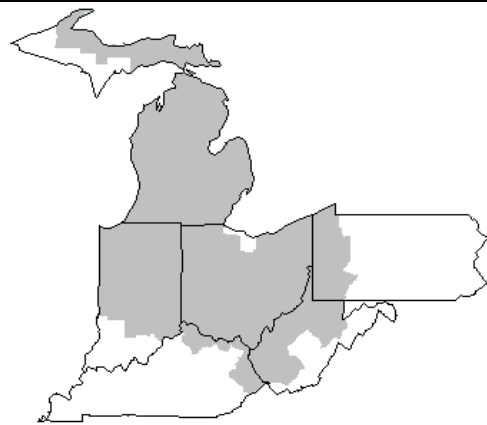


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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

December 2007

## The Dairy Outlook

U.S. milk production rose 3.5 percent in October from September's robust increase, according to the November 16th *Milk Production* report. Increases in both U.S. cow numbers and production per cow were reported. Higher feed prices, relatively tight supplies of quality alfalfa hay, along with other non-feed inputs, are pushing up costs. In order to maintain expansion, milk prices must remain high. However, inventories of butter and nonfat dry milk (NDM) are above last year, and higher retail prices have softened fluid milk sales.

Dairy cow slaughter in the third quarter averaged about the same as 2006 but increased in October. The milk feed price ratio, while still showing a profitable situation, will likely retreat in 2008 from its estimated third quarter high of 3.17. Cow prices remain high, implying continued strong demand for cows, but producers maybe using this situation to retire older, less productive animals to reduce costs and gird for somewhat lower milk prices in 2008. However, higher forecast feed prices may exacerbate the cost squeeze and slow the production expansion. USDA is projecting 2007 milk production at 185.3 billion pounds and at 190.1 billion pounds in 2008.

Commercial use of dairy products continued upward in 2007 and is expected to rise again in 2008. Exports are figuring more prominently in overall commercial use. Cheese production in September trailed that of September 2006. Total cheese stocks have been behind year-earlier levels since June. Cheese demand has been strong, and this has firmed cheese prices, especially in the fourth quarter. Increased milk production and less fluid use should make more milk available for cheese production. As a result, cheese prices are forecast to decline into 2008. The cheese price is expected to average in the range of \$1.715 to \$1.725 per pound in 2007 and decline to \$1.605 to \$1.695 per pound next year. Limited imports and relatively strong demand should keep prices from dropping precipitously.

Butter prices are forecast to average in the \$1.330 to \$1.360 per pound range in 2007 and the \$1.190 to \$1.310 per pound range next year as supplies remain large. World butter prices are above current U.S. prices, and butter exports have been on an upward trajectory throughout most of 2007, except for June. The small month-over-month drawdown in stocks suggests that manufacturers are working off inventories.

Nonfat dry milk (NDM) remains in short supply globally, and thus prices for now remain strong. NDM prices are projected to average in the \$1.720 to \$1.740 per pound range in 2007 and to decline to average in the range of \$1.645 to \$1.715 per pound in 2008. It is in this sector that higher production to date and next year should ease tight supplies, in both the domestic and export markets.

Dry whey prices rose high enough in 2007 that price-sensitive users cut back on purchases. It appears that prices in the 40-cent-a-pound range will increase whey demand as a feedstuff. Greater availability of whey should keep prices in that range for most of 2008. Whey prices are forecast to average 59.0 to 60.0 cents a pound in 2007 and 43.0 to 46.0 cents a pound in 2008.

The forecast decline in dairy product prices will translate into lower milk prices in 2008. Although higher than in recent years, prices should begin to decline from 2007 highs. The Class IV price is projected to average in the \$18.45 to \$18.65 per cwt range in 2007 and to decline to average in the range of \$17.35 to \$18.35 in 2008. Likewise, the Class III price is expected to average from \$17.80 to \$17.90 per cwt this year and to soften to from \$15.75 to \$16.65 per cwt next year. The all milk price will average from \$18.95 to \$19.05 per cwt in 2007, with a decline to between \$17.70 and \$18.60 per cwt expected in 2008.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook", LDP-M-161, November 20, 2007, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.



Happy  
Holidays!

## November 2007 - Pool Summary

### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	571,301,407	45.3
Class II	137,560,244	10.9
Class III	491,766,660	39.0
Class IV	60,583,986	4.8
Total	1,261,212,297	100.0

### Producer Prices

Producer Price Differential	\$ 1.86 / cwt
Butterfat Price	1.4077 / lb
Protein Price	4.3081 / lb
Other Solids Price	0.2461 / lb
Somatic Cell Adjustment Rate	0.00098 / cwt
Statistical Uniform Price	21.08 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

**NOVEMBER 2007****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			560,776,139			\$ 19.04 / cwt	\$106,771,776.82
Class I Butterfat		10,525,268				1.4518 / lb	15,280,584.07
Class I Location Differential	571,301,407						(275,339.03)
Class II SNF Value				11,445,280		1.9711 / lb	22,559,791.42
Class II Butterfat		13,088,558				1.4147 / lb	18,516,383.05
Class III Protein Value			15,593,235			4.3081 / lb	67,177,215.70
Class III Other Solids Value					28,128,029	0.2461 / lb	6,922,307.96
Class III Butterfat		17,722,216				1.4077 / lb	24,947,563.46
Class IV SNF Value				4,947,376		1.7812 / lb	8,812,266.14
Class IV Butterfat		6,780,312				1.4077 / lb	9,544,645.21
Somatic Cell Value II / III / IV							665,130.85
<b>TOTAL PRODUCER MILK VALUE</b>	1,261,212,297	48,116,354	39,910,697		71,890,990		\$ 280,922,325.65
Overages						\$ 128,058.27	
Beginning Inventory and OS Charges						(135,098.68)	
<b>TOTAL ADJUSTMENTS</b>							\$ (7,040.41)
<b>TOTAL HANDLER OBLIGATIONS</b>							\$ 280,915,285.24
Total Protein Value			39,910,697 lbs	@	\$4.3081		\$ (171,939,273.73)
Total Other Solids Value			71,890,990 lbs	@	0.2461		(17,692,372.68)
Butterfat Value			48,116,354 lbs	@	1.4077		(67,733,391.52)
Total Somatic Cell Values							(1,169,940.59)
<b>TOTALS</b>							\$ 22,380,306.72
Net Producer Location Adjustments							\$ 984,847.18
1/2 Unobligated Balance Producer Settlement Fund							649,000.00
Total - Divided by Total Pounds			1,261,212,297 lbs		1.9040533		\$ 24,014,153.90
Rate of Cash Reserve					(0.0440533)		(555,605.64)
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,261,212,297		<b>\$ 1.86 /cwt</b>		\$ 23,458,548.26

**COMPONENT PRICES****COMPUTATION OF UNIFORM PRICE**

	<b>November</b>	
	<b>2007</b>	<b>2006</b>
Butterfat Price	\$1.4077 / lb	\$1.3852 / lb
Protein Price	4.3081 / lb	2.2383 / lb
Other Solids Price	0.2461 / lb	0.2276 / lb
Somatic Cell Adjustment Rate	0.00098 / cwt	0.00066 / cwt
Nonfat Solids Price	1.7812 / lb	0.8353 / lb

	<b>November</b>	
	<b>2007</b>	<b>2006</b>
Class III Price - 3.5% BF	\$19.22	\$12.84
Producer Price Differential*	1.86	0.29
Statistical Uniform Price	\$21.08	\$13.13

**CLASS PRICES****CLASSIFICATION OF PRODUCER MILK**

	<b>November</b>	
	<b>2007</b>	<b>2006</b>
Class I*	\$23.45	\$14.40
Class II	22.07	11.98
Class III	19.22	12.84
Class IV	20.40	12.11

	<b>November</b>	
	<b>2007</b>	<b>2006</b>
Product lbs.		
Class I	571,301,407	572,818,594
Class II	137,560,244	248,910,132
Class III	491,766,660	426,600,193
Class IV	60,583,986	59,010,016
Total	1,261,212,297	1,307,338,935

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for November 2007 was \$1.86 and the Statistical Uniform Price was \$21.08 for the month. The Statistical Uniform Price is \$0.05 lower than last month, and is \$7.95 higher than November 2006.

The Producer Butterfat Price of \$1.4077 per pound decreased 0.15 cents from October 2007 and is up 2.25 cents from a year ago. The Protein Price of \$ 4.3081 is up 13.86 cents from last month and is up 2.0698 dollars from November 2006. The Other Solids Price in November was \$0.2461 per pound, an increase from last month's price of \$0.2286 and an increase of 1.85 cents from last November. The Somatic Cell Adjustment rate for November was \$0.00098.

November producer receipts of 1.26 billion pounds were 1.2 percent lower than October 2007 and 3.5 percent lower than November 2006 production of 1.31 billion pounds. Producer milk allocated to Class I accounted for 45.3 percent of the total producer milk in November 2007, less than the 45.6 percent in October 2007 and more than the 43.8 percent in November 2006. A total of 7,988 producers were pooled on the Mideast Order compared to 7,984 producers pooled in November 2006.

The market average content of producer milk was as follows: Butterfat 3.82%; Protein 3.16%; Other Solids 5.70% and Nonfat Solids 8.86%.

## October Milk Production Up 4.1 Percent

Milk production in the 23 major States during October totaled 14.2 billion pounds, up 4.1 percent from October 2006. September revised production at 13.7 billion pounds, was up 3.1 percent from September 2006. Production per cow in the 23 major States averaged 1,699 pounds for October, 47 pounds above October 2006. The number of milk cows on farms in the 23 major States was 8.35 million head, 98,000 head more than October 2006, and 13,000 head more than September 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 October totaled 2.2 billion pounds, up 67 million pounds or 3.1 percent from October 2006. Production per cow in the Mideast states averaged 1,655 pounds for October, 25 pounds above October 2006. The number of cows on farms in the Mideast states was 1.3 million head, 23,000 head more than October 2006.

## Release Dates for 2008 Federal Milk Order Price Data

Listed below are the release dates for the Federal milk order program for price data applicable to January through December 2008. The advanced prices and pricing factors will be released at 10:00 a.m. EST/EDST no later than the 23<sup>rd</sup> of the preceding month if that date is on a Friday; otherwise, the release date will be the nearest Friday before the 23<sup>rd</sup>. Likewise, the class and component prices will be released at 10:00 a.m. EST/EDST no later than the 5<sup>th</sup> of the following month if that date is on a Friday; otherwise the release date will be the nearest Friday before the 5<sup>th</sup>. As noted below, the release time and release dates may differ from this schedule due to the timing of some holidays. Due to the 4<sup>th</sup> of July holiday, the release date and time for the June Class and Component Prices is Thursday, July 3 at 2:00 p.m. EDST. The release time for the December Class and Component Prices on Friday, January 2, 2009, is 2:00 p.m. EST due to a holiday on the preceding day.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices <u>1/</u>	Release Date	Time Period of NASS Prices <u>1/</u>
January	Dec. 21, 2007	12/8, 15	Feb. 1, 2008	1/5, 12, 19, 26
February	Jan. 18, 2008	1/5, 12	Feb. 29	2/2, 9, 16, 23
March	Feb. 22	2/9, 16	Apr. 4	3/1, 8, 15, 22, 29
April	Mar. 21	3/8, 15	May 2	4/5, 12, 19, 26
May	Apr. 18	4/5, 12	May 30	5/3, 10, 17, 24
June	May 23	5/10, 17	Jul. 3	5/31, 6/7, 14, 21, 28
July	Jun. 20	6/7, 14	Aug. 1	7/5, 12, 19, 26
August	Jul. 18	7/5, 12	Sep. 5	8/2, 9, 16, 23, 30
September	Aug. 22	8/9, 16	Oct. 3	9/6, 13, 20, 27
October	Sept. 19	9/6, 13	Oct. 31	10/4, 11, 18, 25
November	Oct. 17	10/4, 11	Dec. 5	11/1, 8, 15, 22, 29
December	Nov. 21	11/8, 15	Jan. 2, 2009	12/6, 13, 20, 27

1/ Weekly sales periods, ending on the indicated date, that are included in the applicable average. Information for the week usually is released by NASS on Friday of the following week.

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

State	October 2007						October 2006				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,983	502,587	3.63	3.08	5.71	258	498,034	3.73	3.12	5.72	260
Ohio	2,360	310,364	3.75	3.13	5.67	297	320,568	3.83	3.15	5.66	310
Wisconsin	823	137,649	3.74	3.04	5.73	272	80,032	3.80	3.10	5.77	232
Indiana	1,141	124,697	3.73	3.12	5.68	310	140,804	3.83	3.14	5.68	304
Pennsylvania	1,137	110,322	3.77	3.13	5.66	346	112,366	3.87	3.16	5.65	350
New York	314	61,642	3.67	3.09	5.74	237	177,041	3.70	3.06	5.71	246
West Virginia	64	5,549	3.99	3.28	5.66	314	5,382	3.99	3.31	5.65	395
Other	183	23,625	3.73	3.06	5.70	304	14,865	3.78	3.13	5.77	225
Total/Average *	8,005	1,276,435	3.70	3.10	5.70	282	1,349,091	3.78	3.12	5.70	280

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



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

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

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  
 NOVEMBER 2007**

Marketing Area <sup>1/</sup>	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	1,932,680	902,271	46.7	\$3.09	\$22.31
FO 5 Appalachian - (Charlotte)	471,411	350,581	74.4	<sup>2/</sup>	23.75
FO 6 Florida - (Tampa)	249,743	216,964	86.9	<sup>2/</sup>	24.89
FO 7 Southeast - (Atlanta)	582,419	409,617	70.3	<sup>2/</sup>	23.46
FO 30 Upper Midwest - (Chicago)	2,302,736	386,695	16.8	0.64	19.86
FO 32 Central - (Kansas City)	1,008,580	381,382	37.8	1.57	20.79
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,261,212</b>	<b>571,301</b>	<b>45.3</b>	<b>1.86</b>	<b>21.08</b>
FO 124 Pacific Northwest - (Seattle)	557,202	197,961	35.5	1.60	20.82
FO 126 Southwest - (Dallas)	923,182	354,510	38.4	2.36	21.58
FO 131 Arizona - (Phoenix)	308,360	121,080	39.3	<sup>2/</sup>	21.49

<sup>1/</sup> Names in parentheses are principal points of markets.

<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2007 .....\$ 19.22 /cwt.**