

Mideast Market Administrator's Bulletin



Federal Order No. 33

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MIDEAST MARKETING AREA TENTATIVE DECISION ON PROPOSED AMENDMENTS

A tentative decision adopting, on an interim final and emergency basis, provisions that amend certain features of the pooling standards of the Mideast Federal milk order has been announced. Specifically, this tentative decision adopts amendments to the pool plant provisions by eliminating automatic pool plant status for the 6-month period of March through August, eliminating milk shipments to a distributing plant regulated by another Federal milk order as pool-qualifying shipments under the Mideast order, eliminating the "split plant" feature, eliminate including diversions made by a pool supply plant located outside the marketing area as part of the supply plant's qualifying shipments and establishing a "net shipments" provision.

For the producer milk provisions, this tentative decision adopts, on an interim basis, amendments that would seasonally adjust and increase the number of days that the milk of a producer needs to be delivered to a pool plant and establishes year-round diversion limits, adjusted seasonally, for producer milk for distributing plants pooled under the Mideast order.

The decision concluded the evidence presented at the hearing established that the pooling standards of the Mideast order are inadequate and result in the erosion of the blend price received by producers who are serving the Class I needs of the market and should be changed on an emergency basis. The unwarranted erosion of such producers' blend price stems from improper performance standards as they relate to pool supply plants and the lack of diversion limits for pool plant diversions to pool and nonpool plants. These shortcomings of the pooling provisions have allowed milk to be pooled on the order that does not provide a reasonable or consistent service to meeting the needs of the Class I market as a standard for enjoying the pricing benefits arising from Class I sales in the Mideast marketing area.

Consequently, it is determined that emergency marketing conditions exist and the issuance of a recommended decision is therefore being omitted. The record clearly established a basis as noted above for amending the order on an interim basis and the opportunity to file written exceptions to the proposed amended order remains. Interested persons have until August 9, 2002 to file comments in response to the decision. In view of this situation, an interim final rule amending the order will be issued as soon as the procedures are completed to determine the approval of producers.

FARM SECURITY AND RURAL INVESTMENT ACT OF 2002

The Farm Security and Rural Investment Act of 2002 was signed into law by President George W. Bush on May 13, 2002. Dairy highlights include a National Dairy Market Loss Payment, support price extension, continuing the Dairy Export Incentive and Dairy Indemnity Programs, continuing the MilkPep program, make reporting of dairy products inventories mandatory, requiring importers of dairy products to pay the same 15 cent per hundredweight to the National Dairy Promotion and Research that U.S. farmers pay, and requires the United States Department of Agriculture to perform dairy policy studies and report to Congress.

The National Dairy Market Loss Payment is a monthly payment made to dairy farmers based on the Class I price in Boston. Producers will receive payment based on 45 percent of the positive difference between \$16.94 and the announced Boston Class I price. These payments are on milk marketed from December 2001 through September 2005 and are capped at 2.4 million pounds of milk per year. Further details will be available from USDA.

The USDA has created a website aimed at helping farmers, ranchers, and the general public learn the latest information about the new farm bill. This website will include farm bill program details, questions and answers, program applications and sign-up forms, as well as other important materials from USDA agencies on farm bill implementation. The website can be accessed from USDA's official website at <http://www.usda.gov/farmbill>.

MAY 2002 - POOL SUMMARY

Classification of Producer Milk		Percent
Class I	557,213,864	32.1
Class II	236,181,123	13.6
Class III	848,024,479	48.9
Class IV	93,789,845	5.4
Total	1,735,209,311	100.0

Producer Prices

Producer Price Differential	\$0.81 / cwt
Butterfat Price	1.1433 / lb
Protein Price	2.2097 / lb
Other Solids Price	0.0371 / lb
Somatic Cell Adjustment Rate	0.00062 / cwt
Statistical Uniform Price	11.63 / cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****MAY 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			546,697,225			\$ 8.83 / cwt	\$ 48,273,364.97
Class I Butterfat		10,516,639				1.3539 / lb	14,238,477.55
Class I Location Differential	557,213,864						(279,128.57)
Class II SNF Value				20,055,412		0.8367 / lb	16,780,363.20
Class II Butterfat		15,573,358				1.1503 / lb	17,914,033.72
Class III Protein Value			25,328,120			2.2097 / lb	55,967,546.78
Class III Other Solids Value					48,809,413	0.0371 / lb	1,810,829.23
Class III Butterfat		29,269,875				1.1433 / lb	33,464,248.11
Class IV SNF Value				7,753,627		0.7572 / lb	5,871,046.37
Class IV Butterfat		8,043,263				1.1433 / lb	9,195,862.55
Somatic Cell Value II / III / IV							510,614.87
TOTAL PRODUCER MILK VALUE	1,735,209,311	63,403,135	51,857,264		99,611,218		\$ 203,747,258.78
Overages						\$41,807.40	
Beginning Inventory						(20,267.68)	
TOTAL ADJUSTMENTS							\$ 21,539.72
TOTAL HANDLER OBLIGATIONS							\$ 203,768,798.50
Total Protein Value			51,857,264 lbs	@	\$2.2097		\$ (114,588,996.26)
Total Other Solids Value			99,611,218lbs	@	0.0371		(3,695,576.18)
Butterfat Value			63,403,135lbs	@	1.1433		(72,488,804.26)
Total Somatic Cell Values							(705,422.77)
TOTALS							\$ 12,289,999.03
Net Producer Location Adjustments							\$ 1,784,493.91
1/2 Unobligated Balance Producer Settlement Fund							828,000.00
Total - Divided by Total Pounds			1,735,209,311 lbs		0.8588297		\$ 14,902,492.94
Rate of Cash Reserve					(0.0488297)		(847,297.50)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,735,209,311		\$0.81 / cwt		\$ 14,055,195.44

COMPONENT PRICES

May

	<u>2002</u>	<u>2001</u>
Butterfat Price	\$1.1433 / lb	\$2.1191 / lb
Protein Price	2.2097 / lb	1.9108 / lb
Other Solids Price	0.0371 / lb	0.1229 / lb
Somatic Cell Adjustment Rate	0.00062 / cwt	0.00076 / cwt
Nonfat Solids Price	0.7572 / lb	0.8780 / lb

COMPUTATION OF UNIFORM PRICE

May

	<u>2002</u>	<u>2001</u>
Class III Price - 3.5% BF	\$10.82	\$13.83
Producer Price Differential*	<u>0.81</u>	<u>1.29</u>
Statistical Uniform Price	\$11.63	\$15.12

CLASS PRICES

May

	<u>2002</u>	<u>2001</u>
Class I*	\$13.26	\$16.21
Class II	11.29	15.72
Class III	10.82	13.83
Class IV	10.57	15.04

CLASSIFICATION OF PRODUCER MILK

May

	<u>2002</u>	<u>2001</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	557,213,864	549,295,823
Class II	236,181,123	109,369,791
Class III	848,024,479	778,890,730
Class IV	<u>93,789,845</u>	<u>35,781,463</u>
Total	1,735,209,311	1,473,337,807

* Subject to Location Adjustment.

ORDER 33 MAY MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May 2002 was \$0.81 and the Statistical Uniform Price was \$11.63 for the month. The Statistical Uniform Price is down \$0.29 from last month, and is \$3.49 lower than May 2001.

The Producer Butterfat Price of \$1.1433 per pound decreased 14.57 cents from April 2002 and is down 97.58 cents from a year ago. The Protein Price of \$2.2097 is up 19.88 cents from last month and is up 29.89 cents from May 2001. The Other Solids Price in May was \$0.0371 per pound, a decrease from last month's price of \$0.0566 and a decrease of 8.58 cents from last May. The Somatic Cell Adjustment rate for May was \$0.00062.

May producer receipts of 1.74 billion pounds were up 11.4 percent from April 2002, and increased 17.8 percent over May 2001 production of 1.47 billion pounds. Producer milk allocated to Class I accounted for 32.1 percent of the total producer milk in May 2002 below the 34.5 percent in April and the 37.3 percent in May 2001. A total of 11,737 producers were pooled in the Mideast Order with an average daily delivery of 4,769 pounds compared to 11,596 producers pooled in May 2001 with an average daily delivery of 4,098 pounds.

The market average content of producer milk was as follows: Butterfat 3.65%; Protein 2.99%; Other Solids 5.74% and Nonfat Solids 8.73%.

APRIL MILK PRODUCTION UP 2.9 PERCENT

Milk production in the 20 major States during April totaled 12.5 billion pounds, up 2.9 percent from April 2001. March revised production, at 12.8 billion pounds, was up 3.1 percent from March 2001. The March revision represented a decrease of 7 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,614 pounds for April, 43 pounds above April 2001. The number of milk cows on farms in the 20 major States was 7.75 million head, 12,000 head more than April 2001, and 8,000 head more than March 2002.

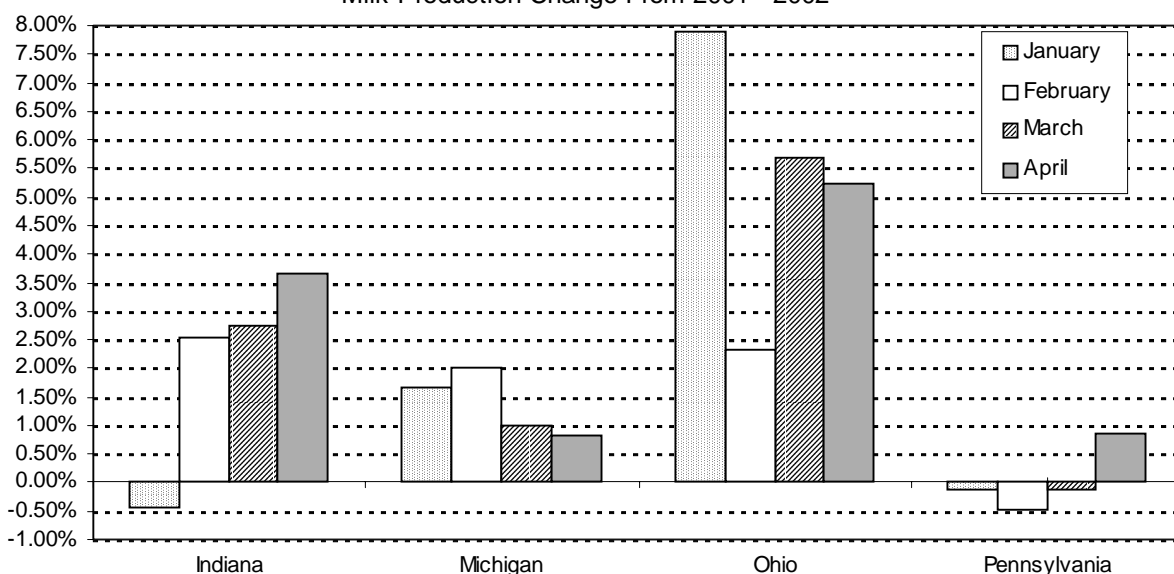
The Mideast Marketing Area has four states represented in the 20 major states. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during April totaled 2.03 billion pounds, up 2.0 percent from April 2001.

Production per cow in the Mideast states averaged 1,558 pounds for April, 62 pounds above April 2001. The number of cows on farms in the Mideast states was 1.29 million head, 27,000 head less than April 2001.

APRIL 2002 DAIRY PRODUCTS HIGHLIGHTS

Butter production was 132.4 million pounds in April, 21.5% above April 2001 and 2.7% above March 2002. American type cheese production totaled 315.2 million pounds, 8.0% above April 2001 but 0.9% below March 2002. Total cheese output (excluding cottage cheese) was 697.6 million pounds, 4.1% above April 2001 but 3.0% below March 2002. Nonfat dry milk production, for human food, totaled 157.3 million pounds, 19.4% above April 2001 and 6.4% above March 2002. Dry whey production, for human food, was 89.2 million pounds, 7.0% above April 2001 but 2.8% below March 2002.

Milk Production Change From 2001 - 2002



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

State	April 2002*						April 2001				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,674	457,954	3.64	2.98	5.76	281	338,707	3.66	3.01	5.71	281
Wisconsin	2,817	444,160	3.72	2.95	5.69	275	310,101	3.72	2.96	5.73	272
Ohio	2,607	294,052	3.74	3.03	5.74	296	289,157	3.72	3.05	5.69	305
Pennsylvania	1,459	127,410	3.80	3.02	5.73	342	125,977	3.78	3.04	5.68	356
Indiana	1,317	125,694	3.77	3.00	5.75	306	127,002	3.70	3.02	5.72	301
New York	406	61,611	3.73	2.94	5.73	256	64,931	3.71	2.98	5.69	280
Illinois	111	14,133	3.70	3.01	5.76	316	15,304	3.73	2.99	5.78	322
California	22	12,152	3.56	3.23	5.55	359	0				
West Virginia	89	7,098	3.65	3.07	5.74	358	6,351	3.67	3.05	5.68	417
Other	177	13,150	3.80	3.06	5.74	364	29,136	3.71	3.06	5.73	385
Total/Average	11,679	1,557,413	3.71	2.99	5.73	290	1,306,667	3.71	3.01	5.71	297

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



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**FEDERAL ORDER DATA
MAY 2002**

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>	2,282,161	907,667	39.8	\$1.81	\$12.63
FO 5	Appalachian - <i>(Charlotte)</i>	609,368	377,060	61.9	2/	13.09
FO 6	Florida - <i>(Tampa)</i>	236,990	207,195	87.4	2/	14.55
FO 7	Southeast - <i>(Atlanta)</i>	742,075	396,050	53.4	2/	12.89
FO 30	Upper Midwest - <i>(Chicago)</i>	1,621,192	355,701	21.9	0.48	11.30
FO 32	Central - <i>(Kansas City)</i>	1,613,784	399,069	24.7	0.65	11.47
FO 33	Mideast - <i>(Cleveland)</i>	1,735,209	557,214	32.1	0.81	11.63
FO 124	Pacific Northwest - <i>(Seattle)</i>	690,360	185,778	26.9	0.53	11.35
FO 126	Southwest - <i>(Dallas)</i>	895,908	340,599	38.0	1.60	12.42
FO 131	Arizona-Las Vegas - <i>(Phoenix)</i>	283,252	84,801	29.9	2/	11.51
FO 135	Western - <i>(Salt Lake City)</i>	485,867	88,215	18.2	0.49	11.31

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 2002 \$10.57 /cwt.