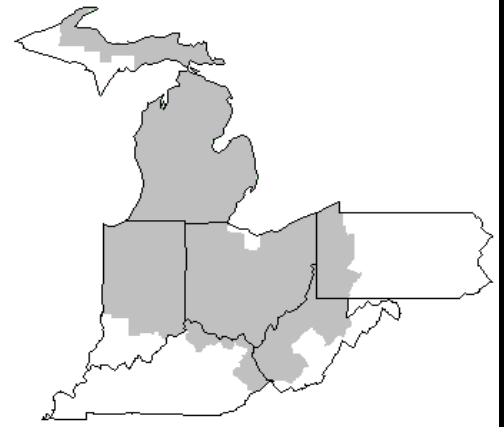


Mideast Market Administrator's Bulletin



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
June 2008

USDA Amends Fluid Milk Promotion Order

The U.S. Department of Agriculture announced a final rule that amends the Fluid Milk Promotion Order. The amendment reduces the burden of late-fee charges applied to processors who underreport the amount of assessments they owe to the board due to unintentional errors and miscalculations. Specifically, the amendment will only apply to processors who have not made more than two reporting errors in the prior 12-month period.

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 hundredweight 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 million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments. USDA's Agricultural Marketing Service (AMS) monitors the operations of the Board.

The final rule appeared in the May 21 Federal Register and is also available on the AMS web site at www.ams.usda.gov/dairy. For more information contact: Whitney A. Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, 1400 Independence Ave., SW, Room 2958-S, Stop 0233, Washington, DC 20250-0233; phone: (202) 720-6909; e-mail: Whitney.Rick@usda.gov.

April Milk Production Up 2.5 Percent

Milk production in the 23 major States during April totaled 14.8 billion pounds, up 2.5 percent from April 2007. March revised production, at 15.1 billion pounds, was up 2.3 percent from March 2007. The March revision represented a decrease of 10 million pounds or 0.1 percent from last months preliminary production estimate.

Production per cow in the 23 major States averaged 1,757 pounds for April, 12 pounds above April 2007.

The number of milk cows on farms in the 23 major States was 8.44 million head, 152,000 head more than April 2007, and 8,000 head more than March 2008.

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 April totaled 2.3 billion pounds, down 18 million pounds or 0.8 percent from April 2007.

Production per cow in the Mideast states averaged 1,681 pounds for April, 39 pounds below April 2007.

The number of cows on farms in the Mideast states was 1.3 million head, 18,000 head more than April 2007.

THE DAIRY OUTLOOK Commercial Use More Closely Reflects Domestic Use

Despite higher feed costs, milk production continues to rise, and the rate of increase this year will be 2.3 percent higher than in 2007. Current-year production is projected to be above 2007, at 189.8 billion pounds. Milk production is forecast to rise by only 0.3 percent, to 190.4 billion pounds in 2009. The effect of this year's soaring feed costs on cow numbers likely will not be apparent until 2009. Milk cow population will rise in 2008 to 9.27 million, before declining incrementally to average 9.23 million in 2009. A slowing of growth in California due to production restrictions, limited possibilities of exporting cows to nearby States, and continuing exits in Eastern and Midwestern States is the source of the pullback. Milk yields per cow have been increasing at a slower rate for several years. They will climb by 0.8 percent in 2008 after adjusting for the extra day in February and are forecast to rise less than 1 percent in 2009, to 20,630 pounds. The milk-feed price ratio could become more favorable toward the end of 2009, mostly because of higher milk prices rather than because of any expected declines in feed costs.

(Continued on Page 3)

May 2008 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	565,473,313	46.0
Class II	263,747,166	21.4
Class III	263,466,497	21.4
Class IV	137,770,198	11.2
Total	1,230,457,174	100.0

Producer Prices

Producer Price Differential	\$ (0.65) / cwt
Butterfat Price	1.5562 / lb
Protein Price	4.1108 / lb
Other Solids Price	0.0766 / lb
Somatic Cell Adjustment Rate	0.00098 / cwt
Statistical Uniform Price	17.53 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

MAY 2008**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			555,417,934			\$ 13.90 / cwt	\$ 77,203,092.87
Class I Butterfat		10,055,379				1.4863 / lb	14,945,309.81
Class I Location Differential	565,473,313						(267,450.89)
Class II SNF Value				22,406,941		1.1556 / lb	25,893,460.99
Class II Butterfat		16,499,375				1.5632 / lb	25,791,822.95
Class III Protein Value			7,966,664			4.1108 / lb	32,749,362.37
Class III Other Solids Value					15,111,881	0.0766 / lb	1,157,570.08
Class III Butterfat		9,338,998				1.5562 / lb	14,533,348.67
Class IV SNF Value				11,697,673		1.1301 / lb	13,219,540.26
Class IV Butterfat		8,621,548				1.5562 / lb	13,416,852.99
Somatic Cell Value II / III / IV							<u>707,643.67</u>
TOTAL PRODUCER MILK VALUE	1,230,457,174	44,515,300	37,115,919		70,422,256		\$219,350,553.77
Overages						\$ 83,420.05	
Beginning Inventory and OS Charges						\$ 88,322.27	
TOTAL ADJUSTMENTS							\$ 171,742.32
TOTAL HANDLER OBLIGATIONS							\$ 219,522,296.09
Total Protein Value			37,115,919 lbs	@	\$4.1108		\$(152,576,119.81)
Total Other Solids Value			70,422,256 lbs	@	0.0766		(5,394,344.82)
Butterfat Value			44,515,300 lbs	@	1.5562		(69,274,709.86)
Total Somatic Cell Values							<u>(1,233,020.88)</u>
TOTALS							\$ (8,955,899.28)
Net Producer Location Adjustments							\$ 758,616.89
1/2 Unobligated Balance Producer Settlement Fund							<u>700,000.00</u>
Total - Divided by Total Pounds			1,230,457,174 lbs		(0.6093087)		\$ (7,497,282.39)
Rate of Cash Reserve					<u>(0.0406913)</u>		<u>(500,689.02)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,230,457,174		\$(0.65) /cwt		\$ (7,997,971.41)

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	May	
	<u>2008</u>	<u>2007</u>
Butterfat Price	\$1.5562 / lb	\$1.5706 / lb
Protein Price	4.1108 / lb	2.9424 / lb
Other Solids Price	0.0766 / lb	0.5791 / lb
Somatic Cell Adjustment Rate	0.00098 / cwt	0.00080 / cwt
Nonfat Solids Price	1.1301 / lb	1.4959 / lb

	May	
	<u>2008</u>	<u>2007</u>
Class III Price - 3.5% BF	\$18.18	\$17.60
Producer Price Differential*	<u>(0.65)</u>	<u>0.03</u>
Statistical Uniform Price	\$17.53	\$17.63

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	May	
	<u>2008</u>	<u>2007</u>
Class I*	\$18.62	\$17.92
Class II	15.51	16.62
Class III	18.18	17.60
Class IV	15.26	18.48

	May	
	<u>2008</u>	<u>2007</u>
Product lbs.		
Class I	565,473,313	546,879,194
Class II	263,747,166	284,349,586
Class III	263,466,497	514,097,122
Class IV	<u>137,770,198</u>	<u>79,023,554</u>
Total	1,230,457,174	1,424,349,456

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May 2008 was (\$0.65) and the Statistical Uniform Price was \$17.53 for the month. The Statistical Uniform Price is (\$0.24) lower than last month, and is (\$0.10) lower than May 2007.

The Producer Butterfat Price of \$1.5562 per pound increased 8.14 cents from April 2008 and is down 1.44 cents from a year ago. The Protein price of \$4.1108 per pound is up 35.29 cents from last month and is up \$1.17 from May 2007. The Other Solids Price in May was \$0.0766 per pound, an increase of 1.44 cents from last month and a decrease of 50.25 cents from one year ago. The Somatic Cell Adjustment Rate for May was \$0.0098 per cwt.

May producer receipts of 1.23 billion pounds was 14.8 percent lower than April 2008 and 13.6 percent lower than May 2007 producer receipts of 1.42 billion pounds. Producer milk allocated to Class I accounted for 46 percent of total producer milk in May 2008 which is greater than the 37.1 percent for April 2008 and the 38.4 percent for May 2007. A total of 7,483 producers were pooled on the Mideast Order compared to 7,702 producers pooled in May 2007.

The market average content of producer milk was as follows: Butterfat 3.62%; Protein 3.02%; Other Solids 5.72% and Nonfat Solids 8.74%.

(Continued from Front Page)

Continued increases in exports will likely keep cheese and butter prices firm in 2008. Consequently, commercial use, which now more closely gauges domestic use, is projected to rise about 2 percent in 2008 over 2007, but is forecast to rise only slightly more than 1 percent in 2009. Commercial stocks on both a fats and skims/solids basis are expected to be significantly tighter by the end of 2009 than in 2008. National Agricultural Statistics Service cheese prices will likely average \$1.820 to \$1.870 per pound in 2008 and level to an average \$1.790 to \$1.890 per pound in 2009. Butter prices are forecast to average \$1.335 to \$1.415 per pound this year and rise to \$1.335 to \$1.485 in 2009. Nonfat dry milk (NDM) price has fallen in 2008 compared with last year and will likely average \$1.360 to \$1.400 per pound. However, prices are forecast higher in 2009, at \$1.470 to \$1.540 per pound. Whey prices for 2008 are sharply lower than in 2007, and by year's end will average 27.5 to 30.5 cents per pound. Only a slight recovery is expected in 2009, to 29.5 to 32.5 cents per pound.

The impact of higher product prices will push milk prices higher in 2009 after a decline in 2008. The Class III price is expected to average \$17.00 to \$17.50 per cwt. in 2008 and to average \$16.80 to \$17.80 per cwt. in 2009. The Class IV price this year is expected to average \$15.45 to \$16.05 per cwt. and climb to \$16.50 to \$17.60 per cwt. in 2009. The all milk price, lower in 2008 than in 2007, will average \$17.95 to \$18.45 per cwt., and will rise slightly in 2009 to average \$17.90 to \$18.90 per cwt.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-167, May 16, 2008, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

USDA Names Member to National Fluid Milk Board

The U.S. Department of Agriculture announced the appointment of a new member to the National Fluid Milk Processor Promotion Board. Newly appointed to fill a vacancy lasting less than 18 months is Jay S. Bryant, Reston, Va.(Region 6). The term for this appointee expires June 30, 2009.

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 national fluid milk program is financed by a mandatory 20-cent per hundredweight 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 million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

USDA's Agricultural Marketing Service monitors the operations of the Board. It is USDA's policy that membership on industry-governed boards and committees accurately reflect the diversity of individuals served by the program.

National Animal Identification System (NAIS) Information

This month's Bulletin includes a letter from Bruce I. Knight, Under Secretary, Marketing and Regulatory Programs, asking your cooperation in supporting the National Animal Identification System (NAIS). In his letter, Under Secretary Knight requests your participation in this voluntary animal identification program. More information on the NAIS is available at the following website: <http://animalid.aphis.usda.gov/nais>.

Bulletin WebPage Edition

www.fmmaclev.com

Featured this month are:

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

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

Federal Order No. 33

State	April 2008						April 2007					
	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	1,974	561,109	3.64	3.03	5.71	226	554,766	3.60	3.02	5.72	250	
Ohio	2,255	367,820	3.75	3.06	5.69	270	356,884	3.71	3.06	5.68	274	
Indiana	1,165	149,246	3.73	3.03	5.68	281	145,752	3.71	3.03	5.70	292	
Wisconsin	726	122,832	3.73	2.99	5.72	260	47,674	3.72	3.02	5.76	277	
Pennsylvania	1,121	114,632	3.82	3.06	5.67	322	120,034	3.78	3.06	5.68	318	
New York	306	93,240	3.68	3.02	5.70	227	177,362	3.63	3.02	5.74	233	
Illinois	72	12,800	3.68	3.00	5.73	268	2,115	3.64	3.04	5.71	312	
West Virginia	64	5,886	3.93	3.18	5.69	348	5,665	3.85	3.16	5.68	360	
Other	99	10,337	3.75	3.07	5.69	325	5,660	3.86	3.10	5.68	316	
Total/Average *	7,782	1,437,903	3.70	3.04	5.70	255	1,415,912	3.66	3.04	5.71	266	

* 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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To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

**FEDERAL ORDER DATA
 MAY 2008**

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)	2,085,763	895,285	42.9	\$0.00	\$18.18
FO 5 Appalachian - (Charlotte)	490,581	344,274	70.2	^{2/}	19.11
FO 6 Florida - (Tampa)	269,726	227,246	84.3	^{2/}	21.38
FO 7 Southeast - (Atlanta)	597,176	386,638	64.7	^{2/}	19.60
FO 30 Upper Midwest - (Chicago)	1,868,038	379,721	20.3	(0.19)	17.99
FO 32 Central - (Kansas City)	816,996	349,435	42.8	(1.10)	17.08
FO 33 Mideast - (Cleveland)	1,230,457	565,473	46.0	(0.65)	17.53
FO 124 Pacific Northwest - (Seattle)	530,552	189,481	35.7	(1.35)	16.83
FO 126 Southwest - (Dallas)	701,656	358,601	51.1	(0.30)	17.88
FO 131 Arizona - (Phoenix)	387,778	118,865	30.7	^{2/}	17.20

^{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 2008.....\$ 15.26 /cwt.

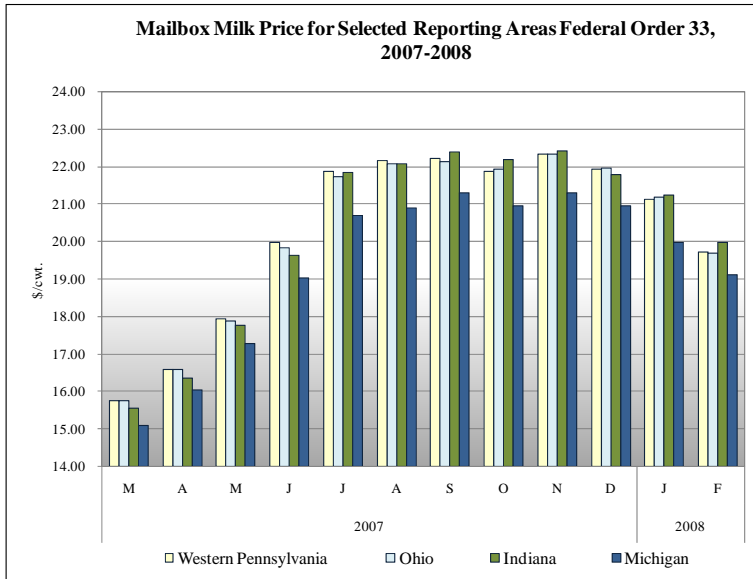
Mideast Market Administrator's Bulletin

Supplement

Federal Order No. 33

June 2008

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA*

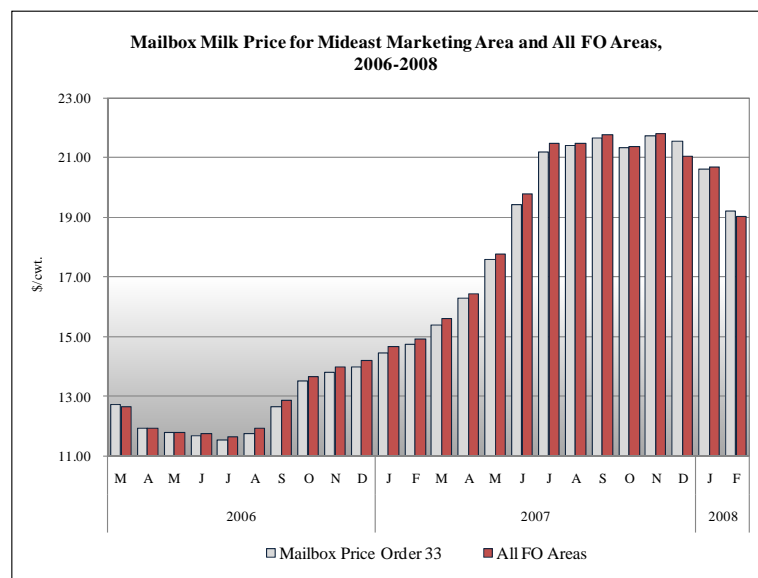
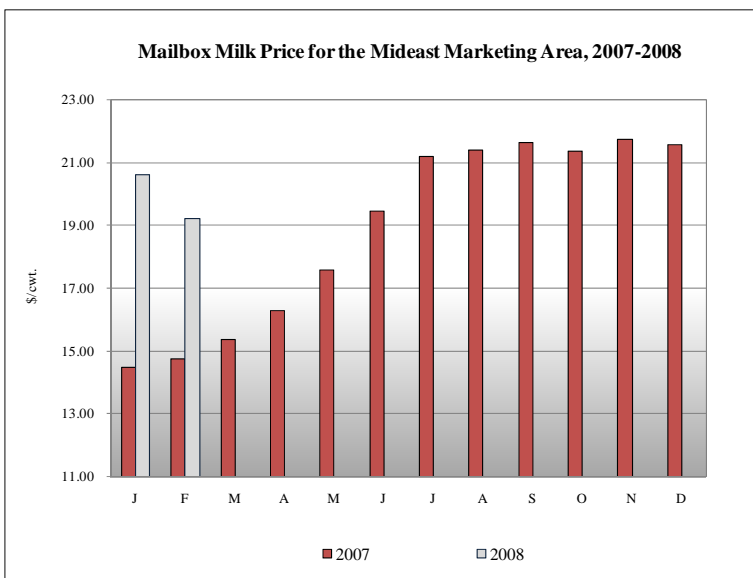


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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



The net pay price received by dairy farmers in Federal Order 33 was \$19.21 per hundredweight in February 2008. The February 2008 mailbox price is \$1.42 less than the mailbox price for January 2008. The February 2008 mailbox price is \$6.16 higher than the February 2007 mailbox price.

For February the net pay price received by dairy farmers in Federal Order 33 was 18 cents per hundredweight higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For February the all Federal Order mailbox price was \$19.03 per hundredweight, \$1.67 lower than January 2008.

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

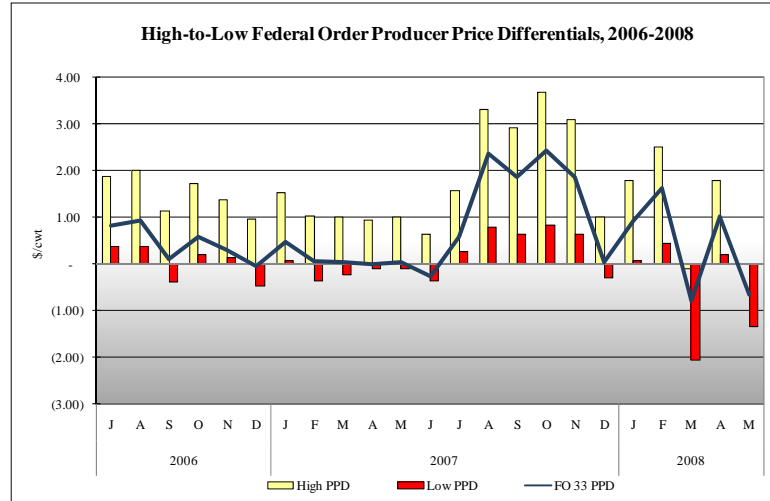
PRODUCER PRICE DIFFERENTIAL STATISTICS

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

Of those orders, Federal Order 1 had the highest producer price differential in all months of 2006, 2007, and 2008. For May 2008, Federal Order 1 had a PPD of \$0.00 per hundredweight, \$1.79 lower than the April 2008 PPD price in Federal Order 1.

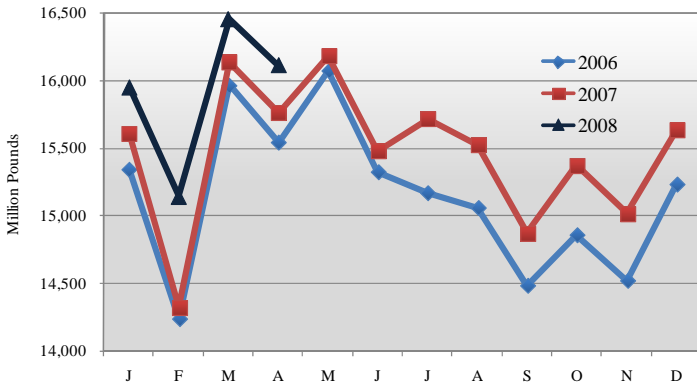
In May 2008 Federal Order 33 had the fourth highest PPD, behind Order 1, Order 30 and Order 126, at (\$0.65) per hundredweight, \$1.66 lower than the April 2008 PPD price.

For May 2008 Federal Order 124 had the lowest PPD at (\$1.35) per hundredweight, \$1.54 lower than the April 2008 PPD price.

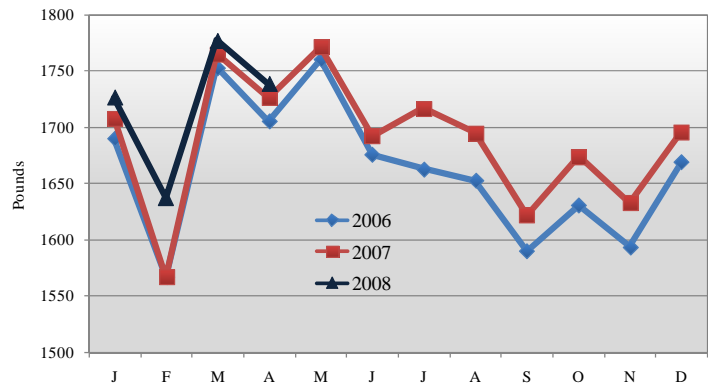


MILK PRODUCTION STATISTICS**

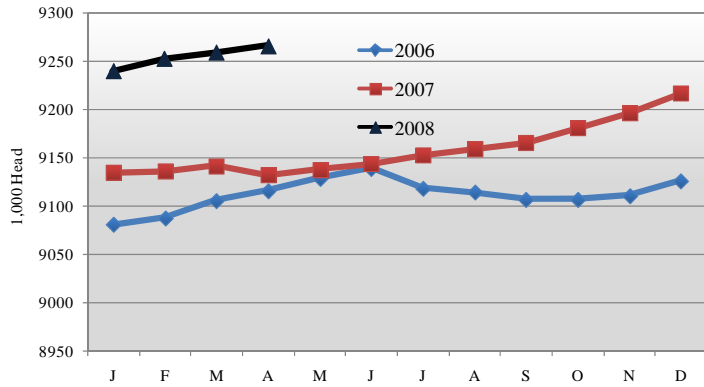
Milk Production by Month, United States, 2006-2008



Milk Production Per Cow by Month, United States, 2006-2008



Milk Cows by Month, United States, 2006-2008



Milk production in the United States during April totaled 16.1 billion pounds, down 2.10 percent from March 2008. April 2008 Milk Production in the United States was up 2.18 percent from April 2007.

Production per cow in the United States averaged 1,738 pounds for April 2008, 39 pounds less than March 2008 and 0.70 percent higher than April 2007.

The number of milk cows on farms in the United States was 9.26 million head, 7,000 head more than March 2008, and 134,000 head more than April 2007.

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