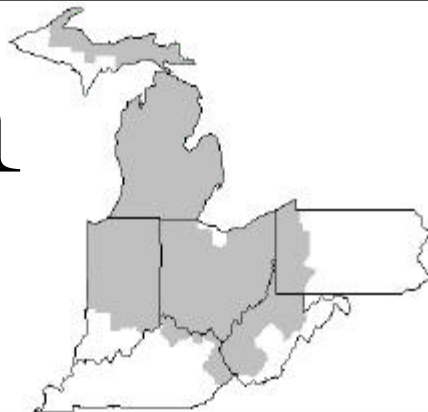


Mideast Market Administrator's Bulletin



Federal Order No. 33

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USDA ANNOUNCES DECISIONS TO AMEND FOUR MILK MARKETING ORDERS

The United States Department of Agriculture has announced decisions to amend The Upper Midwest, The Central, The Pacific Northwest and The Western Milk Marketing Orders.

The U.S.D.A. announced a final rule that will make permanent provisions to the Upper Midwest Federal Milk Marketing Order that were previously implemented on an interim basis. Producers of the Upper Midwest milk market approved these amendments.

Specifically, this final rule continues to prohibit the ability to simultaneously pool the same milk on the Upper Midwest Federal milk order and on a State-operated milk order that has marketwide pooling. Additionally, this rule continues to limit the amount of milk that can be diverted to nonpool plants from pool distributing plants regulated under the order. The final rule became effective September 1, 2003.

The U.S.D.A. announced a final decision to make certain provisions, which had previously been implemented on an interim basis, permanent under the Central Milk Marketing Order. This decision is based on testimony and evidence given at a public hearing held November 14 and 15, 2001, in Kansas City, Missouri.

This decision continues to eliminate the ability to simultaneously pool milk on the Central milk order when the same milk is already pooled on a State-operated milk order that has marketwide pooling. Other provisions establish lower but year-round supply plant performance standards, do not consider the volume of milk shipments to distributing plants regulated by another Federal milk order as a qualifying shipment on the Central order, exclude from receipts diverted milk made by a pool plant to another pool plant in determining pool plant diversion limits, and establish a "netshipments" provision for milk deliveries to distributing plants. This final decision leaves the results of the tentative final decision, published November 19, 2002, unchanged, but requires a vote by producers for final approval.

The U.S.D.A. announced a tentative final decision that amends provisions of the Pacific Northwest and Western Federal milk marketing orders. This decision is based on testimony and evidence given at a public hearing held April 16-19, 2002, in Salt Lake City, Utah.

The tentative decision eliminates the ability to simultaneously pool the same milk on either the Pacific Northwest or the Western orders and on a State-operated order that has marketwide pooling. For the Western order, the *Pool plant* provision is amended to establish a "netshipments" provision for milk deliveries to distributing plants and the *Producer milk* provision is amended to establish a net diversions provision. Additionally, the *Proprietary bulk tank handler* provision of the Western order is removed.

USDA AMENDS DAIRY PROMOTION AND RESEARCH ORDER

The U.S. Department of Agriculture announced amendments to the Dairy Promotion and Research Order, effective September 4, 2003. Under the amendments, member representation in 4 of the 13 geographic regions of the National Dairy Promotion and Research Board will be modified to better reflect current milk production in the specified regions. The changes will provide more accurate representation on the board.

The National Dairy Promotion and Research Board, which administers the Dairy Research and Promotion Order, proposed the amendments. The order requires that regional representation be reviewed periodically and changed when necessary to best reflect milk production volume within regions. Based on the Board's review of 2002 milk production data, Regions 1 (Oregon and Washington) and 2 (California) each will gain one board member, while Regions 5 (Minnesota, North Dakota, and South Dakota) and 10 (Florida, Georgia, North Carolina, South Carolina, and Virginia) each will lose one board member.

The program is financed by a mandatory 15-cent per hundred weight assessment on all milk produced by dairy farmers in the contiguous 48 States and marketed commercially.

Details of the amendments was published as a final rule in the September 3 *Federal Register*. Copies and additional information may be obtained from David R. Jamison at david.jamison2@usda.gov (202) 720-6961 or Dairy Programs, AMS, USDA, 1400 Independence Ave., SW, Stop 0233, Room 2958-S, Washington, D.C. 20250-0233.

AUGUST 2003 POOL SUMMARY

Classification of Producer Milk		Percent
Class I	542,569,454	53.8
Class II	245,786,394	24.4
Class III	138,100,258	13.7
Class IV	81,655,595	8.1
Total	1,008,111,701	100.0

Producer Prices

Producer Price Differential	\$(1.20) /cwt
Butterfat Price	1.2514 /lb
Protein Price	3.1438 /lb
Other Solids Price	0.0026 /lb
Somatic Cell Adjustment Rate	0.00077 /cwt
Statistical Uniform Price	12.60 /cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****AUGUST 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			532,315,515			\$ 9.07 / cwt	\$ 48,281,017.20
Class I Butterfat		10,253,939				1.2054 / lb	123,600,980.09
Class I Location Differential	542,569,454						(271,591.41)
Class II SNF Value				20,641,850		0.7378 / lb	152,295,569.5
Class II Butterfat		15,037,171				1.2584 / lb	18,922,775.99
Class III Protein Value			3,996,021			3.1438 / lb	12,562,690.83
Class III Other Solids Value					7,794,681	0.0026 / lb	20,266.17
Class III Butterfat		5,630,880				1.2514 / lb	7,046,483.23
Class IV SNF Value				6,868,747		0.6638 / lb	4,559,474.26
Class IV Butterfat		4,754,999				1.2514 / lb	5,950,405.74
Somatic Cell Value II / III / IV							<u>60,336.88</u>
TOTAL PRODUCER MILK VALUE	1,008,111,701	35,676,989	29,533,264		57,398,192		\$124,721,513.93
Overages						\$ 62,941.66	
Beginning Inventory						159,148.9	
TOTAL ADJUSTMENTS							\$ 78,856.55
TOTAL HANDLER OBLIGATIONS							\$ 124,800,370.48
Total Protein Value			29,533,264 lbs	@	\$3.1438		\$ (92,846,675.34)
Total Other Solids Value			57,398,192 lbs	@	0.0026		(149,235.29)
Butterfat Value			35,676,989 lbs	@	1.2514		(44,646,184.03)
Total Somatic Cell Values							<u>(37,060.56)</u>
TOTALS							\$ (128,787,847.4)
Net Producer Location Adjustments							\$ 613,394.99
1/2 Unobligated Balance Producer Settlement Fund							<u>624,000.00</u>
Total - Divided by Total Pounds			1,008,111,701 lbs		(1.1547718)		\$ (11,641,389.75)
Rate of Cash Reserve					(.00452282)		(455,950.78)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,008,111,701		\$ (1.20) / cwt		\$ (12,097,340.53)

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	<u>August</u>			<u>August</u>	
	<u>2003</u>	<u>2002</u>		<u>2003</u>	<u>2002</u>
Butterfat Price	\$12.514 / lb	\$10.701 / lb	Class III Price - 3.5% BF	\$ 13.80	\$9.54
Protein Price	3.1438 / lb	1.9021 / lb	Producer Price Differential*	<u>(1.20)</u>	<u>1.65</u>
Other Solids Price	0.0026 / lb	0.0177 / lb	Statistical Uniform Price	\$12.60	\$11.19
Somatic Cell Adjustment Rate	0.00077 / cwt	0.00056 / cwt			
Nonfat Solids Price	0.6638 / lb	0.7674 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	<u>August</u>			<u>August</u>	
	<u>2003</u>	<u>2002</u>		<u>2003</u>	<u>2002</u>
Class I*	\$12.97	\$12.48	Class I	Product lbs. 542,569,454	Product lbs. 565,655,752
Class II	10.81	11.07	Class II	245,786,394	227,682,694
Class III	13.80	9.54	Class III	138,100,258	529,398,459
Class IV	10.14	10.41	Class IV	<u>81,655,595</u>	<u>36,795,071</u>
			Total	1,008,111,701	1,359,531,976

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for August 2003 was \$-1.20 and the Statistical Uniform Price was \$12.60 for the month. The Statistical Uniform Price is \$0.92 higher than last month, and is \$1.41 higher than August 2002.

The Producer Butterfat Price of \$1.2514 per pound increased 4.59 cents from July 2003 and is up 18.13 cents from a year ago. The Protein Price of \$3.1438 is up 59.58 cents from last month and is up \$124.17 from August 2002. The Other Solids Price in August was \$0.0026 per pound, an increase from last month's price of \$-0.0124 and a decrease of 1.51 cents from last August. The Somatic Cell Adjustment rate for August was \$0.00077.

August producer receipts of 1.01 billion pounds were 1.0 percent lower than July 2003, and 25.8 percent lower than August 2002 production of 1.36 billion pounds. Producer milk allocated to Class I accounted for 53.8 percent of the total producer milk in August 2003, more than the 51.2 percent in July and more than the 41.6 percent in August 2002. A total of 10,724 producers were pooled on the Mideast Order with an average daily delivery of 3,032 pounds compared to 10,791 producers pooled in August 2002 with an average daily delivery of 4,064 pounds.

The market average content of producer milk was as follows: Butterfat 3.54 %; Protein 2.93 %; Other Solids 5.69 % and Nonfat Solids 8.62 %.

PROPOSAL RECEIVED TO AMEND FLUID MILK DEFINITION

Dairy Farmers of America (DFA) has requested that the Department of Agriculture (USDA) hold an emergency public hearing to consider a proposal to amend the fluid milk product definition in all 11 Federal milk marketing orders. DFA's position is that products "intended to be consumed in fluid form" should be classified and priced as Class I. U.S.D.A. has solicited proposals regarding the classification of fluid milk products.

These proposals have not yet been approved for inclusion in a Notice of Hearing. A hearing would be limited to proposals included in the hearing notice. However, appropriate modifications of the proposals included in the notice also may be considered at the hearing if the modifications would not enlarge the marketing area or regulate persons not now subject to the order.

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.

JULY MILK PRODUCTION UP 0.6 PERCENT

Milk production in the 20 major States during July totaled 12.4 billion pounds, up 0.6 percent from July 2002. June revised production, at 12.4 billion pounds, was up 0.1 percent from June 2002. The June revision represented an increase of 33 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,590 pounds for July, 12 pounds above July 2002.

The number of milk cows on farms in the 20 major States was 7.77 million head, 15,000 head less than July 2002, and 9,000 head less than June 2003.

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 July totaled 2.0 billion pounds, up 7 million pounds or 0.4 percent from July 2002.

Production per cow in the Mideast states averaged 1,551 pounds for July, 53 pounds above July 2002.

The number of cow farms in the Mideast states was 1.3 million head, 21,000 head less than July 2002.

NEW FORWARD CONTRACTING INFORMATION AVAILABLE

USDA-AMS Dairy Programs has continued to collect data concerning the Dairy Forward Pricing Program since submission of the report "A Study of the Dairy Forward Pilot Program and Its Effect on Prices Paid Producers for Milk, October 2002". The study period for that report ended in March 2002. Tables and figures for data covering the period from September 2000 through December 2002 are now available at the website http://www.ams.usda.gov/dairy/for_contr_pilot.htm.

PUBLIC HEARING SCHEDULED TO AMEND PROVISIONS FOR THE NORTHEAST AND OTHER MILK MARKETING ORDERS

A hearing is being held to consider proposals to amend all 11 Federal milk marketing orders. The proposals would reclassify evaporated milk in consumer-type packages and sweetened condensed milk in consumer-type packages from Class III products to Class IV products. Another proposal would reclassify bulk ending inventory each month to the lower-priced class of Class III or Class IV. Proponents have requested that the proposals be handled on an emergency basis. The hearing will convene at 8:30 a.m. on October 21, 2003.

The hearing will be held at the Holiday Inn and Suites Alexandria (Historic District), 625 First Street, Alexandria, Virginia 22314. Telephone Number: (703) 548-6300 or 1-877-732-3318.

For further information contact: Antoinette M. Carter, Marketing Specialist, Order Formulation and Enforcement, USDA/AMS/Dairy Programs, Room 2971-Stop 0231, 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

Federal Order No. 33

State	July 2003*						July 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	2,412	439,124	3.45	2.90	5.72	314	363,740	3.45	2.89	5.73	323
Ohio	2,109	241,386	3.59	2.94	5.69	372	288,222	3.55	2.94	5.71	358
Indiana	1,254	129,767	3.59	2.94	5.71	359	101,573	3.52	2.91	5.72	374
New York	438	91,983	3.52	2.91	5.68	280	56,620	3.55	2.88	5.68	302
Pennsylvania	1,169	85,662	3.64	2.94	5.66	426	126,371	3.56	2.93	5.69	405
Wisconsin	527	178,444	3.55	2.90	5.71	327	416,408	3.56	2.87	5.69	328
West Virginia	74	5,314	3.57	2.99	5.65	480	5,904	3.50	2.98	5.67	411
Illinois	**	**	**	**	**	**	13,090	3.53	2.89	5.72	399
California							47,378	3.52	2.93	5.78	305
Other	105	7,085	3.59	2.98	5.67	394	11,004	3.54	2.93	5.71	431
Total/Average	8,088	1,018,166	3.53	2.92	5.70	342	1,430,309	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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Agriculture**

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**FEDERAL ORDER DATA
AUGUST 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)	1,943,357	871,731	44.9	\$(0.08)	\$13.72
FO 5 Appalachian - (Charlotte)	480,935	376,170	78.2	^{2/}	13.52
FO 6 Florida - (Tampa)	212,348	186,379	87.8	^{2/}	14.53
FO 7 Southeast - (Atlanta)	482,491	382,020	79.2	^{2/}	13.54
FO 30 Upper Midwest - (Chicago)	644,122	326,155	50.6	(1.58)	12.22
FO 32 Central - (Kansas City)	653,469	390,457	59.8	(1.28)	12.52
FO 33 Mideast - (Cleveland)	1,008,112	542,569	53.8	(1.20)	12.60
FO 124 Pacific Northwest - (Seattle)	415,183	168,746	40.6	(2.14)	11.66
FO 126 Southwest - (Dallas)	559,165	341,288	61.0	(0.87)	12.93
FO 131 Arizona-Las Vegas - (Phoenix)	223,250	77,531	34.7	^{2/}	12.94
FO 135 Western - (Salt Lake City)	183,719	92,575	50.4	(1.70)	12.10

^{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 SEPTEMBER 2003 \$10.14 /cwt.

