

Mideast Market Administrator's Bulletin



Federal Order No. 33

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December 2004

INVITATION TO SUBMIT PROPOSALS FOR A PUBLIC HEARING TO AMEND THE POOLING PROVISIONS OF THE MIDEAST MARKETING ORDER

We have received a request from Ohio Dairy Producers (ODP) for a public hearing to change the pooling standards of the Mideast Order. One proposal seeks to limit the pooling of producer milk normally associated with the Mideast market that was not pooled in a prior month(s), while another proposed to establish a dairy farmer for other markets provision that would require a year round commitment by producers seeking to have their milk pooled on the Mideast order.

The proponent contends that depooling is having a negative impact on producer price differentials (PPD) received by dairy farmers who are consistently pooled. They state that the ability of some producers to depool when prices are low and repool with no penalty has lowered the PPD for those Ohio producers who consistently remain pooled by as much as \$1.66 per hundred weight in some months. ODP stated that other marketing orders are currently considering proposals to limit depooling, and predicted that if the depooling problem is corrected in those markets it may lead to larger problems for the Mideast order if there is no change in the current regulations.

Copies of the proposals may be obtained from either Gino Tosi, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231-Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 690-1366, e-mail: Gino.Tosi@usda.gov or David Z. Walker, Mideast Market Administrator, USDA/AMS/Dairy, P.O. Box 5102, 1325 Industrial Parkway North, Brunswick, Ohio 44212, (330) 225-4758.

These proposals have not yet been approved for inclusion in a Notice of Hearing. Before deciding whether a hearing should be held, USDA is providing interested parties an opportunity to submit additional proposals regarding the pooling standards in the Mideast order.

Additional proposals should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP 0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by January 7, 2005. Each proposal should be accompanied by a brief but comprehensive statement on the need for the proposal. The statement will be used in deciding whether the proposals should be considered if a hearing to amend the order is to be held.

A hearing would be limited to proposals included in a hearing notice. However, appropriate modifications of the proposals in the hearing notice may be considered at the hearing. Any proposals that would extend regulation should be accompanied by the names and addresses of persons who proponents believe would be affected by

the proposed extension and an estimate of the number of additional dairy farmers involved.

Actions under the Federal Milk Order Program are subject to the "Regulatory Flexibility Act (Act)." This Act seeks to ensure that, within the statutory authority of a program, the regulatory and informational requirements are tailored to the size and nature of small businesses. For the purpose of the Federal Order Program, a dairy farm is a "small business" if it has an annual gross revenue of less than \$750,000 resulting in a production guideline of 500,000 pounds per month. A handler is a "small business" if they have fewer than 500 employees. If the plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees. Interested persons are invited to submit hearing proposals that would carry out the intent of the Act.

If USDA concludes that a hearing should be held, all known interested persons will be mailed a copy of the hearing notice. Anyone who desires to present evidence on proposals set forth in the hearing notice will have an opportunity to do so at the hearing.

Once a hearing notice is issued and until the issuance of a final decision, USDA employees involved in the decisional process may not discuss the merits of a proceeding on an ex parte basis with any persons having an interest in the proceeding. For this purpose, the Market Administrator and his staff are considered to be involved in the decisional process. Thus, it is suggested that any discussions that you may wish to have with USDA personnel regarding hearing proposals be initiated soon. Procedural matters may be discussed at any time.

If you have any questions concerning the filing of the proposals or desire a copy of the present order, please contact this office.

NOVEMBER 2004 - POOL SUMMARY

Classification of Producer Milk

		<i>Percent</i>
Class I	562,288,579	38.1
Class II	220,798,136	14.9
Class III	639,139,516	43.3
Class IV	54,501,319	3.7
Total	1,476,727,550	100.0

Producer Prices

Producer Price Differential	\$ 0.32 /cwt
Butterfat Price	2.0489 /lb
Protein Price	2.4297 /lb
Other Solids Price	0.0800 /lb
Somatic Cell Adjustment Rate	0.00079 /cwt
Statistical Uniform Price	15.21 /cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****NOVEMBER 2004****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			551,559,621			\$ 9.81 /cwt	\$ 54,107,998.81
Class I Butterfat		10,728,958				1.9488 / lb	209,085,933.38
Class I Location Differential	562,288,579						(311,524.89)
Class II SNF Value				18,789,601		0.7933 / lb	14,905,790.46
Class II Butterfat		15,122,107				2.0559 / lb	31,089,539.79
Class III Protein Value			19,881,663			2.4297 / lb	48,306,476.55
Class III Other Solids Value					36,355,903	0.0800 / lb	2,908,472.24
Class III Butterfat		23,406,267				2.0489 / lb	47,957,100.44
Class IV SNF Value				4,382,822		0.7098 / lb	3,110,927.06
Class IV Butterfat		6,432,674				2.0489 / lb	13,179,905.76
Somatic Cell Value II / III / IV							<u>776,529.41</u>
TOTAL PRODUCER MILK VALUE	1,476,727,550	55,690,006	45,979,862		83,914,869		\$ 236,939,809.01
Overages						\$ 65,591.87	
Beginning Inventory						160,772.17	
TOTAL ADJUSTMENTS							\$ <u>226,364.04</u>
TOTAL HANDLER OBLIGATIONS							\$ 237,166,173.05
Total Protein Value			45,979,862lbs	@	\$24297		\$(111,717,270.74)
Total Other Solids Value			83,914,869lbs	@	00800		(6,713,189.52)
Butterfat Value			55,690,006lbs	@	20489		(114,103,253.30)
Total Somatic Cell Values							<u>(1,219,235.14)</u>
TOTALS							\$ 3,413,224.35
Net Producer Location Adjustments							\$ 1,189,031.66
1/2 Unobligated Balance Producer Settlement Fund							<u>794,000.00</u>
Total - Divided by Total Pounds		1,476,727,550 lbs			0.3654199		\$ 5,396,256.01
Rate of Cash Reserve					<u>(0.0454199)</u>		<u>(670,728.18)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*		1,476,727,550			\$ 0.32 cwt		\$ <u>4,725,527.83</u>

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	November			November	
	<u>2004</u>	<u>2003</u>		<u>2004</u>	<u>2003</u>
Butterfat Price	\$20489 / lb	\$12877 / lb	Class III Price - 3.5% BF	\$ 14.89	\$ 13.47
Protein Price	24297 / lb	29267 / lb	Producer Price Differential*	<u>0.32</u>	<u>0.46</u>
Other Solids Price	00800 / lb	00368 / lb	Statistical Uniform Price	\$1521	\$1393
Somatic Cell Adjustment Rate	0.00079 / cwt	0.00075 / cwt			
Nonfat Solids Price	07098 / lb	06663 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	November			November	
	<u>2004</u>	<u>2003</u>		<u>2004</u>	<u>2003</u>
Class I*	\$1629	\$1637	Class I	Product lbs. 562,288,579	Product lbs. 539,191,395
Class II	1409	1099	Class II	220,798,136	208,978,518
Class III	1489	1347	Class III	639,139,516	605,980,454
Class IV	1334	1030	Class IV	<u>54,501,319</u>	<u>83,377,094</u>
			Total	1,476,727,550	1,437,527,461

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Midwest Marketing Area for November 2004 was \$0.32 and the Statistical Uniform Price was \$15.21 for the month. The Statistical Uniform Price is \$0.32 higher than last month, and is \$1.28 higher than November 2003.

The Producer Butterfat Price of \$20489 per pound increased 14.69 cents from October 2004 and is up 76.12 cents from a year ago. The Protein Price of \$2.4297 is up 4.83 cents from last month and is down 49.70 cents from November 2003. The Other Solids Price in November was \$0.0800 per pound, an increase from last month's price of \$0.0677 and an increase of 4.32 cents from last November. The Somatic Cell Adjustment rate for November was \$0.00079.

November producer receipts of 147 billion pounds were 4.5 percent lower than October 2004, and 2.7 percent higher than November 2003 production of 144 billion pounds. Producer milk allocated to Class I accounted for 38.1 percent of the total producer milk in November 2004, more than the 35.8 percent in October and more than the 37.5 percent in November 2003. A total of 10,223 producers were pooled on the Midwest Order compared to 10,543 producers pooled in November 2003.

The market average content of producer milk was as follows: Butterfat 3.77%; Protein 3.11%; Other Solids 5.68% and Nonfat Solids 8.79%.

OCTOBER MILK PRODUCTION UP 1.3 PERCENT

Milk production in the 20 major States during October totaled 12.2 billion pounds, up 1.3 percent from October 2003. September revised production, at 11.9 billion pounds, was up 1.3 percent from September 2003. The September revision represented a decrease of 1 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,576 pounds for October, 15 pounds above October 2003.

The number of cows on farms in the 20 major States was 7.77 million head, 26,000 head more than October 2003, but unchanged from September 2004.

The Mideast Marketing Area has four states represented in the 20 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during October totaled 2.0 billion pounds, down 9 million pounds or 0.5 percent from October 2003.

Production per cow in the Mideast states averaged 1,555 pounds for October, 24 pounds below October 2003.

The number of cows on farms in the Mideast states was 1.3 million head, 7,000 head more than October 2003.

USDA ANNOUNCES FINAL DECISION TO AMEND THE APPALACHIAN, FLORIDA, AND SOUTHEAST FEDERAL MILK MARKETING ORDERS

The U. S. Department of Agriculture announced a final decision that will amend provisions of the Appalachian, Florida, and Southeast Federal milk marketing orders, on an emergency basis. This decision is based on testimony and evidence given at a public hearing held October 7, 2004, in Atlanta, Georgia.

This final decision will implement a temporary supplemental charge on Class I milk that will be disbursed to handlers who incurred extraordinary transportation costs for moving bulk milk to maintain the Class I needs of the Appalachian, Florida, and Southeast orders because of hurricanes in August and September.

The final decision was published in the Nov. 19th Federal Register. USDA will conduct a vote on the amended orders to determine producer approval. If producers approve the orders as amended, a final rule will follow to implement these changes. Additional

information about the decision may be obtained from these market administrator offices: Appalachian: Harold H. Friedly, USDA/AMS/Dairy Programs, P.O. Box 18030, Louisville, KY 40261-0030, Tel. (502) 499-0040; e-mail: friedly@malouisville.com; Florida and Southeast: Sue L. Mosley, USDA/AMS/Dairy Programs, P.O. Box 491778, Lawrenceville, GA 30049, Tel. (770) 682-2501; e-mail: smosley@fmmatlanta.com

USDA AMENDS ALL FEDERAL MILK MARKETING ORDERS

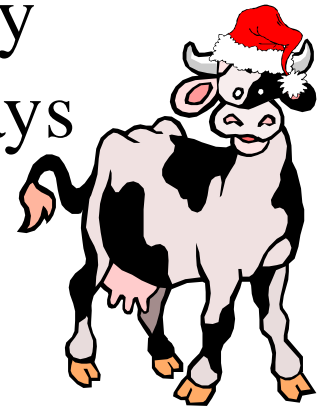
The U.S. Department of Agriculture announced a final rule that will make permanent changes to the classification of milk provisions in all Federal milk marketing orders. The changes were previously implemented on an interim basis. Dairy farmers approved the amended orders through the polling of cooperative associations in eight of the marketing areas and by referendum in the Northeast and Mideast marketing areas.

This final rule reclassifies milk used to produce evaporated milk in consumer-type packages or sweetened condensed milk in consumer-type packages from Class III to Class IV.

The final rule was published in the November 26, *Federal Register* and became effective on December 1, 2004.

Additional information about the rule may be obtained from the Mideast Market Administrator's Office.

Happy
Holidays



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

State	October 2004						October 2003				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,314	464,636	3.67	3.08	5.71	246	447,049	3.69	3.09	5.69	277
Wisconsin	1,996	343,302	3.74	3.08	5.70	240	52,639	3.77	3.07	5.67	278
Ohio	2,530	321,200	3.76	3.14	5.68	271	238,681	3.76	3.13	5.66	310
New York	491	133,983	3.62	3.04	5.67	240	92,421	3.68	3.06	5.68	241
Indiana	1,218	132,436	3.80	3.14	5.68	273	128,011	3.79	3.15	5.67	301
Pennsylvania	1,314	106,608	3.80	3.16	5.66	332	103,960	3.83	3.13	5.62	374
Illinois	90	18,204	3.71	3.07	5.74	237	**				
West Virginia	70	5,039	3.82	3.28	5.65	370	6,108	3.75	3.24	5.63	425
Other	152	20,330	3.76	3.13	5.70	273	11,053	3.78	3.13	5.69	333
Total/Average *	10,175	1,545,739	3.72	3.10	5.69	258	1,079,922	3.73	3.11	5.67	295

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

** Included with "Other".



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**FEDERAL ORDER DATA
 NOVEMBER 2004**

<u>Marketing Area</u> ^{1/}	Producer Milk		Class I	Producer	Statistical
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u>	<u>Uniform Price</u>
FO 1 Northeast - (Boston)	1,770,848	920,209	52.0	\$1.31	\$16.20
FO 5 Appalachian - (Charlotte)	508,372	368,723	72.5	^{2/}	16.78
FO 6 Florida - (Tampa)	230,177	204,993	89.1	^{2/}	17.99
FO 7 Southeast - (Atlanta)	566,673	405,676	71.6	^{2/}	16.83
FO 30 Upper Midwest - (Chicago)	950,802	385,780	40.6	0.13	15.02
FO 32 Central - (Kansas City)	760,629	383,342	50.4	0.21	15.10
FO 33 Mideast - (Cleveland)	1,476,728	562,289	38.1	0.32	15.21
FO 124 Pacific Northwest - (Seattle)	465,654	194,094	41.7	(0.14)	14.75
FO 126 Southwest - (Dallas)	760,006	360,227	47.4	0.99	15.88
FO 131 Arizona-Las Vegas - (Phoenix)	228,070	84,280	37.0	^{2/}	15.20

^{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 DECEMBER 2004 \$13.34 /cwt.



