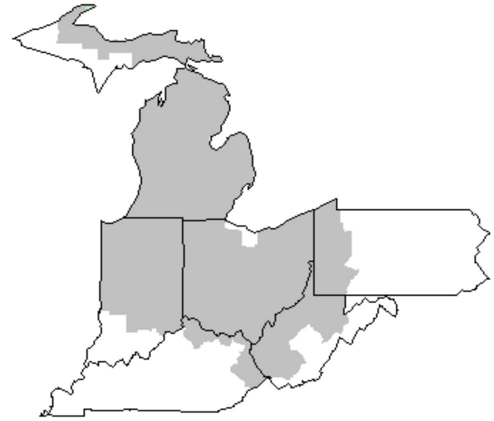
Mideast Market Administrator's

Bulletin

Federal Order No. 33



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May 2008

March Milk Production Up 2.4 Percent

Milk production in the 23 major States during March totaled 15.1 billion pounds, up 2.4 percent from March 2007. February production, revised at 13.9 billion pounds, was up 6.2 percent from February 2007.The February revision represented a increase of 23 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,795 pounds for March, 12 pounds above March 2007.

The number of milk cows on farms in the 23 major States was 8.44 million head, 141,000 head more than March 2007, and 9,000 head more than February 2008.

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 March totaled 2.3 billion pounds, down 24 million pounds or 1.0 percent from March 2007.

Production per cow in the Mideast states averaged 1,705 pounds for March, 44 pounds below March 2007.

The number of cows on farms in the Mideast states was 1.3 million head, 19,000 head more than March 2007.

Milk Production in 2008 Is Expected To Rise Despite Soaring Feed Prices

Feed prices are expected to climb higher in 2008, as 8 percent fewer acres of corn are forecast to be planted, and soybean acreage is expected to jump 18 percent. Of importance to the dairy industry are higher prices for alfalfa hay. According to the March *Prospective Plantings* report, producers intend to harvest 2 percent fewer total hay acres in 2008. The rising ingredient prices could push the benchmark 16-percent-mixed-ration price up 33 percent from 2007, which in 2007 was up 34 percent from 2006. Despite this, the milk herd size is expected to continue to increase slightly in 2008. Milk production is projected at 190.0 billion pounds in 2008 as output per cow climbs less than 1 percent on a per day basis from 2007. This year-over-year increase is the smallest in about 3 years.

Production has not buckled under high feed prices because herds are continuing to expand in response to last year's favorable returns. Milk prices have been declining and demand for dairy products remains relatively strong. Commercial use in 2008 is expected to exceed that of 2007 in each of the four quarters and average 3 percent above 2007. Domestic demand appears steady as consumers adjusted to substantially higher prices in 2007. Cheese and butter prices are expected to be higher in 2008.

Exports have helped boost demand. While dry products have traded briskly in recent years, now cheese and butter are being exported in larger quantities. In the fourth quarter of 2007, butter exports ranged at between 14 and 16 percent of total production. February butter and butter product exports also exceed 11 percent of production. For the most recent 2 years, butter exports have been between 2 and 4 percent of total production. Likewise, cheese exports in 2007 have exceeded those of recent years and reached nearly 3 percent of total production in January 2008. These higher export trends are expected to continue in 2008. While the European Union increased milk production quotas by 2 percent in April 2008, most of any increased production will likely be directed to internal demand. Although Australia appears to be recovering from drought, production this season is still expected to be below last year. Robust global demand for dairy products and limited supplies in the rest of the world provide a basis for strong U.S. export sales for the remainder of 2008.

Stocks on a milk-equivalent fat basis were higher in 2007 than in recent years and are expected to climb slightly by the end of 2008 to 10.5 billion pounds. Likewise, stocks on a skim-solids basis will likely climb slightly to 10.0 billion pounds by year end. These stocks do not appear burdensome and falling interest rates lower the cost of holding stocks.

(Continued on Page 3)

April 2008 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	536,615,101	37.1
Class II	254,141,600	17.6
Class III	505,257,040	35.0
Class IV	148,120,588	10.3
Total	1,444,134,329	100.0

Producer Prices

Producer Price Differential	$ 1.01	/ cwt
Butterfat Price	1.4748	/ lb
Protein Price	3.7579	/ lb
Other Solids Price	0.0622	/ lb
Somatic Cell Adjustment Rate	0.00091	/ cwt
Statistical Uniform Price	17.77	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

APRIL 2008

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			527,179,995			$ 16.39 / cwt	$ 86,404,801.19
Class I Butterfat		9,435,106				1.3683 / lb	12,910,055.53
Class I Location Differential	536,615,101						(244,304.92)
Class II SNF Value				21,650,271		1.1633 / lb	25,185,760.22
Class II Butterfat		15,247,067				1.4818 / lb	22,593,103.87
Class III Protein Value			15,408,704			3.7579 / lb	57,904,368.76
Class III Other Solids Value					28,865,048	0.0622 / lb	1,795,405.96
Class III Butterfat		17,987,706				1.4748 / lb	26,528,268.82
Class IV SNF Value				12,442,714		1.0827 / lb	13,471,726.47
Class IV Butterfat		10,798,386				1.4748 / lb	15,925,459.69
Somatic Cell Value II / III / IV							810,082.82
TOTAL PRODUCER MILK VALUE	1,444,134,329	53,468,265	43,850,245		82,263,863		$263,284,728.41
Overages					$ 42,723.79		
Beginning Inventory and OS Charges					$156,510.78		
TOTAL ADJUSTMENTS							$ 199,234.57
TOTAL HANDLER OBLIGATIONS							$ 263,483,962.98
Total Protein Value			43,850,245 lbs	@	$3.7579		$(164,784,835.68)
Total Other Solids Value			82,263,863 lbs	@	0.0622		(5,116,812.29)
Butterfat Value			53,468,265 lbs	@	1.4748		(78,854,997.23)
Total Somatic Cell Values							(1,254,117.97)
TOTALS							$ 13,473,199.81
Net Producer Location Adjustments							$ 1,020,747.78
1/2 Unobligated Balance Producer Settlement Fund							699,000.00
Total - Divided by Total Pounds			1,444,134,329 lbs		1.0520453		$ 15,192,947.59
Rate of Cash Reserve					(0.0420453)		(607,190.61)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,444,134,329		**$ 1.01 /cwt**		$ 14,585,756.98

COMPONENT PRICES

	April 2008	April 2007
Butterfat Price	$1.4748 / lb	$1.4657 / lb
Protein Price	3.7579 / lb	2.5212 / lb
Other Solids Price	0.0622 / lb	0.6008 / lb
Somatic Cell Adjustment Rate	0.00091 / cwt	0.00071 / cwt
Nonfat Solids Price	1.0827 / lb	1.2656 / lb

COMPUTATION OF UNIFORM PRICE

	April 2008	April 2007
Class III Price - 3.5% BF	$16.76	$16.09
Producer Price Differential*	1.01	0.00
Statistical Uniform Price	$17.77	$16.09

CLASS PRICES

	April 2008	April 2007
Class I*	$20.61	$17.00
Class II	15.29	14.51
Class III	16.76	16.09
Class IV	14.56	16.12

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

Product lbs.	April 2008 *Product lbs.*	April 2007
Class I	536,615,101	530,133,952
Class II	254,141,600	296,434,699
Class III	505,257,040	468,802,468
Class IV	148,120,588	120,618,683
Total	1,444,134,329	1,415,989,802

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2008 was $1.01 and the Statistical Uniform Price was $17.77 for the month. The Statistical Uniform Price is $0.56 higher than last month, and is $1.68 higher than April 2007.

The Producer Butterfat Price of $1.4748 per pound increased 11.44 cents from March 2008 and is up 0.91 cents from a year ago. The Protein Price of $ 3.7579 is down 57.52 cents from last month and is up 1.2367 dollars from April 2007. The Other Solids Price in April was $0.0622 per pound, an increase from last month's price of $0.0493 and a decrease of 53.86 cents from last April. The Somatic Cell Adjustment rate for April was $0.00091.

April producer receipts of 1.44 billion pounds were12.1percent higher than March 2008 and 2.0 percent higher than April 2007 production of 1.42 billion pounds. Producer milk allocated to Class I accounted for 37.1 percent of the total producer milk in April 2008, less than the 42.8 percent in March 2008 and less than the 37.5 percent in April 2007. A total of 7,693 producers were pooled on the Mideast Order compared to 7,789 producers pooled in April 2007.

The market average content of producer milk was as follows: Butterfat 3.70%; Protein 3.04%; Other Solids 5.70% and Nonfat Solids 8.74%.

(Continued from Front Page)

Prices for cheese and butter are expected to be higher in 2008. Cheese could be substantially higher as supplies remain tight. Cheese prices are expected to average between $1.775 and $1.825 per pound in 2008, above $1.738 per pound in 2007. Although butter supplies appear ample, availability could tighten later in the year, firming prices, especially if exports maintain their recent pace. Butter price is projected to average $1.310 to $1.390 per pound this year, compared with 2007's average of $1.344 per pound. Declines are expected for nonfat dry milk (NDM) and whey.

NDM prices are expected to average $1.360 to $1.400 per pound and whey prices 27.5 to 30.5 cents per pound in 2008. In 2007, average prices for these products were $1.708 and 60.0 cents per pound, respectively. Despite firm product demand, slightly higher production is forecast to tip milk prices lower. The Class III price is expected to average $16.55 to $17.05 per cwt in 2008 and will average above the Class IV price this year in contrast to last year's situation. The Class IV price is expected to average $15.35 to $15.95 per cwt. The all milk prices will be lower in 2008, averaging $17.65 to $18.15 per cwt.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-166, April 17, 2008, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

Staff Paper Published

The Mideast Marketing Order has released a staff paper prepared by John Newton, Marketing Specialist. Staff Paper 08-01 entitled *Analysis of Component Levels in Individual Herd Milk at the Farm Level for Producers Associated with the Mideast Order* is available on the Mideast website.

The results of this study determined the weighted average component tests for butterfat, protein, other solids, solids-non-fat, and Somatic Cell Count (SCC) for 2007. Component variations due to season, region and producer size were also incorporated into this analysis. The statistical relationships among components in herd level milk were quantified for the Mideast Marketing Area.

For 2007 the weighted average butterfat test was 3.66 percent, down 0.03 percentage points from 2006 levels. The weighted average protein test was 3.05 percent, up 0.02 percentage points from the previous year. The weighted average other solids test remained unchanged from the previous year at 5.71 percent. Weighted average SCC levels were 273 for 2007, compared to 274 for 2006.

Dairy Products, 2007 Annual Summary

Butter production in the United States during 2007 totaled 1.53 billion pounds, 5.8 percent above 2006. California accounted for 32.5 percent of the production, followed by Wisconsin with 24.3 percent.

Total cheese production, excluding cottage cheeses, was 9.70 billion pounds, 1.8 percent above 2006 production. Wisconsin was the leading State with 25.3 percent of the production, followed by California with 23.6 percent and Idaho with 8.1 percent.

American type cheese production was 3.88 billion pounds, 0.9 percent below 2006 and accounted for 40.0 percent of total cheese in 2007. California was the leading State with 20.6 percent of production, followed by Wisconsin with 19.9 percent.

Ice cream, Regular totaled 951 million gallons, down 3.2 percent from 2006. Lowfat ice cream, at 383 million gallons, was up 1.6 percent.

Nonfat dry milk for human food totaled 1.30 billion pounds, up 4.4 percent. California was the leading state with 55.8 percent of the production. Skim milk powders totaled 202 million pounds, down 25.1 percent.

Dairy Plants: During 2007, there were 1,109 dairy plants in the U.S. manufacturing one or more dairy products, 15 more than in 2006

Source: "Dairy Products 2007 Summary," Da 2-1(08), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

Bulletin WebPage Edition
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Featured this month are:

- Thematic Maps Displaying Weighted Average Component Tests by State & County, 2007
- Weighted Average Component Tests by State, 2007

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

Federal Order No. 33

	March 2008							March 2007				
			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	1,974	545,278	3.71	3.09	5.69	232		565,879	3.64	3.05	5.72	259
Ohio	2,231	312,361	3.83	3.11	5.68	274		356,999	3.78	3.08	5.68	288
Indiana	1,148	137,966	3.81	3.08	5.67	288		146,914	3.77	3.05	5.69	302
Pennsylvania	1,103	100,342	3.90	3.12	5.66	325		121,209	3.84	3.09	5.68	326
New York	307	97,339	3.71	3.07	5.73	220		181,067	3.67	3.03	5.74	234
Wisconsin	742	65,566	3.78	3.03	5.72	268		47,363	3.75	3.04	5.74	284
Illinois	72	11,680	3.71	3.05	5.71	296		2,063	3.76	3.08	5.68	333
West Virginia	64	5,313	4.10	3.23	5.68	371		5,471	3.95	3.18	5.68	394
Other	106	12,502	3.76	3.11	5.66	265		5,583	3.90	3.11	5.67	344
Total/Average *	7,747	1,288,347	3.77	3.09	5.69	258		1,432,548	3.71	3.06	5.71	275

* Totals may not add due to rounding. Data provided on a one month delay basis and includes only milk from these states *pooled* on the Mideast order.

United States Department of Agriculture

Mideast Market Administrator Bulletin
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FEDERAL ORDER DATA

APRIL 2008

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)*	2,121,519	850,245	40.1	$1.79	$18.55
FO 5	Appalachian - *(Charlotte)*	488,702	346,687	70.9	2/	20.21
FO 6	Florida - *(Tampa)*	269,523	218,677	81.1	2/	21.50
FO 7	Southeast - *(Atlanta)*	608,631	388,115	63.8	2/	19.97
FO 30	Upper Midwest - *(Chicago)*	2,512,668	371,352	14.8	0.47	17.23
FO 32	Central - *(Kansas City)*	1,030,768	354,004	34.3	0.72	17.48
FO 33	**Mideast - *(Cleveland)***	**1,444,134**	**536,615**	**37.1**	**1.01**	**17.77**
FO 124	Pacific Northwest - *(Seattle)*	645,770	190,930	29.6	0.19	16.95
FO 126	Southwest - *(Dallas)*	1,087,988	355,341	32.7	1.42	18.18
FO 131	Arizona - *(Phoenix)*	372,707	117,637	31.6	2/	17.28

[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 MAY 2008................................$ 14.56 /cwt.

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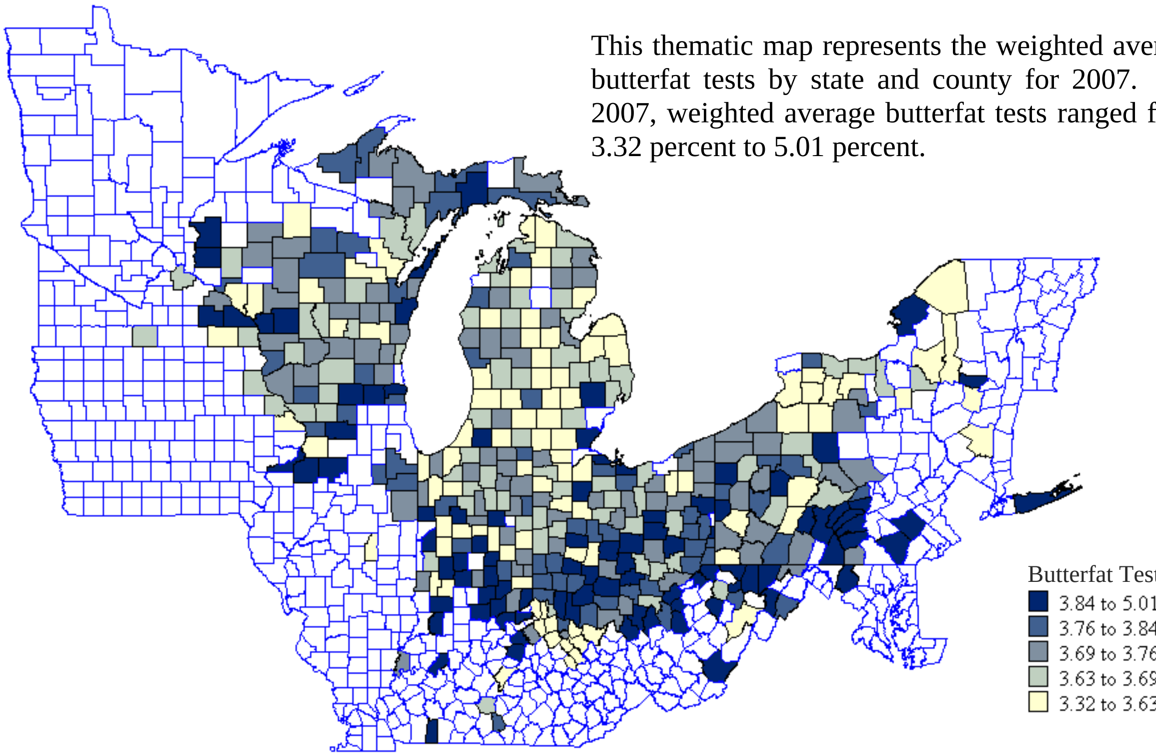
Federal Order No. 33 May 2008

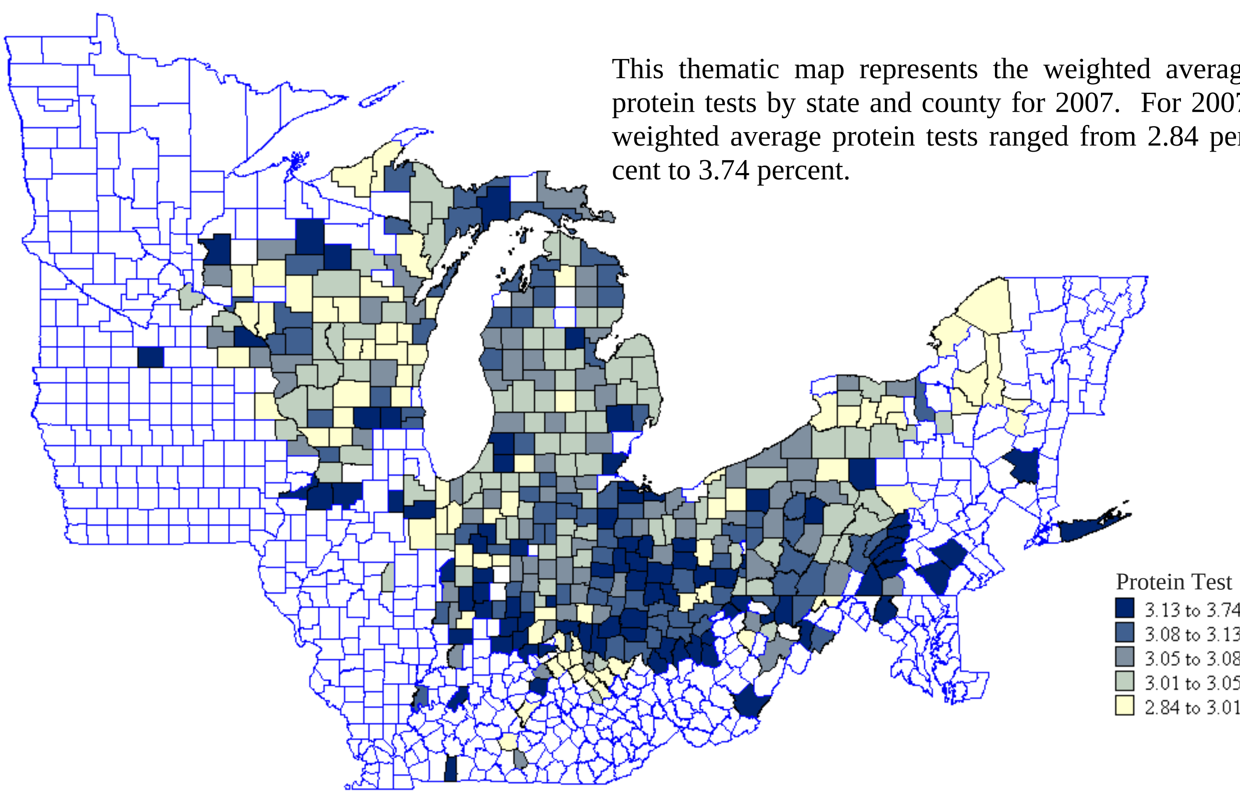
WEIGHTED AVERAGE BUTTERFAT TEST BY STATE AND COUNTY*, 2007

This thematic map represents the weighted average butterfat tests by state and county for 2007. For 2007, weighted average butterfat tests ranged from 3.32 percent to 5.01 percent.



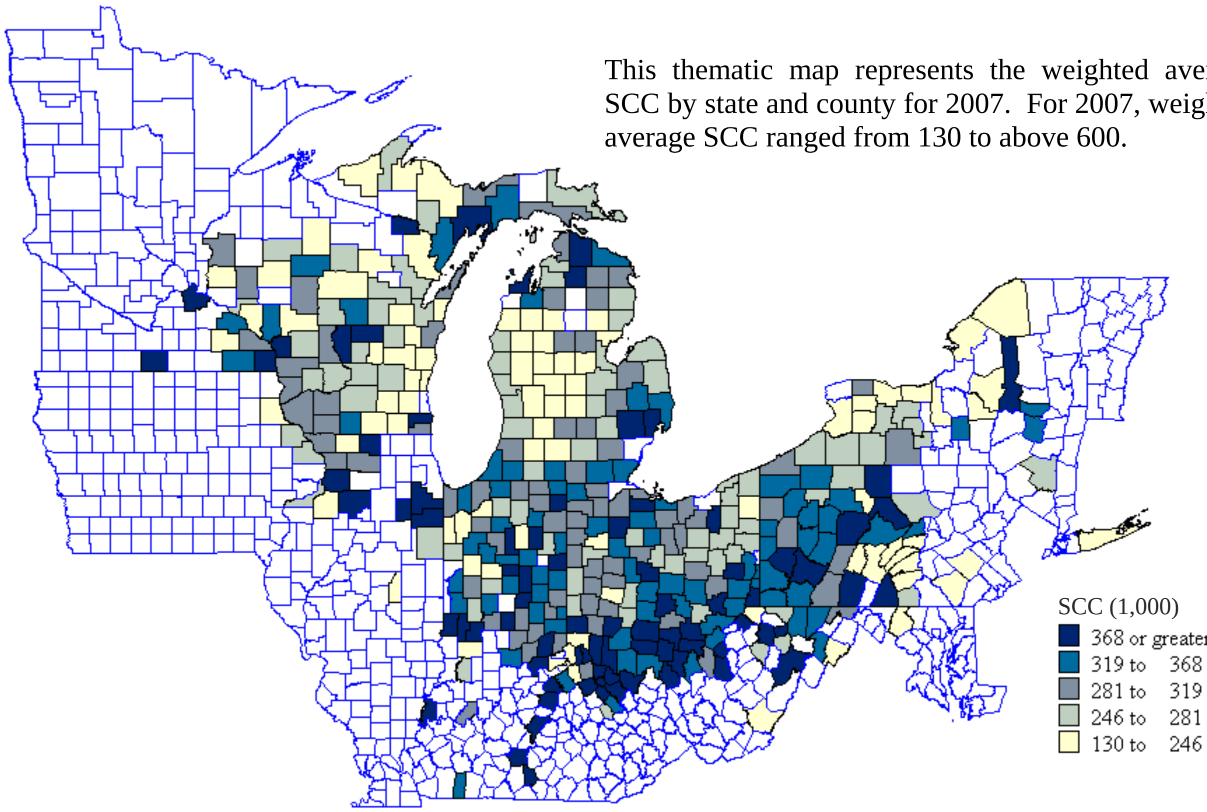
WEIGHTED AVERAGE PROTEIN TEST BY STATE AND COUNTY*, 2007

This thematic map represents the weighted average protein tests by state and county for 2007. For 2007, weighted average protein tests ranged from 2.84 percent to 3.74 percent.



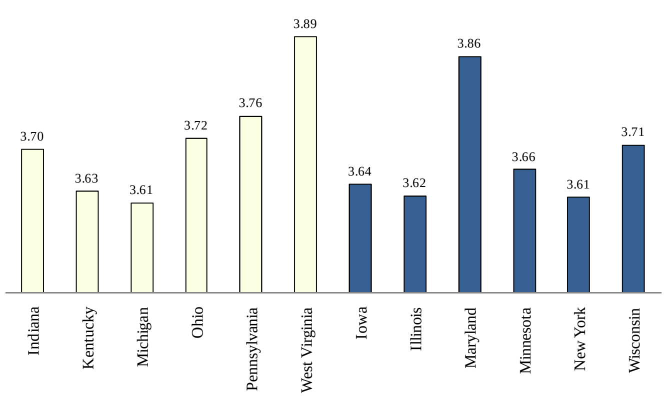
WEIGHTED AVERAGE SOMATIC CELL COUNT BY STATE AND COUNTY*, 2007

This thematic map represents the weighted average SCC by state and county for 2007. For 2007, weighted average SCC ranged from 130 to above 600.

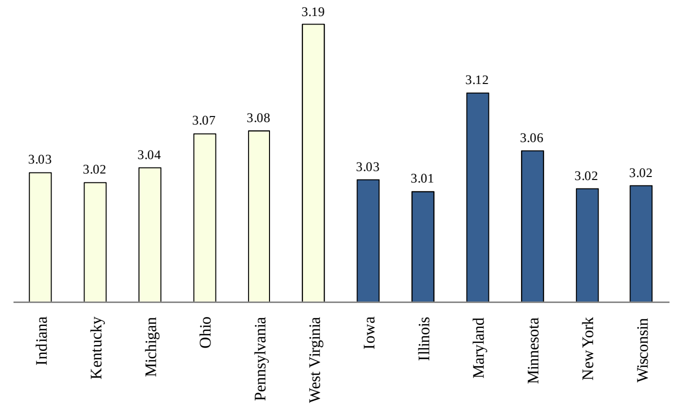


WEIGHTED AVERAGE COMPONENT TESTS BY STATE*, 2007**

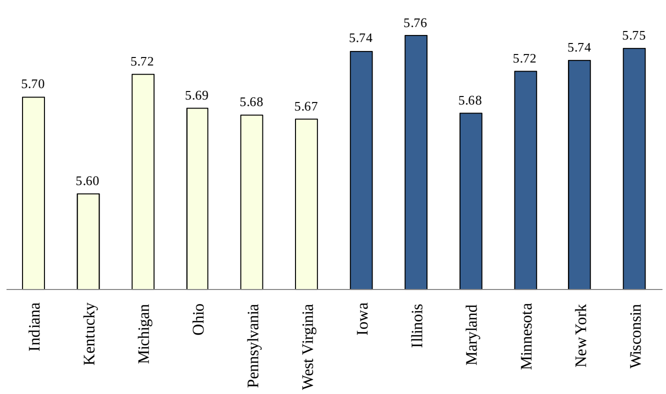
Weighted Average Butterfat Test



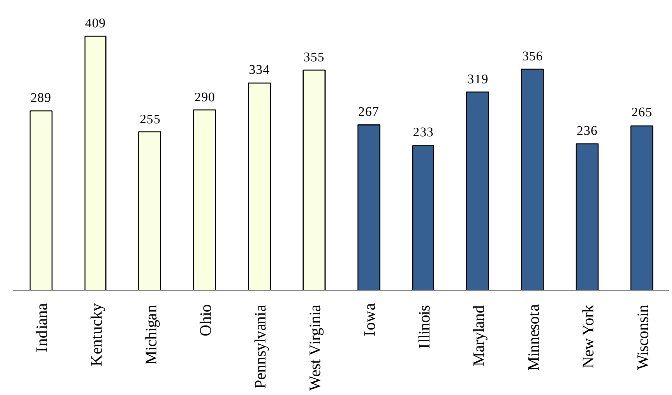
Weighted Average Protein Test



Weighted Average Other Solids Test



Weighted Average Somatic Cell Count
(1,000)



*For producers associated with the Mideast Marketing Area.
**Yellow denotes states included in the Mideast Marketing Area