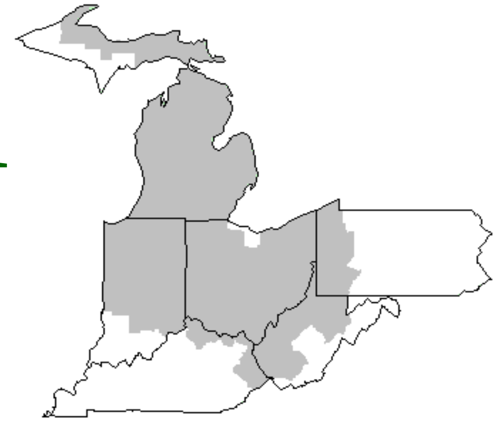
Mideast Market Administrator's
Bulletin
Federal Order No. 33



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March 2012

USDA Announces Recommended Decision to Amend the Mideast Federal Milk Order

The U.S. Department of Agriculture has issued a Recommended Decision which proposes adoption of an amendment to the Pool Plant definition of the Mideast milk marketing order.

This decision is based on testimony and evidence given at a public hearing held October 4-5, 2011, in Cincinnati, Ohio. This decision recommends that the Pool Plant definition be amended to more adequately identify the plants that service the fluid milk needs of the marketing order. Specifically, the proposed amendment would regulate fluid milk plants physically located within the Mideast marketing area that have a Class I utilization of at least 30 percent and whose combined Class I route disposition and transfers into Federal milk marketing areas are greater than 50 percent.

Comments in response to this decision must be filed by April 30, 2012 to the Hearing Clerk, U.S. Department of Agriculture, STOP 9200-Room 1031, 1400 Independence Avenue, S.W., Washington, DC, 20250-1031. Comments may be submitted for public viewing at www.regulations.gov.

The recommended decision was published in the Feb. 29, 2012 *Federal Register*.

For additional information about the decision contact: Paul Huber, USDA/AMS/Dairy Programs, 1325 Industrial Parkway North, Brunswick, OH 44212; Tel. (330) 225-4758; email: phuber@fmmaclev.com.

January Milk Production Up 3.7 Percent

Milk production in the 23 major States during January totaled 15.8 billion pounds, up 3.7 percent from January 2011. December revised production at 15.4 billion pounds, was up 2.7 percent from December 2010. The December revision represented an increase of 1 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,857 pounds for January, 46 pounds above January 2011.

The number of milk cows on farms in the 23 major States was 8.50 million head, 93,000 head more than January 2011, and 13,000 head more than December 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 January totaled 2.4 billion pounds, up 48 million pounds or 2.1 percent from January 2010.

Production per cow in the Mideast states averaged 1,761 pounds for January, 29 pounds above January 2010.

The number of cows on farms in the Mideast states was 1.4 million head, 8,000 head more than January 2010.

International News

Milk production in both New Zealand and Australia continues to outpace year ago levels and processing plants are working well to handle the volumes. New Zealand milk production trends continue to remain at high levels seasonally; yet at volumes below recent peak output. The milk volumes have been handled well along expected product plans and schedules. Weather conditions have been and remain favorable for milk growth. Australian milk production numbers for January 2012 showed a 5.6% increase over a year earlier, with year-to-date seasonal production through January running at +3.8%.

Weather conditions have improved across much of Europe, following cold and wintry weather in recent weeks. Milk production has generally returned to the levels that had been attained before the cold conditions. Output levels are above year ago levels in the Netherlands, Germany, Austria, Denmark and several other countries.

Eastern European milk production is slowly regaining volumes lost during recent cold and wintry weather conditions. While gains are noted, overall milk output is often at or near the seasonal low point of the production cycle. Finished dairy product output levels are at seasonal low levels. The region is also feeling the effects of weaker trends in export markets. Export pricing levels are being adjusted where necessary to stimulate buyer interest.

Source: *Dairy Market News*, February 27 - March 2, 2012

FEBRUARY 2012 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	509,384,701	34.7
Class II	251,377,519	17.1
Class III	549,106,964	37.3
Class IV	159,848,031	10.9
Total	1,469,717,215	100.0

Producer Prices

Producer Price Differential	$ 0.92	/cwt
Butterfat Price	1.5739	/ lb
Protein Price	2.6627	/ lb
Other Solids Price	0.4541	/ lb
Somatic Cell Adjustment Rate	0.00077	/ cwt
Statistical Uniform Price	16.98	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

February 2012

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			500,560,206			$ 13.42 / cwt	$ 67,175,179.65
Class I Butterfat		8,824,495				1.7370 / lb	15,328,147.85
Class I Location Differential	509,384,701						(272,416.32)
Class II SNF Value				21,784,123		1.3133 / lb	28,609,088.75
Class II Butterfat		14,566,642				1.5809 / lb	23,028,404.33
Class III Protein Value			17,205,066			2.6627 / lb	45,811,929.27
Class III Other Solids Value					31,611,195	0.4541 / lb	14,354,643.63
Class III Butterfat		20,401,167				1.5739 / lb	32,109,396.75
Class IV SNF Value				13,676,987		1.1993 / lb	16,402,810.51
Class IV Butterfat		11,390,208				1.5739 / lb	17,927,048.32
Somatic Cell Value II / III / IV							1,175,403.93
TOTAL PRODUCER MILK VALUE	1,469,717,215	55,182,512	45,919,517		84,453,700		$ 261,649,636.67

Overages			47,245.31	
Beginning Inventory & OS Charges			40,457.61	
TOTAL ADJUSTMENTS				$ 87,702.92
TOTAL HANDLER OBLIGATIONS				$ 261,737,339.59
Total Protein Value	45,919,517 lbs	@	$2.6627	$(122,269,897.90)
Total Other Solids Value	84,453,700 lbs	@	0.4541	(38,350,425.20)
Butterfat Value	55,182,512 lbs	@	1.5739	(86,851,755.61)
Total Somatic Cell Values				(1,781,159.39)
TOTALS				$ 12,484,101.49
Net Producer Location Adjustments				$ 898,209.55
1/2 Unobligated Balance Producer Settlement Fund				732,000.00
Total - Divided by Total Pounds	1,469,717,215 lbs		0.9603420	$ 14,114,311.04
Rate of Cash Reserve			(0.0403420)	(592,913.32)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**	1,469,717,215		**$ 0.92 /cwt**	$ 13,521,397.72

COMPONENT PRICES

February	2012	2011
Butterfat Price	$1.5739 / lb	$2.2967 / lb
Protein Price	2.6627 / lb	2.5586 / lb
Other Solids Price	0.4541 / lb	0.2310 / lb
Somatic Cell Adjustment Rate	0.00077 / cwt	0.00087 / cwt
Nonfat Solids Price	1.1993 / lb	1.1930 / lb

COMPUTATION OF UNIFORM PRICE

February	2012	2011
Class III Price - 3.5% BF	$ 16.06	$17.00
Producer Price Differential*	0.92	0.68
Statistical Uniform Price	$16.98	$17.68

CLASS PRICES

January	2012	2011
Class I*	$19.03	$17.89
Class II	16.94	17.97
Class III	16.06	17.00
Class IV	15.92	18.40

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

February	2012 *Product lbs.*	2011 *Product lbs.*
Class I	509,384,701	503,815,803
Class II	251,377,519	148,006,994
Class III	549,106,964	484,724,768
Class IV	159,848,031	78,418,006
Total	1,469,717,215	1,214,965,571

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for February, 2012 was $0.92 and the Statistical Uniform Price was $16.98 for the month. The Statistical Uniform Price is $1.26 lower than last month, and is $0.70 lower than February, 2011.

The Producer Butterfat Price of $1.5739 per pound decreased $0.1439 from January and is down $0.7228 from a year ago. The Protein Price of $2.6627 is down $0.0699 cents from last month and is up $0.1041 from February 2011. The Other Solids Price in February was $0.4541 per pound, a decrease from last month’s price of $0.5032 and $0.2231 higher than last February. The Somatic Cell Adjustment rate for February was $0.00077.

February producer receipts of 1.47 billion pounds were 3.4 percent lower than January and 21.0 percent higher than February 2011 production of 1.25 billion pounds. Producer milk allocated to Class I accounted for 34.7 percent of the total producer milk in February 2012, less than the 36.2 percent in January, and less than the 41.5 percent in February 2011. A total of 6,479 producers were pooled on the Mideast Order compared to 6,667 producers pooled in February 2011.

The market average content of producer milk was as follows: Butterfat 3.75%; Protein 3.12%; Other Solids 5.75% and Nonfat Solids 8.87%.

Although the Milk Cow Herd Remains Above Last Year, Lower Milk Prices Should Prompt Herd Reduction by Year End

The January Cattle report showed a 1 percent higher inventory of dairy cows on farms than a year earlier. However, the number of heifers for milk cow replacement and the number of heifers expected to calve in 2012 were both reported 1 percent below a year earlier. Although the cow inventory forecast for 2012 is only raised slightly to 9.19 million head, the January report points to higher forecast cow numbers early in the year, with a sharper fall off than projected in January expected later in 2012.

Although 2011/12 soybean meal prices are forecast below last year's $290 to $320 a ton, corn prices in 2011/12 are projected to be higher than last year's $5.80 to $6.60 per bushel. The continued outlook for relatively high feed prices and forecast lower milk prices in 2012compared with last year will weaken returns for dairy producers over the course of 2012, leading to herd reduction. Milk per cow is forecast higher than in January at an average 21,645 pounds per cow. The higher than expected milk per cow observed in the fourth quarter of 2011 will likely continue through 2012. Further, the mild winter is expected to benefit milk production, especially in the first quarter. On balance, this forecast would lead to 199 billion pounds of milk production in 2012, higher than the January estimate and 1.4 percent above the 2011 total output.

Fat-basis imports remain unchanged from last month at 3.3 billion pounds and exports also were unchanged at 8.6 billion pounds. On the skims-solids supply and use table, there were no changes from January's import forecast of 5.1 billion pounds. Skims-solids exports were increased slightly to 32.3 billion pounds as skim milk powder exports were higher in the fourth quarter of 2011 and there appears to be little drop off heading into 2012. U.S. prices and the exchange rate will likely keep U.S. dairy exports competitive with New Zealand and the European Union.

Domestic prices for the major dairy products were reduced in the February report, with the exception of whey. Cheese prices are forecast at $1.610 to $1.680 per pound; this represents a reduction from January's estimate and is well below the $1.825 per pound price posted last year. The expected increase in milk production in 2012 contributes to the lower cheese price, especially in the first quarter. Similarly for butter, prices were projected lower at $1.570 to $1.670 per pound, representing a downward revision from January and a sharp drop from 2011's average price of $1.950 a pound. The same market fundamentals apply for both butter and cheese, with higher production overtaking demand. This situation could be ameliorated by the fourth quarter, firming prices if the forecast 2012 milk production growth rate slows from the robust increase forecast for the first quarter. Nonfat dry milk (NDM) prices were revised downward in February as well. NDM is forecast at $1.360 to $1.420 per pound. The sharpest declines in cheese, butter and NDM prices will occur in the first quarter. Export demand should support some recovery in product prices as the year goes on, but prices for cheese, butter and NDM are not expected to recover to 2011 levels. The whey price forecast was raised from January to 61.5 to 64.5 cents a pound and is well above the 2011average price of 53.3 cents a pound. The pace of whey exports has kept prices moving upward for the last 3 years, a situation expected to continue in 2012.

Milk prices were revised downward based on the price outlook for dairy products. The Class III price was revised to $16.70 to $17.40 per cwt, considerably below last year's $18.37 per cwt average. The Class IV price was lowered this month to $16.25 to $17.05 per cwt, also considerably below the 2011 average of $19.04 per cwt. The all milk price is forecast at $18.00 to $18.70 per cwt, down from the January forecast, and as with the Class III and Class IV prices, much lower than the $20.14 per cwt average posted in 2011.

Source: *Livestock, Dairy, and Livestock Outlook*/LDP-M-212/February 15, 2012 Economic Research Service, USDA

Bulletin WebPage Edition
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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

	January 2012							January 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	1,755	639,268	3.75	3.13	5.74	164	582,577	3.77	3.13	5.72	174
Ohio	2,010	349,146	3.78	3.17	5.69	217	258,521	3.94	3.18	5.68	224
Indiana	1,110	185,796	3.82	3.17	5.74	205	118,191	3.91	3.16	5.69	218
New York	333	135,102	3.77	3.11	5.74	197	69,368	3.81	3.14	5.72	206
Pennsylvania	959	99,065	3.90	3.18	5.69	272	103,533	3.96	3.17	5.67	283
Wisconsin	138	83,404	3.78	3.16	5.80	197	85,320	3.75	3.11	5.77	240
West Virginia	54	3,600	4.12	3.28	5.67	286	3,935	4.21	3.29	5.66	317
Other	149	26,851	3.69	3.09	5.73	207	26,075	3.83	3.12	5.73	227
Total/Average *	6,508	1,522,232	3.78	3.15	5.73	194	1,247,520	3.84	3.15	5.71	206

* 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

February 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)*	1,980,203	790,479	39.9	$2.03	$18.09
FO 5	Appalachian - *(Charlotte)*	502,080	347,952	69.3	[2/]	19.22
FO 6	Florida - *(Tampa)*	241,554	204,102	84.5	[2/]	21.34
FO 7	Southeast - *(Atlanta)*	566,328	364,958	64.5	[2/]	19.38
FO 30	Upper Midwest - *(Chicago)*	2,709,542	308,346	11.4	0.29	16.35
FO 32	Central - *(Kansas City)*	1,373,695	392,719	28.6	0.57	16.63
FO 33	**Mideast - *(Cleveland)***	**1,469,717**	**509,385**	**34.7**	**0.92**	**16.98**
FO 124	Pacific Northwest - *(Seattle)*	665,648	178,027	26.7	0.58	16.64
FO 126	Southwest - *(Dallas)*	1,083,688	352,667	32.5	1.52	17.58
FO 131	Arizona - *(Phoenix)*	400,009	113,105	28.3	[2/]	16.94

[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 2012..........................$15.92 /cwt.

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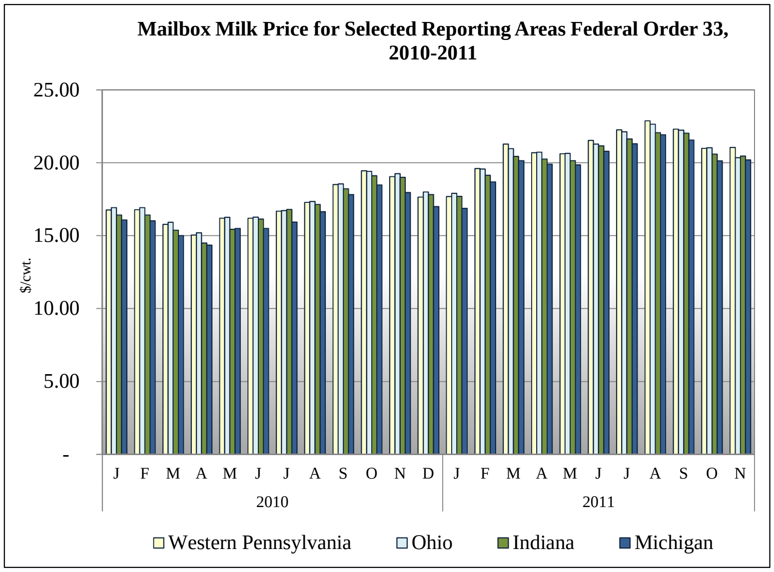
MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

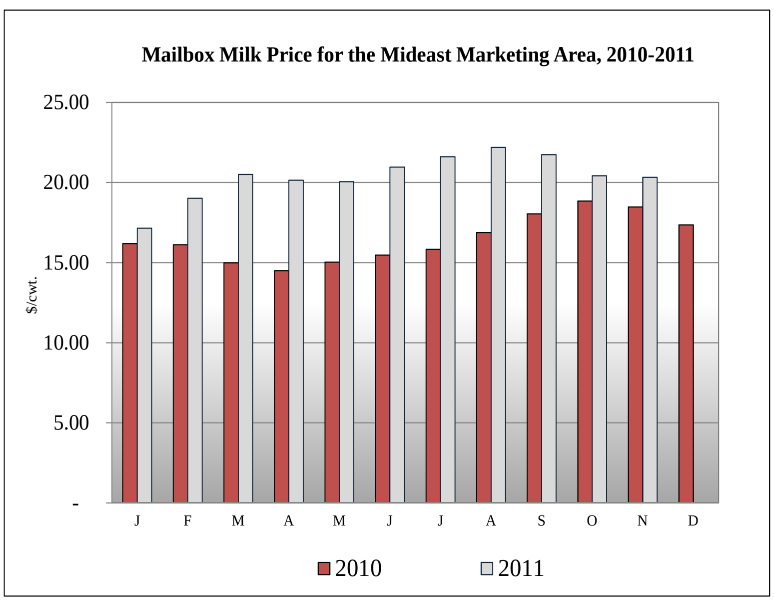


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

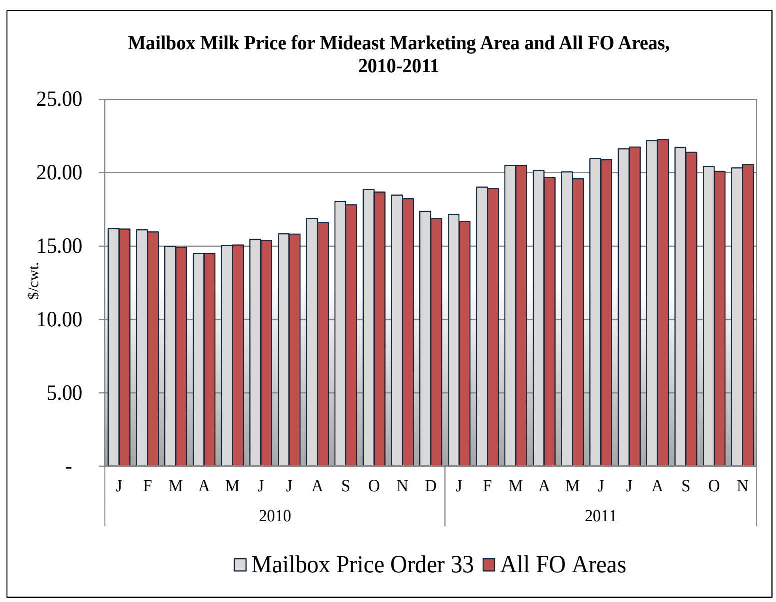
The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

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



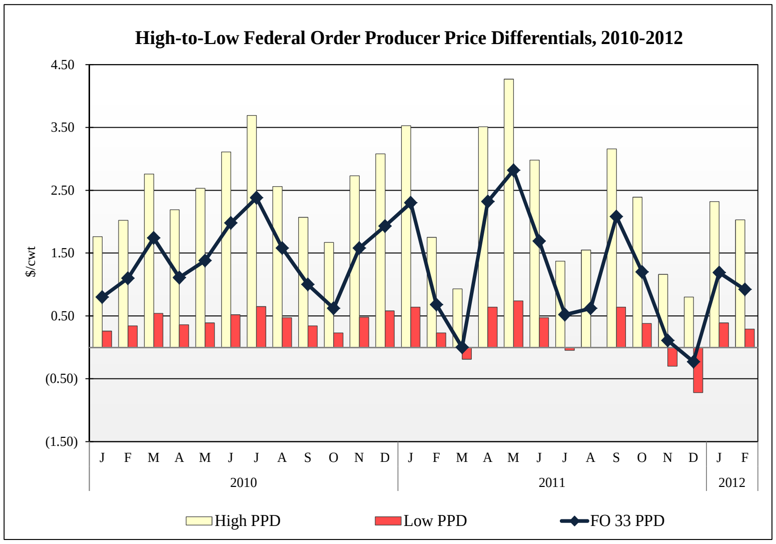
The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $20.33 per hundredweight for November 2011. The November 2011 mailbox price is $0.09 lower than the mailbox price for October 2011. The November 2011 mailbox price is $1.86 higher than the November 2010 mailbox price of $18.47 per cwt.

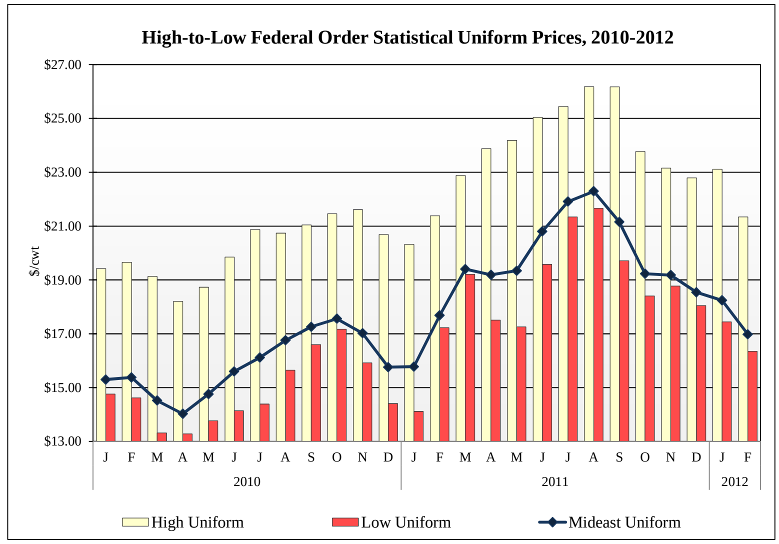


For November 2011 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.22 per hundredweight lower than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For November the all Federal Order mailbox price was $20.55 per hundredweight, $2.33 higher 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 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 February 2012, Federal Order 1 had a PPD of $2.03 per hundredweight (cwt), $0.29 lower than their January 2012 PPD of $2.32 per cwt.

In February 2012 Federal Order 33 had the third highest PPD, behind Orders 1 and 126 ($1.52), at $0.92 per cwt, $0.27 per cwt lower than the January 2012 PPD of $1.19 per cwt.

For February 2012 Federal Order 124 had the lowest PPD at $0.29 per cwt, $0.10 per cwt lower than the January 2012 PPD of $0.39 per cwt.

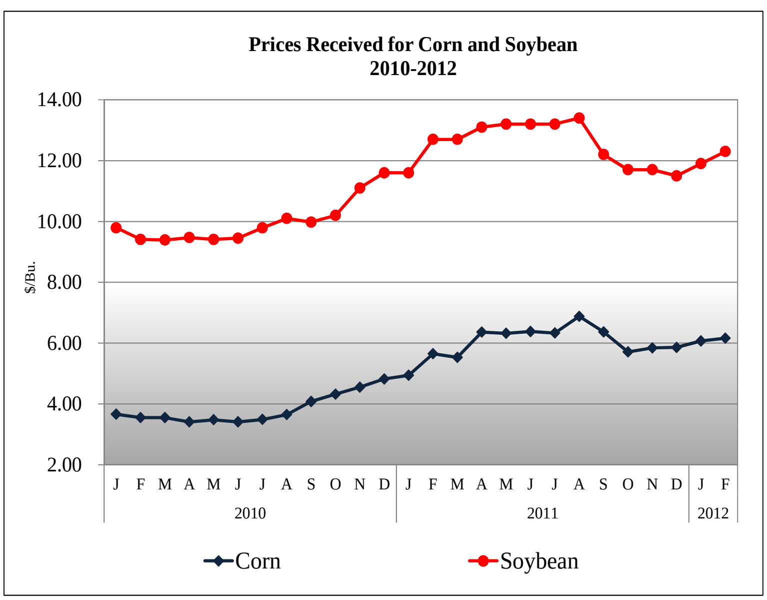
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

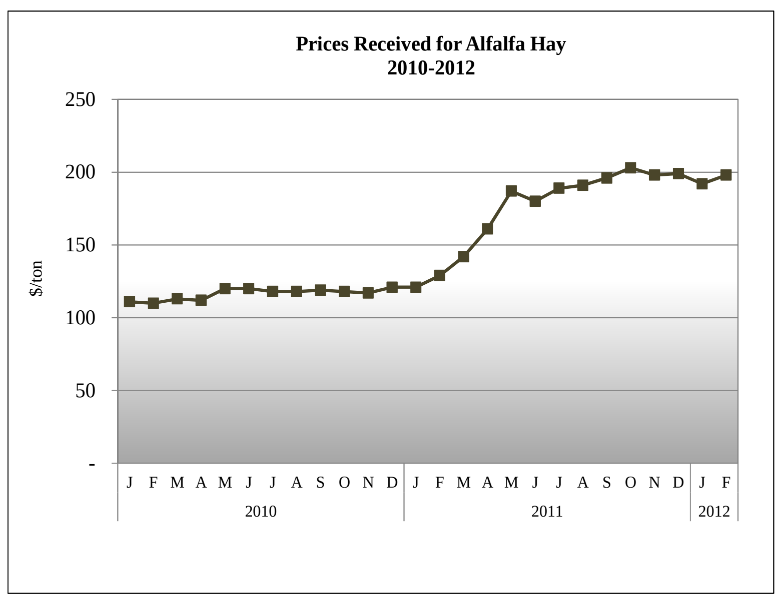
Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For February 2012, Federal Order 6 had a SUP of $21.34 per cwt, $1.77 lower than their January 2012 SUP of $23.11 per cwt.

In February 2012 Federal Order 33 had a SUP of $16.98 per cwt, $1.26 per cwt lower than the January 2011 SUP.

For February 2012 Federal Order 30 (Upper MW) had the lowest SUP at $16.35 per cwt, $1.09 per cwt lower than their January 2012 SUP.

PRICES RECEIVED FOR GRAIN AND ALFALFA HAY, 2010 –2011 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