Mideast Market Administrator's

Bulletin

Federal Order No. 33

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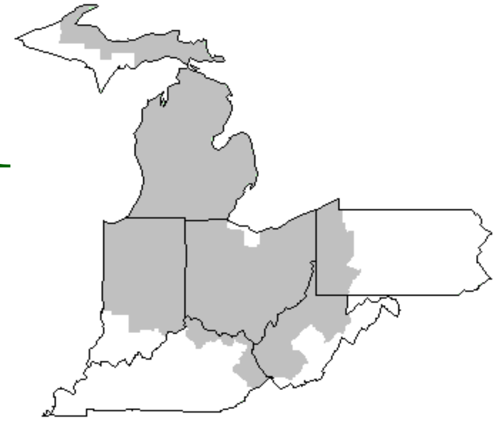
June 2010



April Milk Production Up 1.7 Percent

Milk production in the 23 major States during April totaled 15.2 billion pounds, up 1.7 percent from April 2009. March revised production, at 15.4 billion pounds, was up 0.9 percent from March 2009. The March revision represented an increase of 9 million pounds or 0.1 percent from last months preliminary production estimate.

Production per cow in the 23 major States averaged 1,823 pounds for April, 63 pounds above April 2009.

The number of milk cows on farms in the 23 major States was 8.33 million head, 155,000 head less than April 2009, but 3,000 head more than March 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 April totaled 2.4 billion pounds, up 76 million pounds or 3.3 percent from April 2009.

Production per cow in the Mideast states averaged 1,770 pounds for April, 69 pounds above April 2009.

The number of cows on farms in the Mideast states was 1.3 million head, 14,000 head less than April 2009.

April 2010 Dairy Products Highlights

The April 2010 total cheese output (excluding cottage cheese) was 863 million pounds, 1.8 percent above April 2009 but 3.2 percent below March 2010. The top producing states were Wisconsin, California, Idaho, New Mexico, and New York. These five states produced 68.0 percent of total U.S. cheese production. The Mideast states of Pennsylvania and Ohio were ranked 7th and 10th respectively for the month.

Butter production was 139 million pounds, 2.5 percent below April 2009 and slightly below March 2010. California led the nation in production at 48.3 million pounds or 34.9 percent of butter produced in April.

Nonfat Dry Milk production was 152 million pounds, 7.7 percent above April 2009 and 11.0 percent above March 2010. California led the nation in production at 84.4 million pounds or 55.5 percent of NFDM produced in April.

Production of dry whey for human consumption was 85.6 million pounds, 7.7 percent above April 2009 and 1.6 percent less than March 2010. Wisconsin and New York led the nation in production at 25.9 million pounds and 11.7 million pounds or a combined 43.9 percent of such whey produced in April.

Ice Cream (regular hard) production was down 526 million gallons or 0.7 percent less than April 2009 and 1.8 percent less than March 2010. The leading states were California, Indiana, Texas, Pennsylvania, and Massachusetts. They combined for 39.3 percent of total U.S. production in April.

Ohio was ranked 8th with 2.1 million gallons of ice cream for the month.

The Dairy Outlook

The outlook is for producer returns to be higher for the balance of this year and into 2011. The improvement is expected to be gradual. The milk-feed price ratio has rebounded from 2009 lows and is likely to continue to improve modestly into 2011. Corn prices are forecast to average $3.50 to $3.70 a bushel for the current 2009/10 crop year, and initial forecasts call for further moderating prices in 2010/11, with prices expected to average $3.20 to $3.80 a bushel. Similarly, for soybean meal the price outlook is for continued moderation. The soybean meal price is expected to average $295 a ton for 2009/10 and is forecast to average $230 to $270 a ton in 2010/11. Alfalfa supplies should be adequate.

(Continued on Page 3)

May 2010 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	525,555,650	37.2
Class II	187,783,538	13.3
Class III	553,840,281	39.3
Class IV	144,056,145	10.2
Total	1,411,235,614	100.0

Producer Prices

Producer Price Differential	$ 1.38	/cwt
Butterfat Price	1.7058	/ lb
Protein Price	2.1523	/ lb
Other Solids Price	0.1704	/ lb
Somatic Cell Adjustment Rate	0.00071	/ cwt
Statistical Uniform Price	14.76	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

May 2010

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			516,245,611			$ 10.53 / cwt	$ 54,360,662.84
Class I Butterfat		9,310,039				1.6120 / lb	15,007,782.87
Class I Location Differential	525,555,650						(249,819.65)
Class II SNF Value				15,704,281		1.0256 / lb	16,106,310.55
Class II Butterfat		14,035,966				1.7128 / lb	24,040,802.55
Class III Protein Value			16,629,086			2.1523 / lb	35,790,781.78
Class III Other Solids Value					31,808,981	0.1704 / lb	5,420,250.36
Class III Butterfat		19,018,832				1.7058 / lb	32,442,323.63
Class IV SNF Value				12,277,768		1.0734 / lb	13,178,956.17
Class IV Butterfat		8,102,931				1.7058 / lb	13,821,979.73
Somatic Cell Value II / III / IV							882,577.47
TOTAL PRODUCER MILK VALUE	1,411,235,614	50,467,768	42,260,455		80,831,342		$210,802,608.30
Overages, Beginning Inventory and Other Source Charges					$62,548.44		
TOTAL ADJUSTMENTS							$ 62,548.44
TOTAL HANDLER OBLIGATIONS							$210,865,156.74
Total Protein Value			42,260,455 lbs	@	$2.1523		$(90,957,177.29)
Total Other Solids Value			80,831,342 lbs	@	0.1704		(13,773,660.68)
Butterfat Value			50,467,768 lbs	@	1.7058		(86,087,918.66)
Total Somatic Cell Values							(1,366,045.09)
TOTALS							$ 18,680,355.02
Net Producer Location Adjustments							$ 802,304.56
1/2 Unobligated Balance Producer Settlement Fund							618,000.00
Total - Divided by Total Pounds			1,411,235,614 lbs		1.4243305		$ 20,100,659.58
Rate of Cash Reserve					(0.0443305)		(625,607.80)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,411,235,614		**$ 1.38 /cwt**		$ 19,475,051.78

COMPONENT PRICES

	May 2010	May 2009
Butterfat Price	$1.7058 / lb	$1.2648 / lb
Protein Price	2.1523 / lb	1.7454 / lb
Other Solids Price	0.1704 / lb	0.0336 / lb
Somatic Cell Adjustment Rate	0.00071 / cwt	0.00058 / cwt
Nonfat Solids Price	1.0734 / lb	0.6574 / lb

COMPUTATION OF UNIFORM PRICE

	May 2010	May 2009
Class III Price - 3.5% BF	$ 13.38	$ 9.84
Producer Price Differential*	1.38	1.43
Statistical Uniform Price	$14.76	$11.27

CLASS PRICES

	May 2010	May 2009
Class I*	$15.80	$12.97
Class II	14.90	10.71
Class III	13.38	9.84
Class IV	15.29	10.14

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	May 2010 *Product lbs.*	May 2009 *Product lbs.*
Class I	525,555,650	563,644,459
Class II	187,783,538	280,222,223
Class III	553,840,281	525,345,607
Class IV	144,056,145	124,297,669
Total	1,411,235,614	1,493,509,958

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May 2010 was $1.38 and the Statistical Uniform Price was $14.76 for the month. The Statistical Uniform Price is $0.73 higher than last month, and is $3.49 higher than May 2009.

The Producer Butterfat Price of $1.7058 per pound increased 12.45 cents from April and is up 44.10 cents from a year ago. The Protein Price of $2.1523 is up 0.74 cents from last month and is up 40.69 cents from May 2009. The Other Solids Price in May was $0.1704 per pound, an increase from last month's price of $0.1702 and an increase of 13.68 cents from last May. The Somatic Cell Adjustment rate for May was $0.00071.

May producer receipts of 1.41 billion pounds were 2.9 percent lower than April and 5.5 percent lower than May 2009 production of 1.49 billion pounds. Producer milk allocated to Class I accounted for 37.2 percent of the total producer milk in May 2010, more than the 37.1 percent in April but less than the 37.7 percent in May 2009. A total of 7,151 producers were pooled on the Mideast Order compared to 7,230 producers pooled in May 2009.

The market average content of producer milk was as follows: Butterfat 3.58%; Protein 2.99%; Other Solids 5.73% and Nonfat Solids 8.72%.

(Continued from Front Page)

Although the U.S. dairy herd continues to show a gradual year-over-year contraction, higher output per cow continues to boost production. The 2010 all milk price will average well above 2009, and some improvement is forecast for 2011. Modest improvement in both feed and milk prices, from the producers' perspective, is not likely to ignite an expansion in U.S. dairy herd size. The effects of poor returns to producers in 2008 and 2009 are expected to result in continued reductions in the number of dairy cows, both this year and next. The number of cows is projected to average 9,070 thousand this year and to continue a gradual decline in 2011, to average 9,040 thousand. On balance, the increased milk per cow during the year is expected to offset the decline in herd size, leading to higher milk production. Production is projected to be 190.2 billion pounds this year, less than 1 percent above 2009. However, as the decline in the cow herd slows later this year and into next, milk production is forecast to rise to 193.0 billion pounds in 2011, an increase of about 1.5 percent.

Prospects are for improved demand, both foreign and domestic, for dairy products in 2011. Higher domestic use is expected to support slightly higher imports next year. Meanwhile, global economic recovery is continuing apace, boosting international trade in dairy products. The continued economic recovery is forecast to support higher exports on both a fats and skim -solids basis. U.S dairy products are competitively priced on world markets, and production from Oceania countries fell short of early season forecasts. Also, there is no indication of the EU reinstituting export restitutions. These factors help strengthen the U.S. dairy export outlook. However, skim-solids export forecasts for 2010 have been revised downward as nonfat dry milk (NDM) sales lagged early in the year, but the potential exists for NDM exports to quicken later in the year. Whey exports are higher. The outlook is for skim-solids exports to reach 25.3 billion pounds in 2010 and continue to rise next year to 27.0 billion pounds.

Domestic commercial use is expected to increase this year. A robust 1.2 percent increase is expected in commercial use on a fats basis while growth in use on a skim-solids basis is projected at a slight 0.4 percent rise. Stocks should tighten as use increases. Despite the improved demand outlook, prospects are for only modest price increases in 2011.

Cheese prices are forecast to trend higher both this year and next, averaging $1.480 to $1.530 per pound this year and $1.505 to 1.605 per pound in 2011. Higher prices are also expected for NDM and whey for the balance of 2010 and into 2011. NDM prices are forecast to average between $1.180 and $1.220 per pound in 2010 and to climb to average $1.210 to $1.280 per pound next year. Strong exports of whey products will raise prices to average 36.5 to 39.5 cents per pound this year, and they will rise slightly to average 37.5 to 40.5 cents per pound in 2011. Butter counters the trend; while prices will average higher this year compared with last year, $1.445 to $1.525 per pound, 2011 prices are forecast lower at $1.390 to $1.520 per pound. Butter prices are forecast lower next year because the higher butter prices forecast for the second half of 2010 are not expected to be repeated next year.

Milk prices are much higher in 2010 than in 2009, but the prospect is for only moderate price increases in 2011 as milk production continues to rise. The Class IV price is expected to average $14.15 to $14.75 per cwt this year and only slightly higher next year at $14.15 to $15.25 per cwt. Class III prices are projected to average $13.95 to $14.45 per cwt in 2010 and to climb to $14.25 to $15.25 per cwt next year. The all milk price will average $15.65 to $16.15 per cwt this year and rise to average $15.70 to $16.70 per cwt next year

Note that USDA has revised imports on a milk equivalent basis back to 2003 on a fat basis and on a skim solids basis. The revisions include a number of tariff lines previously not included.

SOURCE: "*Livestock, Dairy, and Poultry Outlook*", LDP-M-191, May 19, 2010, Economic Research Service, USDA. Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

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

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

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

State	April 2010 Number of Producers	April 2010 Pounds of Milk (000)	April 2010 Butterfat	April 2010 Protein	April 2010 Other Solids	April 2010 SCC (000)	April 2009 Pounds of Milk (000)	April 2009 Butterfat	April 2009 Protein	April 2009 Other Solids	April 2009 SCC (000)
Michigan	1,853	622,122	3.54	3.01	5.72	181	592,406	3.64	3.02	5.70	197
Ohio	2,174	318,295	3.68	3.05	5.70	241	339,357	3.73	3.05	5.68	234
Indiana	1,133	153,437	3.66	3.03	5.71	239	148,769	3.74	3.01	5.68	247
New York	368	138,459	3.64	3.04	5.73	204	133,833	3.68	3.04	5.70	212
Pennsylvania	1,342	119,177	3.74	3.05	5.70	300	107,741	3.81	3.07	5.66	302
Wisconsin	225	82,293	3.60	2.98	5.79	231	68,508	3.69	3.00	5.74	245
West Virginia	62	4,729	3.80	3.16	5.68	322	5,453	3.93	3.18	5.68	316
Other	133	15,372	3.55	2.98	5.73	237	18,880	3.63	3.02	5.73	237
Total/Average *	7,290	1,453,885	3.61	3.02	5.72	216	1,414,947	3.69	3.03	5.69	224

* 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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The **2008-2009 Statistical Report** for Federal Order 33 is currently available. The publication may be accessed on the web page for the Mideast Marketing Area at: www.fmmaclev.com under "Statistical Information" or copies may be requested by calling the Market Administrator's Office at (888) 751-3220.

FEDERAL ORDER DATA

May 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)*	2,178,215	865,558	39.7	$2.53	$15.91
FO 5	Appalachian - *(Charlotte)*	511,135	331,475	64.9	[2]	16.64
FO 6	Florida - *(Tampa)*	239,882	203,734	84.9	[2]	18.73
FO 7	Southeast - *(Atlanta)*	622,452	372,857	59.9	[2]	16.59
FO 30	Upper Midwest - *(Chicago)*	3,017,503	358,322	11.9	0.39	13.77
FO 32	Central - *(Kansas City)*	1,045,405	330,126	31.6	1.08	14.46
FO 33	**Mideast - *(Cleveland)***	**1,411,236**	**525,556**	**37.2**	**1.38**	**14.76**
FO 124	Pacific Northwest - *(Seattle)*	680,072	185,001	27.2	1.22	14.60
FO 126	Southwest - *(Dallas)*	1,052,551	346,894	33.0	2.07	15.45
FO 131	Arizona - *(Phoenix)*	383,255	115,738	30.2	[2]	15.03

[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 JUNE 2010................................$13.38 /cwt.

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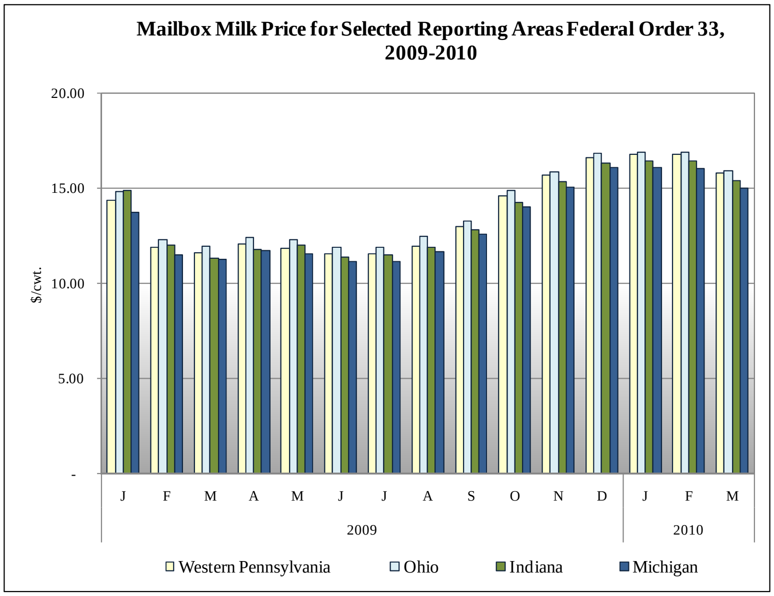
Federal Order No. 33 **June 2010**

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

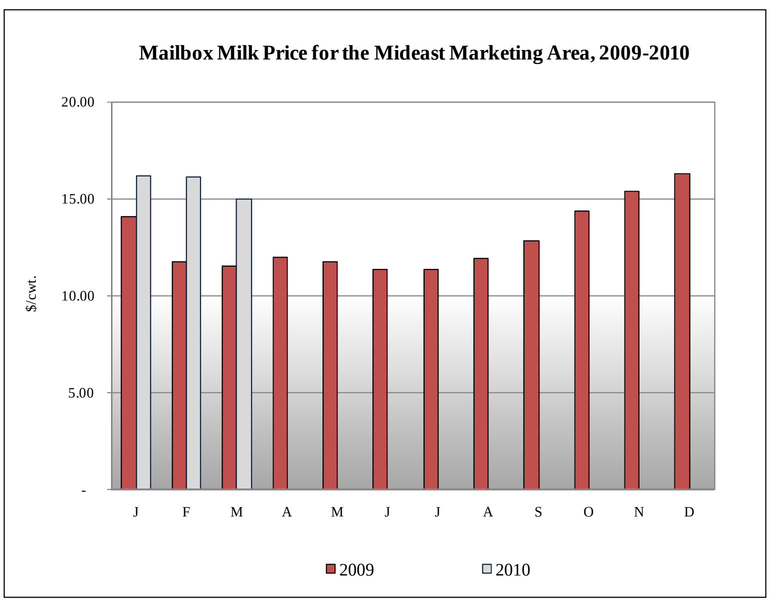


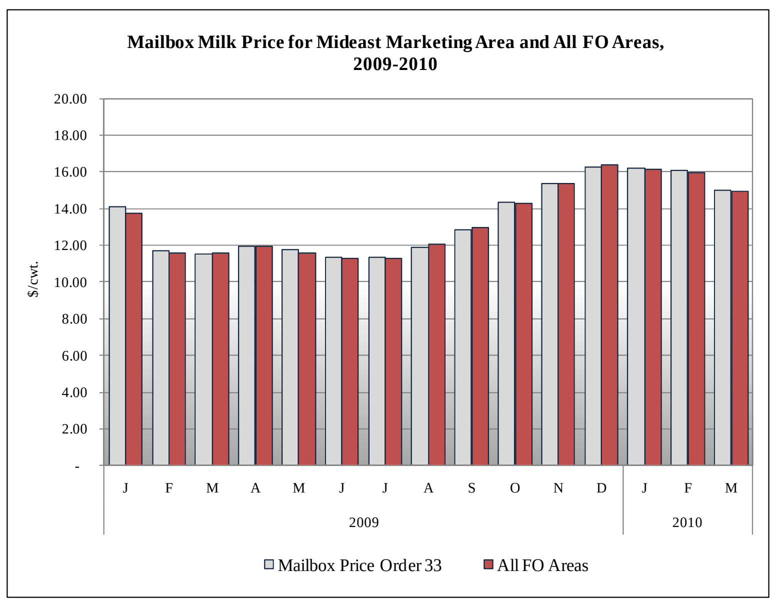
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include 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 in Federal Order 33 was $14.99 per hundredweight in March 2010. The March 2010 mailbox price is $1.12 lower than the mailbox price for February 2010. The March 2010 mailbox price is $3.47 higher than the March 2009 mailbox price.

For March 2010 the net pay price received by dairy farmers in Federal Order 33 was $0.07 per hundredweight higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For March 2010 the all Federal Order mailbox price was $14.92 per hundredweight, $1.05 less than February 2010.

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

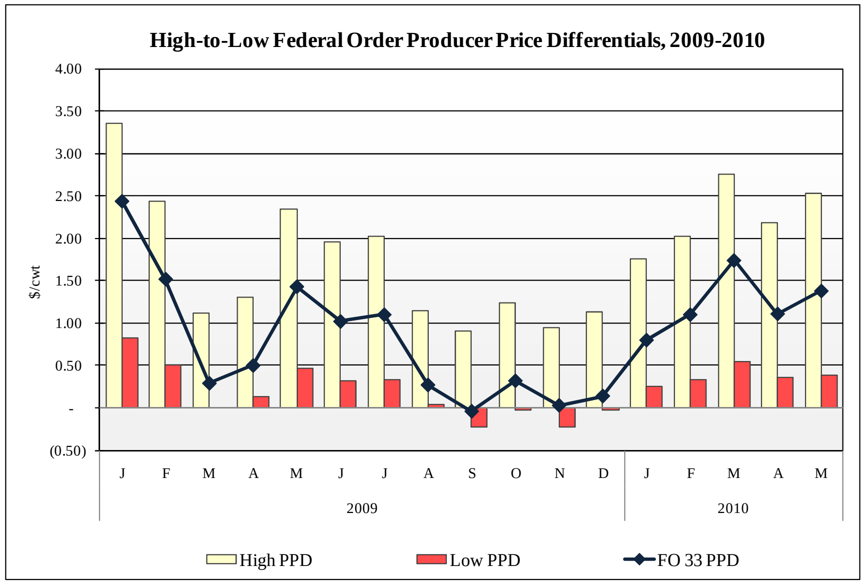
PRODUCER PRICE DIFFERENTIAL STATISTICS

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

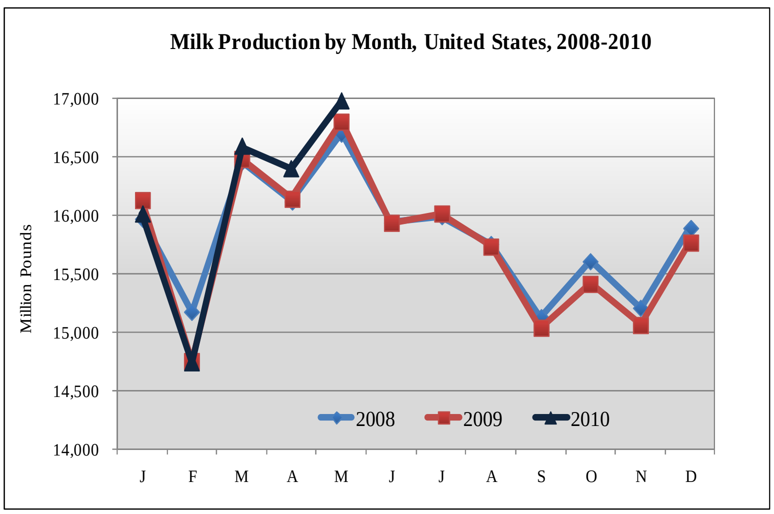
Of those orders, Federal Order 1 traditionally has the highest producer price differential. For May 2010, Federal Order 1 had a PPD of $2.53 per hundredweight, $0.34 higher than their April 2010 PPD.

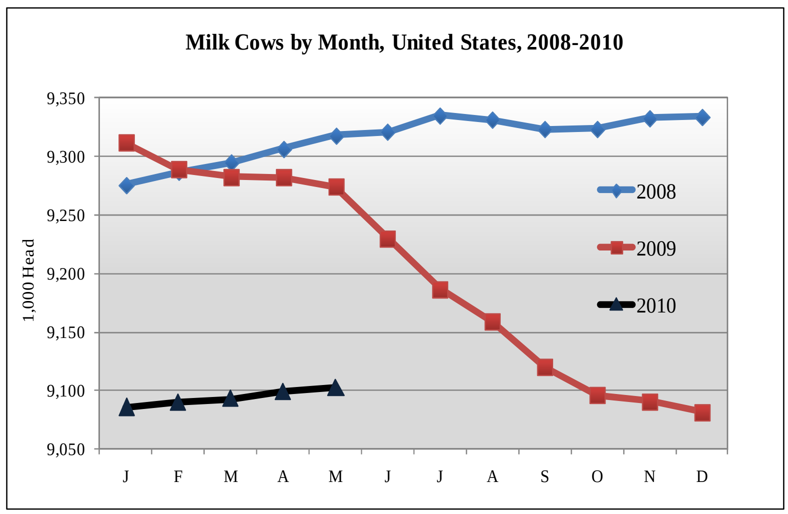
In May 2010 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at $1.38 per hundredweight, $0.27 higher than the April 2010 PPD price.

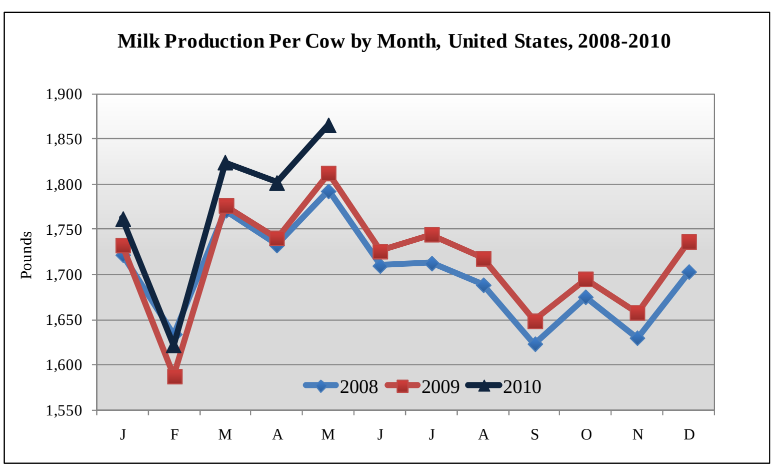
For May 2010 Federal Order 30 had the lowest PPD at $0.39 per hundredweight, $0.03 higher than their April 2010 PPD price.



MILK PRODUCTION STATISTICS 2/







May 2010 milk production in the United States increased 583 million pounds from April to approximately 17.0 billion pounds. May 2010 milk production in the United States was up 1.05 percent from May 2009.

Production per cow in the United States averaged 1,866 pounds for May 2010, up 64 pounds from April 2010. Milk per cow for May 2010 was up 54 pounds compared to May 2009.

The number of milk cows on farms in the United States was 9.10 million head for May 2010, in line with April estimates and 171 thousand head less than May 2009.

2/ Information collected from the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, U.S. Department of Agriculture.