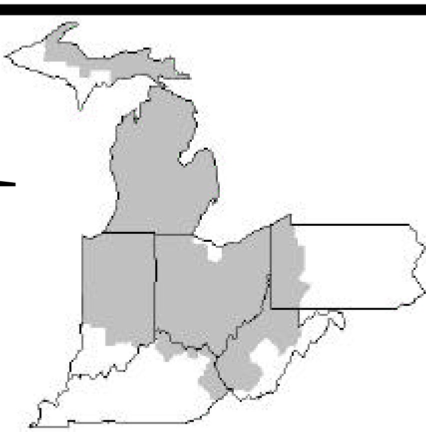
Mideast Market Administrator's

Bulletin

Federal Order No. 33

David Z. Walker, Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com

April 2007



Small 2007 Milk Production Increase Presages Higher Milk Prices for the Year

Rapidly rising feed prices have continued to raise costs for dairy producers. Corn and soybean meal prices have risen, but probably more important for dairy producers, have been high prices for alfalfa hay. Hay prices are expected to rise further as supplies tighten, but should decline later this year as supplies increase with expected improved conditions this spring. Relief in the form of higher milk prices for 2007 could improve profitability for the most efficient producers.

The change in this month's forecast is a result of lower-than expected production per cow in the first quarter of this year. Cow numbers and milk production are unchanged from last month's forecast for the remainder of the year. Production per cow is expected to be 20,260 pounds, and total 2007 production is expected to reach 184.1 billion pounds, 1.3 percent above 2006.

Prices for all major dairy products this year are forecast above 2006 levels. January 2007 stocks for butter and total cheese exceeded January 2006 by 24 percent and 11 percent respectively, according to the most recent *Cold Storage* report. Year-over-year production for both butter and total cheese has also trended higher in January, up 2.5 percent and 6.7 percent respectively. Given the strong ongoing demand for cheese and dry products, the relatively small increase in 2007 milk production could tighten supplies later in the year and draw down the higher beginning stocks. As a result, prices in 2007 are expected to be higher than in 2006. In 2007, the cheese price is expected to be between $1.330 and $1.390 per pound, while the butter price is forecast between $1.240 and $1.330 per pound. Butter prices are unlikely to increase compared with other products because butter supplies are ample and should remain so for the year.

Nonfat dry milk (NDM) demand remains strong, and global supplies are especially tight. In 2006, exports are estimated to account for around 40% of U.S. NDM and skim milk powder (SMP) production, a situation likely to continue into 2007. Australian production could take this year and next to rebound from weather related problems, and European Union milk production is moving into higher value cheese production, away from dry products.

U.S. whey exports are also expected to trend higher in 2007. Consequently, domestic prices for NDM and whey are expected to continue to strengthen this year. The annual 2007 NDM price is forecast between $1.110 and $1.160 per pound. The whey price should climb to between 59.5 and 62.5 cents per pound for the year.

Forecast higher prices for dairy products point to significantly higher prices for all milk classes. The Class IV milk price is expected to climb throughout 2007, averaging $12.95 to $13.65 per cwt for the year. The Class III price is projected to rise to an average $14.10 to $14.70 per cwt for the year. The reported all-milk price is expected to be sharply higher in 2007 – it could reach $15.50 to $16.50 per cwt by the fourth quarter and will likely average $15.05 to $15.65 per cwt for the year.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-153, March 19, 2007, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

February Milk Production Up 0.9 Percent

Milk production in the 23 major States during February totaled 13.1 billion pounds, up 0.9 percent from February 2006. January revised production, at 14.3 billion pounds, was up 1.8 percent from January 2006. The January revision represented an increase of 48 million pounds from last months preliminary production estimate.

Production per cow in the 23 major States averaged 1,586 pounds for February, no change from February 2006. The number of milk cows on farms in the 23 major States was 8.28 million head, 71,000 head more than February 2006, but 3,000 head less than January 2007.

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 February totaled 2.0 billion pounds, up 2 million pounds or 0.1 percent from February 2006.

Production per cow in the Mideast states averaged 1,559 pounds for February, 1 pound below February 2006. The number of cows on farms in the Mideast states was 1.3 million head, 9,000 head more than February 2006.

March 2007 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	586,809,013	41.0
Class II	298,099,757	20.8
Class III	461,152,632	32.2
Class IV	86,360,101	6.0
Total	1,432,421,503	100.0

Producer Prices

Producer Price Differential	$ 0.03	/ cwt
Butterfat Price	1.3769	/ lb
Protein Price	2.4329	/ lb
Other Solids Price	0.5257	/ lb
Somatic Cell Adjustment Rate	0.00069	/ cwt
Statistical Uniform Price	15.12	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

MARCH 2007

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			576,230,451			$ 12.00 / cwt	$ 69,147,654.12
Class I Butterfat		10,578,562				1.3335 / lb	14,106,512.44
Class I Location Differential	586,809,013						(261,560.21)
Class II SNF Value				25,598,524		1.0078 / lb	25,798,192.56
Class II Butterfat		16,813,199				1.3839 / lb	23,267,786.06
Class III Protein Value			14,122,846			2.4329 / lb	34,359,472.01
Class III Other Solids Value					26,330,387	0.5257 / lb	13,841,884.45
Class III Butterfat		17,400,904				1.3769 / lb	23,959,304.70
Class IV SNF Value				7,087,231		1.0229 / lb	7,249,528.59
Class IV Butterfat		8,423,376				1.3769 / lb	11,598,146.41
Somatic Cell Value II / III / IV							458,823.77
TOTAL PRODUCER MILK VALUE	1,432,421,503	53,216,041	43,810,335		81,741,205		$ 223,525,744.90
Overages					$ 59,138.90		
Beginning Inventory and OS Charges					113,688.21		
TOTAL ADJUSTMENTS							$ 172,827.11
TOTAL HANDLER OBLIGATIONS							$ 223,698,572.01
Total Protein Value			43,810,335 lbs	@	$2.4329		$ (106,586,164.07)
Total Other Solids Value			81,741,205 lbs	@	0.5257		(42,971,351.50)
Butterfat Value			53,216,041 lbs	@	1.3769		(73,273,166.84)
Total Somatic Cell Values							(743,643.88)
TOTALS							$ 124,245.72
Net Producer Location Adjustments							$ 362,320.01
1/2 Unobligated Balance Producer Settlement Fund							605,000.00
Total - Divided by Total Pounds			1,432,421,503 lbs		0.0762042		$ 1,091,565.73
Rate of Cash Reserve					(0.0462042)		(661,838.90)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,432,421,503		**$ 0.03 cwt**		$ 429,726.83

COMPONENT PRICES

March	2007	2006
Butterfat Price	$1.3769 / lb	$1.2596 / lb
Protein Price	2.4329 / lb	1.8836 / lb
Other Solids Price	0.5257 / lb	0.1874 / lb
Somatic Cell Adjustment Rate	0.00069 / cwt	0.00058 / cwt
Nonfat Solids Price	1.0229 / lb	0.7224 / lb

COMPUTATION OF UNIFORM PRICE

March	2007	2006
Class III Price - 3.5% BF	$15.09	$11.11
Producer Price Differential*	0.03	1.25
Statistical Uniform Price	$15.12	$12.36

CLASS PRICES

March	2007	2006
Class I*	$16.25	$14.49
Class II	13.60	11.69
Class III	15.09	11.11
Class IV	13.71	10.68

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

March	2007 *Product lbs.*	2006 *Product lbs.*
Class I	586,809,013	585,895,230
Class II	298,099,757	240,417,222
Class III	461,152,632	623,019,807
Class IV	86,360,101	94,383,135
Total	1,432,421,503	1,543,715,394

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2007 was $0.03 and the Statistical Uniform Price was $15.12 for the month. The Statistical Uniform Price is the $0.89 higher than last month, and is $2.76 higher than March 2006.

The Producer Butterfat Price of $1.3769 per pound increased 6.57 cents from February 2007 and is up 11.73 cents from a year ago. The Protein Price of $ 2.4329 is up 2.04 cents from last month and is up 54.93 cents from March 2006. The Other Solids Price in March was $0.5257 per pound, an increase from last month's price of $0.4170 and an increase of 33.83 cents from last March. The Somatic Cell Adjustment rate for March was $0.00069.

March producer receipts of 1.43 billion pounds were 12.1 percent higher than February 2007, and 7.2 percent lower than March 2006 production of 1.54 billion pounds. Producer milk allocated to Class I accounted for 41.0 percent of the total producer milk in March 2007, less than the 41.6 percent in February 2007 and more than the 37.9 percent in March 2006. A total of 7,849 producers were pooled on the Mideast Order compared to 8,713 producers pooled in March 2006.

The market average content of producer milk was as follows: Butterfat 3.72%; Protein 3.06%; Other Solids 5.71% and Nonfat Solids 8.77%.

Federal Order Fluid Milk Sales 2004-2006

Federal Order packaged fluid milk sales totaled 44.2 billion pounds for 2006. This was an increase of 459 million pounds or 1.0 percent from 2005. The Mideast Marketing Area had the second highest packaged fluid milk sales of all federal orders. The 6.3 billion pounds of milk in 2006 is an increase of 24 million pounds from 2005, but was 14 million pounds less than 2004. Packaged fluid milk sales in the Mideast Marketing area represents 14.2 percent of all federal order packaged fluid milk sales in 2006.

The packaged fluid milk categories reported by Dairy Programs consist of Whole Milk, Flavored Whole Milk, Organic Whole Milk Products, Reduced Fat Milk (2%), Lowfat Milk (1%), Fat –Free Milk (Skim), Flavored Fat-Reduced Milk, Buttermilk, Drinkable Yogurt, Organic Fat-Reduced Milk Products, and Miscellaneous.

Federal Order packaged fluid milk sales of Whole Milk, Flavored Whole Milk, and Buttermilk have shown a moderate to heavy decline since 2004. Flavored Whole Milk sales have dropped 115 million pounds or 15.2 percent. Reduced Fat Milk (2%), Lowfat Milk (1%), Fat –Free Milk (Skim), and Flavored Fat-Reduced Milk have shown modest gains since 2004. Flavored Fat-Reduced Milk has shown the biggest percentage gain with 5.8 percent.

New categories that were introduced for 2006 were Drinkable Yogurt, Organic Whole Milk, and Organic Fat-Reduced Milk Products. They represent 1.9 percent of all packaged fluid milk sales for the year.

Packaged Sales of Fluid Milk Products on Federal Orders

(million pounds)

	Order No.	2004*	2005	2006
Northeast	1	9,562	9,479	9,469
Appalachian	5	3,482	3,476	3,536
Southeast	7	4,784	4,870	5,022
Florida	6	2,938	2,981	2,923
Mideast	**33**	**6,290**	**6,252**	**6,276**
Upper Midwest	30	4,342	4,401	4,454
Central	32	4,647	4,638	4,728
Southwest	126	4,220	4,281	4,388
Arizona	131	1,291	1,264	1,266
Pacific Northwest	124	2,156	2,137	2,176
All Combined		43,942	43,779	44,238

Packaged Sales of Fluid Milk Products on Federal Orders

(million pounds)

Product Type	2004*	2005	2006	% change from 2004
Whole Milk	13,995	13,433	12,931	-7.6%
Flavored Whole Milk	758	675	643	-15.2%
Organic Whole Milk Products	-	-	181	-
Reduced Fat Milk (2%)	14,142	14,248	14,361	1.5%
Lowfat Milk (1%)	4,987	5,086	5,159	3.4%
Fat-Free Milk (Skim)	6,452	6,573	6,596	2.2%
Flavored Fat-Reduced Milk	2,902	2,987	3,071	5.8%
Buttermilk	427	408	402	-5.9%
Drinkable Yogurt	-	-	74	-
Organic Fat-Reduced Milk Products	-	-	603	-
Miscellaneous	279	369	217	-
All Combined	43,942	43,779	44,238	

* Includes 1st quarter of Western Order

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

Federal Order No. 33

State	February 2007 Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	February 2006 Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,054	500,119	3.70	3.10	5.72	249	485,275	3.69	3.05	5.75	240
Ohio	2,351	316,207	3.86	3.14	5.68	279	321,921	3.80	3.07	5.71	264
New York	428	163,165	3.70	3.07	5.73	237	131,250	3.72	3.02	5.75	222
Indiana	1,102	128,658	3.84	3.11	5.69	288	137,608	3.81	3.07	5.74	278
Pennsylvania	1,271	108,109	3.89	3.14	5.67	315	110,718	3.86	3.09	5.70	318
Wisconsin	431	49,587	3.82	3.07	5.75	274	175,824	3.74	3.05	5.74	264
West Virginia	64	4,828	4.04	3.24	5.68	380	4,975	3.90	3.19	5.71	363
Other	101	6,874	3.94	3.12	5.68	312	22,500	3.69	3.10	5.74	291
Total/Average *	7,802	1,277,547	3.78	3.11	5.70	266	1,390,069	3.75	3.06	5.73	258

Butterfat, Protein, Other Solids and SCC are printed under the heading "Weighted Averages" in both periods.

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

United States
Department of
Agriculture

Mideast Market Administrator Bulletin
1325 Industrial Parkway North
P.O. Box 5102
Brunswick, Ohio 44212

PRSRT STD
U.S. POSTAGE
PAID
Cleveland, Ohio
Permit No. 2511

POSTMASTER: Time Sensitive Material - Deliver Promptly

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

FEDERAL ORDER DATA
MARCH 2007

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)*	1,949,095	923,266	47.4	$0.99	$16.08
FO 5	Appalachian - *(Charlotte)*	530,506	354,853	66.9	2/	16.46
FO 6	Florida - *(Tampa)*	309,668	242,109	78.2	2/	17.57
FO 7	Southeast - *(Atlanta)*	711,173	418,047	58.8	2/	16.54
FO 30	Upper Midwest - *(Chicago)*	2,009,958	395,024	19.6	0.05	15.14
FO 32	Central - *(Kansas City)*	938,667	377,189	40.2	(0.15)	14.94
FO 33	**Mideast - *(Cleveland)***	**1,432,422**	**586,809**	**41.0**	**0.03**	**15.12**
FO 124	Pacific Northwest - *(Seattle)*	608,437	193,468	31.8	(0.25)	14.84
FO 126	Southwest - *(Dallas)*	1,038,560	363,564	35.0	0.78	15.87
FO 131	Arizona - *(Phoenix)*	349,624	120,600	34.5	2/	15.12

[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 2007 .... $13.60 /cwt.

Printed on recycled paper.