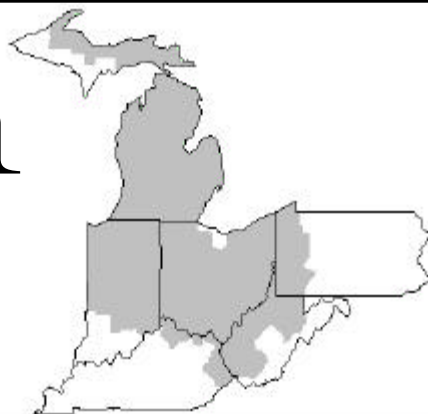


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

David Z. Walker, Market Administrator

Phone: (330) 225-4758 Toll Free: (888) 751-3220

Email: [clevelandmal@sprynet.com](mailto:clevelandmal@sprynet.com)

WebPage: [www.fmmaclev.com](http://www.fmmaclev.com)

February 2005

### USDA SETS HEARING TO AMEND MIDEAST ORDER

A public hearing will convene at 8:30 a.m. on Monday, March 7, 2005 to consider proposals that would amend certain provisions of the Mideast milk marketing order. The purpose of the hearing is to receive evidence with respect to the economic and marketing conditions that relate to the proposed amendments and any appropriate modifications to the tentative marketing agreement and to the order. The hearing will be held at the Shisler Conference Center, Ohio Agricultural Research and Development Center, 1625 Wilson Road, Wooster, Ohio 44691, (330) 287-1424. Hotel accommodations can be made at the Hilton Garden Inn Wooster, 959 Dover Road, Wooster, Ohio 44691, (330) 202-7701.

At the hearing, USDA will consider proposals that address: 1) Eliminating the ability of the same milk to be simultaneously pooled on the Mideast order and on a State operated order with market use pooling; 2) Changing the supply plant performance standards and diversion limits; 3) Increasing the number of days a dairy farmer's milk production must be delivered to a pool plant for the milk of the dairy farmer to be eligible for diversion; 4) Limiting the pooling of producer milk that was not pooled in a prior month(s); 5) Establishing a "dairy farmer for other markets" provision; 6) Establishing a transportation credit for milk; and 7) Changing the producer-handler definition.

Copies of the notice of hearing are available from the Mideast Milk Market Administrator's office or by visiting the AMS website at [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy). For further information contact Gino Tosi, Marketing Specialist, Order Formulation and Enforcement Branch, USDA/AMS/Dairy Programs, Stop 0231 - Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 690-1366, e-mail address: [gino.tosi@usda.gov](mailto:gino.tosi@usda.gov).

### SECRETARY OF AGRICULTURE MIKE JOHANNIS SWORN IN

Mike Johannis was sworn in as the 28th Secretary of the U.S. Department of Agriculture (USDA) on January 21, 2005.

Secretary Johannis' strong agricultural roots stretch back to his childhood. He was born in Iowa and grew up doing chores on his family's dairy farm. As the son of a dairy farmer, he developed a deep respect for the land and the people who work it. He still describes himself as "a farmer's son with an intense passion for agriculture."

That passion showed during Johannis' tenure as Nebraska's 38th governor. During his six years in office, Johannis was a strong advocate for rural communities and farmers and ranchers. He led eight delegations of Nebraska government, business, and agriculture leaders on trade missions to foreign countries including Japan,

Taiwan, China, Hong Kong, Australia, Korea, Singapore, Malaysia, Brazil and Chile.

Johannis served as chairman of the Governors' Biotechnology Partnership and as the state government representative on the advisory committee to the Export-Import Bank of the United States. As a member of both the National Governors' Association and the Western Governors' Association, Johannis concentrated on issues important to agriculture, including drought relief, ethanol, and the 2002 Farm Bill.

Secretary Johannis is a graduate of St. Mary's University of Minnesota in Winona. He earned a law degree from Creighton University in Omaha and practiced law in O'Neill and Lincoln, Nebraska. Johannis served on the Lancaster County Board from 1983-1987, and on the Lincoln City Council 1989-1991. He was elected mayor of Lincoln in 1991. He was reelected in 1995, and successfully ran for governor three years later.

### DECEMBER MILK PRODUCTION UP 1.0 PERCENT

Milk production in the 20 major States during December totaled 12.4 billion pounds, up 1.0 percent from December 2003. November revised production, at 11.9 billion pounds, was up 1.2 percent from November 2003. The November revision represented an increase of 5 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,602 pounds for December, 6 pounds above December 2003.

The number of cows on farms in the 20 major States was 7.76 million head, 47,000 head more than December 2003, but 4,000 head less than November 2004.

(continued on Page 3)

### JANUARY 2005 - POOL SUMMARY

#### Classification of Producer Milk

		Percent
Class I	552,528,945	35.4
Class II	227,102,379	14.6
Class III	694,947,422	44.6
Class IV	83,898,926	5.4
Total	1,558,477,672	100.0

#### Producer Prices

Producer Price Differential	\$ 1.08 / cwt
Butterfat Price	1.7330 / lb
Protein Price	2.5300 / lb
Other Solids Price	0.0899 / lb
Somatic Cell Adjustment Rate	0.00076 / cwt
Statistical Uniform Price	15.22 / cwt

## ANNOUNCEMENT OF PRODUCER PRICES

### Federal Order No. 33

### JANUARY 2005

**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			542,429,211			\$ 11.70 / cwt	\$ 63,464,217.72
Class I Butterfat		10,099,734				2.1018/ lb	21,227,620.92
Class I Location Differential	552,528,945						(296,990.31)
Class II SNF Value				19,433,235		0.8000 / lb	15,546,588.00
Class II Butterfat		14,000,939				1.7400 / lb	24,361,633.86
Class III Protein Value			21,459,355			2.5300 / lb	54,292,168.15
Class III Other Solids Value					39,696,678	0.0899 / lb	3,568,731.34
Class III Butterfat		24,602,350				1.7330 / lb	42,635,872.61
Class IV SNF Value				6,743,691		0.7431 / lb	5,011,236.79
Class IV Butterfat		9,859,390				1.7330 / lb	17,086,322.92
Somatic Cell Value II / III / IV							<u>775,640.28</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,558,477,672</b>	<b>58,562,413</b>	<b>48,069,193</b>		<b>88,767,050</b>		<b>\$ 247,673,042.28</b>
O verages						\$ 4,165.09	
Beginning Inventory						19,084.48	
OS Charges							
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 23,249.57</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 247,696,291.85</b>
Total Protein Value			48,069,193lbs	@	\$2.5300		\$ (121,615,058.29)
Total Other Solids Value			88,767,050lbs	@	0.0899		(7,980,157.78)
Butterfat Value			58,562,413lbs	@	1.7330		(101,488,661.77)
Total Somatic Cell Values							<u>(1,156,296.99)</u>
<b>TOTALS</b>							<b>\$ 15,456,117.02</b>
Net Producer Location Adjustments							\$ 1,540,618.36
1/2 Unobligated Balance Producer Settlement Fund							<u>599,000.00</u>
Total - Divided by Total Pounds			1,558,477,672	lbs	1.1290335		\$ 17,595,735.38
Rate of Cash Reserve					(0.0490335)		(764,176.15)
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			<b>1,558,447,672</b>		<b>\$ 1.08 cwt</b>		<b>\$ 168,315,592.3</b>

**COMPONENT PRICES**

**COMPUTATION OF UNIFORM PRICE**

January			January		
	<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>
Butterfat Price	\$1.7330 / lb	\$1.4978 / lb	Class III Price - 3.5% BF	\$ 14.14	\$ 11.61
Protein Price	2.5300 / lb	2.0875 / lb	Producer Price Differential*	<u>1.08</u>	<u>0.90</u>
Other Solids Price	0.0899 / lb	0.0217 / lb	Statistical Uniform Price	\$15.22	\$12.51
Somatic Cell Adjustment Rate	0.00076 / cwt	0.00065 / cwt			
Nonfat Solids Price	0.7431 / lb	0.6595 / lb			

**CLASS PRICES**

**CLASSIFICATION OF PRODUCER MILK**

January			January		
	<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>
Class I*	\$18.65	\$13.85	Class I	Product lbs. 552,528,945	Product lbs. 584,110,063
Class II	13.04	11.67	Class II	227,102,379	223,127,027
Class III	14.14	11.61	Class III	694,947,422	648,458,725
Class IV	12.52	10.97	Class IV	<u>83,898,926</u>	<u>57,412,100</u>
			Total	1,558,477,672	1,513,107,915

\* Subject to Location Adjustment.

### ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for January 2005 was \$1.08 and the Statistical Uniform Price was \$15.22 for the month. The Statistical Uniform Price is \$0.30 lower than last month, and is \$2.71 higher than January 2004.

The Producer Butterfat Price of \$1.7330 per pound decreased 30.36 cents from December 2004 and is up 23.52 cents from a year ago. The Protein Price of \$2.5300 is down 31.86 cents from last month and is up 44.25 cents from January 2004. The Other Solids Price in January was \$0.0899 per pound, an increase from last month's price of \$0.0858 and an increase of 6.82 cents from last January. The Somatic Cell Adjustment rate for January was \$0.00076.

January producer receipts of 1.56 billion pounds were 58.3 percent higher than December 2004, and 3.0 percent higher than January 2004 production of 1.51 billion pounds. Producer milk allocated to Class I accounted for 35.4 percent of the total producer milk in January 2005, less than the 58.3 percent in December and less than the 38.6 percent in January 2004. A total of 9,707 producers were pooled on the Mideast Order compared to 10,099 producers pooled in January 2004.

The market average content of producer milk was as follows: Butterfat 3.76%; Protein 3.08%; Other Solids 5.70% and Nonfat Solids 8.78%.

(continued from Front Page)

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 December totaled 2.0 billion pounds, up 30 million pounds or 1.5 percent from December 2003.

Production per cow in the Mideast states averaged 1,574 pounds for December, 22 pounds below December 2003. The number of cows on farms in the Mideast states was 1.3 million head, 28,000 head more than December 2003.

### EXPORT DEMAND DRIES UP POWDER SURPLUS

Continued tightness in international dairy markets eliminated surplus removals of nonfat dry milk during the yearend holiday period—for the first time since 1989. Normally, the drop in fluid milk sales during the holidays leads to a temporary surge in production of nonfat dry milk by fluid market balancing plants, some of which wind up sold to the government. This year's export interest easily absorbed the probably limited amounts available. December net removals were actually negative, as no purchases were made, and modest amounts of old powder were sold for unrestricted use. Net removals for the October-December quarter were essentially zero.

Export data through November indicate that about 185 million pounds of unsubsidized exports occurred during the first 11 months of 2004. The pace of commercial exports reportedly picked up this autumn as expected powder supplies from Oceania failed to materialize. For the year, 2004 commercial exports were at least the second-largest ever but probably did not match the 1989 record.

Commercial exports are expected to stay large in the first half of 2005. European supplies are tight, milk production continues down in Oceania, and U.S. prices are now quite attractive. With U.S. Government stocks currently far below the massive levels of recent years, international buyers can no longer be as cavalier about arranging supplies. Unless Oceania production rebounds quite robustly during the end of their season, most of the available U.S. powder through midyear probably will be exported.

Small first-half removals are possible—but far from certain. Some powder is likely to wind up out of position, and additional amounts may be sold to the Government when an export deal falls through.

However, international markets tighten enough to hold support purchases to negligible amounts are certainly possible. The powder surplus probably will stay small until at least the new season in Oceania.

Commercial exports are expected to persist into the second half of 2005. Some easing of international markets is possible, and exports are not expected to be as large as during the first half. However, surplus purchases are not projected to be large during the second half.

### USDA ANNOUNCES FINAL DECISION TO AMEND THE NORTHEAST MILK MARKETING ORDER

The U.S. Department of Agriculture announced a final decision that adopts certain amendments to current provisions of the Northeast Federal milk marketing order. This decision is based on testimony and evidence given at a public hearing held on September 10-13, 2002, in Arlington, Virginia.

This decision adopts changes to various reporting and payment deadlines, as well as changes to the pooling standards of the Northeast order. The adopted amendments include: establishing year-round supply plant performance standards; eliminating the split-plant provision; creating a standard for the number of days of production a dairy farmer must deliver to a pool plant to qualify the rest of the dairy farmer's milk for diversion; establishing explicit limits on the amount of milk a pool plant may divert to nonpool plants; excluding milk received by supply plants from producers not eligible to be pooled on the order from the total volume of milk used to satisfy supply plant performance standards; prohibiting the ability to pool the same milk on the order and on a marketwide pool administered by another government entity; and granting authority to the Market Administrator to adjust the touch-base and diversion limit standards as market conditions warrant.

This decision requires producer approval. If producers approve the order as amended by the final decision, a final rule will follow to implement the changes.

The final decision was published in the Jan. 31 Federal Register. For additional information about the decision contact Northeast: Erik F. Rasmussen, Market Administrator; USDA/AMS/Dairy Programs; P.O. Box 51478, Boston, MA 02205-1478; Tel. (617) 737-7199; e-mail: [maboston@fedmilk1.com](mailto:maboston@fedmilk1.com).

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

State	December 2004						December 2003				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2284	362,130	3.73	3.09	5.69	232	484,062	3.76	3.10	5.71	253
Ohio	2499	244,919	3.79	3.13	5.67	248	319,541	3.85	3.15	5.68	288
Indiana	1201	132,628	3.82	3.12	5.69	242	138,188	3.87	3.14	5.71	274
New York	520	126,879	3.65	3.03	5.68	218	44,795	3.77	3.07	5.67	255
Pennsylvania	1,112	66,764	3.87	3.16	5.65	307	110,593	3.89	3.14	5.64	347
Wisconsin	1,784	38,108	3.80	3.08	5.69	225	313,225	3.80	3.06	5.70	259
West Virginia	65	3,768	3.96	3.26	5.65	333	5,888	3.96	3.20	5.66	378
Illinois	89	3,454	3.80	3.08	5.73	271	19,191	3.76	3.09	5.78	276
Other	130	5,823	3.80	3.13	5.69	284	19,807	3.78	3.09	5.74	254
Total/Average *	9,684	984,474	3.76	3.10	5.68	241	1,455,289	3.81	3.11	5.70	272

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



**United States  
Department of  
Agriculture**

PRSR STD  
U.S. POSTAGE  
PAID  
Cleveland, Ohio  
Permit No. 2511

**Mideast Market Administrator Bulletin**  
1325 Industrial Parkway North  
P.O. Box 5102  
Brunswick, Ohio 44212

POSTMASTER: Time Sensitive Material - Deliver Promptly

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at (202)720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Jamie L. Whitten Building, 1400 Independence Avenue SW. Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an Equal Opportunity provider and employer.

**FEDERAL ORDER DATA  
JANUARY 2005**

<u>Marketing Area</u> <sup>1/</sup>	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u>	<u>Uniform Price</u>
FO 1 Northeast - (Boston)	2,000,499	913,347	45.7	\$2.17	\$16.31
FO 5 Appalachian - (Charlotte)	559,429	369,572	66.1	<sup>2/</sup>	17.34
FO 6 Florida - (Tampa)	269,921	228,531	84.7	<sup>2/</sup>	19.11
FO 7 Southeast - (Atlanta)	656,001	405,636	61.8	<sup>2/</sup>	17.16
FO 30 Upper Midwest - (Chicago)	2,240,207	380,920	17.0	0.39	14.53
FO 32 Central - (Kansas City)	1,250,066	375,917	30.1	0.81	14.95
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,558,478</b>	<b>552,529</b>	<b>35.4</b>	<b>1.08</b>	<b>15.22</b>
FO 124 Pacific Northwest - (Seattle)	589,054	191,023	32.4	0.59	14.73
FO 126 Southwest - (Dallas)	797,700	353,193	44.3	1.90	16.04
FO 131 Arizona-Las Vegas - (Phoenix)	251,726	83,479	33.2	<sup>2/</sup>	15.09

<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 FEBRUARY 2005 ..... \$12.52/cwt.**

**MIDEAST MARKETING AREA  
FEDERAL ORDER 33**

**BALANCE SHEET  
MARKETING SERVICE FUND**

**As of December 31, 2004**

**ASSETS**

**Current Assets:**

Cash and Bank Deposits	\$ 50,000.12
Investments	250,000.00
Accounts Receivable - Handlers	130,637.02
Allow ance forUncollectible Accounts	.00
Accounts Receivable - Other	.00
Accrued Interest Receivable	.00

**Other Assets:**

Prepaid Expenses	\$ 5,481.22
Deposits	21.94

**Fixed Assets:**

Motor Vehicles	\$ 521,517.93
Accumulated Depreciation	(429,608.42)
Furniture and Equipment	44,782.25
Accumulated Depreciation	(38,993.60)
Laboratory Equipment	909,003.89
Accumulated Depreciation	(672,516.66)
Leasehold Improvements	120,029.69
Accumulated Depreciation	<u>(3,334.79)</u>

**Total Assets** **\$ 887,020.59**

**LIABILITIES AND OPERATING BALANCE**

**Current Liabilities:**

Accounts Payable - Other	\$ .00
Accrued Employee Salaries Payable	22,137.71
Accrued Employee Annual Leave	97,065.00
Payroll Contributions and Withholdings	5,841.97

**Operating Balance** **\$ 761,975.91**

**Total Liabilities and Operating Balance** **\$ 887,020.59**

**MIDEAST MARKETING AREA  
FEDERAL ORDER 33**

**INCOME AND EXPENSE STATEMENT  
MARKETING SERVICE FUND**

**For the Year Ending December 31, 2004**

**Income:**

Assessments or Deductions	\$ 1,937,371.32
Late Payment Charges Assessed	.00
Interest Earned	7,820.74
Miscellaneous	<u>88,314.63</u>

**Total Income** \$ 2,033,506.69

**Expenses:**

Salaries and Services	\$ 1,152,607.62
Travel	114,754.23
Communications	99,839.77
Employer Payroll Contributions	299,334.61
Insurance	8,775.38
Rent - Buildings and Equipment	87,942.24
Repairs and Maintenance	22,366.78
Supplies	116,453.19
Testing and Weighing	51,274.46
Utilities	14,085.10
Depreciation of Fixed Assets	125,122.84
Conferences and Meetings	.00
Training	3,143.87
Uncollectible Accounts	.00
Miscellaneous	5,377.35
Amortization of Leasehold Improvements	<u>3,334.79</u>

**Total Expenses** \$ 2,104,412.23

**Net Income** \$ (70,905.54)

