

Mideast Market Administrator's Bulletin

Federal Order No. 33

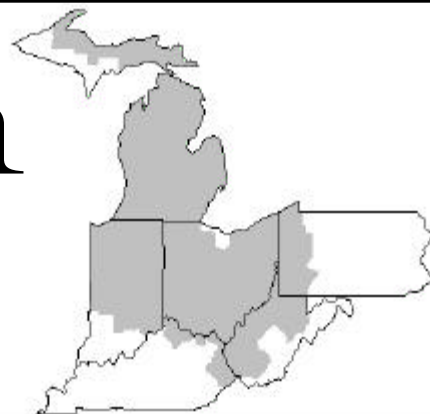
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HEARING ON PROPOSED AMENDMENTS TO ALL FEDERAL MILK ORDERS

The U.S. Department of Agriculture will hold a national public hearing to consider a proposal seeking to amend the Class III and Class IV milk price formula manufacturing allowances for all Federal milk marketing orders. USDA will take evidence at the hearing to determine whether emergency marketing conditions exist that would warrant a modification of a recommended decision. The hearing will begin at 8:30 a.m. on January 24, 2006, at the Sheraton Suites Old Town Alexandria, 801 North Saint Asaph Street, Alexandria, Virginia, 22314.

The hearing was requested by Agri-Mark Dairy Cooperative to reconsider the manufacturing cost allowances provided for in the pricing formulas for cheese, whey powder, butter, and nonfat dry milk powder. The proponent stated that the current fixed allowances were calculated using 1998-2000 California and Department of Agriculture Cooperative Service surveys. While the product price formulas have been amended since 2000, the proponent claims that manufacturing costs have continued to increase, leaving them unable to recoup these additional costs from the marketplace.

The hearing notice was published as a proposed rule in the January 5 *Federal Register*. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The hearing notice is available on AMS' web site: www.ams.usda.gov/dairy.

The hearing notice and additional information is also available from this office.

USDA ANNOUNCES FINAL RULE TO PERMANENTLY AMEND UPPER MIDWEST MILK ORDER

The U.S. Department of Agriculture announced a final rule that permanently adopts amendments to the pooling and transportation credit provisions of the Upper Midwest milk marketing order that were previously implemented on an interim basis. This decision is based on testimony and evidence given at a public hearing held at Bloomington, Minnesota, on August 16-19, 2004.

The adopted amendments allow only supply plants located in the states that comprise the Upper Midwest marketing area to use milk delivered directly from producers' farms for qualification purposes, eliminate the ability to pool as producer milk diversions to nonpool plants outside of the states that comprise the marketing area, and limit the transportation credit received by handlers to the first 400 miles of applicable milk movements.

A polling of cooperatives conducted in response to the partial final decision issued on September 29, 2005, indicates producer approval of the Upper Midwest order, as amended. The final rule was published in the December 9 *Federal Register*.

NOVEMBER MILK PRODUCTION UP 4.6 PERCENT

Milk production in the 23 major States during November totaled 13.0 billion pounds, up 4.6 percent from November 2004. October revised production, at 13.3 billion pounds, was up 4.0 percent from October 2004. The October revision represented a decrease of 17 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,590 pounds for November, 59 pounds above November 2004. The number of milk cows on farms in the 23 major States was 8.16 million head, 60,000 head more than November 2004, and 2,000 head more than October 2005.

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 October totaled 2.0 billion pounds, up 98 million pounds or 5.1 percent from November 2004.

Production per cow in the Mideast states averaged 1,571 pounds for November, 69 pounds above November 2004. The number of cows on farms in the Mideast states was 1.3 million head, 6,000 head more than November 2004.

DECEMBER 2005 POOL SUMMARY

Classification of Producer Milk

		Percent
Class I	570,620,226	39.5
Class II	190,089,866	13.1
Class III	575,997,126	39.9
Class IV	107,814,786	7.5
Total	1,444,522,004	100.0

Producer Prices

Producer Price Differential	\$ 0.53 / cwt
Butterfat Price	1.5036 / lb
Protein Price	2.3846 / lb
Other Solids Price	0.1702 / lb
Somatic Cell Adjustment Rate	0.00070 / cwt
Statistical Uniform Price	13.90 / cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
DECEMBER 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			559,527,342			\$ 10.03 / cwt	\$ 56,120,592.42
Class I Butterfat		11,092,884				1.6833 / lb	18,672,651.65
Class I Location Differential	570,620,226						(286,768.78)
Class II SNF Value				16,261,792		0.9133 / lb	14,851,894.67
Class II Butterfat		13,003,049				1.5106 / lb	19,642,405.81
Class III Protein Value			18,054,420			2.3846 / lb	43,052,569.95
Class III Other Solids Value					32,835,323	0.1702 / lb	5,588,571.97
Class III Butterfat		21,358,601				1.5036 / lb	32,114,792.48
Class IV SNF Value				8,971,541		0.8414 / lb	7,548,654.61
Class IV Butterfat		9,991,195				1.5036 / lb	15,022,760.81
Somatic Cell Value II / III / IV							<u>564,466.12</u>
TOTAL PRODUCER MILK VALUE	1,444,522,004	55,445,729	45,321,668		82,232,897		\$ 212,892,591.71
Overages						\$19,884.70	
Beginning Inventory and OS Charges						43,186.38	
TOTAL ADJUSTMENTS							\$ 63,071.08
TOTAL HANDLER OBLIGATIONS							\$ 212,955,662.79
Total Protein Value			45,321,668 lbs	@	\$2.3846		\$ (108,074,049.52)
Total Other Solids Value			82,232,897 lbs	@	0.1702		(13,996,039.08)
Butterfat Value			55,445,729 lbs	@	1.5036		(83,368,198.15)
Total Somatic Cell Values							<u>(914,980.30)</u>
TOTALS							\$ 6,602,395.74
Net Producer Location Adjustments							\$ 1,043,677.89
1/2 Unobligated Balance Producer Settlement Fund							<u>704,000.00</u>
Total - Divided by Total Pounds			1,444,522,004 lbs		0.5780572		\$ 8,350,163.63
Rate of Cash Reserve					<u>(0.0480572)</u>		<u>(694,196.83)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,444,522,004		\$ 0.53 cwt		\$ 7,655,966.80

COMPONENT PRICES

	December	
	<u>2005</u>	<u>2004</u>
Butterfat Price	\$1.5036 / lb	\$2.0366 / lb
Protein Price	2.3846 / lb	2.8486 / lb
Other Solids Price	0.1702 / lb	0.0858 / lb
Somatic Cell Adjustment Rate	0.00070 / cwt	0.00086 / cwt
Nonfat Solids Price	0.8414 / lb	0.7240 / lb

COMPUTATION OF UNIFORM PRICE

	December	
	<u>2005</u>	<u>2004</u>
Class III Price - 3.5% BF	\$13.37	\$16.14
Producer Price Differential*	<u>0.53</u>	<u>(0.62)</u>
Statistical Uniform Price	\$13.90	\$15.52

CLASS PRICES

	December	
	<u>2005</u>	<u>2004</u>
Class I*	\$15.57	\$16.43
Class II	13.22	13.98
Class III	13.37	16.14
Class IV	12.57	13.42

CLASSIFICATION OF PRODUCER MILK

	December	
	<u>2005</u>	<u>2004</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	570,620,226	573,857,672
Class II	190,089,866	211,046,047
Class III	575,997,126	131,888,663
Class IV	<u>107,814,786</u>	<u>67,592,180</u>
Total	1,444,522,004	987,384,562

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2005 was \$0.53 and the Statistical Uniform Price was \$13.90 for the month. The Statistical Uniform Price is \$0.45 lower than last month, and is \$1.62 lower than December 2004.

The Producer Butterfat Price of \$1.5036 per pound decreased 10.78 cents from November 2005 and is down 53.30 cents from a year ago. The Protein Price of \$ 2.3846 is up 11.22 cents from last month and is down 46.40 cents from December 2004. The Other Solids Price in November was \$0.1702 per pound, an increase from last month's price of \$0.1606 and an increase of 8.44 cents from last December. The Somatic Cell Adjustment rate for December was \$0.00070.

December producer receipts of 1.44 billion pounds were 2.8 percent higher than November 2005, and 46.7 percent higher than December 2004 production of 984 million pounds. Producer milk allocated to Class I accounted for 39.5 percent of the total producer milk in December 2005, less than the 40.0 percent in November 2005 and less than the 58.3 percent in December 2004. A total of 8,843 producers were pooled on the Mideast Order compared to 9,785 producers pooled in December 2004.

The market average content of producer milk was as follows: Butterfat 3.84%; Protein 3.14%; Other Solids 5.69% and Nonfat Solids 8.83%.

SPOTLIGHT ON THE MIDEAST: MICHIGAN

Mideast producer milk pooled in September 2005 included 487.5 million pounds from 2,213 producers in Michigan. This compares to 458.3 million pounds of milk from 2,318 producers in September 2004. Michigan producers also pooled 30.9 million pounds of milk on the Appalachian Order (F.O. 5), 12.7 million pounds on the Southeast Order (F.O. 7), and 4.8 million pounds on the Upper Midwest Order (F.O. 30). Michigan producers also had 12.0 million pounds of milk that was either unregulated milk (not pooled) or pooled on the Northeast or Central Orders.

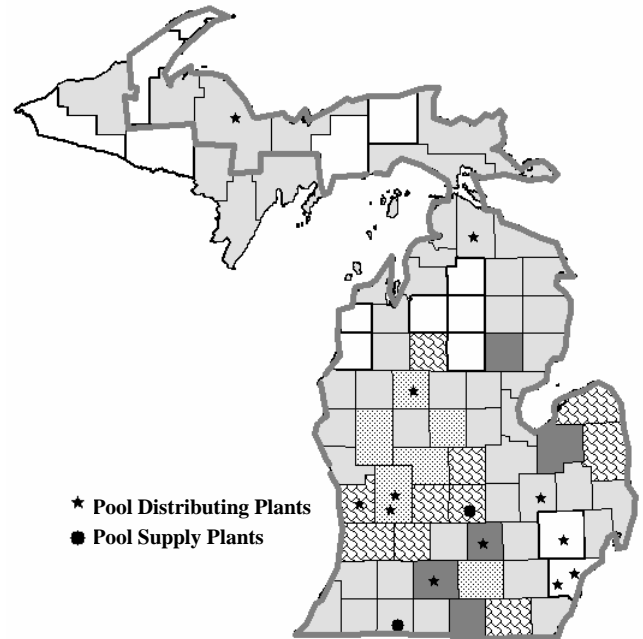
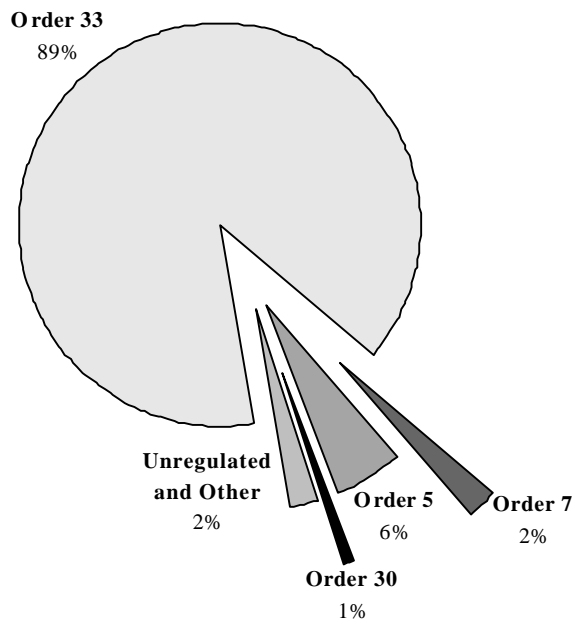
The top five counties of Michigan for milk production on the Mideast Order were: Huron, Clinton, Allegan, Sanilac, and Ottawa with milk

production equal to 33.8 percent of the total pounds of milk pooled from Michigan in September 2005. These same five counties topped milk production in September 2004 with 31.7 percent of all milk pooled from Michigan.

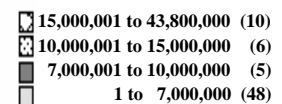
The Mideast Order had twelve pool distributing plants and two supply plants located in Michigan in September. These plants pooled 306.3 million pounds of milk with Class I utilization of 59.3% for the month. This compares to 282.1 million pounds of milk and a Class I utilization of 61.4% in September 2004.

Twenty-Five Michigan manufacturing plants received either diverted or transferred pooled milk product in September of 2005.

Michigan Federal Order Producer Milk



September 2005 Mideast Pooled Pounds By County



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

State	November 2005						November 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	2,198	479,845	3.74	3.12	5.70	241	448,806	3.73	3.11	5.69	236
Ohio	2,425	314,856	3.87	3.16	5.67	279	315,839	3.81	3.15	5.67	258
Wisconsin	1,148	189,165	3.78	3.11	5.72	264	312,205	3.77	3.09	5.69	230
Indiana	1,158	140,951	3.86	3.15	5.69	265	129,584	3.83	3.14	5.69	253
New York	459	139,874	3.76	3.07	5.72	221	132,914	3.67	3.05	5.66	227
Pennsylvania	1,301	111,396	3.90	3.17	5.66	317	102,508	3.87	3.17	5.65	315
Illinois	19	9,223	3.54	2.98	5.70	171	17,866	3.65	3.08	5.73	224
West Virginia	69	5,264	4.01	3.29	5.65	378	4,731	3.93	3.27	5.65	352
Other	126	14,062	3.79	3.14	5.69	328	13,542	3.80	3.14	5.70	241
Total/Average *	8,903	1,404,638	3.80	3.13	5.70	260	1,477,996	3.77	3.11	5.68	246

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



**United States
Department of
Agriculture**

Mideast Market Administrator Bulletin
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**FEDERAL ORDER DATA
DECEMBER 2005**

<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u>	<u>Uniform Price</u>
FO 1 Northeast - (Boston)	1,952,938	926,153	47.4	\$1.46	\$14.83
FO 5 Appalachian - (Charlotte)	529,551	358,006	67.6	^{2/}	15.51
FO 6 Florida - (Tampa)	262,046	231,459	88.3	^{2/}	16.89
FO 7 Southeast - (Atlanta)	627,008	400,937	64.0	^{2/}	15.44
FO 30 Upper Midwest - (Chicago)	2,181,390	392,458	18.0	0.24	13.61
FO 32 Central - (Kansas City)	1,317,323	383,386	29.1	0.32	13.69
FO 33 Mideast - (Cleveland)	1,444,522	570,620	39.5	0.53	13.90
FO 124 Pacific Northwest - (Seattle)	618,669	181,541	29.3	0.07	13.44
FO 126 Southwest - (Dallas)	869,876	354,480	40.8	1.23	14.60
FO 131 Arizona-Las Vegas - (Phoenix)	257,306	87,347	33.9	^{2/}	14.00

^{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 JANUARY 2006 \$12.57/cwt.