



The Market Administrator's Bulletin

MIDEAST MARKETING AREA

Federal Order No. 33

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MARVIN A. BAUMER, Market Administrator

April 2000

USDA SETS HEARING ON PROPOSED AMENDMENTS TO CLASS III AND IV PRICE FORMULAS FOR ALL FEDERAL MILK MARKETING ORDERS

The U.S. Department of Agriculture invited dairy farmers, cooperative associations, milk handlers, and consumers to testify at a USDA hearing beginning May 8 in Alexandria, Virginia, on proposals to amend the Class III and Class IV price formulas for all Federal milk marketing orders.

The hearing will start at 8:00 at the Embassy Suites Hotel, 1900 Diagonal Road, Alexandria, Virginia, and is expected to last for several days.

Kathleen A. Merrigan, administrator of USDA's Agricultural Marketing Service, said the hearing is required by legislation enacted in the Consolidated Appropriations Act, 2000. Under the legislation, USDA is required to reconsider the Class III and Class IV price formulas included in the final rule for the consolidation and reform of Federal milk orders. USDA must implement the revised formulas on January 1, 2001.

Merrigan said the hearing will consider proposals that address changes to the factors included in the pricing formulas, such as the specification of the products whose prices are identified, the yield factors, and the make allowances included in the computation of the component prices.

The hearing notice will be published in a future issue of the Federal Register. Copies will be available from USDA/AMS/Dairy Program, Order Formulation Branch, Room 2968-S, P.O. Box 96456, Washington, D.C. 20090-6456, telephone (202) 720-4392. The hearing notice is also available on AMS' web site, at: www.ams.usda.gov/dairy.

The hearing notice and information about the hearing is also available from market administrator offices.

DAIRY SITUATION AND OUTLOOK

According to the Economic Research Service, the relatively high milk prices of preceding years, inexpensive concentrate feed prices, and ample supplies of alfalfa hay have unleashed a major expansion in milk production, with more milk cows than a year earlier and above-trend rises in milk per cow. Sharply lower recent returns will begin to slow growth in milk output as 2000 progresses, but quick moderation is not likely. Milk production in 2000 is projected to increase 2% from a year earlier, following a rise of more than 3% in 1999. Commercial dairy stocks of most major products were heavy in early 2000. Heavy production, seasonal demand weakness, and buyer caution following the autumn price drops built up commercial stocks. Recent international dairy markets have had a rather tenuous stability. Prices have moved little even though dry milk markets appeared to be tightening, butter markets softening, and exchange rates changing significantly. Milk output is again growing substantially in Oceania, but new sales are not being sought very aggressively. The European Union is in the middle of the normal end-of-quota-year supply uncertainty, but export supplies seem fairly limited because of large sales committed earlier and fairly good domestic use.

MARCH AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2000 advanced 1 point to 120. Compared to March 1999, the index was up 5 points (4.3%). The index of prices received by farmers for dairy products was unchanged during the month of March at 90. Prices received by farmers, with changes from February, were: for All Milk, \$11.80 per cwt., unchanged; Fluid Grade Milk, \$11.90, unchanged; and for Manufacturing Grade Milk, \$10.20, unchanged.

**MIDEAST MARKETING AREA
FEDERAL ORDER 33**

**MARKET STATISTICS
MARCH 2000**

PRODUCER MILK CLASSIFICATION	<i>Pounds</i>
Class I	586,081,597
Class II	223,959,791
Class III	277,772,755
Class IV	77,863,850
Total	1,165,677,993

OTHER SOURCE RECEIPTS	
Non-Pool Plants	65,108,173
Producer-Handler/Unapproved	1,805,180
Powder-Condensed (Sk. Equiv.)	17,185,166
Opening Inventory	87,639,523
Overage	303,487
Total	172,041,529

TOTAL RECEIPTS 1,337,719,522

PRODUCTION SUMMARY	
Producer Milk Percent Protein	3.05%
Producer Milk Percent Butterfat	3.77%
Producer Milk Percent Other Solids	5.68%
Producer Milk Percent Nonfat Solids	8.73%
Number of Producer Farms	9,537
Average Daily Production Per Farm	3,943
Average Daily Production	37,602,516
Number of Reports - Plants and Cooperatives	65
Number of Reporting Handlers	39
Income Per Farm (Monthly Average)	\$14,709
Total Somatic Cell Adjustment	\$327,920

PRICE SUMMARY	
Producer Price Differential - <i>per cwt.</i>	*\$2.14
Producer Butterfat Price - <i>per lb.</i>	1.0191
Producer Protein Price - <i>per lb.</i>	1.9166
Producer Other Solids Price - <i>per lb.</i>	0.0424
Nonfat Solids Price - <i>per lb.</i>	0.8553
Uniform Price - <i>per cwt (Informational Purposes Only)</i>	*\$11.68
Class I	*12.84
Class II	11.71
Class III	9.54
Class IV	11.00
Class I Skim Milk Price - <i>per cwt.</i>	*\$9.71
Class I Butterfat Price - <i>per lb.</i>	*0.9913
Class II Skim Milk Price - <i>per cwt.</i>	8.41
Class II Nonfat Solids Price - <i>per lb.</i>	0.9344
Class II Butterfat Price - <i>per lb.</i>	1.0261
Class III Skim Milk Price - <i>per cwt.</i>	6.19
Class IV Skim Milk Price - <i>per cwt.</i>	7.70
Class III & IV Butterfat Price - <i>per lb.</i>	1.0191

*Price at Cuyahoga County, Ohio (*Cleveland*). Subject to location adjustment.

**DISPOSITION OF RECEIPTS BY POOL HANDLERS
MARCH 2000**

CLASS I	<i>Pounds</i>
Whole Milk	142,501,730
Flavored Whole Milk	10,551,437
2% Reduced Fat Milk	236,785,588
1% Lowfat Milk	53,383,559
1/2% Lowfat Milk	14,214,060
Flavored Lowfat & Skim	42,931,562
Fat Free Milk	72,838,836
Buttermilk	4,955,666
Bulk Sales	620,923
Shrinkage	3,304,354
Ending Inventory	56,617,290
Total Class I	638,705,005
CLASS II	
Cream	7,222,468
Sour Cream, Dips & Yogurt	96,262,253
Cottage Cheese	42,774,630
Ice Cream Mix & Condensed	85,059,865
Skim Equivalent	13,926,066
Shrinkage	*
Transfers to Other Federal Order Pool Plants.	1,638,391
Total Class II	246,883,673
CLASS III	
Hard Cheese	277,124,411
Condensed & Evaporated Milk	29,763,101
Livestock Feed & Dump	1,676,641
Other	15,532
Transfers to Other Federal Order Pool Plants	1,084,899
Shrinkage	11,613,479
Total Class III	321,278,063
CLASS IV	
Butter	19,295,845
Whole Milk Powder	3,881,308
Nonfat Dry Milk	67,471,210
Skim Equivalent Used to Fortify	1,824,193
Transfers to Other Federal Order Pool Plants	10,193,441
Ending Inventory	28,186,784
Total Class IV	130,852,781
TOTAL DISPOSITION	1,337,719,522
PRODUCER BUTTERFAT UTILIZATION	
Class I	10,978,011
Class II	15,170,674
Class III	10,133,580
Class IV	7,622,220
Total Butterfat	43,904,485
PRODUCER NONFAT SOLIDS UTILIZATION	
Class II	18,946,738
Class IV	6,373,095
Total Nonfat Solids	101,779,462
PRODUCER PROTEIN UTILIZATION	
Class III	8,479,399
Total Protein	35,541,326
PRODUCER OTHER SOLIDS UTILIZATION	
Class III	15,777,515
Total Other Solids	66,238,136
SOMATIC CELL ADJUSTMENT	
Class II / III / IV	\$164,859

*Restricted, included in Sour Cream, Dips & Yogurt

ANNOUNCEMENT OF PRODUCER PRICES MARCH 2000

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			575,103,586			\$9.71 / cwt	\$ 55,842,558.28
Class I Butterfat		10,978,011				0.9913 / lb	10,882,502.32
Class I Location Differential	586,081,597						(286,822.81)
Class II SNF Value				18,946,738		0.9344 / lb	17,703,831.99
Class II Butterfat		15,170,674				1.0261 / lb	15,566,628.64
Class III Protein Value			8,479,399			1.9166 / lb	16,251,616.12
Class III Other Solids Value					15,777,515	0.0424 / lb	668,966.64
Class III Butterfat		10,133,580				1.0191 / lb	10,327,131.39
Class IV SNF Value				6,373,095		0.8553 / lb	5,450,908.19
Class IV Butterfat		7,622,220				1.0191 / lb	7,767,804.41
Somatic Cell Value II / III / IV							<u>164,859.42</u>
TOTAL PRODUCER MILK VALUE	1,165,677,993	43,904,485	35,541,326		66,238,136		\$140,339,984.59
Overages						\$ 28,706.30	
Beginning Inventory						(60,108.83)	
TOTAL ADJUSTMENTS							<u>\$ (31,402.53)</u>
TOTAL HANDLER OBLIGATIONS							\$140,308,582.06
Total Protein Value			35,541,326 lbs	@	\$1.9166		\$ (68,118,505.43)
Total Other Solids Value			66,238,136lbs	@	0.0424		(2,808,496.94)
Butterfat Value			43,904,485lbs	@	1.0191		(44,743,060.64)
Total Somatic Cell Values							<u>(327,920.34)</u>
TOTALS							\$ 24,310,598.71
Net Producer Location Adjustments							\$ 660,899.94
1/2 Unobligated Balance Producer Settlement Fund							<u>467,000.00</u>
Total - Divided by Total Pounds			1,165,677,993	lbs	2.1822921		\$ 25,438,498.65
Rate of Cash Reserve					<u>(0.0422921)</u>		<u>(492,989.70)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,165,677,993		\$2.14 / cwt		\$ 24,945,508.95

COMPONENT PRICES

Butterfat Price	\$1.0191 / lb
Protein Price	1.9166 / lb
Other Solids Price	0.0424 / lb
Somatic Cell Adjustment Rate	0.00055 / cwt
 Nonfat Solids Price (For Informational Purpose Only) **	 0.8553 / lb

MARKET AVERAGE CONTENT OF PRODUCER MILK

Butterfat	3.77 %
Protein	3.05 %
Other Solids	5.68 %
Nonfat Solids	8.73 %

CLASSIFICATION OF PRODUCER MILK

	<i>Product lbs.</i>	<i>Percent</i>
Class I	586,081,597	50.3
Class II	223,959,791	19.2
Class III	277,772,755	23.8
Class IV	<u>77,863,850</u>	<u>6.7</u>
Total	1,165,677,993	100.0

COMPUTATION OF UNIFORM PRICE

Class III Price - 3.5% BF	\$ 9.54
Producer Price Differential	<u>2.14</u>
Statistical Uniform Price (For Informational Purpose Only)	\$11.68

* Subject to Location Adjustment.

** Producers are not paid on this component.

**PRODUCER MILK SUMMARY
MIDEAST MARKETING AREA 1/**

	Class I		Class II		Class III		Class IV		Total Pounds (000)
	Pounds (000)	Percent	Pounds (000)	Percent	Pounds (000)	Percent	Pounds (000)	Percent	
1999 Estimates									
March	583,021	53.2	159,945	14.6	265,314	24.2	87,181	8.0	1,095,461
April	574,797	52.9	208,323	19.2	234,755	21.6	68,115	6.3	1,085,990
May	546,474	46.7	213,388	18.2	321,719	27.5	89,251	7.6	1,170,832
June	509,622	47.0	217,964	20.1	300,064	27.7	56,870	5.2	1,084,520
July	549,707	58.5	218,180	23.2	134,702	14.3	38,042	4.0	940,631
August	571,121	62.7	218,865	24.0	104,693	11.5	16,631	1.8	911,310
September	575,002	63.1	191,129	21.0	115,149	12.7	29,546	3.2	910,826
October	567,811	54.2	164,056	15.7	258,331	24.7	56,725	5.4	1,046,923
November	566,650	56.3	130,811	13.0	241,620	24.0	66,816	6.7	1,005,897
December	597,523	53.7	154,140	13.8	275,924	24.8	85,986	7.7	1,113,573
2000									
January	584,035	52.0	172,647	15.4	252,859	22.5	114,147	10.1	1,123,688
February	549,648	52.0	187,567	17.7	250,519	23.7	69,791	6.6	1,057,525
March	586,082	50.3	223,960	19.2	277,773	23.8	77,864	6.7	1,165,678

1/ The data for 1999 is estimated based on the previous Federal Orders 33, 36, 40, 44 and 49.

**NATIONAL AGRICULTURAL STATISTICAL SERVICE
DAIRY PRODUCTS PRICE AVERAGES**

	Two-Week Average				Monthly Average			
	Cheese	Butter	Nonfat Dry Milk	Dry Whey	Cheese	Butter	Nonfat Dry Milk	Dry Whey
<i>Dollars per pound</i>								
1999								
March	1.3056	1.3437	1.0180	0.1913	1.3064	1.3019	1.0169	0.1917
April	1.3154	1.0032	1.0056	0.1842	1.3126	1.0160	1.0071	0.1845
May	1.2639	0.9960	1.0055	0.1748	1.2499	1.0781	1.0069	0.1739
June	1.2422	1.4352	1.0067	0.1717	1.2786	1.4609	1.0046	0.1711
July	1.4548	1.3705	1.0058	0.1724	1.4583	1.3793	1.0054	0.1724
August	1.6849	1.4208	1.0087	0.1773	1.7154	1.3683	1.0089	0.1810
September	1.8008	1.3324	1.0155	0.1872	1.7084	1.3252	1.0174	0.1892
October	1.4359	1.1439	1.0188	0.1920	1.3934	1.1273	1.0183	0.1944
November	1.2521	1.0695	1.0184	0.1901	1.2058	1.0637	1.0168	0.1917
December	1.1268	0.9220	1.0125	0.1870	1.1371	0.9179	1.0111	0.1892
2000								
January	1.1696	0.8768	1.0114	0.1859	1.1517	0.8820	1.0115	0.1857
February	1.1084	0.9105	1.0104	0.1800	1.1067	0.9002	1.0106	0.1788
March	1.1073	0.9331	1.0098	0.1771	1.1093	0.9497	1.0094	0.1780

MILK SUPPLY AND DEMAND ESTIMATES*

Milk production in the 1999/2000 marketing year is forecast 1.2 billion pounds higher this month as producers continue to respond to favorable grain prices. The BFP/Class III price is unchanged, but the all-milk price is raised slightly. Net CCC removals are increased this month reflecting weakness in product prices and continued strong Dairy Export Incentive Program sales of whole milk powder.

Item	1997/98	1998/99 Estimated 1/		1999/00 Projection 1/	
	1/	March	April	March	April
SUPPLY	<i>Billion Pounds</i>				
BEGINNING COMMERCIAL STOCKS 2/	5.9	5.8	5.8	7.4	7.4
PRODUCTION	156.5	161.2	161.2	165.9	167.1
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	155.1	159.9	159.9	164.6	165.8
IMPORTS 2/	4.1	4.8	4.8	4.1	4.1
TOTAL COMMERCIAL SUPPLY 2/	165.2	170.5	170.5	176.1	177.3
USE					
COMMERCIAL USE 2/ 3/	158.7	162.8	162.8	168.6	169.5
ENDING COMMERCIAL STOCKS 2/	5.8	7.4	7.4	6.9	7.0
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.7	0.3	0.3	0.7	0.8
SKIM SOLIDS BASIS 4/	4.5	5.4	5.4	7.2	8.3
MILK PRICES 5/	<i>Dollars Per Cwt.</i>				
BASIC FORMULA/CLASS III PRICE 6/	13.28	14.04	14.04	10.05 - 10.45	10.10 - 10.40
ALL MILK 7/	14.60	15.37	15.37	12.30 - 12.70	12.45 - 12.75
CCC PRODUCT NET REMOVALS 4/	<i>Million Pounds</i>				
BUTTER	21	1	1	15	15
CHEESE	8	6	6	6	10
NONFAT DRY MILK	368	449	449	600	680
	QUARTERLY 8/			ANNUAL 8/	
	2000 II	2000 III	2000 IV	1999	2000
MILK PRODUCTION	<i>Billion Pounds</i>				
	43.3	40.8	40.7	162.7	167.3
	<i>Dollars Per Cwt.</i>				
ALL MILK PRICE 5/ 7/	11.60 - 12.00	12.45 - 13.15	13.70 - 14.70	14.38	12.40 - 12.90
BASIC FORMULA PRICE/CLASS III PRICE 5/ 6/	9.50 - 9.90	10.85 - 11.55	12.10 - 13.10	12.43	10.55 - 11.05

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicated a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection. *The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-361, World Agricultural Outlook Board, USDA, April 11, 2000.

**Midwest Marketing Area - Federal Order 33
Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count
by Various Size Categories**

Production Range	Number of Producers	Pounds of Milk (000)	February 2000*				February 1999**		
			-----Weighted Averages-----				-----Weighted Averages-----		
			Butterfat	Protein	Other Solids	SCC(000)	Butterfat	Protein	SCC(000)
1 - 30,000	1,693	31,804	4.03	3.15	5.57	401	3.29	3.95	409
30,001 - 60,000	2,501	110,478	3.95	3.12	5.62	371	3.28	3.89	383
60,001 - 90,000	1,695	124,778	3.90	3.11	5.65	349	3.28	3.86	359
90,001 - 120,000	1,057	109,760	3.88	3.10	5.66	337	3.28	3.84	345
120,001 - 150,000	680	91,054	3.87	3.10	5.67	313	3.27	3.81	324
150,001 - 250,000	1,043	199,119	3.86	3.09	5.68	295	3.27	3.82	302
250,001 - 500,000	590	197,776	3.81	3.07	5.70	256	3.25	3.77	270
500,001 & Over	205	193,229	3.55	3.04	5.71	259	3.21	3.66	264
Total / Average	9,464	1,057,998	3.82	3.09	5.67	304	3.26	3.81	319

* Data provided on a one month delay basis.

** Data prior to January 2000 included the former Federal Orders 33, 36 and 40. Tests were not available for other solids.

Mideast Marketing Area - Federal Order 33
Producer Pounds and Count by Somatic Cell Range *
February 2000

Somatic Cell Range (000)	Combined Pounds (000)	Number of Producers	Percent of Milk by SCC Range	Average Farm Size
1 - 50	6,463	32	0.6	201,969
51 - 100	24,023	274	2.3	87,675
101 - 150	89,018	720	8.4	123,636
151 - 200	166,037	1,101	15.7	150,806
201 - 250	187,457	1,274	17.7	147,141
251 - 300	155,387	1,191	14.7	130,468
301 - 350	120,550	1,096	11.4	109,991
351 - 400	84,973	836	8.0	101,642
401 - 450	67,334	729	6.4	92,365
451 - 500	44,505	537	4.2	82,877
501 - 550	30,983	401	2.9	77,264
551 - 600	23,243	325	2.2	71,517
601 - 650	15,819	223	1.5	70,937
651 - 700	9,937	187	0.9	53,139
701 - 750	8,555	145	0.8	59,000
751 - Above	23,713	393	2.2	60,338
Totals	1,057,998	9,464	100.0	111,792

* Totals may not add due to rounding. Data provided on a one month delay basis.

Mideast Marketing Area - Federal Order 33
Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count
by State

State	Number of Producers	Pounds of Milk (000)	February 2000 *				February 1999**		
			-----Weighted Averages-----				-----Weighted Averages-----		
			Butterfat	Protein	Other Solids	SCC(000)	Butterfat	Protein	SCC(000)
Ohio	2,885	319,804	3.89	3.10	5.66	309	3.28	3.84	324
Pennsylvania	1,687	135,294	3.89	3.10	5.65	354	3.27	3.86	365
Michigan	2,950	417,662	3.70	3.07	5.69	283	3.25	3.76	300
New York	277	32,721	3.85	3.05	5.67	269	3.21	3.83	264
West Virginia	106	8,106	3.93	3.12	5.67	389	3.29	3.80	401
Indiana	1,409	135,107	3.91	3.11	5.67	310	3.29	3.86	376
Other	150	9,304	3.87	3.09	5.67	356	3.28	3.85	327
Total/Average	9,464	1,057,998	3.82	3.09	5.67	304	3.26	3.81	319

* Data provided on a one month delay basis.

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FEDERAL ORDER DATA

<u>Marketing Area</u> 1/	Producer Milk		Class I	Producer	Statistical
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u>	<u>Uniform Price</u>
FO 1 Northeast - (Boston)	2,182,379	915,877	42.0	2.85	12.39
FO 5 Appalachian - (Charlotte)	593,201	379,954	64.1	2/	13.15
FO 6 Florida - (Tampa)	270,661	236,388	87.3	2/	14.47
FO 7 Southeast - (Atlanta)	681,379	425,455	62.4	2/	12.83
FO 30 Upper Midwest - (Chicago)	2,260,589	367,943	16.3	0.64	10.18
FO 32 Central - (Kansas City)	1,318,780	419,091	31.8	1.37	10.91
FO 33 Mideast - (Cleveland)	1,165,678	586,082	50.3	2.14	11.68
FO 124 Pacific Northwest - (Seattle)	594,153	183,764	30.9	1.63	11.17
FO 126 Southwest - (Dallas)	820,958	345,574	42.1	2.36	11.90
FO 131 Arizona-Las Vegas - (Phoenix)	286,582	86,293	30.1	2/	11.28
FO 135 Western - (Salt Lake City)	367,225	92,267	25.1	1.48	11.02

1/ Names in parentheses are principal pricing 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 APRIL 2000 \$9.54 / cwt.