Mideast Market Administrator's

Bulletin

Federal Order No. 33

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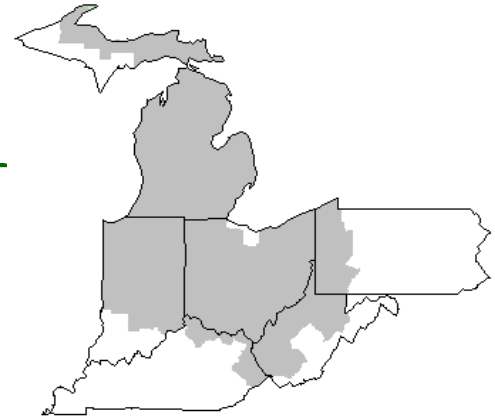
AUGUST 2017



Dairy Outlook

May milk production totaled 18.940 billion pounds, 1.8 percent above May 2016. Milk cows numbered 9.393 million head, 2 thousand more than April 2017. May milk per cow averaged 2,016 pounds, 19 pounds higher than May 2016. Although June milk production numbers are not yet available, extreme heat in some western areas of the country likely impacted production in those areas. The USDA *Weekly Weather and Crop Bulletin* for the week of June 18-24 reported that "…sustained, record-breaking heat—with temperatures averaging at least 10°F above normal—gripped California, the Great Basin, and the Southwest." In California, the State with the most milk production, thousands of cows reportedly died as a result, overwhelming some of the area rendering plants.

Exports increased significantly in May. On a milk-fat basis, they were 173 million pounds higher than April and 271 million higher than May 2016. On a skim-solids basis, exports were 94 million pounds higher than April and 370 million higher than May 2016. Cheese exports in May were particularly robust at 78 million pounds, 48 percent higher than the previous year. Competitive U.S. prices compared to foreign export prices since the beginning of the year have likely contributed to the increase in cheese exports. May exports of nonfat dry milk and skim milk powder (NDM/SMP) were also strong at 129 million pounds, 32 percent above the previous year. Exports of butter remained relatively weak at about 3 million pounds in May. While recent U.S. wholesale prices for butter have been substantially less than prices of competing exporters, they have been competitive for only the last 2 to 3 months. It usually takes several months of persistent gaps between U.S. domestic prices and foreign export prices to impact exports.

May imports were lower than May 2016 by 52 million pounds on a milk-fat basis and 105 million pounds on a skim-solids basis. Notably, May imports of milk protein concentrate were substantially lower than the previous month.

Dairy product supplies have been abundant, with May ending stocks exceeding May 2016 by 2.8 percent on a milk-fat basis and 8.3 percent on a skim-solids basis. Stocks of American-type cheese and NDM have been particularly high, with May ending stocks exceeding May 2016 by 11.8 percent and 21.6 percent, respectively.

For the 2016/17 marketing year, prices for corn and soybean meal are estimated to be \$3.25-\$3.45 per bushel and \$320 per short ton, respectively. The 2017/18 price forecast for corn is \$2.90-\$3.70 per bushel, 10 cents lower at the midpoint of the range than last month's forecast. The 2017/18 soybean meal forecast is \$300-\$340 per short ton, \$5 higher than last month's forecast at the midpoint of the range. The alfalfa hay price in May was \$155 per short ton, \$7 higher than April and \$8 higher than May 2016.

The annual average milk cow forecast for 2017 is 9.395 million head, unchanged from last month's forecast. However, the 2017 milk-per-cow forecast has been lowered to 23,020 pounds, 45 pounds less than last month's forecast, primarily due to relatively slow yield growth in recent months. Additionally, the recent extreme heat in some western areas may have an impact on regional milk production growth for several months as milk yields and reproductive performance of some dairy cows could be adversely affected. The milk production forecast has been lowered by 0.4 billion pounds to 216.3 billion.

Due to recent strong export numbers for cheese and competitive U.S. prices, the export forecast on a milk-fat basis for 2017 has been raised 0.7 billion pounds to 9.1 billion. Imports for the year on a milk-fat basis are unchanged from last month, at 6.0 billion pounds. With higher exports and lower milk production expected for the remainder of the year, ending stocks on a milk-fat basis are forecast lower than last month, at 12.3 billion pounds. Due to modest domestic use in recent months, the 2017 forecast for domestic use on a milk-fat basis is now 212.5 billion pounds, 0.6 billion pounds lower than last month's forecast.

With higher expected exports of NDM/SMP and cheese, the export forecast for 2017 on a skim-solids milk-equivalent basis has been raised to 41.2 billion pounds. The import forecast on a skim-solids basis has been lowered to 6.3 billion pounds for the year.

(*Continued on Page 3*)

July 2017 - Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	501,016,796	29.3
Class II	259,562,301	15.2
Class III	661,417,169	38.6
Class IV	289,917,093	16.9
Total	1,711,913,359	100.0

Producer Prices

Producer Price Differential	\$ 1.56	/ cwt
Butterfat Price	2.9456	/ lb
Protein Price	1.2248	/ lb
Other Solids Price	0.2599	/ lb
Somatic Cell Adjustment Rate	0.00077	/ cwt
Statistical Uniform Price	17.01	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
July 2017

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			491,062,152			$9.32 / cwt	$ 45,766,992.57
Class I Butterfat		9,954,644				2.7412/ lb	27,287,670.15
Class I Location Differential	501,016,796						(249,529.28)
Class II SNF Value				21,662,388		0.8233/ lb	17,834,644.04
Class II Butterfat		21,433,581				2.9526/ lb	63,284,791.25
Class III Protein Value			20,123,590			1.2248/ lb	24,647,373.01
Class III Other Solids Value					38,199,169	0.2599/ lb	9,927,964.04
Class III Butterfat		21,158,490				2.9456/ lb	62,324,448.15
Class IV SNF Value				25,506,386		0.7240/ lb	18,466,623.43
Class IV Butterfat		9,772,345				2.9456/ lb	28,785,419.44
Somatic Cell Value II / III / IV							1,381,694.80
TOTAL PRODUCER MILK VALUE	1,711,913,359	62,319,060	51,759,830		98,400,212		$ 299,458,091.60

Overages			$ 49,343.35	
Beginning Inventory & OS Charges			61,059.61	
TOTAL ADJUSTMENTS				110,402.96
TOTAL HANDLER OBLIGATIONS				$ 299,568,494.56
Total Protein Value	51,759,830 lbs	@	$1.2248	$(63,395,439.74)
Total Other Solids Value	98,400,212 lbs	@	0.2599	(25,574,215.07)
Butterfat Value	62,319,060 lbs	@	2.9456	(183,567,023.12)
Total Somatic Cell Values				(1,943,387.88)
TOTALS				$ 25,088,428.75
Net Producer Location Adjustments				$ 1,552,010.86
1/2 Unobligated Balance Producer Settlement Fund				874,000.00
Total - Divided by Total Pounds	1,711,913,359 lbs		1.6072332	$ 27,514,439.61
Rate of Cash Reserve			(0.0472332)	(808,591.46)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,711,913,359		$1.56 / cwt	$ 26,705,848.15

COMPONENT PRICES

	July 2017	July 2016
Butterfat Price	$2.9456 / lb	$2.5964 / lb
Protein Price	1.2248 / lb	1.9112 / lb
Other Solids Price	0.2599 / lb	0.0774 / lb
Somatic Cell Adjustment Rate	0.00077 / cwt	0.00082 / cwt
Nonfat Solids Price	0.7240 / lb	0.6618 / lb

COMPUTATION OF UNIFORM PRICE

	July 2017	July 2016
Class III Price - 3.5% BF	$ 15.45	$15.24
Producer Price Differential*	1.56	0.21
Statistical Uniform Price	$17.01	$15.45

CLASS PRICES

	July 2017	July 2016
Class I*	$18.59	$15.70
Class II	17.48	15.16
Class III	15.45	15.24
Class IV	16.60	14.84

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	July 2017 *Product lbs.*	July 2016 *Product lbs.*
Class I	501,016,796	500,082,257
Class II	259,562,301	325,433,291
Class III	661,417,169	573,164,727
Class IV	289,917,093	287,467,750
Total	1,711,913,359	1,686,148,025

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for July 2017 was $1.56 and the Statistical Uniform Price was $17.01 for the month. The Statistical Uniform Price is $0.30 higher than last month, and is $1.56 higher than July 2016.

The Producer Butterfat Price of $2.9456 per pound increased $0.2390 from June and is up $0.3492 from a year ago. The Protein Price of $1.2248 is down $0.5297 from last month and is down $.6864 from July 2016. The Other Solids Price in July was $0.2599 per pound, a decrease from last month's price of $0.3014 and $0.1825 higher than last July. The Somatic Cell Adjustment rate for July was $0.00077 per cwt.

July producer receipts of 1.71 billion pounds were 3.7 percent lower than June and 1.5 percent higher than July 2016 production of 1.69 billion pounds. Producer milk allocated to Class I accounted for 29.3 percent of the total producer milk in July 2017, higher than the 28.7 percent in June, and lower than the 29.7 percent in July 2016. A total of 4,940 producers were pooled on the Mideast Order compared to 5,363 producers pooled in July 2016.

The market average content of producer milk was as follows: Butterfat 3.64%; Protein 3.02%; Other Solids 5.75% and Nonfat Solids 8.77%.

(Continued from Front Page)

Ending stocks for 2017 are forecast higher than last month, as stocks of NDM/SMP have ticked upward in recent months; stocks on a skim-solids basis are now projected to total 10.0 billion pounds at the end of the year. With relatively low domestic use in recent months, the 2017 forecast for domestic use on a skim-solids basis has been lowered to 179.9 billion pounds, 1.1 billion pounds less than last month's forecast.

Due to recent weakness in cheese prices and persistently high stock levels, the cheddar cheese price forecast for the year has been lowered to $1.575-$1.605 per pound. Domestic and international butter prices have continued to climb in recent weeks; as a result, the butter price forecast has been raised to $2.365-$2.425 per pound. The dry whey price is forecast slightly lower in the second half of the year; the new price forecast for 2017 is $0.475-$0.495 per pound. The nonfat dry milk price forecast for 2017 is $0.900-$0.930 per pound. The Class III price forecast has been lowered to $15.85-$16.15, while the Class IV price forecast has been raised to $15.65-$16.05. With the lower Class III price more than offsetting the higher Class IV price, the all-milk price forecast is $17.65-$17.95 per cwt, a reduction from $17.80-$18.20 forecast last month.

The forecast for imports on a milk-fat basis is unchanged at 5.9 billion pounds. Strength in exports is expected to carry over to 2018; as a result, exports on a milk-fat basis for 2018 are forecast higher this month at 9.1 billion pounds, 0.5 billion more than last month's forecast. The estimate for ending stocks on a milk-fat basis has been lowered to 11.8 billion pounds. Domestic use on a milk-fat basis is projected to be 217.5 billion pounds, 1.4 billion pounds less than last month's forecast, based on modest growth in recent months.

Imports on a skim-solids basis are forecast at 6.4 billion pounds for 2018, the same as last month. Export gains in the second half of 2017 should continue into 2018; as a result, the export forecast for 2018 has been raised to 41.9 billion pounds, 0.6 billion higher than last month's forecast. Ending stocks on a skim-solids basis are now expected 0.2 billion pounds lower in 2018 than last forecast, at 9.1 billion pounds. Domestic use is now forecast at 185.5 billion pounds, 0.8 billion pounds lower than the previous forecast.

With the recent increase in butter prices and lower expected milk production, the butter price forecast for 2018 has been raised to $2.310-$2.440 per pound. The cheese price forecast for 2018 has been lowered from last month's estimate to $1.630-$1.730 per pound, as expectations for domestic demand have been lowered. Price forecasts for dry whey and nonfat dry milk are unchanged at $0.480-$0.510 and $0.935-$1.005 per pound, respectively. Due to lower expected cheese prices, the Class III price forecast has been lowered to $16.45-$17.45 for the year. With higher expected butter prices, the Class IV price forecast for 2018 has been raised to $15.70-$16.80 per cwt. With the lower Class III price more than offsetting the higher Class IV price, the all-milk price forecast is $18.00-$19.00 per cwt, a reduction from $18.10-$19.10 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-277/July 18, 2017 Economic Research Service, USDA

June Milk Production Up 1.7 Percent

Milk production in the 23 major States during June totaled 16.9 billion pounds, up 1.7 percent from June 2016. May revised production, at 17.8 billion pounds, was up 1.9 percent from May 2016. The May revision represented an increase of 0.1 percent or 17 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,939 pounds for June, 13 pounds above June 2016. 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 8.73 million head, 83,000 head more than June 2016, and 4,000 head more than May 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 June totaled 2.7 billion pounds, up 37 million pounds or 1.4 percent from June 2016.

Production per cow in the Mideast states averaged 1,898 pounds for June. The number of cows on farms in the Mideast states was 1.4 million head, 1,000 head more than June 2016.

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 2017							June 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	1,317	902,984	3.60	3.04	5.77	171		809,191	3.54	3.01	5.79	168
Ohio	1,720	431,147	3.69	3.04	5.68	196		421,767	3.65	3.03	5.73	193
Indiana	829	231,461	3.64	3.07	5.82	198		201,660	3.57	3.00	5.77	207
Pennsylvania	709	94,927	3.77	3.04	5.73	239		96,901	3.73	3.01	5.73	236
New York	218	91,551	3.76	3.04	5.75	182		105,578	3.70	3.03	5.76	179
Wisconsin	23	11,814	3.97	3.16	5.77	171		4,041	3.46	3.01	5.72	269
West Virginia	31	1,902	3.71	3.08	5.67	223		3,049	3.70	3.09	5.72	277
Other	134	11,046	3.74	3.03	5.78	195		5,714	3.76	3.04	5.71	255
Total/Average *	4,981	1,776,834	3.65	3.04	5.75	185		1,647,901	3.60	3.02	5.77	184

* 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 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*)	2,305,811	682,601	29.6	$2.56	$18.01
FO 5	Appalachian - (*Charlotte*)	469,756	309,657	65.9	[2/]	19.35
FO 6	Florida - (*Tampa*)	197,380	164,694	83.4	[2/]	21.45
FO 7	Southeast - (*Atlanta*)	422,316	285,119	67.5	[2/]	19.64
FO 30	Upper Midwest - (*Chicago*)	3,019,803	243,918	8.1	0.35	15.80
FO 32	Central - (*Kansas City*)	1,435,792	365,107	25.4	1.07	16.52
FO 33	**Mideast** - (*Cleveland*)	**1,711,913**	**501,017**	**29.3**	**1.56**	**17.01**
FO 124	Pacific Northwest - (*Seattle*)	759,366	147,139	19.4	1.15	16.60
FO 126	Southwest - (*Dallas*)	1,172,303	311,313	26.6	1.84	17.29
FO 131	Arizona - (*Phoenix*)	426,566	99,005	23.2	[2/]	17.02

[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.

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

MINIMUM PARTIAL PAYMENT PRICE FOR AUGUST 2017..........................$15.45 /cwt.

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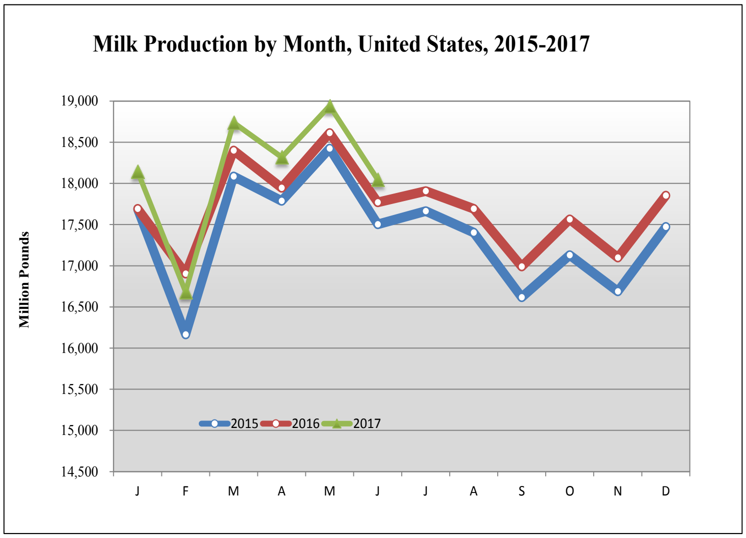
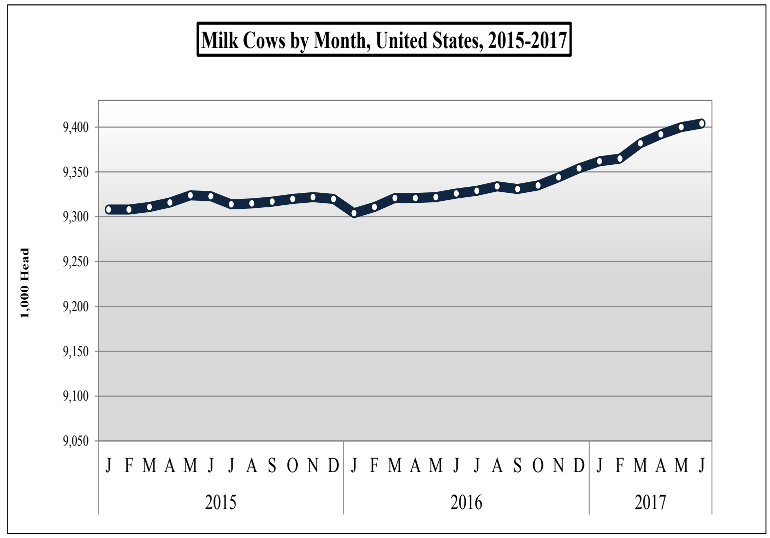
Supplement
Federal Order No. 33 August 2017

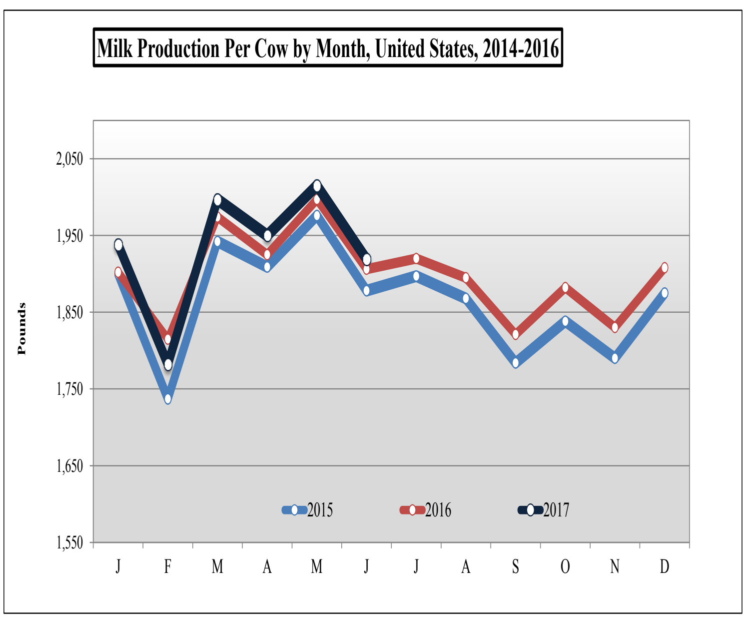
MILK PRODUCTION STATISTICS 1/



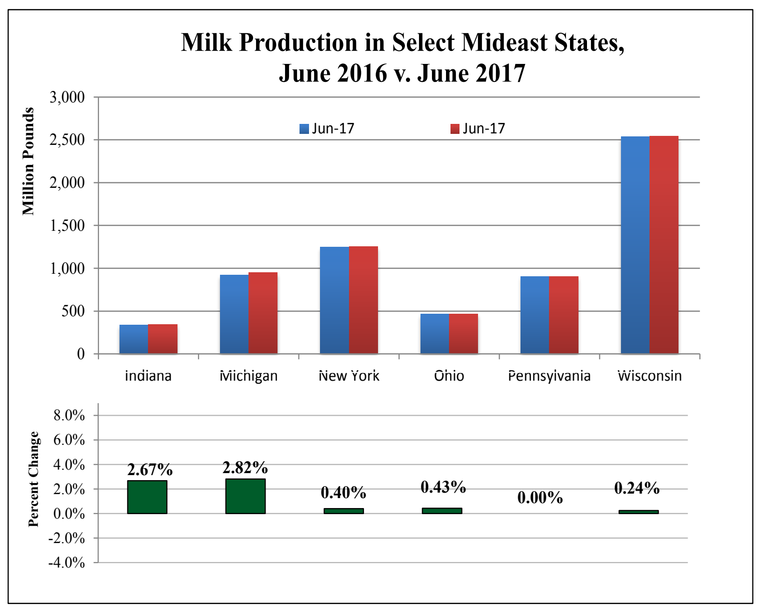


June 2017 milk production in the United States decreased 895 million pounds from May to 18.0 billion pounds. June 2017 milk production in the United States was up 1.6% percent from the same month of the prior year.

The number of milk cows on farms in the United States was 9.4 million head for June 2017, up 4,000 head from May . June Cow number were 78,000 head higher than June 2016.



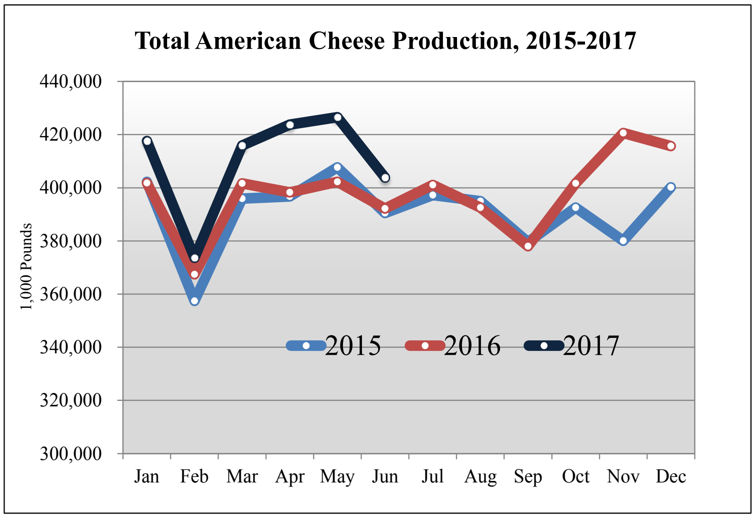
Production per cow in the United States averaged 1,919 pounds for June 2017 down 96 pounds from May 2017. June 2017 milk production per cow was up 13 pounds from the same month of the prior year.



Milk production from selected states which pool on the Mideast marketing area totaled 6.5 billion pounds during June 2017, up 48 million pounds from the prior year. Milk production in Michigan was up 26 million pounds while production in Pennsylvania was statistically the same.

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/

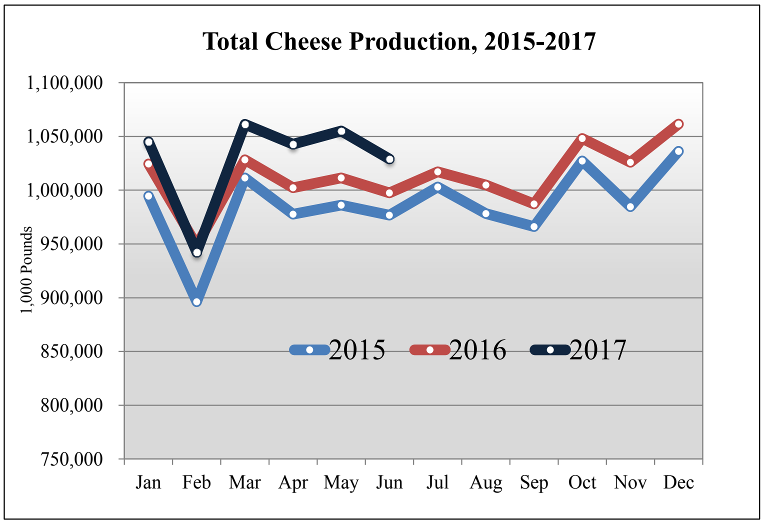


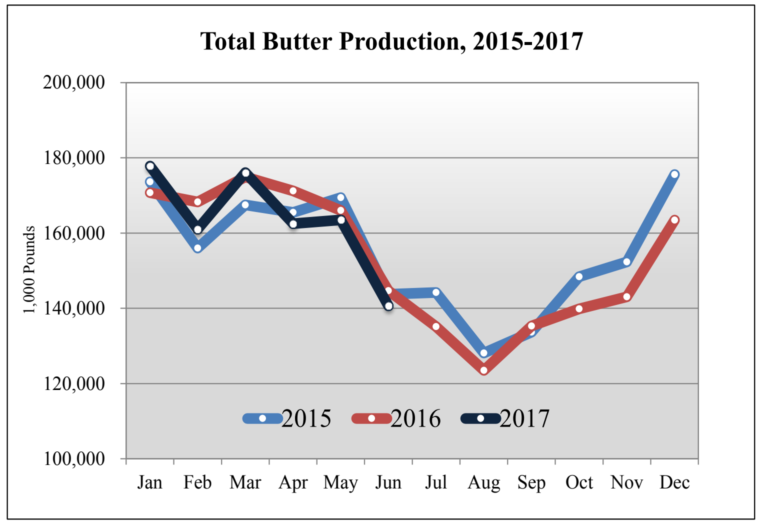
Dairy Product Production Summary:

American type cheese production totaled 403.8 million pounds, 3.0 percent above June 2016 and 5.3 percent below May 2017.

Total cheese output (excluding cottage cheese) was 1.0 billion pounds, 3.2 percent above June 2016 and 2.5 percent below May 2017.

Butter production was 141 million pounds, 4.8 percent below June 2016 and 16.3 percent below May 2017.





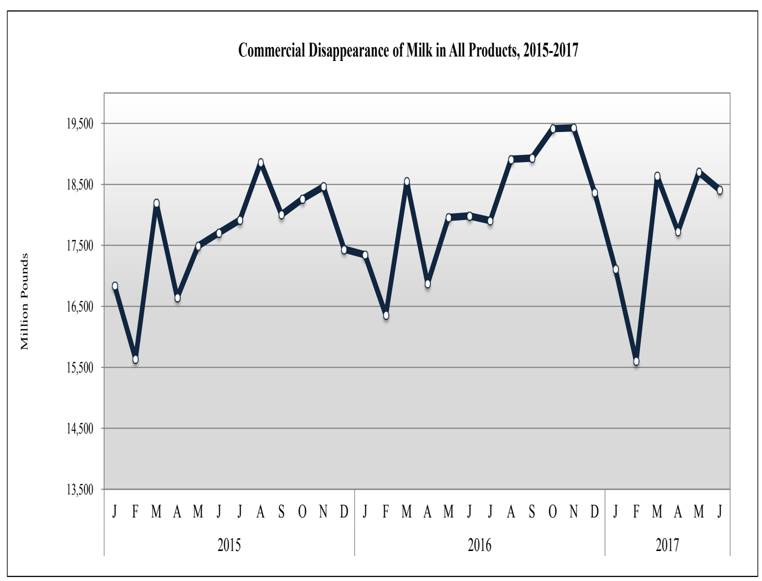
COMMERCIAL DISAPPEARANCE 2/

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 June 2017 commercial disappearance of milk was 18.4 billion pounds, up 2.9 percent from the prior year. The cumulative disappearance total for 2017 is 106.2 billion pounds, an increase of 1.1 percent from the same 6-month period of 2016.

June 2017 commercial disappearance of American cheese was 432.2 million pounds, up 9.3 percent from the prior year. The cumulative disappearance is up 2.8% from 2016.

June 2017 commercial disappearance of butter was 148.9 million pounds, down 0.8 percent from the prior year. The cumulative disappearance is up 1.1% from 2016.



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.