

# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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## USDA AMENDS RECOMMENDED MANUFACTURING MILK REQUIREMENTS

The U.S. Department of Agriculture amended its "Milk for Manufacturing Purposes and Its Production and Processing; Requirements for Adoption by State Regulatory Agencies (Recommended Requirements)" document.

The Recommended Requirements were developed by the Agricultural Marketing Service (AMS) and recommended for adoption and enforcement by the various states that regulate manufacturing grade milk. The purpose of the Recommended Requirements is to promote uniformity in state dairy laws and regulations concerning manufacturing grade milk.

During their 1999 annual meeting, the Dairy Division of the National Association of State Departments of Agriculture requested AMS to review the drug residue monitoring provisions of the Recommended Requirements and initiate changes to provide greater consistency with the drug residue provisions for Grade A milk. AMS reviewed the drug residue provisions of this document and identified several areas where changes could be made to provide greater consistency. Those changes have been incorporated in the amended Recommended Requirements.

In addition to updating the drug residue monitoring program, AMS has incorporated other changes to provide gender neutral language, re-define certain terms, and improve the document's accuracy, clarity, and consistency.

The revised Recommended Requirements appeared in the June 14<sup>th</sup> Federal Register. Copies are available from Susan Sausville, Chief, Dairy Standardization Branch, Dairy Programs, Agricultural Marketing Service, U.S. Department of Agriculture, Room 2746, South Building, Stop 0230, P.O. Box 96456, Washington, D.C. 20090-6456 or by accessing the AMS Home Page at [www.ams.usda.gov/dairy/stand/htm](http://www.ams.usda.gov/dairy/stand/htm).

## DISCONTINUATION OF COST OF PRODUCTION ESTIMATES

The Economic Research Service (ERS) discontinued estimates of monthly milk cost of production (COP) effective with the data provided on May 31, 2002. ERS has recently developed a new approach for computing milk COP estimates using data from the 2000 Agricultural Resource Management Study of dairy farmers. As a result, the procedure for calculating the monthly estimates no longer is usable and is not being updated. Therefore, Dairy Programs will not be providing monthly milk COP estimates with the 5th of the month Class price announcement. The new milk COP information can be found at [www.ers.usda.gov/data/costsandreturns/testpick.htm](http://www.ers.usda.gov/data/costsandreturns/testpick.htm).

## MAY MILK PRODUCTION UP 3.2 PERCENT

Milk production in the 20 major States during May totaled 13.0 billion pounds, up 3.2 percent from May 2001. April revised production, at 12.6 billion pounds, was up 3.3 percent from April 2001. The April revision represented a decrease of 0.3 percent or 42 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,681 pounds for May, 49 pounds above May 2001. The number of milk cows on farms in the 20 major States was 7.8 million head, 14,000 head more than May 2001, and 9,000 head more than April 2002.

The Mideast Marketing Area has four states represented in the 20 major states; Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during May totaled 2.1 billion pounds, up 1.4 percent from May 2001.

Production per cow in the Mideast states averaged 1,621 pounds for May, 56 pounds above May 2001. The number of cows on farms in the Mideast states was 1.3 million head, 25,000 head less than May 2001.

## FARMBILL WEBSITE

The USDA has created a website aimed at helping farmers, ranchers, and the general public learn the latest information about the new farm bill. This website includes farm bill program details, questions and answers, program applications and sign-up forms, as well as other important materials from USDA agencies on farm bill implementation. The website can be accessed from USDA's official website at <http://www.usda.gov/farmbill>.

## JUNE 2002 - POOL SUMMARY

Classification of Producer Milk		Percent
Class I	476,322,047	29.2
Class II	215,793,278	13.3
Class III	845,127,244	51.9
Class IV	91,913,577	5.6
Total	1,629,156,146	100.0

### Producer Prices

Producer Price Differential	\$1.15 / cwt
Butterfat Price	1.1211 / lb
Protein Price	2.0148 / lb
Other Solids Price	0.0247 / lb
Somatic Cell Adjustment Rate	0.00059 / cwt
Statistical Uniform Price	11.24 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

**Federal Order No. 33**

**JUNE 2002**

**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			467,300,870			\$ 9.23 / cwt	\$ 43,131,870.28
Class I Butterfat		9,021,177				1.1777 / lb	10,624,240.17
Class I Location Differential	476,322,047						(233,244.84)
Class II SNF Value				18,075,299		0.8333 / lb	15,062,146.65
Class II Butterfat		15,119,995				1.1281 / lb	17,056,866.35
Class III Protein Value			24,877,302			2.0148 / lb	50,122,788.05
Class III Other Solids Value					48,635,742	0.0247 / lb	1,201,302.85
Class III Butterfat		28,473,204				1.1211 / lb	31,921,308.99
Class IV SNF Value				7,729,262		0.7605 / lb	5,878,103.78
Class IV Butterfat		5,880,885				1.1211 / lb	6,593,060.16
Somatic Cell Value II / III / IV							379,695.39
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,629,156,146</b>	<b>58,495,261</b>	<b>47,881,968</b>		<b>93,523,618</b>		<b>\$ 181,738,137.83</b>
Overages						\$33,921.19	
Beginning Inventory						(13,187.25)	
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 20,733.94</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 181,758,871.77</b>
Total Protein Value			47,881,968 lbs	@	\$2.0148		\$ (96,472,589.11)
Total Other Solids Value			93,523,618 lbs	@	0.0247		(2,310,033.37)
Butterfat Value			58,495,261 lbs	@	1.1211		(65,579,037.13)
Total Somatic Cell Values							(488,209.58)
<b>TOTALS</b>							<b>\$ 16,909,002.58</b>
Net Producer Location Adjustments							\$ 1,715,829.52
1/2 Unobligated Balance Producer Settlement Fund							843,000.00
Total - Divided by Total Pounds			1,629,156,146 lbs		1.1949642		\$ 19,467,832.10
Rate of Cash Reserve					(0.0449642)		(732,537.03)
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>					<b>\$1.15 / cwt</b>		<b>\$ 18,735,295.07</b>

**COMPONENT PRICES**

**COMPUTATION OF UNIFORM PRICE**

	<u>June</u>	
	<u>2002</u>	<u>2001</u>
Butterfat Price	\$1.1211 / lb	\$2.2089 / lb
Protein Price	2.0148 / lb	2.1670 / lb
Other Solids Price	0.0247 / lb	0.1409 / lb
Somatic Cell Adjustment Rate	0.00059 / cwt	0.00081 / cwt
Nonfat Solids Price	0.7605 / lb	0.8748 / lb

	<u>June</u>	
	<u>2002</u>	<u>2001</u>
Class III Price - 3.5% BF	\$10.09	\$15.02
Producer Price Differential*	<u>1.15</u>	<u>0.95</u>
Statistical Uniform Price	\$11.24	\$15.97

**CLASS PRICES**

**CLASSIFICATION OF PRODUCER MILK**

	<u>June</u>	
	<u>2002</u>	<u>2001</u>
Class I*	\$13.03	\$16.99
Class II	11.19	16.05
Class III	10.09	15.02
Class IV	10.52	15.33

	<u>June</u>	
	<u>2002</u>	<u>2001</u>
Class I	Product lbs. 476,322,047	Product lbs. 509,434,647
Class II	215,793,278	175,416,344
Class III	845,127,244	803,224,558
Class IV	<u>91,913,577</u>	<u>97,603,541</u>
Total	1,629,156,146	1,585,679,090

\* Subject to Location Adjustment.

**ORDER 33 JUNE MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for June 2002 was \$1.15 and the Statistical Uniform Price was \$11.24 for the month. The Statistical Uniform Price is down \$0.39 from last month, and is \$4.73 lower than June 2001.

The Producer Butterfat Price of \$1.1211 per pound decreased 2.22 cents from May 2002 and is down \$1.0878 from a year ago. The Protein Price of \$2.0148 is down 19.49 cents from last month and is down 15.22 cents from June 2001. The Other Solids Price in June was \$0.0247 per pound, a decrease from last month's price of \$0.0371 and a decrease of 11.62 cents from last June. The Somatic Cell Adjustment rate for June was \$0.00059.

June producer receipts of 1.63 billion pounds were down 6.3 percent from May 2002, and increased 2.5 percent over June 2001 production of 1.59 billion pounds. Producer milk allocated to Class I accounted for 29.2 percent of the total producer milk in June 2002 below the 32.1 percent in May and the 32.1 percent in June 2001. A total of 11,525 producers were pooled in the Mideast Order with an average daily delivery of 4,712 pounds compared to 11,932 producers pooled in June 2001 with an average daily delivery of 4,430 pounds.

The market average content of producer milk was as follows: Butterfat 3.59%; Protein 2.94%; Other Solids 5.74% and Nonfat Solids 8.68%.

### TOP TWENTY MIDEAST COUNTIES FOR PRODUCER MILK IN MAY 2002

The top twenty counties in the Mideast Marketing Area represented 33.7 percent of total pooled milk or 584 million pounds of milk in May 2002. This was an increase from May 2001 totals of 31.9 percent or 469 million pounds of milk. Milk pooled in other federal orders, state orders, or unregulated are not included in county totals.

Wisconsin had the most counties represented with eight, followed by Michigan with six, Ohio and New York with two each, and Indiana and Pennsylvania with one each.

Wayne County, Ohio, led all pooling counties with 47.5 million pounds of milk pooled from 300 producers. The milk pooled was a 5.3 percent increase from the previous year's totals of 45.1 million pounds from 312 producers.

Brown County, Wisconsin, was next with 42.6 million pounds of milk from 181 producers. Their milk pooled represented a 27.9

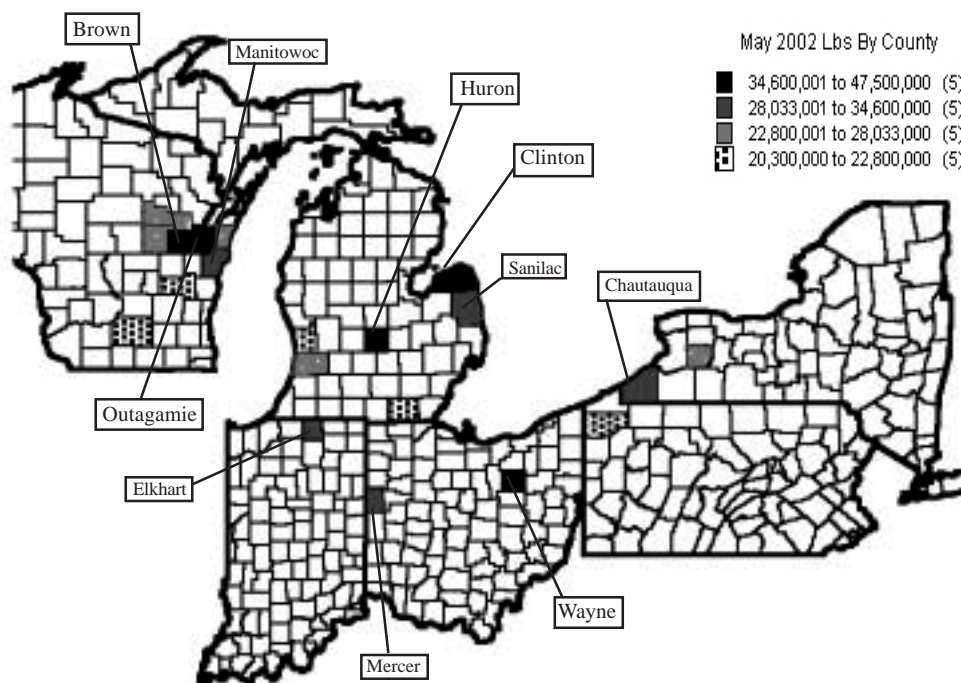
percent increase from May 2001 totals of 33.3 million pounds from 153 producers.

Clinton County, Michigan, followed with 37.1 million pounds of milk from 87 producers. This was an increase from the previous May's totals of 11.8 million pounds of milk from 27 producers.

Huron County, Michigan, was fourth with 35.7 million pounds of milk from 161 producers. May 2001 totals were 25.4 million pounds of milk from 166 producers.

Outagamie County, Wisconsin, had the fifth most with 35.4 million pounds from 161 producers. This was an increase of 6.3 percent from the May 2001 totals of 33.3 million pounds from 181 producers.

Rounding out the top ten counties for May 2002 were Chautauqua, New York; Manitowoc, Wisconsin; Mercer, Ohio; Sanilac, Michigan; and Elkhart, Indiana.



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

State	Number of Producers	May 2002*					May 2001				
		Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,661	501,570	3.58	2.97	5.76	271	365,802	3.55	2.96	5.73	282
Wisconsin	2,756	449,852	3.69	2.95	5.70	269	398,986	3.65	2.93	5.75	285
Ohio	2,665	342,766	3.66	3.03	5.75	294	301,040	3.60	3.01	5.71	320
Pennsylvania	1,528	146,485	3.72	3.02	5.73	344	136,480	3.66	3.01	5.71	363
Indiana	1,328	135,988	3.67	3.01	5.75	307	132,410	3.59	2.99	5.74	317
New York	403	100,943	3.68	2.95	5.70	251	70,220	3.66	2.94	5.68	286
California	23	21,954	3.53	3.03	5.64	355	0				
Illinois	111	14,676	3.62	3.01	5.76	318	15,776	3.57	2.98	5.78	313
West Virginia	89	7,407	3.56	3.08	5.75	340	6,386	3.53	3.03	5.70	404
Other	155	13,671	3.71	3.07	5.75	363	45,194	3.62	2.97	5.74	335
<b>Total/Average</b>	<b>11,719</b>	<b>1,735,312</b>	<b>3.65</b>	<b>2.99</b>	<b>5.73</b>	<b>285</b>	<b>1,472,294</b>	<b>3.61</b>	<b>2.97</b>	<b>5.73</b>	<b>304</b>

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



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**FEDERAL ORDER DATA  
JUNE 2002**

Marketing Area	1/	Producer Milk		Class I Percent %	Producer Price Differential	Statistical Uniform Price
		Total (000)	Class I (000)			
FO 1	Northeast - <i>(Boston)</i>	2,134,644	813,218	38.1	\$2.29	\$12.38
FO 5	Appalachian - <i>(Charlotte)</i>	574,419	328,923	57.3	2/	12.83
FO 6	Florida - <i>(Tampa)</i>	215,778	185,973	86.2	2/	14.44
FO 7	Southeast - <i>(Atlanta)</i>	650,918	352,012	54.1	2/	12.69
FO 30	Upper Midwest - <i>(Chicago)</i>	1,545,723	294,443	19.1	0.63	10.72
FO 32	Central - <i>(Kansas City)</i>	1,587,256	351,289	22.1	0.91	11.00
<b>FO 33</b>	<b>Mideast - <i>(Cleveland)</i></b>	<b>1,629,156</b>	<b>476,322</b>	<b>29.2</b>	<b>1.15</b>	<b>11.24</b>
FO 124	Pacific Northwest - <i>(Seattle)</i>	668,305	149,513	22.4	0.91	11.00
FO 126	Southwest - <i>(Dallas)</i>	839,109	302,108	36.0	2.02	12.11
FO 131	Arizona-Las Vegas - <i>(Phoenix)</i>	256,398	71,835	28.0	2/	11.22
FO 135	Western - <i>(Salt Lake City)</i>	510,047	81,419	16.0	0.78	10.87

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 JULY 2002 ..... \$10.09 /cwt.**