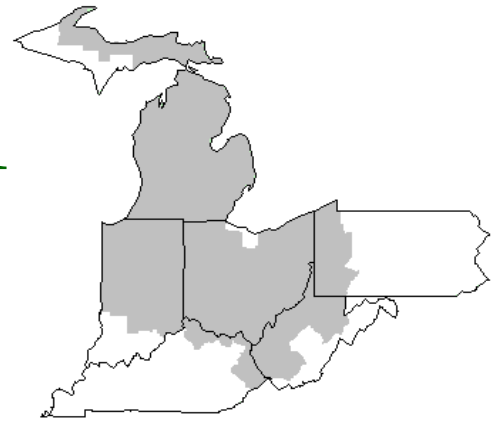


Mideast Market Administrator's Bulletin



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
NOVEMBER 2017

Recent Developments

August milk production as reported by the USDA National Agricultural Statistics Service (NASS) totaled 18.050 million pounds, up 2.0 percent from August 2016. Milk cows in August numbered 9.405 million head, 71,000 more than August 2016 but unchanged from July 2017. Production per cow in August averaged 1,919 pounds per head, 24 pounds more than August 2016. Daily average production per cow in August was 61.9 pounds per head. While daily production per cow in 2017 has been higher each month than the same month of 2016, the year-over-year growth rate dipped from 1.6 percent in the first quarter to 1.0 percent in the second quarter, reaching a low point for the year of 0.7 percent in June. In July and August, the year-over-year growth rate rebounded to 1.2 and 1.3 percent, respectively.

Outlook for Dairy Feed Prices

For the 2016/17 marketing year, prices for corn and soybean meal are estimated to be \$3.36 per bushel and \$316.88 per short ton, respectively. The 2017/18 price forecasts for corn and soybean meal are both unchanged from last month's forecasts at \$2.80-\$3.60 per bushel and \$290-\$330 per short ton, respectively. The alfalfa hay price in August was \$147 per short ton, \$5 less than July but \$10 more than August 2016.

Dairy Forecasts for 2017

Based on recent cow numbers, the forecast for the 2017 milking herd has been lowered by 5,000 head in the fourth quarter. With strengthening year-over-year growth in yield per cow since June, the forecast for production per cow has been raised to 23,010 pounds for the year, 30 pounds higher than last month's forecast. The milk production forecast for 2017 is now 216.2 billion pounds, 0.2 billion pounds higher than last month's forecast.

As domestic butter prices have remained significantly lower than foreign export prices, the 2017 forecast for exports on a milk-fat milk-equivalent basis has been raised to 9.5 billion, 0.3 billion more than last month's forecast. With strengthening imports of butter, the forecast for imports on a milk-fat basis is 6.2 billion pounds, 0.1 billion more than last month. Ending stocks on a milk-fat basis have been raised to 13.0 billion pounds for 2017, as high cheese stocks are expected to persist. Domestic use is now forecast at 211.7 billion pounds for the year, 0.1 billion lower than the previous forecast.

On a skim-solids milk-equivalent basis, the export forecast for 2017 has been raised this month to 40.9 billion pounds, 0.3 billion more than last month's forecast, based on recent strength in exports of whey products. The 2017 import forecast on a skim-solids basis is 6.3 billion pounds for the year, 0.1 billion less than last month's

forecast. The 2017 forecast for ending stocks on a skim-solids basis has been raised to 11.1 billion pounds, 0.9 billion more than last month, due to high stocks of cheese, NDM, and whey products reported for the end of August. The forecast for domestic use on a skim-solids basis in 2017 is now 179.1 billion pounds, 1.0 billion pounds lower than previously forecast.

Recent strength in cheese prices has motivated an increase in the cheese price forecast for the fourth quarter; the cheddar cheese price is now forecast at \$1.625-\$1.635 per pound for the year. With recent declines in spot butter prices and higher expected milk production, the 2017 butter price is now forecast at \$2.335-\$2.365 per pound. Due to high stock levels, higher expected milk production, and recent price declines, NDM and dry whey price forecasts have been lowered for the fourth quarter. For the year, the NDM price forecast has been lowered to \$0.870-\$0.890 per pound. Although the fourth quarter whey price forecast has been lowered slightly, the annual forecast is \$0.450-\$0.460 per pound, unchanged at the midpoint of the range.

Due to stronger cheese prices, the Class III price forecast for 2017 has been raised to \$16.15-\$16.25 per hundredweight (cwt), while lower butter and NDM prices have pushed the Class IV price forecast down to \$15.25-\$15.45 for the year. With offsetting changes in the Class III and Class IV milk prices, the 2017 all-milk price forecast for 2017 is \$17.75-\$17.85 per cwt, unchanged from the previous forecast at the midpoint of the range.

(Continued on Page 3)

October 2017 Pool Summary

Classification of Producer Milk

| | <i>Pounds</i> | <i>Percent</i> |
|-----------|---------------|----------------|
| Class I | 556,639,167 | 36.3 |
| Class II | 328,573,172 | 21.4 |
| Class III | 383,962,229 | 25.0 |
| Class IV | 264,696,730 | 17.3 |
| Total | 1,533,871,298 | 100.0 |

Producer Prices

| | |
|------------------------------|-----------------|
| Producer Price Differential | \$ (0.12) / cwt |
| Butterfat Price | 2.6646 / lb |
| Protein Price | 2.1084 / lb |
| Other Solids Price | 0.1853 / lb |
| Somatic Cell Adjustment Rate | 0.00086 / cwt |
| Statistical Uniform Price | 16.57 / cwt |

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

October 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 | | | 545,808,384 | | | \$8.67 / cwt | \$ 47,321,586.91 |
| Class I Butterfat | | 10,830,783 | | | | 2.8780 / lb | 31,170,993.48 |
| Class I Location Differential | 556,639,167 | | | | | | (296,599.49) |
| Class II SNF Value | | | | 28,236,255 | | 0.7600 / lb | 21,459,553.80 |
| Class II Butterfat | | 22,764,685 | | | | 2.6716 / lb | 60,818,132.43 |
| Class III Protein Value | | | 12,121,511 | | | 2.1084 / lb | 25,556,993.79 |
| Class III Other Solids Value | | | | | 22,167,357 | 0.1853 / lb | 4,107,611.25 |
| Class III Butterfat | | 13,273,896 | | | | 2.6646 / lb | 35,369,623.26 |
| Class IV SNF Value | | | | 23,448,098 | | 0.6357 / lb | 14,905,955.91 |
| Class IV Butterfat | | 10,933,180 | | | | 2.6646 / lb | 29,132,551.44 |
| Somatic Cell Value II / III / IV | | | | | | | <u>1,338,015.36</u> |
| TOTAL PRODUCER MILK VALUE | 1,533,871,298 | 57,802,522 | 48,101,506 | | 88,289,297 | | \$ 270,884,418.14 |
| Overages | | | | | | \$ 29,790.41 | |
| Beginning Inventory & OS Charges | | | | | | (31,476.58) | |
| TOTAL ADJUSTMENTS | | | | | | | <u>(1,686.17)</u> |
| TOTAL HANDLER OBLIGATIONS | | | | | | | \$ 270,882,731.97 |
| Total Protein Value | | | 48,101,506 lbs | @ | \$2.1084 | | \$(101,417,215.25) |
| Total Other Solids Value | | | 88,289,297 lbs | @ | 0.1853 | | (16,360,006.71) |
| Butterfat Value | | | 57,802,544 lbs | @ | 2.6646 | | (154,020,658.75) |
| Total Somatic Cell Values | | | | | | | <u>(2,131,191.46)</u> |
| TOTALS | | | | | | | \$ (3,046,340.20) |
| Net Producer Location Adjustments | | | | | | | \$ 1,100,021.37 |
| 1/2 Unobligated Balance Producer Settlement Fund | | | | | | | <u>734,000.00</u> |
| Total - Divided by Total Pounds | | | 1,533,871,298 lbs | | (0.0790365) | | \$ (1,212,318.83) |
| Rate of Cash Reserve | | | | | (0.0409635) | | <u>(628,327.37)</u> |
| PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH* | | | 1,533,871,298 | | \$(0.12) / cwt | | \$ (1,840,646.20) |

COMPONENT PRICES

October

COMPUTATION OF UNIFORM PRICE

October

| | <u>2017</u> | <u>2016</u> | | <u>2017</u> | <u>2016</u> |
|------------------------------|---------------|---------------|------------------------------|---------------|-------------|
| Butterfat Price | \$2.6646 / lb | \$2.0493 / lb | Class III Price - 3.5% BF | \$ 16.69 | \$14.82 |
| Protein Price | 2.1084 / lb | 2.2975 / lb | Producer Price Differential* | <u>(0.12)</u> | <u>0.59</u> |
| Other Solids Price | 0.1853 / lb | 0.1351 / lb | Statistical Uniform Price | \$16.57 | \$15.41 |
| Somatic Cell Adjustment Rate | 0.00086 / cwt | 0.00079 / cwt | | | |
| Nonfat Solids Price | 0.6357 / lb | 0.7469 / lb | | | |

CLASS PRICES

October

CLASSIFICATION OF PRODUCER MILK

October

| | <u>2017</u> | <u>2016</u> | | <u>2017</u> | <u>2016</u> |
|-----------|-------------|-------------|-----------------|--------------------|--------------------|
| Class I* | \$18.44 | \$18.60 | Product lbs. | Product lbs. | Product lbs. |
| Class II | 15.95 | 14.09 | Class I | 556,639,167 | 559,238,835 |
| Class III | 16.69 | 14.82 | Class II | 328,573,172 | 347,100,878 |
| Class IV | 14.85 | 13.66 | Class III | 383,962,229 | 505,831,292 |
| | | | <u>Class IV</u> | <u>264,696,730</u> | <u>279,283,751</u> |
| | | | Total | 1,533,871,298 | 1,691,454,756 |

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for October 2017 was -\$0.12 and the Statistical Uniform Price was \$16.57 for the month. The Statistical Uniform Price is \$0.43 lower than last month, and is \$1.16 higher than October 2016.

The Producer Butterfat Price of \$2.6646 per pound decreased \$0.1913 from September and is up \$0.6153 from a year ago. The Protein Price of \$2.1084 is up \$0.4096 from last month and is down \$0.1891 from October 2016. The Other Solids Price in October was \$0.1853 per pound, a decrease from last month's price of \$0.2241 and \$0.0502 higher than last October. The Somatic Cell Adjustment rate for October was \$0.00086 per cwt.

October producer receipts of 1.53 billion pounds were 5.1 percent lower than September and 9.3 percent lower than October 2016 production of 1.69 billion pounds. Producer milk allocated to Class I accounted for 36.3 percent of the total producer milk in October 2017, higher than the 33.2 percent in September, and higher than the 33.1 percent in October 2016. A total of 4,866 producers were pooled on the Mideast Order compared to 5,266 producers pooled in October 2016.

The market average content of producer milk was as follows: Butterfat 3.77%; Protein 3.14%; Other Solids 5.76% and Nonfat Solids 8.90%.

(Continued from Front Page)

Dairy Forecasts for 2018

Based on recent data, the 2018 yield-per-cow forecast has been raised to 23,335 pounds, 40 pounds higher than last month. Milk cow numbers have been lowered by 5,000 pounds for the first quarter of 2018, but no changes have been made to the forecasts for the outlying quarters. The milk production forecast for 2018 is 220.4 billion pounds, 0.3 billion pounds more than last month's forecast.

The export forecast for 2018 on a milk-fat basis has been raised 0.4 billion pounds to 9.6 billion, based on expectations for higher butter exports, stemming from expectations that domestic prices will remain competitive with international prices. Imports on a milk-fat basis are also expected higher in 2018 than previously forecast, at 5.9 billion pounds, as strong imports of butter are expected to continue. The forecast for ending stocks in 2018 is unchanged at 12.1 billion pounds. The domestic use forecast on a milk-fat basis is 216.7 billion pounds, 0.4 billion more than last month's forecast, as cheese demand is expected to be strong and lower butter prices are expected to contribute to greater butter consumption.

The 2018 forecast for exports on a skim-solids basis has been raised 0.2 billion pounds to 42.0 billion, as the growth in exports of whey products is expected to continue. The import forecast on a skim-solids basis for 2018 is unchanged at 6.2 billion pounds. Ending stocks are forecast 0.3 billion pounds higher than last month, at 9.7 billion pounds for the year. The 2018 domestic use forecast on a skim-solids basis is 185.0 billion pounds, 0.7 billion more than last month's forecast, with stronger expected cheese demand and greater consumption of NDM and dry whey due to lower expected prices.

With higher expected cheese demand, the cheese price forecast for 2018 has been raised to \$1.645-\$1.735 per pound. With recent price declines and higher expected milk production, the butter price forecast has been lowered to \$2.315-\$2.435 per pound. With high stock levels, recent price declines, and higher expected milk production, and continued pressure from international competitors, NDM and dry whey price forecasts for 2018 have been lowered to \$0.815-\$0.885 and \$0.380-\$0.410 per pound, respectively.

With the lower whey price forecast more than offsetting the higher cheese price forecast, the Class III price forecast for 2018 is \$16.00-\$16.90 per cwt, a 10-cent decrease from last month's forecast at the upper end of the range. With lower forecasts for butter and NDM, the Class IV price forecast for 2018 has been lowered to

\$14.70-\$15.70. The all-milk price forecast for 2018 is \$17.45-\$18.35 per cwt, a reduction from \$17.55-\$18.55 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-280/October 18, 2017* Economic Research Service, USDA

September Milk Production Up 1.2 Percent

Milk production in the 23 major States during September totaled 16.2 billion pounds, up 1.2 percent from September 2016. August revised production at 17.0 billion pounds, was up 2.2 percent from August 2016. The August revision represented an increase of 8 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,851 pounds for September, 6 pounds above September 2016.

The number of milk cows on farms in the 23 major States was 8.74 million head, 73,000 head more than September 2016, but 3,000 head less than August 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 September totaled 2.6 billion pounds, up 62 million pounds or 2.5 percent from September 2016.

Production per cow in the Mideast states averaged 1,830 pounds for September, 31 pounds more than September 2016.

The number of cows on farms in the Mideast states was 1.40 million head, 7,000 head more than September 2016.

Bulletin WebPage Edition

www.fmmaclev.com

Featured this month are:

- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk Products

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

| State | September 2017 | | | | | | September 2016 | | | | | |
|-----------------|---------------------|----------------------|-----------------------------|---------|--------------|-----------|----------------------|-----------------------------|---------|--------------|-----------|--|
| | Number of Producers | Pounds of Milk (000) | -----Weighted Averages----- | | | | Pounds of Milk (000) | -----Weighted Averages----- | | | | |
| | | | Butterfat | Protein | Other Solids | SCC (000) | | Butterfat | Protein | Other Solids | SCC (000) | |
| Michigan | 1,296 | 824,377 | 3.70 | 3.08 | 5.81 | 171 | 709,576 | 3.59 | 3.05 | 5.77 | 185 | |
| Ohio | 1,704 | 390,252 | 3.80 | 3.08 | 5.70 | 196 | 378,299 | 3.69 | 3.07 | 5.71 | 215 | |
| Indiana | 847 | 212,737 | 3.72 | 3.08 | 5.77 | 197 | 214,074 | 3.63 | 3.05 | 5.79 | 228 | |
| New York | 212 | 93,652 | 3.83 | 3.11 | 5.76 | 172 | 86,426 | 3.75 | 3.07 | 5.73 | 203 | |
| Pennsylvania | 685 | 80,257 | 3.88 | 3.09 | 5.73 | 250 | 91,977 | 3.78 | 3.06 | 5.71 | 267 | |
| Wisconsin | 19 | 2,775 | 3.86 | 3.06 | 5.80 | 163 | 7,281 | 3.80 | 3.08 | 5.77 | 217 | |
| West Virginia | 33 | 1,663 | 3.85 | 3.15 | 5.67 | 234 | 2,518 | 3.83 | 3.18 | 5.65 | 284 | |
| Other | 100 | 10,677 | 3.95 | 3.22 | 5.72 | 215 | 10,377 | 3.71 | 3.05 | 5.75 | 235 | |
| Total/Average * | 4,896 | 1,616,391 | 3.75 | 3.08 | 5.77 | 185 | 1,500,527 | 3.65 | 3.06 | 5.75 | 205 | |

* 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.



**United States
Department of
Agriculture**

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
October 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 - (<i>Boston</i>) | 2,242,902 | 768,478 | 34.3 | \$0.75 | \$17.44 |
| FO 5 Appalachian - (<i>Charlotte</i>) | 493,102 | 351,235 | 71.2 | ^{2/} | 18.59 |
| FO 6 Florida - (<i>Tampa</i>) | 218,757 | 183,666 | 84.0 | ^{2/} | 20.62 |
| FO 7 Southeast - (<i>Atlanta</i>) | 424,246 | 315,628 | 74.4 | ^{2/} | 19.12 |
| FO 30 Upper Midwest - (<i>Chicago</i>) | 2,192,382 | 277,686 | 12.7 | (0.03) | 16.66 |
| FO 32 Central - (<i>Kansas City</i>) | 1,138,143 | 415,350 | 36.5 | (0.33) | 16.36 |
| FO 33 Mideast - (<i>Cleveland</i>) | 1,533,871 | 556,639 | 36.3 | (0.12) | 16.57 |
| FO 124 Pacific Northwest - (<i>Seattle</i>) | 609,236 | 167,562 | 27.5 | (0.66) | 16.03 |
| FO 126 Southwest - (<i>Dallas</i>) | 752,559 | 373,286 | 49.6 | 0.47 | 17.16 |
| FO 131 Arizona - (<i>Phoenix</i>) | 386,534 | 113,412 | 29.3 | ^{2/} | 16.43 |

^{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 NOVEMBER 2017.....\$14.85 /cwt.

Mideast Market Administrator's Bulletin

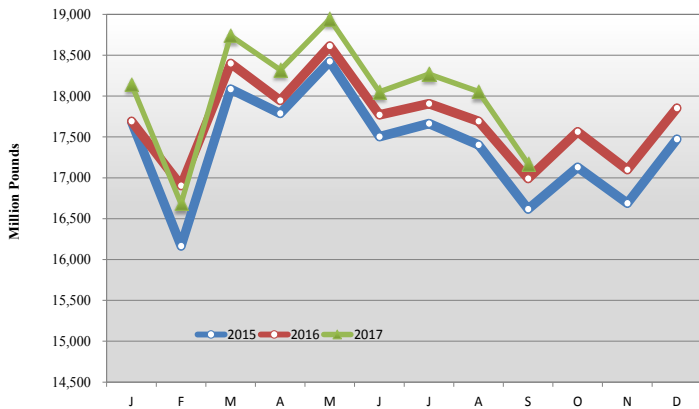
Supplement

Federal Order No. 33

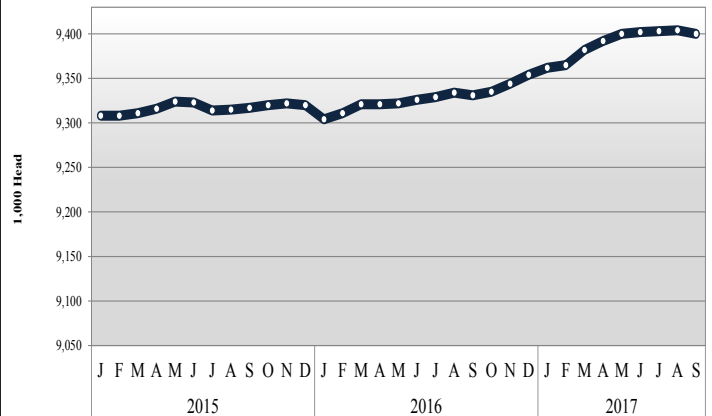
November 2017

MILK PRODUCTION STATISTICS 1/

Milk Production by Month, United States, 2015-2017



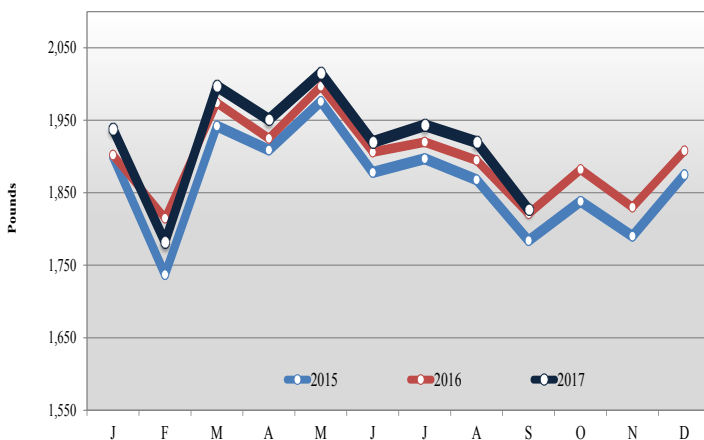
Milk Cows by Month, United States, 2015-2017



September 2017 milk production in the United States decreased 886 million pounds from August to 17.1 billion pounds. September 2017 milk production in the United States was up 1.1 percent from the same month of the prior year.

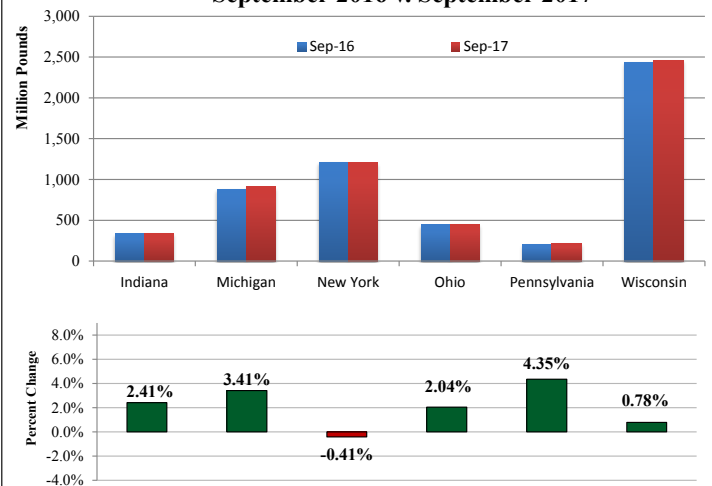
The number of milk cows on farms in the United States was 9.4 million head for September 2017, down 4,000 head from August and 69,000 head more than September 2016.

Milk Production Per Cow by Month, United States, 2015-2017



Production per cow in the United States averaged 1,827 pounds for September 2017 down 93 pounds from August 2017. September 2017 milk production per cow was up 6 pounds from the same month of the prior year.

Milk Production in Select Mideast States, September 2016 v. September 2017

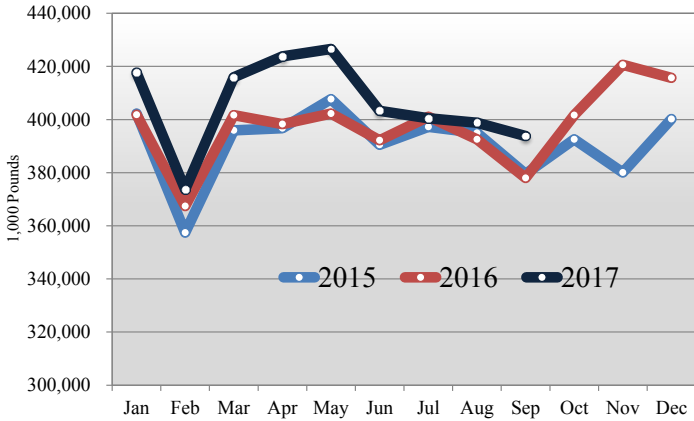


Milk production from selected states which pool on the Mideast marketing area totaled 5.6 billion pounds during September 2017, up 70 million pounds from the prior year. Milk production in Michigan was up 30 million pounds while production in Pennsylvania was up 9 million pounds.

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

DAIRY PRODUCT PRODUCTION 1/

Total American Cheese Production, 2015-2017



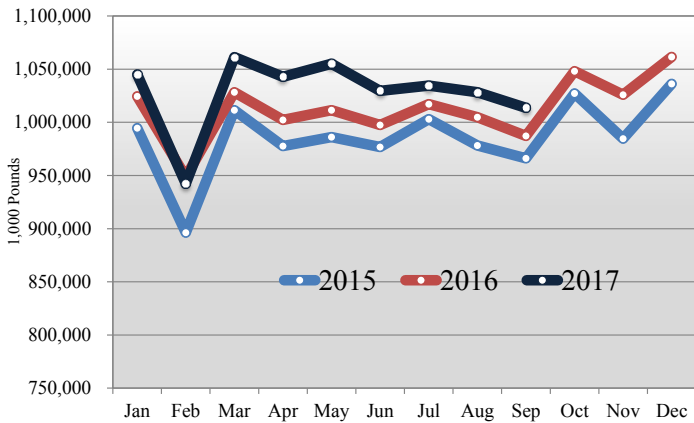
Dairy Product Production Summary:

American type cheese production totaled 394 million pounds, 4.2 percent above September 2016 and 1.3 percent below August 2017.

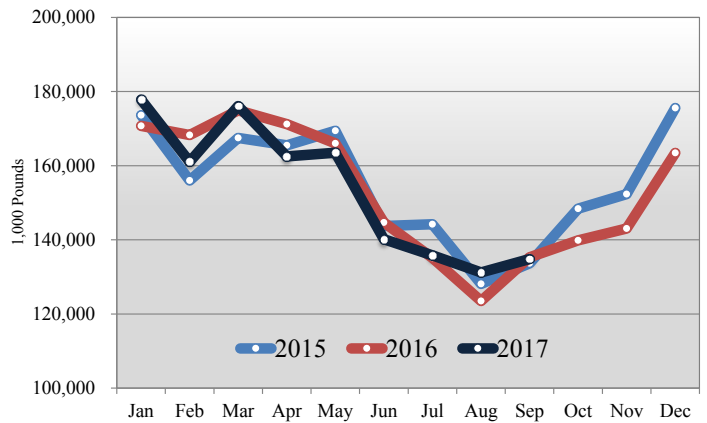
Total cheese output (excluding cottage cheese) was 1.0 billion pounds, 2.7 percent above September 2016 and 1.4 percent below August 2017.

Butter production was 135 million pounds, 0.3 percent below September 2016 and 2.8 percent above August 2017.

Total Cheese Production, 2015-2017



Total Butter Production, 2015-2017



COMMERCIAL DISAPPEARANCE 2/

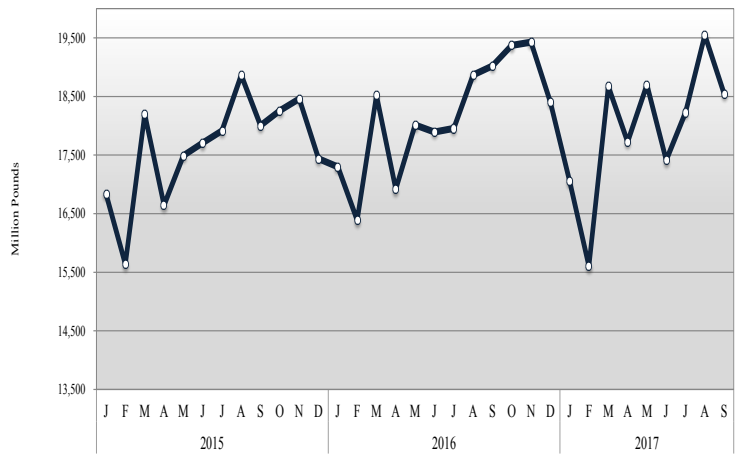
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For September 2017 commercial disappearance of milk was 18.5 billion pounds, down 2.5 percent from the prior year. The cumulative disappearance total for 2017 is 151 billion pounds, an increase of 3.2 percent from the same 9-month period of 2016.

September 2017 commercial disappearance of American cheese was 418 million pounds, up 10.0 percent from the prior year.

September 2017 commercial disappearance of butter was 165 million pounds, down 12.7 percent from the prior year.

Commercial Disappearance of Milk in All Products, 2015-2017



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.