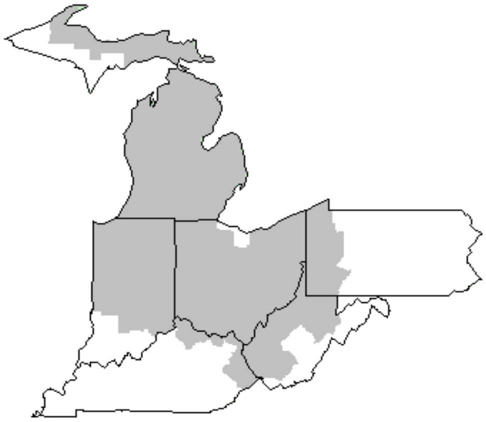
Mideast Market Administrator's

Bulletin

Federal Order No. 33



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JULY 2016

May Milk Production Up 1.2 Percent

Milk production in the 23 major States during May totaled 17.5 billion pounds, up 1.2 percent from May 2015. April revised production, at 16.8 billion pounds, was up 1.1 percent from April 2015. The April revision represented a decrease of 0.1 percent or 13 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 2,019 pounds for May, 21 pounds above May 2015. 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 8.64 million head, 11,000 head more than May 2015, but unchanged from April 2016.

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 2.8 billion pounds, up 74 million pounds or 2.7 percent from May 2015.

Production per cow in the Mideast states averaged 1,975 pounds for May. This was an increase of 29 pounds from May 2015.

The number of cows on farms in the Mideast states was 1.4 million head, 13,000 head more than May 2015.

Recent Developments in Dairy Markets

On a milk-fat milk equivalent basis, dairy imports fell by 215 million pounds from March to April. This follows smaller monthly declines from the peak of 809 million pounds in January. On a skim-solids milk-equivalent basis, the decline in imports was smaller, 71 million pounds. Imports of butterfat products fell considerably from March to April. For the same 2 months, exports fell by 94 million pounds on a milk-fat basis but rose by 291 million pounds on a skim-solids basis. Notably, while exports of whole milk powder and dry whey increased, exports of butterfat products, cheese, and lactose decreased.

Milk production continued to grow in April, totaling 18.0 billion pounds, 1.2 percent higher than April 2015. Milk per cow averaged 1,929 pounds for April, 20 pounds above April 2015. Milk cows were 9.331 million head, 15 thousand more than April 2015 and 4 thousand head more than March 2016. The gap between the growing milk supply and total disappearance (domestic use and exports) on a milk-fat basis has remained relatively high, resulting in an inventory accumulation. Butter and cheese stocks in April were 28.3 percent and 11.8 percent higher than April 2015, respectively.

For May, the largest price changes reported in the USDA National Dairy Products Sales Report (NDPSR) were for cheese and nonfat dry milk (NDM). From the week ending May 7 to the week ending May 28, prices for 40-pound cheddar cheese blocks and 500-pound cheddar cheese barrels (adjusted to 38 percent moisture) fell by $0.108 and $0.076 per pound, respectively. For the same weeks, the NDM price increased by $0.039 per pound. Although the NDPSR butter price remained relatively stable over the period, the Chicago Mercantile Exchange (CME) butter spot price rose by $0.043 per pound from the week ending May 6 to the week ending June 3. In contrast to the downward NDPSR price direction for cheese, CME prices for cheese rose in May. For the weeks ending May 6 to June 3, spot prices for CME cheddar cheese 40-pound blocks and 500-pound barrels rose by $0.065 and $0.078 per pound, respectively. NDPSR prices are highly correlated with CME prices of the previous week for butter and the previous 2 weeks for cheese.

Feed price forecasts for 2015/2016 and 2016/17 have been raised significantly. The 2015/16 corn price forecast is $3.60-$3.80 per bushel, up $0.10 at the midpoint from last month's forecast. The 2016/17 corn price forecast is $3.20- $3.80 per bushel, up $0.15 at the midpoint. The estimated 2015/16 soybean meal price is $335 per short ton, up $25. The 2016/17 soybean meal price forecast is $320-$360 per short ton, up $20 at the midpoint. The national average price for alfalfa hay increased from $144 per short ton in March to $153 in April.

(Continued on Page 3)

June 2016 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	483,005,691	29.3
Class II	253,884,323	15.4
Class III	630,741,018	38.3
Class IV	280,273,909	17.0
Total	1,647,904,941	100.0

Producer Prices

Producer Price Differential	$ 0.95	/ cwt
Butterfat Price	2.4109	/ lb
Protein Price	1.4807	/ lb
Other Solids Price	0.0628	/ lb
Somatic Cell Adjustment Rate	0.00072	/ cwt
Statistical Uniform Price	14.17	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

June 2016

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			473,578,506			$7.31 / cwt	$34,618,588.80
Class I Butterfat		9,427,185				2.3108/ lb	21,784,339.11
Class I Location Differential	483,005,691						(195,133.05)
Class II SNF Value				21,959,101		0.6511/ lb	14,297,570.61
Class II Butterfat		20,986,801				2.4179/ lb	50,743,986.11
Class III Protein Value			19,181,834			1.4807/ lb	28,402,541.59
Class III Other Solids Value					39,274,140	0.0628/ lb	2,466,415.99
Class III Butterfat		18,870,351				2.4109/ lb	45,494,529.21
Class IV SNF Value				25,820,042		0.6148/ lb	15,874,161.82
Class IV Butterfat		9,994,976				2.4109/ lb	24,096,887.65
Somatic Cell Value II / III / IV							1,349,886.26
TOTAL PRODUCER MILK VALUE	1,647,904,941	59,279,313	49,711,932		99,622,983		$238,933,774.10
Overages					61,820.36		
Beginning Inventory & OS Charges					53,419.63		
TOTAL ADJUSTMENTS							115,239.99
TOTAL HANDLER OBLIGATIONS							$239,049,014.09
Total Protein Value			49,711,932 lbs	@	$1.4807		$(73,608,457.70)
Total Other Solids Value			99,622,983 lbs	@	0.0628		(6,256,323.35)
Butterfat Value			59,279,313 lbs	@	2.4109		(142,916,495.70)
Total Somatic Cell Values							(1,874,470.94)
TOTALS							$ 14,393,266.40
Net Producer Location Adjustments							$ 1,101,435.78
1/2 Unobligated Balance Producer Settlement Fund							937,000.00
Total - Divided by Total Pounds			1,647,904,941 lbs		0.9971268		$16,431,702.18
Rate of Cash Reserve					(0.0471268)		(776,604.87)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,647,904,941		$0.95 / cwt		$15,655,097.31

COMPONENT PRICES

June	2016	2015
Butterfat Price	$2.4109 / lb	$2.1011 / lb
Protein Price	1.4807 / lb	2.6915 / lb
Other Solids Price	0.0628 / lb	0.2322 / lb
Somatic Cell Adjustment Rate	0.00072 / cwt	0.00086 / cwt
Nonfat Solids Price	0.6148 / lb	0.7529 / lb

COMPUTATION OF UNIFORM PRICE

June	2016	2015
Class III Price - 3.5% BF	$ 13.22	$16.72
Producer Price Differential*	0.95	(0.46)
Statistical Uniform Price	$14.17	$16.26

CLASS PRICES

June	2016	2015
Class I*	$15.14	$18.14
Class II	14.12	14.77
Class III	13.22	16.72
Class IV	13.77	13.90

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

June	2016 Product lbs.	2015 Product lbs.
Class I	483,005,691	484,648,540
Class II	253,884,323	349,567,402
Class III	630,741,018	331,184,579
Class IV	280,273,909	268,964,800
Total	1,647,904,941	1,434,365,321

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for June 2016 was $0.95 and the Statistical Uniform Price was $14.17 for the month. The Statistical Uniform Price is $0.36 higher than last month, and is $2.09 lower than June 2015.

The Producer Butterfat Price of $2.4109 per pound increased $0.1263 from May and is up $0.3098 from a year ago. The Protein Price of $1.4807 is down $0.0128 from last month and is down $1.2108 from June 2015. The Other Solids Price in May was $0.0628 per pound, an increase from last month’s price of $0.0529 and $0.1694 lower than last June. The Somatic Cell Adjustment rate for June was $0.00072.

June producer receipts of 1.65 billion pounds were 9.7 percent lower than May and 14.9 percent higher than June 2015 production of 1.43 billion pounds. Producer milk allocated to Class I accounted for 29.3 percent of the total producer milk in June 2016, higher than the 28.5 percent in May, and lower than the 33.8 percent in June 2015. A total of 5,336 producers were pooled on the Mideast Order compared to 5,741 producers pooled in June 2015.

The market average content of producer milk was as follows: Butterfat 3.60%; Protein 3.02%; Other Solids *5.77% and Nonfat Solids *8.79%.

*Revised from previously published figure.

(continued from Front Page)

Recent data suggest a larger supply of milk cows for 2016 than forecast last month; accordingly, the milk cow forecast has been increased to 9.325 million head, 5 thousand more than forecast last month. The milk per cow forecast is unchanged. With milk cow numbers higher than expected, the forecast for milk production for the year has been increased from 212.4 to 212.6 billion pounds.

With lower expectations for imports of butterfat products and cheese, the forecast for imports on a milk-fat basis has been reduced from 7.7 to 6.8 billion pounds. With the decrease in expected imports and the increase in expected milk production, the net effect for the total supply on a milk-fat basis is a reduction of 0.7 billion pounds. Exports on a milk-fat basis are lowered from 8.9 to 8.5 billion pounds based on recent export data. The forecast for domestic use on a milk-fat basis has been lowered by 0.5 billion pounds but remains relatively high, 3.8 percent over 2015. Ending stocks on a milk-fat basis are raised to 13.1 billion pounds.

Smaller changes have been made to the 2016 outlook on a skim-solids basis. Imports are unchanged from last month, at 6.4 billion pounds. The export forecast has been lowered by 0.2 billion pounds based on lower expected exports of nonfat dry milk, cheese, and lactose. The domestic commercial-use forecast on a skim-solids basis has been raised by 0.2 billion pounds. Ending commercial stock forecasts are raised from 14.1 to 14.3 billion pounds due to recent high stock levels and the higher forecast for milk production.

Based on recent strength in CME butter prices and lower expected total supply on a milk-fat basis due to lower imports, the butter price forecast for 2016 is raised to $2.050-$2.120 per pound. Based on recent price data, the forecast for the 2016 NDM price has been raised to $0.760-$0.800 per pound. With higher prices for butter and NDM, more milk is expected to move to butter and powder production, tightening the milk supply for cheese. Based on the expected change in milk allocation, lower expected cheese imports, and the recent strength of CME prices, the 2016 cheese price forecast has been raised to $1.475-$1.515 per pound. The whey price forecast is $0.240-$0.260 per pound, unchanged from last month at the midpoint of the range.

Given the higher forecasts for butter, NDM and cheese, the Class III and Class IV prices are raised to $13.40-$13.80 per cwt and $13.15-$13.65, respectively. The all milk price is raised accordingly to $14.95-$15.35 per cwt, an increase from $14.60-$15.10 per cwt forecast last month.

With a more gradual decline in cow numbers expected for 2017, the milk production forecast for 2017 is increased from 215.2 billion pounds to 215.3 billion pounds. However, the impact of higher expected feed prices on producer margins during 2016 is expected to temper the increase in milk production.

On a milk-fat basis, imports and export forecasts are both reduced for 2017, by 0.3 billion pounds and 0.4 billion pounds, respectively. The domestic commercial use forecast on a milk-fat basis has been raised by 0.2 billion pounds. The forecast for ending stocks has been raised by 0.2 billion pounds.

The annual forecast for imports on a skim-solids basis is unchanged at 6.2 billion pounds. The forecast for skim-solids basis exports, however, is reduced by 0.5 billion pounds, to 37.1 billion pounds. Domestic commercial use on a skim-solids basis is forecast at 183.7 billion pounds, 0.5 billion pounds higher. Ending stocks have been raised to 14.0 billion pounds, 0.3 billion pounds higher.

The 2017 price forecasts for butter, NDM, and whey remain unchanged from last month at $1.880-2.010, $0.855-0.925, and $0.255-0.285 per pound, respectively. With slightly higher milk production and higher beginning stock levels for 2017, the cheese price forecast has been reduced slightly in the first half of the year, resulting in an annual forecast of $1.535-1.635 per pound.

With the lower cheese price, the Class III price has been lowered to $14.00-15.00 for the year. The 2017 Class IV milk price and the all-milk price forecasts are unchanged from last month, at $13.15-$14.25 and $15.25-$16.25 per cwt, respectively.

Source: *Livestock, Dairy, and Poultry Outlook*/LDP-M-264/June 16, 2016 Economic Research Service, USDA

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

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State	May 2016 Number of Producers	May 2016 Pounds of Milk (000)	May 2016 Butterfat	May 2016 Protein	May 2016 Other Solids	May 2016 SCC (000)	May 2015 Pounds of Milk (000)	May 2015 Butterfat	May 2015 Protein	May 2015 Other Solids	May 2015 SCC (000)
Michigan	1,401	917,519	3.65	3.06	5.79	159	662,651	3.60	3.03	5.75	160
Ohio	1,843	448,863	3.73	3.08	5.72	179	386,942	3.63	3.03	5.70	192
Indiana	911	231,363	3.68	3.09	5.83	193	219,740	3.64	3.07	5.80	193
Pennsylvania	763	101,968	3.81	3.06	5.75	221	102,656	3.74	3.02	5.73	226
New York	235	109,083	3.80	3.09	5.75	172	96,567	3.75	3.03	5.77	178
Wisconsin	20	4,604	3.59	3.05	5.73	253	5,631	3.85	3.13	5.72	179
West Virginia	39	3,390	3.71	3.17	5.75	234	3,093	3.81	3.16	5.72	240
Other	169	8,867	3.76	3.10	5.77	200	9,363	3.72	3.07	5.74	218
Total/Average *	5,381	1,825,658	3.69	3.07	5.77	173	1,486,643	3.64	3.03	5.74	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
June 2016

	Marketing Area [1]	Producer Milk Total (000)	Producer Milk Class I (000)	Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
FO 1	Northeast - (*Boston*)	2,263,110	680,956	30.1	$1.79	$15.01
FO 5	Appalachian - (*Charlotte*)	460,662	298,680	64.8	[2]	15.93
FO 6	Florida - (*Tampa*)	207,866	173,694	83.6	[2]	17.93
FO 7	Southeast - (*Atlanta*)	457,259	296,259	64.8	[2]	16.17
FO 30	Upper Midwest - (*Chicago*)	3,034,615	262,089	8.6	0.24	13.46
FO 32	Central - (*Kansas City*)	1,422,251	369,287	26.0	0.62	13.84
FO 33	**Mideast - (*Cleveland*)**	**1,647,905**	**483,006**	**29.3**	**0.95**	**14.17**
FO 124	Pacific Northwest - (*Seattle*)	746,615	152,786	20.5	0.62	13.84
FO 126	Southwest - (*Dallas*)	1,124,579	335,431	29.8	1.46	14.68
FO 131	Arizona - (*Phoenix*)	434,815	101,959	23.5	[2]	14.13

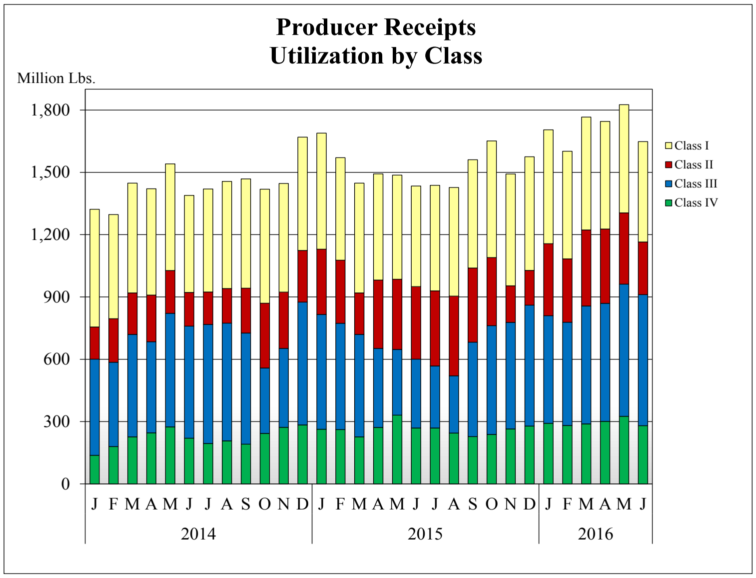
[1] Names in parentheses are principal points of markets.

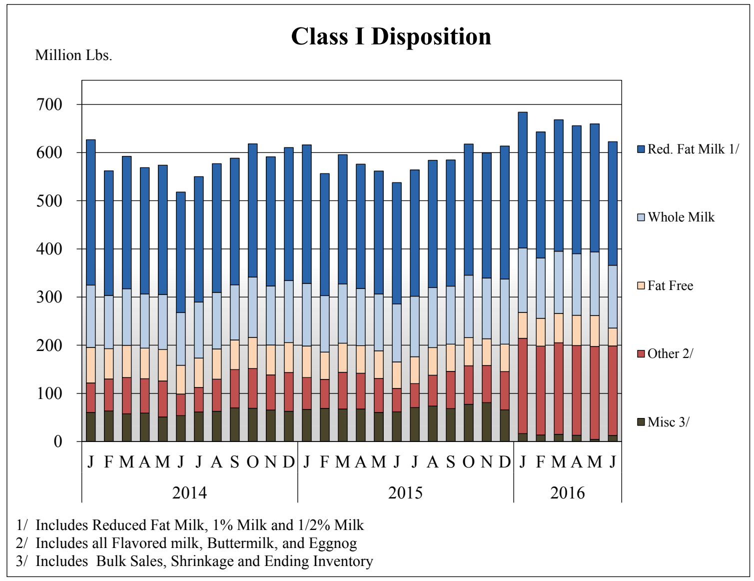
[2] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR JULY 2016...............................$13.22 /cwt.

Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 July 2016

PRODUCER MILK CLASSIFICATION

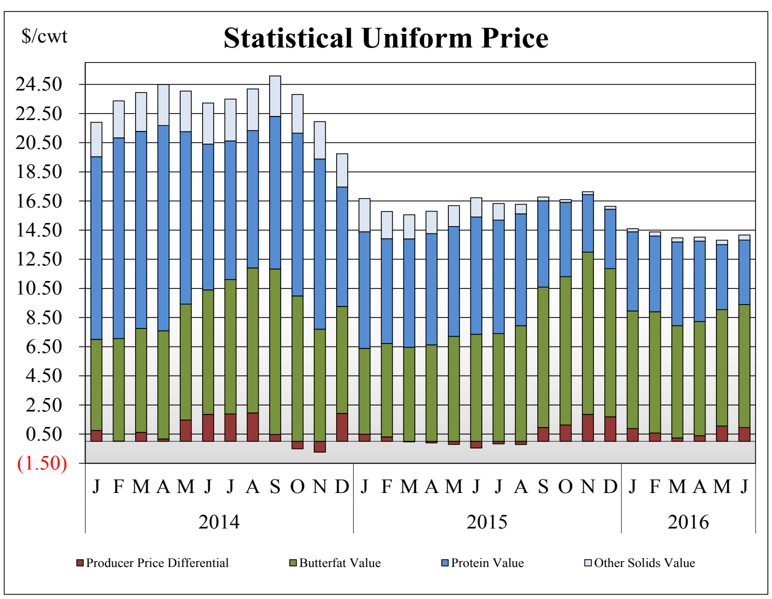


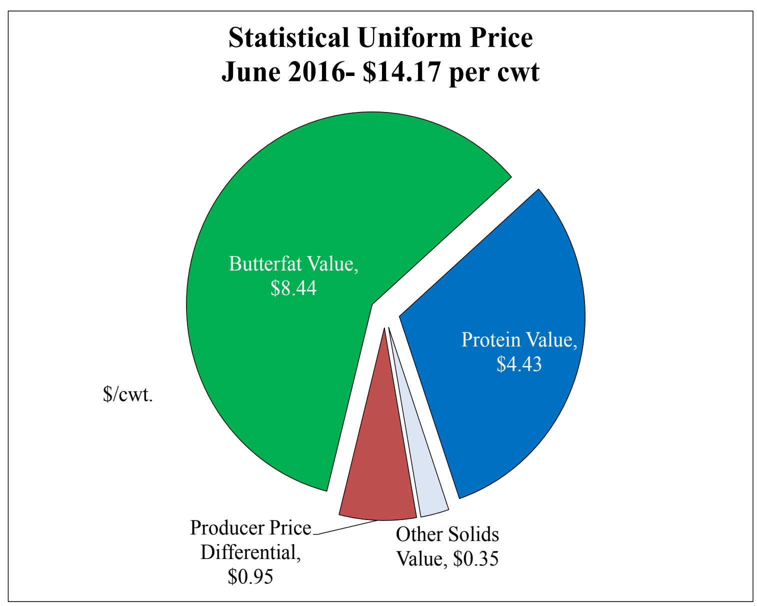


Producer Receipts: Producer receipts for the Mideast Order totaled 1.648 billion pounds in June 2016. The pounds allocated to Class I represented 29.3 percent of the total pounds. Producer receipts decreased 178 million pounds compared to May 2016, and were up 214 million pounds from the prior year.

Class I Pounds: Class I Disposition for the Mideast Order totaled 545 million pounds in June 2016, up 7 million pounds from June 2015. Finished products include 130 million pounds used for whole milk, 251 million pounds of reduced fat and low fat milk, and 50 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

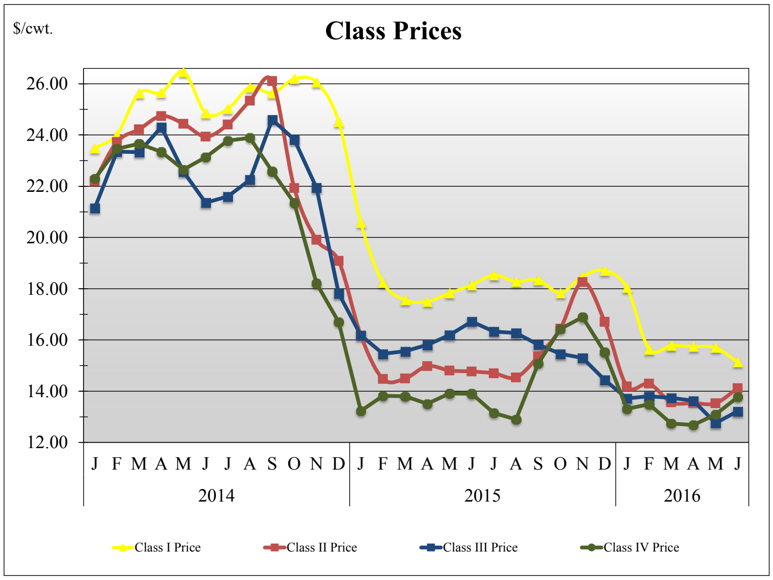


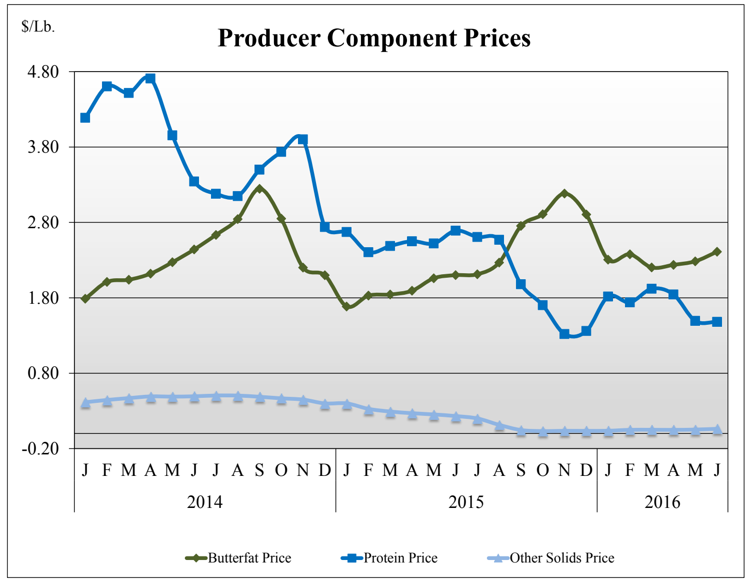


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was $14.17 per cwt for June 2016. The June 2016 SUP was $1.09 per cwt lower than the June 2015 SUP. The June 2016 SUP is $0.36 per cwt higher than the May 2016 SUP.

June 2015 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the June 2016 SUP are: $4.43 per cwt for protein, $8.44 per cwt for butterfat and $0.35 per cwt for other solids. Also included in the SUP is the $0.95 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES





WEIGHTED AVERAGE NATIONAL PRODUCT PRICES