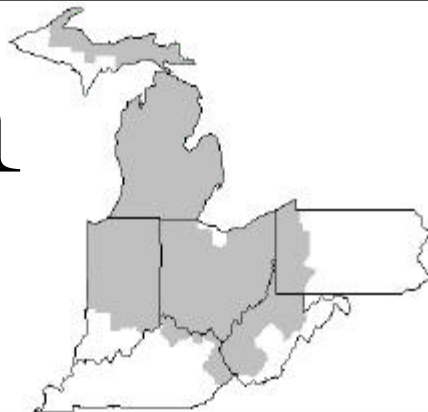


Mideast Market Administrator's Bulletin



Federal Order No. 33

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INVITATION TO SUBMIT PROPOSALS FOR A PUBLIC HEARING TO MERGE THE APPALACHIAN AND SOUTHEAST MILK MARKETING AREAS

Southern Marketing Agency, Inc. (SMA), has requested that the Department of Agriculture (USDA) hold a public hearing to consider a proposal to merge the Appalachian (F.O. #5) and Southeast (F.O. #7) Federal milk marketing areas. SMA states the proposed merger of the two orders would resolve disorderly marketing conditions that result from blend price differences between the two orders and inefficient movements of milk.

Copies of the proposal may be obtained from Antoinette Carter, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231-Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 690-3465, e-mail address: Antoinette.Carter@usda.gov.

This proposal has not yet been approved for inclusion in a Notice of Hearing. Before deciding whether a hearing should be held, USDA is providing interested parties an opportunity to submit additional proposals regarding the proposed merger of the Appalachian and Southeast Federal milk marketing areas.

Proposals should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP 0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by November 14, 2003. Each proposal should be accompanied by a brief but comprehensive statement on the need for the proposal. The statement will be used in deciding whether the proposals should be considered if a hearing to amend the orders is held.

If USDA concludes that a hearing should be held, all known interested persons will be mailed a copy of the hearing notice. Anyone who desires to present evidence on proposals set forth in the hearing notice will have an opportunity to do so at the hearing.

Reappointed to serve second terms were: Charles W. Bryant, Austin, Ark., (region 4); Arlon E. Fritsche, New Ulm, Minn., (region 5); Connie M. Seefeldt, Coleman, Wis., (region 6); Lewis Gardner, Galetton, Penn., (region 11); and Edgar A. King, Schuylerville, N.Y., (region 12).

The National Dairy Promotion and Research Board, composed of 36 dairy farmers representing 13 regions of the 48 contiguous United States, administers a coordinated program of promotion, research and nutrition education.

The board was established by the Dairy Production Stabilization Act of 1983. It is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The national program is financed by a mandatory 15-cent per hundredweight assessment on milk produced in the contiguous 48 states and marketed commercially by dairy farmers. USDA's Agricultural Marketing Service monitors the operation of the board.

AUGUST MILK PRODUCTION DOWN 0.8 PERCENT

Milk production in the 20 major States during August totaled 12.1 billion pounds, down 0.8 percent from August 2002. July revised production, at 12.3 billion pounds, was up 0.5 percent from July 2002. The July revision represented a decrease of five million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,563 pounds for August seven pounds below August 2002.

The number of milk cows on farms in the 20 major States was 7.76 million head, 26,000 head less than August 2002, and 6,000 head less than July 2003.

(continued on Page 3)

VENEMAN NAMES MEMBERS TO NATIONAL DAIRY BOARD

Secretary of Agriculture Ann M. Veneman announced the appointment of seven new members and reappointment of five incumbents to the National Dairy Promotion and Research Board. All will serve three-year terms from November 1, 2003, through October 31, 2006.

Newly appointed were: Elizabeth I. Anderson, Onalaska, Wash., (region 1); Mary E. Cameron, Hanford, Calif., and Kimberly K. Clauss, Hilmar, Calif., (region 2); William C. Stouder, Wendell, Idaho., (region 3); Ronald G. Johnsud, Gays Mills, Wis., (region 6); James R. Bartelson, Anita, Iowa, (region 7); and Donald E. Gurtner, Fremont, Ind., (region 9).

SEPTEMBER 2003 POOL SUMMARY

Classification of Producer Milk		Percent
Class I	550,838,355	54.8
Class II	248,701,436	24.7
Class III	156,159,388	15.5
Class IV	50,532,590	5.0
Total	1,006,231,769	100.0

Producer Prices

Producer Price Differential	\$ (0.37) /cwt
Butterfat Price	1.2218 /lb
Protein Price	3.3180 /lb
Other Solids Price	0.0170 /lb
Somatic Cell Adjustment Rate	0.00080 /cwt
Statistical Uniform Price	13.93 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

SEPTEMBER 2003**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			540,602,283			\$1151 / cwt	\$ 62,223,322.78
Class I Butterfat		10,236,072				1.3144 / lb	13,542,930.03
Class I Location Differential	550,838,355						(271,964.09)
Class II SNF Value				21,117,362		0.7433 / lb	15,696,535.18
Class II Butterfat		14,855,997				1.2288 / lb	18,255,049.11
Class III Protein Value			4,633,610			3.3180 / lb	15,374,317.97
Class III Other Solids Value					8,805,166	0.0170 / lb	149,687.86
Class III Butterfat		6,924,392				1.2218 / lb	8,460,222.17
Class IV SNF Value				4,178,477		0.6644 / lb	2,776,180.11
Class IV Butterfat		4,260,204				1.2218 / lb	5,205,117.25
Somatic Cell Value II / III / IV							<u>108,782.10</u>
TOTAL PRODUCER MILK VALUE	1,006,231,769	36,276,665	30,314,923		57,251,585		\$141,431,543.47
Overages					\$ 30678.35		
Beginning Inventory					21782722		
TOTAL ADJUSTMENTS							\$ 248,505.57
TOTAL HANDLER OBLIGATIONS							\$ 141,680,049.04
Total Protein Value			30,314,923lbs	@	\$33180		\$(100,584,914.50)
Total Other Solids Value			57,251,585lbs	@	00170		(973,276.97)
Butterfat Value			36,276,665lbs	@	12218		(44,322,829.29)
Total Somatic Cell Values							<u>(149,725.56)</u>
TOTALS							\$ (4,350,697.28)
Net Producer Location Adjustments							\$ 546812.23
1/2 Unobligated Balance Producer Settlement Fund							<u>550,000.00</u>
Total - Divided by Total Pounds			1,006,231,769 lbs		(0.3233733)		\$ (3,253,885.05)
Rate of Cash Reserve					<u>(0.0466267)</u>		<u>(469,172.67)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*					\$ (0.37) / cwt		\$ (3,723,057.72)

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	September			September	
	<u>2003</u>	<u>2002</u>		<u>2003</u>	<u>2002</u>
Butterfat Price	\$12218 / lb	\$10099 / lb	Class III Price - 3.5% BF	\$ 14.30	\$9.92
Protein Price	33180 / lb	20646 / lb	Producer Price Differential*	<u>(0.37)</u>	<u>1.17</u>
Other Solids Price	00170 / lb	00367 / lb	Statistical Uniform Price	\$1393	\$1109
Somatic Cell Adjustment Rate	0.00080 / cwt	0.00057 / cwt			
Nonfat Solids Price	06644 / lb	07696 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	September			September	
	<u>2003</u>	<u>2002</u>		<u>2003</u>	<u>2002</u>
Class I*	\$1571	\$1246	Class I	Product lbs. 550,838,355	Product lbs. 541,081,574
Class II	1076	1091	Class II	248,701,436	216,284,385
Class III	1430	992	Class III	156,159,388	586,798,464
Class IV	1005	1022	Class IV	<u>50,532,590</u>	<u>54,565,671</u>
			Total	1,006,231,769	1,398,730,094

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Midwest Marketing Area for September 2003 was \$-0.37 and the Statistical Uniform Price was \$13.93 for the month. The Statistical Uniform Price is \$1.33 higher than last month, and is \$2.84 higher than September 2002.

The Producer Butterfat Price of \$1.2218 per pound decreased 2.96 cents from August 2003 and is up 21.19 cents from a year ago. The Protein Price of \$3.3180 is up 17.42 cents from last month and is up \$1.2534 from September 2002. The Other Solids Price in September was \$0.0170 per pound, an increase from last month's price of \$0.0026 and a decrease of 1.97 cents from last September. The Somatic Cell Adjustment rate for September was \$0.00080.

September producer receipts of 1.0 billion pounds were 0.2 percent lower than August 2003, and 28.1 percent lower than September 2002 production of 1.40 billion pounds. Producer milk allocated to Class I accounted for 54.8 percent of the total producer milk in September 2003, more than the 53.8 percent in August and more than the 38.7 percent in September 2002. A total of 10,601 producers were pooled on the Midwest Order with an average daily delivery of 3,164 pounds compared to 10,962 producers pooled in September 2002 with an average daily delivery of 4,253 pounds.

The market average content of producer milk was as follows: Butterfat 3.61%; Protein 3.01%; Other Solids 5.69% and Nonfat Solids 8.70%.

AUGUST MILK PRODUCTION DOWN 0.8 PERCENT

(continued)

The Mideast Marketing Area has four states represented in the 20 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during August totaled 1.9 billion pounds, down 35 million pounds or 1.8 percent from August 2002.

Production per cow in the Mideast states averaged 1,519 pounds for August, 20 pounds above August 2002.

The number of cow son farms in the Mideast states was 1.3 million head, 25,000 head less than August 2002.

USDA INITIATES AUTOMATIC E-MAIL DELIVERY OF COMMODITY MARKET NEWS REPORTS

The U.S. Department of Agriculture announced that it is now offering subscribers automatic delivery by e-mail of comprehensive Market News information.

AMS Market News provides current, unbiased price and sales information through reports that include prices, volume, quality, condition, and other market data on farm products in specific markets and marketing areas. Reports cover both domestic and international markets.

Through a partnership with the Albert R. Mann Library at Cornell University, USDA's Agricultural Marketing Service now has the capability for "push technology" that allows automatic electronic mail delivery. The service is free and subscribers may receive as many of the more than 600 daily, weekly and monthly reports on the prices and sales of hundreds of agricultural commodities as they request.

To subscribe to any cotton, dairy, fruit and vegetable, livestock and seed, poultry or tobacco Market News report, link to the e-mail subscription Web site from the AMS Market News Web site www.ams.usda.gov, or go directly to: <http://usda-reports.mannlib.com/elledu>.

STUDY OF FLUID MILK IDENTITY STANDARDS AVAILABLE ON WEBSITE

Dairy farmers are becoming increasingly concerned that technological advances in the fractionation of milk could result in a reduction in the volume of nonfat milk solids sold in fluid milk products. Current FDA standards for nonfat solids in fluid milk products are set at a minimum of 8.25 percent, well below the average content in farm milk. Fluid milk products are Class I products under the Federal Milk Marketing Order system and as such return a higher price to dairy farmers. In response to dairy farmers' concerns, Congress included a provision in the Farm Security and Rural Investment Act of 2002 directing the Secretary of Agriculture to study the potential impacts of raising the nonfat solids standards to the national average level as it occurs in farm milk and adopting the average true protein level as an additional standard for fluid milk products.

The study is available at: www.ams.usda.gov/dairy/index.htm. It is located under the heading of "Studies Required by the 2002 Farm Bill".

TIME EXTENDED FOR ADDITIONAL PROPOSALS TO AMEND FLUID MILK DEFINITION

Interested parties have requested that the USDA extend the time for submitting additional proposals to be considered in connection with a hearing currently under review that would amend the fluid milk product definition in all Federal milk marketing orders. The proposal was submitted by Dairy Farmers of America. The deadline for submitting proposals is extended from September 19, 2003 to January 30, 2004.

Proposals should be mailed to: Deputy Administrator, USDA/AMS Dairy Programs, STOP-0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202)690-3465, e-mail address: Antoinette.Carter@usda.gov.

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State

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State	August 2003*						August 2002				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,473	435,818	3.47	2.92	5.71	315	452,478	3.45	2.91	5.72	346
Ohio	2,629	239,134	3.61	2.94	5.68	381	314,567	3.56	2.95	5.68	382
Indiana	1,285	124,915	3.61	2.95	5.69	366	118,713	3.53	2.93	5.70	386
New York	442	77,996	3.52	2.89	5.67	279	58,997	3.55	2.88	5.68	321
Pennsylvania	1,323	77,085	3.61	2.94	5.63	438	125,105	3.57	2.93	5.66	440
Wisconsin	2,182	38,601	3.55	2.88	5.69	343	261,498	3.56	2.93	5.68	354
West Virginia	80	4,841	3.57	3.00	5.63	488	6,027	3.49	2.99	5.64	478
Illinois	**	**	**	**	**	**	11,376	3.53	2.93	5.73	415
Other	261	9,766	3.58	2.96	5.70	384	102,655	3.57	2.96	5.70	437
Total/Average	10,675	1,007,957	3.54	2.93	5.69	346	1,359,026	3.53	2.90	5.71	343

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

** Included with "Other".



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**FEDERAL ORDER DATA
SEPTEMBER 2003**

<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u>	<u>Uniform Price</u>
FO 1 Northeast - (Boston)	1,882,435	924,519	49.1	\$0.71	\$15.01
FO 5 Appalachian - (Charlotte)	481,866	373,915	77.6	^{2/}	15.57
FO 6 Florida - (Tampa)	196,411	177,207	90.2	^{2/}	16.99
FO 7 Southeast - (Atlanta)	537,648	387,525	72.1	^{2/}	15.65
FO 30 Upper Midwest - (Chicago)	644,035	347,433	54.0	(1.07)	13.23
FO 32 Central - (Kansas City)	710,663	406,163	57.2	(0.38)	13.92
FO 33 Mideast - (Cleveland)	1,006,232	550,838	54.8	(0.37)	13.93
FO 124 Pacific Northwest - (Seattle)	371,686	173,468	46.7	(1.76)	12.54
FO 126 Southwest - (Dallas)	530,840	347,280	65.4	0.18	14.48
FO 131 Arizona-Las Vegas - (Phoenix)	222,015	79,545	35.8	^{2/}	13.98
FO 135 Western - (Salt Lake City)	168,058	94,670	56.3	(0.90)	13.40

^{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 OCTOBER 2003 \$10.05 /cwt.

