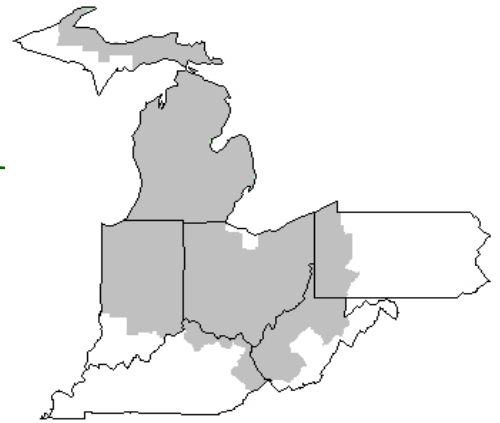


Mideast Market Administrator's Bulletin



Federal Order No. 33

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NASS to Provide Partial Milk Production Estimates for the Remainder of Fiscal Year 2013

USDA's National Agricultural Statistics Service will provide an estimate of U.S. milk production each month through September, 2013, which is the end of Federal Fiscal Year 2013. The agency will use only various sources of administrative data to establish the monthly milk production estimates rather than incorporating information from the two remaining quarterly producer surveys, as is presently done. Milk production is one element of the monthly Milk Production report that NASS suspended last month to meet sequestration requirements. Because NASS is not conducting milk producer surveys, the dairy cow and milk per cow statistics that were provided in previous reports will not be available. In order to provide the additional estimates and true up estimates based on administrative data, a scientifically based statistical survey will be necessary in the longer term.

The use of various administrative data by NASS to establish the monthly estimates of milk production will provide a consistent estimation process across all states and the nation, while maintaining cost savings by not conducting the producer survey. NASS will release the milk production estimate on the dates previously scheduled through September.

In addition, NASS will release the Annual Milk Production, Disposition and Income 2012 Summary report as scheduled on April 25. This report provides the annual number of milk cows, production per cow, and production for the year at the state and national levels for 2011 and 2012. The amount of milk used on farms and the amount sold, cash receipts, and value of production by state and at the U.S. level are also included.

The decision to move forward with the limited milk production estimates is a reflection of NASS's ongoing evaluation of its programs and its FY 2013 fiscal situation, as well as its commitment to timely, accurate and useful data in service to U.S. agriculture. NASS will continue to evaluate its programs and budget for FY 2014, which begins October 1.

For more information, contact Sue King, 202-690-8122

February Milk Production Down 3.4 Percent

Milk production in the 23 major States during February totaled 14.6 billion pounds, down 3.4 percent from February 2012. However, adjusting production for the additional day due to leap year causes February milk production to be up 0.1 percent on a per day basis. January revised production, at 15.9 billion pounds, was up 0.6 percent from January 2013. The January revision represented an

increase of 6 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,722 pounds for February, 58 pounds below February 2012. The number of milk cows on farms in the 23 major States was 8.50 million head, 13,000 head less than February 2012, but 2,000 head more than January 2013.

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 2.3 billion pounds, down 18 million pounds or 0.8 percent from February 2012.

Production per cow in the Mideast states averaged 1,689 pounds for February, 10 pounds below February 2012. The number of cows on farms in the Mideast states was 1.4 million head, 4,000 head less than February 2012.

January Milk Sales

During January, 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.4 percent lower than January 2012.

After adjusting for calendar composition, sales in January 2013 were 2.1 percent lower than January 2012. Estimated sales of total conventional fluid milk products decreased 1.4 percent from January 2012 and estimated sales of total organic fluid milk products decreased 1.8 percent from a year earlier.

March 2013 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	547,743,700	38.1
Class II	186,058,670	13.0
Class III	474,740,211	33.0
Class IV	228,184,517	15.9
Total	1,436,727,098	100.0

Producer Prices

Producer Price Differential	\$ 1.29 /cwt
Butterfat Price	1.7476 /lb
Protein Price	2.8204 /lb
Other Solids Price	0.4179 /lb
Somatic Cell Adjustment Rate	0.00082 /cwt
Statistical Uniform Price	18.22 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

March 2013

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			538,230,803			\$ 14.44 / cwt	\$ 77,720,527.94
Class I Butterfat		9,512,897				1.6764 / lb	15,947,420.54
Class I Location Differential	547,743,700						(261,056.02)
Class II SNF Value				15,840,744		1.4600 / lb	23,127,486.24
Class II Butterfat		14,896,487				1.7546 / lb	26,137,376.10
Class III Protein Value			14,982,880			2.8204 / lb	42,257,714.73
Class III Other Solids Value					27,268,826	0.4179 / lb	11,395,642.40
Class III Butterfat		18,707,056				1.7476 / lb	32,692,451.04
Class IV SNF Value				20,086,510		1.3395 / lb	26,905,880.17
Class IV Butterfat		12,111,684				1.7476 / lb	21,166,378.99
Somatic Cell Value II / III / IV							<u>1,204,925.41</u>
TOTAL PRODUCER MILK VALUE	1,436,727,098	55,228,124	45,274,651		82,559,284		\$ 278,294,747.54
Overages						19,677.99	
Beginning Inventory & OS Charges						(4,934.71)	
TOTAL ADJUSTMENTS							\$ 14,743.28
TOTAL HANDLER OBLIGATIONS							\$ 278,309,490.82
Total Protein Value			45,274,651 lbs	@	\$2.8204		\$(127,692,625.65)
Total Other Solids Value			82,559,284 lbs	@	0.4179		(34,501,524.77)
Butterfat Value			55,228,124 lbs	@	1.7476		(96,516,669.50)
Total Somatic Cell Values							<u>(1,920,388.67)</u>
TOTALS							\$ 17,678,282.23
Net Producer Location Adjustments							\$ 922,566.57
1/2 Unobligated Balance Producer Settlement Fund							<u>627,000.00</u>
Total - Divided by Total Pounds			1,436,727,098 lbs		1.3383091		\$ 19,227,848.80
Rate of Cash Reserve					<u>(0.0483091)</u>		<u>(694,069.93)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,436,727,098		\$ 1.29 /cwt		\$ 18,533,778.87

COMPONENT PRICES

March

	<u>2013</u>	<u>2012</u>
Butterfat Price	\$1.7476 / lb	\$1.5297 / lb
Protein Price	2.8204 / lb	2.6571 / lb
Other Solids Price	0.4179 / lb	0.4239 / lb
Somatic Cell Adjustment Rate	0.00082 / cwt	0.00076 / cwt
Nonfat Solids Price	1.3395 / lb	1.1516 / lb

COMPUTATION OF UNIFORM PRICE

March

	<u>2013</u>	<u>2012</u>
Class III Price - 3.5% BF	\$ 16.93	\$15.72
Producer Price Differential*	<u>1.29</u>	<u>0.83</u>
Statistical Uniform Price	\$18.22	\$16.55

CLASS PRICES

March

	<u>2013</u>	<u>2012</u>
Class I*	\$19.80	\$18.30
Class II	18.82	16.59
Class III	16.93	15.72
Class IV	17.75	15.35

CLASSIFICATION OF PRODUCER MILK

March

	<u>2013</u>	<u>2012</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	547,743,700	534,204,401
Class II	186,058,670	265,800,662
Class III	474,740,211	600,311,691
Class IV	<u>228,184,517</u>	<u>157,400,603</u>
Total	1,436,727,098	1,557,717,357

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2013 was \$1.29 and the Statistical Uniform Price was \$18.22 for the month. The Statistical Uniform Price is \$0.15 lower than last month, and is \$1.67 higher than March, 2012.

The Producer Butterfat Price of \$1.7476 per pound increased \$.0857 from February and is up \$0.2179 from a year ago. The Protein Price of \$2.8204 is down \$0.1405 cents from last month and is up \$0.1633 from March 2012. The Other Solids Price in March was \$0.4179 per pound, a decrease from last month's price of \$0.4534 and \$0.0060 lower than last March. The Somatic Cell Adjustment rate for March was \$0.00082.

March producer receipts of 1.44 billion pounds were 5.2 percent higher than February and 7.8 percent lower than March 2012 production of 1.56 billion pounds. Producer milk allocated to Class I accounted for 38.1 percent of the total producer milk in March 2013, more than the 37.2 percent in February, and more than the 34.3 percent in March 2012. A total of 6,150 producers were pooled on the Mideast Order compared to 6,492 producers pooled in March 2012.

The market average content of producer milk was as follows: Butterfat 3.84%; Protein 3.15%; Other Solids 5.75% and Nonfat Solids 8.90%.

Milk Production Posts Another Forecast Rise, but Stronger Exports Are Expected to Keep Milk Prices From Slipping

Corn prices were reduced slightly on the upper end of the projected price range from February in the March USDA *World Agricultural Supply and Demand Estimates* report. Corn prices are forecast at \$6.75-\$7.45 per bushel. Soybean meal prices were lowered from February to \$425-\$445 per ton in March. Although record-high at the beginning of the year, forage prices are likely to moderate in the second half of 2013.

The number of dairy cows was raised from last month's estimate. Despite a poor milk-feed price ratio, January cow numbers were higher than expected. Forecast cow numbers were raised from last month for the first half of 2013 and lowered from last month for the second half of the year. The U.S. dairy herd is expected to average 9,195 thousand cows for 2013, a contraction from 2012 but higher than February's forecast. Output per cow was raised slightly to 21,960 pounds, based on higher milk per cow in the first quarter. The most recent *Milk Production* report showed slightly higher year-over-year milk per cow in January for the 23 surveyed States. As a result of the higher milk per cow and a slightly higher average herd size than earlier forecast, 2013 milk production was raised to 201.9 billion pounds. The net additional milk output will help keep a lid on milk prices and continue pressure on producer margins.

Both fat and skims-solids basis imports were unchanged this month; at 4.0 and 5.4 billion pounds respectively. Fat basis exports were raised to 9.4 billion pounds based on likely butter exports through the first part of 2013, but the exports are expected to flag toward the end of 2013. Skims-solids exports were raised to 34.4 billion pounds for the year. The increase is predicated on expected nonfat dry milk (NDM) exports. The apparent unfolding drought conditions in New Zealand could support greater U.S. exports later this spring if they continue into New Zealand's next marketing year. U.S. NDM stocks appear ample for filling any gap resulting from New Zealand's drought.

Year-end stocks on both a fat and a skims-solids basis were unchanged from last month. However, second-quarter ending stocks were raised slightly based on lower expected domestic disappearance. Skims-solids stocks were raised for the first quarter

based on greater NDM stocks that are expected to decline as NDM exports accelerate later in the year.

Cheese prices have been lowered in March to \$1.710-\$1.770 per pound as production increases, but demand is expected to remain steady. The same supply demand fundamentals apply to whey prices, which were lowered to 60.0-63.0 cents per pound. Butter prices are forecast at \$1.540-\$1.630 per pound, unchanged from last month. NDM prices were raised from last month to \$1.505 to \$1.555 per pound based on the export outlook for later in 2013. The Class III price is forecast at \$17.55-\$18.15 per cwt based on lower cheese and whey prices. The Class IV price is raised to \$17.35-\$18.05 per cwt as a higher export forecast supports butter and NDM prices. The all milk price is projected at \$19.00-\$19.60 per cwt, little changed from last month. Despite greater milk production forecast in March, stronger exports are expected to support the projected all milk price at close to February's forecast and above the 2012 all milk price.

Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-225/March 14, 2013*, Economic Research Service, USDA

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

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

State	February 2013						February 2012				
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages -----				-----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,647	626,209	3.78	3.15	5.76	164	616,193	3.72	3.11	5.75	163
Ohio	2,020	350,598	3.90	3.16	5.72	203	341,287	3.77	3.14	5.74	213
Indiana	1,046	170,565	3.90	3.17	5.76	201	179,418	3.77	3.14	5.74	203
New York	294	87,346	3.86	3.13	5.75	193	127,345	3.77	3.09	5.75	198
Pennsylvania	903	86,775	3.95	3.16	5.70	241	94,979	3.87	3.15	5.71	267
Wisconsin	36	35,214	3.76	3.13	5.77	252	80,449	3.80	3.16	5.79	205
West Virginia	45	2,386	4.05	3.22	5.73	257	3,516	4.04	3.24	5.71	270
Other	95	6,250	3.99	3.16	5.72	225	26,580	3.71	3.07	5.75	199
Total/Average *	6,086	1,365,343	3.84	3.16	5.75	188	1,469,769	3.75	3.13	5.75	193

* 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 2013

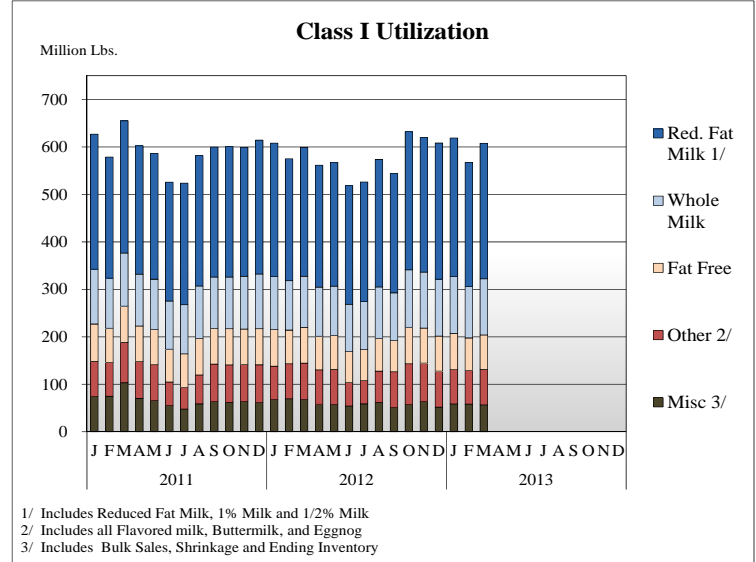
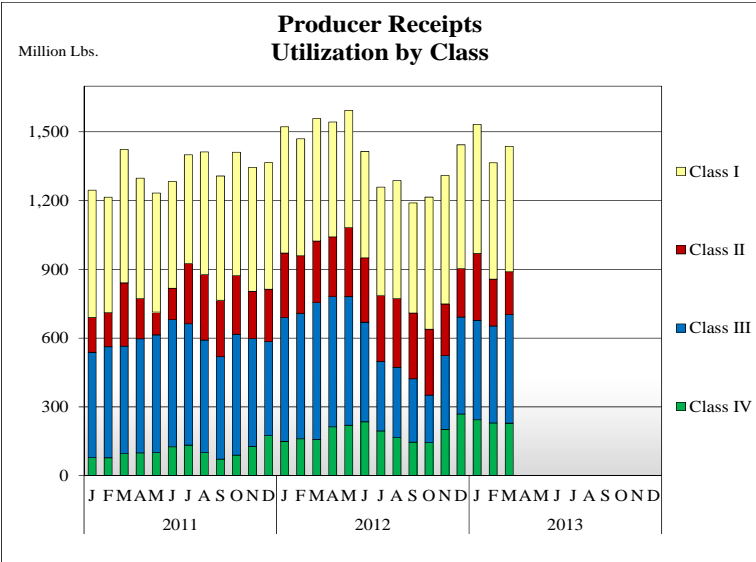
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,242,982	809,469	36.1	\$2.39	\$19.32
FO 5 Appalachian - (Charlotte)	523,402	317,672	60.7	^{2/}	20.29
FO 6 Florida - (Tampa)	251,321	214,091	85.2	^{2/}	22.59
FO 7 Southeast - (Atlanta)	552,488	357,121	64.6	^{2/}	20.70
FO 30 Upper Midwest - (Chicago)	3,009,636	312,649	10.4	0.33	17.26
FO 32 Central - (Kansas City)	1,347,251	409,336	30.4	0.94	17.87
FO 33 Mideast - (Cleveland)	1,436,727	547,744	38.1	1.29	18.22
FO 124 Pacific Northwest - (Seattle)	727,017	177,334	24.4	0.89	17.82
FO 126 Southwest - (Dallas)	1,220,438	356,945	29.3	1.71	18.64
FO 131 Arizona - (Phoenix)	434,498	114,942	26.5	^{2/}	18.30

^{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 2013.....\$16.93 /cwt.

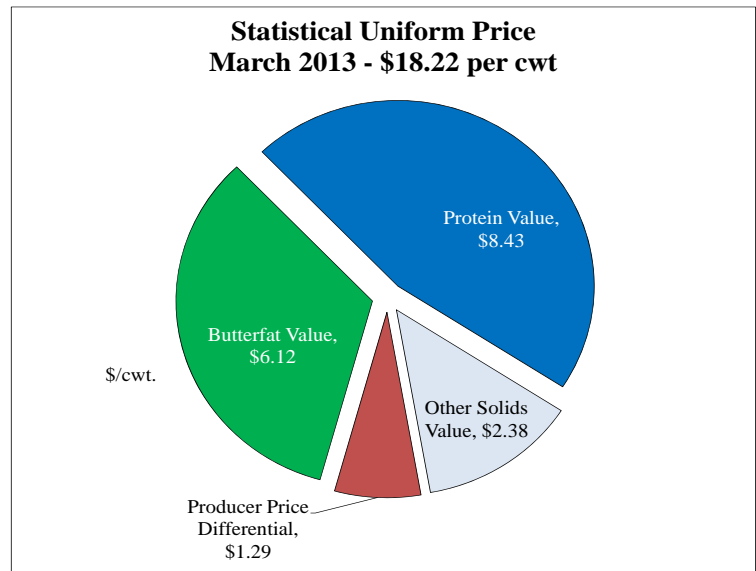
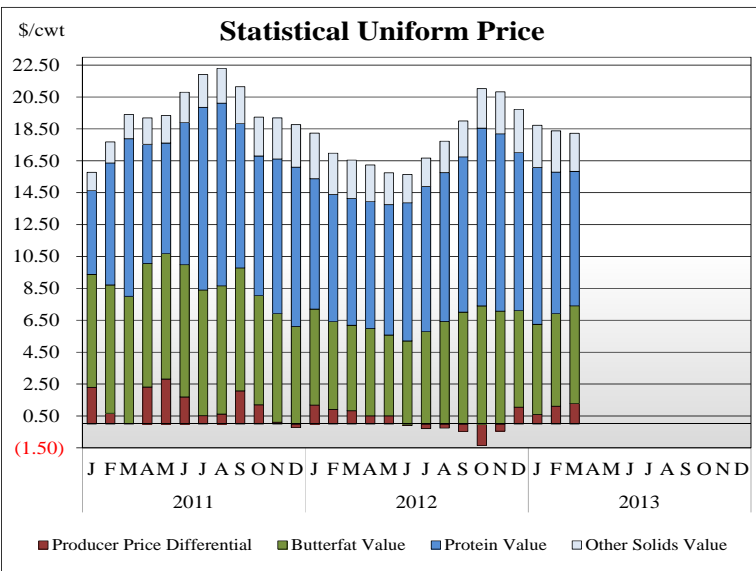
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.44 billion pounds in March 2013. The pounds allocated to Class I represented 38.1 percent of the total pounds. Producer receipts increased 71.5 million pounds compared to February 2013, and were down 121.0 million pounds from the prior year.

Class I Pounds: Class I utilization for the Mideast Order totaled 608 million pounds in March 2013, up 9 million pounds from March 2012. Finished products include 118 million pounds used for whole milk, 286 million pounds of reduced fat and low fat milk, and 73 million pounds of fat free (skim) milk.

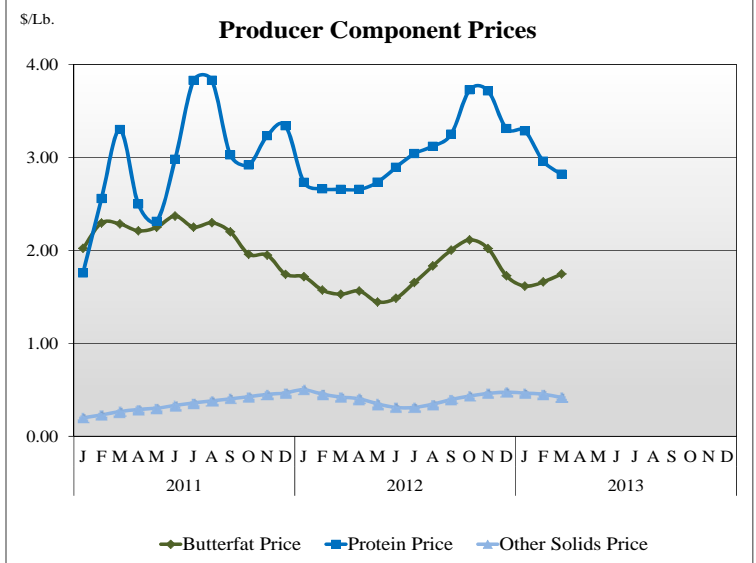
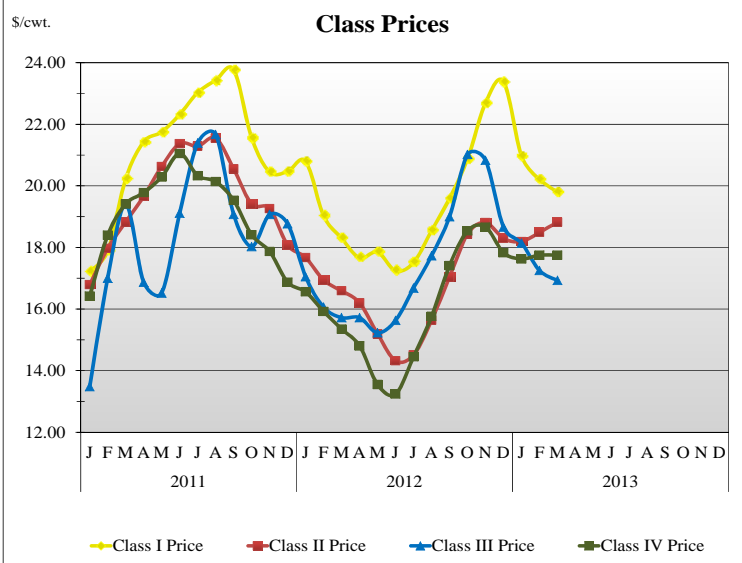
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$18.22 per cwt for March 2013. The March 2013 SUP was \$1.67 per cwt higher than the March 2012 SUP. The March 2013 SUP is \$0.15 per cwt lower than the February 2013 SUP.

March 2013 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the March 2013 SUP are: \$8.43 per cwt for protein, \$6.12 per cwt for butterfat and \$2.38 per cwt for other solids. Also included in the SUP is the \$1.29 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NASS PRICES

