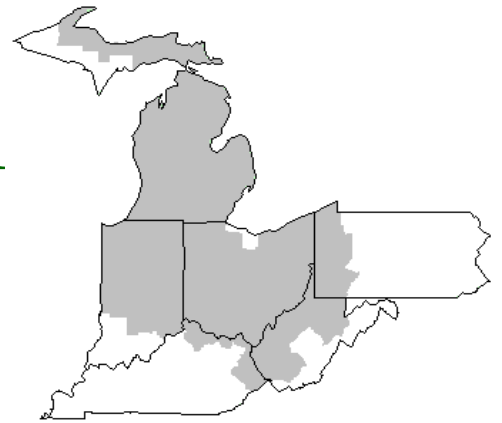


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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May 2013

## Milk Production Forecast Is Tightened in April, Prices Rise

Corn price forecasts were lowered slightly from March to \$6.65-\$7.15 per bushel for 2012/13. Higher world grain production and lower estimated U.S. domestic feed use are the basis for the forecast. Soybean meal prices were also lowered slightly from last month to \$415-\$435 a ton. Higher soybean crush increased meal supplies, which affected prices, although the increased supply is slated for export. The lower price for concentrate feeds along with a slightly higher expected all milk price will improve producer margins somewhat. The improvement is not large enough to boost herd size. Consequently, herd size is projected at 9,195 thousand for 2013, unchanged from March's forecast and below 2012's average herd size. Output per cow for the year was lowered in April to 21,945 pounds, based on lower February milk per cow data. Based on forecast herd size and output per cow, production is projected at 201.8 billion pounds for 2013.

Milk equivalent imports on both a fats and skims-solids basis were lowered in April's forecast. Fats-basis imports are now placed at 3.9 billion pounds for the year, while skims-solids imports are forecast at 5.3 billion pounds. Fats-basis imports were lowered based on lower expected imports of anhydrous products, and skims-solids basis imports were lowered based on lower expected imports of milk protein concentrates. Fats-basis exports are unchanged from the March forecast at 9.4 billion pounds. Skims-solids exports were unchanged at 34.4 billion pounds for the year. The price differential between U.S. and world nonfat dry milk (NDM) prices will likely strengthen exports in the second half of the year. Both fats- and skim-solids export forecasts represent increases above 2012 totals.

Fats-basis ending stocks were raised to 11.4 billion pounds as butter stocks persisted at higher than expected quantities. Skims-solids ending stocks were trimmed in April to 11.5 billion pounds as stronger expected second-half NDM exports and domestic demand are expected to tighten stocks by year-end.

Prices for cheese, butter, NDM and whey are all forecast higher in April as lower forecast milk production and strength in demand are firming prices. Cheese prices are forecast at \$1.735-\$1.785 per pound. The butter price forecast was raised to \$1.560-\$1.640 per pound. In light of the export forecast, NDM prices were boosted to \$1.585-\$1.625 per pound and whey prices were raised slightly to 60.5-63.5 cents per pound. Higher dairy product prices provided a lift to milk prices in April's forecast. Class IV milk is forecast at \$18.10-\$18.70 per cwt, and Class III prices were increased to \$17.85-\$18.35 per cwt. The all milk price forecast is \$19.45- \$19.95 per cwt.

Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-226*/April 16, 2013 Economic Research Service, USDA

## March Milk Production Down 0.1 Percent

Milk production in the 23 major States during March totaled 16.4 billion pounds, down 0.1 percent from March 2012. February production, revised at 14.7 billion pounds, was down 3.3 percent from February 2012. The February revision represented an increase of 15 million pounds or 0.1 percent from last month's preliminary production estimate.

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 March totaled 2.5 billion pounds, up 47 million pounds or 1.9 percent from March 2012.

\*Due to Sequestration, administrative data will be used for all releases of the above information through the end of the fiscal year on September 30, 2013. Releases will contain milk production data only. No information on the number of cows or milk per cow will be released. Please check the NASS website at [www.nass.usda.gov](http://www.nass.usda.gov) for any future updates on NASS programs.

## USDA Seeks Nominees for National Dairy Board

The U.S. Department of Agriculture is asking dairy producer and importer organizations to nominate candidates to serve on the National Dairy Promotion and Research Board. Nominations must be submitted by May 30, 2013. The Secretary of Agriculture will appoint 14 individuals to serve on the board. The appointees will replace 12 board members whose terms expire October 31, 2013, and fill two currently vacant positions.

### April 2013 Pool Summary

#### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	538,074,706	38.0
Class II	186,658,876	13.2
Class III	477,978,102	33.7
Class IV	214,033,641	15.1
Total	1,416,745,325	100.0

#### Producer Prices

Producer Price Differential	\$ 0.90 /cwt
Butterfat Price	1.8227 /lb
Protein Price	3.0130 /lb
Other Solids Price	0.3863 /lb
Somatic Cell Adjustment Rate	0.00087 /cwt
Statistical Uniform Price	18.49 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

April 2013

**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			528,807,470			\$ 14.07 / cwt	\$ 74,403,211.04
Class I Butterfat		9,267,236				1.7389 / lb	16,114,796.68
Class I Location Differential	538,074,706						(249,068.89)
Class II SNF Value				15,830,963		1.4189 / lb	22,462,553.42
Class II Butterfat		14,250,470				1.8297 / lb	26,074,084.99
Class III Protein Value			14,859,378			3.0130 / lb	44,771,305.93
Class III Other Solids Value					27,406,466	0.3863 / lb	10,587,156.43
Class III Butterfat		18,589,414				1.8227 / lb	33,882,924.92
Class IV SNF Value				18,706,962		1.3498 / lb	25,250,657.31
Class IV Butterfat		11,370,066				1.8227 / lb	20,724,219.32
Somatic Cell Value II / III / IV							<u>1,273,077.81</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,416,745,325</b>	<b>53,477,186</b>	<b>43,997,227</b>		<b>81,311,399</b>		<b>\$ 275,294,918.96</b>
Overages						13,690.10	
Beginning Inventory & OS Charges						43,639.26	
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 57,329.36</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 275,352,348.32</b>
Total Protein Value			43,997,227 lbs	@	\$3.0130		\$(132,563,645.00)
Total Other Solids Value			81,311,399 lbs	@	0.3863		(31,410,593.43)
Butterfat Value			53,477,186 lbs	@	1.8227		(97,472,866.96)
Total Somatic Cell Values							<u>(2,017,060.44)</u>
<b>TOTALS</b>							<b>\$ 11,888,082.49</b>
Net Producer Location Adjustments							\$ 882,478.65
1/2 Unobligated Balance Producer Settlement Fund							<u>600,000.00</u>
Total - Divided by Total Pounds			1,416,745,325 lbs		0.9437519		\$ 13,370,561.14
Rate of Cash Reserve					<u>(0.0437519)</u>		<u>(619,853.00)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,416,745,325		<b>\$ 0.90 /cwt</b>		<b>\$ 12,750,708.14</b>

**COMPONENT PRICES**

April

	<u>2013</u>	<u>2012</u>
Butterfat Price	\$1.8227 / lb	\$1.5645 / lb
Protein Price	3.0130 / lb	2.6568 / lb
Other Solids Price	0.3863 / lb	0.4048 / lb
Somatic Cell Adjustment Rate	0.00087 / cwt	0.00077 / cwt
Nonfat Solids Price	1.3498 / lb	1.0728 / lb

**COMPUTATION OF UNIFORM PRICE**

April

	<u>2013</u>	<u>2012</u>
Class III Price - 3.5% BF	\$ 17.59	\$15.72
Producer Price Differential*	<u>0.90</u>	<u>0.51</u>
Statistical Uniform Price	\$18.49	\$16.23

**CLASS PRICES**

April

	<u>2013</u>	<u>2012</u>
Class I*	\$19.66	\$17.66
Class II	18.73	16.20
Class III	17.59	15.72
Class IV	18.10	14.80

**CLASSIFICATION OF PRODUCER MILK**

April

	<u>2013</u>	<u>2012</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	538,074,706	501,017,446
Class II	186,658,876	259,310,214
Class III	477,978,102	570,039,223
Class IV	<u>214,033,641</u>	<u>212,633,491</u>
Total	1,416,745,325	1,543,000,374

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for April 2013 was \$0.90 and the Statistical Uniform Price was \$18.49 for the month. The Statistical Uniform Price is \$0.27 higher than last month, and is \$2.26 higher than April 2012.

The Producer Butterfat Price of \$1.8227 per pound increased \$0.0751 from March and is up \$0.2582 from a year ago. The Protein Price of \$3.0130 is up \$0.1926 cents from last month and is up \$0.3562 from April 2012. The Other Solids Price in April was \$0.3863 per pound, a decrease from last month's price of \$0.4179 and \$0.0185 lower than last April. The Somatic Cell Adjustment rate for April was \$0.00087.

April producer receipts of 1.42 billion pounds were 1.4 percent lower than March and 8.2 percent lower than April 2012 production of 1.54 billion pounds. Producer milk allocated to Class I accounted for 38.0 percent of the total producer milk in April 2013, less than the 38.1 percent in March, and more than the 32.5 percent in April 2012. A total of 6,141 producers were pooled on the Mideast Order compared to 6,591 producers pooled in April 2012.

The market average content of producer milk was as follows: Butterfat 3.77%; Protein 3.11%; Other Solids 5.74% and Nonfat Solids 8.85%.

USDA will accept dairy producer nominations from the following regions: Region 2 (California and Hawaii); Region 3 (Arizona, Colorado, Montana, Nevada, Utah and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma and Texas); Region 6 (Wisconsin); Region 9 (Indiana, Michigan, Ohio and West Virginia); Region 10 (Alabama, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee and Virginia); Region 11 (Delaware, Maryland, New Jersey and Pennsylvania); and Region 12 (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont). The Secretary will appoint five members for Region 2, two for Region 9, and one for each of the remaining regions and the dairy importer position.

Twelve dairy producer nominees will be appointed to serve 3 year terms beginning November 1, 2013, and ending October 31, 2016. One dairy producer nominee will be appointed to fill a shortened term, for Region 9, beginning immediately and ending October 31, 2015. The dairy importer nomination will be for a 3-year term beginning November 1, 2013, and ending October 31, 2016.

USDA established the 38-member board under the Dairy Production Stabilization Act of 1983. Research and promotion programs are industry-funded, authorized by Congress, and date back to 1966. Since then, Congress has authorized the establishment of 20 research and promotion boards. They empower industry stakeholders to leverage their own resources to develop new markets, strengthen existing markets, and conduct important research and promotion activities. AMS provides oversight, paid for by industry assessments, which ensures fiscal responsibility, program efficiency and fair treatment of participating stakeholders.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the programs. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination to serve on the board.

For nominating forms and information, visit [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy) or contact Whitney A. Rick, Director, Promotion, Research, and Planning Division, Dairy Programs, AMS, USDA, 1400 Independence Ave., SW, Room 2958-S, Stop

0233, Washington, D.C. 20250-0233; telephone (202) 720-6909; fax (202) 720-0285; or email at [whitney.rick@ams.usda.gov](mailto:whitney.rick@ams.usda.gov).

## Milk Production, Disposition, and Income 2012 Summary

Milk production increased 2.1 percent in 2012 to 200 billion pounds. The rate per cow, at 21,697 pounds, was 361 pounds above 2011. The annual average number of milk cows on farms was 9.23 million head, up 39,000 head from 2011.

Cash receipts from marketings of milk during 2012 totaled \$37.0 billion, 6.4 percent lower than 2011. Producer returns averaged \$18.56 per hundredweight, 8.3 percent below 2011. Marketings totaled 199.4 billion pounds, 2.1 percent above 2011. Marketings include whole milk sold to plants and dealers and milk sold directly to consumers.

An estimated 961 million pounds of milk were used on farms where produced. 1.1 percent less than 2011. Calves were fed 90 percent of this milk, with the remainder consumed in producer households.

### Bulletin WebPage Edition

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

#### Featured this month are:

- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk in All Products

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

State	March 2013						March 2012				
	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	1,639	657,441	3.78	3.14	5.76	160	657,888	3.65	3.06	5.75	164
Ohio	2,084	367,225	3.91	3.16	5.72	202	358,839	3.71	3.09	5.71	213
Indiana	1,049	175,696	3.90	3.15	5.73	208	183,286	3.74	3.09	5.78	208
Pennsylvania	955	99,143	3.94	3.15	5.70	241	102,803	3.81	3.12	5.70	267
New York	292	83,239	3.87	3.13	5.75	188	138,079	3.73	3.04	5.75	194
Wisconsin	38	38,960	3.76	3.18	5.74	255	87,095	3.73	3.14	5.80	203
West Virginia	47	3,570	4.08	3.22	5.71	266	3,895	3.89	3.18	5.70	276
Other	133	11,517	3.86	3.13	5.71	213	25,668	3.64	3.04	5.77	210
Total/Average *	6,237	1,436,790	3.84	3.15	5.74	187	1,557,555	3.70	3.08	5.75	193

\* 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**

**April 2013**

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)	2,187,874	798,838	36.5	1.91	\$19.50
FO 5 Appalachian - (Charlotte)	506,032	321,231	63.5	<sup>2/</sup>	20.42
FO 6 Florida - (Tampa)	244,715	205,587	84.0	<sup>2/</sup>	22.50
FO 7 Southeast - (Atlanta)	550,856	359,144	65.2	<sup>2/</sup>	20.80
FO 30 Upper Midwest - (Chicago)	2,894,624	313,589	10.8	0.25	17.84
FO 32 Central - (Kansas City)	1,379,260	416,642	30.2	0.58	18.17
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,416,745</b>	<b>538,075</b>	<b>38.0</b>	<b>0.90</b>	<b>18.49</b>
FO 124 Pacific Northwest - (Seattle)	719,183	173,808	24.2	0.57	18.16
FO 126 Southwest - (Dallas)	1,179,855	371,488	31.5	1.45	19.04
FO 131 Arizona - (Phoenix)	415,919	116,282	28.0	<sup>2/</sup>	18.61

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

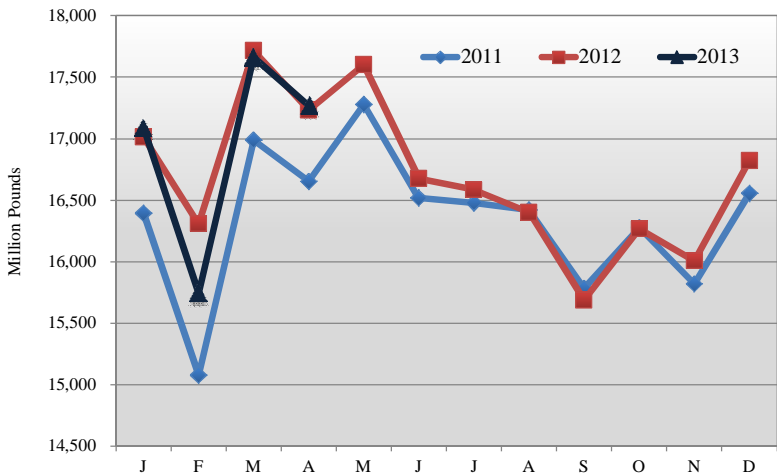
<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR MAY 2013.....\$17.59 /cwt.**

MILK PRODUCTION STATISTICS 1/

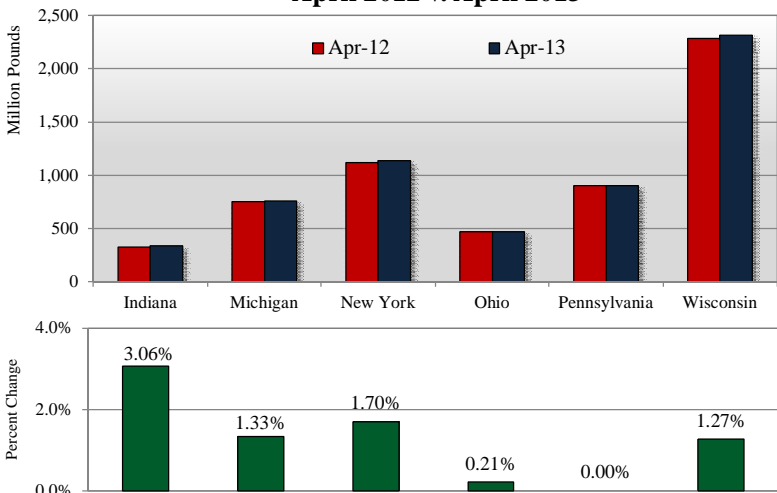
Milk production is one element of the monthly Milk Production report that NASS suspended to meet sequestration requirements. Because NASS is not conducting milk producer surveys, the dairy cow and milk per cow statistics that were provided in previous reports will not be available.

Milk Production by Month, United States, 2011-2013



April 2013 milk production in the United States decreased 393 million pounds from March to 17.3 billion pounds. April 2013 milk production in the United States was up 0.2 percent from the same month of the prior year.

Milk Production in Select Mideast States, April 2012 v. April 2013

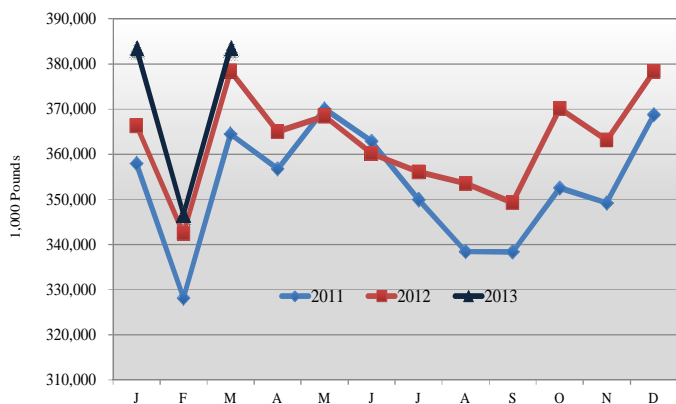


Milk production from selected states which pool on the Mideast marketing area totaled 5.9 billion pounds during April 2013, up 69 million pounds from the prior year. Milk production in Wisconsin was up 29 million pounds while production in Pennsylvania was unchanged from the prior year.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

## DAIRY PRODUCT PRODUCTION 1/

**Total American Cheese Production, 2011-2013**



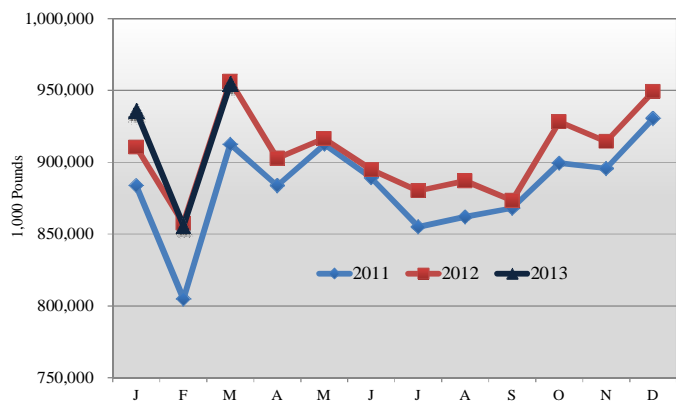
### Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) was 954 million pounds, 0.2 percent below March 2012 and 11.5 percent above February 2013

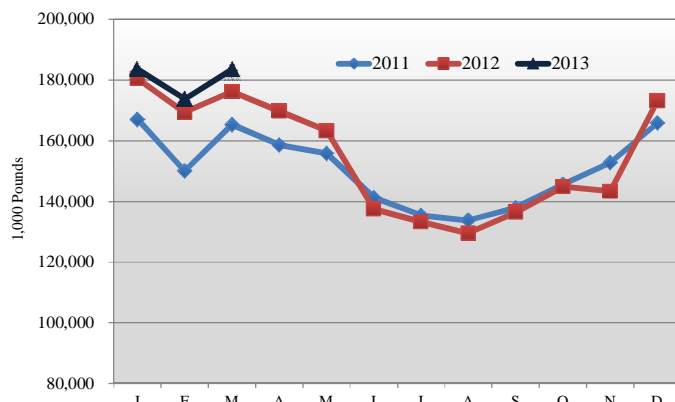
American type cheese production totaled 384 million pounds, 1.4 percent above March 2012 and 10.6 percent above February 2013.

Butter production was 184 million pounds, 4.2 percent above March 2012 and 5.6 percent above February 2013.

**Total Cheese Production, 2011-2013**



**Total Butter Production, 2011-2013**



## COMMERCIAL DISAPPEARANCE 2/

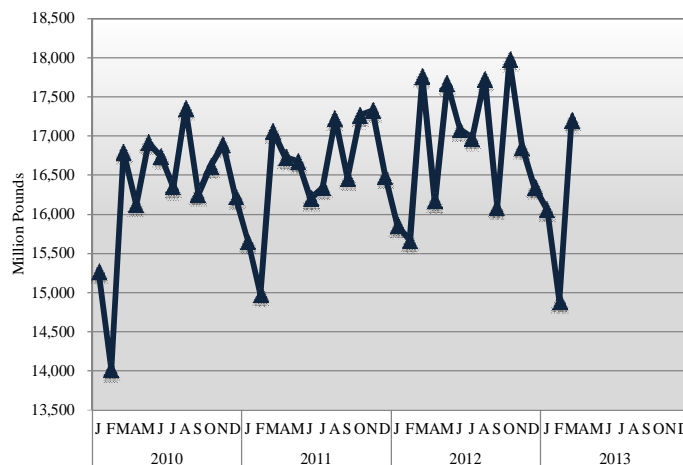
Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For March 2013, commercial disappearance of milk was 17.2 billion pounds, down 3.1 percent from the prior year. The cumulative disappearance total for 2013 is 48 billion pounds, a decrease of 1.7 percent from the same three month period in 2012.

March 2013 commercial disappearance of American cheese was 361 million pounds, down 0.5 percent from the prior year.

March 2013 commercial disappearance of butter was 170 million pounds, down 3.2 percent from the prior year.

**Commercial Disappearance of Milk in All Products, 2010-2013**



1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).  
 2/ Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.