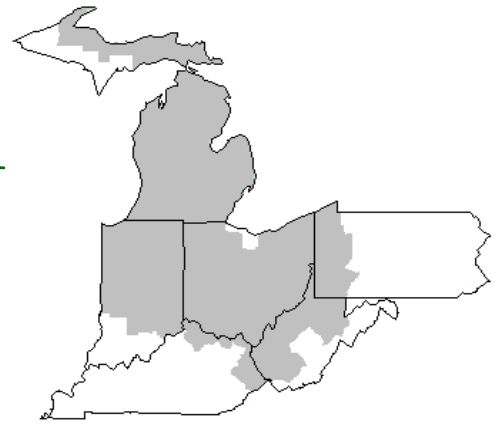


Mideast Market Administrator's Bulletin



Federal Order No. 33

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November 2014

Milk Prices Are Forecast Lower Next Year and Milk Production is Forecast Higher

U.S. corn prices for 2014/15 are lowered again in October from September to \$3.10-\$3.70 per bushel on higher forecast corn production. Soybean meal prices for 2014/15 are unchanged from September at \$330-\$370 per ton. Soybean supplies are tightened slightly but not enough to affect prices. The September Agricultural Prices reported September preliminary alfalfa hay prices at \$197 per ton, lower than August and about the same as a year ago. Lower forecast grain and an unchanged soymeal price in 2014/15, along with anticipated forage prices, will likely maintain a milk-feed price ratio in 2015 that is conducive to expansion.

The September Milk Production report placed April-June milk production 1.7 percent above the corresponding period in 2013. Although milk prices are projected lower for 2015, the dairy herd is expected to expand next year on lower expected feed costs. The October dairy cow herd forecast is maintained at 9.260 million head for the current year and is unchanged from September at 9.335 million head for 2015. Based on year-to-date reported data, the forecast of annual output per cow is lowered slightly to 22,255 pounds this year, with an increase expected next year to 22,790 pounds. Milk production in 2014 is forecast at 206.1 billion pounds, slightly lower than September's forecast. Forecast production in 2015 was raised in October to 212.8 billion pounds based on the higher forecast yield per cow.

Milk-equivalent imports on both a fat and skim-solids basis are raised for 2014 in this month's forecast. On a fats basis, imports in 2014 are increased to 4.3 billion pounds, due mostly to increased imports of butterfat. Imports in 2015 are projected at 3.8 billion pounds, unchanged from last month. On a skim-solids basis, imports were raised to 5.6 billion pounds in 2014. High domestic prices relative to world prices have promoted imports. For 2015, imports on a skim-solids basis are forecast as unchanged from last month at 5.2 billion pounds.

Milk equivalent exports for 2014 and 2015 on a fats basis are unchanged in October from last month at 12.6 billion pounds for the current year and 11.5 billion pounds for 2015. Current-year exports on a skim-solids basis are lowered this month for 2014 to 39.2 billion pounds as exports of nonfat dry milk (NDM) and whey products continue to slip. For 2015, skim-solids exports are unchanged from last month at 38.5 billion pounds. Current U.S. dairy product prices are above world prices. Lower expected domestic milk and dairy product prices in 2015 should help maintain exports next year.

Ending stocks on a fats basis are raised for 2014 to 10.7 billion pounds, climbing next year on a year-over year comparison, to 12 billion pounds, unchanged from last month's forecast. On a skim-solids basis, ending stocks are raised to 12.6 billion pounds, up 0.6 billion pounds from last month as exports of NDM and whey products have softened. Skim-solids ending stocks next year are forecast slightly higher this

month over September at 12.7 billion pounds. Despite greater milk production and reduced export prospects in 2015, strong domestic demand will likely keep stocks in line.

Dairy product prices for 2014 are raised from September, with the exception of a lower forecast price for NDM. The monthly NDM price, as reported by the Agricultural Marketing Service, dropped by 32 cents from August to September. For 2015, prices are forecast lower on a year-over-year basis but with the exception of NDM are unchanged from September's forecast; however, forecast ranges are narrowed. The lower year-over-year prices, especially for NDM, will help maintain exports next year and should stimulate domestic use. Cheese prices are increased from September to \$2.160-\$2.170 per pound for 2014, but the forecast price range is narrowed \$1.695-\$1.785 per pound for 2015. The 2014 butter price forecast is raised this month to \$2.220-\$2.250 per pound, while the forecast price range is narrowed to \$1.680-\$1.800 per pound for 2015. NDM prices are forecast at \$1.760-\$1.780 per pound in 2014 and \$1.450-\$1.520 per pound in 2015, both representing declines from the September forecast. Whey prices are projected at 65.0-66.0 cents per pound this year and 56.0-59.0 cents per pound next year.

The lower year-over-year product prices expected in 2015 will result in lower milk price forecasts for next year. However, prices are higher than those forecast in September. With higher projected cheese and butter prices this month compared with last month, the Class III price was raised to \$22.40-\$22.50 per cwt for this year. The forecast 2015 price range is narrowed this month to \$17.25-\$18.15 per cwt. The Class IV price is forecast at \$22.40-\$22.60 per cwt for 2014 and lowered to \$17.45-\$18.45 per cwt for 2015. The all milk price is raised at \$24.10-\$24.20 per cwt in 2014 and lowered to \$18.95-\$19.95 per cwt in 2015.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-244/Oct. 17, 2014*

October 2014 - Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	548,877,240	38.7
Class II	312,079,177	22.0
Class III	314,552,655	22.2
Class IV	243,176,826	17.1
Total	1,418,685,898	100.0

Producer Prices

Producer Price Differential	\$ (0.51) /cwt
Butterfat Price	2.8507 /lb
Protein Price	3.7362 /lb
Other Solids Price	0.4670 /lb
Somatic Cell Adjustment Rate	0.00115 /cwt
Statistical Uniform Price	23.31 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

October 2014

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			539,105,932			\$ 15.67 / cwt	\$ 84,477,899.53
Class I Butterfat		9,771,308				3.1610 / lb	30,887,104.62
Class I Location Differential	548,877,240						(229,619.72)
Class II SNF Value				27,091,813		1.3733 / lb	37,205,186.81
Class II Butterfat		18,203,090				2.8577 / lb	52,018,970.29
Class III Protein Value			9,924,928			3.7362 / lb	37,081,516.00
Class III Other Solids Value					17,928,888	0.4670 / lb	8,372,790.72
Class III Butterfat		12,819,116				2.8507 / lb	36,543,454.00
Class IV SNF Value				21,289,315		1.3090 / lb	27,867,713.35
Class IV Butterfat		12,753,409				2.8507 / lb	36,356,143.07
Somatic Cell Value II / III / IV							<u>1,611,551.67</u>
TOTAL PRODUCER MILK VALUE	1,418,685,898	53,546,923	44,754,887		81,142,481		\$ 352,192,710.34
Overages					57,957.13		
Beginning Inventory & OS Charges					(16,028.59)		
TOTAL ADJUSTMENTS							\$ 41,928.54
TOTAL HANDLER OBLIGATIONS							\$ 352,234,638.88
Total Protein Value			44,754,887 lbs	@	\$3.7362		\$(167,213,208.86)
Total Other Solids Value			81,142,481 lbs	@	0.4670		(37,893,538.65)
Butterfat Value			53,546,923 lbs	@	2.8507		(152,646,213.38)
Total Somatic Cell Values							<u>(2,605,890.82)</u>
TOTALS							\$ (8,124,212.83)
Net Producer Location Adjustments							\$ 810,273.79
1/2 Unobligated Balance Producer Settlement Fund							<u>710,000.00</u>
Total - Divided by Total Pounds			1,418,685,898 lbs		(0.4654969)		\$ (6,603,939.04)
Rate of Cash Reserve					<u>(0.0445031)</u>		<u>(631,359.20)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,418,685,898		\$(0.51) /cwt		\$ (7,235,298.24)

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

October

October

	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Butterfat Price	\$2.8507 / lb	\$1.6638 / lb	Class III Price - 3.5% BF	\$ 23.82	\$18.22
Protein Price	3.7362 / lb	3.4107 / lb	Producer Price Differential*	<u>(0.51)</u>	<u>1.55</u>
Other Solids Price	0.4670 / lb	0.3852 / lb	Statistical Uniform Price	\$23.31	\$19.77
Somatic Cell Adjustment Rate	0.00115 / cwt	0.00090 / cwt			
Nonfat Solids Price	1.3090 / lb	1.6521 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

October

October

	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Class I*	\$26.19	\$21.20	Product lbs.	Product lbs.	
Class II	21.93	20.56	Class I	548,877,240	576,503,103
Class III	23.82	18.22	Class II	312,079,177	179,282,869
Class IV	21.35	20.17	Class III	314,552,655	486,718,967
			Class IV	<u>243,176,826</u>	<u>85,973,920</u>
			Total	1,418,685,898	1,328,478,859

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for October 2014 was \$(0.51) and the Statistical Uniform Price was \$23.31 for the month. The Statistical Uniform Price is \$1.76 lower than last month, and is \$3.54 higher than October 2013.

The Producer Butterfat Price of \$2.8507 per pound decreased \$0.3960 from September and is up \$1.1869 from a year ago. The Protein Price of \$3.7362 is up 0.2371 cents from last month and is up \$0.3255 from October 2013. The Other Solids Price in October was \$0.4670 per pound, a decrease from last month's price of \$0.4876 and \$0.0818 higher than last October. The Somatic Cell Adjustment rate for October was \$0.00115.

October producer receipts of 1.419 billion pounds were 3.4 percent lower than September and 6.8 percent higher than October 2013 production of 1.328 billion pounds. Producer milk allocated to Class I accounted for 38.7 percent of the total producer milk in October 2014, higher than the 35.9 percent in September, and less than the 43.4 percent in October 2013. A total of 5,892 producers were pooled on the Mideast Order compared to 6,227 producers pooled in October 2013.

The market average content of producer milk was as follows: Butterfat 3.77%; Protein 3.15%; Other Solids 5.72% and Nonfat Solids 8.87%.

Release Dates Federal Milk Order Price Data

Listed below are the release dates for price announcements used in the Federal milk order program applicable to January 2015 through December 2015. The advanced prices and pricing factors will be released at 3:00 p.m. ET no later than the 23rd of the preceding month. If the release date does not fall on the 23rd, the most current release preceding the 23rd will be used in the price calculation. Likewise, the class and component prices will be released at 3:00 p.m. ET no later than the 5th of the following month. If the release date does not fall on the 5th, the most current release preceding the 5th will be used in the price calculation.

Year and Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of AMS Prices ^{1/}	Release Date	Time Period of AMS Prices ^{1/}
2015				
January	Dec. 17, 2014	12/6, 13	Feb. 4	1/3, 10, 17, 24, 31
February	Jan. 22	1/10, 17	Mar. 4	2/7, 14, 21, 28
March	Feb. 19	2/7, 14	Apr. 1	3/7, 14, 21, 28
April	Mar. 18	3/7, 14	Apr. 29	4/4, 11, 18, 25
May	Apr. 22	4/11, 18	Jun. 3	5/2, 9, 16, 23, 30
June	May 20	5/9, 16	Jul. 1	6/6, 13, 20, 27
July	Jun. 17	6/6, 13	Aug. 5	7/4, 11, 18, 25; 8/1
August	Jul. 22	7/11, 18	Sep. 2	8/8, 15, 22, 29
September	Aug. 19	8/8, 15	Sep. 30	9/5, 12, 19, 26
October	Sep. 23	9/12, 19	Nov. 4	10/3, 10, 17, 24, 31
November	Oct. 21	10/10, 17	Dec. 2	11/7, 14, 21, 28
December	Nov. 18	11/7, 14	Dec. 30	12/5, 12, 19, 26

^{1/} Weekly sales periods end on the indicated date and include applicable averages. The National Dairy Products Sales report is normally released on Wednesday of the following week. <http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting>

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

State	September 2014 -----Weighted Averages-----						September 2013 -----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	1,538	649,867	3.65	3.09	5.74	175	581,906	3.64	3.07	5.74	186
Ohio	1,998	380,025	3.68	3.08	5.67	222	313,378	3.77	3.09	5.71	243
Indiana	968	167,300	3.70	3.13	5.80	232	152,642	3.69	3.07	5.72	236
Pennsylvania	937	96,242	3.76	3.09	5.69	259	101,451	3.77	3.10	5.70	274
New York	275	95,344	3.74	3.07	5.75	209	89,976	3.78	3.07	5.73	208
Wisconsin	79	65,193	3.71	3.09	5.74	262	46,213	3.68	3.08	5.75	244
West Virginia	41	2,482	3.88	3.23	5.63	285	2,929	3.93	3.21	5.67	322
Other	162	12,956	3.81	3.10	5.71	237	10,924	3.79	3.10	5.67	265
Total/Average *	5,998	1,469,410	3.68	3.09	5.72	206	1,299,421	3.70	3.08	5.72	217

* 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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- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk in All Products

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**FEDERAL ORDER DATA
 October 2014**

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)	2,142,737	811,049	37.9	\$0.53	\$24.35
FO 5 Appalachian - (Charlotte)	459,810	337,966	73.5	^{2/}	25.97
FO 6 Florida - (Tampa)	237,014	202,570	85.5	^{2/}	28.10
FO 7 Southeast - (Atlanta)	413,031	334,618	81.0	^{2/}	26.73
FO 30 Upper Midwest - (Chicago)	2,301,668	316,301	13.7	(0.11)	23.71
FO 32 Central - (Kansas City)	1,117,855	430,256	38.5	(0.36)	23.46
FO 33 Mideast - (Cleveland)	1,418,686	548,877	38.7	(0.51)	23.31
FO 124 Pacific Northwest - (Seattle)	502,116	179,729	35.8	(0.99)	22.83
FO 126 Southwest - (Dallas)	744,413	395,306	53.1	0.68	24.50
FO 131 Arizona - (Phoenix)	366,976	113,284	30.9	^{2/}	23.45

^{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 NOVEMBER 2014.....\$21.35 /cwt.

Mideast Market Administrator's Bulletin

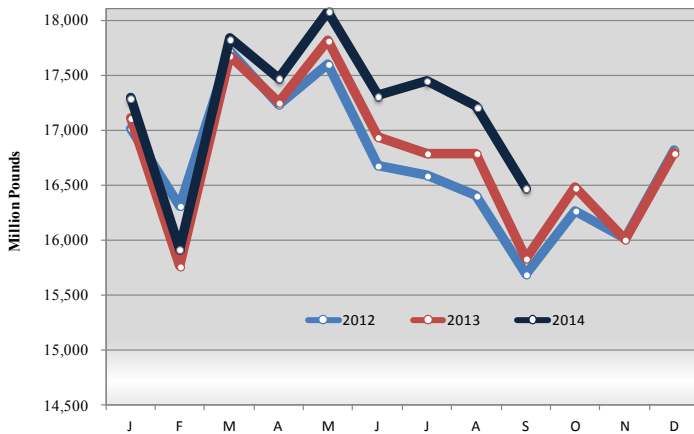
Supplement

Federal Order No. 33

November 2014

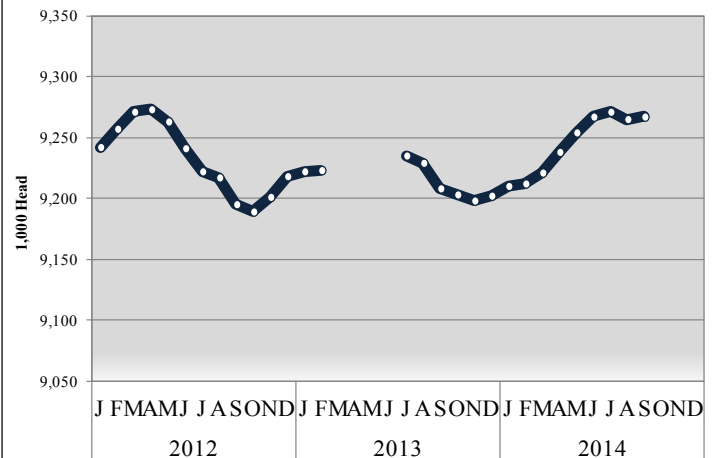
MILK PRODUCTION STATISTICS 1/

Milk Production by Month, United States, 2012-2014



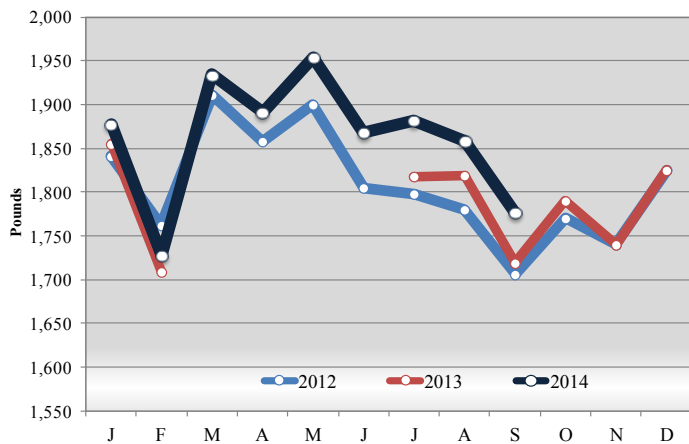
September 2014 milk production in the United States decreased 742 million pounds from August to 16.4 billion pounds. September 2014 milk production in the United States was up 4% percent from the same month of the prior year.

Milk Cows by Month, United States, 2012-2014



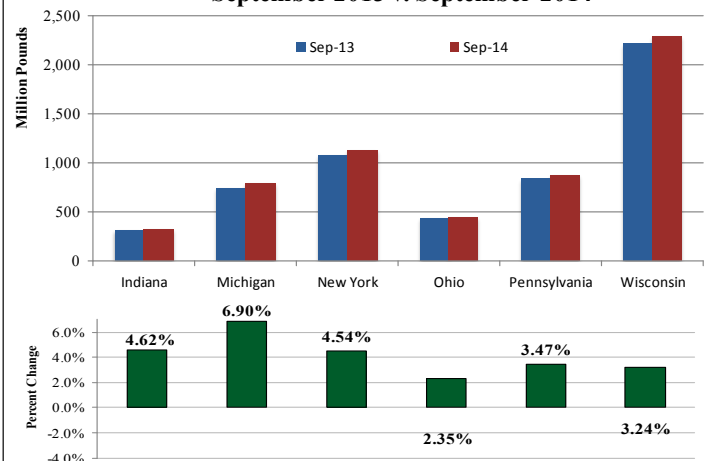
The number of milk cows on farms in the United States was 9.3 million head for September 2014, up 2,000 head from August and 59,000 head more than September 2013.

Milk Production Per Cow by Month, United States, 2012-2014



Production per cow in the United States averaged 1,777 pounds for September 2014 down 81 pounds from August 2014. September 2014 milk production per cow was up 58 pounds from the same month of the prior year.

Milk Production in Select Mideast States, September 2013 v. September 2014

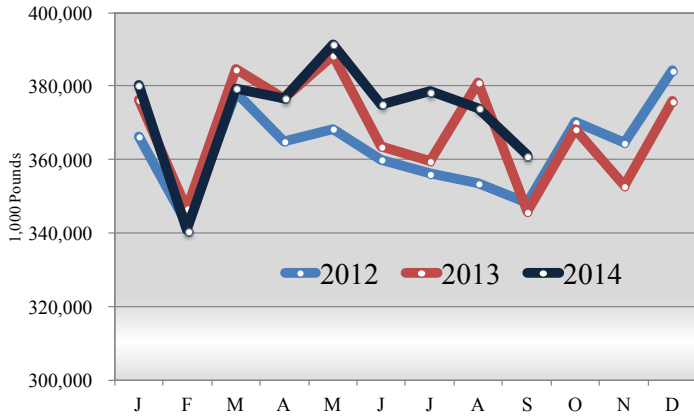


Milk production from selected states which pool on the Mideast marketing area totaled 5.8 billion pounds during September 2014, up 225 million pounds from the prior year. Milk production in Michigan was up 51 million pounds while production in Ohio was up 10 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA). Gaps in data in figures is due to NASS suspension of select data to meet sequestration requirements.

DAIRY PRODUCT PRODUCTION 1/

Total American Cheese Production, 2012-2014



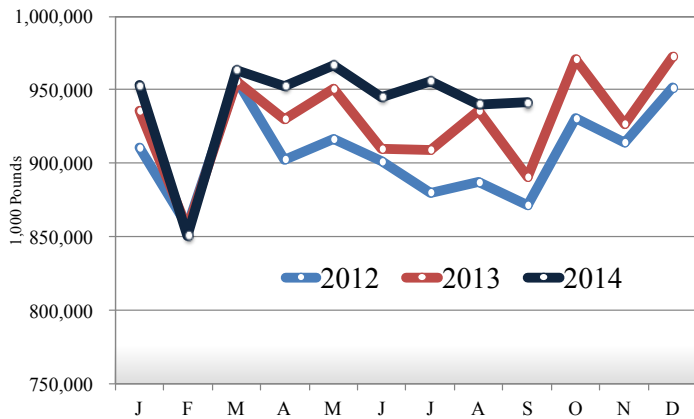
Dairy Product Production Summary:

American type cheese production totaled 361 million pounds, 4.0 percent above September 2013 and 3.4 percent below August 2014.

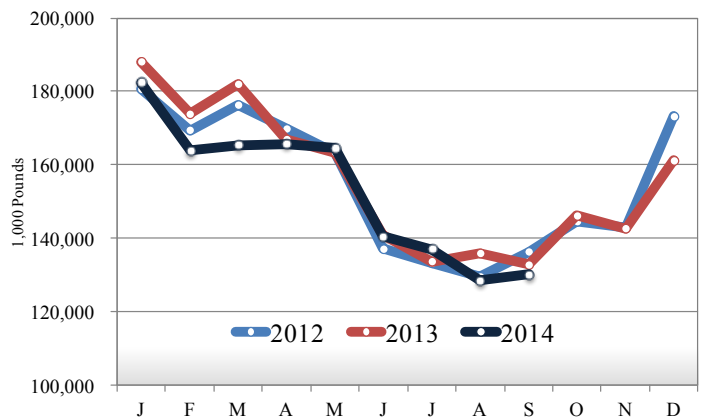
Total cheese output (excluding cottage cheese) was 942 million pounds, 4.7 percent below September 2013 and 0.2 percent above August 2014.

Butter production was 130 million pounds, 1.6 percent below September 2013 and 1.2 percent above August 2014.

Total Cheese Production, 2012-2014



Total Butter Production, 2012-2014



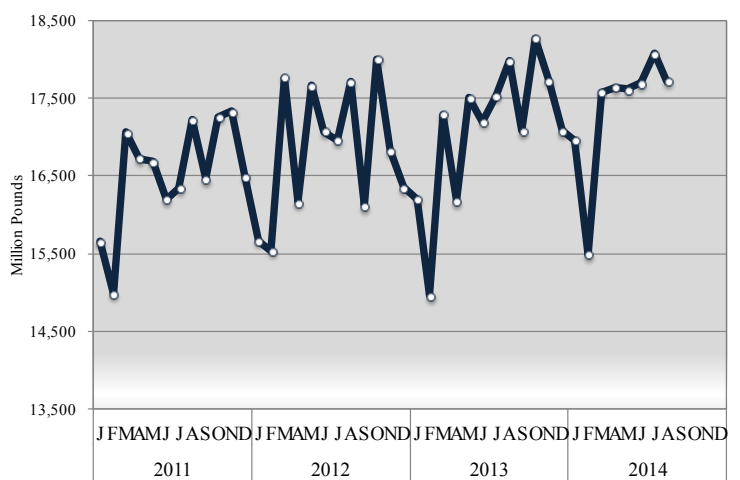
COMMERCIAL DISAPPEARANCE 2/

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 August 2014 commercial disappearance of milk was 17.7 billion pounds, down 2.0 percent from the prior year. The cumulative disappearance total for 2014 is 139 billion pounds, an increase of 2.9 percent from the same 8-month period of 2013.

August 2014 commercial disappearance of American cheese was 388 million pounds, down 6.8 percent from the prior year. August 2014 commercial disappearance of butter was 139 million pounds, down 16.9 percent from the prior year.

Commercial Disappearance of Milk in All Products, 2011-2014



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.