



The Market Administrator's Bulletin

MIDEAST MARKETING AREA

Federal Order No. 33

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February 2000

MIDEAST ORDER POOL HIGHLIGHTS

The producer price differential for the new Mideast Marketing Area, Federal Order 33 for January 2000 was \$1.57 per hundredweight. This resulted in a statistical uniform price of \$11.62.

Producer milk pooled in January in Order 33 totaled 1.1 billion pounds. Class I producer milk accounted for 52.0 percent, Class II was 15.4 percent, Class III was 22.5 percent of the total and Class IV made up the remaining 10.1 percent.

A total of 9,550 producers pooled milk in the Mideast market in January with a daily average production of 3,796 pounds of milk.

DAIRY SITUATION AND OUTLOOK

Soaring milk production and seasonally soft demand for many dairy products will leave early 2000 prices of milk and dairy products low. Cheese prices in mid-January were near the support purchase price, although no sales to the government had been made. Nonfat dry milk prices were solidly resting on the support purchase price and substantial purchases continued. Meanwhile, butter prices stayed below \$1 per pound, although they had recovered modestly from prices at the start of 2000. Dairy markets for 2000 may not be as weak as current prices imply. The 1999 race between rapidly growing dairy demand and jumps in milk production appears to continue. Although markets are currently dominated by seasonal weakness and large output, considerable uncertainty remains. Demand for most dairy products closed out 1999 on a very strong note. Sales of cheese and butter posted large gains, while fluid milk sales rose slightly.

DECEMBER 1999 DAIRY PRODUCTS HIGHLIGHTS

Butter production was 107.8 million pounds in December, 1.4% above December 1998 and 19.3% above November 1999. American type cheese production totaled 307.3 million pounds, 2.4% above December 1998 and 7.0% above November 1999. Total cheese output (excluding cottage cheese) was 698.2 million pounds, 4.4% above December 1998 and 2.7% above November 1999. Nonfat dry milk production, for human food, totaled 129.3 million pounds, 16.6% above December 1998 and 2.85% above November 1999. Dry whey production, for human food, was 99.1 million pounds, 4.8% above December 1998 and 8.1% above November 1999.

INVITATION TO SUBMIT PROPOSALS ON CLASS III & IV PRICING

The Consolidated Appropriations Act, 2000, requires the Secretary of Agriculture to conduct a formal rulemaking proceeding to reconsider the Class III and Class IV milk pricing formulas included in the final rule

for the consolidation and reform of Federal milk orders. The hearing will also consider proposals that address changes to any of the factors 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 formulas resulting from the required proceeding are to be implemented on January 1, 2001. Consequently, USDA requested that interested parties submit proposals to modify the computation of Class III and Class IV prices adopted in the final rule published in the Federal Register on September 1, 1999 (64 Fed. Reg. 47897-48021). The market administrator mailed notices of the request to all non members and interested parties. It is anticipated that such a hearing would be held in late April or early May 2000. Further information can be found at:

http://www.ams.usda.gov/dairy/invite-III_IV.htm

JANUARY MILK PRODUCTION UP 4.7 PERCENT

Milk production in the 20 major States during January totaled 12.2 billion pounds, up 4.7 percent from production in these same States in January 1999. December revised production, at 11.9 billion pounds was up 4.0 percent from December 1998. The December revision represented an increase of 0.1 percent or 10 million pounds from last months preliminary production estimate.

Production per cow in the 20 major States averaged 1,576 pounds for January, 58 pounds above January 1999.

The number of cows on farms in the 20 major States was 7.76 million head, 69,000 head more than January 1999 and 6,000 head more than December 1999.

1999 ANNUAL MILK PRODUCTION UP 3.4 PERCENT FROM 1998

The annual production of milk for the U.S. during 1999 was 162.7 billion pounds, 3.4 percent above 1998. This was the third consecutive year of increased milk production and a new record high. Revisions to 1998 production decreased the annual total by less than 0.1 percent. Revised 1999 production was also down by less than 0.1 percent from last months publication.

Production per cow in the U.S. averaged 17,771 pounds for 1999, 582 pounds above 1998. Average annual rate of milk production per cow has increased 20 percent since 1990.

The average number of milk cows on farms in the U.S. during 1999 was 9.16 million head, down slightly from 1998. Average number of milk cows was revised down 4,000 head for 1998 and 2,000 head for 1999 from the previous estimate.

**MIDEAST MARKETING AREA
FEDERAL ORDER 33**

**MARKET STATISTICS
JANUARY 2000**

PRODUCER MILK CLASSIFICATION	<i>Pounds</i>
Class I	584,035,392
Class II	172,646,565
Class III	252,858,950
Class IV	114,147,156
Total	1,123,688,063
 OTHER SOURCE RECEIPTS	
Non-Pool Plants	35,185,264
Producer-Handler/Unapproved	1,791,004
Powder-Condensed (Sk. Equiv.)	20,223,000
Opening Inventory	75,071,507
Overage	32,690
Total	132,303,465
 TOTAL RECEIPTS	 1,255,991,528

PRODUCTION SUMMARY	
Producer Milk Percent Protein	3.10%
Producer Milk Percent Butterfat	3.85%
Producer Milk Percent Other Solids	5.65%
Producer Milk Percent Nonfat Solids	8.75%
Number of Producer Farms	9,550
Average Daily Production Per Farm	3,796
Average Daily Production	36,248,002
Number of Reports - Plants and Cooperatives	64
Number of Reporting Handlers	37
Income Per Farm (Monthly Average)	\$14,308
Total Somatic Cell Adjustment	\$487,534

PRICE SUMMARY	
Weighted Average Differential - <i>per cwt.</i>	*\$1.57
Producer Butterfat Price - <i>per lb.</i>	0.9366
Producer Protein Price - <i>per lb.</i>	2.1677
Producer Other Solids Price - <i>per lb.</i>	0.0503
Nonfat Solids Price - <i>per lb.</i>	0.8574
Uniform Price - <i>per cwt (Informational Purposes Only)</i>	*\$11.62
Class I	*12.90
Class II	11.43
Class III	10.05
Class IV	10.73
 Class I Skim Milk Price - <i>per cwt.</i>	 *\$9.72
Class I Butterfat Price - <i>per lb.</i>	*1.0054
Class II Skim Milk Price - <i>per cwt.</i>	8.42
Class II Nonfat Solids Price - <i>per lb.</i>	0.9356
Class II Butterfat Price - <i>per lb.</i>	0.9436
Class III Skim Milk Price - <i>per cwt.</i>	7.02
Class IV Skim Milk Price - <i>per cwt.</i>	7.72
Class III & IV Butterfat Price - <i>per lb.</i>	0.9366

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

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

CLASS I	<i>Pounds</i>
Whole Milk	143,433,250
Flavored Whole Milk	9,613,866
2% Reduced Fat Milk	235,286,603
1% Lowfat Milk	38,571,202
1/2% Lowfat Milk	17,722,541
Flavored Lowfat & Skim	40,174,265
Fat Free Milk	83,676,832
Buttermilk	4,477,257
Bulk Sales	1,397,792
Shrinkage	15,797,018
Ending Inventory	43,779,421
Total Class I	633,930,047
 CLASS II	
Cream	6,693,306
Sour Cream, Dips & Yogurt	77,156,047
Cottage Cheese	38,605,398
Ice Cream Mix & Condensed	60,011,340
Skim Equivalent Used to Fortify	9,169,944
Transfers to Other Federal Order Pool Plants	2,105,657
Total Class II	193,741,692
 CLASS III	
Hard Cheese	254,973,814
Condensed, Evaporated & NFDM	15,161,700
Livestock Feed & Dump	1,845,467
Other	604,272
Transfers to Other Federal Order Pool Plants	1,654,413
Shrinkage	13,383,036
Total Class III	287,622,702
 CLASS IV	
Butter	25,830,449
Whole Milk Powder	5,278,912
Nonfat Dry Milk	55,180,598
Other Uses (Dump, Lost, Feed)	1,934,940
Transfers to Other Federal Order Pool Plants	10,148,421
Ending Inventory	42,323,767
Total Class IV	140,697,087
 TOTAL DISPOSITION	1,255,991,528
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PRODUCER BUTTERFAT UTILIZATION	
Class I	11,230,268
Class II	11,068,757
Class III	7,927,016
Class IV	13,051,692
Total Butterfat	43,277,733
 PRODUCER NONFAT SOLIDS UTILIZATION	
Class II	14,748,752
Total Nonfat Solids	98,342,911
 PRODUCER PROTEIN UTILIZATION	
Class III	7,899,504
Total Protein	34,819,338
 PRODUCER OTHER SOLIDS UTILIZATION	
Class III	14,399,282
Class IV	9,201,329
Total Other Solids	63,523,573
 SOMATIC CELL ADJUSTMENT	
Class II / III / IV	\$230,318

**ANNOUNCEMENT OF PRODUCER PRICES
JANUARY 2000**

MIDEAST MARKETING AREA

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			572,805,124			\$9.720 / cwt	\$ 55,676,658.05
Class I Butterfat		11,230,268				1.0054 / lb	11,290,911.45
Class I Location Differential	584,035,392						(288,179.50)
Class II SNF Value				14,748,752		0.9356 / lb	13,798,932.38
Class II Butterfat		11,068,757				0.9436 / lb	10,444,479.13
Class III Protein Value			7,899,504			2.1677 / lb	17,123,754.81
Class III Other Solids Value					14,399,282	0.0503 / lb	724,283.89
Class III Butterfat		7,927,016				0.9366 / lb	7,424,443.18
Class IV SNF Value				9,201,329		0.8574 / lb	7,889,219.50
Class IV Butterfat		13,051,692				0.9366 / lb	12,224,214.70
Somatic Cell Value II / III / IV							<u>230,317.71</u>
TOTAL PRODUCER MILK VALUE	1,123,688,063	43,277,733	34,819,338				\$136,539,035.30
Overages						\$ 7,983.46	
Beginning Inventory						178,626.73	
TOTAL ADJUSTMENTS							\$ <u>186,610.19</u>
TOTAL HANDLER OBLIGATIONS							\$136,725,645.49
Total Protein Value			34,819,338 lbs	@	\$2.1677		\$ (75,477,878.96)
Total Other Solids Value			63,523,573 lbs	@	0.0503		(3,195,235.73)
Butterfat Value			43,277,733 lbs	@	0.9366		(40,533,924.74)
Total Somatic Cell Values							<u>(487,533.54)</u>
TOTALS							\$ 17,031,072.52
Net Producer Location Adjustments							\$ 699,308.60
1/2 Unobligated Balance Producer Settlement Fund							<u>418,400.00</u>
Total - Divided by Total Pounds			1,123,688,063 lbs		1.6151085		\$ 18,148,781.12
Rate of Cash Reserve					<u>(0.0451085)</u>		<u>(506,878.83)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,123,688,063		\$1.57 / cwt		\$ 17,641,902.29

COMPONENT PRICES

Butterfat Price	\$0.9366 / lb
Protein Price	2.1677 / lb
Other Solids Price	0.0503 / lb
Somatic Cell Adjustment Rate	0.00058 / cwt
Nonfat Solids Price (For Informational Purpose Only) **	0.8574 / lb

MARKET AVERAGE CONTENT OF PRODUCER MILK

CLASSIFICATION OF PRODUCER MILK

		<i>Product lbs.</i>	<i>Percent</i>
Butterfat	3.85 %	Class I 584,035,392	52.0
Protein	3.10 %	Class II 172,646,565	15.4
Other Solids	5.65 %	Class III 252,858,950	22.5
Nonfat Solids	8.75 %	Class IV <u>114,147,156</u>	<u>10.1</u>
		Total 1,123,688,063	100.0

COMPUTATION OF UNIFORM PRICE

Class III Price - 3.5% BF	\$10.05
Producer Price Differential	<u>1.57</u>
Statistical Uniform Price (For Informational Purpose Only)	\$11.62

* 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									
January	583,726	53.1	173,065	15.8	263,909	24.0	77,659	7.1	1,098,359
February	529,418	54.2	128,325	13.1	226,179	23.2	92,373	9.5	976,295
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

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

Producer Pounds and Count by Somatic Cell Range*							
December 1999**							
Somatic Cell Range (000)	Order 33 Pounds (000)	Order 36 Pounds (000)	Order 40 Pounds (000)	Combined Pounds (000)	Number of Prod.	Percent of Milk by SCC Range	Average Farm Size
1 - 50	125	309	547	981	20	0.1	49,050
51 - 100	7,745	9,033	17,094	33,872	339	3.6	99,917
101 - 150	30,557	30,401	55,729	116,687	887	12.4	131,552
151 - 200	50,641	54,465	73,310	178,416	1,242	18.9	143,652
201 - 250	53,403	50,709	86,597	190,709	1,294	20.2	147,379
251 - 300	47,101	44,549	54,134	145,784	1,192	15.4	122,302
301 - 350	28,613	36,520	40,275	105,408	950	11.2	110,956
351 - 400	18,402	22,529	23,552	64,483	681	6.8	94,689
401 - 450	10,020	15,737	15,706	41,463	499	4.4	83,092
451 - 500	8,890	9,772	7,283	25,945	340	2.7	76,309
501 - 550	4,091	5,902	4,057	14,050	228	1.5	61,623
551 - 600	2,815	3,616	2,681	9,112	177	1.0	51,480
601 - 650	2,647	2,446	1,579	6,672	104	0.7	64,154
651 - 700	1,409	1,384	955	3,748	84	0.4	44,619
701 - 750	785	1,102	556	2,443	61	0.3	40,049
751 - Above	1,491	1,811	1,017	4,319	123	0.5	35,114
Totals	268,735	290,285	385,072	944,092	8,221	100.0	114,839

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

FEDERAL ORDERS 33, 36, 40 & 44 COMBINED

**BALANCE SHEET
MARKETING SERVICE FUND
As of December 31, 1999**

ASSETS

Current Assets:

Cash and Bank Deposits	\$ 702,525.75
Investments	0.00
Accounts Receivable - Handlers	156,383.53
Allowance for Uncollectible Accounts	(187.35)
Accounts Receivable - Other	0.00
Accrued Interest Receivable	0.00

Other Assets:

Prepaid Expenses	\$ 10,257.72
Deposits	284.03

Fixed Assets:

Motor Vehicles	\$ 353,628.66
Accumulated Depreciation	(231,502.52)
Furniture and Equipment	77,381.42
Accumulated Depreciation	(59,750.68)
Laboratory Equipment	561,254.05
Accumulated Depreciation	(493,454.29)
Leasehold Improvements	67,450.13
Accumulated Depreciation	<u>(18,621.35)</u>

Total Assets \$1,125,649.10

LIABILITIES AND OPERATING BALANCE

Current Liabilities:

Accounts Payable - Other	\$ 0.00
Accrued Employee Salaries Payable	0.00
Accrued Employee Annual Leave	90,781.26
Payroll Contributions and Withholdings	0.00

Operating Balance \$1,034,867.84

Total Liabilities and Operating Balance \$1,125,649.10

**Weighted Averages - Protein, Butterfat, Somatic Cell Count
by Various Size Categories
Combined Orders 33, 36 and 40**

Production Range	December 1999 *			December 1998		
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages----- Protein Butterfat SCC(000)	-----Weighted Averages----- Protein Butterfat SCC(000)		
1 - 30,000	1,454	26,592	3.38 4.06 345	3.33	4.00	361
30,001 - 60,000	2,086	92,810	3.34 3.97 310	3.31	3.93	333
60,001 - 90,000	1,444	106,767	3.32 3.90 287	3.30	3.89	322
90,001 - 120,000	917	94,856	3.31 3.88 278	3.29	3.86	299
120,001 - 150,000	631	84,504	3.31 3.88 270	3.28	3.84	297
150,001 - 250,000	969	186,550	3.30 3.86 250	3.28	3.84	278
250,001 - 500,000	547	184,204	3.28 3.83 232	3.26	3.83	259
500,001 & Over	173	167,809	3.23 3.72 227	3.21	3.70	246
Total / Average	8,221	944,092	3.29 3.85 260	3.27	3.84	287

* Data provided on a one month delay basis.

FEDERAL ORDERS 33, 36, 40 & 44 COMBINED

**INCOME AND EXPENSE STATEMENT
MARKETING SERVICE FUND**

For the Year Ending December 31, 1999

<u>Income:</u>		
Assessments or Deductions		\$1,743,188.84
Late Payment Charges Assessed		9.77
Miscellaneous		<u>60,865.64</u>
<u>Total Income</u>		<u>\$1,804,064.25</u>
<u>Expenses:</u>		
Salaries and Services		\$ 965,220.80
Travel		82,346.58
Communications		87,964.41
Employer Payroll Contributions		212,453.60
Insurance		7,981.90
Rent - Buildings and Equipment		74,637.78
Repairs and Maintenance		27,688.93
Research Projects		0.00
Supplies		117,449.35
Testing and Weighing		19,837.05
Utilities		19,093.67
Depreciation of Fixed Assets		110,308.28
Conferences and Meetings		0.00
Training		3,064.03
Uncollectible Accounts		0.00
Miscellaneous		681.40
Amortization of Leasehold Improvements		<u>14,009.19</u>
<u>Total Expenses</u>		<u>\$1,742,736.97</u>
<u>Net Income</u>		<u>\$ 61,327.28</u>

**Weighted Averages - Protein, Butterfat, Somatic Cell Count
by State**

Combined Orders 33, 36 and 40

State	December 1999 *			December 1998				
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----			-----Weighted Averages-----		
			Protein	Butterfat	SCC(000)	Protein	Butterfat	SCC(000)
Ohio	2,916	326,139	3.31	3.90	258	3.30	3.87	293
Pennsylvania	1,666	136,156	3.30	3.89	305	3.28	3.88	338
Michigan	2,826	406,400	3.28	3.80	243	3.25	3.80	264
New York	290	37,456	3.23	3.84	264	3.24	3.85	270
West Virginia	109	8,707	3.35	3.89	317	3.32	3.85	359
Indiana	294	22,054	3.32	3.95	279	3.32	3.88	308
Other	120	7,180	3.33	3.84	283	3.30	3.89	297
Total/Average	8,221	944,092	3.29	3.85	260	3.27	3.84	287

* Data provided on a one month delay basis.

The Market Administrator's Bulletin
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**BULK RATE
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FEDERAL ORDER DATA

<u>Marketing Area</u>	<u>1/</u>	<u>Total</u>	Producer Milk <u>Class I</u>	Class I <u>Percent</u>	Producer <u>Price Differential</u>	Statistical <u>Uniform Price</u>
		<i>thousand pounds</i>		<i>%</i>		
FO 1	Northeast - (<i>Boston</i>)	2,148,026	905,504	42.2	\$2.30	\$12.35
FO 5	Appalachian - (<i>Charlotte</i>)	506,005	385,894	76.3	2/	13.32
FO 6	Florida - (<i>Tampa</i>)	255,525	224,785	88.0	2/	14.37
FO 7	Southeast - (<i>Atlanta</i>)	680,199	426,043	62.6	2/	12.82
FO 30	Upper Midwest - (<i>Chicago</i>)	2,432,631	351,531	14.5	0.43	10.48
FO 32	Central - (<i>Kansas City</i>)	1,103,362	411,705	37.1	1.18	11.23
FO 33	Mideast - (<i>Cleveland</i>)	1,123,688	584,035	52.0	1.57	11.62
FO 124	Pacific Northwest - (<i>Seattle</i>)	581,200	173,700	29.9	1.06	11.11
FO 126	Southwest - (<i>Dallas</i>)	804,840	339,125	42.1	1.96	12.01
FO 131	Arizona-Las Vegas - (<i>Phoenix</i>)	269,083	79,031	29.4	2/	11.25
FO 135	Western - (<i>Salt Lake City</i>)	322,552	83,942	26.0	1.06	11.11

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.

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

	<u>January 2000</u>	<u>January 1999</u>
Cheese	\$1.1517 / lb.	\$1.7225 / lb.
Butter	0.8820 / lb.	1.4154 / lb.
Nonfat Dry Milk	1.0115 / lb.	1.0637 / lb.
Dry Whey	0.1857 / lb.	0.2137 / lb.
MINIMUM PARTIAL PAYMENT PRICE FOR FEBRUARY 2000/1999	\$10.05 / cwt.	\$16.27 / cwt.