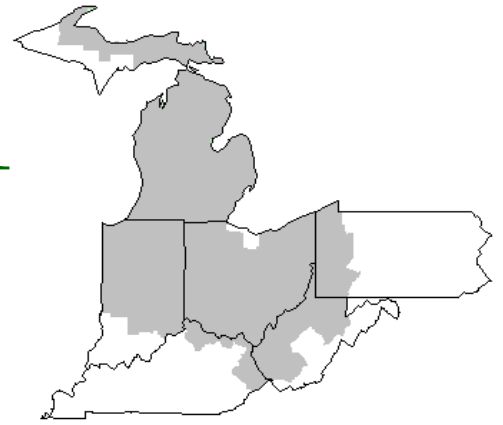


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

Paul A. Huber, Market Administrator

Phone: (330) 225-4758 Toll Free: (888) 751-3220

Email: clevelandma1@sprynet.com

WebPage: www.fmmaclev.com

January 2011

## 2010 Market Summary

Producer milk receipts pooled totaled 16.0 billion pounds on the Mideast Order during 2010, a decrease of 574.1 million pounds, or 3.5 percent from 2009. During 2010, there were over 670.4 million pounds of milk voluntarily depooled. Monthly producer receipts ranged from a low of 1.26 billion pounds in February to a high of 1.47 billion pounds in March.

The number of producers pooled on the Mideast Order in 2010 averaged 6,963 per month, down 3.4 percent from a year earlier. Producer milk averaged 3.66 percent butterfat in 2010, ranging from a low of 3.49 percent in July to a high of 3.87 percent in December. The protein test averaged 3.05 percent for 2010. Protein tests ranged from a low of 2.92 percent in July, to a high of 3.18 percent in November and December. Other solids tests for producer milk averaged 5.71 percent for the year.

For the year, 40.6 percent of producer milk was utilized as Class I; 15.8 percent in Class II; 36.7 percent in Class III; and 6.9 percent in Class IV. The Class I utilization percentage had a low of 36.3 percent in June and a high of 45.4 percent in November. Class I milk totaled 6.5 billion pounds during 2010, down 4.9 percent from 2009. Class II milk totaled 2.5 billion pounds in 2010, a decrease of 21.6 percent from 2009. Class III pooled pounds were 5.9 billion pounds in 2010, an increase of 9.2% from 2009. Class IV milk totaled 1.1 billion pounds in 2010, a decrease of 3.3 percent from 2009.

The Class I price averaged \$17.35 per cwt for the year, an increase of \$3.87 per cwt from 2009. The Class I price had a low of \$15.22 per cwt in April 2010 and a high of \$19.24 per cwt in November. The Class II price averaged \$16.02 per cwt, an increase of \$4.76 per cwt from the prior year. It ranged from a low of \$13.78 per cwt in April to a high of \$17.60 per cwt in September. The Class III price averaged \$14.41 per cwt, an increase of \$3.05 per cwt from 2009. The Class III price ranged from a low of \$12.78 per cwt in March to a high of \$16.94 per cwt in October. The Class IV price averaged \$15.09 per cwt for the year, an increase of \$4.21 per cwt from a year ago. It was lowest in February at \$12.90 per cwt and was highest in October at \$17.15 per cwt.

The Statistical Uniform Price averaged \$15.84 per cwt for 2010 compared to \$12.11 per cwt in 2009. The Producer Butterfat Price averaged \$1.8535 per pound in 2010. This was a decrease of \$0.5963 from 2009. The butterfat price was lowest in February at \$1.4404 per pound and was highest in October at \$2.4436 per pound. The Protein Price averaged \$2.3091 per pound in 2010. This was an increase of \$0.1004 from the previous year. The protein price was highest in January at \$2.7916 per pound and was lowest in July at \$2.0515 per pound. Other Solids Price averaged \$ 0.1777 per pound, \$0.1165 higher than the 2009 average. The Producer Price Differential (PPD) averaged \$1.43 per cwt in 2010 with a high of \$2.38 per cwt in July and a low of \$0.62 per cwt in October.

## November Milk Production Up 3.1 Percent

Milk production in the 23 major States during November totaled 14.4 billion pounds, up 3.1 percent from November 2009. October unrevised production at 14.8 billion pounds, was up 3.3 percent from October 2009. Production per cow in the 23 major States averaged 1,722 pounds for November, 41 pounds above November 2009.

The number of milk cows on farms in the 23 major States was 8.37 million head, 57,000 head more than November 2009, but unchanged from October 2010.

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 November totaled 2.2 billion pounds, up 59 million pounds or 2.7 percent from November 2009.

Production per cow in the Mideast states averaged 1,658 pounds for November, 37 pounds above November 2009.

The number of cows on farms in the Mideast states was 1.3 million head, 5,000 head more than November 2009.

## Michigan Office Relocation

On January 7, the Novi, Michigan, office of the Mideast Market Administrator moved to a new location in Wixom, Michigan. The new address for the Wixom office is: 28004 Center Oaks Court, Suite 110, Wixom, Michigan 48393. Phone numbers remain unchanged from the Novi location.

## December 2010 Pool Summary

### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	558,585,662	42.7
Class II	182,293,857	13.9
Class III	474,045,843	36.3
Class IV	92,841,923	7.1
Total	1,307,767,285	100.0

### Producer Prices

Producer Price Differential	\$ 1.93 /cwt
Butterfat Price	1.7952 /lb
Protein Price	2.1706 /lb
Other Solids Price	0.1852 /lb
Somatic Cell Adjustment Rate	0.00073 /cwt
Statistical Uniform Price	15.76 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

December 2010

**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			548,124,802			\$ 11.11 / cwt	\$ 60,896,665.53
Class I Butterfat		10,460,860				2.3548 / lb	24,633,233.12
Class I Location Differential	558,585,662						(282,696.05)
Class II SNF Value				15,651,842		1.0900 / lb	17,060,507.78
Class II Butterfat		12,612,402				1.8022 / lb	22,730,070.88
Class III Protein Value			15,072,235			2.1706 / lb	32,715,793.29
Class III Other Solids Value					27,070,491	0.1852 / lb	5,013,454.92
Class III Butterfat		18,700,601				1.7952 / lb	33,571,318.92
Class IV SNF Value				7,749,950		1.0068 / lb	7,802,649.65
Class IV Butterfat		8,822,071				1.7952 / lb	15,837,381.88
Somatic Cell Value II / III / IV							<u>804,848.74</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,307,767,285</b>	<b>50,595,934</b>	<b>41,601,488</b>		<b>74,575,276</b>		<b>\$ 220,783,228.66</b>
Overages						\$ 101,373.09	
Beginning Inventory and Other Source Charges						(87,209.86)	
<b>TOTAL ADJUSTMENTS</b>							<u>\$ 14,163.23</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							<u>\$ 220,797,391.89</u>
Total Protein Value			41,601,488 lbs	@	\$2.1706		\$ (90,300,189.85)
Total Other Solids Value			74,575,276 lbs	@	0.1852		(13,811,341.13)
Butterfat Value			50,595,934 lbs	@	1.7952		(90,829,820.73)
Total Somatic Cell Values							<u>(1,410,986.86)</u>
<b>TOTALS</b>							<u>\$ 24,445,053.32</u>
Net Producer Location Adjustments							\$ 888,919.64
1/2 Unobligated Balance Producer Settlement Fund							<u>545,000.00</u>
Total - Divided by Total Pounds			1,307,767,285 lbs		1.9788668		\$ 25,878,972.96
Rate of Cash Reserve					(0.0488668)		<u>(639,064.02)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,307,767,285		<b>\$ 1.93 /cwt</b>		<b>\$ 25,239,908.94</b>

**COMPONENT PRICES**

December

	<u>2010</u>	<u>2009</u>
Butterfat Price	\$1.7952 / lb	\$1.5433 / lb
Protein Price	2.1706 / lb	2.8751 / lb
Other Solids Price	0.1852 / lb	0.1727 / lb
Somatic Cell Adjustment Rate	0.00073 / cwt	0.00080 / cwt
Nonfat Solids Price	1.0068 / lb	1.1068 / lb

**COMPUTATION OF UNIFORM PRICE**

December

	<u>2010</u>	<u>2009</u>
Class III Price - 3.5% BF	\$ 13.83	\$14.98
Producer Price Differential*	<u>1.93</u>	<u>0.14</u>
Statistical Uniform Price	\$15.76	\$15.12

**CLASS PRICES**

December

	<u>2010</u>	<u>2009</u>
Class I*	\$18.96	\$15.99
Class II	15.77	14.25
Class III	13.83	14.98
Class IV	15.03	15.01

**CLASSIFICATION OF PRODUCER MILK**

December

	<u>2010</u>	<u>2009</u>
Product lbs.		
Class I	558,585,662	606,113,008
Class II	182,293,857	242,246,018
Class III	474,045,843	441,255,536
Class IV	<u>92,841,923</u>	<u>101,005,310</u>
Total	1,307,767,285	1,390,619,872

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for December 2010 was \$1.93 and the Statistical Uniform Price was \$15.76 for the month. The Statistical Uniform Price is \$1.26 lower than last month, and is \$0.64 higher than December, 2009.

The Producer Butterfat Price of \$1.7952 per pound decreased 44.70 cents from November and is up \$0.2519 from a year ago. The Protein Price of \$2.1706 is down 2.75 cents from last month and is down 70.45 cents from December 2009. The Other Solids Price in December was \$0.1852 per pound, an increase from last month's price of \$0.1797 and 1.25 cents higher than last December. The Somatic Cell Adjustment rate for December was \$0.00073.

December producer receipts of 1.31 billion pounds were 6.7 percent higher than November and 6.0 percent lower than December 2009 production of 1.39 billion pounds. Producer milk allocated to Class I accounted for 42.7 percent of the total producer milk in December 2010, less than the 45.4 percent in November, and less than the 43.6 percent in December 2009. A total of 6,800 producers were pooled on the Mideast Order compared to 7,154 producers pooled in December 2009.

The market average content of producer milk was as follows: Butterfat 3.87%; Protein 3.18%; Other Solids 5.70% and Nonfat Solids 8.88%.

## THE DAIRY OUTLOOK

### Firm Demand Will Likely Keep Milk Prices Near 2010 Levels; However, Higher Feed Prices Will Narrow Producer Profits

Feed prices are expected to be much higher for dairy producers next year. The USDA forecast corn price is expected to be \$4.80 to \$5.60 a bushel for the 2010/11 crop year. Soybean meal prices, while projected to be higher, will not rise as much as corn. They are expected to be \$310 to \$350 per ton in 2010/11, up from a \$311 per ton average in 2009/10. The increase in feed ingredient prices will boost the benchmark 16-percent protein mixed dairy ration price nearly 20 percent above 2010. Higher feed costs are already pressuring producers but will not likely affect cow numbers until the second half of 2011. Cow numbers will continue to increase through the first half of 2011 and are expected to decline slightly in the second half of the year. These changes are expected to leave the herd size next year slightly above the 9,110 thousand head in 2010 at a projected 9,125 thousand head. Milk per cow is forecast to continue to rise next year, but at less than half the pace forecast for 2010. The current year's increase in milk per cow was aided by good weather in addition to moderate feed prices. Overall, milk production will be slightly higher next year at 195.5 billion pounds, up 1.4 percent from the 2010 estimated total of 192.8 billion pounds.

Milk equivalent imports on both a fats and skim-solids basis are forecast to be lower in 2010. The fact that international prices are still above U.S. domestic prices for the major dairy products, and that the domestic economic recovery is gradual, will limit import totals to 4.1 billion pounds next year, down from 4.3 billion this year on a fats basis and down to 4.9 billion pounds from 5.1 billion this year on a skim-solids basis. Milk equivalent exports rebounded sharply this year from 2009. However, next year exports on a fats basis are expected to weaken to 6.3 billion pounds from the 8.3 billion pound total expected this year. Uncertainty over the Mexican tariff on U.S. cheese exports is contributing to the decline. On a skim-solids basis, exports are forecast to decline slightly to 30 billion pounds from a projected 31.3 billion pound total expected this year. Oceania milk production is forecast to increase in 2011, raising competition in export markets.

Domestic commercial use on a fats basis is expected to rise by nearly 2 percent in 2011; this would be the sharpest year-over-year

rise in at least 4 years. Domestic commercial use on a skim-solids basis is forecast to climb by nearly 3 percent in 2011. The rise would follow a better than 2-percent year-over-year decline expected in 2010.

Strong domestic use, a good export outlook, and only a moderate increase in milk production provide the basis for continued strong price performance estimates for dairy products into 2011. While butter prices have retreated from earlier peaks, the 2010 average price is expected to be \$1.685 to \$1.715 per pound this year. Prices in 2011, while not as high as this year's, will still be above those of recent years averaging \$1.485 to \$1.595 per pound. Despite uncertainty in the cheese export market, domestic demand should be sufficient to boost cheese prices next year. Cheese prices in 2010 are expected to average \$1.515 to \$1.525 per pound, rising to \$1.535 to \$1.615 per pound in 2011. Nonfat dry milk (NDM) prices are also projected higher next year. NDM prices are expected to average \$1.160 to \$1.180 per pound this year and climb to \$1.200 to \$1.260 per pound in 2011. Whey prices are likely to average 36.5 to 37.5 cents per pound in 2010 and 36.5 to 39.5 cents per pound next year.

Export prospects for NDM should help keep Class IV milk prices firm into 2011, but not quite as high as this year's \$15.00 to \$15.20 per cwt expected average. In 2011, Class IV milk is forecast to average \$14.50 to 15.40 per cwt. Class III milk prices should be higher next year. For 2010, the Class III price is expected to average \$14.35 to \$14.45 per cwt and to climb to \$14.45 to \$15.25 next year. On balance, this leaves the all milk price next year at \$15.90 to \$16.70 per cwt, virtually unchanged from the 2010 projected average of \$16.25 to \$16.35 per cwt.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook," LDP-M-198, December 20, 2010, Economic Research Service, USDA. Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

#### Bulletin Webpage Edition

[www.fmmacleve.com](http://www.fmmacleve.com)

#### Featured this month are:

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

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

State	November 2010						November 2009				
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----				Pounds of Milk (000)	-----Weighted Averages-----			
			Butterfat	Protein	Other Solids	SCC (000)		Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,814	551,668	3.74	3.14	5.68	169	568,217	3.70	3.11	5.71	184
Ohio	2,127	247,391	3.95	3.26	5.74	223	312,509	3.82	3.17	5.68	229
Indiana	1,090	121,316	3.92	3.22	5.67	212	134,723	3.83	3.15	5.68	239
Pennsylvania	1,027	98,206	3.94	3.22	5.65	266	98,333	3.87	3.18	5.66	296
New York	333	93,120	3.81	3.15	5.72	201	132,181	3.71	3.12	5.69	207
Wisconsin	180	90,135	3.72	3.12	5.80	232	51,406	3.67	3.05	5.74	239
West Virginia	57	3,880	4.15	3.36	5.63	297	4,051	4.06	3.31	5.63	295
Other	166	20,436	3.83	3.18	5.75	235	6,950	3.91	3.18	5.67	283
Total/Average *	6,794	1,226,153	3.82	3.18	5.70	201	1,308,370	3.76	3.13	5.69	214

\* 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**  
**November 2010**

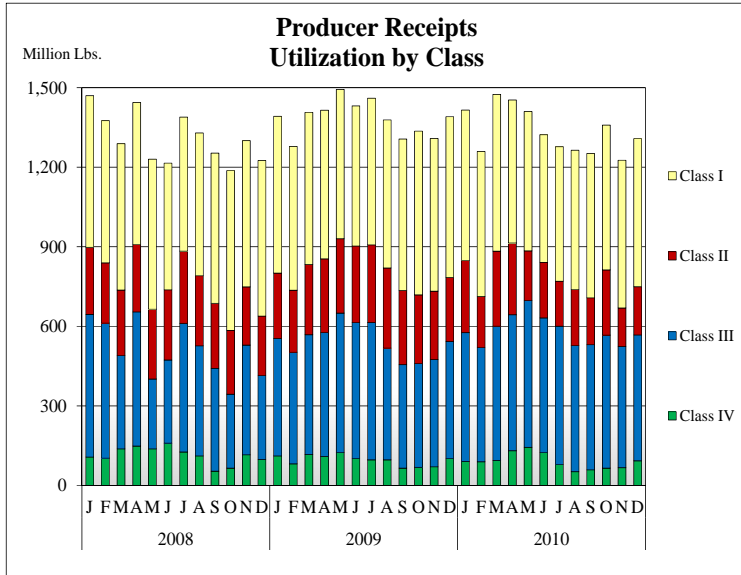
Marketing Area <sup>1/</sup>	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,062,320	935,209	45.3	\$3.08	\$16.91
FO 5 Appalachian - (Charlotte)	526,623	363,671	69.1	<sup>2/</sup>	18.31
FO 6 Florida - (Tampa)	254,381	218,070	85.7	<sup>2/</sup>	20.69
FO 7 Southeast - (Atlanta)	629,294	406,990	64.7	<sup>2/</sup>	18.33
FO 30 Upper Midwest - (Chicago)	2,764,088	390,079	14.1	0.58	14.41
FO 32 Central - (Kansas City)	1,183,580	396,077	33.5	1.46	15.29
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,307,767</b>	<b>558,586</b>	<b>42.7</b>	<b>1.93</b>	<b>15.76</b>
FO 124 Pacific Northwest - (Seattle)	657,677	193,662	29.5	1.49	15.32
FO 126 Southwest - (Dallas)	990,136	383,831	38.8	2.56	16.39
FO 131 Arizona - (Phoenix)	373,499	116,893	31.3	<sup>2/</sup>	15.88

<sup>1/</sup> Names in parentheses are principal points of markets.

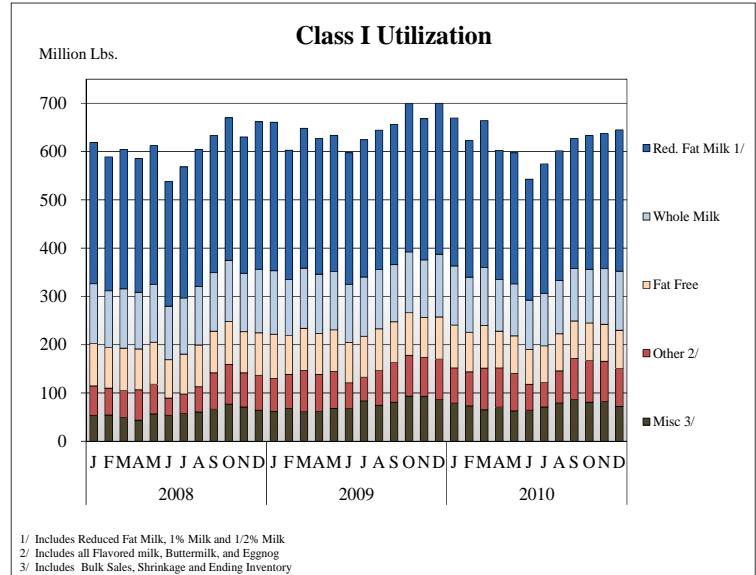
<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR JANUARY 2011 .....\$13.83 /cwt.**

## PRODUCER MILK CLASSIFICATION

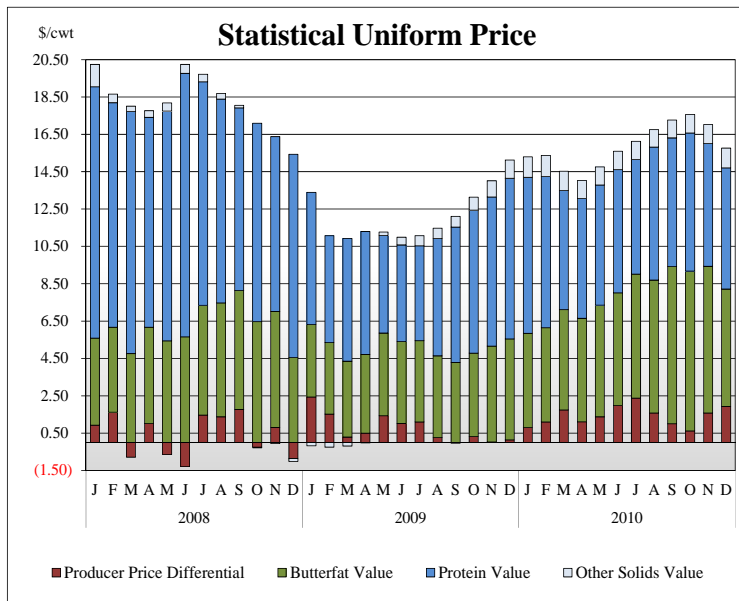


**Producer Receipts:** Producer receipts for the Mideast Order totaled 1.31 billion pounds in December 2010. The pounds allocated to Class I represented 42.7 percent of the total pounds. Producer receipts decreased 83 million pounds compared to December 2009.

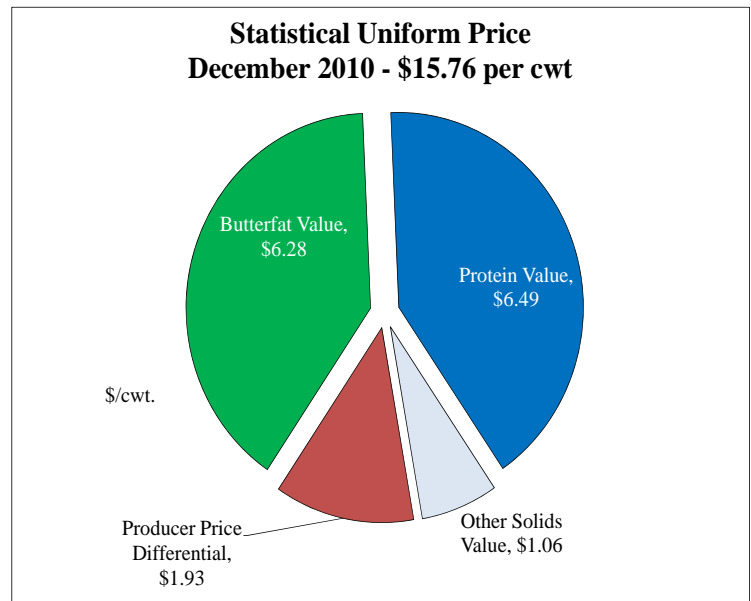


**Class I Pounds:** Class I utilization for the Mideast Order totaled 645 million pounds in December 2010. Finished products include 122 million pounds used for whole milk, 293 million pounds of reduced fat and low fat milk, and 79 million pounds of fat free (skim) milk.

## STATISTICAL UNIFORM PRICE

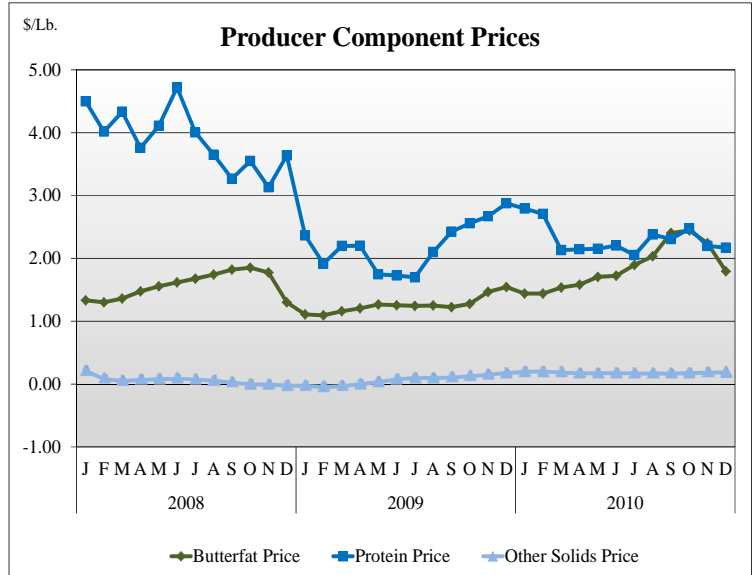
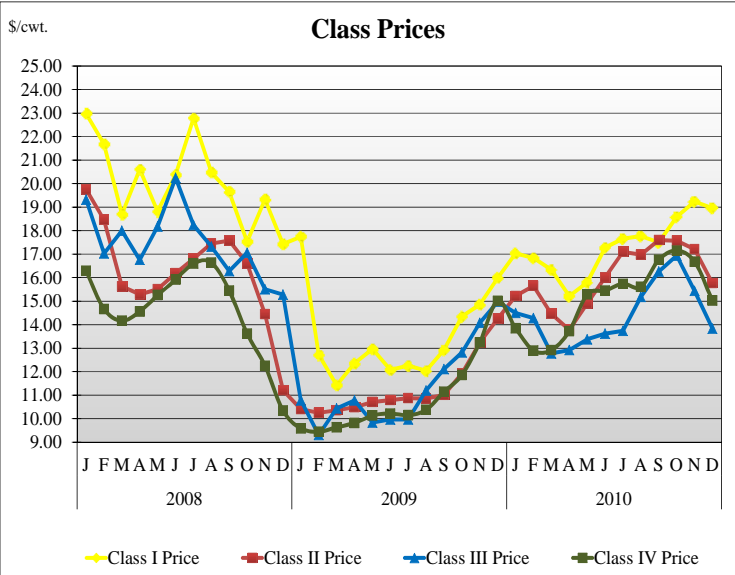


**Statistical Uniform Price:** The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$15.76 per cwt for December 2010. The December 2010 SUP was \$1.26 per cwt lower than the November 2010 SUP. The December 2010 SUP is \$0.64 per cwt higher than the December 2009 SUP, an increase of 4.2 percent.



**December 2010 Statistical Uniform Price:** Using the Class III Price formula at 3.5% BF, the component values for the December 2010 SUP are: \$6.49 per cwt for protein, \$6.28 per cwt for butterfat and \$1.06 per cwt in other solids. Also included in the SUP is the \$1.93 per cwt producer price differential.

## CLASS AND COMPONENT PRICES



## WEIGHTED AVERAGE NASS PRICES

