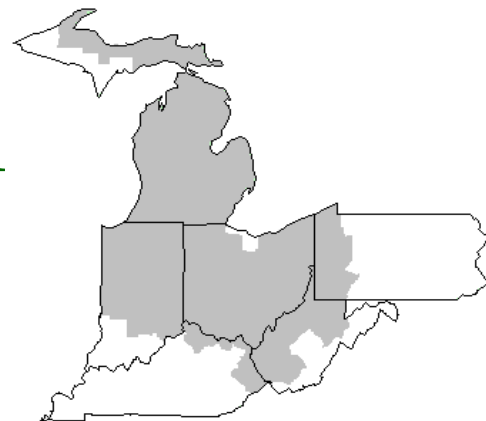


Mideast Market Administrator's Bulletin



Federal Order No. 33

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December 2013

October Milk Production Up 1.2 Percent

Milk production in the 23 major States during October totaled 15.4 billion pounds, up 1.2 percent from October 2012. September revised production at 14.8 billion pounds, was up 1.0 percent from September 2012. The September revision represented a decrease of 13 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,806 pounds for October, 14 pounds above October 2012.

The number of milk cows on farms in the 23 major States was 8.50 million head, 36,000 head more than October 2012, and 2,000 head less than September 2013.

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 October totaled 2.4 billion pounds, up 31 million pounds or 1.3 percent from October 2012.

Production per cow in the Mideast states averaged 1,760 pounds for October, 11 pounds above October 2012.

The number of cows on farms in the Mideast states was 1.36 million head, 10,000 head more than October 2012.

Feed Prices to Ease in 2014, Production to Expand and Prices to Soften Slightly

Feed price forecasts continue to decline, based on the most recent World Agricultural Supply and Demand Estimates report. The forecast corn price for 2013/14 is lowered to \$4.10-\$4.90 a bushel in November from September. Lower harvested acreage is more than offset by higher yield, leading to a record production forecast. However, the soybean meal price is revised higher for 2013/14 in November to \$375-\$415 a ton. Soybean production forecasts for 2013/14 are raised in November based on higher yield expectations, but stronger exports of soybean meal are expected to boost prices. According to the October Agricultural Prices report, the preliminary October price for alfalfa was \$193 a ton, down fractionally from September's estimate and below the October 2012 price. Dairy Feed ration prices will likely be lower in 2014 than this year.

Herd size projections were resumed this month, and the National Agricultural Statistics Service estimated the nation's herd at 9.227 million head for the July-September quarter. The U.S. Dairy herd is expected to average 9.225 million head in 2013 and increase to 9.245 million head in 2014 as producers respond to improved returns. The current-year milk yield per cow is forecast at 21,865 pounds. Milk per cow is forecast at 22,170 pounds next year, based on expectations that cheaper feed and abundant forages will support improved yields. Milk production this year is projected at 201.7 billion pounds, slightly lower than forecast in September. Production in 2014 is forecast at 204.9 billion pounds, based

on slightly higher cow numbers next year and trend yield growth. The improved feed price outlook should lead to some herd expansion in 2014.

Fats-basis imports are forecast at 4.0 billion pounds for both this year and next, down fractionally from September. Imports were lowered based on slower cheese imports. The slower pace of cheese imports is expected to carry into 2014. Skim-solids basis imports for this year were reduced slightly from September to 5.1 billion pounds, based on sluggish imports of milk protein concentrates (MPC). Lower imports of MPC's are expected to affect skim-solids basis imports in 2014 as well, as imports are forecast at 5.2 billion pounds. Fats-basis exports were raised in November for both 2013 and 2014 to 11.5 and 10.6 billion pounds, respectively. The export increases are based on a strong movement of fat based products. Exports are reduced in 2014 from 2013 as competition from foreign producers is expected to stiffen. Skims-solids basis exports were raised from September to 39.1 billion pounds for 2013 and to 37.8 billion pounds in 2014, based on continued strong nonfat dry milk (NDM) exports. Skims-solids exports are projected to decline in 2014 from the current year for the same reasons that fat-basis exports are forecast to slip next year.

Fat-basis commercial ending stocks for 2013 and 2014 remain unchanged in November from September. However, skim-solids basis ending stocks are projected higher both this year and in 2014. Higher than previously forecast NDM stocks this year are expected to carry over into 2014, which, combined with higher production, is expected to support higher skim-solids stocks during the year.

(continued on Page 3)

November 2013 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	556,102,493	42.6
Class II	150,388,783	11.5
Class III	480,924,426	36.8
Class IV	118,520,173	9.1
Total	1,305,935,875	100.0

Producer Prices

Producer Price Differential	\$ 1.29 /cwt
Butterfat Price	1.6336 /lb
Protein Price	3.6316 /lb
Other Solids Price	0.3955 /lb
Somatic Cell Adjustment Rate	0.00093 /cwt
Statistical Uniform Price	20.12 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

November 2013

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			545,977,198			\$ 16.86 / cwt	\$ 92,051,755.59
Class I Butterfat		10,125,295				1.6955 / lb	17,167,437.70
Class I Location Differential	556,102,493						(23,886.07)
Class II SNF Value				12,698,250		1.7289 / lb	21,954,004.42
Class II Butterfat		13,666,666				1.6406 / lb	22,421,532.24
Class III Protein Value			15,933,258			3.6316 / lb	57,863,219.73
Class III Other Solids Value					27,426,828	0.3955 / lb	10,847,310.47
Class III Butterfat		19,074,831				1.6336 / lb	31,160,643.91
Class IV SNF Value				10,321,285		1.7042 / lb	17,589,533.91
Class IV Butterfat		7,930,735				1.6336 / lb	12,955,648.68
Somatic Cell Value II / III / IV							<u>1,181,226.83</u>
TOTAL PRODUCER MILK VALUE	1,305,935,875	50,797,527	42,485,627		74,556,962		\$ 284,959,427.41
Overages					34,865.70		
Beginning Inventory & OS Charges					(58,625.22)		
TOTAL ADJUSTMENTS							\$ (23,759.52)
TOTAL HANDLER OBLIGATIONS							\$ 284,935,667.89
Total Protein Value			42,485,627 lbs	@	\$ 3.6316		\$(154,290,802.97)
Total Other Solids Value			74,556,962 lbs	@	0.3955		(29,487,278.49)
Butterfat Value			50,797,527 lbs	@	1.6336		(82,982,840.14)
Total Somatic Cell Values							<u>(2,048,308.93)</u>
TOTALS							\$ 16,126,437.36
Net Producer Location Adjustments							\$ 660,278.41
1/2 Unobligated Balance Producer Settlement Fund							<u>633,000.00</u>
Total - Divided by Total Pounds			1,305,935,875 lbs		1.3338875		\$ 17,419,715.77
Rate of Cash Reserve					<u>(0.0438875)</u>		<u>(573,142.61)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,305,935,875		\$ 1.29 /cwt		\$ 16,846,573.16

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	November	
	<u>2013</u>	<u>2012</u>
Butterfat Price	\$1.6336 / lb	\$2.0218 / lb
Protein Price	3.6316 / lb	3.7172 / lb
Other Solids Price	0.3955 / lb	0.4624 / lb
Somatic Cell Adjustment Rate	0.00093 / cwt	0.00101 / cwt
Nonfat Solids Price	1.7042 / lb	1.3330 / lb

	November	
	<u>2013</u>	<u>2012</u>
Class III Price - 3.5% BF	\$ 18.83	\$20.83
Producer Price Differential*	<u>1.29</u>	<u>(0.45)</u>
Statistical Uniform Price	\$20.12	\$20.38

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	November	
	<u>2013</u>	<u>2012</u>
Class I*	\$22.20	\$22.70
Class II	20.76	18.81
Class III	18.83	20.83
Class IV	20.52	18.66

	November	
	<u>2013</u>	<u>2012</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	556,102,493	560,604,832
Class II	150,388,783	225,084,127
Class III	480,924,426	322,542,678
Class IV	<u>118,520,173</u>	<u>201,054,104</u>
Total	1,305,935,875	1,309,285,741

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for November 2013 was \$1.29 and the Statistical Uniform Price was \$20.12 for the month. The Statistical Uniform Price is \$0.35 higher than last month, and is \$0.26 lower than November 2012.

The Producer Butterfat Price of \$1.6336 per pound decreased \$0.0302 from October and is down \$0.3882 from a year ago. The Protein Price of \$3.6316 is up \$0.2209 cents from last month and is down \$0.0856 from November 2012. The Other Solids Price in November was \$0.3955 per pound, an increase from last month's price of \$0.3852 and \$0.0669 lower than last November. The Somatic Cell Adjustment rate for November was \$0.00093.

November producer receipts of 1.31 billion pounds were 1.70 percent lower than October and 0.3 percent lower than November 2012 production or down 3.3 million pounds. Producer milk allocated to Class I accounted for 42.6 percent of the total producer milk in November 2013, less than the 43.4 percent in October, and less than the 42.8 percent in November 2012. A total of 6,130 producers were pooled on the Mideast Order compared to 6,242 producers pooled in November 2012.

The market average content of producer milk was as follows: Butterfat 3.89%; Protein 3.25%; Other Solids 5.71% and Nonfat Solids 8.96%.

(Continued from Front Page)

Dairy product price forecasts 2013 are projected higher in November since September. Cheese, butter, and NDM prices are projected higher this year based on recent price performance and apparent robust demand. Cheese prices are forecast at \$1.765-\$1.775 per pound. For 2014, the price is reduced to \$1.670-\$1.760 per pound from September. The butter price is forecast to be \$1.515-\$1.545 per pound this year and is expected to decline to \$1.465-\$1.585 per pound next year on lower exports and increased production. NDM prices are forecast at \$1.685-\$1.755 per pound in 2014. Whey prices are reduced from the September forecast to 58.0-59.0 cents per pound based on lower than expected year-to-date prices, and they are expected to soften 54.5-57.5 cents per pound in 2014.

The Class III price forecast is lowered this month from September to \$17.90-\$18.00 per cwt and lowered for 2014 to \$16.85-\$17.75 per cwt, based on forecast lower cheese and whey prices. The Class IV price is raised from September for 2013 to \$18.80-\$19.00 per cwt and to \$18.60-\$19.60 per cwt next year, based on continued international demand for NDM. On a year-over-year basis, the Class IV price is forecast lower next year as skim-solids based exports are expected to decline from 2013 forecast totals. The all milk price range is narrowed from September to \$19.80-\$19.90 per cwt this year and dropped for 2014 to \$19.30-\$20.20 per cwt on the basis of expected lower 2014 Class III prices.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-233/Nov 15, 2013*
Economic Research Service, USDA

Organic Dairy Market News

2013 organic milk sales have been strong and above previous year levels since March. Cumulative U.S. sales of total organic milk products through September exceeds previous years through September. The U.S. weighted average advertised price of organic milk half gallons is \$3.68, up 20 cents from the last reported period. One year ago the national price average was \$3.52. The national weighted average advertised price for organic gallons is \$5.25, virtually the same price as \$5.26 the last reported period. One year ago the average price of organic gallons was \$5.99.

Holiday themed ads for quart sized organic egg nog resulted in that product edging out organic yogurt as the number two most advertised organic dairy product. Prices ranged from \$3.49 to \$3.99, with a weighted average price of \$3.78. Organic ad numbers are at the

lowest level of the year, and also lower than any period of 2012. All ads this period are for 32 ounce organic yogurt, all priced \$3.33.

A topic of high interest in the Northeast is consideration being given by a national organic yogurt manufacturer to establishing its own contracted milk pool directly with organic producers, replacing the present practice of purchasing milk through a cooperative. A decision is expected by year end. With variables such as pay price, milk volumes, and specific farms that might be asked to contract, unresolved, much is undecided in the region as to who will be buying organic milk from whom and at what price in 2014.

Source: *Dairy Market News, Volume 80, Report 48*

October 2013 Dairy Product Highlights

Butter production was 146.2 million pounds, 1.2 percent above October 2012 and 10.2 percent above September 2013. American Type Cheese production totaled 367.8 million pounds, 0.6 percent below October 2012, but 6.4 percent above September 2013. Total Cheese output (excluding cottage cheese) was 950.1 million pounds, 2.1 percent above October 2012 and 6.7 percent above September 2013. Nonfat Dry Milk production, for human food, totaled 85.5 million pounds, 10.1 percent below October 2012 but 15.5 percent above September 2013. Dry Whey production, for human food, was 71.5 million pounds, 2.5 percent below October 2012 but 7.9 percent above September 2013. Ice Cream (hard) production totaled 64.7 million gallons, 0.9 percent below October 2012, but 2.3 percent above September 2013.

Source: *Dairy Market News, Volume 80, Report 50*

Bulletin WebPage Edition

www.fmmaclev.com

Featured this month are:

- Mailbox Prices
- Producer Price Differential & Uniform Price Statistics
- Grain & Alfalfa Hay Prices

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

State	October 2013 -----Weighted Averages -----						October 2012 -----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	1,607	581,708	3.72	3.14	5.73	168	558,121	3.73	3.16	5.74	162
Ohio	2,067	318,526	3.88	3.18	5.71	219	307,894	3.81	3.18	5.73	216
Indiana	1,013	167,938	3.77	3.17	5.71	208	160,234	3.79	3.17	5.72	201
Pennsylvania	948	105,340	3.88	3.16	5.70	251	85,233	3.90	3.20	5.70	263
New York	284	92,748	3.84	3.14	5.71	192	92,806	3.83	3.14	5.74	196
Wisconsin	74	48,021	3.76	3.16	5.74	229	3,404	3.74	3.14	5.76	240
West Virginia	46	2,978	4.09	3.33	5.67	278	1,870	4.14	3.35	5.64	270
Other	171	11,258	3.93	3.21	5.68	236	5,706	4.01	3.23	5.68	230
Total/Average *	6,210	1,328,519	3.97	3.16	5.72	197	1,215,267	3.78	3.16	5.73	191

* 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

November 2013

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)	1,996,383	818,707	41.0	\$2.45	\$21.28
FO 5 Appalachian - (Charlotte)	452,771	326,028	72.0	^{2/}	22.72
FO 6 Florida - (Tampa)	237,825	207,791	87.4	^{2/}	24.92
FO 7 Southeast - (Atlanta)	442,781	341,532	77.1	^{2/}	23.36
FO 30 Upper Midwest - (Chicago)	2,742,916	314,589	11.5	0.33	19.16
FO 32 Central - (Kansas City)	1,241,245	422,224	34.0	0.85	19.68
FO 33 Mideast - (Cleveland)	1,305,936	556,102	42.6	1.29	20.12
FO 124 Pacific Northwest - (Seattle)	671,440	178,235	26.6	0.94	19.77
FO 126 Southwest - (Dallas)	1,018,691	372,840	36.6	1.67	20.50
FO 131 Arizona - (Phoenix)	364,885	115,692	31.7	^{2/}	20.70

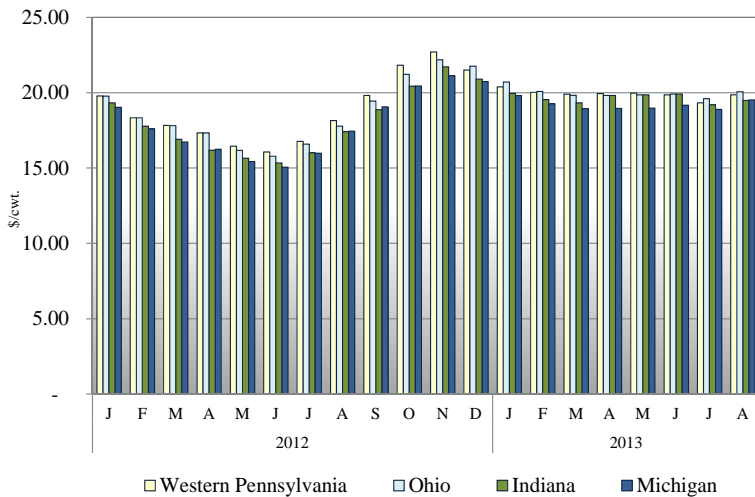
^{1/} Names in parentheses are principal points of markets.

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

MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2013\$18.83 /cwt.

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

Mailbox Milk Price for Selected Reporting Areas Federal Order 33, 2012-2013



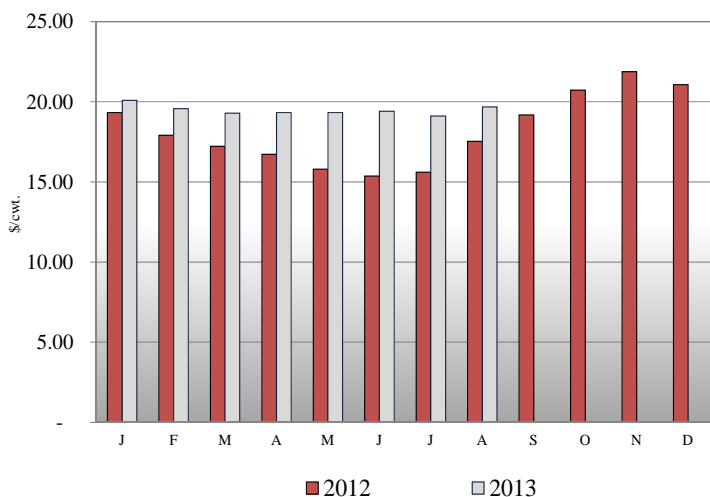
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments.

The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

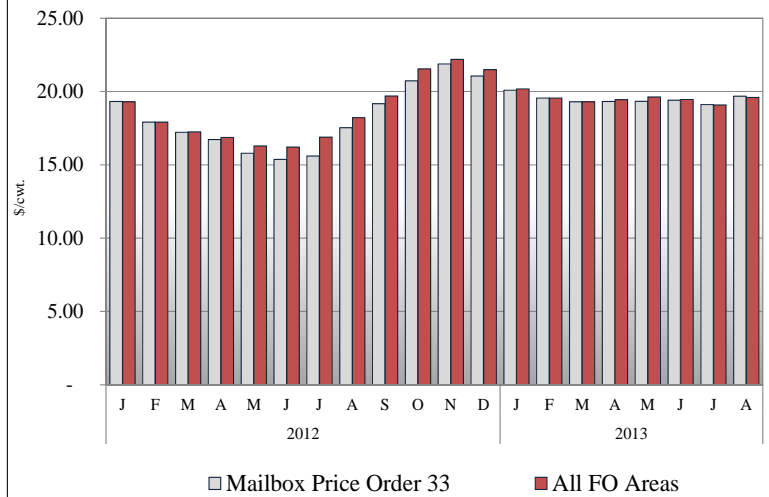
Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

FEDERAL ORDER 33 MAILBOX PRICE STATISTICS

Mailbox Milk Price for the Mideast Marketing Area, 2012-2013



Mailbox Milk Price for Mideast Marketing Area and All FO Areas, 2012-2013

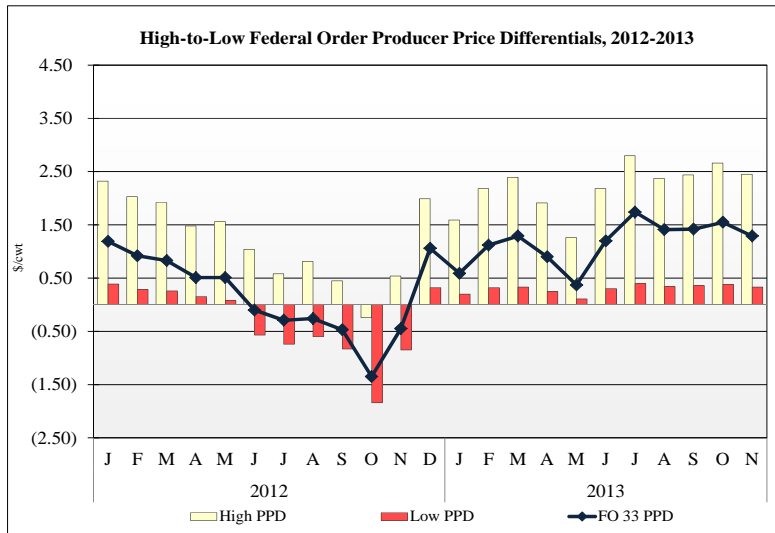


The net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$19.68 per hundredweight for August 2013. The August mailbox price is \$0.57 higher than the mailbox price for July 2013. The August mailbox price is \$2.14 higher than the August 2012 mailbox price of \$17.54 per cwt.

For August 2013 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$0.09 per cwt higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For August the all Federal Order mailbox price was \$19.59 per hundredweight, \$0.51 higher than July 2013.

1/ Mailbox prices are generally released by Dairy Market News on the 10th of the third following month (January data in April).

PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 2/ 3/

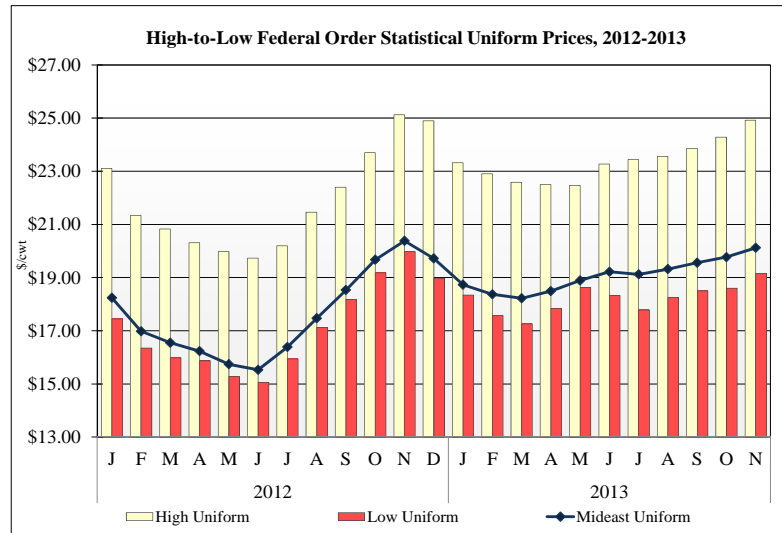


Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing.

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For November 2013, Federal Order 1 had a PPD of \$2.45 per hundredweight (cwt), \$0.21 lower than their October PPD of \$2.66 per cwt.

In November 2013 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at \$1.29 per cwt, \$0.26 per cwt lower than the October PPD.

For November 2013 Federal Order 30 had the lowest PPD at \$0.33 per cwt, \$0.05 per lower than the October PPD.



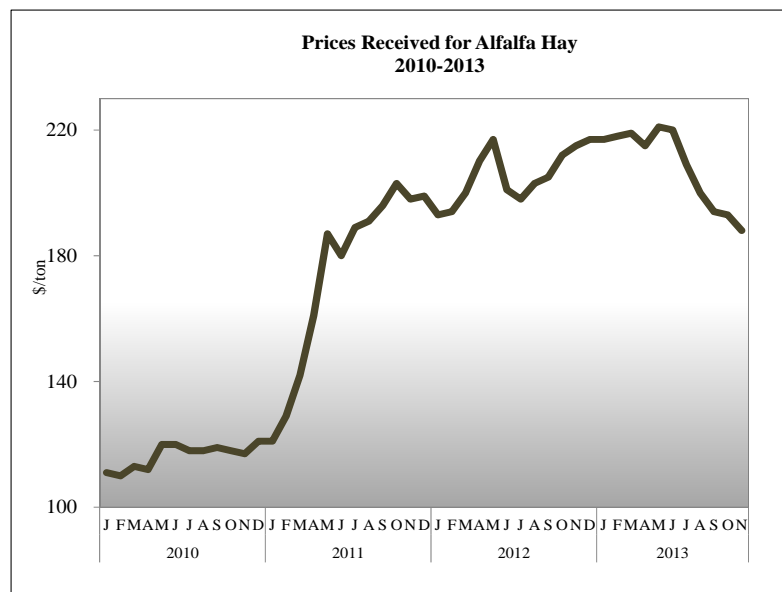
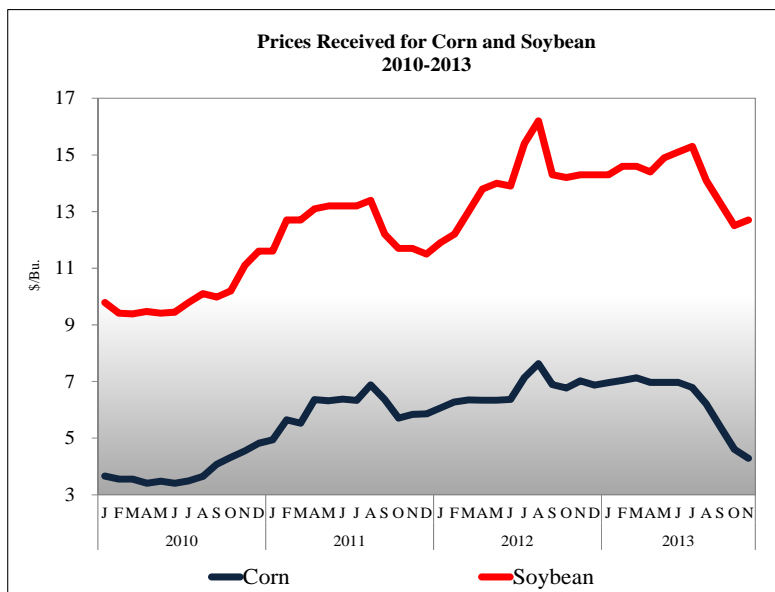
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2013, Federal Order 6 had a SUP of \$24.92 per cwt, \$0.64 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$20.12 per cwt, \$0.35 per cwt higher than the previous month's SUP.

The Upper Midwest order had the lowest SUP at \$19.16 per cwt, \$0.56 per cwt higher than the previous month's SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



2/ Producer price differentials are subject to location adjustment.

3/ Statistical uniform prices are at 3.5 percent butterfat and subject to location adjustment.

4/ Source: USDA, National Agricultural Statistics Service