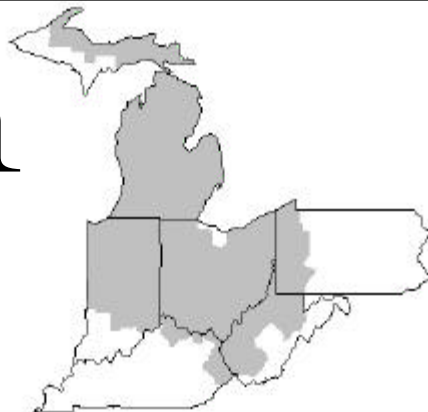


Mideast Market Administrator's Bulletin



Federal Order No. 33

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October 2006

Johanns Names Members to National Dairy Board

Agriculture Secretary Mike Johanns announced the appointment of seven new members and reappointment of five incumbents to the National Dairy Promotion and Research Board. All will serve three-year terms from November 1, 2006, through October 31, 2009.

Newly appointed were: Lawrence A. Hancock, Muleshoe, Texas (Region 4); Paul L. Kent, Mora, Minn. (Region 5); Peter J. Kappelman, Two Rivers, Wis. (Region 6); Randy G. Roecker, Loganville, Wis. (Region 6); Larry G. Purdom, Purdy, Mo. (Region 7); Rita P. Kennedy, Valencia, Pa., (Region 11); and Sanford Stauffer, Nicholville, N.Y. (Region 12).

Reappointed to serve second terms were: Elizabeth I. Anderson, Onaska, Wash. (Region 1); Mary E. Cameron, Hanford, Calif. (Region 2); Kimberly K. Clauss, Hilmar, Calif. (Region 2); William C. Stouder, Wendell, Idaho (Region 3); and Donald E. Gurtner, Fremont, Ind. (Region 9).

USDA Seeks Nominations for National Fluid Milk Board

The U.S. Department of Agriculture is asking fluid milk processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board.

The Secretary of Agriculture will appoint seven individuals from those nominated to succeed members whose terms expire June 30, 2007. Newly appointed or reappointed members will serve three-year terms from July 1, 2007, through June 30, 2010.

The national fluid milk program is financed by a mandatory 20 cent per hundred weight assessment on fluid milk processors who process and market commercially in consumer-type packages more than 3,000,000 pounds of fluid milk products per month in the contiguous 48 states and the District of Columbia, excluding those fluid milk products delivered directly to consumer residences.

USDA will accept nominations for board representation in five geographic regions and two at-large processor positions. Nominees must be active owners or employees of a fluid milk processor. The geographic regions are: Region 1 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont); Region 4 (Georgia, North Carolina, and South Carolina); Region 7 (Michigan, Minnesota, North Dakota, South Dakota, and Wisconsin); Region 10 (Texas); and Region 13 (Idaho, Montana, Oregon, Washington, and Wyoming). No fluid milk processor shall be represented on the board by more than three members.

Fluid milk processors and interested parties may submit nominations

for regions in which they are located or market fluid milk, and for at-large members.

To nominate an individual, please submit originals of both the nomination form and a signed background form for each nominee by November 3, 2006, to: Promotion and Research Branch, Dairy Programs; USDA, AMS, MRP; 1400 Independence Ave., S.W.; Stop 0233, Room 2958-S; Washington, D.C. 20250-0233.

August Milk Production Up 1.6 Percent

Milk production in the 23 major States during August totaled 13.9 billion pounds, up 1.6 percent from August 2005. July revised production, at 13.9 billion pounds, was up 1.5 percent from July 2005.

The July revision represented an increase of 6 million pounds from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,680 pounds for August, 9 pounds above August 2005.

The number of milk cows on farms in the 23 major States was 8.25 million head, 88,000 head more than August 2005, and 9,000 head less than July 2006.

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 August totaled 2.1 billion pounds, up 18 million pounds or 0.9 percent from August 2005.

Production per cow in the Mideast states averaged 1,629 pounds for August, 3 pounds below August 2005. The number of cows on farms in the Mideast states was 1.3 million head, 9,000 head more than August 2005.

September 2006 - Pool Summary

Classification of Producer Milk

		Percent
Class I	578,526,999	45.9
Class II	249,531,029	19.8
Class III	350,733,233	27.9
Class IV	80,872,608	6.4
Total	1,259,663,869	100.0

Producer Prices

Producer Price Differential	\$ 0.11 / cwt
Butterfat Price	1.4191 / lb
Protein Price	2.1346 / lb
Other Solids Price	0.1649 / lb
Somatic Cell Adjustment Rate	0.00065 / cwt
Statistical Uniform Price	12.40 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

SEPTEMBER 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			568,003,430			\$ 8.64 / cwt	\$ 49,075,496.36
Class I Butterfat		10,523,569				1.2903 / lb	13,578,561.13
Class I Location Differential	578,526,999						(299,946.27)
Class II SNF Value				21,263,120		0.7767 / lb	16,515,065.31
Class II Butterfat		15,149,076				1.4261 / lb	21,604,097.30
Class III Protein Value			10,701,275			2.1346 / lb	22,842,941.62
Class III Other Solids Value					19,937,591	0.1649 / lb	3,287,708.75
Class III Butterfat		12,998,725				1.4191 / lb	18,446,490.64
Class IV SNF Value				6,655,609		0.7066 / lb	4,702,853.33
Class IV Butterfat		7,406,632				1.4191 / lb	10,510,751.47
Somatic Cell Value II / III / IV							<u>197,398.90</u>
TOTAL PRODUCER MILK VALUE	1,259,663,869	46,078,002	38,434,989		71,637,472		\$ 160,461,418.54
O verages						\$ 45,739.82	
Beginning Inventory and OS Charges						84,760.05	
TOTAL ADJUSTMENTS							\$ 130,499.87
TOTAL HANDLER OBLIGATIONS							\$ 160,591,918.41
Total Protein Value			38,434,989lbs		@ \$2.1346		\$(82,043,327.55)
Total Other Solids Value			71,637,472lbs		@ 0.1649		(11,813,019.14)
Butterfat Value			46,078,002lbs		@ 1.4191		(65,389,292.61)
Total Somatic Cell Values							<u>(319,469.68)</u>
TOTALS							\$ 1,026,809.43
Net Producer Location Adjustments							\$ 218,683.30
1/2 Unobligated Balance Producer Settlement Fund							<u>684,000.00</u>
Total - Divided by Total Pounds			1,259,663,869 lbs		0.1531752		\$ 1,929,492.73
Rate of Cash Reserve					(0.0431752)		(543,862.39)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,259,663,869		\$ 0.11 cwt		\$ 1,385,630.34

COMPONENT PRICES

COMPUTATION OF UNIFORM PRICE

	<u>September</u>		<u>September</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Butterfat Price	\$1.4191 / lb	\$1.8872 / lb	Class III Price - 3.5% BF	\$12.29
Protein Price	2.1346 / lb	2.3009 / lb	Producer Price Differential*	<u>0.11</u>
Other Solids Price	0.1649 / lb	0.1411 / lb	Statistical Uniform Price	\$12.40
Somatic Cell Adjustment Rate	0.00065 / cwt	0.00075 / cwt		\$14.94
Nonfat Solids Price	0.7066 / lb	0.8222 / lb		

CLASS PRICES

CLASSIFICATION OF PRODUCER MILK

	<u>September</u>		<u>September</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Class I*	\$12.85	\$15.70	<i>Product lbs.</i>	<i>Product lbs.</i>
Class II	11.74	14.35	Class I	578,526,999
Class III	12.29	14.30	Class II	249,531,029
Class IV	11.10	13.75	Class III	350,733,233
			Class IV	<u>80,872,608</u>
			Total	1,259,663,869
				<u>1,431,225,166</u>

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for September 2006 was \$0.11 and the Statistical Uniform Price was \$12.40 for the month. The Statistical Uniform Price is \$0.42 higher than last month, and is \$2.54 lower than September 2005.

The Producer Butterfat Price of \$1.4191 per pound increased 11.83 cents from August 2006 and is down 46.81 cents from a year ago. The Protein Price of \$ 2.1346 is up 22.96 cents from last month and is down 16.63 cents from September 2005. The Other Solids Price in September was \$0.1649 per pound, an increase from last month's price of \$0.1416 and an increase of 2.38 cents from last September. The Somatic Cell Adjustment rate for September was \$0.00065.

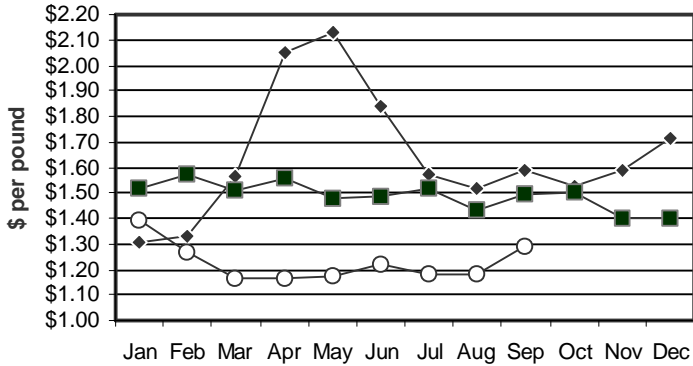
September producer receipts of 1.26 billion pounds were 7.4 percent lower than August 2006, and 12.0 percent lower than September 2005 production of 1.43 billion pounds. Producer milk allocated to Class I accounted for 45.9 percent of the total producer milk in September 2006, more than the 41.0 percent in August 2006 and more than the 40.3 percent in September 2005. A total of 8,065 producers were pooled on the Mideast Order compared to 9,031 producers pooled in September 2005.

The market average content of producer milk was as follows: Butterfat 3.66%; Protein 3.05%; Other Solids 5.69% and Nonfat Solids 8.74%.

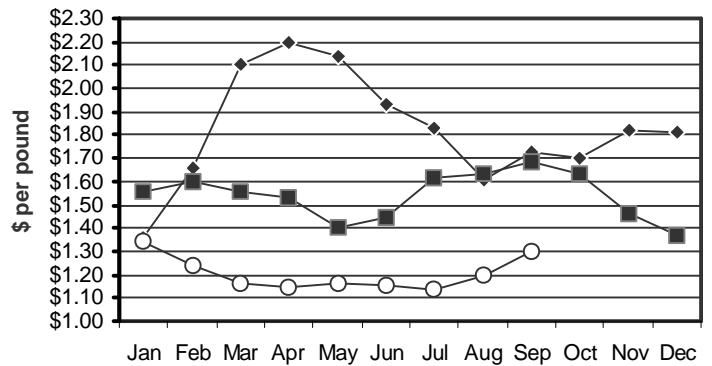
Commodity Recap: Prices Rebound in 3rd Quarter

The NASS monthly commodity prices for cheese have seen a gradual incline during the 3rd quarter of 2006. The September weighted average cheese price was \$1.2912 per pound and the weighted average cheese price has averaged \$1.2242 per pound thus far in 2006. The weighted average cheese price per pound averaged \$1.6431 in 2004, and \$1.4875 per pound in 2005. The NASS monthly commodity prices for butter have been steady since March, with a spike in September. The September butter price was \$1.2976 per pound and the butter price has averaged \$1.2033 per pound so far for 2006. The butter price per pound averaged \$1.8239 in 2004, and \$1.5405 per pound in 2005. The NASS monthly commodity prices for nonfat dry milk powder have dropped almost ten cents since the beginning of the year. A significant rise in the fourth quarter is likely. The September nonfat dry milk price was \$0.8537 per pound and the 2006 nonfat dry milk price has averaged \$0.8600 per pound. The nonfat dry milk price per pound averaged \$0.8405 in 2004, and \$0.9409 per pound in 2005. The NASS monthly commodity prices for dry whey powder peaked at \$0.3416 in January. The fourth quarter may surpass this amount. The September dry whey price was \$0.3191 per pound and the 2006 dry whey has averaged \$0.3110 per pound in 2006. The dry whey price per pound averaged \$0.2319 in 2004, and \$0.2782 per pound in 2005.

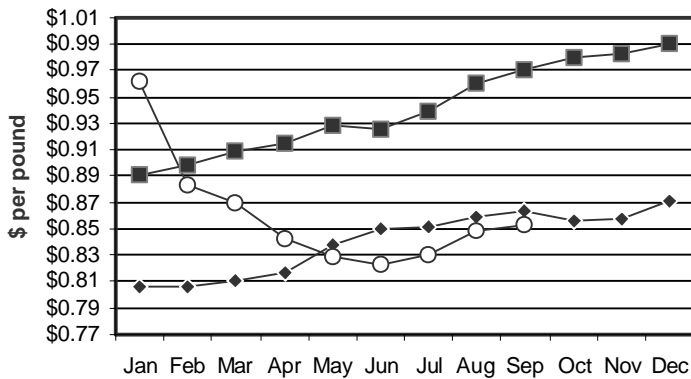
Cheese Prices



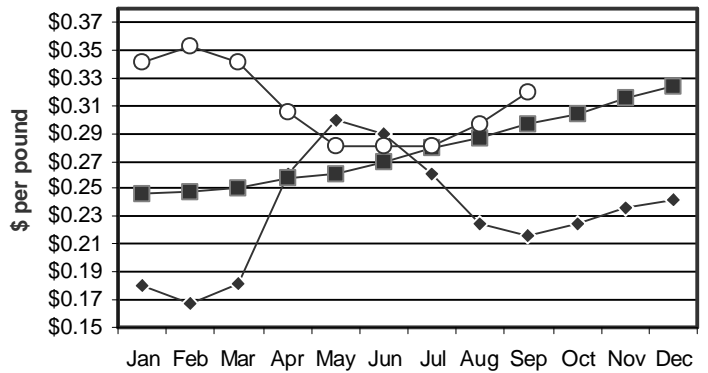
Butter Prices



NFDM Prices



Dry Whey Prices



◆ 2004 ■ 2005 ○ 2006

◆ 2004 ■ 2005 ○ 2006

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

State	August 2006						August 2005				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,126	500,831	3.51	2.95	5.71	300	509,788	3.46	2.92	5.72	311
Ohio	2,440	327,959	3.60	2.97	5.65	373	334,867	3.54	2.94	5.69	376
New York	453	173,351	3.56	2.93	5.68	272	76,990	3.50	2.93	5.70	280
Indiana	1,142	143,227	3.59	2.95	5.68	361	140,086	3.50	2.93	5.70	380
Pennsylvania	1,292	117,887	3.61	2.97	5.65	411	117,369	3.57	2.95	5.68	427
Wisconsin	506	77,074	3.56	2.91	5.78	302	208,512	3.50	2.93	5.72	298
Illinois	11	8,367	3.46	3.05	5.81	236	9,248	3.36	2.94	5.78	222
West Virginia	68	5,424	3.67	3.06	5.65	459	5,513	3.61	3.00	5.66	511
Other	88	5,864	3.67	3.00	5.64	404	14,020	3.50	2.94	5.70	418
Total/Average *	8,126	1,359,984	3.56	2.95	5.69	331	1,416,393	3.50	2.93	5.71	341

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



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**FEDERAL ORDER DATA
SEPTEMBER 2006**

Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential	Statistical Uniform Price
	Total (000)	Class I (000)			
FO 1 Northwest - (Boston)	1,746,361	909,703	52.1	\$1.14	\$13.43
FO 5 Appalachian - (Charlotte)	455,725	335,078	73.5	^{2/}	13.63
FO 6 Florida - (Tampa)	231,761	205,157	88.5	^{2/}	14.70
FO 7 Southeast - (Atlanta)	607,301	402,879	66.3	^{2/}	13.68
FO 30 Upper Midwest - (Chicago)	1,937,248	390,540	20.2	0.08	12.37
FO 32 Central - (Kansas City)	807,283	371,092	46.0	(0.06)	12.23
FO 33 Midwest - (Cleveland)	1,259,664	578,527	45.9	0.11	12.40
FO 124 Pacific Northwest - (Seattle)	487,937	190,533	39.1	(0.40)	11.89
FO 126 Southwest - (Dallas)	879,030	358,323	40.8	0.91	13.20
FO 131 Arizona - (Phoenix)	249,903	115,374	46.2	^{2/}	12.76

^{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.

^{3/} Data not available at time of publication, please see website version for information.

MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2006.....\$11.10 /cwt.