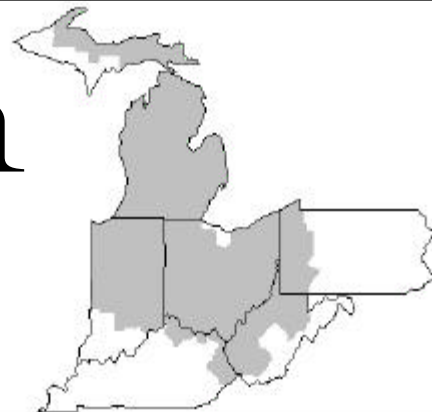


Mideast Market Administrator's Bulletin



Federal Order No. 33

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February 2006

USDA ANNOUNCES FINAL PARTIAL DECISION TO AMEND MIDEAST MILK ORDER

The U. S. Department of Agriculture announced a final partial decision that permanently adopts amendments to the pooling provisions of the Mideast milk marketing order that were previously implemented on an interim basis. This decision is based on testimony and evidence given at a public hearing held at Wooster, Ohio, on March 7 – 10, 2005.

The adopted amendments prohibit the ability to simultaneously pool the same milk on the Mideast Federal milk order and on a marketwide pool administered by another government entity, increase supply plant performance standards, and lower diversion limit standards.

USDA is conducting a vote on the amended order to determine producer approval. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

The decision appeared in the January 23rd *Federal Register*. For additional information about the decision contact this office.

2005 MARKET SUMMARY

Producer milk receipts totaled 18.1 billion pounds on the Mideast Order during 2005, an increase of 2.1 billion pounds, or 13.3 percent from 2004. 344 million pounds of milk were de-pooled in February, 223 million pounds of milk in April, and 20 million pounds of milk in June due to price inversions. Monthly producer receipts ranged from a low of 1.19 billion pounds in February to a high of 1.74 billion pounds in May.

The number of producers pooled on the Mideast Order in 2005 averaged 9,403 per month, down 5.4 percent from a year earlier. Producer milk averaged 3.65 percent butterfat ranging from a low of 3.49 percent in July to a high of 3.84 percent in December. The protein test averaged 3.02 percent for the year. It ranged from a low of 2.89 percent in July, to a high of 3.14 percent in December. Other solids averaged 5.71 percent for the year.

For the year, 35.9 percent of producer milk was utilized as Class I; 16.4 percent in Class II; 41.3 percent in Class III; and 6.4 percent in Class IV. The Class I utilization percentage had a high of 43.0 percent in February and a low of 29.7 percent in June. Class I milk totaled 6.5 billion pounds during 2005, down 0.1 percent from 2004. Class II milk totaled 3.0 billion pounds, an increase of 7.5 percent from 2004. Class III pooled pounds were 7.5 billion pounds, an increase of 27.6 percent from 2004. Class IV milk totaled 1.2 billion pounds, an increase of 36.4 percent from 2004.

The Class I price averaged \$16.40 for the year, a decrease of \$0.58 from 2004. The Class I price had a high of \$18.65 in January and a low of \$15.57 in December. The Class II price averaged \$13.48, a decrease of \$0.38. It was lowest in May at \$12.78 and was highest in September at \$14.35. The Class III price averaged \$14.05, a decrease of \$1.34. February was the highest price at \$14.70 and November was the lowest at \$13.35. The Class IV price averaged \$12.88 for the year, a decrease of \$0.32 from a year ago. It ranged from \$12.20 in May to \$13.75 in September.

The Statistical Uniform Price averaged \$14.70 for 2005 compared to \$15.44 in 2004. The Producer Butterfat Price averaged \$1.7105 per pound in the year 2005. This was a decrease of 34.02 cents from 2004. The price was highest in September at \$1.8872 per pound and was lowest in December at \$1.5036 per pound. The Protein Price averaged \$2.4602 per pound. This was a decrease of 14.33 cents from the previous year. The highest price was \$2.7055 per pound in April and the lowest price was in August at \$2.1619 per pound. Other Solids Price averaged \$0.1228 per pound. This was an increase of 4.77 cents from 2004. The Producer Price Differential (PPD) averaged \$0.66 cwt. in the year 2005 producing a low in February of \$0.01 and a high of \$1.34 in August.

DECEMBER MILK PRODUCTION UP 4.2 PERCENT

Milk production in the 23 major States during December totaled 13.6 billion pounds, up 4.2 percent from December 2004. November revised production, at 13.0 billion pounds, was up 4.6 percent from November 2004. The November revision represented a decrease of 1 million pounds from last month's preliminary production estimate.

(continued on Page 3)

JANUARY 2006 - POOL SUMMARY

Classification of Producer Milk

		Percent
Class I	572,957,741	37.9
Class II	228,307,782	15.1
Class III	602,465,986	39.8
Class IV	108,559,804	7.2
Total	1,512,291,313	100.0

Producer Prices

Producer Price Differential	\$ 0.56 /cwt
Butterfat Price	1.4684 /lb
Protein Price	2.3994 /lb
Other Solids Price	0.1881 /lb
Somatic Cell Adjustment Rate	0.00069 /cwt
Statistical Uniform Price	13.95 /cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****JANUARY 2006****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			562,557,272			\$ 10.42 / cwt	\$ 58,618,467.72
Class I Butterfat		10,400,469				1.5216 / lb	15,825,353.63
Class I Location Differential	572,957,741						(278,313.72)
Class II SNF Value				19,597,628		0.9311 / lb	18,247,351.44
Class II Butterfat		13,883,765				1.4754 / lb	20,484,106.85
Class III Protein Value			18,507,034			2.3994 / lb	44,405,777.37
Class III Other Solids Value					34,571,847	0.1881 / lb	6,502,964.43
Class III Butterfat		21,294,156				1.4684 / lb	31,268,338.67
Class IV SNF Value				8,880,144		0.8132 / lb	7,221,333.08
Class IV Butterfat		11,316,059				1.4684 / lb	16,616,501.05
Somatic Cell Value II / III / IV							<u>560984.53</u>
TOTAL PRODUCER MILK VALUE	1,512,291,313	56,894,449	46,391,648		86,593,782		\$ 219,472,865.05
O verages						\$ 11484.96	
Beginning Inventory and OS Charges						48,952.81	
TOTAL ADJUSTMENTS							\$ 60437.77
TOTAL HANDLER OBLIGATIONS							\$ 219,533,302.82
Total Protein Value			46,391,648 lbs	@	\$ 23994		\$(111,312,120.24)
Total Other Solids Value			86,593,782 lbs	@	0.1881		(16,288,290.42)
Butterfat Value			56,894,449 lbs	@	1.4684		(83,543,808.97)
Total Somatic Cell Values							<u>(874,596.82)</u>
TOTALS							\$ 7,514,486.37
Net Producer Location Adjustments							\$ 1,014,349.91
1/2 Unobligated Balance Producer Settlement Fund							<u>666,000.00</u>
Total - Divided by Total Pounds			1,512,291,313 lbs		0.6080069		\$ 9,194,836.28
Rate of Cash Reserve					(0.0480069)		(726,004.18)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*					\$ 0.56 cwt		\$ 8,468,832.10

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	January		January	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Butterfat Price	\$1.4684 / lb	\$1.7330 / lb	Class III Price - 3.5% BF	\$13.39
Protein Price	2.3994 / lb	2.5300 / lb	Producer Price Differential*	<u>0.56</u>
Other Solids Price	0.1881 / lb	0.0899 / lb	Statistical Uniform Price	\$13.95
Somatic Cell Adjustment Rate	0.00069 / cwt	0.00076 / cwt		\$15.22
Nonfat Solids Price	0.8132 / lb	0.7431 / lb		

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	January		January	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Class I*	\$15.38	\$18.65	Product lbs.	Product lbs.
Class II	13.25	13.04	Class I	572,957,741
Class III	13.39	14.14	Class II	552,528,945
Class IV	12.20	12.52	Class III	227,102,379
			Class III	602,465,986
			Class IV	108,559,804
			Total	<u>1,512,291,313</u>
				1,558,477,672

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for January 2006 was \$0.56 and the Statistical Uniform Price was \$13.95 for the month. The Statistical Uniform Price is \$0.05 higher than last month, and is \$1.27 lower than January 2005.

The Producer Butterfat Price of \$1.4684 per pound decreased 3.52 cents from December 2005 and is down 26.46 cents from a year ago. The Protein Price of \$ 2.3994 is up 1.48 cents from last month and is down 13.06 cents from January 2005. The Other Solids Price in January was \$0.1881 per pound, an increase from last month's price of \$0.1702 and an increase of 9.82 cents from last January. The Somatic Cell Adjustment rate for January was \$0.00069.

January producer receipts of 1.51 billion pounds were 4.7 percent higher than December 2005, and 3.0 percent lower than January 2005 production of 1.56 billion pounds. Producer milk allocated to Class I accounted for 37.9 percent of the total producer milk in January 2006, less than the 39.5 percent in December 2005 and more than the 35.4 percent in January 2005. A total of 8,757 producers were pooled on the Mideast Order compared to 9,707 producers pooled in January 2005.

The market average content of producer milk was as follows: Butterfat 3.76%; Protein 3.07%; Other Solids 5.73% and Nonfat Solids 8.80%.

(continued from Front Page)

Production per cow in the 23 major States averaged 1,665 pounds for December, 55 pounds above December 2004. The number of milk cows on farms in the 23 major States was 8.16 million head, 67,000 head more than December 2004, and 4,000 head more than November 2005.

The Mideast Marketing Area has four states represented in the 23 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during December totaled 2.1 billion pounds, up 105 million pounds or 5.2 percent from December 2004.

Production per cow in the Mideast states averaged 1,639 pounds for December, 71 pounds above December 2004. The number of cows on farms in the Mideast states was 1.3 million head, 7,000 head more than December 2004.

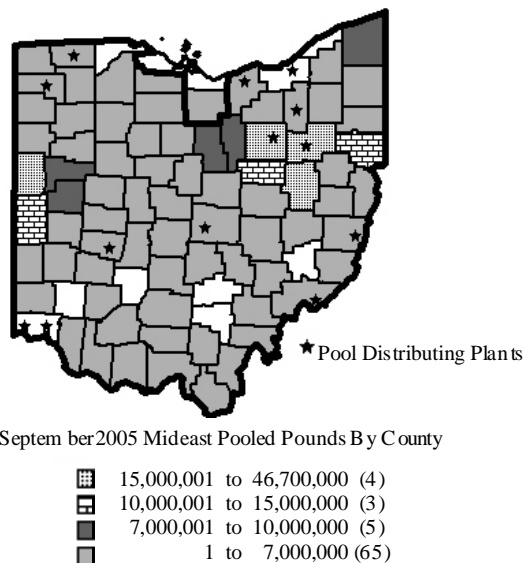
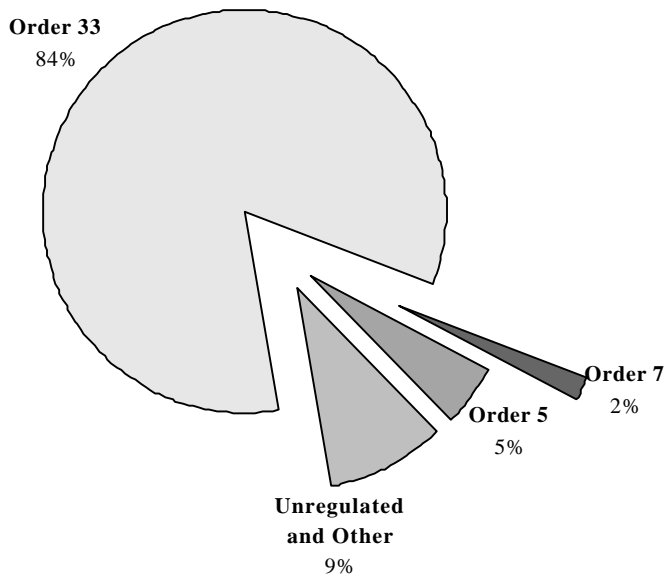
SPOTLIGHT ON THE MIDEAST: OHIO

Mideast producer milk pooled in September 2005 included 318.9 million pounds from 2,460 producers in Ohio. This compares to 309.2 million pounds of milk from 2,560 producers in September 2004. Ohio producers also pooled 18.8 million pounds of milk on the Appalachian Order (F.O. 5), 7.2 million pounds on the Southeast Order (F.O. 7), and 36.1 million pounds were either unregulated milk (not pooled) or pooled on the Northeast or Central Orders.

The top five counties of Ohio for milk production on the Mideast Order were: Wayne, Mercer, Tuscarawas, Stark, and Holmes with milk production equal to 37.0 percent of the total pounds of milk pooled from Ohio in September 2005. These same five counties topped milk production in September 2004 with 36.1 percent of all milk pooled from Ohio.

The Mideast Order had thirteen pool distributing plants in Ohio in September. These plants pooled 204.3 million pounds of milk with Class I utilization of 83.3% for the month. This compares to 203.3 million pounds of milk and a Class I utilization of 84.3% in September 2004. Thirty-four non-pool manufacturing plants in Ohio received either diverted or transferred pooled milk product in September of 2005.

Ohio Federal Order Producer Milk



Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State											
Federal Order No. 33											
State	December 2005						December 2004				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,172	500,955	3.77	3.13	5.71	237	362,130	3.73	3.09	5.69	232
Ohio	2,429	333,025	3.92	3.17	5.67	271	244,919	3.79	3.13	5.67	248
Wisconsin	1,092	187,077	3.81	3.10	5.70	269	38,108	3.80	3.08	5.69	225
Indiana	1,184	147,078	3.93	3.17	5.69	267	132,628	3.82	3.12	5.69	242
New York	442	128,617	3.76	3.09	5.72	229	126,879	3.65	3.03	5.68	218
Pennsylvania	1,288	116,431	3.95	3.17	5.66	313	66,764	3.87	3.16	5.65	307
Illinois	16	9,245	3.60	2.95	5.76	157	3,454	3.80	3.08	5.73	271
West Virginia	67	5,321	4.05	3.29	5.66	393	3,768	3.96	3.26	5.65	333
Other	126	16,829	3.83	3.12	5.66	347	5,823	3.80	3.13	5.69	284
Total/Average *	8,816	1,444,578	3.84	3.14	5.69	259	984,474	3.76	3.10	5.68	241

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



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**FEDERAL ORDER DATA
JANUARY 2006**

Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential	Statistical Uniform Price
	Total (000)	Class I (000)			
FO 1 North - (Boston)	1,986,322	893,898	45.0	\$1.39	\$14.78
FO 5 Appalachian - (Charlotte)	520,483	361,305	69.4	^{2/}	15.52
FO 6 Florida - (Tampa)	278,593	238,003	85.4	^{2/}	16.71
FO 7 Southeast - (Atlanta)	627,008	400,938	64.0	^{2/}	15.44
FO 30 Upper Midwest - (Chicago)	2,216,903	380,880	17.2	0.27	13.66
FO 32 Central - (Kansas City)	1,245,347	386,980	31.1	0.36	13.75
FO 33 Mideast - (Cleveland)	1,512,291	572,958	37.9	0.56	13.95
FO 124 Pacific Northwest - (Seattle)	626,743	186,503	29.8	0.05	13.44
FO 126 Southwest - (Dallas)	900,436	366,761	40.7	1.11	14.50
FO 131 Arizona-Las Vegas - (Phoenix)	268,612	85,400	31.8	^{2/}	13.76

^{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 FEBRUARY 2006..... \$12.20/cwt.

**MIDEAST MARKETING AREA
FEDERAL ORDER 33**

**BALANCE SHEET
MARKETING SERVICE FUND**

As of December 31, 2005

ASSETS

Current Assets:

Cash and Bank Deposits	\$ 113,134.54
Investments	300,000.00
Accounts Receivable - Handlers	177,128.49
Allow ance forUncollectible Accounts	.00
Accounts Receivable - Other	.00
Accrued Interest Receivable	.00

Other Assets:

Prepaid Expenses	\$ 4,860.87
Deposits	.00

Fixed Assets:

Motor Vehicles	\$523,072.62
Accumulated Depreciation	(453,447.24)
Furniture and Equipment	38,310.25
Accumulated Depreciation	(34,929.79)
Laboratory Equipment	915,931.44
Accumulated Depreciation	(755,970.01)
Leasehold Improvements	120,029.69
Accumulated Depreciation	<u>(23,339.63)</u>

Total Assets \$924,781.23

LIABILITIES AND OPERATING BALANCE

Current Liabilities:

Accounts Payable - Other	\$.00
Accrued Employee Salaries Payable	21,321.08
Accrued Employee Annual Leave	96,793.36
Payroll Contributions and Withholdings	5,775.93

Operating Balance \$800,890.86

Total Liabilities and Operating Balance \$924,781.23

**MIDEAST MARKETING AREA
FEDERAL ORDER 33**

**INCOME AND EXPENSE STATEMENT
MARKETING SERVICE FUND**

For the Year Ending December 31, 2005

Income:

Assessments or Deductions	\$2,134,348.17
Late Payment Charges Assessed	.00
Interest Earned	8,776.01
Miscellaneous	<u>60,402.81</u>

<u>Total Income</u>	<u>\$2,203,526.99</u>
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Expenses:

Salaries and Services	\$1,178,802.31
Travel	121,798.79
Communications	96,010.93
Employer Payroll Contributions	310,149.88
Insurance	8,541.36
Rent - Buildings and Equipment	102,184.02
Repairs and Maintenance	15,748.40
Supplies	117,902.21
Testing and Weighing	30,598.93
Utilities	12,951.06
Depreciation of Fixed Assets	139,286.29
Conferences and Meetings	.00
Training	5,513.57
Uncollectible Accounts	.00
Miscellaneous	5,119.45
Amortization of Leasehold Improvements	<u>20,004.84</u>

<u>Total Expenses</u>	<u>\$2,164,612.04</u>
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<u>Net Income</u>	<u>\$ 38,914.95</u>
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