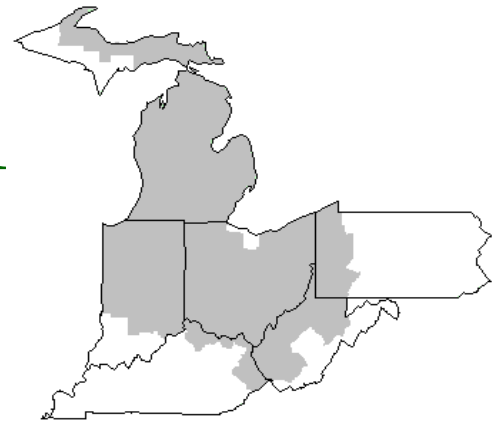


Mideast Market Administrator's Bulletin



Federal Order No. 33

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January 2013

2012 Market Summary

Producer milk receipts pooled totaled 16.8 billion pounds on the Mideast Order during 2012, an increase of 867.3 million pounds, or 5.4 percent from 2011. During 2012, there were over 792.3 million pounds of milk voluntarily depooled. Monthly producer receipts ranged from a low of 1.19 billion pounds in September to a high of 1.59 billion pounds in May.

The number of producers pooled on the Mideast Order in 2012 averaged 6,381 per month, down 5.0 percent from a year earlier. Producer milk averaged 3.68 percent butterfat in 2012, ranging from a low of 3.51 percent in January to a high of 3.85 percent in November. The protein test averaged 3.09 percent for 2012. Protein tests ranged from a low of 2.95 percent in July, to a high of 3.19 percent in November. Other solids tests for producer milk averaged 5.74 percent for the year.

For the year, 37.0 percent of producer milk was utilized as Class I; 19.3 percent in Class II; 30.3 percent in Class III; and 13.4 percent in Class IV. The Class I utilization percentage had a high of 47.4 percent in October and a low of 32.1 percent in May. Class I milk totaled 6.2 billion pounds during 2012, down 1.8 percent from 2011. Class II milk totaled 3.2 billion pounds in 2012, an increase of 31.0 percent from 2011. Class III pooled pounds were 5.1 billion pounds in 2012, a decrease of 13.1% from 2011. Class IV milk totaled 2.3 billion pounds in 2012, an increase of 77.2 percent from 2011.

The Class I price averaged \$19.46 per cwt for the year, a decrease of \$1.67 per cwt from 2011. The Class I price had a low of \$17.24 per cwt in June 2012 and a high of \$23.39 per cwt in December. The Class II price averaged \$16.64 per cwt, a decrease of \$2.98 per cwt from the prior year. It ranged from a low of \$14.32 per cwt in June to a high of \$18.81 per cwt in November. The Class III price averaged \$17.44 per cwt, a decrease of \$0.92 per cwt from 2011. The Class III price ranged from a low of \$15.23 per cwt in May to a high of \$21.02 per cwt in October. The Class IV price averaged \$16.00 per cwt for the year, a decrease of \$3.04 per cwt from a year ago. It was lowest in June at \$13.24 per cwt and was highest in November at \$18.66 per cwt.

The Statistical Uniform Price averaged \$17.63 per cwt for 2012 compared to \$19.54 per cwt in 2011. The Producer Butterfat Price averaged \$1.7230 per pound in 2012. This was a decrease of \$0.4305 from 2011. The butterfat price was lowest in May at \$1.4462 per pound and was highest in October at \$2.1136 per pound. The Protein Price averaged \$3.0426 per pound in 2012. This was an increase of \$0.0763 from the previous year. The protein price was lowest in April at \$2.6568 per pound and was highest in October at \$3.7278

per pound. Other Solids Price averaged \$0.4063 per pound, \$0.0629 higher than the 2011 average. The Producer Price Differential (PPD) averaged \$0.18 per cwt in 2012 with a high of \$1.19 per cwt in January and a low of \$(1.35) per cwt in October.

November Milk Production Up 1.1 Percent

Milk production in the 23 major States during November totaled 14.9 billion pounds, up 1.1 percent from November 2011. October revised production at 15.2 billion pounds, was down slightly from October 2011. Production per cow in the 23 major States averaged 1,758 pounds for November, 19 pounds above November 2011.

The number of milk cows on farms in the 23 major States was 8.47 million head, 3,000 head less than November 2011, but 8,000 head more than October 2012.

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 November totaled 2.3 billion pounds, up 62 million pounds or 2.8 percent from November 2011.

Production per cow in the Mideast states averaged 1,718 pounds for November 49 pounds above November 2011.

The number of cows on farms in the Mideast states was 1.4 million head, 2,000 head more than November 2011.

DECEMBER 2012 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	540,266,199	37.4
Class II	211,871,962	14.7
Class III	422,554,082	29.3
Class IV	269,059,274	18.6
Total	1,443,751,517	100.0

Producer Prices

Producer Price Differential	\$ 1.06 /cwt
Butterfat Price	1.7276 /lb
Protein Price	3.3113 /lb
Other Solids Price	0.4758 /lb
Somatic Cell Adjustment Rate	0.00090 /cwt
Statistical Uniform Price	19.72 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

December 2012

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			530,337,261			\$ 16.63 / cwt	\$ 88,195,086.51
Class I Butterfat		9,928,938				2.0963 / lb	20,814,032.74
Class I Location Differential	540,266,199						(286,918.21)
Class II SNF Value				18,320,007		1.4078 / lb	25,790,905.87
Class II Butterfat		13,789,747				1.7346 / lb	23,919,695.12
Class III Protein Value			13,298,861			3.3113 / lb	44,036,518.40
Class III Other Solids Value					24,189,757	0.4758 / lb	11,509,486.38
Class III Butterfat		17,828,897				1.7276 / lb	30,801,202.45
Class IV SNF Value				23,684,959		1.3569 / lb	32,138,120.87
Class IV Butterfat		13,866,203				1.7276 / lb	23,955,252.32
Somatic Cell Value II / III / IV							<u>1,355,260.72</u>
TOTAL PRODUCER MILK VALUE	1,443,751,517	55,413,785	45,523,244		82,983,834		\$ 302,228,643.17
Overages						46,708.86	
Beginning Inventory & OS Charges						67,206.80	
TOTAL ADJUSTMENTS							\$ 113,915.66
TOTAL HANDLER OBLIGATIONS							\$ 302,342,558.83
Total Protein Value			45,523,244 lbs	@	\$3.3113		\$(150,741,117.86)
Total Other Solids Value			82,983,834 lbs	@	0.4758		(39,483,708.23)
Butterfat Value			55,413,785 lbs	@	1.7276		(95,732,854.95)
Total Somatic Cell Values							<u>(2,137,904.82)</u>
TOTALS							\$ 14,246,972.97
Net Producer Location Adjustments							\$ 1,067,259.98
1/2 Unobligated Balance Producer Settlement Fund							<u>570,000.00</u>
Total - Divided by Total Pounds			1,443,751,517 lbs		1.1002055		\$ 15,884,232.95
Rate of Cash Reserve					<u>(0.0402055)</u>		<u>(580,467.52)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,443,751,517		\$ 1.06 /cwt		\$ 15,303,765.43

COMPONENT PRICES

December

	<u>2012</u>	<u>2011</u>
Butterfat Price	\$1.7276 / lb	\$1.7443 / lb
Protein Price	3.3113 / lb	3.3404 / lb
Other Solids Price	0.4758 / lb	0.4683 / lb
Somatic Cell Adjustment Rate	0.00090 / cwt	0.00090 / cwt
Nonfat Solids Price	1.3569 / lb	1.2398 / lb

COMPUTATION OF UNIFORM PRICE

December

	<u>2012</u>	<u>2011</u>
Class III Price - 3.5% BF	\$ 18.66	\$ 18.77
Producer Price Differential*	<u>1.06</u>	<u>(0.23)</u>
Statistical Uniform Price	\$19.72	\$18.54

CLASS PRICES

December

	<u>2012</u>	<u>2011</u>
Class I*	\$23.39	\$20.47
Class II	18.30	18.08
Class III	18.66	18.77
Class IV	17.83	16.87

CLASSIFICATION OF PRODUCER MILK

December

	<u>2012</u>	<u>2011</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	540,266,199	551,224,672
Class II	211,871,962	228,986,343
Class III	422,554,082	409,966,873
Class IV	<u>269,059,274</u>	<u>175,131,898</u>
Total	1,443,751,517	1,365,309,786

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2012 was \$1.06 and the Statistical Uniform Price was \$19.72 for the month. The Statistical Uniform Price is \$0.66 lower than last month, and is \$1.18 higher than December, 2011.

The Producer Butterfat Price of \$1.7276 per pound decreased \$0.2942 from November and is down \$0.0167 from a year ago. The Protein Price of \$3.3113 is down \$0.4059 cents from last month and is down \$0.0291 from December 2011. The Other Solids Price in December was \$0.4758 per pound, an increase from last month's price of \$0.4624 and \$0.0075 higher than last December. The Somatic Cell Adjustment rate for December was \$0.00090.

December producer receipts of 1.44 billion pounds were 10.3 percent higher than November and 5.7 percent higher than December 2011 production of 1.37 billion pounds. Producer milk allocated to Class I accounted for 37.4 percent of the total producer milk in December 2012, less than the 42.8 percent in November, and less than the 40.4 percent in December 2011. A total of 6,190 producers were pooled on the Mideast Order compared to 6,561 producers pooled in December 2011.

The market average content of producer milk was as follows: Butterfat 3.84%; Protein 3.15%; Other Solids 5.75% and Nonfat Solids 8.90%.

December Dairy Outlook Changed Little from November, Milk Prices Are Forecast Up Slightly

The 2012/13 forecast corn supply and use was unchanged this month from November based on the most recent World Agricultural Supply and Demand Estimates (WASDE) report the corn season-average price is forecast at \$6.80-\$8.00 a bushel, a price reduction based on lower year-to-date reported prices. The relatively early corn harvest this year increased marketings and pressured prices downward. Similarly, soybean production was unchanged in this month's WASDE. However, crush was raised and soybean meal domestic disappearance was lowered slightly, in line with expected livestock product production forecasts. Consequently, soybean meal prices were lowered this month to \$440-\$470 per ton. Corn and soybean meal prices will still be higher in 2013 than in 2012 despite the small downward price revisions. According to the November Agricultural Prices report, the preliminary November alfalfa price this year remains above the 2011 price. Although feed prices will likely be lower later in 2013 than those in 2012, dairy producers will face relatively high feed prices in 2013 compared with other recent years.

The projected 2012 U.S. dairy herd size is unchanged from last month at 9,225 thousand cows. Cow numbers were raised, boosting the 2013 average herd size in December's forecast to 9,130 thousand cows. Current-year yield per cow was unchanged this month at 21,640 pounds. Milk per cow is forecast at 21,880 pounds next year, also unchanged from November. Milk production is projected at 199.7 billion pounds in 2012, unchanged from last month's projection. Milk production for 2013 remains forecast at 199.7 billion pounds, unchanged from the November forecast.

Fats basis imports are forecast at 3.9 billion pounds for 2012, based largely on higher butterfat imports. Skims-solids basis imports are projected at 5.8 billion pounds, unchanged from last month. Current-year fats basis exports were reduced in December to 8.9 billion pounds. The pace of butterfat exports has slowed as U.S. prices are less competitive with world prices. Skims-solids exports are projected at 33.8 billion pounds for 2012. For 2013, milk equivalent imports on both a fats and skims-solids basis were unchanged this month from November at 3.8 and 5.4 billion pounds, respectively. Commercial exports on a fats basis were raised to 8.9 billion pounds and to 33.2 billion pounds on a skims-solids basis. The increases are based on improved global demand for both cheese and whey products.

Commercial ending stocks for 2012 on a fats basis were lowered in December based on lower expected butter stocks. Current year stocks on a skims-solids basis were raised based on higher than expected October stocks of nonfat dry milk (NDM). Fats basis

commercial ending stocks for 2013 were lowered slightly in December, reflecting lower butter beginning stocks. Commercial ending stocks in 2013 on a skims-solids basis were lowered from November.

Cheese and butter price forecasts for 2012 were reduced from November estimates, but NDM and whey were raised. The 2012 cheese price was lowered this month to \$1.700-\$1.710 per pound but was raised to \$1.750-\$1.830 per pound for 2013. The stronger 2013 prices are based on improved cheese demand in both domestic and foreign markets. Butter price forecasts were lowered to \$1.585-\$1.615 per pound and to \$1.595-\$1.705 per pound for 2012 and 2013, respectively. Butter demand has been weak and stocks ample. Butter prices will likely improve in 2013 compared with current year prices. NDM prices are forecast at \$1.320-\$1.340 per pound in 2012 and \$1.440-\$1.500 per pound in 2013, both upward revisions from November. Whey prices are projected at 59.0-60.0 cents per pound this year, a boost from November, and raised to 60.0-63.0 per pound from last month for 2013. Strong demand both internationally and domestically for dry products is expected to support the higher prices.

The Class III price forecast was lowered this month from November at \$17.40- \$17.50 per cwt and raised for 2013 to \$18.00-\$18.80 per cwt based on higher whey prices. The Class IV price for 2012 was unchanged from last month at \$15.95- \$16.15 per cwt as lower butter prices were largely offset by higher NDM prices. The Class IV price was raised in 2013 from last month to \$17.00-\$17.90 per cwt. The slightly better Class IV price outlook is due to higher forecast NDM prices next year. The all milk price is unchanged from November at \$18.50-\$18.60 per cwt. For 2013, the all milk price is unchanged but the range is narrowed 5 cents on each end to \$19.15-\$19.95 per cwt.

Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-222/December 17, 2012* Economic Research Service, USDA

Bulletin WebPage Edition

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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	November 2012						November 2011					
	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	1,688	621,846	3.79	3.18	5.73	155	578,558	3.77	3.17	5.71	169	
Ohio	2,092	319,583	3.89	3.20	5.71	204	303,972	3.83	3.21	5.66	228	
Indiana	1,069	162,536	3.89	3.21	5.75	190	153,041	3.83	3.23	5.73	202	
New York	301	90,060	3.88	3.17	5.73	195	125,960	3.79	3.14	5.72	206	
Pennsylvania	916	85,635	3.98	3.23	5.70	249	92,316	3.91	3.22	5.66	278	
Wisconsin	39	21,455	3.69	3.16	5.76	257	68,828	3.76	3.16	5.79	216	
West Virginia	43	1,867	4.24	3.37	5.66	246	3,348	4.11	3.35	5.61	279	
Other	103	6,299	4.05	3.24	5.68	228	15,842	3.88	3.19	5.73	214	
Total/Average *	6,251	1,309,281	3.85	3.19	5.73	182	1,341,864	3.80	3.19	5.70	200	

* 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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FEDERAL ORDER DATA

December 2012

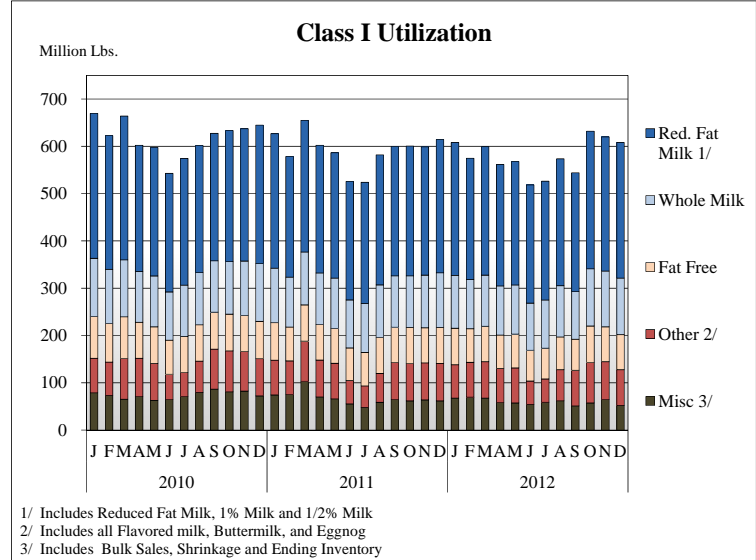
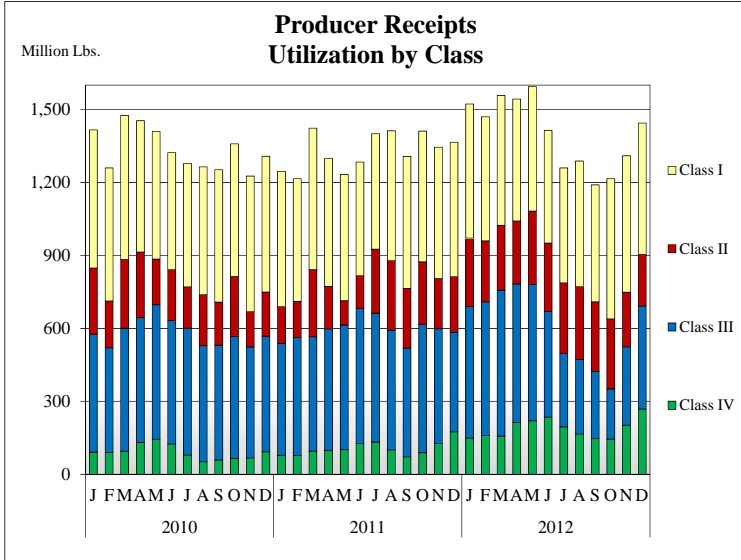
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,157,048	834,248	38.7	\$1.99	\$20.65
FO 5 Appalachian - (Charlotte)	498,368	321,542	64.5	^{2/}	22.28
FO 6 Florida - (Tampa)	252,480	206,711	81.9	^{2/}	24.90
FO 7 Southeast - (Atlanta)	572,429	361,932	63.2	^{2/}	22.72
FO 30 Upper Midwest - (Chicago)	2,781,984	321,429	11.6	0.32	18.98
FO 32 Central - (Kansas City)	1,085,357	412,139	38.0	0.90	19.56
FO 33 Mideast - (Cleveland)	1,443,752	540,266	37.4	1.06	19.72
FO 124 Pacific Northwest - (Seattle)	690,864	179,008	25.9	0.51	19.17
FO 126 Southwest - (Dallas)	1,177,313	353,351	30.0	1.56	20.22
FO 131 Arizona - (Phoenix)	383,457	115,345	30.1	^{2/}	19.67

^{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 JANUARY 2013\$17.83 /cwt.

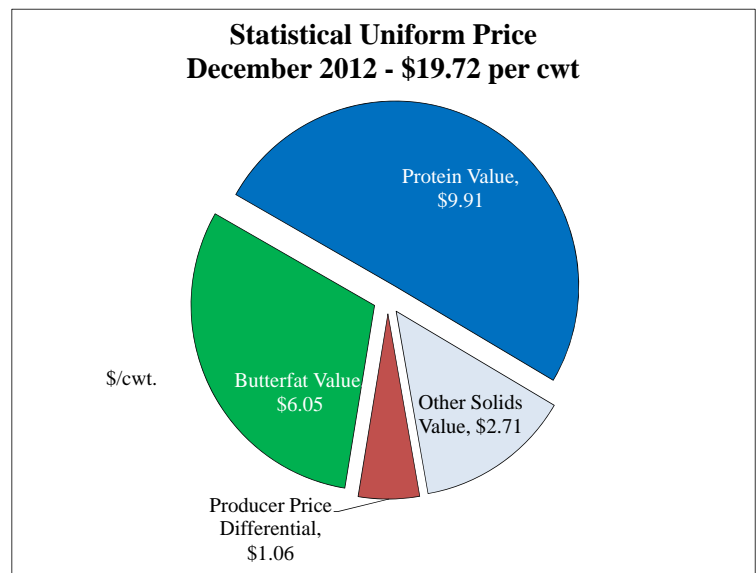
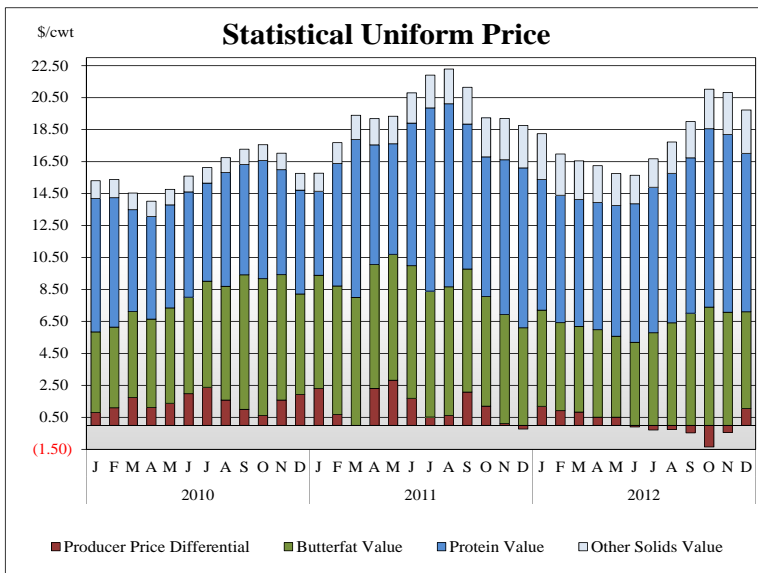
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.44 billion pounds in December 2012. The pounds allocated to Class I represented 37.4 percent of the total pounds. Producer receipts increased 134 million pounds compared to November 2012, and were up 78 million pounds from the prior year.

Class I Pounds: Class I utilization for the Mideast Order totaled 608 million pounds in December 2012, down 6 million pounds from December 2011. Finished products include 120 million pounds used for whole milk, 287 million pounds of reduced fat and low fat milk, and 74 million pounds of fat free (skim) milk.

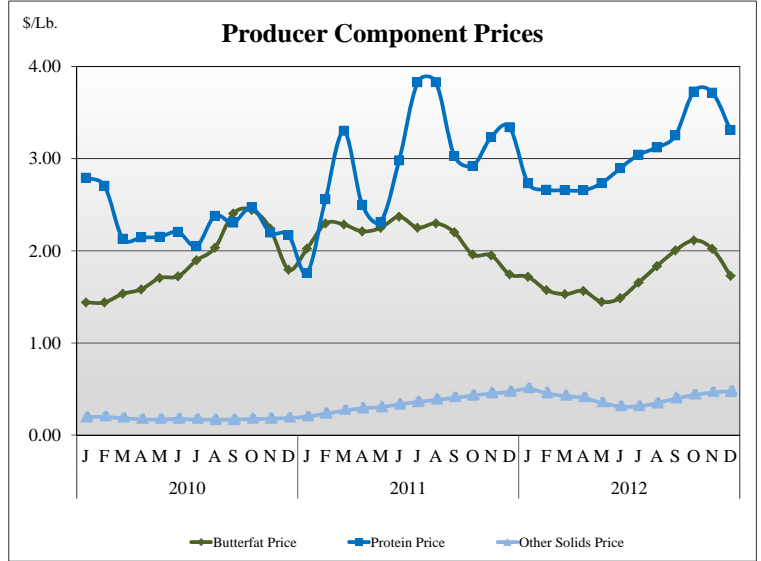
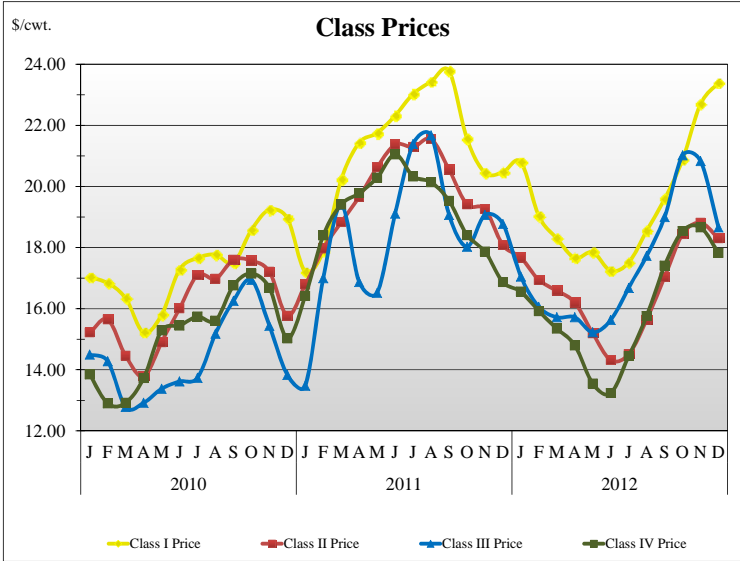
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$19.72 per cwt for December 2012. The December 2012 SUP was \$1.18 per cwt higher than the December 2011 SUP. The December 2012 SUP is \$0.66 per cwt lower than the November 2012 SUP.

December 2012 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the December 2012 SUP are: \$9.91 per cwt for protein, \$6.05 per cwt for butterfat and \$2.70 per cwt for other solids. Also included in the SUP is the \$1.06 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NASS PRICES

