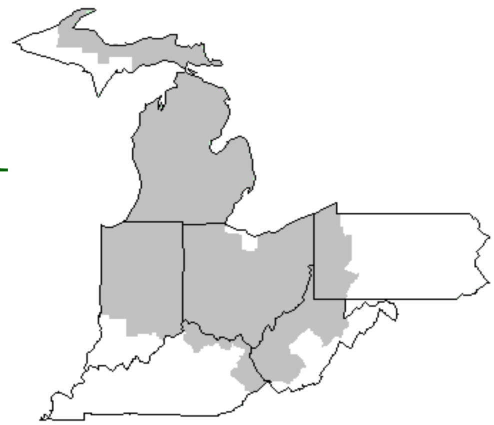
Mideast Market Administrator's Bulletin



Federal Order No. 33

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

March 2010

Final Decision on Amendments to All Federal Milk Orders Issued

The U.S. Department of Agriculture issued a final decision to amend the producer-handler definition in all federal milk marketing orders. These amendments were considered in a recommended decision published Oct. 21, 2009.

This decision amends the producer-handler definition of all federal milk marketing orders to limit exemption from pooling and pricing provisions of the orders to those producer-handlers with total route disposition and sales of packaged fluid milk products to other plants of 3 million pounds or less per month.

These amendments are subject to producer approval before they can be implemented on a permanent basis. The final decision amends all federal milk marketing orders. Each amended federal order must be approved either by two-thirds of producers supplying milk to the federal order or by producers who supply two-thirds of the milk to that order. If approved, USDA will issue a final rule.

For additional information about the decision contact: Paul A. Huber; USDA/AMS/Dairy Programs, P.O. Box 5102, Brunswick, OH 44212; Tel. (330) 225-4758; email: phuber@fmmaclev.com. A copy of the decision can be found on the website at *www.fmmaclev.com/hearings.htm*.

2009 Milk Production Down 0.4 Percent

Milk production in the United States during 2009 totaled 190.0 billion pounds, down 0.4 percent from 2008. The top five states were California, Wisconsin, New York, Idaho, and Pennsylvania. Wisconsin was the only state above to increase production. They were up 3.1 percent or 767 million pounds of milk. This was the largest gain of production in the United States. The largest drop in production occurred in California where they were down 1.7 billion pounds of milk.

Production per cow in the United States averaged 20,576 pounds for 2009, 181 pounds above 2008 numbers. The top five states per cow were New Mexico, Washington, Colorado, Arizona, and Michigan.

The number of milk cows on farms in the United States in 2009 was 9.2 million head, 114,000 head less than 2008.

The Mideast Marketing Area has four states represented in the totals used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during 2009 totaled 27.1 billion pounds, up 339 million pounds or 1.3 percent from 2008.

Production per cow in the Mideast states averaged 20,172 pounds for 2009, 310 pounds above 2008 totals.

The number of cows on farms in the Mideast states was 1.3 million head, 1,000 head less than 2008.

The Dairy Outlook

The U.S. milk supply is forecast to decline slightly in 2010 as a continued response to low prices last year. The size of the U.S. dairy herd is expected to decline from an average of 9,200 thousand head in 2009 to an average of 9,015 thousand head this year. A higher-than-expected January 1 dairy replacement heifer estimate suggests that the decline in herd size will be more gradual than earlier forecast. Milk per cow is forecast to increase 1.8 percent this year, to 20,950 pounds from 20,576 pounds last year.

Feed prices will decline this year as the price of corn is expected to average $3.45 to $3.95 per bushel in the 2009/10 marketing year and soybean meal is forecast to average $270 to $320 per ton. These forecast prices represent substantial declines from $4.20 per bushel for corn and $336 per ton for soybean meal posted for 2008/09. The decline in feed prices will result in higher milk-feed price ratios in 2010. While the improved producer profit outlook is unlikely to launch an expansion, it could limit the rate of decline this year.

Year-ending stocks in 2009 were about 12 percent higher on a milk equivalent fat basis than at the end of 2008, mostly due to especially high cheese stocks. On a milk equivalent skim-solid basis, stocks were about 3 percent higher at the end of 2009 compared with 2008. The higher stock levels will limit price increases, at least through the first half of 2010, until they are drawn down.

(Continued on Page 3)

February 2010 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	546,619,297	43.4
Class II	193,106,052	15.3
Class III	430,409,573	34.2
Class IV	89,091,251	7.1
Total	1,259,226,173	100.0

Producer Prices

Producer Price Differential	$ 1.10	/cwt
Butterfat Price	1.4404	/ lb
Protein Price	2.7066	/ lb
Other Solids Price	0.1992	/ lb
Somatic Cell Adjustment Rate	0.00076	/ cwt
Statistical Uniform Price	15.38	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

February 2010

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			536,801,750			$ 12.27 / cwt	$ 65,865,574.73
Class I Butterfat		9,817,547				1.4290 / lb	14,029,274.69
Class I Location Differential	546,619,297						(248,686.60)
Class II SNF Value				16,544,115		1.2189 / lb	20,165,621.79
Class II Butterfat		12,119,411				1.4474 / lb	17,541,635.50
Class III Protein Value			13,345,187			2.7066 / lb	36,120,083.12
Class III Other Solids Value					24,601,891	0.1992 / lb	4,900,696.68
Class III Butterfat		15,944,173				1.4404 / lb	22,965,986.80
Class IV SNF Value				7,309,856		0.9043 / lb	6,610,302.79
Class IV Butterfat		9,129,430				1.4404 / lb	13,150,030.96
Somatic Cell Value II / III / IV							730,713.98
TOTAL PRODUCER MILK VALUE	1,259,226,173	47,010,561	39,060,007		71,819,241		$201,831,234.44
Overages					$ 5,146.30		
Beginning Inventory and Other Source Charges					$180,218.69		
TOTAL ADJUSTMENTS							$ 185,364.99
TOTAL HANDLER OBLIGATIONS							$ 202,016,599.43
Total Protein Value			39,060,007 lbs	@	$2.7066		$(105,719,814.93)
Total Other Solids Value			71,819,241 lbs	@	0.1992		(14,306,392.79)
Butterfat Value			47,010,561 lbs	@	1.4404		(67,714,012.10)
Total Somatic Cell Values							(1,258,670.27)
TOTALS							$ 13,017,709.34
Net Producer Location Adjustments							$ 686,357.91
1/2 Unobligated Balance Producer Settlement Fund							726,000.00
Total - Divided by Total Pounds			1,259,226,173 lbs		1.1459472		$ 14,430,067.25
Rate of Cash Reserve					(0.0459472)		(578,579.17)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,259,226,173		**$ 1.10 /cwt**		$ 13,851,488.08

COMPONENT PRICES

	February 2010	February 2009
Butterfat Price	$1.4404 / lb	$1.0941 / lb
Protein Price	2.7066 / lb	1.9139 / lb
Other Solids Price	0.1992 / lb	(0.0437) / lb
Somatic Cell Adjustment Rate	0.00076 / cwt	0.00058 / cwt
Nonfat Solids Price	0.9043 / lb	0.6472 / lb

COMPUTATION OF UNIFORM PRICE

	February 2010	February 2009
Class III Price - 3.5% BF	$ 14.28	$9.31
Producer Price Differential*	1.10	1.52
Statistical Uniform Price	$15.38	$10.83

CLASS PRICES

	February 2010	February 2009
Class I*	$16.84	$12.72
Class II	15.65	10.25
Class III	14.28	9.31
Class IV	12.90	9.45

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	February 2010 *Product lbs.*	February 2009 *Product lbs.*
Class I	546,619,297	542,128,978
Class II	193,106,052	234,341,518
Class III	430,409,573	420,054,447
Class IV	89,091,251	81,587,205
Total	1,259,226,173	1,278,112,148

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for February 2010 was $1.10 and the Statistical Uniform Price was $15.38 for the month. The Statistical Uniform Price is $0.08 higher than last month, and is $4.55 higher than February 2009.

The Producer Butterfat Price of $1.4404 per pound decreased 0.01 cents from January and is up 34.63 cents from a year ago. The Protein Price of $2.7066 is down 8.5 cents from last month and is up 79.27 cents from February 2009. The Other Solids Price in February was $0.1992 per pound, an increase from last month's price of $0.1946 and an increase of 24.29 cents from last February. The Somatic Cell Adjustment rate for February was $0.00076.

February producer receipts of 1.26 billion pounds were 11.1 percent lower than January and 1.5 percent lower than February 2009 production of 1.28 billion pounds. Producer milk allocated to Class I accounted for 43.4 percent of the total producer milk in February 2010, more than the 41.3 percent in January and more than the 42.4 percent in February 2009. A total of 7,006 producers were pooled on the Mideast Order compared to 7,282 producers pooled in February 2009.

The market average content of producer milk was as follows: Butterfat 3.73%; Protein 3.10%; Other Solids 5.70% and Nonfat Solids 8.80%.

(Continued from Front Page)

USDA forecasts dairy product exports to rise substantially in 2010 compared with 2009's depressed levels. Exports are projected to increase from 4.0 to 4.8 billion pounds on a milk equivalent fat basis and from 22.7 to 25.7 billion pounds on a milk equivalent skim-solid basis. Several factors combine to limit exports below 2008 levels. While Australian production is expected to fall 1 percent because of drought and high feed prices, production in New Zealand and the European Union (EU) is expected to increase slightly. Also of concern is the ultimate disposition of EU intervention stocks, which stood at 168.4 million pounds of butter and 571.7 million pounds of nonfat dry milk (NDM) as of mid-December 2009. The economic recovery, although underway, is likely to be sluggish in the more advanced countries. The recovery is expected to be more vigorous in the developing countries. A stronger trade-weighted dollar, especially with respect to the Euro, could also limit exports. Domestic commercial use, on a skim-solid basis, is forecast to increase to 168.3 billion pounds in 2010 from 166.4 billion in 2009 and to rise to 188.8 billion pounds from 186.2 billion on a fat basis. Commercial use rose in 2009, mostly due to low prices, but the commercial use forecast this year will hinge more on the strength of economic recovery in light of higher expected prices.

Cheese prices are forecast higher in 2010, at $1.575 to $1.645 per pound. Likewise, butter prices will strengthen in 2010 averaging $1.395 to $1.495 per pound. Prices for dry products will also rise this year. NDM prices are forecast to average $1.175 to $1.235 per pound and whey to average 37.5 to 40.5 cents per pound in 2010.

Based on product price forecasts, milk prices will rise in 2010 from those of 2009. The Class IV price is expected to be $13.95 to $14.75 per cwt, and the Class III price is projected to average $14.90 to $15.60 per cwt. The all milk price is expected to be $16.20 to 16.90 per cwt in 2010.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-188, February 24, 2010, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

January 2009 Milk Production Down 0.6 Percent

Milk production in the 23 major States during January totaled 14.8 billion pounds, down 0.6 percent from January 2009. December revised production at 14.6 billion pounds, was down 0.7 percent from December 2008. The December revision represented an increase of 18 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,782 pounds for January, 30 pounds above January 2009.

The number of milk cows on farms in the 23 major States was 8.32 million head, 191,000 head less than January 2009, but 4,000 head more than December 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 January totaled 2.3 billion pounds, up 7 million pounds or 0.3 percent from January 2009.

Production per cow in the Mideast states averaged 1,705 pounds for January, 20 pounds above January 2009.

The number of cows on farms in the Mideast states was 1.3 million head, 13,000 head less than January 2009.

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

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

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

	January 2010						January 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	1,820	598,444	3.69	3.10	5.71	185	580,470	3.76	3.12	5.70	208
Ohio	2,192	334,100	3.86	3.14	5.67	234	332,207	3.91	3.16	5.67	248
Indiana	1,144	146,108	3.87	3.14	5.72	241	146,766	3.90	3.12	5.67	265
New York	352	135,861	3.70	3.09	5.71	211	132,280	3.77	3.11	5.70	219
Pennsylvania	1,171	107,691	3.88	3.15	5.66	306	108,404	3.95	3.17	5.65	311
Wisconsin	226	75,847	3.69	3.07	5.76	237	65,796	3.80	3.07	5.75	247
West Virginia	60	4,089	4.10	3.26	5.65	326	5,434	4.16	3.25	5.67	359
Other	158	14,025	3.76	3.11	5.72	238	20,935	3.75	3.09	5.73	258
Total/Average *	7,123	1,416,164	3.77	3.12	5.70	218	1,392,292	3.83	3.13	5.69	236

* 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
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Brunswick, Ohio 44212

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FEDERAL ORDER DATA

February 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)*	1,814,395	804,529	44.4	$2.02	$16.30
FO 5	Appalachian - *(Charlotte)*	472,040	328,789	69.7	[2]	17.35
FO 6	Florida - *(Tampa)*	234,404	205,695	87.8	[2]	19.65
FO 7	Southeast - *(Atlanta)*	545,481	372,170	68.2	[2]	17.59
FO 30	Upper Midwest - *(Chicago)*	2,641,772	347,015	13.1	0.34	14.62
FO 32	Central - *(Kansas City)*	1,010,368	333,467	33.0	0.51	14.79
FO 33	**Mideast - *(Cleveland)***	**1,259,226**	**546,619**	**43.4**	**1.10**	**15.38**
FO 124	Pacific Northwest - *(Seattle)*	633,138	172,945	27.3	0.35	14.63
FO 126	Southwest - *(Dallas)*	837,572	337,976	40.4	1.71	15.99
FO 131	Arizona - *(Phoenix)*	336,145	110,077	32.8	[2]	14.88

[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 MARCH 2010...........................$12.90 /cwt.

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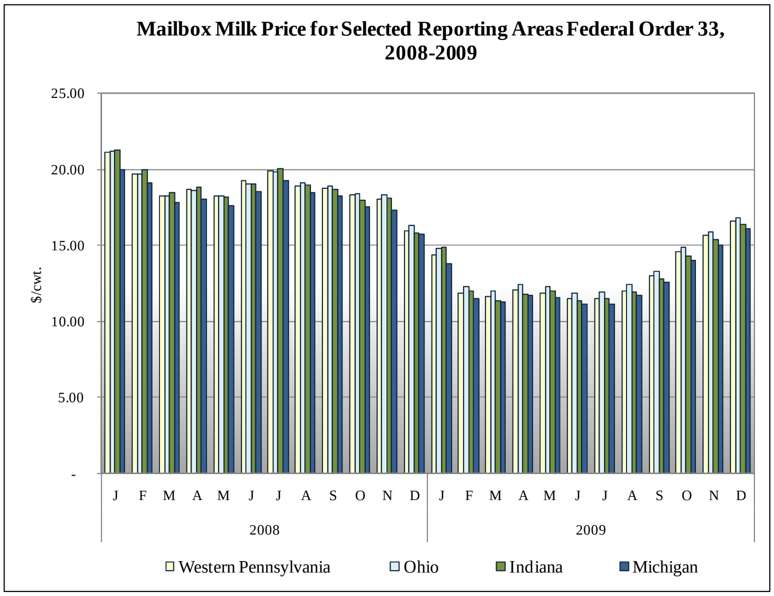
Supplement
Federal Order No. 33 March 2010

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

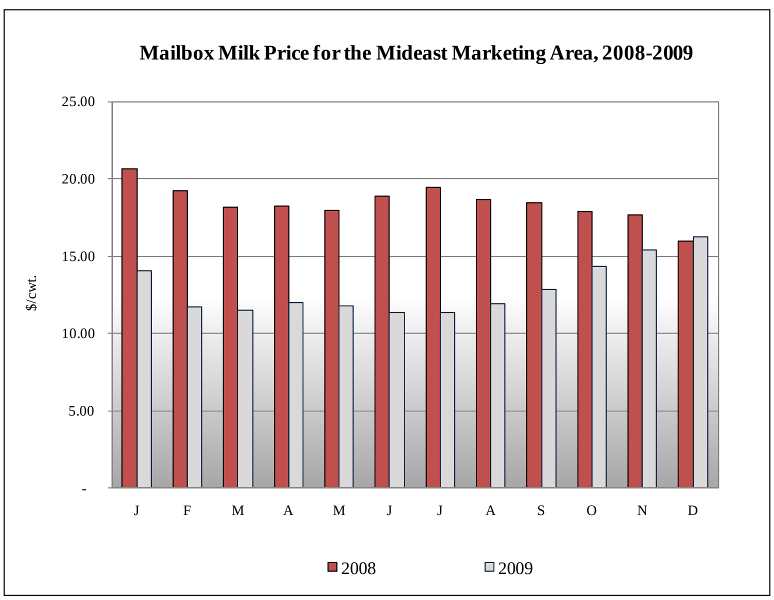


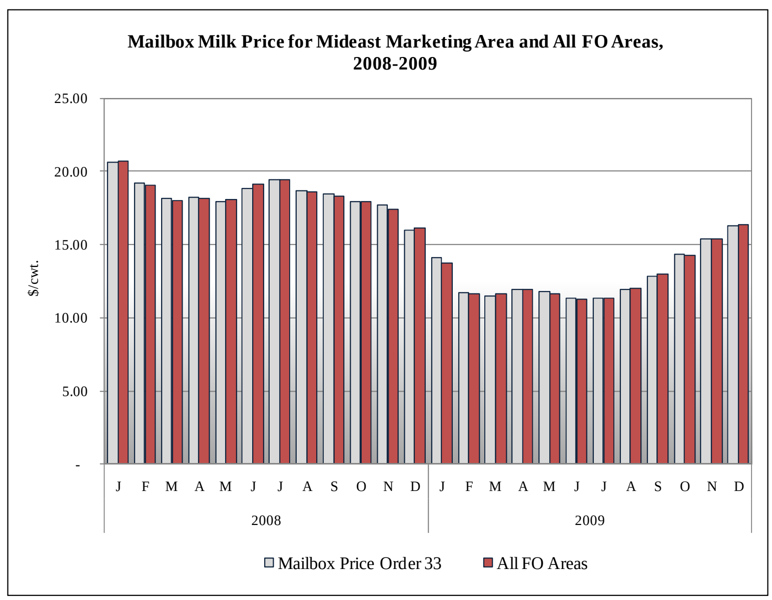
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include 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 $16.27 per hundredweight for December 2009. The December 2009 mailbox price is $0.91 higher than the mailbox price for November 2009. The December 2009 mailbox price is $0.32 higher than the December 2008 mailbox price.

For December 2009 the net pay price received by dairy farmers in Federal Order 33 was $0.10 per hundredweight less than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For December the all Federal Order mailbox price was $16.37 per hundredweight, $1.00 higher than November 2009.

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

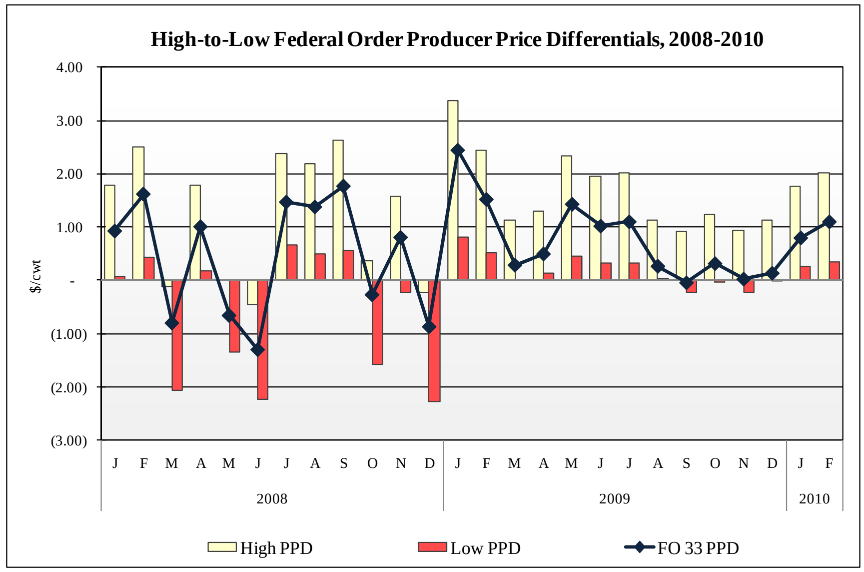
PRODUCER PRICE DIFFERENTIAL STATISTICS 2/

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

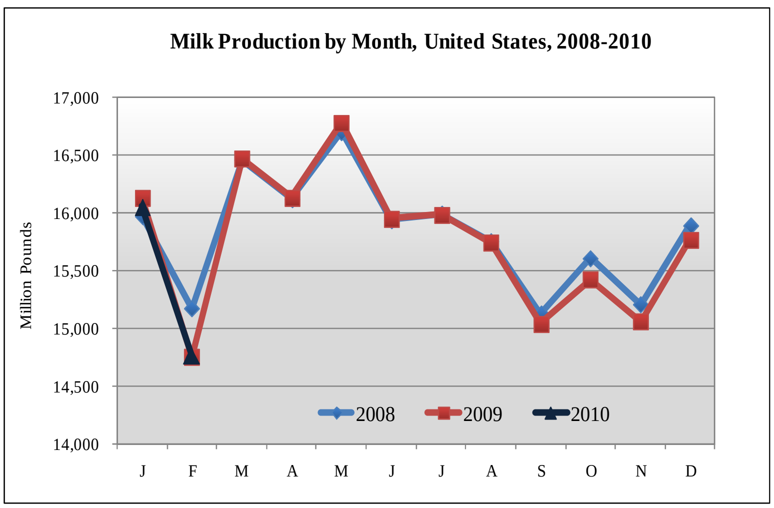
Of those orders, Federal Order 1 traditionally has the highest producer price differential. For February 2010, Federal Order 1 had a PPD of $2.02 per hundredweight (cwt), $0.26 higher than their January 2010.

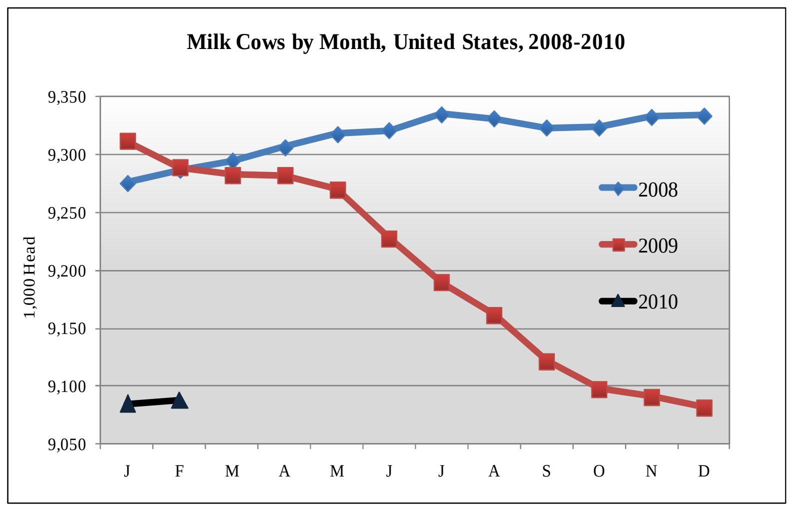
In February 2010 Federal Order 33 had the third highest PPD, behind Orders 1 ($2.02) and 126 ($1.71), at $1.10 per cwt, $0.30 per cwt higher than the January 2010 PPD price.

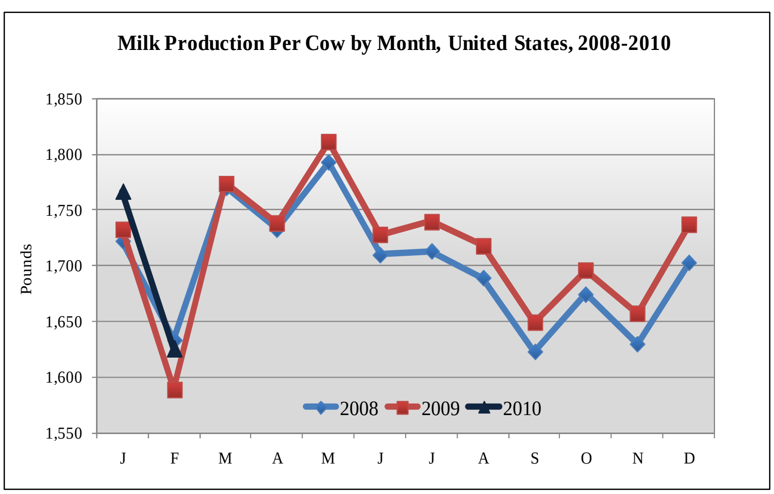
For February 2010 Federal Order 30 had the lowest PPD at $0.34 per cwt, $0.08 per cwt higher than their January 2010 PPD price.



MILK PRODUCTION STATISTICS 3/







February 2010 milk production in the United States decreased 1.3 billion pounds from January to 14.8 billion pounds. February 2010 milk production in the United States was up 1.0 percent from February 2009.

Production per cow in the United States averaged 1,625 pounds for February 2010, down 142 pounds from January 2009. February 2010 milk production per cow was up 36 pounds or 2.3 percent from February 2009.

The number of milk cows on farms in the United States was 9.1 million head for February 2010, in line with January estimates and 201,000 head less than February 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. 2007 data reflects Milk Cow and Production Final Estimates released by NASS in March of 2009.