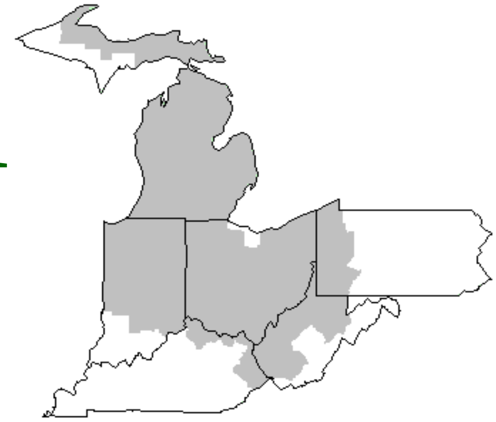
Mideast Market Administrator's

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

June 2011

USDA Issues Proposed Rule to Implement Electronic Dairy Product Mandatory Reporting Program

The U. S. Department of Agriculture issued a proposed rule to amend the Dairy Product Mandatory Reporting Program as required by law.

The Mandatory Price Reporting Act of 2010 amends the Agricultural Marketing Act of 1946 to, among other things, provide for the establishment of an electronic reporting system for manufacturers to report sales information for specific dairy products.

"This change will provide dairy farmers with more timely information and streamline our process for reporting dairy product prices," said Agricultural Marketing Service Administrator Rayne Pegg.

The proposed rule will establish an electronic reporting system for dairy product sales information. It requires the Secretary to publish a report on Wednesday of each week of the information obtained for the previous week, transfers the data collection responsibilities from the National Agricultural Statistics Service to the Agricultural Marketing Service (AMS), and announces AMS' intention to request approval by the Office of Management and Budget of the associated information collection requirements.

Any manufacturer that processes and markets less than one million pounds of the specific dairy products per year would remain exempt from the reporting requirements. Price data reported are used by USDA to determine minimum class prices for raw milk under the Federal Milk Marketing Order Program.

The proposed rule was published June 10, 2011, in the *Federal Register*. Public comments must be received by August 9, 2011. Comments may be filed by visiting www.regulations.gov. USDA will issue a final rule implementing the program once public comments have been reviewed.

For additional information about the decision, contact Joe Gaynor; USDA, AMS, Dairy Programs, Market Information Branch Chief; 1400 Independence Ave., SW, STOP-0232, Washington, DC 20250-0232; phone (202) 720-9351; or e-mail at Joseph.Gaynor@ams.usda.gov.

April Milk Production Up 1.7 Percent

Milk production in the 23 major States during April totaled 15.5 billion pounds, up 1.7 percent from April 2010. March revised production, at 15.8 billion pounds, was up 2.4 percent from March 2010. The March revision represented a decrease of 6 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,834 pounds for April, 9 pounds above April 2010.

The number of milk cows on farms in the 23 major States was 8.43 million head, 97,000 head more than April 2010, and 8,000 head more than March 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 April totaled 2.4 billion pounds, down 22 million pounds or 0.9 percent from April 2010.

Production per cow in the Mideast states averaged 1,751 pounds for April, 25 pounds below April 2010.

The number of cows on farms in the Mideast states was 1.3 million head, 5,000 head more than April 2010.

Milk Production and Exports to Continue Growth, but Prices Could Weaken in 2012

The outlook is for continued high feed prices in both 2011 and 2012. The corn price is forecast to reach a record $5.50 to $6.50 a bushel in 2011/12, up from $5.10 to $5.40 this year. Although plantings are expected to rise 4 million acres and yields should recover from last year's weather-reduced yields, stocks remain near historic lows. Soybean meal prices are forecast to rise in 2011/12 to $350 to $380 a ton, up from $350 a ton in 2010/11. Soybean prices are projected to be higher next year, based on lower production this season. Higher ingredient prices will continue to keep feed ration values high in 2012.

(Continued on Page 3)

May 2011
Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	518,594,728	42.1
Class II	99,936,698	8.1
Class III	512,684,638	41.6
Class IV	101,427,872	8.2
Total	1,232,643,936	100.0

Producer Prices

Producer Price Differential	$ 2.82	/cwt
Butterfat Price	2.2497	/ lb
Protein Price	2.3133	/ lb
Other Solids Price	0.3026	/ lb
Somatic Cell Adjustment Rate	0.00083	/ cwt
Statistical Uniform Price	19.34	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

May 2011

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			509,583,670			$ 14.49 / cwt	$ 73,838,673.78
Class I Butterfat		9,011,058				2.2184 / lb	19,990,131.08
Class I Location Differential	518,594,728						(262,076.23)
Class II SNF Value				8,065,368		1.4656 / lb	11,820,603.31
Class II Butterfat		11,132,298				2.2567 / lb	25,122,256.84
Class III Protein Value			15,556,747			2.3133/ lb	35,987,422.81
Class III Other Solids Value					29,501,584	0.3026 / lb	8,927,179.32
Class III Butterfat		17,438,074				2.2497 / lb	39,230,435.07
Class IV SNF Value				8,543,244		1.4298 / lb	12,215,130.26
Class IV Butterfat		7,426,510				2.2497 / lb	16,707,419.55
Somatic Cell Value II / III / IV							847,003.64
TOTAL PRODUCER MILK VALUE	1,232,643,936	45,007,940	37,236,638		70,699,631		$ 244,424,179.43
Overages, Beginning Inventory and Other Source Charges					(273,045.33)		
TOTAL ADJUSTMENTS							$ (273,045.33)
TOTAL HANDLER OBLIGATIONS							$ 244,151,134.10
Total Protein Value			37,236,638 lbs	@	$2.3133		$ (86,139,514.63)
Total Other Solids Value			70,699,631 lbs	@	0.3026		(21,393,708.34)
Butterfat Value			45,007,940 lbs	@	2.2497		(101,254,362.62)
Total Somatic Cell Values							(1,426,610.98)
TOTALS							$ 33,936,937.53
Net Producer Location Adjustments							$ 854,999.26
1/2 Unobligated Balance Producer Settlement Fund							549,000.00
Total - Divided by Total Pounds			1,232,643,936 lbs		2.8670840		$ 35,340,936.79
Rate of Cash Reserve					(0.0470840)		(580,378.07)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,232,643,936		**$ 2.82 /cwt**		$ 34,760,558.72

COMPONENT PRICES

	May 2011	May 2010
Butterfat Price	$2.2497 / lb	$1.7058 / lb
Protein Price	2.3133 / lb	2.1523 / lb
Other Solids Price	0.3026 / lb	0.1704 / lb
Somatic Cell Adjustment Rate	0.00083 / cwt	0.00071 / cwt
Nonfat Solids Price	1.4298 / lb	1.0734 / lb

COMPUTATION OF UNIFORM PRICE

	May 2011	May 2010
Class III Price - 3.5% BF	$ 16.52	$13.38
Producer Price Differential*	2.82	1.38
Statistical Uniform Price	$19.34	$14.76

CLASS PRICES

	May 2011	May 2010
Class I*	$21.75	$15.80
Class II	20.63	14.90
Class III	16.52	13.38
Class IV	20.29	15.29

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	May 2011 *Product lbs.*	May 2010 *Product lbs.*
Class I	518,594,728	525,555,650
Class II	99,936,698	187,783,538
Class III	512,684,638	553,840,281
Class IV	101,427,872	144,056,145
Total	1,232,643,936	1,411,235,614

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for May, 2011 was $2.82 and the Statistical Uniform Price was $19.34 for the month. The Statistical Uniform Price is $0.15 higher than last month, and is $4.58 higher than May, 2010.

The Producer Butterfat Price of $2.2497 per pound increased $0.0384 from April and is up $0.5439 from a year ago. The Protein Price of $2.3133 is down $0.1851 cents from last month and is up $0.1610 from May 2010. The Other Solids Price in May was $0.3026 per pound, an increase from last month's price of $0.2902 and $0.1322 higher than last May. The Somatic Cell Adjustment rate for May was $0.00083.

May producer receipts of 1.23 billion pounds were 5.0 percent lower than April and 12.7 percent lower than May 2010 production of 1.41 billion pounds. Producer milk allocated to Class I accounted for 42.1 percent of the total producer milk in May 2011, more than the 40.5 percent in April, and more than the 37.2 percent in May 2010. A total of 6,716 producers were pooled on the Mideast Order compared to 7,151 producers pooled in May 2010.

The market average content of producer milk was as follows: Butterfat 3.65%; Protein 3.02%; Other Solids 5.74% and Nonfat Solids 8.76%.

(Continued from Front Page)

Although dairy producers have faced exceptionally high feed prices, high milk prices have helped producers remain profitable. The calculated milk-feed price ratio is expected to remain near 2.0 in 2011, but could slip in 2012 as milk prices decline next year from this year's expected highs. The expansion in dairy cow numbers that began last year continues, but will likely crest in the third quarter, with the U.S. dairy herd averaging 9.17 million head in 2011. In 2012, cow numbers are forecast to decrease slightly over the course of the year and average 9.16 million head for the year. Yield per cow is forecast to continue to climb modestly in 2011 above 2010. Output per cow in 2012 is forecast at a higher rate--reflecting the effects of herd freshening that has likely been ongoing since last fall--as the younger cows hit their stride and get an additional milking day next year.

The continued increase in milk per cow, to 21,305 pounds this year and 21,685 pounds next year, will more than counterbalance the small reduction in herd size expected in 2012. Milk production is projected to total 195.4 billion pounds in 2011 and to rise to 198.7 billion pounds in 2012.

Milk equivalent imports on a fats basis are forecast at 3.2 billion pounds this year; this represents a downward revision from last month. Although cheese imports appear to be ahead of last year, butterfat and food preparation imports are lagging. Fat basis imports are forecast at 3.0 billion pounds in 2012; high world prices and a relatively weak dollar offer little incentive to import. Milk equivalent imports on a skims-solids basis are projected at 4.3 billion pounds this year and are forecast to slip to 4.1 billion pounds in 2012. In 2012, the same factors affecting fats-based imports contribute to the forecast decline in skims-solids imports.

Commercial exports on a fats basis are expected to reach 7.8 billion pounds in 2011, an upward revision from last month. Total U.S. cheese exports to date are well ahead of 2010. For 2012, strong expected economic growth, especially in emerging and developing markets, should buoy exports, which are forecast at 8.7 billion pounds on a fats basis. Exports on a skims-solids basis are forecast at 31.9 billion pounds in 2011 and 32.3 billion pounds next year. Chinese imports of dry milk products are expected to continue apace for the near future. Although production from Oceania is likely to expand, strong global demand for dairy products will support continued expansion in U.S. dairy exports. Domestic commercial use on a fats basis will rise in 2011, but by less than 1 percent. Domestic use will likely climb in 2012 as continued economic recovery boosts use and milk supplies increase.

Dairy product prices were revised upward from April's estimates. Butter and nonfat dry milk (NDM) prices remained persistently high in April, in part reflecting continued export strength. Cheese prices have declined from March, but continued domestic demand should support cheese prices during the year. Seasonally higher milk production internationally could pressure dairy prices later in 2011 and into 2012. Cheese prices are expected to average $1.670 to $1.720 per pound this year and decline slightly to $1.595 to $1.695 per pound in 2012. Butter prices are forecast at $1.840 to $1.920 and $1.605 to $1.735 per pound in 2011 and 2012, respectively. NDM prices reflect the robust export outlook for NDM and will likely average $1.480 to $1.520 per pound in 2011 and decline slightly, to average $1.360 to $1.430 per pound in 2012. Whey prices are forecast at 45.0 to 48.0 cents per pound for the current year and 40.5 to 43.5 cents per pound in 2012.

The price outlook for the major dairy products points to continued high milk prices for the balance of 2011, with some decline in 2012. The Class III price is forecast at $16.45 to $16.95 per cwt this year and $15.35 to $16.35 per cwt next year. Class IV prices continue to lead Class III prices, both this year and next, averaging $18.40 to $19.00 per cwt and $16.30 to $17.40 per cwt in 2011 and 2012, respectively. The all milk price is forecast to average $18.95 to $19.45 per cwt in 2011 and $17.35 to $18.35 per cwt in 2012.

Source: *Livestock, Dairy, & Poultry Outlook*/LDP-M-203/May 17, 2011 Economic Research Service, USDA

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

	April 2011						April 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	1,791	599,391	3.67	3.05	5.73	172	622,122	3.54	3.01	5.72	181
Ohio	2,147	278,053	3.79	3.09	5.70	224	318,295	3.68	3.05	5.70	241
Indiana	1,071	132,181	3.76	3.07	5.72	218	153,437	3.66	3.03	5.71	239
Pennsylvania	1,010	104,580	3.83	3.09	5.69	279	119,177	3.74	3.05	5.70	300
Wisconsin	168	83,811	3.67	3.04	5.79	230	82,293	3.60	2.98	5.79	231
New York	330	69,111	3.77	3.06	5.73	147	138,459	3.64	3.04	5.73	204
West Virginia	55	4,204	3.90	3.17	5.69	309	4,729	3.80	3.16	5.68	322
Other	158	26,924	3.67	3.06	5.74	227	15,372	3.55	2.98	5.73	237
Total/Average *	6,730	1,298,255	3.72	3.07	5.72	200	1,453,884	3.61	3.02	5.72	216

* 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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FEDERAL ORDER DATA

May 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)*	2,210,915	835,764	37.8	$4.27	$20.79
FO 5	Appalachian - *(Charlotte)*	548,480	359,485	65.5	[2/]	22.10
FO 6	Florida - *(Tampa)*	248,853	198,963	80.0	[2/]	24.18
FO 7	Southeast - *(Atlanta)*	621,318	372,257	59.9	[2/]	21.65
FO 30	Upper Midwest - *(Chicago)*	2,895,467	343,512	11.9	0.74	17.26
FO 32	Central - *(Kansas City)*	1,235,062	361,943	29.3	2.14	18.66
FO 33	**Mideast - *(Cleveland)***	**1,232,644**	**518,595**	**42.1**	**2.82**	**19.34**
FO 124	Pacific Northwest - *(Seattle)*	630,365	187,990	29.8	2.50	19.02
FO 126	Southwest - *(Dallas)*	1,049,324	361,043	34.4	3.42	19.94
FO 131	Arizona - *(Phoenix)*	408,450	114,572	28.1	[2/]	19.88

[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.
[3/] Data not available at time of publication, visit website version for information.

MINIMUM PARTIAL PAYMENT PRICE FOR JUNE 2011................................$16.52 /cwt.

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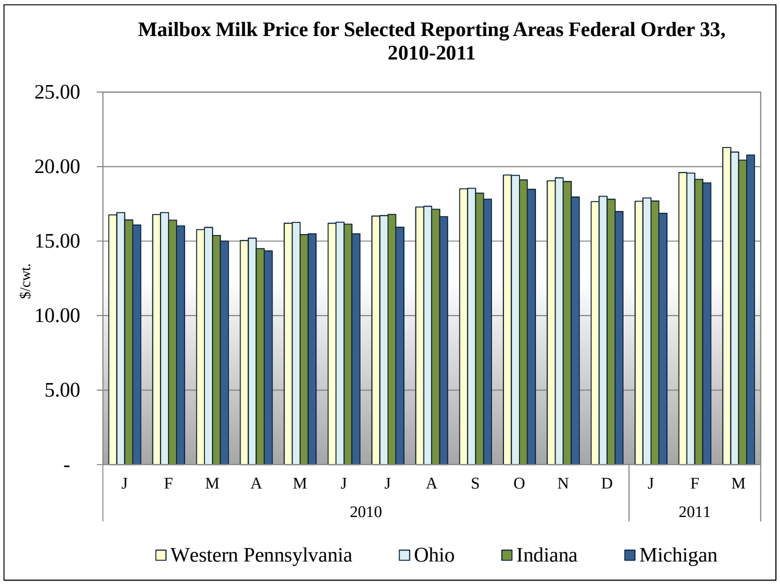
Supplement
Federal Order No. 33 June 2011

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

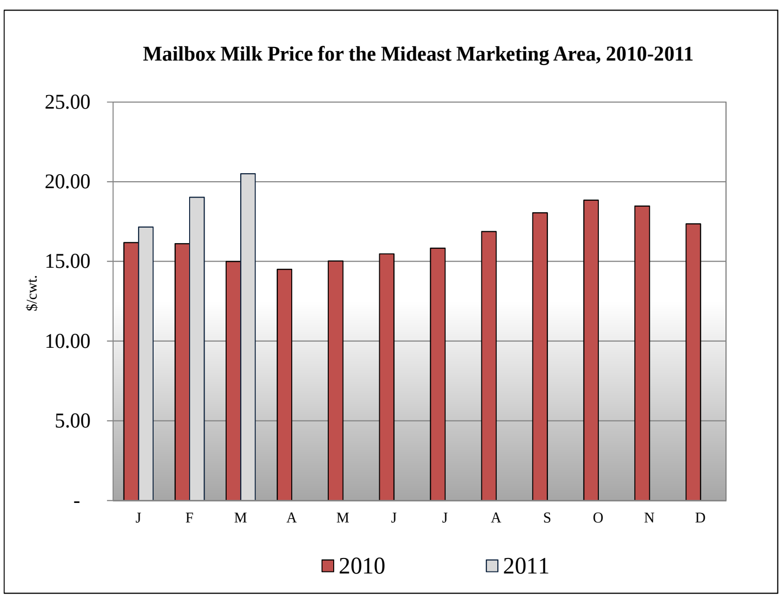


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments.

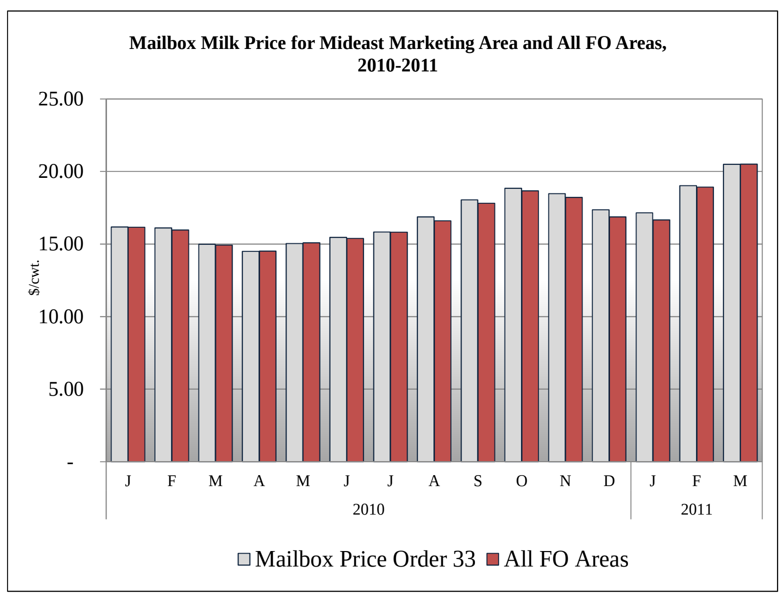
The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

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 located in states pooled on Federal Order 33 was $20.50 per hundredweight for March 2011. The March 2011 mailbox price is $1.48 higher than the mailbox price for February 2011. The March 2011 mailbox price is $5.51 higher than the March 2010 mailbox price of $14.99 per cwt.



For March 2011 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was identical to the average mailbox price for all Federal Orders, as reported by Dairy Market News. For March 2011 the all Federal Order mailbox price was $20.50 per hundredweight, $1.57 higher than February 2011.

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

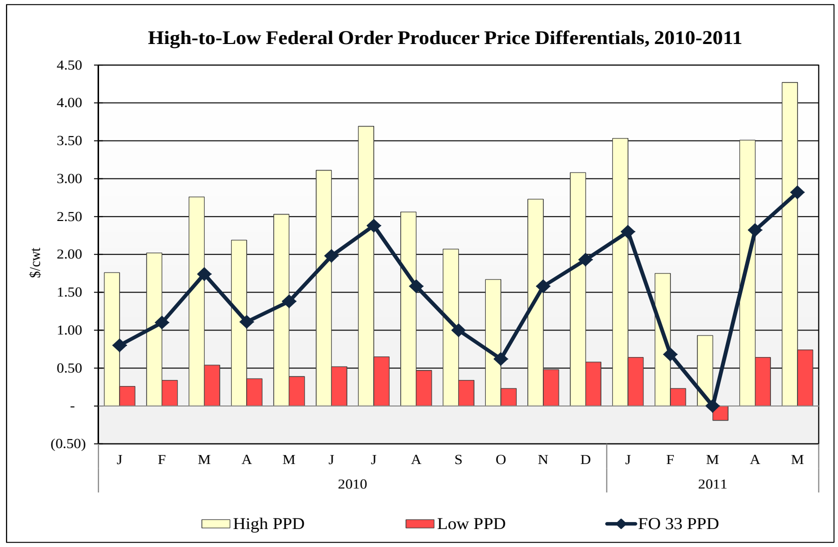
PRODUCER PRICE DIFFERENTIAL STATISTICS

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

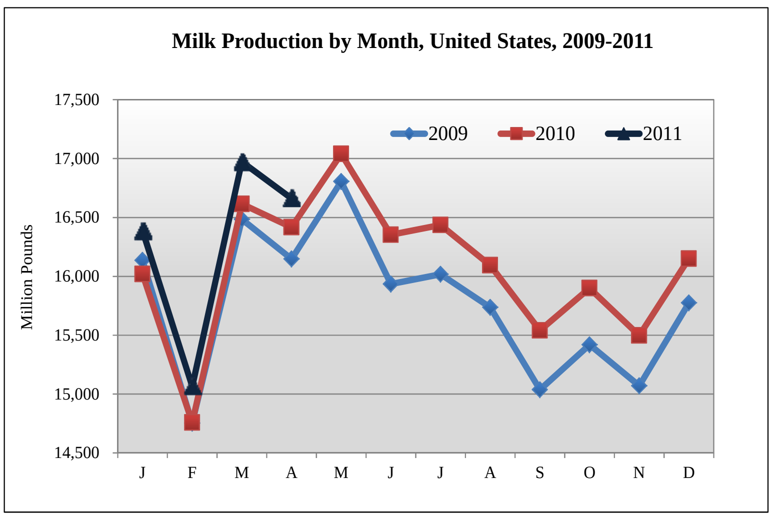
Of those orders, Federal Order 1 traditionally has the highest producer price differential. For May 2011, Federal Order 1 had a PPD of $4.27 per hundredweight, $0.76 higher than their April 2011 PPD.

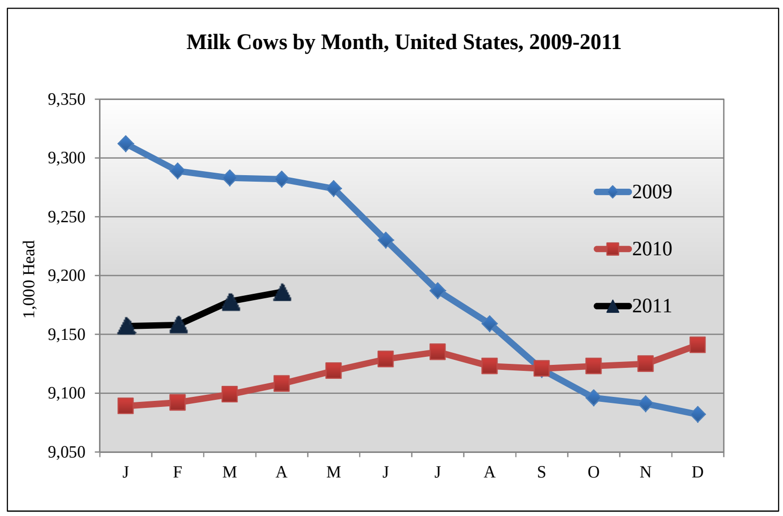
In May 2011 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at $2.82 per hundredweight, $0.50 higher than the April 2011 PPD price.

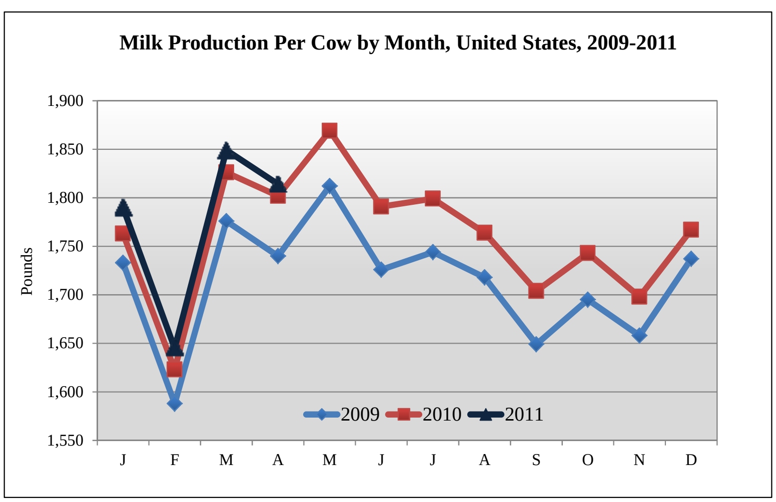
For May 2011 Federal Order 30 had the lowest PPD at $0.74 per hundredweight, $0.10 higher than their April 2011 PPD price.



MILK PRODUCTION STATISTICS 2/







April 2011 milk production in the United States decreased 311 million pounds from March to approximately 16.7 billion pounds. April 2011 milk production in the United States was up 1.5 percent from April 2010.

Production per cow in the United States averaged 1,814 pounds for April 2011, down 35 pounds from March 2011. Milk per cow for April 2011 was up 12 pounds compared to April 2010.

The number of milk cows on farms in the United States was 9.2 million head for April 2011, in line with March estimates and 78 thousand head more than April 2010.

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