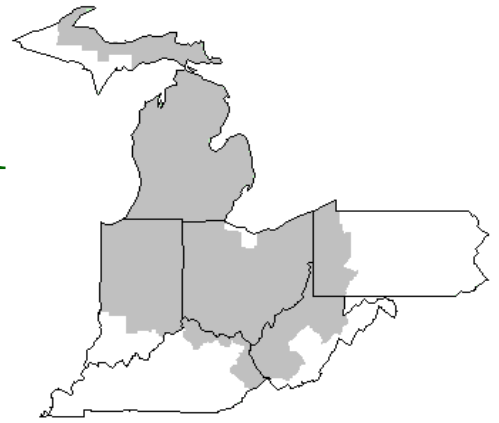


Mideast Market Administrator's Bulletin



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 2017

Dairy Forecasts for 2017

With the July month-over-month decline in milk cows, expectations of growth in the dairy herd have been dampened, and the 2017 forecast for milk cows has been lowered to 9.395 million, 5 thousand less than last month's forecast. However, with relatively strong growth in yield per cow in July, the milk per cow forecast for the year has been raised to 22,980 pounds. These changes result in a milk production forecast of 216.0 billion pounds for 2017, 0.3 billion pounds higher than previously forecast.

Due to lower expectations for cheese exports, the forecast for exports on a milk-fat basis has been lowered to 9.2 billion pounds for the year. Recent strength in imports of butter and several other products motivated a slight increase in the import forecast on a milk-fat basis, to 6.1 billion pounds for 2017. With the high ending stocks for cheese in July, 2017 ending stocks on a milk-fat basis have been raised to 12.8 billion pounds, an increase of 0.7 billion pounds from the last forecast. Domestic use on a milk-fat basis in 2017 is now forecast at 211.8 billion pounds, a decrease of 0.1 billion pounds from last month.

Forecasts for exports and imports on a skim-solids milk-equivalent basis follow a pattern similar to those on a milk-fat basis. The export forecast for 2017 on a skim-solids basis has been lowered 0.1 billion pounds to 40.6 billion pounds, based on flagging exports of NDM/SMP and cheese. Imports on a skim-solids basis are forecast slightly higher for the year at 6.4 billion pounds, due to higher expected imports of milk protein concentrate and whole milk powder. Domestic use is forecast at 180.1 billion pounds for the year, 0.2 billion pounds higher than the previous forecast. With high ending stocks of cheese, NDM, and whey in July, ending stocks on a skim-solids basis are now forecast at 10.2 billion pounds for the year, 0.3 billion pounds higher than last month's estimate.

Most dairy product price forecasts have been lowered for the year, with the exception of cheddar cheese; its price forecast has been raised to \$1.610-\$1.630 per pound, based on recent strength. The dry whey price is forecast slightly lower at \$0.445-\$0.465, based on higher stocks and recent price movements. Butter prices have fallen in recent weeks as export growth has failed to materialize; therefore, the butter price

forecast for the year has been lowered to \$2.355-\$2.395 per pound. With high stocks and lower expectations for exports, the NDM price forecast has been slightly lowered as well, to \$0.880-\$0.900 for the year.

The Class III milk price forecast for the year is \$16.05-\$16.25 per cwt, as higher expected cheese prices more than offset lower expected dry whey prices. Since the butter and NDM price forecasts have been lowered, the Class IV milk price forecast for the year is lower than last month, at \$15.40-\$15.70. The all-milk price for the year is forecast at \$17.70-\$17.90 per cwt, a reduction from \$17.80-\$18.00 forecast last month.

Dairy Forecasts for 2018

The size of the milking herd in 2018 is now forecast at 9.450 billion head, as a slight reduction in the expected growth rate for 2017 is carried over into 2018. The milk per cow forecast is unchanged at 23,295 pounds; this figure would represent growth of 1.4 percent from 2017. Due to the reduction in the milk cow forecast, overall milk production for the year is now forecast at 220.1 billion pounds, 0.2 billion pounds lower than last month's forecast. Milk production is now expected to grow 1.9 percent in 2018.

(Continued on Page 3)

September 2017 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	536,322,615	33.2
Class II	278,985,725	17.3
Class III	543,212,044	33.6
Class IV	257,904,641	15.9
Total	1,616,425,025	100.0

Producer Prices

Producer Price Differential	\$ 0.64 /cwt
Butterfat Price	2.8559 /lb
Protein Price	1.6988 /lb
Other Solids Price	0.2241 /lb
Somatic Cell Adjustment Rate	0.00083 /cwt
Statistical Uniform Price	17.00 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

September 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			525,980,832			\$8.33 / cwt	\$ 43,814,203.32
Class I Butterfat		10,341,783				3.0491/ lb	31,533,130.52
Class I Location Differential	536,322,615						(276,056.44)
Class II SNF Value				23,823,880		0.7811/ lb	18,608,832.66
Class II Butterfat		19,836,267				2.8629/ lb	56,789,248.81
Class III Protein Value			16,836,968			1.6988/ lb	28,602,641.24
Class III Other Solids Value					31,482,263	0.2241/ lb	7,055,175.16
Class III Butterfat		18,142,908				2.8559/ lb	51,814,330.96
Class IV SNF Value				22,602,653		0.6753/ lb	15,263,571.58
Class IV Butterfat		12,304,050				2.8559/ lb	35,139,136.39
Somatic Cell Value II / III / IV							<u>1,480,440.98</u>
TOTAL PRODUCER MILK VALUE	1,616,425,025	60,625,008	49,861,394		93,254,972		\$ 289,824,655.18
Overages						\$ 3,513.91	
Beginning Inventory & OS Charges						(15,638.35)	
TOTAL ADJUSTMENTS							<u>(11,854.44)</u>
TOTAL HANDLER OBLIGATIONS							\$ 289,812,800.74
Total Protein Value			49,861,394 lbs	@	\$1.6988		\$(84,704,536.12)
Total Other Solids Value			93,254,972 lbs	@	0.2241		(20,898,439.25)
Butterfat Value			60,625,008 lbs	@	2.8559		(173,138,960.34)
Total Somatic Cell Values							<u>(2,196,240.00)</u>
TOTALS							\$ 8,874,325.03
Net Producer Location Adjustments							\$ 1,315,617.37
1/2 Unobligated Balance Producer Settlement Fund							<u>803,000.00</u>
Total - Divided by Total Pounds			1,616,425,025 lbs		0.6800960		\$ 10,993,242.40
Rate of Cash Reserve					<u>(0.0400960)</u>		<u>803,000.00</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,616,425,025		\$0.64 / cwt		\$ 10,345,120.62

COMPONENT PRICES

September

COMPUTATION OF UNIFORM PRICE

September

	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Butterfat Price	\$2.8559 / lb	\$2.3082 / lb	Class III Price - 3.5% BF	\$ 16.36	\$16.39
Protein Price	1.6988 / lb	2.5675 / lb	Producer Price Differential*	<u>0.64</u>	<u>(0.12)</u>
Other Solids Price	0.2241 / lb	0.1096 / lb	Statistical Uniform Price	\$17.00	\$16.27
Somatic Cell Adjustment Rate	0.00083 / cwt	0.00088 / cwt			
Nonfat Solids Price	0.6753 / lb	0.7097 / lb			

CLASS PRICES

September

CLASSIFICATION OF PRODUCER MILK

September

	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Class I*	\$18.71	\$18.56	Class I	Product lbs. 536,322,615	Product lbs. 560,578,781
Class II	16.80	14.66	Class II	278,985,725	342,994,480
Class III	16.36	16.39	Class III	543,212,044	340,680,667
Class IV	15.86	14.25	Class IV	<u>257,904,641</u>	<u>256,294,906</u>
			Total	1,616,425,025	1,500,548,834

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for September 2017 was \$0.64 and the Statistical Uniform Price was \$17.00 for the month. The Statistical Uniform Price is \$0.47 lower than last month, and is \$0.73 higher than September 2016.

The Producer Butterfat Price of \$2.8559 per pound decreased \$0.1550 from August and is up \$0.5477 from a year ago. The Protein Price of \$1.6988 is up \$0.1452 from last month and is down \$0.8687 from September 2016. The Other Solids Price in September was \$0.2241 per pound, a decrease from last month's price of \$0.2425 and \$0.1145 higher than last September. The Somatic Cell Adjustment rate for September was \$0.00083 per cwt.

September producer receipts of 1.62 billion pounds were 3.2 percent lower than August and 7.7 percent higher than September 2016 production of 1.50 billion pounds. Producer milk allocated to Class I accounted for 33.2 percent of the total producer milk in September 2017, higher than the 33.1 percent in August, and lower than the 37.4 percent in September 2016. A total of 4,907 producers were pooled on the Mideast Order compared to 5,377 producers pooled in September 2016.

The market average content of producer milk was as follows: Butterfat 3.75%; Protein 3.08%; Other Solids 5.77% and Nonfat Solids 8.85%.

(Continued from Front Page)

The export forecast on a milk-fat basis is unchanged at 9.2 billion pounds, as higher expectations for exports of butterfat products are balanced out by lower forecasts for cheese exports. Imports on a milk-fat basis for 2018 are forecast slightly lower this month at 5.7 billion pounds due to lower expectations for cheese imports. Domestic use for 2018 is projected to be slightly higher than last month's forecast, at 216.3 billion pounds. The ending stock forecast has been raised to 12.1 billion pounds, as higher stock levels should persist through 2018.

With European SMP stocks and production showing no signs of abating, the export forecast on a skim-solids basis has been lowered to 41.8 billion pounds for the year. The import forecast on a skim-solids basis has been lowered 0.2 billion pounds to 6.2 billion for 2018, as milk protein and cheese imports are expected to be lower. As domestic use of whey products and NDM continues to lag year-ago levels, the domestic use forecast on a skim-solids basis for 2018 has been lowered to 184.3 billion pounds. As with stocks on a milk-fat basis, higher stocks on a skim-solids basis are expected to persist into next year; as a result, the ending stock forecast has been raised 0.4 billion pounds to 9.4 billion.

The cheddar cheese price forecast for 2018 has been lowered slightly, but is still expected to tick upward to \$1.630-\$1.730 per pound for the year. The dry whey price is also forecast lower this month, at \$0.410-\$0.440 for the year. Butter prices are still expected to follow a downward trend from 2017 levels, which are now forecast lower than last month's projections, due to more milk diverting away from cheese and toward butter production. The butter price forecast for 2018 has been lowered as a result, to \$2.330-\$2.460 per pound. Recent weakness in exports and plentiful overseas supplies have reduced the likelihood of an NDM price recovery in 2018; the NDM price forecast has been lowered to \$0.860-\$0.930 per pound.

Lower product prices across the board have resulted in lower Class III and Class IV price forecasts, at \$16.00-\$17.00 and \$15.10-\$16.20 per cwt, respectively, for the year. The all-

milk price for 2018 is now forecast at \$17.55-\$18.55 per cwt, a reduction from \$18.00-\$19.00 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-279/September 18, 2017*
Economic Research Service, USDA

August Milk Production Up 2.1 Percent

Milk production in the 23 major States during August totaled 17.0 billion pounds, up 2.1 percent from August 2016. July revised production, at 17.2 billion pounds, was up 2.1 percent from July 2016. The July revision represented an increase of 0.2 percent or 31 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,948 pounds for August, 26 pounds above August 2016.

The number of milk cows on farms in the 23 major States was 8.73 million head, 66,000 head more than August 2016, but unchanged from July 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 August totaled 2.7 billion pounds, up 70 million pounds or 2.7 percent from August 2016.

Production per cow in the Mideast states averaged 1,903 pounds for August. This was an increase of 39 pounds from August 2016.

The number of cows on farms in the Mideast states was 1.4 million head, 2,000 head more than August 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	August 2017						August 2016				
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages -----				Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,305	853,904	3.63	3.05	5.78	183	723,747	3.54	2.99	5.77	187
Ohio	1,704	398,844	3.72	3.05	5.67	210	364,493	3.62	3.00	5.72	221
Indiana	846	217,064	3.65	3.05	5.76	214	217,750	3.56	2.99	5.78	234
New York	218	101,925	3.74	3.06	5.75	190	88,985	3.68	3.00	5.74	199
Pennsylvania	688	84,763	3.76	3.05	5.71	272	94,251	3.69	2.98	5.71	278
Wisconsin	20	1,780	3.78	3.00	5.79	181	3,070	3.75	3.08	5.76	239
West Virginia	31	1,768	3.71	3.11	5.65	256	1,858	3.72	3.05	5.65	288
Other	108	8,849	3.86	3.14	5.66	276	7,834	3.65	3.02	5.71	262
Total/Average *	4,920	1,668,898	3.67	3.05	5.75	199	1,501,989	3.58	3.00	5.75	209

* 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
September 2017**

<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>	<u>Class I</u>	<u>Price Differential</u>	<u>Statistical</u>
	<u>Total</u>	<u>Class I</u>	<u>Percent</u>	<u>Uniform Price</u>
	(000)	(000)	%	(per cwt.)
FO 1 Northeast - (Boston)	2,179,847	739,309	33.9	\$1.53
FO 5 Appalachian - (Charlotte)	473,380	341,166	72.1	^{2/} 19.06
FO 6 Florida - (Tampa)	202,752	174,233	85.9	^{2/} 21.14
FO 7 Southeast - (Atlanta)	408,376	312,637	76.6	^{2/} 19.61
FO 30 Upper Midwest - (Chicago)	3,189,717	268,395	8.4	0.18
FO 32 Central - (Kansas City)	1,419,025	408,602	28.8	0.36
FO 33 Mideast - (Cleveland)	1,616,425	536,323	33.2	0.64
FO 124 Pacific Northwest - (Seattle)	717,103	159,509	22.2	0.23
FO 126 Southwest - (Dallas)	1,194,448	361,242	30.2	1.22
FO 131 Arizona - (Phoenix)	397,360	104,652	26.3	^{2/} 16.89

^{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.
^{3/} Data not available at time of publication, please see website version for information.

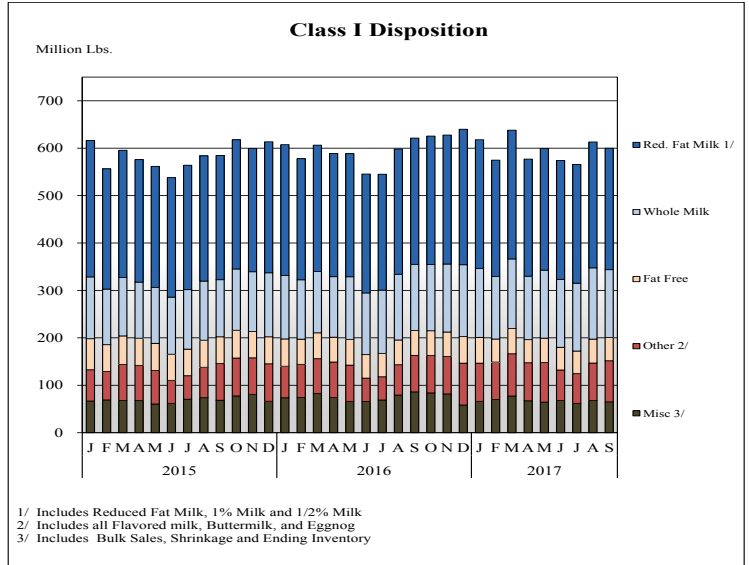
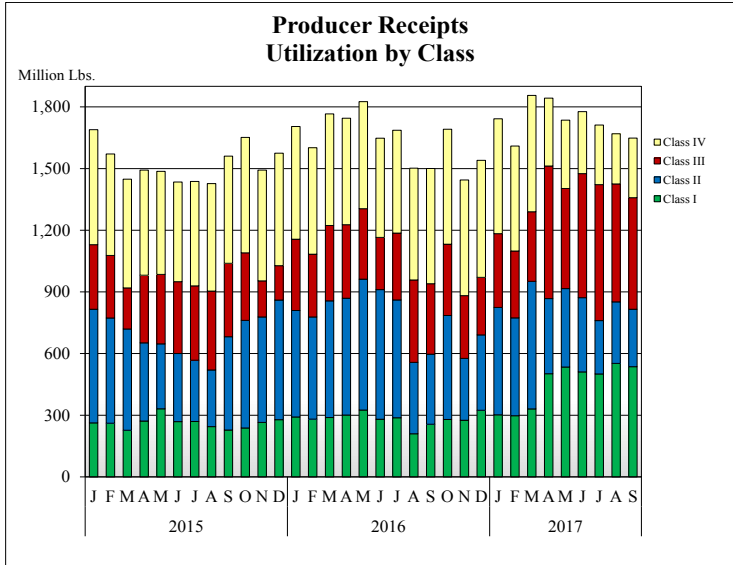
MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2017\$15.86 /cwt.

Mideast Market Administrator's Bulletin

Federal Order No. 33

Supplement
October 2017

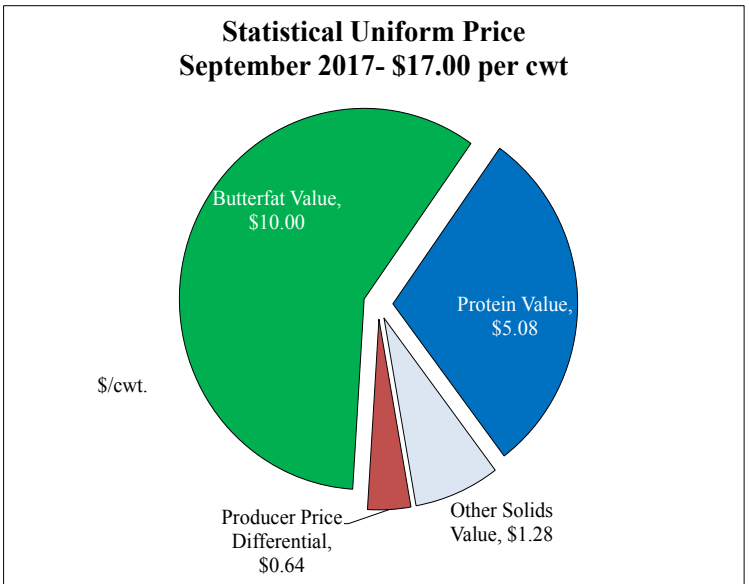
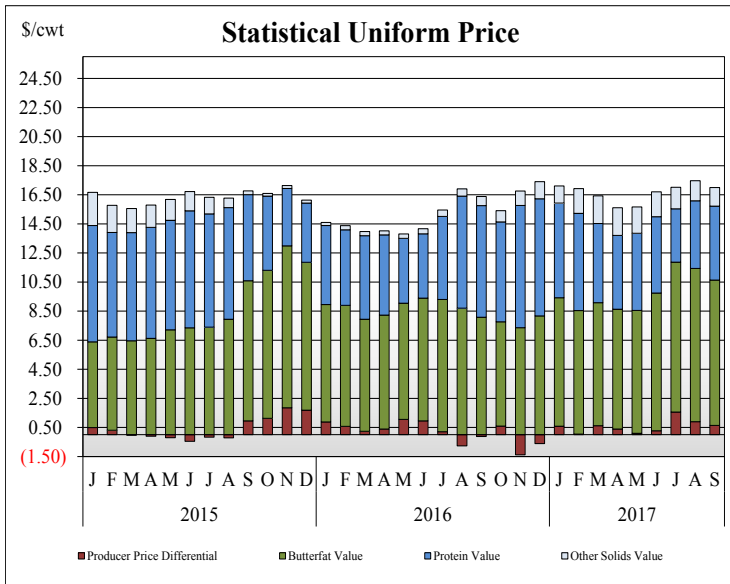
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.62 billion pounds in September 2017. The pounds allocated to Class I represented 33.2 percent of the total pounds. Producer receipts decreased 53 million pounds compared to August 2017, and were up 115.9 million pounds from the prior year.

Class I Pounds: Class I Disposition for the Mideast Order totaled 600 million pounds in September 2017, down 21 million pounds from September 2016. Finished products include 143 million pounds used for whole milk, 256 million pounds of reduced fat and low fat milk, and 49 million pounds of fat free (skim) milk.

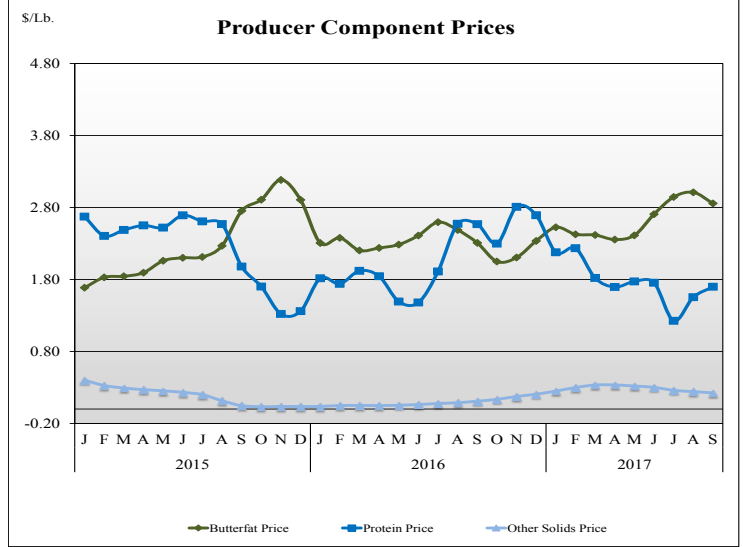
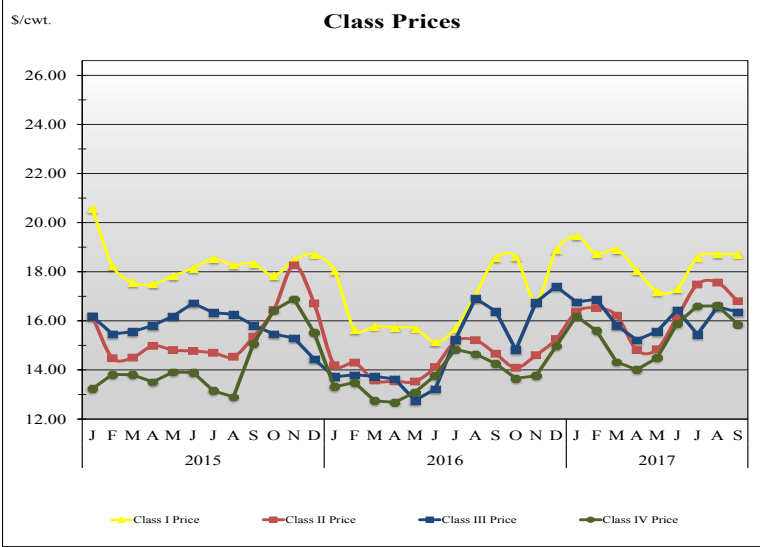
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$17.00 per cwt for September 2017. The September 2017 SUP was \$0.73 per cwt higher than the September 2016 SUP. The September 2017 SUP is \$0.47 per cwt lower than the August 2017 SUP.

September 2017 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the September 2017 SUP are: \$5.08 per cwt for protein, \$10.00 per cwt for butterfat and \$1.28 per cwt for other solids. Also included in the SUP is the \$0.64 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

