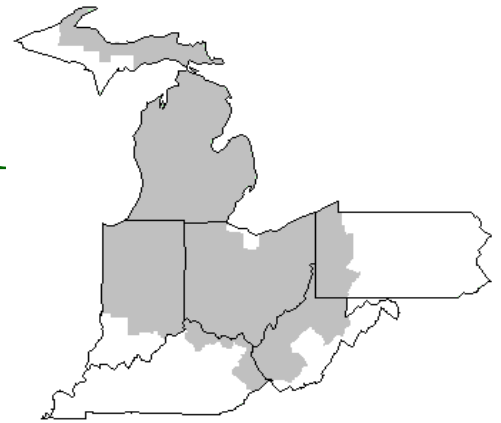


# Mideast Market Administrator's Bulletin



## 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)

December 2011

### October Milk Production Up 2.5 Percent

Milk production in the 23 major States during October totaled 15.2 billion pounds, up 2.5 percent from October 2010. September revised production at 14.8 billion pounds, was up 1.9 percent from September 2010. The September revision represented a decrease of 10 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,787 pounds for October, 20 pounds above October 2010.

The number of milk cows on farms in the 23 major States was 8.48 million head, 111,000 head more than October 2010, and 10,000 head more than September 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 October totaled 2.3 billion pounds, up 13 million pounds or 0.6 percent from October 2010.

Production per cow in the Mideast states averaged 1,714 pounds for October, 8 pounds above October 2010.

The number of cows on farms in the Mideast states was 1.3 million head, 6,000 head more than October 2010.

### 2011 Transportation Analysis Released

The 2011 Transportation Analysis for Federal Order 33 is now available. This analysis details the hauling assessments paid by producers, and the delivery distance to the first delivery point, of milk marketed by producers associated with the Mideast Marketing Area, Federal Order 33, for May 2011. The results show that hauling assessments vary significantly due to multiple factors including delivery volume, the proximity to a processing plant and competition for milk supplies.

The report is available online at <http://www.fmmaclev.com>; click on Statistical Information and scroll down to Staff Papers.

### Milk Production Continues a Modest Advance in 2012, Prices Will Likely Soften from 2011

Despite high feed prices, milk production continues to advance. USDA forecasts 2011 milk production at 196 billion pounds in 2011,

virtually unchanged from October's forecast. While third-quarter reported cow numbers were slightly lower than October projections, the U.S. herd size estimate remains at 9,200 thousand cows for this year and is expected to slip to 9,185 thousand cows in 2012. Milk per cow is forecast higher than October's forecast, largely offsetting the lower than forecast third-quarter cow number. Production in 2012 is forecast at 198.4 billion pounds, unchanged from October. Next year, production per cow is forecast at 21,600 pounds, up from the 21,305 pounds expected this year. The increase in milk per cow forecast in 2012 and the additional milking day more than offsets the small projected decline in cow numbers, accounting for the overall increased milk production next year.

Milk equivalent imports on both a fats and skims-solids basis were unchanged from October projections for this year and 2012. Fats basis imports are forecast at 3.2 billion pounds in both 2011 and 2012. Skims-solids imports are forecast at 5.3 billion pounds this year, falling to 5.1 billion pounds next year. Commercial exports for 2011, on both a fats and skims-solids basis, were raised from October's forecasts. Fats basis exports were raised to 9.2 billion pounds and skim-solids exports were increased to 33.1 billion pounds based on expectations of stronger lactose and whey exports. Commercial export forecasts for 2012 remain unchanged from October and are projected at 8.6 billion pounds, fats basis, and 31.9 billion pounds, skims-solids basis. Exports are expected to decline next year because of higher milk production among competitors.

(Continued on Page 3)

### NOVEMBER 2011 Pool Summary

#### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	540,401,400	40.2
Class II	206,230,504	15.3
Class III	472,023,474	35.1
Class IV	126,324,098	9.4
Total	1,344,979,476	100.0

#### Producer Prices

Producer Price Differential	\$ 0.11 /cwt
Butterfat Price	1.9508 /lb
Protein Price	3.2341 /lb
Other Solids Price	0.4521 /lb
Somatic Cell Adjustment Rate	0.00092 /cwt
Statistical Uniform Price	19.18 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES****Federal Order No. 33****November 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			530,836,106			\$ 14.16 / cwt	\$ 75,166,392.60
Class I Butterfat		9,565,294				1.9379 / lb	18,536,583.27
Class I Location Differential	540,401,400						(298,354.38)
Class II SNF Value				17,749,774		1.4289 / lb	25,362,652.08
Class II Butterfat		14,011,236				1.9578 / lb	27,431,197.81
Class III Protein Value			15,024,135			3.2341 / lb	48,589,555.00
Class III Other Solids Value					26,915,814	0.4521 / lb	12,168,639.50
Class III Butterfat		18,496,418				1.9508 / lb	36,082,812.23
Class IV SNF Value				10,829,242		1.2716 / lb	13,770,464.10
Class IV Butterfat		9,073,209				1.9508 / lb	17,700,016.14
Somatic Cell Value II / III / IV							<u>1,105,488.04</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,344,979,476</b>	<b>51,146,157</b>	<b>42,876,443</b>		<b>76,680,467</b>		<b>\$ 275,615,446.39</b>
Overages						78,953.48	
Beginning Inventory & OS Charges						37,211.48	
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 116,164.96</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 275,731,611.35</b>
Total Protein Value			42,876,443 lbs	@	\$3.2341		\$(138,666,704.31)
Total Other Solids Value			76,680,467 lbs	@	0.4521		(34,667,239.16)
Butterfat Value			51,146,157 lbs	@	1.9508		(99,775,923.06)
Total Somatic Cell Values							<u>(1,852,117.82)</u>
<b>TOTALS</b>							<b>\$ 769,627.00</b>
Net Producer Location Adjustments							\$ 768,864.21
1/2 Unobligated Balance Producer Settlement Fund							<u>592,000.00</u>
Total - Divided by Total Pounds			1,344,979,476 lbs		0.1584033		\$ 2,130,491.21
Rate of Cash Reserve					(0.0484033)		<u>(651,014.45)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,344,979,476		<b>\$ 0.11 /cwt</b>		<b>\$ 1,479,476.76</b>

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

	<b>November</b>	
	<b>2011</b>	<b>2010</b>
Butterfat Price	\$1.9508 / lb	\$2.2422 / lb
Protein Price	3.2341 / lb	2.1981 / lb
Other Solids Price	0.4521 / lb	0.1797 / lb
Somatic Cell Adjustment Rate	0.00092 / cwt	0.00081 / cwt
Nonfat Solids Price	1.2716 / lb	1.0172 / lb

	<b>November</b>	
	<b>2011</b>	<b>2010</b>
Class III Price - 3.5% BF	\$ 19.07	\$15.44
Producer Price Differential*	<u>0.11</u>	<u>1.58</u>
Statistical Uniform Price	\$19.18	\$17.02

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

	<b>November</b>	
	<b>2011</b>	<b>2010</b>
Class I*	\$20.45	\$19.24
Class II	19.26	17.21
Class III	19.07	15.44
Class IV	17.87	16.68

	<b>November</b>	
	<b>2011</b>	<b>2010</b>
Product lbs.		
Class I	540,401,400	557,114,011
Class II	206,230,504	145,418,560
Class III	472,023,474	456,212,343
Class IV	<u>126,324,098</u>	<u>67,254,390</u>
Total	1,344,979,476	1,225,999,304

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for November, 2011 was \$0.11 and the Statistical Uniform Price was \$19.18 for the month. The Statistical Uniform Price is \$0.05 lower than last month, and is \$2.16 higher than November, 2010.

The Producer Butterfat Price of \$1.9508 per pound decreased \$0.0084 from October and is down \$0.2914 from a year ago. The Protein Price of \$3.2341 is up \$0.3130 cents from last month and is up \$1.036 from November 2010. The Other Solids Price in November was \$0.4521 per pound, an increase from last month's price of \$0.4286 and \$0.2724 higher than last November. The Somatic Cell Adjustment rate for November was \$0.00092.

November producer receipts of 1.34 billion pounds were 4.7 percent lower than October and 9.7 percent higher than November 2010 production of 1.23 billion pounds. Producer milk allocated to Class I accounted for 40.2 percent of the total producer milk in November 2011, more than the 38.1 percent in October, and less than the 45.4 percent in November 2010. A total of 6,605 producers were pooled on the Mideast Order compared to 6,831 producers pooled in November 2010.

The market average content of producer milk was as follows: Butterfat 3.80%; Protein 3.19%; Other Solids 5.70% and Nonfat Solids 8.89%.

(Continued from Front Page)

Commercial domestic use is forecast at 188.6 billion pounds, fats basis, in 2011. This forecast is virtually unchanged from October and continues the gradual upward trend observed over the last several years. In 2012, domestic use is expected to climb to 192.0 billion pounds fats basis, which would represent the strongest year-over-year rise since 2006. Commercial domestic use on a skims-solids basis is forecast at 167.4 billion pounds, a slight downward revision from October, but still a robust recovery from 2010's year-over-year decline. Domestic use is expected to continue upward in 2012, reaching 170.6 billion pounds and posting another strong year-over-year rise.

Overall, dairy product and milk prices are expected to be lower in 2012 after rising sharply in 2011. Cheese, butter, and whey prices for 2011 were raised slightly for November from October based on relatively strong foreign and domestic demand. Nonfat dry milk (NDM) prices were lowered slightly in this month's forecast. The 2011 cheese price is forecast at \$1.820 to \$1.830 per pound and the butter price at \$1.960 to \$1.990 per pound. NDM prices are projected at \$1.500 to \$1.520 per pound and whey prices

at 52.5 to 53.5 cents per pound. Both domestic use and exports for whey have been robust this year. Next year, the major product prices are all expected to be lower than in 2011. However, the 2012 price forecasts, except for NDM, were revised upward slightly from October. The cheese price is expected to be \$1.685 to \$1.775 per pound; the butter price is forecast at \$1.625 to \$1.745 per pound. The NDM price is forecast at \$1.355 to \$1.425 per pound and the whey price at 48.5 to 51.5 cents per pound. The lower prices expected next year reflect larger domestic production, and stronger competition overseas, which will pressure exports.

Milk prices will be lower in 2012 compared with 2011. The Class III milk price, which is projected to average \$18.30 to \$18.40 per cwt this year, is forecast to slide to \$16.70 to \$17.60 per cwt in 2012. Likewise, the Class IV price will average \$19.05 to \$19.25 per cwt in 2011 and is forecast at \$16.40 to \$17.40 in 2012. The all milk price is forecast at \$18.05 to \$18.95 per cwt next year, lower than the \$20.10 to \$20.20 per cwt expected in 2011.

*Source: Livestock, Dairy, and Poultry Outlook/LDP-M-209/November 16, 2011 Economic Research Service, USDA*

### Release Dates for 1<sup>st</sup> Quarter of 2012 Federal Milk Order Price Data <sup>1/</sup>

Listed below are the release dates for the Federal milk order program for price data applicable to January through March 2012. The advanced prices and pricing factors will be released at 10:00 a.m. EST/EDST no later than the 23<sup>rd</sup> of the preceding month if that date is on a Friday; otherwise, the release date will be the nearest Friday before the 23<sup>rd</sup>. Likewise, the class and component prices will be released at 10:00 a.m. EST/EDST no later than the 5<sup>th</sup> of the following month if that date is on a Friday; otherwise the release date will be the nearest Friday before the 5<sup>th</sup>.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices <sup>2/</sup>	Release Date	Time Period of NASS Prices <sup>2/</sup>
January	Dec. 23, 2011	12/10, 17	Feb. 3, 2012	12/31, 1/7, 14, 21, 28
February	Jan. 20, 2012	1/7, 14	Mar. 2	2/4, 11, 18, 25
March	Feb. 17	2/4, 11	Mar. 30	3/3, 10, 17, 24
April	Mar. 23	3/10, 17		

<sup>1/</sup> Based on NASS Publication calendar, there is no additional information available at this time (<http://www.nass.usda.gov/Publications/index.asp>).

<sup>2/</sup> Weekly sales periods, ending on the indicated date, that are included in the applicable average. Information for the week usually is released by NASS on Friday of the following week.

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

State	October 2011						October 2010				
	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	1,775	600,655	3.72	3.14	5.71	182	595,370	3.69	3.12	5.70	182
Ohio	2,102	306,982	3.81	3.18	5.68	249	283,104	3.81	3.18	5.65	244
Indiana	1,111	170,099	3.76	3.18	5.69	222	137,183	3.81	3.18	5.67	234
New York	338	129,747	3.73	3.11	5.72	225	123,964	3.72	3.12	5.73	211
Pennsylvania	991	95,836	3.85	3.19	5.66	298	101,368	3.86	3.19	5.64	288
Wisconsin	144	85,373	3.74	3.17	5.76	218	91,970	3.68	3.09	5.81	236
West Virginia	54	3,508	3.98	3.33	5.61	319	3,941	4.03	3.33	5.62	328
Other	136	18,407	3.77	3.13	5.73	232	22,101	3.78	3.15	5.73	249
Total/Average *	6,651	1,410,609	3.75	3.16	5.70	216	1,359,002	3.74	3.14	5.69	216

\* 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

**Bulletin WebPage Edition**  
www.fmmacleev.com  
Featured this month are:

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

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**

**November 2011**

Marketing Area <sup>1/</sup>		Producer Milk		Class I	Producer	Statistical
		Total	Class I	Percent	Price Differential	Uniform Price
		(000)	(000)	%	(per cwt.)	(per cwt.)
FO 1	Northeast - (Boston)	1,905,147	844,357	44.3	\$1.16	\$20.23
FO 5	Appalachian - (Charlotte)	510,636	369,080	72.3	<sup>2/</sup>	21.27
FO 6	Florida - (Tampa)	241,982	206,386	85.3	<sup>2/</sup>	23.15
FO 7	Southeast - (Atlanta)	550,305	386,370	70.2	<sup>2/</sup>	21.63
FO 30	Upper Midwest - (Chicago)	2,696,887	365,340	13.5	0.08	19.15
FO 32	Central - (Kansas City)	1,056,591	382,836	36.2	(0.25)	18.82
<b>FO 33</b>	<b>Mideast - (Cleveland)</b>	<b>1,344,979</b>	<b>540,401</b>	<b>40.2</b>	<b>0.11</b>	<b>19.18</b>
FO 124	Pacific Northwest - (Seattle)	660,777	192,384	29.1	(0.30)	18.77
FO 126	Southwest - (Dallas)	939,722	372,702	39.7	0.82	19.89
FO 131	Arizona - (Phoenix)	359,867	121,747	33.8	<sup>2/</sup>	19.31

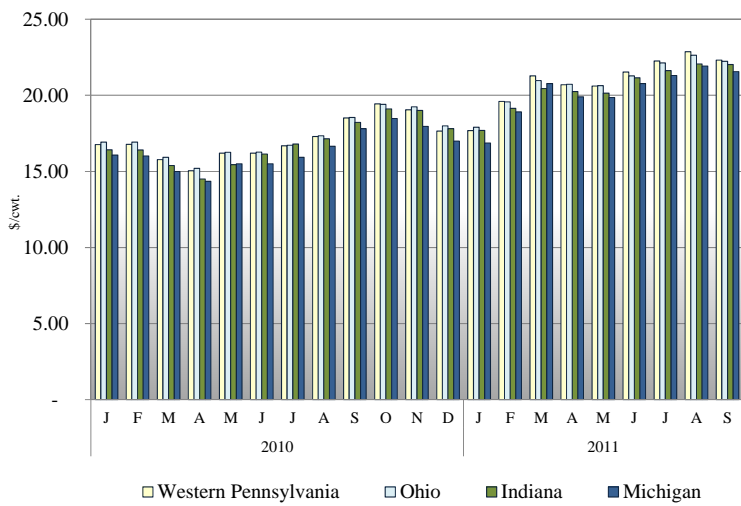
<sup>1/</sup> Names in parentheses are principal points of markets.

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

**MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2011 .....\$17.87 /cwt.**

## MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

Mailbox Milk Price for Selected Reporting Areas Federal Order 33, 2010-2011



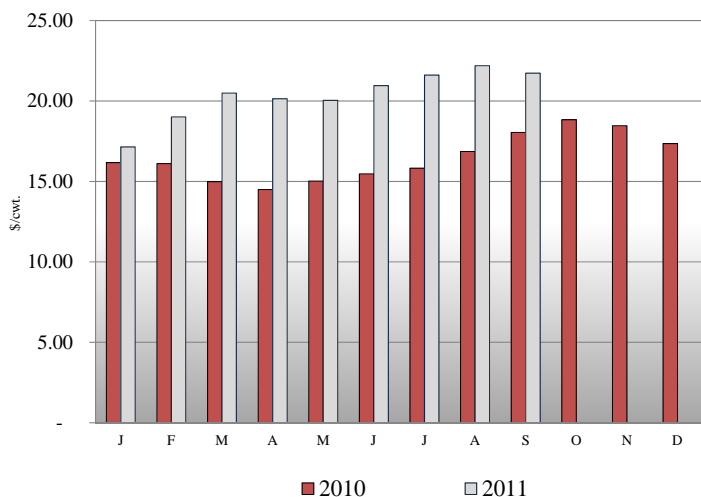
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

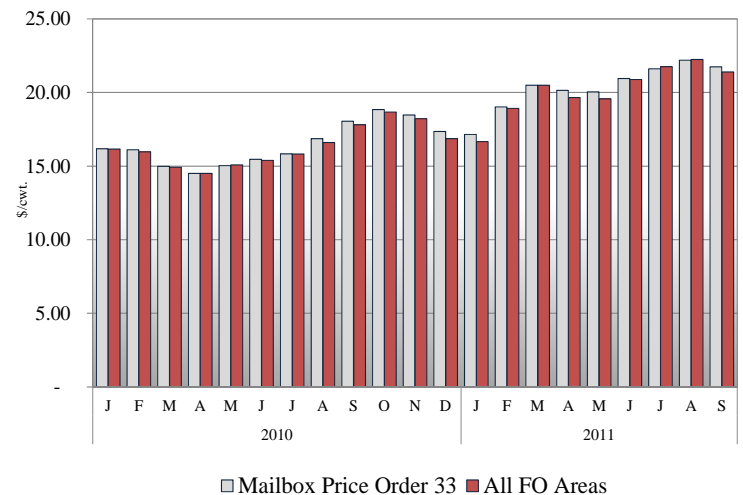
Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

## FEDERAL ORDER 33 MAILBOX PRICE STATISTICS

Mailbox Milk Price for the Mideast Marketing Area, 2010-2011



Mailbox Milk Price for Mideast Marketing Area and All FO Areas, 2010-2011



The net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$21.74 per hundredweight for September 2011. The September 2011 mailbox price is \$0.46 lower than the mailbox price for August 2011. The September 2011 mailbox price is \$3.69 higher than the September 2010 mailbox price of \$18.05 per cwt.

For September 2011 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was \$0.35 per hundredweight higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For September the all Federal Order mailbox price was \$21.39 per hundredweight, \$3.58 higher than September 2010.

1/ Mailbox prices are generally released by Dairy Market News on the 10th of the third following month (January data in April).

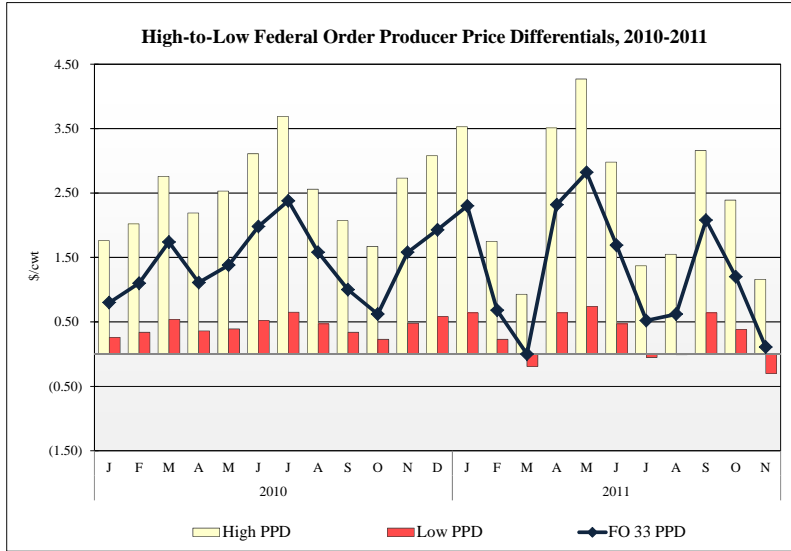
## PRODUCER PRICE DIFFERENTIAL STATISTICS 2/

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

Of those orders, Federal Order 1 traditionally has the highest producer price differential. For November 2011, Federal Order 1 had a PPD of \$1.16 per hundredweight (cwt), \$1.23 less than their October 2011 PPD of \$2.39 per cwt.

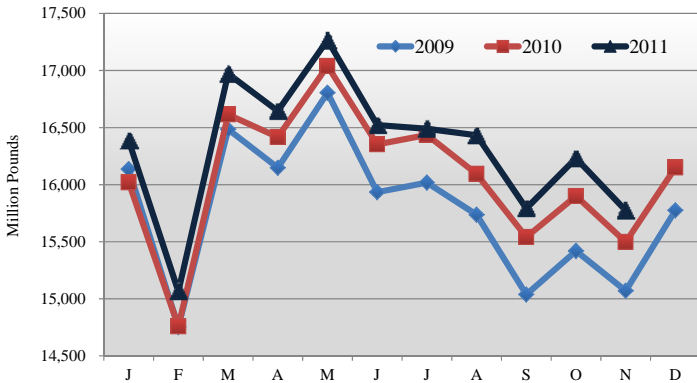
In November 2011 Federal Order 33 had the third highest PPD, behind Orders 1 and 126 (\$0.82), at \$0.11 per cwt, \$1.09 per cwt lower than the October 2011 PPD of \$1.20 per cwt.

For November 2011 Federal Order 124 had the lowest PPD at -\$0.30 per cwt, \$1.07 per cwt less than their October 2011 PPD of \$0.77 per cwt.

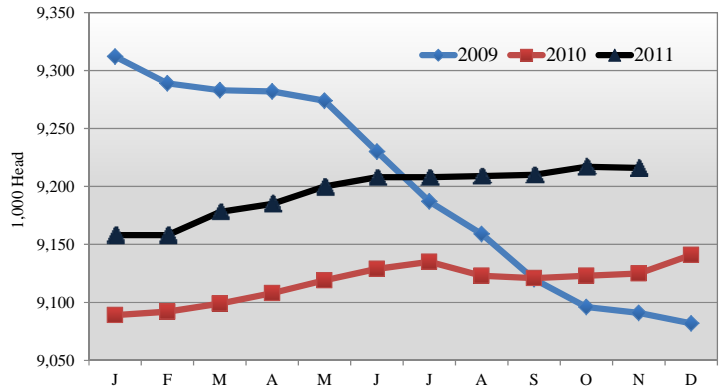


## MILK PRODUCTION STATISTICS 3/

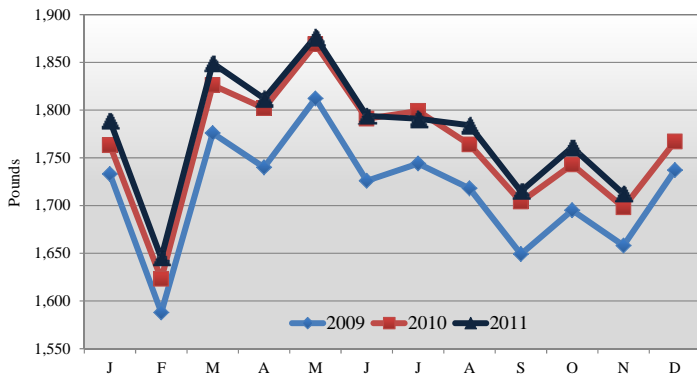
Milk Production by Month, United States, 2009-2011



Milk Cows by Month, United States, 2009-2011



Milk Production Per Cow by Month, United States, 2009-2011



### November 2011 U.S. Milk Production:

November 2011 milk production in the United States decreased 456 million pounds from October to 15.8 billion pounds. November 2011 milk production in the United States was up 1.8 percent from November 2010.

Production per cow in the United States averaged 1,712 pounds for November 2011, down 49 pounds from October 2011. November 2011 milk production per cow was up 14 pounds from November 2010.

The number of milk cows on farms in the United States was 9.2 million head for November 2011, in line with October estimates and 91,000 head more than November 2010.

2/ Producer price differentials are subject to location adjustment.

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