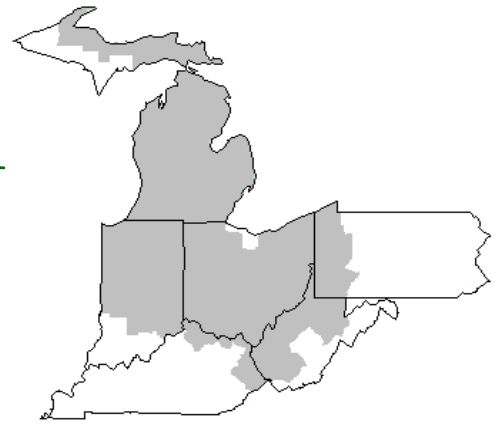


Mideast Market Administrator's Bulletin



Federal Order No. 33

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August 2015

USDA Announces Hearing on Proposed California Federal Milk Marketing Order

The U.S. Department of Agriculture will hold a public hearing starting on September 22, 2015, in Clovis, Calif., to consider the establishment of a Federal Milk Marketing Order (FMMO) for California.

The hearing, which USDA expects to last several weeks, will begin at 9 a.m. Pacific Daylight Time on September 22, 2015, at the Clovis Veterans Memorial District Building, 808 Fourth Street, Clovis, Calif. 93612. The hearing is open to the public. USDA will hear testimony and receive evidence regarding four proposals for a FMMO in California.

The California dairy industry represents 20 percent of all U.S. milk production and is currently regulated under a state marketing order. The 2014 Farm Bill allows for a California FMMO that recognizes certain state-specific aspects of the current order, if recommended by USDA and approved by California dairy producers. In February, AMS received a formal hearing request from California Dairies, Inc.; Land O'Lakes, Inc.; and Dairy Farmers of America, Inc. to establish a FMMO in California. AMS received additional proposals from the Dairy Institute of California, the California Producer Handlers Association, and Ponderosa Dairy. All of the proposals can be viewed at www.ams.usda.gov/CAOrder. USDA has not taken a position on any of the proposals included in the Notice of Hearing, which has been transmitted to the Federal Register and is expected to publish soon.

Those interested in testifying should notify USDA upon arrival at the hearing. For a copy of the hearing notice and additional information, visit www.ams.usda.gov/CAOrder or contact William Francis, Director, Order Formulation and Enforcement Division by mail at USDA/AMS/Dairy Program, Stop 0231-Room 2969-S, 1400 Independence Avenue, SW., Washington, DC 20250-0231; by phone at (202) 720-6274; or by e-mail at william.francis@ams.usda.gov.

The hearing will be overseen by an impartial Administrative Law Judge who will ensure testimony and evidence presented fall within the scope of what is contained in the Notice of Hearing. Anyone may testify.

Individuals requiring a sign language interpreter or other reasonable accommodations should contact Diane Hirsch, AMS Dairy Program, by phone at (425) 487-5601 or by e-mail at dhirsch@fmmaseattle.com before the hearing begins.

June Milk Production Up 0.7 Percent

Milk production in the 23 major States during June totaled 16.4 billion pounds, up 0.7 percent from June 2014. May revised production, at 17.2 billion pounds, was up 1.5 percent from May 2014. The May revision represented an increase of 0.1 percent or 12 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,895 pounds for June, no change from the record high of June 2014. The 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.63 million head, 56,000 head more than June 2014, but 2,000 head fewer than May 2015.

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 June totaled 2.6 billion pounds, up 91 million pounds or 3.7 percent from June 2014.

Production per cow in the Mideast states averaged 1,851 pounds for June.

The number of cows on farms in the Mideast states was 1.4 million head, 24,000 head more than June 2014.

July 2015 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	507,898,920	35.3
Class II	361,593,094	25.2
Class III	298,683,789	20.8
Class IV	269,183,447	18.7
Total	1,437,359,250	100.0

Producer Prices

Producer Price Differential	\$ (0.17) / cwt
Butterfat Price	2.1125 / lb
Protein Price	2.6070 / lb
Other Solids Price	0.2004 / lb
Somatic Cell Adjustment Rate	0.00085 / cwt
Statistical Uniform Price	16.16 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

July 2015

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			498,232,847			\$11.47 / cwt	\$ 57,147,307.60
Class I Butterfat		9,666,073				2.1315 / lb	20,603,234.61
Class I Location Differential	507,898,920						(226,453.84)
Class II SNF Value				30,693,056		0.8389 / lb	25,748,404.69
Class II Butterfat		22,570,374				2.1195 / lb	47,837,907.70
Class III Protein Value			8,925,140			2.6070 / lb	23,267,840.03
Class III Other Solids Value					17,161,267	0.2004 / lb	3,439,117.86
Class III Butterfat		10,915,793				2.1125 / lb	23,059,612.75
Class IV SNF Value				23,660,753		0.6621 / lb	15,665,784.52
Class IV Butterfat		8,261,128				2.1125 / lb	17,451,632.96
Somatic Cell Value II / III / IV							<u>1,189,815.08</u>
TOTAL PRODUCER MILK VALUE	1,437,359,250	51,413,368	42,935,263		82,613,931		\$ 235,184,203.96
Overages					70,660.68		
Beginning Inventory & OS Charges					119,508.05		
TOTAL ADJUSTMENTS							\$ <u>190,168.73</u>
TOTAL HANDLER OBLIGATIONS							\$ 235,374,372.69
Total Protein Value			42,935,263 lbs	@	\$2.6070		\$ (111,932,230.69)
Total Other Solids Value			82,613,931 lbs	@	0.2004		(16,555,831.79)
Butterfat Value			51,413,368 lbs	@	2.1125		(108,610,739.97)
Total Somatic Cell Values							<u>(1,782,123.56)</u>
TOTALS							\$ (3,506,553.32)
Net Producer Location Adjustments							\$ <u>960,305.07</u>
1/2 Unobligated Balance Producer Settlement Fund							696,000.00
Total - Divided by Total Pounds			1,437,359,250 lbs		(0.1287255)		\$ (1,850,248.25)
Rate of Cash Reserve					<u>(0.0412745)</u>		<u>(593,262.84)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,437,359,250		\$ (0.17) /cwt		\$ (2,443,511.09)

COMPONENT PRICES

July

COMPUTATION OF UNIFORM PRICE

July

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Butterfat Price	\$2.1125 / lb	\$2.6349 / lb	Class III Price - 3.5% BF	\$ 16.33	\$21.60
Protein Price	2.6070 / lb	3.1798 / lb	Producer Price Differential*	<u>(0.17)</u>	<u>1.88</u>
Other Solids Price	0.2004 / lb	0.5046 / lb	Statistical Uniform Price	\$16.16	\$23.48
Somatic Cell Adjustment Rate	0.00085 / cwt	0.00102 / cwt			
Nonfat Solids Price	0.6621 / lb	1.6770 / lb			

CLASS PRICES

July

CLASSIFICATION OF PRODUCER MILK

July

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Class I*	\$18.53	\$25.02	Product lbs.	Product lbs.	
Class II	14.70	24.41	Class I	507,898,920	495,583,403
Class III	16.33	21.60	Class II	361,593,094	156,357,364
Class IV	13.15	23.78	Class III	298,683,789	573,195,275
			Class IV	<u>269,183,447</u>	<u>194,575,657</u>
			Total	1,437,359,250	1,419,711,699

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for July 2015 was \$(0.17) and the Statistical Uniform Price was \$16.16 for the month. The Statistical Uniform Price is \$0.10 lower than last month, and is \$7.32 lower than July 2014.

The Producer Butterfat Price of \$2.1125 per pound increased \$0.0114 from June and is down \$0.5224 from a year ago. The Protein Price of \$2.6070 is down \$0.0845 from last month and is down \$0.5728 from July 2014. The Other Solids Price in July was \$0.2004 per pound, a decrease from last month's price of \$0.2322 and \$0.3042 lower than last July. The Somatic Cell Adjustment rate for July was \$0.00085.

July producer receipts of 1.437 billion pounds were 0.2 percent higher than June and 1.2 percent higher than July 2014 production of 1.420 billion pounds. Producer milk allocated to Class I accounted for 35.3 percent of the total producer milk in July 2015, higher than the 33.8 percent in June, and higher than the 34.9 percent in July 2014. A total of 5,578 producers were pooled on the Mideast Order compared to 6,292 producers pooled in July 2014.

The market average content of producer milk was as follows: Butterfat 3.58%; Protein 2.99%; Other Solids 5.75% and Nonfat Solids 8.74%.

Dairy Outlook

Milk production for May was up 1.4 percent from May 2014, smaller than the 1.8 percent year-over-year increase for April. Milk per cow averaged 1,971 pounds for May, 15 pounds above May 2014. Milk cow numbers were 9.310 million head, 58 thousand head more than May 2014 and about 3 thousand head more than April 2015. Drought contributed to a 2.9 percent year-over-year reduction in California milk production.

Based on recent data, milk production for 2015 is forecast higher at 208.8 billion pounds, with cows numbering 9.315 million and milk per cow at 22,425 pounds per head. Higher domestic commercial disappearance is expected on a milk-fat basis, at 202.3 billion pounds, 0.5 billion pounds more than forecast last month. On a skim-solids basis, domestic commercial disappearance is forecast at 175.1 billion pounds, 0.6 billion pounds less. Forecasts for 2015 ending stocks have been raised by 0.3 billion pounds on a milk-fat basis and 0.1 billion pounds on a skim-solids basis.

For 2015, price forecasts for butter and cheese have been raised to \$1.810-\$1.870 and \$1.650-\$1.680 per pound, respectively, based upon recent data and expectations of robust demand for butter and cheese. Prices for NDM and whey have been lowered to \$0.945-\$0.975 per pound and 44.0-46.0 cents per pound, respectively, based upon recent data and competition from foreign exporters. The Class III price forecast has been lowered slightly to \$16.15-\$16.45 per cwt, as the lower expected whey price more than offsets the higher expected cheese price. The Class IV price forecast has been lowered to \$13.70-\$14.10 per cwt, as the lower expected NDM price more than offsets the higher expected butter price. The all-milk price forecast for 2015 is \$17.05-\$17.35, lower than last month's forecast of \$17.15-\$17.55.

The milk production forecast for 2016 has been lowered to 213.6 billion pounds, 0.3 billion pounds less than forecast last month. Despite higher feed costs, margins are still expected to encourage gradual expansion of the dairy herd, although at a slower rate than forecast last month. Milk cows are projected at 9.330 million head, 5 thousand cows less than forecast last month. Milk per cow is forecast at 22,890 pounds per head, 20 pounds less than forecast last month.

Higher expectations for skim-solids export demand, particularly for NDM, extend into 2016. Commercial exports on a skim-solids basis are forecast at 39.9 billion pounds, 0.4 billion pounds higher than forecast last month. On a milk-fat basis, the annual forecast has

been lowered to 11.0 billion pounds, 0.5 billion pounds less, with expectations of higher competition from other exporting countries for cheese and butter.

Forecasts for 2016 imports are raised from last month's forecasts based on recent data and expectations of greater demand for butterfat products and milk protein concentrate. The import forecast is 4.9 billion pounds on a milk-fat basis, 0.5 billion pounds more, and 6.0 billion pounds on a skim-solids basis, 0.4 billion pounds more.

Stronger U.S. demand for butter is expected to boost domestic commercial disappearance on a milk-fat basis to 206.1 billion pounds, 0.9 billion pounds more than forecast last month. Commercial use on a skim-solids basis has been lowered to 178.1 billion pounds, 0.2 billion pounds less than forecast last month. Forecasts for ending stocks have been raised by 0.1 billion pounds on a milk-fat basis but are unchanged on a skim-solids basis.

The 2016 forecast for NDM has been lowered to \$1.065-\$1.135 as U.S. exporters maintain relatively low prices to meet competition. The whey price forecast has been lowered to 46.0-49.0 cents per pound. The cheese price forecast is unchanged at \$1.610-\$1.710 per pound. With greater expected domestic butter demand, the butter price has been raised to \$1.750-\$1.880 per pound. With the lower expected whey price, the Class III price has been lowered to \$15.90-\$16.90 per cwt. With the lower NDM price more than offsetting the higher butter price, the Class IV price has been lowered to \$14.45-\$15.55 per cwt. The all-milk price forecast for 2016 has been lowered to \$17.00-\$18.00 per cwt, a reduction from \$17.45-\$18.45 forecast last month.

Source: *Livestock, Dairy and Poultry Outlook/LDP-M-253/July 16, 2015 Economic Research Service, USDA*

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

State	June 2015						June 2014					
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----				Pounds of Milk (000)	-----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)		Butterfat	Protein	Other Solids	SCC (000)	
Michigan	1,482	648,873	3.55	3.00	5.77	167	645,173	3.56	3.01	5.74	175	
Ohio	1,917	376,294	3.58	2.98	5.70	208	346,181	3.62	3.02	5.69	217	
Indiana	956	199,053	3.59	3.02	5.84	213	168,515	3.58	3.04	5.80	227	
Pennsylvania	864	101,269	3.67	2.98	5.75	244	96,141	3.70	3.02	5.71	253	
New York	258	93,582	3.71	3.00	5.76	203	81,257	3.69	3.00	5.75	198	
Wisconsin	22	5,007	3.73	3.07	5.74	213	34,564	3.55	3.05	5.79	267	
West Virginia	42	2,740	3.78	3.08	5.72	259	2,832	3.82	3.11	5.69	284	
Other	157	7,768	3.63	3.00	5.74	237	14,178	3.69	3.03	5.75	239	
Total/Average *	5,698	1,434,586	3.59	3.00	5.76	193	1,388,842	3.60	3.02	5.73	202	

* 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
July 2015

<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>	<u>Class I</u>	<u>Percent</u>	<u>Producer Price Differential</u>	<u>Statistical Uniform Price</u>
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>%</u>	<u>(per cwt.)</u>	<u>(per cwt.)</u>
FO 1 Northeast - (Boston)	2,271,590	710,346	31.3	\$0.58	\$16.91
FO 5 Appalachian - (Charlotte)	449,658	312,506	69.5	^{2/}	18.50
FO 6 Florida - (Tampa)	209,206	181,494	86.8	^{2/}	21.05
FO 7 Southeast - (Atlanta)	408,468	314,564	77.0	^{2/}	19.31
FO 30 Upper Midwest - (Chicago)	1,863,636	278,727	14.9	0.02	16.35
FO 32 Central - (Kansas City)	1,021,572	376,107	36.8	(0.06)	16.27
FO 33 Mideast - (Cleveland)	1,437,359	507,899	35.3	(0.17)	16.16
FO 124 Pacific Northwest - (Seattle)	461,859	161,451	35.0	(1.15)	15.18
FO 126 Southwest - (Dallas)	750,842	329,200	43.8	0.92	17.25
FO 131 Arizona - (Phoenix)	384,557	108,262	28.2	^{2/}	15.76

^{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 AUGUST 2015.....\$13.15 /cwt.

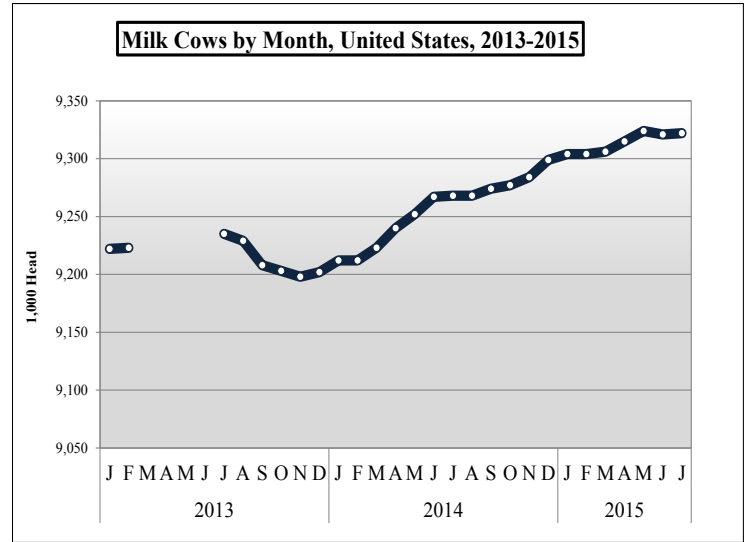
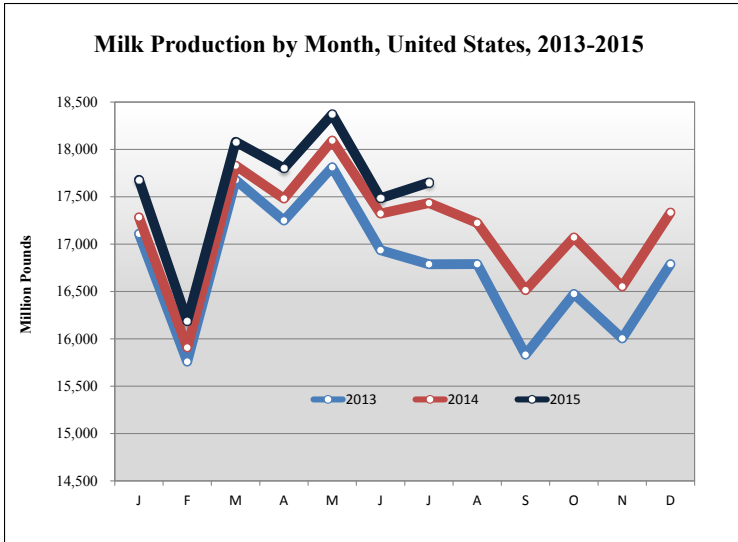
Mideast Market Administrator's Bulletin

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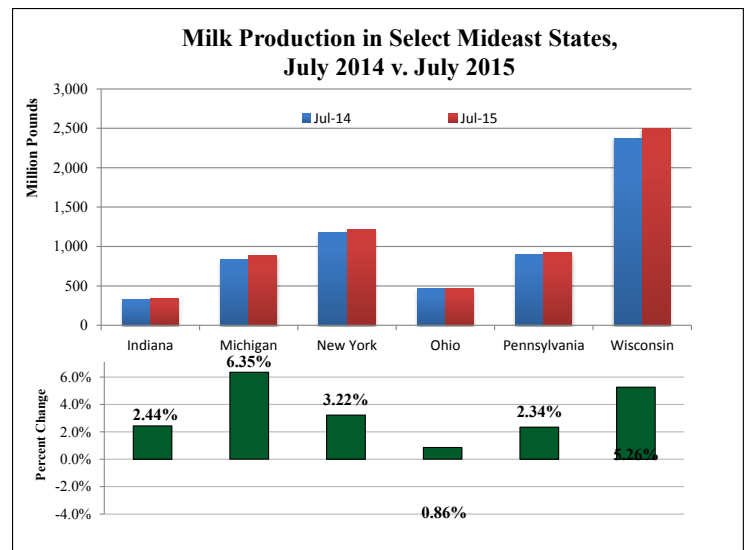
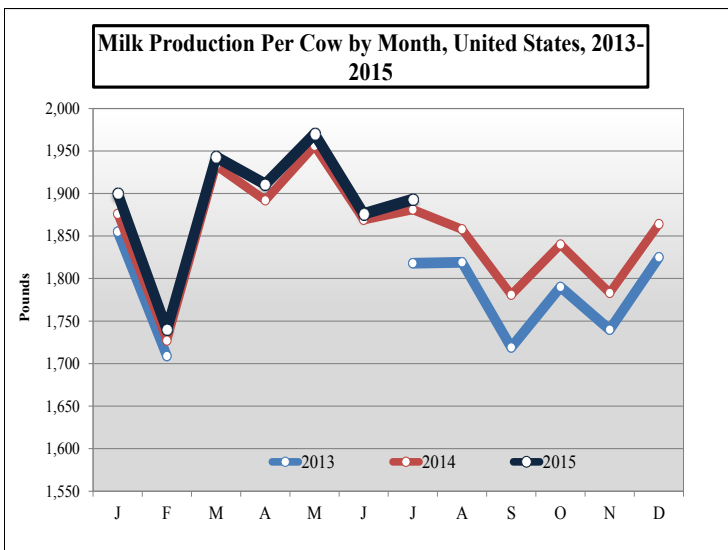
August 2015

MILK PRODUCTION STATISTICS 1/



July 2015 milk production in the United States increased 165 million pounds from June to 17.7 billion pounds. July milk production is up 1.2 percent from 2014.

The number of milk cows on farms in the United States was 9.3 million head for July 2015. This was an increase of 1,000 head from June.



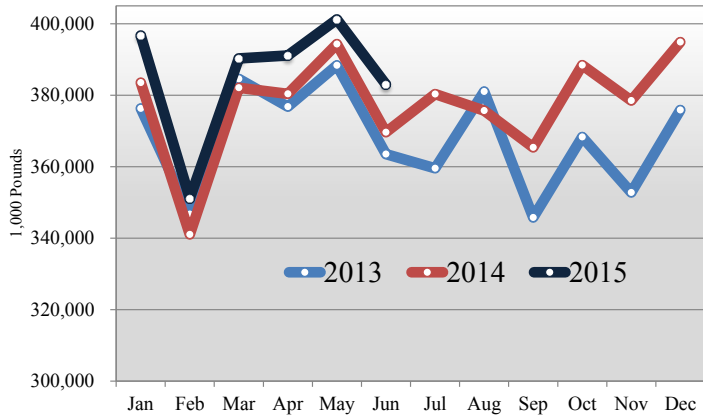
Production per cow in the United States averaged 1,893 pounds for July 2015, This was up 17 pounds from June .

Milk production from selected states which pool on the Mideast marketing area totaled 6.3 billion pounds during July 2015, up 249 million pounds from the prior year. Milk production in Wisconsin was up 125 million pounds while production in Ohio increased by only 4 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, 2013-2015



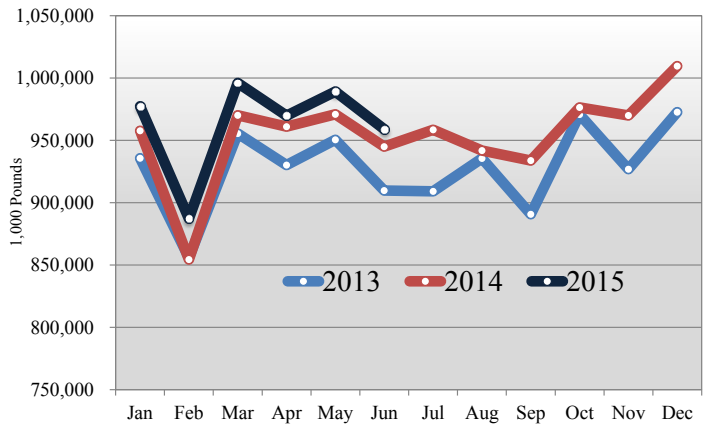
Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) for June 2015 was 959 million pounds, 1.5 percent above June 2014 but 3.1 percent below May 2015.

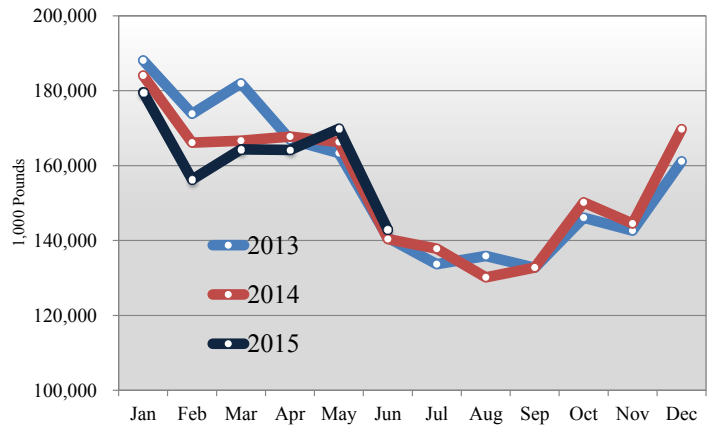
American type cheese production totaled 383 million pounds, 3.6 percent above June 2014 but 4.5 percent below May 2015

Butter production was 143 million pounds, 1.7 percent above June 2014 and 15.9 percent below May 2015.

Total Cheese Production, 2013-2015



Total Butter Production, 2013-2015



COMMERCIAL DISAPPEARANCE 2/

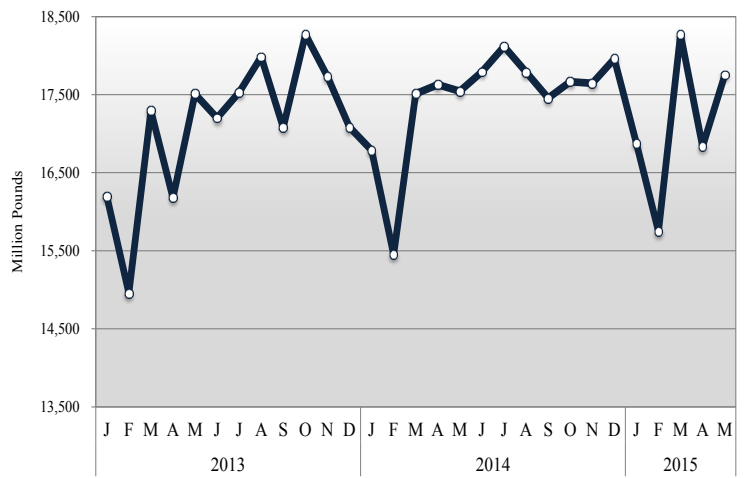
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For May 2015 commercial disappearance of milk was 17.8 billion pounds, up 1.2 percent from the prior year. The cumulative disappearance total for 2015 is 85.5 billion pounds, an increase of 0.7 percent from the same 5-month period of 2014.

May 2015 commercial disappearance of American cheese was 377 million pounds, down 2.8 percent from the prior year.

May 2015 commercial disappearance of butter was 140 million pounds, down 3.8 percent from the prior year.

Commercial Disappearance of Milk in All Products, 2013-2015



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.