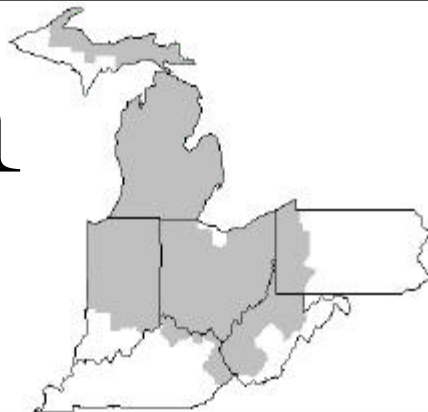


Mideast Market Administrator's Bulletin



Federal Order No. 33

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July 2004

USDA AMENDS MIDEAST MILK ORDER

The U.S. Department of Agriculture announced a final rule that makes permanent changes to the Mideast Federal Milk Marketing Order. These changes were previously implemented on an interim basis. Producers of the Mideast milk market approved these amendments.

The amendments adopted: 1) eliminate automatic pool plant status for the 6-month period of March through August, 2) exclude milk shipments to a distributing plant regulated by another federal milk order as pool-qualifying shipments under the Mideast order, 3) eliminate the "split plant" feature which provided for designating a portion of a pool plant as a nonpool plant, provided that the nonpool portion was physically separate and operated separately from the pool side and 4) establish a "net shipments" standard for pool supply plants not operated by a cooperative association.

The final rule also increases the number of days, adjusted seasonally, that the milk of a producer needs to be delivered to a pool plant before being eligible for diversion to nonpool plants and institutes year-round monthly diversion limits.

The final rule was published in the June 22 *Federal Register* and became effective July 1, 2004.

For additional information about the decision contact the Mideast Market Administrator's Office.

USDA SETS HEARING ON PROPOSED AMENDMENTS TO UPPER MIDWEST MILK ORDER

The U.S. Department of Agriculture announced that a public hearing will be held to consider proposals to amend the Upper Midwest milk marketing order. The hearing will begin on Monday, August 16 at the Sofitel Minneapolis Hotel (I-494 and Highway 100), 5601 West 78th Street, Bloomington, Minnesota 55439.

The hearing will consider a proposal to limit the volume of distant milk pooled on the Upper Midwest order by changing the requirements for producer milk originating outside of the Upper Midwest. Another proposal to be considered would limit the pooling of producer milk normally associated with the market that was not pooled in a prior month while also changing the pooling requirements for producer milk originating outside of the Upper Midwest. Proposals that seek to amend certain other terms and provisions of the order will also be considered at the hearing. Evidence will be taken at the hearing to determine whether marketing conditions exist that warrant omission of a recommended decision.

The hearing notice was published in the Federal Register. Copies of the hearing notice may be obtained from contacting: USDA/AMS/

Dairy Programs; Rm. 2971 - Stop 0231; 1400 Independence Avenue, SW, Washington, D.C. 20250-0231.

The hearing notice is also available on AMS web site at www.ams.usda.gov/dairy or by contacting: H. Paul Kyburz; Market Administrator at USDA/AMS/Dairy Programs, Suite 210, 4570 West 77th Street; Minneapolis, Minnesota 55435-5037, Tel. (952) 831-5292; e-mail: pkyburz@fmma30.com.

MAY MILK PRODUCTION DECLINES 0.1 PERCENT

Milk production in the 20 major States during May totaled 13.0 billion pounds, down 0.1 percent from May 2003. April revised production, at 12.6 billion pounds, was down 0.8 percent from April 2003. The April revision represented an increase of four million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,684 pounds for May, 13 pounds above May 2003.

The number of cows on farms in the 20 major States was 7.72 million head, 71,000 head less than May 2003, and 5,000 head less than April 2004.

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 May totaled 2.1 billion pounds, down 31 million pounds or 1.5 percent from May 2003.

Production per cow in the Mideast states averaged 1,668 pounds for May, five pounds above May 2003.

The number of cows on farms in the Mideast states was 1.3 million head, 24,000 head less than May 2003.

JUNE 2004 - POOL SUMMARY

Classification of Producer Milk

		Percent
Class I	473,747,665	30.5
Class II	240,827,861	15.5
Class III	727,805,504	46.9
Class IV	109,918,780	7.1
Total	1,552,299,810	100.0

Producer Prices

Producer Price Differential	\$ 0.88 /cwt
Butterfat Price	2.1768 /lb
Protein Price	3.1086 /lb
Other Solids Price	0.1339 /lb
Somatic Cell Adjustment Rate	0.00092 /cwt
Statistical Uniform Price	18.56 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

JUNE 2004

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			464,852,367			\$ 14.98 / cwt	\$ 69,634,884.58
Class I Butterfat		8,895,298				2.4780 / lb	22,042,548.43
Class I Location Differential	473,747,665						(248,453.32)
Class II SNF Value				20,187,601		0.7678 / lb	15,500,400.07
Class II Butterfat		16,271,757				2.1838 / lb	35,534,262.98
Class III Protein Value			21,555,904			3.1086 / lb	67,008,683.18
Class III Other Solids Value					41,784,309	0.1339 / lb	5,594,918.97
Class III Butterfat		23,764,564				2.1768 / lb	51,730,702.89
Class IV SNF Value				9,308,806		0.7026 / lb	6,540,367.11
Class IV Butterfat		6,324,905				2.1768 / lb	13,768,053.18
Somatic Cell Value II / III / IV							<u>518,236.31</u>
TOTAL PRODUCER MILK VALUE	1,552,299,810	55,256,524	45,790,359		88,702,789		\$ 287,624,244.38
Overages						\$ 9,499.56	
Beginning Inventory						155,919.15	
TOTAL ADJUSTMENTS							\$ <u>165,418.71</u>
TOTAL HANDLER OBLIGATIONS							\$ 287,789,663.09
Total Protein Value			45,790,359 lbs	@	\$3.1086		\$ (142,343,910.01)
Total Other Solids Value			88,702,789 lbs	@	0.1339		(11,877,303.45)
Butterfat Value			55,256,524 lbs	@	2.1768		(120,282,401.46)
Total Somatic Cell Values							<u>(668,791.85)</u>
TOTALS							\$ 12,617,256.32
Net Producer Location Adjustments							\$ 1,056,535.96
1/2 Unobligated Balance Producer Settlement Fund							<u>611,000.00</u>
Total - Divided by Total Pounds			1,552,299,810 lbs		0.9202341		\$ 14,284,792.28
Rate of Cash Reserve					<u>(0.0402341)</u>		<u>(624,553.86)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,552,299,810		\$ 0.88 cwt		\$ 13,660,238.42

COMPONENT PRICES

COMPUTATION OF UNIFORM PRICE

	<u>June</u>		<u>June</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Butterfat Price	\$2.1768 / lb	\$1.1576 / lb	Class III Price - 3.5% BF	\$ 17.68
Protein Price	3.1086 / lb	1.9434 / lb	Producer Price Differential*	<u>0.88</u>
Other Solids Price	0.1339 / lb	(0.0200) / lb	Statistical Uniform Price	\$18.56
Somatic Cell Adjustment Rate	0.00092 / cwt	0.00057 / cwt		\$10.63
Nonfat Solids Price	0.7026 / lb	0.6574 / lb		

CLASS PRICES

CLASSIFICATION OF PRODUCER MILK

	<u>June</u>		<u>June</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Class I*	\$23.13	\$11.74	Product lbs.	Product lbs.
Class II	14.31	10.46	Class I	473,747,665
Class III	17.68	9.75	Class II	240,827,861
Class IV	13.72	9.76	Class III	727,805,504
			Class IV	109,918,780
			Total	1,552,299,810
				1,430,012,110

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for June 2004 was \$0.88 and the Statistical Uniform Price was \$18.56 for the month. The Statistical Uniform Price is \$0.43 lower than last month, and is \$7.93 higher than June 2003.

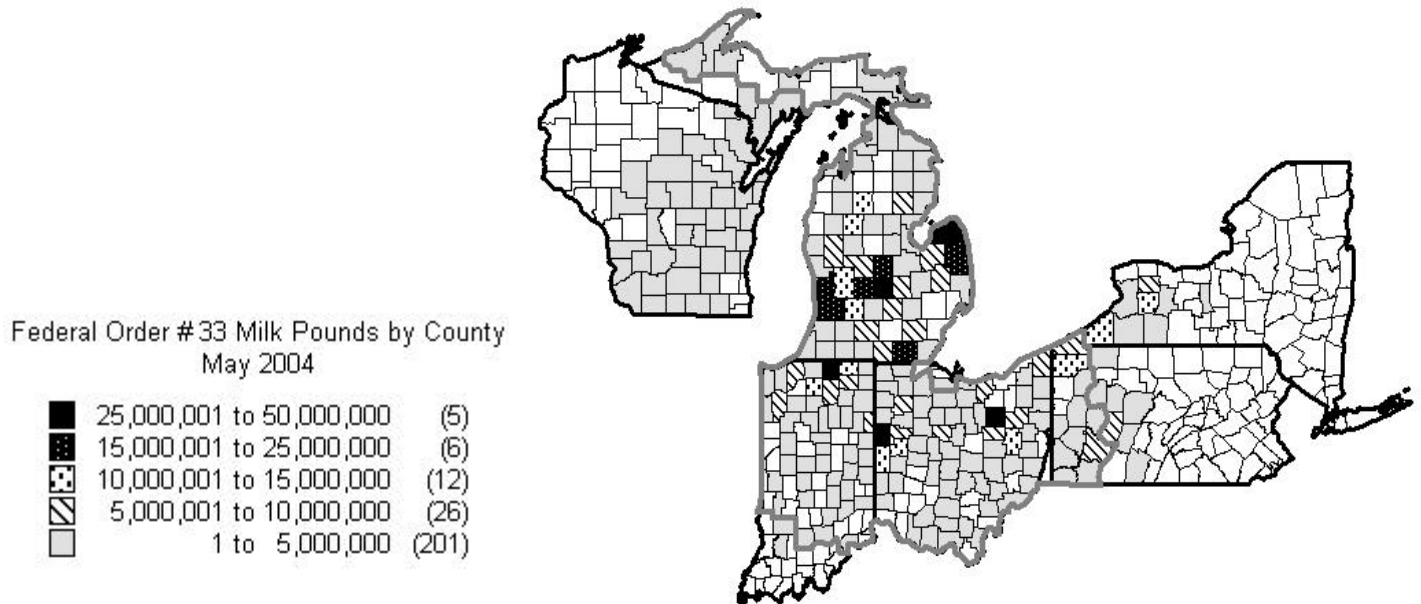
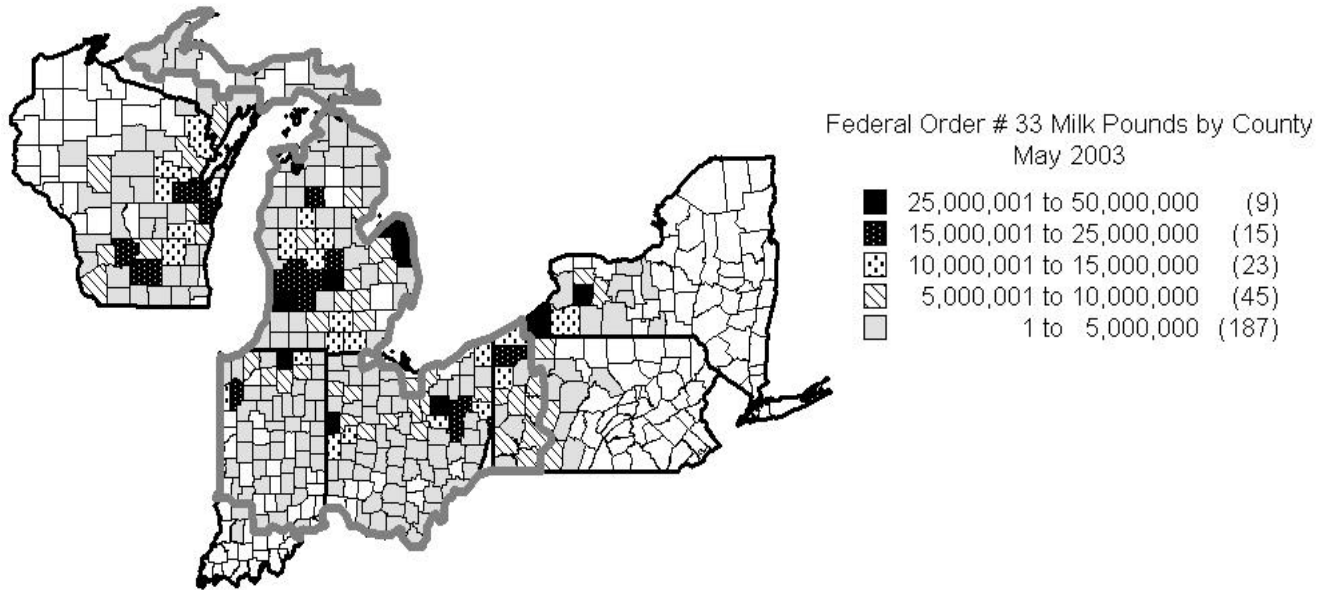
The Producer Butterfat Price of \$2.1768 per pound decreased 25.14 cents from May 2004 and is up 1.0192 dollars from a year ago. The Protein Price of \$3.1086 is down 65.53 cents from last month and is up 1.1652 dollars from June 2003. The Other Solids Price in June was \$0.1339 per pound, a decrease from last month's price of \$0.1444 and an increase of 15.39 cents from last June. The Somatic Cell Adjustment rate for June was \$0.00092.

June producer receipts of 1.55 billion pounds were 68.9 percent higher than May 2004, and 8.6 percent higher than June 2003 production of 1.43 billion pounds. Producer milk allocated to Class I accounted for 30.5 percent of the total producer milk in June 2004, less than the 54.6 percent in May and less than the 34.0 percent in June 2003. A total of 10,391 producers were pooled on the Mideast Order compared to 10,253 producers pooled in June 2003.

The market average content of producer milk was as follows: Butterfat 3.56%; Protein 2.95%; Other Solids 5.71% and Nonfat Solids 8.66%.

MILK POOLED ON THE MIDEAST ORDER

The following maps show the location of origin and volume of milk pooled on the Mideast Order for May 2003-2004. In May 2004, there was 919.1 million pounds of milk pooled on the Mideast Order compared to 1.5 billion pounds in May 2003, a decrease of 40.1 percent. Voluntary depooling resulted in the removal of 665.9 million pounds of Class III milk from the Mideast Order pool.



Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State Federal Order No. 33											
State	May 2004						May 2003				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,313	366,905	354	297	572	272	476,261	356	296	576	279
Ohio	2,362	246,214	357	298	571	282	352,403	367	301	573	310
Indiana	1,205	144,440	362	299	573	279	164,858	362	299	576	283
Pennsylvania	1,144	74,795	366	299	569	340	132,443	371	302	572	353
New York	354	46,433	354	294	571	241	102,667	362	293	571	254
Wisconsin	1,754	27,646	370	296	571	288	271,286	363	294	574	295
West Virginia	67	3,727	363	309	571	343	7,141	359	309	571	400
Illinois	87	3,425	348	304	578	276	12,383	365	299	578	307
Other	130	6,368	361	299	571	277	12,120	369	304	576	336
Total/Average *	9,416	919,952	358	298	572	281	1,531,562	362	298	574	295

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



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**FEDERAL ORDER DATA
JUNE 2004**

<u>Marketing Area</u> ^{1/}	Producer Milk		Class I <u>Percent</u> %	Producer <u>Price Differential</u>	Statistical <u>Uniform Price</u>
	<u>Total</u> (000)	<u>Class I</u> (000)			
FO 1 Northeast - (Boston)	1,784,751	818,054	45.8	\$2.02	\$19.70
FO 5 Appalachian - (Charlotte)	547,626	333,345	60.9	^{2/}	20.54
FO 6 Florida - (Tampa)	241,092	189,058	78.4	^{2/}	22.93
FO 7 Southeast - (Atlanta)	647,473	346,813	53.6	^{2/}	20.11
FO 30 Upper Midwest - (Chicago)	2,113,702	335,824	15.9	0.30	17.98
FO 32 Central - (Kansas City)	1,234,644	320,948	26.0	0.55	18.23
FO 33 Mideast - (Cleveland)	1,552,300	473,748	30.5	0.88	18.56
FO 124 Pacific Northwest - (Seattle)	593,695	164,463	27.7	(0.23)	17.45
FO 126 Southwest - (Dallas)	777,930	314,083	40.4	1.72	19.40
FO 131 Arizona-Las Vegas - (Phoenix)	241,082	69,283	28.7	^{2/}	17.97

^{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 2004 \$13.72 /cwt.



