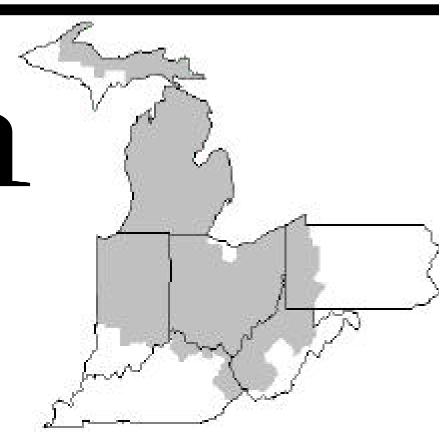
Mideast Market Administrator's Bulletin

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

June 2007

Statistical Report Available

The 2005-2006 Statistical Report for Federal Order 33 is currently available. Copies maybe requested by calling the Market Administrator's Office at (888) 751-3220. The publication may also be accessed on the web page for the Mideast Marketing Area at: www.fmmaclev.com under "Statistical Information".

The Dairy Outlook

Milk production continues to increase as higher product prices counter higher feed costs. The increase is expected to be only about 1.3 percent for 2007. Cow numbers are expected to move below 2006 levels in the second quarter and are expected to end 2007 slightly below 2006 levels. Production per cow in 2007 is expected to rise 1.4 percent above 2006. As a result, milk production is projected to be 184.2 billion pounds in 2007. In 2008, cow numbers are forecast to be virtually unchanged from this year's projection. However, output per cow could accelerate slightly in 2008 to 2.0 percent above 2007. Initial forecasts for 2008 place milk production higher at 187.7 billion pounds.

Higher feed costs are being offset by much higher than expected prices for dairy products in the balance of 2007 and into 2008. The bellwether milk-feed price ratio stood at 2.38 for the first quarter of 2007, but could average above 2.5 for the year because of higher dairy product prices and an easing in alfalfa and grain prices. The projected higher milk-feed price ratio could prompt some expansion in both cow numbers and milk per cow in 2008.

Commercial disappearance of butter for January and February 2007 is up 20 percent over the same period in 2006. Commercial disappearance of all cheese is up 3.5 percent, comparing the same two periods, with most of the increase occurring in other than American cheese. While butter disappearance is unlikely to maintain the January-February pace, year-over-year disappearance is expected to increase for both butter and cheese, keeping prices in 2007 above those in 2006.

Butter prices are expected to average $1.325 to $1.405 per pound in 2007. Cheese prices are expected to average $1.475 to $1.525 per pound for the year. The slightly higher production forecast for next year could help ease prices in 2008. Initial forecasts for 2008 place the average butter price at $1.330 to $1.460 for the year and at $1.435 to $1.535 per pound for cheese.

Prices for nonfat dry milk (NDM) are projected to average sharply higher in 2007 than in 2006 and higher still in 2008. While export demand for dry milk products remains strong, demand for low-fat high-protein cheeses is keeping some NDM in domestic uses. Global NDM and other dry milk product supplies will remain tight through the balance of 2007 and into 2008. NDM prices are projected to average $1.375 to

(Continued on Page 3)

April Milk Production Up 3.7 Percent

Milk production in the 23 major States during April totaled 14.4 billion pounds, up 1.6 percent from April 2006. March revised production, at 14.8 billion pounds, was up 1.2 percent from March 2006.

The March revision represented an increase of 11 million pounds or 0.1 percent from last months preliminary production estimate.

Production per cow in the 23 major States averaged 1,745 pounds for April, 19 pounds above April 2006.

The number of milk cows on farms in the 23 major States was 8.28 million head, 39,000 head more than April 2006, but 6,000 head less than March 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 April totaled 2.2 billion pounds, up 58 million pounds or 2.6 percent from April 2006.

Production per cow in the Mideast states averaged 1,713 pounds for April, 26 pounds above April 2006.

The number of cows on farms in the Mideast states was 1.3 million head, 8,000 head more than April 2006.

May 2007
Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	546,879,194	38.4
Class II	284,349,586	20.0
Class III	514,097,122	36.1
Class IV	79,023,554	5.5
Total	1,424,349,456	100.0

Producer Prices

Producer Price Differential	$ 0.03	/ cwt
Butterfat Price	1.5706	/ lb
Protein Price	2.9424	/ lb
Other Solids Price	0.5791	/ lb
Somatic Cell Adjustment Rate	0.00080	/ cwt
Statistical Uniform Price	17.63	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

MAY 2007

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			537,117,914			$ 13.28 / cwt	$ 71,329,258.98
Class I Butterfat		9,761,280				1.4589 / lb	14,240,731.39
Class I Location Differential	546,879,194						(243,939.29)
Class II SNF Value				24,123,272		1.2778 / lb	30,824,716.99
Class II Butterfat		17,013,228				1.5776 / lb	26,840,068.49
Class III Protein Value			15,507,882			2.9424 / lb	45,630,392.01
Class III Other Solids Value					29,447,039	0.5791 / lb	17,052,780.26
Class III Butterfat		17,073,903				1.5706 / lb	26,816,272.06
Class IV SNF Value				6,490,115		1.4949 / lb	9,702,072.93
Class IV Butterfat		7,076,576				1.5706 / lb	11,114,470.28
Somatic Cell Value II / III / IV							628,304.43
TOTAL PRODUCER MILK VALUE	1,424,349,456	50,924,987	42,752,558		81,252,584		$ 253,935,128.53
Overages					$ 35,310.13		
Beginning Inventory and OS Charges					68,708.09		
TOTAL ADJUSTMENTS							$ 104,018.22
TOTAL HANDLER OBLIGATIONS							$ 254,039,146.75
Total Protein Value			42,752,558 lbs	@	$2.9424		$ (125,795,126.64)
Total Other Solids Value			81,252,584 lbs	@	0.5791		(47,053,371.40)
Butterfat Value			50,924,987 lbs	@	1.5706		(79,982,784.60)
Total Somatic Cell Values							(979,373.71)
TOTALS							$ 228,490.40
Net Producer Location Adjustments							$ 272,195.15
1/2 Unobligated Balance Producer Settlement Fund							634,000.00
Total - Divided by Total Pounds			1,424,349,456 lbs		0.0796634		$ 1,134,685.55
Rate of Cash Reserve					(0.0496634)		(707,380.37)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,424,349,456		**$ 0.03 cwt**		$ 427,305.18

COMPONENT PRICES

May	2007	2006
Butterfat Price	$1.5706 / lb	$1.2582 / lb
Protein Price	2.9424 / lb	1.9115 / lb
Other Solids Price	0.5791 / lb	0.1251 / lb
Somatic Cell Adjustment Rate	0.00080 / cwt	0.00058 / cwt
Nonfat Solids Price	1.4949 / lb	0.6819 / lb

COMPUTATION OF UNIFORM PRICE

May	2007	2006
Class III Price - 3.5% BF	$17.60	$10.83
Producer Price Differential*	0.03	0.82
Statistical Uniform Price	$17.63	$11.65

CLASS PRICES

May	2007	2006
Class I*	$17.92	$12.97
Class II	16.62	11.13
Class III	17.60	10.83
Class IV	18.48	10.33

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

May	2007 *Product lbs.*	2006 *Product lbs.*
Class I	546,879,194	559,179,397
Class II	284,349,586	245,916,484
Class III	514,097,122	645,934,702
Class IV	79,023,554	126,885,300
Total	1,424,349,456	1,577,915,883

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May 2007 was $0.03 and the Statistical Uniform Price was $17.63 for the month. The Statistical Uniform Price is $1.54 higher than last month, and is $5.98 higher than May 2006.

The Producer Butterfat Price of $1.5706 per pound increased 10.49 cents from April 2007 and is up 31.24 cents from a year ago. The Protein Price of $ 2.9424 is up 42.12 cents from last month and is up 1.0309 dollars from May 2006. The Other Solids Price in May was $0.5791 per pound, a decrease from last month's price of $0.6008 and an increase of 45.40 cents from last May. The Somatic Cell Adjustment rate for May was $0.00080.

May producer receipts of 1.42 billion pounds were 0.6 percent higher than April 2007, and 9.7 percent lower than May 2006 production of 1.58 billion pounds. Producer milk allocated to Class I accounted for 38.4 percent of the total producer milk in May 2007, less than the 37.5 percent in April 2007 and more than the 35.4 percent in May 2006. A total of 7,702 producers were pooled on the Mideast Order compared to 8,629 producers pooled in May 2006.

The market average content of producer milk was as follows: Butterfat 3.58%; Protein 3.00%; Other Solids 5.70% and Nonfat Solids 8.70%.

(Continued from Front Page)

$1.415 per pound in 2007 and are forecast to average $1.410 to $1.480 per pound in 2008. NDM prices are expected to begin declining in 2008, however, from highs reached in late 2007. Whey prices are expected to average 68.0 to 71.0 cents a pound in 2007 and 66.0 to 69.0 cents a pound in 2008, driven in part by expansion of new products and uses.

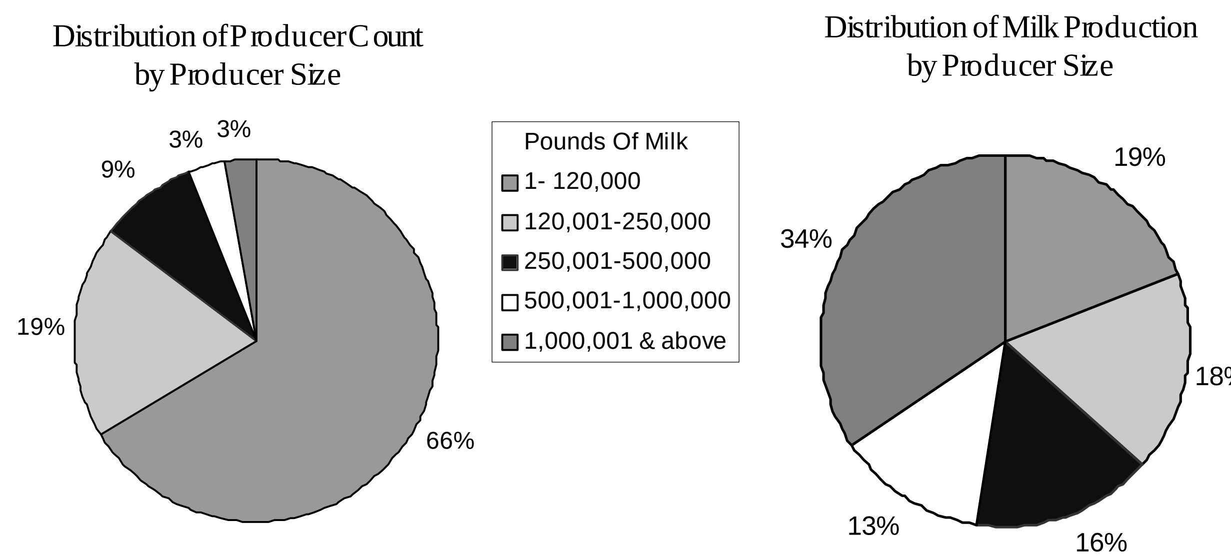
Forecasts, for both this year and next, are for higher milk prices across all classes. The Class IV milk price is expected to climb throughout 2007, averaging $15.60 to $16.20 per cwt for the year. The Class III price is projected to rise to an average $16.05 to $16.55 per cwt for the year. The reported all milk price is expected to be sharply higher in 2007 and will likely average $17.05 to $17.55 per cwt for the year. Strong milk prices will likely continue into 2008. The Class IV price is forecast to average $15.90 to $17.00 per cwt and the Class III prices $15.50 to $16.50 per cwt. The all milk price is forecast to average $17.00 to $18.00 per cwt for 2008.

SOURCE: *Livestock, Dairy, and Poultry Outlook*, LDP-M-155, May 21, 2007, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

March 2007 Mideast Producer Milk

In March 2007 a total of 7,851 producers pooled 1.43 billion pounds of milk on the Mideast Order. This was a decline of 111.2 million pounds and 866 producers from March 2006. A major factor in the decline in the producer count and pounds of producer milk was the decline in milk receipts from producers located in Wisconsin (see table at bottom of this page). The distribution of producers by farm size (volume of milk production) and the percentage of total Mideast milk production by farm size group are shown in the charts below. The majority of Mideast producers, 66 percent, produced not more than 120,000 pounds of milk during March. This group accounted for 19 percent, or 273.3 million pounds, of total producer receipts during the month. Producers with milk production of over one million pounds for the month totaled 215, or 3 percent of all producers, but produced 34 percent of the milk pooled during March. Total pooled milk from this group was 492.5 million pounds, or 2.3 million pounds per producer. This is the only size group that had increased milk production compared to year earlier volumes.

Mideast Producer Milk
March 2007



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

Federal Order No. 33

	April 2007						April 2006				
			-----Weighted	Averages-----				------Weighted	Averages------		
State	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,053	554,766	3.60	3.02	5.72	250	521,873	3.63	2.99	5.74	237
Ohio	2,374	356,884	3.71	3.06	5.68	274	347,991	3.74	3.02	5.72	269
New York	428	177,362	3.63	3.02	5.74	233	146,701	3.68	2.99	5.73	211
Indiana	1,103	145,752	3.71	3.03	5.70	292	158,497	3.72	3.01	5.74	276
Pennsylvania	1,236	120,034	3.78	3.06	5.68	318	125,195	3.79	3.03	5.73	312
Wisconsin	429	47,674	3.72	3.02	5.76	277	183,886	3.70	3.01	5.74	260
West Virginia	66	5,665	3.85	3.16	5.68	360	5,704	3.82	3.12	5.72	347
Other	101	7,775	3.80	3.08	5.69	341	23,567	3.59	3.04	5.75	307
Total/Average *	7,790	1,415,912	3.66	3.04	5.71	266	1,513,415	3.69	3.01	5.73	256

* 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

FEDERAL ORDER DATA

MAY 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)*	1,988,760	887,595	44.6	$1.00	$18.60
FO 5	Appalachian - *(Charlotte)*	474,647	349,857	73.7	[2/]	18.82
FO 6	Florida - *(Tampa)*	287,160	214,731	74.8	[2/]	19.55
FO 7	Southeast - *(Atlanta)*	695,111	398,662	57.4	[2/]	18.73
FO 30	Upper Midwest - *(Chicago)*	1,873,469	381,270	20.3	0.05	17.65
FO 32	Central - *(Kansas City)*	892,520	356,246	39.9	(0.10)	17.50
FO 33	**Mideast - *(Cleveland)***	**1,424,349**	**546,879**	**38.4**	**0.03**	**17.63**
FO 124	Pacific Northwest - *(Seattle)*	592,476	191,516	32.3	0.27	17.87
FO 126	Southwest - *(Dallas)*	475,249	348,396	73.3	0.91	18.51
FO 131	Arizona - *(Phoenix)*	345,957	117,888	34.1	[2/]	18.07

[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 JUNE 2007 .... $16.62 /cwt.