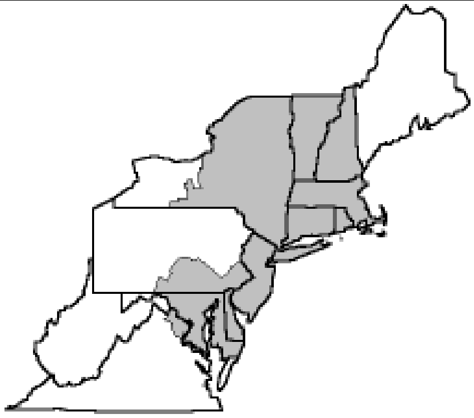

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

November 2001 Federal Order No. 1

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November Pool Price Calculation

The November 2001 statistical uniform price for the Northeast Marketing Area was announced at $15.28 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. The October producer price differential (PPD) at Suffolk County was $3.97 per hundredweight.

The November statistical uniform price was 76 cents below October's price. Conversely, the November PPD was $2.53 higher than the previous month's and was the highest PPD since December 2000. All class prices declined from October, but most notably, the Class III price dropped $3.29 per hundredweight. Due to the advanced pricing for Class I, declines in commodity values will not be fully reflected until the December Class I price.

Price declines in the commodities used in calculating federal order prices were significant in November. With cheese prices dropping, the protein value declined 86 cents per pound in November; butterfat dropped about 20 cents. Even though producer tests increased from October, the value of components in the entire pool declined. As a result, the PPD increased, a reflection of the particularly high Class I value in the pool.

The November producer butterfat test was the highest since January 2001. The protein test for November was the highest since the Order's inception.❖

Class III/IV Comment Period Extended

On November 26, the USDA extended the time for filing comments on the recommended decision issued October 21 concerning proposed amendments to the minimum Class III and Class IV price formulas for federal milk orders. Additional time to file comments was requested by a number of proprietary and cooperative handlers. They stated that more time is needed to fully analyze the impacts of the technical changes in the pricing formulas.

Comments are now due on or before January 25, 2002. For information on where or how to send comments, visit our website at www.fmmone.com or call Cliff Carman, Chief of Order Formulation, USDA-AMS-Dairy Programs, at 202-720-7183.❖

Pool Summary

- A total of 16,960 producers were pooled under the Order with an average daily delivery per producer of 3,808 pounds.
- Pooled milk receipts totaled 1.937 billion pounds, an increase of 0.7 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 47.8 percent of total milk receipts, no change from October.
- The average butterfat test of producer receipts was 3.77 percent.
- The average true protein test of producer receipts was 3.08 percent.
- The average other solids test of producer receipts was 5.70 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	47.8	925,633,513
Class II	17.4	337,011,537
Class III	28.6	553,527,463
Class IV	6.2	121,208,332
Total Pooled Milk		1,937,380,845

Producer Component Prices

	2001	2000
	$/lb	
Protein Price	1.8045	0.9149
Butterfat Price	1.4500	1.5745
Other Solids Price	0.1470	0.0565

Class Price Factors

	2001	2000
	$/cwt	
Class I	19.01	15.07
Class II	12.78	13.68
Class III	11.31	8.57
Class IV	11.97	13.00

“Tanker Load Per Day” Farms by State

During May 2001 (verified payroll data), there were 51 farm operations (defined as a single farm location) that marketed at least 1.5 million pounds of milk per month on the Northeast Order. This amount of milk roughly equates to a single tractor-trailer size load per day. In total, these farms marketed 105.8 million pounds on the Order in May 2001.

These 51 farms represented 0.3 percent of the 17,310 farms and 4.9 percent of the total pounds pooled on the Northeast Order during the month (see table). As a point of comparison, 82 percent of farms pooled on the Northeast Order market between 30,000 to 249,999 pounds of milk during May. The 51 large farms produced a greater percent of the milk pooled on the Order than all 2,285 farms that marketed 30,000 to 49,999 pounds of milk in May.

The greatest number of “large” farms pooled on the Order operate farms in New York State. They total 32 farms, marketing a combined 64.8 million pounds. Wyoming County, New York, is home to six of these farms, more than any other county in the Order.

Six of the 51 large farms reside in states outside the traditional milkshed of the Northeast Order area. These six farms represented 17.3 percent of the milk pooled on the Order from outside the area during May 2001.

Of all the farm-size ranges, the largest group pooled on the Northeast Order totaled 3,743 farms and shipped between 70,000 and 99,999 pounds during the month. This total represented 21.6 percent of all farms pooled on the Order. Those farms pooling between 150,000 and 249,999 pounds in the month represented the largest amount of milk pooled by size range. These farms pooled 390.6 million pounds, or 17.9 percent of the total May 2001 Northeast pool.❖

Milk by State and Farm Size, May 2001

	Pooled		Farms Marketing 1.5 Million Lbs. or More On Northeast Order		
State/Area	Number of Farms	Pounds	Number of Farms	Pounds	Percent of State/Area
ME	464	56,008,697	0	0	0.0
VT	1,508	226,068,343	6	10,242,835	4.5
Other New England 1/	655	97,606,119	2	3,223,821	3.3
NJ	147	19,344,978	0	0	0.0
NY	6,381	858,813,486	32	64,776,358	7.5
PA	6,532	691,505,856	5	10,655,214	1.5
Other Inside Area 2/	872	131,015,250	0	0	0.0
ID, MN, WI	698	91,024,623	6	16,897,107	18.6
Other Outside Area 3/	53	6,491,841	0	0	0.0
Total	**17,310**	**2,177,879,193**	**51**	**105,795,335**	**4.9**

1/ Other New England includes CT, NH, RI, and MA.

2/ Other Inside Area includes DE, MD, and VA.

3/ Other Outside Area includes MI, ND, SD, UT, and WV.

Mailbox Prices Reported

The accompanying table shows the average mailbox prices during the first 6 months of 2000 and 2001 for selected areas. The mailbox price is defined as the net price received by dairy farmers. It includes all payments received for milk sold and deductions associated with marketing the milk. They are reported at test, unlike statistical uniform prices that are adjusted to 3.5 percent butterfat, 2.99 percent protein and 5.69 percent other solids.

Not surprisingly, of the areas shown, farmers in Florida received the highest mailbox price during both years. Minnesota and Wisconsin, known to receive some of the lowest prices, showed the highest percentage increases and actually higher average prices than other areas such as New Mexico and the Northwest States. It should be noted that these changes are estimated, as the reporting from year-to-year has not been consistent for particular areas.

The Northeast continues to remain in the upper half of the spectrum, receiving less than the Appalachian and Southeast States, but more than the rest of the country. California continues to lag behind most of the country, but according to the National Agricultural Statistics Service, receives more than some of the western and southwestern states.❖

Simple Average Mailbox Prices in Selected Areas, January-June 2001

	2000	2001	Percent Change*
	($/hundredweight)		
Northeast	12.14	14.41	18.7
Appalachian States	13.12	15.16	15.5
Southeast States	12.46	15.38	23.5
Florida	15.07	17.03	13.0
Wisconsin 1/	11.18	14.00	25.2
Minnesota 1/	11.18	13.94	24.7
Northwest States 2/	11.44	13.74	20.1
California	11.04	13.45	21.8
New Mexico 3/	11.72	13.27	13.2

* Estimated.

1/ Reported as Upper Midwest in 2000.

2/ Reported as Pacific Northwest in 2000.

3/ Reported as Southwest in 2000.

MARKET SITUATION

Cooperative Share of Order No. I

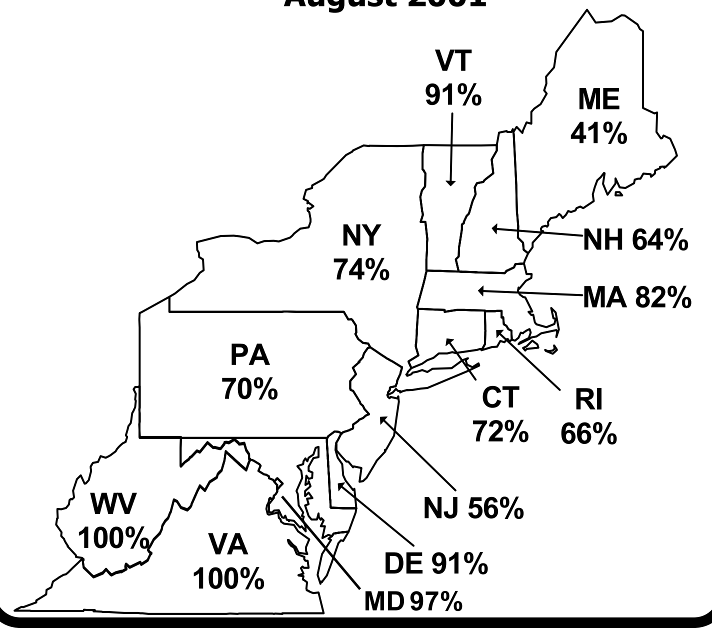
There are currently 82 cooperatives pooling milk on the Northeast Order. Four of these cooperatives have over 1,000 members. Thirty-five cooperatives have 20 or fewer members. Many of the smaller cooperatives have affiliations with larger cooperatives or are members of a federated cooperative system. As of August 2001, 74 percent of the producers pooled on the Northeast Order belonged to a cooperative. In 1999, before order reform, that percent in Federal Orders 1, 2, and 4 was 81.2, 66.8, and 85.4, respectively.

In August 2001, 91 percent of the Vermont producers were members of a cooperative. In New York and Pennsylvania, 71 and 72 percent were cooperative members, respectively. In Maryland and Virginia 97 to 100 percent of farmers were cooperative members. Only 41 percent of Maine dairy farmers and 49 percent of New Jersey dairy farmers were coop members. In all cases, the percentages only refer to producers in the respective states that were pooled on the Northeast Order.

Milk from cooperative member producers accounted for 75 percent of the milk (1.5 billion pounds) marketed on the Northeast Order in August 2001. In 1999, the percent in Orders 1, 2, and 4 was 82.2, 68.1, and 86.8, respectively.

In August 2001, 91 percent of Vermont milk receipts were from cooperatives. In New York and Pennsylvania, 74 and 70 percent of the milk marketed was cooperative milk, respectively. In Maryland and Virginia, 92 to 100 percent of the milk was cooperative milk. Cooperative milk accounted for 41 percent of milk marketed on the Order from Maine and 56 percent of milk from New Jersey. Only 541,000 pounds marketed from the Midwest and West was not cooperative milk. Even though the above-mentioned data only applies to August 2001, the percentages do not vary much month to month.❖

Percent of Cooperative Members, by State, August 2001



Intermarket Movements Compared

In September, October, and November 2000, a net volume of 41.3 million pounds in bulk milk was shipped out of the Northeast Order. During the same period in 2001, the situation reversed; a net volume of 55.2 million pounds was received in Order No. 1. (see table).

Shipments out of the Order primarily go to the Appalachian (F.O. 5), Florida (F.O. 6), Southeast (F.O. 7), Upper Midwest (F.O. 30), and Mideast (F.O. 33) federal milk marketing orders. Milk received in the Northeast from other federal orders mainly comes from Orders 5, 30, and 33.

In the fall months of 2000, receipts from other federal orders ranged from 20.8 to 26 million pounds. Shipments to other orders ranged from a high of 44.8 million pounds in September to a low of 29.3 million pounds in November. During these months in 2001, receipts ranged from 19.3 million in September to 45.2 million in November. Shipments during the same period ranged from 20.9 million in September to 8 million in November, a considerable decrease from the previous year.

For the months compared, F.O. 5 accounted for the largest volume of milk sent to the Northeast Order with 61 percent in 2000 and 69 percent in 2001. The next largest supplier was F.O. 33. During both comparison periods, the largest volume sent from the Northeast Order went to F.O. 6 with 44 and 62 percent of total bulk shipments, respectively, for 2000 and 2001. The second largest receiver was F.O. 30 in 2000 and F.O. 7 in 2001.❖

Intermarket Movements of Milk, September–November 2000–01

	2000		2001	
	Receipts	Shipments	Receipts	Shipments
	million pounds			
Sep	20.8	44.8	19.3	20.9
Oct	26.0	37.3	36.6	17.0
Nov	23.3	29.3	45.2	8.0
Total	70.1	111.4	101.1	45.9
Net		41.3		(55.2)

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Computation of Producer Price Differential and Statistical Uniform Price

		Product Pounds	Price per cwt/lb	Component Value	Total Value
Class I—	Skim	905,817,540	$12.85	116,397,553.89	
	Butterfat	19,815,973	1.8881	37,414,538.62	
Less:	Location Adjustment to Handlers			(2,815,888.50)	$150,996,204.05
Class II—	Butterfat	26,020,077	1.4570	37,911,252.20	
	Nonfat Solids	28,371,325	0.8844	25,091,599.86	63,002,852.06
Class III–	Butterfat	20,475,027	1.4500	29,688,789.15	
	Protein	16,993,493	1.8045	30,664,758.09	
	Other Solids	31,525,038	0.1470	4,634,180.61	64,987,727.85
Class IV–	Butterfat	6,724,846	1.4500	9,751,026.70	
	Nonfat Solids	10,441,517	0.7949	8,299,961.87	18,050,988.57
Total Classified Value					**$297,037,772.53**
Add:	Overage—All Classes				107,362.88
	Inventory Reclassification—All Classes				(36,674.20)
	Other Source Receipts	205,706			12,686.29
Less:	Producer Component Valuations				(229,686,893.95)
	Subtotal				**$67,434,253.55**
Add:	Location Adjustment to Producers				9,243,917.10
	One-half Unobligated Balance—Producer Settlement Fund				1,149,443.13
Total Pool Milk & Aggregate Value		1,937,586,551			77,827,613.78
Less:	Producer Settlement Fund—Reserve				(905,427.80)
Producer Price Differential @ *Suffolk County, MA (Boston)*			**$3.97**		76,922,185.98
Statistical Uniform Price @ *Suffolk County, MA (Boston)*			**$15.28**		

* Price at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids.