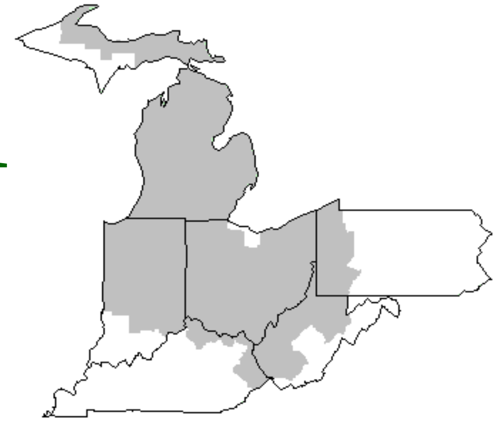
Mideast Market Administrator's Bulletin



Federal Order No. 33

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May 2012

Milk Production Continues To Advance, Prices Continue To Fall

February cow numbers were higher than anticipated in light of mediocre producer returns and relatively high cow slaughter during the last two quarters. Still, a reduction in herd size is expected late this year, but the decline is projected to be less than expected last month. As a result, cow numbers for 2012 were raised slightly from last month to 9,215 thousand head. Corn prices are forecast at $6.00 to $6.40 per bushel in 2011/12, a narrowing of the price range by 10 cents on each end. Soybean meal prices are projected higher this month at $335 to $355 per ton. This slightly more adverse feed outlook for producers, combined with higher cull cow prices and lower milk prices over the course of the year, is likely to lead to lower cow numbers by year-end. Production per cow was raised again in April as the February Milk Production report indicated higher milk per cow than previously expected. Ideal weather in most of the United States likely contributed to cow performance. Production per cow is likely to remain above trend this year as a result of the mild winter and the heavy slaughter that has removed marginal producers from the herd. Annual production per cow in April is forecast at 21,825 pounds for 2012. Consequently, milk production was increased to 201.1 billion pounds in the April forecast from last month's 199.7 billion-pound forecast.

Fats basis imports were unchanged from last month at 3.3 billion pounds. Cheese imports were revised lower, but the decline was offset by forecast increases in butterfat, whole milk powder, and ice cream. Imports on a skims-solids basis were increased to 5.4 billion pounds, up from 5.1 billion forecast in March. The increase is based on expected growth in casein imports. World supplies of milk proteins are expected to be higher and prices lower this year. Fats-basis exports were reduced to 8.4 billion pounds from 8.6 billion pounds. The year-to-date totals suggest that butter exports will be below earlier expectations. Exports of fluid milk and cream, largely to Mexico and Canada, will likely be lower than earlier expected. Exports on a skims-solids basis were raised to 32.8 billion pounds from 32.3 billion pounds. Year-to-date exports to Mexico and Asian countries have been stronger than earlier expected. Despite the higher early totals, exports for the year are unlikely to match last year.

Commercial ending stocks are forecast at 11.8 billion pounds on a fats basis and 12.0 billion pounds on a skims-solids basis, both up from March's projections. Larger than expected supplies of cheese and NDM were reported in storage in February, which—combined with the higher forecast milk production—is likely to lead to higher than previously forecast stocks.

Ample stocks of dairy products and higher milk production lead to a lower price forecast in April for all major dairy products. Prices forecast for cheese, butter, and NDM are below both March forecasts and 2011 average prices. The cheese price is forecast at $1.590 to $1.640 per pound. Butter is projected at $1.490 to $1.570 per pound, and NDM prices are projected at $1.300 to $1.340 per pound. Whey prices, which have run counter to the downward price trend for other products, are now forecast lower this month at 55.0 to 58.0 cents per pound. While the April forecast whey price is lower than in March, it is still above the 2011 average price. Milk price forecasts were lowered this month as well. The Class III price was reduced to $16.10 to $16.60 per cwt, and the Class IV price was lowered to $15.35 to $15.95 per cwt. The all-milk price is now forecast at $17.25 to $17.75 per cwt.

Source: *Livestock, Dairy, and Livestock Outlook*/LDP-M-214/April 16, 2012 Economic Research Service, USDA

March Milk Production Up 4.3 Percent

Milk production in the 23 major States during March totaled 16.5 billion pounds, up 4.3 percent from March 2011. February production, revised at 15.1 billion pounds, was up 8.2 percent from February 2011.The February revision represented a decrease of 13 million pounds or 0.1 percent from last month's preliminary production estimate. Adjusting February production for the additional day due to leap year causes February revised production to be up 4.5 percent on a per day basis.

Production per cow in the 23 major States averaged 1,931 pounds for March, 59 pounds above March 2011. The number of milk cows on farms in the 23 major States was 8.52 million head, 94,000 head more than March 2011, and 9,000 head more than February 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 March totaled 2.5 billion pounds, up 78 million pounds or 3.2 percent from March 2011.

Production per cow in the Mideast states averaged 1,834 pounds for March, 46 pounds above March 2011. The number of cows on farms in the Mideast states was 1.4 million head, 13,000 head more than March 2011.

APRIL 2012 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	501,017,446	32.5
Class II	259,310,214	16.8
Class III	570,039,223	36.9
Class IV	212,633,491	13.8
Total	1,543,000,374	100.0

Producer Prices

Producer Price Differential	$ 0.51	/cwt
Butterfat Price	1.5645	/ lb
Protein Price	2.6568	/ lb
Other Solids Price	0.4048	/ lb
Somatic Cell Adjustment Rate	0.00077	/ cwt
Statistical Uniform Price	16.23	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES
Federal Order No. 33

April 2012

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			492,465,826			$ 12.70 / cwt	$ 62,543,159.91
Class I Butterfat		8,551,620				1.5439 / lb	13,202,846.13
Class I Location Differential	501,017,446						(263,140.67)
Class II SNF Value				22,254,260		1.2322 / lb	27,421,699.20
Class II Butterfat		16,353,464				1.5715 / lb	25,699,468.70
Class III Protein Value			17,593,595			2.6568 / lb	46,742,663.22
Class III Other Solids Value					32,813,762	0.4048 / lb	13,283,010.85
Class III Butterfat		21,115,303				1.5645 / lb	33,034,891.56
Class IV SNF Value				18,532,272		1.0728 / lb	19,881,421.44
Class IV Butterfat		10,650,986				1.5645 / lb	16,663,467.62
Somatic Cell Value II / III / IV							1,290,149.05
TOTAL PRODUCER MILK VALUE	1,543,000,374	56,671,373	47,506,228		88,803,137		$ 259,499,637.01
Overages					11,918.73		
Beginning Inventory & OS Charges					26,738.88		
TOTAL ADJUSTMENTS							$ 38,657.61
TOTAL HANDLER OBLIGATIONS							$ 259,538,294.62
Total Protein Value			47,506,228 lbs	@	$2.6568		$(126,214,546.55)
Total Other Solids Value			88,803,137 lbs	@	0.4048		(35,947,509.85)
Butterfat Value			56,671,373 lbs	@	1.5645		(88,662,363.08)
Total Somatic Cell Values							(1,892,334.58)
TOTALS							$ 6,821,540.56
Net Producer Location Adjustments							$ 1,125,185.52
1/2 Unobligated Balance Producer Settlement Fund							682,000.00
Total - Divided by Total Pounds			1,543,000,374 lbs		0.5592174		$ 8,628,726.08
Rate of Cash Reserve					(0.0492174)		(759,424.67)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,543,000,374		**$ 0.51 /cwt**		$ 7,869,301.41

COMPONENT PRICES

	April 2012	April 2011
Butterfat Price	$1.5645 / lb	$2.2113 / lb
Protein Price	2.6568 / lb	2.4984 / lb
Other Solids Price	0.4048 / lb	0.2902 / lb
Somatic Cell Adjustment Rate	0.00077 / cwt	0.00085 / cwt
Nonfat Solids Price	1.0728 / lb	1.3862 / lb

COMPUTATION OF UNIFORM PRICE

	April 2012	April 2011
Class III Price - 3.5% BF	$ 15.72	$16.87
Producer Price Differential*	0.51	2.32
Statistical Uniform Price	$16.23	$19.19

CLASS PRICES

	April 2012	April 2011
Class I*	$17.66	$21.43
Class II	16.20	19.66
Class III	15.72	16.87
Class IV	14.80	19.78

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	April 2012 *Product lbs.*	April 2011 *Product lbs.*
Class I	501,017,446	525,628,479
Class II	259,310,214	175,327,164
Class III	570,039,223	498,918,781
Class IV	212,633,491	98,215,391
Total	1,543,000,374	1,298,089,815

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for April 2012 was $0.51 and the Statistical Uniform Price was $16.23 for the month. The Statistical Uniform Price is $0.32 lower than last month, and is $2.96 lower than April, 2011.

The Producer Butterfat Price of $1.5645 per pound increased $0.0348 from March and is down $0.6468 from a year ago. The Protein Price of $2.6568 is down $0.0030 cents from last month and is up $0.1584 from April 2011. The Other Solids Price in April was $0.4048 per pound, a decrease from last month's price of $0.4239 and $0.1146 higher than last April. The Somatic Cell Adjustment rate for April was $0.00077.

April producer receipts of 1.54 billion pounds were 0.9 percent lower than March and 18.9 percent higher than April 2011 production of 1.30 billion pounds. Producer milk allocated to Class I accounted for 32.5 percent of the total producer milk in April 2012, less than the 34.3 percent in March, and less than the 40.5 percent in April 2011. A total of 6,591 producers were pooled on the Mideast Order compared to 6,731 producers pooled in April 2011.

The market average content of producer milk was as follows: Butterfat 3.67%; Protein 3.08%; Other Solids 5.76% and Nonfat Solids 8.84%.

Summary of 2011 Dairy Products

Total cheese production, excluding cottage cheeses, was 10.6 billion pounds, 1.5 percent above 2010 production. Wisconsin was the leading State with 24.9 percent of the production.

Italian varieties, with 4.56 billion pounds were 3.3 percent above 2010 production and accounted for 43.0 percent of total cheese in 2011. Mozzarella accounted for 78.1 percent of the Italian production followed by Provolone with 7.7 percent and Parmesan with 6.1 percent. California was the leading State in Italian cheese production with 31.0 percent of the production.

American type cheese production was 4.27 billion pounds, 0.5 percent below 2010 and accounted for 40.3 percent of total cheese in 2011. Wisconsin was the leading State in American type cheese production with 18.6 percent of the production.

Butter production in the United States during 2011 totaled 1.81 billion pounds, 15.7 percent above 2010. California accounted for 34.4 percent of the production.

Dry milk powders
(2011 United States production, comparisons with 2010)

- Nonfat dry milk, human - 1.51 billion pounds, down 3.1 percent.
- Skim milk powders - 446 million pounds, up 75.7 percent.

Whey products
(2011 United States production, comparisons with 2010)

- Dry whey, total - 1.01 billion pounds, down slightly.
- Lactose, human and animal – 1.00 billion pounds, up 10.1 percent.
- Whey protein concentrate, total - 431 million pounds, up 0.7 percent.

Frozen products
(2011 United States production, comparisons with 2010)

- Ice cream, Regular (total) - 900 million gallons, down 3.1 percent.
- Ice cream, Lowfat (total) - 440 million gallons, up 5.8 percent.
- Sherbet (total) – 45.0 million gallons, down 8.7 percent.
- Frozen Yogurt (total) – 60.7 million gallons, up 21.2 percent.

Special Note
Monthly estimates for Blue and Gorgonzola, Feta, and Gouda cheeses are now available at the National level. These items were removed from the “All Other Types” category.

Source: *Dairy Products 2011 Summary*, April 2012, USDA, National Agricultural Statistics Service

Milk Production, Disposition, and Income 2011

Milk production increased 1.8 percent in 2011 to 196 billion pounds. The rate per cow, at 21,345 pounds, was 197 pounds above 2010. The annual average number of milk cows on farms was 9.19 million head, up 75,000 head from 2010.

Cash receipts from marketings of milk during 2011, totaled $39.5 billion, 26.0 percent higher than 2010. Producer returns averaged $20.25 per hundredweight, 23.9 percent above 2010. Marketings totaled 195.3 billion pounds, 1.8 percent above 2010. Marketings include whole milk sold to plants and dealers as well as milk sold directly to consumers.

An estimated 985 billion pounds of milk were used on farms where produced, unchanged from 2010. Calves were fed 90 percent of this milk, with the remainder consumed in producer households.

Source: *Dairy Market News*, April 23 – 27, 2012 -13- Volume 79, Report 17

2011 Milk Component Analysis Released

The 2011 Milk Component Analysis for the Mideast Marketing Area has been released. Data on the butterfat, protein, other solids and somatic cell count (SCC) were examined for producer milk associated with the Mideast marketing area during 2011. Results from the analyses include: market and state averages, seasonal variation in component levels, and statistical relationships among the components in milk at the farm level.

The complete study is available at http://www.fmmaclev.com under Statistical Information.

Bulletin WebPage Edition
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Featured this month are:

- Milk Production Statistics
- Dairy Product Production
- Commercial Disappearance of Milk in All Products

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

	March 2012						March 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	1,739	657,888	3.65	3.06	5.75	164	631,807	3.70	3.07	5.73	176
Ohio	2,051	358,839	3.71	3.09	5.71	213	312,758	3.83	3.11	5.70	226
Indiana	1,109	183,286	3.74	3.09	5.78	208	139,634	3.83	3.10	5.71	224
New York	332	138,079	3.73	3.04	5.75	194	132,592	3.75	3.08	5.75	107
Pennsylvania	950	102,803	3.81	3.12	5.70	267	106,634	3.88	3.12	5.69	279
Wisconsin	137	87,095	3.73	3.14	5.80	203	55,477	3.65	3.04	5.75	239
West Virginia	52	3,895	3.89	3.18	5.70	276	4,097	4.00	3.20	5.69	317
Other	138	25,668	3.64	3.04	5.77	210	16,040	3.73	3.09	5.70	231
Total/Average *	6,508	1,557,555	3.70	3.08	5.75	193	1,399,037	3.76	3.09	5.72	197

* 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 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)*	2,102,631	776,957	37.0	$1.48	$17.20
FO 5	Appalachian - *(Charlotte)*	501,434	314,007	62.6	[2/]	18.10
FO 6	Florida - *(Tampa)*	244,366	203,767	83.4	[2/]	20.31
FO 7	Southeast - *(Atlanta)*	644,212	364,980	56.7	[2/]	18.24
FO 30	Upper Midwest - *(Chicago)*	2,890,311	307,654	10.6	0.20	15.92
FO 32	Central - *(Kansas City)*	1,382,270	398,242	28.8	0.31	16.03
FO 33	**Mideast - *(Cleveland)***	**1,543,000**	**501,017**	**32.5**	**0.51**	**16.23**
FO 124	Pacific Northwest - *(Seattle)*	637,255	175,418	27.5	0.15	15.87
FO 126	Southwest - *(Dallas)*	1,141,433	349,005	30.6	1.18	16.90
FO 131	Arizona - *(Phoenix)*	425,705	118,199	27.8	[2/]	16.02

[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 2012................................$14.80 /cwt.

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Mideast Market Administrator's

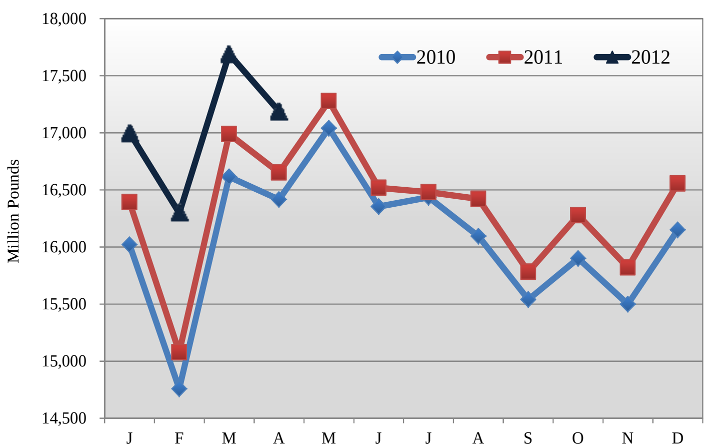
Bulletin

Supplement

Federal Order No. 33 May 2012

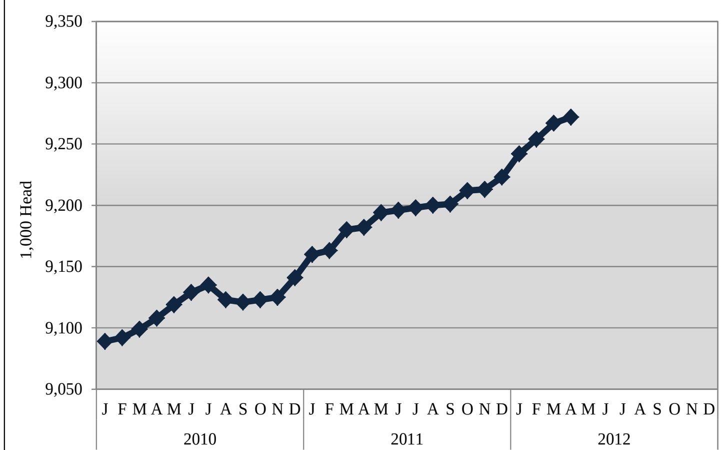
MILK PRODUCTION STATISTICS 1/

Milk Production by Month, United States, 2010-2012



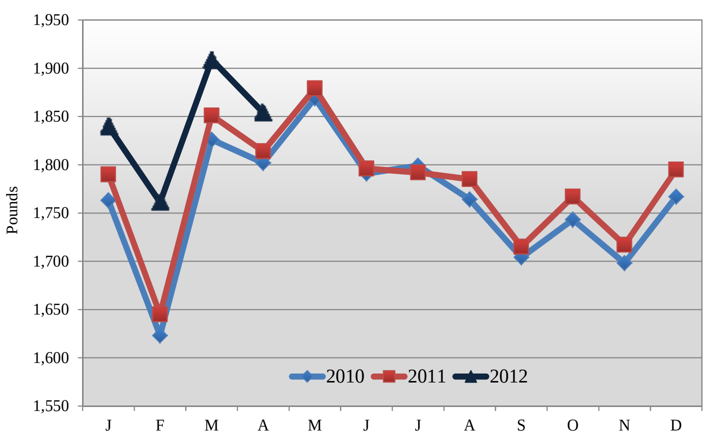
April 2012 milk production in the United States decreased 502 million pounds from March to 17.2 billion pounds. April 2012 milk production in the United States was up 3.2 percent from April 2011.

Milk Cows by Month, United States, 2010-2012



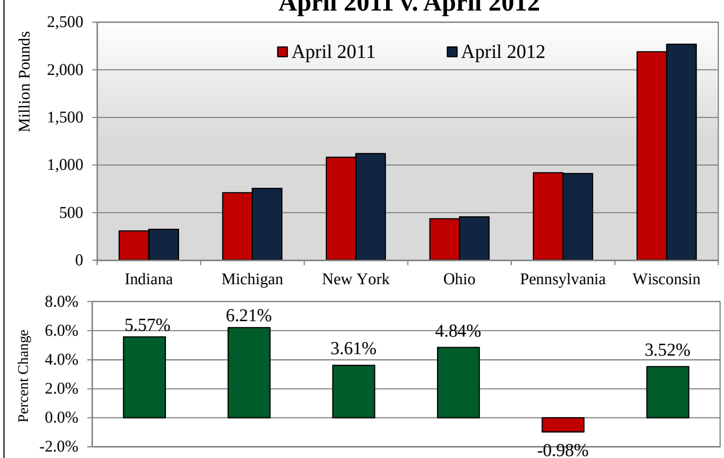
The number of milk cows on farms in the United States was 9.3 million head for April 2012, in line with March estimates and 90,000 head more than April 2011.

Milk Production Per Cow by Month, United States, 2010-2012



Production per cow in the United States averaged 1,854 pounds for April 2012, down 55 pounds from March 2012. April 2012 milk production per cow was up 40 pounds from April 2011.

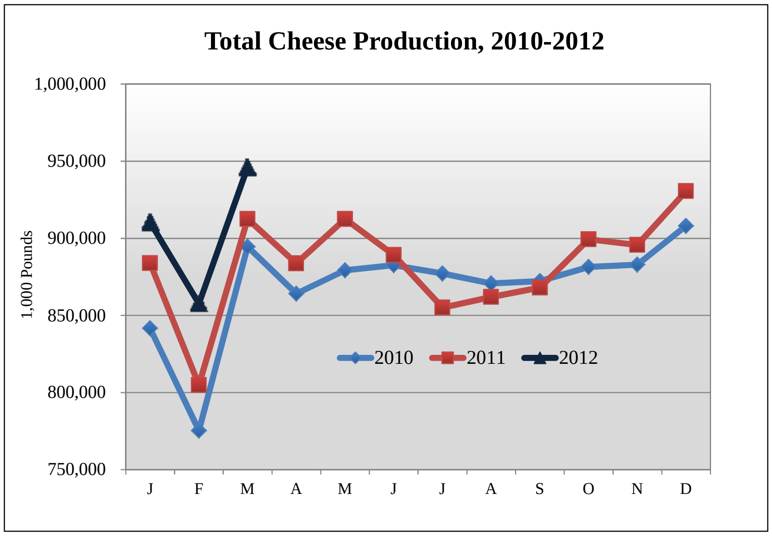
Milk Production in Select Mideast States, April 2011 v. April 2012



Milk production from selected states which pool on the Mideast marketing area totaled 5.8 billion pounds during April 2012, up 189 million pounds from the prior year. Milk production in Wisconsin was up 77 million pounds while production in Pennsylvania was down 9 million pounds.

1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

DAIRY PRODUCT PRODUCTION 1/

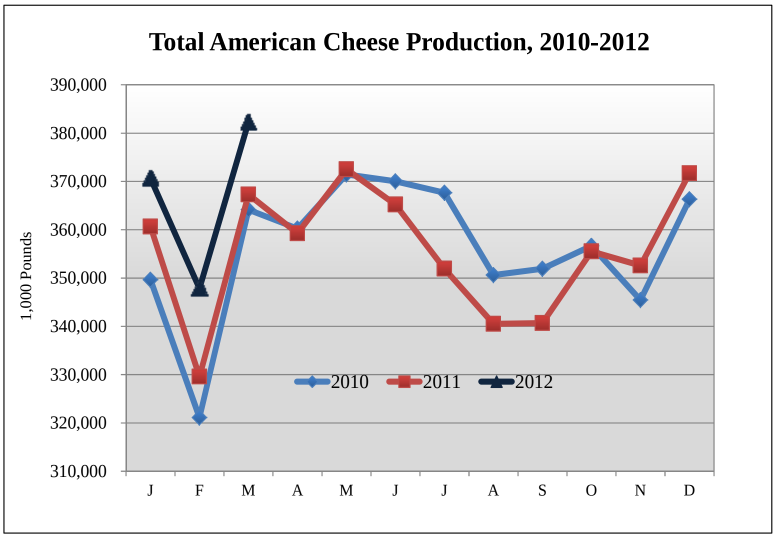


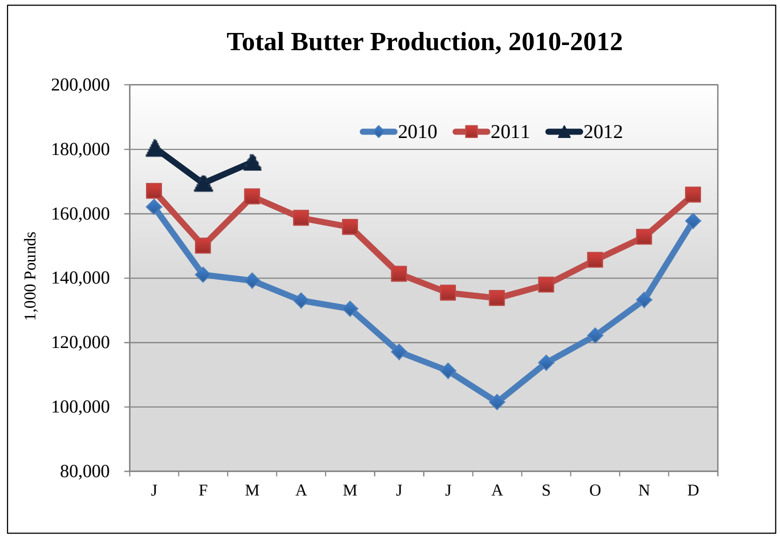
Dairy Product Production Summary:

Total cheese output (excluding cottage cheese) was 946 million pounds, 3.7 percent above March 2011 and 10.3 percent above February 2012.

American type cheese production totaled 382 million pounds, 4.1 percent above March 2011 and 9.9 percent above February 2012.

Butter production was 176 million pounds, 6.4 percent above March 2011 and 3.9 percent above February 2012.





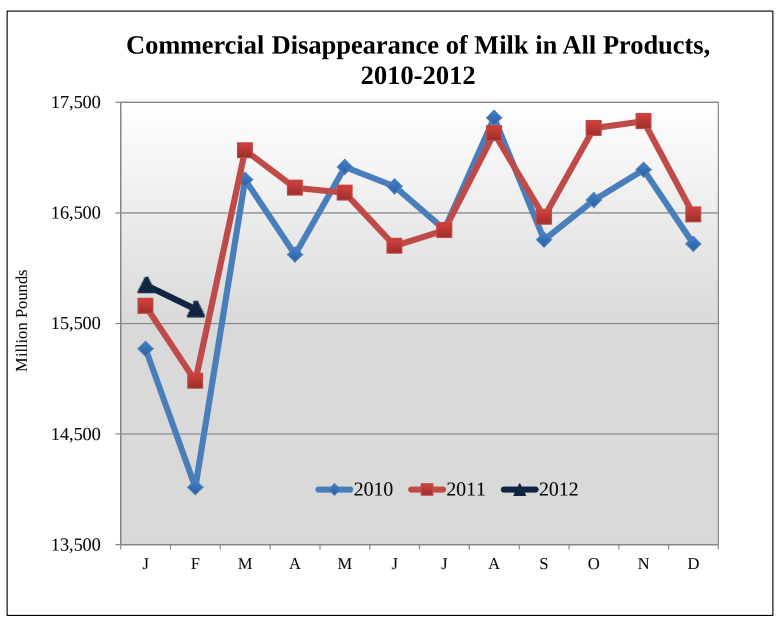
COMMERCIAL DISAPPEARANCE 2/

Commercial disappearance of milk in all productions represents the difference between the beginning monthly milk supply and the ending commercial stocks. Milk supply includes farm production, beginning inventory, imports and excludes milk used on the farm.

For February 2012 commercial disappearance of milk was 15.6 billion pounds, up 4.3 percent from the prior year. The cumulative disappearance total for 2012 is 31.5 billion pounds, an increase of 2.7 percent from the 2-month period of 2011.

February 2012 commercial disappearance of cheese was 354.3 million pounds, up 2.2 percent from the prior year.

February 2012 commercial disappearance of butter was 136.1 million pounds, up 4.4 percent from the prior year.



1/ Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).
2/ Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.