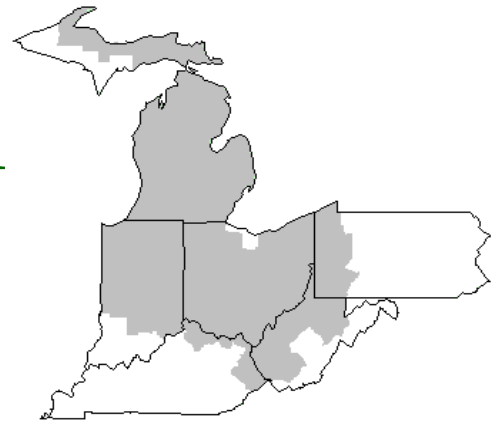


Mideast Market Administrator's Bulletin



Federal Order No. 33

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September 2013

Lower Butter Prices Reflect High Stocks While Higher Nonfat Dry Milk Prices Reflect Strong Exports

Corn prices for the 2012/13 year are unchanged from July; however, the price range is narrowed to \$6.90-\$7.00 per bushel. For the 2013/14 year, corn prices are raised to \$4.50-\$5.30 per bushel. The production forecast for the 2013 corn crop is lowered for August based on slightly lower expected yield. The soybean meal price forecast for 2013/14 is increased to \$305-\$345 per ton from July. Soybean meal production is lowered for August, and the higher price keeps the production in domestic use at the expense of exports, which were lowered. According to the most recent *Agricultural Prices* report, the preliminary July alfalfa price was \$209 per ton, lower than June but 6 percent above the July 2012 price.

The 2013 milk production forecast is raised slightly in August from July to 202.1 billion pounds. The 2013 forecast is raised due to changes in second-quarter reported production. The 2014 milk production forecast remains unchanged from the July forecast at 204.5 billion pounds.

Current-year fat basis imports are raised in August to 4.2 billion pounds, largely on the basis of year-to-date cheese imports, and are expected to decline to 4.1 billion pounds in 2014, unchanged from the July forecast. This year's skim-solids basis imports were lowered to 5.4 based on a year-to-date decline in casein imports. Imports are forecast at 5.4 billion pounds for 2014, unchanged from July's forecast. Current-year fat basis exports are increased to 10.3 billion pounds for 2013, based on strong shipments of butterfat. Fat basis exports are expected to hold at 10.3 billion pounds in 2014. Current-year skim-solids exports were raised in August to 37.0 billion pounds based on continued strength in nonfat dry milk (NDM) exports; exports in 2014 were unchanged from the July forecast at 36.4 billion pounds.

Fat-basis ending stocks for both 2013 and 2014 were lowered this month from July to 13.4 billion and 12.7 billion pounds, respectively, as lower butter prices are expected to boost use. Skim-solids stocks are forecast at 13.0 billion pounds for the current year, unchanged from July's forecast. Skim-solids based ending stocks for 2014 were lowered slightly from last month to 12.7 billion pounds, based on continued robust NDM demand.

Cheese prices are increased for August to \$1.750-\$1.770 per pound for 2013. The higher 2013 forecast cheese price reflects continued strong demand. Cheese prices are expected to decline to \$1.630-\$1.730 per pound in 2014. Despite higher stocks, price prospects for NDM reflect continued strong export demand for dry

milk products and reduced supplies from the European Union. The NDM price is projected at \$1.635-\$1.655 per pound for the current year, and at \$1.590-\$1.660 per pound next year, both forecasts are increases from July. Butter prices are lowered in August to \$1.495-\$1.535 per pound for 2013 and at \$1.445-\$1.575 per pound for 2014; relatively high butter stocks and currently weakening prices underpin this forecast. Whey price forecasts are unchanged from the July forecast at 58.5-60.5 cents per pound this year and 56.5-59.5 cents per pound for 2014.

Class III milk prices are increased in August to \$ 17.80-\$18.00 per cwt, reflecting the higher expected cheese price and steady whey price. The 2014 Class III price forecast is unchanged from July and is projected to slip from this year to \$16.55- \$17.55 per cwt based on lower expected cheese prices next year. The 2013 Class IV price forecast range is narrowed to \$18.25-\$18.55 per cwt. Next year's Class IV price forecast is unchanged from July's at \$17.65-\$18.75 per cwt based lower butter prices. The 2013 all milk price is changed this month to \$19.60-\$19.80 per cwt by raising the lower end of the price range by 10 cents and is lowered for 2014 to \$18.65-\$19.65 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook* /LDP-M-230/Aug 16, 2013 Economic Research Service, USDA

August 2013 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	553,527,797	39.2
Class II	225,728,186	15.9
Class III	471,973,206	33.3
Class IV	164,789,864	11.6
Total	1,416,019,053	100.0

Producer Prices

Producer Price Differential	\$ 1.41 /cwt
Butterfat Price	1.5104 /lb
Protein Price	3.4775 /lb
Other Solids Price	0.3901 /lb
Somatic Cell Adjustment Rate	0.00089 /cwt
Statistical Uniform Price	19.32 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

August 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			543,659,541			\$ 15.77 / cwt	\$ 85,735,109.62
Class I Butterfat		9,868,256				1.6169 / lb	15,955,983.14
Class I Location Differential	553,527,797						(251,828.42)
Class II SNF Value				18,978,231		1.6078 / lb	30,513,199.81
Class II Butterfat		16,845,196				1.5174 / lb	25,560,900.40
Class III Protein Value			14,310,087			3.4775 / lb	49,763,327.63
Class III Other Solids Value					27,094,379	0.3901 / lb	10,569,517.26
Class III Butterfat		17,283,552				1.5104 / lb	26,105,076.96
Class IV SNF Value				14,320,034		1.5868 / lb	22,723,029.93
Class IV Butterfat		7,652,730				1.5104 / lb	11,558,683.41
Somatic Cell Value II / III / IV							<u>998,916.59</u>
TOTAL PRODUCER MILK VALUE	1,416,019,053	51,649,734	42,783,838		81,243,951		\$ 279,231,916.33
Overages						9,648.44	
Beginning Inventory & OS Charges						(58,807.11)	
TOTAL ADJUSTMENTS							\$ (49,158.67)
TOTAL HANDLER OBLIGATIONS							\$ 279,182,757.66
Total Protein Value			42,783,838 lbs	@	\$3.4775		\$(148,780,796.74)
Total Other Solids Value			81,243,951 lbs	@	0.3901		(31,693,265.28)
Butterfat Value			51,649,734 lbs	@	1.5104		(78,011,758.19)
Total Somatic Cell Values							<u>(1,616,250.07)</u>
TOTALS							\$ 19,080,687.38
Net Producer Location Adjustments							\$ 826,935.48
1/2 Unobligated Balance Producer Settlement Fund							<u>682,000.00</u>
Total - Divided by Total Pounds			1,416,019,053 lbs		1.4540498		\$ 20,589,622.86
Rate of Cash Reserve					<u>(0.0440498)</u>		<u>(623,753.56)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,416,019,053		\$ 1.41 / cwt		\$ 19,965,869.30

COMPONENT PRICES

August

	<u>2013</u>	<u>2012</u>
Butterfat Price	\$1.5104 / lb	\$1.8339 / lb
Protein Price	3.4775 / lb	3.1211 / lb
Other Solids Price	0.3901 / lb	0.3462 / lb
Somatic Cell Adjustment Rate	0.00089 / cwt	0.00088 / cwt
Nonfat Solids Price	1.5868 / lb	1.0756 / lb

COMPUTATION OF UNIFORM PRICE

August

	<u>2013</u>	<u>2012</u>
Class III Price - 3.5% BF	\$ 17.91	\$ 17.73
Producer Price Differential*	<u>1.41</u>	<u>(0.26)</u>
Statistical Uniform Price	\$19.32	\$17.47

CLASS PRICES

August

	<u>2013</u>	<u>2012</u>
Class I*	\$20.88	\$18.55
Class II	19.27	15.64
Class III	17.91	17.73
Class IV	19.07	15.76

CLASSIFICATION OF PRODUCER MILK

August

	<u>2013</u>	<u>2012</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	553,527,797	515,257,151
Class II	225,728,186	299,711,058
Class III	471,973,206	306,139,057
Class IV	<u>164,789,864</u>	<u>166,337,885</u>
Total	1,416,019,053	1,287,445,151

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for August 2013 was \$1.41 and the Statistical Uniform Price was \$19.32 for the month. The Statistical Uniform Price is \$0.20 higher than last month, and is \$1.85 higher than August 2012.

The Producer Butterfat Price of \$1.5104 per pound decreased \$0.0589 from July and is down \$0.3235 from a year ago. The Protein Price of \$3.4775 is up \$0.2518 cents from last month and is up \$0.3564 from August 2012. The Other Solids Price in August was \$0.3901 per pound, a decrease from last month's price of \$0.3927 and \$0.0439 higher than last August. The Somatic Cell Adjustment rate for August was \$0.00089.

August producer receipts of 1.42 billion pounds were 4.8 percent higher than July and 10.0 percent higher than August 2012 production of 1.29 billion pounds. Producer milk allocated to Class I accounted for 39.2 percent of the total producer milk in August 2013, more than the 38.1 percent in July, and less than the 40.0 percent in August 2012. A total of 6,219 producers were pooled on the Mideast Order compared to 6,237 producers pooled in August 2012.

The market average content of producer milk was as follows: Butterfat 3.65%; Protein 3.02%; Other Solids 5.74% and Nonfat Solids 8.76%.

July Milk Production Up 1.2 Percent

Milk production in the 23 major States during July totaled 15.7 billion pounds, up 1.2 percent from July 2012. June revised production, at 15.8 billion pounds, was up 1.7 percent from June 2012. The June revision represented an increase of less than 0.1 percent or 1 million pounds 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 July totaled 2.4 billion pounds, up 69 million pounds or 3.0 percent from July 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 for any future updates on NASS programs.

NASS to Resume Milk Production Surveys in October

USDA's National Agricultural Statistics Service will resume milk production quarterly producer surveys in the new federal fiscal year, which begins October 1, 2013. NASS suspended the surveys in April of this year to meet the budget reductions required by sequestration. The agency uses information gathered in the quarterly surveys along with various sources of administrative data to establish the monthly milk production estimates. With the quarterly surveys, the dairy cow and milk per cow statistics will once again be available. These are critical data points for interested parties to forecast future milk supply. The program will resume with a late September mailing of the survey form to producers and the release of resulting data on October 21.

Previous announcements about the milk production survey status are available at: www.nass.usda.gov/Newsroom/Notices/index.asp

Issued August 28, 2013, by the Agricultural Statistics Board of the U.S. Department of Agriculture, National Agricultural Statistics Service. For information contact Aleksey Minchenkov, 202-690-8121.

Historic Agricultural Data Now Online

NASS Digitizes 77 Years of Agricultural Statistics

The U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS) has simplified access to historic data by putting 77 years' worth of agricultural statistics online. In the past, this information, published in the annual bulletin *Agricultural Statistics*, was available in print form only. The volumes are now available at:

www.nass.usda.gov/Publications/Ag_Statistics/index.asp

"U.S. agriculture continues to progress by learning from our past, which is why it is imperative to have historic data easily available," said Dr. Cynthia Clark, NASS Administrator. "By publishing this information online we are simplifying the research process and further enhancing access to this important and interesting information."

NASS and its predecessors at USDA have published *Agricultural Statistics* since 1936. The bulletins are a compilation of data produced by multiple agencies within USDA. Each volume is a one-stop location for annual production, consumption, trade, and price data for all sorts of crops and livestock, as well as farm economics, spending for government programs, and lots of other statistics important to our country's agricultural system. These volumes detail U.S. farming for much of the 20th century, including the Dust Bowl and World War II.

"Whether you need them for research or are just curious about our country's farming history, these historic volumes are a valuable addition to the official statistical literature available to the public," added Clark.

Bulletin WebPage Edition

www.fmmacleev.com

Featured this month are:

- Mailbox Prices
- Producer Price Differential & Uniform Price Statistics
- Grain & Alfalfa Hay Prices

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

State	July 2013 -----Weighted Averages -----						July 2012 -----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	1,577	625,718	3.55	2.96	5.75	196	608,520	3.48	2.94	5.75	188
Ohio	2,033	323,368	3.67	2.98	5.72	256	272,656	3.54	2.98	5.74	259
Indiana	1,032	158,939	3.59	2.96	5.74	246	161,530	3.52	2.94	5.73	239
New York	290	97,234	3.68	2.97	5.73	227	134,342	3.57	2.95	5.75	216
Pennsylvania	912	93,162	3.66	2.98	5.70	297	69,836	3.60	2.99	5.74	302
Wisconsin	41	38,020	3.61	3.04	5.81	280	1,063	3.55	2.94	5.72	268
West Virginia	45	3,460	3.70	3.05	5.70	331	2,617	3.69	3.01	5.67	326
Other	130	11,535	3.57	2.96	5.71	250	8,373	3.56	2.98	5.71	278
Total/Average *	6,060	1,351,434	3.60	2.97	5.74	228	1,258,936	3.51	2.95	5.75	220

* 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

August 2013

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)	2,130,783	786,017	36.9	\$2.37	\$20.28
FO 5 Appalachian - (Charlotte)	467,621	330,061	70.6	^{2/}	21.35
FO 6 Florida - (Tampa)	230,986	203,092	87.9	^{2/}	23.56
FO 7 Southeast - (Atlanta)	497,167	359,391	72.3	^{2/}	21.81
FO 30 Upper Midwest - (Chicago)	2,911,579	307,805	10.6	0.34	18.25
FO 32 Central - (Kansas City)	1,262,209	418,607	33.2	1.01	18.92
FO 33 Mideast - (Cleveland)	1,416,019	553,528	39.2	1.41	19.32
FO 124 Pacific Northwest - (Seattle)	645,786	180,042	27.9	1.02	18.93
FO 126 Southwest - (Dallas)	988,436	363,083	36.7	1.83	19.74
FO 131 Arizona - (Phoenix)	360,339	115,908	32.2	^{2/}	19.41

^{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 SEPTEMBER 2013.....\$17.91 /cwt.

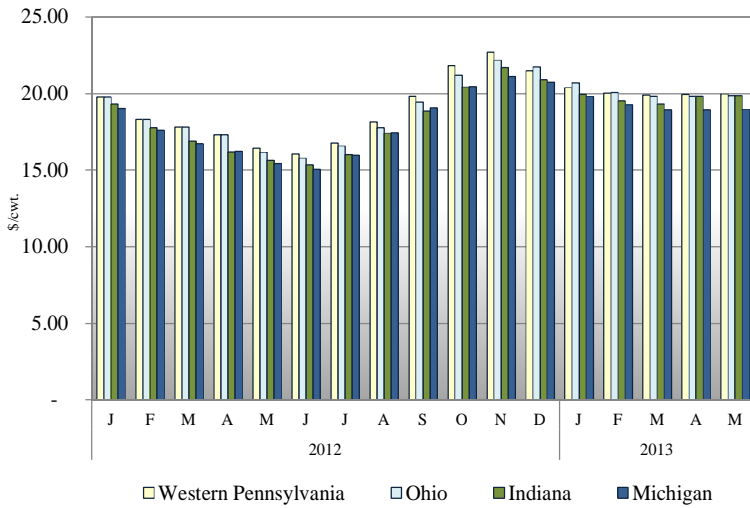
Mideast Market Administrator's Bulletin

Federal Order No. 33

Supplement
September 2013

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

Mailbox Milk Price for Selected Reporting Areas Federal Order 33, 2012-2013



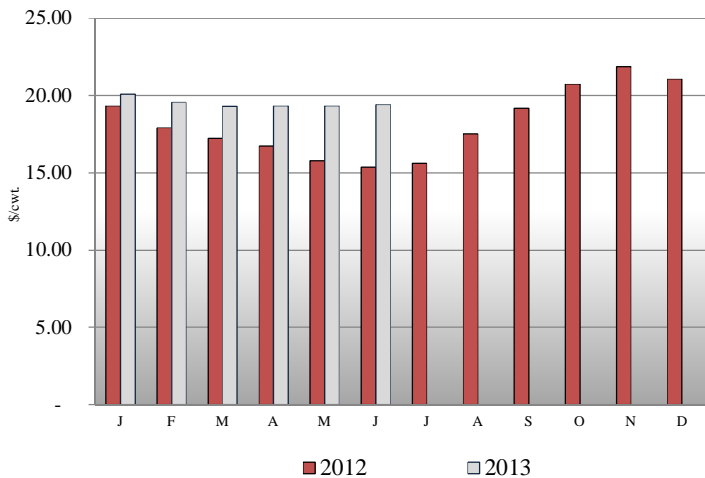
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments.

The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

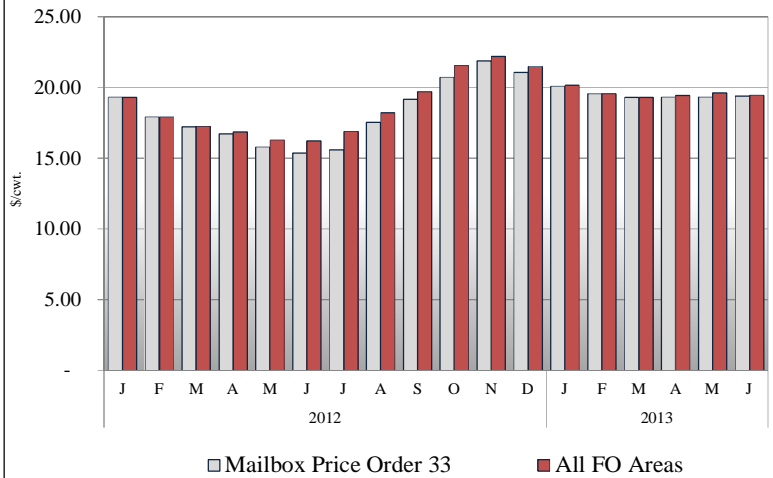
Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

FEDERAL ORDER 33 MAILBOX PRICE STATISTICS

Mailbox Milk Price for the Mideast Marketing Area, 2012-2013



Mailbox Milk Price for Mideast Marketing Area and All FO Areas, 2012-2013

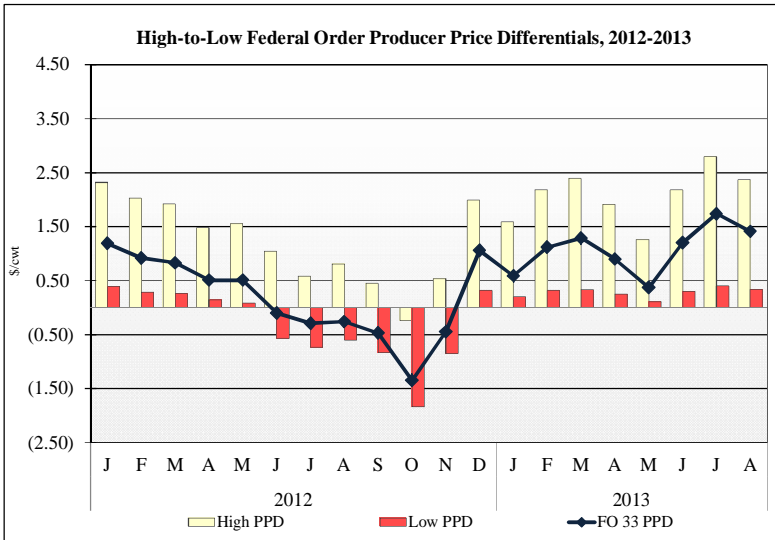


The net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$19.41 per hundredweight for June 2013. The June mailbox price is \$0.08 higher than the mailbox price for May 2013. The June mailbox price is \$4.04 higher than the June 2012 mailbox price of \$15.37 per cwt.

For June 2013 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$0.05 less than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For June the all Federal Order mailbox price was \$19.46 per hundredweight, \$3.25 higher than June 2012.

1/ Mailbox prices are generally released by Dairy Market News on the 10th of the third following month (January data in April).

PRODUCER PRICE DIFFERENTIAL AND UNIFORM PRICE STATISTICS 2/ 3/

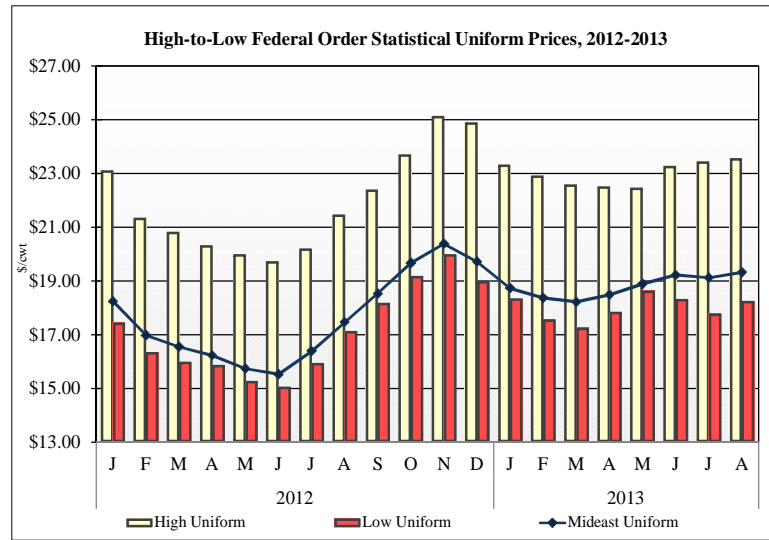


Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing.

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For August 2013, Federal Order 1 had a PPD of 2.37 per hundredweight (cwt), \$0.43 lower than their July PPD of 2.80 per cwt.

In August 2013 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at \$1.41 per cwt, \$0.33 per cwt lower than the July PPD.

For August 2013 Federal Order 30 had the lowest PPD at \$0.34 per cwt, \$0.06 per lower than the July PPD.



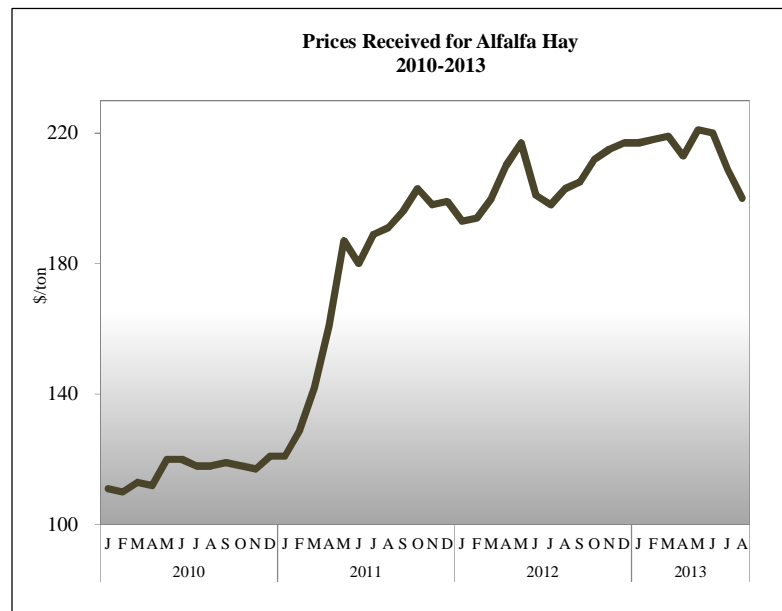
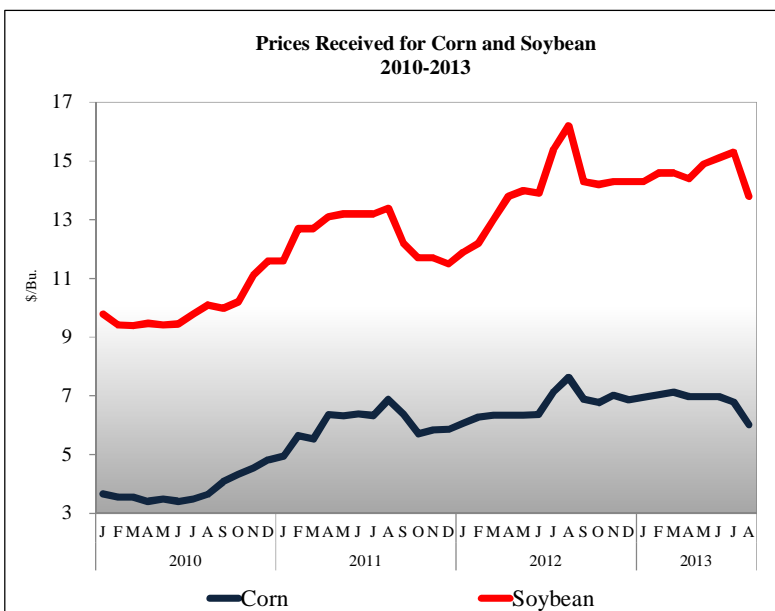
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For August 2013, Federal Order 6 had a SUP of \$23.56 per cwt, \$0.12 higher than the previous month's SUP.

Federal Order 33 had a SUP of \$19.32 per cwt, \$0.20 per cwt higher than the previous month's SUP.

The Upper Midwest order had the lowest SUP at \$18.25 per cwt, \$0.47 per cwt higher than the previous month's SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/



2/ Producer price differentials are subject to location adjustment.

3/ Statistical uniform prices are at 3.5 percent butterfat and subject to location adjustment.

4/ Source: USDA, National Agricultural Statistics Service