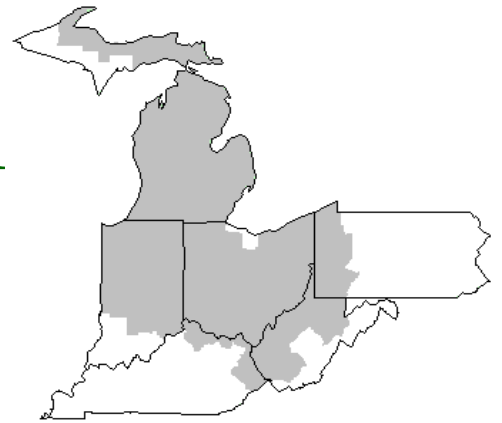


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

Paul A. Huber, Market Administrator

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

Email: [clevelandma1@sprynet.com](mailto:clevelandma1@sprynet.com)

WebPage: [www.fmmaclev.com](http://www.fmmaclev.com)

July 2011

### Invitation to Submit Proposals for Consideration at a Public Hearing that May Be Held to Discuss Amending the Pooling Standards within the Definition of a Pool Distributing Plant in the Mideast Milk Marketing Order

Foremost Farms USA Cooperative, Inc., National Farmers Organization, Inc., and Dairy Farmers of America, Inc. have requested that the Department of Agriculture (USDA) hold a public hearing to consider a proposal to amend the definition of the pool distributing plant provision in the Mideast Milk Marketing Order. The proposal would amend the pooling standards as part of the definition of a pool distributing plant.

The proposal has not yet been approved for inclusion in a Notice of Hearing. Before deciding whether a hearing will be held, USDA is providing the opportunity for interested parties to submit additional proposals regarding the amending of the pooling standards for a pool distributing plant in the Mideast Milk Marketing Order.

If USDA determines that a hearing will be held, all known interested parties will be mailed a copy of the Notice of Hearing. Anyone who desires to present evidence on proposals set forth in the Notice of Hearing will have an opportunity to do so at the hearing.

Once a Notice of Hearing is issued and until the issuance of a Final Decision, USDA employees involved in the decisional process may not discuss the merits of a proceeding on an "ex parte" basis. Accordingly, it is suggested that any discussions you may wish to have with USDA personnel, including Market Administrator employees, be initiated as soon as possible. Procedural matters may be discussed at any time throughout the proceeding.

The proposal, complete directions on submitting a proposal and the Action Plan on the proposed amendments can be found at <http://www.ams.usda.gov/poolprovisions2011>

### Feed Price Forecasts Continue To Be Revised Upward, but Strong Demand Keeps Dairy Production & Milk Prices High

High feed prices will continue to affect the livestock sector, and dairy in particular, for the balance of 2011 and into 2012. The season-average corn price is forecast at \$5.20 to \$5.50 a bushel for 2010/2011 and \$6.00 to \$7.00 a bushel in 2011/12. This forecast is an increase from last month's projections. Wetness has delayed planting in major parts of the United States and may ultimately curtail planted acreage from earlier indicated intentions. Soybean meal price forecasts were also raised this month to \$350 a ton for 2010/11 and to \$375 to \$405 a ton in 2011/12. Hay prices are up sharply and reflect concerns about supplies in the face of disappointing weather patterns in many parts of the country. The price of other feedstuffs may affect hay prices more this year than in the recent past.

The feed price outlook is expected to impact dairy herd size both this year and next. Although cow numbers are projected to rise in 2011, the year-over-year rise of 0.7 percent to 9.18 million head is small and follows herd reductions in 2009 and 2010. In 2012, herd size is forecast to dip fractionally to 9.16 million head as higher feed prices impact producer returns. Milk yield per cow is expected to climb to 21,305 pounds in 2011 and is the smallest year-over-year increase in a number of years. Next year, yield per cow is forecast at 21,685 pounds, about the same rate as 2011 on a per day basis. High feed prices will act to limit productivity gains, while herd freshening, which likely has been underway for the last year or so, will ultimately increase output per cow. Milk production is projected at 195.5 billion pounds this year, and--despite an overall decline in herd size--will climb to 198.5 billion pounds in 2012, based on the expected increase in output per cow and the added leap-year milking day.

Dairy imports are forecast at 3.4 billion pounds, milk equivalent fats basis, in 2011. This forecast is a slight upward revision from last month, but continues the long term downward trend that has been underway since mid-decade. The upward revision is based on higher expected imports of cheese and milk proteins. Milk equivalent imports on a skims-solids basis are projected at 5.0 billion pounds, also exceeding 2010 totals. For 2012, milk equivalent imports are forecast at 3.2 billion pounds on a fats basis; this represents a slight upward adjustment from last month's forecast, but still below 2011 forecasts. Imports on a skims-solids basis are expected to fall to 4.5 billion pounds for the year.

Milk equivalent exports continue to show resiliency and are expected to total 8.1 billion pounds on a fats basis for the current year, a slight upward revision from last month, although still below 2010's totals. On a skims-solids basis, exports are projected at 32.0 billion pounds, revised up slightly from last month and maintaining 2010 export levels. Next year, exports are forecast to climb to 8.7 billion pounds and 32.3 billion pounds on a fats and skims-solids basis, respectively.

*(Continued on Page 3)*

### June 2011 - Pool Summary

#### Classification of Producer Milk

	Pounds	Percent
Class I	466,463,347	36.3
Class II	135,735,351	10.6
Class III	555,936,321	43.3
Class IV	125,412,952	9.8
Total	1,283,547,971	100.0

#### Producer Prices

Producer Price Differential	\$ 1.69 /cwt
Butterfat Price	2.3702 /lb
Protein Price	2.9807 /lb
Other Solids Price	0.3339 /lb
Somatic Cell Adjustment Rate	0.00095 /cwt
Statistical Uniform Price	20.80 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

June 2011

**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			457,971,783			\$ 14.82 / cwt	\$ 67,871,418.23
Class I Butterfat		8,491,564				2.2900 / lb	19,445,681.56
Class I Location Differential	466,463,347						(249,197.37)
Class II SNF Value				11,106,777		1.5022 / lb	16,684,600.41
Class II Butterfat		12,526,814				2.3772 / lb	29,778,742.27
Class III Protein Value			16,601,704			2.9807 / lb	49,484,699.12
Class III Other Solids Value					31,964,308	0.3339 / lb	10,672,882.47
Class III Butterfat		18,430,904				2.3702 / lb	43,684,928.67
Class IV SNF Value				10,756,993		1.4694 / lb	15,806,325.50
Class IV Butterfat		6,322,871				2.3702 / lb	14,986,468.85
Somatic Cell Value II / III / IV							<u>970,731.42</u>
<b>TOTAL PRODUCER MILK VALUE</b>	1,283,547,971	45,772,153	38,170,588		73,536,838		\$ 269,137,281.13
Overages and Beginning Inventory					72,903.60		
<b>TOTAL ADJUSTMENTS</b>							\$ <u>72,903.60</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 269,210,184.73
Total Protein Value			38,170,588 lbs	@	\$2.9807		\$(113,775,071.68)
Total Other Solids Value			73,536,838 lbs	@	0.3339		(24,553,950.23)
Butterfat Value			45,772,153 lbs	@	2.3702		(108,489,157.06)
Total Somatic Cell Values							<u>(1,480,269.56)</u>
<b>TOTALS</b>							\$ 20,911,736.20
Net Producer Location Adjustments							\$ 782,902.75
1/2 Unobligated Balance Producer Settlement Fund							<u>585,000.00</u>
Total - Divided by Total Pounds			1,283,547,971 lbs			1.7357855	\$ 22,279,638.95
Rate of Cash Reserve						<u>(0.0457855)</u>	<u>(587,678.86)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,283,547,971			<b>\$ 1.69 /cwt</b>	\$ 21,691,960.09

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

	June		June		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Butterfat Price	\$2.3702 / lb	\$1.7234 / lb	Class III Price - 3.5% BF	\$ 19.11	\$13.62
Protein Price	2.9807 / lb	2.2040 / lb	Producer Price Differential*	<u>1.69</u>	<u>1.98</u>
Other Solids Price	0.3339 / lb	0.1748 / lb	Statistical Uniform Price	\$20.80	\$15.60
Somatic Cell Adjustment Rate	0.00095 / cwt	0.00072 / cwt			
Nonfat Solids Price	1.4694 / lb	1.0843 / lb			

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

	June	
	<u>2011</u>	<u>2010</u>
Class I*	\$22.32	\$17.28
Class II	21.37	16.01
Class III	19.11	13.62
Class IV	21.05	15.45

	June	
	<u>2011</u>	<u>2010</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	466,463,347	480,149,091
Class II	135,735,351	209,780,735
Class III	555,936,321	507,390,303
Class IV	<u>125,412,952</u>	<u>123,896,799</u>
Total	1,283,547,971	1,321,216,928

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for June, 2011 was \$1.69 and the Statistical Uniform Price was \$20.80 for the month. The Statistical Uniform Price is \$1.46 higher than last month, and is \$5.20 higher than June, 2010.

The Producer Butterfat Price of \$2.3702 per pound increased \$0.1205 from May and is up \$0.6468 from a year ago. The Protein Price of \$2.9807 is up \$0.6674 cents from last month and is up \$0.7767 from June 2010. The Other Solids Price in June was \$0.3339 per pound, an increase from last month's price of \$0.3026 and \$0.1591 higher than last June. The Somatic Cell Adjustment rate for June was \$0.00095.

June producer receipts of 1.28 billion pounds were 4.1 percent higher than May and 2.9 percent lower than June 2010 production of 1.32 billion pounds. Producer milk allocated to Class I accounted for 36.3 percent of the total producer milk in June 2011, less than the 42.1 percent in May, and the same as the 36.3 percent in June 2010. A total of 6,791 producers were pooled on the Mideast Order compared to 7,028 producers pooled in June 2010.

The market average content of producer milk was as follows: Butterfat 3.57%; Protein 2.97%; Other Solids 5.73% and Nonfat Solids 8.70%.

(Continued from Front Page)

Domestic commercial use is forecast to rise both this year and next on both a fats and skims-solids basis. First-quarter 2011 commercial disappearance for the major dairy products showed increases from first-quarter 2010 disappearance. Continued —albeit slow—economic growth will likely uphold the advance in domestic commercial use. Domestic commercial use is forecast to total 189.6 billion pounds this year and 191.9 billion pounds next year, fats basis, and 167.8 billion pounds in 2011, rising to 170.0 billion pounds next year on a skims-solids basis.

Product price projections were increased from May. Cheese prices were increased based on continued strong domestic and export demand and are forecast at \$1.755 to \$1.795 a pound in 2011 and \$1.660 to \$1.760 a pound in 2012. Butter prices are projected at \$1.915 to \$1.985 a pound this year and \$1.610 to \$1.740 next year. Higher butter production this year relative to last has not translated into higher butter stocks at a time when inventories have historically increased. The tight stock situation could support continued high butter prices for the remainder of the year. The nonfat dry milk (NDM) price is expected to be \$1.505 to \$1.545 a pound in 2011 and \$1.375 to \$1.445 next year. NDM exports continue apace, supporting the high price. Exports are also contributing to stronger prices for whey, which is forecast at 46.5 to 48.5 cents a pound this year and 41.0 to 44.0 cents a pound next year.

Continued strong product prices underpin the higher expected milk prices both this year and next. The Class IV price is projected at \$18.95 to \$19.45 per cwt and \$16.50 to \$17.60 per cwt in 2011 and 2012, respectively. Similarly, the Class III price is forecast at \$17.40 to \$17.80 this year and \$16.00 to \$17.00 per cwt in 2012. The all milk price forecast is \$19.65 to \$20.05 per cwt in 2011 and \$17.75 to \$18.75 cwt in 2012.

*Source: Livestock, Dairy, & Poultry Outlook/LDP-M-204/June 15, 2011 Economic Research Service, USDA*

### May Milk Production Up 1.5 Percent

Milk production in the 23 major States during May totaled 16.0 billion pounds, up 1.5 percent from May 2010. April revised production, at 15.5 billion pounds, was up 1.7 percent from April 2010. The April revision represented an increase of 3 million pounds or 0.1 percent from last months preliminary production estimate.

Production per cow in the 23 major States averaged 1,899 pounds for May, 6 pounds above May 2010.

The number of milk cows on farms in the 23 major States was 8.45 million head, 103,000 head more than May 2010, and 15,000 head more than April 2011.

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 2.4 billion pounds, down 34 million pounds or 1.4 percent from May 2010.

Production per cow in the Mideast states averaged 1,814 pounds for May, 35 pounds below May 2010.

The number of cows on farms in the Mideast states was 1.3 million head, 5,000 head more than May 2010.

### 2009 and 2010 Milk Component Analyses Released:

Data on the butterfat, protein, other solids and somatic cell count (SCC) were examined for producer milk associated with the Mideast marketing area during 2009 and 2010. Results from the analyses include: market and state averages, seasonal variation in component levels, and statistical relationships among the components in milk at the farm level.

### 2009-2010 Statistical Report

The 2009-2010 Statistical Report for Federal Order 33 is currently available. The publication may be accessed on the web page for the Mideast Marketing Area at: [www.fmmaclev.com](http://www.fmmaclev.com) under "Statistical Information" or copies may be requested by calling the Market Administrator's Office at (888) 751-3220.

#### Bulletin Webpage Edition

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

#### Featured this month are:

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

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

State	May 2011						May 2010				
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages -----				-----Weighted Averages -----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,789	524,574	3.61	3.00	5.74	175	606,117	3.51	2.97	5.73	182
Ohio	2,155	284,244	3.70	3.04	5.73	236	297,317	3.63	3.02	5.70	236
Indiana	1,070	125,513	3.66	3.02	5.72	225	136,852	3.63	3.01	5.75	234
Pennsylvania	1,001	108,655	3.73	3.05	5.71	291	120,602	3.68	3.05	5.70	290
Wisconsin	157	86,845	3.59	3.04	5.75	238	88,224	3.58	2.96	5.80	232
New York	327	71,025	3.70	3.02	5.75	218	143,155	3.60	3.01	5.73	200
West Virginia	55	4,519	3.75	3.13	5.71	303	5,051	3.73	3.13	5.69	308
Other	163	27,431	3.62	3.01	5.73	226	16,966	3.51	2.95	5.73	224
Total/Average *	6,717	1,232,805	3.65	3.02	5.73	213	1,414,284	3.58	2.99	5.73	214

\* 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.



PRSR STD  
 U.S. POSTAGE  
 PAID  
 Cleveland, Ohio  
 Permit No. 2511

**Mideast Market Administrator Bulletin**  
 1325 Industrial Parkway North  
 P.O. Box 5102  
 Brunswick, Ohio 44212

POSTMASTER: Time Sensitive Material - Deliver Promptly

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, D.C. 20250-9410, or call (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

**FEDERAL ORDER DATA**

**June 2011**

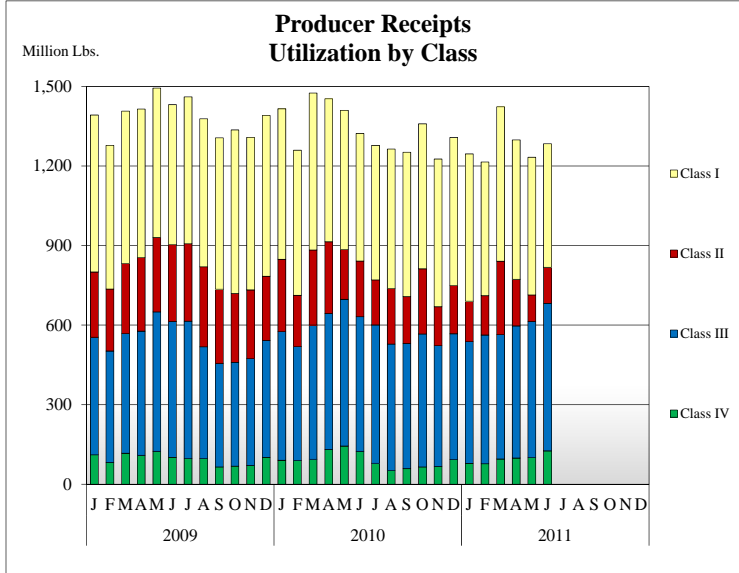
Marketing Area <sup>1/</sup>	Producer Milk		Class I Percent	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	1,996,013	777,887	39.0	\$2.98	\$22.09
FO 5 Appalachian - (Charlotte)	526,569	334,616	63.5	<sup>2/</sup>	22.90
FO 6 Florida - (Tampa)	227,101	187,176	82.4	<sup>2/</sup>	25.04
FO 7 Southeast - (Atlanta)	567,658	350,310	61.7	<sup>2/</sup>	22.93
FO 30 Upper Midwest - (Chicago)	2,779,172	322,272	11.6	0.47	19.58
FO 32 Central - (Kansas City)	1,236,897	337,144	27.3	1.25	20.36
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,283,548</b>	<b>466,463</b>	<b>36.3</b>	<b>1.69</b>	<b>20.80</b>
FO 124 Pacific Northwest - (Seattle)	704,931	177,243	25.1	1.49	20.60
FO 126 Southwest - (Dallas)	1,007,685	325,587	32.3	2.39	21.50
FO 131 Arizona - (Phoenix)	379,817	106,530	28.1	<sup>2/</sup>	21.02

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

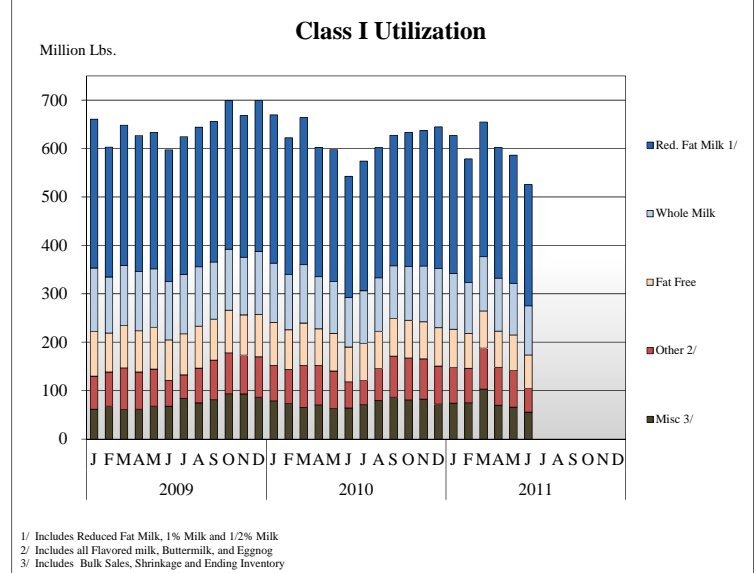
<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR JULY 2011 .....\$19.11 /cwt.**

## PRODUCER MILK CLASSIFICATION

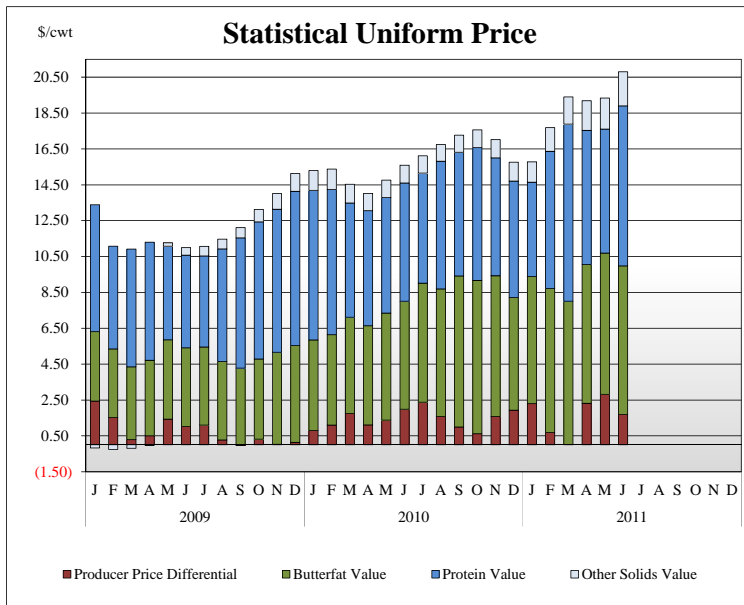


**Producer Receipts:** Producer receipts for the Mideast Order totaled 1.28 billion pounds in June 2011. The pounds allocated to Class I represented 36.3 percent of the total pounds. Producer receipts decreased 38 million pounds compared to June 2010.

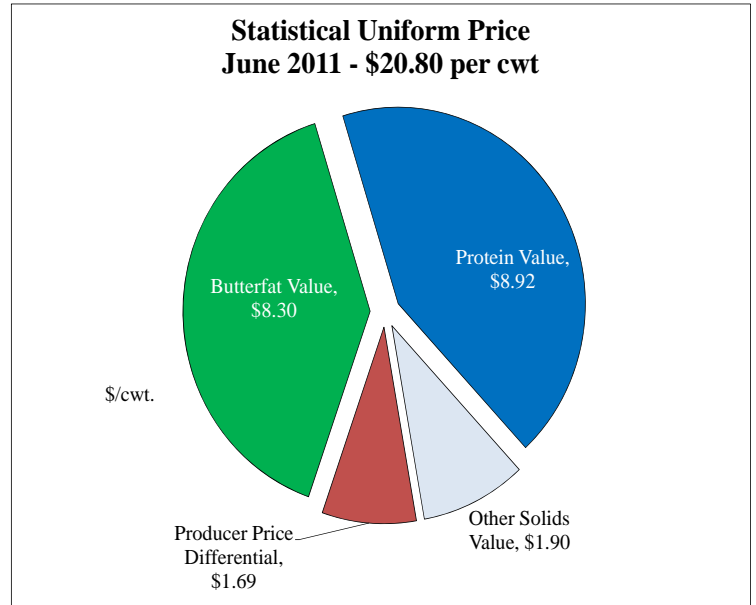


**Class I Pounds:** Class I utilization for the Mideast Order totaled 526 million pounds in June 2011, down 17 million pounds from June 2010. Finished products include 101 million pounds used for whole milk, 251 million pounds of reduced fat and low fat milk, and 69 million pounds of fat free (skim) milk.

## STATISTICAL UNIFORM PRICE

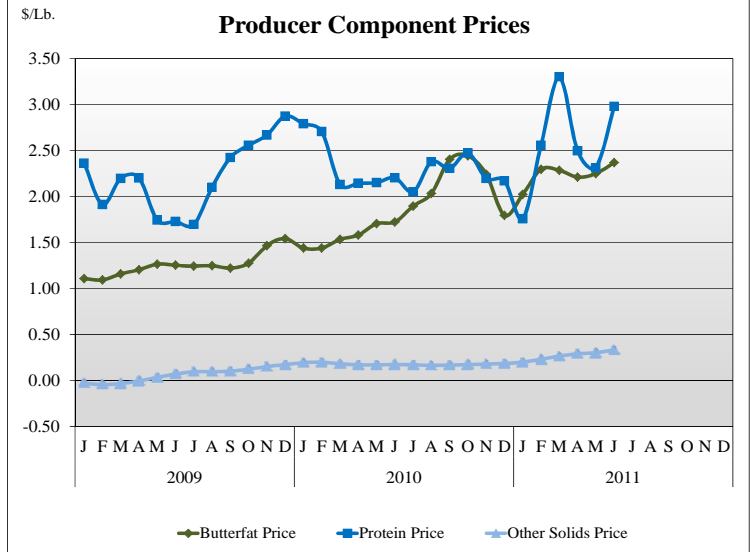
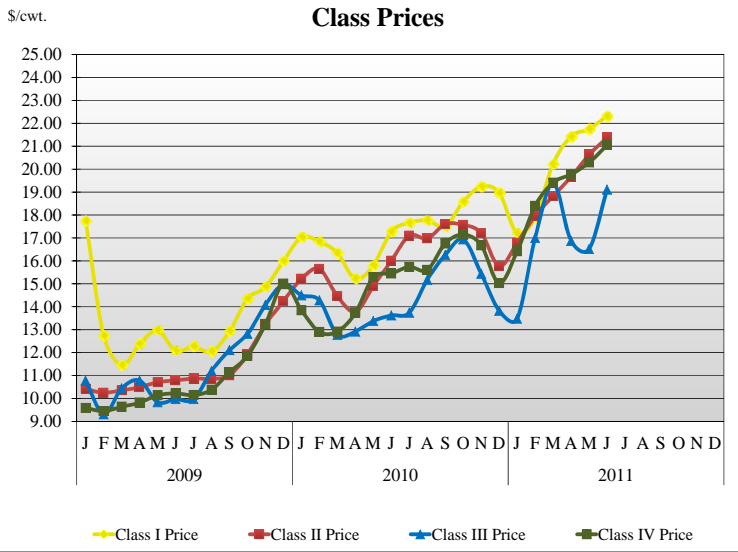


**Statistical Uniform Price:** The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$20.80 per cwt for June 2011. The June 2011 SUP was \$5.20 per cwt higher than the June 2010 SUP. The June 2011 SUP is \$1.46 per cwt higher than the May 2011 SUP.



**June 2011 Statistical Uniform Price:** Using the Class III Price formula at 3.5% BF, the component values for the June 2011 SUP are: \$8.92 per cwt for protein, \$8.30 per cwt for butterfat and \$1.90 per cwt in other solids. Also included in the SUP is the \$1.69 per cwt producer price differential.

## CLASS AND COMPONENT PRICES



## WEIGHTED AVERAGE NASS PRICES

