

The Market Administrator's Bulletin

MIDEAST MARKETING AREA

Federal Order No. 33

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DAVID Z. WALKER, Market Administrator

March 2001

DAVID Z. WALKER APPOINTED MARKET ADMINISTRATOR

Richard M. McKee, Deputy Administrator, Dairy Programs, announced the appointment of David Z. Walker as Market Administrator of the Mideast Milk Marketing Order, effective February 25, 2001. Mr. Walker graduated from The Ohio State University with a master's degree in Agricultural Economics. In 1979, he was hired in the Milk Market Administrator office for the Mid Atlantic Market Order. He held several positions while in the Alexandria, Virginia, office including Agricultural Economist, Assistant to the Market Administrator and Assistant Market Administrator. He served as the Acting Market Administrator in Alexandria for approximately a year and a half. In June 2000, he accepted the position of Assistant Market Administrator in Cleveland, Ohio, serving the Mideast Milk Marketing Order. In December 2000, he was appointed Acting Market Administrator of the Mideast Market Order.

OUTLOOK FOR DAIRY*

Milk Production Revisions Point to Steady 2001. Recently published revisions to annual 2000 milk production data show almost no changes from the original estimates. Milk cow numbers and milk production were lowered only 0.2 percent. Milk production in 2000 grew almost 3 percent (on a daily average basis) on the strength of a more than 2-percent increase in milk per cow and an almost 1-percent rise in average milk cow numbers.

The revisions to 2000 data were more important to the outlook for 2001 than they were for 2000. Whether the low 2000 returns to milk production would begin to significantly slow expansion of milk output was a key uncertainty throughout 2000. Preliminary estimates showed milk cow numbers continuing to rise last summer and only turning downward at the end of the year. Yearend numbers were still significantly above a year earlier. Overall, the inference had been that expansion by stronger producers remained largely unabated, and accelerated exit of weaker farms had barely begun by the end of 2000.

Revised data show that cow numbers rose less than thought during the first half, were flat during the summer, and declined significantly during autumn. Cow numbers at the start of 2001 were only barely above a year earlier. It now appears that structural adjustments to the low returns started earlier than previously thought. In addition, late 2000 milk per cow was revised downward slightly, implying that forage quality problems may be more severe than believed. The almost 2-percent drop in January milk production in the 20 States reinforced both of these patterns. Milk production in 2001 is now projected to be close to last year.

Demand Uncertainty Grows. Growth in dairy demand in 2001 may not match the exuberant pace of recent years, as the economic expansion is beginning to show some ragged edges after a long steady run. Even so, dairy demand is projected to remain fairly good through at least most of the year because a major economic slowdown does not seem likely. Demand for cheese, butter, and cream probably will continue to show the most strength.

The general economy is still predicted to grow this year and probably will continue to bolster dairy demand. However, slower overall growth, some layoffs, higher energy costs, slippage in stock values, and media attention to signs of economic softening may reduce consumer confidence and make them more cautious about spending. Consumer retrenching probably will affect different dairy products unevenly but will have a dampening effect overall.

Muted Price Recovery Expected. Milk prices in 2001 are likely to recover only slightly from last year's low. Farm milk prices currently are somewhat above the very low levels of a year ago but are expected to run near a year earlier during the spring and summer. Seasonal rises are projected to lift autumn prices above a year earlier. For the year, the average price of all milk is expected to rise about a half-dollar per cwt. The gap between the value of milk for butter-powder and for cheese probably will stay wide.

The year of 2001 is not expected to see major recovery in prices of milk and dairy products. However, it is expected to be a year when milk production slows, demand continues to expand, and the stage is set for stronger prices in the years to come.

* This summary was assembled by the Market Information Branch, Dairy, Programs, AMS from the two source documents.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-80, February 28, 2001, and "Outlook for Dairy", Agricultural Outlook Forum, February 23, 2001, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

**MIDEAST MARKETING AREA
FEDERAL ORDER 33**

**MARKET STATISTICS
FEBRUARY 2001**

PRODUCER MILK CLASSIFICATION	<i>Pounds</i>
Class I	518,605,264
Class II	81,011,195
Class III	558,457,479
Class IV	37,142,265
Total	1,195,216,203

OTHER SOURCE RECEIPTS	
Non-Pool Plants	46,196,829
Producer-Handler/Unapproved	1,379,824
Powder-Condensed (Sk. Equiv.)	12,562,117
Opening Inventory	77,214,203
Overage	19,846
Total	137,372,819

TOTAL RECEIPTS 1,332,589,022

PRODUCTION SUMMARY	
Producer Milk Percent Protein	3.06%
Producer Milk Percent Butterfat	3.78%
Producer Milk Percent Other Solids	5.69%
Producer Milk Percent Nonfat Solids	8.75%
Number of Producer Farms	10,762
Average Daily Production Per Farm	3,966
Average Daily Production	42,686,293
Number of Reports - Plants and Cooperatives	72
Number of Reporting Handlers	39
Income Per Farm (Monthly Average)	\$14,153
Total Somatic Cell Adjustment	\$399,847

PRICE SUMMARY	
Producer Price Differential - <i>per cwt.</i>	*\$2.01
Producer Butterfat Price - <i>per lb.</i>	1.4626
Producer Protein Price - <i>per lb.</i>	1.4951
Producer Other Solids Price - <i>per lb.</i>	0.1199
Nonfat Solids Price - <i>per lb.</i>	0.8737
Uniform Price - <i>per cwt (Informational Purposes Only)</i>	*\$12.28
Class I	*\$13.94
Class II	13.43
Class III	10.27
Class IV	12.70
Class I Skim Milk Price - <i>per cwt.</i>	*\$9.89
Class I Butterfat Price - <i>per lb.</i>	*1.2552
Class II Skim Milk Price - <i>per cwt.</i>	8.59
Class II Nonfat Solids Price - <i>per lb.</i>	0.9544
Class II Butterfat Price - <i>per lb.</i>	1.4696
Class III Skim Milk Price - <i>per cwt.</i>	5.34
Class IV Skim Milk Price - <i>per cwt.</i>	7.86
Class III & IV Butterfat Price - <i>per lb.</i>	1.4626

*Price at Cuyahoga County, Ohio (*Cleveland*). Subject to location adjustment.

**DISPOSITION OF RECEIPTS BY POOL HANDLERS
FEBRUARY 2001**

CLASS I	<i>Pounds</i>
Whole Milk	128,652,908
Flavored Whole Milk	9,593,494
2% Reduced Fat Milk	212,086,307
1% Lowfat Milk	35,426,834
1/2% Lowfat Milk	14,594,783
Flavored Lowfat & Skim	40,022,603
Fat Free Milk	73,477,082
Eggnog	4,208,768
Buttermilk	3,587
Bulk Sales	4,983,378
Shrinkage	2,480,077
Ending Inventory	43,580,829
Total Class I	569,110,650
CLASS II	
Cream	5,318,582
Sour Cream, Dips & Yogurt	13,493,900
Cottage Cheese	32,694,085
Ice Cream Mix & Condensed	32,452,796
Skim Equivalent	10,456,926
Shrinkage	*
Transfers to Other Federal Order Pool Plants	2,800,504
Total Class II	97,216,793
CLASS III	
Hard Cheese	539,151,259
Condensed & Evaporated Milk	33,271,209
Livestock Feed & Dump	1,665,798
Transfers to Other Federal Order Pool Plants	7,531,501
Shrinkage	9,334,637
Total Class III	590,954,404
CLASS IV	
Butter	16,689,650
Whole Milk Powder	2,428,440
Nonfat Dry Milk	2,504,571
Other	**
Skim Equivalent Used to Fortify	1,460,374
Transfers to Other Federal Order Pool Plants	20,324,903
Ending Inventory	31,899,237
Total Class IV	75,307,175
TOTAL DISPOSITION	1,332,589,022
PRODUCER BUTTERFAT UTILIZATION	
Class I	9,737,688
Class II	8,326,592
Class III	20,111,404
Class IV	6,982,685
Total Butterfat	45,158,369
PRODUCER NONFAT SOLIDS UTILIZATION	
Class II	6,624,368
Class IV	2,739,455
Total Nonfat Solids	104,590,584
PRODUCER PROTEIN UTILIZATION	
Class III	17,087,869
Total Protein	36,578,719
PRODUCER OTHER SOLIDS UTILIZATION	
Class III	31,844,456
Total Other Solids	68,011,865
SOMATIC CELL ADJUSTMENT	
Class II / III / IV	\$258,535

* Restricted, included with Ice Cream Mix & Condensed.

** Restricted, included with Ending Inventory.

**ANNOUNCEMENT OF PRODUCER PRICES
FEBRUARY 2001**

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			508,867,576			\$ 9.89 / cwt	\$ 50,327,003.27
Class I Butterfat		9,737,688				1.2552 / lb	12,222,745.98
Class I Location Differential	518,605,264						(289,681.50)
Class II SNF Value				6,624,368		0.9544 / lb	6,322,296.87
Class II Butterfat		8,326,592				1.4696 / lb	12,236,759.58
Class III Protein Value			17,087,869			1.4951 / lb	25,548,072.94
Class III Other Solids Value					31,844,456	0.1199 / lb	3,818,150.28
Class III Butterfat		20,111,404				1.4626 / lb	29,414,939.49
Class IV SNF Value				2,739,455		0.8737 / lb	2,393,461.84
Class IV Butterfat		6,982,685				1.4626 / lb	10,212,875.12
Somatic Cell Value II / III / IV							<u>258,535.35</u>
TOTAL PRODUCER MILK VALUE	1,195,216,203	45,158,369	36,578,719			68,011,865	\$ 152,465,159.22
Overages						\$ 20,397.82	
Beginning Inventory						(38,779.81)	
TOTAL ADJUSTMENTS							<u>\$ (18,381.99)</u>
TOTAL HANDLER OBLIGATIONS							\$ 152,446,777.23
Total Protein Value			36,578,719 lbs	@	\$1.4951		\$ (54,688,842.77)
Total Other Solids Value			68,011,865 lbs	@	0.1199		(8,154,622.62)
Butterfat Value			45,158,369 lbs	@	1.4626		(66,048,630.48)
Total Somatic Cell Values							<u>(399,846.75)</u>
TOTALS							\$ 23,154,834.61
Net Producer Location Adjustments							\$ 996,906.34
1/2 Unobligated Balance Producer Settlement Fund							<u>457,000.00</u>
Total - Divided by Total Pounds			1,195,216,203 lbs		2.0589364		\$ 24,608,740.95
Rate of Cash Reserve					<u>(0.0489364)</u>		<u>(584,895.78)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,195,216,203		\$2.01 / cwt		\$ 24,023,845.17

COMPONENT PRICES

Butterfat Price	\$1.4626 / lb
Protein Price	1.4951 / lb
Other Solids Price	0.1199 / lb
Somatic Cell Adjustment Rate	0.00057 / cwt
Nonfat Solids Price (For Informational Purpose Only)**	0.8737 / lb

MARKET AVERAGE CONTENT OF PRODUCER MILK

Butterfat	3.78 %
Protein	3.06 %
Other Solids	5.69 %
Nonfat Solids	8.75 %

CLASSIFICATION OF PRODUCER MILK

	<i>Product lbs.</i>	<i>Percent</i>
Class I	518,605,264	43.4
Class II	81,011,195	6.8
Class III	558,457,479	46.7
Class IV	<u>37,142,265</u>	<u>3.1</u>
Total	1,195,216,203	100.0

COMPUTATION OF UNIFORM PRICE

Class III Price - 3.5% BF	\$10.27
Producer Price Differential	<u>2.01</u>
Statistical Uniform Price (For Informational Purpose Only)	\$12.28

* Subject to Location Adjustment.

** Producers are not paid on this component.

**PRODUCER MILK SUMMARY
MIDEAST MARKETING AREA 1/**

	Class I		Class II		Class III		Class IV		Total Pounds (000)
	Pounds (000)	Percent	Pounds (000)	Percent	Pounds (000)	Percent	Pounds (000)	Percent	
2000									
February	549,648	52.0	187,567	17.7	250,519	23.7	69,791	6.6	1,057,525
March	586,082	50.3	223,960	19.2	277,773	23.8	77,864	6.7	1,165,678
April	523,073	47.3	177,283	16.0	295,612	26.8	108,829	9.9	1,104,797
May	556,333	49.1	178,128	15.7	308,236	27.2	90,991	8.0	1,133,688
June	521,550	46.8	176,612	15.9	340,349	30.5	75,950	6.8	1,114,461
July	514,292	42.4	212,421	17.5	386,607	31.9	99,998	8.2	1,213,319
August	578,775	48.9	194,567	16.4	365,309	30.8	46,034	3.9	1,184,684
September	577,626	45.9	207,934	16.5	422,422	33.5	51,430	4.1	1,259,412
October	568,995	43.3	163,103	12.4	509,097	38.8	72,129	5.5	1,313,325
November	577,879	45.7	142,721	11.3	502,566	39.7	41,250	3.3	1,264,416
December	577,956	46.4	83,133	6.7	541,598	43.5	43,089	3.4	1,245,776
2001									
January	588,146	42.5	164,669	11.9	578,362	41.7	53,992	3.9	1,385,170
February	518,605	43.4	81,011	6.8	558,457	46.7	37,142	3.1	1,195,216

**NATIONAL AGRICULTURAL STATISTICAL SERVICE
DAIRY PRODUCTS PRICE AVERAGES**

	Two-Week Average				Monthly Average			
	Cheese	Butter	Nonfat Dry Milk	Dry Whey	Cheese	Butter	Nonfat Dry Milk	Dry Whey
	<i>Dollars per pound</i>				<i>Dollars per pound</i>			
2000								
February	1.1084	0.9105	1.0104	0.1800	1.1067	0.9002	1.0106	0.1788
March	1.1073	0.9331	1.0098	0.1771	1.1093	0.9497	1.0094	0.1780
April	1.1035	1.0618	1.0096	0.1774	1.1011	1.0449	1.0078	0.1765
May	1.1011	1.1140	1.0100	0.1755	1.1022	1.1680	1.0071	0.1760
June	1.1060	1.2911	1.0106	0.1794	1.1137	1.2725	1.0097	0.1794
July	1.2269	1.1729	1.0093	0.1893	1.2189	1.1547	1.0102	0.1909
August	1.1847	1.1465	1.0091	0.1940	1.1660	1.1520	1.0108	0.1929
September	1.2380	1.1444	1.0168	0.1856	1.2315	1.1560	1.0166	0.1856
October	1.2012	1.1337	1.0143	0.1820	1.1602	1.1344	1.0127	0.1826
November	1.0259	1.2032	1.0157	0.1881	1.0245	1.4051	1.0159	0.1917
December	1.0930	1.6110	1.0159	0.2194	1.0898	1.4698	1.0158	0.2172
2001								
January	1.1340	1.1279	1.0172	0.2446	1.1180	1.1725	1.0165	0.2484
February	1.1402	1.3026	1.0135	0.2603	1.1467	1.3143	1.0137	0.2561

**SUMMARY OF PRODUCER COMPONENT PRICES
MIDEAST MARKETING AREA**

	Producer Butterfat Price <i>(per lb.)</i>	Producer Protein Price <i>(per lb.)</i>	Producer Other Solids Price <i>(per lb.)</i>	Somatic Cell Adjustment Rate <i>(per cwt.)</i>	Producer Price Differential <i>(per cwt.)</i>	Statistical Uniform Price <i>(per cwt.)</i>
2000						
February	0.9588	1.9849	0.0432	0.00055	1.98	11.52
March	1.0191	1.9166	0.0424	0.00055	2.14	11.68
April	1.1352	1.7399	0.0408	0.00055	2.36	11.77
May	1.2854	1.5514	0.0403	0.00055	2.84	12.21
June	1.4128	1.4278	0.0438	0.00056	2.92	12.38
July	1.2691	1.9726	0.0557	0.00061	2.02	12.68
August	1.2659	1.7952	0.0577	0.00058	2.36	12.49
September	1.2707	2.0137	0.0502	0.00062	1.77	12.53
October	1.2444	1.8028	0.0471	0.00058	2.02	12.04
November	1.5745	0.9149	0.0565	0.00051	3.34	11.91
December	1.6534	1.0378	0.0829	0.00054	2.79	12.16
2001						
January	1.2896	1.6181	0.1120	0.00056	2.55	12.54
February	1.4626	1.4951	0.1199	0.00057	2.01	12.28

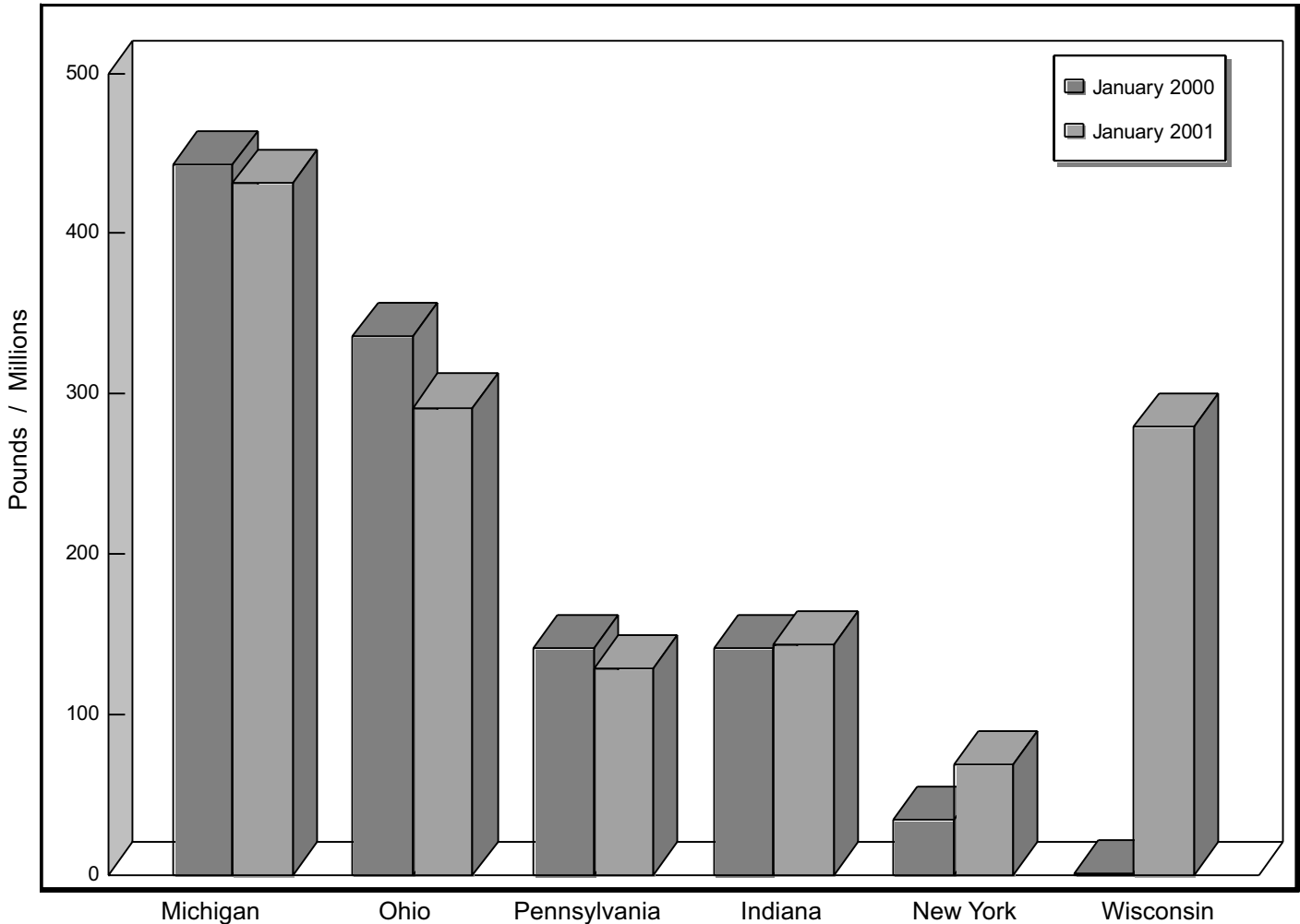
**Mideast Marketing Area - Federal Order 33
Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count
by Various Size Categories**

Production Range	Number of Producers	Pounds of Milk (000)	January 2001*				January 2000				
			-----Weighted Averages-----				-----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
1 - 30,000	2,247	38,944	4.00	3.13	5.56	413	28,450	4.04	3.18	5.55	367
30,001 - 60,000	2,718	120,655	3.94	3.11	5.61	377	106,230	3.97	3.15	5.60	340
60,001 - 90,000	1,939	142,804	3.89	3.10	5.65	349	124,702	3.92	3.12	5.62	318
90,001 - 120,000	1,252	130,278	3.86	3.09	5.66	336	112,428	3.89	3.11	5.64	312
120,001 - 150,000	757	101,647	3.87	3.10	5.68	314	98,663	3.87	3.11	5.65	288
150,001 - 250,000	1,256	237,432	3.84	3.09	5.68	298	211,163	3.87	3.11	5.66	267
250,001 - 500,000	706	236,314	3.80	3.07	5.70	274	223,566	3.82	3.09	5.68	242
500,001 & Over	354	375,104	3.68	3.04	5.72	261	208,724	3.58	3.05	5.69	240
Total / Average	11,229	1,383,178	3.81	3.08	5.68	304	1,113,927	3.83	3.10	5.65	279

* Totals may not add due to rounding. Data provided on a one month delay basis.

Mideast Marketing Order Producer Pounds

Top Six States
January 2001 vs. January 2000



Mideast Marketing Area - Federal Order 33

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

State	January 2001*						January 2000					
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	
Michigan	2,804	431,374	3.77	3.07	5.69	302	442,688	3.72	3.09	5.68	262	
Ohio	2,805	291,723	3.87	3.12	5.67	311	336,545	3.90	3.11	5.64	276	
Wisconsin	1,945	280,222	3.78	3.02	5.69	276	1,014	3.32	3.06	5.65	245	
Indiana	1,331	143,804	3.87	3.11	5.68	323	141,193	3.93	3.13	5.63	291	
Pennsylvania	1,550	127,694	3.89	3.11	5.65	348	140,769	3.89	3.10	5.63	323	
New York	453	70,158	3.76	3.03	5.68	238	34,707	3.84	3.05	5.66	257	
Illinois	135	15,367	3.81	3.08	5.74	347	2,535	3.85	3.08	5.65	245	
West Virginia	86	6,816	3.87	3.13	5.67	408	8,563	3.94	3.14	5.65	338	
Other	120	16,021	3.93	3.16	5.71	371	5,913	3.94	3.13	5.42	301	
Total/Average	11,229	1,383,178	3.81	3.08	5.68	304	1,113,927	3.83	3.10	5.65	279	

* Totals may not add due to rounding. Data provided on a one month delay basis.

The Market Administrator's Bulletin
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BULK RATE U.S. POSTAGE PAID Cleveland, Ohio Permit No. 2511
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FEDERAL ORDER DATA
FEBRUARY 2001

Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential	Statistical Uniform Price
	Total (000)	Class I (000)			
FO 1 Northeast - (<i>Boston</i>)	1,898,388	822,261	43.3	\$3.35	\$13.62
FO 5 Appalachian - (<i>Charlotte</i>)	516,261	334,195	64.7	2/	14.48
FO 6 Florida - (<i>Tampa</i>)	233,682	209,315	89.6	2/	15.91
FO 7 Southeast - (<i>Atlanta</i>)	619,968	379,557	61.2	2/	14.15
FO 30 Upper Midwest - (<i>Chicago</i>)	1,578,785	311,822	19.7	0.88	11.15
FO 32 Central - (<i>Kansas City</i>)	1,293,012	390,209	30.2	1.55	11.82
FO 33 Mideast - (<i>Cleveland</i>)	1,195,216	518,605	43.4	2.01	12.28
FO 124 Pacific Northwest - (<i>Seattle</i>)	498,920	159,140	31.9	2.08	12.35
FO 126 Southwest - (<i>Dallas</i>)	628,721	311,254	49.5	2.97	13.24
FO 131 Arizona-Las Vegas - (<i>Phoenix</i>)	245,560	77,533	31.6	2/	12.48
FO 135 Western - (<i>Salt Lake City</i>)	293,798	81,245	27.7	1.52	11.79

1/ Names in parentheses are principal pricing 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 MARCH 2001 \$ 10.27 / cwt.