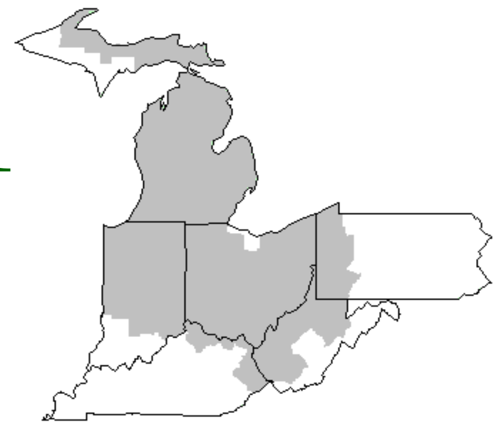
Mideast Market Administrator's
Bulletin



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
May 2009

March Milk Production Down 0.2 Percent

Milk production in the 23 major States during March totaled 15.2 billion pounds, down 0.2 percent from March 2008. February production, revised at 13.6 billion pounds, was down 2.7 percent from February 2008.The February revision represented a decrease of 23 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,788 pounds for March, 6 pounds below March 2008.

The number of milk cows on farms in the 23 major States was 8.48 million head, 15,000 head more than March 2008, but 4,000 head less than February 2009.

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, up 34 million pounds or 1.5 percent from March 2008.

Production per cow in the Mideast states averaged 1,725 pounds for March, 22 pounds above March 2008.

The number of cows on farms in the Mideast states was 1.3 million head, 8,000 head more than March 2008.

Dairy Herd Contraction, Already Underway, Is Having an Impact on Prices

Dairy cow slaughter surged ahead of year-earlier levels for the third month in a row in February, aided in part by the sixth Cooperatives Working Together (CWT) buyout since 2003, which removed over 50,000 cows from the dairy herd, mostly in the first quarter of 2009. According to recent *Livestock Slaughter* reports, dairy cow slaughter had moved ahead of year-earlier levels for much of 2008. The liquidation has been especially notable in the mountain western states. For the country as a whole, slaughter was 17 percent above year earlier levels in February, 19 percent in January, and 12 percent in December. However, by region, slaughter exceeded year-earlier levels by 46 percent in December and 118 percent in January for region six, which includes New Mexico, Oklahoma, and Texas. January and February slaughter exceeded year-earlier levels by 83 and 49 percent, respectively, in region ten, which includes Idaho, Oregon, and Washington. Other regions also recorded double-digit increases in cow slaughter. Although The CWT program is expected to remove additional cows from the herd by this summer, these data suggest that herd liquidation is well underway.

The liquidation appears to be strongest in those regions that expanded most rapidly in the last few years. USDA forecasts that the dairy herd will contract to an average 9.2 million cows in 2009, compared with 9.3 million in 2008. The contraction is expected to continue throughout the year; by the fourth quarter of 2009, the number of dairy cows will likely average about 300 thousand fewer than those on hand in the fourth quarter of 2008.

Expected corn and soybean meal prices have been revised upward from earlier forecasts. Higher feed costs will likely continue to pressure producer profits. Milk per cow will climb only incrementally in response to poor producer returns. The yield increase is expected to be less than one-half of 1 percent this year, adjusting for leap-year, continuing the trend toward smaller year-over-year increases that began in 2006. The outcome from these adjustments is a decline in milk production in 2009 to 187.1 billion pounds from 190.0 billion pounds in 2008.

Cheese production rose slightly in February after adjusting for the extra day in February 2008. Production of cheddar and mozzarella showed declines even after adjustment. Overall production was higher because of increases in Hispanic cheeses, Italian types beside mozzarella, and other cheeses. February stocks of all cheeses were 11 percent above year-earlier levels. Commercial disappearance for all cheese was down only slightly in January compared with a year earlier, the last month for which figures are available. Market adjustments so far have led to cheese prices increasing from the lows observed earlier in 2009.

(Continued on Page 3)

April 2009 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	559,712,778	39.6
Class II	277,275,953	19.6
Class III	468,633,628	33.1
Class IV	109,102,093	7.7
Total	1,414,724,452	100.0

Producer Prices

Producer Price Differential	$ 0.50	/cwt
Butterfat Price	1.2049	/ lb
Protein Price	2.2009	/ lb
Other Solids Price	(0.0043)	/ lb
Somatic Cell Adjustment Rate	0.00064	/ cwt
Statistical Uniform Price	11.28	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

APRIL 2009

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			549,809,480			$ 8.56 / cwt	$ 47,063,691.48
Class I Butterfat		9,903,298				1.1700 / lb	11,586,858.66
Class I Location Differential	559,712,778						(257,237.98)
Class II SNF Value				23,624,476		0.7189 / lb	16,983,635.78
Class II Butterfat		16,408,321				1.2119 / lb	19,885,244.21
Class III Protein Value			14,270,982			2.2009 / lb	31,409,004.30
Class III Other Solids Value					26,709,818	(0.0043)/ lb	(114,852.22)
Class III Butterfat		17,299,158				1.2049 / lb	20,843,755.48
Class IV SNF Value				9,091,677		0.6452 / lb	5,865,949.99
Class IV Butterfat		8,623,454				1.2049 / lb	10,390,399.72
Somatic Cell Value II / III / IV							704,822.09
TOTAL PRODUCER MILK VALUE	1,414,724,452	52,234,231	42,910,026		80,550,651		$164,361,271.51
Overages					$ 73,069.48		
Beginning Inventory and Other Source Charges					$ 84,892.73		
TOTAL ADJUSTMENTS							$ 157,962.21
TOTAL HANDLER OBLIGATIONS							$ 164,519,233.72
Total Protein Value			42,910,026 lbs	@	$2.2009		$ (94,440,676.23)
Total Other Solids Value			80,550,651 lbs	@	(0.0043)		346,367.80
Butterfat Value			52,234,231 lbs	@	1.2049		(62,937,024.92)
Total Somatic Cell Values							(1,146,261.33)
TOTALS							$ 6,341,639.04
Net Producer Location Adjustments							$ 741,895.94
1/2 Unobligated Balance Producer Settlement Fund							644,000.00
Total - Divided by Total Pounds			1,414,724,452 lbs		0.5462219		$ 7,727,534.98
Rate of Cash Reserve					(0.0462219)		(653,912.52)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,414,724,452		**$ 0.50 /cwt**		$ 7,073,622.46

COMPONENT PRICES

	April 2009	April 2008
Butterfat Price	$1.2049 / lb	$1.4748 / lb
Protein Price	2.2009 / lb	3.7579 / lb
Other Solids Price	(0.0043) / lb	0.0622 / lb
Somatic Cell Adjustment Rate	0.00064 / cwt	0.00091 / cwt
Nonfat Solids Price	0.6452 / lb	1.0827 / lb

COMPUTATION OF UNIFORM PRICE

	April 2009	April 2008
Class III Price - 3.5% BF	$10.78	$16.76
Producer Price Differential*	0.50	1.01
Statistical Uniform Price	$11.28	$17.77

CLASS PRICES

	April 2009	April 2008
Class I*	$12.36	$20.61
Class II	10.49	15.29
Class III	10.78	16.76
Class IV	9.82	14.56

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	April 2009 *Product lbs.*	April 2008 *Product lbs.*
Class I	559,712,778	536,615,101
Class II	277,275,953	254,141,600
Class III	468,633,628	505,257,040
Class IV	109,102,093	148,120,588
Total	1,414,724,452	1,444,134,329

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2009 was $0.50 and the Statistical Uniform Price was $11.28 for the month. The Statistical Uniform Price is $0.55 higher than last month, and is $6.49 lower than April 2008.

The Producer Butterfat Price of $1.2049 per pound increased 4.55 cents from March and is down 26.99 cents from a year ago. The Protein Price of $2.2009 is up $0.0036 from last month and is down $1.5570 from April 2008. The Other Solids Price in April was $-0.0043 per pound, an increase from last month's price of $-0.0339 and a decrease of 6.65 cents from last April. The Somatic Cell Adjustment rate for April was $0.00064.

April producer receipts of 1.41 billion pounds were 0.56 percent higher than March and 2.0 percent lower than April 2008 production of 1.44 billion pounds. Producer milk allocated to Class I accounted for 39.6 percent of the total producer milk in April 2009, less than the 40.8 percent in March and less than the 37.1 percent in April 2008. A total of 7,231 producers were pooled on the Mideast Order compared to 7,693 producers pooled in April 2008.

The market average content of producer milk was as follows: Butterfat 3.69%; Protein 3.03%; Other Solids 5.69% and Nonfat Solids 8.72%.

(Continued from Front Page)

The decline in milk production is expected to cause further declines in cheese production. Declining retail cheese prices that have lagged falling wholesale prices are finally beginning to boost consumption. Lower prices compared with last year will likely continue to boost consumption. Lower milk production and somewhat higher domestic use will likely raise prices toward the end of 2009. For the year, prices are expected to average $1.270 to $1.320 per pound.

The year-over-year decline in butter production was a scant 0.9 percent. Butter stocks declined in February compared with a year earlier. According to Dairy Market News, international demand for butter is weak. Since the first of the year, the Commodity Credit Cooperation (CCC) has contracted to buy 4.6 million pounds of butter, but higher prices are expected to preclude additional butter purchases this year. The domestic demand outlook for butter is similar to that for cheese except that Government purchases have helped ease commercial stocks of the former somewhat. The price scenario for butter is similar to that for cheese, as reduced milk production could boost prices toward the end of 2009. The butter price is expected to average $1.155 to 1.235 per pound for the year.

With nonfat dry milk (NDM) prices near support levels, domestic use appears to be strengthening. However, since the first of the year, about 100 million pounds of NDM have moved into CCC inventories, but the pace of removals has slowed. There is some increased foreign demand because production from Oceania, although improved over recent drought years, did not reach expectations. However, a weaker world economy may limit demand. Prices for NDM are forecast to remain above support, averaging 83.0 cents to 87.0 cents per pound in 2009.

Whey production for human consumption continues to lag year-ago levels. Output in February was down 3.7 percent from a year ago (adjusting for leap-year in 2008). Whey production has been below year-earlier levels for over a year. Whey prices are still below those of recent years, but reduced supplies and improving export demand have led to a slightly higher price forecast than earlier in the year. Whey prices are expected to average 17.0 cents to 20.0 cents per pound for the year.

As a result of slightly higher than expected product prices, the prices for Class III and Class IV milk have been raised slightly to $10.65 to $11.15 per cwt and $9.95 to $10.55 per cwt, respectively, for 2009. The all milk price is expected to average $11.85 to $12.35 per cwt in 2009.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-178, April 16, 2009, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

Mailbox Milk Prices Decline in 2008

For 2008, mailbox prices for selected reporting areas in Federal milk orders averaged $18.40 per cwt., $0.76 lower than the all-area average reported for 2007. The component tests of producer milk in 2008 averaged: butterfat, 3.69%; protein, 3.06%; and, other solids, 5.71%. On an individual reporting area basis, mailbox prices decreased in all areas except in Appalachian States, Southern States, Southern Missouri, and Florida. Florida had the highest average price in 2008, $22.39; New Mexico had the lowest average, $16.32. Monthly all-area averages ranged from $20.70 in January to $15.78 in December.

The Mideast Area states of Ohio, Indiana, and Michigan averaged $18.58 per cwt in 2008. This is down $0.49 from the 2007 average of $19.07 per cwt. Ohio averaged $18.83 per cwt in 2008. This was down $0.50 from 2007. Indiana averaged $18.76 per cwt and was down $0.57 from the previous year. Michigan averaged $18.14 per cwt and declined $0.41 for the year.

Bulletin WebPage Edition
www.fmmaclev.com

Featured this month are:

- Thematic Maps Displaying Weighted Average Component Tests by State & County, 2008
- Weighted Average Component Tests by State, 2008

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

Federal Order No. 33

	March 2009						March 2008				
			-----------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	1,874	597,538	3.68	3.05	5.70	207	545,278	3.71	3.09	5.69	232
Ohio	2,274	342,066	3.79	3.09	5.66	241	312,361	3.83	3.11	5.68	274
Indiana	1,143	147,058	3.79	3.04	5.67	255	137,966	3.81	3.08	5.67	288
New York	356	136,733	3.70	3.06	5.71	213	97,339	3.71	3.07	5.73	220
Pennsylvania	1,133	109,866	3.87	3.10	5.65	307	100,342	3.90	3.12	5.66	325
Wisconsin	344	49,335	3.70	3.00	5.76	247	65,566	3.78	3.03	5.72	268
Illinois	43	8,896	3.66	3.05	5.75	255	11,680	3.71	3.05	5.71	296
West Virginia	63	5,491	4.03	3.19	5.66	349	5,313	4.10	3.23	5.68	371
Other	83	10,045	3.73	3.07	5.68	230	12,502	3.76	3.11	5.66	265
Total/Average *	7,313	1,407,028	3.74	3.06	5.69	231	1,288,347	3.77	3.09	5.69	258

* 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

PRSRT 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

FEDERAL ORDER DATA

APRIL 2009

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)*	2,026,522	845,963	41.7	$1.30	$12.08
FO 5	Appalachian - *(Charlotte)*	502,402	341,904	68.1	[2]	12.97
FO 6	Florida - *(Tampa)*	258,797	222,033	85.8	[2]	15.11
FO 7	Southeast - *(Atlanta)*	645,197	393,669	61.0	[2]	13.14
FO 30	Upper Midwest - *(Chicago)*	2,793,809	371,161	13.3	0.20	10.98
FO 32	Central - *(Kansas City)*	1,130,799	356,903	31.6	0.13	10.91
FO 33	**Mideast - *(Cleveland)***	**1,414,724**	**559,713**	**39.6**	**0.50**	**11.28**
FO 124	Pacific Northwest - *(Seattle)*	562,645	186,140	33.1	0.23	11.01
FO 126	Southwest - *(Dallas)*	1,035,980	361,951	34.9	1.11	11.89
FO 131	Arizona - *(Phoenix)*	373,868	120,668	32.3	[2]	11.06

[1] Names in parentheses are principal points of markets.

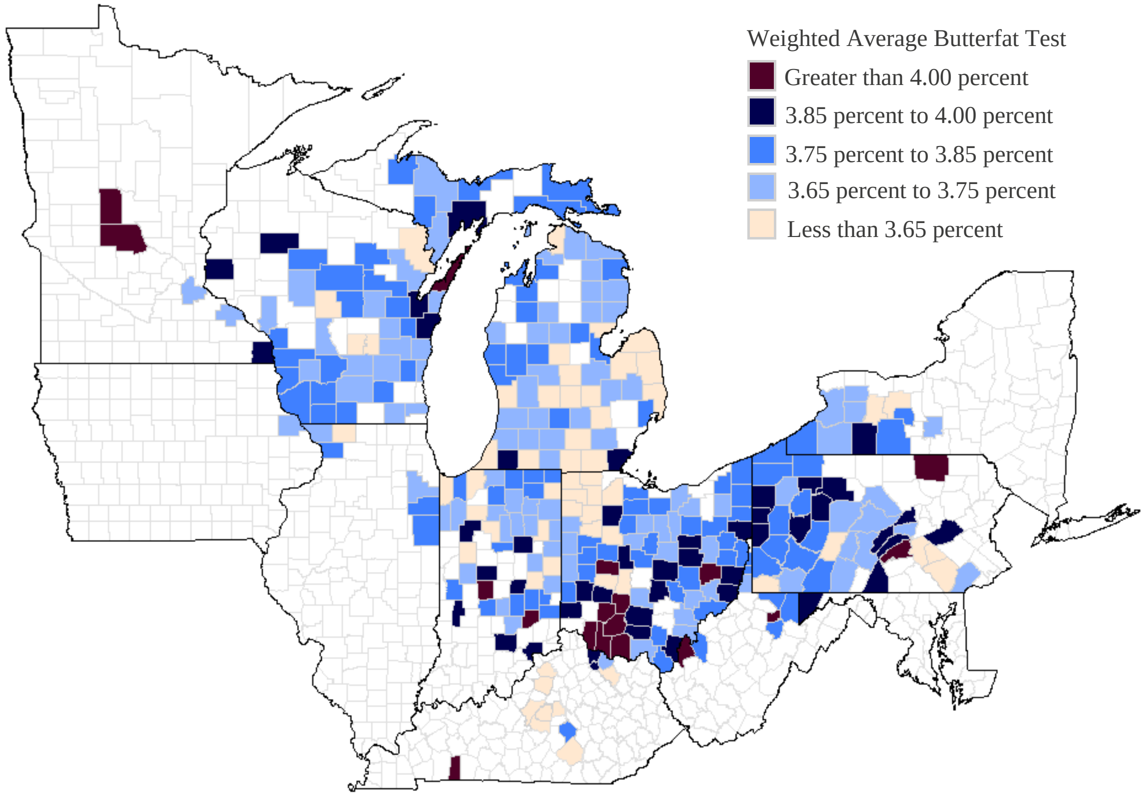
[2] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR MAY 2009.................................$ 9.82 /cwt.

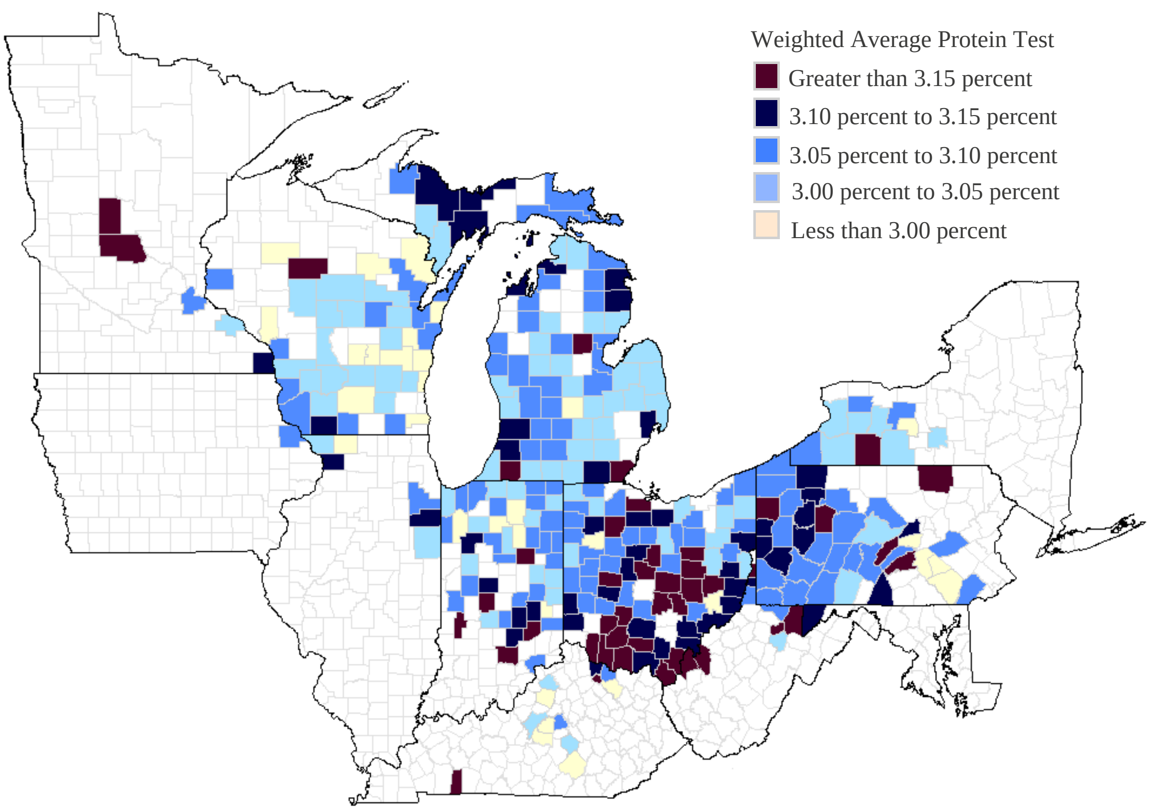
Printed on recycled paper

Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 May 2009

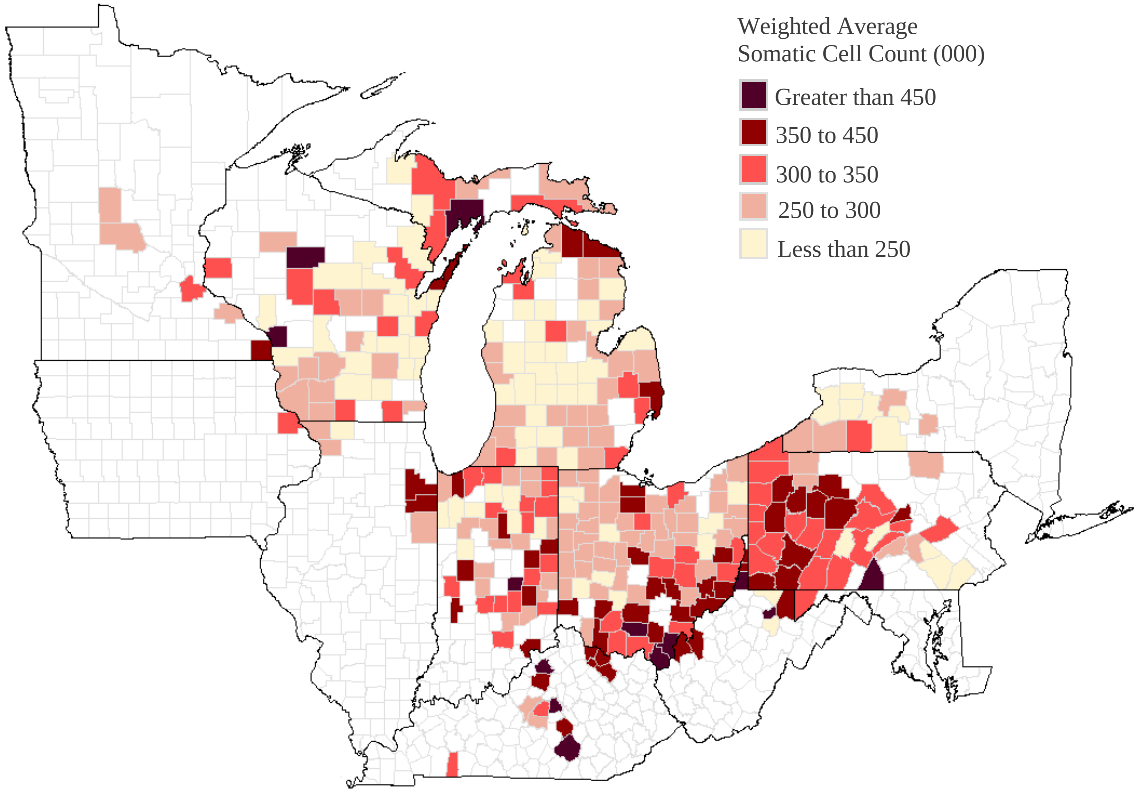
WEIGHTED AVERAGE BUTTERFAT TEST BY STATE AND COUNTY, 2008 1/



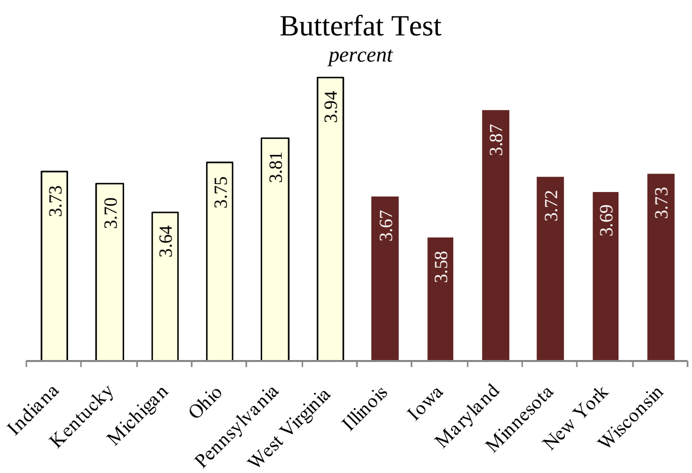
WEIGHTED AVERAGE PROTEIN TEST BY STATE AND COUNTY, 2008 1/

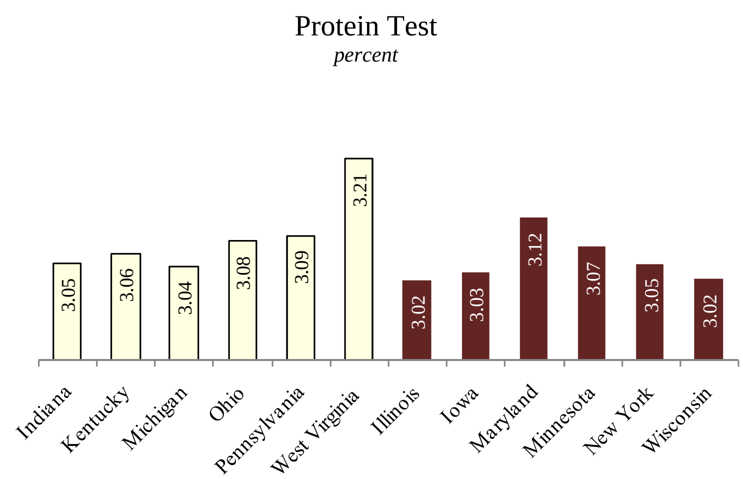


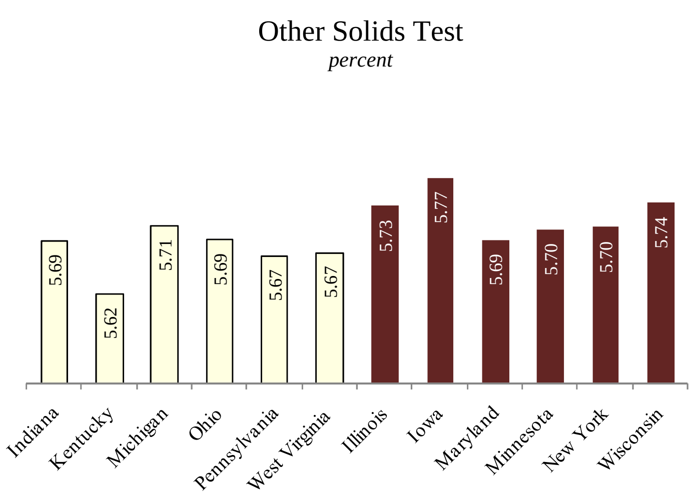
WEIGHTED AVERAGE SOMATIC CELL COUNT BY STATE AND COUNTY, 2008 1/

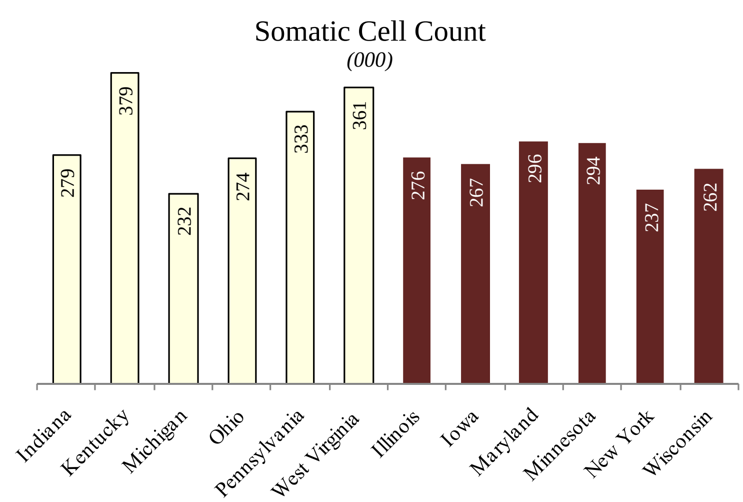


WEIGHTED AVERAGE COMPONENT TESTS BY STATE, 2008 1/ 2/









1/ For producers associated with the Mideast Marketing Area.
2/ Yellow denotes states within the Mideast Marketing Area.