

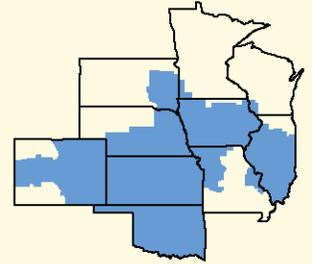
AUGUST 2016

Marketing Service

Bulletin

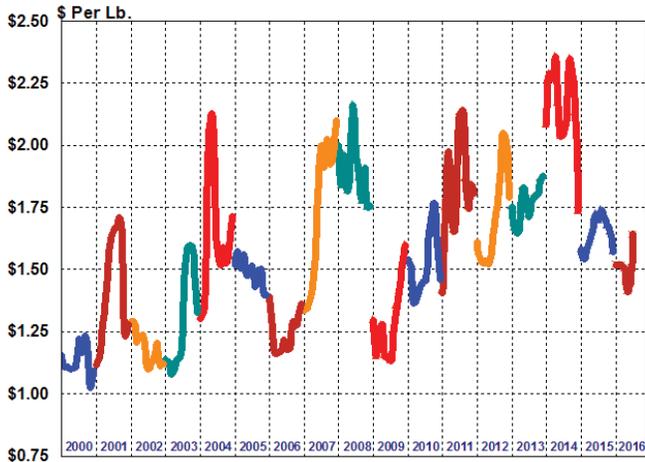


Facilitating the efficient marketing of milk and dairy products.



CENTRAL MARKETING AREA

AMS / NASS Wtd. Avg. Block/Barrel Cheese Prices*



A variety of economic factors affecting the U.S. dairy industry are illustrated by the graphs in this bulletin. These graphs depict monthly data for 15 selected factors from January 2000 through July of this year. A cursory examination of this data provides insight into the milk marketing environment in the U.S. over the past 17 years.



Most of the price series depicted in this bulletin reached record high levels during 2014. All have declined since then, however, many by substantial amounts, as emphasized by nonfat dry milk prices which recently declined to their lowest levels.

Federal Milk Order (FMO) Class prices have been particularly hard hit, with recent prices more than \$10 per cwt. below their peak 2014 levels. Compared with 2014's all-time highs, most recent FMO Class prices for I, II, III & IV are down 29.9%, 41.9%, 38.0%, and 37.9%, respectively. These prices have rebounded in recent months, however, with Class I up 22.6% since June; Class II and III up 12.0% and 19.4% respectively, compared with May; and Class IV 17.0% higher than April. The Central Order Statistical Blend Price has also declined substantially since 2014, with current levels approximately 38.5% less than the all-time high of \$24.83 posted in September 2014. This price has rebounded in recent months, however, increasing by 12.8% since May.

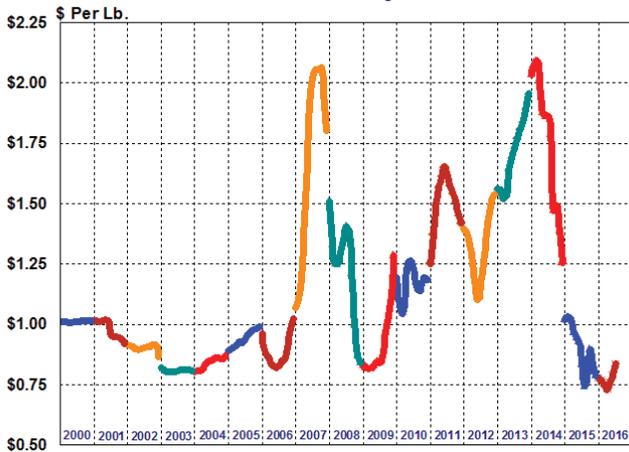
Prices for soybeans and corn registered all-time highs in mid-year 2012. Since that time, soybean prices have been in a downward trend until recently, increasing 19.9% since February (page 3). In comparison, corn prices have been relatively stable since mid 2014. The substantial price decreases for these two important feed grains have helped to lessen the impact of lower producer milk prices on dairy producers' income over feed costs (IOFC).

Two non-price data series are depicted in this bulletin – U.S. milk production and FMO Class I producer receipts. U.S. milk production, portrayed in the bottom left graph on page three, indicates a persistent upward trend since 2001. Year-over-year milk production has increased in 17 of the last 19 years, with the only exceptions occurring in 2001 and 2009. In contrast to U.S. milk production, FMO Class I producer receipts have been on a downward trajectory since 2009, as indicated by the third graph on page three.

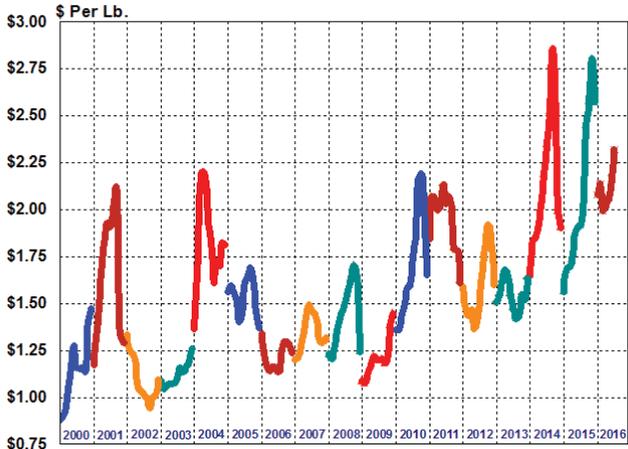
The graphs on this page illustrate three commodity price series that have a direct impact on Federal Milk Order minimum prices. The six graphs on page two along with the first graph on page three depict FMO prices applicable to dairy farmers and/or regulated milk processors. A variety of factors that directly and indirectly influence the economic environment for milk production and processing are portrayed by the remaining graphs on page three.

* NASS prices prior to April 2012.

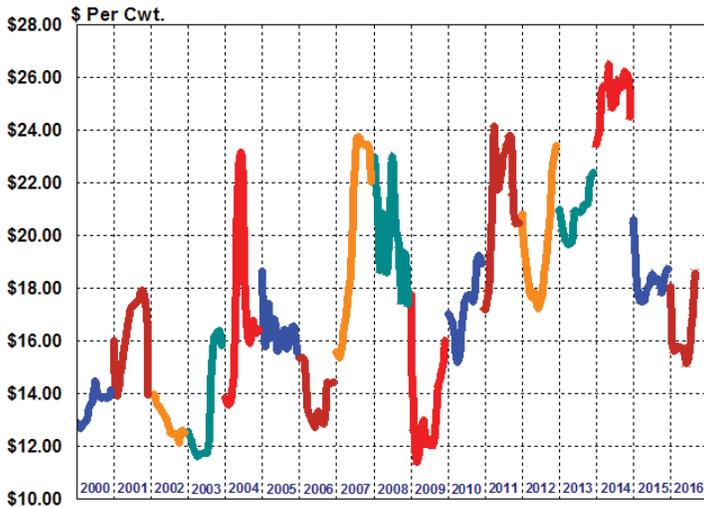
AMS / NASS Nonfat Dry Milk Prices*



AMS / NASS Butter Prices*

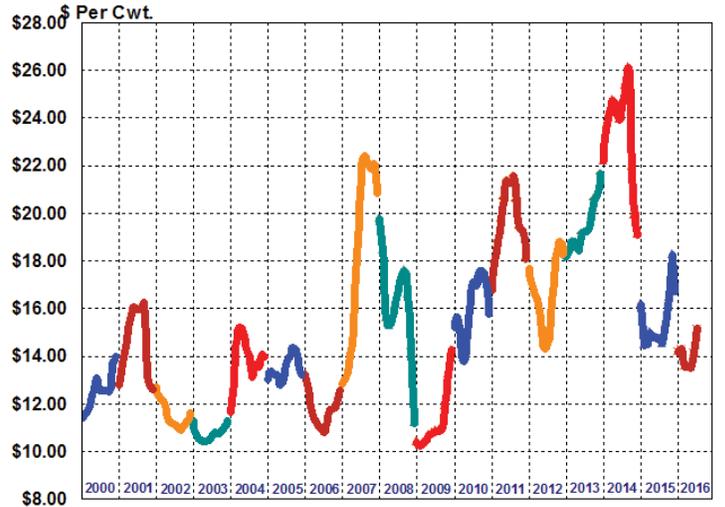


Federal Order Class I Price (\$2.00 Differential)*

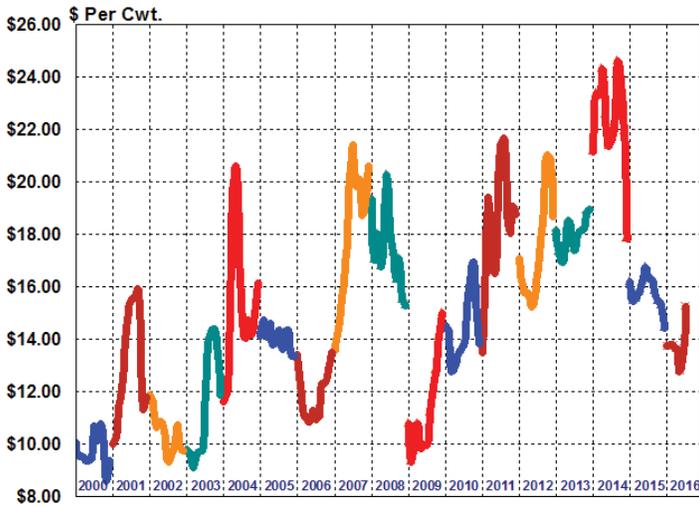


*Through September 2016

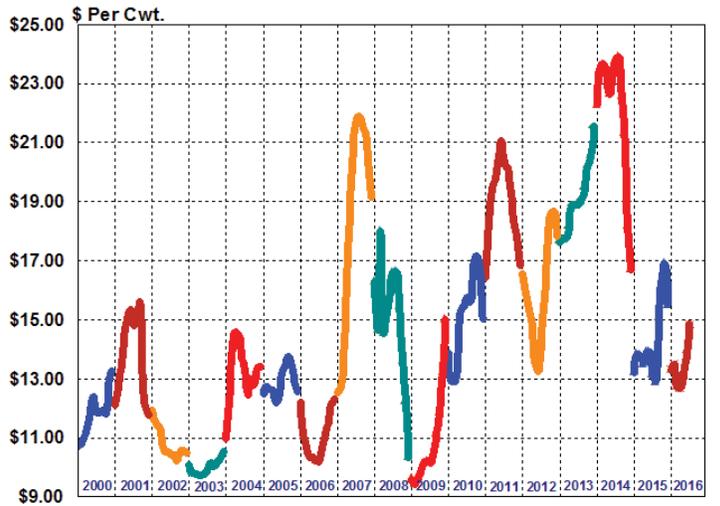
Federal Order Class II Price



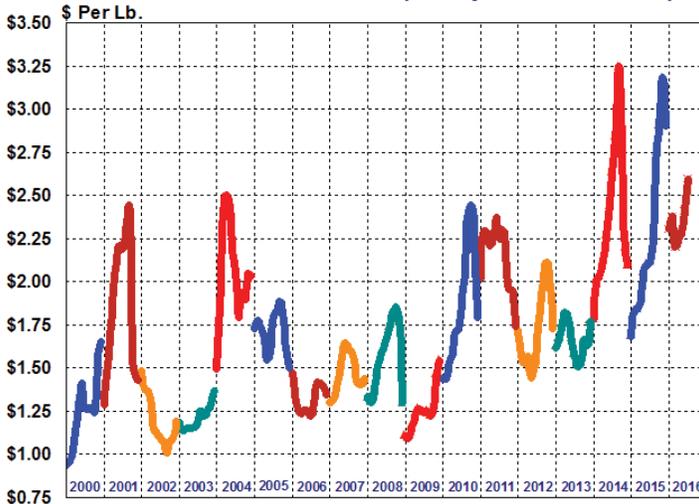
Federal Order Class III Price



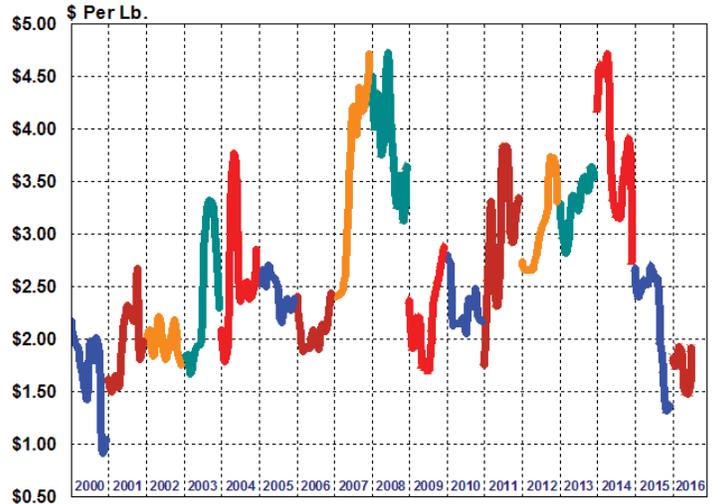
Federal Order Class IV Price



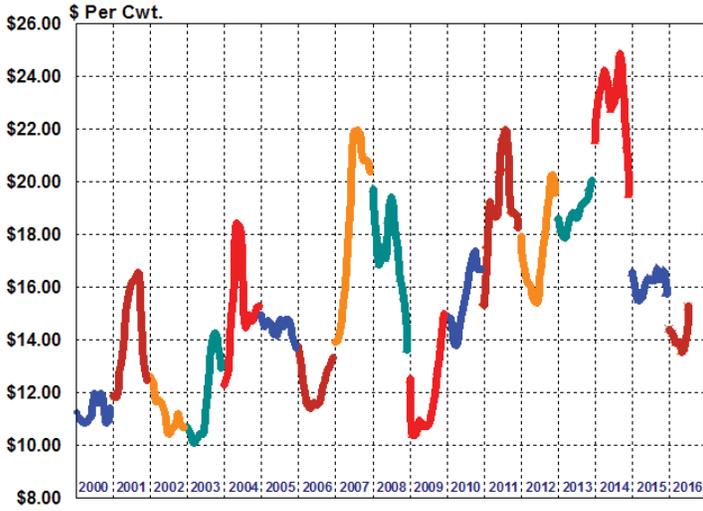
Producer Butterfat Price (component orders)



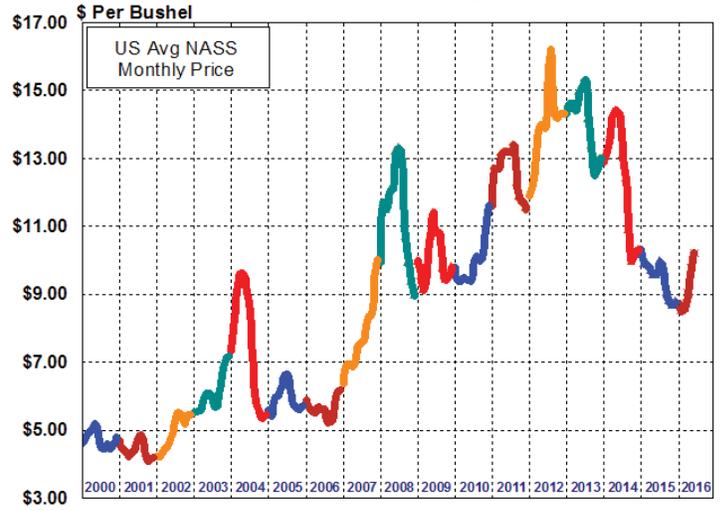
Producer & Handler Protein Price



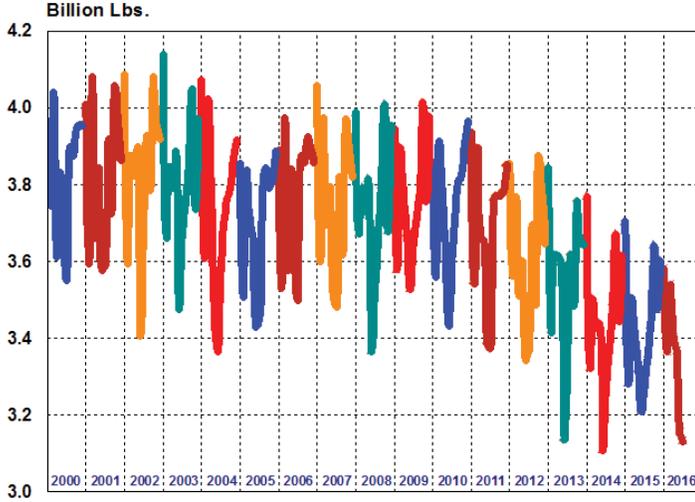
Central Federal Order Statistical Blend Price



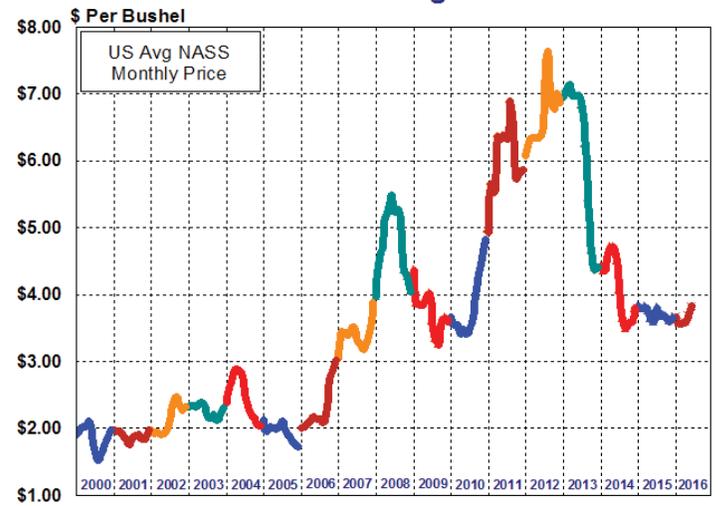
Soybeans - US Avg Prices



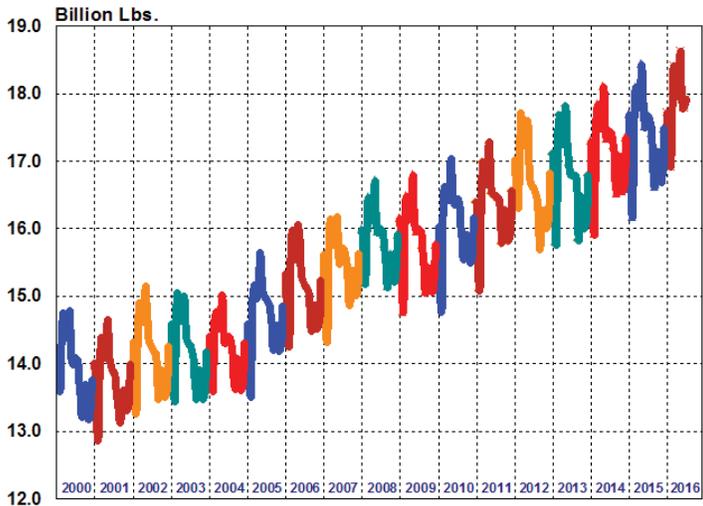
Class I Producer Receipts (All Federal Milk Orders)



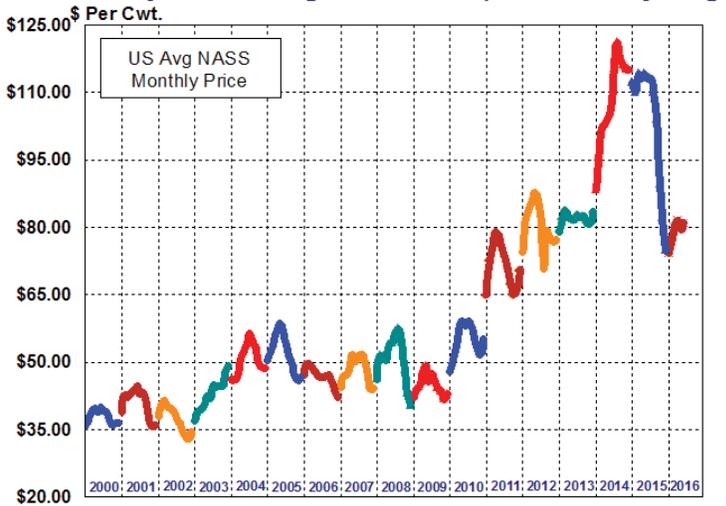
Corn - U.S. Avg Prices



Estimated U.S. Milk Production



Beef & Dairy Cow Slaughter Prices (U.S. Monthly Avg)





**United States
Department of
Agriculture**

FIRST CLASS
U.S. POSTAGE
PAID
OLATHE, KS
PERMIT NO. 377

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SHAWNEE MISSION, KANSAS 66285-4650

FIRST CLASS

Website: www.fmmacentral.com
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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>Jul '16</u>	<u>Jun '16</u>	<u>Jul '16</u>	<u>Jun '16</u>	<u>Jul '16</u>	<u>Jun '16</u>
Northeast	16.22	15.01	0.98	1.79	29.29	30.09
Appalachian	16.80	15.93	-----	-----	67.84	64.84
Florida	18.71	17.93	-----	-----	83.32	83.56
Southeast	17.20	16.17	-----	-----	68.71	64.79
Upper Midwest	15.34	13.46	0.10	0.24	9.53	8.64
Central	15.26	13.84	0.02	0.62	28.16	25.96
Mideast	15.45	14.17	0.21	0.95	29.66	29.31
Pacific Northwest	15.19	13.84	-0.05	0.62	19.74	20.46
Southwest	16.11	14.68	0.87	1.46	27.56	29.83
Arizona	15.42	14.13	-----	-----	25.59	23.45

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