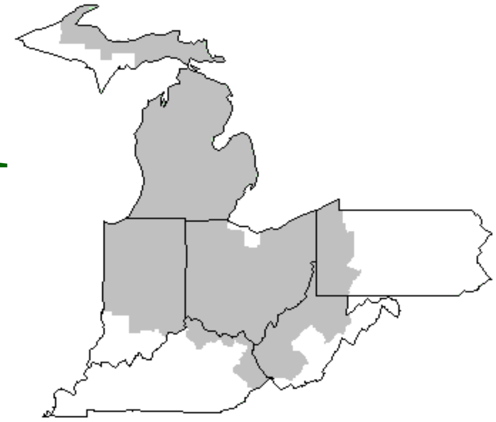
Mideast Market Administrator's

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

October 2010

August Milk Production Up 2.8 Percent

Milk production in the 23 major States during August totaled 15.0 billion pounds, up 2.8 percent from August 2009. July unrevised production, at 15.3 billion pounds, was up 3.0 percent from July 2009.

Production per cow in the 23 major States averaged 1,796 pounds for August, 51 pounds above August 2009. The number of milk cows on farms in the 23 major States was 8.36 million head, 10,000 head less than August 2009, and 8,000 head less than July 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 August totaled 2.3 billion pounds, up 57 million pounds or 2.5 percent from August 2009.

Production per cow in the Mideast states averaged 1,735 pounds for August, 45 pounds above August 2009. The number of cows on farms in the Mideast states was 1.3 million head, 6,000 head less than August 2009.

USDA Seeks Nominees for National Fluid Milk Processor Promotion Board

The U.S. Department of Agriculture is asking fluid milk processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board. The Secretary of Agriculture will appoint six individuals from those nominated to succeed members whose terms expire June 30, 2011. Appointed members will serve 3-year terms from July 1, 2011 through June 30, 2014.

"Appointees to the board fill important roles as representatives of the fluid milk industry and will have a large impact on the future promotion of fluid milk products," said Administrator Rayne Pegg of AMS.

USDA will accept nominations for board representation in five geographic regions and one at-large position. Nominees for the five regional positions must be active owners or employees of a fluid milk processor. The one at-large position may be either a fluid milk processor or a member from the general public. The geographic regions are: Region 2 (New Jersey and New York); Region 5 (Florida); Region 8 (Illinois and Indiana); Region 11 (Arkansas, Iowa, Kansas, Missouri, Nebraska and Oklahoma); and Region 14 (Northern California). No fluid milk processor shall be represented on the board by more than three members.

To nominate an individual, please submit a copy of the nomination form and a signed background form for each nominee by October 31, 2010, to: Whitney Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, 1400 Independence Ave., S.W., Stop 0233, Room 2958-S, Washington, D.C. 20250-0233 or via email at whitney.rick@ams.usda.gov. Blank forms and additional information are available on the Dairy Promotion and Research Branch's website at www.ams.usda.gov/Dairy.

The Dairy Outlook
Only Moderate Price Increases Are Expected in 2011 as Milk Production Continues To Rise

Feed prices are forecast higher in 2010/11, with corn expected to average $4.00 to $4.80 per bushel and soybean meal to average $270 to $310 per ton. The milk-feed price ratio rose this year and is expected to average 2.3 for 2010; next year the index is expected to decline slightly from 2010 because of higher forecast feed prices. While this indicator of profitability has substantially improved from 2009's depressed level, it remains low enough this year and next that some producers may face financial difficulties.

Despite a relatively weak milk-feed price ratio, cow numbers continue to rise year-over-year. The most recent *Milk Production* report indicated cow numbers higher in the second quarter of 2010 than in the first, although the herd was still smaller than in the corresponding quarter of 2009. USDA projects the number of cows in the U.S. dairy herd to average 9,125 thousand head this year, increasing to 9,160 in 2011.

(Continued on Page 3)

September 2010 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	544,532,102	43.5
Class II	176,926,897	14.1
Class III	472,197,768	37.7
Class IV	58,276,732	4.7
Total	1,251,933,499	100.0

Producer Prices

Producer Price Differential	$ 1.00	/cwt
Butterfat Price	2.4044	/ lb
Protein Price	2.3057	/ lb
Other Solids Price	0.1673	/ lb
Somatic Cell Adjustment Rate	0.00085	/ cwt
Statistical Uniform Price	17.26	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

September 2010

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			535,174,518			$ 10.79 / cwt	$ 57,745,330.49
Class I Butterfat		9,357,584				2.0247 / lb	18,946,300.33
Class I Location Differential	544,532,102						(277,803.22)
Class II SNF Value				14,834,970		1.0544 / lb	15,641,992.34
Class II Butterfat		13,068,270				2.4114 / lb	31,512,826.29
Class III Protein Value			14,445,287			2.3057 / lb	33,306,498.22
Class III Other Solids Value					26,975,027	0.1673 / lb	4,512,922.03
Class III Butterfat		16,760,871				2.4044 / lb	40,299,838.22
Class IV SNF Value				4,739,857		0.9608 / lb	4,554,054.63
Class IV Butterfat		5,960,506				2.4044 / lb	14,331,440.62
Somatic Cell Value II / III / IV							666,675.46
TOTAL PRODUCER MILK VALUE	1,251,933,499	45,147,231	38,191,764		71,281,432		$221,240,075.41
Overages					$ 74,742.29		
Beginning Inventory and Other Source Charges					162,851.22		
TOTAL ADJUSTMENTS							$ 237,593.51
TOTAL HANDLER OBLIGATIONS							$221,477,668.92
Total Protein Value			38,191,764 lbs	@	$2.3057		$(88,058,750.28)
Total Other Solids Value			71,281,432 lbs	@	0.1673		(11,925,383.55)
Butterfat Value			45,147,231 lbs	@	2.4044		(108,552,002.23)
Total Somatic Cell Values							(1,155,971.63)
TOTALS							$ 11,785,561.23
Net Producer Location Adjustments							$ 736,023.32
1/2 Unobligated Balance Producer Settlement Fund							550,000.00
Total - Divided by Total Pounds			1,251,933,499 lbs		1.0441117		$ 13,071,584.55
Rate of Cash Reserve					(0.0441117)		(552,249.15)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,251,933,499		**$ 1.00 /cwt**		$ 12,519,335.40

COMPONENT PRICES

	September 2010	September 2009
Butterfat Price	$2.4044 / lb	$1.2226 / lb
Protein Price	2.3057 / lb	2.4243 / lb
Other Solids Price	0.1673 / lb	0.1018 / lb
Somatic Cell Adjustment Rate	0.00085 / cwt	0.00068 / cwt
Nonfat Solids Price	0.9608 / lb	0.7906 / lb

COMPUTATION OF UNIFORM PRICE

	September 2010	September 2009
Class III Price - 3.5% BF	$ 16.26	$12.11
Producer Price Differential*	1.00	(0.04)
Statistical Uniform Price	$17.26	$12.07

CLASS PRICES

	September 2010	September 2009
Class I*	$17.50	$12.93
Class II	17.60	11.01
Class III	16.26	12.11
Class IV	16.76	11.15

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	September 2010 *Product lbs.*	September 2009 *Product lbs.*
Class I	544,532,102	571,376,302
Class II	176,926,897	279,257,929
Class III	472,197,768	390,544,307
Class IV	58,276,732	65,060,174
Total	1,251,933,499	1,306,238,712

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for September 2010 was $1.00 and the Statistical Uniform Price was $17.26 for the month. The Statistical Uniform Price is $0.50 higher than last month, and is $5.19 higher than September 2009.

The Producer Butterfat Price of $2.4044 per pound increased 37.08 cents from August and is up $1.1818 from a year ago. The Protein Price of $2.3057 is down 7.31 from last month and is down 11.86 cents from September 2009. The Other Solids Price in September was $0.1673 per pound, an increase from last month's price of $0.1647 and an increase of 6.55 cents from last September. The Somatic Cell Adjustment rate for September was $0.00085.

September producer receipts of 1.25 billion pounds were 0.9 percent lower than August and 4.2 percent lower than September 2009 production of 1.31 billion pounds. Producer milk allocated to Class I accounted for 43.5 percent of the total producer milk in September 2010, more than the 41.6 percent in August, but less than the 43.7 percent in September 2009. A total of 6,877 producers were pooled on the Mideast Order compared to 7,108 producers pooled in September 2009.

The market average content of producer milk was as follows: Butterfat 3.61%; Protein 3.05%; Other Solids 5.69% and Nonfat Solids 8.74%.

(Continued from Front Page)

Production per cow has also advanced in 2010 and is projected to rise by nearly 2.6 percent above 2009. A rise in production per cow is also forecast for 2011, but the rise is expected to be near trend at 1.5 percent. The expected rise in herd size and increased per cow production translates into more milk. USDA projects milk production at 192.7 billion pounds this year, rising to 196.2 billion in 2011.

Milk production in Oceania for the upcoming season is expected to recover from last year. The prospect of more milk on the world market is expected to impact U.S. exports next year. Milk equivalent exports on a fats basis are expected to total 6.6 billion pounds in 2010 but to slide to 5.4 billion next year, dampened by improved world production. Milk equivalent exports on a skim-solids basis are projected to be 29.3 billion pounds this year and to decline to 28.3 billion in 2011. Imports declined this year compared with 2009 on both a fats and skim-solids basis; imports are expected to total 4.1 billion pounds, fats basis, and 4.5 billion pounds, skim-solids basis. In 2011, imports will likely decline slightly to 4.0 billion pounds and 4.3 billion pounds, respectively. Recovering global and higher domestic milk production is the major reason.

Stocks are forecast to end this year below 2009 totals on a fats basis, reaching 10.4 billion pounds, largely due to lower expected butter stocks. This year's skim ending stocks are forecast slightly higher at 11.5 billion pounds. Next year, ending stocks are expected to tighten to 10.4 billion pounds on a fats basis and to 11.2 billion pounds on a skim-solids basis. International and domestic demand for butterfat is expected to remain strong both this year and next. Domestic commercial use on a fats basis is expected to rise 2.2 percent in 2011 after staging a 1.2 percent increase this year compared with 2009. Commercial use on a skim basis is projected to decline about 1 percent below 2009 but rebound in 2011, climbing 2.8 percent from this year's total.

Cheese prices have risen sharply this year due to increased demand. Although cheese stocks remain above the 5-year average, prices are expected to average $1.530 to $1.550 per pound in 2010. Next year, prices are expected to rise, but not as precipitously, to average $1.530 to $1.630 per pound. Butter prices started to climb in late 2009 and have soared this year. The strong demand for fats has moved milk to other uses and, consequently, butter production has lagged and prices have spiked. The decline in milk production in 2009 may have contributed to the tight supplies this year. Butter prices are expected to average $1.690 to $1.730 per pound in 2010. Next year, butter prices will remain high by historic standards, but should moderate from 2010's highs. Butter prices are expected to average $1.485 to $1.615 per pound in 2011. Greater milk production in 2011 should help lower prices. Nonfat dry milk (NDM) prices tracked the price run-up for butter, since the movement of milk to other products reduced NDM production. Export demand for NDM also contributed to the rising NDM prices in 2010. NDM is expected to average $1.150 to $1.170 per pound. Next year's price increases are forecast to moderate to $1.175 to $1.245 per pound. Export demand should support the higher price, while increased milk production should limit increases.

The 2010 Class IV price, which is projected to average $14.90 to $15.20 per cwt, will likely be lower in 2011, based on lower butter prices. In 2011, the Class IV price is forecast to average $14.25 to $15.35 per cwt. The Class III price is forecast to remain about the same in 2011, as greater milk supplies counter continued high cheese prices. The average Class III price is estimated to be $14.50 to $14.70 per cwt this year and average $14.40 to $15.00 per cwt next year. The price outlook for products should hold the all milk price nearly even, averaging $16.25 to $16.45 per cwt this year and averaging $15.85 to $16.85 per cwt in 2011.

Source: "Livestock, Dairy, and Poultry Outlook", LDP-M-195, September 17, 2010, Economic Research Service, USDA. Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

2008 Transportation Analysis Released

This staff paper details the hauling assessments paid by producers, and the delivery distance to the first delivery point, of milk marketed by producers associated with the Mideast Marketing Area, Federal Order 33, for May 2008. The results show that hauling assessments vary significantly due to multiple factors including delivery volume, delivery distance and competitive groups of producers and handlers.

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
Federal Order No. 33

	August 2010						August 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	1,834	575,450	3.45	2.93	5.70	219	588,257	3.52	2.96	5.70	223
Ohio	2,153	256,306	3.55	2.98	5.66	303	338,188	3.64	3.00	5.66	279
Indiana	1,102	122,125	3.53	2.94	5.67	306	148,349	3.61	2.97	5.70	288
Pennsylvania	1,035	105,080	3.60	2.99	5.65	353	105,731	3.66	3.00	5.64	352
New York	334	106,338	3.55	2.99	5.68	244	134,659	3.60	2.98	5.69	243
Wisconsin	183	80,673	3.56	2.94	5.81	264	48,999	3.57	2.94	5.76	262
West Virginia	60	4,233	3.69	3.09	5.62	390	5,017	3.73	3.08	5.62	371
Other	179	19,823	3.51	2.93	5.75	309	8,983	3.59	3.01	5.66	298
Total/Average *	6,880	1,270,028	3.51	2.95	5.69	262	1,378,183	3.58	2.98	5.69	258

* 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

September 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)*	1,944,872	881,180	45.3	$2.07	$18.33
FO 5	Appalachian - *(Charlotte)*	478,940	348,516	72.8	[2/]	19.16
FO 6	Florida - *(Tampa)*	229,899	201,981	87.9	[2/]	21.04
FO 7	Southeast - *(Atlanta)*	529,998	392,249	74.0	[2/]	19.38
FO 30	Upper Midwest - *(Chicago)*	2,678,513	373,668	13.9	0.34	16.60
FO 32	Central - *(Kansas City)*	1,132,397	380,555	33.6	0.75	17.01
FO 33	**Mideast - *(Cleveland)***	**1,251,933**	**544,532**	**43.5**	**1.00**	**17.26**
FO 124	Pacific Northwest - *(Seattle)*	657,290	190,033	28.9	0.68	16.94
FO 126	Southwest - *(Dallas)*	865,285	375,379	43.4	1.69	17.95
FO 131	Arizona - *(Phoenix)*	321,793	119,100	37.0	[2/]	17.33

[1/] Names in parentheses are principal points of markets.

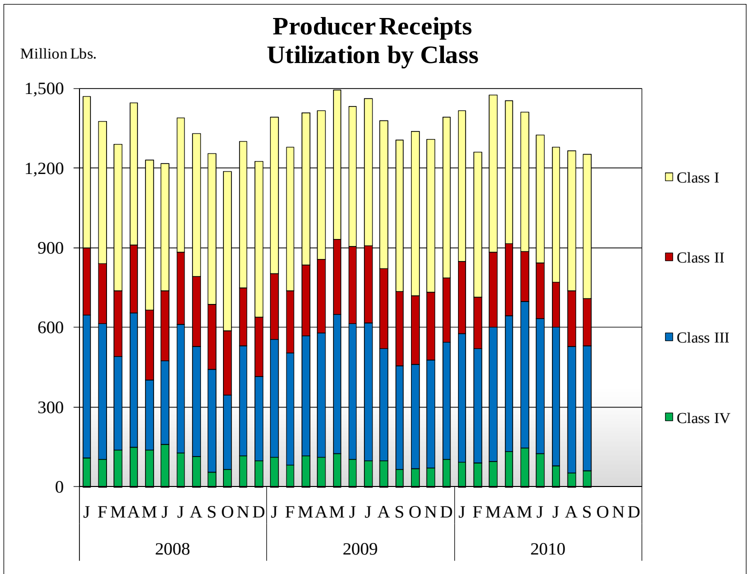
[2/] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

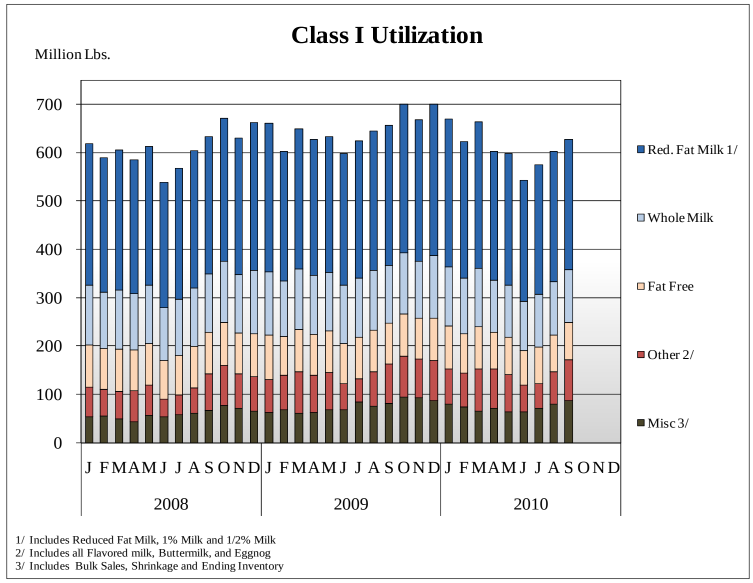
MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2010 ....$16.26 /cwt.

Printed on recycled paper

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

PRODUCER MILK CLASSIFICATION

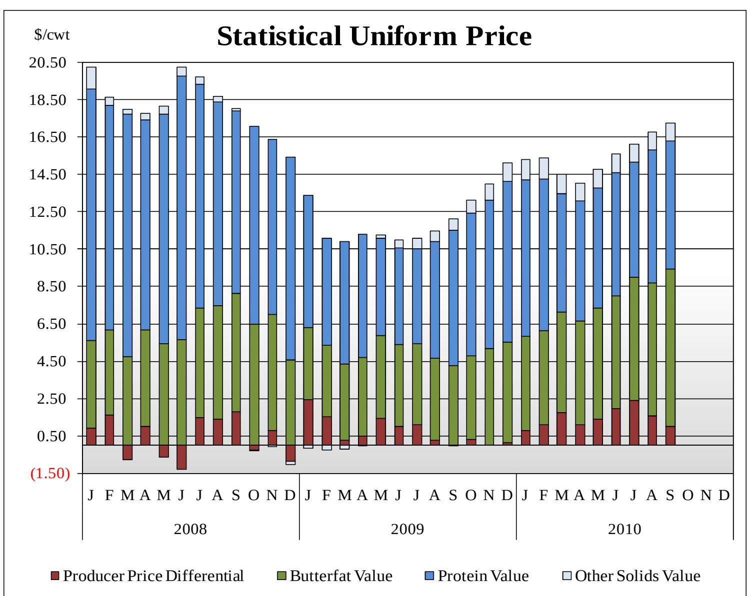


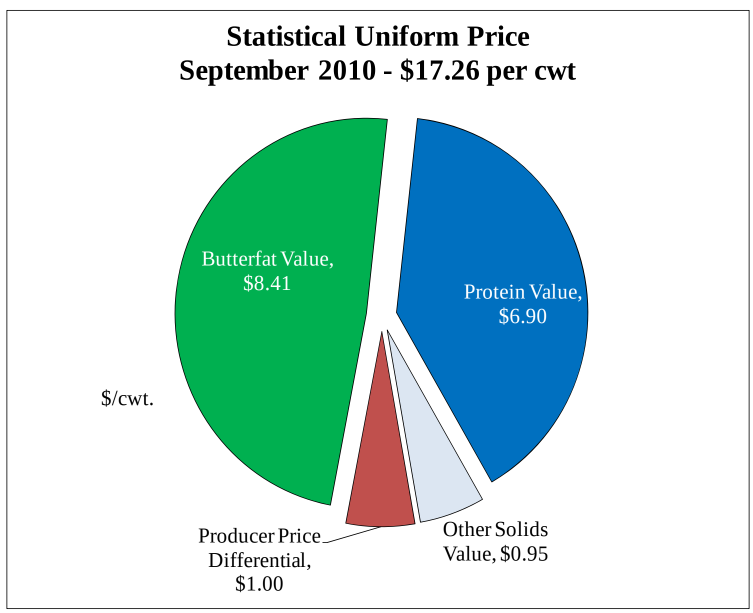


<u>Producer Receipts:</u> Producer receipts for the Mideast Order totaled 1.25 billion pounds in September 2010. The pounds allocated to Class I represented 43.5 percent of the total pounds. Producer receipts decreased 54 million pounds compared to September 2009.

<u>Class I Pounds:</u> Class I utilization for the Mideast Order totaled 627 million pounds in September 2010. Finished products include 109 million pounds used for whole milk, 270 million pounds of reduced fat and low fat milk, and 78 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

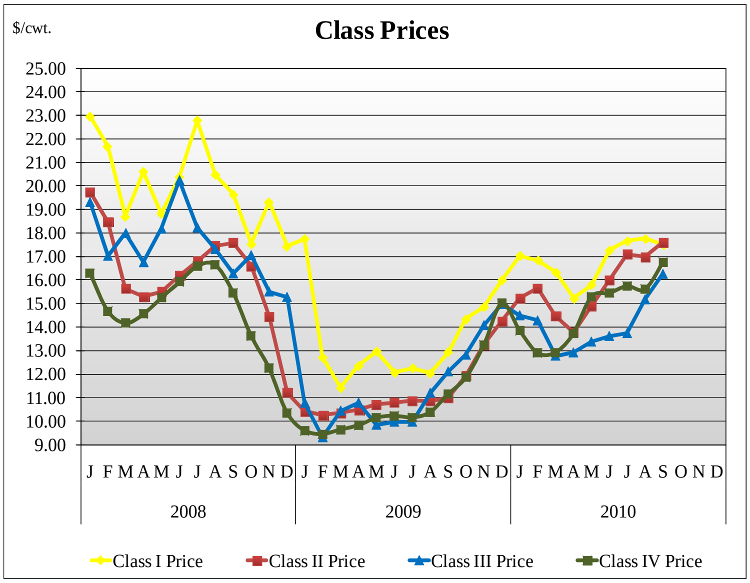


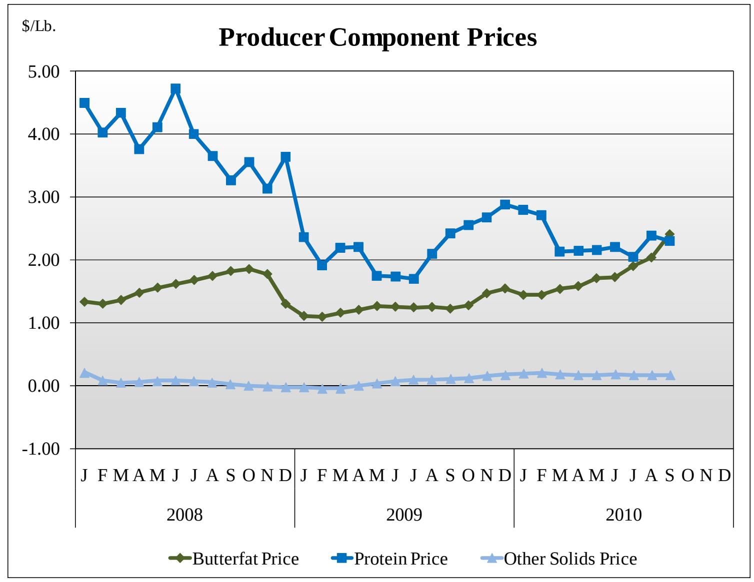


<u>Statistical Uniform Price:</u> The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was $17.26 per cwt for September 2010. The September 2010 SUP was $0.50 per cwt higher than the August 2010 SUP. The September 2010 SUP is $5.19 per cwt higher than the September 2009 SUP, an increase of 43.0 percent.

<u>September 2010 Statistical Uniform Price</u>: Using the Class III Price formula at 3.5% BF, the component values for the September 2010 SUP are: $6.90 per cwt for protein, $8.41 per cwt for butterfat and $0.95 per cwt in other solids. Also included in the SUP is the $1.00 per cwt producer price differential.

CLASS AND COMPONENT PRICES





WEIGHTED AVERAGE NASS PRICES