

Mideast Market Administrator's Bulletin



Federal Order No. 33

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CHANGES IN CLASS III AND IV PRICE FORMULAS FOR ALL FEDERAL MILK ORDERS IMPLEMENTED

The final decision to amend the pricing formulas for milk marketed for manufacturing use under all federal milk marketing orders became effective with milk marketed in April. The amended formulas use market prices of dairy products to establish minimum prices for milk used in the production of Class III products (cheese) and Class IV products (butter, dry milk products).

This final decision differs from the recommended decision by modifying the Class III and Class IV formulas to recognize the loss of milk during delivery from farm to plant. As proposed in the recommended decision, the make allowance for dry whey is increased from \$0.140 to \$0.159 per pound. All other make allowances remain unchanged.

The final decision was published in the November 7th *Federal Register*. For copies of the final decision contact the Mideast Market Administrator's office.

TEST RESULTS ON REDESIGNED CARD

The Market Administrator laboratory will discontinue the use of the multi-colored postcard to notify nonmember producers' of their component test results. The use of a redesigned postcard is scheduled to begin in May. This change was necessitated by the large number of samples being tested beginning in 2003. Testing for nonmember producers was expanded from one sample each week (for every-other-day shippers) to every available sample. Every-other-day shippers will have 12 to 14 samples tested each month. Every-day shippers will have a significantly larger number of tests per month. This new format will allow up to 90 tests to be posted on a single notification, the old postcard could accommodate only 15 test results.

The passcode for the automated retrieval system will remain unchanged. Producers will also be able to retrieve test results via email. To do so, send an email to usdaivr@fmmacleev.com <<mailto:usdaivr@fmmacleev.com>> with your Passcode (only) in the subject line. Your most recent 15 tests will be returned via email within a few minutes.

FEBRUARY MILK PRODUCTION UP 1.7 PERCENT

Milk production in the 20 major States during February totaled 11.6 billion pounds, up 1.7 percent from February 2002. January revised production, at 12.5 billion pounds, was up 1.8 percent from January 2002. The January revision represented an increase of 1 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,485 pounds for February, 13 pounds above February 2002.

The number of milk cows on farms in the 20 major States was 7.81 million head, 66,000 head more than February 2002, and 3,000 head more than January 2003.

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 February totaled 1.9 billion pounds, down 0.3 percent from February 2002.

Production per cow in the Mideast states averaged 1,435 pounds for February, 7 pounds above February 2002.

The number of cows on farms in the Mideast states was 1.3 million head, 1,000 head more than February 2002.

GROWTH OF FEDERAL MILK ORDER MARKETS

A chart on page three measures the growth in Federal Milk Order Markets for selected years from 1947-2002. The number of markets peaked in 1962 at 83 markets. Currently there are eleven federal orders. The population of the Federal milk marketing areas has increased 399 percent since 1955 and 2.3 percent since consolidation of orders in 2000. The number of handlers peaked at 2,314 in 1961 and is currently approximately 338 handlers. This is a decline of 85 percent of the handlers.

The number of producers peaked in 1961 at 192,947. In 2002, there were 63,856 producers or 66.9 percent less producers than 1961. Receipt of producer milk in federal orders reached 125.5 billion pounds in 2002. This is a 738 percent gain since 1947 and a 7.4 percent gain since order consolidation in 2000. Daily deliveries of milk per producer have grown from 302 pounds in 1947 to 5,387 pounds per producer in 2002.

MARCH 2003 POOL SUMMARY

Classification of Producer Milk		Percent
Class I	545,081,291	37.4
Class II	180,086,804	12.4
Class III	644,622,942	44.2
Class IV	87,002,967	6.0
Total	1,456,794,004	100.0

Producer Prices

Producer Price Differential	\$1.25 /cwt
Butterfat Price	1.1459 /lb
Protein Price	1.6648 /lb
Other Solids Price	0.0206 /lb
Somatic Cell Adjustment Rate	0.00054 /cwt
Statistical Uniform Price	10.36 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

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MARCH 2003

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			534,941,143			\$ 804 / cwt	\$ 43,009,267.89
Class I Butterfat		10,140,148				1.1574 / lb	11,736,207.28
Class I Location Differential	545,081,291						(280,166.58)
Class II SNF Value				15,074,523		0.7489 / lb	11,289,310.28
Class II Butterfat		14,158,966				1.1529 / lb	16,323,871.92
Class III Protein Value			19,595,202			1.6648 / lb	32,622,092.27
Class III Other Solids Value					36,971,125	0.0206 / lb	761,605.20
Class III Butterfat		21,519,722				1.1459 / lb	24,659,449.44
Class IV SNF Value				7,107,408		0.6651 / lb	4,727,137.05
Class IV Butterfat		8,703,738				1.1459 / lb	9,973,613.36
Somatic Cell Value II / III / IV							<u>260,072.98</u>
TOTAL PRODUCER MILK VALUE	1,456,794,004	54,522,574	44,199,353		83,200,410		\$155,082,461.09
Overages						\$339,467.8	
Beginning Inventory						(23,281.13)	
TOTAL ADJUSTMENTS							<u>\$ 10,665.65</u>
TOTAL HANDLER OBLIGATIONS							\$ 155,093,126.74
Total Protein Value			44,199,353 lbs	@	\$1.6648		\$ (73,583,082.87)
Total Other Solids Value			83,200,410 lbs	@	0.0206		(1,713,928.45)
Butterfat Value			54,522,574 lbs	@	1.1459		(62,477,417.58)
Total Somatic Cell Values							<u>(352,317.93)</u>
TOTALS							\$ 16,966,379.91
Net Producer Location Adjustments							\$ 1,244,484.57
1/2 Unobligated Balance Producer Settlement Fund							<u>659,000.00</u>
Total - Divided by Total Pounds			1,456,794,004 lbs		1.2953008		\$ 18,869,864.48
Rate of Cash Reserve					<u>(0.0453008)</u>		<u>(659,939.34)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,456,794,004		\$1.25 / cwt		\$ 18,209,925.14

COMPONENT PRICES

COMPUTATION OF UNIFORM PRICE

	<u>March</u>		<u>March</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Butterfat Price	\$1.1459 / lb	\$1.3638 / lb	Class III Price - 3.5% BF	\$ 9.11
Protein Price	1.6648 / lb	1.8342 / lb	Producer Price Differential*	<u>1.25</u>
Other Solids Price	0.0206 / lb	0.0688 / lb	Statistical Uniform Price	<u>\$10.36</u>
Somatic Cell Adjustment Rate	0.00054 / cwt	0.00060 / cwt		<u>\$11.93</u>
Nonfat Solids Price	0.6651 / lb	0.7660 / lb		

CLASS PRICES

CLASSIFICATION OF PRODUCER MILK

	<u>March</u>		<u>March</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Class I*	\$11.81	\$13.62	Product lbs.	Product lbs.
Class II	10.54	12.19	Class I	545,081,291
Class III	9.11	10.65	Class II	180,086,804
Class IV	9.79	11.42	Class III	644,622,942
			Class IV	<u>87,002,967</u>
			Total	<u>1,456,794,004</u>
				1,575,860,733

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential For the Midwest Marketing Area for March 2003 was \$1.25 and the Statistical Uniform Price was \$10.36 for the month. The Statistical Uniform Price is down 36 cents from last month, and is \$ 1.57 lower than March 2002.

The Producer Butterfat Price of \$1.1459 per pound increased 0.86 cents from February 2003 and is down 21.79 cents from a year ago. The Protein Price of \$1.6648 is down 18.9 cents from last month and is down 16.94 cents from March 2002. The Other Solids Price in March was \$0.0206 per pound, a decrease from last month's price of \$0.0240 and a decrease of 4.82 cents from last March. The Somatic Cell Adjustment rate for March was \$0.00054.

March producer receipts of 1.46 billion pounds were 5.0 percent higher than February 2003, and 7.6 percent lower than March 2002 production of 1.58 billion pounds. Producer milk allocated to Class I accounted for 37.4 percent of the total producer milk in March 2003, less than the 37.6 percent in February and more than the 34.9 percent in March 2002. A total of 10,470 producers were pooled on the Midwest Order with an average daily delivery of 4,488 pounds compared to 11,794 producers pooled in March 2002 with an average daily delivery of 4,310 pounds.

The market average content of producer milk was as follows: Butterfat 3.74%; Protein 3.03%; Other Solids 5.71% and Nonfat Solids 8.74%.

MEASURES OF GROWTH IN FEDERAL MILK ORDER MARKETS SELECTED YEARS, 1947 - 2002

Year	Number of markets	Population of Federal milk marketing areas	Number of handlers	Number of producers	Receipts of producer milk	Percentage of producer milk used in Class I	Prices at 3.5% butterfat content 2/		Daily deliveries of milk per producer
	1/		1/	2/	3/		Class I	Blend	
	<i>Number</i>	<i>1,000</i>	<i>Number</i>		<i>Million pounds</i>	<i>Percent</i>	<i>Dollar per cwt.</i>		
1947	29	---	991	135,830	14,980	65.5	4.65	4.34	302
1950	39	---	1,101	156,584	18,660	58.9	4.51	3.93	326
1955	63	46,963	1,483	188,611	28,948	62.3	4.67	4.08	420
1960	80	88,818	2,259	189,816	44,812	64.2	4.88	4.47	648
1965	73	102,351	1,891	158,077	54,444	63.5	4.93	4.31	944
1970	62	125,721	1,588	143,411	65,104	61.5	6.74	5.95	1,244
1975	56	150,666	1,315	123,855	69,249	57.9	9.36	8.64	1,532
1980	47	164,908	1,091	117,490	83,998	48.9	13.77	12.86	1,954
1985	44	176,440	884	116,765	97,762	43.2	13.88	12.61	2,294
1986	44	177,992	849	112,322	98,791	43.2	13.60	12.38	2,413
1987	43	180,374	797	105,882	98,182	43.7	13.90	12.51	2,542
1988	42	184,180	776	104,141	100,066	43.1	13.42	12.14	2,627
1989	41	185,919	748	100,291	95,871	45.2	14.51	13.30	2,614
1990	42	195,841	753	100,397	102,396	42.8	15.55	13.78	2,796
1991	40	198,409	722	100,267	103,252	43.6	13.30	12.11	2,821
1992	40	200,530	698	97,803	107,947	41.6	14.57	13.12	3,017
1993	38	199,604	675	92,934	103,979	43.1	14.19	12.89	3,073
1994	38	201,561	629	91,397	107,811	41.6	14.75	13.16	3,232
1995	33	207,548	571	88,717	108,548	41.5	14.19	12.79	3,350
1996	32	209,599	570	82,947	104,501	43.5	16.19	14.64	3,442
1997	31	208,379	570	78,422	105,224	42.7	14.36	13.10	3,676
1998	31	210,484	522	72,402	99,223	45.3	16.14	14.92	3,755
1999	31	212,118	487	69,008	104,479	43.3	16.24	14.09	4,148
2000	11	228,899	346	69,590	116,920	39.3	14.24	12.11	4,590
2001	11	231,487	350	66,423	120,223	38.2	16.96	14.90	4,959
2002	11	234,256	338	63,856	125,546	36.7	13.69	11.91	5,387

1/ End of year. The number of markets peaked at 83 in 1962. The number of handlers peaked at 2,314 in 1961.

2/ Average for year. The number of producers peaked at 192,947 in 1961.

3/ Beginning in 1989, due to disadvantageous price situations in some markets, handlers elected not to pool milk that normally would have been associated with the order. This has reduced, sometimes substantially, the volume of producer milk receipts for some markets.

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

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State	February 2003*						February 2002				
	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	2,530	429,956	3.69	3.07	5.73	279	441,206	3.70	3.03	5.73	277
Ohio	2,570	312,435	3.87	3.11	5.70	322	309,730	3.80	3.07	5.71	295
Wisconsin	1,950	255,836	3.76	3.02	5.70	302	332,080	3.76	3.02	5.68	278
Indiana	1,278	150,382	3.79	3.08	5.71	288	147,469	3.78	3.07	5.71	276
Pennsylvania	1,371	113,197	3.86	3.10	5.68	382	120,585	3.85	3.05	5.69	340
New York	475	96,957	3.72	3.02	5.69	248	91,412	3.73	2.98	5.71	247
Illinois	87	11,915	3.81	3.05	5.77	317	12,732	3.73	3.02	5.74	302
West Virginia	90	6,146	3.86	3.16	5.70	424	6,687	3.72	3.12	5.70	401
Minnesota	42	4,033	3.81	3.08	5.77	331	3,528	3.77	3.06	5.76	430
Other	94	6,790	3.83	3.09	5.71	374	8,075	3.82	3.08	5.72	321
Total/Average	10,487	1,387,648	3.77	3.07	5.71	302	1,473,504	3.76	3.04	5.71	286

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



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**FEDERAL ORDER DATA
MARCH 2003**

<u>Marketing Area</u> 1/	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u>	<u>Uniform Price</u>
FO 1 Northeast - (Boston)	2,149,838	888,285	41.3	\$2.32	\$11.43
FO 5 Appalachian - (Charlotte)	566,470	368,012	65.0	2/	12.07
FO 6 Florida - (Tampa)	253,455	218,983	86.4	2/	13.31
FO 7 Southeast - (Atlanta)	626,927	391,780	62.5	2/	11.91
FO 30 Upper Midwest - (Chicago)	1,937,161	339,804	17.5	0.54	9.65
FO 32 Central - (Kansas City)	1,486,925	408,571	27.5	0.97	10.08
FO 33 Mideast - (Cleveland)	1,456,794	545,081	37.4	1.25	10.36
FO 124 Pacific Northwest - (Seattle)	644,064	175,037	27.2	1.02	10.13
FO 126 Southwest - (Dallas)	942,641	338,864	36.0	1.99	11.10
FO 131 Arizona-Las Vegas - (Phoenix)	279,381	82,629	29.6	2/	10.29
FO 135 Western - (Salt Lake City)	442,592	90,247	20.4	0.77	9.88

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 APRIL 2003 \$9.11 /cwt.

