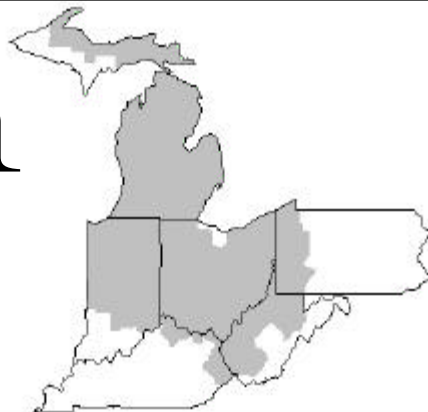


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

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### PROPOSALS FOR A PUBLIC HEARING TO AMEND THE POOLING PROVISIONS OF THE CENTRAL MARKETING ORDER SUBMITTED

United States Department of Agriculture Dairy Programs has received a request to amend provisions of the Central Federal milk marketing order from Dairy Farmers of America, Inc., and Prairie Farms Cooperative, dairy cooperatives marketing milk of members. The proposals would amend the pooling and performance requirements of the order.

Proponents state that amendments to the Central order pooling standards are necessary to insure that producers who regularly supply the market and share in the blend price are not disadvantaged by those producers who "opt in" the pool only when profitable and "opt out" when it is not. Specifically, the cooperatives state that if a producer desires to share in the returns of the order these proposals cause that decision to have multi-month consequences. Proponents also contend that the increase in the shipping standards should attract more milk to the market in the fall months. Requiring a producer to "touch base" at a pool plant at least one day during August to November and January to February, in order to maintain association with the pool, could increase actual performance. The proposals also include language that defines where milk can be diverted from to maintain pool status.

Copies of the proposals may be obtained from either Jack Rower, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231-Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 720-2357, e-mail: [Jack.Rower@usda.gov](mailto:Jack.Rower@usda.gov) or Donald R. Nicholson, Ph.D., Central Market Administrator, USDA/AMS/Dairy, P.O. Box 14650, Shawnee Mission, Kansas 66285-4650, (913) 495-9300.

### VENEMAN ANNOUNCES FLUID MILK PROCESSOR PROMOTION BOARD APPOINTMENTS

Secretary of Agriculture Ann Veneman announced the appointment of two new members to the National Fluid Milk Processor Promotion Board. Both appointments are to fill vacancies for existing terms.

Newly appointed are: Jerry N. Tidwell, Walnut Creek, Calif., (Region 14); and Paul W. Bikowitz, City of Industry, Calif., (Region 15). These appointments will be officially seated at the summer board meeting July 15-17. Their appointments expire June 30, 2005, and June 30, 2006, respectively.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and five at-

large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

### JUNE MILK PRODUCTION DOWN 0.2 PERCENT

Milk production in the 20 major States during June totaled 12.4 billion pounds, down 0.2 percent from June 2003. May revised production, at 13.0 billion pounds, was down 6 million pounds from May 2003. The May revision represented an increase of 13 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,603 pounds for June, 7 pounds above June 2003.

The number of cows on farms in the 20 major States was 7.74 million head, 44,000 head less than June 2003, but 19,000 head more than May 2004.

The Mideast Marketing Area has four states represented in the 20 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during June totaled 2.0 billion pounds, down 28 million pounds or 1.4 percent from June 2003.

Production per cow in the Mideast states averaged 1,568 pounds for June, five pounds below June 2003.

The number of cows on farms in the Mideast states was 1.3 million head, 18,000 head less than June 2003.

### JULY 2004 - POOL SUMMARY

#### Classification of Producer Milk

		<i>Percent</i>
Class I	520,455,927	35.0
Class II	234,623,368	15.8
Class III	652,628,835	43.9
Class IV	79,678,018	5.3
Total	1,487,386,148	100.0

#### Producer Prices

Producer Price Differential	\$ 1.70 /cwt
Butterfat Price	2.0543 /lb
Protein Price	2.3625 /lb
Other Solids Price	0.1048 /lb
Somatic Cell Adjustment Rate	0.00078 /cwt
Statistical Uniform Price	16.55 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

**Federal Order No. 33**

**JULY 2004**

**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	<u>POUNDS</u>	<u>BUTTERFAT</u>	<u>SKIM / PROTEIN</u>	<u>NONFAT SOLIDS</u>	<u>OTHER SOLIDS</u>	<u>PRICE</u>	<u>VALUE</u>
Class I Skim Value			510,605,692			\$ 12.95 / cwt	\$ 66,123,437.13
Class I Butterfat		9,850,235				2.1288 / lb	209,691,802.6
Class I Location Differential	520,455,927						(266,283.22)
Class II SNF Value				19,604,183		0.7811 / lb	15,312,827.36
Class II Butterfat		15,967,001				2.0613 / lb	32,912,779.16
Class III Protein Value			19,269,234			2.3625 / lb	45,523,565.38
Class III Other Solids Value					37,377,995	0.1048 / lb	3,917,213.89
Class III Butterfat		21,057,562				2.0543 / lb	43,258,549.62
Class IV SNF Value				6,615,138		0.7042 / lb	4,658,380.17
Class IV Butterfat		5,895,677				2.0543 / lb	12,111,489.28
Somatic Cell Value II / III / IV							<u>279,960.74</u>
TOTAL PRODUCER MILK VALUE	1,487,386,148	52,770,475	43,798,936		84,865,899		\$ 244,801,099.77
Overages						\$ 6844.35	
Beginning Inventory						150,180.35	
TOTAL ADJUSTMENTS							\$ <u>157,024.70</u>
TOTAL HANDLER OBLIGATIONS							\$ 244,958,124.47
Total Protein Value			43,798,936lbs	@	\$23625		\$ (103,474,986.36)
Total Other Solids Value			84,865,899lbs	@	0.1048		(8,893,946.21)
Butterfat Value			52,770,475lbs	@	20543		(108,406,386.80)
Total Somatic Cell Values							<u>(369,105.21)</u>
TOTALS							\$ 23,813,699.89
Net Producer Location Adjustments							\$ 1,422,192.34
1/2 Unobligated Balance Producer Settlement Fund							<u>768,000.00</u>
Total - Divided by Total Pounds			1,487,386,148 lbs		1.7482946		\$ 26,003,892.23
Rate of Cash Reserve					<u>(0.0482946)</u>		<u>(718,327.19)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,487,386,148		\$ 1.70 cwt		\$ 25,285,565.04

**COMPONENT PRICES**

**COMPUTATION OF UNIFORM PRICE**

	<u>July</u>		<u>July</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Butterfat Price	\$20543 / lb	\$12055 / lb	Class III Price - 3.5% BF	\$ 14.85
Protein Price	23625 / lb	25480 / lb	Producer Price Differential*	<u>1.70</u>
Other Solids Price	0.1048 / lb	(0.0124) / lb	Statistical Uniform Price	\$1655
Somatic Cell Adjustment Rate	0.00078 / cwt	0.00067 / cwt		
Nonfat Solids Price	0.7042 / lb	0.6605 / lb		

**CLASS PRICES**

**CLASSIFICATION OF PRODUCER MILK**

	<u>July</u>		<u>July</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Class I*	\$1995	\$1177	Class I	520,455,927
Class II	1400	1063	Class II	234,623,368
Class III	1485	1178	Class III	652,628,835
Class IV	1331	995	Class IV	<u>79,678,018</u>
			Total	1,487,386,148
				1,018,281,231

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Mideast Marketing Area for July 2004 was \$1.70 and the Statistical Uniform Price was \$16.55 for the month. The Statistical Uniform Price is \$2.01 lower than last month, and is \$4.87 higher than July 2003.

The Producer Butterfat Price of \$2.0543 per pound decreased 12.25 cents from June 2004 and is up 84.88 cents from a year ago. The Protein Price of \$23625 is down 74.61 cents from last month and is down 18.55 cents from July 2003. The Other Solids Price in July was \$0.1048 per pound, a decrease from last month's price of \$0.1339 and an increase of 1.72 cents from last July. The Somatic Cell Adjustment rate for July was \$0.00078.

July producer receipts of 1.49 billion pounds were 4.2 percent lower than June 2004, and 46.1 percent higher than July 2003 production of 1.02 billion pounds. Producer milk allocated to Class I accounted for 35.0 percent of the total producer milk in July 2004, more than the 30.5 percent in June and less than the 51.2 percent in July 2003. A total of 9,707 producers were pooled on the Mideast Order compared to 8,088 producers pooled in July 2003.

The market average content of producer milk was as follows: Butterfat 3.55%; Protein 2.94%; Other Solids 5.71% and Nonfat Solids 8.65%.

## FLUID MILK SALES DECLINE SHARPLY

As a result of declining fluid milk sales, U.S. American Cheese inventory increased in June by 30.8 million pounds compared to a year ago. This is the largest increase for June since 1993. Butter Stocks increased 5 percent from May, but were 38 percent lower than last year. The inventory levels for June are consistent with the average of the past four years.

U.S. Fluid Milk Sales declined dramatically in May as the result of higher retail prices. Sales were down 4.3% from a year ago after adjusting for calendar composition. In the first 5 months of the 2004, fluid milk sales in the Federal Orders and California were down 1.9% also adjusting for calendar composition. If this trend continues, it will be one of the biggest drops in a single year since 1974.

Mideast Marketing Area Fluid Milk Sales dropped 4.7% in May from a year ago levels after adjusting for calendar composition. Sales are down 58 million pounds or 2.1% for the first 5 months of 2004. June thru August sales may average near 500 million pounds. This amount may increase with the decline in the August Class I price of \$6.51 per cwt from the June price of \$23.13 per cwt.

### Estimated Fluid Milk Sales 2004

	Mideast					United States				
	Jan	Feb	Mar	Apr	May	Jan	Feb	Mar	Apr	May
	<i>(million pounds)</i>					<i>(million pounds)</i>				
Whole Milk	143	126	138	129	125	1,595	1,417	1,547	1,481	1,409
Reduced Fat Milk (2%)	232	205	226	214	212	1,551	1,384	1,516	1,443	1,384
Fat-Free Milk (Skim)	78	72	79	71	74	680	618	677	642	633
Flavored Milk	54	52	60	51	52	401	381	445	390	373
<b>Total Fluid Milk</b>	<b>569</b>	<b>508</b>	<b>561</b>	<b>523</b>	<b>522</b>	<b>4,887</b>	<b>4,389</b>	<b>4,702</b>	<b>4,540</b>	<b>4,684</b>
<b>Change From 2003 to 2004:</b>										
Whole Milk	(2)	(4)	0	(3)	(11)	(25)	(27)	5	(10)	(136)
Reduced Fat Milk (2%)	(6)	(7)	(2)	(1)	(9)	(3)	(4)	35	10	(96)
Fat-Free Milk (Skim)	(4)	(2)	(2)	(5)	(8)	(29)	(23)	(2)	(12)	(39)
Flavored Milk	(0)	1	4	0	(1)	10	19	51	12	(15)
<b>Total Fluid Milk</b>	<b>(11)</b>	<b>(12)</b>	<b>(0)</b>	<b>(9)</b>	<b>(25)</b>	<b>(50)</b>	<b>(35)</b>	<b>91</b>	<b>(13)</b>	<b>(322)</b>
<b>Percentage Change</b>										
Whole Milk	-1.2%	-3.0%	0.1%	-2.5%	-8.0%	-1.5%	-1.9%	0.3%	-0.7%	-8.8%
Reduced Fat Milk (2%)	-2.4%	-3.3%	-0.8%	-0.7%	-4.3%	-0.2%	-0.3%	2.4%	0.7%	-6.5%
Fat-Free Milk (Skim)	-4.8%	-2.9%	-2.5%	-6.1%	-9.8%	-4.1%	-3.6%	-0.3%	-1.8%	-5.8%
Flavored Milk	-0.9%	1.9%	8.0%	0.9%	-1.2%	2.6%	5.2%	12.9%	3.2%	-3.9%
<b>Total Fluid Milk</b>	<b>-1.9%</b>	<b>-2.4%</b>	<b>0.0%</b>	<b>-1.7%</b>	<b>-4.7%</b>	<b>-1.7%</b>	<b>-1.7%</b>	<b>-0.3%</b>	<b>-1.3%</b>	<b>-4.3%</b>

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

State	June 2004						June 2003				
	Number of Producers	Pounds of Milk (000)	-----Weighted Averages-----				Pounds of Milk (000)	-----Weighted Averages-----			
			Butterfat	Protein	Other Solids	SCC (000)		Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,316	482,890	3.52	2.95	5.73	288	460,534	3.51	2.95	5.74	288
Ohio	2,470	322,277	3.56	2.97	5.70	324	321,470	3.67	3.00	5.71	329
Wisconsin	1,814	280,231	3.62	2.93	5.74	298	257,533	3.58	2.93	5.75	300
New York	1,040	152,195	3.53	2.93	5.70	258	95,107	3.58	2.94	5.70	257
Indiana	1,192	139,711	3.58	2.96	5.72	315	142,610	3.61	2.99	5.74	308
Pennsylvania	1,472	124,126	3.61	2.97	5.68	377	122,412	3.68	3.00	5.70	370
Illinois	87	16,176	3.50	2.96	5.77	291	11,691	3.60	2.96	5.77	318
Vermont	52	10,334	3.56	2.99	5.71	235	0				
West Virginia	76	5,650	3.58	3.03	5.68	415	6,776	3.57	3.07	5.69	435
Other	130	18,439	3.59	2.95	5.74	287	11,301	3.65	3.04	5.74	350
<b>Total/Average * 10649</b>		<b>1,552,029</b>	<b>3.56</b>	<b>2.95</b>	<b>5.72</b>	<b>304</b>	<b>1,429,435</b>	<b>3.59</b>	<b>2.96</b>	<b>5.73</b>	<b>308</b>

\* Totals may not add due to rounding. Data provided on a one month delay basis.



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**FEDERAL ORDER DATA  
JULY 2004**

<u>Marketing Area</u> <sup>1/</sup>	Producer Milk		Class I <u>Percent</u> %	Producer <u>Price Differential</u>	Statistica l <u>Uniform Price</u>
	<u>Total</u> (000)	<u>Class I</u> (000)			
FO 1 Northeast - (Boston)	1,995,994	865,366	43.4	\$2.79	\$17.64
FO 5 Appalachian - (Charlotte)	518,854	349,104	67.3	<sup>2/</sup>	18.94
FO 6 Florida - (Tampa)	231,619	203,394	87.8	<sup>2/</sup>	21.01
FO 7 Southeast - (Atlanta)	542,312	372,617	68.7	<sup>2/</sup>	19.10
FO 30 Upper Midwest - (Chicago)	2,202,122	354,529	16.1	0.72	15.57
FO 32 Central - (Kansas City)	1,271,623	344,297	27.1	1.18	16.03
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,487,386</b>	<b>520,456</b>	<b>35.0</b>	<b>1.70</b>	<b>16.55</b>
FO 124 Pacific Northwest - (Seattle)	647,998	173,346	26.7	0.89	15.74
FO 126 Southwest - (Dallas)	874,968	328,596	37.6	2.23	17.08
FO 131 Arizona-Las Vegas - (Phoenix)	228,461	74,004	32.4	<sup>2/</sup>	16.19

<sup>1/</sup> Names in parentheses are principal points of markets.

<sup>2/</sup> Producers in these markets are paid on the basis of a uniform skim and butterfat price.

**MINIMUM PARTIAL PAYMENT PRICE FOR AUGUST 2004 ..... \$13.31/cwt.**

