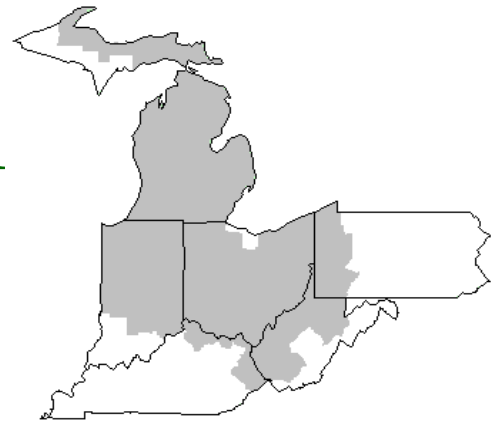


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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December 2015

## Recent Developments in Dairy Markets

The USDA National Agricultural Statistics Service (NASS) estimated U.S. milk production of 16.6 billion pounds for September, up 0.4 percent from September 2014. The September year-over-year percentage increase was lower than for July or August (1.3 percent and 0.9 percent, respectively). Milk cow numbers declined by five thousand head from August to September. Milk per cow fell from 60.2 pounds per day in August to 59.4 pounds in September, a level about the same as in September 2014.

Average national wholesale prices for basic dairy products, as reported by USDA Agricultural Marketing Service (AMS), moved in mixed directions from September to October. The cheddar cheese price decreased from \$1.715 to \$1.679 per pound. The nonfat dry milk price (NDM) rose from \$0.801 to \$0.895 per pound. The dry whey price fell from 24.4 to 23.1 cents per pound. The greatest change was in the butter price, which rose from \$2.445 to \$2.573 per pound.

With lower than expected milk production in September, the milk production forecast for the fourth quarter of 2015 has been lowered to 51.4 billion pounds, 0.2 billion lower than last month's forecast. The forecast for milk cow numbers has been lowered to 9.310 million head (-15,000 head), and the milk-per-cow projection has been lowered to 5,525 pounds per head (-5 pounds).

Dairy product price forecasts for the fourth quarter have been adjusted based upon recent price data, along with supply and demand expectations for the fourth quarter. The largest change from last month's forecast is for butter, an increase to \$2.430- \$2.490 per pound. Forecasts for cheese and NDM for the fourth quarter have been lowered to \$1.640-\$1.670 and \$0.855-\$0.885, respectively. The fourth-quarter dry whey price forecast has been raised slightly, to 22.5-24.5 cents per pound.

With the lower expected price for cheese, the Class III price forecast for the fourth quarter has been lowered to \$15.00-\$15.30 per cwt. With the higher butter price more than offsetting the lower NDM price, the Class IV price forecast for the fourth quarter has been raised to \$15.55-\$15.95 per cwt. The higher Class IV price forecast more than offsets the lower Class III price, resulting in a fourth-quarter all milk price forecast of \$17.50-\$17.80 per cwt, an increase from \$17.00-\$17.40 forecast last month.

The milk production forecast for 2016 has been lowered to 212.9 billion pounds, 0.1 billion pounds less than forecast last month. The milk cow forecasts have been lowered for the first half of the year, resulting in an annual forecast of 9.305 million head. The yield of 22,880 pounds per head is unchanged from last month's forecast.

With relatively high supplies expected for cheese, butter, and NDM, price forecasts have been lowered to \$1.595-\$1.685, \$1.835-1.955, and \$0.955-\$1.025 per pound, respectively. The dry whey forecast is unchanged at 28.0-31.0 cents per pound.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-257/Nov. 17, 2015* Economic Research Service, USDA

## October Milk Production Up 0.1 Percent

Milk production in the 23 major States during October totaled 16.0 billion pounds, up 2.3 percent from October 2014. September revised production, at 15.6 billion pounds, was up 0.5 percent from September 2014. The September 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 1,857 pounds for October, 7 pounds below October 2014. The number of milk cows on farms in the 23 major States was 8.63 million head, 38,000 head more than October 2014, but 1,000 head less than September 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 October totaled 2.5 billion pounds, up 1.6 percent from October 2014.

Production per cow in the Mideast states averaged 1,821 pounds for October, 11 pounds above October 2014. The number of cows on farms in the Mideast states was 1.4 million head, 16,000 head more than October 2014.

## November 2015 - Pool Summary

### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	538,576,677	36.1
Class II	176,018,516	11.8
Class III	513,008,628	34.4
Class IV	264,768,019	17.7
Total	1,492,371,840	100.0

### Producer Prices

Producer Price Differential	\$ 1.85 /cwt
Butterfat Price	3.1830 /lb
Protein Price	1.3205 /lb
Other Solids Price	0.0361 /lb
Somatic Cell Adjustment Rate	0.00083 /cwt
Statistical Uniform Price	17.15 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

November 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			528,372,162			\$8.65 / cwt	\$45,704,192.00
Class I Butterfat		10,204,515				2.8956/ lb	29,548,193.65
Class I Location Differential	538,576,677						(225,839.55)
Class II SNF Value				14,597,884		0.8167/ lb	11,922,091.85
Class II Butterfat		18,199,524				3.1900/ lb	58,056,481.56
Class III Protein Value			16,374,219			1.3205/ lb	21,622,156.19
Class III Other Solids Value					29,473,846	0.0361/ lb	1,064,005.86
Class III Butterfat		17,993,219				3.1830/ lb	57,272,416.11
Class IV SNF Value				23,552,536		0.6627/ lb	15,608,265.60
Class IV Butterfat		10,247,058				3.1830/ lb	32,616,385.63
Somatic Cell Value II / III / IV							<u>1,250,658.09</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,492,371,840	56,644,316	47,430,553		85,480,746		\$274,439,006.99
Overages						54,140.52	
Beginning Inventory & OS Charges						20,402.82	
<b>TOTAL ADJUSTMENTS</b>							<u>74,543.34</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$274,513,550.33
Total Protein Value			47,430,553 lbs	@	\$1.3205		\$(62,632,045.24)
Total Other Solids Value			85,480,746 lbs	@	0.0361		(3,085,854.93)
Butterfat Value			56,644,316 lbs	@	3.1830		(180,298,857.84)
Total Somatic Cell Values							<u>(2,039,986.82)</u>
<b>TOTALS</b>							\$26,456,805.50
Net Producer Location Adjustments							\$1,069,289.85
1/2 Unobligated Balance Producer Settlement Fund							<u>776,000.00</u>
Total - Divided by Total Pounds			1,492,371,840 lbs		1.8964506		\$28,302,095.35
Rate of Cash Reserve					<u>(0.0464506)</u>		<u>(693,215.67)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,492,371,840		\$1.85 /cwt		\$27,608,879.68

**COMPONENT PRICES**

November

**COMPUTATION OF UNIFORM PRICE**

November

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Butterfat Price	\$3.1830 / lb	\$2.2011 / lb	Class III Price - 3.5% BF	\$ 15.30	\$21.94
Protein Price	1.3205 / lb	3.9018 / lb	Producer Price Differential*	<u>1.85</u>	<u>(0.74)</u>
Other Solids Price	0.0361 / lb	0.4505 / lb	Statistical Uniform Price	\$17.15	\$21.20
Somatic Cell Adjustment Rate	0.00083 / cwt	0.00107 / cwt			
Nonfat Solids Price	0.6627 / lb	1.2102 / lb			

**CLASS PRICES**

November

**CLASSIFICATION OF PRODUCER MILK**

November

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Class I*	\$18.48	\$26.06	Class I	538,576,677	523,346,911
Class II	18.26	19.91	Class II	176,018,516	271,057,232
Class III	15.30	21.94	Class III	513,008,628	380,299,542
Class IV	16.89	18.21	Class IV	<u>264,768,019</u>	<u>272,080,843</u>
			Total	1,492,371,840	1,446,784,528

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for November 2015 was \$1.85 and the Statistical Uniform Price was \$17.15 for the month. The Statistical Uniform Price is \$0.56 higher than last month, and is \$4.05 lower than November 2014.

The Producer Butterfat Price of \$3.1830 per pound increased \$0.2743 from October and is up \$0.9819 from a year ago. The Protein Price of \$1.3205 is down \$0.3814 from last month and is down \$2.5813 from November 2014. The Other Solids Price in November was \$0.0361 per pound, an increase from last month's price of \$0.0328 and \$0.4144 lower than last November. The Somatic Cell Adjustment rate for November was \$0.00083.

November producer receipts of 1.49 billion pounds were 9.6 percent lower than October and 3.2 percent higher than November 2014 production of 1.45 billion pounds. Producer milk allocated to Class I accounted for 36.1 percent of the total producer milk in November 2015, higher than the 34.0 percent in October, and lower than the 36.2 percent in November 2014. A total of 5,498 producers were pooled on the Mideast Order compared to 5,962 producers pooled in November 2014.

The market average content of producer milk was as follows: Butterfat 3.80%; Protein 3.18%; Other Solids 5.73% and Nonfat Solids 8.91%.

### 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 2016 through December 2016. The advanced prices and pricing factors will be released at 3:00 p.m. ET no later than the 23<sup>rd</sup> of the preceding month. If the release date does not fall on the 23<sup>rd</sup>, the most current release preceding the 23<sup>rd</sup> 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 5<sup>th</sup> of the following month. If the release date does not fall on the 5<sup>th</sup>, the most current release preceding the 5<sup>th</sup> 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 <sup>1/</sup>	Release Date	Time Period of AMS Prices <sup>1/</sup>
<b>2016</b>				
January	Dec. 23, 2015	12/12, 19	Feb. 3	1/2, 9, 16, 23, 30
February	Jan. 21	1/9, 16	Mar. 2	2/6, 13, 20, 27
March	Feb. 18	2/6, 13	Mar. 30	3/5, 12, 19, 26
April	Mar. 23	3/12, 19	May 4	4/2, 9, 16, 23, 30
May	Apr. 20	4/9, 16	Jun. 2	5/7, 14, 21, 28
June	May 18	5/7, 14	Jun. 29	6/4, 11, 18, 25
July	Jun. 22	6/11, 18	Aug. 3	7/2, 9, 16, 23, 30
August	Jul. 20	7/9, 16	Aug. 31	8/6, 13, 20, 27
September	Aug. 17	8/6, 13	Oct. 5	9/3, 10, 17, 24; 10/1
October	Sep. 21	9/10, 17	Nov. 2	10/8, 15, 22, 29
November	Oct. 19	10/8, 15	Nov. 30	11/5, 12, 19, 26
December	Nov. 23	11/12, 19	Jan. 5, 2017	12/3, 10, 17, 24, 31

<sup>1/</sup> 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	October 2015 -----Weighted Averages -----						October 2014 -----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	1,463	826,755	3.70	3.14	5.74	159	627,698	3.74	3.15	5.74	165
Ohio	1,887	410,696	3.79	3.16	5.69	189	356,887	3.77	3.15	5.66	204
Indiana	975	207,368	3.73	3.17	5.78	201	193,181	3.80	3.21	5.80	208
New York	261	102,249	3.85	3.17	5.73	199	98,743	3.81	3.12	5.72	193
Pennsylvania	793	92,912	3.90	3.15	5.71	239	97,756	3.89	3.16	5.67	243
Wisconsin	27	4,216	3.56	3.09	5.70	215	36,151	3.82	3.14	5.76	203
West Virginia	39	2,412	4.08	3.35	5.64	268	2,534	4.09	3.34	5.64	264
Other	105	4,722	4.01	3.23	5.67	281	5,648	3.96	3.25	5.64	253
Total/Average *	5,550	1,651,331	3.75	3.15	5.73	180	1,418,599	3.77	3.16	5.72	190

\* 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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- Producer Price Differential & Uniform Price Statistics
- Grain & Alfalfa Hay Prices

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**FEDERAL ORDER DATA  
 November 2015**

Marketing Area <sup>1/</sup>	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,081,945	755,231	36.3	\$3.02	\$18.32
FO 5 Appalachian - (Charlotte)	458,447	328,525	71.7	<sup>2/</sup>	19.65
FO 6 Florida - (Tampa)	231,006	193,765	83.9	<sup>2/</sup>	21.59
FO 7 Southeast - (Atlanta)	410,936	323,073	78.6	<sup>2/</sup>	20.21
FO 30 Upper Midwest - (Chicago)	2,847,743	293,979	10.3	0.45	15.75
FO 32 Central - (Kansas City)	1,247,209	404,301	32.4	1.30	16.60
FO 33 Mideast - (Cleveland)	1,493,372	538,577	36.1	1.85	17.15
FO 124 Pacific Northwest - (Seattle)	711,676	166,826	23.4	1.38	16.68
FO 126 Southwest - (Dallas)	1,073,323	361,816	33.7	2.01	17.31
FO 131 Arizona - (Phoenix)	381,308	108,432	28.4	<sup>2/</sup>	17.28

<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, visit website version for information.

**MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2015 .....\$15.30 /cwt.**

# Mideast Market Administrator's Bulletin

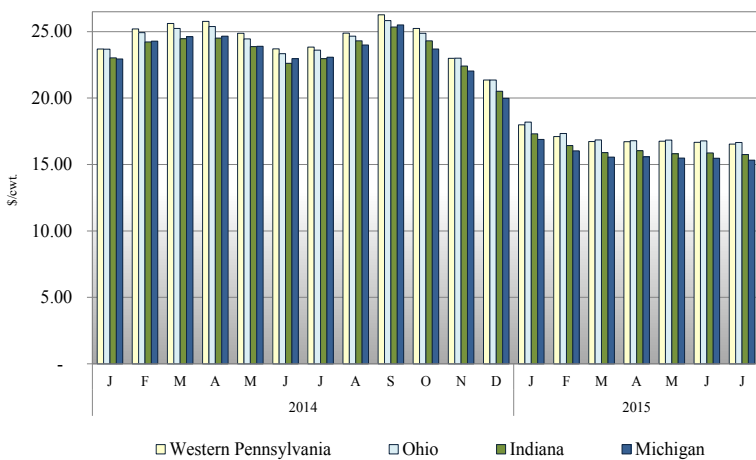
Supplement

Federal Order No. 33

December 2015

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

Mailbox Milk Price for Selected Reporting Areas Federal Order 33, 2014-2015



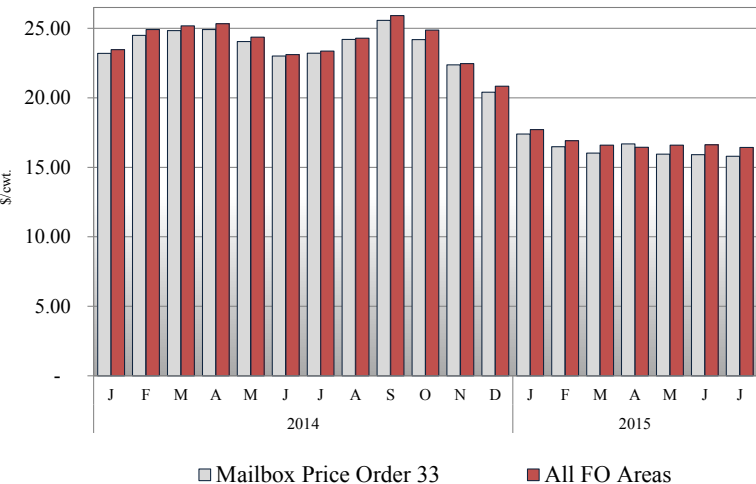
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

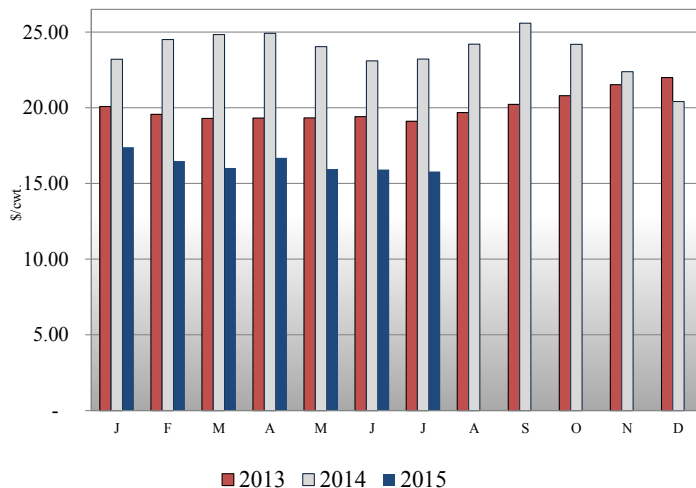
Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

## FEDERAL ORDER 33 MAILBOX PRICE STATISTICS

Mailbox Milk Price for Mideast Marketing Area and All FO Areas, 2014-2015



Mailbox Milk Price for the Mideast Marketing Area, 2013-2015

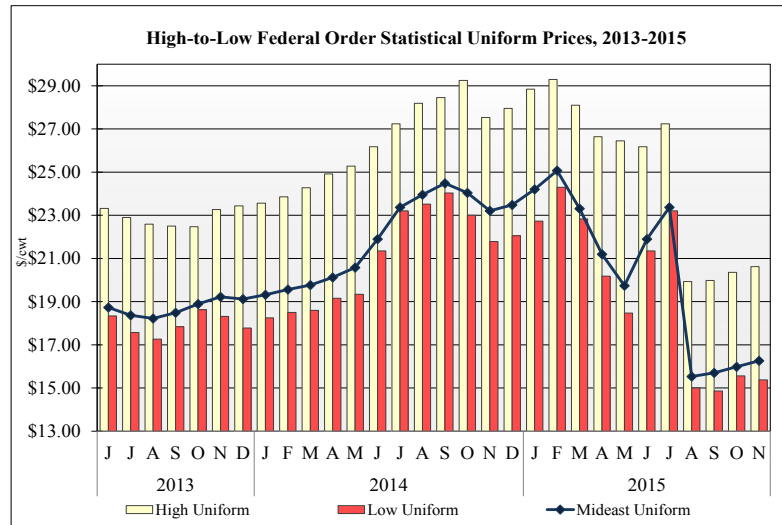
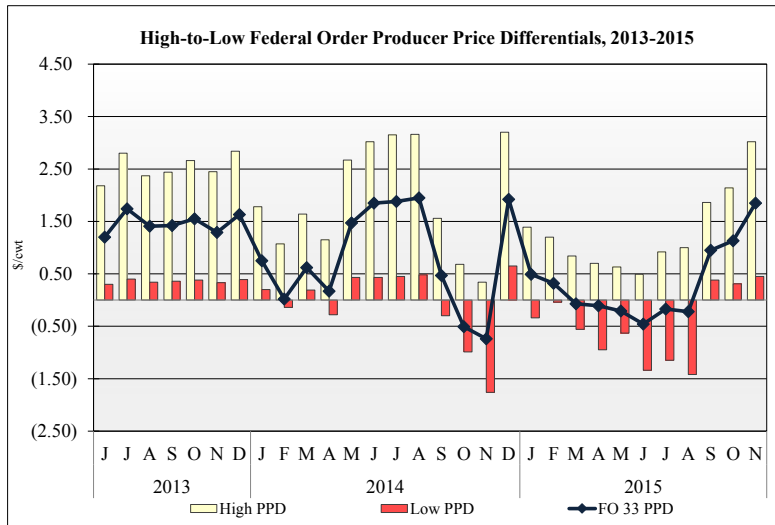


The net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$15.79 per hundredweight for July 2015. The July mailbox price is \$0.12 lower than the mailbox price for June 2015. The July mailbox price is \$7.42 lower than the July 2014 mailbox price of \$23.21 per cwt.

For July 2015 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$0.64 per cwt higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For July the all Federal Order mailbox price was \$16.43 per hundredweight, \$6.93 lower than July 2014.

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 traditionally has the highest producer price differential. For November 2015, Federal Order 1 had a PPD of \$3.02 per hundredweight (cwt), \$0.88 higher than their October PPD of \$2.14 per cwt.

In November 2015 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at \$1.85 per cwt, \$0.72 per cwt higher than the October PPD.

For November 2015 Federal Order 30 had the lowest PPD at \$0.45 per cwt, \$0.14 per higher than the October PPD.

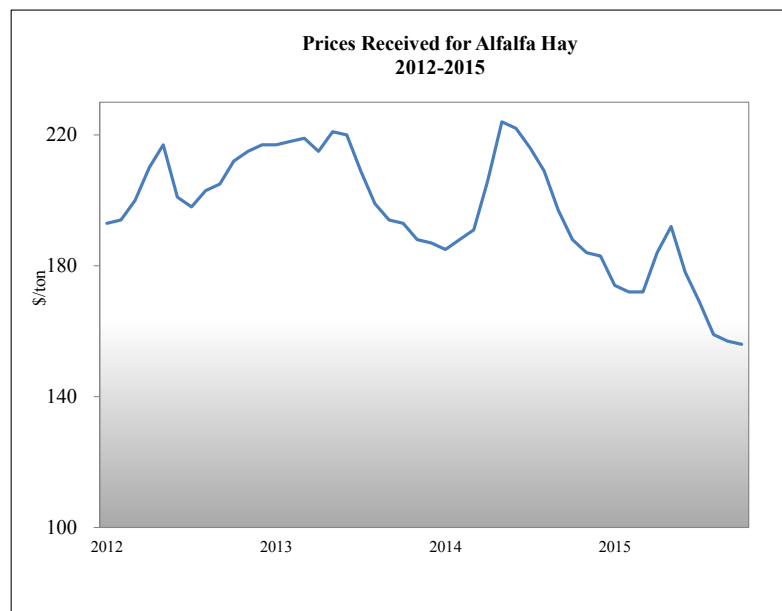
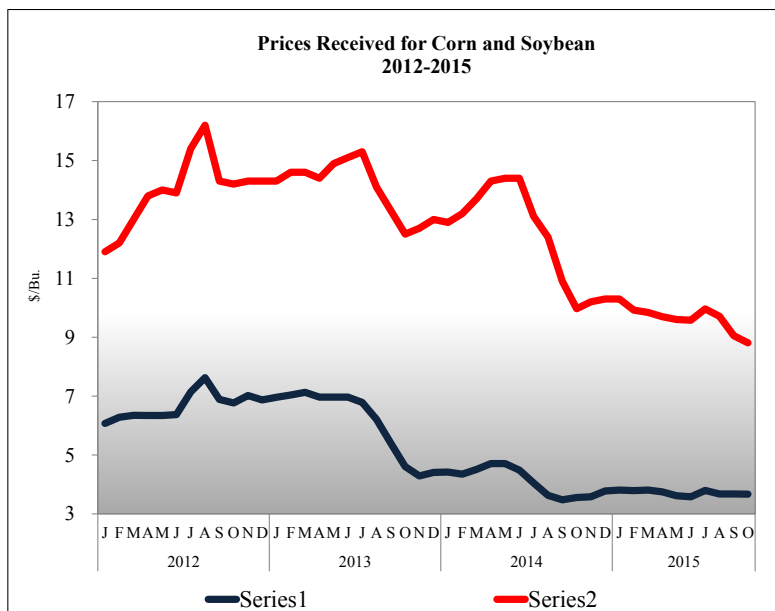
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2015, Federal Order 6 had a SUP of \$21.59 per cwt, \$0.70 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$17.15 per cwt, \$0.56 per cwt higher than the previous month's SUP.

The Upper Midwest order had the lowest SUP at \$15.75 per cwt, \$0.02 per cwt lower 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