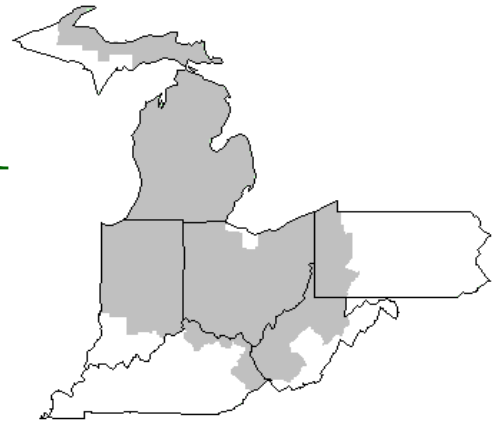


Mideast Market Administrator's Bulletin



Federal Order No. 33

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January 2010

2009 Market Summary

Producer milk receipts pooled totaled 16.6 billion pounds on the Mideast Order during 2009, an increase of 888.6 million pounds, or 5.7 percent from 2008. During 2009, there were over 184 million pounds of milk voluntarily depooled. Monthly producer receipts ranged from a low of 1.28 billion pounds in February to a high of 1.49 billion pounds in May.

The number of producers pooled on the Mideast Order in 2009 averaged 7,206 per month, down 3.6 percent from a year earlier. Producer milk averaged 3.69 percent butterfat in 2009, ranging from a high of 3.83 percent in January to a low of 3.55 percent in July. The protein test averaged 3.06 percent for 2009. Protein tests ranged from a low of 2.96 percent in June and July, to a high of 3.14 percent in October and December. Other solids tests for producer milk averaged 5.70 percent for the year.

For the year, 41.2 percent of producer milk was utilized as Class I; 19.4 percent in Class II; 32.5 percent in Class III; and 6.9 percent in Class IV. The Class I utilization percentage had a low of 36.9 percent in June and a high of 46.3 percent in October. Class I milk totaled 6.8 billion pounds during 2009, up 3.8 percent from 2008. Class II milk totaled 3.2 billion pounds in 2009, an increase of 8.4 percent from 2008. Class III pooled pounds were 5.4 billion pounds in 2009, an increase of 12.8 % from 2008. Class IV milk totaled 1.1 billion pounds in 2009, a decrease of 16.5 percent from 2008.

The Class I price averaged \$13.48 per cwt for the year, a decrease of \$6.52 per cwt from 2008. The Class I price had a high of \$17.74 per cwt in January 2009 and a low of \$11.43 per cwt in March. The Class II price averaged \$11.26 per cwt, a decrease of \$4.98 per cwt from the prior year. It ranged from a low of \$10.25 per cwt in January to a high of \$14.25 per cwt in December. The Class III price averaged \$11.36 per cwt, a decrease of \$6.08 per cwt from 2008. The Class III price ranged from a low of \$9.31 per cwt in February, to a high of \$14.98 per cwt in December. The Class IV price averaged \$10.89 per cwt for the year, a decrease of \$3.76 per cwt from a year ago. It was lowest in February at \$9.45 per cwt and was highest in December at \$15.01 per cwt.

The Statistical Uniform Price averaged \$12.11 per cwt for 2009 compared to \$17.86 per cwt in 2008. The Producer Butterfat Price averaged \$1.2571 per pound in 2009. This was a decrease of \$0.3097 from 2008. The butterfat price was lowest in February at \$1.0941 per pound and was highest in December at \$1.5433 per pound. The Protein Price averaged \$2.2087 per pound in 2009. This was a decrease of \$1.6811 from the previous year. The protein price was lowest in July at \$1.6970 per pound and was highest in December at \$2.8751 per pound. Other Solids Price averaged \$ 0.0612 per pound, \$0.0057 higher than the 2008 average. The Producer Price Differential (PPD) averaged \$0.75 per cwt in 2009 with a high of \$2.44 per cwt in January and a low of \$(0.04) per cwt in September.

November Milk Production Down 1.0 Percent

Milk production in the 23 major States during November totaled 14.0 billion pounds, down 1.0 percent from November 2008. October revised production at 14.3 billion pounds, was down 1.2 percent from October 2008. The October revision represented a decrease of 12 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,679 pounds for November, 25 pounds above November 2008.

The number of milk cows on farms in the 23 major States was 8.31 million head, 209,000 head less than November 2008, and 6,000 head less than October 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 November totaled 2.2 billion pounds, up 44 million pounds or 2.1 percent from November 2008.

Production per cow in the Mideast states averaged 1,623 pounds for November, 40 pounds above November 2008.

The number of cows on farms in the Mideast states was 1.3 million head, 9,000 head less than November 2008.

December 2009 Pool Summary

Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	606,113,008	43.6
Class II	242,246,018	17.4
Class III	441,255,536	31.7
Class IV	101,005,310	7.3
Total	1,390,619,872	100.0

Producer Prices

Producer Price Differential	\$ 0.14 /cwt
Butterfat Price	1.5433 /lb
Protein Price	2.8751 /lb
Other Solids Price	0.1727 /lb
Somatic Cell Adjustment Rate	0.00080 /cwt
Statistical Uniform Price	15.12 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

December 2009

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			594,864,897			\$ 11.31 / cwt	\$ 67,279,219.89
Class I Butterfat		11,248,111				1.4510 / lb	16,321,009.08
Class I Location Differential	606,113,008						(278,862.55)
Class II SNF Value				20,952,897		1.0156 / lb	21,279,762.23
Class II Butterfat		14,459,587				1.5503 / lb	22,416,697.72
Class III Protein Value			13,883,359			2.8751 / lb	39,916,045.47
Class III Other Solids Value					25,228,929	0.1727 / lb	4,357,036.03
Class III Butterfat		16,138,789				1.5433 / lb	24,906,993.06
Class IV SNF Value				8,303,509		1.1068 / lb	9,190,323.78
Class IV Butterfat		10,673,220				1.5433 / lb	16,471,980.44
Somatic Cell Value II / III / IV							<u>887,658.44</u>
TOTAL PRODUCER MILK VALUE	1,390,619,872	52,519,707	43,651,641		79,436,999		\$222,747,863.59
Overages						\$ 137,940.46	
Beginning Inventory and Other Source Charges						\$ 187,939.60	
TOTAL ADJUSTMENTS							<u>\$ 325,880.06</u>
TOTAL HANDLER OBLIGATIONS							<u>\$ 223,073,743.65</u>
Total Protein Value			43,651,641 lbs	@	\$ 2.8751		\$(125,502,833.03)
Total Other Solids Value			79,436,999 lbs	@	0.1727		(13,718,769.74)
Butterfat Value			52,519,707 lbs	@	1.5433		(81,053,663.78)
Total Somatic Cell Values							<u>(1,551,445.78)</u>
TOTALS							<u>\$ 1,247,031.32</u>
Net Producer Location Adjustments							\$ 636,875.68
1/2 Unobligated Balance Producer Settlement Fund							<u>651,000.00</u>
Total - Divided by Total Pounds			1,390,619,872 lbs		0.1822861		\$ 2,534,907.00
Rate of Cash Reserve					<u>(0.0422861)</u>		<u>(588,038.91)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,390,619,872		\$ 0.14 /cwt		\$ 1,946,868.09

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	December	
	<u>2009</u>	<u>2008</u>
Butterfat Price	\$1.5433 / lb	\$1.2998 / lb
Protein Price	2.8751 / lb	3.6390 / lb
Other Solids Price	0.1727 / lb	(0.0269) / lb
Somatic Cell Adjustment Rate	0.00080 / cwt	0.00088 / cwt
Nonfat Solids Price	1.1068 / lb	0.6680 / lb

	December	
	<u>2009</u>	<u>2008</u>
Class III Price - 3.5% BF	\$ 14.98	\$15.28
Producer Price Differential*	<u>0.14</u>	<u>(0.86)</u>
Statistical Uniform Price	\$15.12	\$14.42

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	December	
	<u>2009</u>	<u>2008</u>
Class I*	\$15.99	\$17.43
Class II	14.25	11.21
Class III	14.98	15.28
Class IV	15.01	10.35

	December	
	<u>2009</u>	<u>2008</u>
Product lbs.		
Class I	606,113,008	586,566,010
Class II	242,246,018	223,885,752
Class III	441,255,536	316,194,816
Class IV	<u>101,005,310</u>	<u>98,709,684</u>
Total	1,390,619,872	1,225,356,262

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for December 2009 was \$0.14 and the Statistical Uniform Price was \$15.12 for the month. The Statistical Uniform Price is \$1.01 higher than last month, and is \$0.70 higher than December 2008.

The Producer Butterfat Price of \$1.5433 per pound increased 7.77 cents from November and is up 24.35 cents from a year ago. The Protein Price of \$2.8751 is up 17.6 cents from last month and is down 76.39 cents from December 2008. The Other Solids Price in December was \$0.1727 per pound, an increase from last month's price of \$0.1524 and an increase of 19.96 cents from last December. The Somatic Cell Adjustment rate for December was \$0.00080.

December producer receipts of 1.39 billion pounds were 6.3 percent higher than November and 13.5 percent higher than December 2008 production of 1.23 billion pounds. Producer milk allocated to Class I accounted for 43.6 percent of the total producer milk in December 2009, less than the 44.0 percent in November and less than the 47.9 percent in December 2008. A total of 7,154 producers were pooled on the Mideast Order compared to 7,325 producers pooled in December 2008.

The market average content of producer milk was as follows: Butterfat 3.78%; Protein 3.14%; Other Solids 5.71% and Nonfat Solids 8.85%.

Secretary Vilsack Announces Members of the Dairy Industry Advisory Committee

Agriculture Secretary Tom Vilsack announced the appointment of 17 members to a federal Dairy Industry Advisory Committee. Over the next two years, the committee will review the issues of farm milk price volatility, dairy farmer profitability and consolidation, and offer suggestions on ways USDA can best address the needs of a struggling dairy industry. Representatives will include: producers and producer organizations, processors and processor organizations, handlers, consumers, academia, retailers, and state agencies involved in organic and non-organic dairy at the local, regional, national, and international levels.

"USDA has worked tirelessly to assist dairy farmers during these tough times," said Vilsack. "We've increased support prices under the Dairy Product Price Support Program, reactivated the Dairy Export Incentive Program, and bought 200 million pounds of nonfat dry milk for federal feeding programs. This committee, whose members come from all aspects of the dairy industry, will work to find long term solutions to assist this struggling industry."

Producer members appointed to the committee are: Erick Coolidge (Pa.), Timothy den Dulk (Mich.), Debora Erb (N.H.), James Goodman (Wis.), James Krahn, (Ore.), Edward Maltby (Mass.), Manuel Souza (Calif.), Ed Welch (Minn.), and James Williams (Ga.).

Representatives from the processing industry include: Jay Bryant (Va.), Patricia Stroup (Calif.), Sue Taylor (Colo.), and Robert Wills. (Wis.).

Members representing state government, retail, academia, and consumers are: Rodney Nilsestuen (Wis.), Robert Schupper (Pa.), Andrew Novakovic (N.Y.), and Paul Bourbeau (Vt.).

All members will serve two-year terms, beginning in January 2010, and expiring January 2012. The committee was expanded this year from 15 members to 17 and will hold its first meeting in early 2010. The meeting will be open to the public and USDA encourages public participation. For additional information check the Dairy Industry Advisory Committee website, <http://www.ams.usda.gov/AMSV1.0/DairyAdvisoryCommittee>.

Agriculture Secretary Vilsack Announces Cheese Purchase of \$60 Million to Assist Struggling Dairy Producers, Aid Nation's Food Banks

Agriculture Secretary Tom Vilsack announced that approximately \$60 million in cheese and cheese products will be purchased by the Commodity Credit Corporation (CCC) for use in domestic feeding programs through USDA's Food and Nutrition Service. USDA is expediting this cheese purchase to help provide much-needed support for low-income families struggling to put nutritious food on their tables, and to deliver timely assistance to dairy farmers who have been challenged by high feed costs and low dairy prices.

Along with providing market benefits for U.S. dairy producers, commodity purchases such as the \$60 million announced today provide much-needed food aid - in the form of high-protein cheese - to food banks across our nation. The purchase continues USDA's long history of delivering nutritional assistance through domestic and international feeding programs, including 15 domestic nutrition programs that touch the lives of one in every five people in America each day.

The 2010 Agricultural Appropriations Act authorized \$60 million for the purchase of cheese and cheese products. This cheese purchase marks the second of two steps announced this week by USDA to utilize a total of \$350 million authorized under the Act. Yesterday, Vilsack announced the Dairy Economic Loss Assistance Payment Program, which provides \$290 million for one-time payments to eligible dairy producers.

"USDA is committed to helping dairy producers weather current challenges in the market, and this cheese purchase serves as one more example in a long line of USDA efforts this year to provide support," said Jim Miller, Under Secretary for Farm and Foreign Agriculture Services.

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 2009						November 2008				
	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	1,841	568,217	3.70	3.11	5.71	184	539,696	3.75	3.14	6.07	233
Ohio	2,200	312,509	3.82	3.17	5.68	229	315,490	3.90	3.18	5.67	243
Indiana	1,126	134,723	3.83	3.15	5.68	239	132,650	3.89	3.16	5.67	253
New York	388	132,181	3.71	3.12	5.69	207	128,317	3.78	3.12	5.68	225
Pennsylvania	1,120	98,333	3.87	3.18	5.66	296	101,592	3.95	3.19	5.65	304
Wisconsin	281	51,406	3.67	3.05	5.74	239	62,048	3.82	3.10	5.77	233
West Virginia	60	4,051	4.06	3.31	5.63	295	5,201	4.08	3.33	5.65	329
Illinois	23	1,901	3.93	3.21	5.61	317	7,719	3.76	3.10	5.75	241
Other	110	5,049	3.90	3.17	5.69	270	7,492	3.82	3.16	5.72	251
Total/Average *	7,149	1,308,370	3.76	3.13	5.69	214	1,300,207	3.83	3.15	5.84	243

* 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 2009

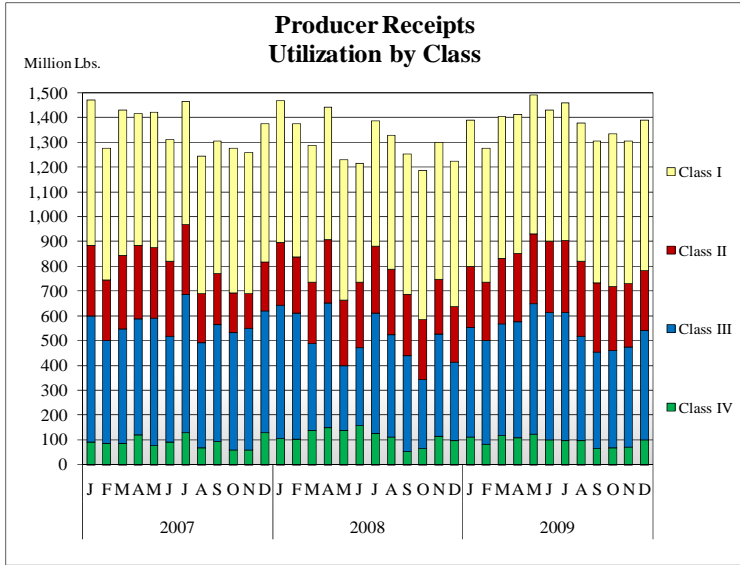
Marketing Area ^{1/}	Producer Milk		Class I	Producer	Statistical
	Total (000)	Class I (000)	Percent %	Price Differential (per cwt.)	Uniform Price (per cwt.)
FO 1 Northeast - (<i>Boston</i>)	1,912,139	904,160	47.3	\$1.13	\$16.11
FO 5 Appalachian - (<i>Charlotte</i>)	504,544	363,064	72.0	^{2/}	16.99
FO 6 Florida - (<i>Tampa</i>)	254,431	222,997	87.7	^{2/}	18.99
FO 7 Southeast - (<i>Atlanta</i>)	615,755	413,012	67.1	^{2/}	17.23
FO 30 Upper Midwest - (<i>Chicago</i>)	2,698,644	391,440	14.5	0.08	15.06
FO 32 Central - (<i>Kansas City</i>)	971,272	381,493	39.3	(0.02)	14.96
FO 33 Mideast - (<i>Cleveland</i>)	1,390,620	606,113	43.6	0.14	15.12
FO 124 Pacific Northwest - (<i>Seattle</i>)	618,634	200,657	32.4	0.07	15.05
FO 126 Southwest - (<i>Dallas</i>)	900,856	370,466	41.1	1.02	16.00
FO 131 Arizona - (<i>Phoenix</i>)	345,769	123,368	35.7	^{2/}	15.50

^{1/} Names in parentheses are principal points of markets.

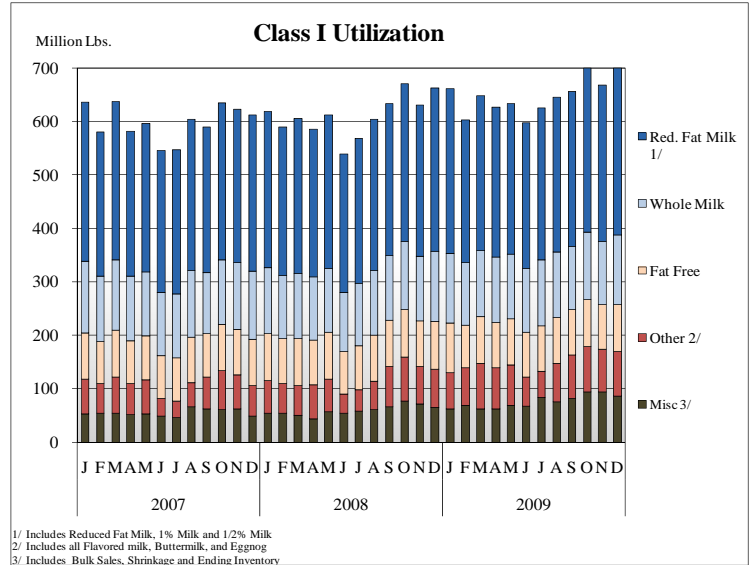
^{2/} Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR JANUARY 2010\$14.25 /cwt.

PRODUCER MILK CLASSIFICATION

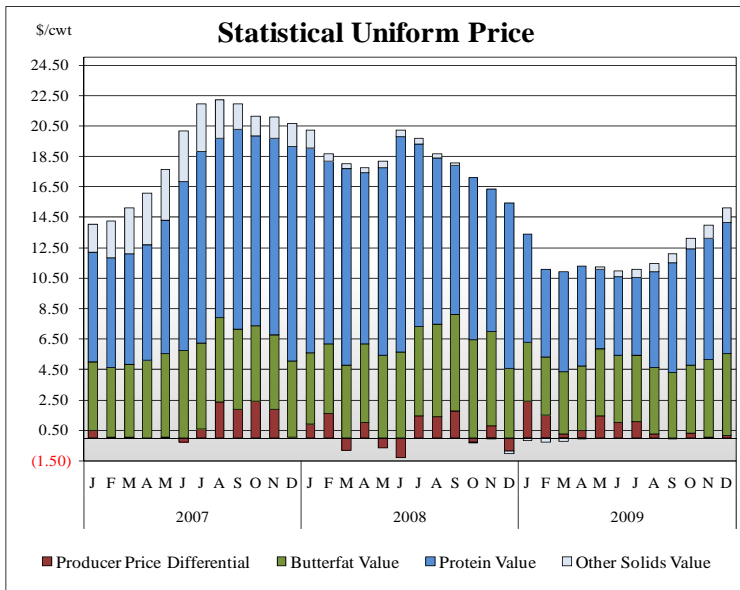


Producer Receipts: Producer receipts for the Mideast Order totaled 1.39 billion pounds in December 2009. The pounds allocated to Class I represented 43.6 percent of the total pounds. Producer receipts increased 165 million pounds compared to December 2008, and Class I utilization pounds increased 3.2 percent from December 2008.

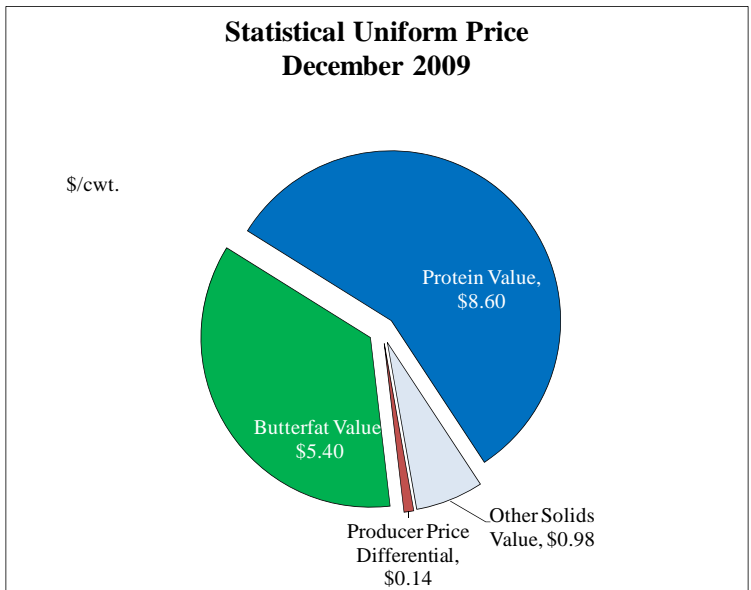


Class I Pounds: Class I utilization for the Mideast Order totaled 606 million pounds in December 2009. Finished products include 130 million pounds used for whole milk, 312 million pounds of reduced fat and low fat milk, and 87 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE



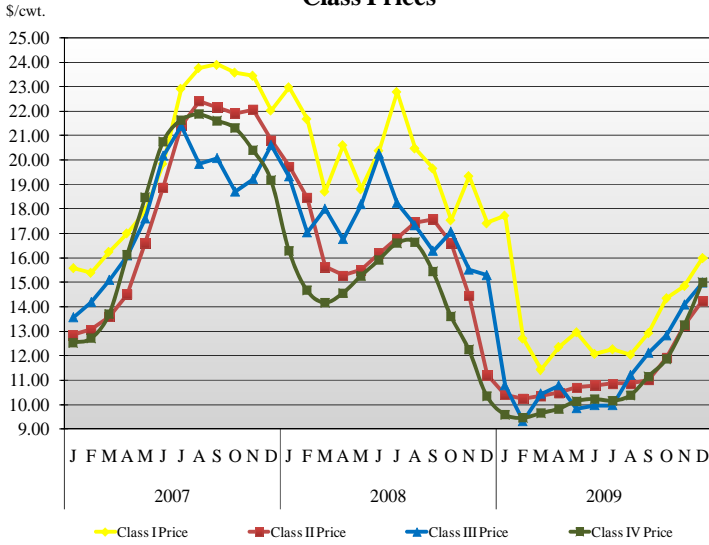
Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$15.12 per cwt for December 2009. The December 2009 SUP was \$1.01 per cwt higher than the November 2009 SUP. The December 2009 SUP is 4.9 percent higher than the December 2008 SUP.



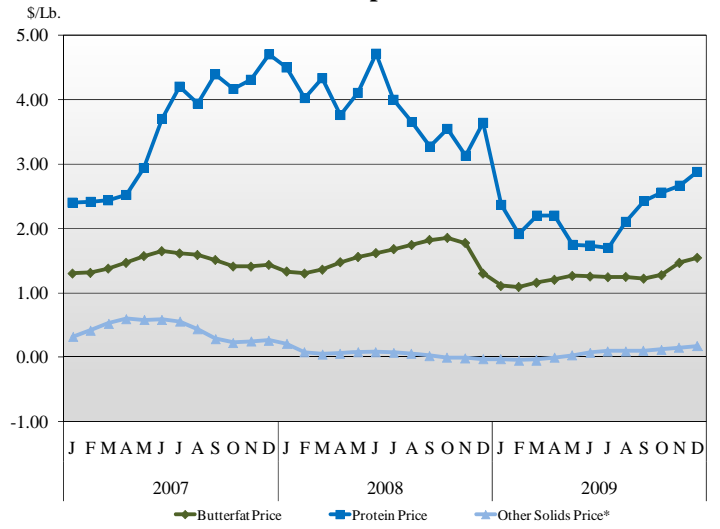
December Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the December 2009 SUP are: \$8.60 per cwt for protein, \$5.40 per cwt for butterfat and \$0.98 per cwt in other solids. Also included in the SUP is \$0.14 per cwt in PPD value.

CLASS AND COMPONENT PRICES

Class Prices

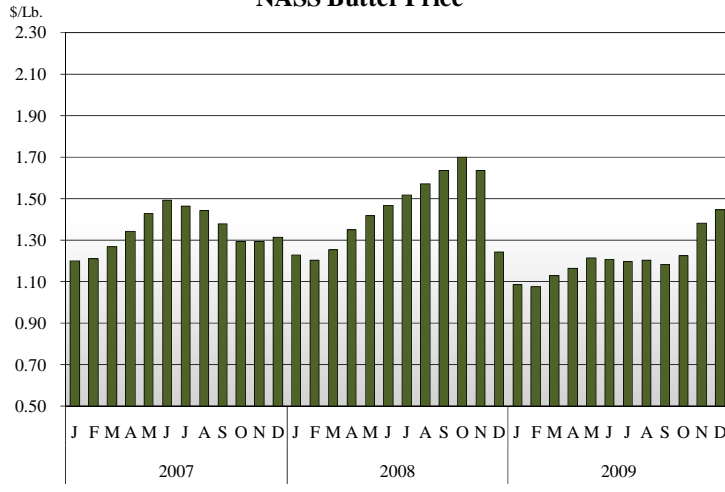


Producer Component Prices

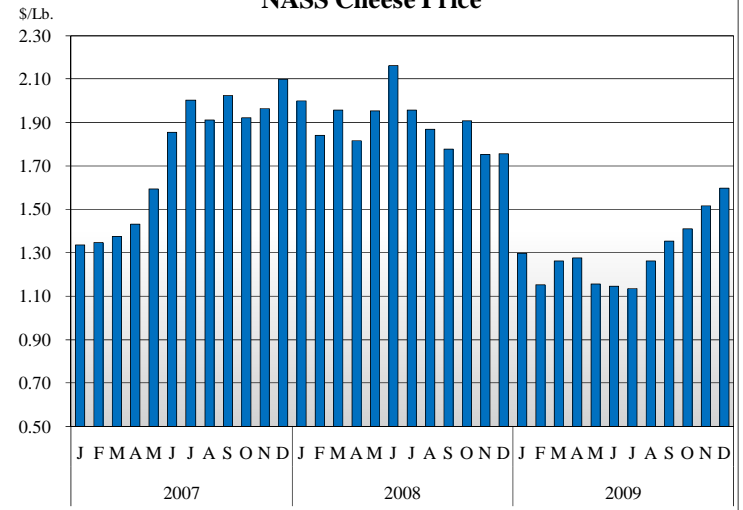


WEIGHTED AVERAGE NASS PRICES

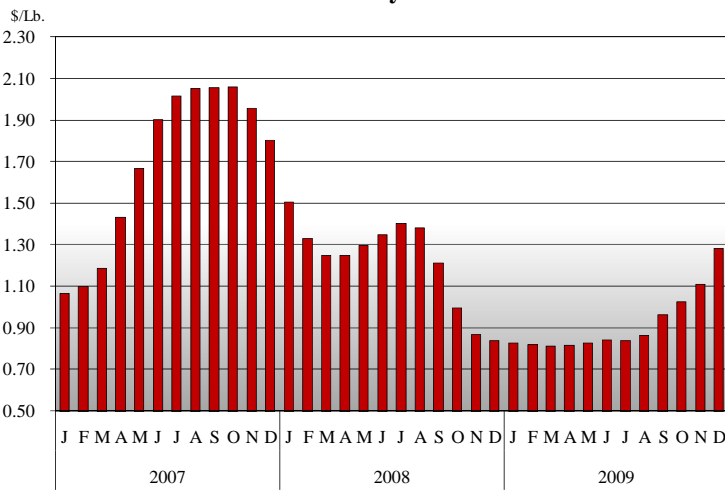
NASS Butter Price



NASS Cheese Price



NASS Nonfat Dry Milk Price



NASS Dry Whey Price

