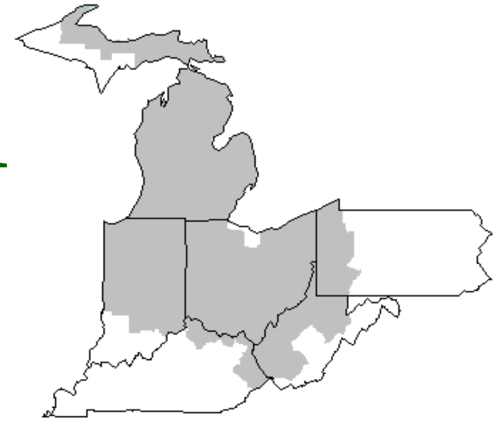
# Mideast Market Administrator's Bulletin



**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



**November 2010**


## Strengthening Demand and Rising Milk Production Should Keep Milk Prices Near 2010 Levels In 2011

Corn prices, which averaged $3.55 per bushel last year, are forecast sharply higher in the 2010/11 crop year; the U.S. Department of Agriculture has recently lowered corn production and ending-stock forecasts. Prices are expected to average $4.60 to $5.40 per bushel in 2010/11. In contrast, soybean meal prices are not expected to differ much in 2010/11 from last year. The soybean meal price is forecast at $290 to $330 per ton this year compared with $311 the last crop year. The expected higher corn price will push the benchmark 16-percent protein mixed-dairy ration over $8 per hundredweight (cwt) in 2011, up from about $7.30 per cwt in 2010. Although milk prices in 2011 are forecast to remain near this year's level, higher feed prices are expected to squeeze producer margins, impacting the size of the dairy herd in 2011. The U.S. dairy herd is expected to advance to 9,155 million cows next year, up about 0.4 percent from the 2010 projected average. However, during the year, incentives to expand the herd will diminish. Milk per cow is also expected to advance, rising to 21,405 pounds, up 1.3 percent from this year's expected output per cow. Growth in milk per cow is expected to slow as higher feed prices take hold. The result for the year will be nearly a 1.7 percent rise in milk production in 2011 to 196 billion pounds.

Domestic demand for dairy products, cheese especially, has been firm through 2010, and demand is expected to remain strong into 2011, at least in the first half of the year. Domestic commercial use on a milk-equivalent fats basis is projected to finish 2010 at 1.4 percent above last year and forecast to rise another 1.6 percent in 2011. On a skims-solids basis, domestic commercial use is expected to finish 2010 nearly 1 percent below 2009. However, commercial use is forecast to snap back in 2011, rising nearly 2.5 percent above 2010. The relative strength of commercial use on a fats basis is a result of strong cheese demand moving much of the added milk production to cheese production this year. Meanwhile, butter production has lagged last year's levels every month until August when butter production edged ahead of year-earlier production. Butter production is likely to recover into next year due to additional milk production and favorable prices.

Milk-equivalent dairy imports are projected down in 2010 to 4.1 billion pounds, fats basis, and to 4.5 billion pounds, skims-solids basis. Next year, the trend continues, as imports are likely to fall to 4.0 billion pounds, fats basis, and 4.3 billion pounds, skims-solids basis. Higher export totals are expected in 2010: 6.6 billion pounds, fats basis, up from 4.1 billion last year, and 29.3 billion pounds, skims-solids basis, up from 22.4 billion pounds in 2009. However, exports are forecast down in 2011. Exports are projected to decline to 5.4 billion pounds on a fats basis and 28.3 billion pounds on a skims-solids basis. A gap between U.S. and international prices still favors U.S. exports and discourages imports in 2010. Next year, exports may be pressured by increased production in other exporting countries and several trade issues.

Relatively strong demand for dairy products in both 2010 and 2011 should be countered by continued rising milk production to keep milk prices near current levels into 2011. Cheese prices are expected to average $1.550 to $1.560 per pound this year. Continued firm cheese demand could strengthen prices somewhat further in 2011. Next year, cheese prices are expected to average $1.540 to $1.630 per pound. Butter prices are expected to moderate in 2011, as increased milk production should make more milk available for butter and powder production. The butter price is expected to average $1.720 to $1.750 per pound this year and $1.505 to $1.625 per pound in 2011. Nonfat dry milk (NDM) prices are forecast higher in 2011, as domestic demand improves and exports remain firm. NDM prices are expected to average $1.155 to $1.175 per pound in 2010, with a slightly higher average prices of $1.175 to $1.245 per pound next year. Whey prices are projected to average 36.5 to 37.5 cents per pound this year and to remain virtually unchanged next year at 35.5 to 38.5 cents per pound.

All milk prices are expected to average $16.45 to $16.55 per cwt in 2010 and remain about the same next year, averaging $16.00 to $16.90 per cwt in 2011. Class III milk prices are expected to average $14.65 to $14.75 per cwt in 2010 and climb slightly to $14.50 to $15.40 per cwt next year. Class IV prices could drop a bit, averaging $15.10 to $15.30 this year and $14.35 to $15.35 per cwt next year.

**Source:** Livestock, Dairy, & Poultry Outlook/LDP-M-196/ October 22, 2010 Economic Research Service, USDA

## October 2010 Pool Summary

**Classification of Producer Milk**

| | *Pounds* | *Percent* |
|---|---|---|
| Class I | 546,616,502 | 40.2 |
| Class II | 245,975,328 | 18.1 |
| Class III | 501,293,510 | 36.9 |
| Class IV | 64,859,739 | 4.8 |
| Total | 1,358,745,079 | 100.0 |

**Producer Prices**

| | | |
|---|---|---|
| Producer Price Differential | $ 0.62 | /cwt |
| Butterfat Price | 2.4436 | / lb |
| Protein Price | 2.4739 | / lb |
| Other Solids Price | 0.1736 | / lb |
| Somatic Cell Adjustment Rate | 0.00088 | / cwt |
| Statistical Uniform Price | 17.56 | / cwt |

# ANNOUNCEMENT OF PRODUCER PRICES

## Federal Order No. 33

## October 2010

**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

| | POUNDS | BUTTERFAT | SKIM / PROTEIN | NONFAT SOLIDS | OTHER SOLIDS | PRICE | VALUE |
|---|---|---|---|---|---|---|---|
| Class I Skim Value | | | 537,031,844 | | | $ 10.62 / cwt | $ 57,032,781.83 |
| Class I Butterfat | | 9,584,658 | | | | 2.3794 / lb | 22,805,735.24 |
| Class I Location Differential | 546,616,502 | | | | | | (280,692.16) |
| Class II SNF Value | | | | 21,161,064 | | 1.0356 / lb | 21,914,397.87 |
| Class II Butterfat | | 15,149,110 | | | | 2.4506 / lb | 37,124,408.98 |
| Class III Protein Value | | | 15,734,816 | | | 2.4739 / lb | 38,926,361.27 |
| Class III Other Solids Value | | | | | 28,618,941 | 0.1736 / lb | 4,968,248.11 |
| Class III Butterfat | | 18,911,443 | | | | 2.4436 / lb | 46,212,002.12 |
| Class IV SNF Value | | | | 5,282,140 | | 0.9896 / lb | 5,227,205.79 |
| Class IV Butterfat | | 7,231,124 | | | | 2.4436 / lb | 17,669,974.62 |
| Somatic Cell Value II / III / IV | | | | | | | 964,423.02 |
| *TOTAL PRODUCER MILK VALUE* | 1,358,745,079 | 50,876,335 | 42,682,002 | | 77,368,945 | | $ 252,564,846.69 |
| | | | | | | | |
| Overages | | | | | $ 40,368.42 | | |
| Beginning Inventory and Other Source Charges | | | | | 40,657.08 | | |
| *TOTAL ADJUSTMENTS* | | | | | | | $ 81,025.50 |
| *TOTAL HANDLER OBLIGATIONS* | | | | | | | $ 252,645,872.19 |
| Total Protein Value | | | 42,682,002 lbs | @ | $2.4739 | | $(105,591,004.72) |
| Total Other Solids Value | | | 77,368,945 lbs | @ | 0.1736 | | (13,431,248.83) |
| Butterfat Value | | | 50,876,335 lbs | @ | 2.4436 | | (124,321,412.21) |
| Total Somatic Cell Values | | | | | | | (1,617,784.14) |
| *TOTALS* | | | | | | | $ 7,684,422.29 |
| | | | | | | | |
| Net Producer Location Adjustments | | | | | | | $ 808,189.30 |
| 1/2 Unobligated Balance Producer Settlement Fund | | | | | | | 480,000.00 |
| | | | | | | | |
| Total - Divided by Total Pounds | | | 1,358,745,079 lbs | | 0.6603602 | | $ 8,972,611.59 |
| Rate of Cash Reserve | | | | | (0.0403602) | | (548,392.23) |
| **PRODUCER PRICE DIFFERENTIAL** *at Cuyahoga County, OH** | | | 1,358,745,079 | | **$ 0.62 /cwt** | | $ 8,424,219.36 |

### COMPONENT PRICES

| | October 2010 | October 2009 |
|---|---|---|
| Butterfat Price | $2.4436 / lb | $1.2752 / lb |
| Protein Price | 2.4739 / lb | 2.5584 / lb |
| Other Solids Price | 0.1736 / lb | 0.1228 / lb |
| Somatic Cell Adjustment Rate | 0.00088 / cwt | 0.00071 / cwt |
| Nonfat Solids Price | 0.9896 / lb | 0.8506 / lb |

### COMPUTATION OF UNIFORM PRICE

| | October 2010 | October 2009 |
|---|---|---|
| Class III Price - 3.5% BF | $ 16.94 | $12.82 |
| Producer Price Differential* | 0.62 | 0.32 |
| Statistical Uniform Price | $17.56 | $13.14 |

### CLASS PRICES

| | October 2010 | October 2009 |
|---|---|---|
| Class I* | $18.58 | $14.35 |
| Class II | 17.57 | 11.93 |
| Class III | 16.94 | 12.82 |
| Class IV | 17.15 | 11.86 |

* Subject to Location Adjustment.

### CLASSIFICATION OF PRODUCER MILK

| | October 2010 *Product lbs.* | October 2009 *Product lbs.* |
|---|---|---|
| Class I | 546,616,502 | 618,054,033 |
| Class II | 245,975,328 | 258,891,071 |
| Class III | 501,293,510 | 391,352,926 |
| Class IV | 54,859,739 | 67,754,053 |
| Total | 1,358,745,079 | 1,336,052,083 |

## ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for October 2010 was $0.62 and the Statistical Uniform Price was $17.56 for the month. The Statistical Uniform Price is $0.30 higher than last month, and is $4.42 higher than October 2009.

The Producer Butterfat Price of $2.4436 per pound increased 3.92 cents from September and is up $1.1684 from a year ago. The Protein Price of $2.4739 is up 16.82 from last month and is down 8.45 cents from October 2009. The Other Solids Price in October was $0.1736 per pound, an increase from last month's price of $0.1673 and an increase of 5.08 cents from last October. The Somatic Cell Adjustment rate for October was $0.00088.

October producer receipts of 1.36 billion pounds were 8.5 percent higher than September and 1.7 percent higher than October 2009 production of 1.34 billion pounds. Producer milk allocated to Class I accounted for 40.2 percent of the total producer milk in October 2010, less than the 43.5 percent in September, and less than the 46.2 percent in October 2009. A total of 6,906 producers were pooled on the Mideast Order compared to 7,124 producers pooled in October 2009.

The market average content of producer milk was as follows: Butterfat 3.74%; Protein 3.14%; Other Solids 5.69% and Nonfat Solids 8.83%.

## September Milk Production Up 3.6 Percent

Milk production in the 23 major States during September totaled 14.5 billion pounds, up 3.6 percent from September 2009. August revised production at 15.0 billion pounds, was up 2.7 percent from August 2009. The August revision represented a decrease of 18 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,729 pounds for September, 54 pounds above September 2009.

The number of milk cows on farms in the 23 major States was 8.37 million head, 31,000 head more than September 2009, and 4,000 head more than August 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 September totaled 2.2 billion pounds, up 46 million pounds or 2.1 percent from September 2009.

Production per cow in the Mideast states averaged 1,664 pounds for September, 35 pounds above September 2009.

The number of cows on farms in the Mideast states was 1.3 million head, 3,000 head less than September 2009.

## USDA Issues Final Payments Under DELAP to Provide Financial Relief to Dairy Producers

Agriculture Secretary Tom Vilsack announced that final Phase III payments under the Dairy Economic Loss Assistance Payment (DELAP) program began the week of October 12, 2010. The program is funded by $290 million from the 2010 Agricultural Appropriations Bill to provide loss assistance payments to eligible dairy producers.

"We know that dairy producers have been experiencing difficult economic circumstances, but with this assistance, producers have been able to offset a portion of their financial losses," said Vilsack.

Payments to eligible DELAP program producers were issued in three payment phases. Phase I payments were issued in mid-December 2009 to eligible dairy producers with production records from previous participation in dairy programs administered by the Farm Service Agency (FSA).

Dairy producers who did not have production records at the FSA county office but submitted a request for DELAP benefits before the application deadline of January 19, 2010, were issued payments in Phase II beginning June 18, 2010.

DELAP Phase III will be disbursed to eligible dairy producers that received DELAP benefits under Phase I or Phase II.

Of the $290 million budgeted for DELAP, a total of $273 million was dispersed to eligible dairy producers under DELAP Phase I and Phase II. The remaining $17 million minus a reserve established by FSA will be dispersed during Phase III.

For more information regarding payments under the DELAP program, visit the local FSA county office or http://www.fsa.usda.gov.

## September 2010 Dairy Products (NASS)

Butter production was 110.5 million pounds in September, 16.7% above September 2009 and 8.7% above August 2010. American type cheese production totaled 354.6 million pounds, 3.4% above September 2009 and 0.3% above August 2010. Total cheese output (excluding cottage cheese) was 878.6 million pounds, 4.3% above September 2009 and 0.4% above August 2010. Nonfat dry milk production, for human food, totaled 108.9 million pounds, 24% above September 2009 but 8.9% below August 2010. Dry whey production, for human food, was 75.7 million pounds, 0.4% below September 2009 and 1.1% below August 2010. Ice cream (hard) production totaled 74 million gallons, 0.4% below September 2009 and 2.3% below August 2010.

**Bulletin Webpage Edition**
www.fmmaclev.com

Featured this month are
thematic maps and charts demonstrating:

- CA and F.O. milk marketings by county - May 2010
- CA and F.O. market share by county - May 2010
- Top ten milk producing counties – May 2010 vs. May 2005

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

| | September 2010 | | | | | | September 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 | 1,823 | 558,032 | 3.55 | 3.03 | 5.70 | 204 | 555,061 | 3.57 | 3.03 | 5.70 | 203 |
| Ohio | 2,130 | 245,114 | 3.67 | 3.08 | 5.65 | 277 | 316,671 | 3.71 | 3.07 | 5.66 | 259 |
| New York | 329 | 121,709 | 3.63 | 3.05 | 5.71 | 231 | 133,351 | 3.65 | 3.05 | 5.69 | 234 |
| Indiana | 1,070 | 112,412 | 3.64 | 3.07 | 5.68 | 272 | 134,359 | 3.69 | 3.05 | 5.68 | 270 |
| Pennsylvania | 1,034 | 100,406 | 3.72 | 3.09 | 5.65 | 321 | 101,422 | 3.73 | 3.08 | 5.64 | 333 |
| Wisconsin | 211 | 90,695 | 3.58 | 3.04 | 5.79 | 264 | 51,937 | 3.60 | 3.00 | 5.75 | 245 |
| West Virginia | 59 | 3,952 | 3.85 | 3.22 | 5.61 | 361 | 4,377 | 3.85 | 3.20 | 5.61 | 341 |
| Other | 182 | 19,927 | 3.64 | 3.04 | 5.74 | 283 | 9,042 | 3.66 | 3.08 | 5.68 | 269 |
| Total/Average * | 6,838 | 1,252,246 | 3.61 | 3.05 | 5.69 | 242 | 1,306,219 | 3.64 | 3.05 | 5.68 | 239 |

* 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

### October 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)* | 1,979,990 | 894,113 | 45.1 | $1.67 | $18.61 |
| FO 5 | Appalachian - *(Charlotte)* | 497,947 | 343,709 | 69.0 | [2/] | 19.50 |
| FO 6 | Florida - *(Tampa)* | 243,978 | 208,794 | 85.6 | [2/] | 21.46 |
| FO 7 | Southeast - *(Atlanta)* | 556,779 | 391,227 | 70.3 | [2/] | 19.84 |
| FO 30 | Upper Midwest - *(Chicago)* | 2,745,872 | 371,092 | 13.5 | 0.23 | 17.17 |
| FO 32 | Central - *(Kansas City)* | 1,163,813 | 384,148 | 33.0 | 0.41 | 17.35 |
| **FO 33** | **Mideast - *(Cleveland)*** | **1,358,745** | **546,617** | **40.2** | **0.62** | **17.56** |
| FO 124 | Pacific Northwest - *(Seattle)* | 667,198 | 186,924 | 28.0 | 0.41 | 17.35 |
| FO 126 | Southwest - *(Dallas)* | 933,066 | 379,000 | 40.6 | 1.38 | 18.32 |
| FO 131 | Arizona - *(Phoenix)* | 339,919 | 117,616 | 34.6 | [2/] | 17.81 |

[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 NOVEMBER 2010...................$16.94 /cwt.**

Printed on recycled paper

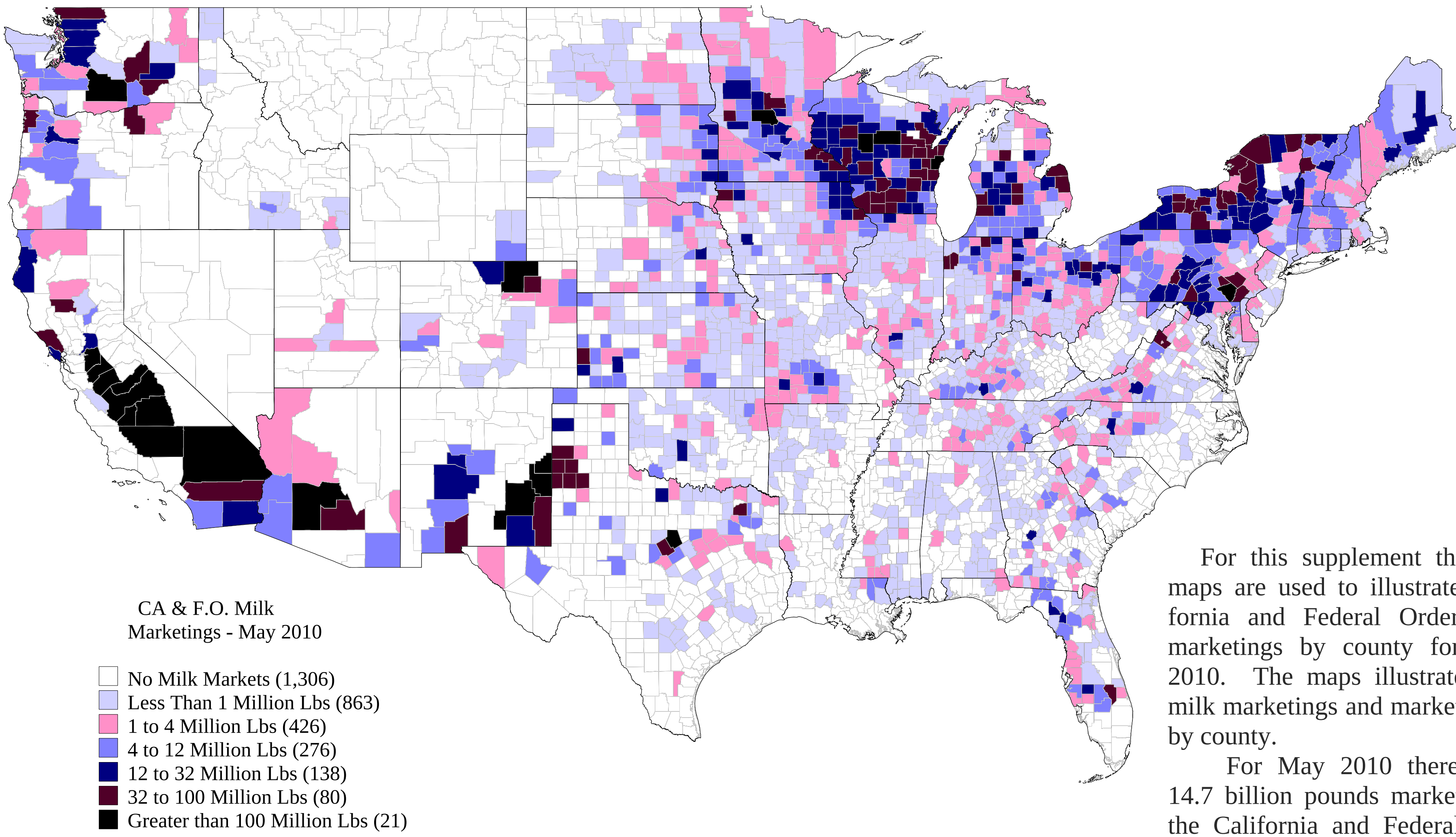
Mideast Market Administrator's

# Bulletin

*Supplement*

**Federal Order No. 33** **November 2010**


**CALIFORNIA AND FEDERAL ORDER MILK MARKETINGS BY COUNTY—MAY 2010** 1/ 2/

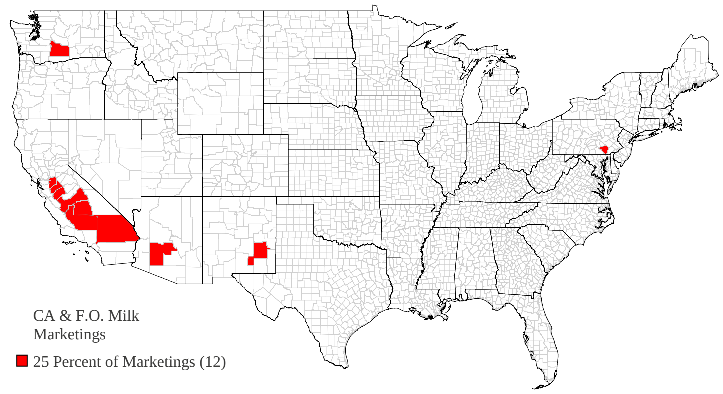



For this supplement thematic maps are used to illustrate California and Federal Order milk marketings by county for May 2010. The maps illustrate total milk marketings and market share by county.

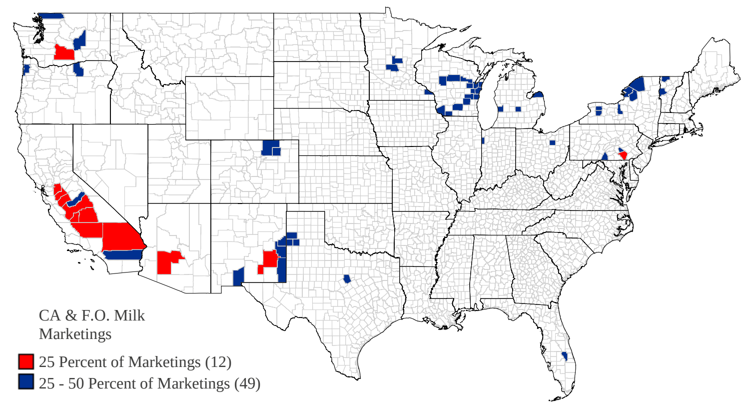
For May 2010 there were 14.7 billion pounds marketed on the California and Federal Milk Orders.

# CALIFORNIA AND FEDERAL ORDER MARKET SHARE BY COUNTY - MAY 2010 1/ 2/

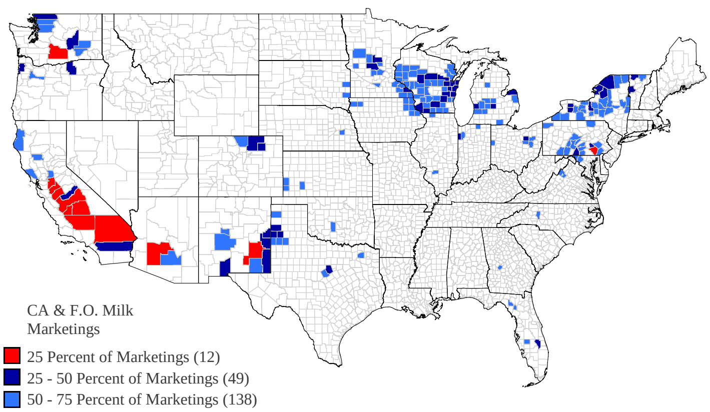
TOP MILK PRODUCING COUNTIES REPRESENTING 25 PERCENT OF CA & F.O. MILK MARKETINGS



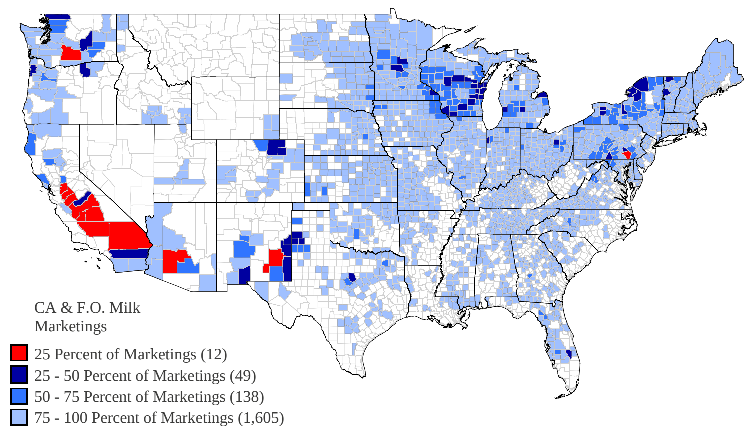

TOP MILK PRODUCING COUNTIES REPRESENTING 50 PERCENT OF CA & F.O. MILK MARKETINGS




TOP MILK PRODUCING COUNTIES REPRESENTING 75 PERCENT OF CA & F.O. MILK MARKETINGS

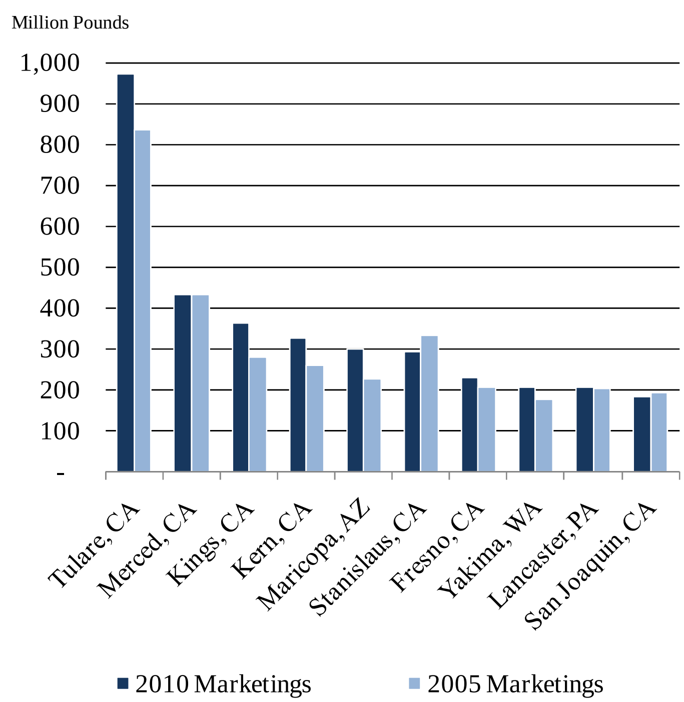



TOP MILK PRODUCING COUNTIES REPRESENTING 100 PERCENT OF CA & F.O. MILK MARKETINGS




## TOP TEN MILK PRODUCING COUNTIES - MAY 2010 v. MAY 2005 1/ 2/

| Rank | County, State | **May 2010 Marketings** | May 2005 Marketings | Percent Change |
|---|---|---|---|---|
| | | *pounds* | | *%* |
| 1 | Tulare, CA | **971,134,974** | 836,075,303 | 16.15 |
| 2 | Merced, CA | **431,164,551** | 431,395,132 | -0.05 |
| 3 | Kings, CA | **363,898,000** | 279,501,314 | 30.20 |
| 4 | Kern, CA | **327,626,131** | 261,094,727 | 25.48 |
| 5 | Maricopa, AZ | **301,117,681** | 226,199,194 | 33.12 |
| 6 | Stanislaus, CA | **293,712,004** | 334,060,054 | -12.08 |
| 7 | Fresno, CA | **230,911,091** | 206,133,581 | 12.02 |
| 8 | Yakima, WA | **207,171,464** | 175,250,311 | 18.21 |
| 9 | Lancaster, PA | **206,932,276** | 204,159,424 | 1.36 |
| 10 | San Joaquin, CA | **182,221,721** | 193,590,885 | -5.87 |
| | Total | **3,515,889,893** | 3,147,459,925 | 11.71 |




1/ Information is compiled by the Central Market Administrator's Office, Kansas City, MO.
2/ Includes milk voluntarily depooled due to price relationships.