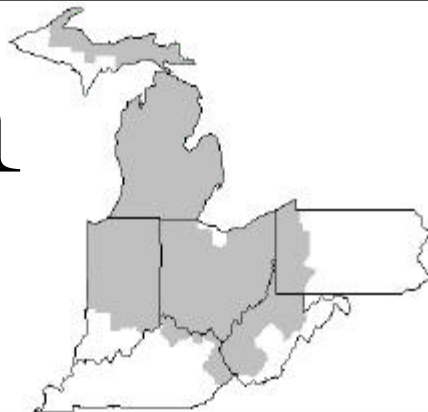


Mideast Market Administrator's Bulletin



Federal Order No. 33

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INVITATION TO SUBMIT PROPOSALS FOR A PUBLIC HEARING

O-AT-KA Milk Products Cooperative, Inc., has requested that USDA hold an emergency public hearing to consider a proposal to amend all 11 Federal milk marketing orders.

O-AT-KA's proposal would reclassify evaporated milk in consumer-type packages from a Class III product to a Class IV product. Milnot Holding Corporation and Diehl, Inc., also have asked that sweetened condensed milk in consumer-type packages be reclassified from Class III to Class IV.

Copies of the proposals may be obtained from Antoinette Carter, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231-Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202)690-3465, e-mail: Antoinette.Carter@usda.gov.

These proposals have not yet been approved for inclusion in a Notice of Hearing. Before deciding whether a hearing should be held, USDA is providing interested parties an opportunity to submit additional proposals regarding the reclassification of products in Class III and Class IV.

The proposals should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP 0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by June 30, 2003. Each proposal should be accompanied by a brief but comprehensive statement on the need for the proposal. The statement will be used in deciding whether the proposals should be considered if a hearing to amend the orders is to be held.

A hearing would be limited to proposals included in a hearing notice. However, appropriate modifications of the proposals included in the notice also may be considered at the hearing if the modifications would not enlarge the marketing area or regulate persons not now subject to the order. If USDA concludes that a hearing should be held, all known interested persons will be mailed a copy of the hearing notice. Anyone who desires to present evidence on proposals set forth in the hearing notice will have an opportunity to do so at the hearing.

Once a hearing notice 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 with any persons having an interest in the proceeding. For this purpose, the Market Administrators and their staffs are considered to be involved in the decisional process. Thus, it is suggested that any discussions that you may wish to have with USDA personnel regarding hearing

proposals be initiated soon. Procedural matters may be discussed at any time.

If you have any questions concerning the filing of the proposals or desire a copy of the present order, please contact this office.

APRIL MILK PRODUCTION UP 0.8 PERCENT

Milk production in the 20 major States during April totaled 12.7 billion pounds, up 0.8 percent from April 2002. March revised production, at 13.0 billion pounds, was up 1.2 percent from March 2002. The March revision represented a decrease of 0.2 percent or 27 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,625 pounds for April, 4 pounds above April 2002.

The number of milk cows on farms in the 20 major States was 7.80 million head, 42,000 head more than April 2002, but 11,000 head less than March 2003.

The Mideast Marketing Area has four states represented in the 20 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during April totaled 2.0 billion pounds, the same as April 2002.

Production per cow in the Mideast states averaged 1,573 pounds for April, 17 pounds above April 2002.

The number of cows on farms in the Mideast states was 1.3 million head, 3,000 head less than April 2002.

MAY 2003 POOL SUMMARY

Classification of Producer Milk		Percent
Class I	562,541,788	36.7
Class II	233,399,394	15.2
Class III	658,729,700	43.0
Class IV	78,824,051	5.1
Total	1,533,494,933	100.0

Producer Prices

Producer Price Differential	\$0.92 /cwt
Butterfat Price	1.1512 /lb
Protein Price	1.9275 /lb
Other Solids Price	(0.0144) /lb
Somatic Cell Adjustment Rate	0.00057 /cwt
Statistical Uniform Price	10.63 /cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****MAY 2003****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			552,125,177			\$ 791 / cwt	\$ 43,673,101.51
Class I Butterfat		10,416,611				1.1662 / lb	12,147,851.73
Class I Location Differential	562,541,788						(282,351.70)
Class II SNF Value				19,715,089		0.7344 / lb	14,478,761.35
Class II Butterfat		15,477,152				1.1582 / lb	17,925,637.42
Class III Protein Value			19,623,684			1.9275 / lb	37,824,650.94
Class III Other Solids Value					37,824,322	(0.0144) / lb	(544,670.23)
Class III Butterfat		23,078,618				1.1512 / lb	26,568,105.06
Class IV SNF Value				6,521,094		0.6574 / lb	4,286,967.21
Class IV Butterfat		6,605,449				1.1512 / lb	7,604,192.90
Somatic Cell Value II / III / IV							<u>336,893.07</u>
TOTAL PRODUCER MILK VALUE	1,533,494,933	55,577,830	45,672,468		88,054,893		\$164,019,139.26
Overages						\$ 19874.30	
Beginning Inventory						4297085	
TOTAL ADJUSTMENTS							\$ 62,845.15
TOTAL HANDLER OBLIGATIONS							\$ 164,081,984.41
Total Protein Value			45,672,468 lbs	@	\$19275		\$ (88,033,682.18)
Total Other Solids Value			88,054,893 lbs	@	(0.0144)		1,267,990.46
Butterfat Value			55,577,830 lbs	@	1.1512		(63,981,197.92)
Total Somatic Cell Values							<u>(490,087.04)</u>
TOTALS							\$ 12,845,007.73
Net Producer Location Adjustments							\$ 1,272,448.11
1/2 Unobligated Balance Producer Settlement Fund							<u>718,000.00</u>
Total - Divided by Total Pounds			1,533,494,933 lbs		0.9674278		\$ 14,835,455.84
Rate of Cash Reserve					(0.0474278)		<u>(727,302.91)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*					\$0.92 / cwt		\$ 14,108,152.93

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	May		May	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Butterfat Price	\$1.1512 / lb	\$1.1433 / lb	Class III Price - 3.5% BF	\$ 9.71
Protein Price	1.9275 / lb	2.2097 / lb	Producer Price Differential*	<u>0.92</u>
Other Solids Price	(0.0144) / lb	0.0371 / lb	Statistical Uniform Price	\$10.63
Somatic Cell Adjustment Rate	0.00057 / cwt	0.00062 / cwt		
Nonfat Solids Price	0.6574 / lb	0.7572 / lb		

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	May		May	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Class I*	\$11.71	\$13.26	Product lbs.	Product lbs.
Class II	10.43	11.29	Class I	562,541,788
Class III	9.71	10.82	Class II	233,399,394
Class IV	9.74	10.57	Class III	658,729,700
			Class IV	<u>78,824,051</u>
			Total	1,533,494,933
				1,735,209,311

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential For the Midwest Marketing Area for May 2003 was \$0.92 and the Statistical Uniform Price was \$10.63 for the month. The Statistical Uniform Price is up 16 cents from last month, and is \$1.00 lower than May 2002.

The Producer Butterfat Price of \$1.1512 per pound increased 0.09 cents from April 2003 and is down 0.79 cents from a year ago. The Protein Price of \$1.9275 is up 12.69 cents from last month and is down 2822 cents from May 2002. The Other Solids Price in May was \$-0.0144 per pound, a decrease from last month's price of \$-0.0008 and a decrease of 5.15 cents from last May. The Other Solids Price was negative due to the average wholesale price of dry whey powder being less than the make allowance price of 15.9 cents for the month. The Somatic Cell Adjustment rate for May was

\$0.00057.

May producer receipts of 1.53 billion pounds were 4.1 percent higher than April 2003, and 11.6 percent lower than May 2002 production of 1.74 billion pounds. Producer milk allocated to Class I accounted for 36.7 percent of the total producer milk in May 2003, more than the 36.2 percent in April and more than the 32.1 percent in May 2002. A total of 10,312 producers were pooled on the Midwest Order with an average daily delivery of 4,797 pounds compared to 11,737 producers pooled in May 2002 with an average daily delivery of 4,769 pounds.

The market average content of producer milk was as follows: Butterfat 3.62%; Protein 2.98%; Other Solids 5.74% and Nonfat Solids 8.72%.

VENEMAN ANNOUNCES NATIONAL FLUID MILK PROCESSOR PROMOTION BOARD APPOINTMENTS

Agriculture Secretary Ann M. Veneman announced the appointment of six incumbents and one new member to the National Fluid Milk Processor Promotion Board.

Re-appointed to serve a second term are: James W. Turner, Memphis, Tenn. (Region 9); Richard Walrack, City of Industry, Calif. (Region 15); and Robert E. Baker, Omaha, Neb. (At-Large Public).

Appointed to serve their first full term after filling a vacancy lasting less than 18 months are: Michael F. Nosewicz, Cincinnati, Ohio (Region 3); William R. McCabe, Orrville, Ohio (Region 6); and Lawrence V. Jackson, Pleasanton, Calif. (Region 12).

Newly appointed to serve her first term is Susan D. Meadows, Dallas, Texas (At-Large Processor).

The appointments expire on June 30, 2006.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions, and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The national fluid milk program is financed by a mandatory 20-cent per hundred weight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 3,000,000 pounds or less per month, excluding those fluid milk products delivered to the consumer residences, are exempt from the assessment.

USDA's Agricultural Marketing Service monitors the operations of the board. More information is at <http://www.ams.usda.gov/dairy/dairypr.htm>.

COMMODITY COSTS AND RETURNS: MONTHLY MILK COSTS OF PRODUCTION

Users of enterprise cost of production (COP) data have expressed considerable interest in having milk cost estimates on a monthly basis. Federal budget conferees noted that "monthly production calculations (for milk) are a valuable tool and helpful to Congress in developing dairy policy." Congress included language in USDA's FY 2003 appropriation that strongly urged USDA to make available monthly estimates of COP for milk production in various areas of the United States. To comply with this request, ERS has begun reporting monthly milk COP by State (where data are sufficient to support a State estimate), dating from January 2003. State-level estimates were chosen because the survey data that underlie the estimates were determined to be sufficient to support estimates for most States, and secondary data used to update the data are reported at the State level. COP estimates are reported for the top 5 milk-producing States and 7 of the top 10 States, as of 2000. ERS had previously reported monthly milk COP estimates by region from December 1998 through May 2002.

The methodology used to estimate the monthly State milk COP is based on USDA annual milk cost-of-production estimates. The most recent annual estimate is the baseline, and monthly estimates are developed using indexes that reflect differences between the month and the baseline. For example, the COP for April of 2003 is estimated by indexing from the 2001 annual milk COP estimate. The indexes reflect price and other differences between annual average conditions in 2001 and April 2003. Annual COP estimates are updated each year in October. The new annual estimates then become the baseline for subsequent monthly estimates.

For further information the web address is: <http://www.ers.usda.gov/data/costsandreturns/estpick.htm#milkproduction> Or, alternatively, from the ERS web page, select data, go to Commodity Costs and Returns and click on monthly milk costs of production in the Features section.

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

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State	Number of Producers	Pounds of Milk (000)	April 2003*				April 2002				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,516	454,982	3.62	2.98	5.73	279	457,954	3.64	2.98	5.76	281
Ohio	2,551	340,704	3.74	3.02	5.70	310	294,052	3.74	3.03	5.74	296
Wisconsin	1,880	263,103	3.69	2.98	5.75	289	444,160	3.72	2.95	5.69	275
Indiana	1,272	160,852	3.69	3.01	5.72	291	125,694	3.77	3.00	5.75	306
Pennsylvania	1,373	126,900	3.78	3.01	5.69	367	127,410	3.80	3.02	5.73	342
New York	478	98,627	3.67	2.95	5.71	263	61,611	3.73	2.94	5.73	256
Illinois	84	12,284	3.71	3.01	5.81	295	14,133	3.70	3.01	5.76	316
West Virginia	80	6,099	3.69	3.07	5.67	393	7,098	3.65	3.07	5.74	358
California	0	0					12,152	3.56	3.23	5.55	359
Other	134	11,472	3.74	3.04	5.77	339	13,150	3.80	3.06	5.74	364
Total/Average	10,368	1,475,023	3.69	2.99	5.72	297	1,557,413	3.71	2.99	5.73	290

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



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**FEDERAL ORDER DATA
MAY 2003**

<u>Marketing Area</u> ^{1/}	<u>Producer Milk</u>		<u>Class I Percent</u>	<u>Producer Price Differential</u>	<u>Statistical Uniform Price</u>
	<u>Total</u> (000)	<u>Class I</u> (000)			
FO 1 Northeast - <i>(Boston)</i>	2,176,919	917,357	42.1	\$1.89	\$11.60
FO 5 Appalachian - <i>(Charlotte)</i>	550,750	365,705	66.4	^{2/}	12.11
FO 6 Florida - <i>(Tampa)</i>	261,680	207,075	79.1	^{2/}	13.10
FO 7 Southeast - <i>(Atlanta)</i>	624,501	389,555	62.4	^{2/}	11.99
FO 30 Upper Midwest - <i>(Chicago)</i>	1,936,525	346,554	17.9	0.40	10.11
FO 32 Central - <i>(Kansas City)</i>	1,479,058	401,090	27.1	0.70	10.41
FO 33 Mideast - <i>(Cleveland)</i>	1,533,495	562,542	36.7	0.92	10.63
FO 124 Pacific Northwest - <i>(Seattle)</i>	642,191	180,277	28.1	0.67	10.38
FO 126 Southwest - <i>(Dallas)</i>	953,397	339,321	35.6	1.59	11.30
FO 131 Arizona-Las Vegas - <i>(Phoenix)</i>	283,031	81,766	28.9	^{2/}	10.45
FO 135 Western - <i>(Salt Lake City)</i>	639,841	93,955	14.7	0.48	10.19

^{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 JUNE 2003\$9.71 /cwt.

