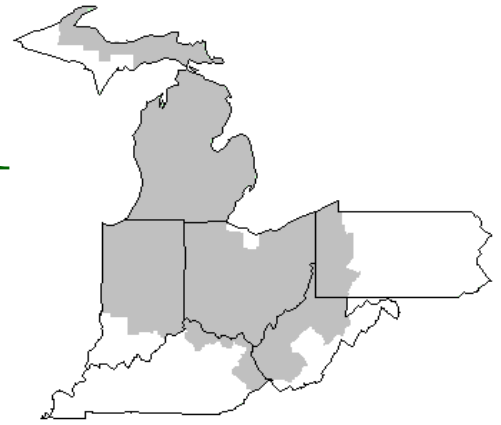


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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**April 2009**

## USDA Sets Hearing on Proposed Amendments to All Federal Milk Orders

The U. S. Department of Agriculture announced that it will hold a national public hearing to consider proposals seeking to amend or remove the producer-handler provisions and revise the exempt plant provisions applicable to all Federal milk marketing orders. The hearing will begin at 1 p.m. on May 4, 2009, at The Westin - Cincinnati, 21 East Fifth Street, Cincinnati, Ohio, 45202.

USDA will also consider a proposal seeking to amend the orders to include provisions related to individual handler pools as an alternative to the producer-handler provisions.

The National Milk Producers Federation and the International Dairy Foods Association submitted initial proposals. USDA requested additional proposals from the industry that would examine all features of the producer-handler and exempt plant provisions. USDA received proposals from dairy farmers, producer-handlers, dairy farmer cooperatives, and fluid milk processors.

Anyone interested in participating in the hearing should notify a USDA official upon arrival. The hearing notice was published in the April 9th Federal Register. Copies of the hearing notice and additional information are available from USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231, from the AMS web site: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy), or from this office.

## Agriculture Secretary Vilsack Announces MILC Payments on their way to Dairy Farmers

Secretary of Agriculture Tom Vilsack announced that because of low dairy prices across the country, producers participating in USDA's Milk Income Loss Contract (MILC) program will begin to receive payments.

"President Obama understands that dairy farmers are struggling during these tough economic times," said Vilsack. "Today, as a result of low dairy prices, we are distributing MILC payments to ensure that dairy producers have the financial assistance they need. This action will also stimulate local economies," said Vilsack.

USDA makes MILC payments on a monthly basis when the Boston Class I milk price falls below \$16.94 per hundredweight as adjusted for feed costs. USDA determines the per hundredweight payment rate for the applicable month by subtracting the Boston Class I price for that month from the \$16.94 MILC payment trigger price, established in the 2008 Farm Bill, as adjusted for feed costs, and multiplying the difference by 45 percent. The monthly Boston

price along with final MILC payment rates are posted online at: <http://www.fsa.usda.gov/FSA>.

The MILC payment trigger price of \$16.94 is adjusted upward when the National Average Dairy Feed Ration Cost for a month is greater than \$7.35 per cwt. USDA's National Agricultural Statistics Service released the data for determining the Average Dairy Feed Ration Cost for the month of February on March 30, 2009. Using this information and the formula contained in the 2008 Act, the MILC payment trigger for the month of February has been adjusted to \$17.33, for a final MILC payment rate of \$1.5132. Beginning April 1, USDA expects to issue approximately \$150 million to dairy producers for milk produced in February.

USDA's Agricultural Marketing Service announced the Boston Class I price for the month of March on Feb. 20, 2009 and for the month of April on March 20, 2009. In both instances, the Boston Class I price was below the MILC payment trigger price of \$16.94 per cwt. USDA expects to issue MILC payments on milk produced in March in early May and MILC payments on milk produced in April in early June, after USDA has adjusted the MILC payment trigger price for feed costs and determined the final payment rate for those months. MILC payments may also be triggered in future months if the MILC payment trigger price is below \$16.94 per cwt.

FSA makes payments up to the maximum eligible pounds of milk produced and marketed by each operation per fiscal year. The annual maximum eligible pound limit per dairy operation is 2,985,000 pounds per fiscal year.

For more information about the MILC program, please visit your FSA county office or <http://www.fsa.usda.gov>.

## March 2009 Pool Summary

### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	574,053,721	40.8
Class II	264,980,578	18.8
Class III	451,078,082	32.1
Class IV	116,728,766	8.3
Total	1,406,841,147	100.0

### Producer Prices

Producer Price Differential	\$ 0.29 /cwt
Butterfat Price	1.1594 /lb
Protein Price	2.1973 /lb
Other Solids Price	(0.0339) /lb
Somatic Cell Adjustment Rate	0.00063 /cwt
Statistical Uniform Price	10.73 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

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**MARCH 2009****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			563,971,619			\$ 7.81 / cwt	\$ 44,046,183.41
Class I Butterfat		10,082,102				1.1118 / lb	11,209,281.01
Class I Location Differential	574,053,721						(258,105.57)
Class II SNF Value				22,599,049		0.7233 / lb	16,345,892.14
Class II Butterfat		16,072,684				1.1664 / lb	18,747,178.66
Class III Protein Value			13,855,864			2.1973 / lb	30,445,490.01
Class III Other Solids Value					25,678,821	(0.0339) / lb	(870,512.07)
Class III Butterfat		16,883,197				1.1594 / lb	19,574,378.62
Class IV SNF Value				9,723,710		0.6423 / lb	6,245,538.92
Class IV Butterfat		9,516,800				1.1594 / lb	11,033,777.90
Somatic Cell Value II / III / IV							<u>544,390.28</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,406,841,147	52,554,783	43,058,131		79,992,734		\$157,063,493.31
Overages						\$ 7,869.23	
Beginning Inventory and Other Source Charges						\$ 69,038.16	
<b>TOTAL ADJUSTMENTS</b>							\$ <u>76,907.39</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 157,140,400.70
Total Protein Value			43,058,131 lbs	@	\$2.1973		\$ (94,611,631.24)
Total Other Solids Value			79,992,734 lbs	@	(0.0339)		2,711,753.66
Butterfat Value			52,554,783 lbs	@	1.1594		(60,932,015.39)
Total Somatic Cell Values							<u>(962,729.57)</u>
<b>TOTALS</b>							\$ 3,345,778.16
Net Producer Location Adjustments							\$ 664,308.75
1/2 Unobligated Balance Producer Settlement Fund							<u>670,000.00</u>
Total - Divided by Total Pounds			1,406,841,147 lbs		0.3326663		\$ 4,680,086.91
Rate of Cash Reserve					(0.0426663)		<u>(600,247.06)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,406,841,147		<b>\$ 0.29 /cwt</b>		\$ 4,079,839.85

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

	<b>March</b>	
	<u>2009</u>	<u>2008</u>
Butterfat Price	\$1.1594 / lb	\$1.3604 / lb
Protein Price	2.1973 / lb	4.3331 / lb
Other Solids Price	(0.0339) / lb	0.0493 / lb
Somatic Cell Adjustment Rate	0.00063 / cwt	0.00098 / cwt
Nonfat Solids Price	0.6423 / lb	1.0833 / lb

	<b>March</b>	
	<u>2009</u>	<u>2008</u>
Class III Price - 3.5% BF	\$10.44	\$18.00
Producer Price Differential*	<u>0.29</u>	<u>(0.79)</u>
Statistical Uniform Price	\$10.73	\$17.21

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

	<b>March</b>	
	<u>2009</u>	<u>2008</u>
Class I*	\$11.43	\$18.70
Class II	10.36	15.63
Class III	10.44	18.00
Class IV	9.64	14.17

	<b>March</b>	
	<u>2009</u>	<u>2008</u>
Class I	Product lbs. 574,053,721	551,305,854
Class II	264,980,578	247,029,634
Class III	451,078,082	351,301,098
Class IV	<u>116,728,766</u>	<u>138,721,318</u>
Total	1,406,841,147	1,288,357,904

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for March 2009 was 0.29 and the Statistical Uniform Price was \$10.73 for the month. The Statistical Uniform Price is \$0.10 lower than last month, and is \$6.48 lower than March 2008.

The Producer Butterfat Price of \$1.1594 per pound increased 6.53 cents from February and is down 20.10 cents from a year ago. The Protein Price of \$2.1973 is up \$0.2834 from last month and is down \$2.1358 from March 2008. The Other Solids Price in March was \$-0.0339 per pound, an increase from last month's price of \$-0.0437 and a decrease of 8.32 cents from last March. The Somatic Cell Adjustment rate for March was \$0.00063.

March producer receipts of 1.41 billion pounds were 10.1 percent higher than February and 9.2 percent higher than March 2008 production of 1.29 billion pounds. Producer milk allocated to Class I accounted for 40.8 percent of the total producer milk in March 2009, less than the 42.4 percent in February and less than the 42.8 percent in March 2008. A total of 7,248 producers were pooled on the Mideast Order compared to 7,695 producers pooled in March 2008.

The market average content of producer milk was as follows: Butterfat 3.74%; Protein 3.06%; Other Solids 5.69% and Nonfat Solids 8.75%.

## February Milk Production Down 2.5 Percent

Milk production in the 23 major States during February totaled 13.7 billion pounds, down 2.5 percent from February 2008. January revised production, at 14.9 billion pounds, was up 1.1 percent from January 2008. The January revision represented an increase of 52 million pounds or 0.4 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,608 pounds for February, 48 pounds below February 2008.

The number of milk cows on farms in the 23 major States was 8.49 million head, 31,000 head more than February 2008, but 16,000 head less than January 2009.

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 February totaled 2.1 billion pounds, down 44 million pounds or 2.1 percent from February 2008.

Production per cow in the Mideast states averaged 1,548 pounds for February, 38 pounds below February 2008.

The number of cows on farms in the Mideast states was 1.3 million head, 7,000 head more than February 2008.

## Agriculture Secretary Vilsack Announces Plan to Benefit Nutrition Programs and Dairy Farmers

Secretary of Agriculture Tom Vilsack announced that approximately 200 million pounds of nonfat dry milk will be transferred from the Commodity Credit Corporation (CCC) to USDA's Food and Nutrition Service for use in domestic feeding programs. The goal is to help support both low-income families struggling to put nutritious food on their tables and dairy farmers who have been challenged by high feed costs and low dairy prices.

"President Obama understands that providing food to those in need will help many weather these tough economic times," said Secretary Vilsack. "At the same time, USDA's disposal plan will benefit dairy farmers, who have seen markets disappear and prices plummet in recent months, by increasing consumption of milk and other dairy products."

USDA has a long history of delivering nutritional assistance through domestic and international feeding programs and administers 15 domestic nutrition programs that touch the lives of one in every five people in America each day.

The nonfat dry milk (NDM) was acquired by the CCC under the Dairy Product Price Support Program. Under this program, CCC purchases NDM, butter and cheddar cheese at statutorily mandated prices. These purchases support the prices of NDM, butter, and cheese and the price farmers receive for milk.

USDA will make available about 200 million pounds of NDM for further processing or barter. The acquired products are expected to include items such as instantized NDM, ultra high temperature milk, cheese, and soups for domestic feeding programs. This includes:

- 40 million pounds of NDM will be fortified and instantized, placed into consumer-sized packages, and made available for use in the National School Lunch Program, TEFAP, CSFP, and FDPIR;
- 30 million pounds of NDM will be donated to States for further processing to acquire fortified fat-free fluid milk and macaroni and cheese, for use in the National School Lunch Program;
- 60 million pounds of NDM will be bartered for 1% ultra high temperature milk, for use in TEFAP;
- 20 million pounds of NDM will be bartered for ready-to-eat, milk-based soups (Creamy Tomato, Cheese), for use in TEFAP; and
- 50 million pounds of NDM will be bartered for reduced fat and lite cheeses, for use in the National School Lunch Program and TEFAP.

In addition to the 200 million pounds above, USDA also plans to make NDM available as follows:

- at least 1 million pounds on a competitive basis, for the production of casein;
- about 500,000 pounds for use in the McGovern-Dole International Food for Education and Child Nutrition Program; and
- about 1 million pounds for use by the U.S. Agency for International Development, based on anticipated requests from the State Department.

Products should be moving through the supply chain starting in this spring and continuing through 2009.

For more information about the Dairy Product Price Support Program please visit <http://www.fsa.usda.gov>.

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

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State	February 2009						February 2008					
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages -----				Pounds of Milk (000)	-----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)		Butterfat	Protein	Other Solids	SCC (000)	
Michigan	1,888	529,035	3.71	3.08	5.70	211	521,625	3.72	3.10	5.70	232	
Ohio	2,212	309,960	3.86	3.12	5.66	250	343,252	3.84	3.13	5.69	269	
Indiana	1,142	138,106	3.83	3.08	5.67	261	144,086	3.83	3.10	5.68	283	
New York	347	122,057	3.74	3.08	5.70	217	97,121	3.72	3.08	5.72	227	
Pennsylvania	1,115	97,131	3.91	3.13	5.65	317	107,782	3.89	3.13	5.67	317	
Wisconsin	361	58,588	3.76	3.02	5.76	249	129,918	3.79	3.07	5.72	263	
Illinois	43	7,755	3.70	3.07	5.75	286	12,169	3.74	3.05	5.72	270	
West Virginia	61	4,721	4.13	3.23	5.64	370	5,234	4.14	3.26	5.69	337	
Other	88	11,144	3.71	3.05	5.71	226	14,420	3.74	3.25	5.77	263	
Total/Average *	7,257	1,278,497	3.78	3.09	5.69	237	1,375,606	3.78	3.11	5.70	257	

\* 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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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- Weighted Average NASS Prices

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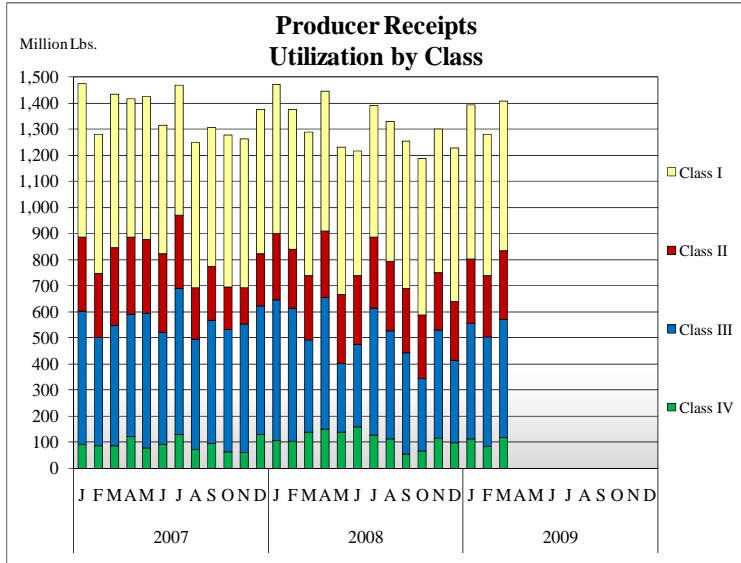
**FEDERAL ORDER DATA**  
**MARCH 2009**

Marketing Area <sup>1/</sup>	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - ( <i>Boston</i> )	2,062,176	888,944	43.1	\$1.12	\$11.56
FO 5 Appalachian - ( <i>Charlotte</i> )	518,351	360,776	69.6	<sup>2/</sup>	12.29
FO 6 Florida - ( <i>Tampa</i> )	278,448	233,588	83.9	<sup>2/</sup>	14.19
FO 7 Southeast - ( <i>Atlanta</i> )	677,722	411,467	60.7	<sup>2/</sup>	12.47
FO 30 Upper Midwest - ( <i>Chicago</i> )	2,674,763	376,284	14.1	0.13	10.57
FO 32 Central - ( <i>Kansas City</i> )	1,042,618	365,996	35.1	0.00	10.44
<b>FO 33 Mideast - (<i>Cleveland</i>)</b>	<b>1,406,841</b>	<b>574,054</b>	<b>40.8</b>	<b>0.29</b>	<b>10.73</b>
FO 124 Pacific Northwest - ( <i>Seattle</i> )	615,365	191,220	31.1	0.04	10.48
FO 126 Southwest - ( <i>Dallas</i> )	687,896	368,803	53.6	1.01	11.45
FO 131 Arizona - ( <i>Phoenix</i> )	386,711	123,731	32.0	<sup>2/</sup>	10.63

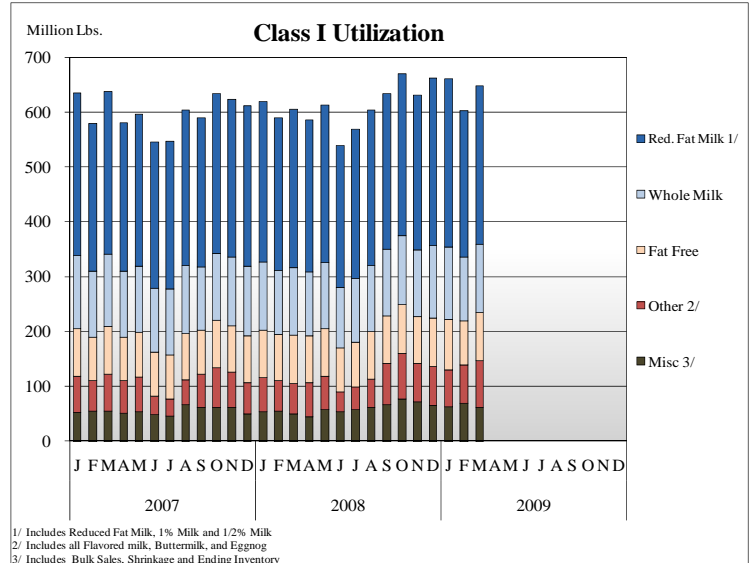
<sup>1/</sup> Names in parentheses are principal points of markets.  
<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR APRIL 2009.....\$ 9.64 /cwt.**

## PRODUCER MILK CLASSIFICATION

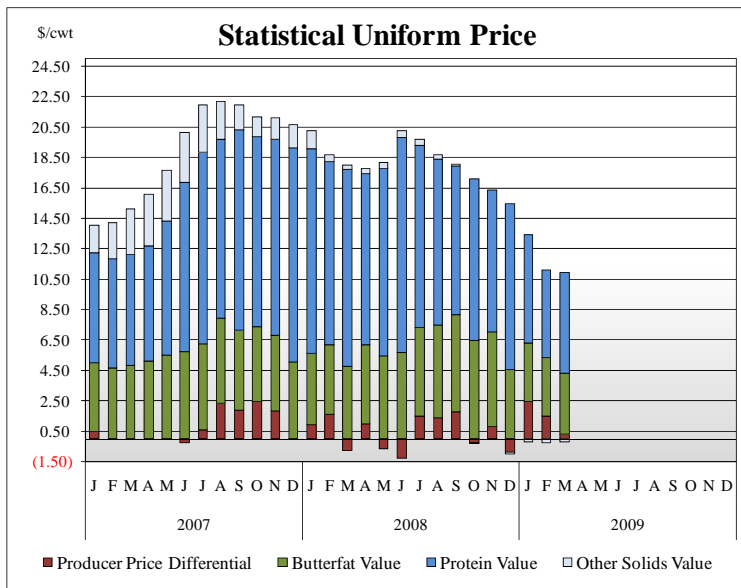


**Producer Receipts:** Producer receipts for the Mideast Order totaled 1.41 billion pounds in March 2009. The pounds allocated to Class I represented 40.8 percent of the total pounds. These totals represent a 118 million pound increase in producer milk and a 2.0 percent decrease in Class I utilization from March 2008.

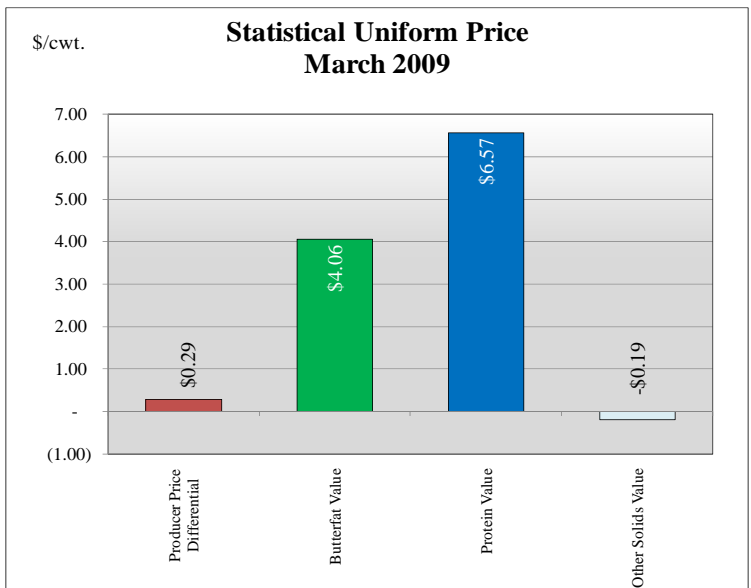


**Class I Pounds:** Class I utilization for the Mideast Order totaled 648 million pounds in March 2009. Finished products include 124 million pounds used for whole milk, 290 million pounds of reduced fat and low fat milk, and 87 million pounds of fat free (skim) milk.

## STATISTICAL UNIFORM PRICE

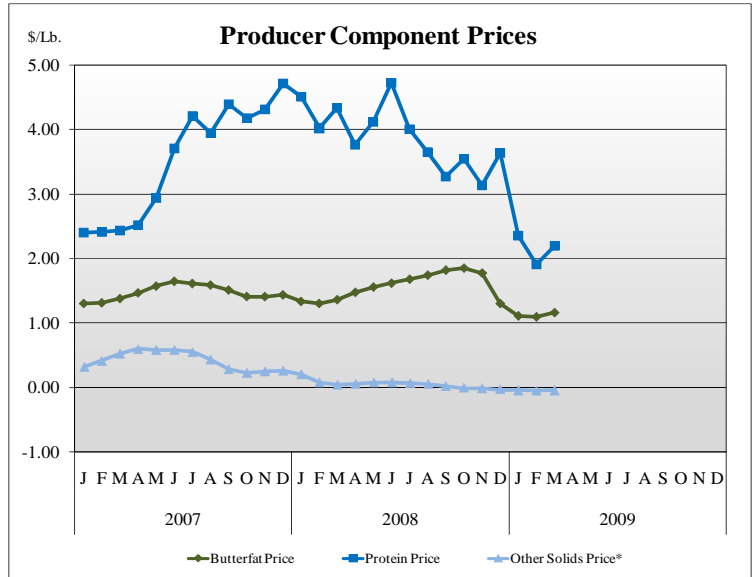
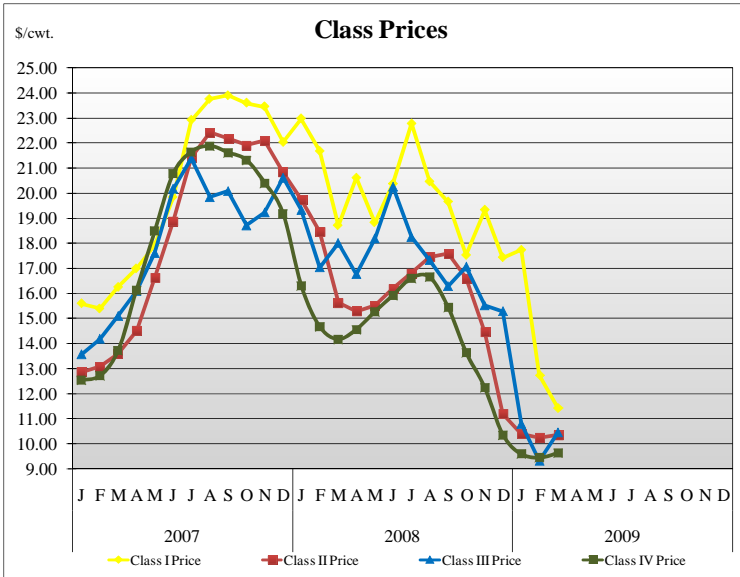


**Statistical Uniform Price:** The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$10.73 per cwt for March 2009. The March 2009 SUP was \$0.10 per cwt less than the February 2009 SUP. The March 2009 SUP is 37.7 percent lower than the March 2008 SUP.

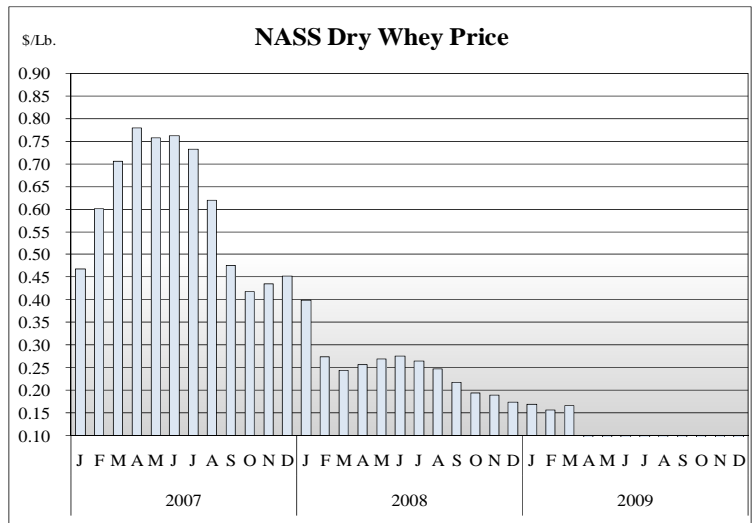
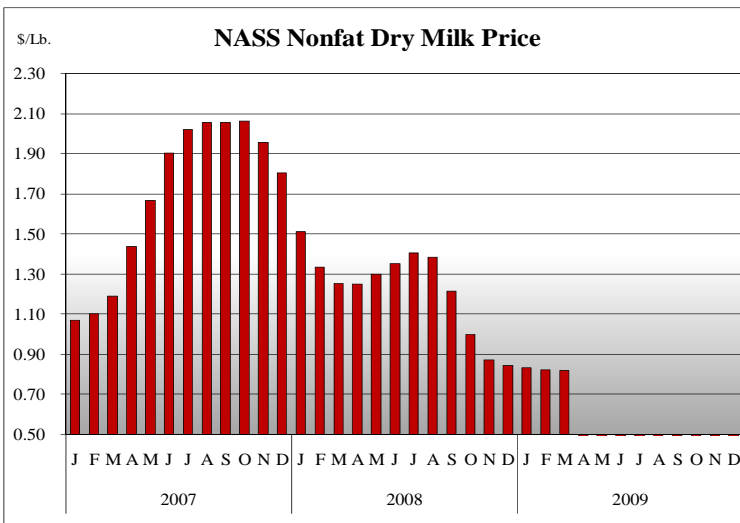
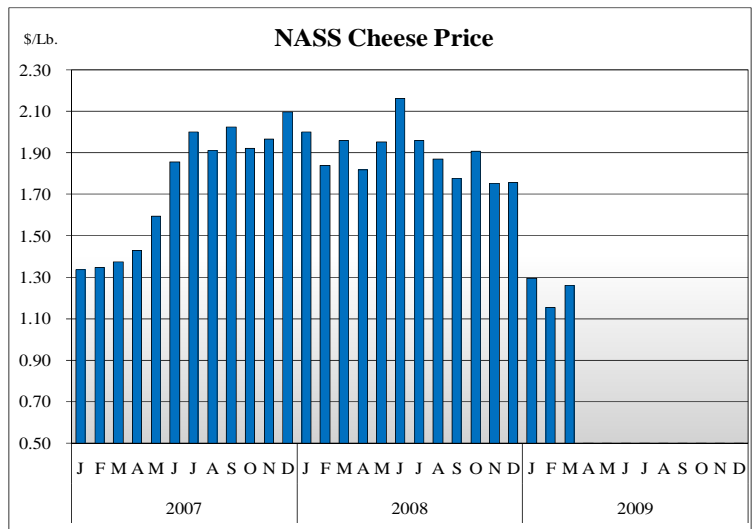
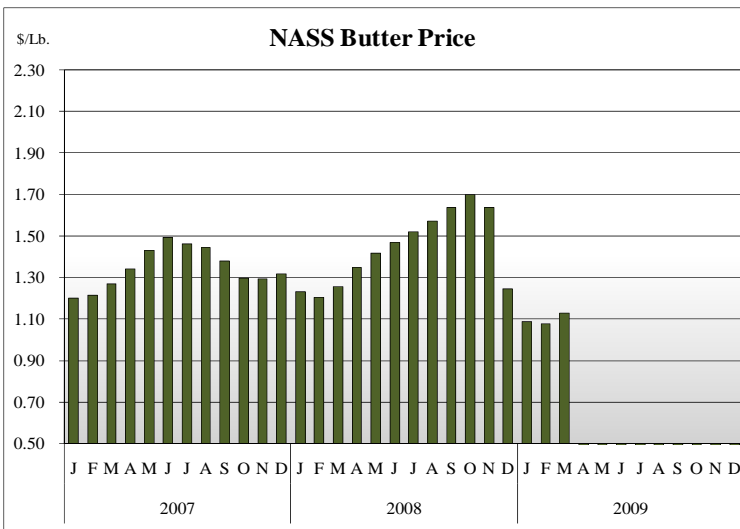


**March Statistical Uniform Price:** Using the Class III Price formula at 3.5% BF, the component values for the March 2009 SUP are: \$6.57 per cwt for protein, \$4.06 per cwt for butterfat and -\$0.19 per cwt in other solids.\* Also included in the SUP is \$0.29 per cwt in PPD value.

## CLASS AND COMPONENT PRICES



## WEIGHTED AVERAGE NASS PRICES



\*Other solids price is negative when the dry whey price is below 19.91 cents.