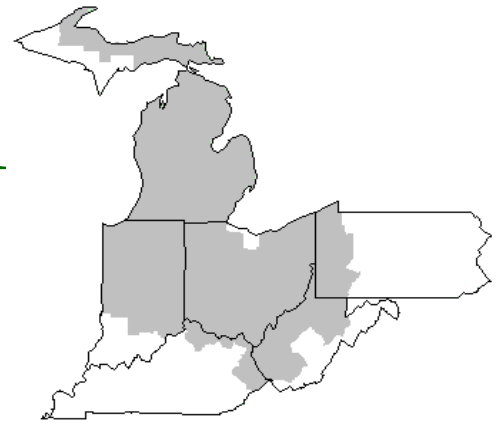


Mideast Market Administrator's Bulletin



Federal Order No. 33

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July 2015

Enrollment for 2016 Dairy Margin Protection Program to Begin July 1

Agriculture Deputy Secretary Krysta Harden announced that starting July 1, 2015, dairy farmers can enroll in the U.S. Department of Agriculture's (USDA) Margin Protection Program for coverage in 2016. The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating dairy operations when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the farmer. Harden made the announcement while visiting Wolfe's Neck Farm and dairy school in Freeport, Maine.

"More than half of our nation's dairy producers enrolled in the 2015 program, which exceeded our expectations for the first year of the program," said Harden. "We are confident that dairy farmers across the country will again take advantage of this safety net program for 2016. USDA will continue outreach efforts, including partnering with cooperative extension services, to ensure dairy producers are fully informed about the protections that this safety net program can provide during periods of market downturns."

The Margin Protection Program gives participating dairy producers the flexibility to select coverage levels best suited for their operation. Enrollment begins July 1 and ends on September 30, 2015, for coverage in 2016. Participating farmers will remain in the program through 2018 and pay a \$100 administrative fee each year. Producers also have the option of selecting a different coverage level during open enrollment each year. Margin Protection Program payments are based on an operation's historical production. An operation's historical production will increase by 2.61 percent in 2016 if the operation participated in 2015, providing a stronger safety net.

USDA also has an online resource available to help dairy producers decide which level of coverage will provide them with the strongest safety net under a variety of conditions. The enhanced Web tool, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine their unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, mobile phone, or tablet, 24 hours a day, seven days a week.

Dairy operations enrolling in the program must meet conservation compliance provisions. Producers participating in the Livestock Gross Margin insurance program may register for the Margin Protection Program, but this new margin program will only begin

once their Livestock dairy insurance coverage has ended. Producers must also submit form CCC-782 for 2016, confirming their Margin Protection Program coverage level selection, to the local Farm Service Agency (FSA) office. If electing higher coverage for 2016, dairy producers can either pay the premium in full at the time of enrollment or pay a minimum of 25 percent of the premium by February 1, 2016.

The Margin Protection Program was established by the 2014 Farm Bill, which builds on historic economic gains in rural America over the past six years, while achieving meaningful reform and billions of dollars in savings for the taxpayer. Since enactment, USDA has made significant progress to implement each provision of this critical legislation, including providing disaster relief to farmers and ranchers; strengthening risk management tools; expanding access to rural credit; funding critical research; establishing innovative public-private conservation partnerships; developing new markets for rural-made products; and investing in infrastructure, housing and community facilities to help improve quality of life in rural America. For more information, visit www.usda.gov/farmbill.

For more information, visit FSA online at www.fsa.usda.gov/dairy for more information, or stop by a local FSA office to learn more about the Margin Protection Program. To find a local FSA office in your area, visit <http://offices.usda.gov>.

June 2015 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	484,648,540	33.8
Class II	349,567,402	24.4
Class III	331,184,579	23.1
Class IV	268,964,800	18.7
Total	1,434,365,321	100.0

Producer Prices

Producer Price Differential	\$ (0.46) / cwt
Butterfat Price	2.1011 / lb
Protein Price	2.6915 / lb
Other Solids Price	0.2322 / lb
Somatic Cell Adjustment Rate	0.00086 / cwt
Statistical Uniform Price	16.26 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

June 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			475,408,051			\$11.37 / cwt	\$ 54,053,895.39
Class I Butterfat		9,240,489				2.0481 / lb	18,925,445.52
Class I Location Differential	484,648,540						(207,552.65)
Class II SNF Value				29,719,662		0.8511 / lb	25,294,404.33
Class II Butterfat		22,160,091				2.1081 / lb	46,715,687.87
Class III Protein Value			9,964,137			2.6915 / lb	26,818,474.76
Class III Other Solids Value					19,138,041	0.2322 / lb	4,443,853.15
Class III Butterfat		10,897,345				2.1011 / lb	22,896,411.60
Class IV SNF Value				23,614,726		0.7529 / lb	17,779,527.24
Class IV Butterfat		9,133,661				2.1011 / lb	19,190,735.12
Somatic Cell Value II / III / IV							<u>1,306,499.18</u>
TOTAL PRODUCER MILK VALUE	1,434,365,321	51,431,586	42,977,043		82,592,903		\$ 237,217,381.51
Overages						682.41	
Beginning Inventory & OS Charges						159,350.31	
TOTAL ADJUSTMENTS							\$ <u>160,032.72</u>
TOTAL HANDLER OBLIGATIONS							\$ 237,377,414.23
Total Protein Value			42,977,043 lbs	@	\$2.6915		\$ (115,672,711.24)
Total Other Solids Value			82,592,903 lbs	@	0.2322		(19,178,072.05)
Butterfat Value			51,431,586 lbs	@	2.1011		(108,062,905.38)
Total Somatic Cell Values							<u>(1,936,716.34)</u>
TOTALS							\$ (7,472,990.78)
Net Producer Location Adjustments							\$ 916,894.72
1/2 Unobligated Balance Producer Settlement Fund							<u>643,000.00</u>
Total - Divided by Total Pounds			1,434,365,321 lbs		(0.4122448)		\$ (5,913,096.06)
Rate of Cash Reserve					<u>(0.0477552)</u>		<u>(684,984.03)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,434,365,321		\$ (0.46) /cwt		\$ (6,598,080.09)

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	<u>June</u>			<u>June</u>	
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Butterfat Price	\$2.1011 / lb	\$2.4413 / lb	Class III Price - 3.5% BF	\$ 16.72	\$21.36
Protein Price	2.6915 / lb	3.3437 / lb	Producer Price Differential*	<u>(0.46)</u>	<u>1.85</u>
Other Solids Price	0.2322 / lb	0.4942 / lb	Statistical Uniform Price	\$16.26	\$23.21
Somatic Cell Adjustment Rate	0.00086 / cwt	0.00102 / cwt			
Nonfat Solids Price	0.7529 / lb	1.6785 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	<u>June</u>			<u>June</u>	
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Class I*	\$18.14	\$24.86	Class I	<u>Product lbs.</u> 484,648,540	<u>Product lbs.</u> 467,110,497
Class II	14.77	23.94	Class II	349,567,402	162,691,318
Class III	16.72	21.36	Class III	331,184,579	539,323,620
Class IV	13.90	23.13	Class IV	<u>268,964,800</u>	<u>219,962,536</u>
			Total	1,434,365,321	1,389,087,971

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for June 2015 was \$(0.46) and the Statistical Uniform Price was \$16.26 for the month. The Statistical Uniform Price is \$0.28 higher than last month, and is \$6.95 lower than June 2014.

The Producer Butterfat Price of \$2.1011 per pound increased \$0.0412 from May and is down \$0.3402 from a year ago. The Protein Price of \$2.6915 is up \$0.1709 from last month and is down \$0.6522 from June 2014. The Other Solids Price in June was \$0.2322 per pound, a decrease from last month's price of \$0.2533 and \$0.2620 lower than last June. The Somatic Cell Adjustment rate for June was \$0.00086.

June producer receipts of 1.434 billion pounds were 3.5 percent lower than May and 3.3 percent higher than June 2014 production of 1.389 billion pounds. Producer milk allocated to Class I accounted for 33.8 percent of the total producer milk in June 2015, higher than the 33.7 percent in May, and higher than the 33.6 percent in June 2014. A total of 5,741 producers were pooled on the Mideast Order compared to 5,959 producers pooled in June 2014.

The market average content of producer milk was as follows: Butterfat 3.59%; Protein 3.00%; Other Solids 5.76% and Nonfat Solids 8.76%.

May Milk Production Up 1.4 Percent

Milk production in the 23 major States during May totaled 17.2 billion pounds, up 1.4 percent from May 2014. April revised production, at 16.6 billion pounds, was up 1.8 percent from April 2014. The April revision represented an increase of 3.0 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,990 pounds for May, 11 pounds above May 2014. This is the highest production per cow for the month of May since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.63 million head, 72,000 head more than May 2014, and 4,000 head more than April 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 May totaled 2.7 billion pounds, up 106 million pounds or 4.1 percent from May 2014.

Production per cow in the Mideast states averaged 1,936 pounds for May, 26 pounds above May 2014.

The number of cows on farms in the Mideast states was 1.4 million head, 28,000 head more than May 2014.

Recent Developments in Dairy Markets

Price directions of major dairy commodities, as reported in the USDA National Dairy Products Sales Report, were mixed in May. From the week ending May 9 to the week ending June 6, the price of butter increased from \$1.819 to \$1.903 per pound. Cheddar cheese prices increased from \$1.614 to \$1.661 per pound for 40-pound blocks and from \$1.666 to \$1.672 per pound for 500-pound barrels (adjusted to 38-percent moisture). The prices of NDM decreased from \$0.942 to \$0.947 per pound. The price of dry whey was relatively steady, at 43.7 cents for the weeks ending May 9 and June 6, with small deviations in the intervening weeks.

U.S. milk production for April was up 1.7 percent from April 2014, larger than the 1.4 percent year-over-year increase in March. Milk production per cow averaged 1,911 pounds in April, 19 pounds above April 2014. Milk cow numbers were 9.305 million head, about 65 thousand head more than April 2014 and about a thousand head more than March 2015. While most States had year-over-year gains in milk production in April, drought contributed to 2.1 percent reduction in California milk production from April 2014.

Recent low feed prices are expected to continue. The alfalfa hay price increased from \$172 per ton in March to \$184 per ton in April. Corn and

soybean meal price forecasts for the 2015/2016 marketing year are unchanged from last month's forecasts at \$3.20-3.80 per bushel and \$305-345 per short ton, respectively.

Based on April data, the 2015 forecast for milk production has been raised by 0.1 billion pounds from last month's projection, as the forecast for yield per cow has been increased by 10 pounds for the year. The 2015 forecast for imports on a milk-fat basis has been raised from last month's forecast by 0.2 billion pounds but is unchanged on a skim-solids basis. The forecast for domestic commercial disappearance has been raised by .3 billion pounds on a milk-fat basis, reflecting greater expected cheese demand.

Based on recent price data and strong expected cheese demand, the 2015 forecast for the cheese price has been raised to \$1.635-\$1.675 per pound. With recent price changes and abundant supplies, price forecasts for butter, NDM, and dry whey have been lowered respectively, to \$1.800-\$1.870, \$1.005-\$1.045, and 46.5-48.5 cents per pound. With the higher cheese price more than offsetting the lower whey price, the Class III milk price forecast has been raised to \$16.15-\$16.55 per hundredweight (cwt). With lower forecasts for butter and nonfat dry milk, the Class IV price forecast has been lowered to \$14.20-\$14.70 per cwt. Changes in class prices are largely offsetting, resulting in an all-milk price forecast that is unchanged at the midpoint from last month's forecast at \$17.15-\$17.55 per cwt.

The yield per cow forecast for 2016 has been raised from last month's forecast by 30 pounds, raising the milk production forecast by 0.3 billion pounds to 213.9 billion pounds.

The 2016 forecast for NDM has been lowered to \$1.195-\$1.265 per pound as U.S. exporters maintain relatively low prices to meet competition. The dry whey price forecast has been lowered to 50.5-53.5 cents per pound. The cheese price forecast is unchanged from last month at \$1.610-\$1.710 per pound. The butter price forecast is \$1.720-\$1.850 per pound. With lower prices forecast for NDM and dry whey, Class III and IV prices have been lowered to \$16.15-\$17.15 and \$15.40-\$16.50 per cwt, respectively. The-all milk price forecast is unchanged at \$17.45 and \$18.45 per cwt.

Bulletin WebPage Edition

www.fmmacleve.com

Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- National Product Prices

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

State	May 2015 -----Weighted Averages -----						May 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	1,489	662,651	3.60	3.03	5.75	160	687,565	3.63	3.05	5.74	169	
Ohio	1,956	386,942	3.63	3.03	5.70	192	383,289	3.66	3.07	5.70	204	
Indiana	982	219,740	3.64	3.07	5.80	193	197,854	3.62	3.08	5.77	209	
Pennsylvania	801	102,656	3.74	3.02	5.73	226	109,610	3.79	3.06	5.72	239	
New York	258	96,567	3.75	3.03	5.77	178	107,236	3.75	3.03	5.76	192	
Wisconsin	66	5,631	3.85	3.13	5.72	179	35,478	3.54	3.08	5.74	231	
West Virginia	42	3,093	3.81	3.16	5.72	240	3,168	3.86	3.19	5.71	265	
Other	186	9,363	3.72	3.07	5.74	218	16,855	3.73	3.08	5.73	206	
Total/Average *	5,780	1,486,643	3.64	3.03	5.74	179	1,541,055	3.65	3.06	5.73	191	

* 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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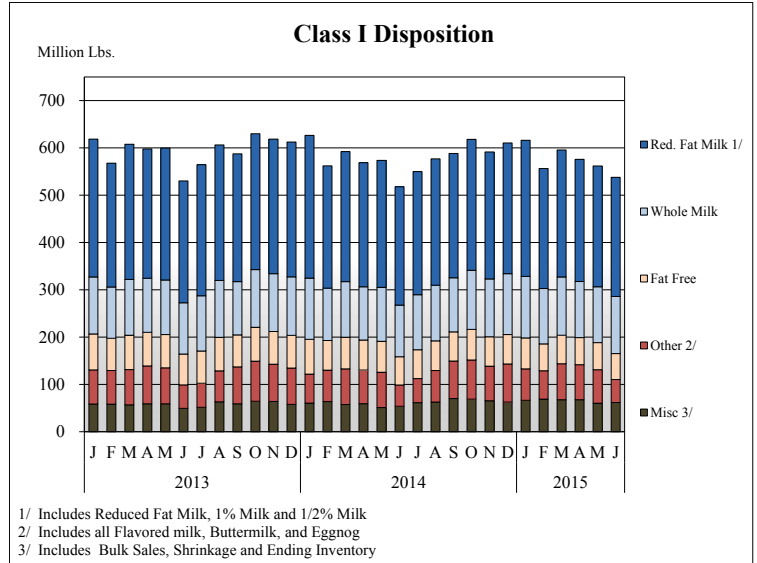
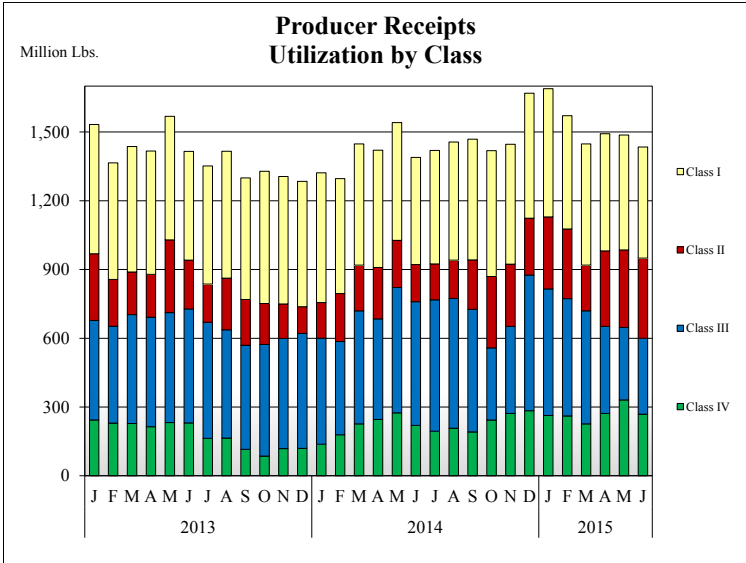
FEDERAL ORDER DATA
June 2015

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)	2,090,065	711,963	34.1	\$0.37	\$17.09
FO 5 Appalachian - (Charlotte)	456,201	302,617	66.3	^{2/}	18.24
FO 6 Florida - (Tampa)	210,948	177,092	84.0	^{2/}	20.62
FO 7 Southeast - (Atlanta)	425,798	304,104	71.4	^{2/}	18.94
FO 30 Upper Midwest - (Chicago)	2,067,143	271,939	13.1	(0.10)	16.62
FO 32 Central - (Kansas City)	1,065,776	370,665	34.8	(0.42)	16.30
FO 33 Mideast - (Cleveland)	1,434,365	484,649	33.8	(0.46)	16.26
FO 124 Pacific Northwest - (Seattle)	460,896	159,447	34.6	(1.34)	15.38
FO 126 Southwest - (Dallas)	563,233	321,328	57.1	0.49	17.21
FO 131 Arizona - (Phoenix)	396,947	104,954	26.4	^{2/}	15.95

^{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 JULY 2015.....\$13.90 /cwt.

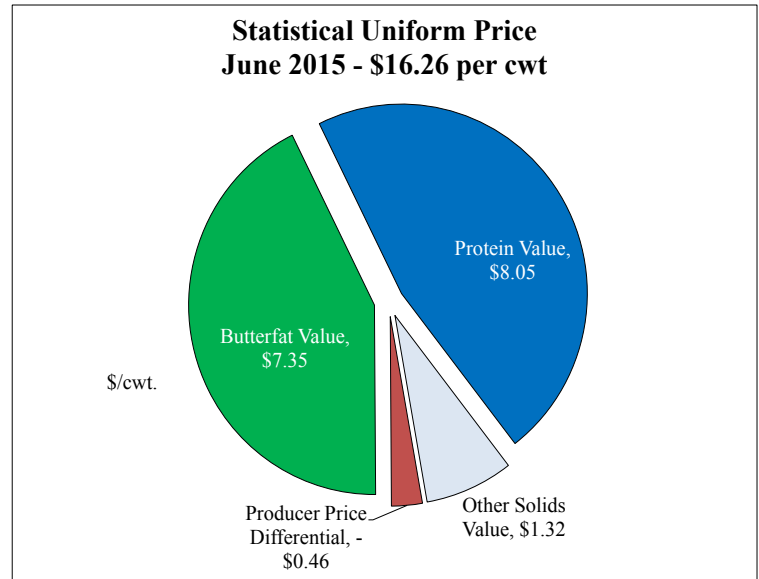
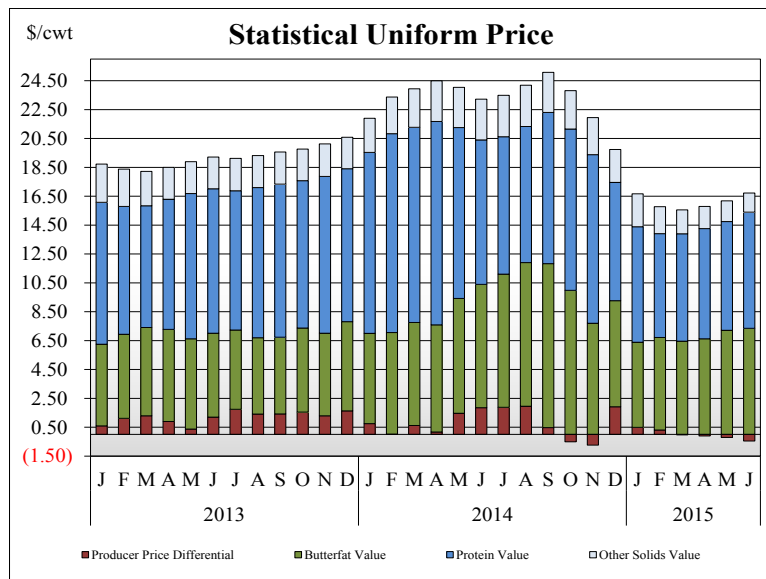
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.434 billion pounds in June 2015. The pounds allocated to Class I represented 33.8 percent of the total pounds. Producer receipts decreased 52 million pounds compared to May 2015, and were up 45 million pounds from the prior year.

Class I Pounds: Class I Disposition for the Mideast Order totaled 538 million pounds in June 2015, up 20 million pounds from June 2014. Finished products include 121 million pounds used for whole milk, 252 million pounds of reduced fat and low fat milk, and 55 million pounds of fat free (skim) milk.

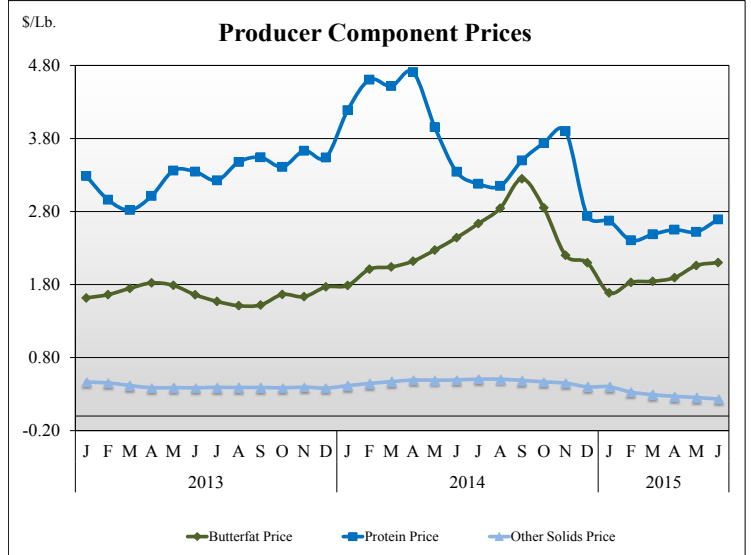
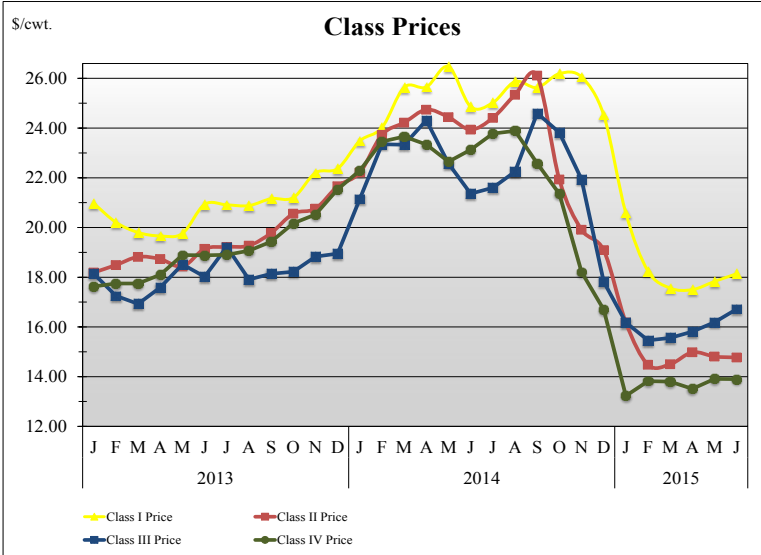
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$16.26 per cwt for June 2015. The June 2015 SUP was \$6.95 per cwt lower than the June 2014 SUP. The June 2015 SUP is \$0.28 per cwt higher than the May 2015 SUP.

June 2015 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the June 2015 SUP are: \$8.05 per cwt for protein, \$7.35 per cwt for butterfat and \$1.32 per cwt for other solids. Also included in the SUP is the \$-0.46 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

