Mideast Market Administrator's Bulletin

Federal Order No. 33

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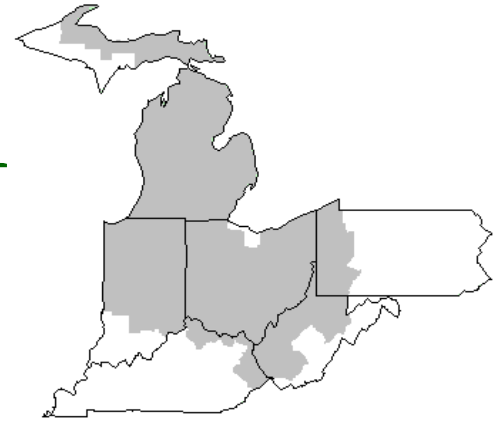
May 2011



March Milk Production Up 2.4 Percent

Milk production in the 23 major States during March totaled 15.8 billion pounds, up 2.4 percent from March 2010. February production, revised at 14.0 billion pounds, was up 2.3 percent from February 2010. The February revision represented a decrease of 14 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,872 pounds for March, 24 pounds above March 2010.

The number of milk cows on farms in the 23 major States was 8.42 million head, 93,000 head more than March 2010, and 17,000 head more than February 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 March totaled 2.4 billion pounds, down 2 million pounds or 0.1 percent from March 2010.

Production per cow in the Mideast states averaged 1,784 pounds for March, 10 pounds below March 2010.

The number of cows on farms in the Mideast states was 1.3 million head, 8,000 head more than March 2010.

USDA Appoints Nominees to National Fluid Milk Processor Promotion Board

Agriculture Secretary Tom Vilsack announced six appointments to the National Fluid Milk Processor Promotion Board. All appointees will serve 3-year terms. "These appointees represent a diverse cross-section of the fluid milk industry, and I am confident that they will serve fluid milk processors throughout the United States well," said Vilsack.

Newly appointed members are: Scott W. Shehadey, At Large.

Newly reappointed members are: Christopher S. Ross, Region 2; Michael R. Smith, Region 5; Michael A. Bell, Region 8; Steven M. Turner, Region 11; and Jay B. Simon, Region 14.

The Board oversees the collection of the 20-cent per hundredweight mandatory assessment on fluid milk products processed and marketed commercially in the 48 contiguous states and the District of Columbia. Processors who process and market 3 million pounds or less per month, excluding fluid milk products delivered to the residence of a consumer, are exempt from assessments. In addition, the Board develops and administers a coordinated program of promotion, research, and nutrition education.

The 20-member Board is authorized by the Fluid Milk Promotion Act of 1990, as amended. The Secretary selected the appointees from nominations submitted by eligible processor organizations.

USDA's Agricultural Marketing Service monitors operation of the Board.

Milk Production, Disposition, and Income 2010

Milk production increased 1.8 percent in 2010 to 193 billion pounds. The rate per cow, at 21,149 pounds, was 576 pounds above 2009. The annual average number of milk cows on farms was 9.12 million head, down 86,000 head from 2009.

Cash receipts from marketings of milk during 2010, totaled $31.4 billion, 28.9 percent higher than 2009. Producer returns averaged $16.35 per hundredweight, 26.5 percent above 2009. Marketings totaled 191.8 billion pounds, 1.9 percent above 2009. Marketings include whole milk sold to plants and dealers as well as milk sold directly to consumers.

An estimated 991 million pounds of milk were used on farms where produced, 2.0 percent less than 2009. Calves were fed 89 percent of this milk, with the remainder consumed in producer households.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. *Milk Production, Disposition, and Income 2010 Summary, April 2011*.

April 2011 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	525,628,479	40.5
Class II	175,327,164	13.5
Class III	498,918,781	38.4
Class IV	98,215,391	7.6
Total	1,298,089,815	100.0

Producer Prices

Producer Price Differential	$ 2.32	/cwt
Butterfat Price	2.2113	/ lb
Protein Price	2.4984	/ lb
Other Solids Price	0.2902	/ lb
Somatic Cell Adjustment Rate	0.00085	/ cwt
Statistical Uniform Price	19.19	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

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April 2011

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			516,407,038			$ 13.94 / cwt	$ 71,987,141.09
Class I Butterfat		9,221,441				2.2783 / lb	21,009,209.01
Class I Location Differential	525,628,479						(259,025.52)
Class II SNF Value				14,787,012		1.3700 / lb	20,258,206.44
Class II Butterfat		13,088,556				2.2183 / lb	29,034,343.78
Class III Protein Value			15,378,562			2.4984/ lb	38,421,799.36
Class III Other Solids Value					28,669,670	0.2902 / lb	8,319,938.25
Class III Butterfat		17,340,659				2.2113 / lb	38,345,399.28
Class IV SNF Value				8,161,697		1.3862 / lb	11,313,744.40
Class IV Butterfat		8,694,851				2.2113 / lb	19,226,924.05
Somatic Cell Value II / III / IV							1,003,312.91
TOTAL PRODUCER MILK VALUE	1,298,089,815	48,345,507	39,810,173		74,317,375		$ 258,660,993.05
Overages					$ 18,712.10		
Beginning Inventory and Other Source Charges					(127,087.39)		
TOTAL ADJUSTMENTS							$ (108,375.29)
TOTAL HANDLER OBLIGATIONS							$ 258,552,617.76
Total Protein Value			39,810,173 lbs	@	$2.4984		$ (99,461,736.25)
Total Other Solids Value			74,317,375 lbs	@	0.2902		(21,566,902.25)
Butterfat Value			48,345,507 lbs	@	2.2113		(106,906,419.66)
Total Somatic Cell Values							(1,640,547.45)
TOTALS							$ 28,977,012.15
Net Producer Location Adjustments							$ 996,514.43
1/2 Unobligated Balance Producer Settlement Fund							672,000.00
Total - Divided by Total Pounds			1,298,089,815 lbs		2.3608171		$ 30,645,526.58
Rate of Cash Reserve					(0.0408171)		(529,842.62)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,298,089,815		**$ 2.32 /cwt**		$ 30,115,683.96

COMPONENT PRICES

April	2011	2010
Butterfat Price	$2.2113 / lb	$1.5813 / lb
Protein Price	2.4984 / lb	2.1449 / lb
Other Solids Price	0.2902 / lb	0.1702 / lb
Somatic Cell Adjustment Rate	0.00085 / cwt	0.00069 / cwt
Nonfat Solids Price	1.3862 / lb	0.9435 / lb

COMPUTATION OF UNIFORM PRICE

April	2011	2010
Class III Price - 3.5% BF	$ 16.87	$12.92
Producer Price Differential*	2.32	1.11
Statistical Uniform Price	$19.19	$14.03

CLASS PRICES

April	2011	2010
Class I*	$21.43	$15.22
Class II	19.66	13.78
Class III	16.87	12.92
Class IV	19.78	13.73

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

April	2011	2010
	Product lbs.	*Product lbs.*
Class I	525,628,479	539,146,115
Class II	175,327,164	270,430,233
Class III	498,918,781	513,569,476
Class IV	98,215,391	130,256,023
Total	1,298,089,815	1,453,401,847

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April, 2011 was $2.32 and the Statistical Uniform Price was $19.19for the month. The Statistical Uniform Price is $0.21 lower than last month, and is $5.16 higher than April, 2010.

The Producer Butterfat Price of $2.2113 per pound decreased $0.0746 from March and is up $0.6300 from a year ago. The Protein Price of $2.4984 is down $0.8040 from last month and is up $0.3535 from April 2010. The Other Solids Price in April was $0.2902 per pound, an increase from last month's price of $0.2665 and $0.12 higher than last April. The Somatic Cell Adjustment rate for April was $0.00085.

April producer receipts of 1.29 billion pounds were 8.8 percent lower than March and 10.7 percent lower than April 2010 production of 1.45 billion pounds. Producer milk allocated to Class I accounted for 40.5 percent of the total producer milk in April 2011, less than the 40.9 percent in March, and more than the 37.1 percent in April 2010. A total of 6,731 producers were pooled on the Mideast Order compared to 7,221 producers pooled in April 2010.

The market average content of producer milk was as follows: Butterfat 3.72%; Protein 3.07%; Other Solids 5.73% and Nonfat Solids 8.80%.

THE DAIRY OUTLOOK: Milk Production Continues To Advance Despite High Feed Prices; Rising Domestic Commercial Use and Exports Maintain Demand and Prices

Feed prices are expected to remain high by historic standards. Corn prices are forecast at $5.20 to $5.60 a bushel in 2010/11. Corn producers indicated intentions to plant 4 million acres more corn according to the *Prospective Plantings* report released last month. The forecast corn price is well below reported spot prices in central Illinois. This is because USDA forecasts reflect expected National Agricultural Statistics Service (NASS) prices received by farmers. Early season forward contracting of corn prices means the NASS farm price lags prevailing cash market prices. Soybean meal prices are forecast to average $340 to $360 a ton for 2010/2011. Soybean acreage is expected to be down slightly this spring from last year's record. Last month's quarterly grain stocks report showed corn stocks down 15 percent from last year and soybean stocks also down by only 2 percent from last year. Overall, the feed situation is likely to remain tight in 2011, keeping prices firm. The expected expanded planting of field crops could support higher alfalfa hay prices. The outcome for dairy producers is continued high feed prices.

The latest *Milk Production* report shows U.S. milk cow numbers for January and February in surveyed States above the corresponding period last year, as is milk per cow. In contrast, the *Livestock Slaughter* report shows dairy cow slaughter continuing ahead of a year ago, and high manufactured beef prices have increased prices for cull cows. These data suggest that replacements exceed culls nationally and that freshening of the national herd continues. The U.S. dairy herd will likely increase fractionally in 2011 to 9.165 million head, up from 9.117 million last year. Milk per cow is also forecast to rise this year, but by only a near-trend 1 percent compared with a 2.8 percent year-over-year increase last year. The small increases in herd size and milk per cow will move up production to 195.9 billion pounds of milk in 2011.

Milk equivalent imports are forecast at 3.7 billion pounds for the year on a fats basis and 4.8 billion pounds on a skim-solids basis. Imports on a skim-solids basis are virtually unchanged from 2010. Milk equivalent exports on a fats basis are forecast to total 7 billion pounds for 2011; this is a decline from 2010's totals, but the April 2011 forecast was increased from the March forecast based on stronger than expected exports of butterfat and cheese. Milk equivalent exports on a skim-solids basis are forecast at 31.3 billion pounds, a small decline from 2010. The April skim-solids export forecast was increased from the March forecast due to the high level of nonfat dry milk (NDM) shipments registered in January. For the second half of 2011, exports may weaken relative to the first half as increased competition from Oceania is expected to erode the competitive U.S. position. Nevertheless, the relative weakness of the U.S. dollar and strong global demand will help maintain exports at a strong pace.

Domestic commercial use is expected to rise on both a fats and skim-solids basis in 2011. Expected continued economic recovery underpins the forecasts. Commercial use on a fats basis is forecast to rise by nearly 1.8 percent in 2011 over 2010, the strongest year-over-year rise since 2006. Skim-solids commercial use is set to rise by 2.7 percent in 2011 after falling by an equal amount in 2010, making skim-solids commercial use in 2011 the same as in 2009.

Major dairy product prices are expected to go higher in 2011 compared with 2010, but 2011 price forecasts for cheese and butter were revised downward this month from the March forecast. Both cheese and butter prices have weakened recently, and cheese stocks have been relatively high. NDM prices are virtually unchanged from last month's forecast, based on expected continued strong exports. Cheese prices are forecast to average $1.665 to $1.715 per pound for the year, and NDM prices are projected to average $1.375 to $1.415 per pound. The butter price is expected to average $1.735 to $1.815 per pound for the year. Whey prices are forecast to average 41.0 to 44.0 cents per pound. High NDM prices may be providing some support for whey prices. Milk price forecasts will be higher this year than last, but the Class III price forecast was lowered slightly this month from March projections. The Class IV price, raised fractionally from last month based on stronger NDM prices, is estimated to average $17.05 to $17.65 per cwt. This will average above the Class III price, which is expected to average $16.10 to $16.60 per cwt. The all milk price is forecast to average $18.15 to $18.65 per cwt. in 2011.

Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

Source: U. S. Department of Agriculture. Economic Research Service. *Livestock, Dairy, and Poultry Outlook (LDP-M-201).* April 14, 2011.

Bulletin Webpage Edition
www.fmmaclev.com

Featured this month are:

- Thematic Maps Displaying Weighted Average Component Tests by State & County, 2010
- Weighted Average Component Tests by State, 2010

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

	March 2011						March 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	631,807	3.70	3.07	5.73	176	625,052	3.59	3.04	5.71	185
Ohio	2,116	312,758	3.83	3.11	5.70	226	350,036	3.75	3.08	5.68	243
Indiana	1,110	139,634	3.83	3.10	5.71	224	147,631	3.75	3.07	5.70	247
New York	331	132,592	3.75	3.08	5.75	107	138,730	3.68	3.06	5.72	206
Pennsylvania	1,040	106,634	3.88	3.12	5.69	279	109,311	3.82	3.10	5.67	312
Wisconsin	339	55,477	3.65	3.04	5.75	239	83,532	3.64	2.98	5.81	238
West Virginia	56	4,097	4.00	3.20	5.69	317	4,318	3.95	3.18	5.66	336
Other	219	16,040	3.73	3.09	5.70	231	16,314	3.62	3.02	5.73	242
Total/Average *	7,010	1,399,037	3.76	3.09	5.72	197	1,474,924	3.68	3.06	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.

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FEDERAL ORDER DATA

April 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)*	2,150,623	824,577	38.3	$3.51	$20.38
FO 5	Appalachian - *(Charlotte)*	481,133	326,195	67.8	[2]	21.74
FO 6	Florida - *(Tampa)*	253,428	210,869	83.2	[2]	23.88
FO 7	Southeast - *(Atlanta)*	650,543	372,337	57.2	[2]	21.35
FO 30	Upper Midwest - *(Chicago)*	2,762,414	358,325	13.0	0.64	17.51
FO 32	Central - *(Kansas City)*	1,168,866	378,499	32.4	1.84	18.71
FO 33	**Mideast - *(Cleveland)***	**1,298,090**	**525,628**	**40.5**	**2.32**	**19.19**
FO 124	Pacific Northwest - *(Seattle)*	683,916	183,672	26.9	2.08	18.95
FO 126	Southwest - *(Dallas)*	1,054,742	365,592	34.7	3.02	19.89
FO 131	Arizona - *(Phoenix)*	408,145	116,264	28.5	[2]	19.56

[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 MAY 2011.................................$16.87 /cwt.

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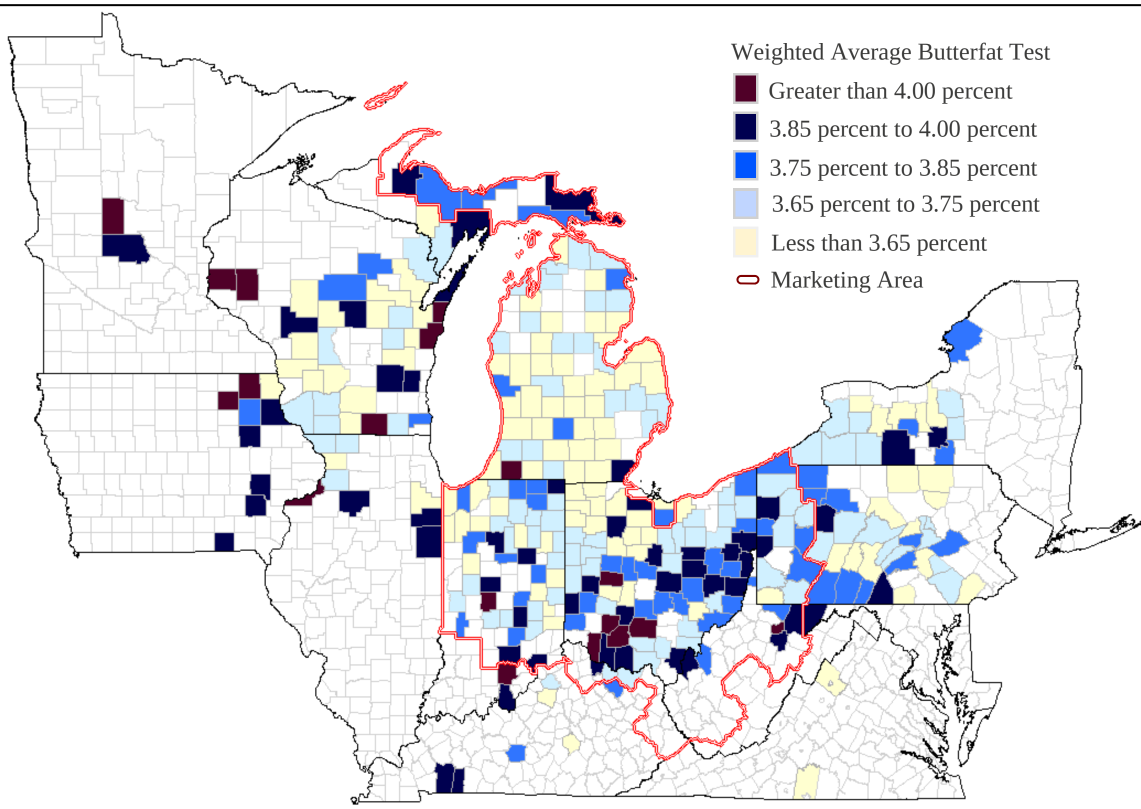
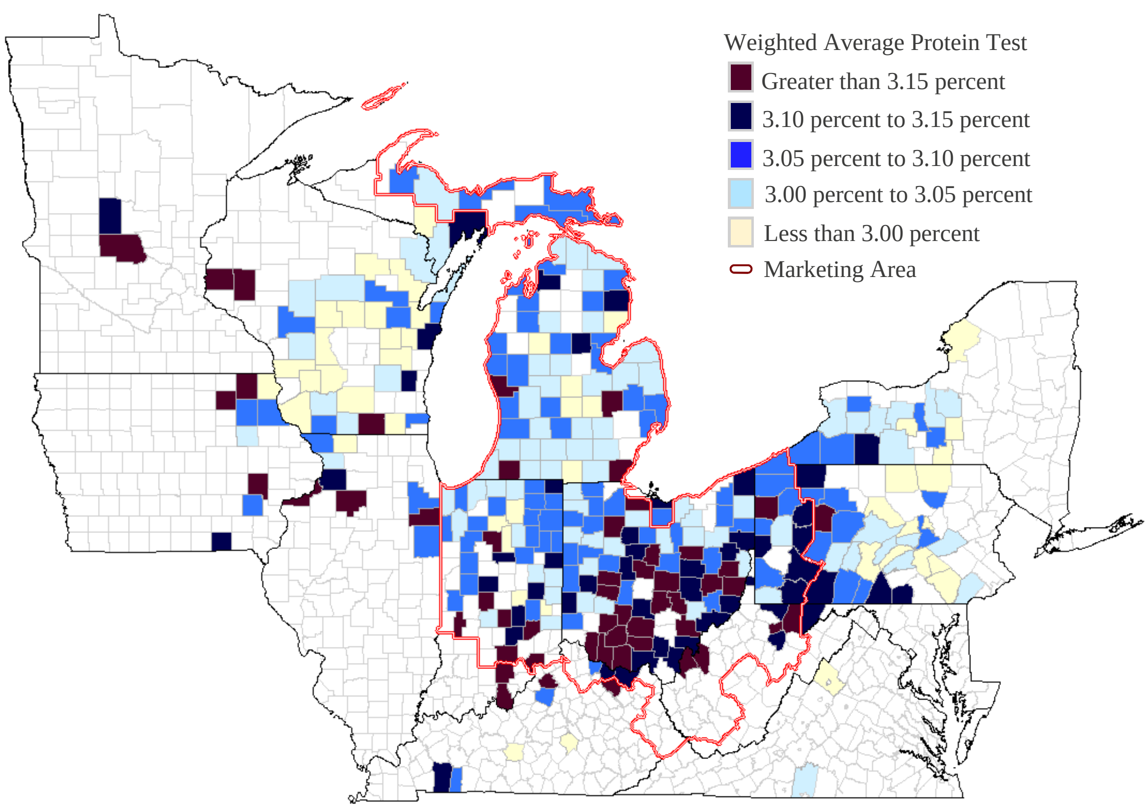
Supplement
Federal Order No. 33 May 2011

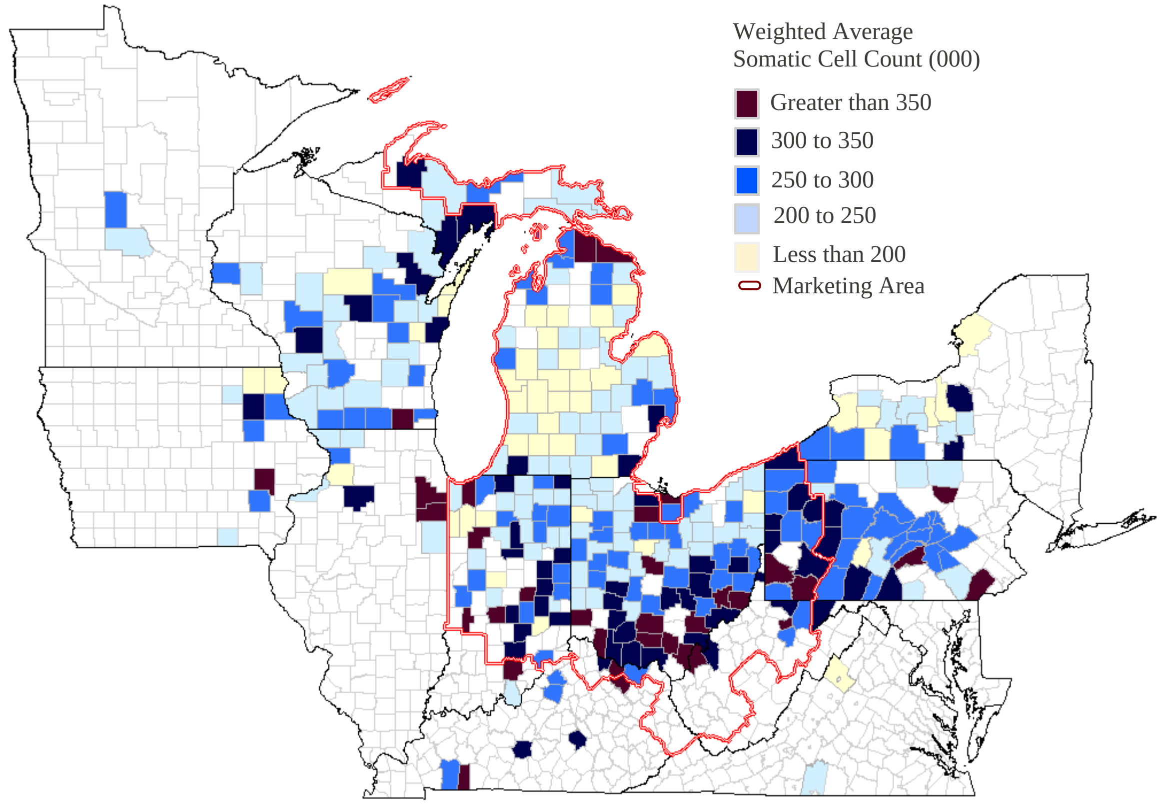
WEIGHTED AVERAGE BUTTERFAT TEST BY STATE AND COUNTY, 2010 1/ 2/



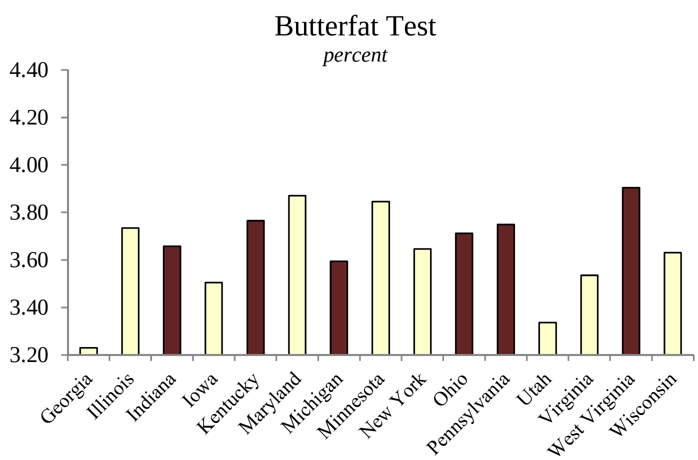
WEIGHTED AVERAGE PROTEIN TEST BY STATE AND COUNTY, 2010 1/ 2/

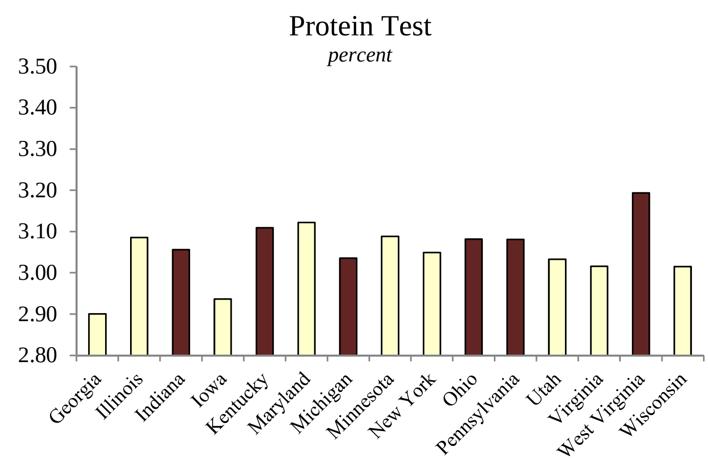


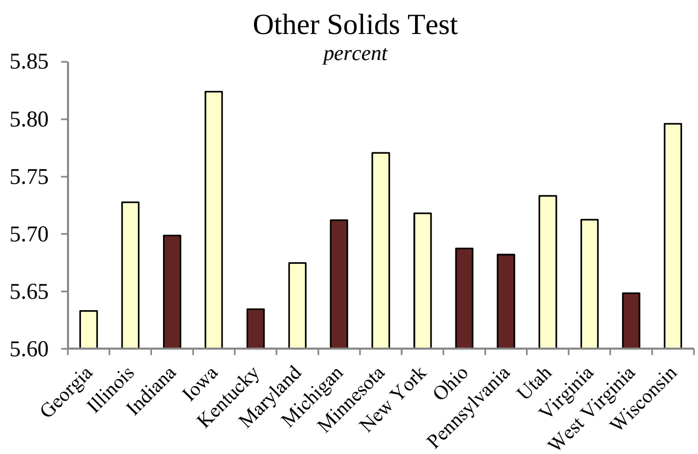
WEIGHTED AVERAGE SOMATIC CELL COUNT BY STATE AND COUNTY, 2010 1/ 2/

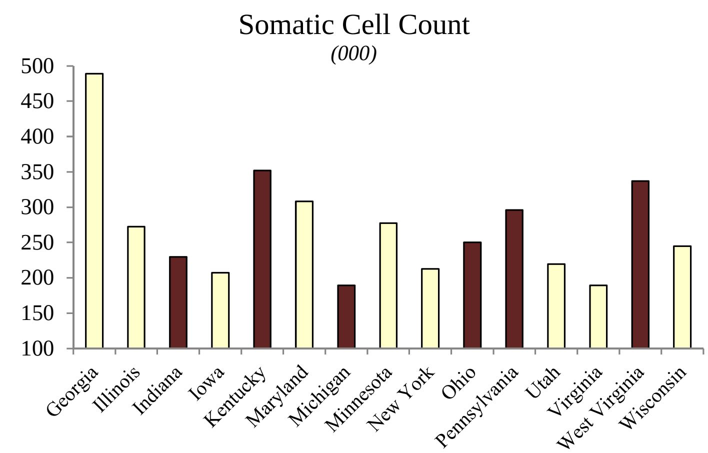


WEIGHTED AVERAGE COMPONENT TESTS BY STATE, 2010 1/









Mideast States   States Outside the Marketing Area

1/ For producers associated with the Mideast Marketing Area.
2/ Milk from Georgia and Utah not shown, excludes restricted data.