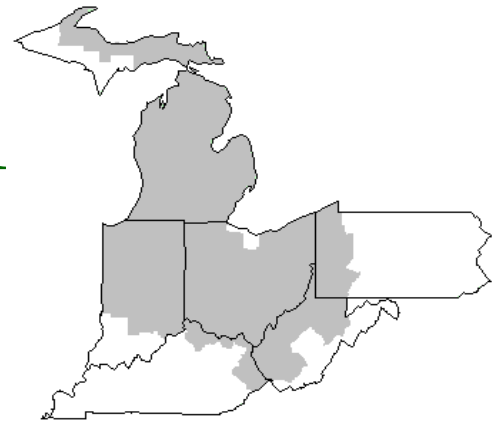


Mideast Market Administrator's Bulletin



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

July 2014

May Milk Production Up 1.5 Percent

Milk production in the 23 major States during May totaled 16.9 billion pounds, up 1.5 percent from May 2013. April revised production, at 16.3 billion pounds, was up 1.4 percent from April 2013. The April revision represented an increase of 27 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,976 pounds for May. This is the highest production per cow for the month of May since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.55 million head, 10,000 head more than April 2014.

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 May totaled 2.6 billion pounds, up 3 million pounds or 0.1 percent from May 2013.

Production per cow in the four States averaged 1,906 pounds for May. The number of milk cows on farms in the four States was 1.4 million head in May 2014.

This Year, Milk and Dairy Product Prices Remain Near Record Levels on Continued Strong Demand; Next Year, Prices Are Forecast To Decline With Greater Production

June projected corn prices were lowered slightly from May to \$4.45 - \$4.65 per bushel for 2013/14, based on reported prices to date. The 2014/15 corn price is forecast below current year prices but is unchanged from the May projection of \$3.85 - \$4.55 per bushel. The soybean meal price for 2013/14 is estimated at \$485 per ton. The 2014/15 soybean meal price forecast is unchanged from May but is expected to be sharply lower than this year at \$355 - \$395 per ton. The preliminary alfalfa price was reported in the May Agricultural Prices report at \$224 per ton; higher than April's reported price and about the same as May a year ago. Consequently, the milk-feed price ratio is likely to remain at a level that would support expansion in the dairy herd in 2015.

Last month's forecast of herd expansion in the second half of the year was based on strong milk prices and moderating feed costs. The June forecast is unchanged from May and cow numbers are placed at 9,255 thousand head for the current year. Cow numbers for 2015 are forecast up slightly from 2014 to 9,340 thousand head, also unchanged from the May forecast. Current-year output per cow is lowered fractionally from May to 22,270 pounds per cow and is based on lower expected output per cow in the second quarter. Next year's forecast of output per cow is unchanged from May and is up nearly 2 percent from

the 2014 projection. The June milk production forecast for 2014 rounds to 206.1 billion pounds, unchanged from May. For 2015, milk production is unchanged from May at 212.1 billion pounds. The likely stronger milk-feed price ratios for both this year and next should presage expanded year-over-year production.

Fats basis 2014 milk equivalent imports were raised in June to 3.5 billion pounds, but are expected to slip to 3.4 billion pounds in 2015. Skims-solids basis milk equivalent imports are raised this month to 5.6 billion pounds for the current year and to 5.2 billion pounds for 2015. The forecast increases from May are based on higher imports of food preparation items, whey products, and, to a lesser extent, casein and milk protein concentrates.

June forecast fats-basis exports for 2014 are increased this month from May to 13.4 billion pounds and to 13 billion pounds for 2015. Butter exports have retreated as U.S. prices have become less competitive on the global market. The butter decline was more than offset by continued strong cheese exports. The higher June forecasts are expected to carry over into 2015. However on a year-over-year basis, the 2015 forecast export decline is based on expected strong foreign competition. Exports on a skims-solids basis are increased to 39.4 billion pounds for 2014 and are unchanged at 38.6 billion pounds for next year. Higher skimmed milk powder, whey, and cheese are the basis of the higher skim-solids export number this year. Although the United States is expected to remain competitive in the global market, foreign competition will likely lower exports on a year-over-year basis in 2015. Fats basis ending stocks are lowered for 2014 based on lower than expected butter stocks, a likely result of lower butter production and strong domestic demand. Fats basis ending stocks are unchanged this month from May. Skims-solids ending stocks for both 2014 and 2015 are unchanged this month from May forecasts.

(Continued on Page 3)

June 2014 - Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	467,110,497	33.6
Class II	162,691,318	11.7
Class III	539,323,620	38.8
Class IV	219,962,536	15.9
Total	1,389,087,971	100.0

Producer Prices

Producer Price Differential	\$ 1.85 /cwt
Butterfat Price	2.4413 /lb
Protein Price	3.3437 /lb
Other Solids Price	0.4942 /lb
Somatic Cell Adjustment Rate	0.00102 /cwt
Statistical Uniform Price	23.21 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

June 2014

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			458,503,432			\$ 17.58 / cwt	\$ 80,604,903.38
Class I Butterfat		8,607,065				2.2556 / lb	19,414,095.82
Class I Location Differential	467,110,497						(191,817.87)
Class II SNF Value				13,381,362		1.7700 / lb	23,685,010.74
Class II Butterfat		14,954,214				2.4483 / lb	36,612,402.14
Class III Protein Value			16,331,988			3.3437 / lb	54,609,268.27
Class III Other Solids Value					30,925,587	0.4942 / lb	15,283,425.09
Class III Butterfat		19,461,839				2.4413 / lb	47,512,187.54
Class IV SNF Value				19,381,040		1.6785 / lb	32,531,075.68
Class IV Butterfat		6,945,370				2.4413 / lb	16,955,731.79
Somatic Cell Value II / III / IV							<u>1,424,103.61</u>
TOTAL PRODUCER MILK VALUE	1,389,087,971	49,968,488	41,940,101		79,613,848		\$ 328,440,386.19
Overages					11,801.24		
Beginning Inventory & OS Charges					(47,926.13)		
TOTAL ADJUSTMENTS							\$ (36,124.89)
TOTAL HANDLER OBLIGATIONS							\$ 328,404,261.30
Total Protein Value			41,940,101 lbs	@	\$3.3437		\$(140,235,115.71)
Total Other Solids Value			79,613,848 lbs	@	0.4942		(39,345,163.70)
Butterfat Value			49,968,488 lbs	@	2.4413		(121,988,069.75)
Total Somatic Cell Values							<u>(2,105,402.58)</u>
TOTALS							\$ 24,730,509.56
Net Producer Location Adjustments							\$ 907,543.39
1/2 Unobligated Balance Producer Settlement Fund							<u>691,000.00</u>
Total - Divided by Total Pounds			1,389,087,971 lbs		1.8954201		\$ 26,329,052.95
Rate of Cash Reserve					<u>(0.0454201)</u>		<u>(630,925.15)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,389,087,971		\$ 1.85 /cwt		\$ 25,698,127.80

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

June			June		
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Butterfat Price	\$2.4413 / lb	\$1.6599 / lb	Class III Price - 3.5% BF	\$ 21.36	\$18.02
Protein Price	3.3437 / lb	3.3455 / lb	Producer Price Differential*	<u>1.85</u>	<u>1.20</u>
Other Solids Price	0.4942 / lb	0.3859 / lb	Statistical Uniform Price	\$23.21	\$19.22
Somatic Cell Adjustment Rate	0.00102 / cwt	0.00089 / cwt			
Nonfat Solids Price	1.6785 / lb	1.5048 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

June			June		
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Class I*	\$24.86	\$20.93	Class I	467,110,497	472,445,148
Class II	23.94	19.14	Class II	162,691,318	212,954,242
Class III	21.36	18.02	Class III	539,323,620	497,446,414
Class IV	23.13	18.88	Class IV	<u>219,962,536</u>	<u>230,518,877</u>
			Total	1,389,087,971	1,413,364,681

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for June 2014 was \$1.85 and the Statistical Uniform Price was \$23.21 for the month. The Statistical Uniform Price is \$0.83 lower than last month, and is \$3.99 higher than June 2013.

The Producer Butterfat Price of \$2.4413 per pound increased \$0.1692 from May and is up \$0.7814 from a year ago. The Protein Price of \$3.3437 is down 0.6116 cents from last month and is down \$0.0018 from June 2013. The Other Solids Price in June was \$0.4942 per pound, an increase from last month's price of \$0.4897 and \$0.1083 higher than last June. The Somatic Cell Adjustment rate for June was \$0.00102.

June producer receipts of 1.389 billion pounds were 9.8 percent lower than May and 1.7 percent lower than June 2013 production of 1.413 billion pounds. Producer milk allocated to Class I accounted for 33.6 percent of the total producer milk in June 2014, higher than the 33.3 percent in May, and more than the 33.4 percent in June 2013. A total of 5,959 producers were pooled on the Mideast Order compared to 6,132 producers pooled in June 2013.

The market average content of producer milk was as follows: Butterfat 3.60%; Protein 3.02%; Other Solids 5.73% and Nonfat Solids 8.75%.

(Continued from Front Page)

Although June price forecasts are higher than May for some dairy products, on a year-over-year basis prices will be lower in 2015 than in 2014. Greater milk production and slightly lower exports explain the forecast price scenario. The 2014 cheese price range is raised this month to \$2.015 - \$2.055 per pound based on robust year-to-date demand. Cheese price forecasts are unchanged for 2015 at \$1.670 - \$1.770 per pound. Forecast butter prices are raised to \$1.870 - \$1.940 per pound for 2014 based on apparent demand strength and tight supplies and to \$1.640 - \$1.770 per pound next year. Current year whey prices are unchanged from May, at 63.0 - 65.0 cents per pound and 55.0 - 58.0 cents per pound for 2015. Nonfat dry milk (NDM) prices are lowered slightly to \$1.820 - \$1.860, based on lower reported May prices. However as prices have appeared to rebound, the forecast for the balance of 2014 is unchanged. NDM prices for 2015 are unchanged from May at \$1.605 - \$1.675 per pound.

The Class IV price forecast is increased for both this year and next as higher butter prices more than offset lower NDM prices. The Class IV price is forecast at \$21.45 - \$21.95 per cwt for this year and \$18.65 - \$19.75 per cwt for 2015. The June Class III milk price forecast is raised to \$20.80 - \$21.20 per cwt for the current year and raised fractionally to \$16.95 - \$17.95 per cwt for 2015. The all milk price forecast is increased from May for both 2014 and 2015 to \$22.90 - \$23.30 and \$19.75 - \$20.75 per cwt, respectively.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-240/June 18, 2014*
Economic Research Service, USDA

May 2014 Dairy Products Highlights

Total cheese output (excluding cottage cheese) was 965 million pounds, 2.2 percent above May 2013 and 1.3 percent above April 2014.

Italian type cheese production totaled 414 million pounds, 5.1 percent above May 2013 but 0.4 percent below April 2014.

American type cheese production totaled 391 million pounds, 1.0 percent above May 2013 and 3.9 percent above April 2014.

Butter production was 165 million pounds, 0.5 percent above May 2013 but 0.7 percent below April 2014.

Dry milk powders (comparisons with May 2013)

- Nonfat dry milk, human - 164 million pounds, up 8.7 percent.
- Skim milk powders - 58.2 million pounds, up 6.2 percent.

Whey products (comparisons with May 2013)

- Dry whey, total - 81.3 million pounds, up 2.0 percent.
- Lactose, human and animal - 97.3 million pounds, up 11.6 percent.
- Whey protein concentrate, total - 48.2 million pounds, up 11.1 percent.

Frozen products (comparisons with May 2013)

- Ice cream, regular (hard) - 69.9 million gallons, down 8.9 percent.
- Ice cream, lowfat (total) - 39.2 million gallons, down 7.8 percent.
- Sherbet (hard) - 3.62 million gallons, down 21.6 percent.
- Frozen yogurt (total) - 6.52 million gallons, down 25.6 percent.

May Cold Storage (NASS)

On May 31, U.S. cold storage holdings of butter totaled 192.5 million pounds, up 11% from the previous month but down 40% from May 2013. Natural American cheese holdings total 656.8 million pounds, up 1% from April this year but down 8% from May 2013. Total natural cheese stocks were 1.07 billion pounds, up 3% from April this year but down 7% from May last year.

Bulletin WebPage Edition

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Featured this month are:

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

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

State	May 2014 -----Weighted Averages-----						May 2013 -----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	1,558	687,565	3.63	3.05	5.74	169	711,535	3.61	3.04	5.76	166
Ohio	2,000	383,289	3.66	3.07	5.70	204	407,123	3.69	3.04	5.69	205
Indiana	998	197,854	3.62	3.08	5.77	209	198,668	3.75	3.09	5.83	212
Pennsylvania	930	109,610	3.79	3.06	5.72	239	102,780	3.74	3.07	5.72	239
New York	280	107,236	3.75	3.03	5.76	192	100,401	3.74	3.04	5.77	194
Wisconsin	57	35,478	3.54	3.08	5.74	231	30,111	3.72	3.09	5.75	247
West Virginia	43	3,168	3.86	3.19	5.71	265	3,877	3.78	3.15	5.73	249
Other	141	16,855	3.73	3.08	5.73	206	13,766	3.64	3.04	5.72	206
Total/Average *	6,007	1,541,055	3.65	3.06	5.73	191	1,568,270	3.67	3.05	5.75	190

* 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 2014

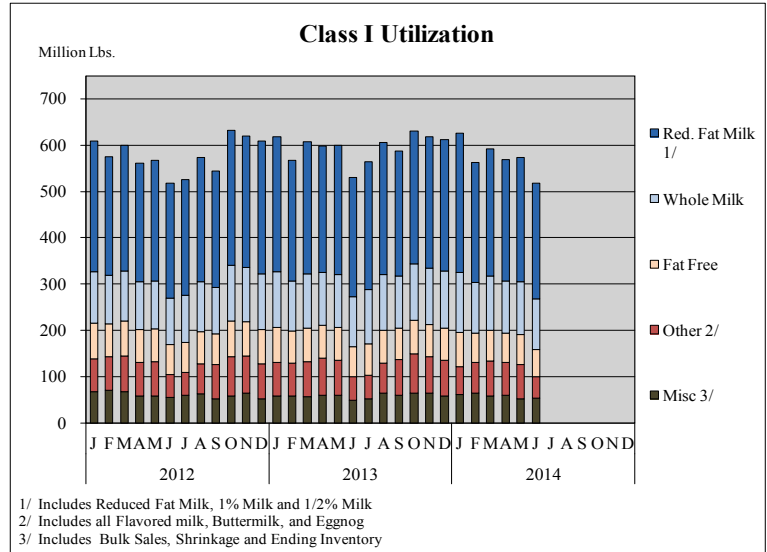
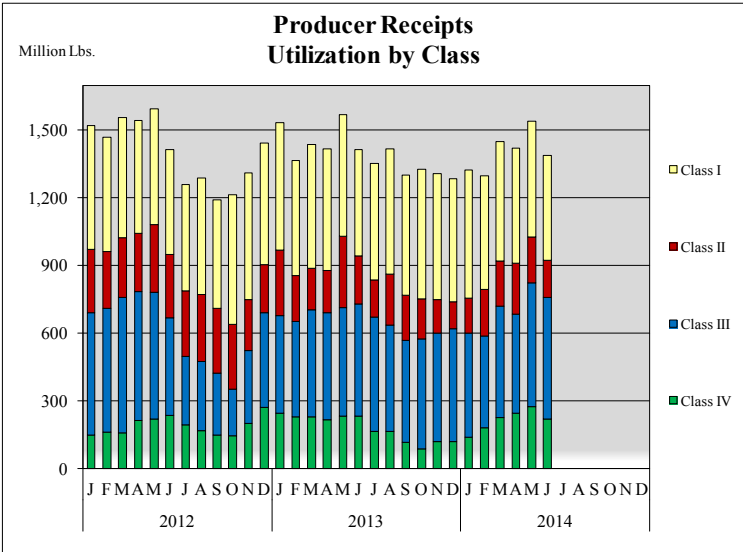
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,188,323	699,101	31.9	\$3.02	\$24.38
FO 5 Appalachian - (Charlotte)	455,948	282,045	61.9	^{2/}	25.48
FO 6 Florida - (Tampa)	213,311	171,913	80.6	^{2/}	27.53
FO 7 Southeast - (Atlanta)	426,978	293,083	68.6	^{2/}	25.88
FO 30 Upper Midwest - (Chicago)	2,899,627	264,401	9.1	0.43	21.79
FO 32 Central - (Kansas City)	1,219,713	358,064	29.4	1.39	22.75
FO 33 Mideast - (Cleveland)	1,389,088	467,110	33.6	1.85	23.21
FO 124 Pacific Northwest - (Seattle)	749,575	157,090	21.0	1.40	22.76
FO 126 Southwest - (Dallas)	1,098,748	314,048	28.6	1.91	23.27
FO 131 Arizona - (Phoenix)	407,213	101,420	24.9	^{2/}	23.33

^{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 2014.....\$21.36 /cwt.

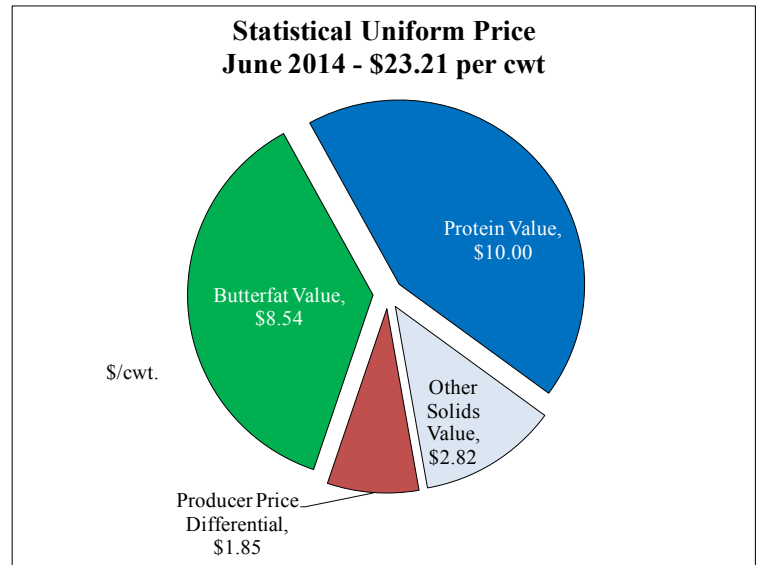
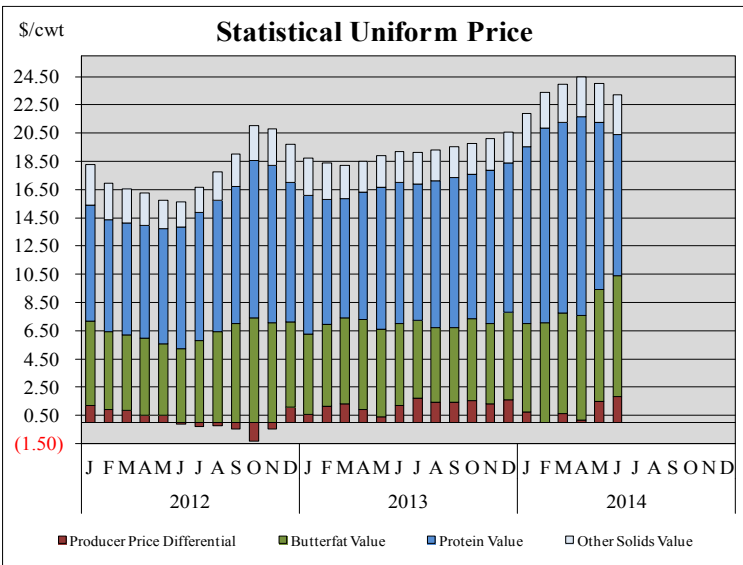
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.389 billion pounds in June 2014. The pounds allocated to Class I represented 33.6 percent of the total pounds. Producer receipts decreased 151.8 million pounds compared to May 2014, and were down 24.3 million pounds from the prior year.

Class I Pounds: Class I utilization for the Mideast Order totaled 518 million pounds in June 2014, down 12 million pounds from June 2013. Finished products include 109 million pounds used for whole milk, 250 million pounds of reduced fat and low fat milk, and 60 million pounds of fat free (skim) milk.

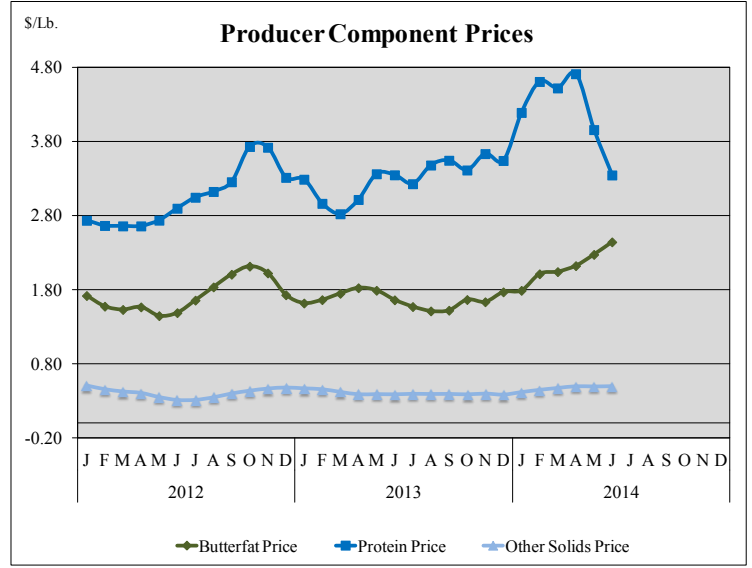
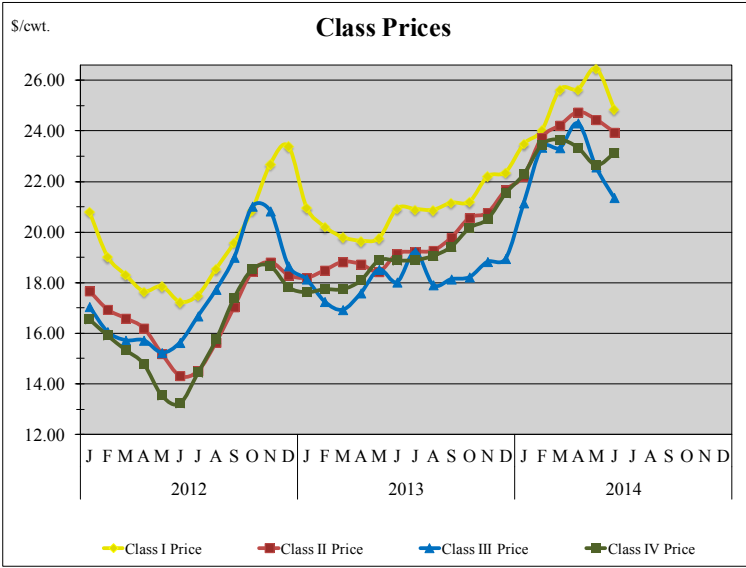
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$23.21 per cwt for June 2014. The June 2014 SUP was \$3.99 per cwt higher than the June 2013 SUP. The June 2014 SUP is \$0.83 per cwt lower than the May 2014 SUP.

June 2014 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the June 2014 SUP are: \$10.00 per cwt for protein, \$8.54 per cwt for butterfat and \$2.82 per cwt for other solids. Also included in the SUP is the \$1.85 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

