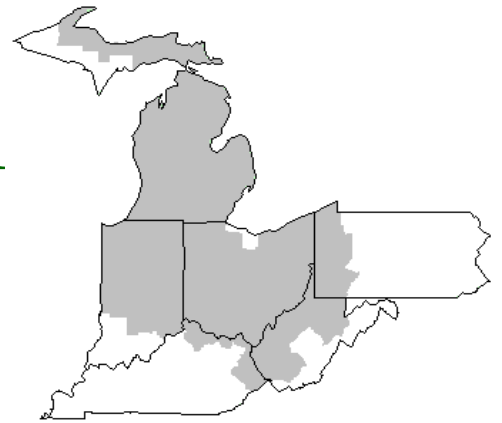


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

Sharon R. Uther, Market Administrator

Phone: (330) 225-4758 Toll Free: (888) 751-3220

Email: [clevelandma1@sprynet.com](mailto:clevelandma1@sprynet.com)

WebPage: [www.fmmaclev.com](http://www.fmmaclev.com)

August 2013

## July Agriculture Prices Highlights (NASS)

The preliminary All Milk price received by farmers was \$19.10 in July, down \$0.40 from June 2013, but up \$2.20 from July 2012. Alfalfa hay price was \$209.00 in July, up \$11.00 from July 2012. Corn price was \$6.83 in July, down \$0.31 from July 2012. Soybean price was \$15.40 in July, unchanged from July 2012. The milk-feed price ratio was 1.52 in July, up 0.18 from July 2012.

The index of prices received by farmers for dairy products during the month of July 2013 was down 3 points to 146. Compared with July 2012, the index was up 17 points (13.2%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2013 was up 1 point to 220. Compared with July 2012, the index was up 7 points (3.3%).

## June 2013 Dairy Products (NASS)

Butter production was 140.8 million pounds, 2.7% above June 2012, but 13.8% below May 2013. American Type Cheese production totaled 364.3 million pounds, 1.2% above June 2012, but 6.2% below May 2013. Total Cheese output (excluding cottage cheese) was 913.8 million pounds, 1.4% above June 2012, but 3.9% below May 2013. Nonfat Dry Milk production, for human food, totaled 130.5 million pounds, 22.5% below June 2012 and 13.3% below May 2013. Dry Whey production, for human food, was 75.2 million pounds, 5.1% below June 2012 and 0.4% below May 2013. Ice Cream (hard) production totaled 80.1 million gallons, 1.2% below June 2012 but 3.1% above May 2013.

Source: *Dairy Market News*, July 29 - August 2, 2013 Volume 80, Report 31

## June Milk Production Up 1.6 Percent

Milk production in the 23 major States during June totaled 15.8 billion pounds, up 1.6 percent from June 2012. May revised production, at 16.6 billion pounds, was up 1.1 percent from May 2012. The May revision represented an increase of 47 million pounds or 0.3 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 June totaled 2.4 billion pounds, up 81 million pounds or 3.5 percent from June 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](http://www.nass.usda.gov) for any future updates on NASS programs.

## 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

(Continued on Page 3)

## July 2013 Pool Summary

### Classification of Producer Milk

	Pounds	Percent
Class I	515,011,523	38.1
Class II	166,555,894	12.3
Class III	506,594,324	37.5
Class IV	163,428,147	12.1
Total	1,351,589,888	100.0

### Producer Prices

Producer Price Differential	\$ 1.74 /cwt
Butterfat Price	1.5693 /lb
Protein Price	3.2257 /lb
Other Solids Price	0.3927 /lb
Somatic Cell Adjustment Rate	0.00086 /cwt
Statistical Uniform Price	19.12 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

July 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			505,583,299			\$ 15.50 / cwt	\$ 78,365,411.45
Class I Butterfat		9,428,224				1.7003 / lb	16,030,809.25
Class I Location Differential	515,011,523						(225,929.10)
Class II SNF Value				13,783,313		1.5778 / lb	21,747,311.29
Class II Butterfat		13,689,401				1.5763 / lb	21,578,602.83
Class III Protein Value			15,100,006			3.2257 / lb	48,708,089.36
Class III Other Solids Value					29,152,259	0.3927 / lb	11,448,092.14
Class III Butterfat		17,296,080				1.5693 / lb	27,142,738.34
Class IV SNF Value				14,066,324		1.5438 / lb	21,715,590.98
Class IV Butterfat		8,293,205				1.5693 / lb	13,014,526.58
Somatic Cell Value II / III / IV							886,108.76
<b>TOTAL PRODUCER MILK VALUE</b>	1,351,589,888	48,706,910	40,116,766		77,578,979		\$ 260,411,351.88
Overages					42,236.14		
Beginning Inventory & OS Charges					(82,805.84)		
<b>TOTAL ADJUSTMENTS</b>							\$ (40,569.70)
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 260,370,782.18
Total Protein Value			40,116,766 lbs	@	\$ 3.2257		\$(129,404,652.09)
Total Other Solids Value			77,578,979 lbs	@	0.3927		(30,465,265.08)
Butterfat Value			48,706,910 lbs	@	1.5693		(76,435,753.87)
Total Somatic Cell Values							(1,407,550.22)
<b>TOTALS</b>							\$ 22,657,560.92
Net Producer Location Adjustments							\$ 756,406.08
1/2 Unobligated Balance Producer Settlement Fund							655,000.00
Total - Divided by Total Pounds			1,351,589,888 lbs		1.7807892		\$ 24,068,967.00
Rate of Cash Reserve					(0.0407892)		(551,302.70)
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,351,589,888		<b>\$ 1.74 /cwt</b>		\$ 23,517,664.30

**COMPONENT PRICES****COMPUTATION OF UNIFORM PRICE**

<b>July</b>			<b>July</b>		
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Butterfat Price	\$1.5693 / lb	\$1.6556 / lb	Class III Price - 3.5% BF	\$ 17.38	\$16.68
Protein Price	3.2257 / lb	3.0430 / lb	Producer Price Differential*	<u>1.74</u>	<u>(0.29)</u>
Other Solids Price	0.3927 / lb	0.3123 / lb	Statistical Uniform Price	\$19.12	\$16.39
Somatic Cell Adjustment Rate	0.00086 / cwt	0.00084 / cwt			
Nonfat Solids Price	1.5438 / lb	0.9965 / lb			

**CLASS PRICES****CLASSIFICATION OF PRODUCER MILK**

<b>July</b>			<b>July</b>		
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Class I*	\$20.91	\$17.51	Class I	515,011,523	472,529,473
Class II	19.22	14.51	Class II	166,555,894	289,998,405
Class III	17.38	16.68	Class III	506,594,324	302,170,890
Class IV	18.90	14.45	Class IV	<u>163,428,147</u>	<u>194,560,795</u>
			Total	1,351,589,888	1,259,259,563

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for July 2013 was \$1.74 and the Statistical Uniform Price was \$19.12 for the month. The Statistical Uniform Price is \$0.10 lower than last month, and is \$2.73 higher than July 2012.

The Producer Butterfat Price of \$1.5693 per pound decreased \$0.0906 from June and is down \$0.0863 from a year ago. The Protein Price of \$3.2257 is down \$0.1198 cents from last month and is up \$0.1827 from July 2012. The Other Solids Price in July was \$0.3927 per pound, an increase from last month's price of \$0.3859 and \$0.0804 higher than last July. The Somatic Cell Adjustment rate for July was \$0.00086.

July producer receipts of 1.35 billion pounds were 4.4 percent lower than June and 7.3 percent higher than July 2012 production of 1.26 billion pounds. Producer milk allocated to Class I accounted for 38.1 percent of the total producer milk in July 2013, more than the 33.4 percent in June, and more than the 37.5 percent in July 2012. A total of 6,042 producers were pooled on the Mideast Order compared to 6,295 producers pooled in July 2012.

The market average content of producer milk was as follows: Butterfat 3.60%; Protein 2.97%; Other Solids 5.74% and Nonfat Solids 8.71%.

(continued from Front Page)

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.

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

### 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	June 2013						June 2012				
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----				-----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,624	666,260	3.56	3.00	5.76	174	655,984	3.52	2.99	5.75	171
Ohio	2,056	340,059	3.70	3.02	5.73	225	335,696	3.56	3.04	5.75	226
Indiana	1,033	163,011	3.65	3.01	5.76	222	174,514	3.55	3.00	5.75	213
New York	292	98,167	3.69	3.00	5.74	203	132,989	3.58	2.99	5.77	208
Pennsylvania	924	95,512	3.70	3.02	5.72	257	96,975	3.64	3.05	5.72	276
Wisconsin	40	37,260	3.63	3.08	5.76	259	7,758	3.64	3.02	5.80	206
West Virginia	47	3,594	3.73	3.08	5.72	277	2,731	3.71	3.08	5.69	293
Other	110	9,587	3.67	3.01	5.71	229	7,770	3.69	3.03	5.73	259
Total/Average *	6,126	1,413,451	3.63	3.01	5.75	202	1,414,416	3.55	3.01	5.75	201

\* 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**

**July 2013**

Marketing Area <sup>1/</sup>	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,115,439	751,278	35.5	\$2.80	\$20.18
FO 5 Appalachian - (Charlotte)	452,158	311,375	68.9	<sup>2/</sup>	21.26
FO 6 Florida - (Tampa)	219,903	189,122	86.0	<sup>2/</sup>	23.44
FO 7 Southeast - (Atlanta)	477,509	324,966	68.1	<sup>2/</sup>	21.57
FO 30 Upper Midwest - (Chicago)	2,892,242	290,731	10.1	0.40	17.78
FO 32 Central - (Kansas City)	1,251,289	375,997	30.1	1.24	18.62
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,351,590</b>	<b>515,012</b>	<b>38.1</b>	<b>1.74</b>	<b>19.12</b>
FO 124 Pacific Northwest - (Seattle)	732,415	167,989	22.9	1.27	18.65
FO 126 Southwest - (Dallas)	1,001,939	333,586	33.3	2.02	19.40
FO 131 Arizona - (Phoenix)	363,465	107,573	29.6	<sup>2/</sup>	19.17

<sup>1/</sup> Names in parentheses are principal points of markets.

<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR AUGUST 2013.....\$17.38 /cwt.**

# Mideast Market Administrator's Bulletin

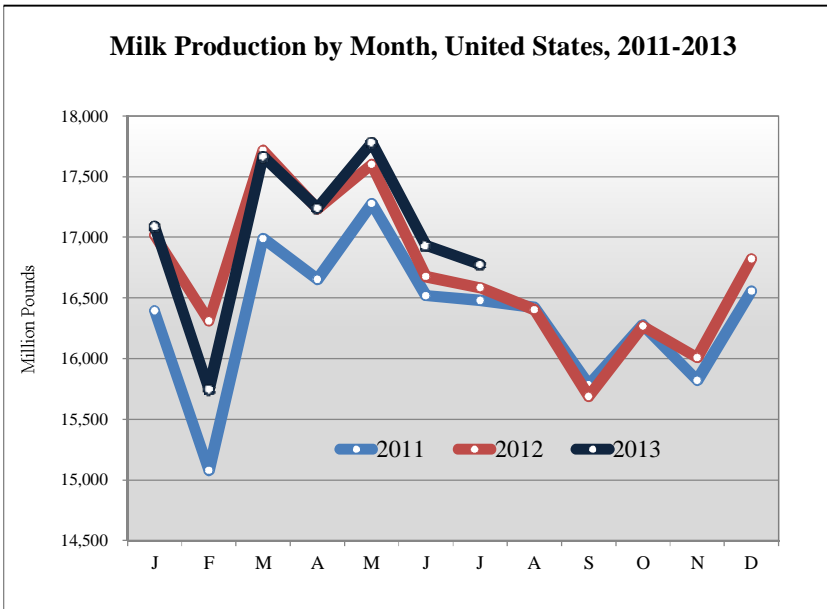
Supplement

Federal Order No. 33

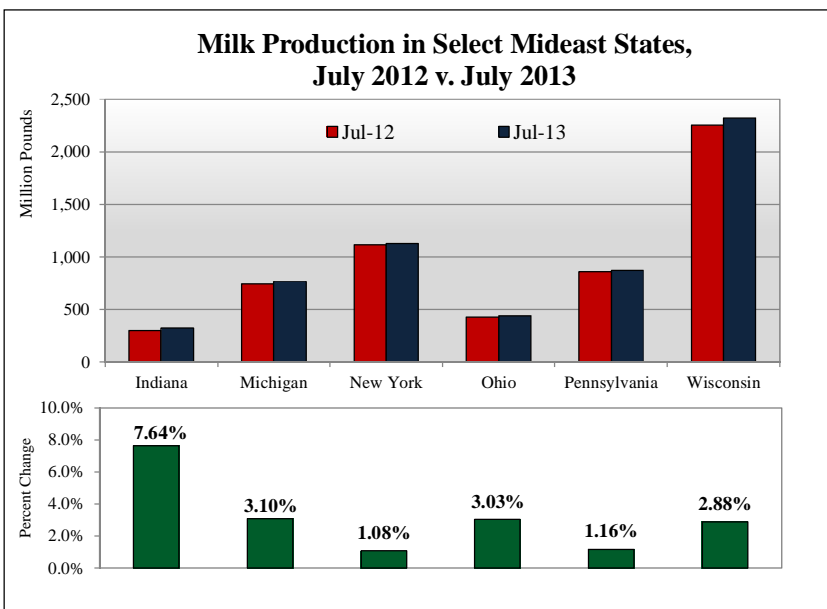
August 2013

## MILK PRODUCTION STATISTICS 1/

Milk production is one element of the monthly Milk Production report that NASS suspended to meet sequestration requirements. Because NASS is not conducting milk producer surveys, the dairy cow and milk per cow statistics that were provided in previous reports will not be available.



July 2013 milk production in the United States decreased 157 million pounds from June to 16.8 billion pounds. July 2013 milk production in the United States was up 1.2 percent from the same month of the prior year.

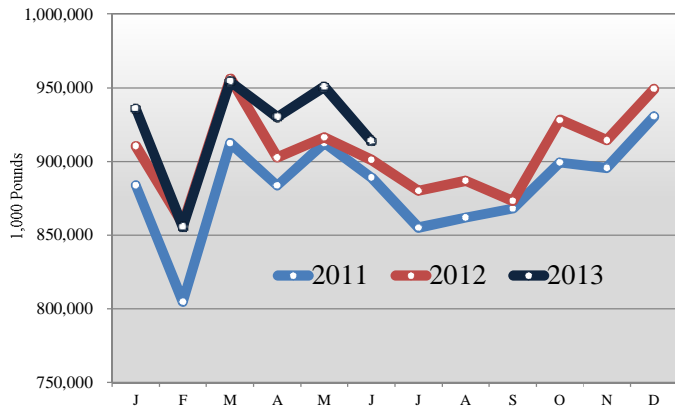


Milk production from selected states which pool on the Mideast marketing area totaled 5.8 billion pounds during July 2013, up 146 million pounds from the prior year. Milk production in Wisconsin was up 65 million pounds.

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

## DAIRY PRODUCT PRODUCTION 1/

**Total Cheese Production, 2011-2013**



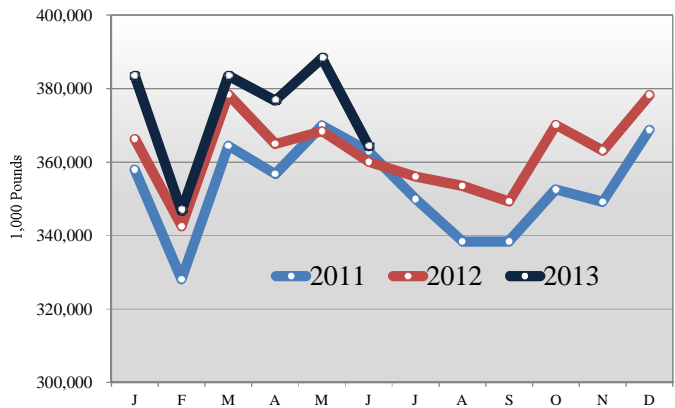
### Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) was 914 million pounds, 1.4 percent above June 2012 and 3.9 percent below May 2013

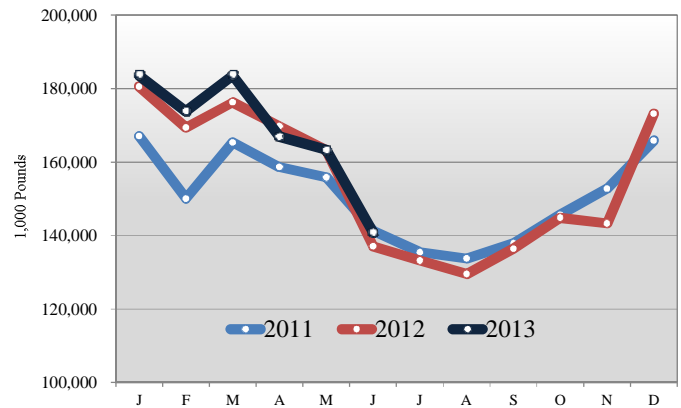
American type cheese production totaled 364 million pounds, 2.7 percent above June 2012 and 13.8 percent below May 2013.

Butter production was 141 million pounds, 1.2 percent above May 2012 and 6.2 percent below May 2013.

**Total American Cheese Production, 2011-2013**



**Total Butter Production, 2011-2013**



## COMMERCIAL DISAPPEARANCE 2/

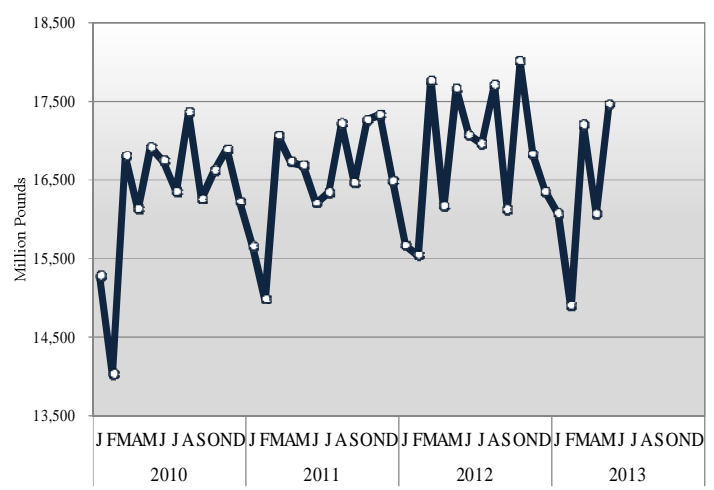
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For May 2013, commercial disappearance of milk was 17.5 billion pounds, down 1.2 percent from the prior year. The cumulative disappearance total for 2013 is 82 billion pounds, a decrease of 1.3 percent from the same five month period in 2012.

May 2013 commercial disappearance of American cheese was 374 million pounds, down 1.5 percent from the prior year.

May 2013 commercial disappearance of butter was 156 million pounds, down 2.1 percent from the prior year.

**Commercial Disappearance of Milk in All Products, 2010-2013**



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.