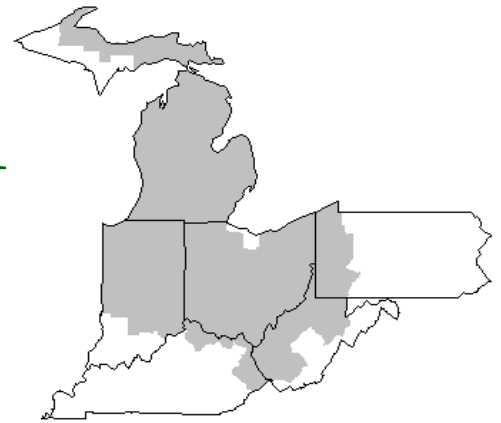


Mideast Market Administrator's Bulletin



Federal Order No. 33

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January 2015

2014 Market Summary

Producer milk receipts pooled totaled 17.3 billion pounds on the Mideast Order during 2014, an increase of 577.9 million pounds, or 3.5 percent from 2013. During 2014, there were over 1.91 billion pounds of milk voluntarily depooled. Monthly producer receipts ranged from a low of 1.30 billion pounds in February to a high of 1.67 billion pounds in December.

The number of producers pooled on the Mideast Order in 2014 averaged 5,994 per month, down 2.6 percent from a year earlier. Producer milk averaged 3.75 percent butterfat in 2014, ranging from a low of 3.59 percent in July to a high of 3.89 percent in January. The protein test averaged 3.11 percent for 2014. Protein tests ranged from a low of 3.01 percent in July, to a high of 3.21 percent in November. Other solids tests for producer milk averaged 5.72 percent for the year.

For the year, 36.1 percent of producer milk was utilized as Class I; 14.6 percent in Class II; 33.8 percent in Class III; and 15.5 percent in Class IV. The Class I utilization percentage had a low of 32.7 percent in December a high of 42.8 percent in January. Class I milk totaled 6.2 billion pounds during 2014, down 3.2 percent from 2013. Class II milk totaled 2.5 billion pounds in 2014, an increase of 3.8 percent from 2013. Class III pooled pounds were 5.8 billion pounds in 2013, an increase of 2.8% from 2013. Class IV milk totaled 2.7 billion pounds in 2014, an increase of 24.7 percent from 2013.

The Class I price averaged \$25.29 per cwt for the year, an increase of \$4.45 per cwt from 2013. The Class I price had a low of \$23.48 per cwt in January 2014 and a high of \$26.47 per cwt in May. The Class II price averaged \$23.34 per cwt, an increase of \$3.92 per cwt from the prior year. It ranged from a low of \$19.09 per cwt in December to a high of \$26.22 per cwt in September. The Class III price averaged \$22.34 per cwt, an increase of \$4.35 per cwt from 2013. The Class III price ranged from a low of \$17.82 per cwt in December to a high of \$24.60 per cwt in September. The Class IV price averaged \$22.09 per cwt for the year, an increase of \$3.04 per cwt from a year ago. It was lowest in December at \$16.70 per cwt and was highest in August at \$23.89 per cwt.

The Statistical Uniform Price averaged \$23.16 per cwt for 2014 compared to \$19.20 per cwt in 2013. The Producer Butterfat Price averaged \$2.3792 per pound in 2014. This was an increase of \$0.7157 from 2013. The butterfat price was lowest in January at \$1.7874 per pound and was highest in October at \$2.8507 per pound. The Protein Price averaged \$3.7935 per pound in 2014. This was an increase of \$0.4925 from the previous year. The lowest price was in December at \$2.7387 per pound and was highest in April at \$4.7089 per pound. Other Solids Price averaged \$ 0.4684 per pound, \$0.0655

higher than the 2013 average. The Producer Price Differential (PPD) averaged \$0.83 per cwt in 2014 with low of (\$0.74) per cwt in November and a high of \$1.95 per cwt in August.

November Milk Production Up 3.5 Percent

Milk production in the 23 major States during November totaled 15.5 billion pounds, up 3.5 percent from November 2013. October revised production at 16.0 billion pounds, was up 3.7 percent from October 2013. The October revision represented a decrease of 35 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,806 pounds for November, 41 pounds above November 2013.

The number of milk cows on farms in the 23 major States was 8.59 million head, 93,000 head more than November 2013, and 3,000 head more than October 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 November totaled 2.4 billion pounds, up 96 million pounds or 4.2 percent from November 2013.

Production per cow in the Mideast states averaged 1,753 pounds for November, 42 pounds above November 2013.

The number of cows on farms in the Mideast states was 1.4 million head, 19,000 head more than November 2013.

December 2014 - Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	545,316,376	32.7
Class II	248,433,718	14.9
Class III	591,608,555	35.4
Class IV	283,948,184	17.0
Total	1,669,306,833	100.0

Producer Prices

Producer Price Differential	\$ 1.92 /cwt
Butterfat Price	2.0991 /lb
Protein Price	2.7387 /lb
Other Solids Price	0.3996 /lb
Somatic Cell Adjustment Rate	0.00087 /cwt
Statistical Uniform Price	19.74 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

December 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			535,061,685			\$17.39 / cwt	\$ 93,047,227.04
Class I Butterfat		10,254,691				2.2135/ lb	22,698,758.48
Class I Location Differential	545,316,376						(229,365.54)
Class II SNF Value				21,409,743		1.3489/ lb	28,879,602.31
Class II Butterfat		16,881,118				2.1061/ lb	35,553,322.63
Class III Protein Value			18,812,294			2.7387/ lb	51,521,229.57
Class III Other Solids Value					33,946,896	0.3996/ lb	13,565,179.63
Class III Butterfat		21,550,638				2.0991/ lb	45,236,944.25
Class IV SNF Value				24,869,046		1.0767/ lb	26,776,501.81
Class IV Butterfat		15,410,542				2.0991/ lb	32,348,268.71
Somatic Cell Value II / III / IV							<u>1,675,691.24</u>
TOTAL PRODUCER MILK VALUE	1,669,306,833	64,096,989	52,978,352			95,528,312	\$ 351,073,360.13
Overages						\$45,025.48	
Beginning Inventory & OS Charges						26,831.98	
TOTAL ADJUSTMENTS							\$ 71,857.46
TOTAL HANDLER OBLIGATIONS							\$ 351,145,217.59
Total Protein Value			52,978,352 lbs	@	\$2.7387		\$(145,091,812.61)
Total Other Solids Value			95,528,312 lbs	@	0.3996		(38,173,113.46)
Butterfat Value			64,096,989 lbs	@	2.0991		(134,545,989.64)
Total Somatic Cell Values							<u>(2,474,571.65)</u>
TOTALS							\$ 30,859,730.23
Net Producer Location Adjustments							\$ 1,203,380.11
1/2 Unobligated Balance Producer Settlement Fund							<u>689,000.00</u>
Total - Divided by Total Pounds			1,669,306,833 lbs		1.9620186		\$ 32,752,110.34
Rate of Cash Reserve					<u>(0.0420186)</u>		<u>(701,419.36)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,669,306,833		\$1.92 / cwt		\$ 32,050,690.98

COMPONENT PRICES

December

COMPUTATION OF UNIFORM PRICE

December

	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Butterfat Price	\$2.0991 / lb	\$1.7672 / lb	Class III Price - 3.5% BF	\$ 17.82	\$18.95
Protein Price	2.7387 / lb	3.5390 / lb	Producer Price Differential*	<u>1.92</u>	<u>1.63</u>
Other Solids Price	0.3996 / lb	0.3826 / lb	Statistical Uniform Price	\$19.74	\$20.58
Somatic Cell Adjustment Rate	0.00087 / cwt	0.00094 / cwt			
Nonfat Solids Price	1.0767 / lb	1.7680 / lb			

CLASS PRICES

December

CLASSIFICATION OF PRODUCER MILK

December

	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Class I*	\$24.53	\$22.37	Product lbs.		
Class II	19.09	21.66	Class I	545,316,376	546,733,162
Class III	17.82	18.95	Class II	248,433,718	116,949,253
Class IV	16.70	21.54	Class III	591,608,555	501,325,589
			<u>Class IV</u>	<u>283,948,184</u>	<u>119,409,070</u>
			Total	1,669,306,833	1,284,417,074

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2014 was \$1.92 and the Statistical Uniform Price was \$19.74 for the month. The Statistical Uniform Price is \$1.46 lower than last month, and is \$0.84 lower than December 2013.

The Producer Butterfat Price of \$2.0991 per pound decreased \$0.1020 from November and is up \$0.3319 from a year ago. The Protein Price of \$2.7387 is down \$1.1631 from last month and is down \$0.8003 from December 2013. The Other Solids Price in December was \$0.3996 per pound, a decrease from last month's price of \$0.4505 and \$0.0170 higher than last December. The Somatic Cell Adjustment rate for December was \$0.00087.

December producer receipts of 1.669 billion pounds were 15.4 percent higher than November and 30.0 percent higher than December 2013 production of 1.284 billion pounds. Producer milk allocated to Class I accounted for 32.7 percent of the total producer milk in December 2014, lower than the 36.2 percent in November, and less than the 42.6 percent in December 2013. A total of 5,827 producers were pooled on the Mideast Order compared to 6,071 producers pooled in December 2013.

The market average content of producer milk was as follows: Butterfat 3.84%; Protein 3.17%; Other Solids 5.72% and Nonfat Solids 8.89%.

Strong Growth in Milk Production for October and Indication of Future Growth

According to USDA National Agricultural Statistics Service (NASS), October milk production was 17.1 billion pounds, 3.8 percent higher than it was in October 2013. Milk production per cow averaged 1,842 pounds, 2.9 percent over October 2013, and milk cows numbered 9.280 million head, 77,000 more than October 2013 and 4,000 head more than September 2014. Of the 23 selected States reported monthly by NASS, all had October year-over-year gains in milk production with the exception of Illinois, which had milk production equal to that of the year before.

The preliminary November milk-feed price ratio as reported by NASS was 2.80, down slightly from 2.91 in October. Feed prices are expected to remain relatively low for 2014/15. The corn price projection for 2014/15 is unchanged from last month's forecast of \$3.20 - \$3.80 per bushel, and the soybean meal price is raised to \$340 - \$380 per short ton. With relatively low feed costs compared with milk prices in recent months and expectations of relatively low feed prices in the near future, price signals indicate continued solid growth in milk production.

The most substantial changes to forecasts for the fourth quarter of 2014 are in dairy product prices and associated farm milk prices. With recent declines in cheddar cheese price, forecasts for fourth-quarter cheddar cheese prices have been reduced to \$2.045 - \$2.065 per pound. Forecasts for fourth-quarter NDM prices have been reduced to \$1.375 - \$1.395 per pound based on recent declines and strong export competition. Fourth-quarter forecasts for butter and dry whey prices have been raised slightly to \$2.140 - \$2.180 per pound and 62.5 - 64.5 cents per pound, respectively. Forecasts of fourth-quarter milk prices have been lowered to: \$21.20 - \$21.40 per hundredweight (cwt) for Class III, \$18.75 - \$19.05 per cwt for Class IV, and \$23.10 - \$23.30 per cwt for all milk.

For the fourth quarter of 2014, milk production is forecast at 51.2 billion pounds, unchanged from last month's forecast. Commercial exports on a milk-fat basis are unchanged from last month's forecast at 2.1 billion pounds. On a skim-solids basis, commercial exports are raised to 8.7 billion pounds, an increase of 0.5 billion pounds, primarily due to an increase in exports of whey products in October.

Forecasts of fourth-quarter imports on a milk-fat basis are lowered to 1.3 billion pounds, 0.1 billion pounds lower than last month's forecast. It is notable that imports of anhydrous milk fat were less in October than in September.

Based on recent data, domestic commercial disappearance and ending-stock forecasts for the last quarter of 2014 have been adjusted from last month's forecasts. Ending stocks for 2014 are raised to 11.1 billion pounds (0.6 billion pounds higher) on a milk-fat basis and lowered to 11.9 billion pounds (0.1 billion pounds lower) on a skim-solids basis. Fourth-quarter domestic commercial disappearance is lowered to 51.1 billion pounds on a milk-fat basis (0.7 billion pounds lower) and 44.5 billion pounds on a skim-solids basis (0.1 billion pounds lower).

As with the fourth quarter of 2014, the most substantial changes to 2015 are for the cheese prices, NDM prices, and the associated farm milk prices. The NDM price forecast for 2015 is lowered to \$1.340 - \$1.400 per pound. With the lower NDM prices, more milk is expected to be allocated into cheese manufacturing, resulting in lower cheese prices of \$1.625 - \$1.705 per pound for 2015. The 2015 annual price forecast of \$1.665 - \$1.775 for butter is unchanged from last month's forecast at the midpoint of the range. The dry whey price forecast is unchanged at 56.0 - 59.0 cents. Dairy product prices are projected to rise in the second half of 2015 as global demand reflects an expected end of the Russian import ban. For 2015, the Class III milk price has been reduced to \$16.55 - \$17.35 per cwt, and the Class IV price has been reduced to \$16.45 - \$17.35 per cwt. This month, the forecast for the all-milk price is \$18.45 - \$19.25 per cwt, a reduction from last month's forecast of \$18.85 - \$19.75 per cwt.

With lower milk price forecasts, the milk production forecast for 2015 is lowered to 212.2 billion pounds (0.1 billion pounds less) as growth in milk per cow is expected to be more moderate. Trade forecasts for 2015 are unchanged from last month's forecast.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-246/Dec. 16, 2014 Economic Research Service, USDA*

Bulletin WebPage Edition

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Featured this month are:

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

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

State	November 2014 -----Weighted Averages-----						November 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	1,522	652,418	3.81	3.20	5.73	156	575,210	3.83	3.21	5.72	154
Ohio	1,994	368,270	3.90	3.21	5.67	192	316,192	3.95	3.24	5.68	199
Indiana	1,006	184,397	3.90	3.26	5.80	194	167,948	3.89	3.25	5.75	186
New York	271	93,566	3.92	3.17	5.73	184	89,320	3.95	3.20	5.71	183
Pennsylvania	851	87,817	4.01	3.22	5.68	232	99,151	3.98	3.22	5.68	233
Wisconsin	88	52,539	3.88	3.18	5.74	225	44,342	3.82	3.18	5.73	205
West Virginia	42	2,568	4.20	3.41	5.67	244	2,802	4.28	3.40	5.65	243
Other	117	5,389	4.09	3.27	5.68	234	10,985	4.05	3.28	5.68	219
Total/Average *	5,891	1,446,966	3.87	3.21	5.72	179	1,305,951	3.89	3.22	5.71	179

* 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
December 2014**

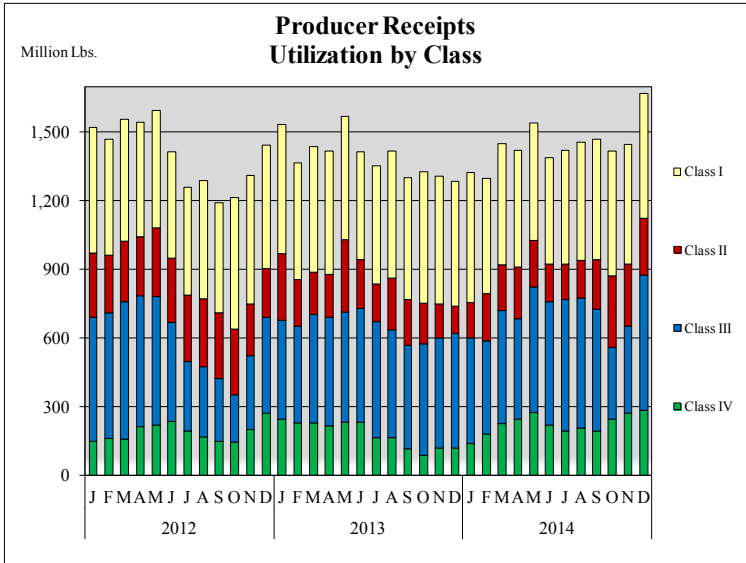
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,182,354	808,443	37.0	\$3.20	\$21.02
FO 5 Appalachian - (Charlotte)	484,366	331,263	68.4	^{2/}	23.52
FO 6 Florida - (Tampa)	237,373	201,042	84.7	^{2/}	26.45
FO 7 Southeast - (Atlanta)	436,182	339,340	77.8	^{2/}	24.66
FO 30 Upper Midwest - (Chicago)	2,865,967	311,931	10.9	0.65	18.47
FO 32 Central - (Kansas City)	1,347,901	425,932	31.6	1.69	19.51
FO 33 Mideast - (Cleveland)	1,669,307	545,316	32.7	1.92	19.74
FO 124 Pacific Northwest - (Seattle)	725,179	176,242	24.3	1.05	18.87
FO 126 Southwest - (Dallas)	1,251,479	363,505	29.1	2.32	20.14
FO 131 Arizona - (Phoenix)	408,796	109,927	26.9	^{2/}	19.42

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

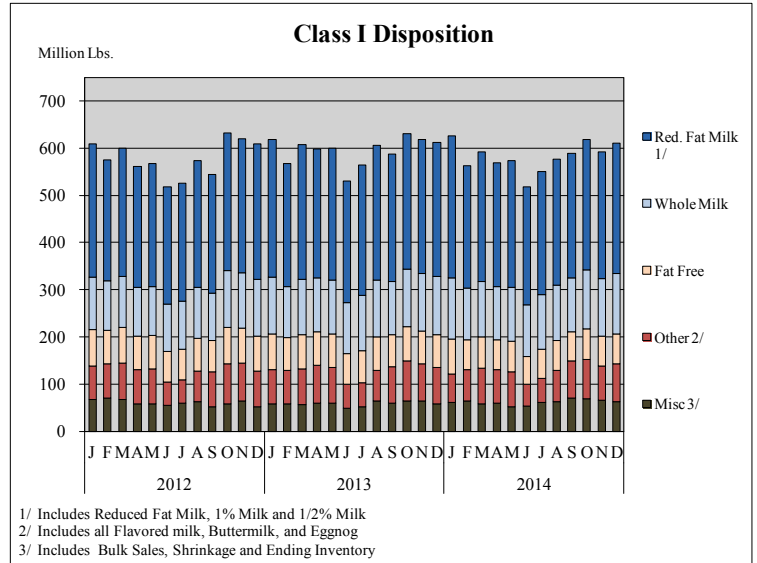
^{2/} Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR JANUARY 2015\$16.70 /cwt.

PRODUCER MILK CLASSIFICATION

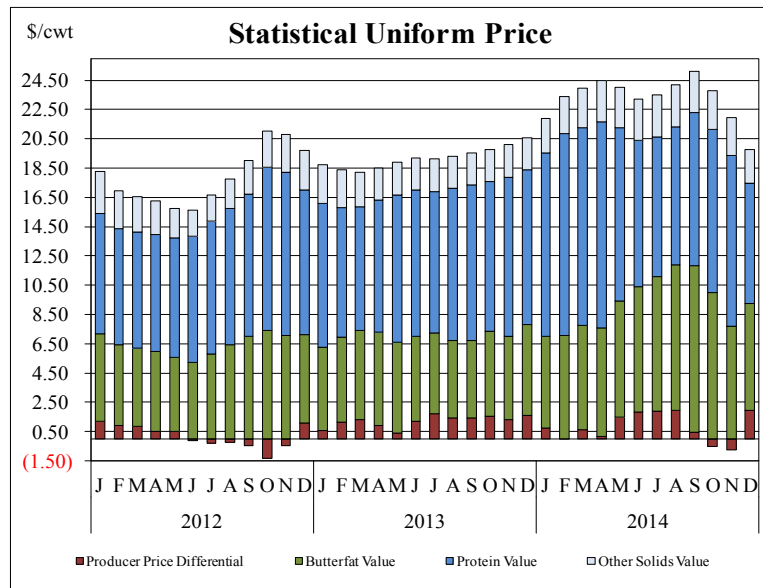


Producer Receipts: Producer receipts for the Mideast Order totaled 1.669 billion pounds in December 2014. The pounds allocated to Class I represented 32.7 percent of the total pounds. Producer receipts increased 222.5 million pounds compared to November 2014, and were up 384.9 million pounds from the prior year.

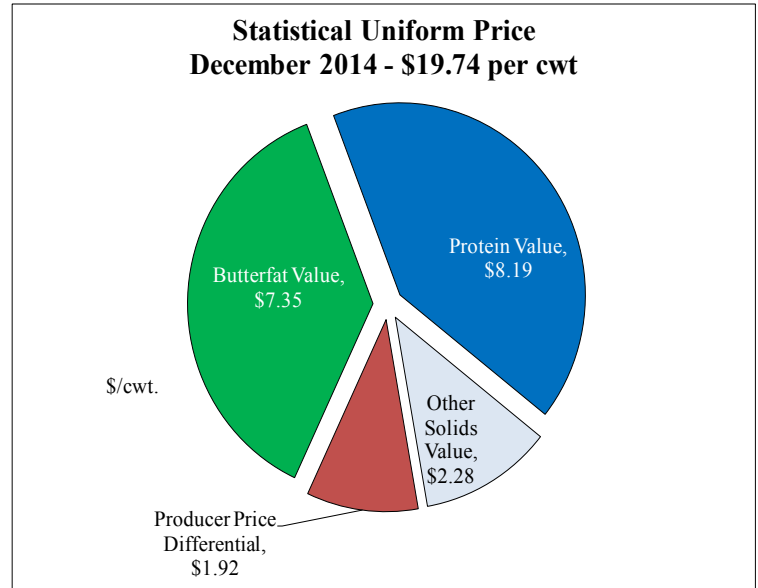


Class I Pounds: Class I Disposition for the Mideast Order totaled 545 million pounds in December 2014, down 1 million pounds from December 2013. Finished products include 129 million pounds used for whole milk, 276 million pounds of reduced fat and low fat milk, and 62 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

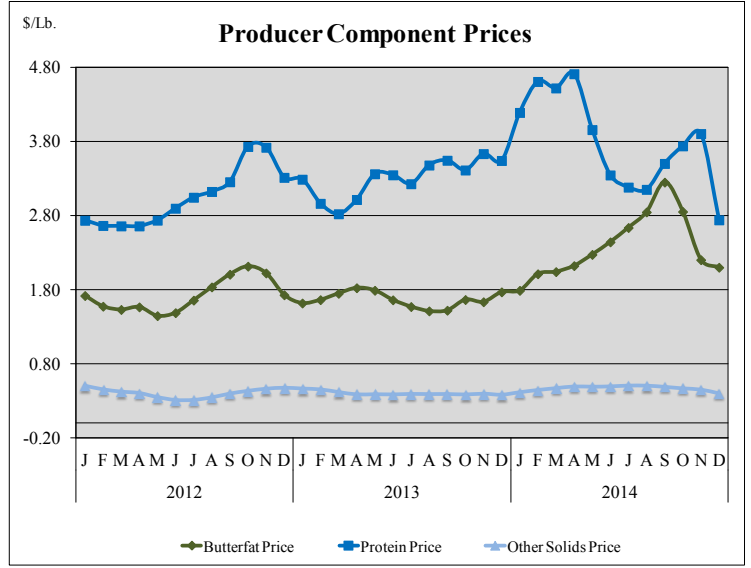
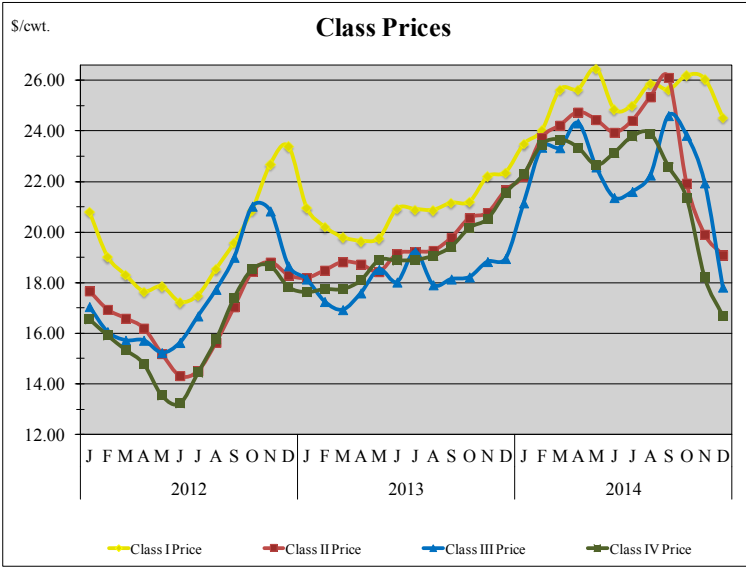


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$19.74 per cwt for December 2014. The December 2014 SUP was \$0.84 per cwt lower than the December 2013 SUP. The December 2014 SUP is \$1.46 per cwt lower than the November 2014 SUP.



December 2014 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the December 2014 SUP are: \$8.19 per cwt for protein, \$7.35 per cwt for butterfat and \$2.28 per cwt for other solids. Also included in the SUP is the \$1.92 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NATIONAL PRODUCT PRICES

