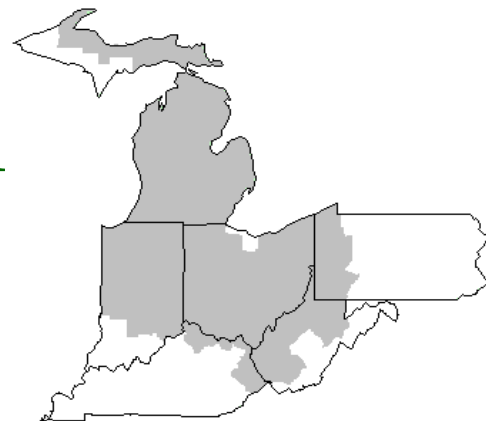


Mideast Market Administrator's Bulletin



Federal Order No. 33

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May 2014

March Milk Production Up 1.1 Percent

Milk production in the 23 major States during March totaled 16.7 billion pounds, up 1.1 percent from March 2013. February production, revised at 14.9 billion pounds, was up 1.3 percent from February 2013. The February revision represented a decrease of 18 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,959 pounds for March. The number of milk cows on farms in the 23 major States was 8.51 million head, 1,000 head more than February 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 March totaled 2.5 billion pounds, down 16 million pounds or 0.6 percent from March 2013.

Production per cow in the Mideast states averaged 1,863 pounds for March. The number of milk cows on farms in the Mideast states was 1.35 million head.

Milk Production Responds Slowly to High Milk Prices and Moderate Feed Costs

Corn price forecasts for 2013/14 are increased to \$4.40-\$4.80 per bushel for April. A 125-million bushel increase in forecast exports tightens corn ending stocks, accounting for the price rise. Soybean meal price forecasts for April are raised to \$460-\$490 per ton. Feed price forecasts are changed only slightly from March and are still favorable for herd expansion. The March Milk Production report indicated a small year-over-year decline in February cow numbers, and first-quarter cow numbers are lowered from March's forecast. The report also indicated continued year-over-year declines in output per cow in upper Midwestern States. This reduction was countered by year-over-year increases in Western States. In light of improved producer returns, however, a herd expansion is expected later this year, and cow numbers are raised slightly from March for the second half of 2014. On balance, cow numbers for 2014 are unchanged from February's forecast at 9,255 thousand head. Milk production is increased from March projections to 206.1 billion pounds. The increased production is based on higher output per cow, which is forecast at 22,280 pounds, with the improvement coming in the second and third quarters of 2014. The yield improvement is predicated on higher forage quality relative to 2013 and improved producer returns that will encourage feeding higher quality rations.

Fats basis imports are unchanged from last month at 3.7 billion pounds. Imports on a skims-solids basis are lowered fractionally to 5.2 billion pounds from March based on lower year-to-date imports of milk protein concentrates and casein. Fats basis exports are raised this month to 12.7 billion pounds from March forecasts. Strong first-quarter export

movement of cheese to Mexico, Japan, and South Korea, combined with strong butter demand from North Africa and the Middle East, is the basis of the forecast rise. Skims-solids basis exports were lowered slightly this month to 37.7 billion pounds. A downward trend in skim-milk powder exports offsets rises in cheese and whole milk powder exports. Later this year, U.S. exports will likely encounter stiffer foreign competition.

Commercial ending stocks for 2014 are reduced from last month to 10.9 billion pounds on a fats basis and to 11.7 billion pounds on a skims-solids basis. Strong domestic demand supplements export demand to tighten inventories and supports the product prices.

Price forecasts for cheese, butter and whey are raised from March forecasts. Price strength is a result of strong demand, both foreign and domestic. The cheese price is forecast at \$1.985-\$2.035 per pound. Butter is projected at \$1.760-\$1.840 per pound. Whey prices are increased this month to 61.5 to 64.5 cents per pound. Nonfat dry milk (NDM) prices are essentially unchanged from March forecasts at \$1.830-\$1.870, although the price range is narrowed as U.S. product encounters competition from other exporting countries.

Milk price forecasts are raised this month as well. The Class III price is increased to \$20.40-\$20.90 per cwt, and the Class IV price is boosted to \$21.05-\$21.65 per cwt. The all milk price is now forecast at \$22.55-\$23.05 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-238/Apr 15, 2014* Economic Research Service, USDA

April 2014 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	511,965,858	36.0
Class II	224,443,971	15.8
Class III	438,762,990	30.9
Class IV	245,641,750	17.3
Total	1,420,814,569	100.0

Producer Prices

Producer Price Differential	\$ 0.17 /cwt
Butterfat Price	2.1207 /lb
Protein Price	4.7089 /lb
Other Solids Price	0.4926 /lb
Somatic Cell Adjustment Rate	0.00118 /cwt
Statistical Uniform Price	24.48 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

April 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			503,056,972			\$ 19.22 / cwt	\$ 96,687,550.02
Class I Butterfat		8,908,886				2.0294 / lb	18,079,693.24
Class I Location Differential	511,965,858						(212,914.92)
Class II SNF Value				19,032,731		1.9911 / lb	37,896,070.70
Class II Butterfat		16,608,722				2.1277 / lb	35,338,377.84
Class III Protein Value			13,612,012			4.7089 / lb	64,097,603.31
Class III Other Solids Value					25,096,851	0.4926 / lb	12,362,708.80
Class III Butterfat		17,038,257				2.1207 / lb	36,133,031.62
Class IV SNF Value				21,569,012		1.8328 / lb	39,531,685.20
Class IV Butterfat		10,418,494				2.1207 / lb	22,094,500.22
Somatic Cell Value II / III / IV							<u>1,750,480.10</u>
TOTAL PRODUCER MILK VALUE	1,420,814,569	52,974,359	43,978,549		81,340,324		\$ 363,758,786.13
Overages					120,508.78		
Beginning Inventory & OS Charges					39,734.95		
TOTAL ADJUSTMENTS							\$ 160,243.73
TOTAL HANDLER OBLIGATIONS							\$ 363,919,029.86
Total Protein Value			43,978,549 lbs	@	\$4.7089		\$(207,090,589.40)
Total Other Solids Value			81,340,324 lbs	@	0.4926		(40,068,243.61)
Butterfat Value			52,974,359 lbs	@	2.1207		(112,342,723.13)
Total Somatic Cell Values							<u>(2,686,154.09)</u>
TOTALS							\$ 1,731,319.63
Net Producer Location Adjustments							\$ 705,847.97
1/2 Unobligated Balance Producer Settlement Fund							<u>587,000.00</u>
Total - Divided by Total Pounds			1,420,814,569 lbs		0.2128475		\$ 3,024,167.60
Rate of Cash Reserve					<u>(0.0428475)</u>		<u>(608,783.52)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,420,814,569		\$ 0.17 /cwt		\$ 2,415,384.08

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

April			April		
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Butterfat Price	\$2.1207 / lb	\$1.8227 / lb	Class III Price - 3.5% BF	\$ 24.31	\$17.59
Protein Price	4.7089 / lb	3.0130 / lb	Producer Price Differential*	<u>0.17</u>	<u>0.90</u>
Other Solids Price	0.4926 / lb	0.3863 / lb	Statistical Uniform Price	\$24.48	\$18.49
Somatic Cell Adjustment Rate	0.00118 / cwt	0.00087 / cwt			
Nonfat Solids Price	1.8328 / lb	1.3498 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

April			April		
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Class I*	\$25.65	\$19.66	Class I	511,965,858	538,074,706
Class II	24.74	18.73	Class II	224,443,971	186,658,876
Class III	24.31	17.59	Class III	438,762,990	477,978,102
Class IV	23.34	18.10	Class IV	<u>245,641,750</u>	<u>214,033,641</u>
			Total	1,420,814,569	1,416,745,325

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2014 was \$0.17 and the Statistical Uniform Price was \$24.48 for the month. The Statistical Uniform Price is \$0.53 higher than last month, and is \$5.99 higher than April 2013.

The Producer Butterfat Price of \$2.1207 per pound increased \$0.0805 from March and is up \$0.2980 from a year ago. The Protein Price of \$4.7089 is up 0.1917 cents from last month and is up \$1.6959 from April 2013. The Other Solids Price in April was \$0.4926 per pound, an increase from last month's price of \$0.4700 and \$0.1063 higher than last April. The Somatic Cell Adjustment rate for April was \$0.00118.

April producer receipts of 1.421 billion pounds were 1.9 percent lower than March and 0.3 percent higher than April 2013 production of 1.416 billion pounds. Producer milk allocated to Class I accounted for 36.0 percent of the total producer milk in April 2014, lower than the 36.5 percent in March, and less than the 38.0 percent in April 2013. A total of 5,987 producers were pooled on the Mideast Order compared to 6,141 producers pooled in April 2013.

The market average content of producer milk was as follows: Butterfat 3.73%; Protein 3.10%; Other Solids 5.72% and Nonfat Solids 8.82%.

USDA Announces Final Rules to Amend the Appalachian, Southeast and Florida Milk Marketing Orders

The United States Department of Agriculture (USDA) announced two final rules and a termination of a proceeding that permanently adopt amendments to the Appalachian, Southeast and Florida federal milk marketing orders.

These actions: establish a mileage rate factor using a fuel cost adjustor used in the transportation credit provisions of the Appalachian and Southeast orders; increase the maximum transportation credit assessment rate for both orders; establish a zero diversion limit standard on loads of milk requesting transportation credit; adjust the Class I pricing surface for the Appalachian, Florida and Southeast orders; adjust certain features of the diversion limit, touch-base and transportation credit provisions for the Appalachian and Southeast orders and increase the maximum administrative assessment for the Appalachian, Florida and Southeast marketing orders.

These amendments were approved by producers in the three marketing orders. The amendments became effective on May 5, 2014. The department is also terminating a proceeding for two remaining proposals. Information about the final rules and the terminated proceeding were published in the May 2, 2014, *Federal Register*.

USDA Appoints Members to National Fluid Milk Processor Promotion Board

Agriculture Secretary Tom Vilsack announced the appointment of seven members to fill vacancies on the National Fluid Milk Processor Promotion Board. The terms for these appointees are effective July 1, 2014, and expire on June 30, 2017.

"I am confident that these experts will serve fluid milk processors well" Vilsack said. The work of this board helps ensure the strength of this vital sector of the U.S. economy."

Newly appointed members are: Lynne M. Bohan, Lynnfield, Mass. (Region 2); Jeffrey D. Stephens, Lakeland, Fla. (Region 5); Shawn M. Campbell, Seattle, Wash. (Region 13); and Jerry N. Tidwell, Pleasanton, Calif. (Region 14).

Newly reappointed are: Kevin R. Herbert, Dallas, Texas (Region 8); Edward L. Mullins, Carlinville, Ill. (Region 11); and Scott W. Shehadey, Fresno, Calif. (at-large).

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and 5 at-large

members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The National Fluid Milk Program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 3 million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

USDA encourages board membership that reflects the diversity of the individuals served by the programs. The USDA's Agricultural Marketing Service (AMS) monitors the operations of the board.

Research and Promotion Programs are industry-funded, were authorized by Congress, and date back to 1966. Since then, Congress has authorized the establishment of 22 research and promotion boards. They empower agricultural industries by establishing a framework for them to pool resources and combine efforts to develop new markets, strengthen existing markets, and conduct important research and promotion activities. AMS provides oversight, helping to ensure fiscal responsibility, program efficiency and fair treatment of participating stakeholders.

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Bulletin WebPage Edition

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Featured this month are:

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

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

State	March 2014 -----Weighted Averages-----						March 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	1,564	649,830	3.78	3.15	5.72	176	657,441	3.78	3.14	5.76	160
Ohio	1,960	372,925	3.87	3.17	5.71	208	367,225	3.91	3.16	5.72	202
Indiana	1,002	174,170	3.79	3.16	5.72	212	175,696	3.90	3.15	5.73	208
Pennsylvania	921	110,134	3.96	3.14	5.71	235	99,143	3.94	3.15	5.70	241
New York	284	101,745	3.90	3.13	5.74	198	83,239	3.87	3.13	5.75	188
Wisconsin	47	17,236	3.82	3.14	5.70	202	38,960	3.76	3.18	5.74	255
West Virginia	45	3,001	4.18	3.27	5.70	272	3,570	4.08	3.22	5.71	266
Other	160	19,156	3.82	3.14	5.71	225	11,517	3.86	3.13	5.71	213
Total/Average *	5,983	1,448,198	3.83	3.15	5.72	196	1,436,790	3.84	3.15	5.74	187

* 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

April 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)	2,153,193	739,965	34.4	\$1.15	\$25.46
FO 5 Appalachian - (Charlotte)	493,474	307,258	62.3	^{2/}	26.31
FO 6 Florida - (Tampa)	236,074	198,984	84.3	^{2/}	28.45
FO 7 Southeast - (Atlanta)	496,180	327,001	65.9	^{2/}	26.73
FO 30 Upper Midwest - (Chicago)	2,638,874	299,327	11.3	0.10	24.41
FO 32 Central - (Kansas City)	1,226,557	402,134	32.8	(0.11)	24.20
FO 33 Mideast - (Cleveland)	1,420,815	511,966	36.0	0.17	24.48
FO 124 Pacific Northwest - (Seattle)	578,737	168,421	29.1	(0.28)	24.03
FO 126 Southwest - (Dallas)	796,880	364,937	45.8	0.81	25.12
FO 131 Arizona - (Phoenix)	419,790	107,242	25.6	^{2/}	24.43

^{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 MAY 2014.....\$23.34 /cwt.

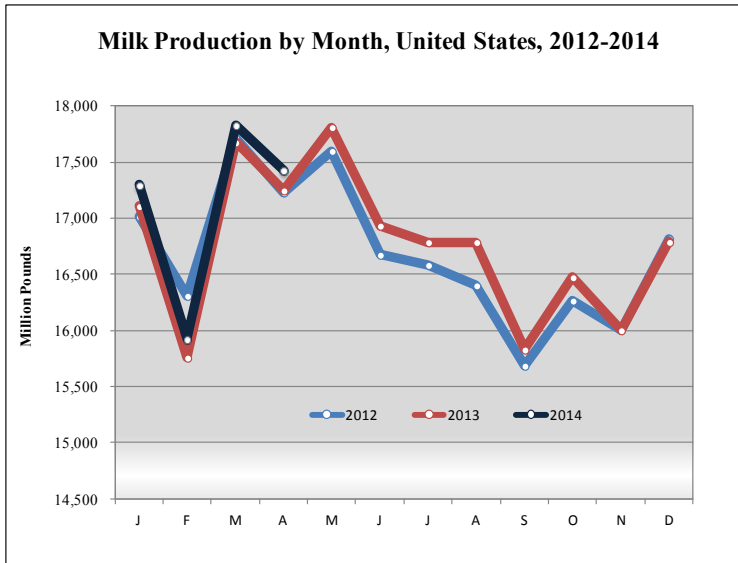
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Supplement

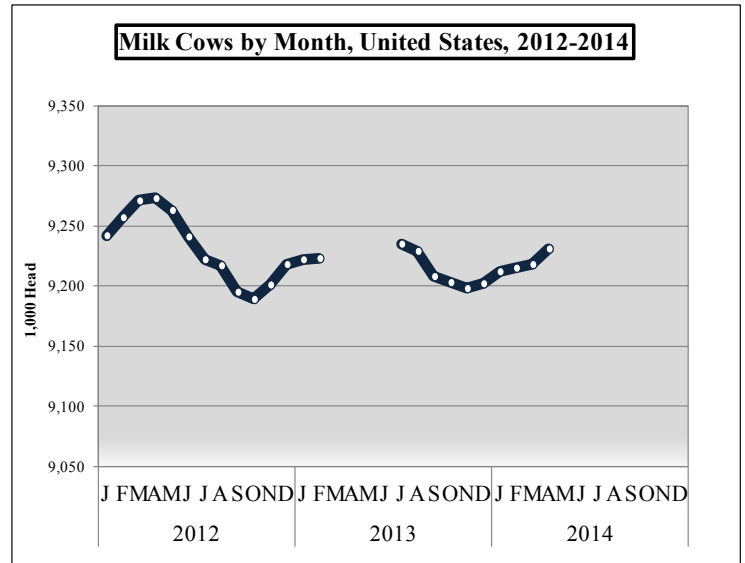
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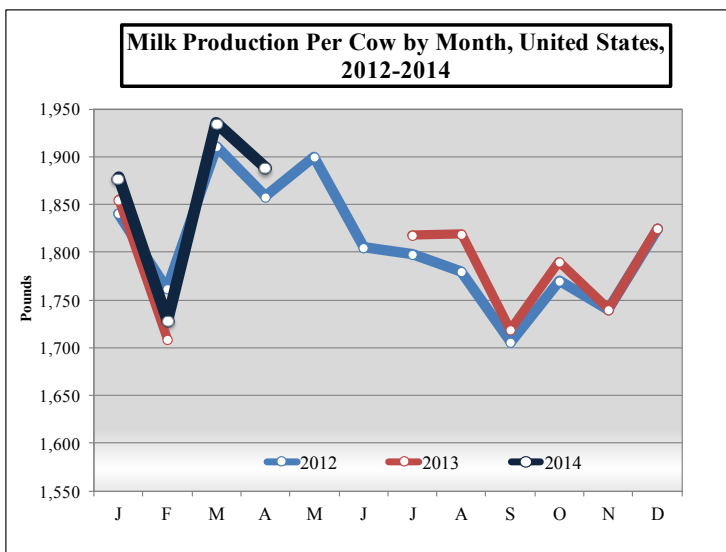
MILK PRODUCTION STATISTICS 1/



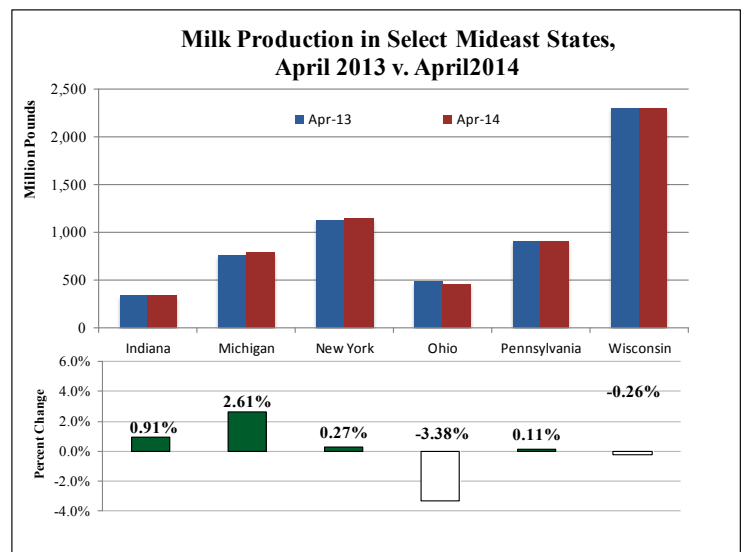
April 2014 milk production in the United States decreased 411 million pounds from March to 17.4 billion pounds. April milk production is up 1.0 percent from 2013.



The number of milk cows on farms in the United States was 9.2 million head for April 2014. This was an increase of 10,000 head from March.



Production per cow in the United States averaged 1,888 pounds for April 2014, This was down 47 pounds from March.

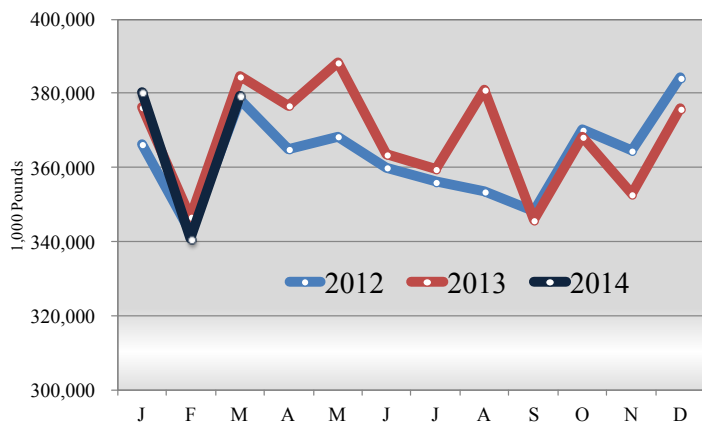


Milk production from selected states which pool on the Mideast marketing area totaled 5.9 billion pounds during April 2014, up 5 million pounds from the prior year. Milk production in Michigan was up 20 million pounds while production in Ohio declined by 16 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

DAIRY PRODUCT PRODUCTION 1/

Total American Cheese Production, 2012-2014



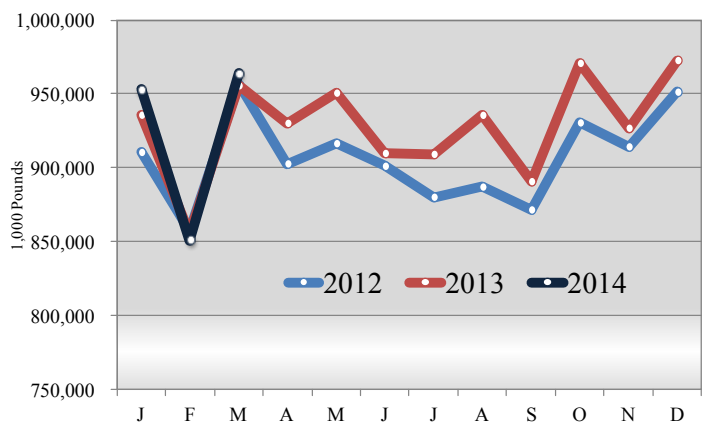
Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) for March 2014 was 964 million pounds, 1.0 percent above March 2013 and 13.3 percent above February 2014.

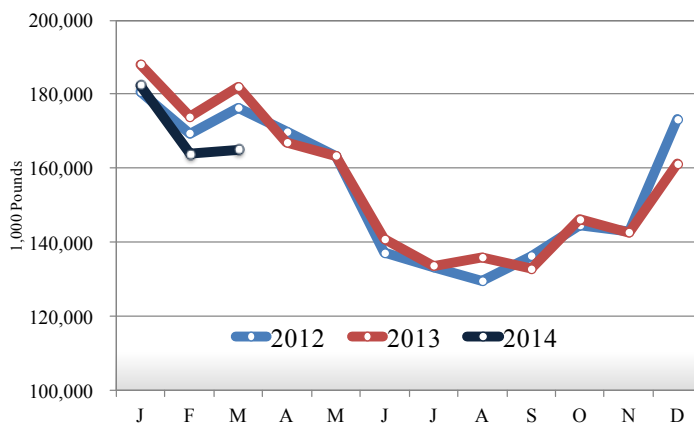
American type cheese production totaled 379 million pounds, 1.4 percent below March 2013 and 11.3 percent above February 2014

Butter production was 165 million pounds, 9.0 percent below March 2013 and 0.7 percent above February 2014.

Total Cheese Production, 2012-2014



Total Butter Production, 2012-2014



COMMERCIAL DISAPPEARANCE 2/

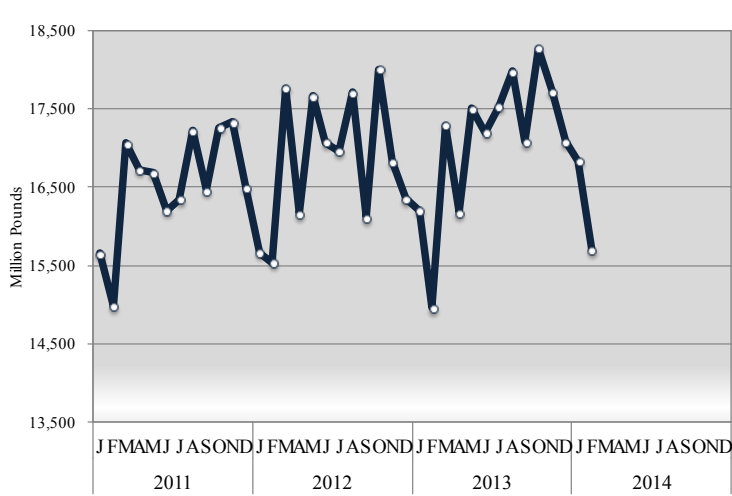
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For February 2014 commercial disappearance of milk was 15.7 billion pounds, up 5.0 percent from the prior year. The cumulative disappearance total for 2014 is 187.9 billion pounds, an increase of 4.4 percent from the same 2-month period of 2013.

February 2014 commercial disappearance of American cheese was 344 million pounds, up 4.2 percent from the prior year.

February 2014 commercial disappearance of butter was 141 million pounds, down 2.6 percent from the prior year.

Commercial Disappearance of Milk in All Products, 2011-2014



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.