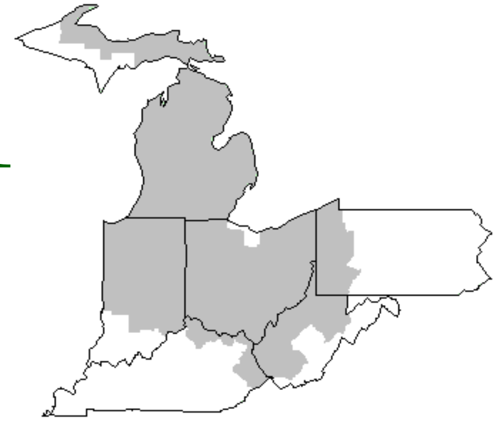
Mideast Market Administrator's Bulletin



Federal Order No. 33

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April 2010

Vilsack Announces National Dairy Board Appointments

Agriculture Secretary Tom Vilsack has announced the appointment of 12 members to the National Dairy Promotion and Research Board. All appointees will serve 3-year terms beginning immediately.

"These appointees represent a cross section of the dairy industry and I am confident that dairy producers will be well served by them," said Vilsack.

Dairy production is vital to the United States agriculture industry. In 2008, according to USDA statistics, 190 billion pounds of milk were produced in the United States. The 36-member board is authorized by the Dairy Production Stabilization Act of 1983. The Secretary selected the appointees from nominations submitted by eligible producer organizations, general farm organizations, and qualified State or regional dairy products promotion, research or nutrition education programs.

The board's goal is to strengthen the position of dairy in the marketplace and to maintain and expand domestic and foreign markets and uses for dairy and dairy products. The mandatory program is funded at the rate of 15 cents per hundredweight of milk produced in the 48 contiguous States and marketed commercially. USDA's Agricultural Marketing Service has oversight of the board.

Newly appointed are: George E. Marsh, Oregon (Region 1); Ray S. Prock, California (Region 2); Arlene J. Vander Eyk, California (Region 2); Brian W. Esplin, Idaho (Region 3); Neil A. Hoff, Texas (Region 4); Paul A. Fritsche, Minnesota (Region 5); Patricia M. Boettcher, Wisconsin (Region 6); Mark E. Erdman, Illinois (Region7); Susan D. K. Troyer, Indiana (Region 9); and Ronald R. McCormick, New York (Region 12).

Reappointed to serve second terms were: Randy G. Roecker, Wisconsin (Region 6); and Rita P. Kennedy, Pennsylvania (Region 11).

February Milk Production Up 0.1 Percent

Milk production in the 23 major States during February totaled 13.6 billion pounds, up 0.1 percent from February 2009. January revised production, at 14.8 billion pounds, was down 0.5 percent from January 2009. The January revision represented an increase of 14 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,640 pounds for February, 35 pounds above February 2009.

The number of milk cows on farms in the 23 major States was 8.32 million head, 168,000 head less than February 2009, but 3,000 head more than January 2010.

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 February totaled 2.1 billion pounds, up 37 million pounds or 1.8 percent from February 2009.

Production per cow in the Mideast states averaged 1,584 pounds for February, 39 pounds above February 2009. The number of cows on farms in the Mideast states was 1.3 million head, 12,000 head less than February 2009.

USDA Holds First Meeting of Dairy Industry Advisory Committee

The first meeting of the newly established Dairy Industry Advisory Committee was held April 13-15 at USDA headquarters in Washington, D.C., at the Jamie L. Whitten Building.

The Dairy Industry Advisory Committee was chartered to review farm milk price volatility and dairy farmer profitability. The committee will make recommendations to the secretary on how USDA can best address these issues to meet the dairy industry's needs, both short- and long-term. The committee will also provide feedback on how recent actions taken by USDA have affected the dairy industry.

More information about the committee is at: www.fsa.usda.gov/diac.

March 2010 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	591,780,390	40.1
Class II	283,379,708	19.2
Class III	505,118,736	34.3
Class IV	94,544,570	6.4
Total	1,474,823,404	100.0

Producer Prices

Producer Price Differential	$ 1.74	/cwt
Butterfat Price	1.5347	/ lb
Protein Price	2.1311	/ lb
Other Solids Price	0.1823	/ lb
Somatic Cell Adjustment Rate	0.00068	/ cwt
Statistical Uniform Price	14.52	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

March 2010

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			581,325,634			$ 11.60 / cwt	$ 67,433,773.56
Class I Butterfat		10,454,756				1.4715 / lb	15,384,173.47
Class I Location Differential	591,780,390						(273,529.51)
Class II SNF Value				24,293,865		1.0433 / lb	25,345,789.37
Class II Butterfat		16,139,596				1.5417 / lb	24,882,415.11
Class III Protein Value			15,432,660			2.1311 / lb	32,888,541.74
Class III Other Solids Value					28,866,426	0.1823 / lb	5,262,349.45
Class III Butterfat		18,875,323				1.5347 / lb	28,967,958.19
Class IV SNF Value				7,800,619		0.8688 / lb	6,777,177.81
Class IV Butterfat		8,746,719				1.5347 / lb	13,423,589.66
Somatic Cell Value II / III / IV							802,696.87
TOTAL PRODUCER MILK VALUE	1,474,823,404	54,216,394	45,099,802		84,145,380		$220,894,935.72

Overages, Beginning Inventory and Other Source Charges			$82,780.47		
TOTAL ADJUSTMENTS					$ 82,780.47
TOTAL HANDLER OBLIGATIONS					$220,977,716.19
Total Protein Value	45,099,802 lbs	@	$2.1311		$(96,112,188.08)
Total Other Solids Value	84,145,380 lbs	@	0.1823		(15,339,702.76)
Butterfat Value	54,216,394 lbs	@	1.5347		(83,205,899.89)
Total Somatic Cell Values					(1,317,617.79)
TOTALS					$ 25,002,307.67
Net Producer Location Adjustments					$ 762,968.39
1/2 Unobligated Balance Producer Settlement Fund					631,000.00
Total - Divided by Total Pounds	1,474,823,404 lbs		1.7897923		$ 26,396,276.06
Rate of Cash Reserve			(0.0497923)		(734,348.49)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,474,823,404		**$ 1.74 /cwt**		$ 25,661,927.57

COMPONENT PRICES

	March 2010	March 2009
Butterfat Price	$1.5347 / lb	$1.1594 / lb
Protein Price	2.1311 / lb	2.1973 / lb
Other Solids Price	0.1823 / lb	(0.0339) / lb
Somatic Cell Adjustment Rate	0.00068 / cwt	0.00063 / cwt
Nonfat Solids Price	0.8688 / lb	0.6423 / lb

COMPUTATION OF UNIFORM PRICE

	March 2010	March 2009
Class III Price - 3.5% BF	$ 12.78	$10.44
Producer Price Differential*	1.74	0.29
Statistical Uniform Price	$14.52	$10.73

CLASS PRICES

	March 2010	March 2009
Class I*	$16.34	$11.43
Class II	14.46	10.36
Class III	12.78	10.44
Class IV	12.92	9.64

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	March 2010 *Product lbs.*	March 2009 *Product lbs.*
Class I	591,780,390	574,053,721
Class II	283,379,708	264,980,578
Class III	505,118,736	451,078,082
Class IV	94,544,570	116,728,766
Total	1,474,823,404	1,406,841,147

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March 2010 was $1.74 and the Statistical Uniform Price was $14.52 for the month. The Statistical Uniform Price is $0.86 lower than last month, and is $3.79 higher than March 2009.

The Producer Butterfat Price of $1.5347 per pound increased 9.43 cents from February and is up 37.53 cents from a year ago. The Protein Price of $2.1311is down 57.55 cents from last month and is down 6.62 cents from March 2009. The Other Solids Price in March was $0.1823 per pound, a decrease from last month's price of $0.1992 and an increase of 21.62 cents from last March. The Somatic Cell Adjustment rate for March was $0.00068.

March producer receipts of 1.47 billion pounds were 17.1 percent higher than February and 4.8 percent higher than March 2009 production of 1.41 billion pounds. Producer milk allocated to Class I accounted for 40.1 percent of the total producer milk in March 2010, less than the 43.4 percent in February and less than the 40.8 percent in March 2009. A total of 7,027 producers were pooled on the Mideast Order compared to 7,248 producers pooled in March 2009.

The market average content of producer milk was as follows: Butterfat 3.68%; Protein 3.06%; Other Solids 5.71% and Nonfat Solids 8.77%.

Despite a Smaller Dairy Herd in 2010, Milk Production Will Inch Ahead; Further Dramatic Price Increases Are Unlikely

The drawdown in the size of the U.S. dairy herd, which began last year, is forecast to continue in 2010. The contraction is expected to be larger in the first half, with the year-over-year reduction reaching 1.7 percent following a 1.2 percent contraction in 2009. The milk-feed price ratio is expected to recover smartly in 2010 compared with the 1.72 ratio calculated for 2009. The improved milk-feed ratio will likely support a continuing rise in output per cow in 2010. Producers will continue to push for additional output per animal before expanding herd size. While larger operations seem to be adding cows, some of that increase may be a freshening of herds, which would also contribute to increasing output per animal. On balance, the rise in output per cow to a projected 20,950 pounds—balanced against a reduction in the national herd size to an estimated 9,045 thousand cows for the year—will result in 189.5 million pounds of milk, about 150,000 pounds more milk in 2010 compared with 2009.

Ending stocks on both a fats and skim-solid basis ended 2009 above the previous year, but stocks are forecast to end 2010 lower than at the beginning of the year. The drawdown comes from an expected increase in commercial use and a modest recovery in exports expected this year. Most of the drawdown in stocks is likely to occur in the second half of 2010.

Commercial use is projected to reach 188.7 billion pounds in 2010 on a fats basis, up 1.43 percent. Moderating prices for cheese and economic recovery are the basis for stronger domestic commercial use on a fats basis. The higher commercial domestic use should draw down currently high cheese stocks over the course of the year and firm cheese prices by year's end. Commercial use on a skim-solid basis is expected to reach 168.0 billion pounds, up 0.7 percent from last year. Higher exports of powder, especially later in 2010, are expected to draw powder from the domestic market, limiting commercial domestic use on a skim-solid basis.

Commercial milk equivalent exports are forecast at 4,730 billion pounds and 25,450 billion pounds on a fats and skim-solid basis, respectively. Most of the improvement comes with increased exports of butter, milk fat, and nonfat dry milk (NDM). While exports have been modest in the first quarter, movement is likely to improve in later quarters due to economic recovery in importing countries and tighter supplies from potential competitors.

The overall demand outlook is one of recovery. Forecast growth in commercial use of dairy products overall is expected to be moderate in 2010. While milk supplies have tightened since 2009, there is still sufficient milk to meet expected demand, both foreign and domestic. Cheese prices could continue to strengthen in the second half of the year and are expected to average $1.500 to $1.560 per pound. Butter prices could also rise over the course of the year as demand improves. Butter prices are expected to average $1.415 to $1.505 per pound in 2010.

NDM prices should climb in the second half of 2010 as exports increase. NDM Prices are forecast to average $1.135 to $1.185 a pound in 2010. In 2010, Whey prices are expected to rebound; prices will likely average 38.0 to 41.0 cents a pound this year.

Since milk production appears ample for meeting expected demand, prices are expected to be higher than 2009, but are unlikely to rise to 2007 or 2008 levels. The Class IV price is forecast at $13.65 to $14.35 per cwt, substantially above 2009's average of $10.89 per cwt. The Class III price is expected to average $14.20 to $14.80 per cwt, compared with 2009's $11.36 per cwt average. The all milk price is forecast to average $15.55 to $16.15 per cwt, up from $12.81 in 2009.

Livestock, Dairy, & Poultry Outlook/LDP-M-189/March 19, 2010 Economic Research Service, USDA

Bulletin Webpage Edition
www.fmmaclev.com
Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- Weighted Average NASS Prices

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

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	February 2010							February 2009				
			-----------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	1,821	541,307	3.66	3.09	5.71	188	529,035	3.71	3.08	5.70	211
Ohio	2,164	275,242	3.83	3.14	5.68	237	309,960	3.86	3.12	5.66	250
Indiana	1,125	133,530	3.80	3.11	5.70	237	138,106	3.83	3.08	5.67	261
New York	349	122,918	3.71	3.07	5.72	214	122,057	3.74	3.08	5.70	217
Pennsylvania	1,069	95,802	3.86	3.14	5.66	311	97,131	3.91	3.13	5.65	317
Wisconsin	270	72,109	3.66	3.02	5.80	244	58,588	3.76	3.02	5.76	249
West Virginia	60	3,724	4.05	3.23	5.65	326	4,721	4.13	3.23	5.64	370
Other	168	15,000	3.69	3.09	5.72	232	18,898	3.71	3.06	5.73	251
Total/Average *	7,026	1,259,632	3.73	3.10	5.70	220	1,278,497	3.78	3.09	5.69	237

* 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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We've Changed Our Homepage

In an effort to make the most up-to-date information more accessible we have upgraded our Homepage to include direct links for the most recent Federal Order 33 Prices, Statistical Information, and Dairy Market News.

FEDERAL ORDER DATA

March 2010

	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)*	2,080,698	885,561	42.6	$2.76	$15.54
FO 5	Appalachian - *(Charlotte)*	533,438	360,037	67.5	[2/]	16.75
FO 6	Florida - *(Tampa)*	262,342	228,393	87.1	[2/]	19.13
FO 7	Southeast - *(Atlanta)*	641,090	410,387	64.0	[2/]	16.80
FO 30	Upper Midwest - *(Chicago)*	2,945,979	384,317	13.0	0.54	13.32
FO 32	Central - *(Kansas City)*	1,145,131	366,347	32.0	1.25	14.03
FO 33	**Mideast - *(Cleveland)***	**1,474,823**	**591,780**	**40.1**	**1.74**	**14.52**
FO 124	Pacific Northwest - *(Seattle)*	706,444	192,697	27.3	1.08	13.86
FO 126	Southwest - *(Dallas)*	940,881	368,015	39.1	2.28	15.06
FO 131	Arizona - *(Phoenix)*	380,751	123,510	32.4	[2/]	14.29

[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 APRIL 2010.............................$12.78 /cwt.

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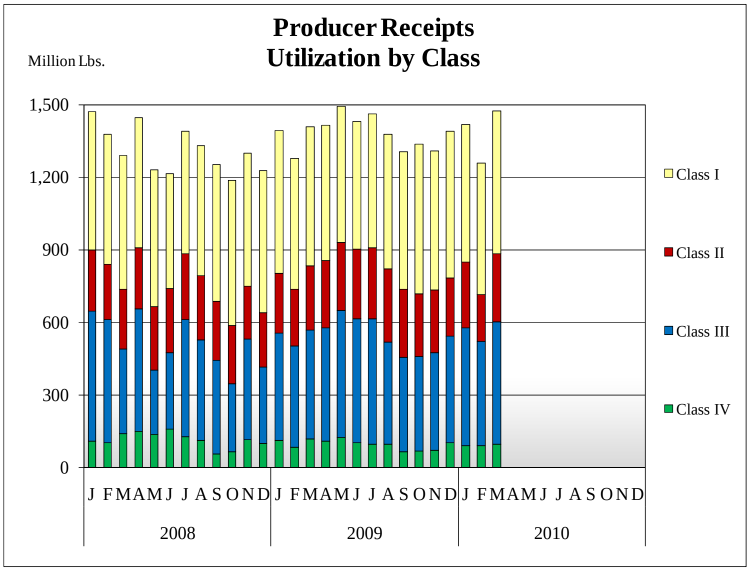
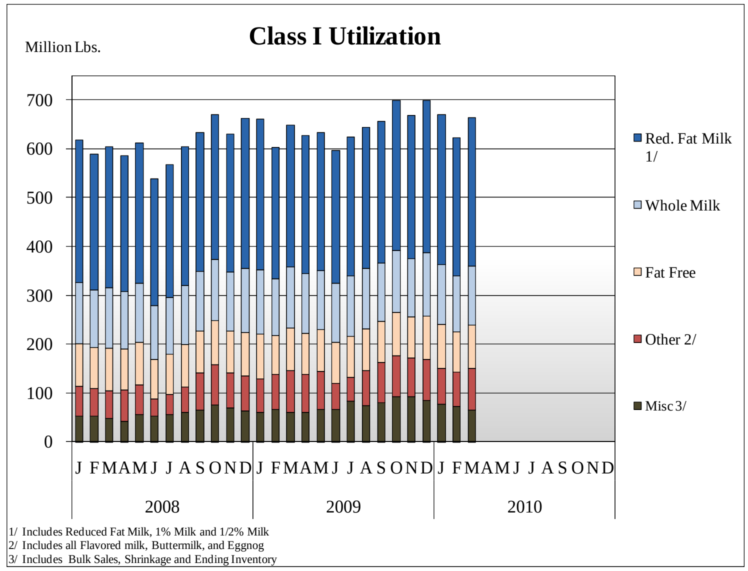
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 April 2010

PRODUCER MILK CLASSIFICATION

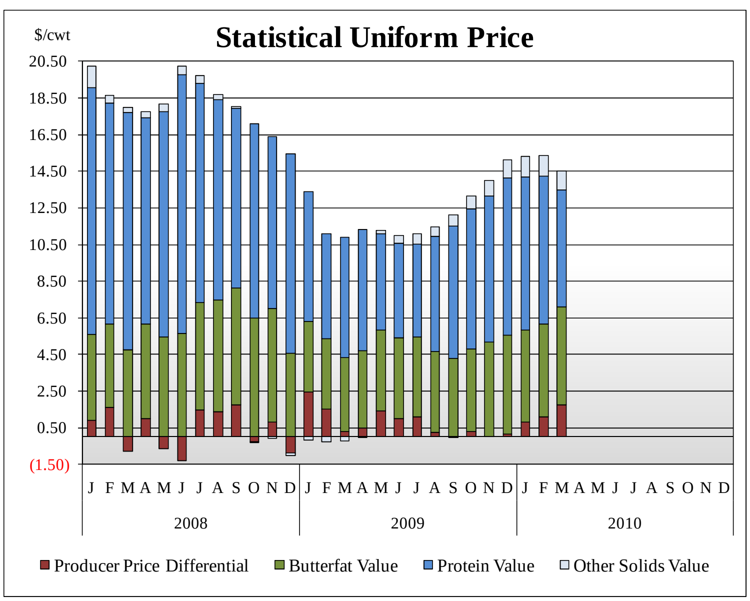


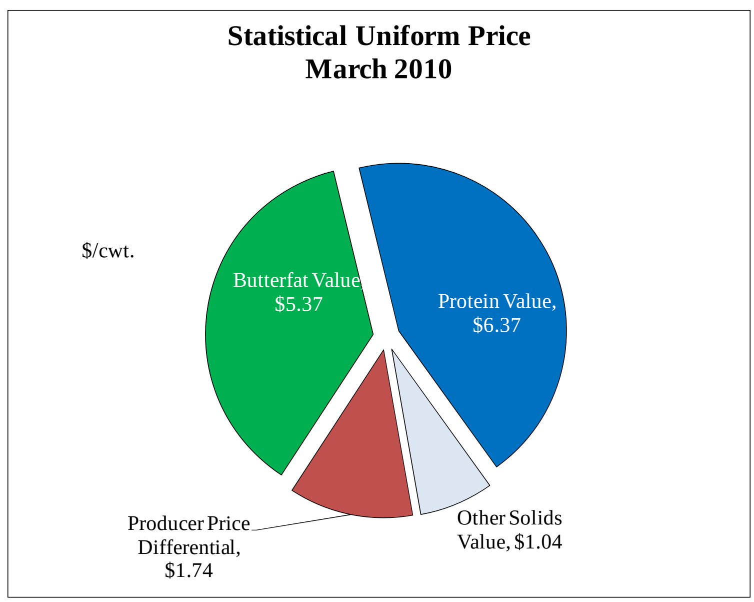


Producer Receipts: Producer receipts for the Mideast Order totaled 1.47 billion pounds in March 2010. The pounds allocated to Class I represented 40.1 percent of the total pounds. Producer receipts increased 68 million pounds compared to March 2009, and Class I utilization decreased 1.7 percent from March 2009.

Class I Pounds: Class I utilization for the Mideast Order totaled 664 million pounds in March 2010. Finished products include 120 million pounds used for whole milk, 305 million pounds of reduced fat and low fat milk, and 88 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

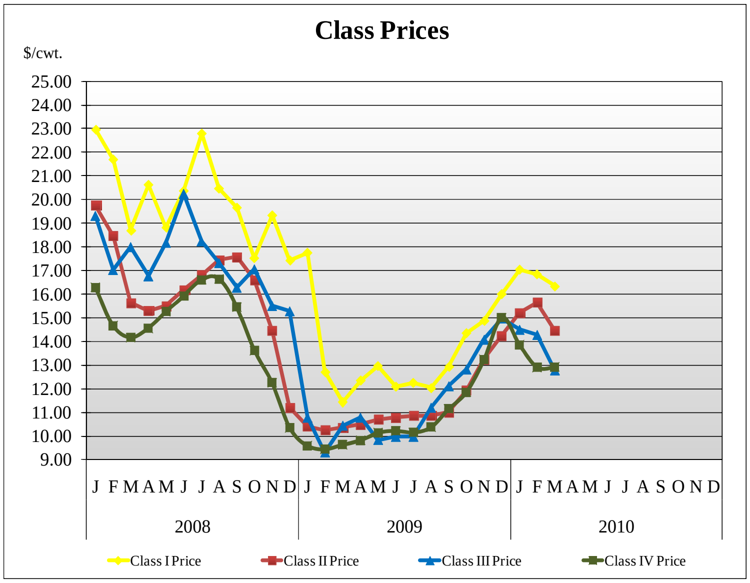


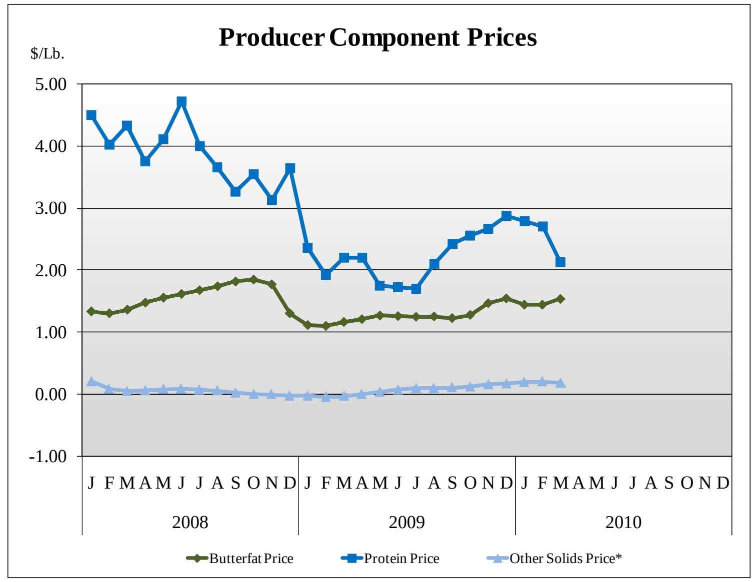


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was $14.52 per cwt for March 2010. The March 2010 SUP was $0.86 per cwt less than the February 2010 SUP. The March 2010 SUP is approximately 35.3 percent higher than the March 2009 SUP.

March Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the March 2010 SUP are: $6.37 per cwt for protein, $5.37 per cwt for butterfat and $1.04 per cwt in other solids. Also included in the SUP is the $1.74 per cwt producer price differential.

CLASS AND COMPONENT PRICES





WEIGHTED AVERAGE NASS PRICES