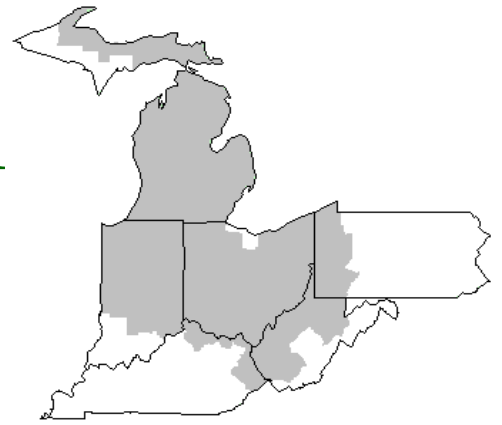


Mideast Market Administrator's Bulletin



Federal Order No. 33

Sharon R. Uther, Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com
October 2015

USDA Receives Request from the Organic Trade Association

On September 29, 2015, USDA received a formal request from the Organic Trade Association for a national hearing to amend all Federal Milk Marketing Orders regarding organic milk. USDA is currently considering the petition.

The proposal is available at www.ams.usda.gov/rules-regulations/moa/dairy/organic-amendment.

Additional information regarding Federal Milk Marketing Orders can be found at www.ams.usda.gov/rules-regulations/moa/dairy.

August Milk Production Up 0.8 Percent

Milk production in the 23 major States during August totaled 16.3 billion pounds, up 0.8 percent from August 2014. July revised production, at 16.6 billion pounds, was up 1.3 percent from July 2014. The July revision represented an increase of 0.1 percent or 5 million pounds from last month's preliminary production estimate.

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 August totaled 2.6 billion pounds, up 50 million pounds or 2.0 percent from August 2014.

Production per cow in the Mideast states averaged 1,849 pounds for August. This was an increase of 13 pounds from August 2014.

The number of cows on farms in the Mideast states was 1.4 million head, 17,000 head more than August 2014.

Dairy Outlook

Dairy exports fell from June to July on both the milk-fat and skim-solids milk equivalent bases, reflecting weak global demand and competition from foreign countries. Products with significant month-over-month declines in exports included milk powder, fresh cheese, and cream.

Dairy imports increased from June to July on a milk-fat milk-equivalent basis. Products with significant month-over-month increases in imports included butter, anhydrous milk fat (AMF), and cheese. On a skim-solids basis, imports declined on a month-over-month basis, with imports of milk protein concentrate (MPC) showing the greatest decline.

The U.S. domestic nonfat dry milk price (NDM) averaged \$0.744 per pound in August, the lowest monthly price since June 1988. The

price reached a low point of \$0.736 per pound for the week ending August 22 but increased to \$0.755 for the week ending September 5. The domestic dry whey price averaged \$0.311 per pound in August, the lowest monthly level since September 2009. The price fell from \$0.355 for the week ending August 8 to \$0.269 for the week ending September 5. Export prices of major competitors for skim milk powder (SMP) and dry whey were similar for August. SMP prices for Oceania and Western Europe were \$0.737 and \$0.798 per pound, respectively. The Western Europe dry whey export price for August was \$0.303 per pound.

In contrast to NDM and dry whey, butter showed large differences between the August U.S. domestic price and foreign export prices. The U.S. domestic price was \$2.044 per pound, while the Oceania and Western Europe export prices were \$1.24 and \$1.28 per pound, respectively. The over-quota tariff for butter is about \$0.70 per pound. With large gaps between foreign and domestic prices, some importers have found it economical to import at the over-quota tariff rate. In recent months, most of the butter was imported at the relatively high over-quota tariff rate. In recent weeks, domestic butter prices have moved further upward, reaching \$2.229 for the week ending September 5, as reported in the USDA National Dairy Product Sales Report. The domestic cheddar cheese price in August was \$1.739 per pound, notably higher than the Oceania export price of \$1.35 per pound, but not high enough to attract substantial quantities of over-quota imports at the high-tier tariff for cheddar cheese of about \$0.58 per pound.

(Continued on Page 3)

September 2015 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	521,387,256	33.4
Class II	357,069,564	22.9
Class III	454,263,865	29.1
Class IV	227,743,273	14.6
Total	1,560,463,958	100.0

Producer Prices

Producer Price Differential	\$ 0.95 /cwt
Butterfat Price	2.7531 /lb
Protein Price	1.9801 /lb
Other Solids Price	0.0465 /lb
Somatic Cell Adjustment Rate	0.00086 /cwt
Statistical Uniform Price	16.77 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

September 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			512,002,422			\$11.08 / cwt	\$56,729,868.35
Class I Butterfat		9,384,834				2.1853 / lb	20,508,677.73
Class I Location Differential	521,387,256						(228,641.04)
Class II SNF Value				30,608,111		0.6567 / lb	20,100,346.51
Class II Butterfat		21,129,941				2.7601 / lb	58,320,750.21
Class III Protein Value			13,871,544			1.9801 / lb	27,467,044.31
Class III Other Solids Value					26,077,193	0.0465 / lb	1,212,589.46
Class III Butterfat		16,159,106				2.7531 / lb	44,487,634.74
Class IV SNF Value				19,841,729		0.6266 / lb	12,432,827.42
Class IV Butterfat		10,033,765				2.7531 / lb	27,623,958.43
Somatic Cell Value II / III / IV							<u>1,383,119.95</u>
TOTAL PRODUCER MILK VALUE	1,560,463,958	56,707,646	47,564,680		89,451,697		\$270,038,176.07
Overages						3,925.67	
Beginning Inventory & OS Charges						143,362.27	
TOTAL ADJUSTMENTS							<u>147,287.94</u>
TOTAL HANDLER OBLIGATIONS							\$270,185,464.01
Total Protein Value			47,564,680 lbs	@	\$1.9801		\$(94,182,822.86)
Total Other Solids Value			89,451,697 lbs	@	0.0465		(4,159,503.94)
Butterfat Value			56,707,646 lbs	@	2.7531		(156,121,820.22)
Total Somatic Cell Values							<u>(2,026,988.21)</u>
TOTALS							\$13,694,328.78
Net Producer Location Adjustments							\$1,237,122.01
1/2 Unobligated Balance Producer Settlement Fund							<u>670,000.00</u>
Total - Divided by Total Pounds			1,560,463,958 lbs		0.9997957		\$15,601,450.79
Rate of Cash Reserve					<u>(0.0497957)</u>		<u>(777,043.95)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,560,463,958		\$0.95 / cwt		\$14,824,406.84

COMPONENT PRICES

September

COMPUTATION OF UNIFORM PRICE

September

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Butterfat Price	\$2.7531 / lb	\$3.2467 / lb	Class III Price - 3.5% BF	\$ 15.82	\$24.60
Protein Price	1.9801 / lb	3.4991 / lb	Producer Price Differential*	<u>0.95</u>	<u>0.47</u>
Other Solids Price	0.0465 / lb	0.4876 / lb	Statistical Uniform Price	\$16.77	\$25.07
Somatic Cell Adjustment Rate	0.00086 / cwt	0.00117 / cwt			
Nonfat Solids Price	0.6266 / lb	1.2910 / lb			

CLASS PRICES

September

CLASSIFICATION OF PRODUCER MILK

September

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Class I*	\$18.34	\$25.63	Product lbs.	Product lbs.	
Class II	15.36	26.11	Class I	521,387,256	526,568,570
Class III	15.82	24.60	Class II	357,069,564	215,684,208
Class IV	15.08	22.58	Class III	454,263,865	534,992,591
			Class IV	<u>227,743,273</u>	<u>191,380,131</u>
			Total	1,560,463,958	1,468,625,500

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for September 2015 was \$0.95 and the Statistical Uniform Price was \$16.77 for the month. The Statistical Uniform Price is \$0.72 higher than last month, and is \$8.30 lower than September 2014.

The Producer Butterfat Price of \$2.7531 per pound increased \$0.4857 from August and is down \$0.4936 from a year ago. The Protein Price of \$1.9801 is down \$0.5891 from last month and is down \$1.5190 from September 2014. The Other Solids Price in September was \$0.0465 per pound, a decrease from last month's price of \$0.1151 and \$0.4411 lower than last September. The Somatic Cell Adjustment rate for September was \$0.00086.

September producer receipts of 1.56 billion pounds were 9.4 percent higher than August and 6.3 percent higher than September 2014 production of 1.47 billion pounds. Producer milk allocated to Class I accounted for 33.4 percent of the total producer milk in September 2015, lower than the 36.6 percent in August, and lower than the 35.9 percent in September 2014. A total of 5,503 producers were pooled on the Mideast Order compared to 5,961 producers pooled in September 2014.

The market average content of producer milk was as follows: Butterfat 3.63%; Protein 3.05%; Other Solids 5.73% and Nonfat Solids 8.78%.

(Continued from Front Page)

With low international prices and weaker exports in July, dairy export forecasts for 2015 have been lowered from last month's forecasts to 9.1 billion pounds on a milk-fat basis (-0.7 billion pounds) and to 38.6 billion pounds on a skim-solids basis (-0.9 billion pounds). Forecasts for imports have been raised to 5.9 billion pounds on a milk-fat basis (+0.2 billion pounds) but are unchanged at 6.6 billion pounds on a skim-solids basis.

Based on recent data, the milk production forecast for 2015 has been increased to 208.9 billion pounds, 0.1 billion pounds higher than forecast last month and a year over-year increase of 1.4 percent. Milk cows are forecast at 9.320 million head, and milk per cow at 22,420 pounds.

The forecast for domestic commercial disappearance on a milk-fat basis has been increased to 203.8 billion pounds (+0.8 billion pounds), largely due to expectations of greater demand for butter and cheese. The forecast for domestic commercial disappearance on a skim-solids basis has been raised to 175.9 billion pounds (+1.0 billion pounds), based upon higher expected demand for NDM and cheese.

With recent higher prices for butter and the higher expected demand for butterfat products, the 2015 butter price forecast has been raised to \$1.915-\$1.955 per pound. The NDM price is forecast at \$0.880-\$0.900 per pound, with an expectation of a rebound in the remainder of the year. The cheese price is forecast at \$1.645-\$1.665 per pound, an increase from last month, and the whey price is forecast at \$0.380-\$0.400, a decrease from last month. The 2015 Class III milk price forecast is lowered to \$15.80-\$16.00 per cwt due to the lower whey price forecast. With the higher price forecasts for butter and NDM, the Class IV milk price forecast is raised to \$13.55-\$13.85. The higher Class IV milk price more than offsets the lower Class III milk price, resulting in an all-milk price forecast of \$16.80-\$17.00 per cwt, an increase from the \$16.75-\$16.95 forecast last month.

Lower exports of dairy products, compared to last month's forecasts, are projected to continue in 2016. Commercial exports are projected at 10.0 billion pounds (-0.7 billion pounds) on a milk-fat basis and 39.5 billion pounds (-0.2 billion pounds) on a skim-solids basis. The forecast for imports on a milk-fat basis have been raised to

5.7 billion pounds (+0.3 billion pounds), while the forecast for imports on a skim solids basis is unchanged at 6.4 billion pounds.

The milk production forecast for 2016 is 213.0 billion pounds, unchanged from last month. The forecast for domestic commercial disappearance on a milk-fat basis has been raised to 207.8 billion pounds (+1.1 billion pounds) due to higher expectations of butter demand and, to a lesser extent, cheese demand. The forecast for commercial disappearance on a skim-solids basis has been raised to 178.6 billion pounds (+0.2 billion pounds). The forecasts for ending stocks have been raised by 0.1 billion pounds on a milk-fat basis and are unchanged on a skim-solids basis.

With continued firm expected butter demand, the forecast for the 2016 butter price has been raised to \$1.785-\$1.915. The cheese price forecast has been lowered to \$1.590-\$1.690, as higher expected cheese production may pressure prices despite growing domestic demand. The NDM price forecast of \$0.950-\$1.020 is unchanged from last month. The dry whey price forecast has been lowered to \$0.345-\$0.375, reflecting relatively weak domestic demand and lower expectations for exports.

With lower cheese and whey price forecasts, the Class III price forecast for 2016 is lowered to \$15.00-\$16.00 per cwt. With the higher expected butter price forecast, the Class IV price has been raised to \$13.60-\$14.70 per cwt. The lower projected Class III price more than offsets the higher Class IV price, resulting in an all-milk price forecast of \$16.10-\$17.10 per cwt, a reduction from \$16.40-\$17.40 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-255/Sept. 17, 2015 Economic Research Service, USDA*

Bulletin WebPage Edition

www.fmmaclev.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	August 2015 -----Weighted Averages -----						August 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	1,468	670,031	3.55	3.00	5.75	179	670,385	3.61	3.04	5.74	181
Ohio	1,874	346,819	3.58	3.01	5.70	226	356,785	3.65	3.04	5.68	223
Indiana	947	203,072	3.55	3.03	5.78	238	166,942	3.65	3.05	5.79	232
Pennsylvania	786	92,745	3.66	3.00	5.71	269	95,494	3.71	3.04	5.70	269
New York	265	103,913	3.69	3.01	5.76	220	91,628	3.70	3.02	5.76	214
Wisconsin	26	2,600	3.54	2.97	5.71	252	57,792	3.67	3.06	5.75	276
West Virginia	42	2,529	3.77	3.14	5.67	290	2,635	3.81	3.16	5.66	301
Other	98	4,953	3.71	3.07	5.69	318	14,395	3.70	3.04	5.72	251
Total/Average *	5,506	1,426,661	3.58	3.01	5.74	208	1,456,056	3.64	3.04	5.73	210

* 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.



PRSR STD
 U.S. POSTAGE
 PAID
 Cleveland, Ohio
 Permit No. 2511

Mideast Market Administrator Bulletin
 1325 Industrial Parkway North
 P.O. Box 5102
 Brunswick, Ohio 44212

POSTMASTER: Time Sensitive Material - Deliver Promptly

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex (including gender identity and expression), marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, D.C. 20250-9410, or call (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

FEDERAL ORDER DATA
September 2015

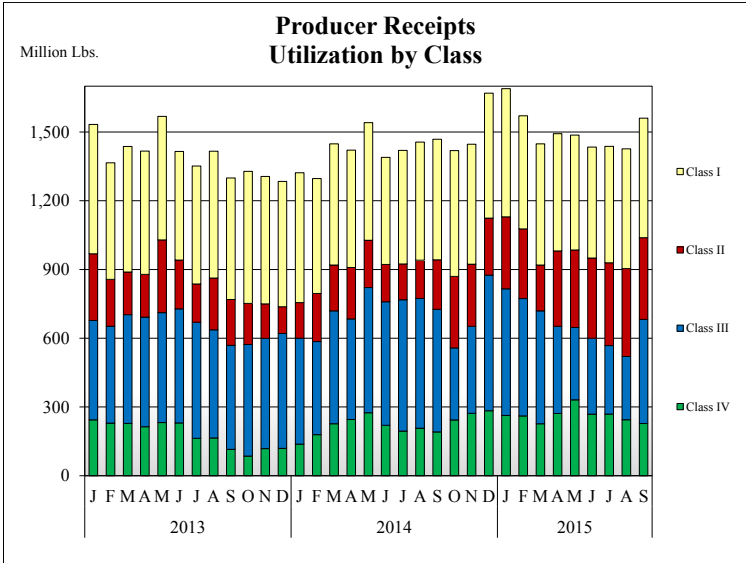
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (<i>Boston</i>)	2,122,291	747,841	35.2	\$1.86	\$17.68
FO 5 Appalachian - (<i>Charlotte</i>)	448,941	324,810	72.4	^{2/}	19.44
FO 6 Florida - (<i>Tampa</i>)	215,378	184,140	85.5	^{2/}	21.66
FO 7 Southeast - (<i>Atlanta</i>)	400,587	321,050	80.1	^{2/}	20.19
FO 30 Upper Midwest - (<i>Chicago</i>)	2,443,029	290,982	11.9	0.38	16.20
FO 32 Central - (<i>Kansas City</i>)	1,213,389	400,485	33.0	0.86	16.68
FO 33 Mideast - (<i>Cleveland</i>)	1,560,464	521,387	33.4	0.95	16.77
FO 124 Pacific Northwest - (<i>Seattle</i>)	475,321	169,884	35.7	0.54	16.36
FO 126 Southwest - (<i>Dallas</i>)	1,191,221	363,179	30.4	1.67	17.49
FO 131 Arizona - (<i>Phoenix</i>)	366,969	108,820	29.7	^{2/}	16.80

^{1/} Names in parentheses are principal points of markets.

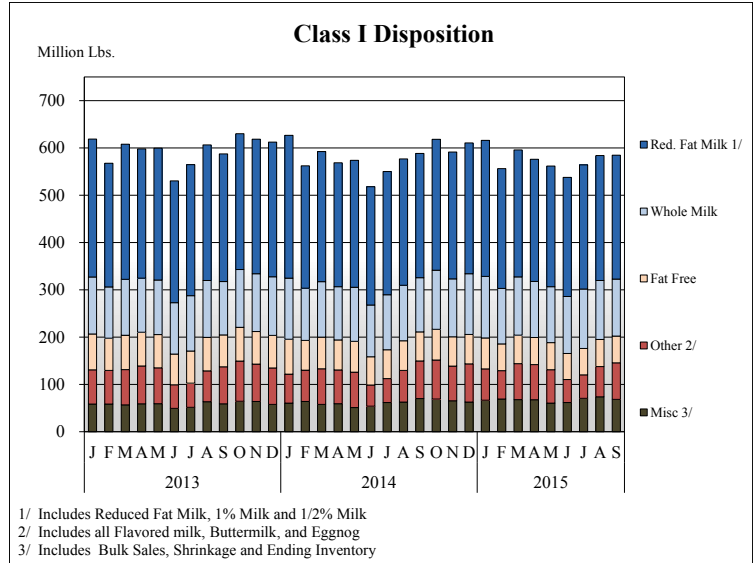
^{2/} Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2015\$15.08 /cwt.

PRODUCER MILK CLASSIFICATION



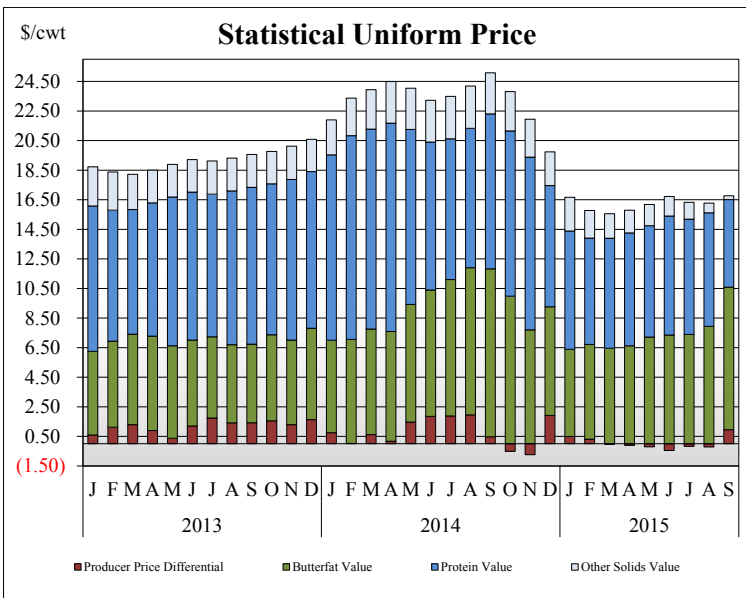
Producer Receipts: Producer receipts for the Mideast Order totaled 1.560 billion pounds in September 2015. The pounds allocated to Class I represented 33.4 percent of the total pounds. Producer receipts increased 133.7 million pounds compared to August 2015 and were up 91.8 million pounds from the prior year.



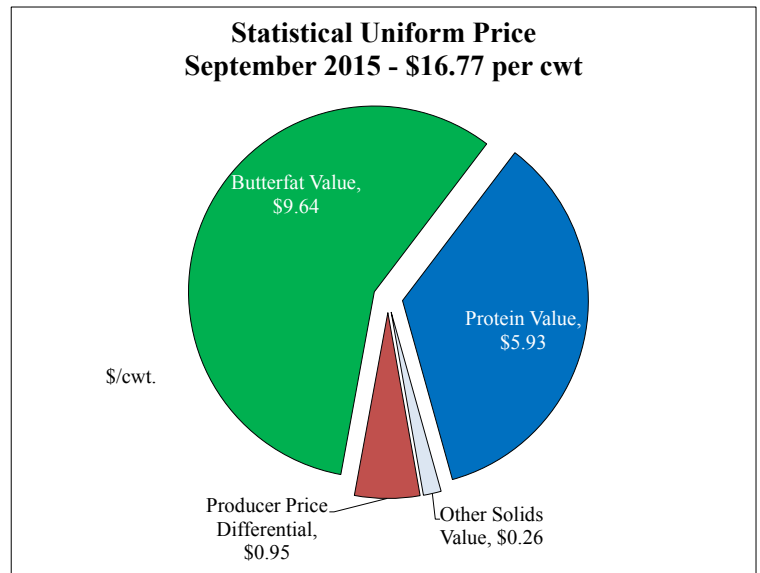
1/ Includes Reduced Fat Milk, 1% Milk and 1/2% Milk
 2/ Includes all Flavored milk, Buttermilk, and Eggnog
 3/ Includes Bulk Sales, Shrinkage and Ending Inventory

Class I Pounds: Class I Disposition for the Mideast Order totaled 584.7 million pounds in September 2015, down 4 million pounds from September 2014. Finished products include 120 million pounds used for whole milk, 262 million pounds of reduced fat and low fat milk, and 57 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

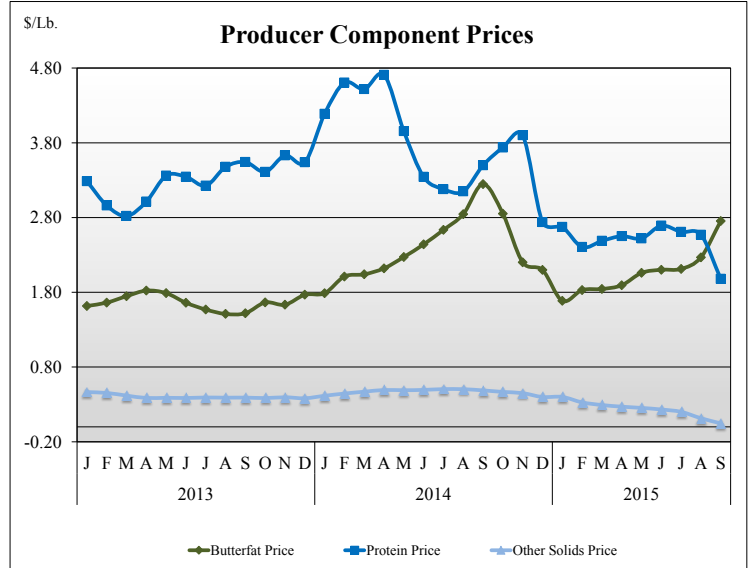
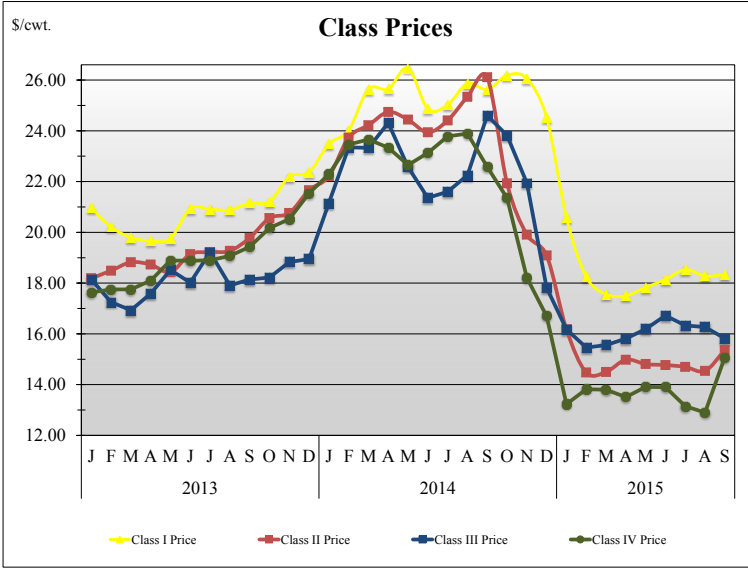


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$16.77 per cwt for September 2015. The September 2015 SUP was \$8.30 per cwt lower than the September 2014 SUP. The September 2015 SUP is \$0.72 per cwt higher than the August 2015 SUP.



September 2015 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the September 2015 SUP are: \$5.93 per cwt for protein, \$9.64 per cwt for butterfat and \$0.26 per cwt for other solids. Also included in the SUP is the \$0.95 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

