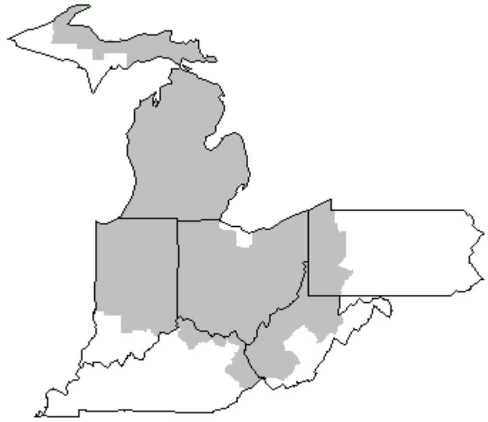
Mideast Market Administrator's Bulletin

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

March 2011

2010 Milk Production Up 1.8 Percent

Milk production in the United States during 2010 totaled 193.0 billion pounds, up 1.8 percent from 2009.The top five states were California, Wisconsin, Idaho, New York and Pennsylvania.

Idaho moved from 4th in 2009 to 3rd in 2010. The top five states were up 2.8 percent or 2.77 billion pounds of milk. California had an increase of 873 million pounds of production making it the highest gaining state in 2010. The largest drop in production occurred in Missouri where they were down 123 million pounds of milk.

Production per cow in the United States averaged 21,149 pounds for 2010. This was 576 pounds above 2009 numbers. The top five states per cow were New Mexico, Colorado, Washington, Arizona, and Michigan.

The number of milk cows on farms in the United States in 2010 was 9.12 million head, down 0.9 percent from 2009. The average number of milk cows was revised up 2,000 head for 2009.

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 2010 totaled 27.8 billion pounds, up 671 million pounds or 2.5 percent from 2009.

Production per cow in the Mideast states averaged 20,717 pounds for 2010, 545 pounds above 2009 totals.

The number of cows on farms in the Mideast states was 1.3 million head, 6,000 head less than 2009.

THE DAIRY OUTLOOK
Both Milk Production and Milk Prices Are Expected To Be Higher in 2011

Feed prices continue upward. The soybean meal price is projected at $340 to $380 per ton, up from last month's projection. Slightly lower planted acreage and lower yields combined to cause the rise in the forecast. The corn price forecast was also raised, to $5.05 to $5.75 per bushel. Despite an increase in harvested acreage, corn production is forecast lower due to an expected 11.9-bushel fall in the national average yield per acre. The corn season-ending stocks-to-use ratio is forecast to be the lowest since 1995/96.

The Nation's dairy herd continues a modest expansion. The fourth-quarter 2010 dairy cow population was higher than in the corresponding quarter of 2009. The January *Cattle* report indicated that milk cows and dairy replacement heifers had both risen by 1-percent year-over-year. The *Livestock Slaughter* report showed dairy cow slaughter in December 2010 ahead of both November and December 2009. The proportion of replacements relative to cows is about the same as last year. The evidence suggests an ample number of dairy replacements are available for both herd freshening and some expansion. Despite substantially higher feed costs, higher milk prices could provide enough margin for many producers to continue the herd expansion that began last fall. Herd size will likely contract toward the end of 2011 as already high feed costs continue to escalate. Over the course of the year, the herd size will average 9.15 million cows. Production per cow is expected to rise by about 1 percent, near trend and below last year's stellar 2.8 percent increase. The result will be 196.1 billion pounds of milk produced in 2011. Milk equivalent imports for 2011 are forecast at 3.9 billion pounds on a fats basis and 4.7 billion pounds on a skim-solids basis, continuing the downward trend of the past 2 years.

Milk equivalent exports are projected to reach 6.4 billion pounds on a fats basis and 30.7 billion pounds on a skim-solids basis. The export forecasts are below 2010 totals, and although world supplies are tight, higher production from Oceania over the course of the year is expected to ease the international supply situation. Exporters will have to compete with a resurgent U.S. domestic market where use is expected to climb by 2.3 percent on a fats basis and 3.1 percent on a skim-solids basis.

Product prices will be higher across the board this year than in 2010. Cheese prices are forecast at $1.640 to $1.710 per pound, and have been buoyed by high prices for butter and nonfat dry milk (NDM). Commercial use of cheese rose in 2010 and is expected to remain strong in 2011. The exceptionally high butter and NDM prices reflect robust export prospects for both products. Although

(Continued on Page 3)

February 2011 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	503,815,803	41.5
Class II	148,006,994	12.2
Class III	484,724,768	39.9
Class IV	78,418,006	6.4
Total	1,214,965,571	100.0

Producer Prices

Producer Price Differential	$ 0.68	/cwt
Butterfat Price	2.2967	/ lb
Protein Price	2.5586	/ lb
Other Solids Price	0.2310	/ lb
Somatic Cell Adjustment Rate	0.00087	/ cwt
Statistical Uniform Price	17.68	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

February 2011

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			494,964,679			$ 11.57 / cwt	$ 57,267,413.38
Class I Butterfat		8,851,124				1.9203 / lb	16,996,813.42
Class I Location Differential	503,815,803						(260,109.28)
Class II SNF Value				12,628,616		1.1411 / lb	14,410,513.70
Class II Butterfat		10,065,705				2.3037 / lb	23,188,364.60
Class III Protein Value			15,170,164			2.5586 / lb	38,814,381.61
Class III Other Solids Value					27,818,545	0.2310 / lb	6,426,083.91
Class III Butterfat		17,208,011				2.2967 / lb	39,521,638.87
Class IV SNF Value				6,265,633		1.1930 / lb	7,474,900.17
Class IV Butterfat		10,064,125				2.2967 / lb	23,114,275.88
Somatic Cell Value II / III / IV							962,917.88
TOTAL PRODUCER MILK VALUE	1,214,965,571	46,188,965	37,848,353		69,445,087		$ 227,917,194.14

Overages			$ 61,102.13	
Beginning Inventory and Other Source Charges			61,126.67	
TOTAL ADJUSTMENTS				$ 122,228.80
TOTAL HANDLER OBLIGATIONS				$ 228,039,422.94
Total Protein Value	37,848,353 lbs	@	$2.5586	$ (96,838,796.01)
Total Other Solids Value	69,445,087 lbs	@	0.2310	(16,041,815.12)
Butterfat Value	46,188,965 lbs	@	2.2967	(106,082,195.89)
Total Somatic Cell Values				(1,571,534.69)
TOTALS				$ 7,505,081.23
Net Producer Location Adjustments				$ 711,154.58
1/2 Unobligated Balance Producer Settlement Fund				618,000.00
Total - Divided by Total Pounds	1,214,965,571 lbs		0.7271182	$ 8,834,235.81
Rate of Cash Reserve			(0.0471182)	(572,469.91)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,214,965,571		**$ 0.68 /cwt**	$ 8,261,765.90

COMPONENT PRICES

February	2011	2010
Butterfat Price	$2.2967 / lb	$1.4404 / lb
Protein Price	2.5586 / lb	2.7066 / lb
Other Solids Price	0.2310 / lb	0.1992 / lb
Somatic Cell Adjustment Rate	0.00087 / cwt	0.00076 / cwt
Nonfat Solids Price	1.1930 / lb	0.9043 / lb

COMPUTATION OF UNIFORM PRICE

February	2011	2010
Class III Price - 3.5% BF	$ 17.00	$14.28
Producer Price Differential*	0.68	1.10
Statistical Uniform Price	$17.68	$15.38

CLASS PRICES

February	2011	2010
Class I*	$17.89	$16.84
Class II	17.97	15.65
Class III	17.00	14.28
Class IV	18.40	12.90

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

February	2011 *Product lbs.*	2010 *Product lbs.*
Class I	503,815,803	546,619,297
Class II	148,006,994	193,106,052
Class III	484,724,768	430,409,573
Class IV	78,418,006	89,091,251
Total	1,214,965,571	1,259,226,173

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for February 2011 was $0.68 and the Statistical Uniform Price was $17.68 for the month. The Statistical Uniform Price is $1.90 higher than last month, and is $2.30 higher than February, 2010.

The Producer Butterfat Price of $2.2967 per pound increased $0.2728 from January and is up $0.8563 from a year ago. The Protein Price of $2.5586 is up $0.7996 from last month and is down $0.1480 from February 2010. The Other Solids Price in February was $0.2310 per pound, an increase from last month's price of $0.2002 and 3.18 cents higher than last February. The Somatic Cell Adjustment rate for February was $0.00087.

February producer receipts of 1.21 billion pounds were 2.5 percent lower than January and 3.5 percent lower than February 2010 production of 1.26 billion pounds. Producer milk allocated to Class I accounted for 41.5 percent of the total producer milk in February 2011, less than the 44.6 percent in January, and less than the 43.4 percent in February 2010. A total of 6,667 producers were pooled on the Mideast Order compared to 7,006 producers pooled in February 2010.

The market average content of producer milk was as follows: Butterfat 3.80%; Protein 3.12%; Other Solids 5.72% and Nonfat Solids 8.84%.

(continued from Front Page)

prices will likely retreat from current highs as milk production from Oceania increases seasonally, tight world butter supplies should maintain the price above 2010 for much of the year. The butter price is expected to be $1.710 to $1.810 per pound. NDM prices are expected to be $1.345 to $1.405 per pound on the same conditions as those for butter prices. Whey prices are also expected to rally, as strong global powder demand may encourage some substitution of lower priced whey for other powder products. Whey prices are expected to be 40.0 to 43.0 cents per pound.

Milk prices will be higher this year. The Class IV price is expected to average $16.70 to $17.50 per cwt. The Class III price is expected to be below the Class IV price this year and to average $15.80 to $16.50 per cwt. The expected higher Class prices will push the all milk price well above 2010 to a forecast $17.70 to $18.40 per cwt for 2011.

SOURCE: "Livestock, Dairy, and Poultry Outlook," LDP-M-200, February 15, 2011, Economic Research Service, USDA. Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

January Milk Production Up 2.7 Percent

Milk production in the 23 major States during January totaled 15.2 billion pounds, up 2.7 percent from January 2010. December revised production at 15.0 billion pounds, was up 2.7 percent from December 2009. The December revision represented a decrease of 17 million pounds or 0.1 percent from last month’s preliminary production estimate.

Production per cow in the 23 major States averaged 1,813 pounds for January, 29 pounds above January 2010.

The number of milk cows on farms in the 23 major States was 8.40 million head, 82,000 head more than January 2010, and 14,000 head more than December 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 January totaled 2.3 billion pounds, up 47 million pounds or 2.1 percent from January 2010.

Production per cow in the Mideast states averaged 1,730 pounds for January, 22 pounds above January 2010. The number of cows on farms in the Mideast states was 1.3 million head, 11,000 head more than January 2010.

January 2011 Highlights

Total cheese output (excluding cottage cheese) was 883 million pounds, 5.0 percent above January 2010 but 2.7 percent below December 2010.

Italian type cheese production totaled 382 million pounds, 5.3 percent above January 2010 but 2.2 percent below December 2010.

American type cheese production totaled 363 million pounds, 4.4 percent above January 2010 but 2.3 percent below December 2010.

Butter production was 167 million pounds, 2.7 percent above January 2010 and 5.4 percent above December 2010.

Dry milk powders (comparisons with January 2010)

- Nonfat dry milk, human - 117 million pounds, down 9.2 percent.
- Skim milk powders - 40.0 million pounds, up 94.3 percent.

Whey products (comparisons with January 2010)

- Dry whey, total - 91.2 million pounds, up 6.1 percent.
- Lactose, human and animal - 81.7 million pounds, up 22.2 percent.
- Whey protein concentrate, total - 35.1 million pounds, up 1.2 percent.

Frozen products (comparisons with January 2010)

- Ice cream, regular (hard) - 55.8 million gallons, up 0.7 percent.
- Ice cream, lowfat (total) - 23.0 million gallons, up 1.3 percent.
- Sherbet (hard) - 3.10 million gallons, down 10.0 percent.
- Frozen yogurt (total) - 3.62 million gallons, down 5.3 percent.

Released March 2, 2011, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

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 2011							January 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	1,799	582,577	3.77	3.13	5.72	174		598,444	3.69	3.10	5.71	185
Ohio	2,041	258,521	3.94	3.18	5.68	224		334,100	3.86	3.14	5.67	234
Indiana	1,107	118,191	3.91	3.16	5.69	218		146,108	3.87	3.14	5.72	241
Pennsylvania	1,025	103,533	3.96	3.17	5.67	283		107,691	3.88	3.15	5.66	306
Wisconsin	167	85,320	3.75	3.11	5.77	240		75,847	3.69	3.07	5.76	237
New York	330	69,368	3.81	3.14	5.72	206		135,861	3.70	3.09	5.71	211
West Virginia	56	3,935	4.21	3.29	5.66	317		4,089	4.10	3.26	5.65	326
Other	169	26,075	3.83	3.12	5.73	227		14,025	3.76	3.11	5.72	238
Total/Average *	6,694	1,247,520	3.84	3.15	5.71	206		1,416,164	3.77	3.12	5.70	218

* 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
P.O. Box 5102
Brunswick, Ohio 44212

PRSRT STD
U.S. POSTAGE
PAID
Cleveland, Ohio
Permit No. 2511

POSTMASTER: Time Sensitive Material - Deliver Promptly

FEDERAL ORDER DATA

February 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)*	1,911,084	813,087	42.5	$1.75	$18.75
FO 5	Appalachian - *(Charlotte)*	453,456	310,993	68.6	[2/]	19.58
FO 6	Florida - *(Tampa)*	238,301	200,737	84.2	[2/]	21.38
FO 7	Southeast - *(Atlanta)*	563,774	367,350	65.2	[2/]	19.06
FO 30	Upper Midwest - *(Chicago)*	2,577,641	341,126	13.3	0.23	17.23
FO 32	Central - *(Kansas City)*	1,046,490	356,877	34.1	0.50	17.50
FO 33	**Mideast - *(Cleveland)***	**1,214,966**	**503,816**	**41.5**	**0.68**	**17.68**
FO 124	Pacific Northwest - *(Seattle)*	612,904	177,074	28.9	0.78	17.78
FO 126	Southwest - *(Dallas)*	950,957	354,303	37.3	1.42	18.42
FO 131	Arizona - *(Phoenix)*	364,162	118,115	32.4	[2/]	18.18

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

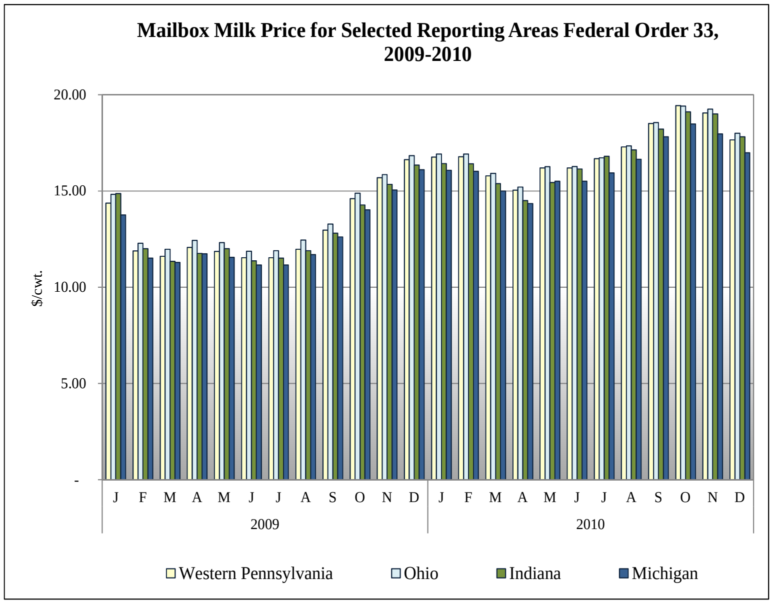
[2/] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR MARCH 2011..........................$17.00 /cwt.

Printed on recycled paper

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

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

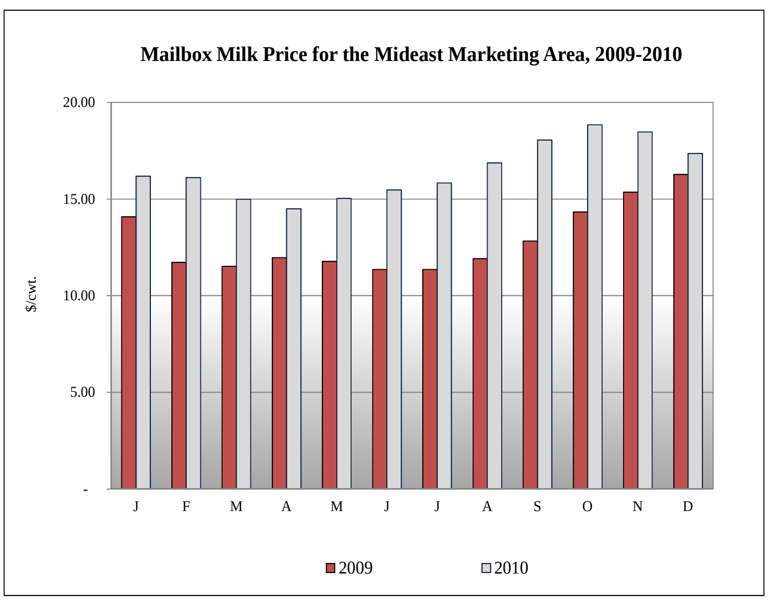


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

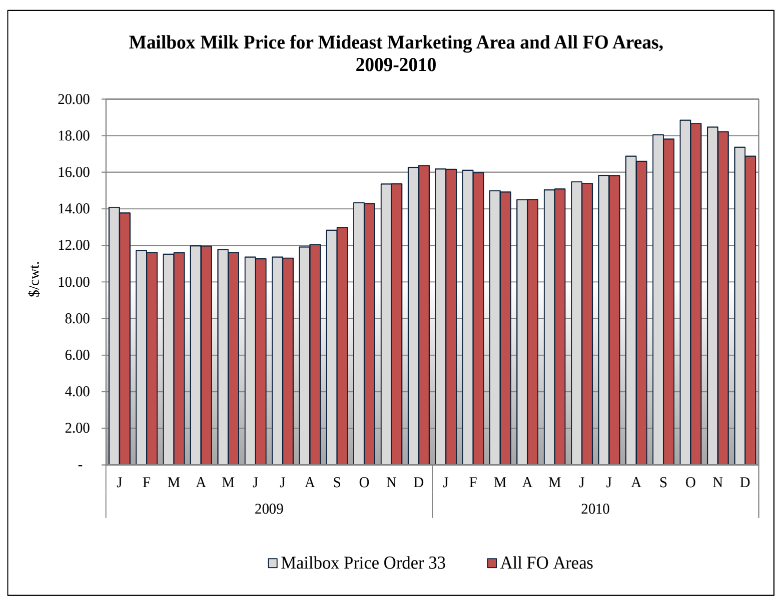
The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

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 $17.36 per hundredweight for December 2010. The December 2010 mailbox price is $1.11 lower than the mailbox price for November 2010. The December 2010 mailbox price is $1.09 higher than the December 2009 mailbox price of $16.27 per cwt.



For December 2010 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.49 per hundredweight higher than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For December the all Federal Order mailbox price was $16.87 per hundredweight, $1.35 less than November 2010.

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

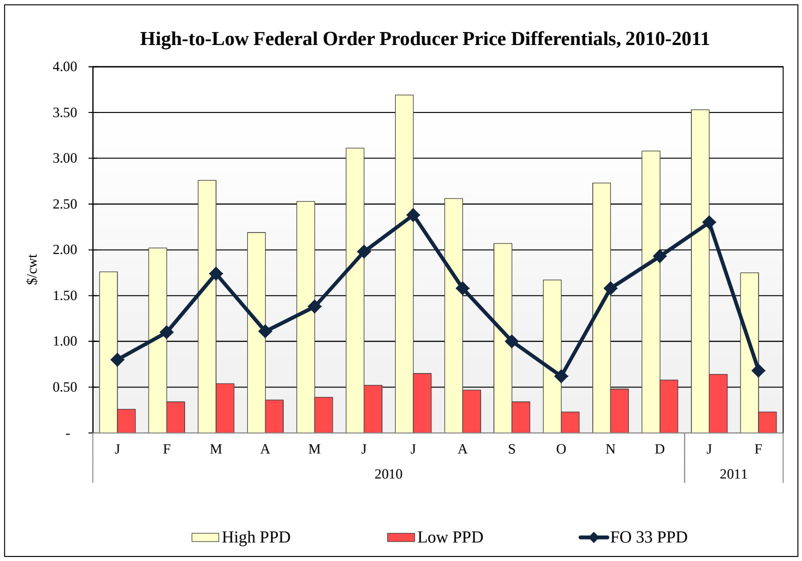
PRODUCER PRICE DIFFERENTIAL STATISTICS 2/

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

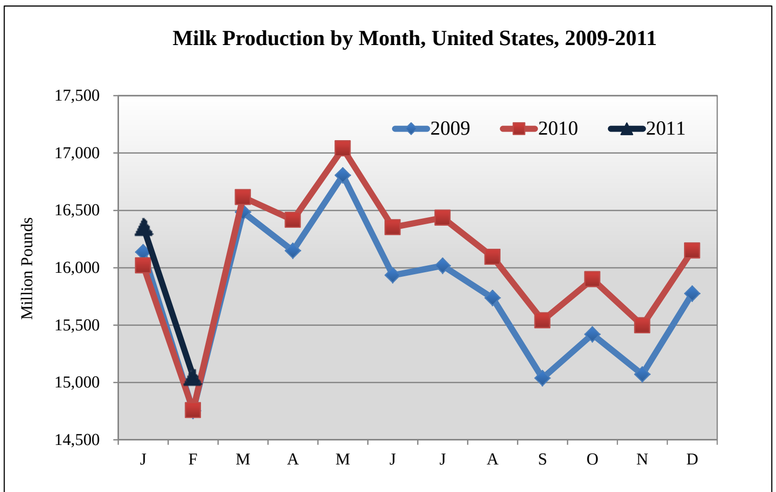
Of those orders, Federal Order 1 traditionally has the highest producer price differential. For February 2011, Federal Order 1 had a PPD of $1.75 per hundredweight (cwt), $1.78 lower than their January 2011 PPD of $3.53 per cwt.

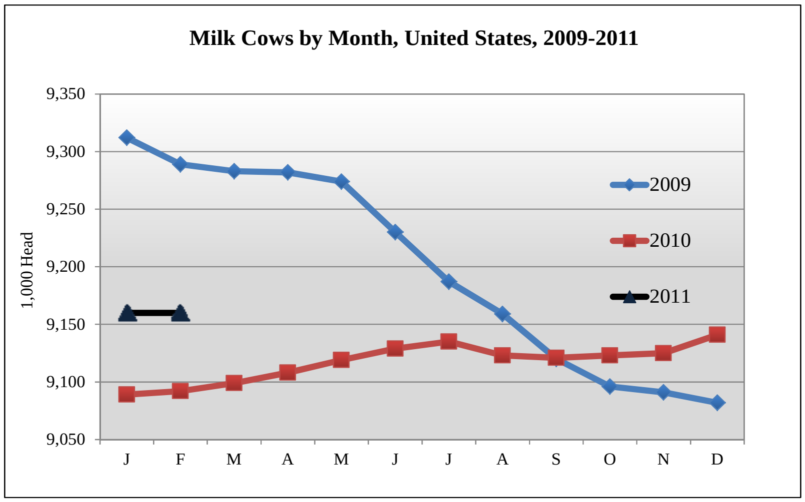
In February 2011 Federal Order 33 had the fourth highest PPD, behind Orders 1 ($1.75), 126 ($1.42), and 124 ($0.78) at $0.68 per cwt, $1.62 per cwt lower than the January 2011 PPD of $2.30 per cwt.

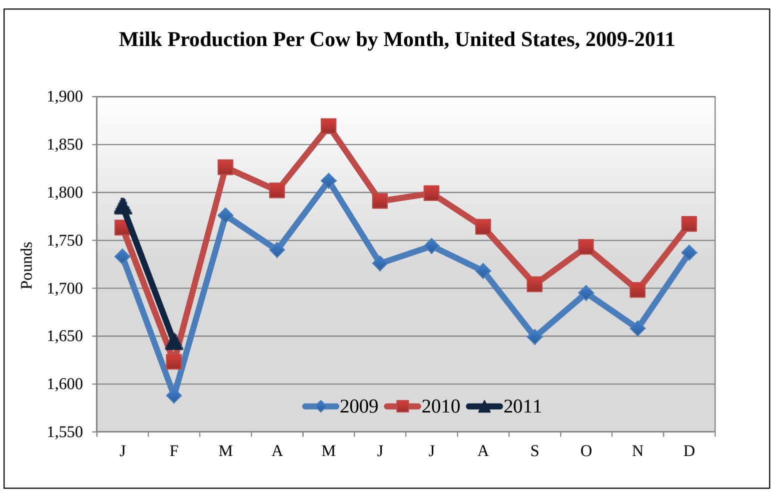
For February 2011 Federal Order 30 had the lowest PPD at $0.23 per cwt, $0.41 per cwt lower than their January 2011 PPD of $0.64 per cwt.



MILK PRODUCTION STATISTICS 3/







February 2011 U.S. Milk Production:

February 2011 milk production in the United States decreased 1.3 billion pounds from January to 15.1 billion pounds. February 2011 milk production in the United States was up 2.0 percent from February 2010.

Production per cow in the United States averaged 1,644 pounds for February 2011, down 142 pounds from January 2011. February 2011 milk production per cow was up 21 pounds from February 2010.

The number of milk cows on farms in the United States was 9.2 million head for February 2011, in line with January estimates and 68,000 head more than February 2010.

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.