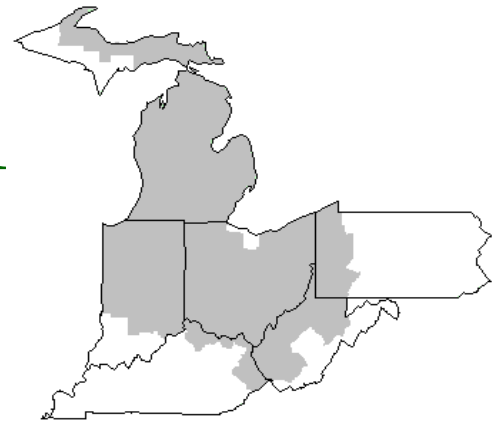


Mideast Market Administrator's Bulletin



Federal Order No. 33

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April 2012

February Milk Production Up 8.3 Percent

Milk production in the 23 major States during February totaled 15.2 billion pounds, up 8.3 percent from February 2011. However, adjusting production for the additional day due to leap year causes February milk production to be up 4.6 percent on a per day basis. January revised production, at 15.8 billion pounds, was up 3.9 percent from January 2011. The January revision represented an increase of 24 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,782 pounds for February, 117 pounds above February 2011.

The number of milk cows on farms in the 23 major States was 8.51 million head, 102,000 head more than February 2011, and 8,000 head more than January 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 February totaled 2.3 billion pounds, up 135 million pounds or 6.3 percent from February 2011.

Production per cow in the Mideast states averaged 1,688 pounds for February, 92 pounds above February 2011.

The number of cows on farms in the Mideast states was 1.4 million head, 11,000 head more than February 2011.

Milk Prices Lowered Further; Milk Production Expected To Exceed Earlier Forecasts

Feed prices are expected to be higher during 2012 than last year. The corn price is expected to average \$5.90 to \$6.50 per bushel for the 2011/12 crop year, an increase from the \$5.18 average in 2010/11. Soybean meal prices are forecast higher than in February at \$310 to \$340 per ton, but lower than the \$346 posted in 2010/11. The increase in the soybean meal price forecast this month is due to reduced supplies from South America. The higher feed prices expected this year will continue to pressure the milk-feed price ratio. The preliminary February milk-feed price ratio was 1.58, well below 2.01 posted in February 2011. This producer profitability indicator is unlikely to improve as the effect of higher feed prices will be exacerbated by forecast lower milk and dairy product prices this year.

The February *Milk Production* report showed January milk production 3.4 percent above January 2011 as both milk cow numbers and output per cow were above expectations (USDA, National Agricultural Statistics Service). Prices for replacement heifers, which will enter the herd during 2012 and into mid-2013, were also above expectations, suggesting that there is demand for dairy replacements and further expansion. Based on these facts, February's forecast cow numbers were increased this month to 9.2 million head for the year and production per cow was raised to 21,705 pounds. Most of the gain in cow numbers is expected to come in the first half of 2012. The relatively mild winter temperatures in most of the United States were ideal for milk production, boosting yield per cow in the first half of

2012. However, weaker producer returns are expected to lead to herd contraction and lower milk per cow in the second half of the year. Milk production is forecast at 199.7 billion pounds this year, an increase over 2011 and a slightly higher than February's forecast.

Milk equivalent imports on a fats basis are forecast at 3.3 billion pounds and at 5.1 billion pounds on a skims-solids basis, both unchanged from February. Export forecasts likewise remain unchanged from February at 8.6 billion pounds and at 32.3 billion pounds on a fats and a skims-solids basis, respectively. Exports of most dairy products remain steady; however, butterfat movement is weak. Fats basis ending stocks were raised this month and will end 2012 higher than in 2011. Currently large stocks of butter and higher milk production account for the forecast. Skims-solids stocks will end the year very close to 2011 ending stocks. Lower butter/powder values in the first half of 2012 could draw milk into cheese production, limiting the growth of nonfat dry milk (NDM) stocks and aiding the drawdown in fat basis stocks over the course of the year.

Prices for cheese, butter, NDM, and whey, were lowered this month. Expanded milk production, and slightly lower than earlier forecast economic growth is expected to pressure prices. This month, annual cheese prices are forecast at \$1.600 to \$1.660 a pound. Butter prices are projected at \$1.510 to \$1.600 a pound for the year. NDM prices are forecast at \$1.345 to \$1.395 for the year and whey prices, which had bucked the previous trend toward lower product prices, are now forecast lower this month at 57.0 to 60.0 cents a pound, but are still expected to finish the year above 2011 prices.

Lower dairy product prices resulted in lower milk prices for March than in February. The Class III price is projected at \$16.35 to \$16.95 per cwt. The Class IV price forecast is reduced to \$15.85 to \$16.55 per cwt, and all milk is lowered to \$17.60 to \$18.20 per cwt.

Source: *Livestock, Dairy, and Poultry Outlook/LDP-M-213/March 15, 2012* Economic Research Service, USDA

MARCH 2012 Pool Summary

Classification of Producer Milk

	Pounds	Percent
Class I	534,204,401	34.3
Class II	265,800,662	17.1
Class III	600,311,691	38.5
Class IV	157,400,603	10.1
Total	1,557,717,357	100.0

Producer Prices

Producer Price Differential	\$ 0.83 /cwt
Butterfat Price	1.5297 /lb
Protein Price	2.6571 /lb
Other Solids Price	0.4239 /lb
Somatic Cell Adjustment Rate	0.00076 /cwt
Statistical Uniform Price	16.55 /cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

March 2012

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			525,012,341			\$ 12.96 / cwt	\$ 68,041,599.40
Class I Butterfat		9,192,060				1.6555 / lb	15,217,455.35
Class I Location Differential	534,204,401						(277,164.27)
Class II SNF Value				22,875,833		1.2911 / lb	29,534,987.98
Class II Butterfat		15,612,638				1.5367 / lb	23,991,940.84
Class III Protein Value			18,519,447			2.6571 / lb	49,208,022.60
Class III Other Solids Value					34,534,978	0.4239 / lb	14,639,377.20
Class III Butterfat		21,854,762				1.5297 / lb	33,431,229.40
Class IV SNF Value				13,405,920		1.1516 / lb	15,438,257.48
Class IV Butterfat		10,912,607				1.5297 / lb	16,693,014.93
Somatic Cell Value II / III / IV							<u>1,233,010.00</u>
TOTAL PRODUCER MILK VALUE	1,557,717,357	57,572,067	47,924,922		89,479,685		\$ 267,151,730.91
Overages					20,105.58		
Beginning Inventory & OS Charges					16,671.15		
TOTAL ADJUSTMENTS							\$ 36,776.73
TOTAL HANDLER OBLIGATIONS							\$ 267,188,507.64
Total Protein Value			47,924,922 lbs	@	\$2.6571		\$(127,341,310.22)
Total Other Solids Value			89,479,685 lbs	@	0.4239		(37,930,438.52)
Butterfat Value			57,572,067 lbs	@	1.5297		(88,067,990.89)
Total Somatic Cell Values							<u>(1,848,734.44)</u>
TOTALS							\$ 12,000,033.57
Net Producer Location Adjustments							\$ 976,012.05
1/2 Unobligated Balance Producer Settlement Fund							<u>660,000.00</u>
Total - Divided by Total Pounds			1,557,717,357 lbs		0.8753864		\$ 13,636,045.62
Rate of Cash Reserve					<u>(0.0453864)</u>		<u>(706,991.83)</u>
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,557,717,357		\$ 0.83 /cwt		\$ 12,929,053.79

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	March	
	<u>2012</u>	<u>2011</u>
Butterfat Price	\$1.5297 / lb	\$2.2859 / lb
Protein Price	2.6571 / lb	3.3024 / lb
Other Solids Price	0.4239 / lb	0.2665 / lb
Somatic Cell Adjustment Rate	0.00076 / cwt	0.00099 / cwt
Nonfat Solids Price	1.1516 / lb	1.3134 / lb

	March	
	<u>2012</u>	<u>2011</u>
Class III Price - 3.5% BF	\$ 15.72	\$19.40
Producer Price Differential*	<u>0.83</u>	<u>0.00</u>
Statistical Uniform Price	\$16.55	\$19.40

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	March	
	<u>2012</u>	<u>2011</u>
Class I*	\$18.30	\$20.23
Class II	16.59	18.83
Class III	15.72	19.40
Class IV	15.35	19.41

	March	
	<u>2012</u>	<u>2011</u>
Product lbs.		
Class I	534,204,401	581,449,179
Class II	265,800,662	276,191,998
Class III	600,311,691	469,322,484
Class IV	<u>157,400,603</u>	<u>96,135,474</u>
Total	1,557,717,357	1,423,099,135

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for March, 2012 was \$0.83 and the Statistical Uniform Price was \$16.55 for the month. The Statistical Uniform Price is \$0.43 lower than last month, and is \$2.85 lower than March, 2011.

The Producer Butterfat Price of \$1.5297 per pound decreased \$0.0442 from February and is down \$0.7562 from a year ago. The Protein Price of \$2.6571 is down \$0.0056 cents from last month and is down \$0.6453 from March 2011. The Other Solids Price in March was \$0.4239 per pound, a decrease from last month's price of \$0.4541 and \$0.1574 higher than last March. The Somatic Cell Adjustment rate for March was \$0.00076.

March producer receipts of 1.56 billion pounds were 6.0 percent higher than February and 9.5 percent higher than March 2011 production of 1.42 billion pounds. Producer milk allocated to Class I accounted for 34.3 percent of the total producer milk in March 2012, less than the 34.7 percent in February, and less than the 40.9 percent in March 2011. A total of 6,492 producers were pooled on the Mideast Order compared to 6,971 producers pooled in March 2011.

The market average content of producer milk was as follows: Butterfat 3.70%; Protein 3.08%; Other Solids 5.74% and Nonfat Solids 8.82%.

Release Dates Federal Milk Order Price Data

Listed below are the release dates for price announcements used in the Federal milk order program applicable to April 2012 through March 2013. As of April 18, 2012, the advanced prices and pricing factors will be released at 3:00 p.m. EST/EDST no later than the 23rd of the preceding month. If the release date does not fall on the 23rd the most current release preceding the 23rd will be used in the price calculation. Likewise, the class and component prices will be released at 3:00 p.m. EST/EDST no later than the 5th of the following month. If the release date does not fall on the 5th the most current release preceding the 5th will be used in the price calculation.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of AMS Prices 1/	Release Date	Time Period of AMS Prices 1/
2012				
April			May 2	3/31; 4/7, 14, 21, 28
May	Apr. 18	4/7, 14	May 31	5/5, 12, 19, 26
June	May 23	5/12, 19	Jul. 5	6/2, 9, 16, 23, 30
July	Jun. 20	6/9, 16	Aug. 1	7/7, 14, 21, 28
August	Jul. 18	7/7, 14	Aug. 29	8/4, 11, 18, 25
September	Aug. 22	8/11, 18	Oct. 3	9/1, 8, 15, 22, 29
October	Sept. 19	9/8, 15	Oct. 31	10/6, 13, 20, 27
November	Oct. 17	10/6, 13	Dec. 5	11/3, 10, 17, 24; 12/1
December	Nov. 21	11/10, 17	Jan. 3, 2013	12/8, 15, 22, 29
2013				
January	Dec. 19	12/8, 15	Jan. 30	1/5, 12, 19, 26
February	Jan. 16, 2013	1/5, 12	Feb. 27	2/2, 9, 16, 23
March	Feb. 21	2/9, 16	Apr. 3	3/2, 9, 16, 23, 30

1/ Weekly sales periods, ending on the indicated date, that are included in the applicable average. Information for the week usually is released by AMS on Wednesday of the following week.

USDA Announces Equivalent Price Determination for Dairy Product Sales Report

The U.S. Department of Agriculture has announced a determination of equivalent price series notice for the Dairy Product Sales report.

The Secretary of Agriculture has determined that the dairy product price series in the Dairy Products Sales report, as published by the Agricultural Marketing Service (AMS), is equivalent to those prices previously released by the National Agricultural Statistics Service (NASS) in the Dairy Products Prices report.

As NASS has discontinued the publication of the Dairy Products Prices report and AMS has recently implemented an electronic reporting system to compile and publish these data, USDA will consider these two series as being equivalent. The AMS data, published in the Dairy Product Sales report, will be used in the calculation of milk component values and the

subsequent computation of Federal milk market order minimum classified milk prices.

The notice was published in the April 13, 2012 *Federal Register*. For additional information about this determination contact: Bret Tate, USDA/AMS/Dairy Program, 1400 Independence Ave., SW, Washington, D.C. 20250; by email at bret.tate@ams.usda.gov; or by telephone at (202) 720-7183.

Bulletin WebPage Edition

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Featured this month are:

- Producer Milk Classification
- Statistical Uniform Price
- Class and Component Prices
- Weighted Average NASS/AMS Prices

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

State	February 2012						February 2011				
	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	1,747	616,193	3.72	3.11	5.75	163	548,518	3.75	3.10	5.73	179
Ohio	1,970	341,287	3.77	3.14	5.74	213	237,612	3.89	3.15	5.69	228
Indiana	1,103	179,418	3.77	3.14	5.74	203	111,260	3.87	3.13	5.70	226
New York	332	127,345	3.77	3.09	5.75	198	116,730	3.77	3.11	5.73	112
Pennsylvania	953	94,979	3.87	3.15	5.71	267	94,386	3.92	3.15	5.68	287
Wisconsin	138	80,449	3.80	3.16	5.79	205	78,719	3.72	3.09	5.76	244
West Virginia	53	3,516	4.04	3.24	5.71	270	3,532	4.12	3.25	5.67	304
Other	145	26,581	3.71	3.07	5.75	199	24,347	3.77	3.07	5.72	229
Total/Average *	6,441	1,469,769	3.75	3.13	5.75	193	1,215,105	3.80	3.12	5.72	201

* 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

March 2012

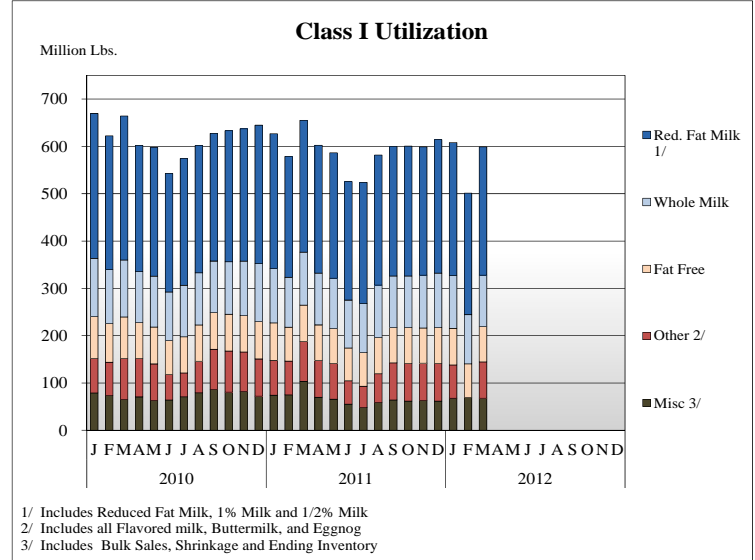
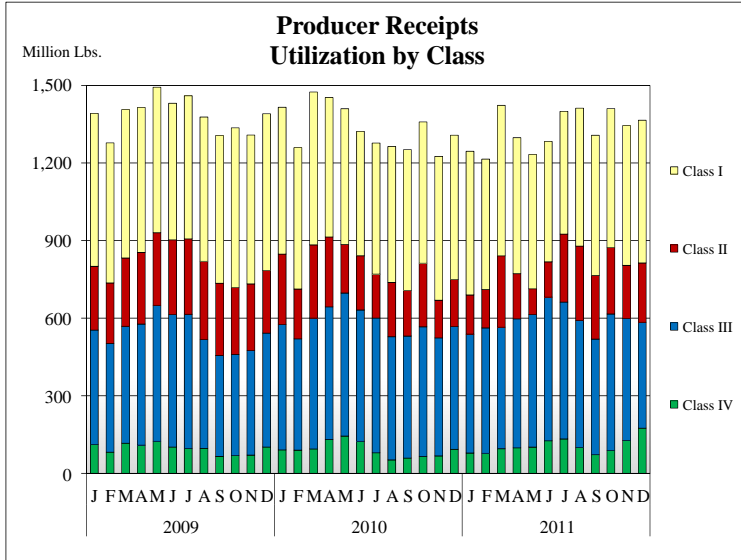
Marketing Area ^{1/}	Producer Milk		Class I Percent %	Producer Price Differential (per cwt.)	Statistical Uniform Price (per cwt.)
	Total (000)	Class I (000)			
FO 1 Northeast - (Boston)	2,160,928	860,883	39.8	\$1.92	\$17.64
FO 5 Appalachian - (Charlotte)	515,084	331,916	64.4	^{2/}	18.48
FO 6 Florida - (Tampa)	254,175	219,505	86.4	^{2/}	20.83
FO 7 Southeast - (Atlanta)	666,207	392,250	58.9	^{2/}	18.62
FO 30 Upper Midwest - (Chicago)	2,938,229	323,368	11.0	0.26	15.98
FO 32 Central - (Kansas City)	1,533,632	422,548	27.6	0.50	16.22
FO 33 Mideast - (Cleveland)	1,557,717	534,204	34.3	0.83	16.55
FO 124 Pacific Northwest - (Seattle)	719,061	191,294	26.6	0.42	16.14
FO 126 Southwest - (Dallas)	1,141,585	369,894	32.4	1.46	17.18
FO 131 Arizona - (Phoenix)	434,656	121,371	27.9	^{2/}	16.40

^{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 APRIL 2012.....\$15.35 /cwt.

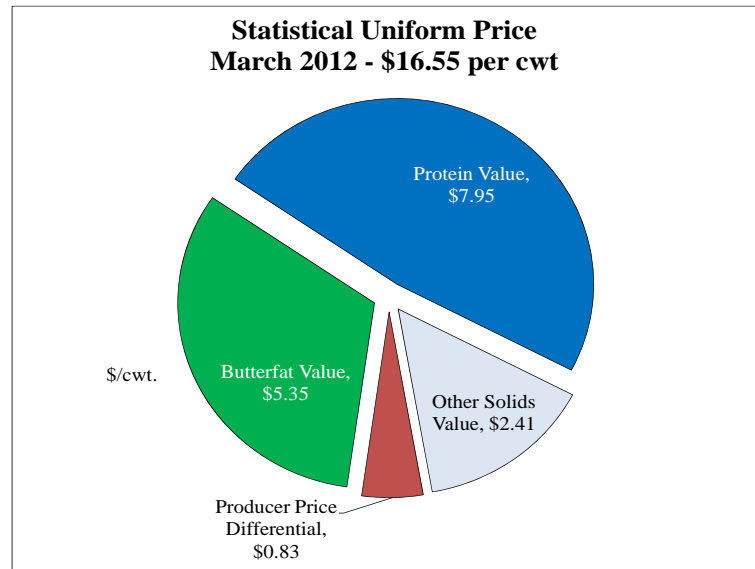
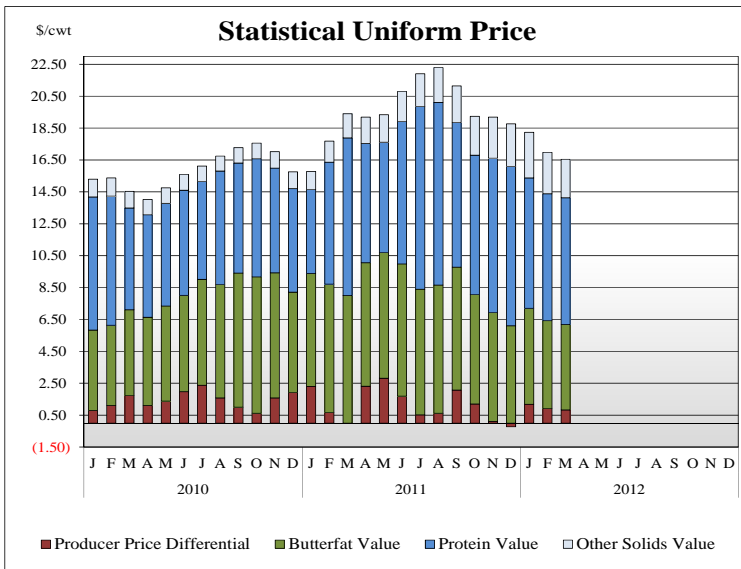
PRODUCER MILK CLASSIFICATION



Producer Receipts: Producer receipts for the Mideast Order totaled 1.56 billion pounds in March 2012. The pounds allocated to Class I represented 34.3 percent of the total pounds. Producer receipts increased 88 million pounds compared to February 2012, and were up 135 million pounds from the prior year.

Class I Pounds: Class I utilization for the Mideast Order totaled 599 million pounds in March 2012, down 56 million pounds from March 2011. Finished products include 108 million pounds used for whole milk, 271 million pounds of reduced fat and low fat milk, and 75 million pounds of fat free (skim) milk.

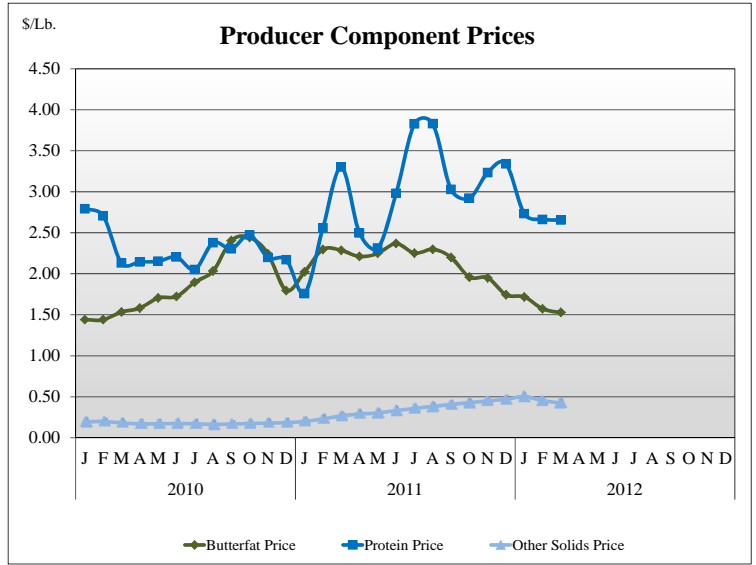
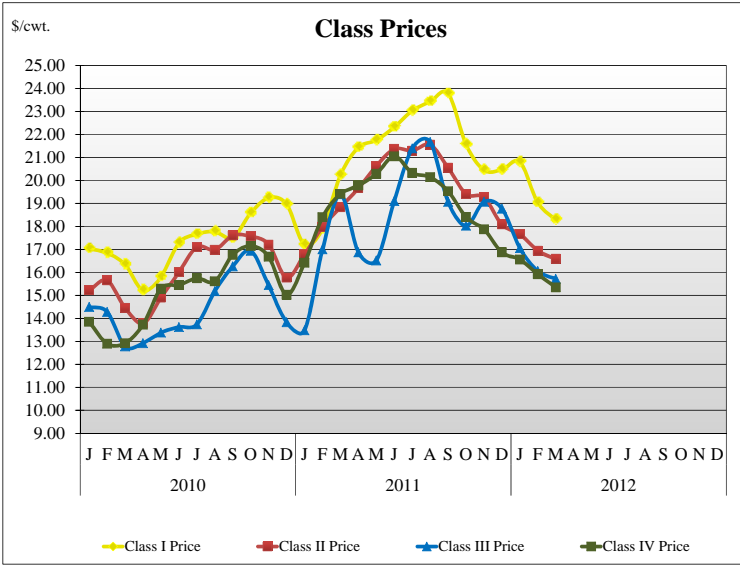
STATISTICAL UNIFORM PRICE



Statistical Uniform Price: The Mideast Federal Order Statistical Uniform Price (SUP) at Cuyahoga County, OH was \$16.55 per cwt for March 2012. The March 2012 SUP was \$2.85 per cwt lower than the March 2011 SUP. The March 2012 SUP is \$0.43 per cwt lower than the February 2012 SUP.

March 2012 Statistical Uniform Price: Using the Class III Price formula at 3.5% BF, the component values for the March 2012 SUP are: \$7.95 per cwt for protein, \$5.35 per cwt for butterfat and \$2.41 per cwt for other solids. Also included in the SUP is the \$0.83 per cwt producer price differential. (May not add to total due to rounding.)

CLASS AND COMPONENT PRICES



WEIGHTED AVERAGE NASS PRICES

