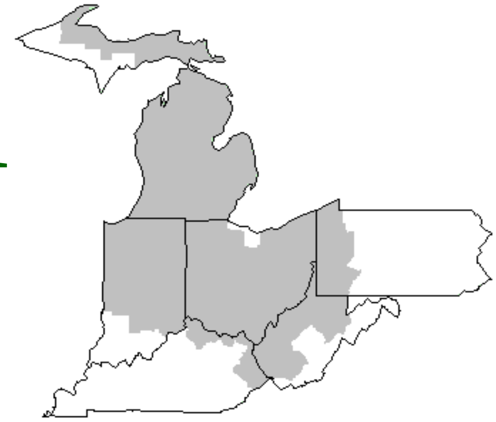
Mideast Market Administrator's Bulletin



Federal Order No. 33

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April 2011

USDA Announces Final Rule on the Establishment of a Dairy Import Assessment

The U.S. Department of Agriculture announced a final rule that will amend the National Dairy Promotion and Research Order and establishes a dairy import assessment program as required by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) and the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill).

Additionally, the term "United States" is amended in the Dairy Production Stabilization Act of 1983 (Act) to mean all states, the District of Columbia and the Commonwealth of Puerto Rico. All provisions are effective April 1, 2011, except those provisions regarding dairy importer assessments in Section 1150.152(b) of the Dairy Order. These provisions are effective August 1, 2011.

"This program will allow U.S. dairy producers and importers to jointly develop programs to build demand for dairy products and dairy ingredients," said Agricultural Marketing Service (AMS) Administrator Rayne Pegg.

The 2002 Farm Bill mandates that the Dairy Order be amended to implement an assessment on imported dairy products to fund promotion and research. The 2008 Farm Bill specifies that importers of dairy products be assessed a rate of 7.5 cents per hundredweight, or the equivalent thereof.

The 2002 Farm Bill authorizes two importer representatives to the current 36 member National Dairy Promotion and Research Board. Thereafter, importer representation on the Dairy Board will be adjusted at least once every three years if necessary to reflect the volume of imports relative to domestic markets. The Dairy Board was established under the Act to develop and administer a coordinated program of promotion, research and nutrition education.

Producers in the United States, including the added areas of Alaska, Hawaii and the Commonwealth of Puerto Rico are assessed 15 cents per hundredweight of milk produced and marketed. The new areas are added to the regions of closest geographic proximity. Copies of the final rule may be obtained from USDA, AMS, Dairy Programs, Room 2958-S, Washington, DC 20250-0233, USA from 9 a.m. to 4 p.m., Monday through Friday. The final rule is also available on www.regulations.gov and the AMS website at www.ams.usda.gov/dairyimportassessment.

February Milk Production Up 2.4 Percent

Milk production in the 23 major States during February totaled 14.0 billion pounds, up 2.4 percent from February 2010. January revised production, at 15.2 billion pounds, was up 2.5 percent from January 2010. The January revision represented a decrease of 21 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,666 pounds for February, 24 pounds above February 2010.

The number of milk cows on farms in the 23 major States was 8.40 million head, 81,000 head more than February 2010, but no change from January 2011.

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 February totaled 2.1 billion pounds, up 20 million pounds or 0.9 percent from February 2010.

Production per cow in the Mideast states averaged 1,591 pounds for February, 7 pounds above February 2010.

The number of cows on farms in the Mideast states was 1.3 million head, 9,000 head more than February 2010.

2010 Transportation Analysis Released

This analysis 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 2010. The results show that hauling assessments vary significantly due to multiple factors including delivery volume, the proximity to a processing plant and competition for milk supplies.

The report is available online at http://www.fmmaclev.com; click on Statistical Information and scroll down to Staff Papers.

March 2011 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	581,449,179	40.9
Class II	276,191,998	19.4
Class III	469,322,484	33.0
Class IV	96,135,474	6.7
Total	1,423,099,135	100.0

Producer Prices

Producer Price Differential	$ 0.00	/cwt
Butterfat Price	2.2859	/ lb
Protein Price	3.3024	/ lb
Other Solids Price	0.2665	/ lb
Somatic Cell Adjustment Rate	0.00099	/ cwt
Statistical Uniform Price	19.40	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

March 2011

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			570,779,366			$ 12.50 / cwt	$ 71,347,420.89
Class I Butterfat		10,669,813				2.3336 / lb	24,899,075.63
Class I Location Differential	581,449,179						(280,965.86)
Class II SNF Value				23,734,641		1.2444 / lb	29,535,387.22
Class II Butterfat		16,326,711				2.2929 / lb	37,435,515.66
Class III Protein Value			14,537,152			3.3024/ lb	48,007,490.76
Class III Other Solids Value					26,914,380	0.2665 / lb	7,172,682.27
Class III Butterfat		16,776,974				2.2859 / lb	38,350,484.85
Class IV SNF Value				7,887,381		1.3134 / lb	10,359,286.23
Class IV Butterfat		9,695,193				2.2859 / lb	22,162,241.66
Somatic Cell Value II / III / IV							1,331,949.18
TOTAL PRODUCER MILK VALUE	1,423,099,135	53,468,691	43,909,898		81,360,186		$ 290,320,568.49

Overages			$ 21,144.22	
Beginning Inventory and Other Source Charges			71,214.93	
TOTAL ADJUSTMENTS				$ 92,359.15
TOTAL HANDLER OBLIGATIONS				$ 290,412,927.64
Total Protein Value	43,909,898 lbs	@	$3.3024	$(145,008,047.17)
Total Other Solids Value	81,360,186 lbs	@	0.2665	(21,682,489.56)
Butterfat Value	53,468,691 lbs	@	2.2859	(122,224,080.78)
Total Somatic Cell Values				(2,145,683.47)
TOTALS				$ (647,373.34)
Net Producer Location Adjustments				$ 746,626.03
1/2 Unobligated Balance Producer Settlement Fund				570,000.00
Total - Divided by Total Pounds	1,423,099,135 lbs		0.0470278	$ 669,252.69
Rate of Cash Reserve			(0.0470278)	(669,252.69)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,423,099,135		**$ 0.00 /cwt**	$ 0.00

COMPONENT PRICES

March	2011	2010
Butterfat Price	$2.2859 / lb	$1.5347 / lb
Protein Price	3.3024 / lb	2.1311 / lb
Other Solids Price	0.2665 / lb	0.1823 / lb
Somatic Cell Adjustment Rate	0.00099 / cwt	0.00068 / cwt
Nonfat Solids Price	1.3134 / lb	0.8688 / lb

COMPUTATION OF UNIFORM PRICE

March	2011	2010
Class III Price - 3.5% BF	$ 19.40	$12.78
Producer Price Differential*	0.00	1.74
Statistical Uniform Price	$19.40	$14.52

CLASS PRICES

March	2011	2010
Class I*	$20.23	$16.34
Class II	18.83	14.46
Class III	19.40	12.78
Class IV	19.41	12.92

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

March	2011 *Product lbs.*	2010 *Product lbs.*
Class I	581,449,179	591,780,390
Class II	276,191,998	283,379,708
Class III	469,322,484	505,118,736
Class IV	96,135,474	94,544,570
Total	1,423,099,135	1,474,823,404

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March, 2011 was $0.00 and the Statistical Uniform Price was $19.40 for the month. The Statistical Uniform Price is $1.72 higher than last month, and is $4.88 higher than March, 2010.

The Producer Butterfat Price of $2.2859 per pound decreased 1.08 cents from February and is up $0.7512 from a year ago. The Protein Price of $3.3024 is up $0.7438 from last month and is up $1.1713 from March 2010. The Other Solids Price in March was $0.2665 per pound, an increase from last month's price of $0.2310 and 8.42 cents higher than last March. The Somatic Cell Adjustment rate for March was $0.00099.

March producer receipts of 1.42 billion pounds were 17.1 percent higher than February and 3.5 percent lower than March 2010 production of 1.47 billion pounds. Producer milk allocated to Class I accounted for 40.9 percent of the total producer milk in March 2011, less than the 41.5 percent in February, and more than the 40.1 percent in March 2010. A total of 6,971 producers were pooled on the Mideast Order compared to 7,027 producers pooled in March 2010.

The market average content of producer milk was as follows: Butterfat 3.76%; Protein 3.09%; Other Solids 5.72% and Nonfat Solids 8.81%.

THE DAIRY OUTLOOK
Cow Numbers Continue To Expand as Milk Prices Rise; Strong Demand Underpins the Market

Corn prices in 2010/11 are expected to be high by historic standards, averaging $5.15 to $5.65 per bushel for the crop year. USDA did not revise the corn supply, demand, and price forecast this month from last. The soybean meal price is forecast to average $340 to $370 a ton in 2010/11, and this month's forecast was revised downward slightly from last month. Feed ingredient prices could push the 16 % mixed ration value up by more than $2.00 per cwt from the $7.25 calculated for 2010. Countering this is the likelihood of higher milk prices this year. Despite much higher expected feed prices, higher milk prices are likely supporting the modest expansion in dairy cows that began last fall and could extend for at least the first half of the year. Later this year, pressure from projected high feed prices and softening milk prices could precipitate a modest downturn in cow numbers. USDA forecasts cow numbers to average 9.17 million in 2011.

Milk yield per cow rose by nearly 2.8 percent in 2010 and is forecast to climb by only slightly more than 1 percent in 2011, a rate much closer to long-term trend. Downward revisions in output per cow in late 2010 and slower than expected growth in January contributed to the forecast. Along with this, dairy cow slaughter has been trending upward since last fall, based on year-earlier comparisons. The higher implied culling, along with an ample supply of dairy heifers, suggests that herd freshening may be underlying the expansion. The introduction of a greater number of heifers could also slow the growth rate in milk per cow in 2011. Younger cows typically do not hit their production stride in the first lactation. Annual output per cow is forecast at 21,375 pounds. That forecast and the forecast cow population will lead to about 196 billion pounds of milk being produced in 2011, an increase of almost 2 percent over 2010.

Milk equivalent imports are projected lower in 2011 on both a fats and skim-solids basis at 3.9 billion pounds and 4.7 billion pounds, respectively. Milk equivalent exports are also expected to decline in 2011 compared with last year. Milk equivalent exports are forecast at 6.7 billion pounds on a fats basis and 31.1 billion pounds on a skim-solids basis. Although lower than last year, exports on both a fats and skim-solids basis have been revised upward slightly over the last few months, as global demand has appeared to strengthen. Recent strength in domestic cheese prices may erode U.S. competitiveness in the world market. Very firm demand for nonfat dry milk and skim milk powder (NDM/SMP), along with a weak dollar, are the basis for the export forecast on a skim-solids basis. U.S. product prices are close to world prices, especially for powder products, greater anticipated production from Oceania later this year, expected large farm milk production could limit exports. Domestic commercial use is forecast to climb in 2011 by 2.1 percent on a fats basis, a sizeable rise compared with recent years. Domestic commercial use on a skim-solids basis is forecast to rise 2.8 percent this year following last year's contraction of 2.7 percent.

Major dairy product prices are expected to go higher in 2011. Prices were revised upward this month from February's forecasts. Export demand for cheese and NDM boosted prices as exporters competed with domestic demand. Cheese prices are forecast to average $1.695 to $1.755 per pound for the year, and NDM prices are projected to average $1.365 to $1.415 per pound. Although seemingly high in light of reported cheese stocks, the high cheese price, along with exceptionally high December cheese exports, suggests exports may be currently supporting the price. Extremely tight butter stocks are helping to support currently high butter prices. Later this year, continued improvement in domestic demand for cheese and butter is expected to support prices as increased milk production and lower export prospects from rising competition work to limit prices. The butter price is expected to average $1.735 to $1.825 per pound for the year. Whey prices are forecast to average 40.0 to 43.0 cents per pound. High NDM prices may be providing some support for whey prices. The higher expected prices for the major dairy products lead to rising forecast milk prices. Milk price forecasts will be higher this year than last, and the milk price forecast was raised in March from February projections. The Class IV price is estimated to average $16.95 to $17.65 per cwt and will average above the Class III price, which is expected to average $16.35 to $16.95 per cwt. The all milk price is forecast to average $18.10 to $18.70 per cwt in 2011.

SOURCE: "Livestock, Dairy, and Poultry Outlook," LDP-M-201, March 16, 2011, 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:

- Producer Milk Classification
- Statistical Uniform Price
- Class & Component Prices
- Weighted Average NASS Prices

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

	February 2011							February 2010				
			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	1,800	548,518	3.75	3.10	5.73	179	541,307	3.66	3.09	5.71	188
Ohio	2,003	237,612	3.89	3.15	5.69	228	275,242	3.83	3.14	5.68	237
New York	331	116,730	3.77	3.11	5.73	112	122,918	3.71	3.07	5.72	214
Indiana	1,093	111,260	3.87	3.13	5.70	226	133,530	3.80	3.11	5.70	237
Pennsylvania	1,013	94,386	3.92	3.15	5.68	287	95,802	3.86	3.14	5.66	311
Wisconsin	187	78,719	3.72	3.09	5.76	244	72,109	3.66	3.02	5.80	244
West Virginia	53	3,532	4.12	3.25	5.67	304	3,724	4.05	3.23	5.65	326
Other	162	24,347	3.77	3.07	5.72	229	15,000	3.69	3.09	5.72	232
Total/Average *	6,642	1,215,105	3.80	3.12	5.72	201	1,259,633	3.73	3.10	5.70	220

* 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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FEDERAL ORDER DATA

March 2011

	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)*	2,128,692	880,662	41.4	$0.88	$20.28
FO 5	Appalachian - *(Charlotte)*	509,620	353,583	69.4	[2/]	21.06
FO 6	Florida - *(Tampa)*	267,932	220,708	82.4	[2/]	22.88
FO 7	Southeast - *(Atlanta)*	661,979	400,514	60.5	[2/]	21.27
FO 30	Upper Midwest - *(Chicago)*	2,611,017	370,727	14.2	0.03	19.43
FO 32	Central - *(Kansas City)*	1,004,849	390,534	38.9	(0.19)	19.21
FO 33	**Mideast - *(Cleveland)***	**1,423,099**	**581,449**	**40.9**	**0.00**	**19.40**
FO 124	Pacific Northwest - *(Seattle)*	690,954	198,079	28.7	0.03	19.43
FO 126	Southwest - *(Dallas)*	600,508	377,436	62.9	0.93	20.33
FO 131	Arizona - *(Phoenix)*	413,105	121,672	29.5	[2/]	19.70

[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 APRIL 2011.............................$18.83 /cwt.

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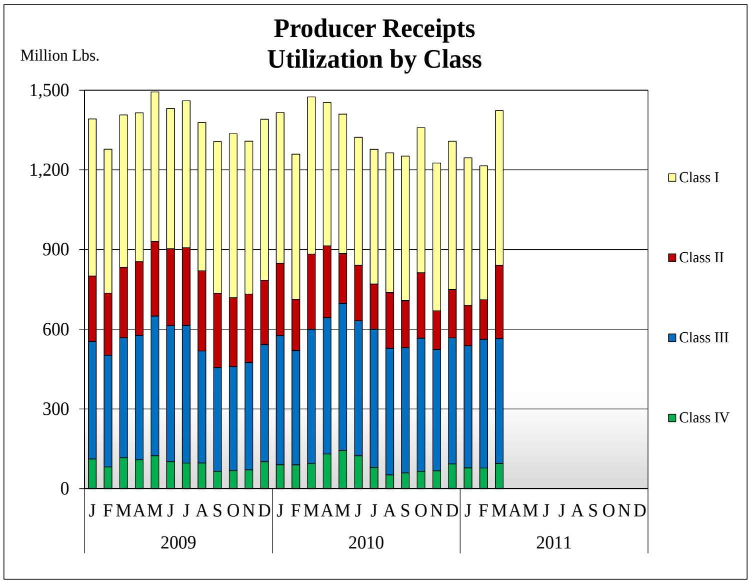
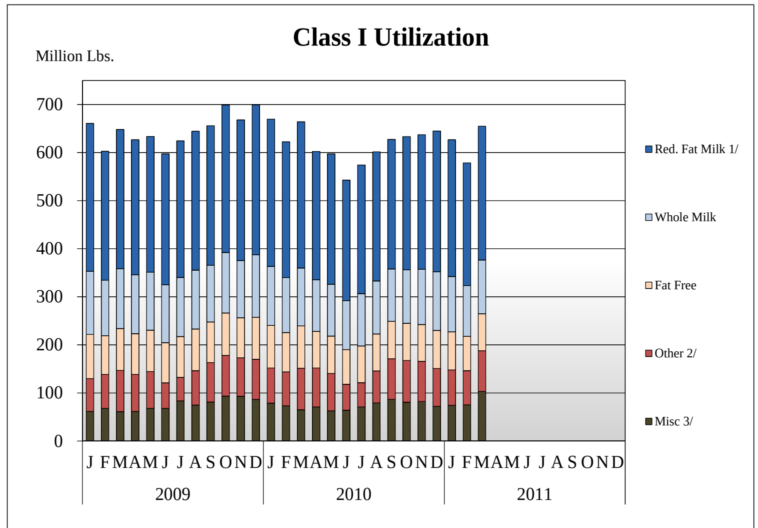
Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 April 2011

PRODUCER MILK CLASSIFICATION



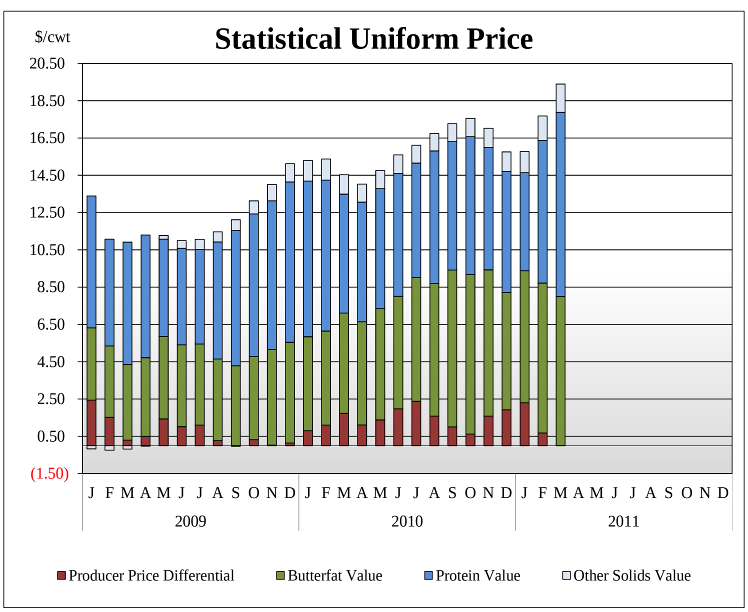


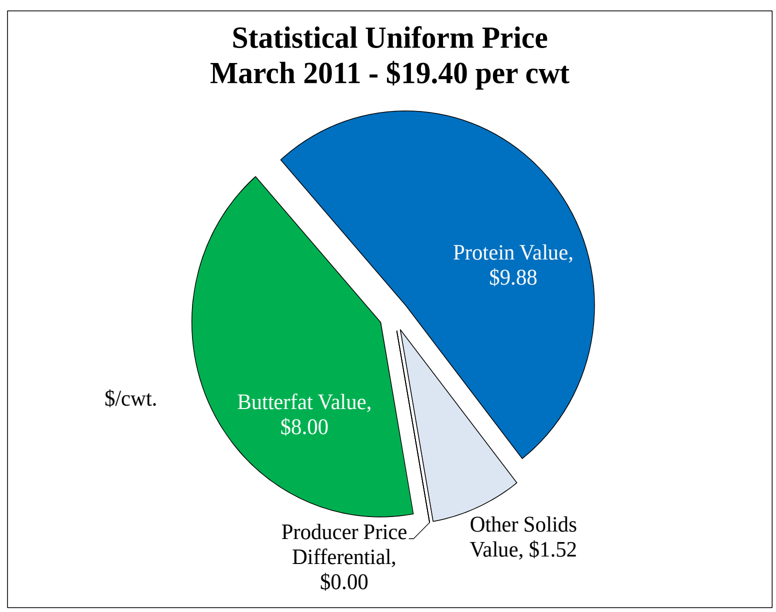
1/ Includes Reduced Fat Milk, 1% Milk and 1/2% Milk
2/ Includes all Flavored milk, Buttermilk, and Eggnog
3/ Includes Bulk Sales, Shrinkage and Ending Inventory

Producer Receipts: Producer receipts for the Mideast Order totaled 1.42 billion pounds in March 2011. The pounds allocated to Class I represented 40.9 percent of the total pounds. Producer receipts decreased 52 million pounds compared to March 2010.

Class I Pounds: Class I utilization for the Mideast Order totaled 655 million pounds in March 2011. Finished products include 112 million pounds used for whole milk, 278 million pounds of reduced fat and low fat milk, and 77 million pounds of fat free (skim) milk.

STATISTICAL UNIFORM PRICE

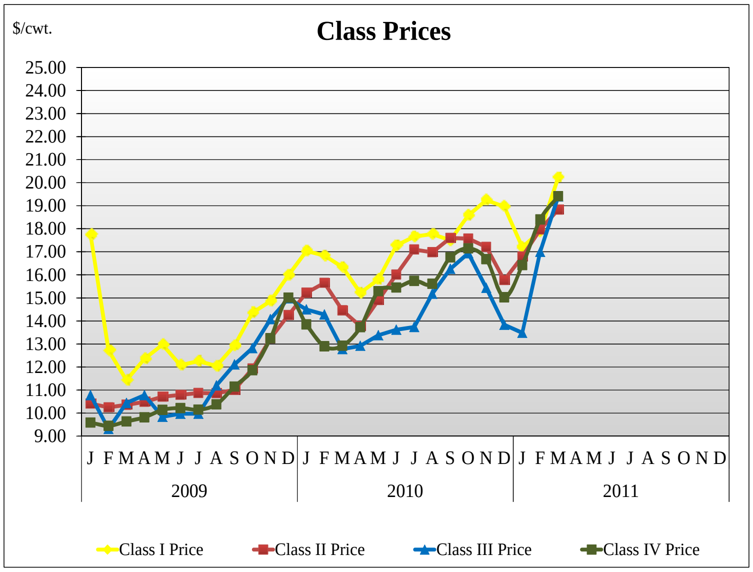


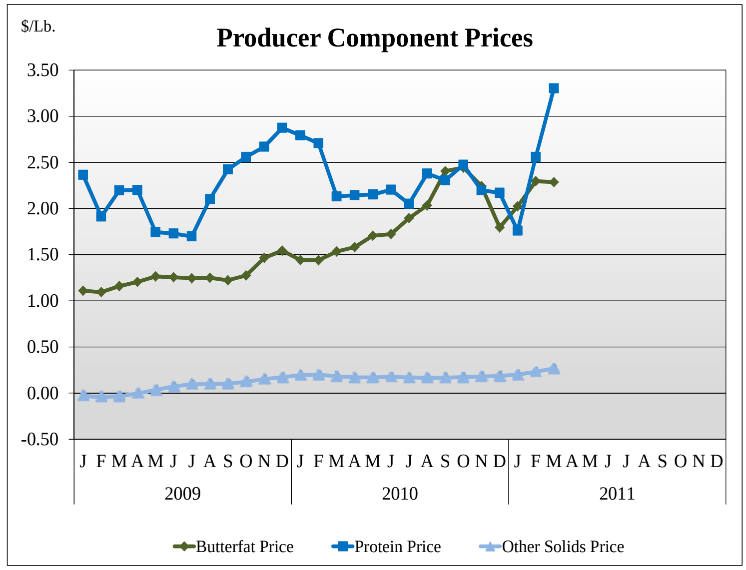


Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was $19.40 per cwt for March 2011. The March 2011 SUP was $4.88 per cwt higher than the March 2010 SUP. The March 2011 SUP is $1.72 per cwt higher than the February 2011 SUP.

March 2011 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the March 2011 SUP are: $9.88 per cwt for protein, $8.00 per cwt for butterfat and $1.52 per cwt in other solids.

CLASS AND COMPONENT PRICES





WEIGHTED AVERAGE NASS PRICES