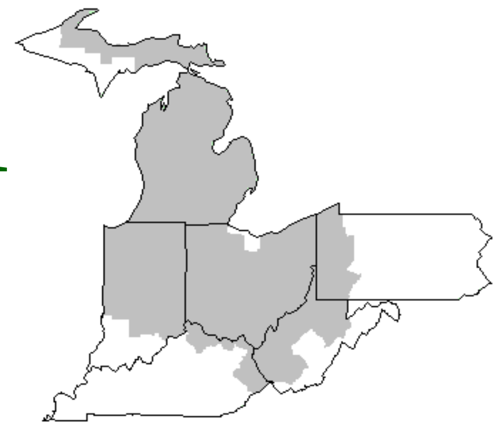
Mideast Market Administrator's Bulletin



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

MAY 2017

Recent Developments in Dairy Markets

February milk production totaled 16.7 billion pounds, 2.3 percent above February 2016, adjusted for leap year. Milk cows numbered 9.367 million head, 4,000 head more than January 2017. Production per cow in the United States averaged 63.6 pounds per day for February, 1.7 percent above the previous year. While this is a significant increase in yield, it is notable that the year-over-year rate of increase has slowed each month since October, when milk per cow was 2.3 percent over the previous year.

February imports on a milk-fat basis were 95 million pounds less than January 2017 and 229 million pounds less than February 2016. On a skim-solids basis, February imports were down 44 million pounds from January 2017 but were up 52 million pounds from February 2016. Notably, February cheese imports were lower than the previous month and the previous year.

February exports on a milk-fat basis were 43 million pounds more than January 2017 but 125 million pounds less than February 2016. On a skim-solids basis, February exports were 89 million pounds more than January 2017 and 395 million pounds more than February 2016. Notably, February exports of NDM and cheese were higher than the previous month and the previous year. Exports of NDM to Mexico were 56.3 million pounds in February, a 34-percent increase over January 2017 and the highest volume since October 2015.

Changing price relationships have likely contributed to the increase in cheese exports and the decrease in cheese imports, as U.S. wholesale domestic prices have declined relative to foreign export prices. U.S. domestic prices for butter and NDM have also become more competitive with foreign export prices in recent months.

With continued strength in milk production and relative weakness in domestic use, February ending stocks climbed for major products, with year-over-year increases for butter (+20.0 percent), NDM (+19.9 percent), American-type cheese (+8.1 percent), and Other-than-American cheese (+3.7 percent).

Based on recent milk production data, the milk cow estimate has been raised to 9.385 million head, 5,000 higher than last month's forecast, and the milk per cow estimate is now expected to be 35 pounds lower for the year, at 23,150 pounds per cow. With these changes, the milk production forecast for 2017 is now 217.3 billion pounds, 0.2 billion pounds lower than last month.

Feed prices are still expected to be relatively low. The 2016-17 corn price is $3.25-$3.55 per bushel, unchanged from last month's forecast at the midpoint, and the soybean meal price forecast is $310-$330 per short ton, $10 less than last month's forecast at the high end of the price range. The alfalfa hay price in February was $129 per short ton, $1 higher than January but $8 lower than February of last year.

The domestic use forecast on a milk-fat basis for 2017 has been reduced 0.6 billion pounds to 214.0 billion, reflecting weaker expected domestic use of butter and cheese. With lower cheese imports in February and more competitive domestic prices expected for both cheese and butter, the 2017 forecast for imports on a milk-fat basis is 6.3 billion pounds, 0.3 billion pounds lower than projected last month. Based on recent data, the forecast for exports on a milk-fat basis has also been lowered slightly to 8.2 billion pounds for the year. With the recent rise in stocks of butter and cheese and lower expectations for domestic use, the projection for ending stocks on a milk-fat basis is 14.4 billion pounds for the year, 0.1 billion pounds more than last month's forecast.

The domestic use forecast on a skim-solids basis for 2017 has been reduced 0.2 billion pounds to 182.9 billion, reflecting weaker expected domestic use of NDM and cheese. Imports on a skim-solids basis are forecast 0.2 billion pounds higher than last month, at 6.4 billion pounds for the year, due to higher expected imports of milk protein products and other miscellaneous products. The forecast for skim-solids exports has also been increased slightly to 39.9 billion pounds for the year, as domestic prices for NDM have become more competitive and exports have recently increased. With the increase in ending stocks for February and lower expected domestic use, the forecast for ending stocks in 2017 has been raised 0.2 billion pounds to 14.7 billion.

(Continued on Page 3)

April 2017 - Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	502,147,867	27.3
Class II	365,267,255	19.8
Class III	644,880,538	35.0
Class IV	330,314,575	17.9
Total	1,842,610,235	100.0

Producer Prices

Producer Price Differential	$ 0.39	/ cwt
Butterfat Price	2.3548	/ lb
Protein Price	1.6955	/ lb
Other Solids Price	0.3350	/ lb
Somatic Cell Adjustment Rate	0.00075	/ cwt
Statistical Uniform Price	15.61	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

April 2017

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			492,599,466			$9.75 / cwt	$ 48,028,447.97
Class I Butterfat		9,548,401				2.4683/ lb	23,568,318.20
Class I Location Differential	502,147,867						(252,181.85)
Class II SNF Value				31,466,041		0.7533/ lb	23,703,368.68
Class II Butterfat		23,624,425				2.3618/ lb	55,796,166.94
Class III Protein Value			20,199,995			1.6955/ lb	34,249,091.53
Class III Other Solids Value					37,265,052	0.3350/ lb	12,483,792.52
Class III Butterfat		21,187,655				2.3548/ lb	49,892,689.99
Class IV SNF Value				29,051,551		0.6641/ lb	19,293,135.01
Class IV Butterfat		14,875,596				2.3548/ lb	35,029,053.49
Somatic Cell Value II / III / IV							1,776,579.88
TOTAL PRODUCER MILK VALUE	1,840,610,235	69,236,077	57,369,359		105,942,784		$ 303,568,462.36
Overages					128,245.28		
Beginning Inventory & OS Charges					16,591.31		
TOTAL ADJUSTMENTS							144,836.59
TOTAL HANDLER OBLIGATIONS							$ 303,713,298.95
Total Protein Value			57,369,359 lbs	@	$1.6955		$(97,269,748.19)
Total Other Solids Value			105,942,784 lbs	@	0.3350		(35,490,832.79)
Butterfat Value			69,236,077 lbs	@	2.3548		(163,037,114.11)
Total Somatic Cell Values							(2,439,853.03)
TOTALS							$ 5,475,750.83
Net Producer Location Adjustments							$ 1,698,777.00
1/2 Unobligated Balance Producer Settlement Fund							816,000.00
Total - Divided by Total Pounds			1,842,610,235 lbs		0.4336526		$ 7,990,527.83
Rate of Cash Reserve					(0.0436526)		(804,347.28)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,842,610,235		$0.39 / cwt		$ 7,186,180.55

COMPONENT PRICES

	April 2017	April 2016
Butterfat Price	$2.3548 / lb	$2.2376 / lb
Protein Price	1.6955 / lb	1.8450 / lb
Other Solids Price	0.3350 / lb	0.0489 / lb
Somatic Cell Adjustment Rate	0.00075 / cwt	0.00075 / cwt
Nonfat Solids Price	0.6641 / lb	0.5573 / lb

COMPUTATION OF UNIFORM PRICE

	April 2017	April 2016
Class III Price - 3.5% BF	$ 15.22	$13.63
Producer Price Differential*	0.39	0.39
Statistical Uniform Price	$15.61	$14.02

CLASS PRICES

	April 2017	April 2016
Class I*	$18.05	$15.74
Class II	14.81	13.54
Class III	15.22	13.63
Class IV	14.01	12.68

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	April 2017 *Product lbs.*	April 2016 *Product lbs.*
Class I	502,147,867	517,996,438
Class II	365,267,255	357,694,069
Class III	644,880,538	568,487,248
Class IV	330,314,575	300,897,451
Total	1,842,610,235	1,745,075,206

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2017 was $0.39 and the Statistical Uniform Price was $15.61 for the month. The Statistical Uniform Price is $0.82 lower than last month, and is $1.59 higher than April 2016.

The Producer Butterfat Price of $2.3548 per pound decreased $0.0628 from March and is up $0.1172 from a year ago. The Protein Price of $1.6955 is down $0.1243 from last month and is down $0.1495 from April 2016. The Other Solids Price in April was $0.3350 per pound, an increase from last month's price of $0.3345 and $0.2861 higher than last April. The Somatic Cell Adjustment rate for April was $0.00075 per cwt.

April producer receipts of 1.84 billion pounds were 0.7 percent lower than March and 5.6 percent higher than April 2016 production of 1.75 billion pounds. Producer milk allocated to Class I accounted for 27.3 percent of the total producer milk in April 2017, lower than the 30.5 percent in March, and lower than the 29.7 percent in April 2016. A total of 5,304 producers were pooled on the Mideast Order compared to 5,279 producers pooled in April 2016.

The market average content of producer milk was as follows: Butterfat 3.76%; Protein 3.11%; Other Solids 5.75% and Nonfat Solids 8.86%.

(continued from Front Page)

Forecasts for all of the dairy product prices have been lowered from last month. In the face of recent dairy product price weakness, high February ending stocks, and lower expected domestic commercial use, 2017 price forecasts for cheese, butter, and NDM have been lowered to $1.600-$1.650, $2.120-$2.200, and $0.865-$0.905 per pound, respectively. The relatively low NDM price may put downward pressure on dry whey prices since the products are substitutable for some purposes; therefore, the 2017 dry whey price forecast has been lowered slightly to $0.490-$0.520 per pound. As a result of lower dairy product prices, the Class III and IV milk price forecasts have been lowered to $16.10- $16.60 and $14.30-$14.90 per cwt. respectively. With these changes, the all milk price estimate for the year is now $17.40-$17.90 per cwt, a decrease from $17.80-$18.40 projected last month.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-274/April 17, 2017 Economic Research Service, USDA

March Milk Production Up 1.8 Percent

Milk production in the 23 major States during March totaled 17.5 billion pounds, up 1.8 percent from March 2016. February production, revised at 15.6 billion pounds, was down 1.2 percent from February 2016. However, production was 2.3 percent above last year after adjusting for the leap year. The February revision represented a decrease of 27 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 2,012 pounds for March, 18 pounds above March 2016. This is the highest production per cow for the month of March since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.71 million head, 72,000 head more than March 2016, and 15,000 head more than February 2017.

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 March totaled 2.8 billion pounds, up 72 million pounds or 2.7 percent from March 2016.

Production per cow in the Mideast states averaged 1,976 pounds for March, 41 pounds above March 2016.

The number of cows on farms in the Mideast states was 1.4 million head, 2,000 head more than March 2016.

March 2017 Highlights

Total cheese output (excluding cottage cheese) was 1.06 billion pounds, 3.3 percent above March 2016 and 12.7 percent above February 2017.

Italian type cheese production totaled 469 million pounds, 2.2 percent above March 2016 and 15.2 percent above February 2017.

American type cheese production totaled 416 million pounds, 3.5 percent above March 2016 and 11.2 percent above February 2017.

Butter production was 176 million pounds, 0.3 percent above March 2016 and 9.0 percent above February 2017.

Dry milk powders (comparisons with March 2016)
Nonfat dry milk, human - 160 million pounds, down 7.2 percent.
Skim milk powders - 52.7 million pounds, up 30.0 percent.

Whey products (comparisons with March 2016)
Dry whey, total - 88.0 million pounds, up 6.4 percent.
Lactose, human and animal - 97.6 million pounds, up 5.1 percent.
Whey protein concentrate, total - 42.0 million pounds, up 0.5 percent.

Frozen products (comparisons with March 2016)
Ice cream, regular (hard) - 74.7 million gallons, up 2.6 percent.
Ice cream, low-fat (total) - 41.1 million gallons, up 1.0 percent.
Sherbet (hard) - 3.41 million gallons, down 8.4 percent.
Frozen yogurt (total) - 7.28 million gallons, up 1.0 percent.

Released May 4, 2017, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Bulletin WebPage Edition
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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	March 2017 Number of Producers	March 2017 Pounds of Milk (000)	March 2017 Butterfat	March 2017 Protein	March 2017 Other Solids	March 2017 SCC (000)	March 2016 Pounds of Milk (000)	March 2016 Butterfat	March 2016 Protein	March 2016 Other Solids	March 2016 SCC (000)
Michigan	1,344	924,593	3.77	3.16	5.77	161	881,680	3.72	3.10	5.77	159
Ohio	1,742	446,124	3.86	3.15	5.68	173	436,148	3.82	3.12	5.71	186
Indiana	831	250,737	3.82	3.17	5.80	179	227,683	3.77	3.14	5.85	196
New York	214	91,411	3.94	3.14	5.77	170	108,438	3.89	3.13	5.76	173
Pennsylvania	730	100,176	3.98	3.14	5.74	214	96,969	3.94	3.10	5.74	225
Wisconsin	28	26,177	4.15	3.26	5.77	158	4,284	3.76	3.08	5.72	231
West Virginia	32	2,035	4.06	3.21	5.68	230	2,985	3.92	3.19	5.73	239
Other	149	14,487	3.86	3.12	5.79	160	7,923	3.88	3.12	5.75	216
Total/Average *	5,070	1,855,740	3.82	3.16	5.75	170	1,766,110	3.77	3.11	5.76	176

* 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
April 2017

Marketing Area [1/]		Producer Milk Total (000)	Producer Milk Class I (000)	Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
FO 1	Northeast - (*Boston*)	2,354,835	692,037	29.4	$1.17	$16.39
FO 5	Appalachian - (*Charlotte*)	480,565	303,033	63.1	[2/]	17.77
FO 6	Florida - (*Tampa*)	219,859	177,183	80.6	[2/]	20.08
FO 7	Southeast - (*Atlanta*)	501,646	298,804	59.6	[2/]	17.97
FO 30	Upper Midwest - (*Chicago*)	3,080,187	257,561	8.4	0.15	15.37
FO 32	Central - (*Kansas City*)	1,460,936	385,284	26.4	0.20	15.42
FO 33	**Mideast** - (*Cleveland*)	**1,842,610**	**502,148**	**27.3**	**0.39**	**15.61**
FO 124	Pacific Northwest - (*Seattle*)	609,624	147,381	24.2	0.01	15.23
FO 126	Southwest - (*Dallas*)	1,210,640	342,664	28.3	1.10	16.32
FO 131	Arizona - (*Phoenix*)	441,320	101,451	23.0	[2/]	15.35

[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 MAY 2017.................................$14.01 /cwt.

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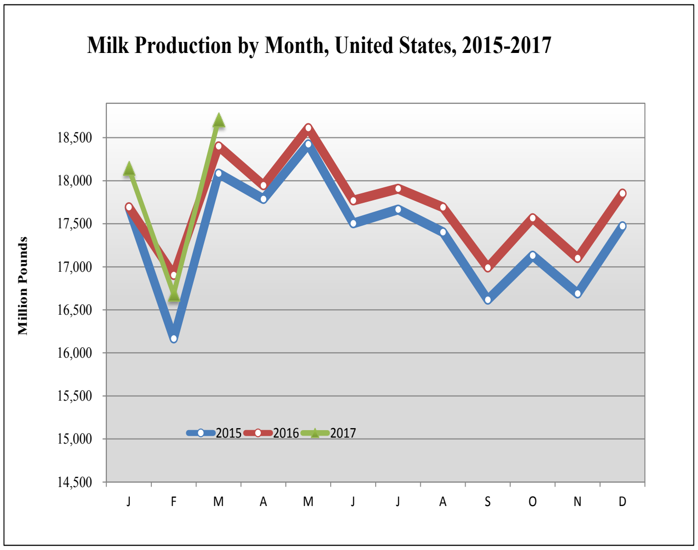
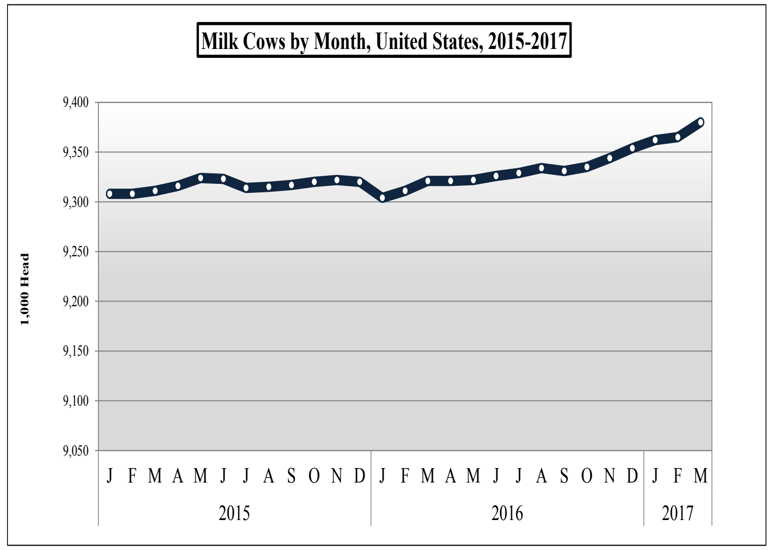
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33
May 2017

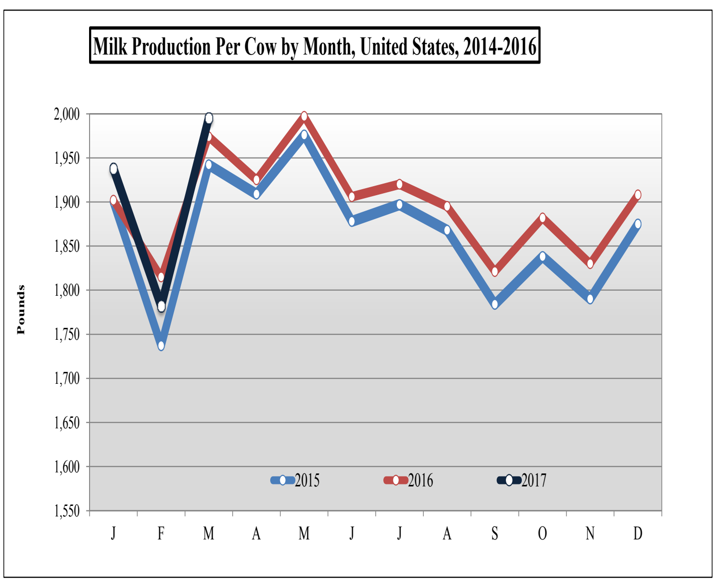
MILK PRODUCTION STATISTICS 1/



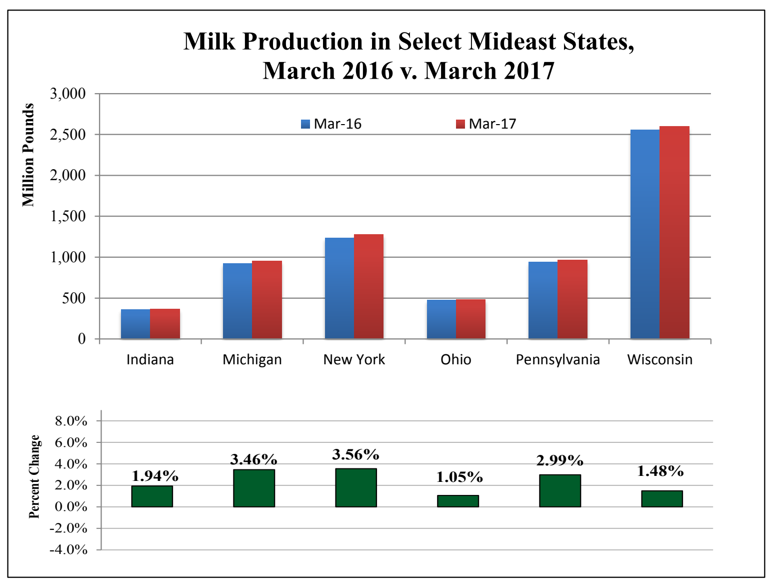
March 2017 milk production in the United States increased 309 million pounds from February to 18.7 billion pounds. March 2017 milk production in the United States was up 1.7 percent from the same month of the prior year.



The number of milk cows on farms in the United States was 9.4 million head for March 2017, up 15,000 head from February and 59,000 head more than March 2016.



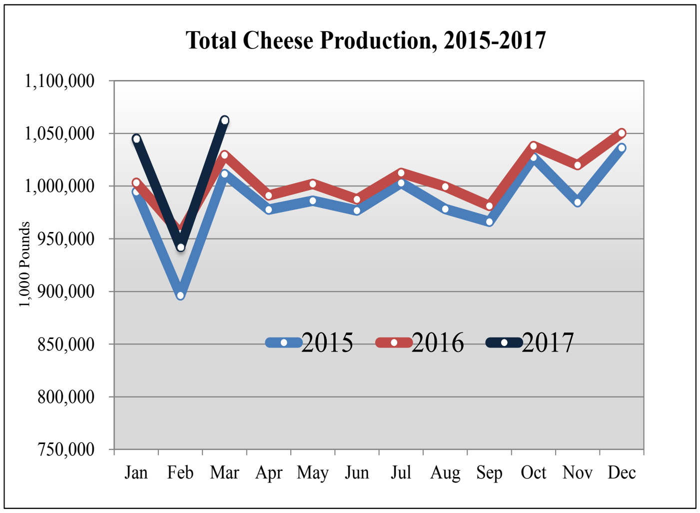
Production per cow in the United States averaged 1,995 pounds for March 2017, up 213 pounds from February 2017. March 2017 milk production per cow was up 21 pounds from the same month of the prior year.



Milk production from selected states which pool on the Mideast marketing area totaled 6.7 billion pounds during March 2017, up 154 million pounds from the prior year. Milk production in Michigan was up 32 million pounds while production in Ohio was up 5 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA). Gaps is data in figures is due to NASS suspension of select data to meet sequestration requirements.

DAIRY PRODUCT PRODUCTION 1/

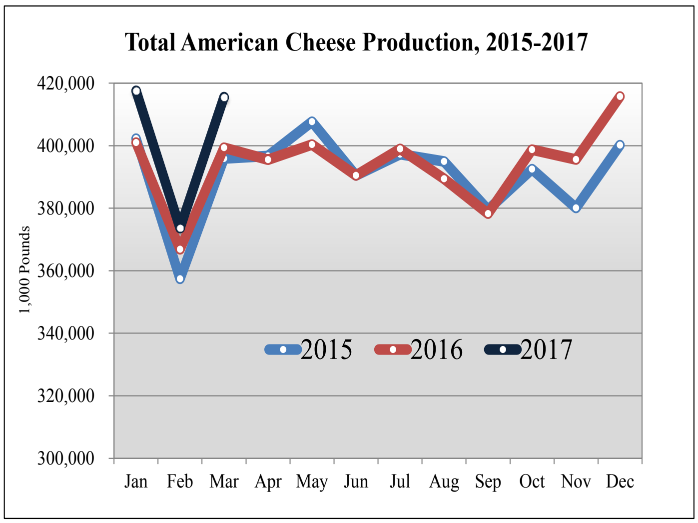


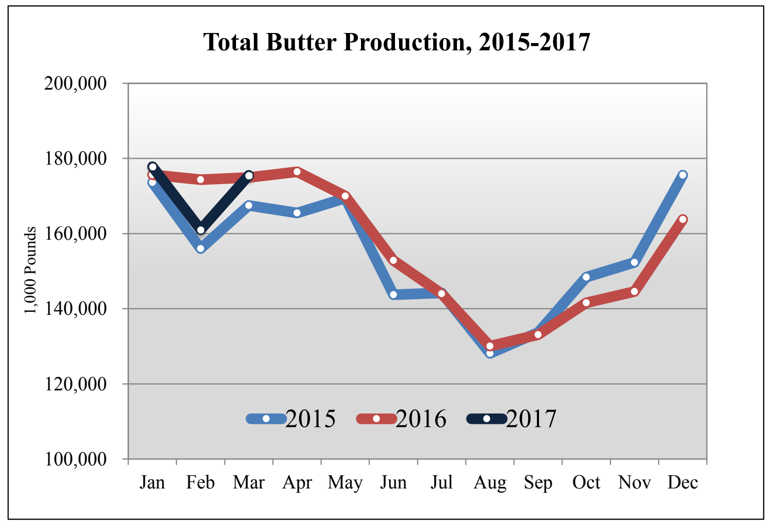
Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) for March 2017 was 1.1 billion pounds, 3.3 percent above March 2016 and 12.7 percent above February 2017

American type cheese production totaled 416 million pounds, 3.5 percent above March 2016 and 11.2 percent above February 2017.

Butter production was 176 million pounds, 0.3 percent above March 2016 and 9.0 percent above February 2017.



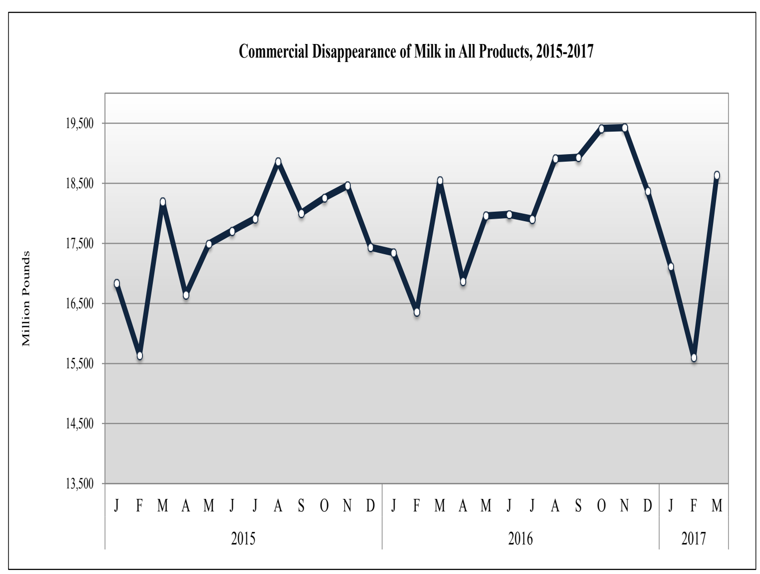


COMMERCIAL DISAPPEARANCE 2/

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 March commercial disappearance of milk was 18.6 billion pounds, up 0.4 percent from the prior year. The cumulative disappearance total for 2017 is 51 billion pounds, a decrease of 1.7 percent from the same 12-month period of 2016.

March 2017 commercial disappearance of American cheese was 390 million pounds, down 1.6 percent from the prior year. March 2017 commercial disappearance of butter was 176 million pounds, up 1.8 percent from the prior year.



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.