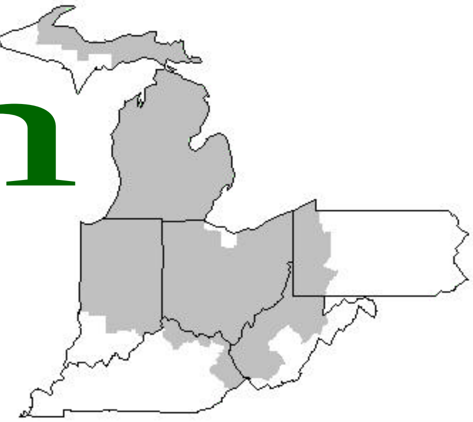
Mideast Market Administrator's
Bulletin



Federal Order No. 33

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November 2007

New Supplement Added to Bulletin Web Edition

A new supplement has been added to the WebPage edition of the *Bulletin*. The supplement will provide a more in depth look at the Mideast Marketing Area and the National Dairy Outlook. It will contain graphs, charts, and maps pertaining to selected data each month. The October 2007 WebPage edition contained the first new supplement.

USDA Reopens Comment Period for Establishment of Dairy Product Mandatory Reporting Program

The U.S. Department of Agriculture announced that it is reopening the comment period for the interim final rule for the Dairy Product Mandatory Reporting program. The rule was published on July 3rd and became effective August 2nd. The original comment period ended September 4th.

Under this action, additional comments are due December 3, 2007. Comments submitted during the first comment period need not be resubmitted. The reopening of the comment period will provide interested parties with an additional opportunity to submit comments on all aspects of the program. USDA's Agricultural Marketing Service (AMS) will review and consider all submitted comments as it writes a final rule.

The Dairy Market Enhancement Act of 2000, and certain provisions of the 2002 Farm Bill amended the Agricultural Marketing Act of 1946 to establish the program. The mandatory reporting program provides timely, accurate, and reliable market information to facilitate more informed marketing decisions and promote competition in the dairy product manufacturing industry. The program: (1) Requires persons engaged in manufacturing dairy products to report certain information including the price, quantity, and moisture content where applicable, of dairy products sold by the manufacturer; and (2) Requires persons storing dairy products to report information on the quantity of dairy products stored. USDA's National Agricultural Statistics Service (NASS) collects the information. Any manufacturer that processes and markets less than 1 million pounds of dairy products per year is exempt from the reporting requirements.

AMS has implemented a plan to verify the price information submitted to NASS. AMS visits butter, nonfat dry milk, cheese and dry whey manufacturers that file reports. AMS verifies that eligible sales transactions agree with information reported to NASS and will check for eligible sales transactions that were not reported.

Details of the reopening of the comment period for the interim final rule will be published in the November 2 *Federal Register*. Comments should be sent to John R. Mengel, Chief Economist, USDA / AMS / Dairy Programs, Office of the Chief Economist, STOP 0229-Room 2753, 1400 Independence Ave., SW, Washington, DC 20250—0229. Comments may also be submitted through the Federal eRulemaking portal at http://www.regulations.gov.

USDA Announces Appointments to National Dairy Board

The U.S. Department of Agriculture has 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, 2007, through October 31, 2010.

Newly appointed were: James L. Zielinski, St. Paul, Ore., (Region 1); James L. Ahlem, Hilmar, Calif., (Region 2); Stephen D. Maddox, Riverdale, Calif., (Region 2); Brad J. Scott, Moreno Valley, Calif., (Region 2); Pauline Tjaarda, Shafter, Calif., (Region 2); William J. Herr, Greenwood, Wis., (Region 6); and Corinne M. Banker, Morrisville, NY., (Region 12).

Reappointed to serve second terms were: Grant Kohler, Midway, Utah, (Region 3); Jose L. Gonzalez, Mesquite, NM., (Region 4); Paul L. Broering, Saint Henry, Ohio, (Region 9); John M. Larson, Okeechobee, Fla., (Region 10); and Paula A. Meabon, Wattsburg, Pa., (Region 11).

AMS encourages all eligible individuals to participate in its committee and board activities. It is USDA's policy that membership on industry-governed boards and committees accurately reflect the diversity of individuals served by the programs.

October 2007 - Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	582,334,073	45.6
Class II	162,752,022	12.7
Class III	470,670,612	36.9
Class IV	60,756,714	4.8
Total	1,276,513,421	100.0

Producer Prices

Producer Price Differential	$ 2.43	/ cwt
Butterfat Price	1.4092	/ lb
Protein Price	4.1695	/ lb
Other Solids Price	0.2286	/ lb
Somatic Cell Adjustment Rate	0.00096	/ cwt
Statistical Uniform Price	21.13	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

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OCTOBER 2007

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			571,882,568			$ 18.86 / cwt	$107,857,052.33
Class I Butterfat		10,451,505				1.5409 / lb	16,104,724.03
Class I Location Differential	582,334,073						(283,725.41)
Class II SNF Value				13,575,391		1.9511 / lb	26,486,945.35
Class II Butterfat		13,798,816				1.4162 / lb	19,541,883.23
Class III Protein Value			14,583,323			4.1695 / lb	60,805,165.27
Class III Other Solids Value					26,887,602	0.2286 / lb	6,146,505.80
Class III Butterfat		16,837,290				1.4092 / lb	23,727,109.06
Class IV SNF Value				4,981,454		1.8855 / lb	9,392,531.52
Class IV Butterfat		6,113,407				1.4092 / lb	8,615,013.13
Somatic Cell Value II / III / IV							483,150.84
TOTAL PRODUCER MILK VALUE	1,276,513,421	47,201,018	39,496,511		72,720,324		$ 278,876,355.15
Overages					$ 11,640.32		
Beginning Inventory and OS Charges					(173,849.56)		
TOTAL ADJUSTMENTS							$ (162,209.24)
TOTAL HANDLER OBLIGATIONS							$ 278,714,145.91
Total Protein Value			39,496,511 lbs	@	$4.1695		$ (164,680,702.63)
Total Other Solids Value			72,720,324 lbs	@	0.2286		(16,623,866.06)
Butterfat Value			47,201,018 lbs	@	1.4092		(66,515,674.55)
Total Somatic Cell Values							(846,189.97)
TOTALS							$ 30,047,712.70
Net Producer Location Adjustments							$ 1,029,379.15
1/2 Unobligated Balance Producer Settlement Fund							571,000.00
Total - Divided by Total Pounds			1,276,513,421 lbs		2.4792604		$ 31,648,091.85
Rate of Cash Reserve					(0.0492604)		(628,815.62)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,276,513,421		**$ 2.43 /cwt**		$ 31,019,276.23

COMPONENT PRICES

October	2007	2006
Butterfat Price	$1.4092 / lb	$1.4149 / lb
Protein Price	4.1695 / lb	2.0775 / lb
Other Solids Price	0.2286 / lb	0.2026 / lb
Somatic Cell Adjustment Rate	0.00096 / cwt	0.00064 / cwt
Nonfat Solids Price	1.8855 / lb	0.7551 / lb

COMPUTATION OF UNIFORM PRICE

October	2007	2006
Class III Price - 3.5% BF	$18.70	$12.32
Producer Price Differential*	2.43	0.59
Statistical Uniform Price	$21.13	$12.91

CLASS PRICES

October	2007	2006
Class I*	$23.59	$14.42
Class II	21.90	11.79
Class III	18.70	12.32
Class IV	21.31	11.51

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

October	2007	2006
	Product lbs.	*Product lbs.*
Class I	582,334,073	571,895,598
Class II	162,752,022	240,556,331
Class III	470,670,612	458,739,111
Class IV	60,756,714	77,609,934
Total	1,276,513,421	1,348,800,974

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for October 2007 was $2.43 and the Statistical Uniform Price was $21.13 for the month. The Statistical Uniform Price is $0.81 lower than last month, and is $8.22 higher than October 2006.

The Producer Butterfat Price of $1.4092 per pound decreased 10.09 cents from September 2007 and is down 0.57 cents from a year ago. The Protein Price of $ 4.1695 is down 22.34 cents from last month and is up 2.0920 dollars from October 2006. The Other Solids Price in October was $0.2286 per pound, a decrease from last month's price of $0.2890 and an increase of 2.60 cents from last October. The Somatic Cell Adjustment rate for October was $0.00096.

October producer receipts of 1.28 billion pounds were 2.2 percent lower than September 2007 and 5.4 percent lower than October 2006 production of 1.35 billion pounds. Producer milk allocated to Class I accounted for 45.6 percent of the total producer milk in October 2007, more than the 40.8 percent in September 2007 and more than the 42.4 percent in October 2006. A total of 7,979 producers were pooled on the Mideast Order compared to 7,996 producers pooled in October 2006.

The market average content of producer milk was as follows: Butterfat 3.70%; Protein 3.0 %; Other Solids 5.70% and Nonfat Solids 8.79%.

September Milk Production Up 3.6 Percent

Milk production in the 23 major States during September totaled 13.7 billion pounds, up 3.1 percent from September 2006. August unrevised production at 14.3 billion pounds, was up 3.6 percent from August 2006.

Production per cow in the 23 major States averaged 1,644 pounds for September, 31 pounds above September 2006. The number of milk cows on farms in the 23 major States was 8.34 million head, 91,000 head more than September 2006, and 12,000 head more than August 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 September totaled 2.1 billion pounds, up 51 million pounds or 2.4 percent from September 2006.

Production per cow in the Mideast states averaged 1,614 pounds for September, 18 pounds above September 2006. The number of cows on farms in the Mideast states was 1.3 million head, 21,000 head more than September 2006.

The Dairy Outlook: Higher Milk Production Will Likely Drop Prices from 2007 Highs

A higher number of milk cows and slightly higher output per cow will translate into higher milk production for both 2007 and 2008. Production is projected to total 185.4 billion pounds this year and rise to 190.2 billion in 2008. The higher milk production reported in the October *Milk Production* report is a result of both higher cow numbers and increased production per animal. The number of milk cows has steadily increased from the second quarter of 2006 and is forecast to continue to increase into 2008. The milk-feed price ratio has climbed since the first quarter of 2007 and is expected to average above 3 through early 2008. A ratio above 3 is thought to signal expansion. For most producers, having more cows has been profitable. Dairy herd replacement heifer prices have been high, and a resumption of heifer imports from Canada could add modestly to the national herd by early 2008.

Higher retail prices for fluid milk have dampened consumption. Consequently, more milk will be allocated to manufacturing uses. As of August, cheese production is up 2 percent from 2006 and stocks, which had been above 2006 levels for the first 5 months of 2007, have remained below 2006 levels from June through August. Over the next few months, higher milk production could lead to higher cheese production and put downward pressure on cheese prices. Cheese prices are expected to average $1.705 to $1.715 per pound in 2007 and decline to an average $1.590 to $1.680 per pound in 2008. Butter production and inventories have been above those of 2006 levels throughout 2007. Although domestic demand has been strong and there have been some exports, higher production, both for the balance of this year and into the next, will pressure prices. The average butter price is expected to settle at between $1.330 and $1.360 per pound this year. Next year, prices are forecast to average $1.195 to $1.315 per pound.

The nonfat dry milk (NDM) and whey markets have also been volatile this year. The October *Dairy Products* report placed August NDM inventories 152 percent above year-earlier stocks. Inventories were up 12 percent from July's already-high stocks. Global supplies of NDM remain tight and export demand will likely keep prices relatively firm compared with historical levels. However, NDM prices have declined from recent highs. NDM prices are projected to average between $1.725 and $1.745 per pound in 2007 and then trend lower, to average $1.645 to $1.715 in 2008. Whey prices have declined precipitously from their record highs in April. Exports are lagging, probably due to high prices. Production of dry products will likely remain above year-earlier levels and continue to pressure prices for the remainder of 2007 and into 2008. The whey price is projected to average 59.0 to 60.0 cents per pound in 2007, declining to 43.0 to 46.0 cents per pound next year.

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 $18.50 to $18.70 per cwt in 2007 and to decline to $17.35 to $18.35 in 2008. Likewise, the Class III price is expected to average $17.65 to $17.75 per cwt this year and to soften to $15.60 to $16.50 per cwt next year. The all milk price will average $18.95 to $19.05 per cwt in 2007. A decline to between $17.70 and $18.60 per cwt is expected in 2008.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-160, October 22, 2007, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

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

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	September 2007						September 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	1,991	493,169	3.55	3.02	5.74	277	498,914	3.61	3.04	5.71	282
Ohio	2,358	327,964	3.65	3.05	5.69	324	320,169	3.70	3.07	5.66	343
Wisconsin	816	135,003	3.63	2.99	5.75	292	7,912	3.69	3.04	5.77	273
Indiana	1,131	133,689	3.63	3.03	5.69	347	133,949	3.71	3.07	5.66	338
Pennsylvania	1,137	108,325	3.66	3.05	5.68	370	111,709	3.74	3.08	5.66	386
New York	315	78,013	3.56	3.02	5.73	256	174,651	3.62	3.00	5.70	261
West Virginia	63	5,004	3.79	3.17	5.66	379	5,156	3.81	3.21	5.65	426
Other	187	23,477	3.62	3.00	5.72	339	6,720	3.79	3.10	5.66	383
Total/Average *	7,998	1,304,644	3.60	3.03	5.72	306	1,259,180	3.66	3.05	5.69	311

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

United States Department of Agriculture

Mideast Market Administrator Bulletin
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FEDERAL ORDER DATA
OCTOBER 2007

Marketing Area [1/]		Producer Milk Total (000)	Producer Milk Class I (000)	Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
FO 1	Northeast - *(Boston)*	1,996,318	925,550	46.4	$3.68	$22.38
FO 5	Appalachian - *(Charlotte)*	478,865	354,739	74.1	[2/]	23.75
FO 6	Florida - *(Tampa)*	253,906	216,645	85.3	[2/]	24.81
FO 7	Southeast - *(Atlanta)*	584,122	412,258	70.6	[2/]	23.36
FO 30	Upper Midwest - *(Chicago)*	2,345,417	401,037	17.1	0.83	19.53
FO 32	Central - *(Kansas City)*	971,815	382,788	39.4	2.12	20.82
FO 33	**Mideast - *(Cleveland)***	**1,276,513**	**582,334**	**45.6**	**2.43**	**21.13**
FO 124	Pacific Northwest - *(Seattle)*	578,320	202,689	35.0	2.21	20.91
FO 126	Southwest - *(Dallas)*	837,019	367,114	43.9	2.92	21.62
FO 131	Arizona - *(Phoenix)*	309,285	123,527	39.9	[2/]	21.57

[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 NOVEMBER 2007.................$ 18.70 /cwt.

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