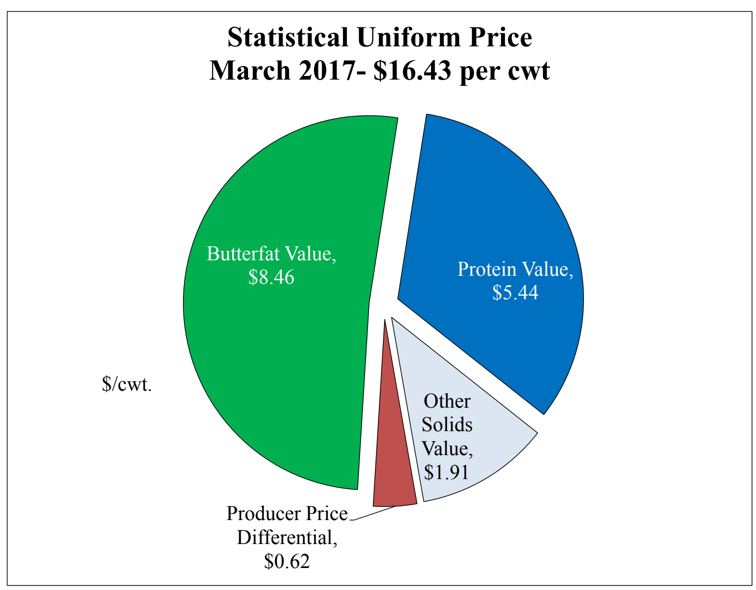


Producer Receipts: Producer receipts for the Mideast Order totaled 1.86 billion pounds in March 2017. The pounds allocated to Class I represented 30.5 percent of the total pounds. Producer receipts increased 256.1 million pounds compared to February 2017, and were up 89.7 million pounds from the prior year.

Class I Pounds: Class I Disposition for the Mideast Order totaled 566 million pounds in March 2017, up 22.8 million pounds from March 2016. Finished products include 146.7 million pounds used for whole milk, 271.4 million pounds of reduced fat and low fat milk, and 53.4 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

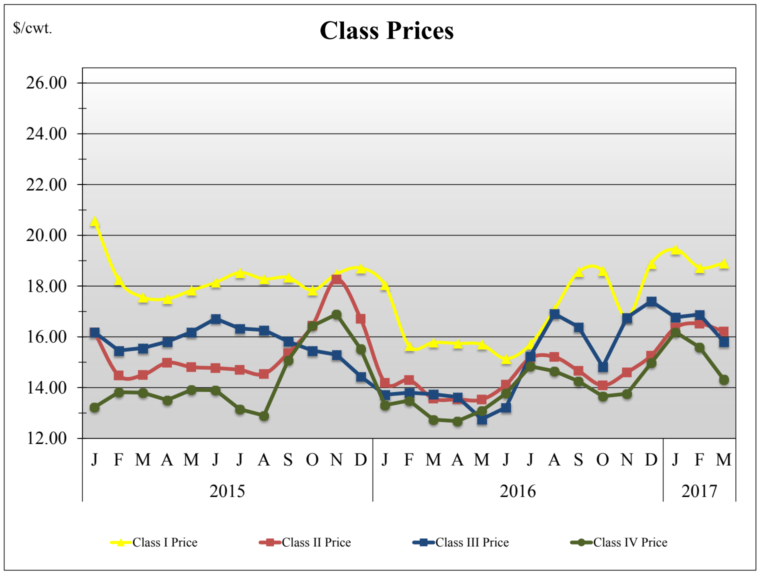


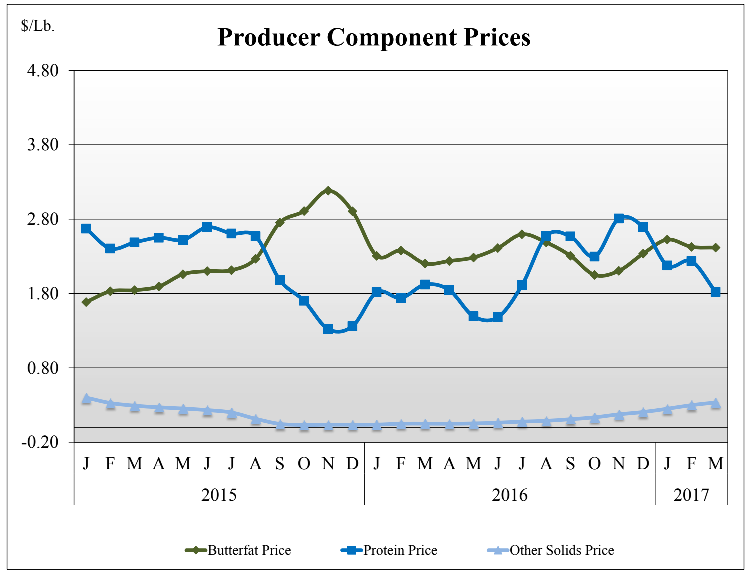


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was $16.43 per cwt for March 2017. The March 2017 SUP was $2.46 per cwt higher than the March 2016 SUP. The March 2017 SUP is $0.49 per cwt lower than the February 2017 SUP.

March 2017 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the March 2017 SUP are: $5.44 per cwt for protein, $8.46 per cwt for butterfat and $1.91 per cwt for other solids. Also included in the SUP is the $0.62 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES





WEIGHTED AVERAGE NATIONAL PRODUCT PRICES