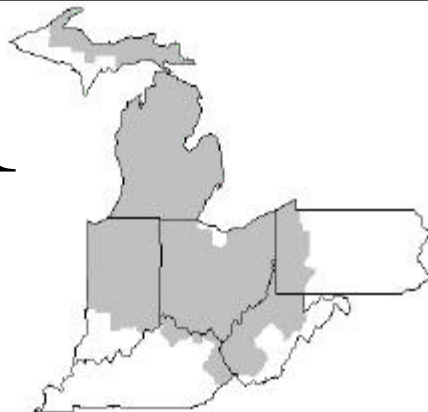


Mideast Market Administrator's Bulletin



Federal Order No. 33

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USDA ANNOUNCES TENTATIVE FINAL DECISION TO AMEND THE CENTRAL MILK MARKETING ORDER

The United States Department of Agriculture announced a tentative final decision amending the current pooling provisions of the Central milk marketing order. This decision is based on testimony and evidence given at a public hearing held November 14 and 15, 2001, in Kansas City, Missouri.

This decision will eliminate the ability to simultaneously pool milk on the Central milk order when the same milk is already pooled on a state-operated milk order that has marketwide pooling. The decision also: adopts provisions that will establish lower but year-round supply plant performance standards; will not consider the volume of milk shipments to distributing plants regulated by another Federal milk order as a qualifying shipment on the Central order; excludes from receipts diverted milk made by a pool plant to another pool plant in determining pool plant diversion limits; and establishes a "net shipments" provision for milk deliveries to distributing plants. This decision recommends adopting provisions to limit supply plant system formation, but not on an emergency basis.

USDA will conduct a vote on the amended order to determine producer approval. Interested persons have 60 days to file comments in response to the tentative decision, which appeared in the November 19th *Federal Register*.

OCTOBER MILK PRODUCTION UP 2.3 PERCENT

Milk production in the 20 major States during October totaled 12.0 billion pounds, up 2.3 percent from October 2001. September revised production, at 11.7 billion pounds, was up 2.5 percent from September 2001. The September revision represented a decrease of 0.7 percent or 91 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,544 pounds for October, 22 pounds above October 2001.

The number of milk cows on farms in the 20 major States was 7.79 million head, 67,000 head more than October 2001, and 8,000 head more than September 2002.

The Mideast Marketing Area has four states represented in the 20

major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during October totaled 2.0 billion pounds, up .6 percent from October 2001.

Production per cow in the Mideast states averaged 1,486 pounds for October, 22 pounds above October 2001.

The number of cows on farms in the Mideast states was 1.3 million head, 5,000 head less than October 2001.

PRICE SUPPORT PRODUCT PURCHASE PRICES ADJUSTED

The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) extended the Milk Price Support Program to December 31, 2007, at the support price of \$9.90 per hundred weight (3.67-percent milkfat). The Commodity Credit Corporation (CCC) supports the price of milk by purchasing cheese, butter and Nonfat Dry Milk (NDM) at announced prices. To help CCC manage accumulated inventories and control costs from these purchases, the Department of Agriculture is permitted to adjust the balance between the purchase prices of butter and nonfat dry milk up to twice each calendar year. CCC has continued to accumulate large supplies of NDM over the past two years, but has not purchased any butter. CCC purchase prices for butter and NDM currently are out of balance with each other and their respective market prices. This market misalignment has resulted in CCC accumulation of NDM stocks well above USDA's ability to use the product, large taxpayer expenditures, growing storage costs, and widening market distortions.

(continued on Page 3)

NOVEMBER 2002 - POOL SUMMARY

Classification of Producer Milk		Percent
Class I	568,214,641	43.0
Class II	139,984,315	10.6
Class III	561,126,534	42.5
Class IV	51,454,511	3.9
Total	1,320,780,001	100.0

Producer Prices

Producer Price Differential	\$1.33 /cwt
Butterfat Price	1.0923 /lb
Protein Price	1.8469 /lb
Other Solids Price	0.0850 /lb
Somatic Cell Adjustment Rate	0.00056 /cwt
Statistical Uniform Price	11.17 /cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****NOVEMBER 2002****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			557,266,756			\$ 920 / cwt	\$ 51,268,541.58
Class I Butterfat		10,947,885				1.0623 / lb	116,299,382.3
Class I Location Differential	568,214,641						(295,361.03)
Class II SNF Value				11,703,141		0.8533 / lb	9,986,290.22
Class II Butterfat		12,347,993				1.0993 / lb	13,574,148.68
Class III Protein Value			17,550,202			1.8469 / lb	32,413,468.11
Class III Other Solids Value					31,887,224	0.0850 / lb	2,710,414.18
Class III Butterfat		20,487,799				1.0923 / lb	22,378,822.88
Class IV SNF Value				4,081,301		0.7777 / lb	3,174,027.80
Class IV Butterfat		6,816,490				1.0923 / lb	7,445,652.03
Somatic Cell Value II / III / IV							288,693.39
TOTAL PRODUCER MILK VALUE	1,320,780,001	50,600,167	41,355,269		75,029,174		\$ 154,574,636.07
O verages						\$2698985	
Beginning Inventory						(36,002.68)	
TOTAL ADJUSTMENTS							\$ (9,012.83)
TOTAL HANDLER OBLIGATIONS							\$ 154,565,623.24
Total Protein Value			41,355,269lbs	@	\$18469		\$ (763,790,463.3)
Total Other Solids Value			75,029,174lbs	@	00850		(6,377,479.99)
Butterfat Value			50,600,167lbs	@	10923		(55,270,562.41)
Total Somatic Cell Values							(471,648.23)
TOTALS							\$ 16,066,886.28
Net Producer Location Adjustments							\$ 1,366,864.77
1/2 Unobligated Balance Producer Settlement Fund							740,000.00
Total - Divided by Total Pounds			1,320,780,001lbs			1.3759862	\$ 18,173,751.05
Rate of Cash Reserve						(0.0459862)	(607,376.53)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,320,780,001			\$1.33 / cwt	\$ 17,566,374.52

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	November		November		
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	
Butterfat Price	\$10923 / lb	\$14500 / lb	Class III Price - 3.5% BF	\$ 9.84	\$11.31
Protein Price	18469 / lb	18045 / lb	Producer Price Differential*	<u>1.33</u>	<u>2.48</u>
Other Solids Price	00850 / lb	01470 / lb	Statistical Uniform Price	\$11.17	\$13.79
Somatic Cell Adjustment Rate	0.00056 / cwt	0.00062 / cwt			
Nonfat Solids Price	07777 / lb	07949 / lb			

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	November		November		
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	
Class I*	\$12.60	\$17.76	Product lbs.	Product lbs.	
Class II	11.26	12.78	Class I	568,214,641	571,431,798
Class III	9.84	11.31	Class II	139,984,315	199,072,089
Class IV	10.58	11.97	Class III	561,126,534	628,486,089
			Class IV	<u>51,454,511</u>	<u>49,089,768</u>
			Total	1,320,780,001	1,448,079,744

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential For the Mideast Marketing Area for November 2002 was \$1.33 and the Statistical Uniform Price was \$11.17 for the month. The Statistical Uniform Price is down 15 cents from last month, and is \$2.62 lower than November 2001.

The Producer Butterfat Price of \$1.0923 per pound increased 1.97 cents from October 2002 and is down 35.77 cents from a year ago. The Protein Price of \$1.8469 is down 33.7 cents from last month and is up 4.24 cents from November 2001. The Other Solids Price in November was \$0.0850 per pound, an increase from last month's price of \$0.0755 and a decrease of 6.2 cents from last November. The Somatic Cell Adjustment rate for November was \$0.00056.

November producer receipts of 1.32 billion pounds were down 10.1 percent from October 2002, and decreased 8.8 percent from November 2001 production of 1.45 billion pounds. Producer milk allocated to Class I accounted for 43.0 percent of the total producer milk in November 2002, more than the 40.1 percent in October and more than the 39.5 in November 2001. A total of 10,907 producers were pooled on the Mideast Order with an average daily delivery of 4036 pounds compared to 11,533 producers pooled in November 2001 with an average daily delivery of 4,185 pounds.

The market average content of producer milk was as follows: Butterfat 3.83 %; Protein 3.13 %; Other Solids 5.68 % and Nonfat Solids 8.81 %.

PRICE SUPPORT PRODUCT PURCHASE PRICES ADJUSTED

(continued from Front Page)

To bring better balance to the markets for butter and NDM, CCC will increase the price it pays for butter 19.52 cents to \$1.05 per pound, and decrease its purchase price of nonfat dry milk 10 cents to \$.80 per pound. These changes are effective for product manufactured on or after November 15, 2002.

CCC purchases of NDM in fiscal year (FY) 2002 totaled 619 million pounds, up significantly from the 418 million pounds purchased in FY 2001. At the end of FY 2002, USDA held an accumulated 1.3 billion pounds of NDM in inventory. This amount is 166% of annual domestic commercial utilization. The average annual disposition of CCC inventory over the last three years has reached only 120 million pounds. This includes donations to international food aid programs, the National School Lunch Program, and other domestic food assistance programs, including donations to institutions such as hospitals and prisons. This also includes a limited amount of product that has gone out of condition and sold at significant discount for animal feed manufacturing. To help reduce this cumbersome NDM inventory and to reduce recurring storage costs, USDA recently has undertaken several initiatives. These include:

USDA implemented a livestock feed program in August to assist livestock operators in the states most severely stricken by drought. The program utilized NDM as a protein source in supplemental feed made available to farmers. This program has used 75 million pounds of NDM to date and is expected to use over 100 million pounds by the time the program concludes at year-end. It utilizes the oldest stock in inventory.

CCC has also made available NDM for the production of casein, a high protein product used in cheese, other food products and some industrial applications. Just over 1 million pounds of NDM has been used to date for this purpose. It is anticipated that as much as 50 million pounds could be used over the next 12-month period.

NATIONAL AGRICULTURAL STATISTICAL SERVICE DAIRY PRODUCTS PRICE MONTHLY AVERAGES				
2000	Butter	Nonfat		Dry Whey
		Dry Milk	Cheese	
January	\$0.8820	\$1.0115	\$1.1517	\$0.1857
February	0.9002	1.0106	1.1067	0.1788
March	0.9497	1.0094	1.1093	0.1780
April	1.0449	1.0078	1.1011	0.1765
May	1.1680	1.0071	1.1022	0.1760
June	1.2725	1.0097	1.1137	0.1794
July	1.1547	1.0102	1.2189	0.1909
August	1.1520	1.0108	1.1660	0.1929
September	1.1560	1.0166	1.2315	0.1856
October	1.1344	1.0127	1.1602	0.1826
November	1.4051	1.0159	1.0245	0.1917
December	1.4698	1.0158	1.0898	0.2172
2001				
January	\$1.1725	\$1.0165	\$1.1180	\$0.2484
February	1.3143	1.0137	1.1467	0.2561
March	1.4942	1.0127	1.2737	0.2406
April	1.7126	1.0145	1.3423	0.2446
May	1.8527	1.0180	1.5129	0.2590
June	1.9263	1.0148	1.6211	0.2764
July	1.9094	0.9634	1.6573	0.2862
August	1.9990	0.9473	1.6693	0.2886
September	2.1198	0.9497	1.7085	0.2871
October	1.4701	0.9441	1.5591	0.2835
November	1.3040	0.9349	1.2322	0.2823
December	1.2894	0.9199	1.2762	0.2868
2002				
January	\$1.3324	\$0.9161	\$1.2922	\$0.2747
February	1.2480	0.9121	1.2895	0.2334
March	1.2333	0.9060	1.2087	0.2066
April	1.1720	0.8975	1.2323	0.1948
May	1.0525	0.8972	1.2359	0.1759
June	1.0343	0.9005	1.1708	0.1639
July	1.0112	0.9033	1.1004	0.1545
August	0.9925	0.9074	1.1189	0.1571
September	0.9431	0.9096	1.1438	0.1755
October	0.9945	0.9165	1.2020	0.2131
November	1.0107	0.9177	1.1111	0.2223

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State											
Federal Order No. 33											
October 2002*							October 2001				
State	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----				-----Weighted Averages-----				
			Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,575	453,462	3.67	3.09	5.71	286	441,268	3.70	3.09	5.71	294
Ohio	2,714	325,196	3.77	3.13	5.68	327	314,421	3.78	3.14	5.67	328
Wisconsin	2,171	286,066	3.78	3.07	5.71	295	286,395	3.77	3.08	5.71	291
Indiana	1,211	140,200	3.76	3.13	5.69	293	121,457	3.82	3.15	5.69	338
Pennsylvania	1,437	122,820	3.78	3.12	5.65	384	131,729	3.81	3.12	5.66	367
New York	511	113,546	3.68	3.02	5.68	274	98,728	3.69	3.02	5.73	256
Illinois	90	11,625	3.82	3.08	5.73	328	12,996	3.77	3.11	5.71	340
West Virginia	86	6,010	3.77	3.15	5.63	374	6,567	3.81	3.19	5.64	420
Minnesota	46	4,005	3.85	3.12	5.72	334	3,057	3.82	3.16	5.72	379
Other	97	6,329	3.82	3.15	5.67	360	6,926	3.88	3.15	5.68	344
Total/Average	10,938	1,469,260	3.73	3.10	5.69	306	1,423,544	3.75	3.10	5.70	310

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



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**FEDERAL ORDER DATA
NOVEMBER 2002**

<u>Marketing Area</u> 1/	<u>Producer Milk</u>	<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u>	<u>Class I</u>	<u>Price Differential</u>	<u>Uniform Price</u>
	(000)	(000)		
FO 1 Northeast - (Boston)	1,970,843	930,134	\$2.47	\$12.31
FO 5 Appalachian - (Charlotte)	520,374	372,745	2/	13.06
FO 6 Florida - (Tampa)	211,407	191,155	2/	14.32
FO 7 Southeast - (Atlanta)	591,123	399,465	2/	12.84
FO 30 Upper Midwest - (Chicago)	1,679,119	351,596	0.59	10.43
FO 32 Central - (Kansas City)	1,543,882	422,928	0.90	10.74
FO 33 Mideast - (Cleveland)	1,320,780	568,215	1.33	11.17
FO 124 Pacific Northwest - (Seattle)	608,378	182,312	1.00	10.84
FO 126 Southwest - (Dallas)	738,152	343,927	2.13	11.97
FO 131 Arizona-Las Vegas - (Phoenix)	235,257	81,206	2/	11.14
FO 135 Western - (Salt Lake City)	434,775	105,384	0.81	10.65

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 DECEMBER 2002\$9.84 /cwt.

