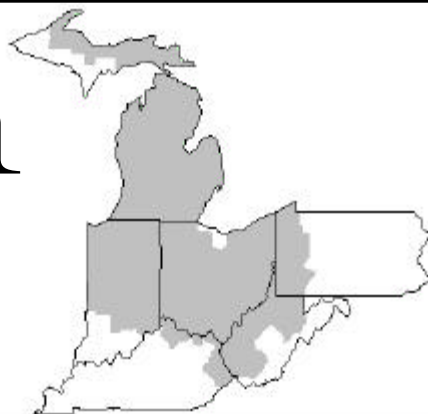


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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### USDA ANNOUNCES FINAL DECISION TO AMEND THE PACIFIC NORTHWEST MILK MARKETING ORDER

The U.S. Department of Agriculture announced a final decision that permanently adopts pooling provisions of the Pacific Northwest milk marketing order. These provisions were previously adopted on an interim basis.

This final decision permanently adopts an amendment to the producer milk provision that would eliminate the ability to simultaneously pool milk on the Pacific Northwest milk order when the same milk is already pooled on a State-operated milk order that has market-wide pooling.

The final decision was published in the December 30, 2004 Federal Register. USDA will conduct a vote on the amended order to determine producer approval.

### USDA ANNOUNCES TENTATIVE DECISION TO AMEND THE ARIZONA-LAS VEGAS MILK MARKETING ORDER

The U.S. Department of Agriculture announced a tentative final decision that amends the current pooling provisions of the Arizona-Las Vegas milk marketing order. This decision is based on testimony and evidence given at a public hearing.

This decision adopts, on an interim and emergency basis, an amendment to the producer milk provision that would eliminate the ability to simultaneously pool milk on the Arizona-Las Vegas milk order when the same milk is already pooled on a state-operated milk order that has market-wide pooling. Interested persons have 60 days to file comments in response to the tentative decision.

This decision appeared in the December 30, 2004 Federal Register and requires producer approval. If producers approve the order as amended, USDA will issue an amended order on an interim basis.

### NOVEMBER MILK PRODUCTION UP 1.2 PERCENT

Milk production in the 20 major States during November totaled 11.8 billion pounds, up 1.2 percent from November 2003. October revised production, at 12.3 billion pounds, was up 1.4 percent from October 2003. The October revision represented an increase of 0.1 percent or 9 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,526 pounds for November, 9 pounds above November 2003.

The number of cows on farms in the 20 major States was 7.77 million head, 44,000 head more than November 2003, but unchanged from October 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 November totaled 1.9 billion pounds, up 18 million pounds or 0.9 percent from November 2003.

Production per cow in the Mideast states averaged 1,505 pounds for November, 16 pounds below November 2003.

The number of cows on farms in the Mideast states was 1.3 million head, 20,000 head more than November 2003.

### 2004 MARKET SUMMARY

Producer milk receipts totaled 15.9 billion pounds on the Mideast Order during 2004, an increase of 189.6 million pounds, or 1.2 percent from 2003. Large volumes of milk were de-pooled in March, April, May, and December due to unfavorable pricing conditions. Monthly producer receipts ranged from a low of 873 million pounds in April to a high of 1.55 billion pounds in June.

The number of producers pooled on the Mideast Order in 2004 averaged 9,940 per month, down 3.2 percent from a year earlier. Producer milk averaged 3.67 percent butterfat ranging from a high of 3.79 percent in January to a low of 3.55 percent in July. The protein test averaged 3.04 percent for the year. It ranged from a low of 2.94 percent in July, to a high of 3.11 percent in November. Other solids averaged 5.70 percent for the year.

For the year, 40.7 percent of producer milk was utilized as Class I; 17.3 percent in Class II; 36.7 percent in Class III; and 5.3 percent in Class IV. The Class I utilization percentage had a high of 62.3 percent in April and a low of 35.0 percent in June. Class I milk totaled 6.5 billion pounds during 2004, down 0.8 percent from 2003. Class II

*(Continued on Page 3)*

### DECEMBER 2004 - POOL SUMMARY

#### Classification of Producer Milk

		Percent
Class I	573,857,672	58.3
Class II	211,046,047	21.4
Class III	131,888,663	13.4
Class IV	67,592,180	6.9
Total	984,384,562	100.0

#### Producer Prices

Producer Price Differential	\$ (0.62) / cwt
Butterfat Price	2.0366 / lb
Protein Price	2.8486 / lb
Other Solids Price	0.0858 / lb
Somatic Cell Adjustment Rate	0.00086 / cwt
Statistical Uniform Price	15.52 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**  
**Federal Order No. 33**  
**DECEMBER 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			562,778,193			\$ 10.12 / cwt	\$ 56,953,153.11
Class I Butterfat		11,079,479				1.9034 / lb	21,088,680.37
Class I Location Differential	573,857,672						(324,230.34)
Class II SNF Value				18,040,247		0.7856 / lb	14,172,418.06
Class II Butterfat		13,131,186				2.0436 / lb	26,834,891.71
Class III Protein Value			4,015,409			2.8486 / lb	11,438,294.10
Class III Other Solids Value					7,470,561	0.0858 / lb	640,974.13
Class III Butterfat		5,337,005				2.0366 / lb	10,869,344.37
Class IV SNF Value				5,477,442		0.7240 / lb	3,965,668.03
Class IV Butterfat		7,469,273				2.0366 / lb	15,211,921.42
Somatic Cell Value II / III / IV							<u>406,464.33</u>
TOTAL PRODUCER MILK VALUE	984,384,562	37,016,943	30,545,758		55,938,318		\$ 161,257,579.29
Overages						\$ 13280.61	
Beginning Inventory						8189928	
OS Charges						5707	
TOTAL ADJUSTMENTS							\$ 95236.96
TOTAL HANDLER OBLIGATIONS							\$ 161,352,816.25
Total Protein Value			30,545,758lbs	@	\$28486		\$ (87,012,646.25)
Total Other Solids Value			55,938,318lbs	@	00858		(4,799,507.69)
Butterfat Value			37,016,943lbs	@	20366		(75,388,706.13)
Total Somatic Cell Values							<u>(923,534.08)</u>
TOTALS							\$ (6,771,577.90)
Net Producer Location Adjustments							\$ 388,295.50
1/2 Unobligated Balance Producer Settlement Fund							<u>739,000.00</u>
Total - Divided by Total Pounds			984,384,562 lbs		(0.5733818)		\$ (5,644,282.40)
Rate of Cash Reserve					<u>(0.0466182)</u>		(458,902.36)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			984,384,562		\$ (0.62) cwt		\$ (6,103,184.76)

**COMPONENT PRICES**

**COMPUTATION OF UNIFORM PRICE**

	<u>December</u>			<u>December</u>	
	<u>2004</u>	<u>2003</u>		<u>2004</u>	<u>2003</u>
Butterfat Price	\$20366 / lb	\$13688 / lb	Class III Price - 3.5% BF	\$ 16.14	\$ 11.87
Protein Price	28486 / lb	22997 / lb	Producer Price Differential*	<u>(0.62)</u>	<u>139</u>
Other Solids Price	00858 / lb	00362 / lb	Statistical Uniform Price	\$1552	\$1326
Somatic Cell Adjustment Rate	0.00086 / cwt	0.00066 / cwt			
Nonfat Solids Price	07240 / lb	06603 / lb			

**CLASS PRICES**

**CLASSIFICATION OF PRODUCER MILK**

	<u>December</u>			<u>December</u>	
	<u>2004</u>	<u>2003</u>		<u>2004</u>	<u>2003</u>
Class I*	\$1643	\$1584	Class I	<i>Product lbs.</i> 573,857,672	<i>Product lbs.</i> 561,523,974
Class II	1398	1130	Class II	211,046,047	178,082,464
Class III	16.14	11.87	Class III	131,888,663	631,443,953
Class IV	1342	1052	Class IV	<u>67,592,180</u>	<u>84,632,061</u>
			Total	984,384,562	1,455,682,452

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Midwest Marketing Area for December 2004 was -\$0.62 and the Statistical Uniform Price was \$15.52 for the month. The Statistical Uniform Price is \$0.31 higher than last month, and is \$2.26 higher than December 2003.

The Producer Butterfat Price of \$2.0366 per pound decreased 1.23 cents from November 2004 and is up 66.78 cents from a year ago. The Protein Price of \$2.8486 is up 41.89 cents from last month and is up 54.89 cents from December 2003. The Other Solids Price in December was \$0.0858 per pound, an increase from last month's price of \$0.0800 and an increase of 4.96 cents from last December. The Somatic Cell Adjustment rate for December was \$0.00086.

December producer receipts of 984.4 million pounds were 33.3 percent lower than November 2004, and 32.4 percent lower than December 2003 production of 1.46 billion pounds. Producer milk allocated to Class I accounted for 58.3 percent of the total producer milk in December 2004, more than the 38.1 percent in November and more than the 38.6 percent in December 2003. A total of 9,785 producers were pooled on the Midwest Order compared to 10,367 producers pooled in December 2003.

The market average content of producer milk was as follows: Butterfat 3.76%; Protein 3.10%; Other Solids 5.68% and Nonfat Solids 8.78%.

(Continued from Front Page)

milk totaled 2.8 billion pounds, an increase of 6.8 percent from 2003. Class III pooled pounds were 5.8 billion pounds, an increase of 1.6 % from 2003. Class IV milk totaled 851.5 million pounds, a decrease of 2.8 percent from 2003.

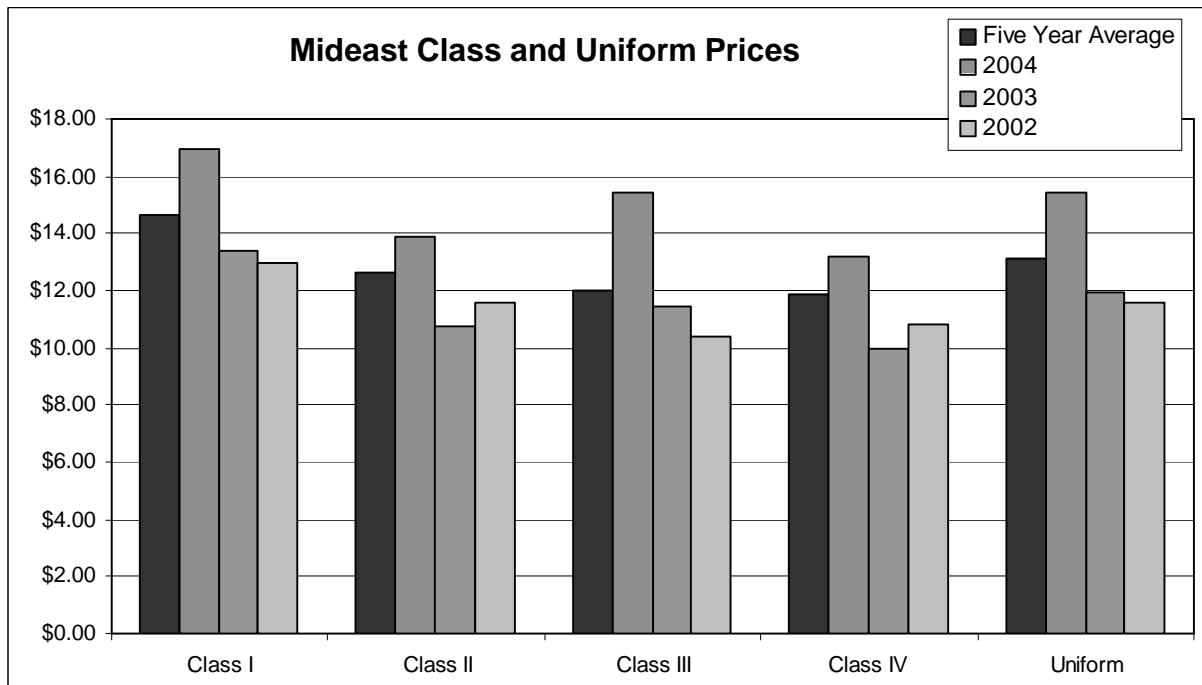
The Class I price averaged \$16.98 for the year, an increase of \$3.59 from 2003. The Class I price had a low of \$13.59 in February and a high of \$23.13 in June. The Class II price averaged \$13.86, an increase of \$3.10. It was low est in January at \$11.67 and was highest in April at \$15.21. The Class III price averaged \$15.39, an increase of \$3.97. January was the lowest price at \$11.61 and May was the highest at \$20.58. The Class IV price averaged \$13.20 for the year, an increase of \$3.20 from a year ago. It was the lowest in January at \$10.97 and was highest in April at \$14.57.

The Statistical Uniform Price averaged \$15.44 for 2004 compared to \$11.96 in 2003. The Producer Butterfat Price averaged \$2.0507 per pound in the year 2004. This was an increase of 84.08 cents from 2003. The price was low est in January at \$1.4978 per pound and was

highest in April at \$2.5013 per pound. The Protein Price averaged \$2.6035 per pound. This was an increase of 22.65 cents from the previous year. The low est price was \$1.7911 per pound in February and the highest price was in May at \$3.7639 per pound. Other Solids Price averaged \$ 0.0751 pound. This was an increase of 6.22 cents from 2003. It was low est in February at \$0.090 per pound and highest in May with a rate of \$.1444 per pound. The Producer Price Differential (PPD) averaged \$0.05 cwt. in the year 2004 producing a low in April of -\$3.78 and a high of 1.70 in July.

**FORWARD PRICING PROGRAM ENDS**

The legislation authorizing the Dairy Forward Pilot Program, commonly referred to as "forward contracting", expired on December 31, 2004. Efforts to enact legislation to make permanent the Dairy Forward Pricing Pilot Program have not been successful. Therefore, handlers with milk under forward contracts beyond December 31, 2004, will not be exempt from paying minimum Federal order prices to producers or cooperatives for pool milk received after that date.



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

State	November 2004						November 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	2,301	448,806	3.73	3.11	5.69	236	461,340	3.74	3.09	5.70	258
Ohio	2,525	315,839	3.81	3.15	5.67	258	298,288	3.80	3.14	5.66	292
Wisconsin	1,984	312,205	3.77	3.09	5.69	230	309,533	3.82	3.09	5.71	260
New York	533	132,914	3.67	3.05	5.66	227	90,609	3.69	3.05	5.68	240
Indiana	1,242	129,584	3.83	3.14	5.69	253	129,328	3.82	3.14	5.70	277
Pennsylvania	1,311	102,508	3.87	3.17	5.65	315	105,386	3.84	3.12	5.63	356
Illinois	93	17,866	3.65	3.08	5.73	224	18,396	3.66	3.14	5.78	273
West Virginia	70	4,731	3.93	3.27	5.65	352	5,730	3.85	3.20	5.65	378
Other	158	13,542	3.80	3.14	5.70	241	18,804	3.76	3.11	5.73	261
<b>Total/Average *</b>	<b>10,217</b>	<b>1,477,996</b>	<b>3.77</b>	<b>3.11</b>	<b>5.68</b>	<b>246</b>	<b>1,437,415</b>	<b>3.78</b>	<b>3.10</b>	<b>5.69</b>	<b>274</b>

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



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**FEDERAL ORDER DATA  
DECEMBER 2004**

<u>Marketing Area</u> <sup>1/</sup>	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)	1,893,671	937,917	49.5	\$0.29	\$16.43
FO 5 Appalachian - (Charlotte)	488,408	370,659	75.9	<sup>2/</sup>	16.98
FO 6 Florida - (Tampa)	259,712	222,277	85.6	<sup>2/</sup>	18.00
FO 7 Southeast - (Atlanta)	565,307	400,810	70.9	<sup>2/</sup>	17.03
FO 30 Upper Midwest - (Chicago)	667,391	395,495	59.3	(0.95)	15.19
FO 32 Central - (Kansas City)	713,188	376,838	52.8	(0.88)	15.26
<b>FO 33 Mideast - (Cleveland)</b>	<b>984,385</b>	<b>573,858</b>	<b>58.3</b>	<b>(0.62)</b>	<b>15.52</b>
FO 124 Pacific Northwest - (Seattle)	442,477	190,432	43.0	(1.31)	14.83
FO 126 Southwest - (Dallas)	631,957	361,093	57.1	(0.47)	15.67
FO 131 Arizona-Las Vegas - (Phoenix)	246,942	87,523	35.5	<sup>2/</sup>	15.55

<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 2005 ..... \$13.42 /cwt.**