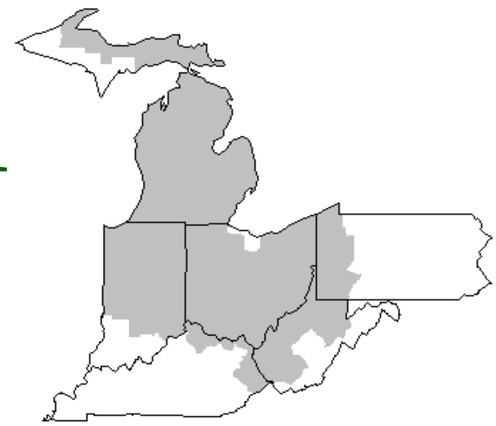
Mideast Market Administrator's

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

March 2013



2012 Annual Milk Production Up 2.1 Percent from 2011

The annual production of milk for the U.S. during 2012 was 200 billion pounds, 2.1 percent above 2011. Revisions to 2011 production decreased the annual total 81 million pounds. Revised 2012 production was up 40 million pounds from last month's publication.

Production per cow in the U.S. averaged 21,697 pounds for 2012, 361 pounds above 2011. The average annual rate of milk production per cow has increased 15.7 percent from 2003.

The average number of milk cows on farms in the U.S. during 2012 was 9.23 million head, up 0.4 percent from 2011. The average number of milk cows was revised up 2,000 head for 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 2012 totaled 28.4 billion pounds, up 754 million pounds or 2.7 percent from 2011.

Production per cow in the Mideast states averaged 21,120 pounds for 2012, this was 492 pounds above 2011.

The number of cows on farms in the Mideast states was 1.4 million head, 9,000 head more than 2011.

Milk Production Continues To Advance Based On Yields, as the U.S. Herd Contracts

The most recent USDA World Agricultural Supply and Demand estimates lowered the 2012/13 season-average price of corn to $6.75-$7.65 per bushel. Lower expected exports lie behind the price drop. Greater expected competition from Brazil offset higher expected domestic food, seed, and industrial use. In contrast, the soybean meal price forecast was unchanged from January at $430-$460 per ton. The outlook for forages remains precarious. The Crop Production report released February 8, 2012, estimated total U.S. hay production in 2012 at 119.9 million tons. This estimate is about 9 percent below 2011 and 16 percent below the 5-year average. However, the drought impact is not uniform. The upper Midwest is most adversely affected, with the 2012 crop trailing last year by 29 percent. The Texas-Oklahoma production is expected to be nearly double 2011 totals, but 2011 was one of the worst drought years ever for the Texas-Oklahoma area.

Feed prices will continue to inch upward early this year; but for the year as a whole, feed prices should be slightly lower in 2013 than last year. The feed outlook is predicated on the lower expected corn price and a return to a more nearly normal forage yield for 2013/14.

For January, weekly dairy cow slaughter continued above the 2012 pace. The January Cattle report showed the cow population on January 1 close to 2012's population, but producers expect to retain 2 percent fewer heifers for breeding. Based on this evidence, cow numbers are likely to show a gradual decline over the course of 2013 and average 9,170 thousand head for the year. The prospect of lower feed prices should prompt producers to maintain feeding rates and continue to boost yields. Milk per cow is expected to average 21,920 pounds for the year, with most of the year-over-year increase coming after the first quarter in 2013. Total 2013 milk production is forecast at 201.0 billion pounds, another year-over-year rise.

Milk-equivalent imports for 2013 were unchanged from the January forecast on both a fats and skims-solids basis, at 4.0 billion pounds and 5.4 billion pounds, respectively. Fats basis exports were unchanged for February at 9.0 billion pounds. Skims-solids basis exports were raised slightly to 33.7 billion pounds. Firm nonfat dry milk (NDM) prices, despite higher than expected December ending stocks, suggest a potentially strong NDM export pace, at least in early 2013. Ending stocks on both a fats and skims-solids basis were trimmed in this month's forecast based on stronger domestic demand and only a modest increase in milk production.

Dairy product prices for 2013 were only slightly changed from January forecasts. The cheese price is forecast at $1.715-$1.785 per pound, unchanged from last month, although the range was narrowed. Butter prices are projected to average $1.535 - $1.635 per

(Continued on Page 3)

February 2013 Pool Summary

Classification of Producer Milk

	Pounds	*Percent*
Class I	508,579,406	37.2
Class II	204,454,977	15.0
Class III	422,810,189	31.0
Class IV	229,429,693	16.8
Total	1,365,274,265	100.0

Producer Prices

Producer Price Differential	$ 1.12	/cwt
Butterfat Price	1.6619	/ lb
Protein Price	2.9609	/ lb
Other Solids Price	0.4534	/ lb
Somatic Cell Adjustment Rate	0.00083	/ cwt
Statistical Uniform Price	18.37	/ cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

February 2013

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	POUNDS	BUTTERFAT	SKIM / PROTEIN	NONFAT SOLIDS	OTHER SOLIDS	PRICE	VALUE
Class I Skim Value			499,761,981			$ 14.91 / cwt	$ 74,514,511.35
Class I Butterfat		8,817,425				1.6627 / lb	14,660,732.56
Class I Location Differential	508,579,406						(270,139.94)
Class II SNF Value				17,688,782		1.4567 / lb	25,767,248.71
Class II Butterfat		13,448,263				1.6689 / lb	22,443,806.15
Class III Protein Value			13,309,751			2.9609 / lb	39,408,841.79
Class III Other Solids Value					24,233,476	0.4534 / lb	10,987,458.05
Class III Butterfat		17,356,706				1.6619 / lb	28,845,109.70
Class IV SNF Value				20,121,482		1.3742 / lb	27,650,940.52
Class IV Butterfat		12,869,642				1.6619 / lb	21,388,058.06
Somatic Cell Value II / III / IV							1,167,134.16
TOTAL PRODUCER MILK VALUE	1,365,274,265	52,492,036	43,086,910		78,455,635		$ 266,563,701.11
Overages					17,309.04		
Beginning Inventory & OS Charges					7,826.48		
TOTAL ADJUSTMENTS							$ 25,135.52
TOTAL HANDLER OBLIGATIONS							$ 266,588,836.63
Total Protein Value			43,086,910 lbs	@	$2.9609		$(127,576,031.84)
Total Other Solids Value			78,455,635 lbs	@	0.4534		(35,571,784.89)
Butterfat Value			52,492,036 lbs	@	1.6619		(87,236,514.60)
Total Somatic Cell Values							(1,839,207.31)
TOTALS							$ 14,365,297.99
Net Producer Location Adjustments							$ 882,092.93
1/2 Unobligated Balance Producer Settlement Fund							617,000.00
Total - Divided by Total Pounds			1,365,274,265 lbs		1.1619930		$ 15,864,390.92
Rate of Cash Reserve					(0.0419930)		(573,319.62)
PRODUCER PRICE DIFFERENTIAL *at Cuyahoga County, OH**			1,365,274,265		**$ 1.12 /cwt**		$ 15,291,071.30

COMPONENT PRICES

	February 2013	February 2012
Butterfat Price	$1.6619 / lb	$1.5739 / lb
Protein Price	2.9609 / lb	2.6627 / lb
Other Solids Price	0.4534 / lb	0.4541 / lb
Somatic Cell Adjustment Rate	0.00083 / cwt	0.00077 / cwt
Nonfat Solids Price	1.3742 / lb	1.1993 / lb

COMPUTATION OF UNIFORM PRICE

	February 2013	February 2012
Class III Price - 3.5% BF	$ 17.25	$16.06
Producer Price Differential*	1.12	0.92
Statistical Uniform Price	$18.37	$16.98

CLASS PRICES

	February 2013	February 2012
Class I*	$20.21	$19.03
Class II	18.49	16.94
Class III	17.25	16.06
Class IV	17.75	15.92

* Subject to Location Adjustment.

CLASSIFICATION OF PRODUCER MILK

	February 2013 *Product lbs.*	February 2012 *Product lbs.*
Class I	508,579,406	509,384,701
Class II	204,454,977	251,377,519
Class III	422,810,189	549,106,964
Class IV	229,429,693	159,848,031
Total	1,365,274,265	1,469,717,215

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for February 2013 was $1.12 and the Statistical Uniform Price was $18.37 for the month. The Statistical Uniform Price is $0.36 lower than last month, and is $1.39 higher than February 2012.

The Producer Butterfat Price of $1.6619 per pound increased $0.0451 from January and is up $0.0880 from a year ago. The Protein Price of $2.9609 is down $0.3253 cents from last month and is up $0.2982 from February 2012. The Other Solids Price in February was $0.4534 per pound, a decrease from last month’s price of $0.4647 and $0.0007 lower than last February. The Somatic Cell Adjustment rate for February was $0.00083.

February producer receipts of 1.37 billion pounds were 10.9 percent lower than January and 7.1 percent lower than February 2012 production of 1.47 billion pounds. Producer milk allocated to Class I accounted for 37.2 percent of the total producer milk in February 2013, more than the 36.8 percent in January and the 34.7 percent in February 2012. A total of 6,092 producers were pooled on the Mideast Order compared to 6,479 producers pooled in February 2012.

The market average content of producer milk was as follows: Butterfat 3.84%; Protein 3.16%; Other Solids 5.75% and Nonfat Solids 8.91%.

(continued from Front Page)

pound. The upper end of the forecast price range was lowered from last month, effectively lowering the midpoint of the price forecast. Butter supplies are expected to remain relatively plentiful. NDM prices were raised slightly this month to $1.465-$1.525 per pound on the basis of current prices, continued export strength, and expected tightening stocks over the course of this year. Similar logic underlies the raise in whey prices to 61.5-64.5 cents per pound.

The Class IV price is forecast at $17.00-$17.80 per hundred-weight (cwt). This represents an increase in the lower end of the forecast range from last month and is based on the perceived strength of the powder market. The Class III price range was narrowed from last month's forecast to $17.70-$18.40 per cwt as cheese prices are unchanged and only a small increase is forecast in the whey price. The all milk price is forecast at $18.90-$19.60 per cwt, representing a narrowing of the forecast range.

Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-224/February 14, 2013* Economic Research Service, USDA

January Milk Production Up 0.6 Percent

Milk production in the 23 major States during January totaled 15.9 billion pounds, up 0.6 percent from January 2012. December revised production at 15.7 billion pounds, was up 1.7 percent from December 2011. The December revision represented a decrease of 5 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,871 pounds for January, 11 pounds above January 2012.

The number of milk cows on farms in the 23 major States was 8.50 million head, 2,000 head less than January 2012, but 6,000 head more than December 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 January totaled 2.5 billion pounds, up 54 million pounds or 2.3 percent from January 2012.

Production per cow in the Mideast states averaged 1,816 pounds for January, 40 pounds above January 2012.

The number of cows on farms in the Mideast states was 1.4 million head, 1,000 head more than January 2012.

January 2013 Dairy Product Highlights

Total cheese output (excluding cottage cheese) was 933 million pounds, 2.4 percent above January 2012 but 2.0 percent below December 2012.

Italian type cheese production totaled 400 million pounds, 0.2 percent below January 2012 and 2.3 percent below December 2012.

American type cheese production totaled 375 million pounds, 2.4 percent above January 2012 but 2.4 percent below December 2012.

Butter production was 185 million pounds, 2.6 percent above January 2012 and 7 percent above December 2012.

Dry milk powders (comparisons with January 2012)

Nonfat dry milk, human - 143 million pounds, down 6.9 percent.

Skim milk powders - 48.0 million pounds, up 20.8 percent.

Whey products (comparisons with January 2012)

Dry whey, total - 87.2 million pounds, down 9.3 percent.

Lactose, human and animal - 88.1 million pounds, up 1.6 percent.

Whey protein concentrate, total - 38.8 million pounds, up 0.8 percent.

Frozen products (comparisons with January 2012)

Ice cream, regular (hard) - 58.4 million gallons, up 5.9 percent.

Ice cream, lowfat (total) - 27.4 million gallons, down 3.9 percent.

Sherbet (hard) - 2.94 million gallons, down 3.9 percent.

Frozen yogurt (total) - 3.60 million gallons, up 3.4 percent.

Source: Released March 4, 2013, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

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

Federal Order No. 33

	January 2013						January 2012				
			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	1,660	724,255	3.79	3.15	5.76	160	639,268	3.75	3.13	5.74	164
Ohio	2,042	377,780	3.90	3.17	5.74	204	349,146	3.78	3.17	5.69	217
Indiana	1,052	192,991	3.89	3.16	5.76	195	185,796	3.82	3.17	5.74	205
New York	294	95,971	3.86	3.14	5.74	192	135,102	3.77	3.11	5.74	197
Pennsylvania	887	95,950	3.95	3.17	5.71	244	99,065	3.90	3.18	5.69	272
Wisconsin	64	36,474	3.79	3.15	5.77	243	83,404	3.78	3.16	5.80	197
West Virginia	34	2,263	4.09	3.23	5.73	257	3,600	4.12	3.28	5.67	286
Other	98	7,118	3.99	3.17	5.72	222	26,851	3.69	3.09	5.73	207
Total/Average *	6,131	1,532,802	3.84	3.15	5.75	185	1,522,232	3.78	3.15	5.73	194

* 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

POSTMASTER: Time Sensitive Material - Deliver Promptly

Bulletin WebPage Edition
www.fmmaclev.com

Featured this month are:

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

FEDERAL ORDER DATA

February 2013

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)*	1,982,575	755,994	38.1	$2.18	$19.43
FO 5	Appalachian - *(Charlotte)*	460,193	310,806	67.5	[2/]	20.66
FO 6	Florida - *(Tampa)*	229,114	197,616	86.3	[2/]	22.90
FO 7	Southeast - *(Atlanta)*	515,900	342,552	66.4	[2/]	21.05
FO 30	Upper Midwest - *(Chicago)*	2,698,947	296,039	11.0	0.32	17.57
FO 32	Central - *(Kansas City)*	1,174,153	391,780	33.4	0.86	18.11
FO 33	**Mideast - *(Cleveland)***	**1,365,274**	**508,579**	**37.2**	**1.12**	**18.37**
FO 124	Pacific Northwest - *(Seattle)*	645,154	167,458	26.0	0.77	18.02
FO 126	Southwest - *(Dallas)*	1,128,436	336,259	29.8	1.61	18.86
FO 131	Arizona - *(Phoenix)*	378,829	107,993	28.5	[2/]	18.51

[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.

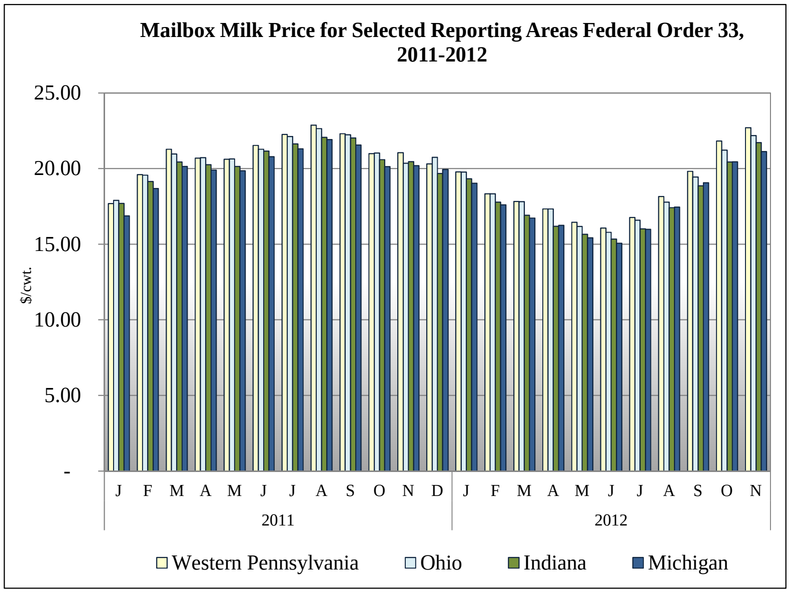
MINIMUM PARTIAL PAYMENT PRICE FOR MARCH 2013..........................$17.25 /cwt.

Printed on recycled paper

Mideast Market Administrator's Bulletin *Supplement*

Federal Order No. 33 **March 2013**

MAILBOX MILK PRICES FOR AREAS IN MIDEAST MARKETING AREA 1/

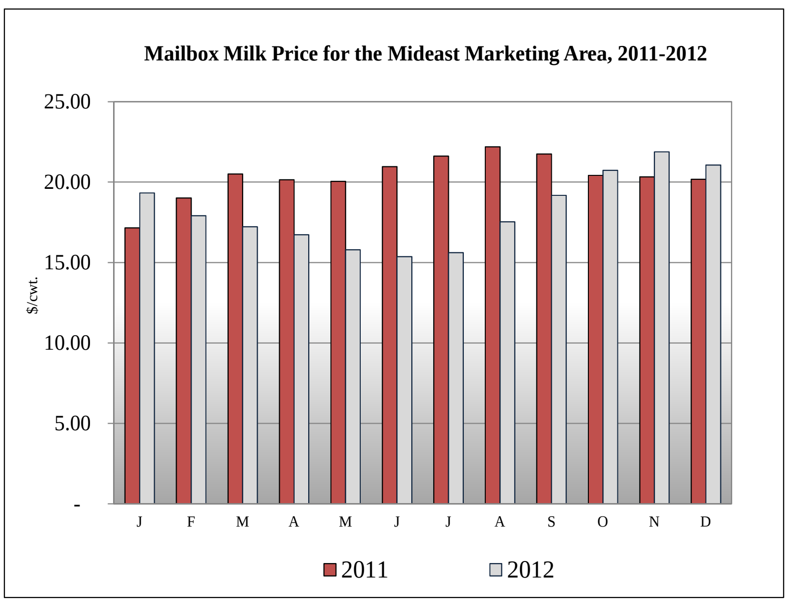


Mailbox price is the net pay price received by dairy farmers for milk. The data includes all payments received for milk sold, and all costs associated with marketing the milk. The mailbox price is a weighted average for the reporting area at the average butterfat test. Mailbox price does not include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

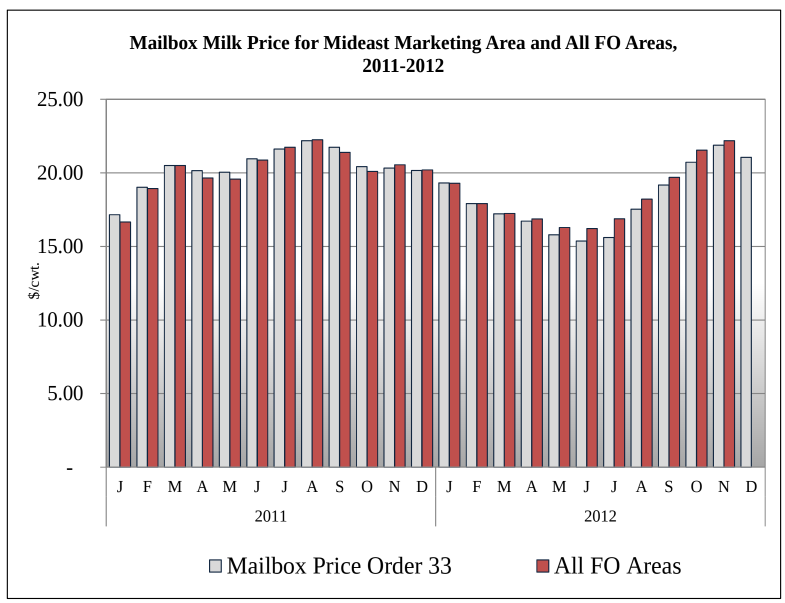
The information is shown for those areas where at least 75 percent of the milk was marketed under Federal Orders. Mailbox prices include milk not-pooled due to unusual price relationships.

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



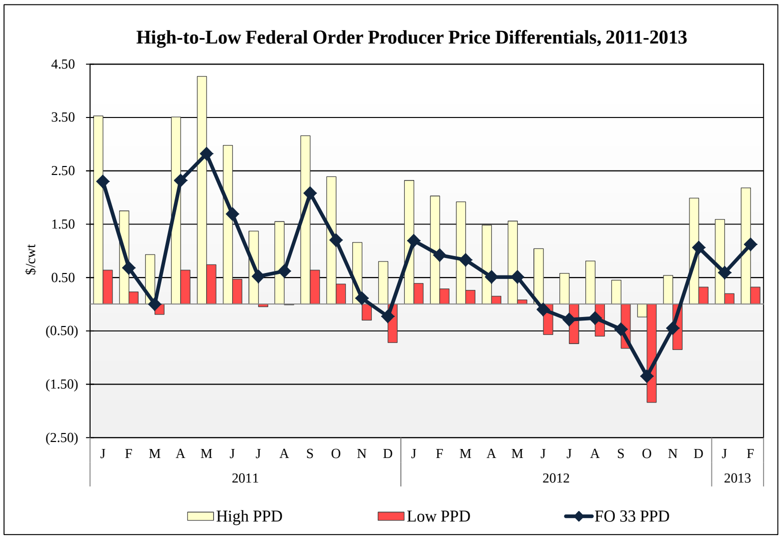
The net pay price received by dairy farmers located in states pooled on Federal Order 33 was $21.06 per hundredweight for December 2012. The December mailbox price is $0.72 lower than the mailbox price for November 2012. The December mailbox price is $0.89 higher than the December 2011 mailbox price of $21.74 per cwt.

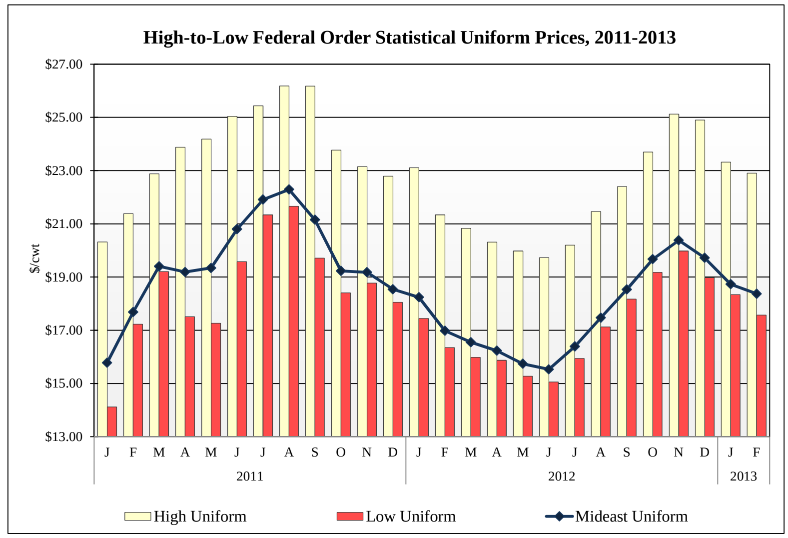


For November 2012 the net pay price received by dairy farmers located in states pooled on Federal Order 33 was $0.31 per cwt lower than the average mailbox price for all Federal Orders, as reported by Dairy Market News. For November the all Federal Order mailbox price was $22.19 per hundredweight, $0.64 higher than November 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 February 2013, Federal Order 1 had a PPD of $2.18 per hundredweight (cwt), $0.59 higher than their January PPD of $1.59 per cwt.

In February 2013 Federal Order 33 had the third highest PPD, behind Orders 1 and 126, at $1.12 per cwt, $0.53 per cwt higher than the January PPD.

For February 2013 Federal Order 30 had the lowest PPD at $0.32 per cwt, $0.12 per higher than the January PPD.

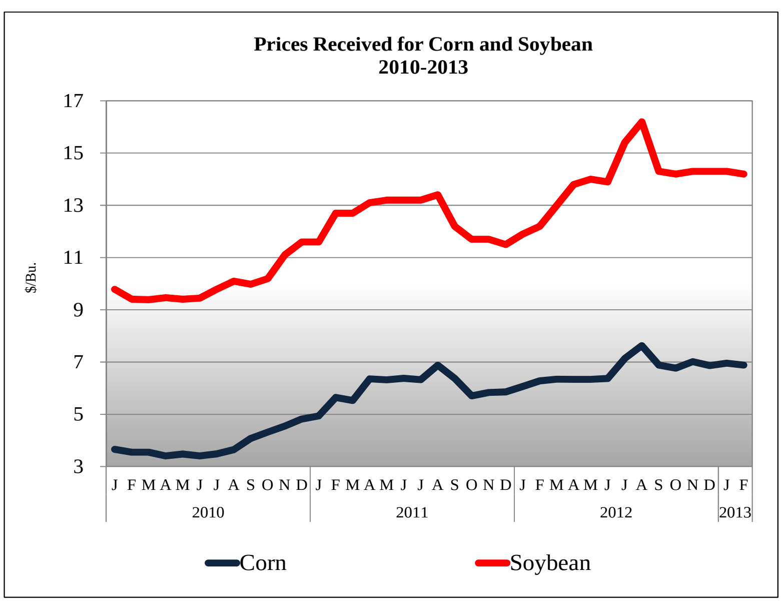
Producers in Orders 1, 30, 32, 33, 124, and 126 are paid based on component pricing; and producers in 5, 6, 7 and 131 are paid based on skim-fat pricing. The table above details the range of statistical uniform prices (SUP) paid to producers.

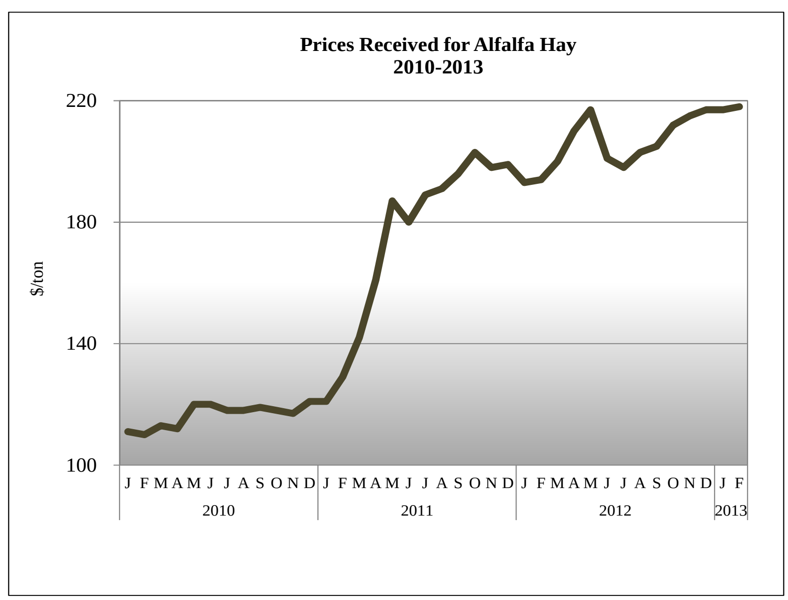
Of those orders, Federal Order 6 (Florida) traditionally has the highest statistical uniform price. For February 2013, Federal Order 6 had a SUP of $22.90 per cwt, $0.42 lower than the previous month's SUP.

Federal Order 33 had a SUP of $18.37 per cwt, $0.36 per cwt lower than the previous month's SUP.

The Upper Midwest order had the lowest SUP at $17.57 per cwt, $0.77 per cwt lower than the previous month's 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