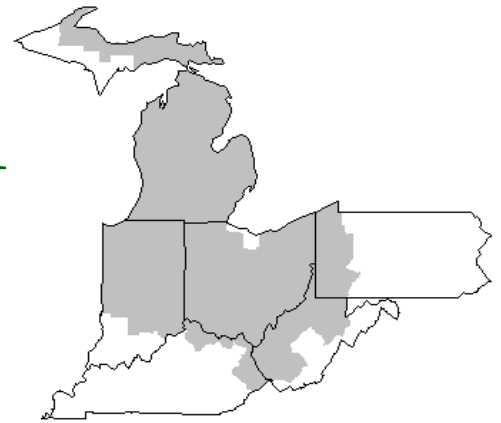


Mideast Market Administrator's Bulletin



Federal Order No. 33

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February 2014

Milk Production Is Raised Slightly From Earlier Forecasts, but 2014 Milk Prices Move Up On Strong Demand

The season average corn price is unchanged for 2014 in January World Agricultural Supply and Demand Estimates after being lowered in December. Corn prices for 2013/14 are forecast to \$4.10-\$4.70 per bushel. However, the soybean meal price is raised in the January forecast to \$415-\$455 per ton. According to the December Agricultural Prices report, the preliminary December price for alfalfa hay was \$187 per ton, changing little from November's reported price but still well below year-earlier prices. Open heifer prices rose slightly in December, which may signal increased demand for cows by producers. Expectations of continued moderate feed prices and higher milk prices reinforce the expectation of herd expansion this year. 2014 cow numbers are unchanged from the December forecast at 9.25 million head. Last month's forecast had already indicated a steady but up slightly from December at 22,230 pounds. Yield was lowered from December for the first half of the year and raised for the second half. On balance, milk yield is raised slightly from December. The increase is based on improved producer returns as feed prices remain moderate and milk prices are forecast higher. Production for 2014 is forecast at 205.6 billion pounds, up slightly from last month based on the higher expected milk yield in the second half of the year.

Fat-basis imports for 2014 are lowered from December to 3.7 billion pounds based on expected lowered butterfat imports. Skims-solids basis imports remain forecast at 5.2 billion pounds. Exports are raised this month on a fats basis to 11.2 billion pounds and to 38.5 billion pounds on a skims-solids basis. Fats-basis exports are raised on continued strong foreign demand for cheese and butterfat. Skims-solids basis are increased as continued robust demand for nonfat dry milk (NDM), and cheese offset lower projected lactose shipments. International prices remain firm, and U.S. suppliers will stay competitive despite higher expected output from Australia and New Zealand.

Ending stocks for 2014 are raised slightly this month to 11.6 billion pounds on a fats basis and are lowered from December to 12.0 billion pounds on a skims-solids basis. The higher anticipated milk production is expected to contribute to higher cheese and butter inventories by year end. The slightly lowered skim-solids basis ending stocks are based on continued demand for NDM, which is expected to keep inventories a little tighter despite higher milk production.

Prices in 2014 for the major dairy products are increased from December for cheese, butter, and NDM. Prices are raised due to continued strong foreign and domestic demand. The 2014 cheese price is raised from December to \$1.760-\$1.840 per pound, and the butter price is increased from December to \$1.515-\$1.625 per pound. The NDM price is forecast at \$1.805-\$1.865 per pound, up from last month.

The whey price is expected to be 55.0-58.0 cents per pound this year, unchanged from December. The Class III milk price is raised to \$17.80-\$18.60 per cwt this month based on the higher forecast cheese price.

Similarly, the Class IV price is moved up this month to \$19.80-\$20.70 per cwt on the basis of stronger expected butter and NDM prices. The all milk price is increased to \$20.60-\$21.40 per cwt.

Source: Livestock, Dairy, and Poultry Outlook/LDP-M-235/Jan 17, 2014 Economic Research Service, USDA

December Milk Production Up Slightly

Milk production in the 23 major States during December totaled 15.7 billion pounds, up slightly from December 2012. November revised production at 14.9 billion pounds, was up 0.1 percent from November 2012. The November revision represented a decrease of 32 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,846 pounds for December, 1 pound below December 2012. The number of milk cows on farms in the 23 major States was 8.50 million head, 6,000 head more than December 2012, and 1,000 head more than November 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 December totaled 2.4 billion pounds, down 9 million pounds or 0.4 percent from December 2012.

Production per cow in the Mideast states averaged 1,786 pounds for December, 13 pounds less December 2012. The number of cows on farms in the Mideast states was 1.4 million head, 2,000 head more than December 2012.

January 2014 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	566,300,727	42.8
Class II	155,692,081	11.8
Class III	462,287,081	35.0
Class IV	137,799,160	10.4
Total	1,322,079,049	100.0

Producer Prices

Producer Price Differential	\$ 0.75 /cwt
Butterfat Price	1.7874 /lb
Protein Price	4.1870 /lb
Other Solids Price	0.4155 /lb
Somatic Cell Adjustment Rate	0.00104 /cwt
Statistical Uniform Price	21.90 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

January 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			556,152,049			\$ 17.81 / cwt	\$ 99,050,679.91
Class I Butterfat		10,148,678				1.7991 / lb	18,258,486.60
Class I Location Differential	566,300,727						(248,671.00)
Class II SNF Value				13,194,055		1.8344 / lb	24,203,174.52
Class II Butterfat		13,183,126				1.7944 / lb	23,655,801.28
Class III Protein Value			14,880,990			4.1870 / lb	62,306,705.15
Class III Other Solids Value					26,470,512	0.4155 / lb	10,998,497.76
Class III Butterfat		16,469,167				1.7874 / lb	29,436,989.10
Class IV SNF Value				11,678,923		1.8470 / lb	21,570,970.80
Class IV Butterfat		11,687,781				1.7874 / lb	20,890,739.75
Somatic Cell Value II / III / IV							<u>1,283,479.60</u>
TOTAL PRODUCER MILK VALUE	1,322,079,049	51,488,752	42,194,947		75,467,785		\$ 311,406,853.47
Beginning Inventory & OS Charges					(5,504.74)		
TOTAL ADJUSTMENTS							\$ (5,504.74)
TOTAL HANDLER OBLIGATIONS							\$ 311,401,348.73
Total Protein Value			42,194,947 lbs	@	\$4.1870		\$(176,670,243.11)
Total Other Solids Value			75,467,785 lbs	@	0.4155		(31,356,864.72)
Butterfat Value			51,488,752 lbs	@	1.7874		(92,030,995.37)
Total Somatic Cell Values							<u>(2,237,882.60)</u>
TOTALS							\$ 9,105,362.93
Net Producer Location Adjustments							\$ 804,090.19
1/2 Unobligated Balance Producer Settlement Fund							<u>583,000.00</u>
Total - Divided by Total Pounds			1,322,079,049 lbs		0.7936328		\$ 10,492,453.12
Rate of Cash Reserve					<u>(0.0436328)</u>		<u>(576,860.11)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,322,079,049		\$ 0.75 /cwt		\$ 9,915,593.01

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

January			January		
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Butterfat Price	\$1.7874 / lb	\$1.6168 / lb	Class III Price - 3.5% BF	\$ 21.15	\$18.14
Protein Price	4.1870 / lb	3.2862 / lb	Producer Price Differential*	<u>0.75</u>	<u>0.59</u>
Other Solids Price	0.4155 / lb	0.4647 / lb	Statistical Uniform Price	\$21.90	\$18.73
Somatic Cell Adjustment Rate	0.00104 / cwt	0.00087 / cwt			
Nonfat Solids Price	1.8470 / lb	1.3784 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

January			January		
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Class I*	\$23.48	\$20.97	Class I	566,300,727	564,184,672
Class II	22.21	18.19	Class II	155,692,081	290,910,447
Class III	21.15	18.14	Class III	462,287,081	434,040,740
Class IV	22.29	17.63	Class IV	<u>137,799,160</u>	<u>243,641,208</u>
			Total	1,322,079,049	1,532,777,067

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for January 2014 was \$0.75 and the Statistical Uniform Price was \$21.90 for the month. The Statistical Uniform Price is \$1.32 higher than last month, and is \$3.17 higher than January 2013.

The Producer Butterfat Price of \$1.7874 per pound increased \$0.0202 from December and is up \$0.1706 from a year ago. The Protein Price of \$4.1870 is up 0.6480 cents from last month and is up \$0.9008 from January 2013. The Other Solids Price in January was \$0.4155 per pound, an increase from last month's price of \$0.3826 and \$0.0492 lower than last January. The Somatic Cell Adjustment rate for January was \$0.00104.

January producer receipts of 1.32 billion pounds were 2.90 percent lower than December and 13.7 percent lower than January 2013 production of 1.53 billion pounds. Producer milk allocated to Class I accounted for 42.8 percent of the total producer milk in January 2014, higher than the 42.6 percent in December, and more than the 36.8 percent in January 2013. A total of 6,005 producers were pooled on the Mideast Order compared to 6,166 producers pooled in January 2013.

The market average content of producer milk was as follows: Butterfat 3.89%; Protein 3.19%; Other Solids 5.71% and Nonfat Solids 8.90%.

USDA Names Members to National Fluid Milk Processor Promotion Board

Agriculture Secretary Tom Vilsack today announced the appointment of two members to fill vacancies on the National Fluid Milk Processor Promotion Board. The terms for these appointees are effective immediately and expire on June 30, 2014. The appointees will be eligible to serve an additional three-year term after June 30, 2014. "I am confident that these experts will serve fluid milk processors well" Vilsack said. "I look to them to help ensure the strength of this vital sector of the rural economy." Newly appointed members are: Kevin R. Herbert, Frisco, Texas (Region 8); and Edward L. Mullins, Litchfield, Ill. (Region 11).

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The national fluid milk program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 3 million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

USDA encourages board membership that reflects the diversity of the individuals served by the programs. The USDA's Agricultural Marketing Service (AMS) monitors the operations of the board. Research and Promotion Programs are industry-funded, were authorized by Congress, and date back to 1966. Since then, Congress has authorized the establishment of 21 research and promotion boards. They empower agricultural industries by establishing a framework for them to pool resources and combine efforts to develop new markets, strengthen existing markets, and conduct important research and promotion activities. AMS provides oversight, helping to ensure fiscal responsibility, program efficiency and fair treatment of participating stakeholders.

December 2013 Dairy Products Highlights

- **Butter** production was 161.1 million pounds, 6.9 percent below December 2012 but 12.9 percent above November 2013.
- **American type cheese** production totaled 375.9 million pounds, 2.2 percent below December 2012 but 6.6 percent above November 2013.
- **Total cheese** output (excluding cottage cheese) was 972.7 million pounds, 2.3 percent above December 2012 and 4.9 percent above November 2013.
- **Nonfat Dry Milk** production, for human food, totaled 124.9 million pounds, 20.8 percent below December 2012 but 24.2 percent above November 2013.
- **Dry Whey** production, for human food, was 81.3 million pounds, 4.1 percent below December 2012 but 10.2 percent above November 2013.
- **Ice Cream** (hard) production totaled 43.1 million gallons, 11.0 percent below December 2012 and 17.1 percent below November 2013.

Source: Dairy Market News, February 3 - 7, 2014- Volume 81, Report 06

Bulletin WebPage Edition

www.fmmacleev.com

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

State	Number of Producers	Pounds of Milk (000)	December 2013 -----Weighted Averages -----				December 2012 -----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,578	591,115	3.85	3.20	5.72	151	688,652	3.78	3.14	5.75	161
Ohio	1,979	314,913	3.97	3.23	5.69	197	378,132	3.87	3.15	5.72	204
Indiana	1,027	158,421	3.89	3.22	5.70	181	183,930	3.91	3.19	5.80	200
Pennsylvania	904	101,125	4.01	3.20	5.68	235	92,978	3.95	3.17	5.72	245
New York	288	55,761	4.01	3.21	5.69	182	54,882	3.93	3.18	5.74	186
Wisconsin	73	41,419	3.88	3.21	5.72	225	36,314	3.76	3.15	5.74	245
West Virginia	45	2,887	4.27	3.36	5.66	257	2,164	4.18	3.28	5.70	267
Other	159	18,788	3.90	3.21	5.71	198	6,896	4.02	3.18	5.72	226
Total/Average *	6,053	1,284,430	3.91	3.21	5.70	177	1,443,949	3.84	3.15	5.75	186

* 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

January 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)	2,179,813	814,053	37.3	\$1.78	\$22.93
FO 5 Appalachian - (Charlotte)	476,286	341,119	72.9	^{2/}	24.28
FO 6 Florida - (Tampa)	259,326	220,394	85.0	^{2/}	26.18
FO 7 Southeast - (Atlanta)	467,170	364,961	78.1	^{2/}	24.77
FO 30 Upper Midwest - (Chicago)	2,870,962	325,623	11.4	0.20	21.35
FO 32 Central - (Kansas City)	1,332,365	437,041	32.8	0.40	21.55
FO 33 Mideast - (Cleveland)	1,322,079	566,301	42.8	0.75	21.90
FO 124 Pacific Northwest - (Seattle)	727,143	182,638	25.1	0.58	21.73
FO 126 Southwest - (Dallas)	1,078,734	390,232	36.2	1.25	22.40
FO 131 Arizona - (Phoenix)	415,936	120,449	29.0	^{2/}	22.46

^{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 FEBRUARY 2014\$21.15 /cwt.

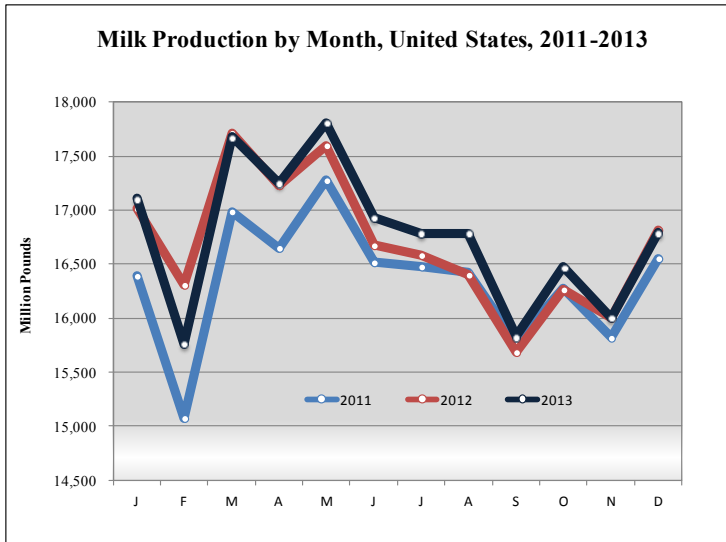
Mideast Market Administrator's Bulletin

Supplement

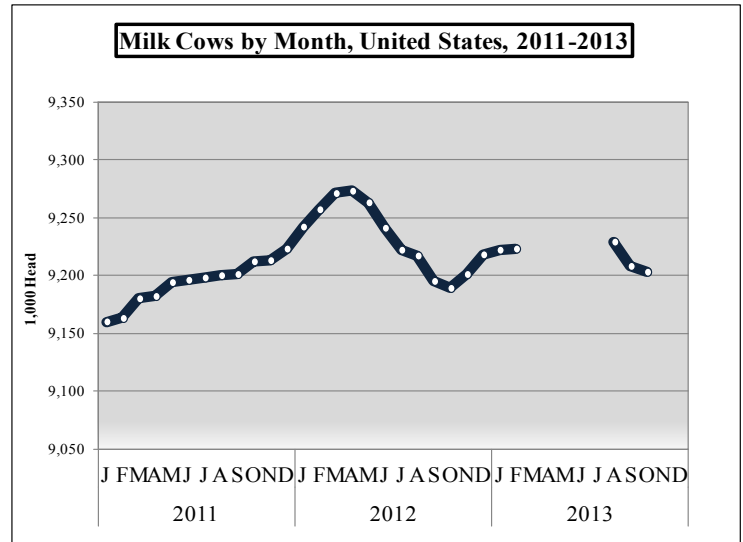
Federal Order No. 33

February 2014

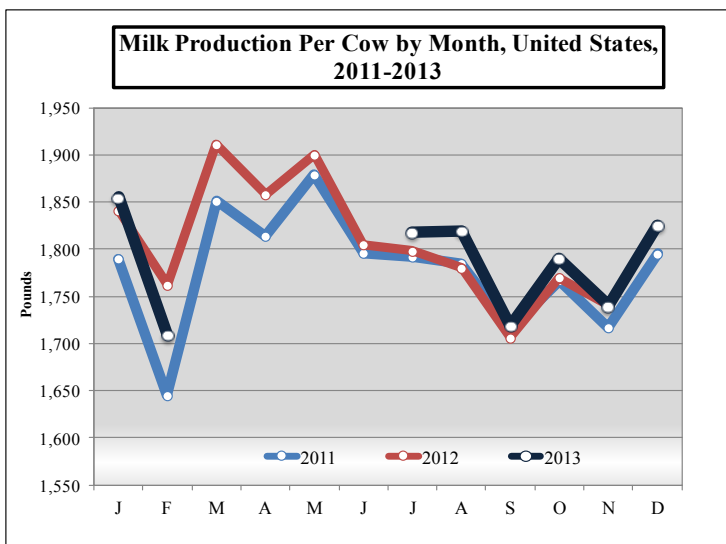
MILK PRODUCTION STATISTICS 1/



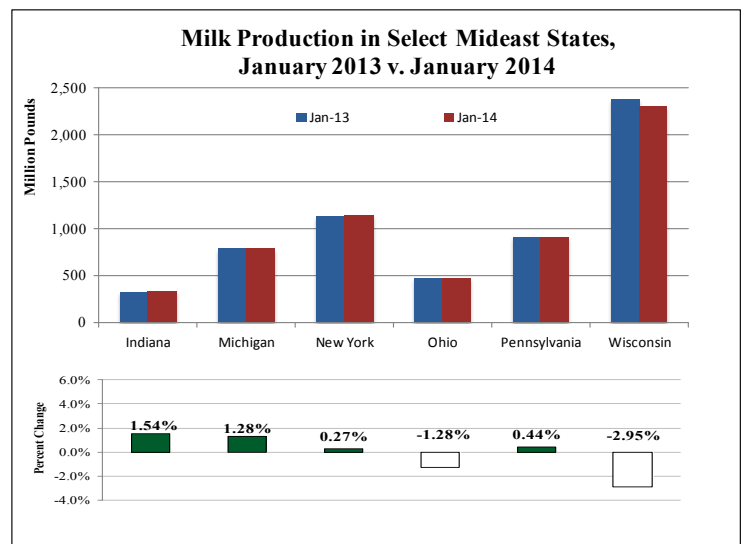
December 2013 milk production in the United States increased 787 million pounds from November to 16.8 billion pounds. December milk production is down 0.2 percent from 2012.



The number of milk cows on farms in the United States was 9.2 million head for December 2013. This was down 16,000 head from the previous year.



Production per cow in the United States averaged 1,825 pounds for December 2013, This was up 85 pounds from November and the same as December 2012.

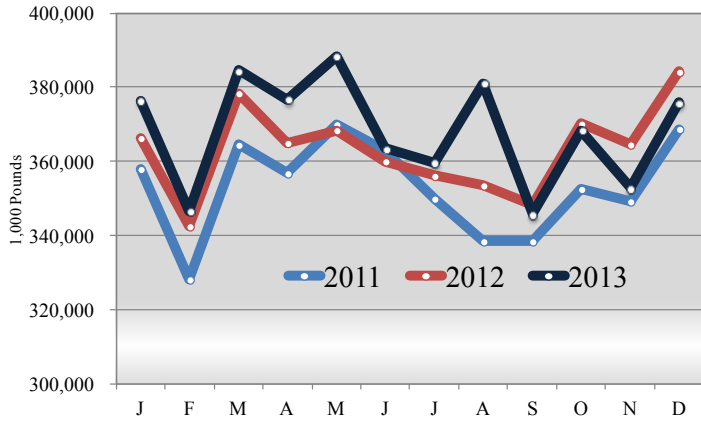


Milk production from selected states which pool on the Mideast marketing area totaled 5.9 billion pounds during January 2014, down 54 million pounds from the prior year. Milk production in Michigan was up 10 million pounds while production in Wisconsin declined by 70 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

DAIRY PRODUCT PRODUCTION 1/

Total American Cheese Production, 2011-2013



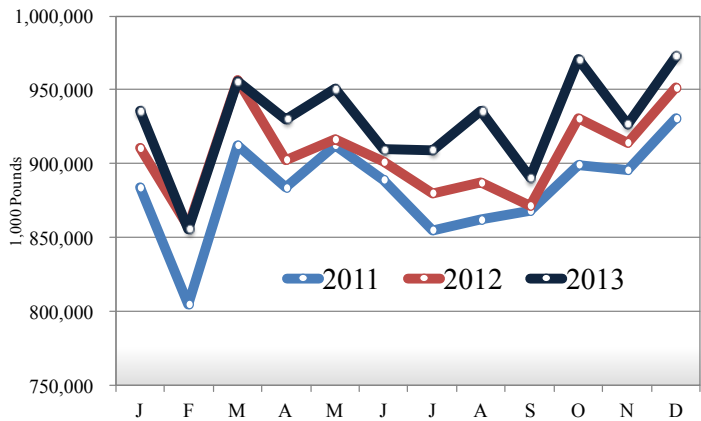
Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) for December 2013 was 973 million pounds, 2.3 percent above December 2012 and 4.9 percent above November 2013.

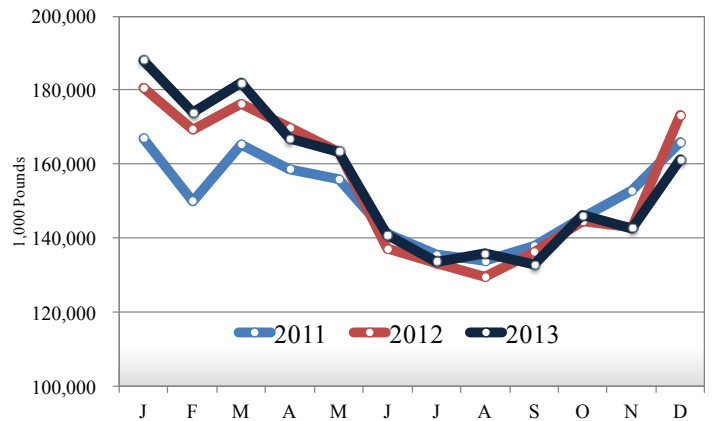
American type cheese production totaled 376 million pounds, 2.2 percent below December 2012 and 6.6 percent above November 2013.

Butter production was 161 million pounds, 6.9 percent below December 2012 and 12.9 percent above November 2013.

Total Cheese Production, 2011-2013



Total Butter Production, 2011-2013



COMMERCIAL DISAPPEARANCE 2/

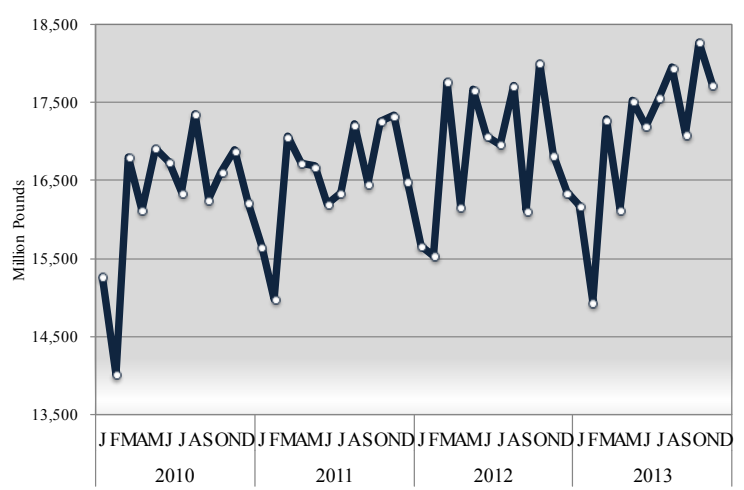
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For November 2013 commercial disappearance of milk was 17.7 billion pounds, up 5.3 percent from the prior year. The cumulative disappearance total for 2013 is 187.9 billion pounds, an increase of 1.3 percent from the same 11-month period of 2011.

November 2013 commercial disappearance of American cheese was 366 million pounds, up 0.3 percent from the prior year.

November 2013 commercial disappearance of butter was 205 million pounds, up 23.9 percent from the prior year.

Commercial Disappearance of Milk in All Products, 2010-2013



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.

**MIDEAST MARKETING AREA
FEDERAL ORDER 33**

**INCOME AND EXPENSE STATEMENT
MARKETING SERVICE FUND**

For the Year Ending December 31, 2013

Income:

Assessments or Deductions	\$1,837,306.61
Late Payment Charges Assessed	.00
Interest Earned	249.00
Miscellaneous	<u>68,561.25</u>
<u>Total Income</u>	<u>\$1,906,116.86</u>

Expenses:

Salaries and Services	\$1,055,883.78
Travel	106,587.54
Communications	63,343.04
Employer Payroll Contributions	321,570.95
Insurance	5,933.20
Rent - Buildings and Equipment	85,247.32
Repairs and Maintenance	27,654.19
Supplies	84,379.21
Testing and Weighing	25,394.44
Utilities	14,220.60
Depreciation of Fixed Assets	87,401.35
Conferences and Meetings	.00
Training	3,290.62
Uncollectible Accounts	.00
Miscellaneous	2,420.77
Amortization of Leasehold Improvements	<u>.00</u>
<u>Total Expenses</u>	<u>\$1,883,327.01</u>

Net Income

\$ 22,789.85

**MIDEAST MARKETING AREA
FEDERAL ORDER 33**

**BALANCE SHEET
MARKETING SERVICE FUND**

As of December 31, 2013

ASSETS

Current Assets:

Cash and Bank Deposits	\$ 492,803.33
Investments	127,034.89
Accounts Receivable - Handlers	144,639.39
Allowance for Uncollectible Accounts	.00
Accounts Receivable - Other	1,355.28
Accrued Interest Receivable	.00

Other Assets:

Prepaid Expenses	\$ 3,460.52
Deposits	.00

Fixed Assets:

Motor Vehicles	\$ 412,061.44
Accumulated Depreciation	(341,424.64)
Furniture and Equipment	25,509.50
Accumulated Depreciation	(24,386.94)
Laboratory Equipment	1,109,098.87
Accumulated Depreciation	(835,509.85)
Leasehold Improvements	120,029.69
Accumulated Depreciation	(120,029.69)

Total Assets **\$1,114,641.79**

LIABILITIES AND OPERATING BALANCE

Current Liabilities:

Accounts Payable - Other	\$.00
Accrued Employee Salaries Payable	8,167.93
Accrued Employee Annual Leave	87,776.02
Payroll Contributions and Withholdings	2,194.58

Operating Balance **\$1,016,503.26**

Total Liabilities and Operating Balance **\$1,114,641.79**