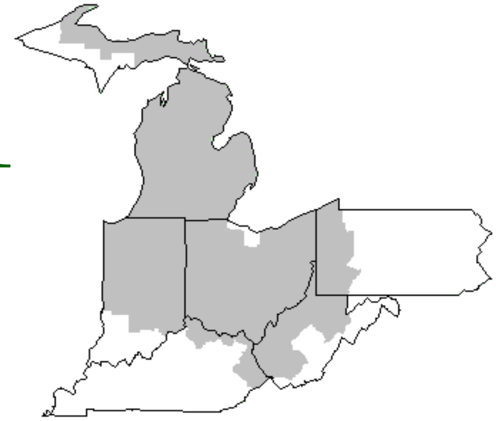
Mideast Market Administrator's

# Bulletin

**Federal Order No. 33**

David Z. Walker, Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com

**November 2009**



## THE DAIRY OUTLOOK
## Lower Milk Production and Improved Export Prospects Combine to Strengthen Prices in 2010

The September *Milk Production* report shows slight milk production declines in both July and August. The number of cows in the national herd has shown a month-over-month decline since January, and the year-over-year decline in cow numbers more than offset the incrementally rising output per cow in the second half of the year. The prospects for the rest of 2009 and 2010 are for cow numbers to continue to decline and for production per animal to continue increasing. In 2010, the U.S. dairy herd is expected to average below 9 million for the year. The production increase per cow per day is expected to be about 1 percent in 2009, well below the 5-year-average rise. In 2010, production per cow is expected to rise by 1.8 percent during the year, above the 5-year average.

The recovery in production per cow next year is predicated on forecast lower corn and soybean meal prices in 2010. Alfalfa hay prices have retreated in 2009 from their 2008 highs and with normal weather next year, supplies should be adequate to keep prices moderate. Despite productivity increases, production in 2010 is forecast to decline to 187.2 billion pounds, down slightly from this year's projected 188.9-billion-pound production. The expected smaller cow herd trumps the production per cow increase, resulting in the second year-over-year production decline.

Export prospects are improving. Economic recovery has exceeded expectations in several countries in recent months with the result that demand for dairy products has improved. Reportedly, an increase in exports to China and greater sales into North Africa and Middle Eastern markets has boosted world prices, especially for whole milk powder. U.S. producers are in position to benefit as the dollar weakens relative to a number of foreign currencies. While still below 2008's stellar levels, milk equivalent exports are expected to reach almost 4 billion pounds this year and improve to 4.3 billion in 2010 on a fat basis. Milk equivalent exports on a skims/solids basis are forecast at 21.5 billion pounds and 23.6 billion pounds for this year and next. The current forecasts represent an upward revision of earlier USDA export forecasts. Commercial domestic use on a fats basis is projected to rise 1.6 percent from 2008 use. In 2010, commercial domestic use on a fats basis will be essentially unchanged from this year's use. On a skims-solids basis, commercial use will increase about 2 percent in 2009 and an additional 1 percent in 2010.

Stocks of cheese and butter remain high compared with recent years; yet prices have continued to trend upward through 2009. Lower cheese production in the near term, along with improving export prospects into next year, should firm cheese prices for the remainder of 2009. Forecast lower milk production in 2010, along with strengthening exports, will likely lead to higher prices for both butter and cheese in 2010. Nonfat dry milk (NDM) and whey prices are forecast to increase as well, though not as much. Cheese prices are forecast at $1.265 to $1.275 per pound this year and will rise to $1.515 to $1.605 in 2010. High butter stocks should moderate butter price increases for the rest of 2009, despite sharply lower butter production as more milk moves to cheese production relative to butter/powder.

Butter prices will likely increase in 2010 from this year's expected $1.165 to $1.195 per pound average to $1.400 to $1.520 per pound as lower milk production next year affects all dairy products. NDM and whey prices should also firm up in 2010. NDM prices, forecast to average 87.5 to 89.5 cents per pound this year, are expected to average 95.5 cents per pound to $1.025 per pound in 2010. Whey prices will likely average 24.5 to 25.5 cents per pound this year and climb slightly to 30.0 to 33.0 cents per pound next year.

Strengthening dairy product prices will lead to recovery in milk prices in 2010. The Class III milk price is forecast at $11.00 to $11.10 per cwt this year and $13.85 to $14.75 next year. The Class IV price is forecast at $10.35 to $10.55 per cwt this year and to firm to $12.00 to 13.00 per cwt in 2010. In the face of tighter milk supplies and improved demand, the all milk price is expected to rise to $14.70 to $15.60 per cwt next year after averaging $12.35 to $12.45 this year.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook", LDP-M-184, October 16, 2009, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

## October 2009 Pool Summary

**Classification of Producer Milk**

| | *Pounds* | *Percent* |
|---|---|---|
| Class I | 618,054,033 | 46.2 |
| Class II | 258,891,071 | 19.4 |
| Class III | 391,352,926 | 29.3 |
| Class IV | 67,754,053 | 5.1 |
| Total | 1,336,052,083 | 100.0 |

**Producer Prices**

| | | |
|---|---|---|
| Producer Price Differential | $ 0.32 | /cwt |
| Butterfat Price | 1.2752 | / lb |
| Protein Price | 2.5584 | / lb |
| Other Solids Price | 0.1228 | / lb |
| Somatic Cell Adjustment Rate | 0.00071 | / cwt |
| Statistical Uniform Price | 13.14 | / cwt |

# ANNOUNCEMENT OF PRODUCER PRICES
## Federal Order No. 33

## October 2009

### COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

| | POUNDS | BUTTERFAT | SKIM / PROTEIN | NONFAT SOLIDS | OTHER SOLIDS | PRICE | VALUE |
|---|---|---|---|---|---|---|---|
| Class I Skim Value | | | 607,002,526 | | | $ 10.43 / cwt | $ 63,310,363.47 |
| Class I Butterfat | | 11,051,507 | | | | 1.2241 / lb | 13,528,149.73 |
| Class I Location Differential | 618,054,033 | | | | | | (302,564.71) |
| Class II SNF Value | | | | 22,339,236 | | 0.8567 / lb | 19,138,023.48 |
| Class II Butterfat | | 15,640,465 | | | | 1.2822 / lb | 20,054,204.20 |
| Class III Protein Value | | | 12,270,700 | | | 2.5584 / lb | 31,393,358.88 |
| Class III Other Solids Value | | | | | 22,264,729 | 0.1228 / lb | 2,734,108.72 |
| Class III Butterfat | | 15,472,552 | | | | 1.2752 / lb | 19,730,598.29 |
| Class IV SNF Value | | | | 5,481,518 | | 0.8506 / lb | 4,662,579.20 |
| Class IV Butterfat | | 8,044,124 | | | | 1.2752 / lb | 10,257,866.90 |
| Somatic Cell Value II / III / IV | | | | | | | 663,328.59 |
| *TOTAL PRODUCER MILK VALUE* | 1,336,052,083 | 50,208,648 | 41,906,973 | | 76,141,844 | | $185,170,016.75 |

| | | | | |
|---|---|---|---|---|
| Overages | | | $ 144,448.39 | |
| Beginning Inventory and Other Source Charges | | | $ 135,789.24 | |
| *TOTAL ADJUSTMENTS* | | | | $ 280,237.63 |
| *TOTAL HANDLER OBLIGATIONS* | | | | $ 185,450,254.38 |
| Total Protein Value | 41,906,973 lbs | @ | $2.5584 | $(107,214,799.75) |
| Total Other Solids Value | 76,141,844 lbs | @ | 0.1228 | (9,350,218.45) |
| Butterfat Value | 50,208,648 lbs | @ | 1.2752 | (64,026,067.89) |
| Total Somatic Cell Values | | | | (1,217,916.17) |
| *TOTALS* | | | | $ 3,641,252.12 |
| Net Producer Location Adjustments | | | | $ 579,496.57 |
| 1/2 Unobligated Balance Producer Settlement Fund | | | | 641,000.00 |
| Total - Divided by Total Pounds | 1,336,052,083 lbs | | 0.3638892 | $ 4,861,748.69 |
| Rate of Cash Reserve | | | (0.0438892) | (586,382.57) |
| **PRODUCER PRICE DIFFERENTIAL** *at Cuyahoga County, OH** | 1,336,052,083 | | **$ 0.32 /cwt** | $ 4,275,366.12 |

### COMPONENT PRICES

| | October 2009 | October 2008 |
|---|---|---|
| Butterfat Price | $1.2752 / lb | $1.8507 / lb |
| Protein Price | 2.5584 / lb | 3.5490 / lb |
| Other Solids Price | 0.1228 / lb | (0.0047) / lb |
| Somatic Cell Adjustment Rate | 0.00071 / cwt | 0.00095 / cwt |
| Nonfat Solids Price | 0.8506 / lb | 0.8226 / lb |

### COMPUTATION OF UNIFORM PRICE

| | October 2009 | October 2008 |
|---|---|---|
| Class III Price - 3.5% BF | $ 12.82 | $17.06 |
| Producer Price Differential* | 0.32 | (0.26) |
| Statistical Uniform Price | $13.14 | $16.80 |

### CLASS PRICES

| | October 2009 | October 2008 |
|---|---|---|
| Class I* | $14.35 | $17.53 |
| Class II | 11.93 | 16.60 |
| Class III | 12.82 | 17.06 |
| Class IV | 11.86 | 13.62 |

* Subject to Location Adjustment.

### CLASSIFICATION OF PRODUCER MILK

| | October 2009 *Product lbs.* | October 2008 *Product lbs.* |
|---|---|---|
| Class I | 618,054,033 | 601,541,013 |
| Class II | 258,891,071 | 241,221,269 |
| Class III | 391,352,926 | 279,000,390 |
| Class IV | 67,754,053 | 65,295,121 |
| Total | 1,336,052,083 | 1,187,057,793 |

## ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for October 2009 was $0.32 and the Statistical Uniform Price was $13.14 for the month. The Statistical Uniform Price is $1.07 higher than last month, and is $3.66 lower than October 2008.

The Producer Butterfat Price of $1.2752 per pound increased 5.26 cents from September and is down 57.55 cents from a year ago. The Protein Price of $2.5584 is up $0.1341 from last month and is down $0.9906 October 2008. The Other Solids Price in October was $0.1228 per pound, an increase from last month's price of $0.1018 and an increase of 12.75 cents from last October. The Somatic Cell Adjustment rate for October was $0.00071.

October producer receipts of 1.34 billion pounds were 2.3 percent higher than September and 12.6 percent higher than October 2008 production of 1.19 billion pounds. Producer milk allocated to Class I accounted for 46.2 percent of the total producer milk in October 2009, more than the 43.7 percent in September and less than the 50.7 percent in October 2008. A total of 7,124 producers were pooled on the Mideast Order compared to 7,327 producers pooled in October 2008.

The market average content of producer milk was as follows: Butterfat 3.76 %; Protein 3.14 %; Other Solids 5.70 % and Nonfat Solids 8.84 %.

## USDA Issues Recommended Decision on Proposed Amendments to all Federal Milk Orders

The U.S. Department of Agriculture issued a recommended decision to adopt amendments to the producer-handler definition in all Federal milk marketing orders. This decision is based on testimony and evidence given at a public hearing held May 4-19 in Cincinnati, Ohio.

The decision recommends that the producer-handler definitions of all Federal milk marketing orders be amended to limit exemption from pooling and pricing provisions of the orders to those producer-handlers with total route disposition of fluid milk products of 3 million pounds or less per month.

Interested persons have 60 days to file comments in response to the recommended decision. You may send your comments by using the Federal eRulemaking portal at http://www.regulations.gov. The recommended decision is published in the October 21st *Federal Register*.

For additional information about the decision contact this office.

## September Milk Production Down 0.7 Percent

Milk production in the 23 major States during September totaled 13.9 billion pounds, down 0.7 percent from September 2008. August revised production at 14.6 billion pounds, was down 0.1 percent from August 2008. The August revision represented an increase of 23 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,672 pounds for September, 22 pounds above September 2008.

The number of milk cows on farms in the 23 major States was 8.34 million head, 168,000 head less than September 2008, and 32,000 head less than August 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 September totaled 2.2 billion pounds, up 64 million pounds or 3.0 percent from September 2008.

Production per cow in the Mideast states averaged 1,634 pounds for September, 54 pounds above September 2008.

The number of cows on farms in the Mideast states was 1.3 million head, 1,000 head less than September 2008.

## September Dairy Products (NASS)

Butter production was 94.6 million pounds in September, 21.9% below September 2008 and 6.2% below August 2009. American type cheese production totaled 341.2 million pounds, 6.4% above September 2008 but 1.1% below August 2009. Total cheese output (excluding cottage cheese) was 845.4 million pounds, 4.4% above September 2008 but 0.5% below August 2009. Nonfat dry milk production, for human food, totaled 87.1 million pounds, 1.8% above September 2008 but 17.7% below August 2009. Dry whey production, for human food, was 83.9 million pounds, 2.8% above September 2008 but 3.5% below August 2009. Ice cream (hard) production totaled 74.3 million gallons, 2.1% below September 2008 and 6.1% below August 2009.

**Bulletin WebPage Edition**
www.fmmaclev.com

Featured this month are thematic maps displaying:

- CA and F.O. milk marketings by county - May 2009
- CA and F.O. market share by county - May 2009
- Top ten milk producing counties – May 2009 vs. May 2004

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

| State | September 2009 Number of Producers | September 2009 Pounds of Milk (000) | September 2009 Butterfat | September 2009 Protein | September 2009 Other Solids | September 2009 SCC (000) | September 2008 Pounds of Milk (000) | September 2008 Butterfat | September 2008 Protein | September 2008 Other Solids | September 2008 SCC (000) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Michigan | 1,836 | 555,061 | 3.57 | 3.03 | 5.70 | 203 | 507,132 | 3.60 | 3.00 | 5.70 | 242 |
| Ohio | 2,225 | 316,671 | 3.71 | 3.07 | 5.66 | 259 | 306,981 | 3.69 | 3.05 | 5.67 | 297 |
| Indiana | 1,132 | 134,359 | 3.69 | 3.05 | 5.68 | 270 | 127,605 | 3.68 | 3.02 | 5.66 | 313 |
| New York | 359 | 133,351 | 3.65 | 3.05 | 5.69 | 234 | 129,009 | 3.67 | 3.03 | 5.69 | 268 |
| Pennsylvania | 1,079 | 101,422 | 3.73 | 3.08 | 5.64 | 333 | 103,098 | 3.74 | 3.07 | 5.65 | 356 |
| Wisconsin | 290 | 51,937 | 3.60 | 3.00 | 5.75 | 245 | 62,336 | 3.65 | 3.01 | 5.76 | 279 |
| West Virginia | 62 | 4,377 | 3.85 | 3.20 | 5.61 | 341 | 4,244 | 3.85 | 3.17 | 5.62 | 384 |
| Illinois | 22 | 1,853 | 3.79 | 3.10 | 5.61 | 346 | 7,714 | 3.61 | 2.98 | 5.75 | 285 |
| Other | 106 | 7,189 | 3.63 | 3.08 | 5.70 | 249 | 5,717 | 3.60 | 2.99 | 5.70 | 302 |
| Total/Average * | 7,111 | 1,306,219 | 3.64 | 3.05 | 5.68 | 239 | 1,253,836 | 3.65 | 3.03 | 5.69 | 277 |

(Butterfat, Protein, Other Solids and SCC are Weighted Averages.)

* 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.

United States
Department of
Agriculture

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

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

POSTMASTER: Time Sensitive Material - Deliver Promptly



## FEDERAL ORDER DATA

## October 2009

| | Marketing Area [1] | Producer Milk Total (000) | Producer Milk Class I (000) | Class I Percent % | Producer Price Differential (per cwt.) | Statistical Uniform Price (per cwt.) |
|---|---|---|---|---|---|---|
| FO 1 | Northeast - *(Boston)* | 1,875,331 | 917,480 | 48.9 | $1.24 | $14.06 |
| FO 5 | Appalachian - *(Charlotte)* | 491,837 | 361,602 | 73.5 | [2] | 15.05 |
| FO 6 | Florida - *(Tampa)* | 249,862 | 220,892 | 88.4 | [2] | 17.23 |
| FO 7 | Southeast - *(Atlanta)* | 565,165 | 418,281 | 74.0 | [2] | 15.55 |
| FO 30 | Upper Midwest - *(Chicago)* | 2,751,091 | 391,676 | 14.2 | 0.12 | 12.94 |
| FO 32 | Central - *(Kansas City)* | 939,510 | 377,302 | 40.2 | (0.03) | 12.79 |
| **FO 33** | **Mideast - *(Cleveland)*** | **1,336,052** | **618,054** | **46.2** | **0.32** | **13.14** |
| FO 124 | Pacific Northwest - *(Seattle)* | 654,760 | 202,251 | 30.9 | 0.04 | 12.86 |
| FO 126 | Southwest - *(Dallas)* | 872,166 | 381,836 | 43.8 | 1.23 | 14.05 |
| FO 131 | Arizona - *(Phoenix)* | 307,416 | 123,778 | 40.3 | [2] | 13.38 |

[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.

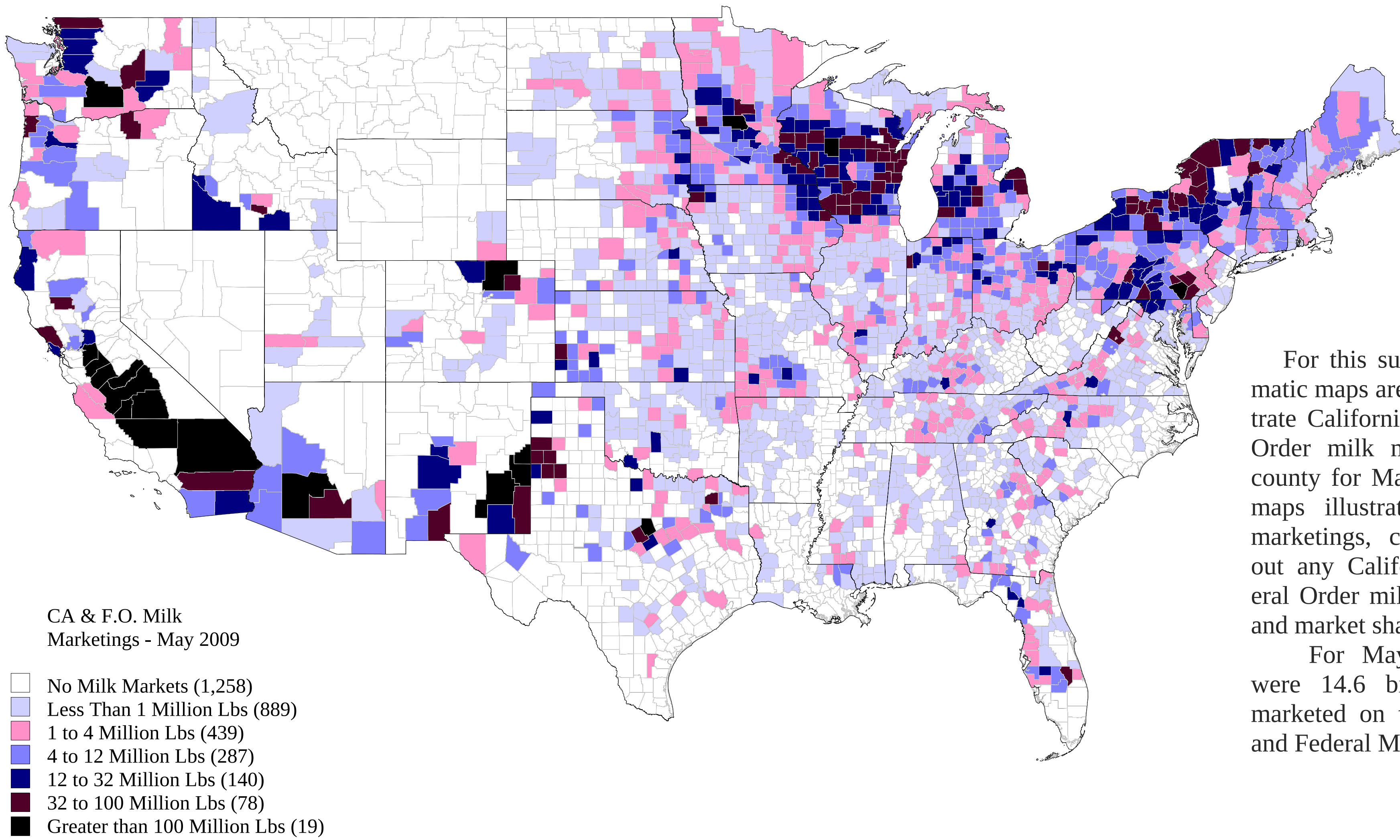
[3] Data not available at time of publication, visit website version for information.

**MINIMUM PARTIAL PAYMENT PRICE FOR NOVEMBER 2009...................$11.86 /cwt.**

# Mideast Market Administrator's Bulletin *Supplement*

**Federal Order No. 33** **November 2009**


## CALIFORNIA AND FEDERAL ORDER MILK MARKETINGS BY COUNTY—MAY 2009 1/ 2/

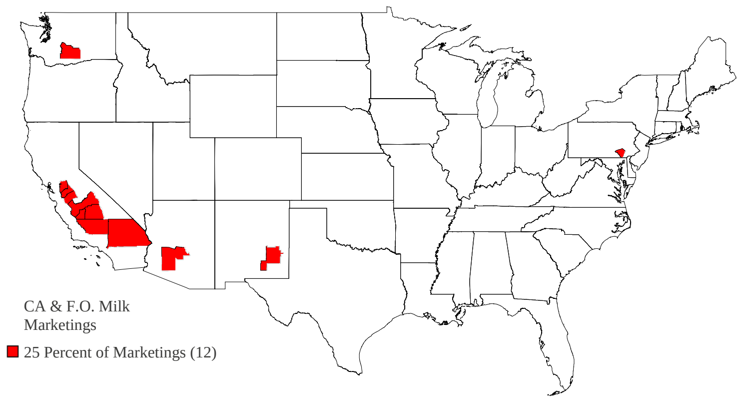



For this supplement thematic maps are used to illustrate California and Federal Order milk marketings by county for May 2009. The maps illustrate total milk marketings, counties without any California or Federal Order milk marketings, and market share by county.

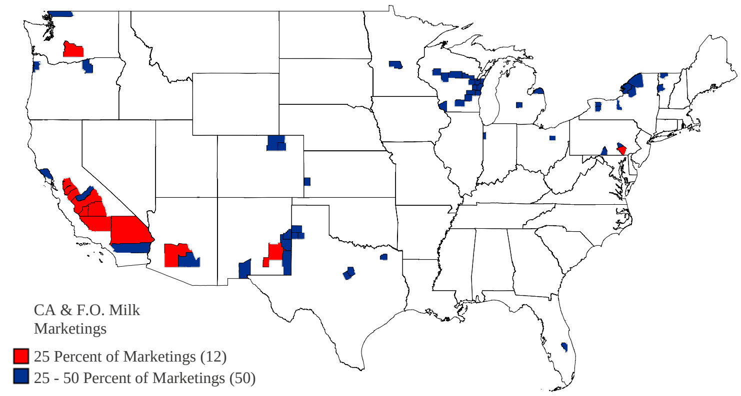
For May 2009 there were 14.6 billion pounds marketed on the California and Federal Milk Orders.

# CALIFORNIA AND FEDERAL ORDER MARKET SHARE BY COUNTY - MAY 2009 1/ 2/

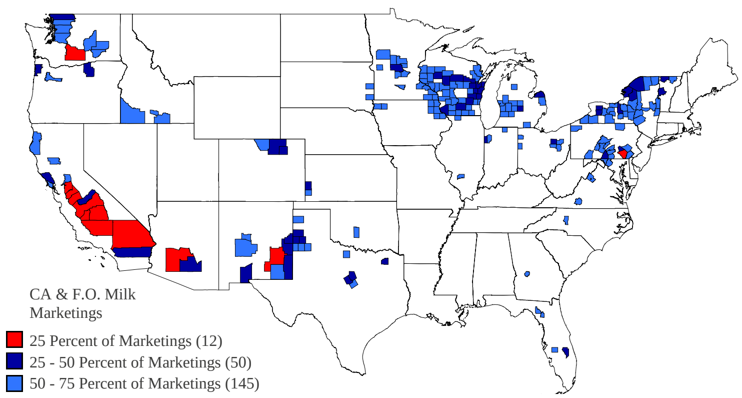
TOP MILK PRODUCING COUNTIES REPRESENTING 25 PERCENT OF CA & F.O. MILK MARKETINGS



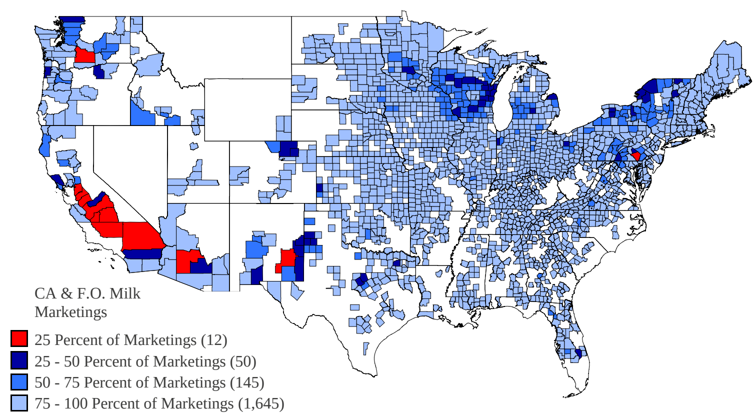

TOP MILK PRODUCING COUNTIES REPRESENTING 50 PERCENT OF CA & F.O. MILK MARKETINGS




TOP MILK PRODUCING COUNTIES REPRESENTING 75 PERCENT OF CA & F.O. MILK MARKETINGS

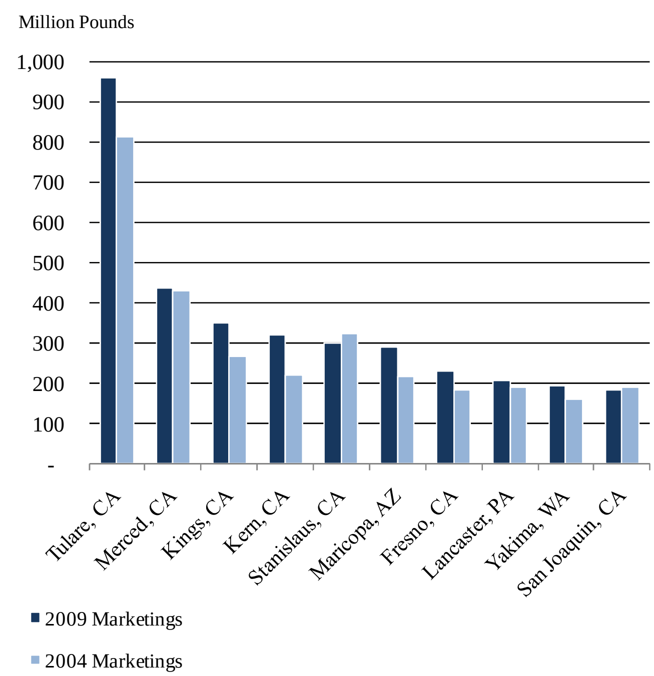



TOP MILK PRODUCING COUNTIES REPRESENTING 100 PERCENT OF CA & F.O. MILK MARKETINGS




## TOP TEN MILK PRODUCING COUNTIES - MAY 2009 v. MAY 2004 1/ 2/

| Rank | County, State | **May 2009 Marketings** | May 2004 Marketings | Percent Change |
|---|---|---|---|---|
| | | *pounds* | | % |
| 1 | Tulare, CA | **957,197,500** | 811,753,307 | 17.92 |
| 2 | Merced, CA | **436,706,229** | 430,391,368 | 1.47 |
| 3 | Kings, CA | **350,208,056** | 265,768,377 | 31.77 |
| 4 | Kern, CA | **320,427,269** | 220,391,373 | 45.39 |
| 5 | Stanislaus, CA | **299,672,813** | 322,491,393 | -7.08 |
| 6 | Maricopa, AZ | **289,880,015** | 215,908,381 | 34.26 |
| 7 | Fresno, CA | **228,859,554** | 182,510,838 | 25.40 |
| 8 | Lancaster, PA | **205,654,504** | 190,083,712 | 8.19 |
| 9 | Yakima, WA | **192,187,274** | 159,688,873 | 20.35 |
| 10 | San Joaquin, CA | **184,779,888** | 189,391,195 | -2.43 |
| | Total | **3,465,573,102** | 2,988,378,817 | 15.97 |




1/ Information is compiled by the Central Market Administrator's Office, Kansas City, MO.
2/ Includes milk voluntarily depooled due to unusual price relationships.