

# Mideast Market Administrator's Bulletin

## Federal Order No. 33

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### UPPER MIDWEST MARKETING AREA INTERIM FINAL RULE ISSUED

The U.S. Secretary of Agriculture recently issued the Interim Final Rule for the Upper Midwest Marketing Area. The decision amends the pooling provisions of the Upper Midwest Federal Milk Order on an interim basis, effective May 1, 2002.

The Interim Final Rule states that disorderly marketing conditions from the simultaneous pooling of milk on the Upper Midwest Federal Order and the California State-operated order warrant these amendments. This interim order eliminates the ability to pool the same milk on a Federal and State-operated order that has marketwide pooling. It also establishes diversion limits for distributing plants regulated under the order. More than the required number of producers in the Upper Midwest Marketing Area have approved the issuance of the interim amendments.

The Interim Final Rule states that good cause exists for making these interim order amendments effective May 1, 2002, and that it would be contrary to the public interest to delay the effective date of these amendments for 30 days after their publication in the Federal Register. The amended order, therefore, was effective May 1, 2002.

### USDA SEEKS NOMINEES FOR NATIONAL DAIRY BOARD

The U.S. Department of Agriculture is asking dairy producer and farm organizations to nominate candidates to serve on the National Dairy Promotion and Research Board. Nominations must be submitted by May 31.

The secretary of agriculture will appoint 12 individuals from those nominated to succeed members whose terms expire October 31, 2002. The 12 new members will serve 3-year terms beginning November 1, 2002, and ending October 31, 2005.

Appointments will be made from nominations for the following: Region 2 (California); Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas); Region 5 (Minnesota, North Dakota, and South Dakota); Region 6 (Wisconsin); Region 7 (Illinois, Iowa, Missouri, and Nebraska); Region 8 (Alabama, Kentucky, Louisiana, Mississippi, and Tennessee); Region 9 (Indiana, Michigan, Ohio, and West Virginia); Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); Region 12 (New York) and Region 13 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont).

The National Dairy Promotion and Research Board was established under the Dairy Production Stabilization Act of 1983 to develop and administer a coordinated program of promotion, research, and nutrition education. The 36-member board is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The national program is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially by dairy producers in the contiguous 48 states.

AMS encourages all eligible women, minorities, and persons with disabilities to serve and participate in its committee and board activities. It is USDA's policy that membership on industry-governed committees and boards, such as the National Dairy Promotion and Research Board, accurately reflect the diversity of individuals served by the programs.

For nominating forms and procedures, contact: David R. Jamison, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, D.C. 20250-0233; telephone (202) 720-6909; fax (202) 720-0285; or E-mail at [david.jamison2@usda.gov](mailto:david.jamison2@usda.gov).

### MARCH MILK PRODUCTION UP 3.2 PERCENT

Milk production in the 20 major States during March totaled 12.8 billion pounds, up 3.2 percent from March 2001. February revised production, at 11.4 billion pounds, was up 2.3 percent from February 2001. The February revision represented a decrease of 0.5 percent or 56 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,650 pounds for March, 51 pounds above March 2001.

The number of milk cows on farms in the 20 major States was 7.75 million head, 2,000 head more than March 2001, and 1000 head more than February 2002.

The Mideast Marketing Area has five states represented in the 20 major states used above. They are Indiana, Kentucky, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during March totaled 2.23 billion pounds, up 1.9 percent from March 2001.

Production per cow in the Mideast states averaged 1,523 pounds for March, 66 pounds above March 2001.

The number of cows on farms in the Mideast states was 1.41 million head, 33,000 head less than March 2001.

### APRIL 2002 - POOL SUMMARY

Classification of Producer Milk		Percent
Class I	537,590,317	34.5
Class II	171,657,184	11.0
Class III	782,034,326	50.2
Class IV	66,117,653	4.3
Total	1,557,399,480	100.0

#### Producer Prices

Producer Price Differential	\$1.07 / cwt
Butterfat Price	1.2890 / lb
Protein Price	2.0109 / lb
Other Solids Price	0.0566 / lb
Somatic Cell Adjustment Rate	0.00062 / cwt
Statistical Uniform Price	11.92 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES****Federal Order No. 33****APRIL 2002****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			527,571,067			\$ 8.91 / cwt	\$ 47,006,582.05
Class I Butterfat		10,019,250				1.3933 / lb	13,959,821.02
Class I Location Differential	537,590,317						(257,737.38)
Class II SNF Value				14,384,796		0.8456 / lb	12,163,783.46
Class II Butterfat		13,165,817				1.2960 / lb	17,062,898.86
Class III Protein Value			23,411,736			2.0109 / lb	47,078,659.93
Class III Other Solids Value					45,144,648	0.0566 / lb	2,555,187.10
Class III Butterfat		26,592,038				1.2890 / lb	34,277,137.00
Class IV SNF Value				5,254,012		0.7575 / lb	3,979,914.14
Class IV Butterfat		8,123,161				1.2890 / lb	10,470,754.59
Somatic Cell Value II / III / IV							419,565.20
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,557,399,480</b>	<b>57,900,266</b>	<b>46,545,450</b>		<b>89,575,059</b>		<b>\$ 188,716,565.97</b>
Overages						\$50,193.70	
Beginning Inventory						(34,595.58)	
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 15,598.12</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 188,732,164.09</b>
Total Protein Value			46,545,450 lbs	@	\$2.0109		\$ (93,598,245.43)
Total Other Solids Value			89,575,059 lbs	@	0.0566		(5,069,948.38)
Butterfat Value			57,900,266 lbs	@	1.2890		(74,633,442.90)
Total Somatic Cell Values							(589,929.97)
<b>TOTALS</b>							<b>\$ 14,840,597.41</b>
Net Producer Location Adjustments							\$ 1,854,338.28
1/2 Unobligated Balance Producer Settlement Fund							703,000.00
Total - Divided by Total Pounds			1,557,399,480 lbs		1.1171145		\$ 17,397,935.69
Rate of Cash Reserve					(0.0471145)		(733,760.98)
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,557,399,480		<b>\$1.07 / cwt</b>		<b>\$ 16,664,174.71</b>

**COMPONENT PRICES****April**

	<u>2002</u>	<u>2001</u>
Butterfat Price	\$1.2890 / lb	\$1.9483 / lb
Protein Price	2.0109 / lb	1.5443 / lb
Other Solids Price	0.0566 / lb	0.1081 / lb
Somatic Cell Adjustment Rate	0.00062 / cwt	0.00067 / cwt
Nonfat Solids Price	0.7575 / lb	0.8745 / lb

**COMPUTATION OF UNIFORM PRICE****April**

	<u>2002</u>	<u>2001</u>
Class III Price - 3.5% BF	\$10.85	\$12.06
Producer Price Differential*	1.07	1.88
Statistical Uniform Price	<u>\$11.92</u>	<u>\$13.94</u>

**CLASS PRICES****April**

	<u>2002</u>	<u>2001</u>
Class I*	\$13.47	\$15.44
Class II	11.88	15.10
Class III	10.85	12.06
Class IV	11.09	14.41

**CLASSIFICATION OF PRODUCER MILK****April**

	<u>2002</u>	<u>2001</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	537,590,317	524,283,562
Class II	171,657,184	96,173,951
Class III	782,034,326	640,501,127
Class IV	66,117,653	45,055,936
Total	<u>1,557,399,480</u>	<u>1,306,014,576</u>

\* Subject to Location Adjustment.

**ORDER 33 APRIL MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for April 2002 was \$1.07 and the Statistical Uniform Price was \$11.92 for the month. The Statistical Uniform Price is down \$0.01 from last month, and is \$2.02 lower than April 2001.

The Producer Butterfat Price of \$1.2890 per pound decreased 7.48 cents from March 2002 and is down 65.93 cents from a year ago. The Protein Price of \$2.0109 is up 17.67 cents from last month and is up 46.66 cents from April 2001. The Other Solids Price in April was \$0.0566 per pound, a decrease from last month's price of \$0.0688 and a decrease of 5.15 cents from last April. The Somatic Cell Adjustment rate for April was \$0.00062.

April producer receipts of 1.56 billion pounds were up 1.2 percent from March 2002, and increased 19.2 percent over April 2001 production of 1.31 billion pounds. Producer milk allocated to Class I accounted for 34.5 percent of the total producer milk in April 2002 below the 34.9 percent in March and the 40.1 percent in April 2001. A total of 11,503 producers were pooled in the Mideast Order with an average daily delivery of 4,513 pounds compared to 10,958 producers pooled in April 2001 with an average daily delivery of 3,973 pounds.

The market average content of producer milk was as follows: Butterfat 3.72%; Protein 2.99%; Other Solids 5.75% and Nonfat Solids 8.74%.

## NATIONAL AGRICULTURAL STATISTICS SERVICE BUTTER PRICES: 2000 - 2002

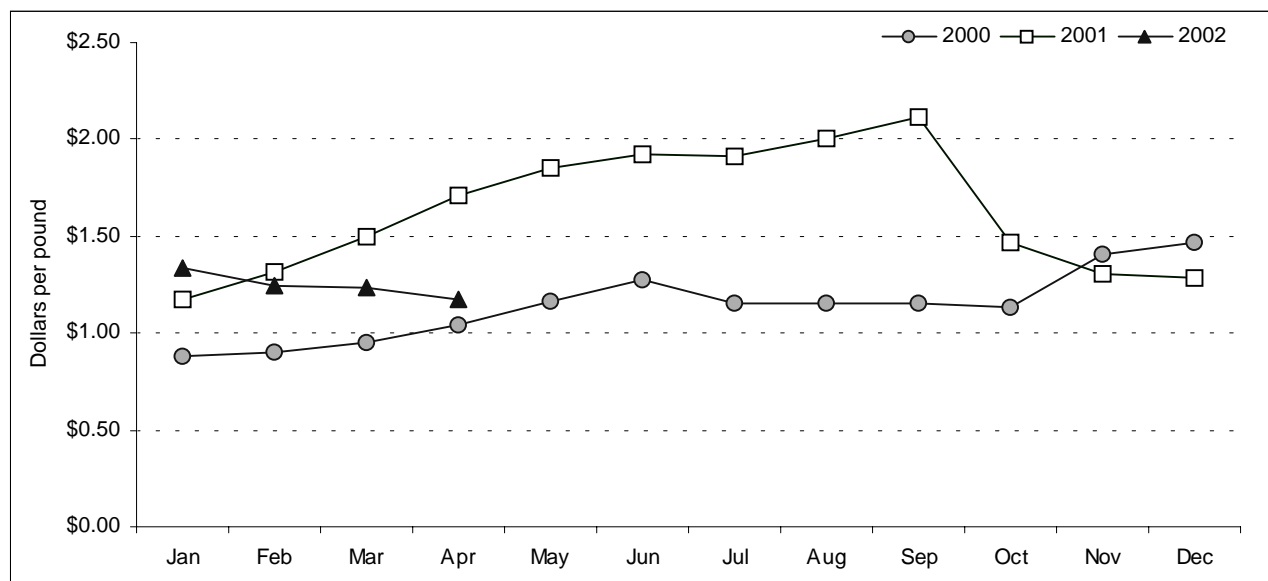
The Federal milk order program uses product price formulas to determine milk component values, which are combined to calculate monthly class prices. The factors in the formulas are dairy product prices. The dairy product prices are those collected by the National Agricultural Statistics Service (NASS) in USDA. NASS conducts weekly surveys of dairy product manufacturers that sell specific products on a bulk, wholesale basis; prices are f.o.b. processing plant or storage center. All dairy product manufacturers that meet NASS's reporting criteria are mandated by law to participate in the survey. Producer butterfat prices are driven by the NASS survey price for butter. Below is a graph showing the monthly NASS grade AA butter prices for the years 2000 - 2002.

A combination of higher milk production and high milk components led to lower butter prices in 2000. Milk production was up 3.0 percent for the year. Milk components were at higher levels due to favorable weather conditions for the year. Butter prices were stable to slightly increasing for the first half of the year. This is when butter stocks are typically built. The increase in the butter price in June was due to large promotions in the ice cream business for National Dairy month. Competition for butterfat for use in cream versus butter also led to higher butter prices. Butter prices peaked

at \$1.4698 per pound in December due to a decrease in milk production and reductions in butter inventory.

The January 2001 NASS survey price for grade AA butter was \$1.1725 per pound. This was a decrease of \$0.2973 per pound from December 2000. This was due to perception that there was plenty of cream available. This soon changed as it became apparent that milk production levels were decreasing. Milk production declined 1.0 percent for the year. Seasonal build up, energy problems in California, along with concerns for a butter shortage, pushed butter prices up to \$1.9263 per pound by June. After a slight drop in butter price in July, inventories continued to be stockpiled because of shortage fears. This resulted in butter peaking at \$2.1198 per pound in September. Lower food service demand, seasonably higher component levels, and increased milk production led to declining prices in the fourth quarter of 2001.

Unseasonable weather spurred higher milk production to begin 2002. This along with the unstable economy has led to increasing butter stocks. Inventories for the week ending May 4<sup>th</sup> were 128.3 million pounds. This is compared to 58.9 million pounds for the same period in 2001 and 71.3 million pounds in 2000.



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

State	March 2002*						March 2001				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,659	469,539	3.71	3.03	5.73	278	366,603	3.72	3.05	5.72	285
Wisconsin	2,841	432,136	3.78	3.01	5.68	277	306,338	3.76	3.01	5.70	268
Ohio	2,708	311,374	3.80	3.07	5.72	292	297,876	3.79	3.08	5.69	299
Pennsylvania	1,494	130,372	3.86	3.06	5.70	334	126,770	3.84	3.07	5.68	338
Indiana	1,328	144,381	3.81	3.05	5.71	292	122,491	3.79	3.07	5.69	319
New York	403	52,178	3.78	3.00	5.70	258	71,193	3.75	3.01	5.70	246
Illinois	111	14,299	3.76	3.02	5.72	320	15,749	3.78	3.07	5.76	324
West Virginia	94	7,246	3.75	3.12	5.71	366	6,515	3.78	3.08	5.69	397
Minnesota	40	4,025	3.80	3.09	5.75	406	0				
Other	128	9,985	3.84	3.10	5.72	349	24,649	3.72	3.06	5.67	339
<b>Total/Average</b>	<b>11,806</b>	<b>1,575,535</b>	<b>3.77</b>	<b>3.04</b>	<b>5.71</b>	<b>287</b>	<b>1,338,183</b>	<b>3.76</b>	<b>3.05</b>	<b>5.70</b>	<b>292</b>

\* Totals may not add due to rounding. Data provided on a one month delay basis.



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**FEDERAL ORDER DATA  
APRIL 2002**

Marketing Area	1/	Producer Milk		Class I Percent %	Producer Price Differential	Statistical Uniform Price
		Total (000)	Class I (000)			
FO 1	Northeast - <i>(Boston)</i>	2,241,081	872,295	38.9	\$2.09	\$12.94
FO 5	Appalachian - <i>(Charlotte)</i>	613,858	369,145	60.1	2/	13.43
FO 6	Florida - <i>(Tampa)</i>	240,908	211,361	87.7	2/	14.93
FO 7	Southeast - <i>(Atlanta)</i>	733,198	401,690	54.8	2/	13.23
FO 30	Upper Midwest - <i>(Chicago)</i>	1,779,353	343,508	19.3	0.50	11.35
FO 32	Central - <i>(Kansas City)</i>	1,557,882	408,440	26.2	0.83	11.68
<b>FO 33</b>	<b>Mideast - <i>(Cleveland)</i></b>	<b>1,557,399</b>	<b>537,590</b>	<b>34.5</b>	<b>1.07</b>	<b>11.92</b>
FO 124	Pacific Northwest - <i>(Seattle)</i>	658,081	174,801	26.6	0.79	11.64
FO 126	Southwest - <i>(Dallas)</i>	878,245	337,977	38.5	1.86	12.71
FO 131	Arizona-Las Vegas - <i>(Phoenix)</i>	279,466	78,498	28.1	2/	11.79
FO 135	Western - <i>(Salt Lake City)</i>	495,441	86,331	17.4	0.69	11.54

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 MAY 2002 ..... \$10.85 /cwt.**