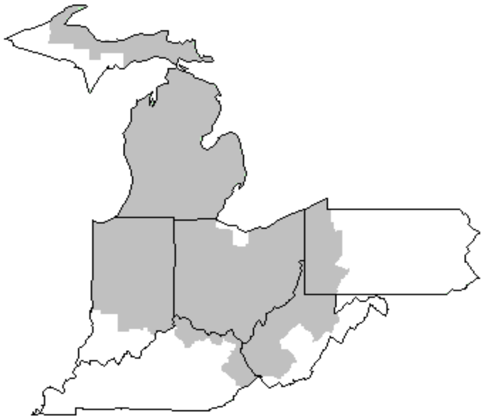
Mideast Market Administrator's Bulletin



Federal Order No. 33

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MAY 2018

Dairy Forecasts for 2018

The 2018 estimate for the size of the milking herd is unchanged from the March forecast at 9.415 million head, as growth is expected to taper off later in the year. The forecast for milk per cow in 2018 has been raised slightly to 23,260 pounds, as year-over-year growth was higher than expected in January and February. The annual milk production forecast remains at a rounded 219.0 billion pounds.

The corn price forecast for 2017/18 is $3.20-$3.50 per bushel, unchanged from last month's forecast at the midpoint. However, the 2017/18 soybean meal price forecast has been raised to $340-$360 per short ton, $10 higher than last month's forecast at the midpoint. For more information, see the USDA Economic Research Service publication *Feed Outlook*.

The forecast for imports on a milk-fat basis has been lowered 0.1 billion pounds to 5.6 billion for the year due to lower expected imports of dry whole milk. The export forecast on a milk-fat basis is unchanged at 9.6 billion pounds for the year. With continued weakness in domestic use in recent months, the forecast for 2018 domestic use is now projected slightly lower than it was last month at 214.7 billion pounds. With high stock levels in recent months and weaker expected domestic use, the forecast for 2018 milk-fat basis ending stocks has been raised to 12.9 billion pounds, 0.1 billion pounds higher than the March forecast.

Imports on a skim-solids basis are forecast at 5.9 billion pounds for the year, unchanged from last month's forecast. Exports are forecast 0.6 billion pounds higher, at 43.4 billion pounds, based on higher expected exports of NDM and lactose. Stocks on a skim-solids basis continued to build in February, and growth in domestic demand has been sluggish in recent months, as evidenced by low prices for NDM and dry whey and weak domestic use on a skim-solids basis. As a result, the forecast for ending stocks on a skim-solids basis for 2018 has been raised 0.2 billion pounds to 11.5 billion, and the domestic use forecast has been lowered 0.7 billion pounds to 180.9 billion.

Slight changes have been made in product price forecasts for 2018. The largest change from last month is a 2.5-cent reduction in the dry whey price forecast to $0.240-$0.270 per pound, due to recent price data, large supplies, and lower expected demand. The cheddar cheese price forecast is $1.550-$1.600 per pound, unchanged at the midpoint of the range from last month. The butter and NDM price forecasts are slightly lower for the year than previously forecast at $2.210-$2.290 and $0.700-$0.740 per pound, respectively, based on recent data.

The Class III price for 2018 is now forecast lower than last month, at $14.20-$14.70 per cwt, due mainly to the lower dry whey price forecast. The Class IV price is projected slightly lower than the previous forecast at $13.25-$13.85 per cwt for the year. The all-milk price forecast for 2018 is now $15.60-$16.10 per cwt, 20 cents lower at the midpoint of the range than last month's forecast.

February imports were 405 million pounds on a milk-fat basis, 10.6 percent lower than February 2017. On a skim-solids basis, imports were 446 million pounds, 16.2 percent lower than the previous year. Notably, imports of sweetened and unsweetened milk powders with more than 1.5 percent milk fat were low in January and February, totaling 1.5 and 0.6 million pounds, respectively. For the first 2 months in 2017, imports of these products totaled 2.0 and 5.2 million pounds, respectively.

U.S. milk production has continued to grow, totaling 17.0 billion pounds in February, up 1.8 percent from February 2017. Milk cows numbered 9.410 million head in February, only 1 thousand more than January. Relatively high slaughter rates have contributed to slower growth in milk cow numbers. Milk per cow was 1,807 pounds per head in February, 24 pounds above February 2017.

In recent months, feed prices have risen seasonally. In November, the average corn price was $3.15 per bushel. It has risen each month since then, reaching $3.38 per bushel in February. The soybean meal price2 rose each month from $313.52 per short ton in November to $362.85 in in February, due in part to dry conditions in South America. The alfalfa hay price rose each month from $148 per short ton in December to $155 per short ton in February. With an all-milk price of $15.30 per hundredweight (cwt) in February and a calculated feed cost of about $8.42, the milk margin above feed costs as calculated for the Margin Protection Program for Dairy Producers was about $6.88 per cwt, triggering payments for dairy farmers choosing protection of $7.00 per cwt or more.

Source: *Livestock, Dairy, and Poultry Outlook*, LDP-M-286, April 16, 2018 USDA, Economic Research Service

April 2018 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	505,481,984	30.2
Class II	340,551,980	20.3
Class III	539,500,135	32.2
Class IV	290,114,291	17.3
Total	1,675,648,390	100.0

Producer Prices

Producer Price Differential	$ 0.16	/ cwt
Butterfat Price	2.5113	/ lb
Protein Price	1.7810	/ lb
Other Solids Price	0.0619	/ lb
Somatic Cell Adjustment Rate	0.00079	/ cwt
Statistical Uniform Price	14.63	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

April 2018

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			495,570,961			$7.82 / cwt	$ 38,753,649.20
Class I Butterfat		9,911,023				2.4451/ lb	24,233,442.31
Class I Location Differential	505,481,984						(265,231.73)
Class II SNF Value				29,508,967		0.6011/ lb	17,737,840.09
Class II Butterfat		22,583,054				2.5183/ lb	56,870,904.86
Class III Protein Value			17,048,926			1.7810/ lb	30,364,137.23
Class III Other Solids Value					31,340,919	0.0619/ lb	1,940,002.89
Class III Butterfat		18,169,358				2.5113/ lb	45,628,708.76
Class IV SNF Value				25,649,091		0.5401/ lb	13,853,074.06
Class IV Butterfat		14,311,449				2.5113/ lb	35,940,341.88
Somatic Cell Value II / III / IV							1,696,025.78
TOTAL PRODUCER MILK VALUE	1,675,648,390	64,974,884	52,671,467		96,888,152		$ 266,752,895.33
Overages					$ 8,034.41		
Beginning Inventory & OS Charges					69,415.13		
TOTAL ADJUSTMENTS							77,449.54
TOTAL HANDLER OBLIGATIONS							$ 266,830,344.87

Total Protein Value	52,671,467 lbs	@	$1.7810	$ (93,807,882.75)
Total Other Solids Value	96,888,152 lbs	@	0.0619	(5,997,376.57)
Butterfat Value	64,974,884 lbs	@	2.5113	(163,171,426.20)
Total Somatic Cell Values				(2,429,867.11)
TOTALS				$ 1,423,792.24
Net Producer Location Adjustments				$ 1,319,004.19
1/2 Unobligated Balance Producer Settlement Fund				750,000.00
Total - Divided by Total Pounds	1,675,648,390 lbs		0.2084445	$ 3,492,796.43
Rate of Cash Reserve			(0.0484445)	(811,759.48)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,675,648,390		$ 0.16 / cwt	$ 2,681,036.95

COMPONENT PRICES

	April 2018	April 2017
Butterfat Price	$2.5113 / lb	$2.3548 / lb
Protein Price	1.7810 / lb	1.6955 / lb
Other Solids Price	0.0619 / lb	0.3350 / lb
Somatic Cell Adjustment Rate	0.00079 / cwt	0.00075 / cwt
Nonfat Solids Price	0.5401 / lb	0.6641 / lb

COMPUTATION OF UNIFORM PRICE

	April 2018	April 2017
Class III Price - 3.5% BF	$14.47	$15.22
Producer Price Differential*	0.16	0.39
Statistical Uniform Price	$14.63	$15.61

CLASS PRICES

	April 2018	April 2017
Class I*	$16.10	$18.05
Class II	14.03	14.81
Class III	14.47	15.22
Class IV	13.48	14.01

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	April 2018 *Product lbs.*	April 2017 *Product lbs.*
Class I	505,481,984	502,147,867
Class II	340,551,980	365,267,255
Class III	539,500,135	644,880,538
Class IV	290,114,291	330,314,575
Total	1,675,648,390	1,842,610,235

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2018 was $0.16 and the Statistical Uniform Price was $14.63 for the month. The Statistical Uniform Price is $0.39 higher than last month, and is $0.98 lower than April 2017.

The Producer Butterfat Price of $2.5113 per pound increased $0.0840 from March and is up $0.1565 from a year ago. The Protein Price of $1.7810 is down $0.0256 from last month and is up $0.0855 from April 2017. The Other Solids Price in April was $0.0619 per pound, an increase from last month's price of $0.0556 and $0.2731 lower than last April. The Somatic Cell Adjustment rate for April was $0.00079 per cwt.

April producer receipts of 1.68 billion pounds were 3.8 percent higher than March and 9.1 percent lower than April 2017 production of 1.84 billion pounds. Producer milk allocated to Class I accounted for 30.2 percent of the total producer milk in April 2018, less than the 33.6 percent in March, and higher than the 27.3 percent in April 2017. A total of 4,545 producers were pooled on the Mideast Order compared to 5,304 producers pooled in April 2017.

The market average content of producer milk was as follows: Butterfat 3.88%; Protein 3.14%; Other Solids 5.78% and Nonfat Solids 8.92%.

March Milk Production Up 1.5 Percent

Milk production in the 23 major States during March totaled 17.8 billion pounds, up 1.5 percent from March 2017. February production, revised at 15.9 billion pounds, was up 1.8 percent from February 2017.The February revision represented a decrease of 12 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 2,038 pounds for March, 22 pounds above March 2017. 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 8.74 million head, 29,000 head more than March 2017, but 2,000 head less than February 2018.

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 2.8 billion pounds, up 10 million pounds or 0.4 percent from March 2017.

Production per cow in the Mideast states averaged 2,003 pounds for March, 12 pounds above March 2017.

The number of cows on farms in the Mideast states was 1.4 million head, the same as March 2017.

March 2018 Highlights

Total cheese output (excluding cottage cheese) was 1.10 billion pounds, 2.7 percent above March 2017 and 11.6 percent above February 2018.

Italian type cheese production totaled 482 million pounds, 2.5 percent above March 2017 and 12.9 percent above February 2018.

American type cheese production totaled 437 million pounds, 1.7 percent above March 2017 and 10.0 percent above February 2018.

Butter production was 186 million pounds, 4.8 percent above March 2017 and 9.1 percent above February 2018.

Dry milk products (comparisons in percentage with March 2017)
Nonfat dry milk, human - 180 million pounds, up 12.0 percent.
Skim milk powder - 41.0 million pounds, down 22.2 percent.

Whey products (comparisons in percentage with March 2017)
Dry whey, total - 88.0 million pounds, up 1.5 percent.
Lactose, human and animal - 98.9 million pounds, up 3.7 percent.
Whey protein concentrate, total - 43.6 million pounds, up 2.9 percent.

Frozen products (comparisons in percentage with March 2017)
Ice cream, regular (hard) - 65.4 million gallons, down 11.8 percent.
Ice cream, lowfat (total) - 40.6 million gallons, down 8.0 percent.
Sherbet (hard) - 3.42 million gallons, down 9.2 percent.
Frozen yogurt (total) - 6.70 million gallons, down 3.1 percent.

Released May 3, 2018, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

USDA Issues Final Rule on Reimbursement to Florida Milk Handlers and Producers Affected by Hurricane Irma

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service today announced in a final rule published in the Federal Register its adoption of amendments to the Florida Federal Milk Marketing Order (FMMO). The amendments implement a temporary assessment on Class I milk. Revenues collected through the assessment will be disbursed to handlers and producers who incurred extraordinary marketing costs and losses due to Hurricane Irma.

The proposed amendments to the Florida FMMO were approved by eligible producers and were based on the evidentiary record of a public hearing held in Tampa, Fla., December 12 through 14, 2017.

In September 2017, Hurricane Irma caused widespread devastation throughout the entire state of Florida, resulting in dairy processing and manufacturing plant closures, store closures, and extensive road closures, cumulatively resulting in negative market impacts for all Florida dairy farmers in the market.

USDA held the hearing on an emergency basis to consider a proposal submitted by Southeast Milk, Inc., Dairy Farmers of America, Inc., Premier Milk, Inc., Maryland and Virginia Milk Producers Cooperative Association, Inc., and Lone Star Milk Producers, L.C. At the hearing, USDA took testimony and received evidence regarding the proposal.

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 2018						March 2017				
			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	1,227	790,878	3.84	3.16	5.81	165	924,593	3.77	3.16	5.77	161
Ohio	1,599	412,613	3.91	3.15	5.74	168	446,124	3.86	3.15	5.68	173
Indiana	802	220,741	3.85	3.14	5.82	182	250,737	3.82	3.17	5.80	179
New York	196	94,238	3.95	3.14	5.76	158	91,411	3.94	3.14	5.77	170
Pennsylvania	668	86,534	4.01	3.13	5.77	203	100,176	3.98	3.14	5.74	214
Other	137	9,317	4.05	3.19	5.74	323	42,699	4.05	3.21	5.77	162
Total/Average *	4,629	1,614,321	3.88	3.15	5.79	170	1,855,740	3.82	3.16	5.75	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

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FEDERAL ORDER DATA
April 2018

		Producer Milk		Class I	Producer	Statistical
	Marketing Area [1]	Total	Class I	Percent	Price Differential	Uniform Price
		(000)	*(000)*	*%*	*(per cwt.)*	*(per cwt.)*
FO 1	Northeast - (*Boston*)	2,294,810	706,564	30.8	$0.99	$15.46
FO 5	Appalachian - (*Charlotte*)	495,481	326,040	65.8	[2]	16.56
FO 6	Florida - (*Tampa*)	211,439	177,315	83.9	[2]	18.72
FO 7	Southeast - (*Atlanta*)	481,785	313,271	65.0	[2]	16.88
FO 30	Upper Midwest - (*Chicago*)	2,596,630	254,756	9.8	0.07	14.54
FO 32	Central - (*Kansas City*)	1,391,716	396,507	28.5	(0.13)	14.34
FO 33	**Mideast** - (*Cleveland*)	**1,675,648**	**505,482**	**30.2**	**0.16**	**14.63**
FO 124	Pacific Northwest - (*Seattle*)	624,166	147,841	23.7	(0.15)	14.32
FO 126	Southwest - (*Dallas*)	935,155	344,115	36.8	0.77	15.24
FO 131	Arizona - (*Phoenix*)	442,218	104,937	23.7	[2]	14.50

[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 2018..................................13.48 /cwt.

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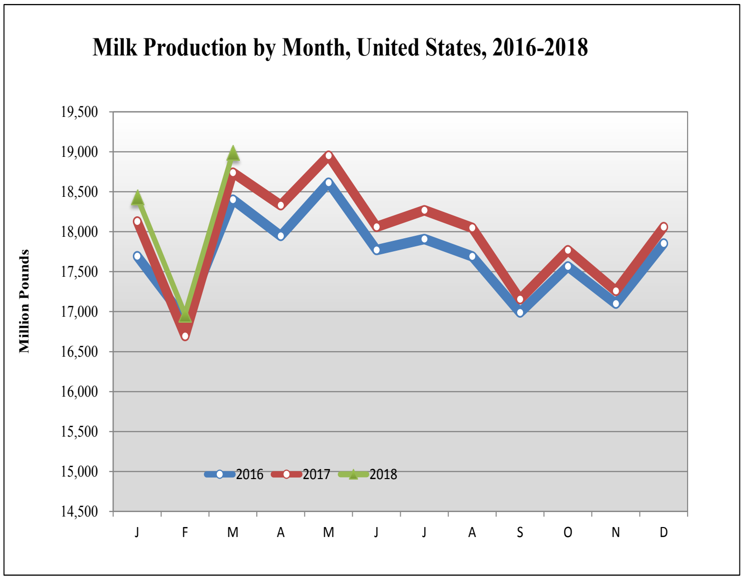
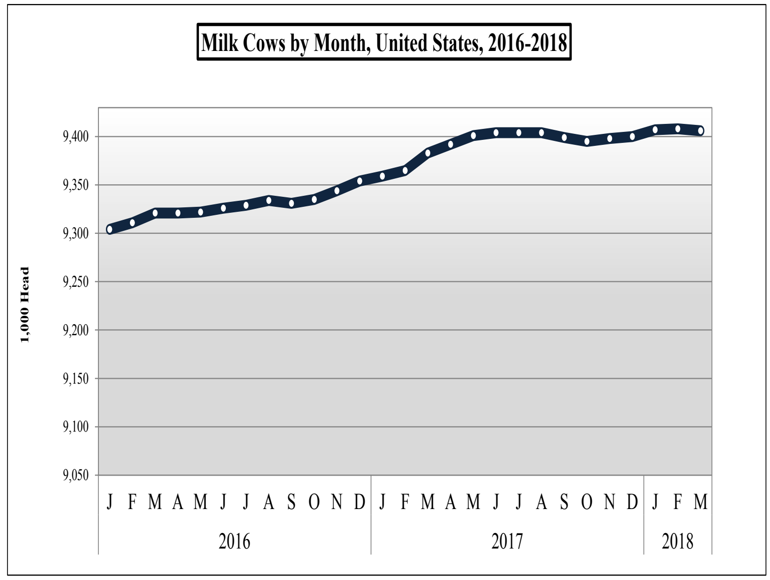
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33
May 2018

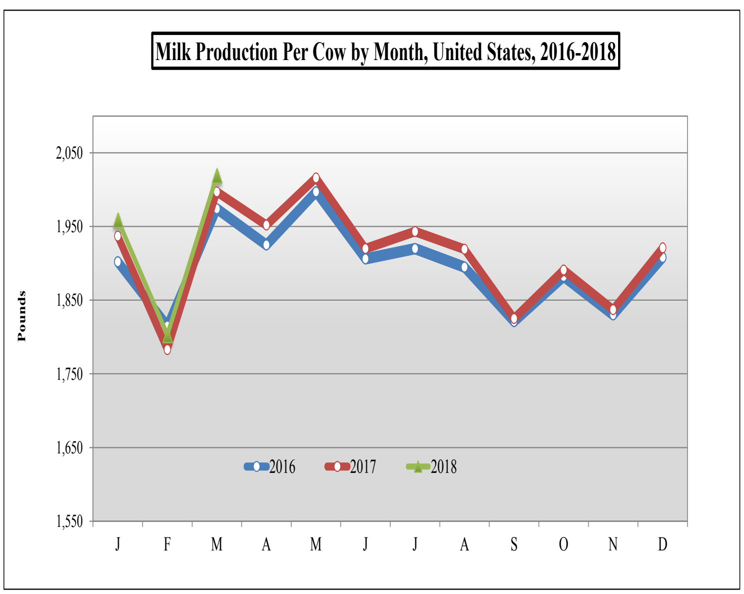
MILK PRODUCTION STATISTICS 1/



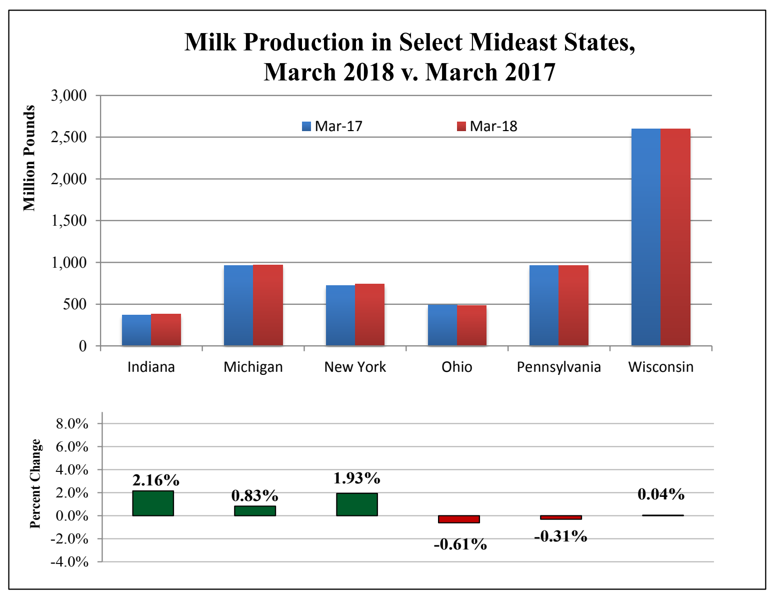
March 2018 milk production in the United States increased 1.4 billion pounds from February to 18.4 billion pounds. March 2018 milk production in the United States was up 1.3 percent from the same month of the prior year.



The number of milk cows on farms in the United States was 9.4 million head for March 2018, down 2,000 head from February and 23,000 head more than March 2017.



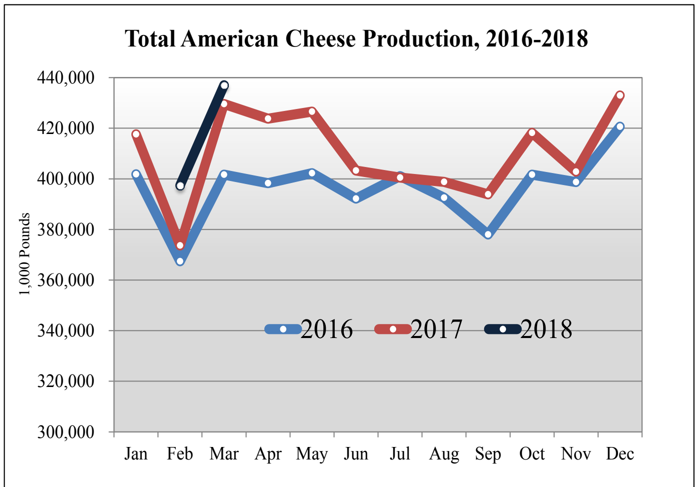
Production per cow in the United States averaged 2,019 pounds for March 2018, up 216 pounds from February 2018. March 2018 milk production per cow was up 22 pounds from the same month of the prior year.



Milk production from selected states which pool on the Mideast marketing area totaled 6.1 billion pounds during March 2018, up 25 million pounds from the prior year. Milk production in Indiana was up 8million pounds while production in Ohio was down 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:

Total cheese output (excluding cottage cheese) for March 2018 was 1.1 billion pounds, 2.7 percent above March 2017 and 11.6 percent above February 2018.

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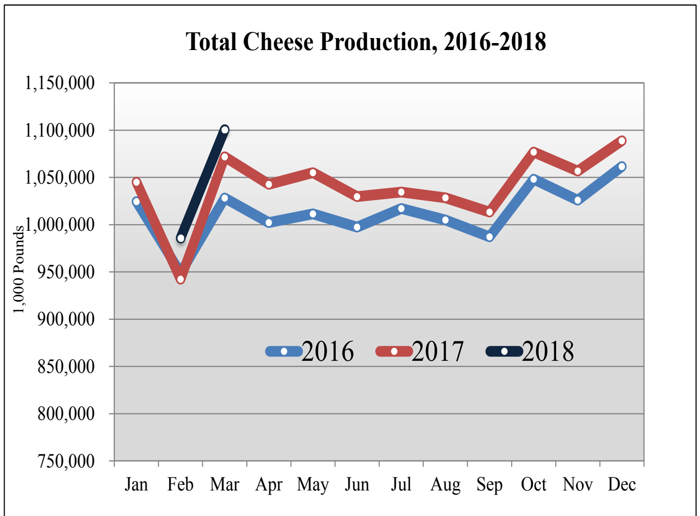
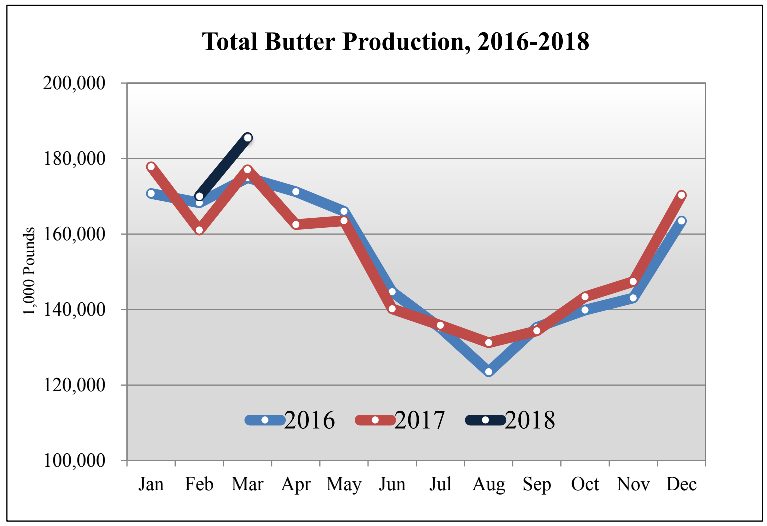
Butter production was 186 million pounds, 4.8 percent above March 2017 and 9.1 percent above February 2018.



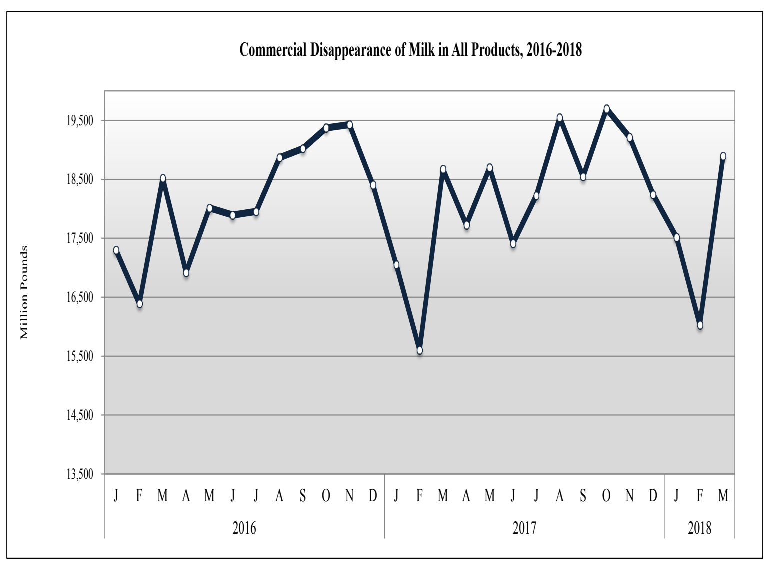


COMMERCIAL DISAPPEARANCE 2/

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 2018, commercial disappearance of milk was 18.9 billion pounds, up 1.0 percent from the prior year. The cumulative disappearance total for 2018 is 52 billion pounds, an increase of 1.6 percent from the same 12-month period of 2017.

March 2018 commercial disappearance of American cheese was 433 million pounds, up 6.6 percent from the prior year. March 2018 commercial disappearance of butter was 181million pounds, up 4.7 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.