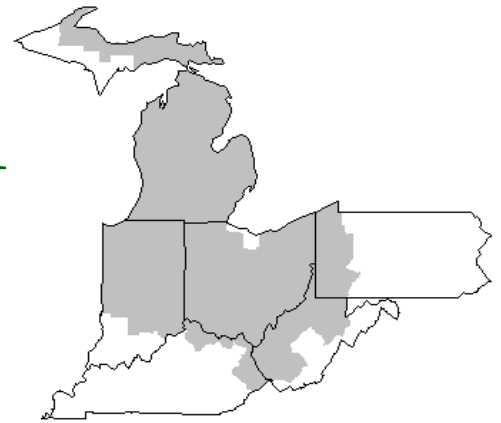


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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November 2012

### September Milk Production Down 0.5 Percent

Milk production in the 23 major States during September totaled 14.7 billion pounds, down 0.5 percent from September 2011. August revised production at 15.3 billion pounds, was down slightly from August 2011. The August revision represented an increase of 26 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,732 pounds for September, 10 pounds below September 2011.

The number of milk cows on farms in the 23 major States was 8.47 million head, 5,000 head more than September 2011, but 25,000 head less than August 2012.

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 September totaled 2.2 billion pounds, up 6 million pounds or 0.2 percent from September 2011.

Production per cow in the Mideast states averaged 1,666 pounds for September, 3 pounds more than September 2011.

The number of cows on farms in the Mideast states was 1.3 million head, 5,000 head more than September 2011.

### Milk Prices Are Forecast Higher and the Pace of Herd Contraction Slows

U.S. corn prices for 2012/13 were reduced slightly in October to \$7.10-\$8.50 per bushel, while production was lowered only slightly from September estimates. Soybean meal prices for 2012/13 were also forecast lower this month at \$470-\$500 per ton. Lower forecast grain and soymeal prices in 2013, along with anticipated lower alfalfa prices, will lower the feed ration price, supporting a higher milk-feed price ratio in 2013 than in 2012.

The September Milk Production report indicated that producers were culling at a slower pace than earlier projected. An improving feed outlook along with higher milk prices may have reduced the urgency to reduce herd size. The October forecast places the dairy cow herd at 9,225 thousand head in the current year and 9,125 thousand head in 2013. The residual effects of last summer's heat and pressure from high feed prices suggest a small reduction from September's forecast of annual output per cow to 21,635 pounds this year, with a slight increase expected next year to 21,880 pounds. An improved feed price outlook and an uptick in milk prices are the basis for the forecast. Milk production in 2012 is forecast at 199.6 billion pounds, a reduction from September's forecast. Forecast

production in 2013 was raised in October to 199.7 billion pounds based on the higher forecast yield per cow and a slower decline in cow numbers compared with earlier 2013 forecasts.

Ending stocks on a fats basis were unchanged for 2012 and lowered slightly for next year. On a skims-solids basis, ending stocks were tightened slightly for both 2012 and 2013. NDM stocks at the end of August were at their lowest level for the month since 2006 and the forecast 2012 skims-solids basis ending stocks were reduced. With tighter carryin stocks and stronger demand expected in 2013, the ending stock forecast for 2013 was also lowered.

Dairy product prices for both 2012 and 2013 were raised this month as milk supplies are tightening this year and demand is expected to remain firm into next year. Cheese prices were increased to \$1.725-\$1.735 per pound for 2012 and to \$1.735-\$1.825 per pound for 2013. Butter price forecasts were raised to \$1.615-\$1.645 per pound and to \$1.625-\$1.745 per pound for 2012 and 2013, respectively. NDM prices are forecast at \$1.310-\$1.330 per pound in 2012 and \$1.390-\$1.460 per pound in 2013, both increases from September. Whey prices are projected at 58.5-59.5 cents per pound this year and 58.5-61.5 cents per pound next year.

The higher product prices result in higher expected milk prices. The Class III price was boosted to \$17.55-\$17.65 per cwt for this year and to \$17.75-\$18.65 per cwt next year. The Class IV price is forecast at \$16.00-\$16.20 per cwt for 2012 and to \$16.75-\$17.75 per cwt for 2013. The all milk price is projected at \$18.50-\$18.60 per cwt in 2012 and \$19.00-\$19.90 per cwt in 2013.

Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-220/October 17, 2012*  
Economic Research Service, USDA

### OCTOBER 2012 - Pool Summary

#### Classification of Producer Milk

|           | Pounds        | Percent |
|-----------|---------------|---------|
| Class I   | 575,999,263   | 47.4    |
| Class II  | 287,817,111   | 23.7    |
| Class III | 206,829,893   | 17.0    |
| Class IV  | 144,369,141   | 11.9    |
| Total     | 1,215,015,408 | 100.0   |

#### Producer Prices

|                              |               |
|------------------------------|---------------|
| Producer Price Differential  | \$(1.35) /cwt |
| Butterfat Price              | 2.1136 /lb    |
| Protein Price                | 3.7278 /lb    |
| Other Solids Price           | 0.4340 /lb    |
| Somatic Cell Adjustment Rate | 0.00102 /cwt  |
| Statistical Uniform Price    | 19.67 /cwt    |

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

**October 2012****COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

|  | <u>POUNDS</u>        | <u>BUTTERFAT</u>  | <u>SKIM /<br/>PROTEIN</u> | <u>NONFAT<br/>SOLIDS</u> | <u>OTHER<br/>SOLIDS</u> | <u>PRICE</u>   | <u>VALUE</u>              |
|--|----------------------|-------------------|---------------------------|--------------------------|-------------------------|----------------|---------------------------|
| Class I Skim Value   |                      |                   | 565,967,311               |                          |                         | \$ 14.31 / cwt | \$ 80,989,922.21          |
| Class I Butterfat  |                      | 10,031,952        |                           |                          |                         | 2.0208 / lb    | 20,272,568.59             |
| Class I Location Differential                              | 575,999,263          |                   |                           |                          |                         |                | (308,038.95)              |
| Class II SNF Value   |                      |                   |                           | 24,896,127               |                         | 1.2689 / lb    | 31,590,695.55             |
| Class II Butterfat   |                      | 18,121,684        |                           |                          |                         | 2.1206 / lb    | 38,428,843.20             |
| Class III Protein Value                                    |                      |                   | 6,502,853                 |                          |                         | 3.7278 / lb    | 24,241,335.42             |
| Class III Other Solids Value                               |                      |                   |                           |                          | 11,735,371              | 0.4340 / lb    | 5,093,151.03              |
| Class III Butterfat  |                      | 9,763,741         |                           |                          |                         | 2.1136 / lb    | 20,636,642.98             |
| Class IV SNF Value   |                      |                   |                           | 12,660,902               |                         | 1.2828 / lb    | 16,241,405.10             |
| Class IV Butterfat   |                      | 8,045,444         |                           |                          |                         | 2.1136 / lb    | 17,004,850.46             |
| Somatic Cell Value II / III / IV                           |                      |                   |                           |                          |                         |                | <u>1,059,063.10</u>       |
| <b>TOTAL PRODUCER MILK VALUE</b>                           | <b>1,215,015,408</b> | <b>45,962,821</b> | <b>38,457,366</b>         |                          | <b>69,631,192</b>       |                | <b>\$ 255,250,438.69</b>  |
| Overages   |                      |                   |                           |                          |                         | 42,876.99      |                           |
| Beginning Inventory & OS Charges                           |                      |                   |                           |                          |                         | 222,640.80     |                           |
| <b>TOTAL ADJUSTMENTS</b>                                   |                      |                   |                           |                          |                         |                | <b>\$ 265,517.79</b>      |
| <b>TOTAL HANDLER OBLIGATIONS</b>                           |                      |                   |                           |                          |                         |                | <b>\$ 255,515,956.48</b>  |
| Total Protein Value  |                      |                   | 38,457,366 lbs            | @                        | \$3.7278                |                | \$ (143,361,368.95)       |
| Total Other Solids Value                                   |                      |                   | 69,631,192 lbs            | @                        | 0.4340                  |                | (30,219,937.33)           |
| Butterfat Value  |                      |                   | 45,962,821 lbs            | @                        | 2.1136                  |                | (97,147,018.46)           |
| Total Somatic Cell Values                                  |                      |                   |                           |                          |                         |                | <u>(1,959,113.62)</u>     |
| <b>TOTALS</b>  |                      |                   |                           |                          |                         |                | <b>\$ (17,171,481.88)</b> |
| Net Producer Location Adjustments                          |                      |                   |                           |                          |                         |                | \$ 659,375.85             |
| 1/2 Unobligated Balance Producer Settlement Fund           |                      |                   |                           |                          |                         |                | <u>602,000.00</u>         |
| Total - Divided by Total Pounds                            |                      |                   | 1,215,015,408 lbs         |                          | (1.3094571)             |                | \$ (15,910,106.03)        |
| Rate of Cash Reserve                                       |                      |                   |                           |                          | <u>(0.0405429)</u>      |                | <u>(492,602.48)</u>       |
| <b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b> |                      |                   | 1,215,015,408             |                          | <b>\$(1.35) /cwt</b>    |                | <b>\$ (16,402,708.51)</b> |

**COMPONENT PRICES****COMPUTATION OF UNIFORM PRICE**

| <b>October</b>               |               |               | <b>October</b>               |               |             |
|------------------------------|---------------|---------------|------------------------------|---------------|-------------|
|                              | <u>2012</u>   | <u>2011</u>   |                              | <u>2012</u>   | <u>2011</u> |
| Butterfat Price              | \$2.1136 / lb | \$1.9592 / lb | Class III Price - 3.5% BF    | \$ 21.02      | \$18.03     |
| Protein Price                | 3.7278 / lb   | 2.9211 / lb   | Producer Price Differential* | <u>(1.35)</u> | <u>1.20</u> |
| Other Solids Price           | 0.4340 / lb   | 0.4286 / lb   | Statistical Uniform Price    | \$19.67       | \$19.23     |
| Somatic Cell Adjustment Rate | 0.00102 / cwt | 0.00087 / cwt |                              |               |             |
| Nonfat Solids Price          | 1.2828 / lb   | 1.3297 / lb   |                              |               |             |

**CLASS PRICES****CLASSIFICATION OF PRODUCER MILK**

| <b>October</b> |             |             | <b>October</b> |                    |                   |
|----------------|-------------|-------------|----------------|--------------------|-------------------|
|                | <u>2012</u> | <u>2011</u> |                | <u>2012</u>        | <u>2011</u>       |
| Class I*       | \$20.88     | \$21.56     | Class I        | 575,999,263        | 537,707,162       |
| Class II       | 18.44       | 19.41       | Class II       | 287,817,111        | 256,212,580       |
| Class III      | 21.02       | 18.03       | Class III      | 206,829,893        | 527,842,968       |
| Class IV       | 18.54       | 18.41       | Class IV       | <u>144,369,141</u> | <u>88,963,799</u> |
|                |             |             | Total          | 1,215,015,408      | 1,410,726,509     |

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for October 2012 was \$(1.35) and the Statistical Uniform Price was \$19.67 for the month. The Statistical Uniform Price is \$1.14 higher than last month, and is \$0.44 higher than October, 2011.

The Producer Butterfat Price of \$2.1136 per pound increased \$.1089 from September and is up \$0.1544 from a year ago. The Protein Price of \$3.7278 is up \$0.4757 cents from last month and is up \$0.8067 from October 2011. The Other Solids Price in October was \$0.4340 per pound, an increase from last month's price of \$0.3971 and \$0.0054 higher than last October. The Somatic Cell Adjustment rate for October was \$0.00102.

October producer receipts of 1.21 billion pounds were 2.1 percent higher than September and 13.9 percent lower than October 2011 production of 1.41 billion pounds. Producer milk allocated to Class I accounted for 47.4 percent of the total producer milk in October 2012, more than the 40.4 percent in September and 38.1 percent in October 2011. A total of 6,244 producers were pooled on the Mideast Order compared to 6,656 producers pooled in October 2011.

The market average content of producer milk was as follows: Butterfat 3.78%; Protein 3.17%; Other Solids 5.73% and Nonfat Solids 8.90%.

### Release Dates Federal Milk Order Price Data

Listed below are the release dates for price announcements used in the Federal milk order program applicable to January 2013 through December 2014. The advanced prices and pricing factors will be released at 3:00 p.m. ET no later than the 23<sup>rd</sup> of the preceding month. If the release date does not fall on the 23<sup>rd</sup>, the most current release preceding the 23<sup>rd</sup> will be used in the price calculation. Likewise, the class and component prices will be released at 3:00 p.m. ET no later than the 5<sup>th</sup> of the following month. If the release date does not fall on the 5<sup>th</sup>, the most current release preceding the 5<sup>th</sup> will be used in the price calculation.

| Year and Month to Which<br>Prices Apply | Advanced Prices and Pricing Factors |  | Class and Component<br>Prices |  |
|---|-------------------------------------|--|-------------------------------|--|
|   | Release Date                        | Time Period of AMS<br>Prices <sup>1/</sup> | Release Date                  | Time Period of<br>AMS Prices <sup>1/</sup> |
| <b>2013</b>                             |                                     |  |                               |  |
| January                                 | Dec. 19, 2012                       | 12/8, 15                                   | Jan. 30                       | 1/5, 12, 19, 26                            |
| February                                | Jan. 16                             | 1/5, 12                                    | Feb. 27                       | 2/2, 9, 16, 23                             |
| March                                   | Feb. 21                             | 2/9, 16                                    | Apr. 3                        | 3/2, 9, 16, 23, 30                         |
| April                                   | Mar. 20                             | 3/9, 16                                    | May 1                         | 4/6, 13, 20, 27                            |
| May                                     | Apr. 17                             | 4/6, 13                                    | Jun. 5                        | 5/4, 11, 18, 25, 6/1                       |
| June                                    | May 22                              | 5/11, 18                                   | Jul. 3                        | 6/8, 15, 22, 29                            |
| July                                    | Jun. 19                             | 6/8, 15                                    | Jul. 31                       | 7/6, 13, 20, 27                            |
| August                                  | Jul. 17                             | 7/6, 13                                    | Sep. 5                        | 8/3, 10, 17, 24, 31                        |
| September                               | Aug. 21                             | 8/10, 17                                   | Oct. 2                        | 9/7, 14, 21, 28                            |
| October                                 | Sep. 18                             | 9/7, 14                                    | Oct. 30                       | 10/5, 12, 19, 26                           |
| November                                | Oct. 23                             | 10/12, 19                                  | Dec. 4                        | 11/2, 9, 16, 23, 30                        |
| December                                | Nov. 20                             | 11/9, 16                                   | Jan. 2, 2014                  | 12/7, 14, 21, 28                           |
| <b>2014</b>                             |                                     |  |                               |  |
| January                                 | Dec. 18, 2013                       | 12/7, 14                                   | Feb. 5                        | 1/4, 11, 18, 25, 2/1                       |
| February                                | Jan. 23                             | 1/11, 18                                   | Mar. 5                        | 2/8, 15, 22, 3/1                           |
| March                                   | Feb. 20                             | 2/8, 15                                    | Apr. 2                        | 3/8, 15, 22, 29                            |
| April                                   | Mar. 19                             | 3/8, 15                                    | Apr. 30                       | 4/5, 12, 19, 26                            |
| May                                     | Apr. 23                             | 4/12, 19                                   | Jun. 4                        | 5/3, 10, 17, 24, 31                        |
| June                                    | May 21                              | 5/10, 17                                   | Jul. 2                        | 6/7, 14, 21, 28                            |
| July                                    | Jun. 18                             | 6/7, 14                                    | Jul. 30                       | 7/5, 12, 19, 26                            |
| August                                  | Jul. 23                             | 7/12, 19                                   | Sep. 4                        | 8/2, 9, 16, 23, 30                         |
| September                               | Aug. 20                             | 8/9, 16                                    | Oct. 1                        | 9/6, 13, 20, 27                            |
| October                                 | Sep. 17                             | 9/6, 13                                    | Nov. 5                        | 10/4, 11, 18, 25, 11/1                     |
| November                                | Oct. 22                             | 10/11, 18                                  | Dec. 3                        | 11/8, 15, 22, 29                           |
| December                                | Nov. 19                             | 11/8, 15                                   | Dec 31                        | 12/6, 13, 20, 27                           |

<sup>1/</sup> Weekly sales periods end on the indicated date and include applicable averages. The National Dairy Products Sales report is normally released on Wednesday of the following week. <http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting>

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

| State           | September 2012         |                         |                             |         |                 |              | September 2011          |                             |         |                 |              |
|-----------------|------------------------|-------------------------|-----------------------------|---------|-----------------|--------------|-------------------------|-----------------------------|---------|-----------------|--------------|
|                 | Number of<br>Producers | Pounds of<br>Milk (000) | -----Weighted Averages----- |         |                 |              | Pounds of<br>Milk (000) | -----Weighted Averages----- |         |                 |              |
|                 |                        |                         | Butterfat                   | Protein | Other<br>Solids | SCC<br>(000) |                         | Butterfat                   | Protein | Other<br>Solids | SCC<br>(000) |
| Michigan        | 1,718                  | 584,273                 | 3.59                        | 3.07    | 5.75            | 177          | 585,408                 | 3.61                        | 3.05    | 5.71            | 201          |
| Ohio            | 2,002                  | 256,783                 | 3.67                        | 3.10    | 5.72            | 245          | 294,249                 | 3.70                        | 3.09    | 5.67            | 277          |
| Indiana         | 1,070                  | 156,236                 | 3.63                        | 3.08    | 5.74            | 226          | 159,693                 | 3.65                        | 3.09    | 5.69            | 251          |
| New York        | 305                    | 91,692                  | 3.68                        | 3.06    | 5.73            | 216          | 67,280                  | 3.69                        | 3.05    | 5.69            | 239          |
| Pennsylvania    | 941                    | 86,677                  | 3.75                        | 3.11    | 5.70            | 285          | 97,071                  | 3.72                        | 3.08    | 5.65            | 325          |
| Wisconsin       | 39                     | 6,429                   | 3.63                        | 3.09    | 5.75            | 314          | 82,727                  | 3.67                        | 3.11    | 5.79            | 230          |
| West Virginia   | 43                     | 2,137                   | 3.87                        | 3.20    | 5.65            | 300          | 3,427                   | 3.84                        | 3.21    | 5.60            | 358          |
| Other           | 135                    | 5,573                   | 3.85                        | 3.13    | 5.68            | 261          | 17,402                  | 3.67                        | 3.04    | 5.72            | 244          |
| Total/Average * | 6,253                  | 1,189,800               | 3.63                        | 3.08    | 5.74            | 210          | 1,307,257               | 3.65                        | 3.07    | 5.70            | 238          |

\* 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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**Featured this month are:**

- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk in All Products

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**FEDERAL ORDER DATA**

**October 2012**

| Marketing Area <sup>1/</sup>         | Producer Milk    |                  | Class I<br>Percent<br>% | Producer<br>Price Differential<br>(per cwt.) | Statistical<br>Uniform Price<br>(per cwt.) |
|--------------------------------------|------------------|------------------|-------------------------|--|--|
|                                      | Total<br>(000)   | Class I<br>(000) |                         |  |  |
| FO 1 Northeast - (Boston)            | 2,027,261        | 867,747          | 42.8                    | \$(0.24)                                     | \$20.78                                    |
| FO 5 Appalachian - (Charlotte)       | 456,637          | 349,450          | 76.5                    | <sup>2/</sup>                                | 21.85                                      |
| FO 6 Florida - (Tampa)               | 244,809          | 210,948          | 86.2                    | <sup>2/</sup>                                | 23.70                                      |
| FO 7 Southeast - (Atlanta)           | 523,881          | 393,149          | 75.1                    | <sup>2/</sup>                                | 22.35                                      |
| FO 30 Upper Midwest - (Chicago)      | 2,027,220        | 339,292          | 16.7                    | (0.49)                                       | 20.53                                      |
| FO 32 Central - (Kansas City)        | 785,659          | 438,373          | 55.8                    | (1.57)                                       | 19.45                                      |
| <b>FO 33 Mideast - (Cleveland)</b>   | <b>1,215,015</b> | <b>575,999</b>   | <b>47.4</b>             | <b>(1.35)</b>                                | <b>19.67</b>                               |
| FO 124 Pacific Northwest - (Seattle) | 421,555          | 192,398          | 45.6                    | (1.84)                                       | 19.18                                      |
| FO 126 Southwest - (Dallas)          | 529,629          | 383,785          | 72.5                    | (0.67)                                       | 20.35                                      |
| FO 131 Arizona - (Phoenix)           | 342,882          | 123,078          | 35.9                    | <sup>2/</sup>                                | 20.23                                      |

<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 NOVEMBER 2012.....\$18.44 /cwt.**

# Mideast Market Administrator's Bulletin

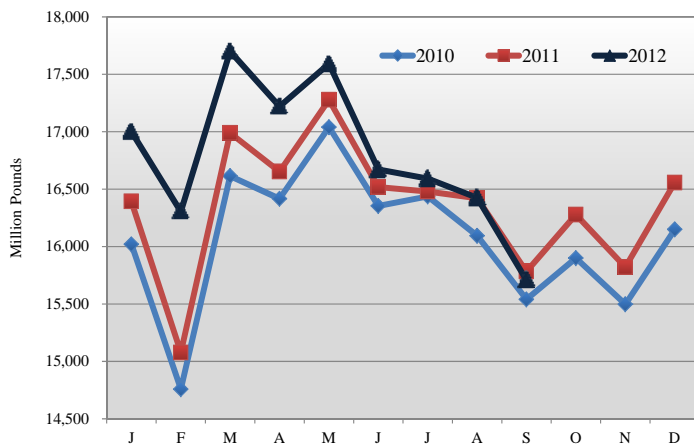
Supplement

Federal Order No. 33

November 2012

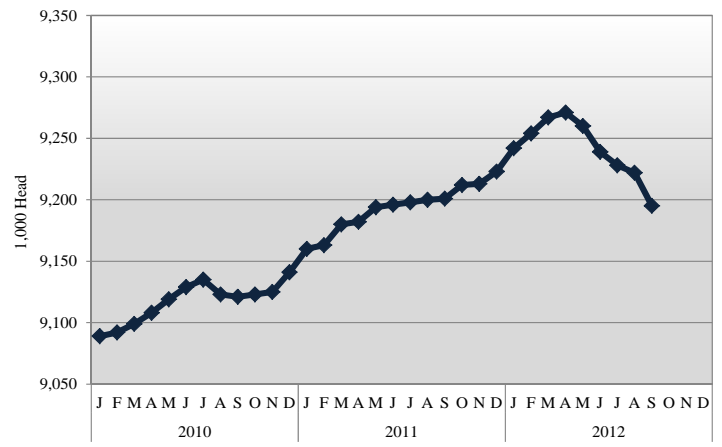
## MILK PRODUCTION STATISTICS 1/

Milk Production by Month, United States, 2010-2012



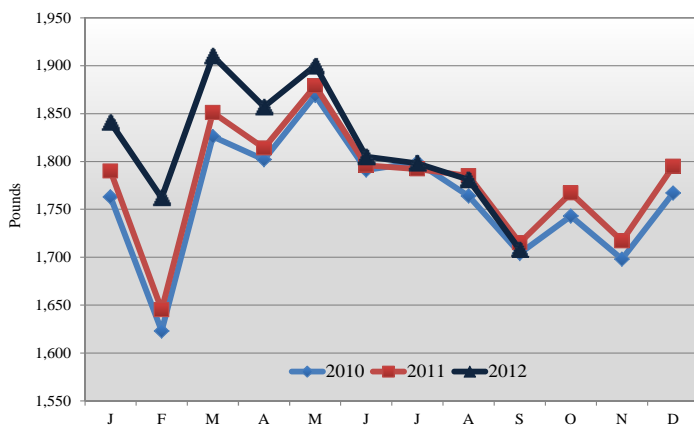
September 2012 milk production in the United States decreased 716 million pounds from August to 15.7 billion pounds. September 2012 milk production in the United States was down 0.5 percent from September 2011.

Milk Cows by Month, United States, 2010-2012



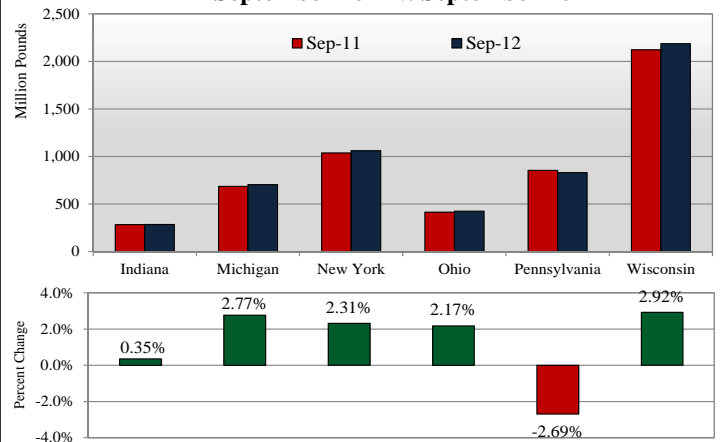
The number of milk cows on farms in the United States was 9.2 million head for September 2012, 27,000 head below August estimates and 6,000 head fewer than September 2011.

Milk Production Per Cow by Month, United States, 2010-2012



Production per cow in the United States averaged 1,708 pounds for September 2012, down 73 pounds from August 2012. September 2012 milk production per cow was down 7 pounds from September 2011.

Milk Production in Select Mideast States, September 2011 v. September 2012

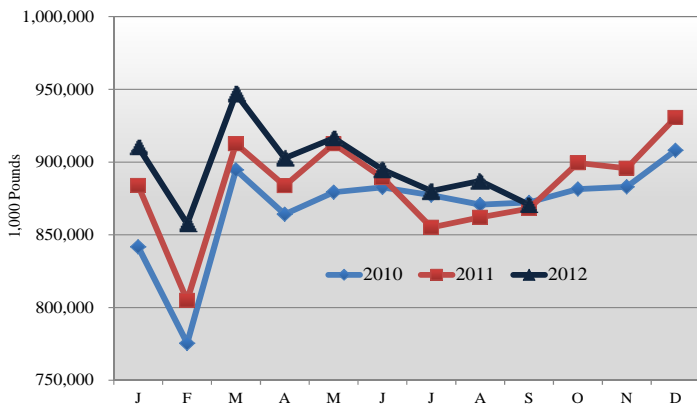


Milk production from selected states which pool on the Mideast marketing area totaled 5.5 billion pounds during September 2012, up 92 million pounds from the prior year. Milk production in Wisconsin was up 62 million pounds while production in Pennsylvania was down 23 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

## DAIRY PRODUCT PRODUCTION 1/

**Total Cheese Production, 2010-2012**



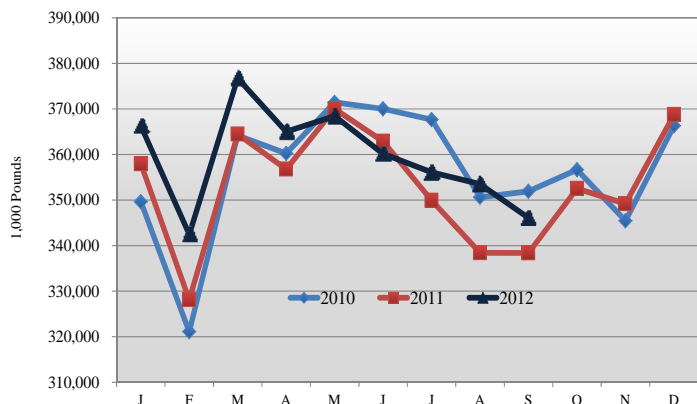
### Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) was 871 million pounds, 0.3 percent above September 2011 and 1.85 percent below August 2012.

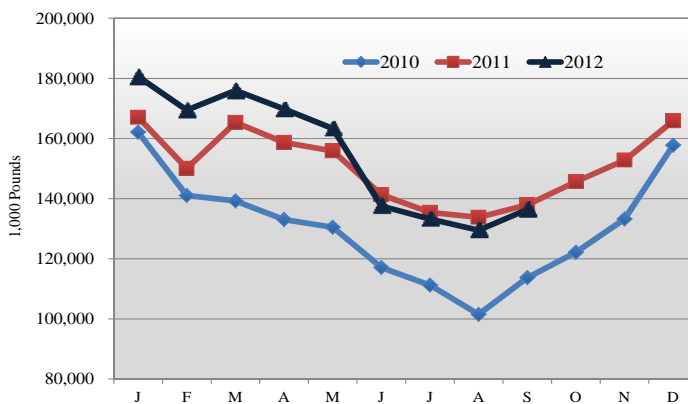
American type cheese production totaled 346 million pounds, 2.3 percent above September 2011 and 2.1 percent below August 2012.

Butter production was 136 million pounds, 1.1 percent below September 2011 and 5.3 percent above August 2012.

**Total American Cheese Production, 2010-2012**



**Total Butter Production, 2010-2012**



## COMMERCIAL DISAPPEARANCE 2/

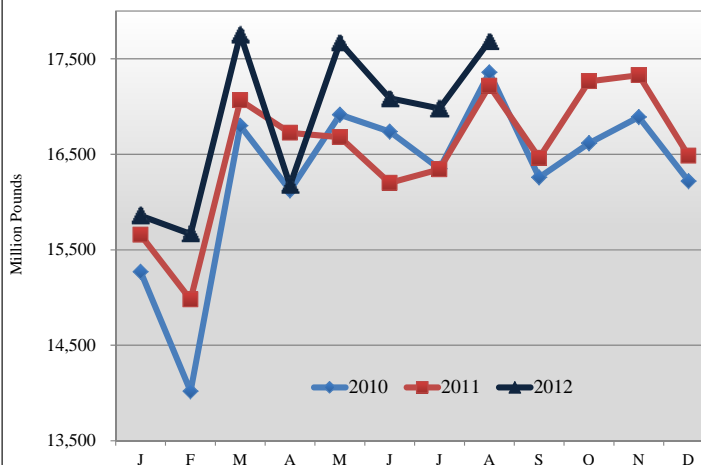
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For August 2012 commercial disappearance of milk was 17.7 billion pounds, up 2.7 percent from the prior year. The cumulative disappearance total for 2012 is 134.9 billion pounds, an increase of 3.1 percent from the same 8-month period of 2011.

August 2012 commercial disappearance of American cheese was 376.3 million pounds, up 7.4 percent from the prior year.

August 2012 commercial disappearance of butter was 164.9 million pounds, up 5.9 percent from the prior year.

**Commercial Disappearance of Milk in All Products, 2010-2012**



1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

2/ Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.