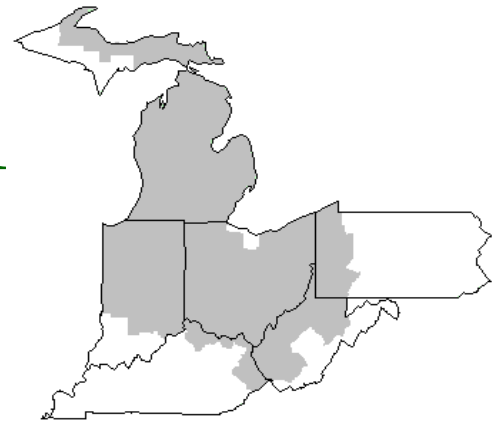


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**DECEMBER 2016**

### Recent Developments in Dairy Markets

The U.S. Dept. of Agriculture (USDA) National Agricultural Statistics Service (NASS) reported that milk cow numbers fell in September to a total of 9.338 million head, a drop of 3,000 head from August. Notably, this drop is from a lower base than reported in the October Milk Production report, due to NASS downward revisions in milk cow numbers for July and August. Milk per cow fell seasonally in September from the previous month, but increased year-over-year to 1,817 pounds. Milk production in September totaled 17.0 billion pounds, an increase of 2.1 percent from September 2015.

Dairy product exports fell about 0.1 billion pounds on a milk-fat milk-equivalent basis from August to September, while exports on a skim-solids milk-equivalent basis fell about 0.4 billion pounds. Dry whey exports and nonfat dry milk (NDM) exports fell about 12 million pounds and 6 million pounds, respectively, from last month. Imports fell about 0.1 billion pounds on both milk-fat and skim-solids milk-equivalent bases from August to September.

Cheese prices have trended upward over the second half of October; prices of 40-pound blocks of cheddar cheese, as reported in the USDA National Dairy Products Sales Report (NDPSR), fell from \$1.668 for the week ending October 1st to \$1.576 mid-month, but rebounded to \$1.603 for the week ending October 29th. Similarly, prices of 500-pound barrels of cheddar (adjusted to 38-percent moisture) fell from \$1.595 to \$1.544 and rebounded to \$1.572 in the same period. Chicago Mercantile Exchange (CME) cheese prices have risen even higher recently, to an average of \$1.831 for 40-pound blocks and \$1.776 for 500-pound barrels for the week ending November 5th. Dry whey prices, as reported in the NDPSR, rose during the month from \$0.314 for the week ending October 1st to \$0.345 on October 29th. NDM prices in the NDPSR rose from \$0.905 to \$0.913 during the same period, while NDPSR butter prices fell from \$2.049 to \$1.819 during the month.

International dairy prices have generally moved higher over the last month. The largest price increase in the Global Dairy Trade (GDT) auction on November 1 was for whole milk powder, a 19.8-percent weighted-average increase from October 18 to \$1.50 per pound. GDT-weighted-average prices for skim milk powder and butter saw increases of 6.5 percent (to \$1.06 per pound) and 4.0 percent (to \$1.88 per pound), respectively, over the same period.

Feed price forecasts are raised slightly this month but remain low relative to milk prices. The 2016/17 corn price is forecast \$0.05 higher at both ends of the range, at \$3.00-\$3.60 per bushel; the 2016/17 soybean meal price is forecast \$5 higher at each end of the range, at \$305-\$345 per short ton.

Following downward revisions of previous milk cow numbers, the milk production forecast for 2016 is lowered 0.2 billion pounds to 212.5 billion pounds. On a milk-fat milk-equivalent basis, the export forecast is lowered 0.3 billion pounds to 8.7 billion pounds, while the annual import forecast is unchanged. The import and export forecasts on a skim-solids milk-equivalent basis are both lowered 0.1 billion pounds, to 6.6 and 38.4 billion pounds, respectively. The all-milk price for 2016 is raised \$0.20 at the midpoint of the range to \$16.00-\$16.10 per cwt, mainly due to higher expected cheese prices in the fourth quarter.

The forecast for milk cows is lowered 25 thousand head for 2017 to 9.370 million head. With a lower expected dairy herd more than offsetting a slightly higher milk per cow forecast, the new forecast for milk production in 2017 is 217.0 billion pounds, 0.3 billion pounds lower than last month. The forecast for exports on a milk-fat basis has been lowered to 8.9 billion pounds, 0.2 billion pounds below last month's forecast, as exports of cheese and whole milk powder are expected to be lower. The forecasts for skim-solids imports and both fat- and skim-solids basis exports for 2017 are unchanged. The cheese price for the year is raised \$0.10 at the midpoint of the range to \$1.610-\$1.700, while the whey price for the year is raised \$0.03 at the midpoint to \$0.360-\$0.390. The all-milk price forecast for 2017 is \$16.30-\$17.20 per cwt, \$0.75 higher than last month's forecast at both ends of the range.

Source: *Livestock, Dairy, and Poultry Outlook* / LDP-M-269 / November 16, 2016

### November 2016 Pool Summary

#### Classification of Producer Milk

	Pounds	Percent
Class I	562,430,320	38.9
Class II	305,557,778	21.2
Class III	300,934,556	20.8
Class IV	275,457,091	19.1
Total	1,444,379,745	100.0

#### Producer Prices

Producer Price Differential	\$ (1.38) / cwt
Butterfat Price	2.1044 / lb
Protein Price	2.8085 / lb
Other Solids Price	0.1750 / lb
Somatic Cell Adjustment Rate	0.00088 / cwt
Statistical Uniform Price	15.38 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

November 2016

**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			551,501,950			\$9.79 / cwt	\$ 53,992,040.90
Class I Butterfat		10,928,370				2.0949/ lb	22,893,842.34
Class I Location Differential	562,430,320						(230,566.80)
Class II SNF Value				26,303,335		0.8300/ lb	21,831,768.05
Class II Butterfat		23,063,419				2.1114/ lb	48,696,102.86
Class III Protein Value			9,677,732			2.8085/ lb	27,179,910.30
Class III Other Solids Value					17,350,250	0.1750/ lb	3,036,293.84
Class III Butterfat		11,069,230				2.1044/ lb	23,294,087.59
Class IV SNF Value				24,667,104		0.7367/ lb	18,172,255.49
Class IV Butterfat		10,309,668				2.1044/ lb	21,695,665.32
Somatic Cell Value II / III / IV							<u>1,327,459.88</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,444,379,745</b>	<b>55,370,687</b>	<b>46,197,587</b>		<b>83,255,676</b>		<b>\$ 241,888,859.77</b>
Overages					26,114.60		
Beginning Inventory & OS Charges					122,472.25		
<b>TOTAL ADJUSTMENTS</b>							<u>148,586.85</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 242,037,446.62</b>
Total Protein Value			46,197,587 lbs	@	\$2.8085		\$(129,745,923.12)
Total Other Solids Value			83,255,676 lbs	@	0.1750		(14,569,743.45)
Butterfat Value			55,370,687 lbs	@	2.1044		(116,522,073.72)
Total Somatic Cell Values							<u>(2,175,237.88)</u>
<b>TOTALS</b>							<b>\$ (20,975,531.55)</b>
Net Producer Location Adjustments							\$ 1,021,552.20
1/2 Unobligated Balance Producer Settlement Fund							<u>629,000.00</u>
Total - Divided by Total Pounds			1,444,379,745 lbs		(1.3379431)		\$ (19,324,979.35)
Rate of Cash Reserve					<u>(0.0420569)</u>		<u>(607,461.34)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,444,379,745		\$(1.38) / cwt		<b>\$ (19,932,440.69)</b>

**COMPONENT PRICES**

November

**COMPUTATION OF UNIFORM PRICE**

November

	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Butterfat Price	\$2.1044 / lb	\$3.1830 / lb	Class III Price - 3.5% BF	\$ 16.76	\$15.30
Protein Price	2.8085 / lb	1.3205 / lb	Producer Price Differential*	<u>(1.38)</u>	<u>1.85</u>
Other Solids Price	0.1750 / lb	0.0361 / lb	Statistical Uniform Price	\$15.38	\$17.15
Somatic Cell Adjustment Rate	0.00088 / cwt	0.00083 / cwt			
Nonfat Solids Price	0.7367 / lb	0.6627 / lb			

**CLASS PRICES**

November

**CLASSIFICATION OF PRODUCER MILK**

November

	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Class I*	\$16.78	\$18.48	Product lbs.	Product lbs.	
Class II	14.60	18.26	Class I	562,430,320	538,576,677
Class III	16.76	15.30	Class II	305,557,778	176,018,516
Class IV	13.76	16.89	Class III	300,934,556	513,008,628
			<u>Class IV</u>	<u>275,457,091</u>	<u>264,768,019</u>
			Total	1,444,379,745	1,492,371,840

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for November 2016 was \$(1.38) and the Statistical Uniform Price was \$15.38 for the month. The Statistical Uniform Price is \$0.03 lower than last month, and is \$1.77 lower than November 2015.

The Producer Butterfat Price of \$2.1044 per pound increased \$0.0551 from October and is down \$1.0786 from a year ago. The Protein Price of \$2.8085 is up \$0.5110 from last month and is up \$1.4880 from November 2015. The Other Solids Price in November was \$0.1750 per pound, an increase from last month's price of \$0.1351 and \$0.1389 higher than last November. The Somatic Cell Adjustment rate for November was \$0.00088 per cwt.

November producer receipts of 1.44 billion pounds were 14.6 percent lower than October and 3.2 percent lower than November 2015 production of 1.49 billion pounds. Producer milk allocated to Class I accounted for 38.9 percent of the total producer milk in November 2016, higher than the 33.1 percent in October, and higher than the 36.1 percent in November 2015. A total of 5,282 producers were pooled on the Mideast Order compared to 5,498 producers pooled in November 2015.

The market average content of producer milk was as follows: Butterfat 3.83%; Protein 3.20%; Other Solids 5.76% and Nonfat Solids 8.96%.

## October Milk Production Up 2.7 Percent

Milk production in the 23 major States during October totaled 16.5 billion pounds, up 2.7 percent from October 2015. September revised production, at 16.0 billion pounds, was up 2.3 percent from September 2015. The September revision represented a decrease of less than 0.1 percent or 6 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,903 pounds for October, 43 pounds above October 2015.

The number of milk cows on farms in the 23 major States was 8.67 million head, 31,000 head more than October 2015, but 2,000 head less than September 2016.

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 2.6 billion pounds, up 2.7 percent from October 2015.

Production per cow in the Mideast states averaged 1,860 pounds for October, 36 pounds above October 2015.

The number of cows on farms in the Mideast states was 1.4 million head, 6,000 head more than October 2015.

## USDA Seeks Nominees for National Fluid Milk Processor Promotion Board

The U.S. Department of Agriculture (USDA) is asking fluid milk processors and other interested parties to nominate candidates to serve on the National Fluid Milk Processor Promotion Board. Agriculture Secretary Tom Vilsack will appoint six individuals to succeed members whose terms expire on June 30, 2017.

USDA will accept nominations for board representation in five geographic regions. It will also fill one at-large position. Nominees for the regional positions must be active owners or employees of a fluid milk processor. The nominee for the at-large position may be either a fluid milk processor or a member of the general public. The geographic regions with vacancies are: Region 2 (New Jersey and New York); Region 5 (Florida); Region 11 (Arkansas, Iowa, Kansas, Missouri, Nebraska, and Oklahoma); Region 13 (Idaho, Montana,

Oregon, Washington, and Wyoming); and Region 14 (Northern California). Newly appointed members will serve three-year terms from July 1, 2017, through June 30, 2020.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the program. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination for a seat on the board. The USDA factsheet "*Be a Voice for Your Industry*" describes the responsibilities and benefits of serving on a research and promotion board.

The Fluid Milk Promotion Act established the board to develop and administer a coordinated program of advertising and education to promote fluid milk products. Of the board's 20 members, 15 represent geographic regions and five are at-large members. The at-large members must include at least three fluid milk processors and at least one member from the general public. Currently four at-large processor members and one member from the general public serve on the board.

Fluid milk processors and interested parties may submit nominations for regions in which they are located or market fluid milk, and for at-large members. To nominate an individual, please submit a copy of the nomination form and a signed background form for each nominee by January 6, 2017, to: Emily DeBord, Promotion, Research, and Planning Division, Dairy Program, AMS, USDA, 1400 Independence Ave., S.W., Stop 0233, Room 2958-S, Washington, D.C. 20250-0233, or via email at [emily.debord@ams.usda.gov](mailto:emily.debord@ams.usda.gov). To obtain forms or additional information, call (202) 720-5567. Blank forms are available on the AMS website.

### Bulletin WebPage Edition

[www.fmmacleve.com](http://www.fmmacleve.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

State	October 2016 -----Weighted Averages-----						October 2015 -----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	1,375	838,648	3.71	3.13	5.78	175	826,755	3.70	3.14	5.74	159
Ohio	1,827	411,479	3.82	3.17	5.72	200	410,696	3.79	3.16	5.69	189
Indiana	909	218,717	3.71	3.12	5.74	207	207,368	3.73	3.17	5.78	201
Pennsylvania	754	93,524	3.93	3.17	5.73	240	92,912	3.90	3.15	5.71	239
New York	212	89,225	3.87	3.16	5.74	186	102,249	3.85	3.17	5.73	199
Wisconsin	46	26,598	4.05	3.29	5.70	182	4,216	3.56	3.09	5.70	215
West Virginia	40	2,556	4.05	3.32	5.65	271	2,412	4.08	3.35	5.64	268
Other	106	9,650	3.93	3.13	5.71	204	4,722	4.01	3.23	5.67	281
Total/Average *	5,269	1,690,396	3.76	3.15	5.75	190	1,651,331	3.75	3.15	5.73	180

\* 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 2016**

<u>Marketing Area</u> <sup>1/</sup>		<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)	2,174,607	752,916	34.6	\$(0.42)	\$16.34
FO 5	Appalachian - (Charlotte)	434,875	326,536	75.1	<sup>2/</sup>	17.48
FO 6	Florida - (Tampa)	225,679	187,633	83.2	<sup>2/</sup>	19.43
FO 7	Southeast - (Atlanta)	414,251	326,451	78.8	<sup>2/</sup>	18.02
FO 30	Upper Midwest - (Chicago)	1,862,023	293,123	15.7	(0.52)	16.24
FO 32	Central - (Kansas City)	954,770	417,817	43.8	(1.36)	15.40
<b>FO 33</b>	<b>Mideast - (Cleveland)</b>	<b>1,444,380</b>	<b>562,430</b>	<b>38.9</b>	<b>(1.38)</b>	<b>15.38</b>
FO 124	Pacific Northwest - (Seattle)	556,003	162,829	29.3	(1.69)	15.07
FO 126	Southwest - (Dallas)	579,740	371,778	64.1	(0.80)	15.96
FO 131	Arizona - (Phoenix)	378,084	112,107	29.7	<sup>2/</sup>	15.52

<sup>1/</sup> Names in parentheses are principal points of markets.

<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

<sup>3/</sup> Data not available at time of publication, please see website version for information.

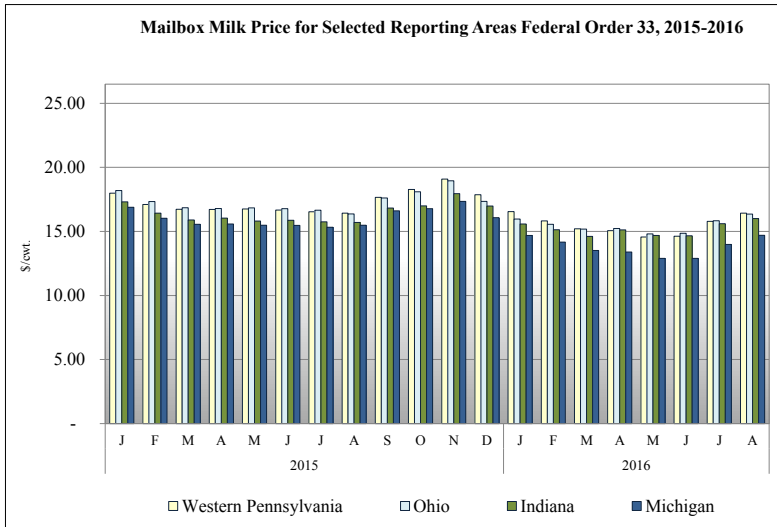
**MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2016 .....\$13.76 /cwt.**

# Mideast Market Administrator's Bulletin

Supplement  
December 2016

Federal Order No. 33

## MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

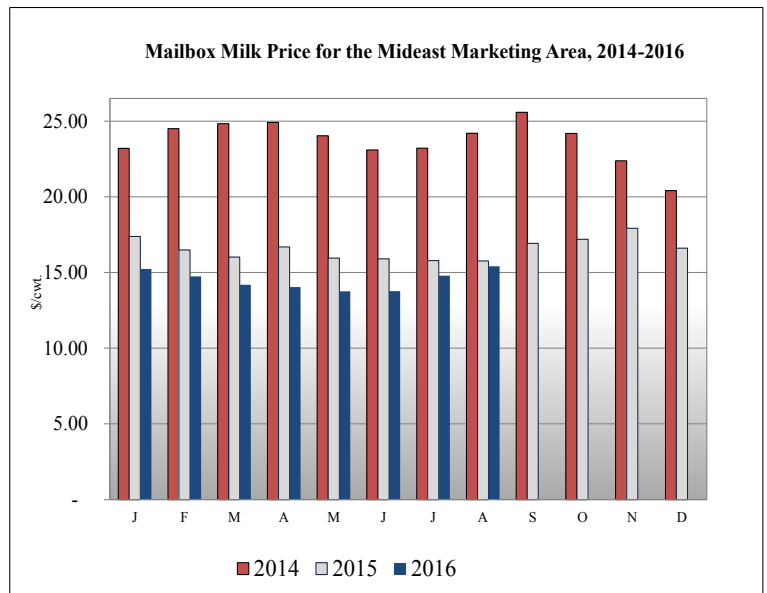
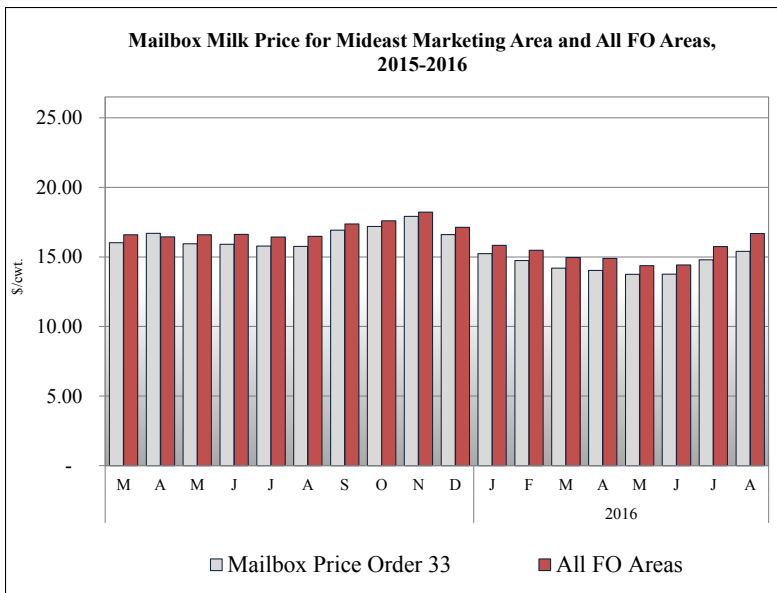


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

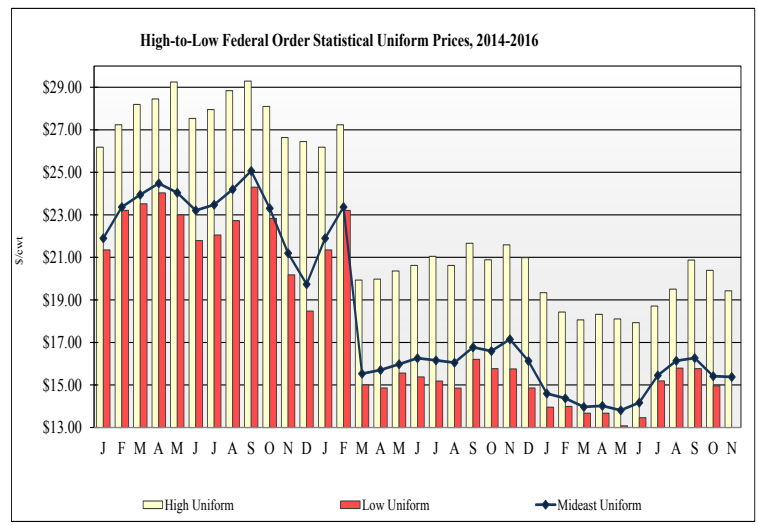
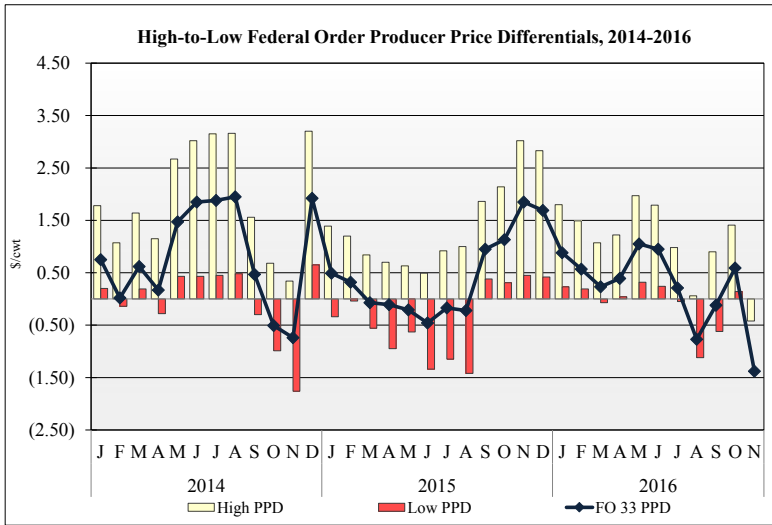


The net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$15.41 per hundredweight for August 2016. The August mailbox price is \$0.62 higher than the mailbox price for July 2016. The August mailbox price is \$0.35 lower than the August 2015 mailbox price of \$ 15.76 per cwt.

For August 2016 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$1.28 below the average mailbox price for all Federal Orders, as reported by Dairy Market News. For August 2016 the all Federal Order mailbox price was \$16.69 per hundredweight, \$0.21 higher than August 2015.

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 had the highest producer price differential. For November 2016, Federal Order 1 had a PPD of  $-\$0.042$  per hundredweight (cwt),  $\$1.73$  lower than their October PPD of  $\$1.31$  per cwt.

In November 2016, Federal Order 33 had the fifth highest PPD, at  $-\$1.38$  per cwt,  $\$1.97$  per cwt lower than the October PPD.

For November 2016 Federal Order 124 had the lowest PPD at  $-\$1.69$  per cwt,  $\$1.83$  per cwt lower than the October PPD.

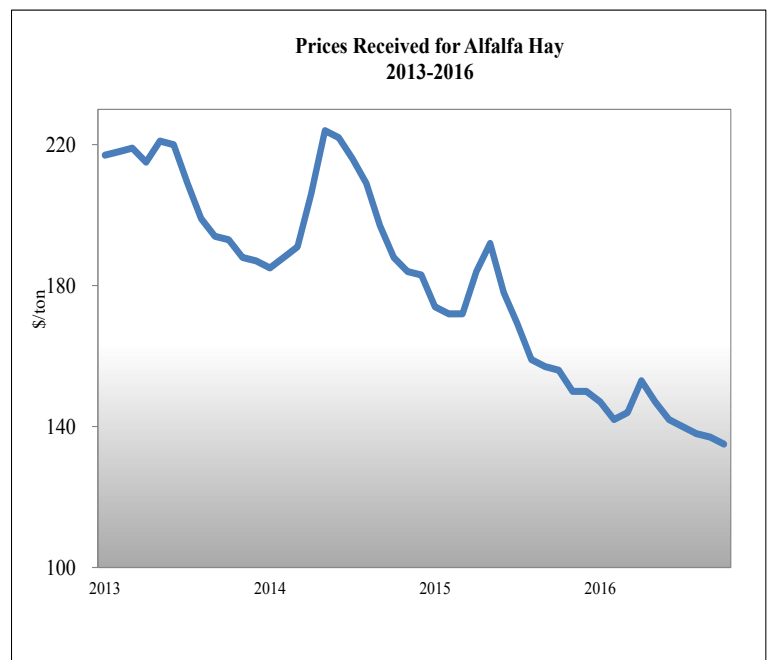
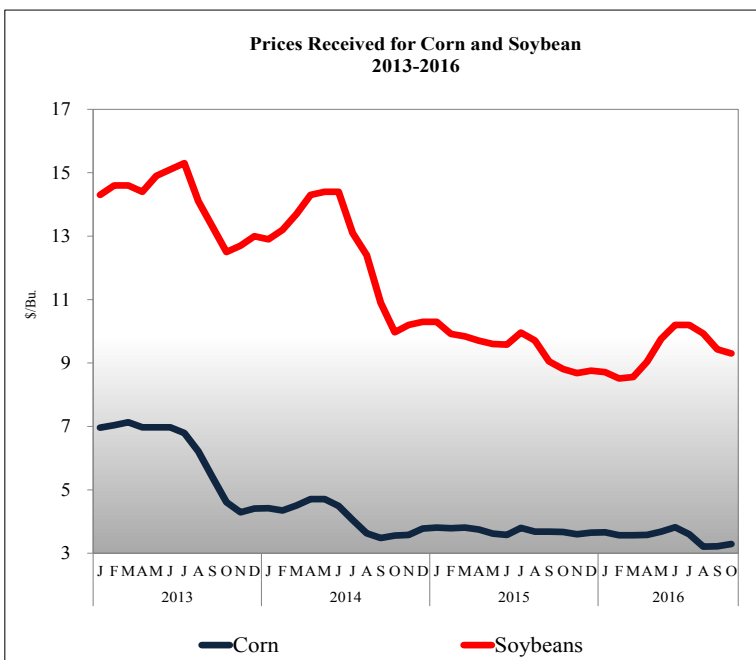
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2016, Federal Order 6 had a SUP of  $\$19.43$  per cwt,  $\$0.96$  lower than the previous month's SUP.

Federal Order 33 had a SUP of  $\$15.38$  per cwt,  $\$0.03$  per cwt lower than the previous month's SUP.

The Pacific Northwest order had the lowest SUP at  $\$15.07$  per cwt,  $\$0.11$  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