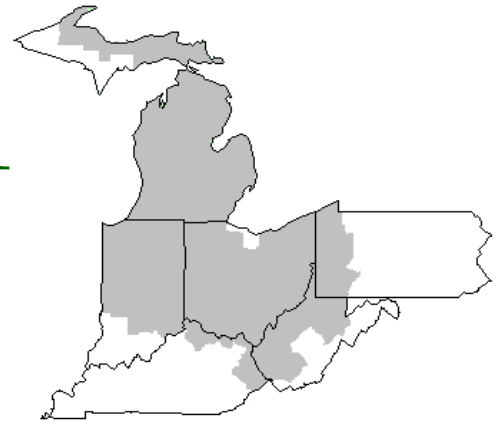


Mideast Market Administrator's Bulletin



Federal Order No. 33

David Z. Walker, Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com
August 2009

Agriculture Secretary Vilsack Announces Immediate Relief for Struggling Dairy Producers

Agriculture Secretary Vilsack announced that the Obama Administration is taking immediate action to support struggling dairy farmers by increasing the amount paid for dairy products through the Dairy Product Price Support Program (DPPSP). USDA estimates show that these increases, which will be in place from August 2009 through October 2009, will increase dairy farmers' revenue by \$243 million.

"The Obama Administration is committed to pursuing all options to help dairy producers," said Vilsack. "The price increase announced today will provide immediate relief to dairy farmers around the country and keep many on the farm while they weather one of the worst dairy crises in decades."

The increase announced today will raise the price paid for nonfat dry milk from \$0.80 per pound to \$0.92 per pound, the price paid for cheddar blocks from \$1.13 per pound to \$1.31 per pound, and the price of cheddar barrels from \$1.10 per pound to \$1.28 per pound. This increase in the support price will have an immediate effect upon dairy farmers' bottom line. Temporarily raising the price of these dairy products increases the price that dairy farmers receive for their milk.

USDA estimates that today's announcement is expected to increase the all milk price received by dairy producers. The increase will result in the government purchase of an additional 150 million pounds of non-fat dry milk (NDM) and an additional 75 million pounds of cheese.

Prior to today's announcement, USDA had taken several steps to provide support for dairy farmers, including the following:

In March, USDA transferred approximately 200 million pounds of nonfat dry milk to USDA's Food and Nutrition Service, which will not only remove inventory from the market, but also support low-income families struggling to put nutritious food on their tables.

USDA expects to spend more than \$1 billion in fiscal year 2009 on purchases of dairy products (Dairy Product Price Support Program) and payments to producers (Milk Income Loss Contract (MILC)).

On March 22, 2009, USDA reactivated USDA's Dairy Export Incentive Program (DEIP), to help U.S. dairy exporters meet prevailing world prices in addition to encouraging the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries.

Since March 22, USDA has encouraged the export of 20,000 tons of nonfat dry milk. From July 2008 through June 30, 2009, DEIP has announced allocations of 68,201 metric tons of nonfat dry

milk; 21,097 metric tons of butterfat; 3,030 metric tons of various cheeses and 34 metric tons of other dairy products.

USDA is working with the Department of State to identify foreign assistance programs such as U.S. Agency for International Development (USAID) and McGovern-Dole International Food for Education and Child Nutrition Program to make the following available:

At least 1 million pounds on a competitive basis, for the production of casein; About 500,000 pounds for use in the McGovern-Dole International Food for Education and Child Nutrition Program; and About 1 million pounds for use by the U.S. Agency for International Development, based on anticipated requests from the State Department. USDA is currently reviewing federal dairy policy to determine what changes are needed to reduce price volatility and enhance farmer profitability.

THE DAIRY OUTLOOK

Further Reduction in Milk Supplies Needed Before Prices Will Rise

Feed prices appear to be moderating slightly from last year's highs. Corn is forecast to average \$3.95 - \$4.15 per bushel in the 2008/09 crop year and \$3.35 - \$4.15 for the next crop year. Soybean meal prices will average slightly below the previous year in 2008/09 and are forecast lower in 2009/10. Feed prices, however, will remain above the 5-year average for both corn and soybeans. Forage prices will likely follow grain prices moderating into 2010. While welcome, lower feed prices alone will not restore producer profitability. Recession-reduced demand weakness will keep dairy product prices below year-earlier levels for the balance of 2009.

(Continued on Page 3)

July 2009 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	552,723,981	37.9
Class II	292,613,145	20.0
Class III	518,416,074	35.5
Class IV	96,537,424	6.6
Total	1,460,290,624	100.0

Producer Prices

Producer Price Differential	\$ 1.10 /cwt
Butterfat Price	1.2438 /lb
Protein Price	1.6970 /lb
Other Solids Price	0.0949 /lb
Somatic Cell Adjustment Rate	0.00057 /cwt
Statistical Uniform Price	11.07 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

JULY 2009**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			542,668,190			\$ 8.03 / cwt	\$ 43,576,255.67
Class I Butterfat		10,055,791				1.2882 / lb	12,953,869.97
Class I Location Differential	552,723,981						(280,237.18)
Class II SNF Value				24,625,313		0.7478 / lb	18,414,809.11
Class II Butterfat		17,735,997				1.2508 / lb	22,184,185.06
Class III Protein Value			15,440,015			1.6970 / lb	26,201,705.48
Class III Other Solids Value					29,608,066	0.0949 / lb	2,809,805.50
Class III Butterfat		17,821,556				1.2438 / lb	22,166,451.34
Class IV SNF Value				8,088,931		0.6677 / lb	5,400,979.21
Class IV Butterfat		6,186,695				1.2438 / lb	7,695,011.23
Somatic Cell Value II / III / IV							<u>522,129.50</u>
TOTAL PRODUCER MILK VALUE	1,460,290,624	51,800,039	43,253,381		83,134,815		\$161,644,964.89
Overages						\$ 17,635.52	
Beginning Inventory and Other Source Charges						\$ 38,892.83	
TOTAL ADJUSTMENTS							<u>\$ 56,528.35</u>
TOTAL HANDLER OBLIGATIONS							<u>\$ 161,701,493.24</u>
Total Protein Value			43,253,381 lbs	@	\$ 1.6970		\$ (73,400,987.58)
Total Other Solids Value			83,134,815 lbs	@	0.0949		(7,889,494.01)
Butterfat Value			51,800,039 lbs	@	1.2438		(64,428,888.49)
Total Somatic Cell Values							<u>(796,462.36)</u>
TOTALS							\$ 15,185,660.80
Net Producer Location Adjustments							\$ 826,232.43
1/2 Unobligated Balance Producer Settlement Fund							<u>698,000.00</u>
Total - Divided by Total Pounds			1,460,290,624 lbs		1.1442855		\$ 16,709,893.23
Rate of Cash Reserve					<u>(0.0442855)</u>		<u>(646,697.00)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,460,290,624		\$ 1.10 /cwt		\$ 16,063,196.23

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	July			July	
	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>
Butterfat Price	\$1.2438 / lb	\$1.6774 / lb	Class III Price - 3.5% BF	\$ 9.97	\$18.24
Protein Price	1.6970 / lb	4.0025 / lb	Producer Price Differential*	<u>1.10</u>	<u>1.47</u>
Other Solids Price	0.0949 / lb	0.0707 / lb	Statistical Uniform Price	\$11.07	\$19.71
Somatic Cell Adjustment Rate	0.00057 / cwt	0.00098 / cwt			
Nonfat Solids Price	0.6677 / lb	1.2358 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	July			July	
	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>
Class I*	\$12.26	\$22.78	Class I	552,723,981	505,556,376
Class II	10.87	16.81	Class II	292,613,145	271,777,542
Class III	9.97	18.24	Class III	518,416,074	484,655,289
Class IV	10.15	16.60	Class IV	<u>96,537,424</u>	<u>127,186,619</u>
			Total	1,460,290,624	1,389,175,826

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for July 2009 was \$1.10 and the Statistical Uniform Price was \$11.07 for the month. The Statistical Uniform Price is \$0.08 higher than last month, and is \$8.64 lower than July 2008.

The Producer Butterfat Price of \$1.2438 per pound decreased 1.06 cents from June and is down 43.36 cents from a year ago. The Protein Price of \$1.6970 is down \$0.0313 from last month and is down \$2.3055 from July 2008. The Other Solids Price in July was \$0.0949 per pound, an increase from last month's price of \$0.0723 and an increase of 2.42 cents from last July. The Somatic Cell Adjustment rate for July was \$0.00057.

July producer receipts of 1.46 billion pounds were 2.0 percent higher than June and 5.1 percent higher than July 2008 production of 1.39 billion pounds. Producer milk allocated to Class I accounted for 37.9 percent of the total producer milk in July 2009, 1.0 percent higher than the 36.9 percent in June and 1.5 percent higher than the 36.4 percent in July 2008. A total of 7,168 producers were pooled on the Mideast Order compared to 7,328 producers pooled in July 2008.

The market average content of producer milk was as follows: Butterfat 3.55%; Protein 2.96%; Other Solids 5.69% and Nonfat Solids 8.65%.

(Continued from Front Page)

The result is continued pressure to remove cows from production. The Cooperatives Working Together (CWT) program is expected to remove about 101,000 cows from the herd by the end of July.^{1/} The U.S dairy herd is expected to contract 1.5 percent in 2009 from 2008 and another 2.6 percent contraction is expected in 2010. Yet, some of the decline in cow numbers is offset by continued gains in milk per cow. In 2009, milk per cow per day increased 1 percent and is forecast to climb nearly 2 percent in 2010. Milk production this year is projected at 187.6 billion pounds, unchanged from last month's forecast, and next year's production is forecast at 186.4 billion pounds. This leisurely decline is encountering a recession weakened domestic market.

Exports both this year and next, with the exception of whey, are likely to be well below the totals for the last two years, and are forecast at 3.8 billion pounds of milk equivalent, fat basis, in 2009 and 3.9 billion pounds in 2010. Whey exports, mostly to Mexico and China, have made the skim/solids exports numbers appear stronger. Those exports are forecast to total 19.9 billion pounds this year and 23.1 billion pounds next year.

Product prices will likely remain low in 2009. Cheese prices are projected to average \$1.210 - \$1.2402 per pound; butter prices are expected to average \$1.175 - \$1.235 per pound. The outlook for dry products is also for low prices for the year with nonfat dry milk (NDM) averaging 82.5 - 85.5 cents per pound and whey averaging 24 - 26 cents per pound. Prices are expected to recover in 2010 but not to their previous levels. Cheese prices are forecast to average \$1.530 - \$1.630 per pound in 2010. Butter prices are forecast to stage the strongest recovery and average \$1.435 - \$1.565 per pound for the year. NDM prices are expected to average \$0.990 - \$1.060 per pound for the year and whey 28 to 31 cents per pound next year.

The product price forecast presages weak milk prices this year and only modest improvements next year. Class III prices are forecast to average \$10.45 - \$10.75 per cwt in 2009 and \$13.90 - \$14.90 per cwt next year. The Class IV price is projected to average \$9.95 - \$10.35 per cwt in 2009 and \$12.45 - \$13.55 per cwt in 2010. The all milk price will likely average \$11.85 - \$12.15 this year, improving to \$14.85 - \$15.85 per cwt in 2010.

^{1/} On July 10 after release of the *World Agricultural Supply and Demand* Estimates report, CWT announced a second buyout program for 2009. Bids are to be submitted by July 24, 2009.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-181, July 17, 2009, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

June Milk Production Down 0.1 Percent

Milk production in the 23 major States during June totaled 14.7 billion pounds, down 0.1 percent from June 2008. May revised production, at 15.5 billion pounds, was up 0.5 percent from May 2008. The May revision represented an increase of 0.3 percent or 46 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,746 pounds for June, 10 pounds above June 2008. The number of milk cows on farms in the 23 major States was 8.44 million head, 56,000 head less than June 2008, and 29,000 head less than May 2009.

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 June totaled 2.3 billion pounds, up 19 million pounds or 0.8 percent from June 2008.

Production per cow in the Mideast states averaged 1,686 pounds for June, 11 pounds above June 2008. The number of cows on farms in the Mideast states was 1.3 million head, 2,000 head more than June 2008.

Bulletin WebPage Edition

www.fmmaclv.com

Featured this month are:

- Thematic maps displaying total producer pounds and total producer farms by state and county for June 2009.
- Charts summarizing total producer pounds and producer farms by state for June 2009.

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

State	Number of Producers	Pounds of Milk (000)	June 2009 -----Weighted Averages-----				June 2008 -----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,877	607,557	3.53	2.94	5.72	201	528,854	3.51	2.95	5.73	242
Ohio	2,206	338,064	3.63	2.98	5.68	257	288,766	3.58	2.97	5.70	292
Indiana	1,117	143,804	3.60	2.93	5.68	270	139,899	3.58	2.94	5.70	308
New York	352	135,069	3.60	2.99	5.72	212	97,686	3.57	2.97	5.70	229
Pennsylvania	1,117	109,810	3.65	3.01	5.67	324	95,281	3.66	2.99	5.69	343
Wisconsin	324	70,087	3.58	2.94	5.80	232	46,523	3.61	2.96	5.75	274
Illinois	41	8,116	3.58	2.94	5.77	255	6,600	3.55	2.97	5.74	324
West Virginia	64	5,367	3.74	3.09	5.65	322	5,617	3.72	3.10	5.69	374
Other	107	13,112	3.49	2.96	5.72	232	6,320	3.61	2.98	5.71	338
Total/Average *	7,205	1,430,987	3.58	2.96	5.70	234	1,215,547	3.56	2.96	5.72	271

* 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.



PRSR STD
 U.S. POSTAGE
 PAID
 Cleveland, Ohio
 Permit No. 2511

Mideast Market Administrator Bulletin
 1325 Industrial Parkway North
 P.O. Box 5102
 Brunswick, Ohio 44212

POSTMASTER: Time Sensitive Material - Deliver Promptly

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

FEDERAL ORDER DATA

July 2009

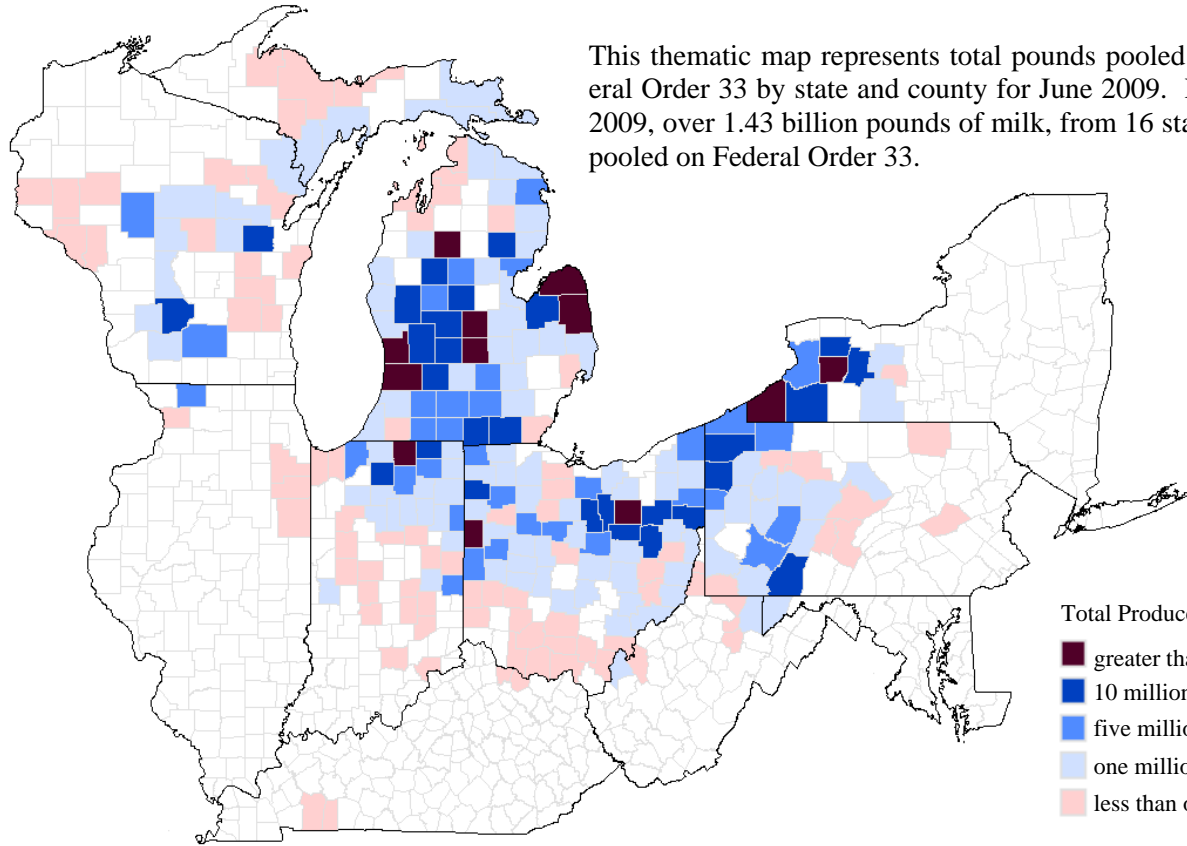
<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u> (per cwt.)	<u>Uniform Price</u> (per cwt.)
FO 1 Northeast - (Boston)	2,040,138	831,666	40.8	\$2.02	\$11.99
FO 5 Appalachian - (Charlotte)	488,006	340,695	69.8	^{2/}	12.92
FO 6 Florida - (Tampa)	231,404	205,723	88.9	^{2/}	15.08
FO 7 Southeast - (Atlanta)	570,631	381,874	66.9	^{2/}	13.07
FO 30 Upper Midwest - (Chicago)	2,917,867	359,940	12.3	0.33	10.30
FO 32 Central - (Kansas City)	1,178,068	333,680	28.3	0.79	10.76
FO 33 Mideast - (Cleveland)	1,460,291	552,724	37.9	1.10	11.07
FO 124 Pacific Northwest - (Seattle)	684,741	187,559	27.4	0.77	10.74
FO 126 Southwest - (Dallas)	948,170	334,741	35.3	1.80	11.77
FO 131 Arizona - (Phoenix)	304,057	116,963	38.5	^{2/}	11.10

^{1/} Names in parentheses are principal points of markets.

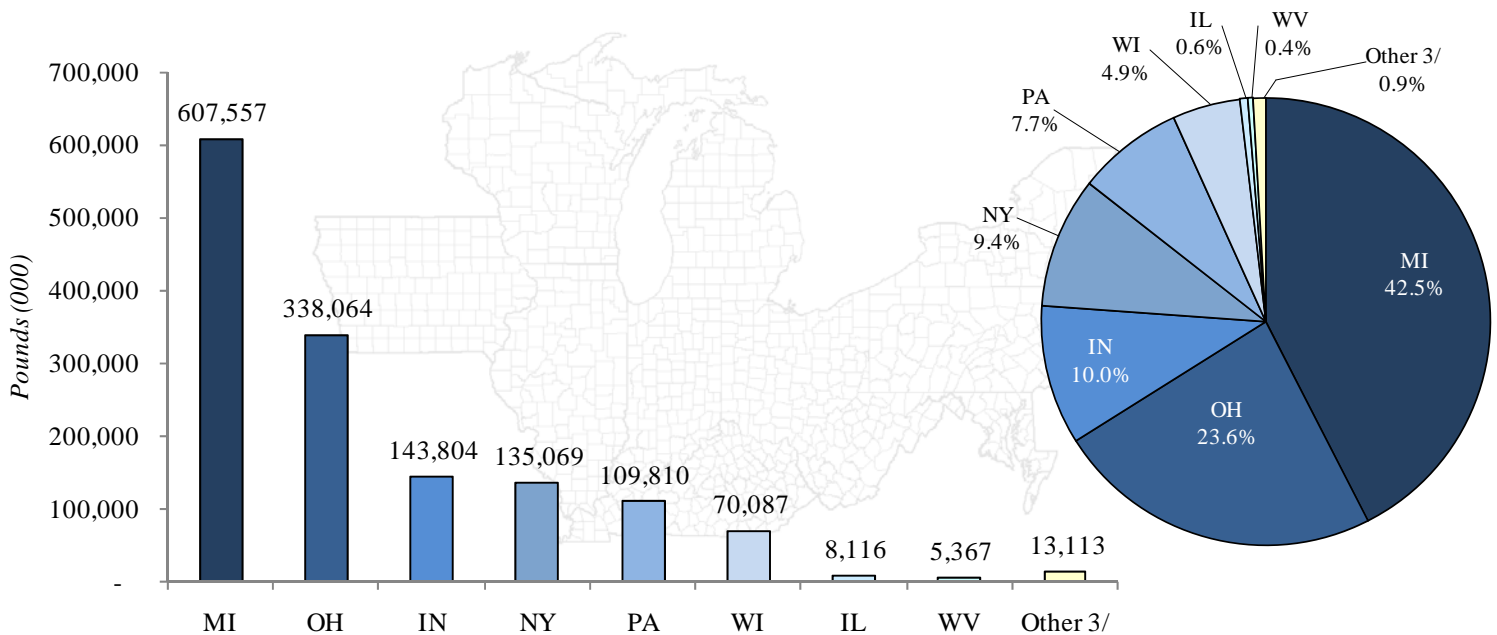
^{2/} Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR AUGUST 2009.....\$ 9.97 /cwt.

TOTAL PRODUCER POUNDS BY STATE AND COUNTY, JUNE 2009 1/ 2/



TOTAL PRODUCER POUNDS AND MARKET SHARE BY STATE, JUNE 2009

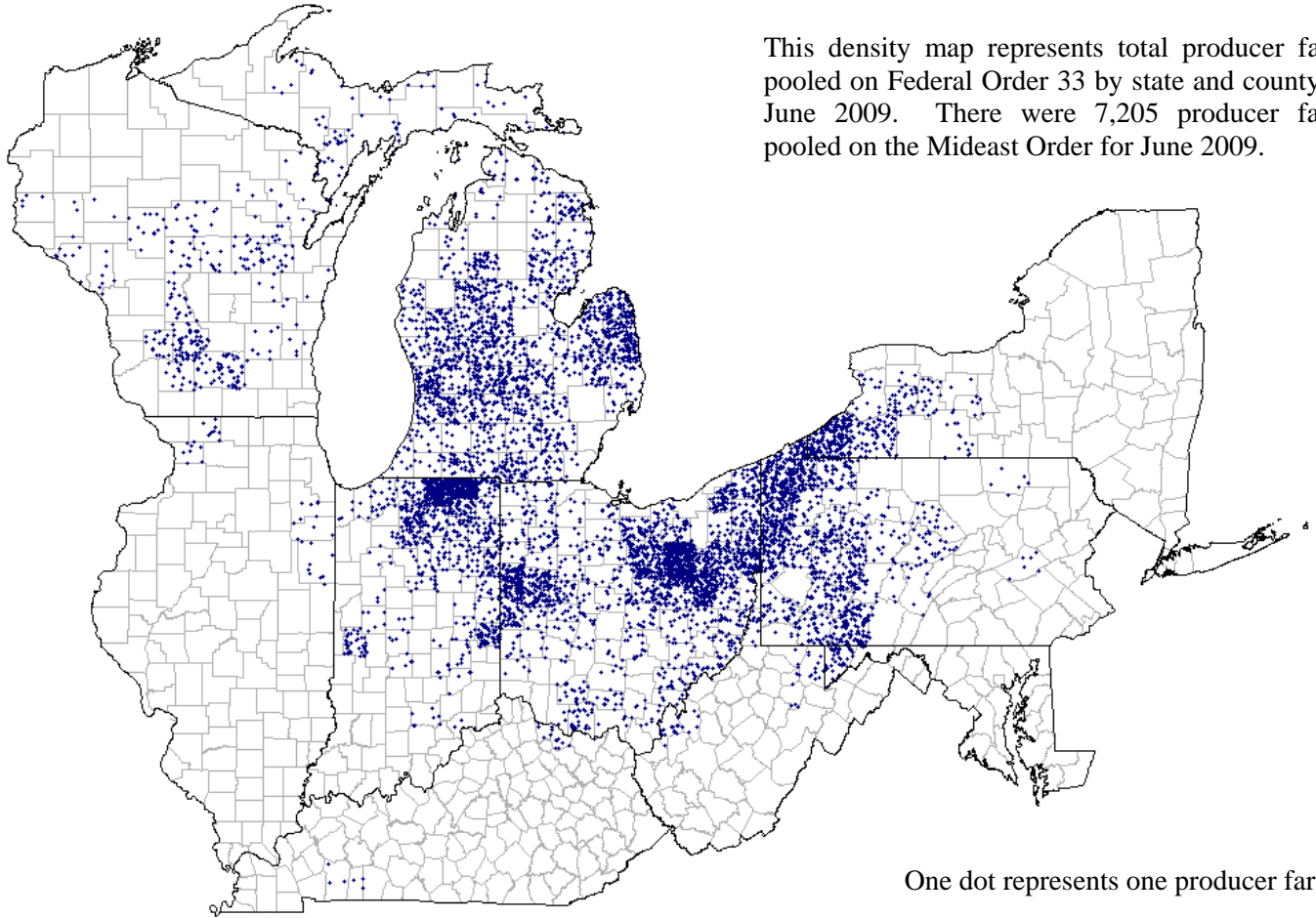


1/ Map includes only milk pooled on Federal Order 33; excludes restricted information.

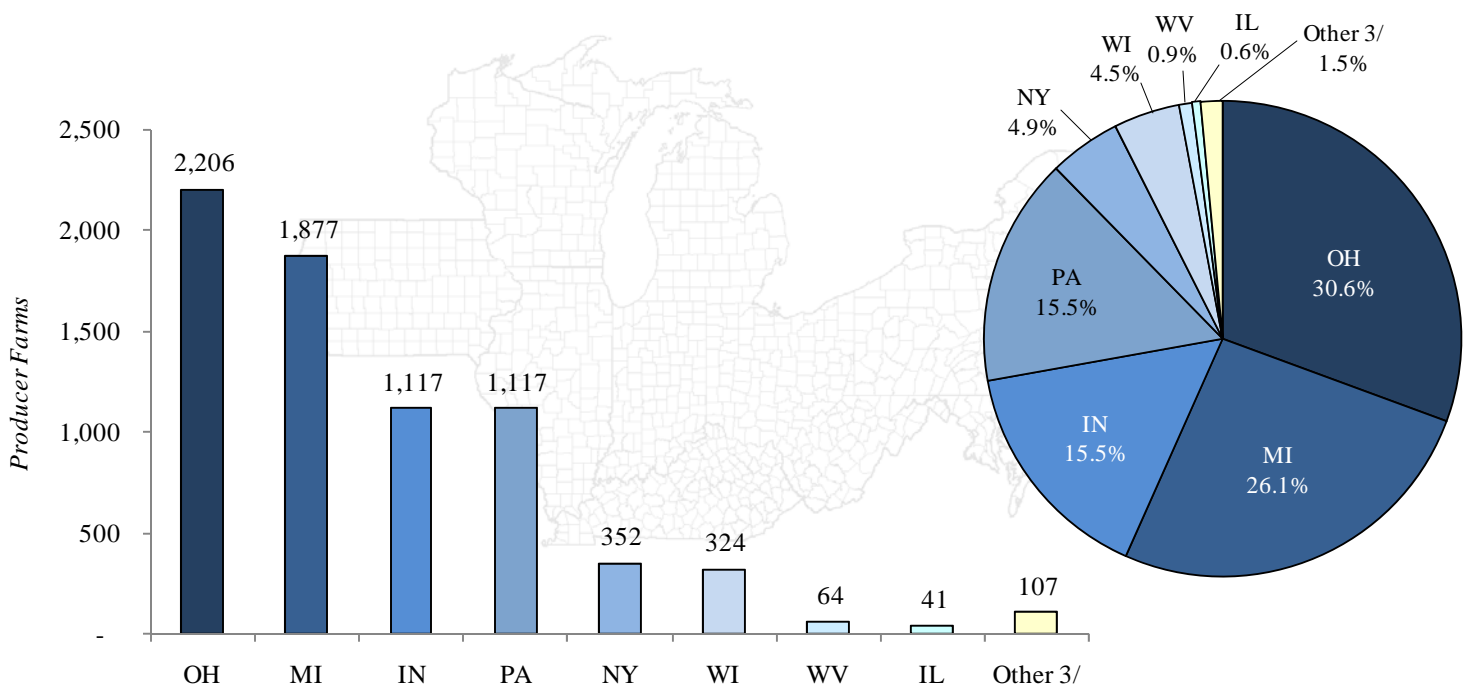
2/ Map does not include Iowa, Massachusetts, Minnesota, North Carolina, Utah, or Virginia.

3/ Other includes Iowa, Kentucky, Maryland, Massachusetts, Minnesota, North Carolina, Utah, and Virginia.

TOTAL PRODUCER FARMS BY STATE AND COUNTY, JUNE 2009 1/ 2/



TOTAL PRODUCER FARMS AND DISTRIBUTION BY STATE, JUNE 2009



1/ Map includes only milk pooled on Federal Order 33; excludes restricted information.

2/ Map does not include Iowa, Massachusetts, Minnesota, North Carolina, Utah, or Virginia.

3/ Other includes Iowa, Kentucky, Maryland, Massachusetts, Minnesota, North Carolina, Utah, and Virginia.