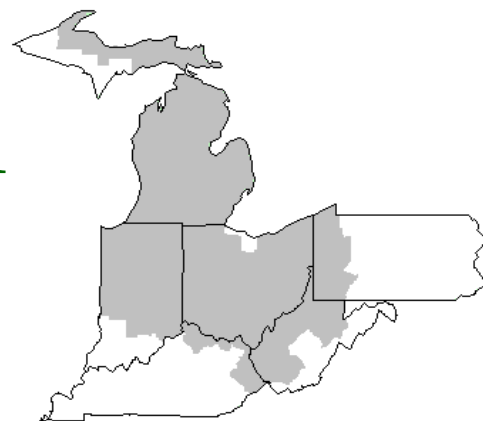


Mideast Market Administrator's Bulletin



Federal Order No. 33

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JANUARY 2018

USDA Announces Dairy Board Appointments

Agriculture Secretary Sonny Perdue announced the appointment of 13 individuals, including 12 dairy producers and one importer, to serve three-year terms on the National Dairy Promotion and Research Board. Their terms begin immediately and end on October 31, 2020.

Newly appointed producers are:

Region 1 (Alaska, Oregon, and Washington): Dolores J. Werkhoven, Monroe, Wash.

Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas): Orville D. Miller, Hutchinson, Kan.

Region 6 (Wisconsin): Stacy Eberle, Monroe, Wis. , Becky L. Lezow, Rio, Wis.

Region 7 (Illinois, Iowa, Missouri, and Nebraska): Alex D. Peterson, Trenton, Mo.

Region 9 (Indiana, Michigan, Ohio, and West Virginia): Gregory A. Gibson, Bruceton Mills, W.Va.

Region 10 (Alabama, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and Virginia): John M. Larson, Okeechobee, Fla.

Region 12 (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont): Melissa C. Dziurgot, Durham, Conn.

Reappointed Producers are:

Region 3 (Arizona, Colorado, Montana, Nevada, Utah, and Wyoming): James E. Webb, Delta, Colo.

Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas): William R. Anglin, Bentonville, Ark.

Region 5 (Minnesota, North Dakota, and South Dakota): Kathleen A. Skiba, North Branch, Minn.

Region 8 (Idaho): John S. Ballard, Gooding, Idaho

Newly appointed Dairy Importer:

Ralph B. Hofman, Basking Ridge, N.J.

"These appointees will be valuable assets for the National Dairy Board as it carries out its coordinated program of promotion designed to strengthen the dairy industry's position in the marketplace and to maintain and expand domestic and international markets for dairy products. They represent a cross section of the dairy industry and I know that it will be well served by them," said Perdue.

USDA established the 37-member Board under the Dairy Production Stabilization Act of 1983. Since 1966, Congress has authorized the establishment of 22 research and promotion boards that are industry-funded and empower agricultural industries with a framework to pool resources and combine efforts to develop new markets, strengthen existing markets, and conduct important research and promotion activities. AMS provides oversight, paid for by industry assessments, which helps ensure fiscal accountability and program integrity.

More information about the board is available on the National Dairy Promotion and Research Board page on the AMS website, including a link to the Board's membership under the heading Organizational Structure.

More information about research and promotion programs is available on the Research and Promotion Programs page on the AMS website.

Source: USDA AMS

December 2017 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	541,188,231	32.6
Class II	261,850,391	15.8
Class III	540,709,990	32.6
Class IV	317,127,223	19.0
Total	1,660,875,925	100.0

Producer Prices

Producer Price Differential	\$ 0.36 / cwt
Butterfat Price	2.4951 / lb
Protein Price	2.0378 / lb
Other Solids Price	0.1070 / lb
Somatic Cell Adjustment Rate	0.00082 / cwt
Statistical Uniform Price	15.80 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

December 2017

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			530,114,721			\$10.30 / cwt	\$ 54,601,816.29
Class I Butterfat		11,073,600				2.5535/ lb	28,276,437.61
Class I Location Differential	541,188,321						(276,898.72)
Class II SNF Value				22,661,268		0.6600/ lb	14,956,436.88
Class II Butterfat		19,127,474				2.5021/ lb	47,858,852.71
Class III Protein Value			17,502,481			2.0378/ lb	35,666,555.78
Class III Other Solids Value					31,226,939	0.1070/ lb	3,341,282.47
Class III Butterfat		19,025,769				2.4951/ lb	47,471,196.24
Class IV SNF Value				28,069,681		0.5503/ lb	15,446,745.45
Class IV Butterfat		16,444,223				2.4951/ lb	41,029,980.82
Somatic Cell Value II / III / IV							<u>1,678,637.47</u>
TOTAL PRODUCER MILK VALUE	1,660,875,925	65,671,066	53,422,819		95,519,330		\$ 290,051,043.00
Overages						\$ 2,107.02	
Beginning Inventory & OS Charges						72,784.38	
TOTAL ADJUSTMENTS							<u>74,891.40</u>
TOTAL HANDLER OBLIGATIONS							\$ 290,125,934.40
Total Protein Value			53,422,819 lbs	@	\$2.0378		\$(108,865,020.60)
Total Other Solids Value			95,519,330 lbs	@	0.1070		(10,220,568.34)
Butterfat Value			65,671,066 lbs	@	2.4951		(163,855,876.74)
Total Somatic Cell Values							<u>(2,504,020.54)</u>
TOTALS							\$ 4,680,448.18
Net Producer Location Adjustments							\$ 1,361,916.31
1/2 Unobligated Balance Producer Settlement Fund							<u>710,000.00</u>
Total - Divided by Total Pounds			1,660,875,925 lbs			0.4065544	\$ 6,752,364.49
Rate of Cash Reserve						<u>(0.0465544)</u>	<u>(773,210.82)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,660,875,925			\$ 0.36 / cwt	\$ 5,979,153.67

COMPONENT PRICES

December

COMPUTATION OF UNIFORM PRICE

December

	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Butterfat Price	\$2.4951 / lb	\$2.3354 / lb	Class III Price - 3.5% BF	\$15.44	\$17.40
Protein Price	2.0378 / lb	2.6922 / lb	Producer Price Differential*	<u>0.36</u>	<u>(0.61)</u>
Other Solids Price	0.1070 / lb	0.2063 / lb	Statistical Uniform Price	\$15.80	\$16.79
Somatic Cell Adjustment Rate	0.00082 / cwt	0.00090 / cwt			
Nonfat Solids Price	0.5503 / lb	0.7822 / lb			

CLASS PRICES

December

CLASSIFICATION OF PRODUCER MILK

December

	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Class I*	\$18.88	\$18.88	Product lbs.	Product lbs.	Product lbs.
Class II	14.49	15.26	Class I	541,188,321	569,601,250
Class III	15.44	17.40	Class II	261,850,391	279,544,099
Class IV	13.51	14.97	Class III	540,709,990	366,996,648
			<u>Class IV</u>	<u>317,127,223</u>	<u>323,966,257</u>
			Total	1,660,875,925	1,540,108,254

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2017 was \$0.36 and the Statistical Uniform Price was \$15.80 for the month. The Statistical Uniform Price is \$0.44 lower than last month, and is \$0.99 lower than December 2016.

The Producer Butterfat Price of \$2.4951 per pound decreased \$0.0595 from November and is up \$0.1597 from a year ago. The Protein Price of \$2.0378 is down \$0.3034 from last month and is down \$0.6544 from December 2016. The Other Solids Price in December was \$0.1070 per pound, a decrease from last month's price of \$0.1644 and \$0.0993 lower than last December. The Somatic Cell Adjustment rate for December was \$0.00082 per cwt.

December producer receipts of 1.66 billion pounds were 11.8 percent higher than November and 7.8 percent higher than the December 2016 production of 1.54 billion pounds. Producer milk allocated to Class I accounted for 32.6 percent of the total producer milk in December 2017, less than the 37.7 percent in November, and lower than the 37.0 percent in December 2016. A total of 4,756 producers were pooled on the Mideast Order compared to 5,150 producers pooled in December 2016.

The market average content of producer milk was as follows: Butterfat 3.95%; Protein 3.22%; Other Solids 5.75% and Nonfat Solids 8.97%.

Dairy Forecasts for the Remainder of 2017

The fourth-quarter 2017 forecast for the size of the dairy herd is unchanged at 9.405 million head. However, the fourth-quarter milk per cow forecast has been lowered to 5,675 pounds based on recent data. These changes result in a milk production forecast of 215.7 billion pounds for the year, 0.1 billion pounds lower than the previous forecast.

Most product prices for fourth-quarter 2017 are forecast slightly lower than last month's forecast, as spot prices for many products have fallen in recent weeks. The fourth-quarter cheddar cheese price is forecast slightly lower at \$1.700-\$1.720 per pound, while the dry whey price forecast is unchanged at \$0.345-\$0.365. The butter price for the fourth quarter is expected lower this month than the previous forecast, at \$2.270-\$2.310 per pound. The fourth-quarter NDM price is also forecast lower, at \$0.750-\$0.770 per pound. With these changes, the fourth quarter Class III forecast has been lowered at the top of the range to \$16.25-\$16.45 per cwt. The Class IV price forecast has been lowered to \$13.95-\$14.25. The all-milk price forecast for the fourth quarter is \$17.75-\$17.95 per cwt, 15 cents lower at the midpoint of the range. The annual all-milk price forecast is \$17.60-\$17.70 per cwt, a reduction from \$17.65-\$17.75 forecast last month.

Dairy Forecasts for 2018

The forecast for the size of the dairy herd in 2018 has been lowered to 9.435 million head, as lower milk prices are expected to lead to slower growth in the second half of the year. Based on recent data and lower expected prices, the milk per cow forecast has been reduced to 23,250 pounds. With these changes, milk production is now projected at 219.3 billion pounds for the year, 0.4 billion pounds lower than previously forecast.

Product price forecasts have been lowered across the board for 2018. The cheddar cheese price is now forecast at \$1.620-\$1.700 per pound, while the dry whey price is now forecast at \$0.310-\$0.340 per pound for the year. The butter price is forecast at \$2.270-\$2.380 per pound for the year, 2 cents lower at the midpoint of the range than last month, and the NDM price is forecast at \$0.745-\$0.805 per pound for 2018, 3 cents lower at the midpoint of the range. The Class III and Class IV price forecasts for the year are \$15.30-\$16.10 and \$13.90-\$14.80 per cwt, respectively. The all-milk price forecast for 2018 is 30 cents lower at the midpoint of the range than the previous projection, at \$16.65-\$17.45 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-282/December 18, 2017*
Economic Research Service, USDA

November Milk Production Up 1.1 Percent

Milk production in the 23 major States during November totaled 16.2 billion pounds, up 1.1 percent from November 2016. October unrevised production at 16.7 billion pounds, was up 1.3 percent from October 2016. The October 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 1,861 pounds for November, 9 pounds above November 2016. This is the highest production per cow for the month of November since the State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.73 million head, 57,000 head more than November 2016, but unchanged from October 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 November totaled 2.6 billion pounds, up 52 million pounds or 2.1 percent from November 2016.

Production per cow in the Mideast states averaged 1,828 pounds for November 25 pounds above November 2016.

The number of cows on farms in the Mideast states was 1.4 million head, this was 9,000 head more than November 2016.

Bulletin WebPage Edition

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Featured this month are:

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

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

State	November 2017 -----Weighted Averages-----						November 2016 -----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	1,259	727,934	3.86	3.20	5.77	162	695,344	3.76	3.17	5.77	166
Ohio	1,671	369,745	3.95	3.20	5.69	175	341,021	3.89	3.22	5.72	186
Indiana	785	208,933	3.94	3.25	5.84	180	217,930	3.83	3.22	5.81	191
Pennsylvania	691	78,282	4.10	3.21	5.71	216	90,053	4.02	3.22	5.73	226
New York	215	91,774	4.00	3.21	5.75	150	86,456	3.94	3.19	5.75	172
Wisconsin	19	286	4.03	3.20	5.76	150	4,520	4.11	3.33	5.69	186
West Virginia	33	1,623	4.12	3.30	5.66	216	2,517	4.15	3.37	5.66	233
Other	105	7,816	4.15	3.34	5.68	233	6,556	4.06	3.27	5.71	217
Total/Average *	4,778	1,486,395	3.92	3.21	5.75	170	1,444,397	3.83	3.19	5.76	179

* 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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Department of
Agriculture**

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**FEDERAL ORDER DATA
December 2017**

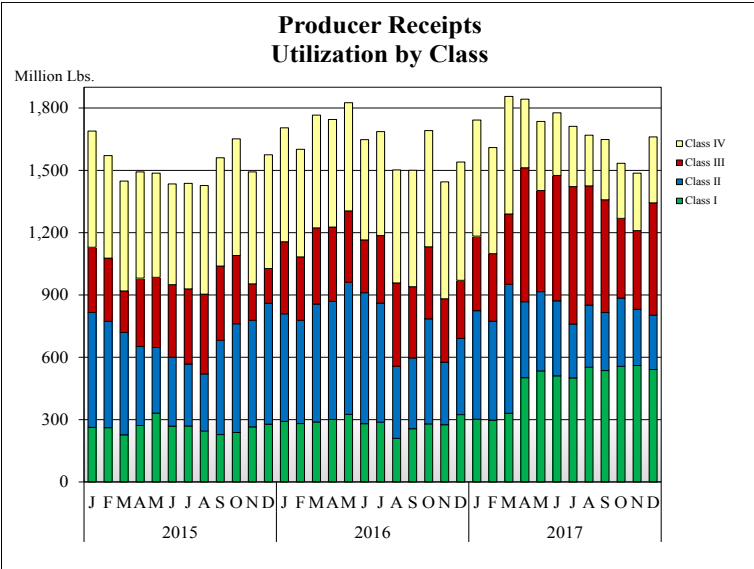
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,260,219	777,912	34.4	\$1.27	\$16.71
FO 5 Appalachian - (Charlotte)	520,659	341,480	65.6	^{2/}	18.37
FO 6 Florida - (Tampa)	226,771	185,525	81.8	^{2/}	20.92
FO 7 Southeast - (Atlanta)	452,716	318,219	70.3	^{2/}	19.04
FO 30 Upper Midwest - (Chicago)	2,582,383	274,297	10.6	0.13	15.57
FO 32 Central - (Kansas City)	1,217,027	411,071	33.8	0.12	15.56
FO 33 Mideast - (Cleveland)	1,660,876	541,188	32.6	0.36	15.80
FO 124 Pacific Northwest - (Seattle)	610,208	157,754	25.9	(0.23)	15.21
FO 126 Southwest - (Dallas)	1,311,665	360,047	27.5	0.92	16.36
FO 131 Arizona - (Phoenix)	423,185	108,227	25.6	^{2/}	15.44

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

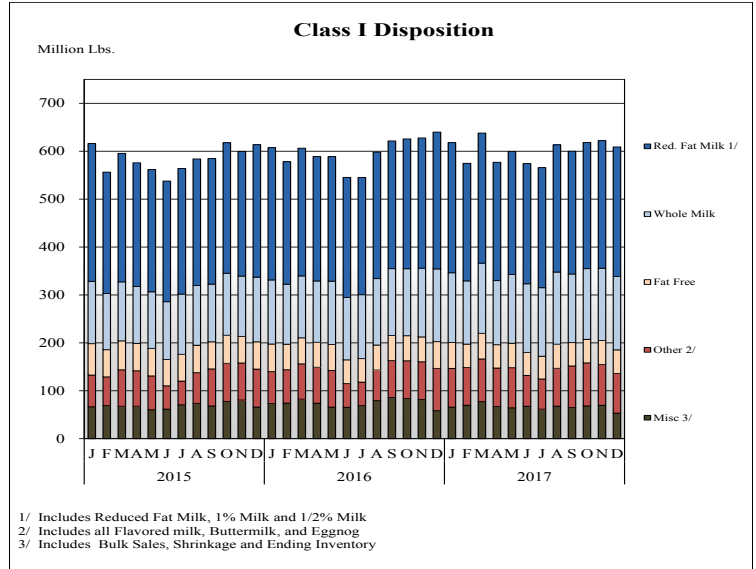
^{2/} Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR JANUARY 2018\$13.51 /cwt.

PRODUCER MILK CLASSIFICATION

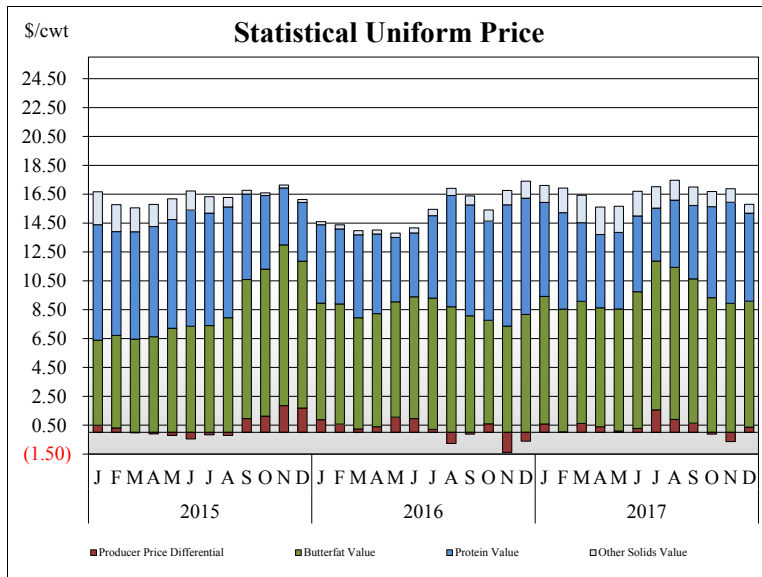


Producer Receipts: Producer receipts for the Mideast Order totaled 1.66 billion pounds in December 2017. The pounds allocated to Class I represented 32.6 percent of the total pounds. Producer receipts increased 174.6 million pounds compared to November 2017, and were up 120.8 million pounds from the prior year.

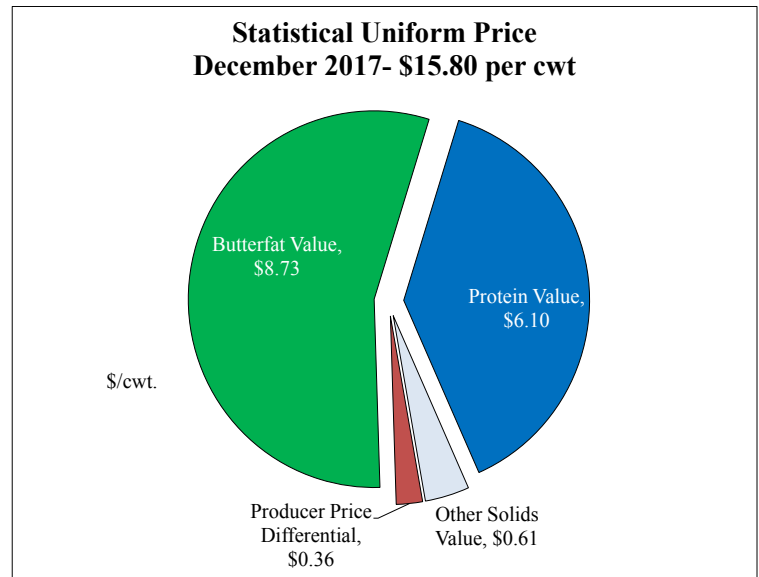


Class I Pounds: Class I Disposition for the Mideast Order totaled 608.6 million pounds in December 2017, down 31.3 million pounds from December 2016. Finished products include 153 million pounds used for whole milk, 270.4 million pounds of reduced fat and low fat milk, and 49.3 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

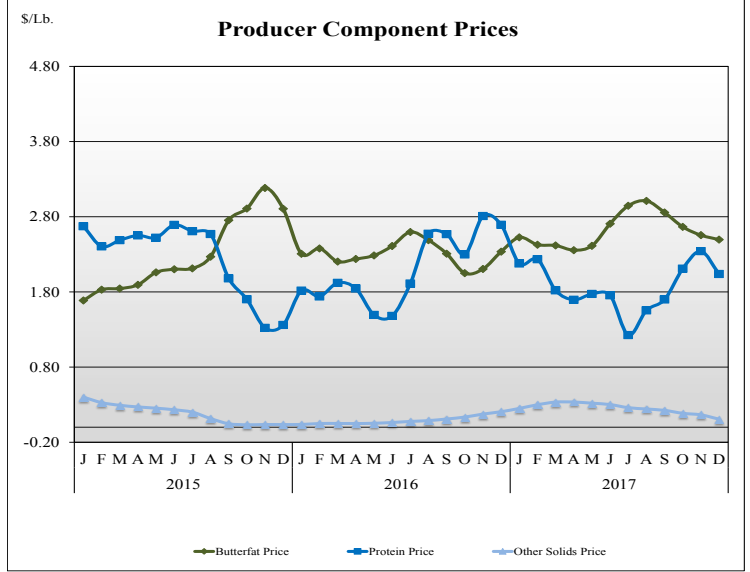
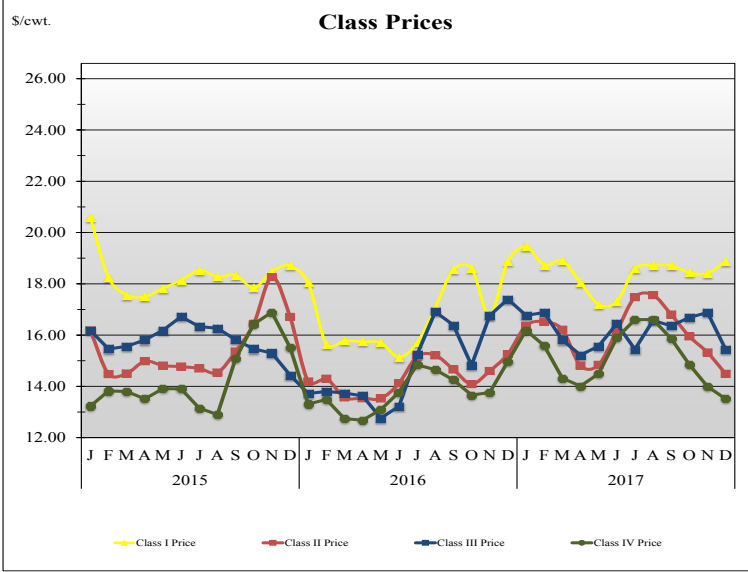


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$15.80 per cwt for December 2017. The December 2017 SUP was \$0.99 per cwt lower than the December 2016 SUP. The December 2017 SUP is \$0.44 per cwt higher than the November 2017 SUP.



December 2017 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the December 2017 SUP are: \$6.10 per cwt for protein, \$8.73 per cwt for butterfat and \$0.61 per cwt for other solids. Also included in the SUP is the -\$0.36 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

