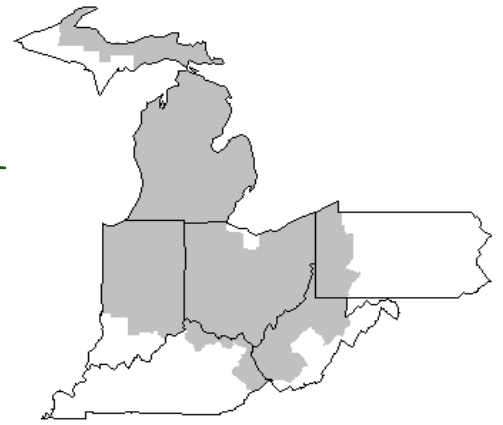


Mideast Market Administrator's Bulletin



Federal Order No. 33

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Dairy Developments

Monthly national wholesale prices for basic dairy products, as reported by USDA Agricultural Marketing Service (AMS), moved in mixed directions from October to November. The cheddar cheese price decreased from \$1.679 to \$1.650 per pound. The nonfat dry milk price (NDM) fell from \$0.895 to \$0.837 per pound. The dry whey price rose from 23.1 to 23.4 cents per pound. The greatest change was in the butter price, which rose from \$2.573 to \$2.800 per pound.

From September to October this year, commercial exports decreased by 23 million pounds on a milk-fat milk-equivalent basis and by 171 million pounds on a skim-solids milk-equivalent basis. Lactose and whey protein concentrate exports decreased significantly. Notably, exports of NDM rose by 5.1 million pounds, with exports to Mexico making up the largest portion of the increase.

October ending stocks for butter and cheese were substantially higher than for October 2014, by 21.0 percent for butter and 15.4 percent for cheese. In contrast, October NDM ending stocks were 1.5 percent below the previous year. Typically, cheese stocks decline seasonally from July to September at a much more rapid rate than they have in 2015.

With the decline in milk per cow in October, the output per cow projection for the fourth quarter of 2015 is 5,480 pounds per head, 45 pounds less than forecast last month. The forecast for milk cow numbers is unchanged at 9.310 million head. Milk production is forecast at 51.0 billion pounds for the quarter, 0.4 billion pounds less than last month's forecast.

Based on the decline in lactose and whey protein concentrates in October, the 2015 fourth quarter forecast for commercial exports on a skim-solids basis has been lowered by 0.1 billion pounds. The commercial export forecast is unchanged on a milk-fat basis. The import forecast has been lowered by 0.1 billion pounds on a milk-fat basis due to lower expected butter imports. Imports are unchanged on a skim-solids basis.

With relatively high ending stocks of cheese and butter in October, the forecasts for 2015 ending stocks have been raised by 0.5 billion pounds on a milk-fat basis and by 0.4 billion pounds on a skim-solids basis. With higher expected ending stocks and lower milk production, domestic commercial disappearance forecasts for the fourth quarter have been reduced by 0.9 billion pounds on a milk-fat basis and 0.7 billion pounds on a skim-solids basis.

Dairy product price forecasts for the fourth quarter have been adjusted based upon recent data. The largest change from last month's forecast is for butter, an increase to \$2.670-\$2.710 per pound. Forecasts for cheese and NDM for the fourth quarter have

been lowered to \$1.625-\$1.645 and \$0.835-\$0.855, respectively. The fourth-quarter dry whey price forecast is unchanged at 22.5-24.5 cents per pound.

With the lower cheese price forecast, the Class III price forecast for the fourth quarter is \$15.00-\$15.20 per cwt, lowered 10 cents at the upper bound from last month's forecast. With the higher butter price more than offsetting the lower NDM price, the Class IV price forecast for the fourth quarter has been raised to \$16.35-\$16.65 per cwt. With the higher Class IV price forecast more than offsetting the lower Class III price forecast, the all-milk price forecast for the fourth quarter has been raised to \$17.70-\$17.90 per cwt, an increase from \$17.50-\$17.80 forecast last month.

The milk production forecast for 2016 has been lowered to 212.4 billion pounds, 0.5 billion pounds less than forecast last month and a 2.0 percent year-over-year increase. The milk cow forecast is unchanged. Based on recent deceleration of yield growth, the milk per cow forecast is 22,825 pounds per head, 55 pounds less than forecast last month.

With only a slight change in the cheese price forecast and no change for dry whey, the Class III forecast is \$14.75-\$15.55 per cwt, with the price range narrowed but unchanged at the midpoint of the range. With the lower NDM price more than offsetting the higher butter price, the Class IV forecast has been lowered to \$13.70-\$14.60 per cwt. The all-milk price forecast for 2016 is \$15.95-\$16.75 per cwt, lowered at the upper bound from \$15.95-\$16.85 forecast last month.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-258/Dec. 15, 2015 Economic Research Service*

December 2015 - Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	547,506,002	34.8
Class II	167,306,623	10.6
Class III	581,715,398	36.9
Class IV	278,456,138	17.7
Total	1,574,984,161	100.0

Producer Prices

Producer Price Differential	\$ 1.69 / cwt
Butterfat Price	2.9057 / lb
Protein Price	1.3599 / lb
Other Solids Price	0.0355 / lb
Somatic Cell Adjustment Rate	0.00079 / cwt
Statistical Uniform Price	16.13 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

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December 2015

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			536,898,814			\$8.05 / cwt	\$43,220,354.54
Class I Butterfat		10,607,188				3.1248/ lb	33,145,341.05
Class I Location Differential	547,506,002						(214,174.33)
Class II SNF Value				14,010,877		0.7500/ lb	10,508,157.75
Class II Butterfat		15,655,712				2.9127/ lb	45,600,392.32
Class III Protein Value			18,480,436			1.3599/ lb	25,131,544.90
Class III Other Solids Value					33,477,531	0.0355/ lb	1,188,452.35
Class III Butterfat		19,777,854				2.9057/ lb	57,468,510.34
Class IV SNF Value				24,444,651		0.6153/ lb	15,040,793.75
Class IV Butterfat		13,875,108				2.9057/ lb	40,316,901.33
Somatic Cell Value II / III / IV							<u>1,483,545.56</u>
TOTAL PRODUCER MILK VALUE	1,574,984,161	59,915,862	49,788,974		90,237,500		\$272,889,819.56
Overages						144,673.86	
Beginning Inventory & OS Charges						(238,250.46)	
TOTAL ADJUSTMENTS							<u>(93,576.60)</u>
TOTAL HANDLER OBLIGATIONS							\$272,796,242.96
Total Protein Value			49,788,974 lbs	@	\$1.3599		\$(67,708,025.72)
Total Other Solids Value			90,237,500 lbs	@	0.0355		(3,203,431.26)
Butterfat Value			59,915,862 lbs	@	2.9057		(174,097,520.22)
Total Somatic Cell Values							<u>(2,240,709.26)</u>
TOTALS							\$25,546,556.50
Net Producer Location Adjustments							\$1,054,188.73
1/2 Unobligated Balance Producer Settlement Fund							<u>788,000.00</u>
Total - Divided by Total Pounds			1,574,984,161 lbs		1.7389854		\$27,388,745.23
Rate of Cash Reserve					(0.0489854)		<u>(771,512.29)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,574,984,161		\$1.69 /cwt		\$26,617,232.94

COMPONENT PRICES

December

COMPUTATION OF UNIFORM PRICE

December

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Butterfat Price	\$2.9057 / lb	\$2.0991 / lb	Class III Price - 3.5% BF	\$ 14.44	\$17.82
Protein Price	1.3599 / lb	2.7387 / lb	Producer Price Differential*	<u>1.69</u>	<u>1.92</u>
Other Solids Price	0.0355 / lb	0.3996 / lb	Statistical Uniform Price	\$16.13	\$19.74
Somatic Cell Adjustment Rate	0.00079 / cwt	0.00087 / cwt			
Nonfat Solids Price	0.6153 / lb	1.0767 / lb			

CLASS PRICES

December

CLASSIFICATION OF PRODUCER MILK

December

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Class I*	\$18.71	\$24.53	Class I	Product lbs. 547,506,002	Product lbs. 545,316,376
Class II	16.71	19.09	Class II	167,306,623	248,433,718
Class III	14.44	17.82	Class III	581,715,398	591,608,555
Class IV	15.52	16.70	Class IV	<u>278,456,138</u>	<u>283,948,184</u>
			Total	1,574,984,161	1,669,306,833

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2015 was \$1.69 and the Statistical Uniform Price was \$16.13 for the month. The Statistical Uniform Price is \$1.02 lower than last month, and is \$3.61 lower than December 2014.

The Producer Butterfat Price of \$2.9057 per pound decreased \$0.2773 from November and is up \$0.8066 from a year ago. The Protein Price of \$1.3599 is down \$0.0394 from last month and is down \$1.3788 from December 2014. The Other Solids Price in December was \$0.0355 per pound, a decrease from last month's price of \$0.0361 and \$0.3641 lower than last December. The Somatic Cell Adjustment rate for December was \$0.00079.

December producer receipts of 1.57 billion pounds were 5.5 percent higher than November and 5.7 percent lower than December 2014 production of 1.67 billion pounds. Producer milk allocated to Class I accounted for 34.8 percent of the total producer milk in December 2015, lower than the 36.8 percent in November, and higher than the 32.7 percent in December 2014. A total of 5,497 producers were pooled on the Mideast Order compared to 5,827 producers pooled in December 2014.

The market average content of producer milk was as follows: Butterfat 3.80%; Protein 3.16%; Other Solids 5.73% and Nonfat Solids 8.89%.

November Milk Production Up 0.6 Percent

Milk production in the 23 major States during November totaled 15.6 billion pounds, up 0.6 percent from November 2014. October revised production at 16.1 billion pounds, was up 0.3 percent from October 2014. The October revision represented an increase of 30 million pounds or 0.2 percent from last month's preliminary estimate.

Production per cow in the 23 major States averaged 1,808 pounds for November, 2 pounds above November 2014. The number of milk cows on farms in the 23 major States was 8.64 million head, 37,000 head more than November 2014, but unchanged from October 2015.

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 2.5 billion pounds, up 65 million pounds or 2.7 percent from November 2014.

Production per cow in the Mideast states averaged 1,773 pounds for November 28 pounds above November 2014. The number of cows on farms in the Mideast states was 1.4 million head, this was 15,000 head more than November 2014.

2015 Market Summary

Producer milk receipts pooled totaled 18.4 billion pounds on the Mideast Order during 2015, an increase of 1.1 billion pounds, or 6.2 percent from 2014. During 2015, there were over 1.62 billion pounds of milk voluntarily depooled. Monthly producer receipts ranged from a low of 1.43 billion pounds in August to a high of 1.69 billion pounds in January.

The number of producers pooled on the Mideast Order in 2015 averaged 5,662 per month, down 4.9 percent from a year earlier. Producer milk averaged 3.72 percent butterfat in 2015, ranging from a low of 3.58 percent in July and August to a high of 3.85 percent in February. The protein test averaged 3.10 percent for 2015. Protein tests ranged from a low of 2.99 percent in July, to a high of 3.18 percent in November. Other solids tests for producer milk averaged 5.74 percent for the year.

For the year, 34.2 percent of producer milk was utilized as Class I; 20.4 percent in Class II; 28.0 percent in Class III; and 17.4 percent

in Class IV. The Class I utilization percentage had a low of 31.4 percent in February and a high of 36.6 percent in August. Class I milk totaled 6.3 billion pounds during 2015, up 0.5 percent from 2014. Class II milk totaled 3.7 billion pounds in 2015, an increase of 48.1 percent from 2014. Class III pooled pounds were 5.1 billion pounds in 2015, a decrease of 12.0% from 2014. Class IV milk totaled 3.2 billion pounds in 2015, an increase of 19.7 percent from 2014.

The Class I price averaged \$18.34 per cwt for the year, a decrease of \$6.95 per cwt from 2014. The Class I price had a low of \$17.50 per cwt in April 2015 and a high of \$20.58 per cwt in January. The Class II price averaged \$15.48 per cwt, a decrease of \$7.86 per cwt from the prior year. It ranged from a low of \$14.48 per cwt in February to a high of \$18.26 per cwt in November. The Class III price averaged \$15.80 per cwt, a decrease of \$6.55 per cwt from 2014. The Class III price ranged from a low of \$14.44 per cwt in December to a high of \$16.72 per cwt in June. The Class IV price averaged \$14.35 per cwt for the year, a decrease of \$7.74 per cwt from a year ago. It was lowest in August at \$12.90 per cwt and was highest in November at \$16.89 per cwt.

The Statistical Uniform Price averaged \$16.23 per cwt for 2015 compared to \$23.16 per cwt in 2014. The Producer Butterfat Price averaged \$2.2954 per pound in 2015. This was a decrease of \$0.0838 from 2014. The butterfat price was lowest in January at \$1.6855 per pound and was highest in November at \$3.1830 per pound. The Protein Price averaged \$2.2393 per pound in 2015. This was a decrease of \$1.5542 from the previous year. The lowest price was in November at \$1.3205 per pound and was highest in June at \$2.6915 per pound. Other Solids Price averaged \$0.1867 per pound, \$0.2817 lower than the 2014 average. The Producer Price Differential (PPD) averaged \$0.44 per cwt in 2015 with low of (\$0.46) per cwt in June and a high of \$1.85 per cwt in November.

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	November 2015						November 2014					
	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	1,440	725,890	3.73	3.16	5.74	150	652,418	3.81	3.20	5.73	156	
Ohio	1,896	373,061	3.87	3.20	5.70	179	368,270	3.90	3.21	5.67	192	
Indiana	955	194,690	3.80	3.20	5.76	188	184,397	3.90	3.26	5.80	194	
New York	262	98,079	3.89	3.20	5.73	185	93,566	3.92	3.17	5.73	184	
Pennsylvania	774	89,203	3.94	3.18	5.71	228	87,817	4.01	3.22	5.68	232	
Wisconsin	27	4,312	3.69	3.08	5.69	219	52,539	3.88	3.18	5.74	225	
West Virginia	39	2,392	4.09	3.34	5.66	235	2,568	4.20	3.41	5.67	244	
Other	96	4,933	4.05	3.25	5.68	247	5,389	4.09	3.27	5.68	234	
Total/Average *	5,489	1,492,558	3.80	3.18	5.73	170	1,446,965	3.87	3.21	5.72	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 2015**

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)	2,192,237	778,948	35.5	\$2.83	\$17.27
FO 5 Appalachian - (Charlotte)	503,327	338,741	67.3	^{2/}	18.68
FO 6 Florida - (Tampa)	238,065	202,932	85.2	^{2/}	20.99
FO 7 Southeast - (Atlanta)	456,831	340,022	74.4	^{2/}	19.34
FO 30 Upper Midwest - (Chicago)	3,078,976	308,171	10.0	0.42	14.86
FO 32 Central - (Kansas City)	1,329,083	422,081	31.8	1.31	15.75
FO 33 Mideast - (Cleveland)	1,574,984	547,506	34.8	1.69	16.13
FO 124 Pacific Northwest - (Seattle)	738,589	173,270	23.5	1.24	15.68
FO 126 Southwest - (Dallas)	1,191,949	373,234	31.3	2.07	16.51
FO 131 Arizona - (Phoenix)	424,662	115,646	27.2	^{2/}	16.24

^{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 2016.....\$14.44 /cwt.