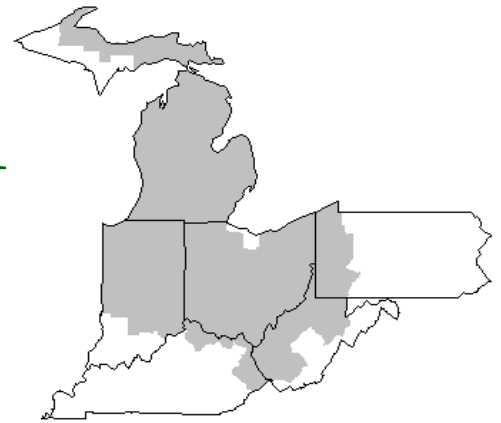


Mideast Market Administrator's Bulletin



Federal Order No. 33

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January 2014

2013 Market Summary

Producer milk receipts pooled totaled 16.7 billion pounds on the Mideast Order during 2013 a decrease of 86.7 million pounds, or 0.5 percent from 2012. During 2013, there were over 1.35 billion pounds of milk voluntarily depooled. Monthly producer receipts ranged from a low of 1.28 billion pounds in December to a high of 1.57 billion pounds in May.

The number of producers pooled on the Mideast Order in 2013 averaged 6,155 per month, down 3.5 percent from a year earlier. Producer milk averaged 3.76 percent butterfat in 2013, ranging from a low of 3.60 percent in July to a high of 3.91 percent in December. The protein test averaged 3.11 percent for 2013. Protein tests ranged from a low of 2.97 percent in July, to a high of 3.25 percent in November. Other solids tests for producer milk averaged 5.74 percent for the year.

For the year, 38.6 percent of producer milk was utilized as Class I; 14.6 percent in Class II; 34.0 percent in Class III; and 12.8 percent in Class IV. The Class I utilization percentage had a high of 43.4 percent in October and a low of 33.4 percent in June. Class I milk totaled 6.4 billion pounds during 2013, up 3.7 percent from 2012. Class II milk totaled 2.4 billion pounds in 2013, a decrease of 24.8 percent from 2012. Class III pooled pounds were 5.7 billion pounds in 2013, an increase of 11.7% from 2012. Class IV milk totaled 2.1 billion pounds in 2013, a decrease of 4.9 percent from 2012.

The Class I price averaged \$20.84 per cwt for the year, an increase of \$1.38 per cwt from 2012. The Class I price had a low of \$19.66 per cwt in April 2013 and a high of \$22.37 per cwt in December. The Class II price averaged \$19.42 per cwt, an increase of \$2.78 per cwt from the prior year. It ranged from a low of \$18.19 per cwt in January to a high of \$21.66 per cwt in December. The Class III price averaged \$17.99 per cwt, an increase of \$0.55 per cwt from 2012. The Class III price ranged from a low of \$16.93 per cwt in March to a high of \$18.95 per cwt in December. The Class IV price averaged \$19.05 per cwt for the year, an increase of \$3.06 per cwt from a year ago. It was lowest in January at \$17.63 per cwt and was highest in December at \$21.54 per cwt.

The Statistical Uniform Price averaged \$19.20 per cwt for 2013 compared to \$17.63 per cwt in 2012. The Producer Butterfat Price averaged \$1.6634 per pound in 2013. This was a decrease of \$0.0596 from 2012. The butterfat price was lowest in August at \$1.5104 per pound and was highest in April at \$1.8227 per pound. The Protein Price averaged \$3.3010 per pound in 2013. This was an increase of \$0.2584 from the previous year. The protein price was lowest in March at \$2.8204 per pound and was highest in November at \$3.6316 per pound. Other Solids Price averaged \$ 0.4029 per pound, \$0.0034 lower than the 2012 average. The Producer Price Differential (PPD) averaged \$1.21 per cwt in 2013 with a high of \$1.74 per cwt in July and a low of \$0.37 per cwt in May.

November Milk Production Up 0.3 Percent

Milk production in the 23 major States during November totaled 15.0 billion pounds, up 0.3 percent from November 2012. October revised production at 15.4 billion pounds, was up 1.4 percent from October 2012. The October revision represented an increase of 27 million pounds or 0.2 percent from last month's preliminary estimate.

Production per cow in the 23 major States averaged 1,762 pounds for November, 1 pound above November 2012.

The number of milk cows on farms in the 23 major States was 8.50 million head, 22,000 head more than November 2012, but 4,000 head less than October 2013.

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 November totaled 2.3 billion pounds, up 1 million pounds or 0.04 percent from November 2012.

Production per cow in the Mideast states averaged 1,708 pounds for November 11 pounds below November 2012.

The number of cows on farms in the Mideast states was 1.4 million head, this was 7,000 head more than November 2012.

December 2013 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	546,733,162	42.6
Class II	116,949,253	9.1
Class III	501,325,589	39.0
Class IV	119,409,070	9.3
Total	1,284,417,074	100.0

Producer Prices

Producer Price Differential	\$ 1.63 /cwt
Butterfat Price	1.7672 /lb
Protein Price	3.5390 /lb
Other Solids Price	0.3826 /lb
Somatic Cell Adjustment Rate	0.00094 /cwt
Statistical Uniform Price	20.58 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

December 2013

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			536,646,718			\$ 17.31 / cwt	\$ 92,893,546.90
Class I Butterfat		10,086,444				1.6186 / lb	16,325,918.24
Class I Location Differential	546,733,162						(235,236.43)
Class II SNF Value				9,702,705		1.7789 / lb	17,260,141.92
Class II Butterfat		12,267,887				1.7742 / lb	21,765,685.11
Class III Protein Value			16,190,578			3.5390 / lb	57,298,455.59
Class III Other Solids Value					28,593,904	0.3826 / lb	10,940,027.68
Class III Butterfat		19,198,571				1.7672 / lb	33,927,714.68
Class IV SNF Value				10,282,156		1.7680 / lb	18,178,851.81
Class IV Butterfat		8,626,573				1.7672 / lb	15,244,879.83
Somatic Cell Value II / III / IV							<u>1,195,778.65</u>
TOTAL PRODUCER MILK VALUE	1,284,417,0740	50,179,475	41,239,440		73,255,653		\$ 284,795,763.98
Overages						9,347.59	
Beginning Inventory & OS Charges						(24,806.48)	
TOTAL ADJUSTMENTS							\$ (15,458.89)
TOTAL HANDLER OBLIGATIONS							\$ 284,780,305.09
Total Protein Value			41,239,440 lbs	@	\$3.5390		\$(145,946,378.14)
Total Other Solids Value			73,255,653 lbs	@	0.3826		(28,027,612.84)
Butterfat Value			50,179,475 lbs	@	1.7672		(88,677,168.22)
Total Somatic Cell Values							<u>(2,063,451.69)</u>
TOTALS							\$ 20,065,694.20
Net Producer Location Adjustments							\$ 817,577.29
1/2 Unobligated Balance Producer Settlement Fund							<u>571,000.00</u>
Total - Divided by Total Pounds			1,284,417,074 lbs		1.6703508		\$ 21,454,271.49
Rate of Cash Reserve					<u>(0.0403508)</u>		<u>(518,272.56)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,284,417,074		\$ 1.63 /cwt		\$ 20,935,998.93

COMPONENT PRICES

December

	<u>2013</u>	<u>2012</u>
Butterfat Price	\$1.7672 / lb	\$1.7276 / lb
Protein Price	3.5390 / lb	3.3113 / lb
Other Solids Price	0.3826 / lb	0.4758 / lb
Somatic Cell Adjustment Rate	0.00094 / cwt	0.00090 / cwt
Nonfat Solids Price	1.7680 / lb	1.3569 / lb

COMPUTATION OF UNIFORM PRICE

December

	<u>2013</u>	<u>2012</u>
Class III Price - 3.5% BF	\$ 18.95	\$ 18.66
Producer Price Differential*	<u>1.63</u>	<u>1.06</u>
Statistical Uniform Price	\$20.58	\$19.72

CLASS PRICES

December

	<u>2013</u>	<u>2012</u>
Class I*	\$22.37	\$23.39
Class II	21.66	18.30
Class III	18.95	18.66
Class IV	21.54	17.83

CLASSIFICATION OF PRODUCER MILK

December

	<u>2013</u>	<u>2012</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	546,733,162	540,266,199
Class II	116,949,253	211,871,962
Class III	501,325,589	422,554,082
Class IV	<u>119,409,070</u>	<u>269,059,274</u>
Total	1,284,417,074	1,443,751,517

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2013 was \$1.63 and the Statistical Uniform Price was \$20.58 for the month. The Statistical Uniform Price is \$0.46 higher than last month, and is \$0.86 higher than December 2012.

The Producer Butterfat Price of \$1.7672 per pound increased \$0.1336 from November and is up \$0.0396 from a year ago. The Protein Price of \$3.5390 is down \$0.0926 cents from last month and is up \$0.2277 from December 2012. The Other Solids Price in December was \$0.3826 per pound, a decrease from last month's price of \$0.3955 and \$0.0932 lower than last December. The Somatic Cell Adjustment rate for December was \$0.00094.

December producer receipts of 1.28 billion pounds were 1.60 percent lower than November and 11.0 percent lower than December 2012 production of 1.44 billion pounds. Producer milk allocated to Class I accounted for 42.6 percent of the total producer milk in December 2013, the same as in November, and more than the 37.4 percent in December 2012. A total of 6,071 producers were pooled on the Mideast Order compared to 6,190 producers pooled in December 2012.

The market average content of producer milk was as follows: Butterfat 3.91%; Protein 3.21%; Other Solids 5.70% and Nonfat Solids 8.91%.

The December Dairy Outlook Changed Little from November, but the All-Milk Price is Forecast Higher

Based on the most recent World Agricultural Supply and Demand Estimates (WASDE) report, the 2013/14 domestic use and exports of corn were raised this month tightening stocks. However, the corn season-average price is forecast at \$4.05-\$4.75 a bushel, a price reduction based on lower year-to-date reported prices. Soybean production was unchanged in this month's WASDE; however, soybean meal prices were raised to \$400-\$440 per ton. The price boost is based on stronger demand from both the European Union (EU), and Southeast Asian countries, which more than offsets an expected decline in domestic use. According to the November Agricultural Prices report, the preliminary alfalfa price this year slipped below the October price to \$188 a ton and is well below last year's November price. On balance, dairy producers will likely face even lower feed prices next year compared with 2013.

The current year's projected dairy herd size is reduced slightly to 9.220 million cows based on a smaller expected fourth-quarter cow population. Production per cow is unchanged from last month at 21,865 pounds per cow. 2013 production was reduced fractionally to 201.6 billion pounds. It is likely that the 2013 herd reduction has reached its nadir. The projected 2014 U.S. dairy herd size is increased slightly from last month to 9.250 million cows. The 2014 forecast yield per cow is also increased this month to 22,190 pounds per cow. Production is raised from November to 205.3 billion pounds. The slightly higher cow numbers and yields are based on an improved profit outlook for producers, a result of continued firm milk prices and declining feed costs.

Fats basis imports are lowered this month to 3.9 billion pounds for 2013. Current year skims-solids basis imports are increased to 5.3 billion pounds, based largely on higher imports of casein and whey protein concentrates. Fat basis imports for 2014 are unchanged from November at 4.0 billion pounds. Skims-solids basis imports for 2014 are also unchanged from November projections at 5.2 billion pounds.

Current year fats-basis exports are raised this month to 12.1 billion pounds. The pace of butterfat exports has been robust, with strong sales to Ukraine, Morocco, and Korea; these sales to nontraditional markets may be due to tight supplies in the EU. Cheese exports are increased based on fresh cheese sales to Mexico, Korea, and even Australia. Skims -solids basis exports are lowered for 2013 to 38.9 billion pounds. For 2014, fats-basis exports are raised to 10.8 billion pounds and skim-solids basis exports are increased to 38.4 billion pounds. Cheese exports are expected to be stronger next year, underpinning the fats basis export forecasts, while stronger skim milk (SMP)/ nonfat dry milk (NDM) exports support the higher skim-solids export forecast.

Commercial ending stocks for 2013 are lowered from November on both a fats and skims-solids-basis. The fats basis stocks are predicted on lower expected supplies of cheese and butter. The lowered skims-solids basis stocks are a result of lower cheese stocks and a nearly 25- percent reported decline in October from September for NDM stocks. Fat basis commercial ending stocks for 2014 were unchanged from November. Strong demand for cheese and butter could tighten stocks early in 2014. However, increased milk production in 2014 and prices that favor butter/powder production could boost butter stocks later in the year. Skims-solids basis ending stocks were tightened based on continued robust demand for milk powder.

Dairy product prices are generally higher both in 2013 and 2014. However, current-year cheese prices were lowered from last month to \$1.760-\$1.770 per pound, based on year-to-date reported prices. Cheese prices for 2014 were raised this month from November to \$1.690-\$1.770 per pound. Butter prices are raised for both 2013 and 2014 from November to \$1.530-\$1.560 per pound and \$1.500-\$1.610 per pound, respectively. Similarly, NDM prices are raised to \$1.695-\$1.715 per pound in 2013 and \$1.715-\$1.775 per pound next year. Whey prices are boosted to 58.5-59.5 cents per pound in 2013 and to 55.0-58.0 cents per pound in 2014, although this represents a year-over-year decline in whey prices. Strong demand both internationally and domestically for dry products supports the higher December forecast prices.

The Class III price forecast for 2013 is unchanged from November at \$17.90-\$18.00 per cwt, but is raised for 2014 to \$17.05-\$17.85 per cwt based on higher cheese and whey prices. The Class IV price for 2013 is raised from last month to \$18.95-\$19.15 per cwt and is raised for 2014 from last month to \$19.00-\$19.90 per cwt. The better Class IV price outlook is due to higher forecast NDM and butter prices next year. The all milk price is increased from November to \$19.90-\$20.00 per cwt for 2013 and raised for 2014 to \$19.70-\$20.50 per cwt.

Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- Weighted Average NASS Prices

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State Federal Order No. 33

State	November 2013 -----Weighted Averages-----						November 2012 -----Weighted Averages-----				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,607	575,210	3.83	3.21	5.72	154	621,846	3.79	3.18	5.73	155
Ohio	1,970	316,192	3.95	3.24	5.68	199	319,583	3.89	3.20	5.71	204
Indiana	1,021	167,948	3.89	3.25	5.75	186	162,536	3.89	3.21	5.75	190
Pennsylvania	935	99,151	3.98	3.22	5.68	233	85,635	3.98	3.23	5.70	249
New York	285	89,320	3.95	3.20	5.71	183	90,060	3.88	3.17	5.73	195
Wisconsin	81	44,342	3.82	3.18	5.73	205	21,455	3.69	3.16	5.76	257
West Virginia	44	2,802	4.28	3.40	5.65	243	1,867	4.24	3.37	5.66	246
Other	171	10,985	4.05	3.28	5.68	219	6,299	4.05	3.24	5.68	228
Total/Average *	6,114	1,305,951	3.89	3.22	5.71	179	1,309,281	3.85	3.19	5.73	182

* 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

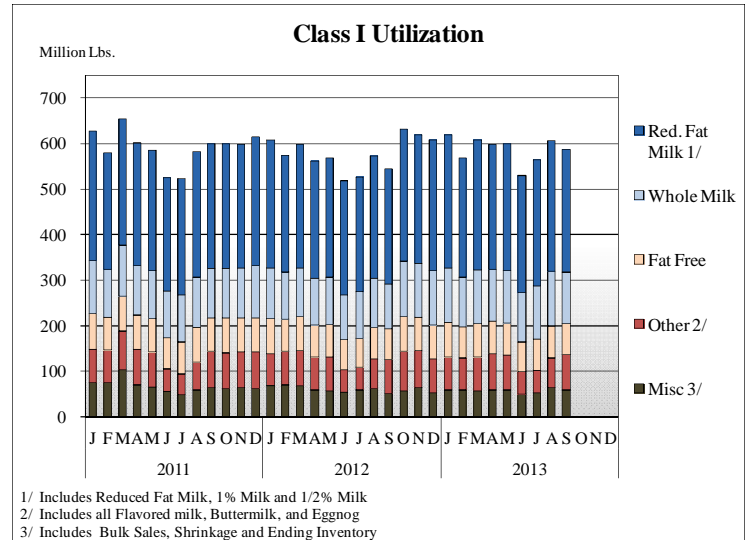
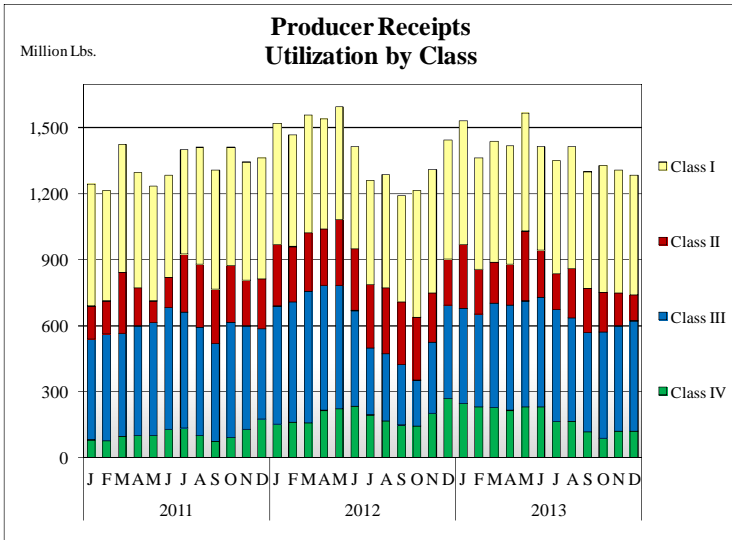
December 2013

Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,134,348	814,457	38.2	\$2.84	\$21.79
FO 5 Appalachian - (Charlotte)	469,157	320,220	68.3	^{2/}	23.26
FO 6 Florida - (Tampa)	243,635	204,507	83.9	^{2/}	25.28
FO 7 Southeast - (Atlanta)	487,217	353,248	72.5	^{2/}	23.74
FO 30 Upper Midwest - (Chicago)	2,865,956	316,587	11.1	0.39	19.34
FO 32 Central - (Kansas City)	1,298,302	418,892	32.3	1.08	20.03
FO 33 Mideast - (Cleveland)	1,284,417	546,733	42.6	1.63	20.58
FO 124 Pacific Northwest - (Seattle)	698,006	178,732	25.6	1.36	20.31
FO 126 Southwest - (Dallas)	1,002,928	371,417	37.0	1.83	20.78
FO 131 Arizona - (Phoenix)	394,273	118,878	30.2	^{2/}	21.34

^{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, visit website version for information.

MINIMUM PARTIAL PAYMENT PRICE FOR JANUARY 2014.....\$18.95 /cwt.

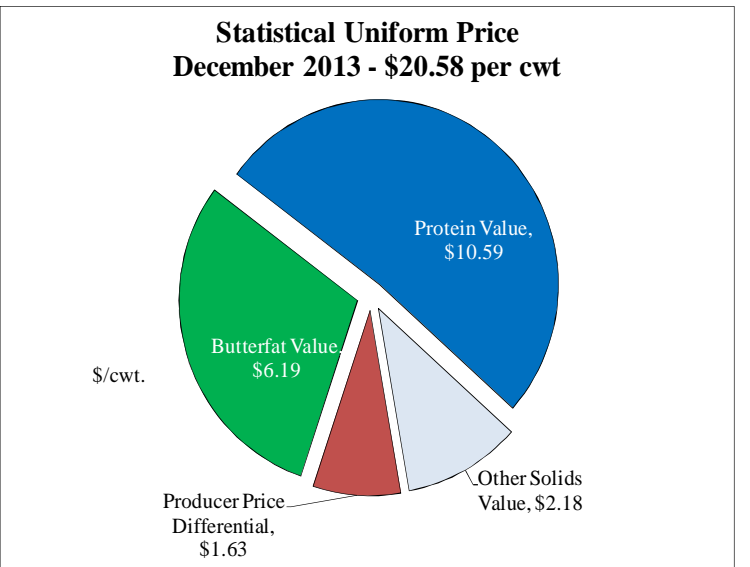
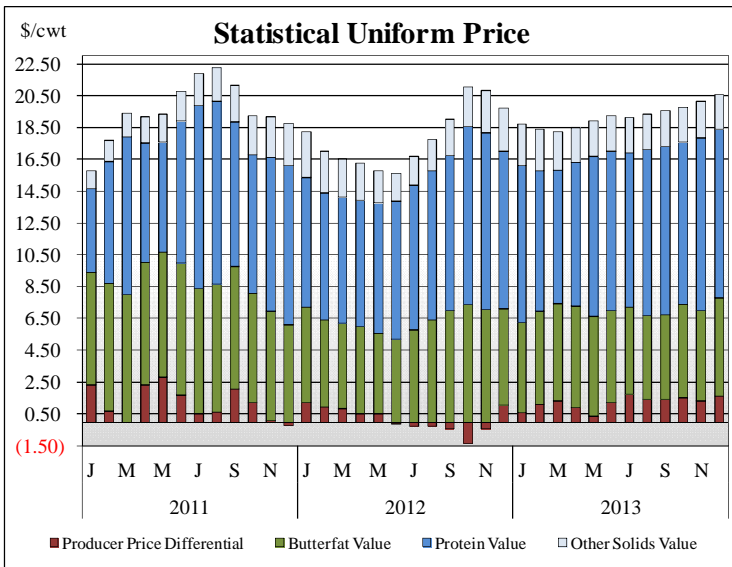
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.3 billion pounds in December 2013. The pounds allocated to Class I represented 42.6 percent of the total pounds. Producer receipts decreased 21.5 million pounds compared to November 2013, and were down 159.3 million pounds from the prior year.

Class I Pounds: Class I utilization for the Mideast Order totaled 547 million pounds in December 2013, up 6.5 million pounds from 2012. Finished products include 123 million pounds used for whole milk, 284 million pounds of reduced fat and low fat milk, and 69 million pounds of fat free (skim) milk.

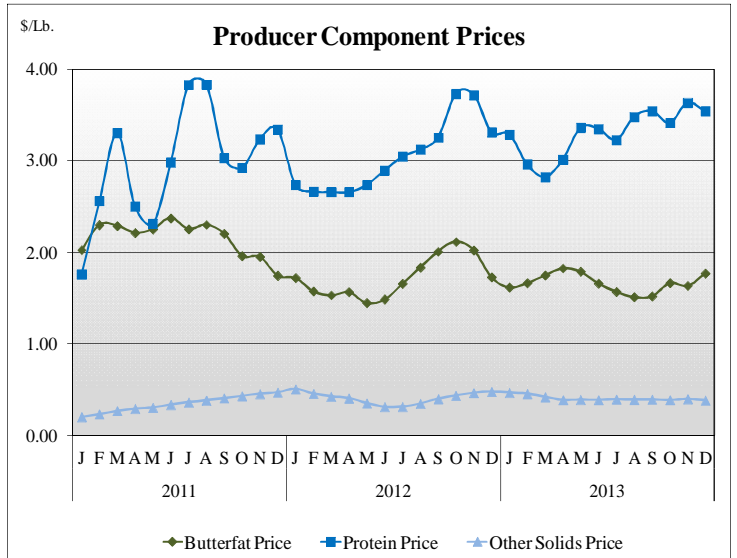
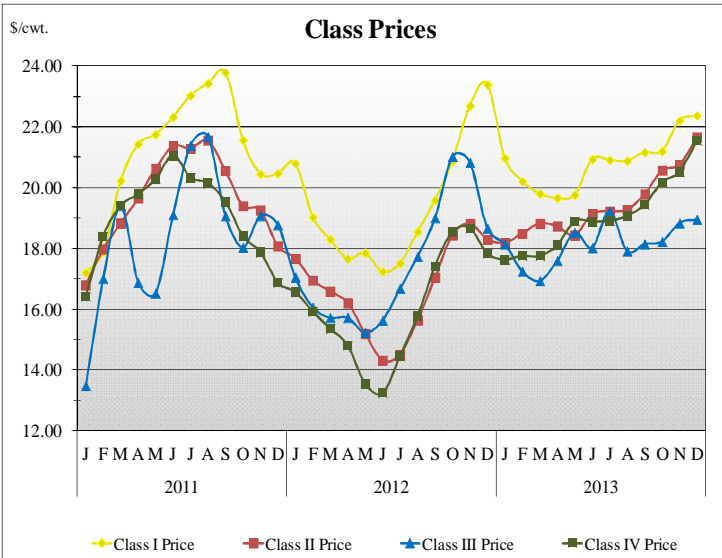
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$20.58 per cwt for December 2013. The December 2013 SUP was \$0.86 per cwt higher than the December 2012 SUP. The December 2013 SUP is \$0.46 per cwt higher than the November 2013 SUP.

December 2013 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the December 2013 SUP are: \$10.59 per cwt for protein, \$6.19 per cwt for butterfat and \$2.18 per cwt for other solids. Also included in the SUP is the \$1.63 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

