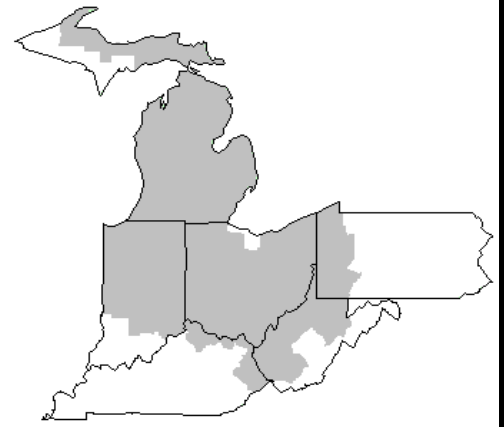


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**March 2008**

### Statistical Report Available

The 2006-2007 Statistical Report for Federal Order 33 is currently available. Copies may be requested by calling the Market Administrator's Office at (888)751-3220. The publication may also be accessed on the web page for the Mideast Marketing Area at: [www.fmmaclev.com](http://www.fmmaclev.com) under "Statistical Information".

### USDA Announces Tentative Final Decision to Amend the Appalachian, Florida and Southeast Milk Order

The U. S. Department of Agriculture announced a tentative final decision that would increase Class I prices and adjust the Class I pricing surface of the Appalachian, Southeast and Florida marketing orders. This decision is based on testimony and evidence given at a public hearing held at Tampa, Fla., May 21-23, 2007.

This decision also amends certain features of the touch-base, diversion limit standards and transportation credit provisions for the Appalachian and Southeast Federal milk marketing orders. USDA will conduct referendums to determine if producers approve the amended orders. If approved, USDA will issue an interim order making the amendments effective.

The tentative final decision was published in the February 29 *Federal Register*. Comments must be received by April 29 and can be made using the Federal e-Rulemaking portal at <http://www.regulations.gov>.

For additional information about the decision contact Appalachian Order, email: [friedly@malouisville.com](mailto:friedly@malouisville.com); Florida and Southeast Orders, e-mail: [smosley@fmmatlanta.com](mailto:smosley@fmmatlanta.com)

### January Milk Production Up 2.4 Percent

Milk production in the 23 major States during January totaled 14.6 billion pounds, up 2.4 percent from January 2007. December unrevised production at 14.4 billion pounds, was up 2.8 percent from December 2006.

Production per cow in the 23 major States averaged 1,743 pounds for January, 17 pounds above January 2007.

The number of milk cows on farms in the 23 major States was 8.40 million head, 120,000 head more than January 2007, and 15,000 head more than December 2007.

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 2.3 billion pounds, up 25 million pounds or 1.1 percent from January 2007.

Production per cow in the Mideast states averaged 1,695 pounds for January, 14 pounds below January 2007.

The number of cows on farms in the Mideast states was 1.3 million head, 24,000 head more than January 2007.

\*Released February 15, 2008, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, U.S. Department of Agriculture. For information on "Milk Production" call Jason Hardegree at 202-720-3278, office hours 7:30 a.m. to 4:00 p.m. ET.

### The Dairy Outlook Higher Milk Production in 2008 Softens Prices; Exports Bolster Demand

Milk production is forecast to rise 2.7 percent in 2008 over 2007, reaching 190.6 billion pounds. The increase comes as cow numbers are forecast to rise just over 1 percent in 2008. The *Cattle* report indicated that on the first of the year, dairy cow numbers were 1 percent above the previous January 1st. Operators expected to retain 3 percent more heifers, and heifers expected to calve in 2008 were also 3 percent above a year earlier.

The value of dairy exports set a record in fiscal year (FY) 2007, and is expected to set another in FY 2008. However, expansion is expected to be less robust, and international prices have softened. U.S. cheese exports are forecast to climb 5 percent above 2007's record 95,000 metric tons. Australian cheese exports are expected to

*(continued on Page 3)*

### February 2008 - Pool Summary

#### Classification of Producer Milk

	Pounds	Percent
Class I	536,362,711	39.0
Class II	226,591,591	16.5
Class III	509,508,896	37.0
Class IV	102,921,636	7.5
Total	1,375,384,834	100.0

#### Producer Prices

Producer Price Differential	\$ 1.62 / cwt
Butterfat Price	1.3010 / lb
Protein Price	4.0180 / lb
Other Solids Price	0.0803 / lb
Somatic Cell Adjustment Rate	0.00092 / cwt
Statistical Uniform Price	18.65 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES****Federal Order No. 33****FEBRUARY 2008****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			526,796,228			\$ 17.44 / cwt	\$ 91,873,262.20
Class I Butterfat		9,566,483				1.3860 / lb	13,259,145.44
Class I Location Differential	536,362,711						(249,430.88)
Class II SNF Value				19,484,802		1.5989 / lb	31,154,249.91
Class II Butterfat		13,491,709				1.3080 / lb	17,647,155.39
Class III Protein Value			15,839,646			4.0180 / lb	63,643,697.61
Class III Other Solids Value					29,062,999	0.0803 / lb	2,333,758.86
Class III Butterfat		19,482,221				1.3010 / lb	25,346,369.52
Class IV SNF Value				8,536,051		1.1643 / lb	9,938,524.17
Class IV Butterfat		9,509,447				1.3010 / lb	12,371,790.58
Somatic Cell Value II / III / IV							<u>715,096.12</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,375,384,834</b>	<b>52,049,860</b>	<b>42,748,278</b>		<b>78,370,849</b>		<b>\$268,033,618.92</b>
Overages						\$ 86,487.03	
Beginning Inventory and OS Charges						\$160,414.98	
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 246,902.01</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 268,280,520.93</b>
Total Protein Value			42,748,278 lbs	@	\$4.0180		\$(171,762,581.03)
Total Other Solids Value			78,370,849 lbs	@	0.0803		(6,293,179.17)
Butterfat Value			52,049,860 lbs	@	1.3010		(67,716,867.88)
Total Somatic Cell Values							<u>(1,178,672.12)</u>
<b>TOTALS</b>							<b>\$ 21,329,220.73</b>
Net Producer Location Adjustments							\$ 953,479.52
1/2 Unobligated Balance Producer Settlement Fund							<u>682,000.00</u>
Total - Divided by Total Pounds			1,375,384,834 lbs		1.6696927		\$ 22,964,700.25
Rate of Cash Reserve					<u>(0.0496927)</u>		<u>(683,465.86)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,375,384,834		<b>\$ 1.62 /cwt</b>		<b>\$ 22,281,234.39</b>

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

	<b>February</b>			<b>February</b>	
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Butterfat Price	\$1.3010 / lb	\$1.3112 / lb	Class III Price - 3.5% BF	\$17.03	\$14.18
Protein Price	4.0180 / lb	2.4125 / lb	Producer Price Differential*	<u>1.62</u>	<u>0.05</u>
Other Solids Price	0.0803 / lb	0.4170 / lb	Statistical Uniform Price	\$18.65	\$14.23
Somatic Cell Adjustment Rate	0.00092 / cwt	0.00067 / cwt			
Nonfat Solids Price	1.1643 / lb	0.9356 / lb			

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

	<b>February</b>			<b>February</b>	
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Class I*	\$21.68	\$15.39	Class I	<u>Product lbs.</u> 536,362,711	<u>Product lbs.</u> 530,715,631
Class II	18.46	13.08	Class II	226,591,591	244,933,428
Class III	17.03	14.18	Class III	509,508,896	414,339,142
Class IV	14.67	12.71	Class IV	<u>102,921,636</u>	<u>87,300,955</u>
			Total	1,375,384,834	1,277,289,156

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for February 2008 was \$1.62 and the Statistical Uniform Price was \$18.65 for the month. The Statistical Uniform Price is \$1.60 lower than last month, and is \$4.42 higher than February 2007.

The Producer Butterfat Price of \$1.3010 per pound decreased 3.09 cents from January 2008 and is down 1.02 cents from a year ago. The Protein Price of \$ 4.0180 is down 48.14 cents from last month and is up 1.6055 dollars from February 2007. The Other Solids Price in February was \$0.0803 per pound, a decrease from last month's price of \$0.2097 and a decrease of 33.67 cents from last February. The Somatic Cell Adjustment rate for February was \$0.00092.

February producer receipts of 1.38 billion pounds were 6.4 percent lower than January 2008 and 7.7 percent higher than February 2007 production of 1.28 billion pounds. Producer milk allocated to Class I accounted for 39.0 percent of the total producer milk in February 2008, more than the 38.9 percent in January 2008 and less than the 41.6 percent in February 2007. A total of 7,723 producers were pooled on the Mideast Order compared to 7,788 producers pooled in February 2008.

The market average content of producer milk was as follows: Butterfat 3.78%; Protein 3.11%; Other Solids 5.70% and Nonfat Solids 8.81%.

(continued from Front Page)

decline again in 2008. Although Australia has finally received some rain, the amounts have been insufficient to overcome lingering drought.

U.S. butter exports should also benefit from the overall tightness in global supplies. In the European Union, butter production is being sacrificed for increased cheese production, both to meet domestic demand and for export, mostly to Eastern European countries and Russia. With Australia sidelined and a weak dollar, prospects for U.S. butter exports are favorable.

Whey exports soared in early 2007, but then declined and prices fell. In 2008, low prices could stimulate demand, but exportable supplies could be affected by domestic demand for low-fat cheeses.

Prices for U.S. dairy products should be somewhat lower in 2008. Cheese should show the least decline from 2007, with prices averaging \$1.635 to \$1.705 per pound. Butter prices are expected to average \$1.185 to \$1.285 per pound in 2008. Sharper declines are in store for NDM and whey, as prices for them are expected to average \$1.380 to \$1.440 and 33.5 to 36.5 cents a pound, respectively.

Lower product prices will result in lower milk prices in 2008. The Class IV price is forecast at \$15.05 to \$15.85 per cwt, substantially below 2007's average of \$18.36 per cwt. The Class III price is expected to decline to \$15.45 to \$16.15 per cwt, down from 2007's \$18.04 per cwt average. The all milk price is forecast to average \$16.85 to \$17.55 per cwt, a drop from \$19.13 in 2007.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook", LDP-M-164, February 15, 2008, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

## January Fluid Milk Sales

During January, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.7 percent lower than January 2007. After adjusting for calendar composition, sales in January 2008 were 1.0 percent lower than January 2007. On an individual product basis, after adjusting for calendar composition, sales of organic whole milk, reduced fat milk (2%), low fat milk (1%), organic fat-reduced

milk, and buttermilk increased from January 2007, while sales of whole milk, flavored whole milk, fat-free (skim) milk, and flavored fat-reduced milk decreased from a year earlier.

For additional and January 2007 revised data see <http://www.ams.usda.gov/dyfmom/mib/fluidsales.htm>.

## Estimated Total U.S. Sales of Fluid Milk Products 1/ January 2008

Million Pounds

Product Name	January 2008	January 2007	Diff.	Percent of Change
Whole Milk	1,334	1,433	-99	-6.9%
Flavored Whole Milk	48	64	-16	-25.0%
Organic Whole Milk	33	26	7	26.9%
Reduced Fat Milk (2%)	1,580	1,577	3	0.2%
Low Fat Milk (1%)	580	576	4	0.7%
Fat-Free Milk (Skim)	708	714	-6	-0.8%
Flavored Fat Reduced Milk	364	369	-5	-1.4%
Organic Fat-Reduced Milk	109	88	21	23.9%
Buttermilk	53	44	9	20.1%
Total Fluid Milk Products 2/	4,822	4,904	-82	-1.7%
Total Fluid Milk Adjusted 3/	4,810	4,858	-48	-1.0%

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data.

2/ Total fluid milk products include the products listed plus miscellaneous products and eggnog.

3/ Sales volumes and percent changes have been adjusted for calendar composition; see [http://www.ams.usda.gov/dyfmom/mib/clndr\\_comp\\_rpt.pdf](http://www.ams.usda.gov/dyfmom/mib/clndr_comp_rpt.pdf)

### Bulletin WebPage Edition

[www.fmmacleev.com](http://www.fmmacleev.com)

#### Featured this month are:

- Mailbox Prices
- Producer Price Differential Statistics
- Milk Production Statistics

## Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State

Federal Order No. 33

State	January 2008						January 2007				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,979	552,420	3.73	3.10	5.71	218	561,470	3.66	3.06	5.71	238
Ohio	2,333	369,281	3.87	3.14	5.69	266	355,786	3.80	3.10	5.68	269
Indiana	1,132	152,493	3.86	3.12	5.68	277	156,229	3.78	3.07	5.70	276
Wisconsin	799	145,483	3.82	3.07	5.71	240	75,988	3.76	3.04	5.78	239
Pennsylvania	1,121	112,766	3.90	3.15	5.68	311	119,564	3.84	3.10	5.67	315
New York	307	103,770	3.75	3.07	5.73	226	181,355	3.66	3.04	5.74	224
Illinois	75	12,934	3.81	3.05	5.71	243	10,037	3.65	3.08	5.78	169
West Virginia	62	5,660	4.16	3.30	5.68	328	5,570	3.99	3.19	5.67	372
Other	104	14,720	3.81	3.26	5.78	250	5,914	3.89	3.13	5.67	325
Total/Average *	7,912	1,469,528	3.80	3.11	5.70	247	1,471,913	3.73	3.07	5.70	255

\* Totals may not add due to rounding. Data provided on a one month delay basis and includes only milk from these states *pooled* on the Mideast order.



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**FEDERAL ORDER DATA  
 FEBRUARY 2008**

<u>Marketing Area</u> <sup>1/</sup>	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Class I</u> <u>Percent</u> %	<u>Producer</u> <u>Price Differential</u> (per cwt.)	<u>Statistical</u> <u>Uniform Price</u> (per cwt.)
FO 1 Northeast - (Boston)	1,977,087	840,995	42.5	\$2.51	\$19.54
FO 5 Appalachian - (Charlotte)	460,467	332,731	72.3	<sup>2/</sup>	21.32
FO 6 Florida - (Tampa)	265,597	220,598	83.1	<sup>2/</sup>	22.60
FO 7 Southeast - (Atlanta)	606,111	389,276	64.2	<sup>2/</sup>	20.90
FO 30 Upper Midwest - (Chicago)	2,408,729	364,229	15.1	0.60	17.63
FO 32 Central - (Kansas City)	1,063,970	352,589	33.1	1.08	18.11
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,375,385</b>	<b>536,363</b>	<b>39.0</b>	<b>1.62</b>	<b>18.65</b>
FO 124 Pacific Northwest - (Seattle)	606,881	181,666	29.9	0.44	17.47
FO 126 Southwest - (Dallas)	753,992	339,899	45.1	2.25	19.28
FO 131 Arizona - (Phoenix)	337,644	113,961	33.7	<sup>2/</sup>	18.00

<sup>1/</sup> Names in parentheses are principal points of markets.

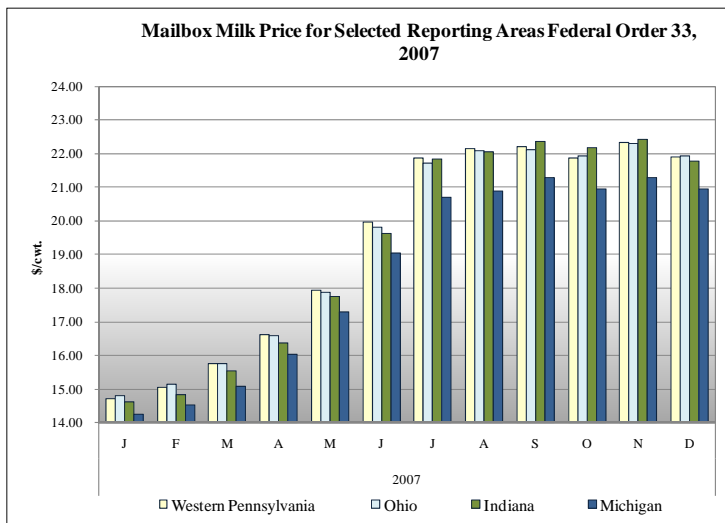
<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR MARCH 2008.....\$ 14.67 /cwt.**

# Mideast Market Administrator's Bulletin

Federal Order 33 Supplement  
March 2008

## MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA

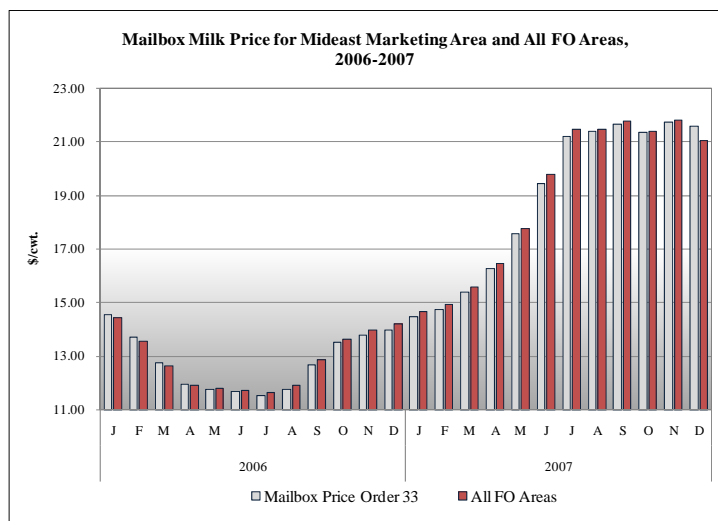
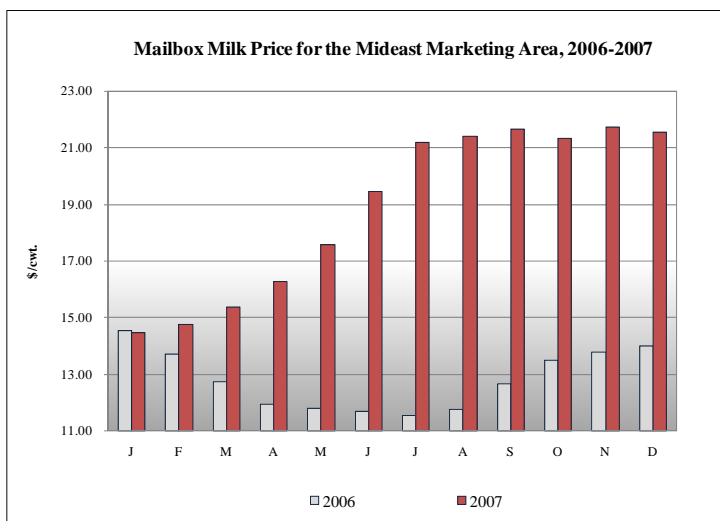


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments.

The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

## FEDERAL ORDER 33 MAILBOX PRICE STATISTICS



The net pay price received by dairy farmers in Federal Order 33 was \$21.57 per hundredweight in December 2007. The December 2007 mailbox price is 18 cents less than the mailbox price for November 2007. The average mailbox price for 2007 was \$18.90 per hundredweight, up \$6.10 from the 2006 average.

For December the net pay price received by dairy farmers in Federal Order 33 was 53 cents per hundredweight higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For December the all Federal Order mailbox price was \$21.04 per hundredweight, a 77 cent decrease from November 2007.

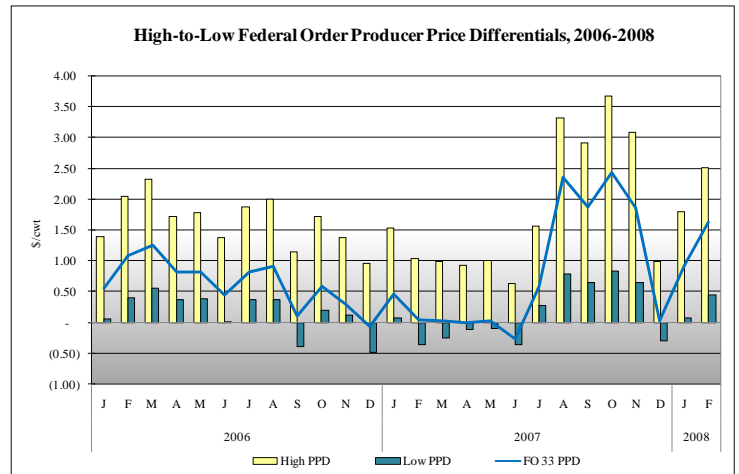
## PRODUCER PRICE DIFFERENTIAL STATISTICS

Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing.

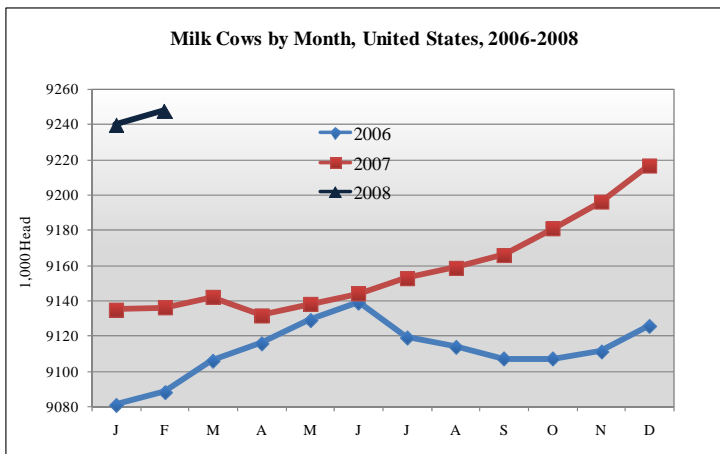
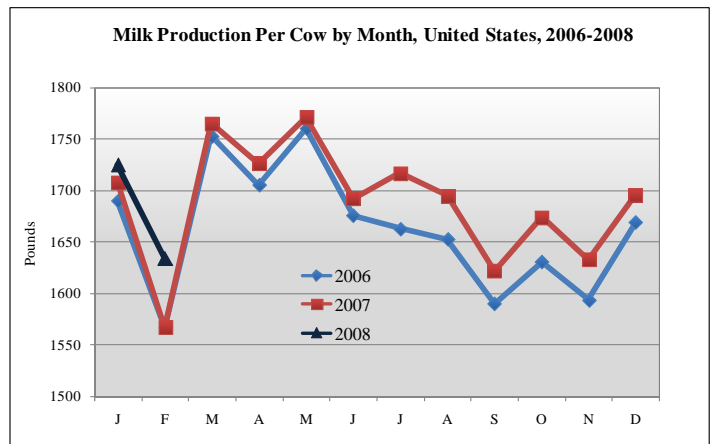
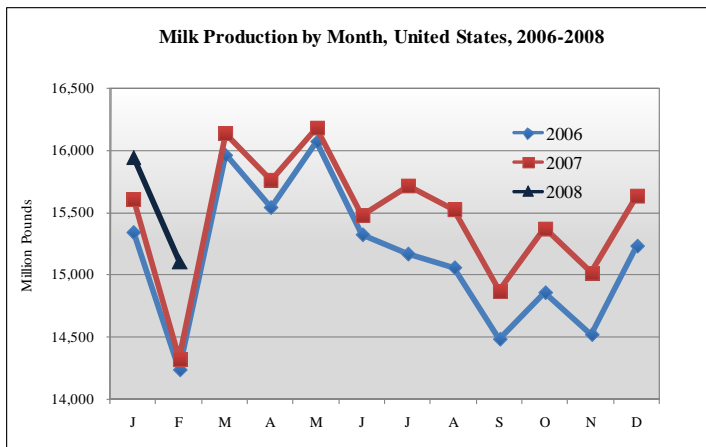
Of those orders, Federal Order 1 had the highest producer price differential in all months of 2006, 2007, and 2008. For February 2008, Federal Order 1 had a PPD of \$2.51 per hundredweight, \$0.72 higher than the January 2008 PPD price in Federal Order 1.

In February 2008 Federal Order 33 had the third highest PPD, behind Order 1 and Order 126, at \$1.62 per hundredweight, \$0.69 higher than the January 2008 PPD price.

For February 2008 Federal Order 126 had the lowest PPD at \$0.44 per hundredweight, \$0.37 higher than the January 2008 PPD price.



## MILK PRODUCTION STATISTICS\*



February 2008 Milk Production in the United States was up 5.49 percent from February 2007.

Milk production in the United States during February totaled 15.1 billion pounds, down 5.23 percent from January 2008. January 2008 production, revised at 15.9 billion pounds, was up 2.2 percent from January 2007.

Production per cow in the United States averaged 1,634 pounds for February 2008, 91 pounds less than January 2008 and 4.28 percent higher than February 2007.

The number of milk cows on farms in the United States was 9.24 million head, 8,000 head more than January 2008, and 112,000 head more than February 2007.

\* Information collected from the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, U.S. Department of Agriculture.