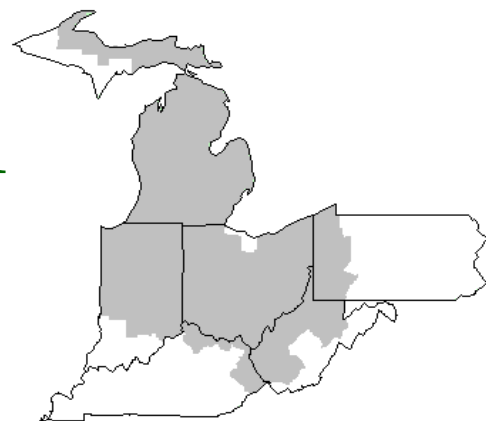


Mideast Market Administrator's Bulletin



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

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Dairy Outlook

High stocks in the United States and the EU continue to overhang the market, especially for products with high skim-solids content. For the United States, September ending stocks on a milk-fat milk-equivalent basis were 16.3 billion pounds, 0.3 billion pounds above September 2016, and stocks on a skim-solids milk-equivalent basis were 2.4 billion pounds above the previous year at 12.1 billion pounds. September NDM ending stocks were 321.1 million pounds, 48.6 percent above the previous year, and dry whey stocks were 106.4 million pounds, a record high and more than double September 2016. Butter ending stocks, by contrast, were 4.5 percent lower than the previous year. Weak growth in domestic use has contributed to high stock levels. For the third quarter, it was only fractionally above 2016 at 54.0 billion pounds on a milk-fat basis and 44.4 billion pounds on a skim-solids basis.

For the third quarter of 2017, U.S. milk production was 53.5 billion pounds. September milk production totaled 17.170 billion pounds, up 1.1 percent from September 2016. Milk cows in September numbered 9.400 million head, 4 thousand less than August but 69 thousand more than September 2016. Dairy cows slaughtered under Federal inspection totaled 249.6 thousand cows in September, 4.5 thousand more than September 2016, even with 1 less slaughter day in September this year. Daily milk per cow averaged 60.9 pounds, only 0.2 pounds higher than September 2016.

Exports on a milk-fat basis were 697 million pounds in September, 162 million less than August but 66 million more than September 2016. On a skim-solids basis, exports were 3.090 billion pounds, 355 million less than August and 327 million less than September 2016. From August to September, exports of NDM/SMP, cheese, and butter fell by 19.4 million, 7.7 million, and 2.3 million pounds, respectively.

September imports on a milk-fat basis were 437 million pounds, 70 million less than August and 95 million less than September 2016. On a skim-solids basis, September imports were 382 million pounds, 84 million less than August and 106 million less than September 2016. Notable month-to-month changes in imports included a decrease of 3.7 million pounds for milk protein concentrate (MPC) and an increase of 1.4 million pounds for whole milk powder.

With slower than expected growth in cow numbers in the third quarter of 2017, the fourth-quarter estimate for milk cows has been lowered to 9.405 million head, 5 thousand less than last month's forecast. The milk per cow forecast for the fourth quarter is 5,685 pounds per head, 15 pounds lower than last month's forecast. The milk production forecast for the fourth quarter is 53.5 billion pounds, 0.1 billion less than last month's forecast. With lower than expected

third-quarter milk production and a lower forecast for the fourth quarter, 2017 milk production is projected at 215.8 billion pounds, 0.4 billion less than last month's forecast.

With smaller than expected imports on a milk-fat basis in the third quarter expected to carry into the remainder of the year, the forecast for the fourth quarter has been lowered slightly to 1.6 billion pounds. With weaker expected exports of butter and cheese, the forecast for fourth-quarter exports on a milk-fat basis has been lowered to 2.3 million pounds, 0.1 billion less than last month's forecast. Stocks on a milk-fat basis remain high, as seasonal drawdowns have been lower than historical averages; the forecast for 2017 ending stocks has been raised to 13.6 billion pounds. With weaker than average stock drawdown, commercial use on a milk-fat basis is expected to remain relatively weak, and the fourth-quarter forecast has been lowered by 0.2 billion pounds.

Due to lower expected imports of MPC, the import forecast on a skim-solids basis for the fourth quarter of 2017 has been lowered to 1.5 billion pounds, 0.1 billion less than last month's forecast. With lower expected exports of NDM/SMP and whey products, the export forecast on a skim-solids basis for the fourth quarter has been lowered to 10.2 billion pounds, 0.5 billion pounds less than last month's forecast.

(Continued on Page 3)

November 2017 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	560,193,884	37.7
Class II	270,971,188	18.2
Class III	378,484,580	25.5
Class IV	276,632,335	18.6
Total	1,486,281,987	100.0

Producer Prices

Producer Price Differential	\$ (0.64) / cwt
Butterfat Price	2.5546 / lb
Protein Price	2.3412 / lb
Other Solids Price	0.1644 / lb
Somatic Cell Adjustment Rate	0.00088 / cwt
Statistical Uniform Price	16.24 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

November 2017

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	<u>POUNDS</u>	<u>BUTTERFAT</u>	<u>SKIM / PROTEIN</u>	<u>NONFAT SOLIDS</u>	<u>OTHER SOLIDS</u>	<u>PRICE</u>	<u>VALUE</u>
Class I Skim Value			548,998,347			\$9.28 / cwt	\$ 50,947,046.61
Class I Butterfat		11,195,537				2.7004/ lb	33,232,428.10
Class I Location Differential	560,193,884						(285,729.29)
Class II SNF Value				23,258,141		0.7311/ lb	17,004,026.92
Class II Butterfat		21,749,711				2.5616/ lb	55,714,059.71
Class III Protein Value			12,248,827			2.3412/ lb	28,676,953.78
Class III Other Solids Value					21,861,460	0.1644/ lb	3,594,024.03
Class III Butterfat		13,236,471				2.5546/ lb	33,813,888.82
Class IV SNF Value				24,704,831		0.5816/ lb	14,368,329.69
Class IV Butterfat		12,094,884				2.5546/ lb	30,897,590.66
Somatic Cell Value II / III / IV							<u>1,452,532.25</u>
TOTAL PRODUCER MILK VALUE	1,486,281,987	58,276,603	47,783,581		85,499,219		\$ 266,415,151.28
Overages						\$ 17,061.91	
Beginning Inventory & OS Charges						(39,516.37)	
TOTAL ADJUSTMENTS							<u>(56,578.28)</u>
TOTAL HANDLER OBLIGATIONS							\$ 266,471,729.56
Total Protein Value			47,783,581 lbs	@	\$2.3412		\$(111,870,919.84)
Total Other Solids Value			85,499,219 lbs	@	0.1644		(14,056,071.62)
Butterfat Value			58,276,603 lbs	@	2.5546		(148,873,410.03)
Total Somatic Cell Values							<u>(2,337,520.95)</u>
TOTALS							\$ 10,666,192.88
Net Producer Location Adjustments							\$ 1,046,489.62
1/2 Unobligated Balance Producer Settlement Fund							<u>741,000.00</u>
Total - Divided by Total Pounds			1,486,281,987 lbs		(0.5973768)		\$ (8,878,703.26)
Rate of Cash Reserve					<u>(0.0426232)</u>		<u>(633,500.94)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,486,281,987		\$(0.64) / cwt		\$ (9,512,204.20)

COMPONENT PRICES

November

COMPUTATION OF UNIFORM PRICE

November

	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Butterfat Price	\$2.5546 / lb	\$2.1044 / lb	Class III Price - 3.5% BF	\$ 16.88	\$16.76
Protein Price	2.3412 / lb	2.8085 / lb	Producer Price Differential*	<u>(0.64)</u>	<u>(1.38)</u>
Other Solids Price	0.1644 / lb	0.1750 / lb	Statistical Uniform Price	\$16.24	\$15.38
Somatic Cell Adjustment Rate	0.00088 / cwt	0.00088 / cwt			
Nonfat Solids Price	0.5816 / lb	0.7367 / lb			

CLASS PRICES

November

CLASSIFICATION OF PRODUCER MILK

November

	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Class I*	\$18.41	\$16.78	Product lbs.	Product lbs.	Product lbs.
Class II	15.32	14.60	Class I	560,193,884	562,430,320
Class III	16.88	16.76	Class II	270,971,188	305,557,778
Class IV	13.99	13.76	Class III	378,484,580	300,934,556
			<u>Class IV</u>	<u>276,632,335</u>	<u>275,457,091</u>
			Total	1,486,281,987	1,444,379,745

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for November 2017 was (\$0.64) and the Statistical Uniform Price was \$16.24 for the month. The Statistical Uniform Price is \$0.33 lower than last month, and is \$0.86 higher than November 2016.

The Producer Butterfat Price of \$2.5546 per pound decreased \$0.1100 from October and is up \$0.4502 from a year ago. The Protein Price of \$2.3412 is up \$0.2328 from last month and is down \$0.4673 from November 2016. The Other Solids Price in November was \$0.1644 per pound, a decrease from last month's price of \$0.1853 and \$0.0106 lower than last November. The Somatic Cell Adjustment rate for November was \$0.00088 per cwt.

November producer receipts of 1.49 billion pounds were 3.2 percent lower than October and 2.8 percent higher than November 2016 production of 1.44 billion pounds. Producer milk allocated to Class I accounted for 37.7 percent of the total producer milk in November 2017, higher than the 36.3 percent in October, and lower than the 38.9 percent in November 2016. A total of 4,819 producers were pooled on the Mideast Order compared to 5,282 producers pooled in November 2016.

The market average content of producer milk was as follows: Butterfat 3.92%; Protein 3.21%; Other Solids 5.75% and Nonfat Solids 8.96%.

(Continued from Front Page)

With high stocks persisting through September, the forecast for 2017 ending stocks on a skim-solids basis is 12.6 billion pounds, 1.5 billion pounds higher than last month's forecast. With high stock levels expected for the end of the year, the forecast for domestic use on a skim-solids basis for the fourth quarter has been lowered by 0.2 billion pounds.

Based on recent price strength, the cheese price forecast has been raised for the fourth quarter to \$1.700-\$1.730 per pound. With the recent downward movements in U.S. and international prices and high global stock levels, fourth-quarter price forecasts for butter, NDM, and dry whey have been lowered to \$2.295-\$2.355, \$0.755-\$0.785, and \$0.345-\$0.365 per pound, respectively.

The Class III price forecast for the fourth quarter has been lowered to \$16.25-\$16.55 per cwt, as the lower expected whey price more than offsets the higher expected cheese price. The Class IV price forecast for the fourth quarter has been lowered to \$14.10-\$14.50 per cwt due to lower expected butter and NDM prices. The all-milk price forecast for the fourth quarter has been reduced to \$17.85-\$18.15 per cwt, a reduction from \$18.10-\$18.50 forecast last month. For the year, the all-milk price forecast is \$17.65-\$17.75 per cwt, a reduction from \$17.75-\$17.85 forecast last month.

The 2018 projection for milk cow numbers has been lowered by 5 thousand head to 9.440 million, as growth is still expected but from a lower base. Milk per cow for the year has been lowered 55 pounds to 23,280 pounds, in line with lower estimates for the fourth quarter of 2017 and lower expected milk prices. Milk production in 2018 is now forecast at 219.7 billion pounds, 0.7 billion pounds lower than last month's projection.

While strong domestic demand for butter should continue, the butter price forecast for 2018 has been lowered to \$2.285-\$2.405 per pound due to large carry in supplies and lower expectations for exports. With high global stocks and lower expectations for exports, the NDM price forecast for the year has been lowered to \$0.770-\$0.840 per pound. With lower expected butter and NDM prices, more milk is expected to move into cheese production. As a result, the cheese price forecast for 2018 has been lowered to \$1.625-\$1.715 per pound. With more expected cheese production increasing whey supplies, lower-priced NDM substituting for whey products in some applications, high beginning stocks, and high competition from global suppliers, the dry whey price forecast has been lowered to \$0.325-\$0.355 per pound.

As a result of lower product price forecasts for 2018, the Class III and Class IV price forecasts have been lowered to \$15.50-\$16.40 and \$14.15-\$15.15 per cwt, respectively. The all-milk price forecast for 2018 is \$16.90-\$17.80 per cwt, a reduction from \$17.45-\$18.35 forecast last month. The 2018 all-milk price is now projected to be \$0.35 per cwt lower than 2017 at the midpoint of the range.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-281/November 16, 2017*
Economic Research Service, USDA

October Milk Production Up 1.5 Percent

Milk production in the 23 major States during October totaled 16.7 billion pounds, up 1.5 percent from October 2016. September revised production, at 16.2 billion pounds, was up 1.1 percent from September 2016. The September revision represented a decrease of less than 0.1 percent or 9 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,917 pounds for October, 13 pounds above October 2016.

The number of milk cows on farms in the 23 major States was 8.74 million head, 67,000 head more than October 2016, but 1,000 head less than September 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 October totaled 2.7 billion pounds, up 2.1 percent from October 2016.

Production per cow in the Mideast states averaged 1,895 pounds for October, 29 pounds above October 2016.

The number of cows on farms in the Mideast states was 1.4 million head, 9,000 head more than October 2016.

Bulletin WebPage Edition

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Featured this month are:

- 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

State	October 2017						October 2016					
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----				Pounds of Milk (000)	-----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)		Butterfat	Protein	Other Solids	SCC (000)	
Michigan	1,285	752,018	3.70	3.12	5.78	170	838,648	3.71	3.13	5.78	175	
Ohio	1,712	375,834	3.82	3.13	5.69	190	411,479	3.82	3.17	5.72	200	
Indiana	806	213,736	3.79	3.17	5.83	197	218,717	3.71	3.12	5.74	207	
New York	213	94,878	3.88	3.15	5.76	163	89,225	3.87	3.16	5.74	186	
Pennsylvania	679	81,051	3.95	3.15	5.72	237	93,524	3.93	3.17	5.73	240	
Wisconsin	20	588	3.86	3.07	5.79	163	26,598	4.05	3.29	5.70	182	
West Virginia	33	1,776	3.95	3.22	5.67	237	2,556	4.05	3.32	5.65	271	
Other	144	13,955	3.93	3.27	5.68	220	9,650	3.93	3.13	5.71	204	
Total/Average *	4,892	1,533,837	3.77	3.13	5.76	182	1,690,396	3.76	3.15	5.75	190	

* 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
November 2017**

<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u>	<u>Class I</u>	<u>Percent</u>	<u>Price Differential</u>	<u>Uniform Price</u>
	(000)	(000)	%	(per cwt.)	(per cwt.)
FO 1 Northeast - (Boston)	2,180,743	766,319	35.1	\$0.26	\$17.14
FO 5 Appalachian - (Charlotte)	479,025	354,234	74.0	^{2/}	18.63
FO 6 Florida - (Tampa)	218,101	183,961	84.3	^{2/}	20.66
FO 7 Southeast - (Atlanta)	422,925	316,742	74.9	^{2/}	19.07
FO 30 Upper Midwest - (Chicago)	2,099,443	281,287	13.4	(0.21)	16.67
FO 32 Central - (Kansas City)	1,015,729	412,364	40.6	(0.90)	15.98
FO 33 Mideast - (Cleveland)	1,486,282	560,194	37.7	(0.64)	16.24
FO 124 Pacific Northwest - (Seattle)	581,631	158,716	27.3	(1.19)	15.69
FO 126 Southwest - (Dallas)	694,533	373,776	53.8	(0.12)	16.76
FO 131 Arizona - (Phoenix)	385,179	109,418	28.4	^{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.

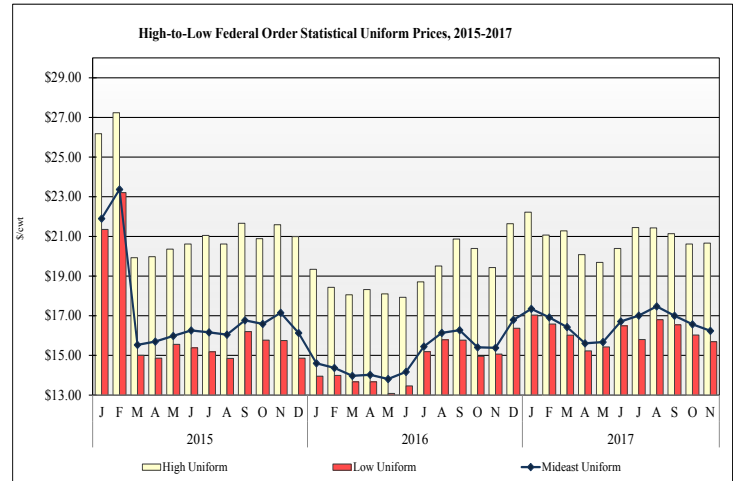
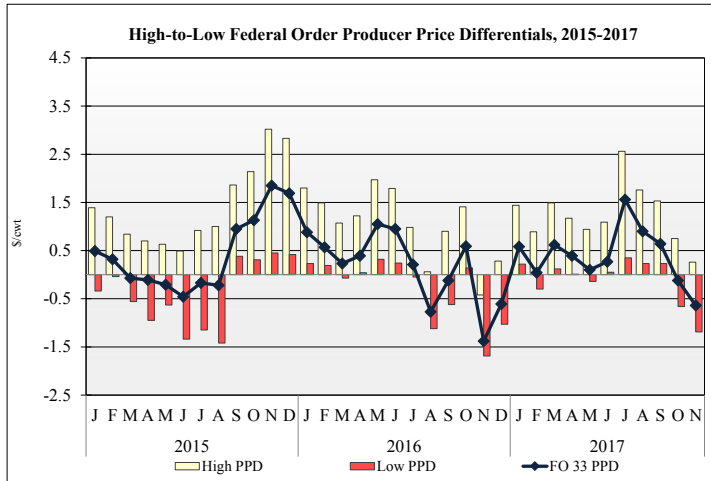
^{3/} Data not available at time of publication, please see website version for information.

MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2017\$13.99 /cwt.

Mideast Market Administrator's Bulletin *Supplement*

Federal Order No. 33 December 2017

PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 2/ 3/



Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing.

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For November 2017 Federal Order 1 had a PPD of \$0.26 per hundredweight (cwt), \$0.49 lower than their October PPD of \$0.75 per cwt.

In November 2017 Federal Order 33 had the fourth highest PPD, behind Orders 1, 30 and 126, at \$-0.64 per cwt, \$0.52 per cwt lower than the October PPD.

For November 2017 Federal Order 124 had the lowest PPD at \$-1.19 per cwt, \$0.53 per cwt lower than the October PPD.

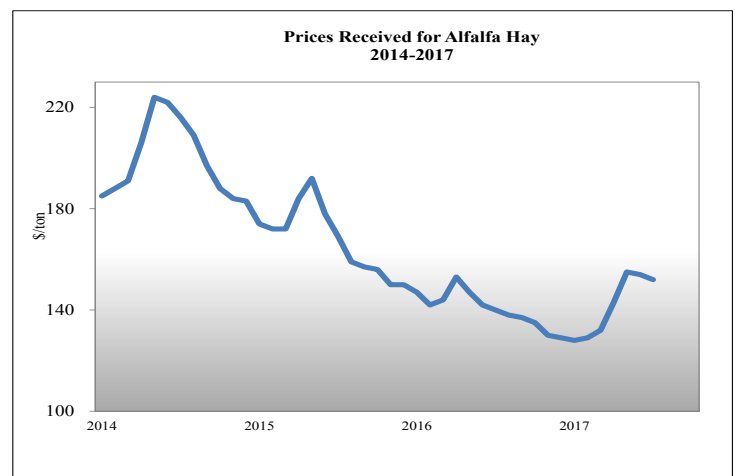
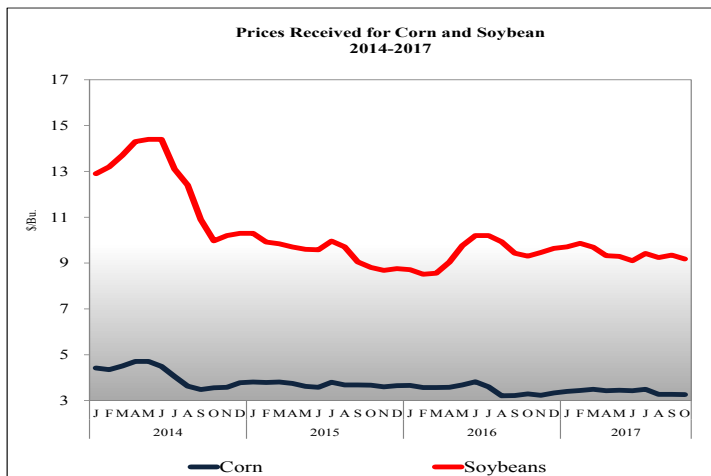
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2017 Federal Order 6 had a SUP of \$20.66 per cwt, \$0.04 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$16.24 per cwt, \$0.33 per cwt lower than the previous month's SUP.

The Pacific Northwest order had the lowest SUP at \$15.69 per cwt, \$0.34 per cwt lower than the previous month's SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



2/ Producer price differentials are subject to location adjustment.

3/ Statistical uniform prices are at 3.5 percent butterfat and subject to location adjustment.

4/ Source: USDA, National Agricultural Statistics Service