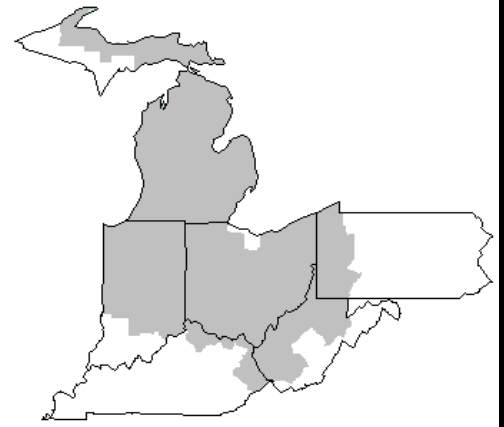


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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### 2007 Market Summary

Producer milk receipts pooled on the Mideast Order totaled 16.2 billion pounds during 2007, a decrease of 921.5 million pounds, or 5.36 percent from 2006. For 2007, there was over 700 million pounds depooled. Monthly producer receipts ranged from a high of 1.47 billion pounds in January to a low of 1.24 billion pounds in August.

The number of producers pooled on the Mideast Order in 2007 averaged 7,847 per month, down 6.3 percent from a year earlier. Producer milk averaged 3.67 percent butterfat for 2007, ranging from a low of 3.53 percent in June and July to a high of 3.84 percent in December. The protein test for producer milk averaged 3.05 percent for 2007. Protein tests ranged from a low of 2.96 percent in July and August, to a high of 3.16 percent in November and December. Other solids tests for producer milk averaged 5.71 percent for the year.

For the year, 40.4 percent of producer milk was utilized as Class I; 17.8 percent in Class II; 35.0 percent in Class III; and 6.8 percent in Class IV. The Class I utilization percentage had a low of 34 percent in July and a high of 45.6 percent in October. Class I milk totaled 6.6 billion pounds during 2007, down 0.5 percent from 2006. Class II milk totaled 2.9 billion pounds in 2007, a decrease of 0.9 percent from 2006. Class III pooled pounds were 5.7 billion pounds in 2007, a decrease of 11.4 percent from 2006. Class IV milk totaled 1.1 billion pounds in 2007, a decrease of 10.3 percent from 2006.

The Class I price averaged \$20.14 for the year, an increase of \$6.26 from 2006. The Class I price had a high of \$23.91 in September 2007 and a low of \$15.39 in February. The Class II price averaged \$18.36, an increase of \$6.60. It was highest in August at \$22.41 and was lowest in January at \$12.85. The Class III price averaged \$18.04, an increase of \$6.15 from 2006. The Class III price ranged from a low of \$13.56 in January, to a high of \$21.38 in July. The Class IV price averaged \$18.36 for the year, an increase of \$7.30 from a year ago. It was highest in August at \$21.87 and was lowest in January at \$12.53.

The Statistical Uniform Price averaged \$18.83 for 2007 compared to \$12.53 in 2006. The Producer Butterfat Price averaged \$1.4693 per pound in 2007. This was an increase of \$0.1441 from 2006. The butterfat price was highest in June at \$1.6457 per pound and was lowest in January at \$1.3009 per pound. The Protein Price averaged \$3.5121 per pound in 2007, \$1.4209 higher than the 2006 average. The protein price was highest in December at \$4.7061 per pound and was lowest in January at \$2.4053 per pound. Other Solids Price averaged \$ 0.4201 per pound, \$0.2455 higher than the 2006 average. The Producer Price Differential (PPD) averaged \$0.79 per hundredweight (cwt.) for 2007. The PPD was highest in October at \$2.43 per cwt. and was lowest in June at \$(0.26) per cwt.

### November Milk Production Up 3.8 Percent

Milk production in the 23 major States during November 2007 totaled 13.8 billion pounds, up 3.8 percent from November 2006. October production, unrevised at 14.2 billion pounds, was up 4.1 percent from October 2006. Production per cow in the 23 major States averaged 1,654 pounds for November 2007, 40 pounds above November 2006. The number of milk cows on farms in the 23 major States was 8.36 million head, 101,000 head more than November 2006, and 8,000 head more than October 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 November 2007 totaled 2.2 billion pounds, up 67 million pounds or 3.2 percent from November 2006. Production per cow in the Mideast states averaged 1,630 pounds for November 2007, 25 pounds above November 2006. The number of cows on farms in the Mideast states was 1.3 million head, 22,000 head more than November 2006.

### The Dairy Outlook

Sharply higher feed costs projected for 2008, especially for soybean meal, will cut into dairy producer profits. Offsetting higher feed costs are moderating prices for alfalfa hay and relatively high prices for milk. The milk-feed price ratio will be lower in 2008 compared with this year, and will likely slow the pace of expansion.

*(continued on Page 3)*

### December 2007 - Pool Summary

#### Classification of Producer Milk

	<i>Pounds</i>	<i>Percent</i>
Class I	555,701,709	40.4
Class II	198,283,951	14.4
Class III	491,995,573	35.8
Class IV	129,442,350	9.4
Total	1,375,423,583	100.0

#### Producer Prices

Producer Price Differential	\$ 0.04 / cwt
Butterfat Price	1.4348 / lb
Protein Price	4.7061 / lb
Other Solids Price	0.2637 / lb
Somatic Cell Adjustment Rate	0.00105 / cwt
Statistical Uniform Price	20.64 / cwt

**ANNOUNCEMENT OF PRODUCER PRICES****Federal Order No. 33****DECEMBER 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			545,339,240			\$ 17.65 / cwt	\$ 96,252,375.88
Class I Butterfat		10,362,469				1.4320 / lb	14,839,055.61
Class I Location Differential	555,701,709						(264,845.54)
Class II SNF Value				17,085,104		1.8167 / lb	31,038,508.42
Class II Butterfat		12,837,962				1.4418 / lb	18,509,773.61
Class III Protein Value			15,548,571			4.7061 / lb	73,173,129.98
Class III Other Solids Value					28,113,727	0.2637 / lb	7,413,589.81
Class III Butterfat		18,409,648				1.4348 / lb	26,414,162.94
Class IV SNF Value				10,876,444		1.6296 / lb	17,724,253.13
Class IV Butterfat		11,246,536				1.4348 / lb	16,136,529.89
Somatic Cell Value II / III / IV							<u>909,593.51</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,375,423,583</b>	<b>52,856,615</b>	<b>43,447,183</b>		<b>78,481,813</b>		<b>\$302,146,127.24</b>
Overages						\$ 21,558.92	
Beginning Inventory and OS Charges						9,407.63	
<b>TOTAL ADJUSTMENTS</b>							<u>\$ 30,966.55</u>
<b>TOTAL HANDLER OBLIGATIONS</b>							<u>\$ 302,177,093.79</u>
Total Protein Value			43,447,183 lbs	@	\$ 4.7061		\$ (204,466,787.89)
Total Other Solids Value			78,481,813 lbs	@	0.2637		(20,695,654.08)
Butterfat Value			52,856,615 lbs	@	1.4348		(75,838,671.18)
Total Somatic Cell Values							<u>(1,474,291.11)</u>
<b>TOTALS</b>							<u>\$ (298,310.47)</u>
Net Producer Location Adjustments							\$ 883,030.61
1/2 Unobligated Balance Producer Settlement Fund							<u>650,000.00</u>
Total - Divided by Total Pounds			1,375,423,583 lbs			0.0897702	\$ 1,234,720.14
Rate of Cash Reserve						<u>(0.0497702)</u>	<u>(684,551.07)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,375,423,583			<b>\$ 0.04 /cwt</b>	<b>\$ 550,169.07</b>

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

	<b>December</b>	
	<u>2007</u>	<u>2006</u>
Butterfat Price	\$1.4348 / lb	\$1.3481 / lb
Protein Price	4.7061 / lb	2.4388 / lb
Other Solids Price	0.2637 / lb	0.2564 / lb
Somatic Cell Adjustment Rate	0.00105 / cwt	0.00068 / cwt
Nonfat Solids Price	1.6296 / lb	0.8737 / lb

	<b>December</b>	
	<u>2007</u>	<u>2006</u>
Class III Price - 3.5% BF	\$20.60	\$13.47
Producer Price Differential*	<u>0.04</u>	<u>(0.06)</u>
Statistical Uniform Price	\$20.64	\$13.41

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

	<b>December</b>	
	<u>2007</u>	<u>2006</u>
Class I*	\$23.45	\$14.43
Class II	22.07	12.55
Class III	19.22	13.47
Class IV	20.40	12.30

	<b>December</b>	
	<u>2007</u>	<u>2006</u>
	<i>Product lbs.</i>	<i>Product lbs.</i>
Class I	555,701,709	558,886,876
Class II	198,283,951	226,554,708
Class III	491,995,573	459,268,017
Class IV	<u>129,442,350</u>	<u>128,900,858</u>
Total	1,375,423,583	1,373,610,459

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for December 2007 was \$0.04. The Statistical Uniform Price was \$20.64 for December 2007. The Statistical Uniform Price is \$0.44 lower than last month, and \$7.23 higher than December 2006.

The Producer Butterfat Price of \$1.4348 per pound increased \$0.0271 cents from November 2007 and is up \$0.0867 from a year ago. The Protein Price of \$4.7061 per pound is up \$0.3980 from last month, and is up \$2.2673 from December 2006. The Other Solids Price in December was \$0.2637 per pound, an increase of \$0.0176 from last month, and is up \$0.0073 from December 2006. The Somatic Cell Adjustment rate for December 2007 was \$0.00105.

December 2007 producer receipts totaled 1.38 billion pounds. December 2007 producer receipts were 114.2 million pounds higher than November 2007, and 1.8 million pounds higher than December 2006. Producer milk allocated to Class I accounted for 40.4 percent of the total producer milk in December 2007, less than the 45.3 percent in November 2007, and less than the 40.7 percent in December 2006. A total of 7,933 producers were pooled on the Mideast Order compared to 7,932 producers pooled in December 2006.

The market average content of producer milk was as follows: Butterfat 3.84%; Protein 3.16%; Other Solids 5.71% and Nonfat Solids 8.87%.

(continued from Front Page)

The *Milk Production* report showed November production still increasing at above the long-term average rate. Both cow numbers and production per cow are well above year-earlier levels and sharply above those in the first half of 2007. These fundamentals should boost milk production in 2008 by about 1.1 percent. Forecast 2008 production is 190.5 billion pounds. October output of butter, total cheese, and nonfat dry milk (NDM) continues to outpace year-earlier levels by 9.1 percent, 1.6 percent and 41.4 percent respectively, according to the *Dairy Products* report. Cheddar cheese prices remain at near-record levels of over \$2 a pound. The Foreign Agricultural Service reports 10-month imports of quota cheese are lagging the same period in 2006 by 3 percent. However, the *Dairy Market News* reports that export interest may be building. For butter, the October drawdown in stocks set a record for that month, and commercial disappearance through September was 5.6 percent above year-earlier levels. World butter prices are above U.S. prices and could help boost export interest. Export potential for both cheese and butter, combined with firm domestic demand, will likely support prices for both products into the first half of 2008. Cheese prices could soften later in 2008.

The NASS cheese price is expected to average from \$1.735 to \$1.745 per pound in 2007 and from \$1.640 to \$1.720 per pound in 2008. The butter price will likely follow a similar pattern, averaging from \$1.330 to \$1.360 per pound in 2007 and slipping to \$1.205 to \$1.315 per pound in 2008. NDM prices soared in the second half of 2007, which will push the 2007 average price to the range of \$1.705 to \$1.725 per pound. In 2008, prices should decline somewhat to average from \$1.645 to \$1.705 per pound. Ample U.S. production and large stocks could pressure prices later in 2008. However, global supplies remain tight. Whey prices have fallen precipitously in the second half of 2007 and will likely average from 59.5 to 60.5 cents a pound this year, based mostly on earlier highs. Next year, prices will be closer to current prices and average from 43.0 to 46.0 cents a pound. Weaker export prospects in late 2007 and into 2008 will keep whey prices below early 2007 peaks.

While milk prices should be lower in 2008 than in 2007—a steep drop is not forecast. The Class IV average price is forecast

to range from \$17.40 to \$18.30 per cwt in 2008, down from \$18.30 to \$18.50 per cwt in 2007. The Class III price is expected to average \$16.15 to \$16.95 per cwt in 2008, compared with \$18.00 to \$18.10 per cwt in 2007. The all milk price will average from \$18.00 to \$18.80 per cwt in 2008, down slightly from the \$19.05 to \$19.15 per cwt expected in 2007.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook", LDP-M-162, December 19, 2007, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

### November 2007 Dairy Product Highlights

- Total cheese output (excluding cottage cheese) was 808 million pounds, 1.2 percent above November 2006 but 1.9 percent below October 2007.
- Italian type cheese production totaled 343 million pounds, 4.0 percent above November 2006 but 1.3 percent below October 2007.
- American type cheese production totaled 323 million pounds, 3.5 percent above November 2006 and 0.7 percent above October 2007.
- Butter production was 132 million pounds, 11.7 percent above November 2006 and 2.1 percent above October 2007.
- Nonfat dry milk production was 98.4 million pounds, 27.9 percent above November 2006. Skim milk powder production was 19.7 million pounds, down 25.8 percent from November 2006.
- Dry whey production was 93.6 million pounds, up 9.0 percent from November 2006. Lactose production was 58.8 million pounds, down 2.8 percent from November 2006. Whey protein concentrate production was 32.2 million pounds, down 2.6 percent from November 2006.
- Regular (hard) Ice Cream production was 56.4 million gallons, down 4.3 percent from November 2006. Lowfat Ice Cream production was 24.2 million gallons, up 4.2 percent from November 2006. Sherbet (hard) production was 3.37 million gallons, up 9.5 percent from November 2006. Frozen Yogurt production was 3.59 million gallons, down 18.6 percent from November 2006.

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

State	November 2007						November 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	1,986	490,990	3.74	3.15	5.71	237	497,011	3.73	3.11	5.69	240
Ohio	2,350	302,182	3.88	3.20	5.68	269	315,414	3.86	3.15	5.65	276
Wisconsin	816	133,772	3.84	3.12	5.73	245	56,693	3.83	3.11	5.76	240
Indiana	1,136	125,910	3.84	3.18	5.69	277	138,968	3.84	3.14	5.67	277
Pennsylvania	1,153	106,227	3.92	3.19	5.67	318	109,880	3.88	3.15	5.64	328
New York	314	73,691	3.77	3.14	5.75	219	169,641	3.69	3.07	5.74	224
Illinois	75	12,295	3.80	3.10	5.72	243	8,816	3.71	3.02	5.86	128
West Virginia	63	5,344	4.16	3.36	5.66	293	5,234	4.05	3.29	5.65	364
Other	108	10,941	3.85	3.16	5.69	290	5,704	3.95	3.18	5.65	343
Total/Average *	8,001	1,261,352	3.82	3.16	5.70	256	1,307,361	3.79	3.12	5.68	258

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



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**FEDERAL ORDER DATA  
 DECEMBER 2007**

<u>Marketing Area</u> <sup>1/</sup>	<u>Producer Milk</u>	<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>	
	<u>Total</u>	<u>Class I</u>	<u>Price Differential</u>	<u>Uniform Price</u>	
	(000)	(000)	(per cwt.)	(per cwt.)	
			%		
FO 1 Northeast - (Boston)	1,995,574	905,649	45.4	\$0.99	\$21.59
FO 5 Appalachian - (Charlotte)	499,561	340,811	68.2	<sup>2/</sup>	22.37
FO 6 Florida - (Tampa)	267,192	219,690	82.2	<sup>2/</sup>	23.44
FO 7 Southeast - (Atlanta)	593,590	392,849	66.2	<sup>2/</sup>	22.44
FO 30 Upper Midwest - (Chicago)	2,426,725	377,419	15.6	0.05	20.65
FO 32 Central - (Kansas City)	921,911	374,557	40.6	(0.24)	20.36
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,375,424</b>	<b>555,702</b>	<b>40.4</b>	<b>0.04</b>	<b>20.64</b>
FO 124 Pacific Northwest - (Seattle)	578,733	190,489	32.9	(0.30)	20.30
FO 126 Southwest - (Dallas)	639,381	346,219	54.2	0.41	21.01
FO 131 Arizona - (Phoenix)	321,111	115,309	35.9	<sup>2/</sup>	20.82

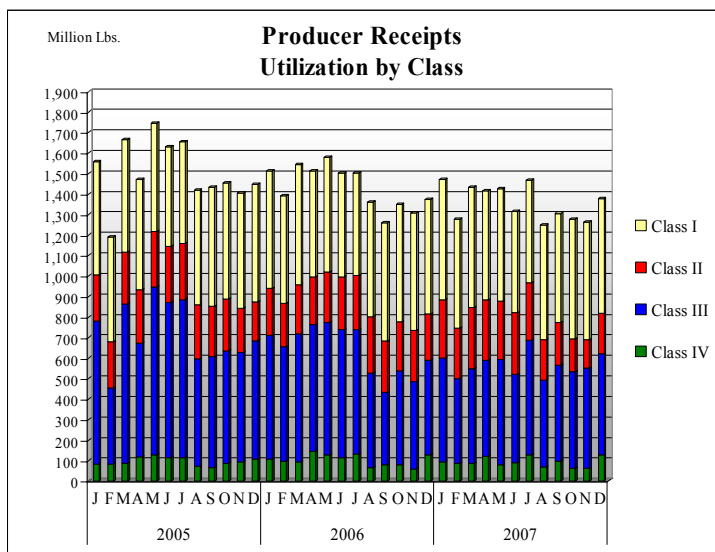
<sup>1/</sup> Names in parentheses are principal points of markets.

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

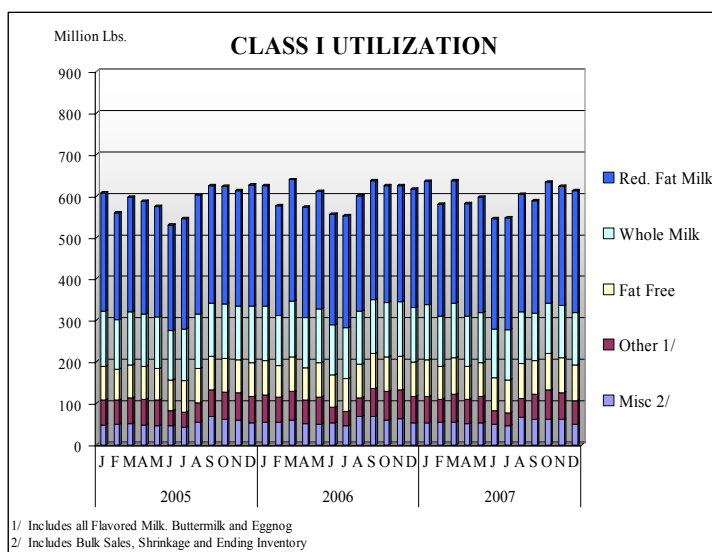
**MINIMUM PARTIAL PAYMENT PRICE FOR JANUARY 2008 .....\$ 19.18 /cwt.**

# Mideast Market Administrator's Bulletin *Supplement* Federal Order 33 **January 2008**

## PRODUCER MILK CLASSIFICATION

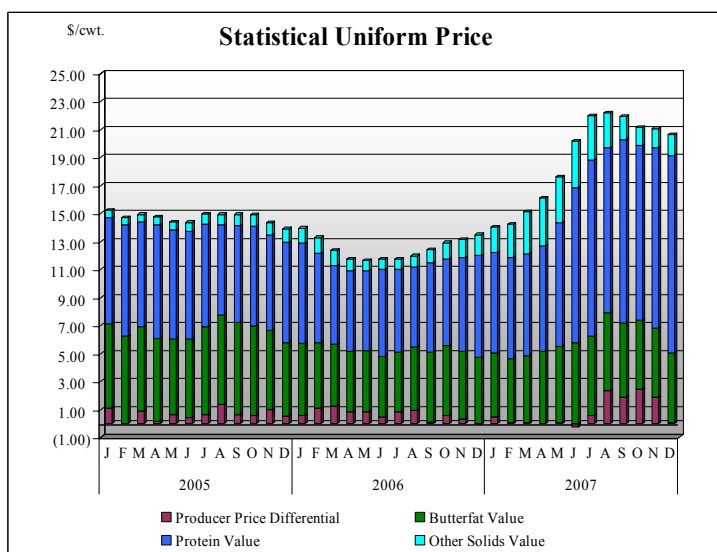


**Producer Receipts:** Producer Receipts for the Mideast Order totaled 1.37 billion pounds in December 2007. The pounds allocated to Class I represents 40.4 percent of the total pounds. These totals represent a 14.5 million pound increase in producer receipts and a 0.3 percent decrease in Class I utilization from December 2006.

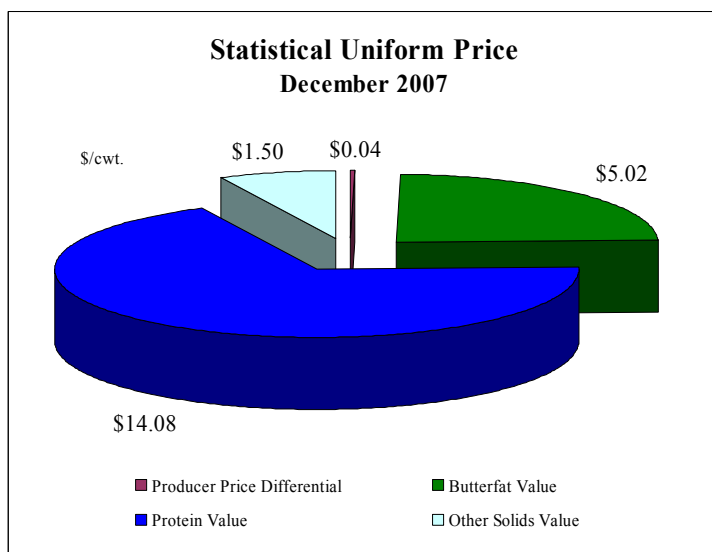


**Class I Pounds:** Class I utilization for the Mideast Order totaled 556 million pounds in December 2007. Finished products include 127 million pounds used for whole milk, 238 million pounds reduced fat milk and 86 million pounds of fat free (skim) milk.

## STATISTICAL UNIFORM PRICE

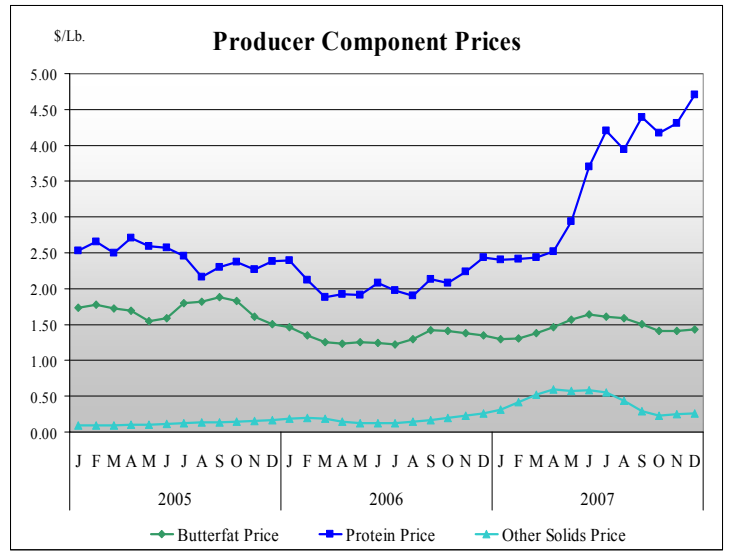
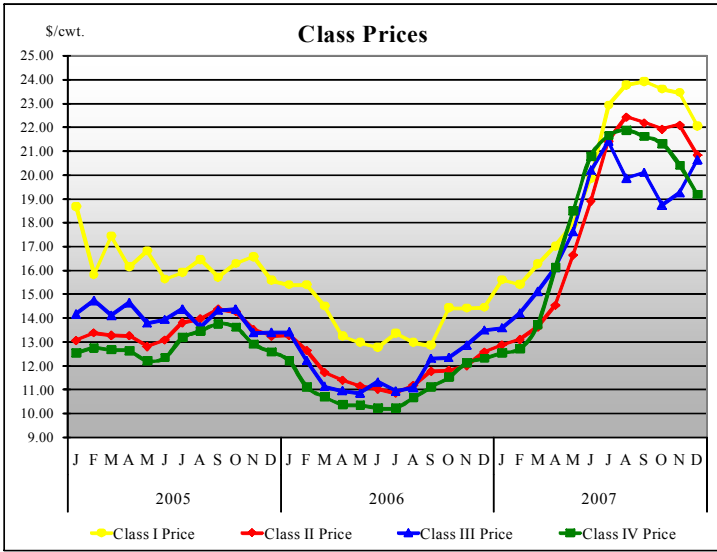


**Statistical Uniform Price:** The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$20.64 per cwt. for December 2007. The December 2007 SUP was \$0.44 per cwt. less than the November 2007 SUP. The December 2007 SUP represents a 54% growth in SUP from December 2006.



**December Statistical Uniform Price:** Using the Class III Price formula at 3.5% BF, the component values for the December 2007 SUP are: \$14.08 per cwt. for protein, \$5.02 per cwt. for butterfat and \$1.50 per cwt. in other solids. Also included in the SUP is \$0.04 per cwt. in PPD value.

## CLASS AND COMPONENT PRICES



## WEIGHTED AVERAGE NASS PRICES

