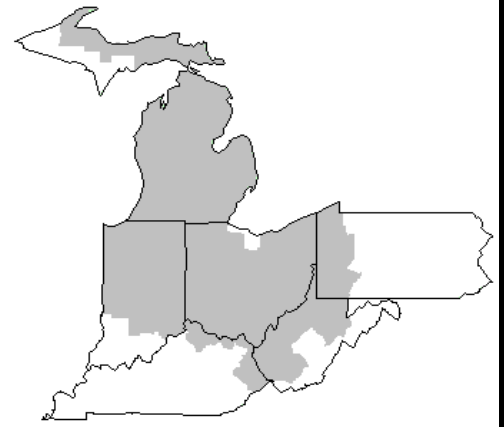


Mideast Market Administrator's Bulletin



Federal Order No. 33

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April 2008

February Milk Production Up 6.0 Percent

Milk production in the 23 major States during February totaled 13.9 billion pounds, up 6.0 percent from February 2007. January revised production, at 14.7 billion pounds, was up 2.7 percent from January 2007.

Production per cow in the 23 major States averaged 1,653 pounds for February, 69 pounds above February 2007. The number of milk cows on farms in the 23 major States was 8.42 million head, 136,000 head more than February 2007, and 9,000 head more than January 2008.

The Mideast Marketing Area has four states represented in the 23 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during February totaled 2.1 billion pounds, up 80 million pounds or 3.9 percent from February 2007.

Production per cow in the Mideast states averaged 1,583 pounds for February, 30 pounds above February 2007. The number of cows on farms in the Mideast states was 1.3 million head, 25,000 head more than February 2007.

THE DAIRY OUTLOOK:

Soaring Feed Costs Beginning to Curtail Expansion of Milk Production in 2008

Milk production is forecast to rise 2.7 percent in 2008 over 2007, reaching 190.7 billion pounds. The increase comes as cow numbers are forecast to rise about 1 percent in 2008. Feed prices continue to rise above year earlier levels, and are expected to do so for the remainder of 2008. However, those producers who have expansion plans underway will continue to implement them. According to the *Livestock Slaughter* report, January dairy cow slaughter was very near last year's level. Many farmers in the upper Midwest produce much of their feed on farm and are somewhat insulated from rising feed prices. The impetus for expansion continues in the West because of the lengthy process of obtaining permits. Once current expansion is complete, the process may slow because permits are becoming difficult to obtain, especially in California. Milk production per cow is projected to rise by less than 1 percent on a daily basis, well below the trend of the previous 2 years. Reduced feeding intensity is the short-term response to higher feed prices. Milk-feed ratios are expected to be weaker during 2008. Lower returns in mid-2008 may point toward contraction in the herd by late 2008.

Commercial use of dairy products is expected to increase by better than 3 percent in 2008 compared with 2007, well above the trend of recent years. However, higher production coupled with concerns about the overall economy will likely pressure product prices during the year. Cheese prices have likely crested for 2008 and are expected to decline slightly through the second half of 2008 to

average \$1.745 to \$1.805 per pound. Although butter use may be helped by exports, larger supplies and potential weakness in the restaurant sector may exert pressure on prices. Butter prices are expected to average \$1.225 to \$1.315 per pound in 2008.

Although pressured by early-year supplies, nonfat dry milk (NDM) prices should climb in the second half of 2008 as tighter supplies encounter robust export demand and stable domestic demand. NDM prices are forecast to average \$1.350 to \$1.400 a pound in 2008. In 2008, whey prices are not expected to recover much. Lower prices may prompt some demand but supplies are sufficient. Prices will likely average 26.5 to 29.5 cents a pound this year.

Lower product prices will result in lower milk prices in 2008. The Class IV price is forecast at \$14.95 to \$15.65 per cwt, substantially below 2007's average of \$18.36 per cwt. The Class III price is expected to decline to \$16.15 to \$16.75 per cwt, down from 2007's \$18.04 per cwt average. The all milk price is forecast to average \$17.30 to \$17.90 per cwt, a drop from \$19.13 in 2007.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-165, March 19, 2008, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- Weighted Average NASS Prices

March 2008 - Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	551,305,854	42.8
Class II	247,029,634	19.2
Class III	351,301,098	27.3
Class IV	138,721,318	10.7
Total	1,288,357,904	100.0

Producer Prices

Producer Price Differential	\$(0.79) / cwt
Butterfat Price	1.3604 / lb
Protein Price	4.3331 / lb
Other Solids Price	0.0493 / lb
Somatic Cell Adjustment Rate	0.00098 / cwt
Statistical Uniform Price	17.21 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

MARCH 2008**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			541,466,364			\$ 14.54 / cwt	\$ 78,729,209.32
Class I Butterfat		9,839,490				1.3338 / lb	13,123,911.78
Class I Location Differential	551,305,854						(256,579.25)
Class II SNF Value				21,211,302		1.2489 / lb	26,490,795.08
Class II Butterfat		14,328,170				1.3674 / lb	19,592,339.64
Class III Protein Value			10,865,163			4.3331 / lb	47,079,837.81
Class III Other Solids Value					19,997,712	0.0493 / lb	985,887.20
Class III Butterfat		13,696,302				1.3604 / lb	18,632,449.26
Class IV SNF Value				11,664,456		1.0833 / lb	12,636,105.18
Class IV Butterfat		10,716,921				1.3604 / lb	14,579,299.32
Somatic Cell Value II / III / IV							692,322.43
TOTAL PRODUCER MILK VALUE	1,288,357,904	48,580,883	39,821,120		73,258,627		\$232,285,577.77
Overages						\$ 19,260.54	
Beginning Inventory and OS Charges						\$ 10,967.13	
TOTAL ADJUSTMENTS							\$ 30,227.67
TOTAL HANDLER OBLIGATIONS							\$ 232,315,805.44
Total Protein Value			39,821,120 lbs	@	\$4.3331		\$(172,548,895.05)
Total Other Solids Value			73,258,627 lbs	@	0.0493		(3,611,650.31)
Butterfat Value			48,580,883 lbs	@	1.3604		(66,089,433.25)
Total Somatic Cell Values							(1,170,566.36)
TOTALS							\$ (11,104,739.53)
Net Producer Location Adjustments							\$ 800,992.50
1/2 Unobligated Balance Producer Settlement Fund							713,000.00
Total - Divided by Total Pounds			1,288,357,904 lbs		(0.7444164)		\$ (9,590,747.03)
Rate of Cash Reserve					(0.0455836)		(587,279.91)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,288,357,904		\$(0.79) /cwt		\$ (10,178,026.94)

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

March			March		
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Butterfat Price	\$1.3604 / lb	\$1.3769 / lb	Class III Price - 3.5% BF	\$18.00	\$15.09
Protein Price	4.3331 / lb	2.4329 / lb	Producer Price Differential*	(0.79)	0.03
Other Solids Price	0.0493 / lb	0.5257 / lb	Statistical Uniform Price	\$17.21	\$15.12
Somatic Cell Adjustment Rate	0.00098 / cwt	0.00069 / cwt			
Nonfat Solids Price	1.0833 / lb	1.0229 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

March			March		
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Class I*	\$18.70	\$16.25	Product lbs.		
Class II	15.63	13.60	Class I	551,305,854	586,809,013
Class III	18.00	15.09	Class II	247,029,634	298,099,757
Class IV	14.17	13.71	Class III	351,301,098	461,152,632
			Class IV	138,721,318	86,360,101
			Total	1,288,357,904	1,432,421,503

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2008 was \$(0.79) and the Statistical Uniform Price was \$17.21 for the month. The Statistical Uniform Price is the \$1.44 lower than last month, and is \$2.09 higher than March 2007.

The Producer Butterfat Price of \$1.3604 per pound increased 5.94 cents from February 2008 and is down 1.65 cents from a year ago. The Protein Price of \$4.3331 is up 31.51 cents from last month and is up 1.9002 dollars from March 2007. The Other Solids Price in March was \$0.0493 per pound, a decrease from last month's price of \$0.0803 and a decrease of 47.64 cents from last March. The Somatic Cell Adjustment rate for March was \$0.00098.

March producer receipts of 1.29 billion pounds were 6.3 percent lower than February 2008 and 10.1 percent lower than March 2007 production of 1.43 billion pounds. Producer milk allocated to Class I accounted for 42.8 percent of the total producer milk in March 2008, more than the 39.0 percent in February 2008 and less than the 41.0 percent in March 2007. A total of 7,695 producers were pooled on the Mideast Order compared to 7,849 producers pooled in March 2007.

The market average content of producer milk was as follows: Butterfat 3.77%; Protein 3.09%; Other Solids 5.69% and Nonfat Solids 8.78%.

Selected Federal Order Statistics 1947-2007

The table below contains Federal Order data from the last sixty years. The number of orders has gone from a high of 83 in 1962 to the current low of 10. The number of handlers peaked in 1961 at 2,314 and the lowest number of handlers was in 2005 when there were 302. Receipts of producer milk on all Federal Orders totaled 15.0 billion pounds in 1947. In 2007, there were 114.4 billion pounds of producer milk receipts. The average daily delivery of milk per producer rose from 302 pounds in 1947 to 6,297 pounds in 2007. Producer milk used in Class I ranged from 65.5 percent in 1947, to a low of 36.7 percent in 2002. The average uniform price ranged from \$3.93 per cwt in 1950 to \$19.19 per cwt in 2007.

Year	Number of Markets	Number of Handlers	Number of Producers	Receipts of Producer Milk (Million Pounds)	Daily deliveries of milk per producer (Pounds)	Producer Milk used in Class I (Million Pounds)	Percentage of producer milk used in Class I	Uniform Prices (per. cwt.)
1947	29	991	135,830	14,980	302	9,808	65.5	\$ 4.34
1950	39	1,101	156,584	18,660	326	11,000	58.9	\$ 3.93
1955	63	1,483	188,611	28,948	420	18,032	62.3	\$ 4.08
1960	80	2,259	189,816	44,812	648	28,758	64.2	\$ 4.47
1965	73	1,891	158,077	54,444	944	34,561	63.5	\$ 4.31
1970	62	1,588	143,411	65,104	1,244	40,063	61.5	\$ 5.95
1975	56	1,315	123,855	69,249	1,532	40,106	57.9	\$ 8.64
1980	47	1,091	117,490	83,998	1,954	41,034	48.9	\$ 12.86
1985	44	884	116,765	97,762	2,294	42,201	43.2	\$ 12.61
1990	42	753	100,397	102,396	2,796	43,783	42.8	\$ 13.78
1991	40	722	100,267	103,252	2,821	45,033	43.6	\$ 12.11
1992	40	698	97,803	107,947	3,017	44,914	41.6	\$ 13.12
1993	38	675	92,934	103,979	3,073	44,805	43.1	\$ 12.89
1994	38	629	91,397	107,811	3,232	44,866	41.6	\$ 13.16
1995	33	571	88,717	108,548	3,350	45,004	41.5	\$ 12.79
1996	32	570	82,947	104,501	3,442	45,479	43.5	\$ 14.64
1997	31	570	78,422	105,224	3,676	44,917	42.7	\$ 13.10
1998	31	522	72,402	99,223	3,755	44,968	45.3	\$ 14.92
1999	31	487	69,008	104,479	4,148	45,216	43.3	\$ 14.09
2000	11	346	69,590	116,920	4,590	45,989	39.3	\$ 12.11
2001	11	350	66,423	120,223	4,959	45,887	38.2	\$ 14.90
2002	11	338	63,856	125,546	5,387	46,043	36.7	\$ 11.91
2003	11	331	58,110	110,581	5,178	45,843	41.5	\$ 12.12
2004	10	306	52,341	103,048	5,352	44,939	43.6	\$ 15.74
2005	10	302	53,036	114,682	5,904	44,570	38.9	\$ 15.07
2006	10	314	52,725	120,618	6,264	45,304	37.6	\$ 12.86
2007	10	312	49,782	114,407	6,297	45,226	39.5	\$ 19.19

Source: Dairy Market News, Vol. 75, Report 11; pg. 12

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

State	February 2008						February 2007				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,966	521,625	3.72	3.10	5.70	232	500,119	3.70	3.10	5.72	249
Ohio	2,216	343,252	3.84	3.13	5.69	269	316,207	3.86	3.14	5.68	279
Indiana	1,132	144,086	3.83	3.10	5.68	283	128,658	3.84	3.11	5.69	288
Wisconsin	765	129,918	3.79	3.07	5.72	263	49,587	3.82	3.07	5.75	274
Pennsylvania	1,143	107,782	3.89	3.13	5.67	317	108,109	3.89	3.14	5.67	315
New York	307	97,121	3.72	3.08	5.72	227	163,165	3.70	3.07	5.73	237
Illinois	74	12,169	3.74	3.05	5.72	270	1,943	3.85	3.03	5.70	291
West Virginia	62	5,234	4.14	3.26	5.69	337	4,828	4.04	3.24	5.68	380
Other	106	14,420	3.74	3.25	5.77	263	4,931	3.98	3.15	5.67	320
Total/Average *	7,771	1,375,606	3.78	3.11	5.70	257	1,277,547	3.78	3.11	5.70	266

* Totals may not add due to rounding. Data provided on a one month delay basis and includes only milk from these states pooled on the Mideast order.



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FEDERAL ORDER DATA
MARCH 2008

Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,134,029	872,835	40.9	\$(0.11)	\$17.89
FO 5 Appalachian - (Charlotte)	510,102	346,366	67.9	^{2/}	18.63
FO 6 Florida - (Tampa)	283,037	232,993	82.3	^{2/}	19.92
FO 7 Southeast - (Atlanta)	614,369	398,126	64.8	^{2/}	18.79
FO 30 Upper Midwest - (Chicago)	2,105,223	370,804	17.6	(0.25)	17.75
FO 32 Central - (Kansas City)	864,367	356,903	41.3	(1.15)	16.85
FO 33 Mideast - (Cleveland)	1,288,358	551,306	42.8	(0.79)	17.21
FO 124 Pacific Northwest - (Seattle)	505,683	190,456	37.7	(2.06)	15.94
FO 126 Southwest - (Dallas)	676,502	351,840	52.0	(0.68)	17.32
FO 131 Arizona - (Phoenix)	380,977	119,021	31.2	^{2/}	16.86

^{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 APRIL 2008.....\$ 14.17 /cwt.

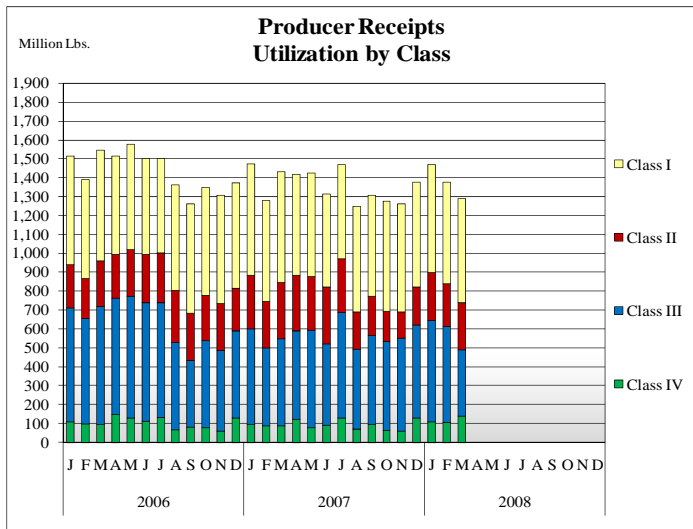
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Supplement

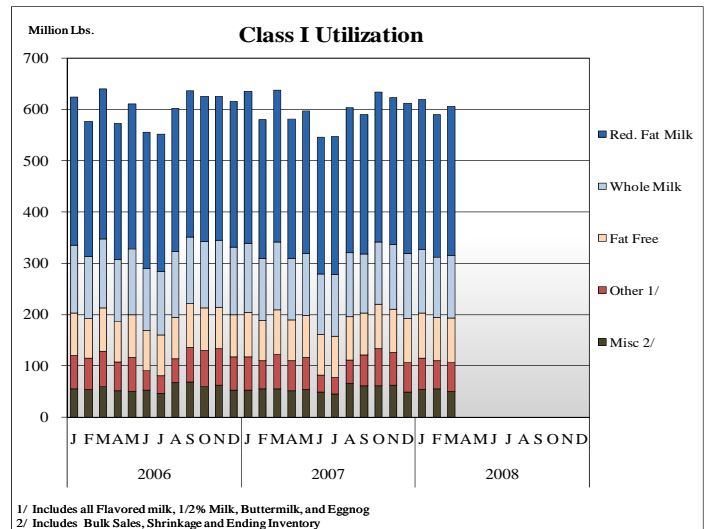
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April 2008

PRODUCER MILK CLASSIFICATION

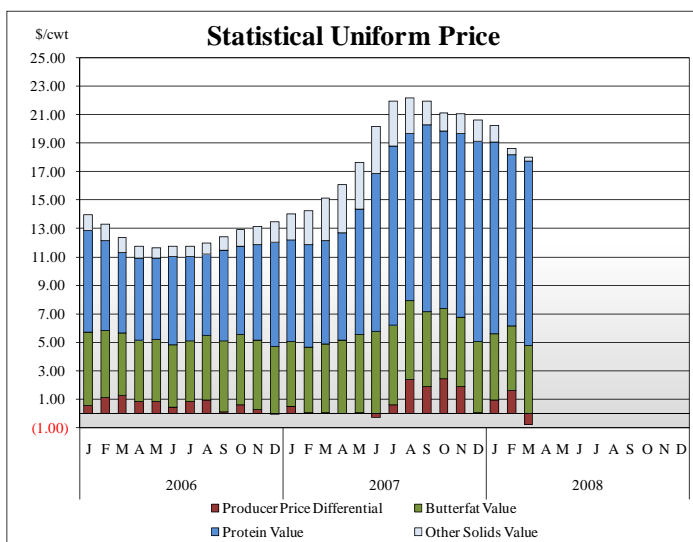


Producer Receipts: Producer receipts for the Mideast Order totaled 1.29 billion pounds in March 2008. The pounds allocated to Class I represented 42.8 percent of the total pounds. These totals represent a 87.03 million pound decrease in producer milk and a 3.8 percent increase in Class I utilization from February 2008.

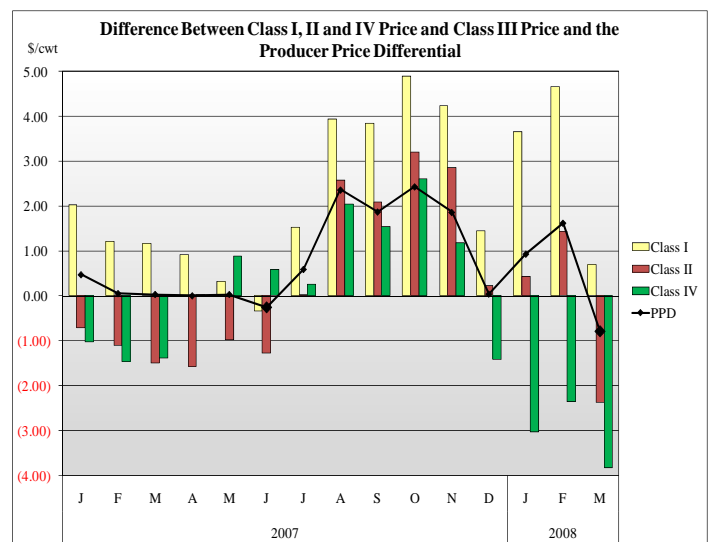


Class I Pounds: Class I utilization for the Mideast Order totaled 551 million pounds in March 2008. Finished products include 123 million pounds used for whole milk, 231 million pounds of reduced fat milk, and 87 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE & PRODUCER PRICE DIFFERENTIAL

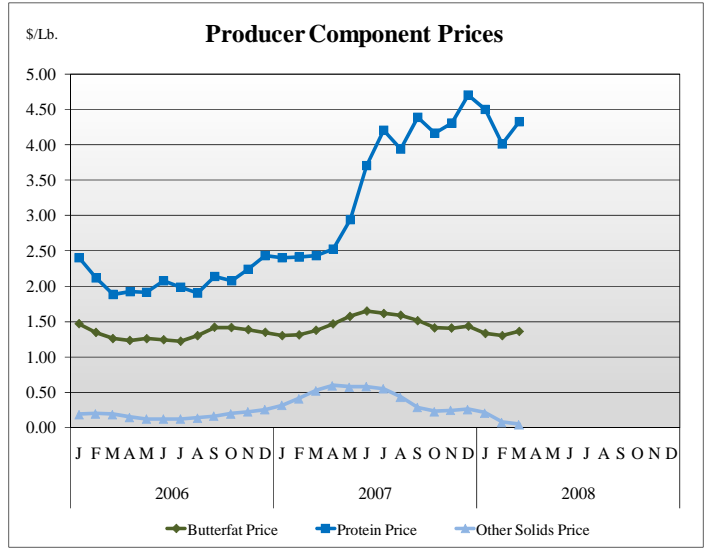
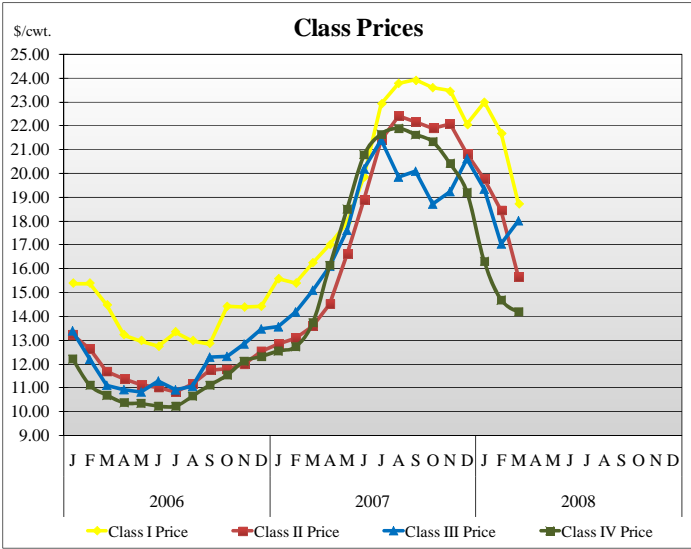


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$17.21 per cwt for March 2008. The March 2008 SUP was \$1.44 per cwt less than the February 2008 SUP. The March 2008 SUP is 14 percent higher than the previous years SUP.



This graph details the relationship between the class prices and the producer price differential. Each bar represents the difference between the Class I, II or IV price relative to the Class III price. Note that negative PPDs traditionally occur when multiple Class prices fall significantly below the Class III price (June 2007 and March 2008).

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NASS PRICES

