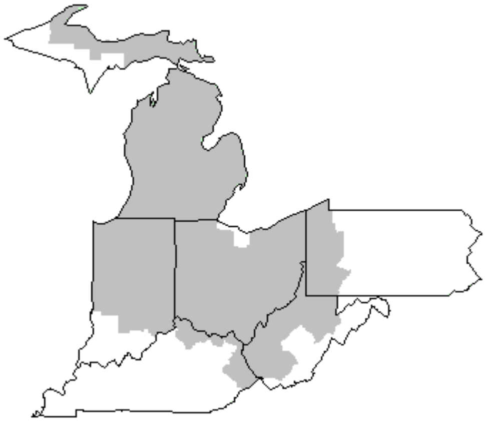
Mideast Market Administrator's Bulletin



Federal Order No. 33

Paul A. Huber, Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com

December 2010

THE DAIRY OUTLOOK:
Higher Feed Prices Will Likely Limit Milk Production Expansion in 2011 After This Year's Rise

Current USDA forecasts call for substantially higher corn prices in 2010/11 compared with last year. Prices are projected at $4.80 to $5.60 per bushel, an increase from last month's forecast and up sharply from last year's $3.55 per bushel average. Soybean meal prices are forecast at $310 to $350 per ton this year, a small rise from last year's $311 per ton average. Higher 2011 feed ingredient prices will boost the benchmark 16-percent protein mixed dairy ration by double digits after 2 years of declines. The upward movement in feed prices will pressure producer margins and will likely curtail the modest recovery in cow numbers that began early this year. For 2011, cow numbers are forecast at 9,130 thousand head, up slightly from 9,115 thousand expected this year. Milk output per cow is projected to rise by better than 2.8 percent in 2010. The expected rise this year can be attributed to relatively moderate feed prices and overall good weather. Next year, forecast higher feed prices will likely bring down the expected increase to about 1.3 percent, close to trend. Despite the higher feed price forecast, milk production is forecast to climb to 195.6 billion pounds in 2011, a rise of more than 1.4-percent over this year's projected 192.8 billion pound production.

Milk equivalent exports on a fats basis have shown strength this year. Cheese exports have been robust this year; however, continued growth may be limited by tariffs on exports to Mexico. Total exports on a fats basis are expected to total 7.7 billion pounds this year and decline to 6.2 billion pounds in 2011. Exports on a skim solids basis are forecast to total 29.8 billion pounds this year and continue strong in 2011, reaching 29.5 billion pounds by year-end. Global economic recovery and a weaker dollar should help support nonfat dry milk (NDM) exports.

The modest domestic economic recovery and a weaker dollar relative to foreign currencies will result in lower imports this year compared with last and will likely keep imports below year-earlier levels into 2011. Fats basis imports will likely total 4.6 billion pounds in 2010 and slip to 4.1 billion pounds next year. On a skim solids basis, import totals are expected to be near 5.1 billion pounds this year, declining to 4.9 billion pounds in 2011.

Cheese prices have increased over the course of 2010 and are expected to average $1.515 to $1.525 per pound for the year. Cheese prices have fallen of late, but continued economic recovery, combined with slower growth in milk production, will firm cheese prices over the course of 2011. Next year, cheese prices are expected to average $1.530 to $1.620 per pound. Butter prices appear to have retreated from their peaks earlier in 2010 but will average $1.710 to $1.740 per pound for the year. In 2011, slightly higher milk production could lower butter prices even further. However, butter prices will remain high compared with recent years and are forecast to average $1.500 to $1.620 per pound. Export prospects for NDM will likely strengthen prices in 2011 to $1.185 to $1.255 per pound; up from this year's expected $1.155 to $1.175 per pound average. Whey prices are expected to remain virtually unchanged, averaging 36.5 to 37.5 cents per pound this year and 35.5 to 38.5 cents per pound next year.

Stronger NDM prices should partly offset lower butter prices, keeping Class IV prices firm over the course of 2011. Class IV prices, which are expected to average $14.45 to $15.45 per cwt in 2011, will be only slightly lower than the expected $15.05 to $15.25 per cwt average in 2010. Stronger domestic demand for cheese will boost the Class III price next year. In 2011, the Class III price is expected to average $14.40 to $15.30 per cwt, up from an average $14.35 to $14.45 this year. The all milk price is forecast to average $15.95 to $16.85 per cwt next year, very near the expected 2010 average of $16.30 to $16.40 per cwt.

SOURCE: "Livestock, Dairy, and Poultry Outlook," LDP-M-197, November 19, 2010, Economic Research Service, USDA. Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

November 2010 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	557,114,011	45.4
Class II	145,418,560	11.9
Class III	456,212,343	37.2
Class IV	67,254,390	5.5
Total	1,225,999,304	100.0

Producer Prices

Producer Price Differential	$ 1.58	/cwt
Butterfat Price	2.2422	/ lb
Protein Price	2.1981	/ lb
Other Solids Price	0.1797	/ lb
Somatic Cell Adjustment Rate	0.00081	/ cwt
Statistical Uniform Price	17.02	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

November 2010

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			547,023,354			$ 10.98 / cwt	$ 60,063,164.23
Class I Butterfat		10,090,657				2.4695 / lb	24,918,877.47
Class I Location Differential	557,114,011						(279,005.30)
Class II SNF Value				12,289,073		1.0756 / lb	13,218,126.91
Class II Butterfat		12,116,243				2.2492 / lb	27,251,853.74
Class III Protein Value			14,495,225			2.1981 / lb	31,861,954.09
Class III Other Solids Value					26,108,210	0.1797 / lb	4,691,645.35
Class III Butterfat		17,082,472				2.2422 / lb	38,302,318.73
Class IV SNF Value				5,509,699		1.0172 / lb	5,604,465.80
Class IV Butterfat		7,558,559				2.2422 / lb	16,947,800.97
Somatic Cell Value II / III / IV							808,734.96
TOTAL PRODUCER MILK VALUE	1,225,999,304	46,847,931	38,971,940		69,901,192		$ 223,389,936.95

Overages			$ 69,648.98		
Beginning Inventory and Other Source Charges			(38,542.41)		
TOTAL ADJUSTMENTS					$ 31,106.57
TOTAL HANDLER OBLIGATIONS					$ 223,421,043.52
Total Protein Value	38,971,940 lbs	@	$2.1981		$ (85,664,221.29)
Total Other Solids Value	69,901,192 lbs	@	0.1797		(12,561,244.20)
Butterfat Value	46,847,931 lbs	@	2.2422		(105,042,430.90)
Total Somatic Cell Values					(1,490,671.95)
TOTALS					$ 18,662,475.18
Net Producer Location Adjustments					$ 770,736.99
1/2 Unobligated Balance Producer Settlement Fund					500,000.00
Total - Divided by Total Pounds	1,225,999,304 lbs		1.6258747		$ 19,933,212.17
Rate of Cash Reserve			(0.0458747)		(562,423.50)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,225,999,304		**$ 1.58 /cwt**		$ 19,370,788.67

COMPONENT PRICES

	November 2010	November 2009
Butterfat Price	$2.2422 / lb	$1.4656 / lb
Protein Price	2.1981 / lb	2.6991 / lb
Other Solids Price	0.1797 / lb	0.1524 / lb
Somatic Cell Adjustment Rate	0.00081 / cwt	0.00076 / cwt
Nonfat Solids Price	1.0172 / lb	0.9348 / lb

COMPUTATION OF UNIFORM PRICE

	November 2010	November 2009
Class III Price - 3.5% BF	$ 15.44	$14.08
Producer Price Differential*	1.58	0.03
Statistical Uniform Price	$17.02	$14.11

CLASS PRICES

	November 2010	November 2009
Class I*	$19.24	$14.86
Class II	17.21	13.24
Class III	15.44	14.08
Class IV	16.68	13.25

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	November 2010 *Product lbs.*	November 2009 *Product lbs.*
Class I	557,114,011	575,772,484
Class II	145,418,560	258,003,258
Class III	456,212,343	403,821,498
Class IV	67,254,390	70,557,557
Total	1,225,999,304	1,308,154,797

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for November 2010 was $1.58 and the Statistical Uniform Price was $17.02 for the month. The Statistical Uniform Price is $0.54 lower than last month, and is $2.91 higher than November 2009.

The Producer Butterfat Price of $2.2422 per pound decreased 20.14 cents from October and is up $0.7766 from a year ago. The Protein Price of $2.1981 is down 27.58 from last month and is down 50.10 cents from November 2009. The Other Solids Price in November was $0.1797 per pound, an increase from last month's price of $0.1736 and an increase of 2.73 cents from last November. The Somatic Cell Adjustment rate for November was $0.00081.

November producer receipts of 1.23 billion pounds were 9.8 percent lower than October and 6.3 percent lower than November 2009 production of 1.31 billion pounds. Producer milk allocated to Class I accounted for 45.4 percent of the total producer milk in November 2010, more than the 40.2 percent in October, and more than the 44.0 percent in November 2009. A total of 6,831 producers were pooled on the Mideast Order compared to 7,178 producers pooled in November 2009.

The market average content of producer milk was as follows: Butterfat 3.82%; Protein 3.18%; Other Solids 5.70% and Nonfat Solids 8.88%.

Release Dates for 2011 Federal Milk Order Price Data

Listed below are the release dates for the Federal milk order program for price data applicable to January through December 2011. The advanced prices and pricing factors will be released at 10:00 a.m. EST/EDST no later than the 23rd of the preceding month if that date is on a Friday; otherwise, the release date will be the nearest Friday before the 23rd. Likewise, the class and component prices will be released at 10:00 a.m. EST/EDST no later than the 5th of the following month if that date is on a Friday; otherwise the release date will be the nearest Friday before the 5th. Due to the Federal holiday on December 24, 2010, the release date and time for the January Advanced Prices and Pricing Factors is Thursday, December 23, 2010, at 2:00 p.m. EST.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices 1/	Release Date	Time Period of NASS Prices 1/
January	Dec. 23, 2010	12/11, 18	Feb 4, 2011	1/1, 8, 15, 22, 29
February	Jan. 21, 2011	1/8, 15	Mar. 4	2/5, 12, 19, 26
March	Feb. 18	2/5, 12	Apr. 1	3/5, 12, 19, 26
April	Mar. 18	3/5, 12	Apr. 29	4/2, 9, 16, 23
May	Apr. 22	4/9, 16	Jun. 3	4/30, 5/7, 14, 21, 28
June	May 20	5/7, 14	Jul. 1	6/4, 11, 18, 25
July	Jun. 17	6/4, 11	Aug. 5	7/2, 9, 16, 23, 30
August	Jul. 22	7/9, 16	Sep. 2	8/6, 13, 20, 27
September	Aug. 19	8/6, 13	Sep. 30	9/3, 10, 17, 24
October	Sept. 23	9/10, 17	Nov. 4	10/1, 8, 15, 22, 29
November	Oct. 21	10/8, 15	Dec. 2	11/5, 12, 19, 26
December	Nov. 18	11/5, 12	Dec. 30	12/3, 10, 17, 24

1/ Weekly sales periods, ending on the indicated date, that are included in the applicable average. Information for the week usually is released by NASS on Friday of the following week.

October Milk Production Up 3.3 Percent

Milk production in the 23 major States during October totaled 14.8 billion pounds, up 3.3 percent from October 2009. September revised production at 14.5 billion pounds, was up 3.7 percent from September 2009. The September revision represented an increase of 6 million pounds or 0.1 percent from last month’s preliminary production estimate.

Production per cow in the 23 major States averaged 1,767 pounds for October, 47 pounds above October 2009.

The number of milk cows on farms in the 23 major States was 8.37 million head, 52,000 head more than October 2009, but unchanged from September 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 October totaled 2.3 billion pounds, up 56 million pounds or 2.5 percent from October 2009.

Production per cow in the Mideast states averaged 1,706 pounds for October, 36 pounds above October 2009.

The number of cows on farms in the Mideast states was 1.3 million head, 2,000 head more than October 2009.

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

Federal Order No. 33

State	October 2010 Number of Producers	October 2010 Pounds of Milk (000)	October 2010 Weighted Averages Butterfat	Protein	Other Solids	SCC (000)	October 2009 Pounds of Milk (000)	October 2009 Weighted Averages Butterfat	Protein	Other Solids	SCC (000)
Michigan	1,823	595,370	3.69	3.12	5.70	182	569,213	3.70	3.12	5.72	191
Ohio	2,187	283,104	3.81	3.18	5.65	244	328,503	3.82	3.16	5.67	238
Indiana	1,120	137,183	3.81	3.18	5.67	234	140,599	3.83	3.17	5.70	248
New York	333	123,964	3.72	3.12	5.73	211	134,862	3.72	3.12	5.69	212
Pennsylvania	1,030	101,368	3.86	3.19	5.64	288	101,466	3.87	3.17	5.65	306
Wisconsin	184	91,970	3.68	3.09	5.81	236	48,106	3.69	3.07	5.78	236
West Virginia	57	3,941	4.03	3.33	5.62	328	4,229	4.04	3.32	5.62	316
Other	211	22,101	3.78	3.15	5.73	249	9,226	3.81	3.19	5.68	258
Total/Average *	6,945	1,359,002	3.74	3.14	5.69	216	1,336,205	3.76	3.14	5.70	222

* 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
1325 Industrial Parkway North
P.O. Box 5102
Brunswick, Ohio 44212

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

- Mailbox Prices
- Producer Price Differential Statistics
- Milk Production Statistics

FEDERAL ORDER DATA

November 2010

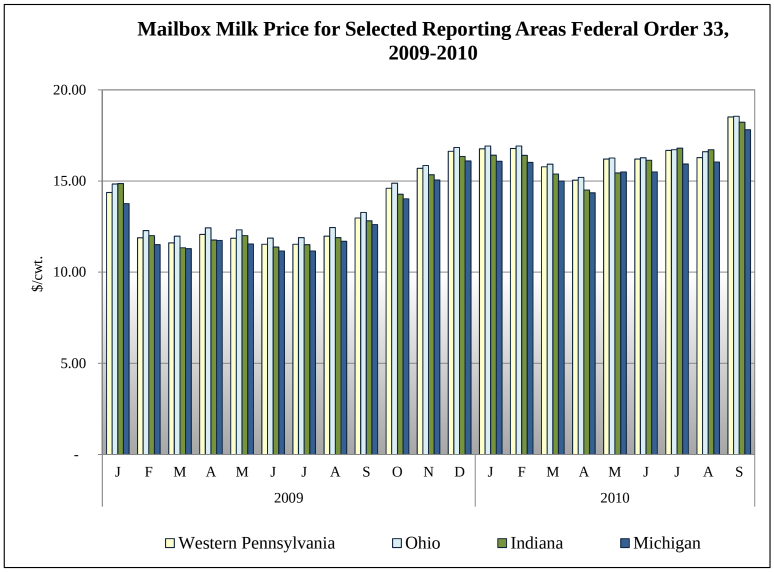
	Marketing Area [1]	Producer Milk Total (000)	Producer Milk Class I (000)	Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
FO 1	Northeast - *(Boston)*	1,969,000	899,632	45.7	$2.73	$18.17
FO 5	Appalachian - *(Charlotte)*	492,025	351,691	71.5	[2]	19.45
FO 6	Florida - *(Tampa)*	247,448	214,304	86.6	[2]	21.61
FO 7	Southeast - *(Atlanta)*	572,988	404,279	70.6	[2]	19.62
FO 30	Upper Midwest - *(Chicago)*	2,640,703	379,594	14.4	0.48	15.92
FO 32	Central - *(Kansas City)*	1,110,039	397,231	35.8	1.23	16.67
FO 33	**Mideast - *(Cleveland)***	**1,225,999**	**557,114**	**45.4**	**1.58**	**17.02**
FO 124	Pacific Northwest - *(Seattle)*	637,462	195,510	30.7	1.27	16.71
FO 126	Southwest - *(Dallas)*	900,947	385,540	42.8	2.25	17.69
FO 131	Arizona - *(Phoenix)*	347,206	120,771	34.8	[2]	17.30

[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 DECEMBER 2010 ....$15.44 /cwt.

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

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

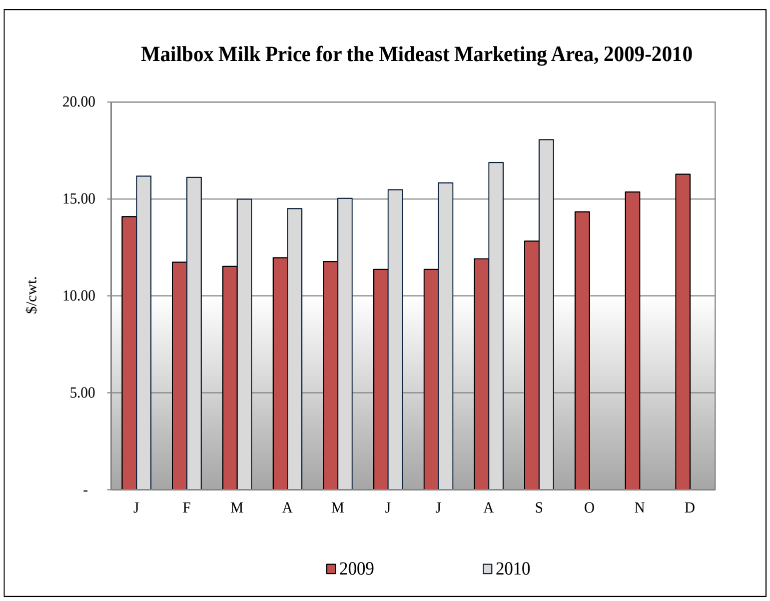


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments.

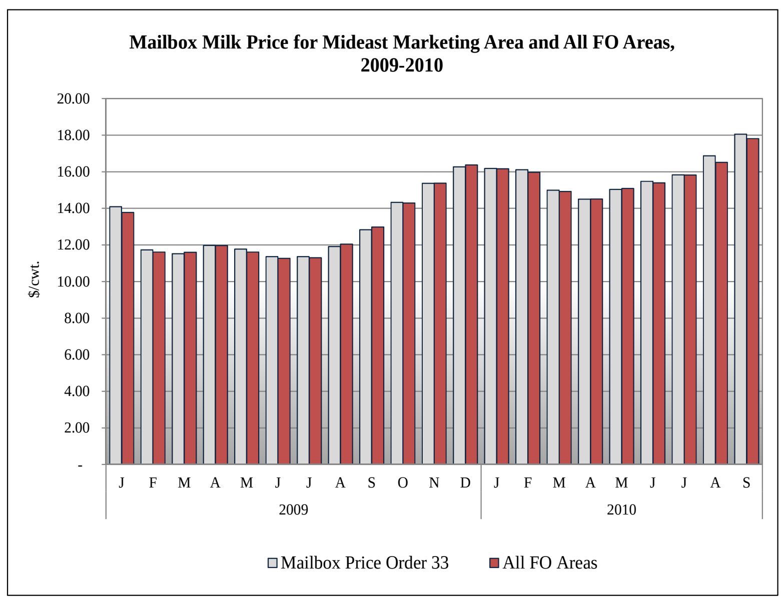
The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

Western Pennsylvania includes the counties of Warren, Elk, Clearfield, Indiana, Westmoreland and Fayette, and all those counties west of these.

FEDERAL ORDER 33 MAILBOX PRICE STATISTICS



The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $18.05 per hundredweight for September 2010. The September 2010 mailbox price is $1.18 higher than the mailbox price for August 2010. The September 2010 mailbox price is $5.22 higher than the September 2009 mailbox price of $12.83 per cwt.



For September 2010 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.24 per hundredweight higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For September the all Federal Order mailbox price was $17.81 per hundredweight, $1.30 higher than August 2010.

1/ Mailbox prices are generally released by Dairy Market News on the 10th of the third following month (January data in April).

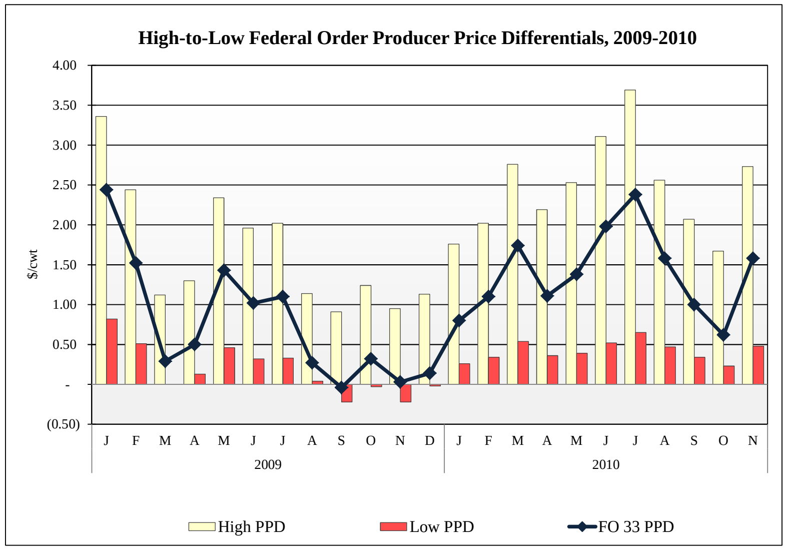
PRODUCER PRICE DIFFERENTIAL STATISTICS 2/

Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing.

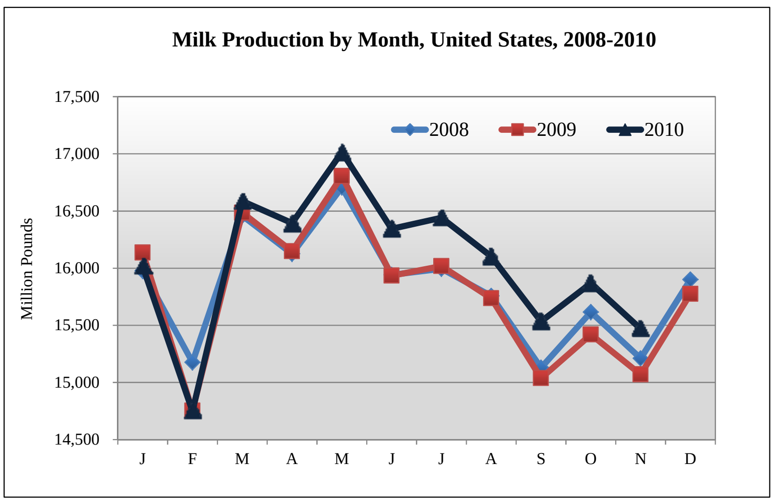
Of those orders, Federal Order 1 traditionally has the highest producer price differential. For November 2010, Federal Order 1 had a PPD of $2.73 per hundredweight (cwt), $1.06 higher than their October 2010 PPD of $1.67 per cwt.

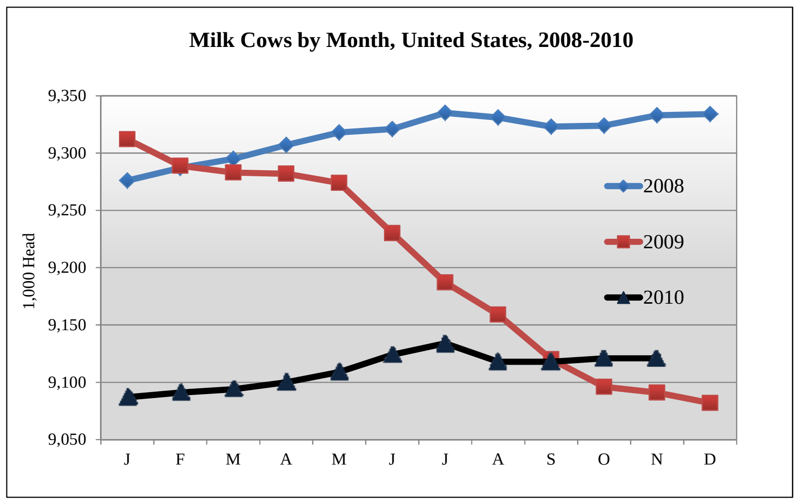
In November 2010 Federal Order 33 had the third highest PPD, behind Orders 1 ($2.73) and 126 ($2.25), at $1.58 per cwt, $0.96 per cwt higher than the October 2010 PPD of $0.62 per cwt.

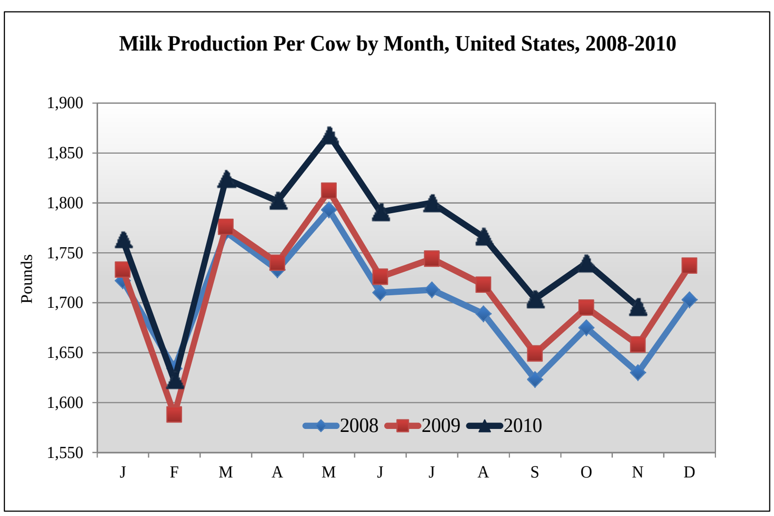
For November 2010 Federal Order 30 had the lowest PPD at $0.48 per cwt, $0.25 per cwt higher than their October 2010 PPD of $0.23 per cwt.



MILK PRODUCTION STATISTICS 3/







November 2010 U.S. Milk Production:

November 2010 milk production in the United States decreased 398 million pounds from October to 15.5 billion pounds. November 2010 milk production in the United States was up 2.7 percent from November 2009.

Production per cow in the United States averaged 1,696 pounds for November 2010, down 44 pounds from October 2010. November 2010 milk production per cow was up 38 pounds or 2.3 percent from November 2009.

The number of milk cows on farms in the United States was 9.1 million head for November 2010, in line with October estimates and 30,000 head more than November 2009.

2/ Producer price differentials are subject to location adjustment.
3/ Information collected from the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, U.S. Department of Agriculture.