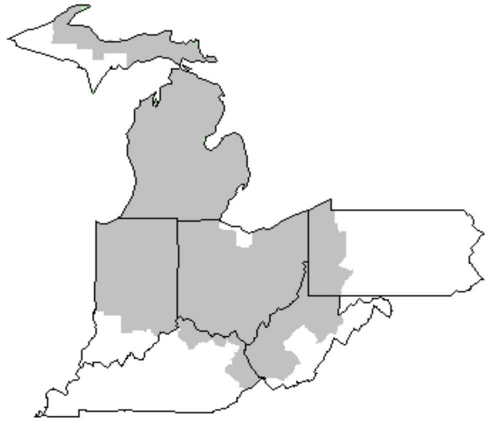
Mideast Market Administrator's Bulletin

Federal Order No. 33



Sharon R. Uther, Acting Market Administrator
Phone: (330) 225-4758 Toll Free: (888) 751-3220
Email: clevelandma1@sprynet.com
WebPage: www.fmmaclev.com

December 2012

Market Administrator Paul A. Huber Retires

Market Administrator Paul Huber retired on December 1, 2012 after 38 years in the Federal Order program. Paul is a 1980 graduate of Cleveland State University with a BBA in Accounting. He spent the majority of his career in Information Technology, including supervising the department for several years. In 2000, he was named Assistant Market Administrator of the Mideast Federal Order. He held this position until April of 2010 when he was appointed Market Administrator. Sharon R. Uther has been named Acting Market Administrator.

Feed Prices Ease but No Production Rebound Is Expected in 2013

Feed price forecasts continue to decline, based on the most recent World Agricultural Supply and Demand Estimates report. The forecast corn price for 2012/13 was lowered to $6.95-$8.25 a bushel in November from October. Slightly higher expected production and an increase in imports support the lower price forecast. Similarly, the soybean meal price was lowered in November to $455-$485 a ton. Soybean production forecasts were raised in October based on higher yield expectations. Late-season rains helped to boost yields. On balance, corn and soybean meal prices will be higher in 2013 than in 2012 despite the small downward revisions in November forecasts from October. According to the October Agricultural Prices report, the preliminary October price for alfalfa was $212 a ton, up slightly from September's estimate and the October 2011 price. Assuming more normal weather in 2013, alfalfa prices could reflect improved yields. Dairy feed ration prices will likely be lower in 2013 than this year, but will remain high by historic standards.

Herd size projections were unchanged this month from October. The U.S. dairy herd is expected to average 9,225 thousand head in 2012 and slip to 9,125 thousand head next year as a result of the profit squeeze experienced by producers this year. Profitability could improve next year but is unlikely to support herd expansion during the year. Current-year yield per cow was increased to 21,640 pounds based on a higher than forecast third-quarter yield reported in the October Milk Production report. Milk per cow is forecast at 21,880 pounds next year, unchanged from October's forecast. Milk production is projected at 199.7 billion pounds in 2012 based on the slightly increased yield per cow; production in 2013 is also forecast at 199.7 billion pounds, unchanged from the October forecast.

Fats basis imports are forecast at 3.8 billion pounds for both this year and next, unchanged from October. Skims-solids basis imports for this year were reduced slightly from last month to 5.8 billion pounds based on lower year-to-date cheese imports. Fats basis exports were reduced in November for both 2012 and 2013 to 9.1 and 8.8 billion pounds, respectively. The export reductions are based on reduced year-to-date and projected butterfat exports. Skims-solids basis exports were raised from October to 33.7 billion pounds for 2012 and to 32.8 billion pounds in 2013, based mostly on projected nonfat dry milk (NDM) and whey product exports.

Commercial ending stocks for 2012 on a fats basis were raised in November as butterfat exports are reduced. Fats basis commercial ending stocks were raised slightly in November for 2013 as higher beginning stocks are worked off over the course of next year. Commercial ending stocks on a skims-solids basis were lowered in November for the current year due to tighter supplies of NDM. Price forecasts for 2012 were reduced in November for cheese and butter but raised for NDM. Prices for NDM were raised from October based on expected export demand. The cheese price was lowered this month to $1.720-$1.730 per pound for 2012 and was unchanged at $1.735-$1.825 per pound for 2013. Butter price forecasts were lowered to $1.605-$1.635 per pound and to $1.610-$1.730 per pound for 2012 and 2013, respectively. NDM prices are forecast at $1.315-$1.335 per pound in 2012 and $1.420-$1.490 per pound in 2013. Whey prices are projected at 58.5-59.5 cents per pound this year, unchanged from October, and raised from last month to 59.5-62.5 cents per pound for 2013.

The Class III price forecast was unchanged this month from October at $17.55- $17.65 per cwt and raised for 2013 to $17.85-$18.75 per cwt based on higher whey prices. The Class IV price was lowered for 2012 based on lower butter prices to $15.95-$16.15 per cwt but raised in 2013 to $16.90-$17.90 per cwt due to higher forecast NDM prices next year. The all milk price is unchanged from October at $18.50-$18 .60 per cwt but raised for 2013 to $19.10-$20.00 per cwt.

Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-221/November 16, 2012*
Economic Research Service, USDA

NOVEMBER 2012 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	560,604,832	42.8
Class II	225,084,127	17.2
Class III	322,542,678	24.6
Class IV	201,054,104	15.4
Total	1,309,285,741	100.0

Producer Prices

Producer Price Differential	$(0.45)	/cwt
Butterfat Price	2.0218	/ lb
Protein Price	3.7172	/ lb
Other Solids Price	0.4624	/ lb
Somatic Cell Adjustment Rate	0.00101	/ cwt
Statistical Uniform Price	20.38	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

November 2012

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			550,622,914			$ 15.77 / cwt	$ 86,833,233.51
Class I Butterfat		9,981,918				2.1371 / lb	21,332,356.98
Class I Location Differential	560,604,832						(295,542.66)
Class II SNF Value				19,394,073		1.3478 / lb	26,139,331.58
Class II Butterfat		15,679,037				2.0288 / lb	31,809,630.28
Class III Protein Value			10,228,845			3.7172 / lb	38,022,662.66
Class III Other Solids Value					18,359,058	0.4624 / lb	8,489,228.43
Class III Butterfat		14,356,184				2.0218 / lb	29,025,332.82
Class IV SNF Value				17,749,261		1.3330 / lb	23,659,764.91
Class IV Butterfat		10,353,206				2.0218 / lb	20,932,111.89
Somatic Cell Value II / III / IV							1,289,769.23
TOTAL PRODUCER MILK VALUE	1,309,285,741	50,370,345	41,755,378		74,992,526		$ 287,237,879.63
Overages					21,883.56		
Beginning Inventory & OS Charges					83,465.49		
TOTAL ADJUSTMENTS							$ 105,349.05
TOTAL HANDLER OBLIGATIONS							$ 287,343,228.68
Total Protein Value			41,755,378 lbs	@	$3.7172		$ (155,213,091.07)
Total Other Solids Value			74,992,526 lbs	@	0.4624		(34,676,544.06)
Butterfat Value			50,370,345 lbs	@	2.0218		(101,838,763.53)
Total Somatic Cell Values							(2,212,139.18)
TOTALS							$ (6,597,309.16)
Net Producer Location Adjustments							$ 816,067.21
1/2 Unobligated Balance Producer Settlement Fund							515,000.00
Total - Divided by Total Pounds			1,309,285,741 lbs		(0.4022225)		$ (5,266,241.95)
Rate of Cash Reserve					(0.0477775)		(625,543.99)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,309,285,741		**$(0.45) /cwt**		$ (5,891,785.94)

COMPONENT PRICES

	November 2012	November 2011
Butterfat Price	$2.0218 / lb	$1.9508 / lb
Protein Price	3.7172 / lb	3.2341 / lb
Other Solids Price	0.4624 / lb	0.4521 / lb
Somatic Cell Adjustment Rate	0.00101 / cwt	0.00092 / cwt
Nonfat Solids Price	1.3330 / lb	1.2716 / lb

COMPUTATION OF UNIFORM PRICE

	November 2012	November 2011
Class III Price - 3.5% BF	$ 20.83	$19.07
Producer Price Differential*	(0.45)	0.11
Statistical Uniform Price	$20.38	$19.18

CLASS PRICES

	November 2012	November 2011
Class I*	$22.70	$20.45
Class II	18.81	19.26
Class III	20.83	19.07
Class IV	18.66	17.87

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	November 2012 *Product lbs.*	November 2011 *Product lbs.*
Class I	560,604,832	540,401,400
Class II	225,084,127	206,230,504
Class III	322,542,678	472,023,474
Class IV	201,054,104	126,324,098
Total	1,309,285,741	1,344,979,476

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for November 2012 was $(0.45) and the Statistical Uniform Price was $20.38 for the month. The Statistical Uniform Price is $0.71 higher than last month, and is $1.20 higher than November, 2011.

The Producer Butterfat Price of $2.0218 per pound decreased $0.0918 from October and is up $0.0710 from a year ago. The Protein Price of $3.7172 is down $0.0106 cents from last month and is up $0.4831 from November 2011. The Other Solids Price in November was $0.4624 per pound, an increase from last month's price of $0.4340 and $0.0103 higher than last November. The Somatic Cell Adjustment rate for November was $0.00101.

November producer receipts of 1.31 billion pounds were 7.8 percent higher than October and 2.7 percent lower than November 2011 production of 1.34 billion pounds. Producer milk allocated to Class I accounted for 42.8 percent of the total producer milk in November 2012, less than the 47.4 percent in October, and more than the 40.2 percent in November 2011. A total of 6,242 producers were pooled on the Mideast Order compared to 6,605 producers pooled in November 2011.

The market average content of producer milk was as follows: Butterfat 3.85%; Protein 3.19%; Other Solids 5.73% and Nonfat Solids 8.92%.

October Milk Production Down Slightly

Milk production in the 23 major States during October totaled 15.2 billion pounds, down slightly from October 2011. September revised production at 14.7 billion pounds, was down 0.6 percent from September 2011. The September revision represented a decrease of 19 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,791 pounds for October, 1 pound above October 2011.

The number of milk cows on farms in the 23 major States was 8.47 million head, 10,000 head less than October 2011, and 8,000 head less than September 2012.

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 October totaled 2.3 billion pounds, up 32 million pounds or 1.4 percent from October 2011.

Production per cow in the Mideast states averaged 1,740 pounds for October, 24 pounds above October 2011.

The number of cows on farms in the Mideast states was 1.3 million head, 2,000 head more than October 2011.

International Dairy Market News

Milk production in **Western European** countries generally hit the seasonal low points around mid-November and current production is trending steady to slightly higher. Milk in total is indicated to be flat to lower in recent months when compared to year ago levels, bringing the cumulative season to date output totals to around 1% higher. Milk prices are high, but input costs are limiting profitability and growth. Dairy farmers have been protesting milk quotas and prices below cost of production. Dairy product prices are steady to slightly higher. The year-end holidays are creating retraction of marketing's as export buyers adjust ordering. New business orders are quiet.

Eastern European milk production trends are continuing with current output levels generally at or slightly past the seasonal low point. Milk production is reported to be higher than year ago levels in many Eastern countries. Milk output is strong in Poland with reported levels well over year ago marks. Demand for milk and dairy products is good to fill local and export needs. Overall stocks of finished products are light.

New Zealand production is retreating slowly from the seasonal peak, yet trends are higher and keeping pace with the 4 - 5% range above year ago levels for the season. Weather conditions are generally favorable with adequate moisture and moderate temperatures for pasture re-growth. Recent conditions have been variable but not detrimental to milk output. Outlook for warm and dry summer conditions are favorable. Cow numbers are higher than year ago levels. Forage quality and quantity are in good shape for milk cow needs and generating good milk volumes, fat levels, and milk solids. Processing plants are running on seasonally active schedules to handle the current milk intakes with overall levels trending down slightly, matching the milk intakes. The product mix is being generated along planned schedules.

Australian milk production reports showed output for October at a 1.4% decline from October 2011 with the production season output running at 1.0% higher than year ago levels.

Source: *Dairy Market News* , Volume 79, Report 49

Bulletin WebPage Edition

www.fmmaclev.com

Featured this month are:

- Mailbox Prices
- Producer Price Differential & Uniform Price Statistics
- Grain & Alfalfa Hay Prices

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State

Federal Order No. 33

	October 2012							October 2011				
			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	1,696	558,121	3.73	3.16	5.74	162		600,655	3.72	3.14	5.71	182
Ohio	2,082	307,894	3.81	3.18	5.73	216		306,982	3.81	3.18	5.68	249
Indiana	1,074	160,234	3.79	3.17	5.72	201		170,099	3.76	3.18	5.69	222
New York	303	92,806	3.83	3.14	5.74	196		129,747	3.73	3.11	5.72	225
Pennsylvania	913	85,233	3.90	3.20	5.70	263		95,836	3.85	3.19	5.66	298
Wisconsin	39	3,404	3.74	3.14	5.76	240		85,373	3.74	3.17	5.76	218
West Virginia	42	1,870	4.14	3.35	5.64	270		3,508	3.98	3.33	5.61	319
Other	93	5,706	4.01	3.23	5.68	230		18,407	3.77	3.13	5.73	232
Total/Average *	6,242	1,215,267	3.78	3.16	5.73	191		1,410,609	3.75	3.16	5.70	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
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

November 2012

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)*	1,996,746	855,727	42.9	$0.52	$21.35
FO 5	Appalachian - *(Charlotte)*	470,249	343,287	73.0	[2/]	22.88
FO 6	Florida - *(Tampa)*	240,935	211,223	87.7	[2/]	25.12
FO 7	Southeast - *(Atlanta)*	515,872	382,126	74.1	[2/]	23.47
FO 30	Upper Midwest - *(Chicago)*	2,265,264	335,555	14.8	(0.15)	20.68
FO 32	Central - *(Kansas City)*	858,299	422,596	49.2	(0.60)	20.23
FO 33	**Mideast - *(Cleveland)***	**1,309,286**	**560,605**	**42.8**	**(0.45)**	**20.38**
FO 124	Pacific Northwest - *(Seattle)*	414,973	187,167	45.1	(0.85)	19.98
FO 126	Southwest - *(Dallas)*	551,367	370,721	67.2	0.54	21.37
FO 131	Arizona - *(Phoenix)*	350,267	119,835	34.2	[2/]	20.67

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

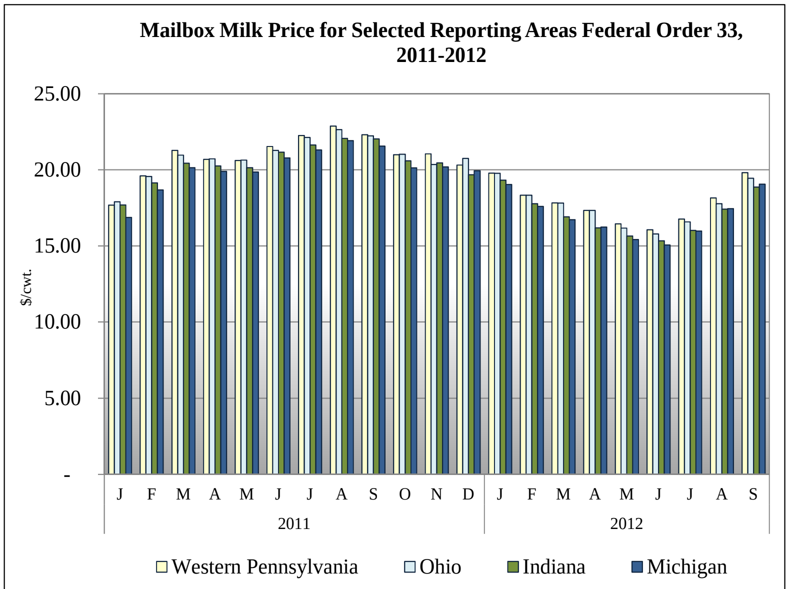
[2/] Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR DECEMBER 2012 ....$18.66 /cwt.

Printed on recycled paper

Mideast Market Administrator's
Bulletin
Supplement
Federal Order No. 33 December 2012

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

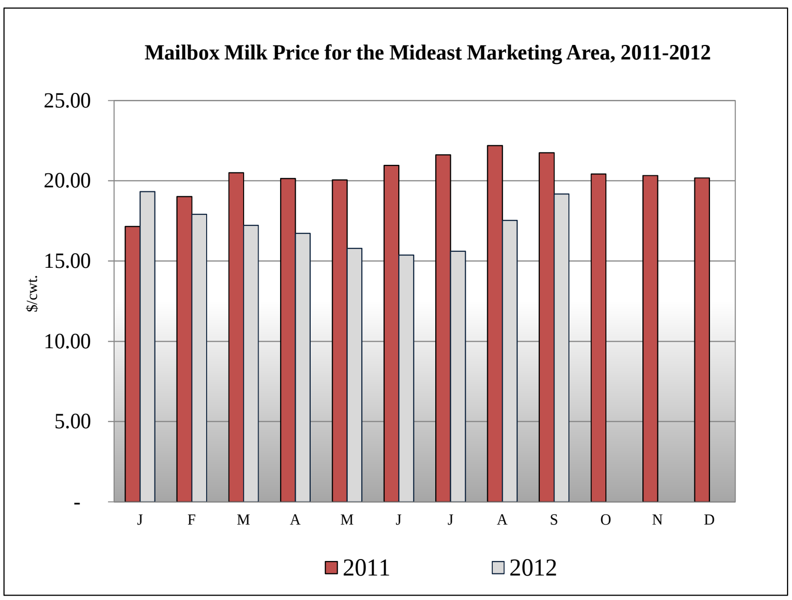


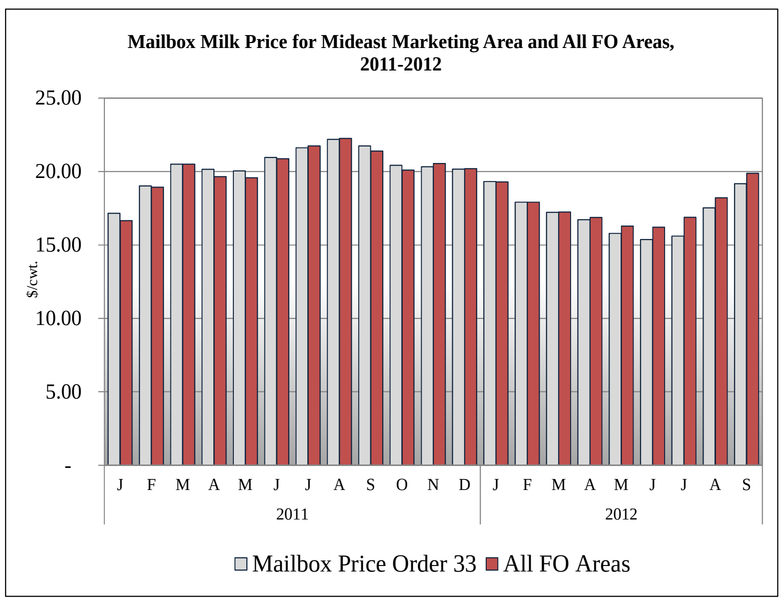
Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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



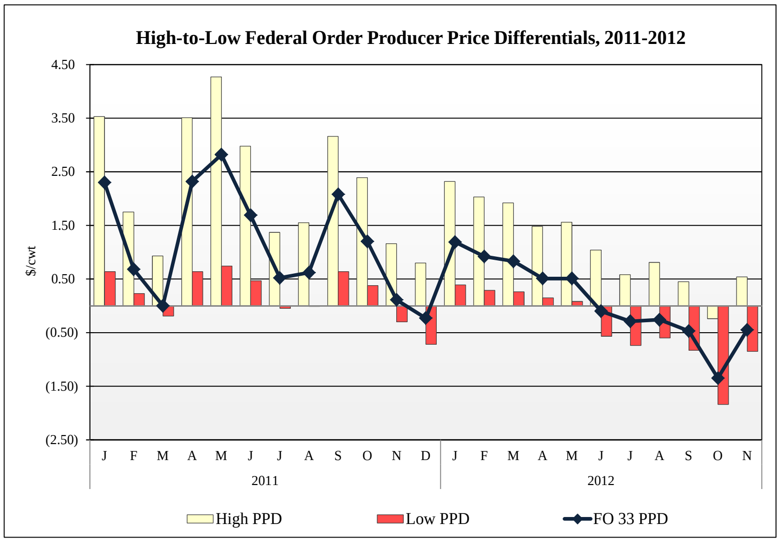


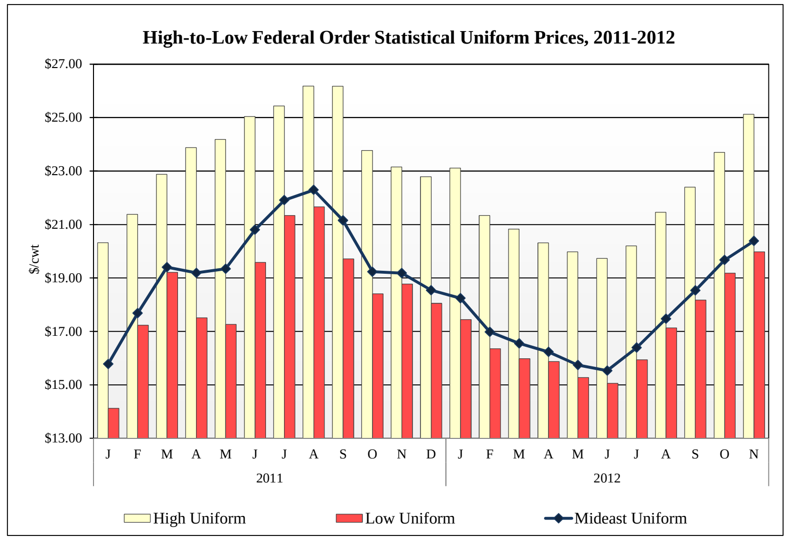
The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $19.18 per hundredweight for September 2012. The September 2012 mailbox price is $1.64 higher than the mailbox price for August 2012. The September 2012 mailbox price is $2.56 lower than the September 2011 mailbox price of $21.74 per cwt.

For September 2012 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.70 per cwt lower than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For September the all Federal Order mailbox price was $19.88 per hundredweight, $1.66 higher than August 2012.

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 AND UNIFORM PRICE STATISTICS 2/ 3/





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 November 2012, Federal Order 1 had a PPD of $0.52 per hundredweight (cwt), $0.76 higher than their October 2012 PPD of -$0.24 per cwt.

In November 2012 Federal Order 33 had the fourth highest PPD, behind Orders 1, 30 and 126, at -$0.45 per cwt, $0.90 per cwt higher than the October 2012 PPD.

For November 2012 Federal Order 124 had the lowest PPD at -$0.85 per cwt, $0.99 per higher than the October 2012 PPD of -$1.84 per cwt.

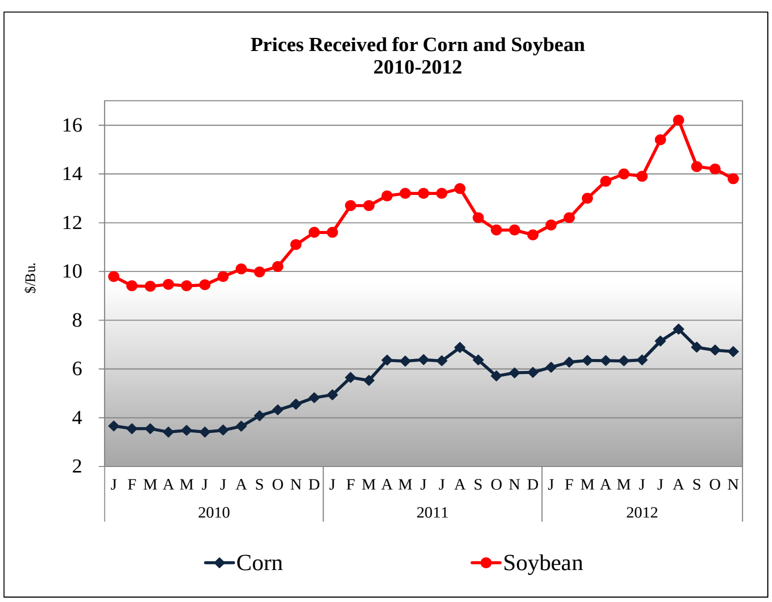
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

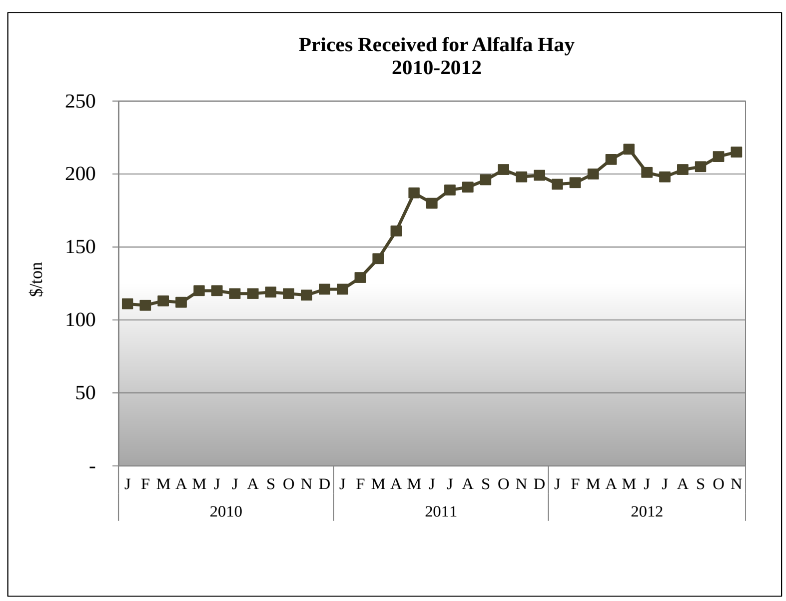
Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For November 2012, Federal Order 6 had a SUP of $25.12 per cwt, $1.42 higher than their October 2012 SUP.

In November 2012 Federal Order 33 had a SUP of $20.38 per cwt, $0.71 per cwt higher than the October SUP.

For November 2012 the Pacific NW order had the lowest SUP at $19.98 per cwt, $0.80 per cwt higher than their October 2012 SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY 4/





2/ Producer price differentials are subject to location adjustment.
3/ Statistical uniform prices are at 3.5 percent butterfat and subject to location adjustment.
4/ Source: USDA, National Agricultural Statistics Service