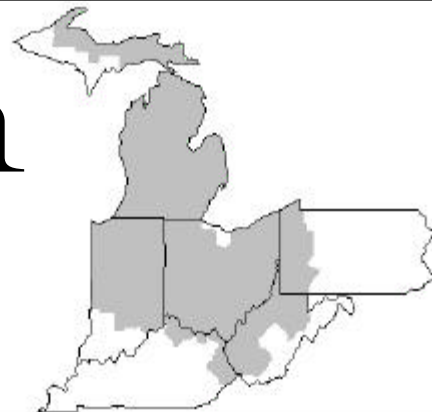


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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July 2006

## USDA Issues Notice of Intent to Reconvene National Public Hearing to Amend Class III and IV Milk Price Formulas

The U. S. Department of Agriculture announced its intent to reconvene a national public hearing to amend the Class III and Class IV price formulas. USDA will reconvene the national hearing, originally held January 24-27, 2006, in Alexandria, Virginia, to assure that any changes to manufacturing allowance factors used in Federal order Class III and Class IV product price formulas are appropriate and reflective of manufacturing costs. USDA also welcomes additional proposals addressing the Federal order Class III and Class IV price formulas for further consideration in the reconvened hearing. The additional proposals are due on or before September 30, 2006.

The notice of intent to reconvene the hearing was published as a proposed rule in the June 28 Federal Register. Copies of the notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The notice is available on AMS' web site: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

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

## May Milk Production Up 3.7 Percent

Milk production in the 23 major States during May totaled 14.7 billion pounds, up 2.8 percent from May 2005. April revised production, at 14.2 billion pounds, was up 3.7 percent from April 2005. The April revision represented a decrease of 2 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,782 pounds for May, 22 pounds above May 2005.

The number of milk cows on farms in the 23 major States was 8.26 million head, 128,000 head more than May 2005, and 19,000 head more than April 2006.

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 May totaled 2.3 billion pounds, up 25 million pounds or 1.1 percent from May 2005.

Production per cow in the Mideast states averaged 1,740 pounds for May, 6 pounds below May 2005.

The number of cows on farms in the Mideast states was 1.3 million head, 10,000 head more than May 2005.

## Container Survey Completed For November 2005

A survey of the type of container and method of distribution of fluid milk products is conducted biennially for the month of November. Sales information is collected from all Mideast pool handlers operating plants that sell fluid packaged milk products on routes. The survey included total route disposition, product type, container size, container type, and method of distribution.

The Mideast Marketing Area route dispositions by pool plants for November 2005 totaled 548.7 million pounds of milk. This was an increase of 10.6 million pounds from November 2003 but a decrease of 1.3 million pounds from November 2001. Packaged milk sales surveyed include whole, reduced fat (2%), low fat (1%), fat free (skim), flavored whole, flavored fat reduced (low fat and skim), buttermilk, and eggnog. Data was collected for three container types (glass, paper, and plastic) and seven container sizes (gallon, half-gallon, quart, pint, half-pint, 6-gallon, and 5-gallon).

### Product Type

Reduced fat (2%) sales accounted for 41.1 percent of the total route sales in November 2005. Whole milk accounted for 22.8 percent, fat free 14.5 percent, and low fat 9.4 percent of total route sales. Flavored fat reduced milk accounted for a combined 8.8 percent, flavored whole milk 1.6 percent, buttermilk 0.9 percent, and eggnog 0.9 percent of total sales for the month.

### Container Type

Plastic containers accounted for 87.9 percent of all route sales in November 2005. Paper containers accounted for 12.08 percent, while glass containers represented 0.02 percent of route sales. Sales in single serve plastic containers totaled nearly 12.7 million pounds of

*(Continued on Page 3)*

## June 2006 - Pool Summary

### Classification of Producer Milk

		Percent
Class I	505,810,075	33.7
Class II	257,354,062	17.2
Class III	624,719,977	41.6
Class IV	112,911,462	7.5
Total	1,500,795,576	100.0

### Producer Prices

Producer Price Differential	\$ 0.45 / cwt
Butterfat Price	1.2436 / lb
Protein Price	2.0790 / lb
Other Solids Price	0.1255 / lb
Somatic Cell Adjustment Rate	0.00061 / cwt
Statistical Uniform Price	11.74 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES****Federal Order No. 33****JUNE 2006****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			496,346,025			\$ 857 / cwt	\$ 42,536,854.36
Class I Butterfat		9,464,050				1.2810 / lb	12,123,448.09
Class I Location Differential	505,810,075						(240,724.70)
Class II SNF Value				21,521,502		0.7622 / lb	16,403,688.84
Class II Butterfat		17,728,168				1.2506 / lb	22,170,846.90
Class III Protein Value			18,533,847			2.0790 / lb	38,531,867.95
Class III Other Solids Value					35,788,984	0.1255 / lb	4,491,517.50
Class III Butterfat		21,021,431				1.2436 / lb	26,142,251.62
Class IV SNF Value				9,624,199		0.6753 / lb	6,499,221.60
Class IV Butterfat		5,615,835				1.2436 / lb	6,983,852.41
Somatic Cell Value II / III / IV							<u>470713.74</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,500,795,576</b>	<b>53,829,484</b>	<b>44,368,148</b>		<b>85,697,098</b>		<b>\$ 176,113,538.31</b>
O verages						\$ 26,780.10	
Beginning Inventory and OS Charges						83,075.19	
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 109,855.29</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 176,223,393.60</b>
Total Protein Value			44,368,148 lbs	@	\$ 2.0790		\$ (92,241,379.71)
Total Other Solids Value			85,697,098 lbs	@	0.1255		(10,754,985.80)
Butterfat Value			53,829,484 lbs	@	1.2436		(66,942,346.27)
Total Somatic Cell Values							<u>(660,860.96)</u>
<b>TOTALS</b>							<b>\$ 5,623,820.86</b>
Net Producer Location Adjustments							\$ 972,433.82
1/2 Unobligated Balance Producer Settlement Fund							<u>767,000.00</u>
Total - Divided by Total Pounds			1,500,795,576 lbs		0.4906234		\$ 7,363,254.68
Rate of Cash Reserve					(0.0406234)		(609,674.19)
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,500,795,576		<b>\$ 0.45 cwt</b>		<b>\$ 6,753,580.49</b>

**COMPONENT PRICES****COMPUTATION OF UNIFORM PRICE**

	<u>June</u>		<u>June</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Butterfat Price	\$1.2436 / lb	\$1.5932 / lb	Class III Price - 3.5% BF	\$11.29
Protein Price	2.0790 / lb	2.5741 / lb	Producer Price Differential*	<u>0.45</u>
Other Solids Price	0.1255 / lb	0.1139 / lb	Statistical Uniform Price	\$11.74
Somatic Cell Adjustment Rate	0.00061 / cwt	0.00074 / cwt		\$14.36
Nonfat Solids Price	0.6753 / lb	0.7780 / lb		

**CLASS PRICES****CLASSIFICATION OF PRODUCER MILK**

	<u>June</u>		<u>June</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Class I*	\$12.75	\$15.62	Product lbs.	Product lbs.
Class II	11.00	13.06	Class I	505,810,075
Class III	11.29	13.92	Class II	257,354,062
Class IV	10.22	12.33	Class III	624,719,977
			Class IV	<u>112,911,462</u>
			Total	1,500,795,576
				<u>1,628,662,439</u>

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for June 2006 was \$0.45 and the Statistical Uniform Price was \$11.74 for the month. The Statistical Uniform Price is \$0.09 higher than last month, and is \$2.62 lower than June 2005.

The Producer Butterfat Price of \$1.2436 per pound decreased 1.46 cents from May 2006 and is down 34.96 cents from a year ago. The Protein Price of \$2.0790 is up 16.75 cents from last month and is down 49.51 cents from June 2005. The Other Solids Price in June was \$0.1255 per pound, an increase from last month's price of \$0.1251 and an increase of 1.16 cents from last June. The Somatic Cell Adjustment rate for June was \$0.00061.

June producer receipts of 1.50 billion pounds were 4.9 percent lower than May 2006, and 7.9 percent lower than June 2005 production of 1.63 billion pounds. Producer milk allocated to Class I accounted for 33.7 percent of the total producer milk in June 2006, less than the 35.4 percent in May 2006 and more than the 29.7 percent in June 2005. A total of 8,612 producers were pooled on the Mideast Order compared to 9,714 producers pooled in June 2005.

The market average content of producer milk was as follows: Butterfat 3.59%; Protein 2.96%; Other Solids 5.71% and Nonfat Solids 8.67%.

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milk during the month surveyed as compared to 9.3m illion pounds in 2003.

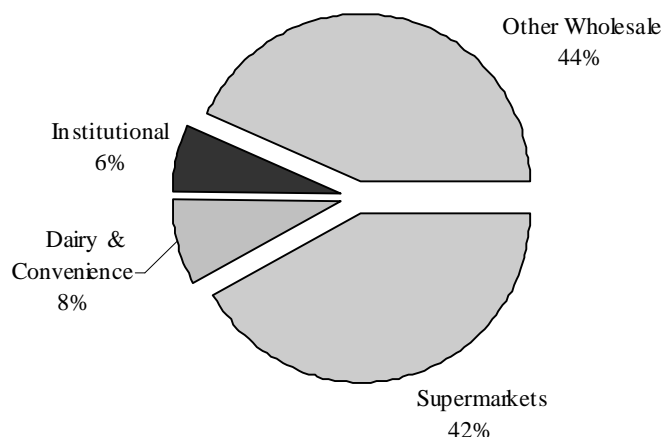
**Container Size**

The majority of fluid milk sales continued to be in gallon containers, which accounted for 68.2 percent of total sales. Gallon container usage was down slightly from the survey in November 2003 when gallons accounted for 70.1 percent of total sales. Half-gallon containers represented 16.1 percent of sales, an increase from 15.5 percent in 2003 and 14.9 percent in 2001, quarts 2.7 percent, and pints 1.6 percent of total route sales. Half-pints accounted for 10.0 percent of route sales, which was an increase from 8.8 percent in 2003 and 9.2 percent in 2001. Sales for 5-gallon containers accounted for 0.9 percent of route sales.

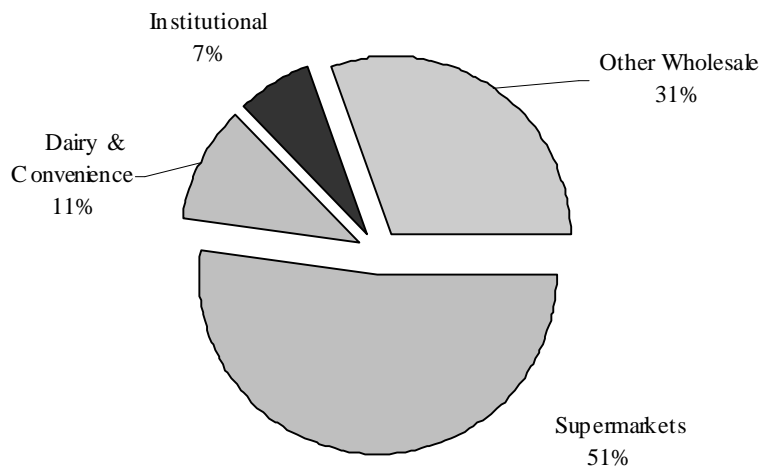
**Method of Distribution**

Wholesale deliveries accounting for nearly all route sales in the 2005 survey as home deliveries volumes were minimal. Of the wholesale distribution total, 42.0 percent were to supermarkets; 8.2 percent to dairy and convenience stores; 6.4 percent to institutions such as schools and military; and 43.4 percent to other wholesales establishments such as superstores/hypermarkets, warehouse stores, and other wholesale outlets. The distribution to supermarkets has decreased 9.8 percent from the November 2001 survey results. Dairy and Convenience has decreased 2.4 percent and institutional outlets have decreased 0.2 percent while other wholesale establishments have seen an increase of 12.8 percent since November 2001 (See Pie Chart).

**Method of Distribution  
November 2005**



**Method of Distribution  
November 2001**



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

State	May 2006						May 2005					
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	
Michigan	2,146	547,063	3.59	2.97	5.73	237	547,027	3.57	2.98	5.74	240	
Ohio	2,352	363,020	3.68	3.01	5.71	263	368,148	3.61	3.02	5.72	269	
Wisconsin	1,046	193,958	3.66	2.98	5.75	260	337,848	3.66	2.96	5.76	247	
Indiana	1,160	164,813	3.66	2.99	5.73	273	161,632	3.59	2.99	5.74	268	
New York	419	147,596	3.64	2.96	5.74	208	156,853	3.59	2.97	5.71	223	
Pennsylvania	1,288	131,110	3.73	3.03	5.71	306	126,490	3.69	3.04	5.72	322	
Illinois	14	8,971	3.41	2.85	5.71	226	18,385	3.47	2.95	5.76	234	
West Virginia	66	6,197	3.74	3.13	5.71	341	6,696	3.65	3.13	5.73	359	
Other	126	15,332	3.65	3.02	5.73	338	21,944	3.58	2.98	5.75	293	
Total/Average *	8,617	1,578,059	3.64	2.99	5.73	254	1,745,023	3.61	2.99	5.74	255	

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



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**FEDERAL ORDER DATA  
JUNE 2006**

<u>Marketing Area</u> <sup>1/</sup>	Producer Milk		Class I <u>Percent</u> %	Producer <u>Price Differential</u>	Statistical <u>Uniform Price</u>
	<u>Total</u> (000)	<u>Class I</u> (000)			
FO 1 Northeast - (Boston)	1,901,318	841,635	44.3	\$1.37	\$12.66
FO 5 Appalachian - (Charlotte)	544,056	331,977	61.0	<sup>2/</sup>	12.84
FO 6 Florida - (Tampa)	251,066	207,984	82.8	<sup>2/</sup>	14.14
FO 7 Southeast - (Atlanta)	678,355	382,230	56.4	<sup>2/</sup>	12.90
FO 30 Upper Midwest - (Chicago)	2,157,909	352,013	16.3	0.23	11.52
FO 32 Central - (Kansas City)	1,021,266	341,642	33.5	0.33	11.62
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,500,796</b>	<b>505,810</b>	<b>33.7</b>	<b>0.45</b>	<b>11.74</b>
FO 124 Pacific Northwest - (Seattle)	662,476	184,796	27.9	0.01	11.30
FO 126 Southwest - (Dallas)	990,921	328,324	33.1	1.07	12.36
FO 131 Arizona-Las Vegas - (Phoenix)	305,918	106,854	34.9	<sup>2/</sup>	11.67

<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 JULY 2006 ..... \$10.22/cwt.**