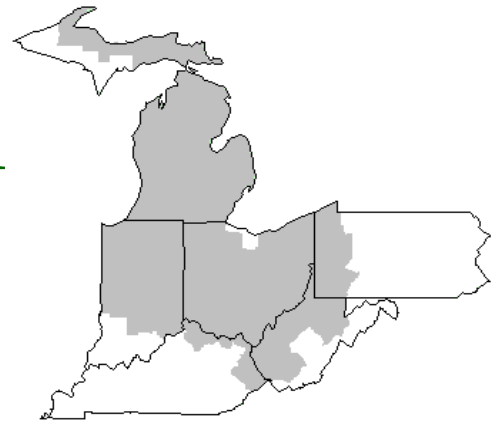


Mideast Market Administrator's Bulletin



Federal Order No. 33

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July 2013

Milk and Dairy Product Prices Remain Stable Despite Higher Cheese and Butter Stocks

June-projected corn prices were raised from May to \$6.75 to \$7.15 per bushel for 2012/13. The 2013/14 corn supplies were tightened in the June USDA forecasts. The reduced corn production estimate is based on lower forecast yields, a result of slower than usual plantings in parts of the western Corn Belt due to cool wet weather. The price effects of lower production and higher expected food, seed, and industrial use were largely offset by lower forecast feed and residual use. The 2013/14 forecast corn price is increased from the May projection to \$4.40 - \$5.20 per bushel, but this is still well below 2012/13 forecast price. Soybean meal prices for 2012/13 are increased from May to \$450 per ton. The 2013/14 price forecast was bumped up to \$290 to \$330 per ton from May, well below this year's expected price. The higher soybean meal prices reflect higher soybean prices. Stronger than expected soybean meal exports also contributed to higher soybean meal prices for 2012/13. The May preliminary alfalfa price was reported in the Agricultural Prices report at \$221 per ton, which was higher than anticipated as the first cutting was delayed in many places. Rain and cool temperatures are the main culprits. Consequently the milk-feed price ratio is likely to remain below a level that would support a more robust expansion in the dairy herd.

The June milk production forecast for 2013 is unchanged from May at 201.8 billion pounds. The May Milk Production report placed production for the first 4 months of 2013 slightly ahead of the same period last year after adjusting for the extra milking day in 2012. After accounting for the relatively weak milk-feed price ratio, there was no basis for increasing forecast production from the May estimate. Milk production in 2014 was lowered in June from May's forecast to 204.5 billion pounds. Weak milk-feed price ratios will likely slow production growth through much of 2014.

Fats basis 2013 milk equivalent imports were raised in June to 4.1 billion pounds and are expected to hold at 4.1 billion pounds in 2014. Skims-solids basis milk equivalent imports were unchanged from the May forecast at 5.6 billion pounds for this year and 5.4 billion pounds in 2014. Fats basis exports were lowered in June to 9.8 billion pounds based on sluggish butterfat shipments in April. Fats basis exports are unchanged from May at 10.3 billion pounds in 2014. Skims-solids exports were raised for 2013 to 35.4 billion pounds but are unchanged at 36.4 billion in 2014. Brisk skim milk powder (SMP) exports to Southeast Asia more than offset lower movement to Mexico, the largest U.S. market. It appears the United States may be supplying markets traditionally held by the European Union that have seen a decline in SMP availability from France and Germany.

The May Cold Storage report showed butter and cheese stocks well above a year ago. While it is likely that stocks will be drawn down over the remainder of 2013, the upward adjustment in stocks was carried forward through the course of this year and next, raising fats-basis ending stocks to 13.2 billion pounds this year and 12.4 billion pounds for 2014. Likewise, skims-solids stocks were raised in June, albeit less drastically, to 12.5 billion pounds for 2013 and 12.3 billion pounds in 2014. Nonfat dry milk (NDM) production was lower through April compared with 2012, and NDM stocks were drawn down in April. But higher cheese stocks more than compensated, resulting in the higher ending stock forecast.

Price forecasts for cheese and butter were lowered in June, reflecting the accumulating stocks of these products and year-to-date prices. The 2013 cheese price range was lowered to \$1.745 - \$1.785 per pound. Cheese price forecasts were unchanged for 2014 at \$1.675 - \$1.775 per pound. Butter prices were lowered to \$1.540 - \$1.610 per pound for 2013 and to \$1.480 - \$1.610 per pound next year, based on the high level of butter stocks and sluggish export interest. These factors are expected to impact the butter market through the first half of 2014. Whey prices were unchanged from May, but the price range was narrowed to 58.5 - 60.5 cents per pound for this year. Prices for 2014 were unchanged from May's forecast at 56.5 - 59.5 cents per pound. NDM prices were raised to \$1.600 - \$1.640 per pound this year based on tightening supplies and anticipated robust exports. NDM prices in 2014 were unchanged from May at \$1.585 - \$1.655 per pound.

(Continued on Page 3)

June 2013 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	472,445,148	33.4
Class II	212,954,242	15.1
Class III	497,446,414	35.2
Class IV	230,518,877	16.3
Total	1,413,364,681	100.0

Producer Prices

Producer Price Differential	\$ 1.20 /cwt
Butterfat Price	1.6599 /lb
Protein Price	3.3455 /lb
Other Solids Price	0.3859 /lb
Somatic Cell Adjustment Rate	0.00089 /cwt
Statistical Uniform Price	19.22 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

June 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			463,805,949			\$ 15.09 / cwt	\$ 69,988,317.68
Class I Butterfat		8,639,199				1.8200 / lb	15,723,342.18
Class I Location Differential	472,445,148						(210,871.57)
Class II SNF Value				17,819,320		1.5322 / lb	27,302,762.09
Class II Butterfat		16,874,951				1.6669 / lb	28,128,855.80
Class III Protein Value			15,035,766			3.3455 / lb	50,302,155.17
Class III Other Solids Value					28,606,970	0.3859 / lb	11,039,429.71
Class III Butterfat		18,113,092				1.6599 / lb	30,065,921.44
Class IV SNF Value				20,301,160		1.5048 / lb	30,549,185.57
Class IV Butterfat		7,630,630				1.6599 / lb	12,666,082.73
Somatic Cell Value II / III / IV							<u>1,261,361.71</u>
TOTAL PRODUCER MILK VALUE	1,413,364,681	51,257,872	42,562,979		81,264,178		\$ 276,816,542.51
Overages						9,715.39	
Beginning Inventory & OS Charges						(38,896.07)	
TOTAL ADJUSTMENTS							\$ (29,180.68)
TOTAL HANDLER OBLIGATIONS							\$ 276,787,361.83
Total Protein Value			42,562,979 lbs	@	\$ 3.3455		\$ (142,394,446.26)
Total Other Solids Value			81,264,178 lbs	@	0.3859		(31,359,846.29)
Butterfat Value			51,257,872 lbs	@	1.6599		(85,082,941.78)
Total Somatic Cell Values							<u>(1,870,392.66)</u>
TOTALS							\$ 16,079,734.84
Net Producer Location Adjustments							\$ 918,461.65
1/2 Unobligated Balance Producer Settlement Fund							<u>650,000.00</u>
Total - Divided by Total Pounds			1,413,364,681 lbs		1.2486655		\$ 17,648,196.49
Rate of Cash Reserve					<u>(0.0486655)</u>		<u>(687,820.99)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,413,364,681		\$ 1.20 /cwt		\$ 16,960,375.50

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	<u>June</u>			<u>June</u>	
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Butterfat Price	\$1.6599 / lb	\$1.4866 / lb	Class III Price - 3.5% BF	\$ 18.02	\$15.63
Protein Price	3.3455 / lb	2.8952 / lb	Producer Price Differential*	<u>1.20</u>	<u>(0.10)</u>
Other Solids Price	0.3859 / lb	0.3113 / lb	Statistical Uniform Price	\$19.22	\$15.53
Somatic Cell Adjustment Rate	0.00089 / cwt	0.00079 / cwt			
Nonfat Solids Price	1.5048 / lb	0.9252 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	<u>June</u>			<u>June</u>	
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Class I*	\$20.93	\$17.24	Class I	472,445,148	464,017,429
Class II	19.14	14.32	Class II	212,954,242	281,438,074
Class III	18.02	15.63	Class III	497,446,414	434,641,307
Class IV	18.88	13.24	Class IV	<u>230,518,877</u>	<u>234,352,676</u>
			Total	1,413,364,681	1,414,449,486

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for June 2013 was \$1.20 and the Statistical Uniform Price was \$19.22 for the month. The Statistical Uniform Price is \$0.33 higher than last month, and is \$3.69 higher than June 2012.

The Producer Butterfat Price of \$1.6599 per pound decreased \$0.1285 from May and is up \$0.1733 from a year ago. The Protein Price of \$3.3455 is down \$0.0142 cents from last month and is up \$0.4503 from June 2012. The Other Solids Price in June was \$0.3859 per pound, a decrease from last month's price of \$0.3887 and \$0.0746 higher than last June. The Somatic Cell Adjustment rate for June was \$0.00089.

June producer receipts of 1.413 billion pounds were 9.9 percent lower than May and 0.1 percent lower than June 2012 production of 1.414 billion pounds. Producer milk allocated to Class I accounted for 33.4 percent of the total producer milk in June 2013, less than the 34.4 percent in May, and more than the 32.8 percent in June 2012. A total of 6,132 producers were pooled on the Mideast Order compared to 6,434 producers pooled in June 2012.

The market average content of producer milk was as follows: Butterfat 3.63%; Protein 3.01%; Other Solids 5.75% and Nonfat Solids 8.76%.

(continued from Front Page)

The Class IV price was lowered for both this year and next as lower butter prices more than offset NDM price strength. The Class IV price is forecast at \$18.15 - \$18.65 per cwt for this year and \$17.75 - \$18.85 per cwt for 2014. The Class III milk price forecast was lowered to \$17.80 - \$18.20 per cwt but is unchanged from May at \$17.00 - \$18.00 per cwt for 2014. The all milk price was increased from May for both 2013 and 2014 to \$19.60 - \$20.00 and \$18.95 - \$19.95 per cwt, respectively.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-228/June 18, 2013*
Economic Research Service, USDA

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 06/17 to 06/28

Cheese remains a heavily advertised dairy product. This week saw the 8 ounce block cheese category jump ahead of the 8 ounce shred package in retail featuring. The 8 ounce shredded package, has a weighted average advertised price of \$2.16, down 16 cents from two weeks ago and 31 cents below one year ago. The price for 8 ounce blocks, at \$2.30, is down 1 cent from two weeks ago and 3 cents lower than a year ago.

Greek yogurt in 4-6 ounce packs averaged \$0.99, down 2 cents from two weeks ago and 1 cent lower to a year ago. Regular yogurt in 4-6 ounce packs, averaged 52 cents, down 2 cents from two weeks ago, but up 2 cents from a year ago. Yogurt is the second most advertised dairy product.

The ice cream national weighted average price is \$3.05 per 48-64 ounce packs, up 7 cents from 2 weeks ago and up 4 cents from a year ago. Ice cream ad numbers increased 14% from last period. Butter prices decreased 10 cents from two weeks ago. The national weighted average price is \$2.87 per 1# package. The average is 39 cents higher than a year ago. Butter ad numbers are up 12% from two weeks ago.

The national weighted average conventional milk price for half gallons, \$2.32, is up 19 cents from last year. Organic half-gallon milk, at \$3.54, is down 5 cents from two weeks ago. The organic-conventional half-gallon price spread is \$1.22.

Source: *National Dairy Retail Report Volume 80- Number 26 Issued Biweekly Thursday, June 27, 2013*

May Milk Production Up 0.9 Percent

Milk production in the 23 major States during May totaled 16.5 billion pounds, up 0.9 percent from May 2012. April revised production, at 16.1 billion pounds, was up 0.2 percent from April 2012. The April revision represented a decrease of 20 million pounds or 0.1 percent from last month's preliminary production estimate.

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 April totaled 2.5 billion pounds, up 65 million pounds or 2.6 percent from April 2012.

*Due to Sequestration, administrative data will be used for all releases of the above information through the end of the fiscal year on September 30, 2013. Releases will contain milk production data only. No information on the number of cows or milk per cow will be released. Please check the NASS website at www.nass.usda.gov for any future updates on NASS programs.

Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- Weights Average NASS Prices

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

State	May 2013 -----Weighted Averages -----						May 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	1,630	711,535	3.61	3.04	5.76	166	687,081	3.58	3.02	5.76	162
Ohio	2,074	407,123	3.69	3.04	5.69	205	361,648	3.60	3.04	5.73	215
Indiana	1,041	198,668	3.75	3.09	5.83	212	190,727	3.62	3.05	5.78	204
Pennsylvania	895	102,780	3.74	3.07	5.72	239	102,891	3.70	3.07	5.72	260
New York	293	100,401	3.74	3.04	5.77	194	139,042	3.64	3.02	5.76	196
Wisconsin	32	30,111	3.72	3.09	5.75	247	85,334	3.66	3.08	5.78	209
West Virginia	48	3,887	3.78	3.15	5.73	249	3,962	3.78	3.13	5.73	264
Other	132	13,766	3.64	3.04	5.72	206	22,727	3.60	3.02	5.76	218
Total/Average *	6,145	1,568,270	3.67	3.05	5.75	190	1,593,410	3.61	3.04	5.76	192

* 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

June 2013

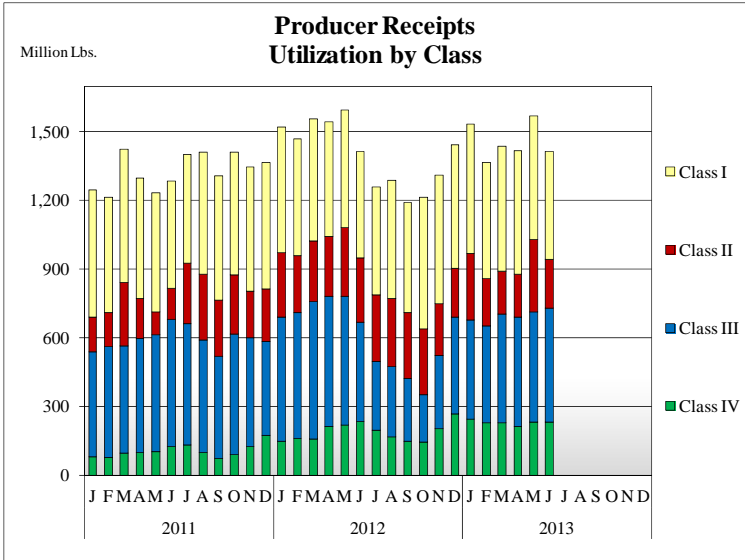
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,146,580	722,877	33.7	2.18	\$20.20
FO 5 Appalachian - (Charlotte)	477,486	279,143	58.5	^{2/}	21.00
FO 6 Florida - (Tampa)	216,242	178,214	82.4	^{2/}	23.27
FO 7 Southeast - (Atlanta)	523,364	294,321	56.2	^{2/}	21.31
FO 30 Upper Midwest - (Chicago)	2,846,684	269,102	9.5	0.30	18.32
FO 32 Central - (Kansas City)	1,340,613	349,237	26.1	0.78	18.80
FO 33 Mideast - (Cleveland)	1,413,365	472,445	33.4	1.20	19.22
FO 124 Pacific Northwest - (Seattle)	725,757	160,645	22.1	0.82	18.84
FO 126 Southwest - (Dallas)	971,642	309,331	31.8	1.69	19.71
FO 131 Arizona - (Phoenix)	386,054	99,951	25.9	^{2/}	19.27

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

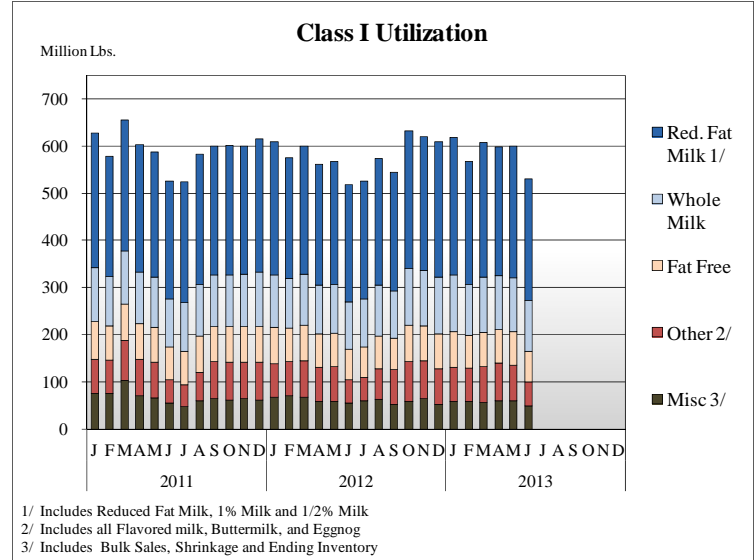
^{2/} Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR JULY 2013.....\$18.02 /cwt.

PRODUCER MILK CLASSIFICATION

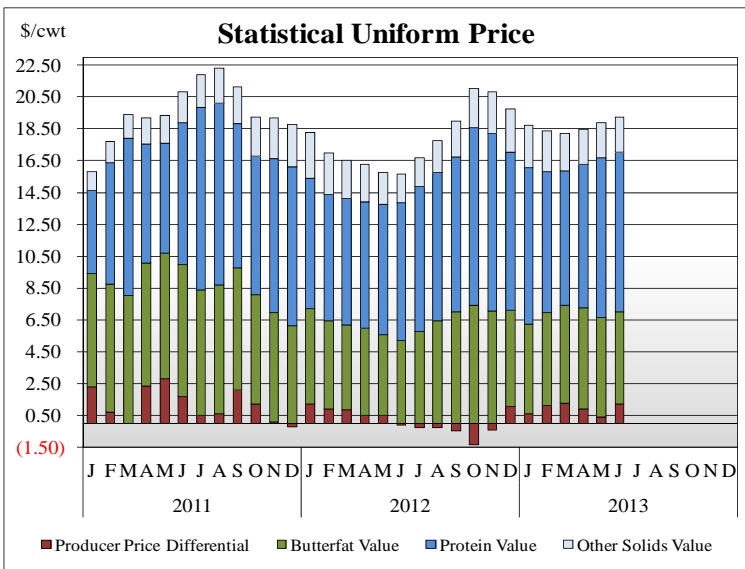


Producer Receipts: Producer receipts for the Mideast Order totaled 1.413 billion pounds in June 2013. The pounds allocated to Class I represented 33.4 percent of the total pounds.. Producer receipts decreased 154.9 million pounds compared to May 2013, and were down 1.1 million pounds from the prior year.

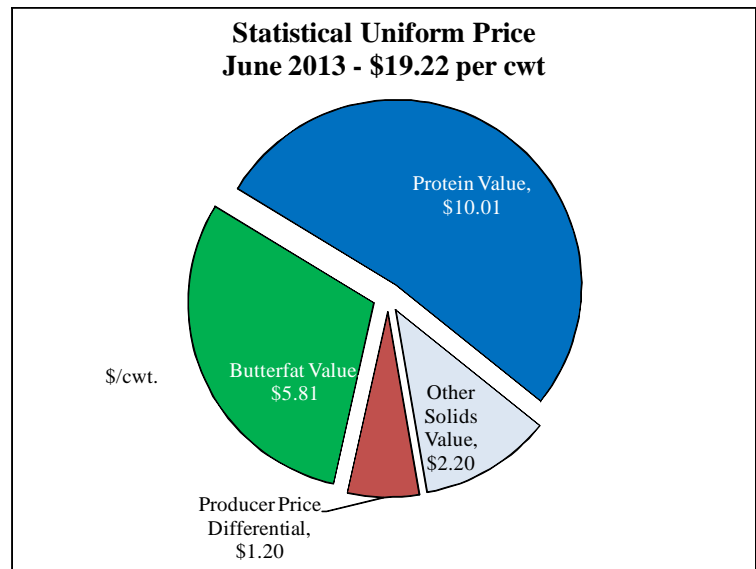


Class I Pounds: Class I utilization for the Mideast Order totaled 530 million pounds in June 2013, up 12 million pounds from June 2012. Finished products include 108 million pounds used for whole milk, 257 million pounds of reduced fat and low fat milk, and 65 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

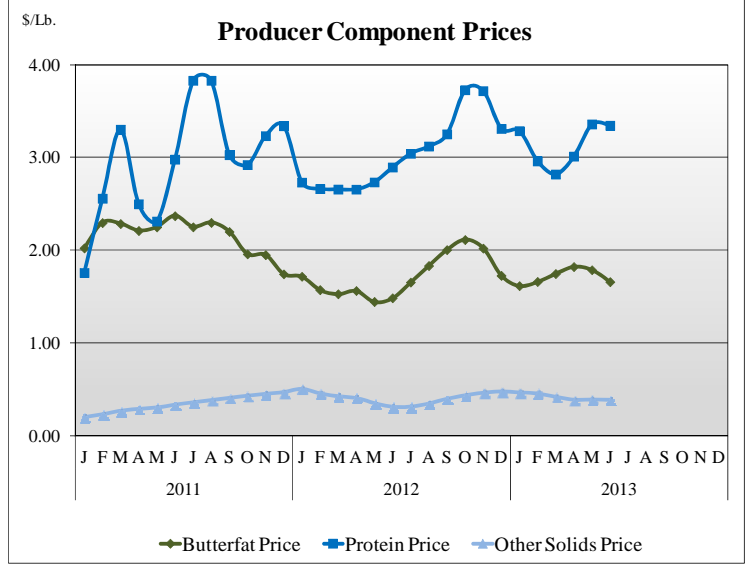
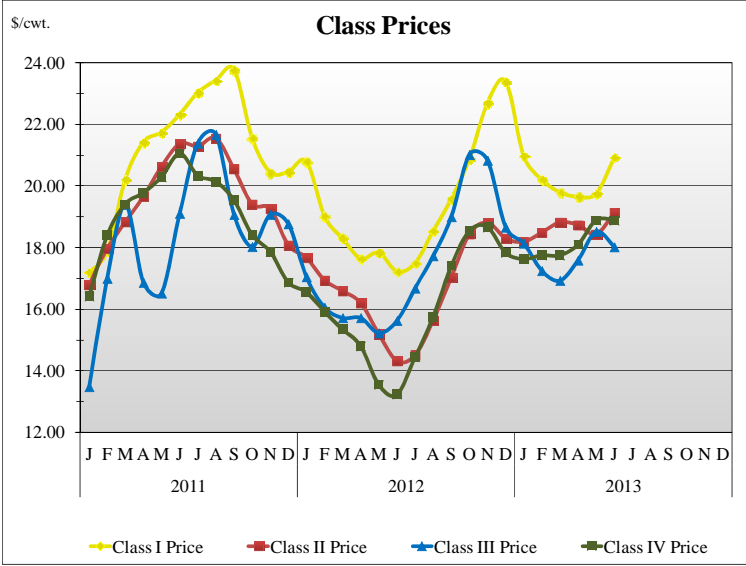


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$19.22 per cwt for June 2013. The June 2013 SUP was \$3.69 per cwt higher than the June 2012 SUP. The June 2013 SUP is \$0.33 per cwt higher than the May 2013 SUP.



June 2013 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the June 2013 SUP are: \$10.01 per cwt for protein, \$5.81 per cwt for butterfat and \$2.20 per cwt for other solids. Also included in the SUP is the \$1.20 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

