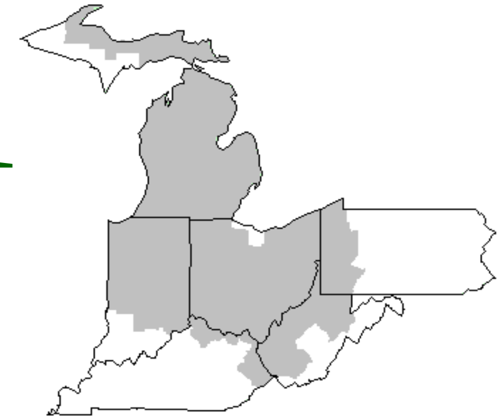
Mideast Market Administrator's

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

JUNE 2017

Recent Developments in Dairy Markets

March milk production totaled 18.7 billion pounds, 1.7 percent above March 2016. Milk cows numbered 9.380 million head, 15,000 head more than February 2017. Milk per cow was 1,995 pounds per head, 21 pounds more than March 2016. For first quarter, milk per cow was 5,715 pounds per head, 15 pounds lower than the expectation published in last month's *Livestock, Dairy, and Poultry Outlook* report. The milk cow inventory for the first quarter was about as expected.

In recent weeks, wholesale prices for dairy products, as reported in the USDA *National Dairy Products Sales Report*, have moved in mixed directions. From the week ending April 1 to the week ending May 6, the butter price fell by $0.040 per pound, and the cheddar cheese prices for 40-pound blocks and 500-pound barrels (adjusted to 38-percent moisture) rose by $0.074 and $0.015 per pound, respectively. While the nonfat dry milk (NDM) price rose by $0.035 per pound, the dry whey price fell by $0.012 per pound.

In the first quarter, U.S. wholesale prices for cheese, NDM, and dry whey were competitive with export prices for Oceania and Europe. Competitiveness of U.S. prices has undoubtedly contributed to higher dairy exports. First-quarter cheese exports were up 11.6 percent over the first quarter of 2016, with much of the increase going to South Korea. Exports of whey products (dry whey, whey protein concentrate, and modified whey) were up 28.5 percent, with a significant increase to China. Exports of nonfat dry milk/skim milk powder (NDM/SMP) were up 18.1 percent, with much of the increase going to Mexico and China.

Changing prices for cheese have also likely had an influence on imports, as first-quarter 2017 cheese imports were 5 percent lower than the first quarter of 2016. While cheese imports have declined, imports of food preparations with substantial dairy content and other miscellaneous dairy products have increased.

In contrast to exports, domestic use has been contracting in recent months. On a milk-fat milk-equivalent basis, first-quarter domestic use was 1.7 percent below the first quarter of 2016. On a skim-solids milk-equivalent basis, it was down 1.5 percent. Note that commercial disappearance is an imperfect proxy for consumption. It is estimated using data collected from different sources that have some inconsistencies, and there is no accounting for changes in pipeline stocks.

While the outlook for U.S. exports appears to be improving for most dairy products, this is not the case for ultra-filtered milk containing protein of 85 percent or more (UF-85 milk) or milk protein isolate (MPI, a dried high-protein product). For years, Canada has imported UF-85 milk and MPI from the United States. These products can be used as ingredients for a wide variety of applications. UF-85 milk is often used for manufacturing for cheese. Canada's imports of these products from the United States grew from $11 million 2009 to $102 million in 2014 and 2015 before falling to $97 million in 2016. In contrast to most dairy products, tariffs are not applied to Canadian imports of UF-85 milk or MPI from the United States due to the North American Free Trade Agreement. Recently, Canada has established a domestic class of milk for ingredient use that is priced based on the prevailing global prices and is relatively low compared to other Canadian milk prices. As a result, UF-85 milk from the United States has become less attractive to Canadian processors.

Feed prices for 2016/17 are still expected to be relatively low, with price forecasts for corn and soybean meal of $3.25-$3.55 per bushel and $320 per short ton, respectively. The alfalfa hay price in March was $135 per short ton, $6 higher than February but $4 lower than March of last year. Feed prices for 2017/18 are expected to remain relatively low, with price forecasts for corn and soybean meal of $3.00-$3.80 per bushel and $295-$335 per short ton, respectively.

Based on recent milk production data, the milk cow forecast for 2017 is unchanged at 9.385 million head, but the yield forecast has been lowered to 23,110 pounds per head, 40 pounds less than last month's forecast. With higher expected exports of cheese, NDM/SMP, whey products, and lactose, 2017 export forecasts have been raised by 0.3 billion pounds on a milk-fat basis and by 0.6 billion pounds on a skim-solids basis. With lower expected imports of cheese, the 2017 import forecast on a milk-fat basis has been lowered by 0.4 billion pounds. With higher expected imports of food preparations with substantial dairy content and other miscellaneous dairy products, the 2017 import forecast on a skim-solids basis has been increased by 0.1 billion pounds. *Continued on Page 3)*

May 2017 - Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	534,246,835	30.8
Class II	381,693,682	22.0
Class III	487,268,151	28.1
Class IV	332,374,392	19.1
Total	1,735,583,060	100.0

Producer Prices

Producer Price Differential	$ 0.10	/ cwt
Butterfat Price	2.4134	/ lb
Protein Price	1.7723	/ lb
Other Solids Price	0.3196	/ lb
Somatic Cell Adjustment Rate	0.00077	/ cwt
Statistical Uniform Price	15.67	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

May 2017

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			524,062,784			$9.14 / cwt	$ 47,899,338.45
Class I Butterfat		10,184,051				2.3936/ lb	24,376,544.50
Class I Location Differential	534,246,835						(268,756.20)
Class II SNF Value				32,841,466		0.7333/ lb	24,082,647.02
Class II Butterfat		24,375,360				2.4204/ lb	58,998,121.33
Class III Protein Value			15,184,391			1.7723/ lb	26,911,296.17
Class III Other Solids Value					28,224,327	0.3196/ lb	9,020,494.90
Class III Butterfat		15,975,102				2.4134/ lb	38,554,311.16
Class IV SNF Value				29,255,370		0.6956/ lb	20,350,035.35
Class IV Butterfat		13,924,588				2.4134/ lb	33,605,600.67
Somatic Cell Value II / III / IV							1,609,580.91
TOTAL PRODUCER MILK VALUE	1,735,583,060	64,459,101	53,644,616		100,004,728		$ 285,139,214.26

Overages	$51,702.64	
Beginning Inventory & OS Charges	86,117.06	
TOTAL ADJUSTMENTS		141,822.26
TOTAL HANDLER OBLIGATIONS		$ 285,281,036.52

Total Protein Value	53,644,616 lbs	@	$1.7723	$(95,074,352.94)
Total Other Solids Value	100,004,728 lbs	@	0.3196	(31,961,511.06)
Butterfat Value	64,459,101 lbs	@	2.4134	(155,565,594.39)
Total Somatic Cell Values				(2,317,304.01)
TOTALS				$ 362,274.12
Net Producer Location Adjustments				$ 1,364,862.07
1/2 Unobligated Balance Producer Settlement Fund				853,000.00
Total - Divided by Total Pounds	1,735,583,060 lbs		0.1486611	$ 2,580,136.19
Rate of Cash Reserve			(0.0486611)	(844,553.81)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,735,583,060		$0.10 / cwt	$ 1,735,582.38

COMPONENT PRICES

	May 2017	May 2016
Butterfat Price	$2.4134 / lb	$2.2846 / lb
Protein Price	1.7723 / lb	1.4935 / lb
Other Solids Price	0.3196 / lb	0.0529 / lb
Somatic Cell Adjustment Rate	0.00077 / cwt	0.00071 / cwt
Nonfat Solids Price	0.6956 / lb	0.5870 / lb

COMPUTATION OF UNIFORM PRICE

	May 2017	May 2016
Class III Price - 3.5% BF	$ 15.57	$12.76
Producer Price Differential*	0.10	1.05
Statistical Uniform Price	$15.67	$13.81

CLASS PRICES

	May 2017	May 2016
Class I*	$17.20	$15.70
Class II	14.84	13.53
Class III	15.57	12.76
Class IV	14.49	13.09

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	May 2017 Product lbs.	May 2016 Product lbs.
Class I	534,276,835	520,708,332
Class II	381,693,682	343,231,272
Class III	487,268,151	636,326,768
Class IV	332,374,392	325,375,822
Total	1,735,583,060	1,825,642,194

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May 2017 was $0.10 and the Statistical Uniform Price was $15.67 for the month. The Statistical Uniform Price is $0.06 higher than last month, and is $1.86 higher than May 2016.

The Producer Butterfat Price of $2.4134 per pound increased $0.0586 from April and is up $0.1288 from a year ago. The Protein Price of $1.7723 is up $0.0768 from last month and is up $0.2788 from May 2016. The Other Solids Price in May was $0.3196 per pound, a decrease from last month's price of $0.3350 and $0.2667 higher than last May. The Somatic Cell Adjustment rate for May was $0.00077 per cwt.

May producer receipts of 1.74 billion pounds were 5.8 percent lower than April and 4.9 percent lower than May 2016 production of 1.83 billion pounds. Producer milk allocated to Class I accounted for 30.8 percent of the total producer milk in May 2017, higher than the 27.3 percent in April, and higher than the 28.5 percent in May 2016. A total of 5,021 producers were pooled on the Mideast Order compared to 5,394 producers pooled in May 2016.

The market average content of producer milk was as follows: Butterfat 3.71%; Protein 3.09%; Other Solids 5.76% and Nonfat Solids 8.85%.

(Continued from Front Page)

Forecasts for domestic use and stocks are not comparable with last month's forecasts due to changes in conversion factors used for the estimates. Although commercial use was below last year for the first quarter of 2017, it is expected to rebound later in the year. Domestic use for 2017 is expected to be 213.0 million pounds on a milk-fat basis, a 1.9 percent increase over 2016. On a skim-solids basis, the 2017 forecast for domestic use is 181.4 pounds, a 1.5 percent increase over 2016. Ending year stocks for 2017 are projected at 13.2 billion pounds on a milk-fat basis and 10.0 billion pounds on a skim solids basis.

Based on higher expected export demand, the NDM price forecast for 2017 has been raised to $0.875-$0.915 per pound. The butter price forecast has been lowered to $2.115- $2.195 per pound based upon recent price movements. The annual 2017 forecasts for cheese and dry whey prices are unchanged from last month. While the Class III milk price is unchanged from last month, the Class IV milk price has been raised to $14.35-$14.95 per cwt, as the higher expected NDM price more than offsets the lower expected butter price. The 2017 all-milk price forecast is $17.35-$17.85 per cwt.

With higher expected milk prices and relatively low feed prices, the milk production forecast for 2018 is 222.0 billion pounds, a 2.4-percent increase above the 2017 forecast. Milk cow numbers are forecast to average 9.425 million head for the year, and the 2017 yield forecast is 23,560 pounds per cow. Demand is expected to grow for domestic and foreign markets. The 2018 forecasts for domestic use are 219.2 billion pounds on a milk-fat basis (2.9 percent above the 2017 forecast) and 187.0 billion pounds on a skim-solids basis (3.1 percent above 2017). The 2018 forecasts for exports are 8.7 billion pounds on a milk-fat basis (0.2 billion pounds above the 2017 forecast) and 41.1 billion pounds on a skim-solids basis (0.6 billion pounds above 2017). Imports in 2018 are expected to be little changed from 2017, at 6.1 billion pounds on a milk-fat basis (0.2 billion pounds above the 2017 forecast) and 6.4 billion pounds on a skim-solids basis (0.1 billion pounds below 2017).

Cheese and NDM prices are forecast higher than 2017 due to higher expected domestic and global demand. The 2018 price forecasts for cheese and NDM are $1.640-$1.740 and $0.915-0.985 per pound, respectively. Due to large expected stocks at the beginning of 2018, prices for butter and dry whey are expected to be lower than 2017, at $2.045- 2.175 and $0.475-$0.505 per pound, respectively. The Class III and Class IV milk prices are both expected to be higher than 2017, at $16.40-$17.40 per cwt and $14.40-$15.50 per cwt, respectively. The all-milk price for 2018 is $17.55-$18.55 per cwt, an increase from $17.35-$17.85 per cwt forecast for 2017.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-275/May 16, 2017 Economic Research Service, USDA

April Milk Production Up 2.0 Percent

Milk production in the 23 major States during April totaled 17.2 billion pounds, up 2.0 percent from April 2016. March revised production, at 17.6 billion pounds, was up 1.9 percent from March 2016. The March revision represented an increase of 30.0 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,967 pounds for April, 20 pounds above April 2016. This is the highest production per cow for the month of April since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.72 million head, 81,000 head more than April 2016, and 8,000 head more than March 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 April totaled 2.7 billion pounds, up 75 million pounds or 2.8 percent from April 2016.

Production per cow in the Mideast states averaged 1,946 pounds for April, 46 pounds above April 2016.

The number of cows on farms in the Mideast states was 1.4 million head, 1,000 head more than April 2016.

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

	April 2017							April 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	1,336	917,688	3.72	3.12	5.78	166		872,025	3.72	3.10	5.79	158
Ohio	1,747	445,575	3.79	3.11	5.68	178		430,695	3.80	3.11	5.72	175
Indiana	871	246,354	3.74	3.12	5.78	181		226,713	3.74	3.12	5.83	189
Pennsylvania	735	100,584	3.89	3.09	5.74	215		96,188	3.90	3.09	5.75	216
New York	214	91,409	3.87	3.10	5.77	179		105,840	3.86	3.12	5.75	170
Wisconsin	25	24,947	4.06	3.20	5.79	156		3,898	3.70	3.09	5.72	233
West Virginia	32	2,057	3.89	3.16	5.68	222		3,237	3.79	3.20	5.75	223
Other	145	13,934	3.82	3.07	5.79	175		6,450	3.91	3.14	5.74	224
Total/Average *	5,105	1,842,548	3.76	3.12	5.75	174		1,745,046	3.76	3.10	5.77	170

* 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
P.O. Box 5102
Brunswick, Ohio 44212

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

POSTMASTER: Time Sensitive Material - Deliver Promptly

FEDERAL ORDER DATA
May 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*)	2,432,363	745,548	30.7	$0.94	$16.51
FO 5	Appalachian - (*Charlotte*)	486,670	327,888	67.4	[2]	17.65
FO 6	Florida - (*Tampa*)	218,418	177,322	81.2	[2]	19.69
FO 7	Southeast - (*Atlanta*)	496,584	312,446	62.9	[2]	17.83
FO 30	Upper Midwest - (*Chicago*)	2,457,602	281,245	11.4	0.08	15.65
FO 32	Central - (*Kansas City*)	1,366,543	404,365	29.6	(0.07)	15.50
FO 33	**Mideast** - (*Cleveland*)	**1,735,583**	**534,247**	**30.8**	**0.10**	**15.67**
FO 124	Pacific Northwest - (*Seattle*)	633,064	162,758	25.7	(0.14)	15.43
FO 126	Southwest - (*Dallas*)	918,183	353,926	38.6	0.80	16.37
FO 131	Arizona - (*Phoenix*)	447,346	107,797	24.1	[2]	15.53

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

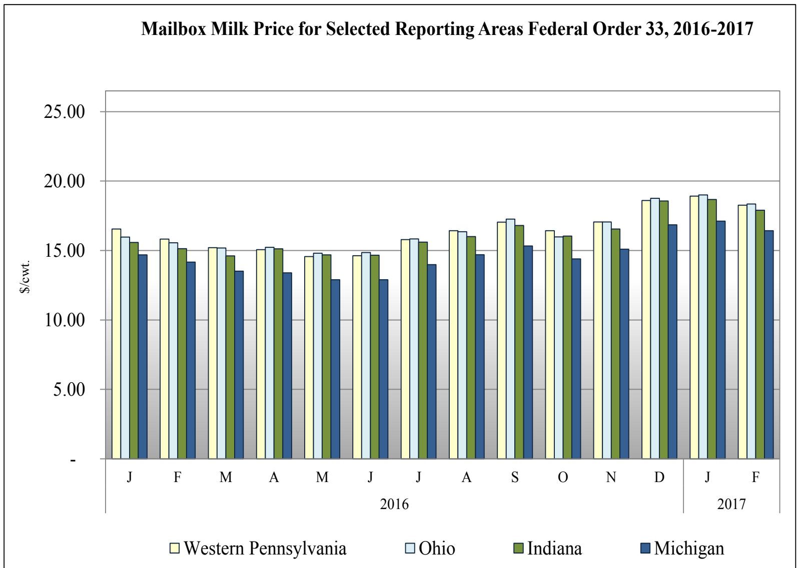
[2] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR JUNE 2017 ....$14.49 /cwt.

Printed on recycled paper

Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 June 2017

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

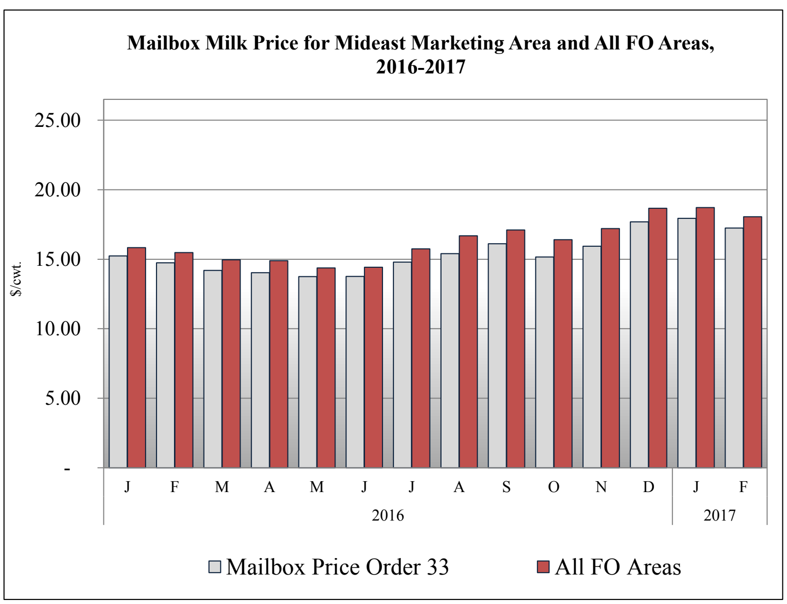


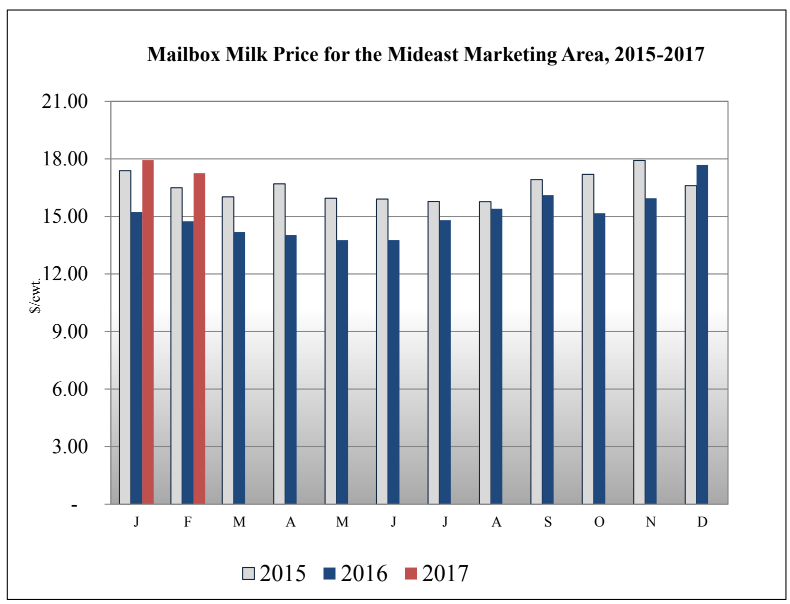
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments.

The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

FEDERAL ORDER 33 MAILBOX PRICE STATISTICS



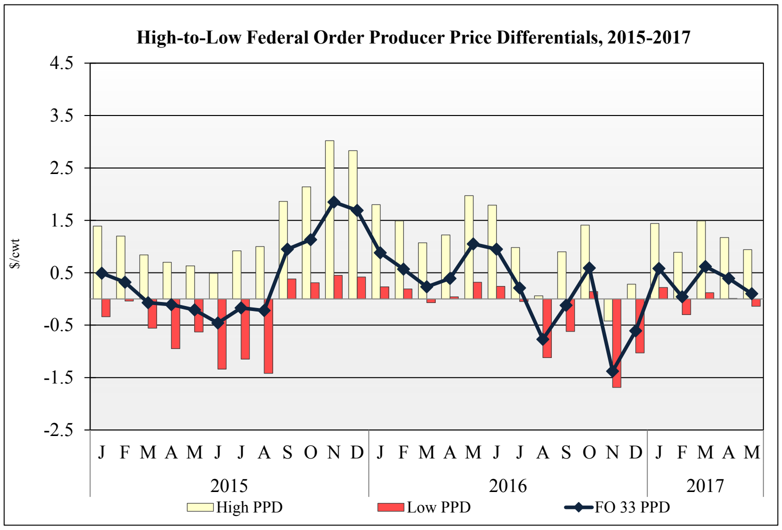


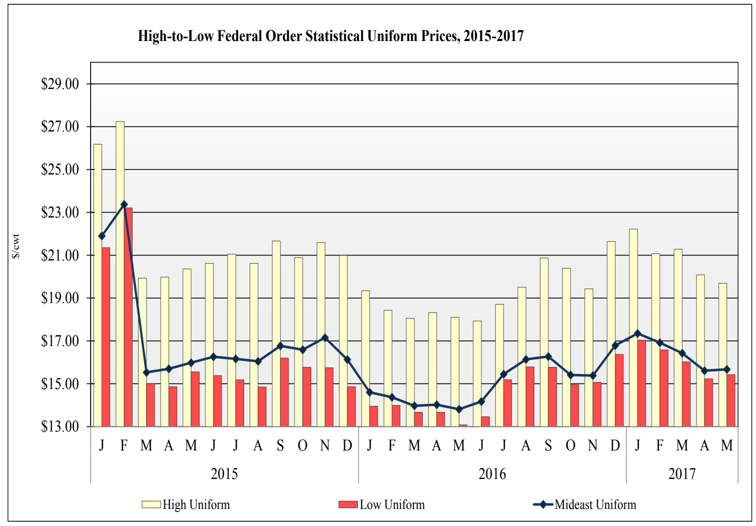
The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $17.25 per hundredweight for February 2017. The February mailbox price is $0.69 lower than the mailbox price for January 2017. The February mailbox price is $2.50 higher than the February 2016 mailbox price of $14.75 per cwt.

For February 2017 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.81 below the average mailbox price for all Federal Orders, as reported by Dairy Market News. For February 2017, the all Federal Order mailbox price was $18.06 per hundredweight,

1/ Mailbox prices are generally released by Dairy Market News on the 10th of the third following month (January data in April).

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 May 2017, Federal Order 1 had a PPD of 0.94 per hundredweight (cwt), $0.23 lower than their April PPD of $1.17 per cwt.

In May 2017 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at $0.10 per cwt, $0.29 per cwt lower than the April PPD.

For May 2017 Federal Order 124 had the lowest PPD at $-0.14 per cwt, $0.15 per lower than the April PPD.

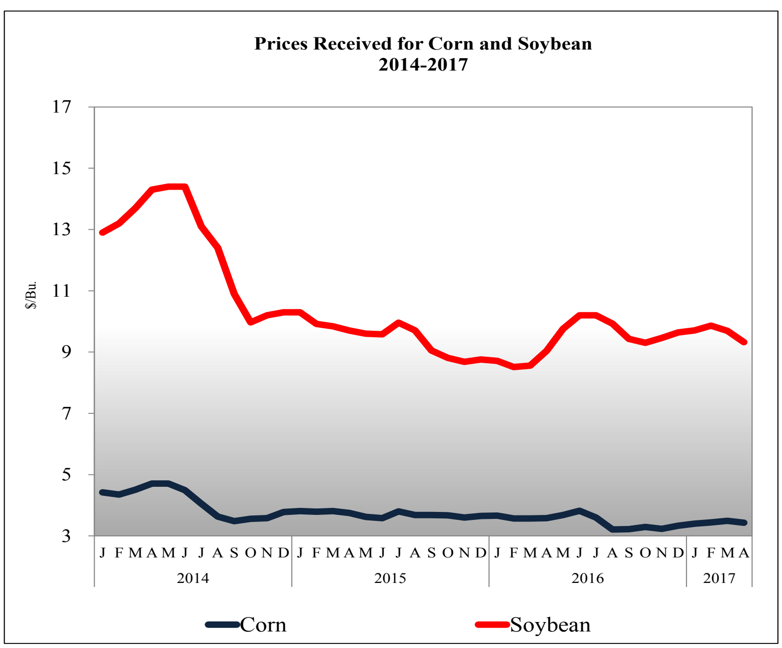
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

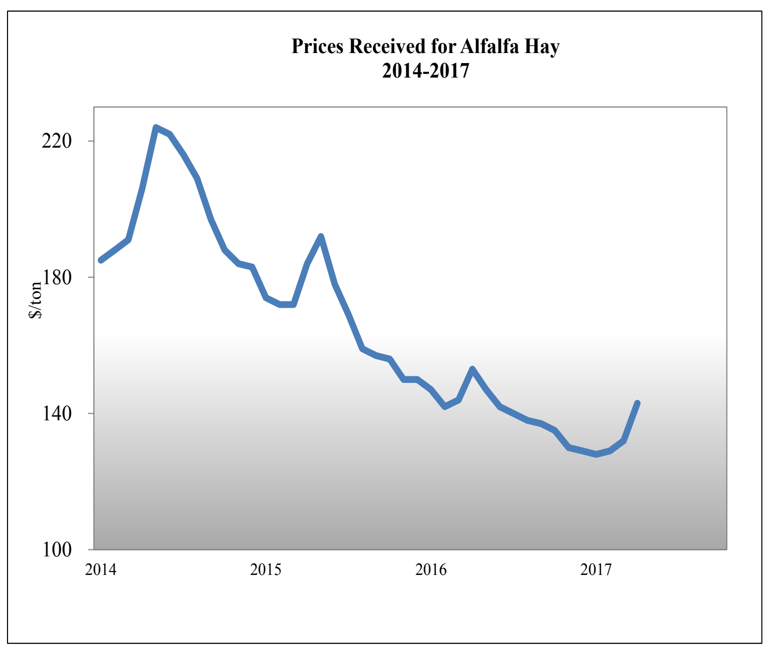
Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For May 2017, Federal Order 6 had a SUP of $19.69 per cwt, $0.39 lower than the previous month's SUP.

Federal Order 33 had a SUP of $15.67 per cwt, $0.06 per cwt higher than the previous month's SUP.

The Pacific Northwest order had the lowest SUP at $15.43 per cwt, $0.20 per cwt higher 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