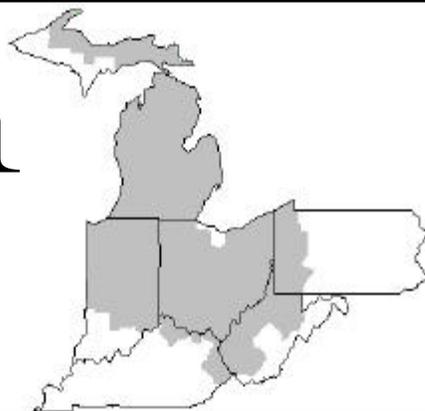


Mideast Market Administrator's Bulletin



Federal Order No. 33

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March 2004

USDA ANNOUNCES TENTATIVE FINAL DECISION TO AMEND ALL FEDERAL MILK MARKETING ORDERS

The U.S. Department of Agriculture announced a tentative final decision that adopts proposals to amend the classification provisions of all 10 Federal milk marketing orders. This decision is based on testimony and evidence of a public hearing held October 21, 2003, in Alexandria, Virginia.

This decision will change the classification of milk used to produce evaporated milk or sweetened condensed milk in consumer-type packages from Class III to Class IV. A proposal to classify monthly bulk milk ending inventories to the lowest priced class of Class III or Class IV is not adopted in this decision.

USDA will conduct a vote within 30 days to determine whether dairy producers approve the amended orders on an interim basis. Comments should be sent to the Hearing Clerk, United States Department of Agriculture, STOP 9200 – Room 1083, 1400 Independence Avenue, SW, Washington, D.C. 20250-9200. The tentative final decision was published in the March 2 Federal Register. Comments must be received by May 3, and will be used to formulate the final decision.

For additional information, including a copy of the decision, contact David Z. Walker, USDA/AMS/Dairy Programs, P.O. Box 30128, Cleveland, Ohio 44130-0128; Tel. (440) 826-3220; email: dwalker@fmmacleev.com. A copy of the decision can also be found on the Internet at www.ams.usda.gov/dairy/class_prov/FR_doc_04-4724.pdf

RICHARD MCKEE ANNOUNCES HIS RETIREMENT

Effective April 3, 2004, Richard M. McKee is retiring from his position as Deputy Administrator of Dairy Programs of the Agricultural Marketing Service, U.S. Department of Agriculture. Rich was appointed to his current position (then titled Director of Dairy Division) in August 1994, having served for seven months in an acting capacity. As Deputy Administrator, Rich directed and provided oversight for the Federal milk marketing order program, the dairy inspection, grading, and standards programs, the dairy market news program, and the national dairy promotion programs. Born in Perry, Oklahoma, Rich grew up on a grain and dairy farm. He obtained a B.S. degree from Oklahoma State University and an M.B.A. from Georgia State University. He served as Quartermaster Officer in the U.S. Army from 1970 to 1972. Rich began his career with USDA in late 1972 in the Atlanta, Georgia, Milk Market Administrator's office. He came to Washington in 1979, working in various program areas. He served as Chief of the Promotion and Research Program from 1984 to 1988. He served as Chief of the Order Operations

Branch from 1988 to 1989. He was selected as Deputy Director, Dairy Programs, and served from April 1989 to August 1994, assisting the Director in carrying out the responsibilities of all program areas. While Deputy Director, he served for a brief period as Acting Market Administrator for the New York-New Jersey Federal milk marketing area.

JANUARY MILK PRODUCTION DOWN 0.9 PERCENT

Milk production in the 20 major States during January totaled 12.5 billion pounds, down 0.9 percent from January 2003. December revised production, at 12.3 billion pounds, was down 0.2 percent from December 2002. The December revision represented an increase of 0.5 percent or 62 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,620 pounds for January, 5 pounds above January 2003.

The number of cows on farms in the 20 major States was 7.72 million head, 92,000 head less than January 2003, but 5,000 head more than December 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 January totaled 2.0 billion pounds, down 64 million pounds or 3.1 percent from January 2003.

Production per cow in the Mideast states averaged 1,611 pounds for January, 4 less than January 2003.

The number of cows on farms in the Mideast states was 1.3 million head, 31,000 head less than January 2003.

FEBRUARY 2004 - POOL SUMMARY

Classification of Producer Milk

		Percent
Class I	511,233,751	36.3
Class II	207,301,980	14.7
Class III	642,528,289	45.7
Class IV	46,777,775	3.3
Total	1,407,841,795	100.0

Producer Prices

Producer Price Differential	\$ 0.98 /cwt
Butterfat Price	1.8518 /lb
Protein Price	1.7911 /lb
Other Solids Price	0.0090 /lb
Somatic Cell Adjustment Rate	0.00066 /cwt
Statistical Uniform Price	12.87 /cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33
FEBRUARY 2004

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			501,698,215			\$ 8.55 / cwt	\$ 42,895,197.44
Class I Butterfat		9,535,536				1.5244 / lb	14,535,971.09
Class I Location Differential	511,233,751						(258,568.33)
Class II SNF Value				17,697,458		0.7367 / lb	13,037,717.33
Class II Butterfat		13,402,959				1.8588 / lb	24,913,420.18
Class III Protein Value			19,725,880			1.7911 / lb	35,331,023.66
Class III Other Solids Value					36,750,481	0.0090 / lb	330,754.38
Class III Butterfat		23,085,806				1.8518 / lb	42,750,295.56
Class IV SNF Value				3,613,643		0.6597 / lb	2,383,920.29
Class IV Butterfat		7,128,680				1.8518 / lb	13,200,889.60
Somatic Cell Value II / III / IV							<u>466,348.30</u>
TOTAL PRODUCER MILK VALUE	1,407,841,795	53,152,981	43,288,909				\$ 189,586,969.50
Overages						\$135,057.83	
Beginning Inventory						69,083.17	
TOTAL ADJUSTMENTS							\$ 204,141.00
TOTAL HANDLER OBLIGATIONS							\$ 189,791,110.50
Total Protein Value			43,288,909 lbs	@	\$1.7911		\$ (77,534,764.89)
Total Other Solids Value			80,317,664 lbs	@	0.0090		(722,858.97)
Butterfat Value			53,152,981 lbs	@	1.8518		(98,428,690.24)
Total Somatic Cell Values							<u>(682,455.46)</u>
TOTALS							\$ 12,422,340.94
Net Producer Location Adjustments							\$ 1,317,211.75
1/2 Unobligated Balance Producer Settlement Fund							<u>709,000.00</u>
Total - Divided by Total Pounds		1,407,841,795 lbs			1.0262909		\$ 14,448,552.69
Rate of Cash Reserve					<u>(0.0462909)</u>		<u>(651,702.64)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*		1,407,841,795			\$ 0.98 cwt		\$ 13,796,850.05

COMPONENT PRICES

COMPUTATION OF UNIFORM PRICE

	February		February	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Butterfat Price	\$1.8518 / lb	\$1.1373 / lb	Class III Price - 3.5% BF	\$ 11.89
Protein Price	1.7911 / lb	1.8538 / lb	Producer Price Differential*	<u>0.98</u>
Other Solids Price	0.0090 / lb	0.0240 / lb	Statistical Uniform Price	\$12.87
Somatic Cell Adjustment Rate	0.00066 / cwt	0.00056 / cwt		<u>1.06</u>
Nonfat Solids Price	0.6597 / lb	0.6711 / lb		<u>\$10.72</u>

CLASS PRICES

CLASSIFICATION OF PRODUCER MILK

	February		February	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Class I*	\$13.59	\$12.23	Product lbs.	Product lbs.
Class II	12.90	10.66	Class I	511,233,751
Class III	11.89	9.66	Class II	207,301,980
Class IV	12.21	9.81	Class III	642,528,289
			Class IV	<u>46,777,775</u>
			Total	<u>1,407,841,795</u>
				1,387,769,255

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for February 2004 was \$0.98 and the Statistical Uniform Price was \$12.87 for the month. The Statistical Uniform Price is \$0.36 higher than last month, and is \$2.15 higher than February 2003.

The Producer Butterfat Price of \$1.8518 per pound increased 35.40 cents from January 2004 and is up 71.45 cents from a year ago. The Protein Price of \$1.7911 is down 29.64 cents from last month and is down 6.27 cents from February 2003. The Other Solids Price in February was \$0.0090 per pound, a decrease from last month's price of \$0.0217 and a decrease of 1.50 cents from last February. The Somatic Cell Adjustment rate for February was \$0.00066.

February producer receipts of 1.41 billion pounds were 7.0 percent lower than January 2004, and 1.4 percent higher than February 2003 production of 1.39 billion pounds. Producer milk allocated to Class I accounted for 36.3 percent of the total producer milk in February 2004, less than the 38.6 percent in January and less than the 37.6 percent in February 2003. A total of 9,942 producers were pooled on the Mideast Order compared to 10,505 producers pooled in February 2003.

The market average content of producer milk was as follows: Butterfat 3.78%; Protein 3.07%; Other Solids 5.71% and Nonfat Solids 8.78%.

2003 ANNUAL MILK PRODUCTION UP 0.1 PERCENT FROM 2002

The annual production of milk for the U.S. during 2003 was 170.3 billion pounds, 0.1 percent above 2002. Revisions to 2002 production increased the annual total by 0.2 percent. Revised 2003 production was up 0.4 percent from last month's publication.

Production per cow in the U.S. averaged 18,749 pounds for 2003, 141 pounds above 2002. The average annual rate of milk production per cow has increased 16 percent from 1994.

The average number of milk cows on farms in the U.S. during 2003 was 9.08 million head, down 0.6 percent from 2002. The average number of milk cows was revised down 2,000 head for 2002, and down 1,000 head for 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 2003 totaled 24.1 billion pounds, up 104 million pounds or 0.4 percent from 2002.

Production per cow in the Mideast states averaged 19,017 pounds for 2003, 658 pounds above 2002.

The number of cows on farms in the Mideast states was 1.3 million head, 13,000 head less than 2002.

	Milk Cows (1,000 Head)		Milk Per Cow (Pounds)		Milk Production (Million Pounds)	
	2002	2003	2002	2003	2002	2003
Indiana	151	149	17,603	19,758	2,658	2,944
Michigan	301	302	20,332	21,060	6,120	6,360
Ohio	262	260	17,080	17,269	4,475	4,490
Pennsylvania	585	575	18,419	17,979	10,775	10,338

USDA TO TERMINATE THE WESTERN MILK MARKETING ORDER

The U.S. Department of Agriculture announced that the Western Milk Marketing Order will be terminated effective April 1, 2004.

A referendum held to determine approval by producers did not obtain the necessary two-thirds vote in favor of adopting the amended order. Under these circumstances, the continuation of the existing Western order would not be in conformity with the Agricultural Marketing Agreement Act, the statute which authorizes milk marketing orders.

Certain administrative provisions of the order will remain in effect for a month or two to allow the market administrator time to complete plant audits and to close out the operation of the order. Once that work has been completed, USDA will terminate the remaining provisions of the order.

The notice of the termination of the order was published in the February 24th *Federal Register*.

NEW REPORT RELEASED ON AMS DAIRY DIVISION WEBSITE

Jerry Cessna, Agricultural Economist, USDA, Agricultural Marketing Service, Dairy Programs has published a paper "Milk Protein Products and Related Government Policy Issues". Released February 2004, this paper describes current government policy issues related to milk protein concentrates, wet ultra-filtered milk products, casein, and caseinates. The report has been posted to the Internet at www.ams.usda.gov/dairy/mktgcom.htm.

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

State	January 2004						January 2003				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,372	480,939	3.74	3.10	5.71	259	455,756	3.71	3.07	5.72	264
Ohio	2,538	326,692	3.82	3.13	5.69	285	310,025	3.90	3.13	5.70	303
Wisconsin	1,956	303,668	3.79	3.05	5.72	261	285,108	3.77	3.02	5.72	275
Indiana	1,218	159,940	3.82	3.11	5.72	266	152,851	3.82	3.10	5.71	277
Pennsylvania	1,306	110,223	3.88	3.13	5.65	339	119,698	3.89	3.11	5.67	368
New York	386	87,472	3.73	3.04	5.68	224	109,446	3.74	3.02	5.70	256
Illinois	89	17,657	3.78	3.10	5.78	265	12,857	3.82	3.05	5.78	303
West Virginia	79	6,258	3.95	3.19	5.68	395	6,409	3.91	3.17	5.68	400
Other	137	20,341	3.66	3.07	5.74	248	10,780	3.88	3.08	5.73	325
Total Average	10,081	1,513,190	3.79	3.10	5.71	270	1,462,930	3.79	3.08	5.71	285

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



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**FEDERAL ORDER DATA
FEBRUARY 2004**

<u>Marketing Area</u> ^{1/}	Producer Milk		Class I <u>Percent</u> %	Producer <u>Price Differential</u>	Statistical <u>Uniform Price</u>
	<u>Total</u> (000)	<u>Class I</u> (000)			
FO 1 Northeast - (Boston)	1,901,354	828,223	43.6	\$2.06	\$13.95
FO 5 Appalachian - (Charlotte)	520,446	346,205	66.5	^{2/}	14.49
FO 6 Florida - (Tampa)	249,186	204,097	81.9	^{2/}	15.48
FO 7 Southeast - (Atlanta)	626,270	365,248	58.3	^{2/}	14.23
FO 30 Upper Midwest - (Chicago)	1,944,217	354,753	18.3	0.47	12.36
FO 32 Central - (Kansas City)	1,163,472	343,081	29.5	0.77	12.66
FO 33 Mideast - (Cleveland)	1,407,842	511,234	36.3	0.98	12.87
FO 124 Pacific Northwest - (Seattle)	580,717	164,585	28.3	0.78	12.67
FO 126 Southwest - (Dallas)	727,292	322,851	44.4	1.78	13.67
FO 131 Arizona-Las Vegas - (Phoenix)	255,188	80,162	31.4	^{2/}	12.89
FO 135 Western - (Salt Lake City)	454,621	88,198	19.4	0.64	12.53

^{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 MARCH 2004 \$11.89 /cwt.

