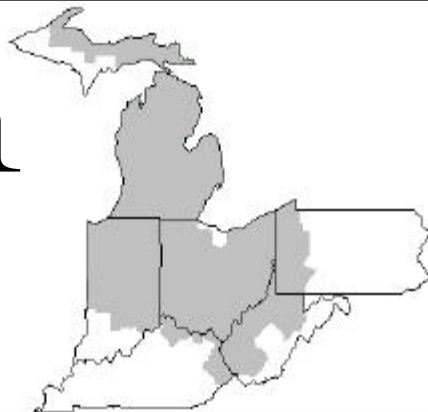


Mideast Market Administrator's Bulletin



Federal Order No. 33

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USDA Announces Final Decision to Amend Mideast Milk Order

The U. S. Department of Agriculture announced a final decision that adopts amendments to the pooling provisions of the Mideast milk marketing order that were previously discussed in a recommended decision. This decision is based on testimony and evidence given at a public hearing held in Wooster, Ohio, March 7-10, 2005.

The amendments recommended for adoption will: 1) establish a limit on the volume of milk a handler may pool during the months of April through February to 115 percent of the volume of milk pooled in the prior month; and 2) establish a limit on the volume of milk a handler may pool during the month of March to 120 percent of the volume of milk pooled in the prior month.

USDA will conduct a vote on the amended order to determine producer approval. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

For additional information about the decision contact this office.

USDA Reconvenes National Public Hearing on Proposed Amendments to All Federal Milk Orders

The U. S. Department of Agriculture reconvened a national public hearing to consider proposals seeking to amend the Class III and Class IV milk price formula manufacturing allowances applicable to all federal milk marketing orders. The hearing reconvened on September 14th in Strongsville, Ohio.

The public hearing originally was held January 24 – 27 in Alexandria, Virginia. The purpose of reconvening this proceeding was to assure that any changes to manufacturing allowance factors used in federal order Class III and Class IV product price formulas are appropriate and reflective of manufacturing costs. Specifically, this proceeding was reconvened to take into evidence only data on plant manufacturing costs compiled by Cornell University and other pertinent data that was publicly available.

USDA has solicited and is currently receiving additional proposals regarding all aspects of the Class III and Class IV price formulas. These proposals are due on or before September 30th. USDA will hold an information session on these proposals after they have been received and analyzed.

The reconvened hearing notice was published as a proposed rule in the September 6, 2006, *Federal Register*. The reconvened hearing notice and additional information is available from this office.

July Milk Production Up 1.5 Percent

Milk production in the 23 major States during July totaled 13.9 billion pounds, up 1.5 percent from July 2005. June revised production, at 14.0 billion pounds, was up 1.9 percent from June 2005. The June revision represented an increase of 6 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,686 pounds for July, 3 pounds above July 2005.

The number of milk cows on farms in the 23 major States was 8.26 million head, 107,000 head more than July 2005, and 11,000 head less than June 2006.

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 July totaled 2.2 billion pounds, up 45 million pounds or 2.1 percent from July 2005.

Production per cow in the Mideast states averaged 1,664 pounds for July, 9 pounds above July 2005.

The number of cows on farms in the Mideast states was 1.3 million head, 16,000 head more than July 2005.

August 2006 - Pool Summary

Classification of Producer Milk

		Percent
Class I	557,217,052	41.0
Class II	276,427,167	20.3
Class III	461,556,647	33.9
Class IV	64,984,090	4.8
Total	1,360,184,956	100.0

Producer Prices

Producer Price Differential	\$ 0.92 / cwt
Butterfat Price	1.3008 / lb
Protein Price	1.9050 / lb
Other Solids Price	0.1416 / lb
Somatic Cell Adjustment Rate	0.00059 / cwt
Statistical Uniform Price	11.98 / cwt

ANNOUNCEMENT OF PRODUCER PRICES**Federal Order No. 33****AUGUST 2006****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			546,951,468			\$ 896 / cwt	\$ 49,006,851.54
Class I Butterfat		10,265,584				1.2354 / lb	12,682,102.44
Class I Location Differential	557,217,052						(280,758.71)
Class II SNF Value				23,182,557		0.7578 / lb	17,567,741.70
Class II Butterfat		17,668,988				1.3078 / lb	23,107,502.50
Class III Protein Value			13,683,345			1.9050 / lb	26,066,772.29
Class III Other Solids Value					26,347,136	0.1416 / lb	3,730,754.44
Class III Butterfat		15,431,820				1.3008 / lb	20,073,711.45
Class IV SNF Value				5,367,620		0.7013 / lb	3,764,311.88
Class IV Butterfat		5,029,530				1.3008 / lb	6,542,412.62
Somatic Cell Value II / III / IV							<u>126906.88</u>
TOTAL PRODUCER MILK VALUE	1,360,184,956	48,395,922	40,169,946		77,346,774		\$ 162,388,309.03
O verages						\$ 13508.81	
Beginning Inventory and OS Charges						95,737.44	
TOTAL ADJUSTMENTS							\$ <u>109246.25</u>
TOTAL HANDLER OBLIGATIONS							\$ 162,497,555.28
Total Protein Value			40,169,946 lbs	@	\$ 1.9050		\$ (76,523,747.26)
Total Other Solids Value			77,346,774 lbs	@	0.1416		(10,952,303.18)
Butterfat Value			48,395,922 lbs	@	1.3008		(62,953,415.29)
Total Somatic Cell Values							(140,112.79)
TOTALS							\$ <u>11,927,976.76</u>
Net Producer Location Adjustments							\$ 467,971.74
1/2 Unobligated Balance Producer Settlement Fund							<u>766,000.00</u>
Total - Divided by Total Pounds			1,360,184,956 lbs		0.9676587		\$ 13,161,948.50
Rate of Cash Reserve					(0.0476587)		(648,246.47)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,360,184,956		\$ 0.92 cwt		\$ <u>12,513,702.03</u>

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	August		August	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Butterfat Price	\$13008 / lb	\$18246 / lb	Class III Price - 3.5% BF	\$11.06
Protein Price	19050 / lb	21619 / lb	Producer Price Differential*	<u>0.92</u>
Other Solids Price	0.1416 / lb	0.1317 / lb	Statistical Uniform Price	\$11.98
Somatic Cell Adjustment Rate	0.00059 / cwt	0.00072 / cwt		\$14.94
Nonfat Solids Price	0.7013 / lb	0.8119 / lb		

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	August		August	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Class I*	\$12.97	\$16.44	Product lbs.	Product lbs.
Class II	11.16	13.95	Class I	557,217,052
Class III	11.06	13.60	Class II	556,332,129
Class IV	10.64	13.44	Class III	276,427,167
			Class IV	461,556,647
			Class IV	<u>64,984,090</u>
			Total	<u>1,360,184,956</u>
				1,417,051,779

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for August 2006 was \$0.92 and the Statistical Uniform Price was \$11.98 for the month. The Statistical Uniform Price is the \$0.24 higher than last month, and is \$2.96 lower than August 2005.

The Producer Butterfat Price of \$13008 per pound increased 7.8 cents from July 2006 and is down 52.38 cents from a year ago. The Protein Price of \$ 1.9050 is down 7.57 cents from last month and is down 25.69 cents from August 2005. The Other Solids Price in August was \$0.1416 per pound, an increase from last month's price of \$0.1257 and an increase of 0.99 cents from last August. The Somatic Cell Adjustment rate for August was \$0.00059.

August producer receipts of 1.36 billion pounds were 9.4 percent lower than July 2006, and 4.0 percent lower than August 2005 production of 1.42 billion pounds. Producer milk allocated to Class I accounted for 41.0 percent of the total producer milk in August 2006, more than the 33.3 percent in July 2006 and more than the 39.3 percent in August 2005. A total of 8,048 producers were pooled on the Mideast Order compared to 9,049 producers pooled in August 2005.

The market average content of producer milk was as follows: Butterfat 3.56%; Protein 2.95%; Other Solids 5.69% and Nonfat Solids 8.64%.

USDA Announces Final Decision to Amend Central Milk Order

The U.S. Department of Agriculture announced a final decision to permanently adopt amendments to the pooling provisions of the Central milk marketing order. This decision is based on testimony and evidence given at a public hearing held at Kansas City, Missouri, December 6-8, 2004.

The adopted amendments: increase supply plant performance standards; amend features of the "touch-base" provision; amend certain features of the "split plant" provision; and decrease the diversion limit standards of the order. The decision also adopts a proposal that limits the volume of milk a handler can pool in a month to 125 percent of the total volume of milk pooled in the previous month.

USDA will conduct a vote on the amended order to determine producer approval. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

USDA Announces Final Decision to Amend Upper Midwest Milk Order

The U.S. Department of Agriculture announced a final decision that adopts amendments to the pooling provisions of the Upper Midwest milk marketing order that were previously discussed in a recommended decision. This decision is based on testimony and evidence given at a public hearing held in Bloomington, Minnesota, August 16-19, 2004.

The amendments recommended for adoption will: 1) establish a limit on the volume of milk a handler may pool during the months of April through February to 125 percent of the volume of milk pooled in the prior month; 2) establish a limit on the volume of milk a handler may pool during the month of March to 135 percent of the volume of milk pooled in the prior month; and 3) allow the market administrator to increase the maximum administrative assessment up to 8 cents per hundred weight on all pooled milk if necessary to maintain the required fund reserves.

USDA will conduct a vote on the amended order to determine producer approval. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

USDA Announces Tentative Partial Decision to Amend Appalachian and Southeast Milk Marketing Orders

The U.S. Department of Agriculture announced a tentative partial decision that recommends amendments to the transportation credit provisions of the Appalachian and Southeast Federal milk marketing orders. This decision is based on testimony and evidence given at a public hearing held in Louisville, Kentucky, on January 10 - 12, 2006.

This decision adopts, on an interim final and emergency basis, proposals to amend certain features of the transportation credit provisions of the Appalachian and Southeast Federal milk marketing orders. Specifically, this decision will establish a mileage rate factor using a fuel cost adjuster used in the transportation credit provisions of both orders, increase the maximum transportation credit assessment rate for both orders, and establish diversion limits on eligible Class I milk receiving transportation credits. A separate decision will be issued addressing proposals concerning Producer milk provisions and transportation credits on intra-market order movement of milk within the Appalachian and Southeast marketing areas.

July Dairy Products Highlights

Butter production was 92.7 million pounds in July, 3.3% below July 2005 and 8.0% below June 2006. American type cheese production totaled 328.6 million pounds, 4.0% above July 2005 but 2.5% below June 2006. Total cheese output (excluding cottage cheese) was 767.9 million pounds, 3.9% above July 2005 but 3.3% below June 2006. Nonfat dry milk production, for human food, totaled 88.2 million pounds, 18.9% below July 2005 and 24.6% below June 2006. Skim milk powders production totaled 29.3 million pounds, 31.3% above June but 8.3% below July 2005. Dry whey production, for human food, was 84.9 million pounds, 5.0% above July 2005 but 0.3% below June 2006. Ice cream (hard) production totaled 85.4 million gallons, 1.8% below July 2005 and 2.8% below June 2006.

Source: National Agricultural Statistics Service

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

State	July 2006						July 2005				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,131	540,578	3.52	2.94	5.72	273	518,609	3.44	2.87	5.73	298
Ohio	2,404	346,021	3.60	2.96	5.67	342	347,565	3.52	2.90	5.70	331
Wisconsin	933	164,953	3.56	2.90	5.74	283	327,257	3.51	2.89	5.78	280
Indiana	1,120	154,320	3.58	2.93	5.70	335	146,826	3.50	2.88	5.72	340
New York	418	147,815	3.53	2.91	5.70	249	148,711	3.46	2.88	5.67	265
Pennsylvania	1,259	119,280	3.63	2.96	5.67	392	123,285	3.55	2.91	5.69	387
Illinois	14	8,755	3.45	2.94	5.79	253	17,989	3.47	2.86	5.79	270
West Virginia	65	5,647	3.66	3.05	5.66	421	5,741	3.61	2.96	5.70	451
Other	119	14,538	3.57	2.93	5.72	365	19,611	3.52	2.88	5.75	363
Total/Average *	8,463	1,501,907	3.56	2.94	5.70	305	1,655,594	3.49	2.89	5.73	310

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



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Agriculture**

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**FEDERAL ORDER DATA
AUGUST 2006**

<u>Marketing Area</u> ^{1/}	Producer Milk		Class I <u>Percent</u> %	Producer <u>Price Differential</u>	Statistical <u>Uniform Price</u>
	<u>Total</u> (000)	<u>Class I</u> (000)			
FO 1 Northeast - (Boston)	1,810,027	883,208	48.8	\$2.00	\$13.06
FO 5 Appalachian - (Charlotte)	480,453	356,551	74.2	^{2/}	13.51
FO 6 Florida - (Tampa)	243,484	215,044	88.3	^{2/}	14.65
FO 7 Southeast - (Atlanta)	634,266	422,575	66.6	^{2/}	13.39
FO 30 Upper Midwest - (Chicago)	2,418,546	388,496	16.1	0.37	11.43
FO 32 Central - (Kansas City)	1,184,002	373,735	31.6	0.68	11.74
FO 33 Mideast - (Cleveland)	1,360,185	557,217	41.0	0.92	11.98
FO 124 Pacific Northwest - (Seattle)	752,511	189,438	26.1	0.42	11.48
FO 126 Southwest - (Dallas)	938,800	368,368	39.2	1.60	12.66
FO 131 Arizona-Las Vegas - (Phoenix)	260,372	119,632	46.0	^{2/}	12.15

^{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 SEPTEMBER 2006 \$10.64/cwt.