

Mideast Market Administrator's Bulletin



Federal Order No. 33

David Z. Walker, Market Administrator

Phone: (330) 225-4758 Toll Free: (888) 751-3220

Email: clevelandma1@sprynet.com

WebPage: www.fmmacle.v.com

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OPERATIONS WITH MILK COWS DECLINE IN 2004

The number of operations with milk cows in the United States dropped to 81,440 in 2004, compared to 86,360 operations in 2003. This was a drop of 5.7 percent. An operation is defined as any place having one or more head of milk cows, excluding cows used to nurse calves, on hand at any time during the year. The Mideast States of Indiana, Michigan, Ohio, and Pennsylvania lost 900 operations from 2003 or a 4.6 percent decline.

The United States has lost 23,810 operations or a reduction of 22.6 percent since 2000.

States with Largest Percent Loss of Operations

State	2003	2004	Difference	Percentage
Iowa	3,000	2,600	400	13.3
Mississippi	440	390	50	11.4
Arkansas	450	400	50	11.1
Connecticut	280	250	30	10.7
Delaware	100	90	10	10.0
Massachusetts	300	270	30	10.0
Missouri	3,100	2,800	300	9.7
South Dakota	1,100	1,000	100	9.1
New Hampshire	230	210	20	8.7
Kentucky	2,500	2,300	200	8.0

Source: "Milk Production", Da 1-1 (2-05), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture

MIDEAST PACKAGED FLUID MILK SALES DOWN 0.4 PERCENT IN 2004

Packaged Sales of fluid milk products in the Mideast Marketing Area totaled 6.3 billion pounds in 2004. This was 27 million pounds, or 0.4 percent less than 2003. Packaged Sales in all Federal Milk Order Marketing Areas were 43.9 billion pounds in 2004. This was a decline of 696 million pounds, or 1.6 percent from 2003.

Packaged Sales in the Mideast have declined 337 million, or 5.1 percent since 2000.

Packaged Sales in all Federal Milk Order Marketing Areas have declined 1.3 billion pounds or 2.8 percent since 2000.

JANUARY MILK PRODUCTION UP 1.3 PERCENT

NASS added Colorado, Kansas, and Oregon to the monthly milk production estimating program beginning in January 2005. Historic estimates have been created for these States back to 2003 for comparison purposes. The 23 States in the monthly estimating program account for 91 percent of the U.S. milk production. The last major change to the monthly estimating program was in 1997, when Maryland, North Carolina, and Tennessee were dropped and Arizona was added.

Milk production in the 23 major States during January totaled 13.2 billion pounds, up 1.3 percent from January 2004. December production, at 13.0 billion pounds, was up 1.2 percent from December 2003.

Production per cow in the 23 major States averaged 1,637 pounds for January, 13 pounds above January 2004.

The number of cows on farms in the 23 major States was 8.08 million head, 38,000 head more than January 2004, but 15,000 head less than December 2004.

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 January totaled 2.1 billion pounds, up 53 million pounds or 2.7 percent from January 2004.

Production per cow in the Mideast states averaged 1,600 pounds for January, 6 pounds below January 2004.

The number of cows on farms in the Mideast states was 1.3 million head, 25,000 head more than January 2004.

FEBRUARY 2005 - POOL SUMMARY

Classification of Producer Milk

		Percent
Class I	511,294,118	43.0
Class II	223,676,396	18.8
Class III	372,113,035	31.3
Class IV	82,762,326	6.9
Total	1,189,845,875	100.0

Producer Prices

Producer Price Differential	\$ 0.01 / cwt
Butterfat Price	1.7754 / lb
Protein Price	2.6613 / lb
Other Solids Price	0.0915 / lb
Somatic Cell Adjustment Rate	0.00079 / cwt
Statistical Uniform Price	14.71 / cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****FEBRUARY 2005****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			501,932,762			\$ 9.97 / cwt	\$ 50,042,696.36
Class I Butterfat		9,361,356				1.7638/ lb	16,511,559.71
Class I Location Differential	511,294,118						(267,945.93)
Class II SNF Value				19,123,319		0.8200 / lb	15,681,121.58
Class II Butterfat		13,669,371				1.7824 / lb	24,364,286.84
Class III Protein Value			11,402,995			2.6613 / lb	30,346,790.61
Class III Other Solids Value					21,274,758	0.0915/ lb	1,946,640.37
Class III Butterfat		13,154,455				1.7754 / lb	23,354,419.42
Class IV SNF Value				6,791,916		0.7514 / lb	5,103,445.70
Class IV Butterfat		8,053,318				1.7754 / lb	14,297,860.79
Somatic Cell Value II / III / IV							<u>494,033.02</u>
TOTAL PRODUCER MILK VALUE	1,189,845,875	44,238,500	36,412,956		67,938,124		\$ 181,874,908.47
Overages						\$ 1,973.99	
Beginning Inventory						77,067.75	
OS Charges							
TOTAL ADJUSTMENTS							\$ 79,041.74
TOTAL HANDLER OBLIGATIONS							\$ 181,953,950.21
Total Protein Value			36,412,956lbs	@	\$2.6613		\$ (96,905,799.80)
Total Other Solids Value			67,938,124lbs	@	0.0915		(6,216,338.39)
Butterfat Value			44,238,500lbs	@	1.7754		(78,541,032.92)
Total Somatic Cell Values							<u>(829,912.22)</u>
TOTALS							\$ (539,133.12)
Net Producer Location Adjustments							\$ 480,846.66
1/2 Unobligated Balance Producer Settlement Fund							<u>740,000.00</u>
Total - Divided by Total Pounds			1,189,845,875 lbs		0.0572943		\$ 681,713.54
Rate of Cash Reserve					(0.0472943)		<u>(562,729.28)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,189,845,875		\$ 0.01 cwt		\$ 118,984.26

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	February	
	<u>2005</u>	<u>2004</u>
Butterfat Price	\$1.7754 / lb	\$1.8518 / lb
Protein Price	2.6613 / lb	1.7911 / lb
Other Solids Price	0.0915 / lb	0.0090 / lb
Somatic Cell Adjustment Rate	0.00079 / cwt	0.00066 / cwt
Nonfat Solids Price	0.7514 / lb	0.6597 / lb

	February	
	<u>2005</u>	<u>2004</u>
Class III Price - 3.5% BF	\$ 14.70	\$ 11.89
Producer Price Differential*	<u>0.01</u>	<u>0.98</u>
Statistical Uniform Price	\$14.71	\$12.87

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	February	
	<u>2005</u>	<u>2004</u>
Class I*	\$15.79	\$13.59
Class II	13.36	12.90
Class III	14.70	11.89
Class IV	12.74	12.21

	February	
	<u>2005</u>	<u>2004</u>
Product lbs.		
Class I	511,294,118	511,233,751
Class II	223,676,396	207,301,980
Class III	372,113,035	642,528,289
Class IV	<u>83,762,326</u>	<u>46,777,775</u>
Total	1,189,845,875	1,407,841,795

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for February 2005 was \$0.01 and the Statistical Uniform Price was \$14.71 for the month. The Statistical Uniform Price is \$0.51 lower than last month, and is \$1.84 higher than February 2004.

The Producer Butterfat Price of \$1.7754 per pound increased 4.24 cents from January 2005 and is down 7.64 cents from a year ago. The Protein Price of \$2.6613 is up 13.13 cents from last month and is up 87.02 cents from January 2004. The Other Solids Price in February was \$0.0915 per pound, an increase from last month's price of \$0.0899 and an increase of 8.25 cents from last February. The Somatic Cell Adjustment rate for February was \$0.00079.

February producer receipts of 1.19 billion pounds were 23.7 percent lower than January 2005, and 15.5 percent lower than February 2004 production of 1.41 billion pounds. Producer milk allocated to Class I accounted for 43.0 percent of the total producer milk in February 2005, more than the 35.4 percent in January 2005 and more than the 36.3 percent in February 2004. A total of 9,792 producers were pooled on the Mideast Order compared to 9,942 producers pooled in February 2004.

The market average content of producer milk was as follows: Butterfat 3.72%; Protein 3.06%; Other Solids 5.71% and Nonfat Solids 8.77%.

2004 ANNUAL MILK PRODUCTION UP 0.2 PERCENT FROM 2003

The annual production of milk for the U.S. during 2004 was 170.8 billion pounds, 0.2 percent above 2003. Revisions to 2003 production increased the annual total by 82 million pounds. Revised 2004 production was up 0.2 percent from last month's publication.

Production per cow in the U.S. averaged 18,957 pounds for 2004, 197 pounds above 2003. The average annual rate of milk production per cow has increased 16 percent from 1995.

The average number of milk cows on farms in the U.S. during 2004 was 9.01 million head, down 0.8 percent from 2003. The average number of milk cows was revised down 1,000 head for 2003, and up 1,000 head for 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 2004 totaled 23.9 billion pounds, down 243 million pounds or 1.0 percent from 2003.

Production per cow in the Mideast states averaged 18,958 pounds for 2004, 63 pounds below 2003.

The number of cows on farms in the Mideast states was 1.3 million head, 8,000 head less than 2003.

MIDEAST HEARING CONCLUDES

The Mideast hearing held in Wooster, Ohio from March 7 through 10, concluded after receiving testimony from 24 witnesses, including eleven dairy farmers. The major proposals addressed were: changes to supply plan qualification standards, diversion limitations, limiting the pooling of producer milk that was not pooled in a prior month (depooling), and a proposed transportation credit. The proposal to amend the producer handler definition was withdrawn and will be addressed at a future hearing.

Transcripts of the hearing will be available on March 23, 2005 at www.ams.usda.gov/dairy/hearings.htm

State	2004 Milk Production (Million Pounds)	Percent Change from 2003
California	36,465	2.9
Wisconsin	22,085	-0.8
New York	11,650	-2.5
Pennsylvania	10,062	-2.7
Idaho	9,093	3.6
Minnesota	8,102	-1.9
New Mexico	6,710	0.7
Michigan	6,315	-0.9
Texas	6,009	6.7
Washington	5,416	-3.0
Ohio	4,560	1.6
Iowa	3,843	0.9
Arizona	3,646	2.6
Indiana	2,962	0.8
Vermont	2,584	-2.0
Oregon	2,270	4.3
Florida	2,253	4.3
Kansas	2,216	4.0
Colorado	2,184	1.4
Illinois	1,978	-3.4
Missouri	1,847	-2.1
Virginia	1,731	0.0
Utah	1,609	-2.0

JANUARY FLUID MILK SALES

During January, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.3 percent lower than January 2004. After adjusting for calendar composition, sales in January 2005 were 0.4 percent higher than January 2004. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from January 2004, while sales of whole milk, flavored whole milk, and buttermilk decreased from a year earlier.

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

State	January 2005						January 2004					
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	
Michigan	2,255	486,875	3.71	3.08	5.70	243	480,939	3.74	3.10	5.71	259	
Ohio	2,451	338,358	3.79	3.11	5.68	265	326,692	3.82	3.13	5.69	285	
Wisconsin	1,856	327,487	3.77	3.06	5.71	236	303,668	3.79	3.05	5.72	261	
Indiana	1,196	154,960	3.80	3.09	5.70	249	159,940	3.82	3.11	5.72	266	
Pennsylvania	1,294	113,462	3.84	3.13	5.66	318	110,223	3.88	3.13	5.65	339	
New York	510	91,898	3.69	3.02	5.68	231	87,472	3.73	3.04	5.68	224	
Illinois	89	19,318	3.64	3.01	5.73	242	17,657	3.78	3.10	5.78	265	
West Virginia	70	5,079	3.89	3.20	5.68	366	6,258	3.95	3.19	5.68	395	
Other	127	21,024	3.72	3.10	5.71	274	20,341	3.66	3.07	5.74	248	
Total/Average *	9,848	1,558,459	3.76	3.08	5.69	253	1,513,190	3.79	3.10	5.71	270	

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



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**FEDERAL ORDER DATA
FEBRUARY 2005**

Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential	Statistical Uniform Price
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	1,807,421	839,181	46.4	\$0.81	\$15.51
FO 5 Appakchian - (Charlotte)	490,084	329,828	67.3	^{2/}	15.90
FO 6 Florida - (Tampa)	264,725	209,460	79.1	^{2/}	17.08
FO 7 Southeast - (Atlanta)	601,850	367,201	61.0	^{2/}	15.80
FO 30 Upper Midwest - (Chicago)	622,844	348,820	56.0	(0.18)	14.52
FO 32 Central - (Kansas City)	722,207	338,381	46.9	(0.20)	14.50
FO 33 Mideast - (Cleveland)	1,189,846	511,294	43.0	0.01	14.71
FO 124 Pacific Northw est - (Seattle)	383,028	159,823	41.7	(0.66)	14.04
FO 126 Southw est - (Dallas)	562,330	323,539	57.5	0.54	15.24
FO 131 Arizona-Las Vegas - (Phoenix)	232,647	78,761	33.9	^{2/}	14.73

^{1/} Names in paentheses 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 MARCH 2005 \$12.74 /cwt.