Mideast Market Administrator's Bulletin

Federal Order No. 33

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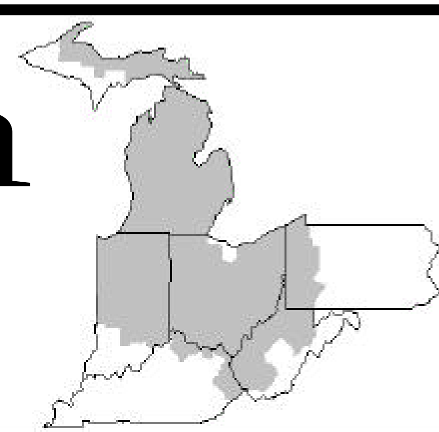

USDA ANNOUNCES FINAL DECISION TO AMEND MIDEAST MILK MARKETING ORDER

The U.S. Department of Agriculture has announced a final decision that permanently adopts amended pooling provisions of the Mideast Federal Milk Marketing Order that had been adopted on an interim basis. This decision is based on testimony and evidence given at a public hearing held October 23-24, 2001. The final decision was published in the April 12 *Federal Register* and is available on the Mideast Market Administrator's WebPage at www.fmmaclev.com.

This decision reaffirms amendments previously made, which eliminated unneeded and changed inadequate pooling standards that had resulted in inappropriately pooled milk on the Mideast order. The amendments: 1) eliminated automatic pool plant status for the 6-month period of March through August, 2) excluded milk shipments to a distributing plant regulated by another Federal milk order as pool-qualifying shipments under the Mideast order, 3) eliminated the "split plant" feature which provided for designating a portion of a pool plant as a nonpool plant, provided that the nonpool portion was physically separate and operated separately from the pool side, and 4) established a "net shipments" standard for supply plant deliveries to the order's distributing plants for the purpose of meeting the shipping standard. Net shipment standards for supply plants qualified under §1033.7(d) were not provided for in the final decision. This decision reaffirms amendments that increased the number of days that the milk of a producer needs to be delivered to a pool plant before being eligible for diversion to nonpool plants and instituted year-round diversion limits adjusted seasonally for all pool plants.

A referendum in which dairy farmers shipping milk to the Mideast Milk Marketing Order during the representative month of October 2003 will have an opportunity of expressing their approval or disapproval of the Order as amended. Qualified cooperative associations will be permitted to cast bloc votes on behalf of their members. A notice of referendum, a summary of the order, as proposed to be amended, and a ballot has been mailed to all known eligible producers who are not members of a cooperative association. Ballots must be returned to the referendum agent postmarked no later than April 30, 2004. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes.

For additional information about the decision contact: David Z. Walker, Market Administrator; USDA/AMS/Dairy Programs; 7851 Freeway Circle, Middleburg Heights, OH 44130; Tel. (440) 826-3220; e-mail: dwalker@fmmaclev.com.

DAIRY PRICES JUMP

Counter-seasonal increases in wholesale butter and cheese prices have been large this winter. By mid-March, butter prices had jumped more than 80-cents per pound since late December, exceeding $2.00 for the first time since the summer of 2001. Meanwhile, cheese prices rose more than 50-cents per pound and had surpassed their 2003 peaks. The roots of these price rises lay in the strong finish to the 2003 holiday season. Recovery in demand and continued slight weakness in milk production left pipeline holdings tight and pulled down the heavy warehouse stocks of butter that had dogged dairy markets since the spring of 2002. Prices began to rise as buyers sought some protection from this market tightening. Since then, a series of bullish factors (mostly related to lower expected production) have created self-perpetuating price increases, as buyer actions to protect against future tightness dried up current markets.

The peculiar mix of a counter-seasonal price rise, tightened current market fundamentals, and the key role of anticipated market conditions make the ultimate size of the price rise, its duration, and the steepness of the subsequent downward adjustment very difficult to gauge. Given expected conditions, elevated wholesale prices are projected to persist through midyear, with gradual declines during the second half of 2004. Farm milk prices are expected to average more than $14.00 per cwt in 2004, running well above a year earlier until at least autumn. Milk prices now seem likely to average substantially higher than the low levels of 2002 or 2003. However, prices may be quite volatile, and a sudden collapse will remain a possibility.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-117, March 16, 2004, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

MARCH 2004 - POOL SUMMARY

Classification of Producer Milk

		Percent
Class I	577,389,945	44.5
Class II	232,325,098	17.9
Class III	448,165,471	34.5
Class IV	39,498,007	3.1
Total	1,297,378,521	100.0

Producer Prices

Producer Price Differential	$ 0.19	/ cwt
Butterfat Price	2.3813	/ lb
Protein Price	2.0133	/ lb
Other Solids Price	0.0234	/ lb
Somatic Cell Adjustment Rate	0.00078	/ cwt
Statistical Uniform Price	14.68	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

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MARCH 2004

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			566,342,870			$ 7.96 / cwt	$ 45,080,892.45
Class I Butterfat		11,047,075				1.7875 / lb	19,746,646.62
Class I Location Differential	577,389,945						(297,857.93)
Class II SNF Value				19,739,905		0.7400 / lb	14,607,529.70
Class II Butterfat		15,253,279				2.3883 / lb	36,429,406.24
Class III Protein Value			13,667,927			2.0133 / lb	27,517,637.43
Class III Other Solids Value					25,591,264	0.0234 / lb	598,835.58
Class III Butterfat		15,723,737				2.3813 / lb	37,442,934.91
Class IV SNF Value				3,016,503		0.6634 / lb	2,001,148.12
Class IV Butterfat		6,226,911				2.3813 / lb	14,828,143.19
Somatic Cell Value II / III / IV							403,766.26
TOTAL PRODUCER MILK VALUE	1,297,378,521	48,251,002	39,564,288		73,992,617		$ 198,359,082.57
Overages					$ 50,102.29		
Beginning Inventory					176,332.27		
TOTAL ADJUSTMENTS							$ 226,434.56
TOTAL HANDLER OBLIGATIONS							$ 198,585,517.13
Total Protein Value			39,564,288 lbs	@	$2.0133		$ (79,654,781.01)
Total Other Solids Value			73,992,617 lbs	@	0.0234		(1,731,427.27)
Butterfat Value			48,251,002 lbs	@	2.3813		(114,900,111.05)
Total Somatic Cell Values							(665,347.09)
TOTALS							$ 1,633,850.71
Net Producer Location Adjustments							$ 769,058.34
1/2 Unobligated Balance Producer Settlement Fund							663,000.00
Total - Divided by Total Pounds			1,297,378,521 lbs		0.2363157		$ 3,065,909.05
Rate of Cash Reserve					(0.0463157)		(600,889.94)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,297,378,521		**$ 0.19 cwt**		$ 2,465,019.11

COMPONENT PRICES

	March 2004	March 2003
Butterfat Price	$2.3813 / lb	$1.1459 / lb
Protein Price	2.0133 / lb	1.6648 / lb
Other Solids Price	0.0234 / lb	0.0206 / lb
Somatic Cell Adjustment Rate	0.00078 / cwt	0.00054 / cwt
Nonfat Solids Price	0.6634 / lb	0.6651 / lb

COMPUTATION OF UNIFORM PRICE

	March 2004	March 2003
Class III Price - 3.5% BF	$ 14.49	$ 9.11
Producer Price Differential*	0.19	1.25
Statistical Uniform Price	$14.68	$10.36

CLASS PRICES

	March 2004	March 2003
Class I*	$13.94	$11.81
Class II	14.79	10.54
Class III	14.49	9.11
Class IV	14.10	9.79

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	March 2004 *Product lbs.*	March 2003 *Product lbs.*
Class I	577,389,945	545,081,291
Class II	232,325,098	180,086,804
Class III	448,165,471	644,622,942
Class IV	39,498,007	87,002,967
Total	1,297,378,521	1,456,794,004

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2004 was $0.19 and the Statistical Uniform Price was $14.68 for the month. The Statistical Uniform Price is $1.81 higher than last month, and is $4.32 higher than March 2003.

The Producer Butterfat Price of $2.3813 per pound increased 52.95 cents from February 2004 and is up 1.2354 dollars from a year ago. The Protein Price of $2.0133 is up 22.22 cents from last month and is up 34.85 cents from March 2003. The Other Solids Price in March was $0.0234 per pound, an increase from last month's price of $0.0090 and an increase of .28 cents from last March. The Somatic Cell Adjustment rate for March was $0.00078.

March producer receipts of 1.30 billion pounds were 7.8 percent lower than February 2004, and 10.9 percent lower than March 2003 production of 1.46 billion pounds. Producer milk allocated to Class I accounted for 44.5 percent of the total producer milk in March 2004, more than the 36.3 percent in February and more than the 37.4 percent in March 2003. A total of 9,967 producers were pooled on the Mideast Order compared to 10,470 producers pooled in March 2003.

The market average content of producer milk was as follows: Butterfat 3.72%; Protein 3.05%; Other Solids 5.70% and Nonfat Solids 8.75%.

INVITATION TO SUBMIT PROPOSALS FOR A PUBLIC HEARING TO AMEND THE POOLING PROVISIONS OF THE UPPER MIDWEST MARKETING ORDER

USDA Dairy Programs have received two requests for an emergency public hearing to change the pooling standards of the Upper Midwest Order. One request proposes to limit the pooling of producer milk normally associated with the market that was not pooled in a prior month(s), and to change the pooling requirements for producer milk originating outside of the States where the Upper Midwest Marketing Area is located. Another proposes to limit the pooling of milk located long distances from Order 30.

Copies of the proposals may be obtained from, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231–Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202)720-2357, e-mail: Jack.Rower@usda.gov or Upper Midwest Market Administrator at (952) 831-5292.

These proposals have not yet been approved for inclusion in a Notice of Hearing. Before deciding whether a hearing should be held, USDA is providing interested parties an opportunity to submit additional proposals regarding the pooling standards in the Upper Midwest order.

Additional proposals should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP 0225–Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by April 30, 2004. Each proposal should be accompanied by a brief but comprehensive statement.

USDA ANNOUNCES RECOMMENDED DECISION TO AMEND THE NORTHEAST MILK MARKETING ORDER

The U. S. Department of Agriculture announced a decision recommending amendments to current provisions of the Northeast Federal milk marketing order. This decision is based on testimony and evidence given at a public hearing held on September 10-13, 2002.

This decision recommends changes to various reporting and payment deadlines, as well as changes to the pooling standards of the Northeast order. The recommended amendments would: establish year-round supply plant performance standards; eliminate the split-plant provision; create a standard for the number of days a dairy farmer's milk production must be delivered to a pool plant to qualify the rest of the dairy farmer's milk for diversion; establish explicit limits on the amount of milk a pool plant may divert to nonpool plants; exclude milk received by supply plants from producers not eligible to be pooled on the order from the total volume of milk used to satisfy supply plant performance standards; prohibit the ability to pool the same milk on the order and on a market-wide pool administered by another government entity; and grant authority to the market administrator to adjust the touch-base and diversion limit standards as market conditions warrant

For additional information about the decision contact: Northeast Market Administrator; USDA Tel. (617) 737-7199; e-mail: maboston@fedmilk1.com.

FEBRUARY MILK PRODUCTION UP 1.7 PERCENT

Milk production in the 20 major States during February totaled 11.8 billion pounds, up 1.7 percent from February 2003. However, adjusting production for the additional day due to the leap year causes February milk production to be down 1.8 percent on a per day basis. January revised production, at 12.5 billion pounds, was down 1.0 percent from January 2003. The January revision represented a decrease of 11 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,531 pounds for February, 42 pounds above February 2003. The number of cows on farms in the 20 major States was 7.72 million head, 91,000 head less than February 2003, but 4,000 head more than January 2004.

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 10 million pounds or 0.5 percent from February 2003. Production per cow in the Mideast states averaged 1,514 pounds for February, 38 pounds above February 2003. The number of cows on farms in the Mideast states was 1.3 million head, 30,000 head less than February 2003.

STATISTICAL REPORT AVAILABLE

The 2002-2003 Statistical Report for Federal Order 33 is currently available. Copies may be requested by calling the Market Administrator's Office at (888) 751-3220.

The publication may also be accessed on the web page for the Mideast Marketing Area at: *www.fmmaclev.com* under "Statistical Information".

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

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	February 2004						February 2003				
				-----Weighted Averages-----				------Weighted Averages------			
State	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,355	446,285	3.73	3.08	5.71	276	429,956	3.69	3.07	5.73	279
Ohio	2,504	304,425	3.81	3.11	5.69	283	312,435	3.87	3.11	5.70	322
Wisconsin	1,933	277,908	3.77	3.03	5.72	266	255,836	3.76	3.02	5.70	302
Indiana	1,196	156,913	3.80	3.09	5.72	266	150,382	3.79	3.08	5.71	288
Pennsylvania	1,292	103,884	3.88	3.11	5.65	334	113,197	3.86	3.10	5.68	382
New York	362	77,442	3.71	3.03	5.69	236	96,957	3.72	3.02	5.69	248
Illinois	88	16,073	3.79	3.11	5.73	268	11,915	3.81	3.05	5.77	317
West Virginia	80	5,878	3.92	3.17	5.67	400	6,146	3.86	3.16	5.70	424
Other	135	18,886	3.75	3.05	5.71	258	10,823	3.82	3.09	5.73	358
Total/Average *	9,945	1,407,696	3.78	3.07	5.70	277	1,387,648	3.77	3.07	5.71	302

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

United States Department of Agriculture

Mideast Market Administrator Bulletin
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FEDERAL ORDER DATA
MARCH 2004

Marketing Area [1/]		Producer Milk Total (000)	Producer Milk Class I (000)	Class I Percent %	Producer Price Differential	Statistical Uniform Price
FO 1	Northeast - *(Boston)*	2,086,324	930,661	44.6	$1.07	$15.56
FO 5	Appalachian - *(Charlotte)*	500,157	381,136	76.2	[2/]	15.80
FO 6	Florida - *(Tampa)*	270,567	224,621	83.0	[2/]	16.48
FO 7	Southeast - *(Atlanta)*	656,089	401,134	61.2	[2/]	15.61
FO 30	Upper Midwest - *(Chicago)*	675,052	395,834	58.7	0.21	14.70
FO 32	Central - *(Kansas City)*	712,291	382,953	53.8	0.14	14.63
FO 33	**Mideast - *(Cleveland)***	**1,297,379**	**577,390**	**44.5**	**0.19**	**14.68**
FO 124	Pacific Northwest - *(Seattle)*	600,834	189,930	31.6	0.06	14.55
FO 126	Southwest - *(Dallas)*	601,448	353,302	58.7	0.73	15.22
FO 131	Arizona-Las Vegas - *(Phoenix)*	266,271	86,149	32.4	[2/]	14.69
FO 135	Western - *(Salt Lake City)*	165,170	99,147	60.0	0.20	14.69

[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 2004 .... $13.94 /cwt.