



# The Market Administrator's BULLETIN

## NORTHEAST MARKETING AREA

*Erik F. Rasmussen*, Market Administrator

**March 2002**

Federal Order No. 1

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### March Pool Price Calculation

The March 2002 statistical uniform price for the Northeast Marketing Area was announced at \$13.05 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 March producer price differential (PPD) at Suffolk County was \$2.40 per hundredweight.

The March statistical uniform price was 43 cents per hundredweight below February's price and the lowest statistical uniform price since May 2000. All class prices declined, but due to the increased spread between the Class I, II, and IV prices and the Class III price, the PPD increased 55 cents from last month.

Total producer milk receipts for March set a new record for the Northeast Order; the average daily delivery per producer (DDP) was also record setting (see pool summary).

Producer milk receipts used for Class I purposes were down 5.8 percent from last March. The Class I utilization percentage was the lowest since April 2000. ❖

### Proposal to Amend Northeast Order

The Association of Dairy Cooperatives in the Northeast (ADCNE), a group representing a significant number of dairy farmers pooled on the Northeast Order, have submitted a request for a hearing to consider proposals to amend the Order. The proposals would change some features of the pooling and payment provisions of the Northeast Milk Marketing Order and establish a marketwide service payments program to those entities that serve to balance the Class I needs of the market. Interested parties may obtain a copy of the ADCNE proposal from our website at: [www.fmmone.com](http://www.fmmone.com) or by contacting Marvin Beshore, Esq., 717/236-0781.

This proposal has not yet been approved for inclusion in a notice of hearing. Before deciding whether a hearing should be held to consider amending the Northeast Order, USDA is providing interested parties an opportunity to submit additional  
*(continued on Page 3)*

### Pool Summary

- A total of 17,093 producers were pooled under the Order with an average daily delivery per producer of 4,320 pounds.
- Pooled milk receipts totaled 2.289 billion pounds, an increase of 2.9 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 39.2 percent of total milk receipts, a decline of 1.6 percentage points from February.
- The average butterfat test of producer receipts was 3.75 percent.
- The average true protein test of producer receipts was 3.01 percent.
- The average other solids test of producer receipts was 5.74 percent. ❖

#### Class Utilization

Pooled Milk	Percent	Pounds
Class I	39.2	897,204,825
Class II	17.0	388,595,067
Class III	32.2	736,332,047
Class IV	11.6	<u>266,654,272</u>
Total Pooled Milk		2,288,786,211

#### Producer Component Prices

	2002	2001
	\$/lb	
Protein Price	1.8342	1.6498
Butterfat Price	1.3638	1.6820
Other Solids Price	0.0688	0.1039

#### Class Price Factors

	2002	2001
	\$/cwt	
Class I	14.87	15.90
Class II	12.19	14.17
Class III	10.65	11.42
Class IV	11.42	13.46

## Market Services Tank Calibration Program

The Market Administrator's bulk tank verification program resumes operation with the onset of warmer weather. The program verifies the proper calibration of new and existing farm bulk tanks for all non-member producers on a once every 5-to-10-year basis. Members of cooperative associations, whose cooperative has been exempted from the deduction for marketing services, receive such calibration services from their cooperative or approved provider.

This year will be the first full year that the Market Administrator's program will have the services of two calibration trucks. The new truck was first used in June 2001. With about 4,000 non-member producers and many tanks that have not been checked in many years, it will take some time before all non-member farms are visited. The following schedule indicates the planned areas where the calibration trucks will be working during the next several months. The office coordinates farm calibration visits with handlers, concentrating first on tanks that are suspected of being out of calibration or were checked many years ago. If you have a concern about the calibration of your bulk tank, please contact your handler who will work with the Market Administrator to schedule a calibration check. ❖

### Tentative Calibration Truck Schedule, 2002

Month	Area
April	Eastern/Central New York
May	Northeastern Pennsylvania Central/Northern New York
June	Southern Tier of New York Vermont/New Hampshire
July	Southeastern Pennsylvania Maine
August	Eastern/Central New York Central Pennsylvania
September	Southeastern Pennsylvania Northeastern Pennsylvania
October	Connecticut/Southern New England/Vermont/ New Hampshire Southern Tier and Western New York
November	Vermont/New Hampshire Eastern/Central New York

### Pool Summary for All Federal Orders, January–March, 2001–2002

Federal Order		Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#*	
Number	Name	2001	2002	Change	2001	2002	2001	2002
		pounds			percent		dollars per hundredweight	
1	Northeast	6,105,781,932	6,502,429,456	6.5	3.40	2.06	13.96	13.45
5	Appalachian	1,691,089,512	1,749,146,222	3.4	N/A	N/A	14.88	14.02
6	Florida	755,462,243	714,710,259	-5.4	N/A	N/A	16.45	15.47
7	Southeast	1,983,143,491	2,174,050,000	9.6	N/A	N/A	14.60	13.74
30	Upper Midwest	5,033,200,903	5,389,566,353	7.1	0.90	0.48	11.46	11.86
32	Central	4,247,121,766	4,463,909,638	5.1	1.58	0.81	12.14	12.20
33	Mideast	3,918,446,853	4,474,998,951	14.2	2.13	1.04	12.69	12.42
124	Pacific Northwest	1,640,844,002	1,884,334,094	14.8	2.12	0.75	12.68	12.13
126	Southwest	2,059,491,091	2,420,176,987	17.5	3.12	1.85	13.68	13.24
131	Arizona-Las Vegas	778,325,950	794,065,455	2.0	N/A	N/A	12.72	12.28
135	Western	921,457,915	1,276,570,804	38.5	1.57	0.65	12.13	12.15
All Market Total/Average		29,134,365,658	31,843,958,219	9.3	2.11	1.09	13.40	13.00

# Price at designated order location.

\* Price at 3.5% butterfat.

N/A = Not applicable; order prices on skim and butterfat basis.

# MARKET SITUATION

## Per Capita Fluid Sales on Decline

Sales of fluid milk products in the Northeast Marketing Area (NMA) declined slightly between 2000 and 2001. Fluid milk products include whole milk, reduced fat (2%), lowfat (1%), fatfree (skim), flavored milk and drinks, buttermilk, and eggnog. For the same period, sales on a per capita basis dropped 0.5 percent. The accompanying table shows sales by product type.

The Northeast Marketing Area includes the entire states of Connecticut, Delaware, Massachusetts, New Hampshire, New Jersey, Rhode Island, and Vermont; the District of Columbia; most of Maryland and New York; and portions of Pennsylvania and Virginia. This area includes many metropolitan centers, such as New York City, Boston, Philadelphia, Washington, DC, and Baltimore. The total population for the marketing area was about 51.3 million people in 2000 with a projected growth of approximately 0.5 percent in 2001.

As shown in the table, whole milk sales continue to dominate in this area, though their market share has declined from 41.2 percent in 2000 to 40.4 percent in 2001. In contrast, per capita sales of reduced fat, lowfat, and fatfree products increased their combined market share to 53.4 percent in 2001, up from 52.9 percent in 2000. Per capita sales of flavored milk and drinks increased in 2001, as did the combined total of buttermilk and eggnog.

Compared to the United States, per capita sales of fluid milk products in the NMA lag well behind. For

**Sales of Fluid Milk Products in the Northeast Milk Marketing Area, 2001 and 2000**

	Total In-area Sales million pounds	Butterfat Test percent	Per Capita Sales pounds
<b>2001</b>			
Whole Milk	3,819.1	3.26	74.0
Reduced Fat – 2%	2,014.6	1.98	39.1
Lowfat – 1%	1,559.8	1.00	30.2
FatFree	1,478.9	0.10	28.7
Flavored Milk and Drinks	530.5	1.67	10.3
Buttermilk and Eggnog	55.4	3.98	1.1
Total/Average	9,458.4	2.04	183.4
<b>2000</b>			
Whole Milk	3,901.9	3.25	76.0
Reduced Fat – 2%	1,937.3	1.97	37.7
Lowfat – 1%	1,546.0	0.99	30.1
FatFree	1,527.8	0.14	29.8
Flavored Milk and Drinks	496.4	1.73	9.7
Buttermilk and Eggnog	50.5	3.38	1.0
Total/Average	9,459.8	2.04	184.3

2000, total fluid sales equaled 194.9 pounds per person nationally, nearly 6 percent higher than in the NMA. The national average per capita sales of whole milk was 66.6 pounds per person, compared to 76 pounds in the NMA. The U.S. average per capita sales of reduced fat, lowfat, and fatfree totaled 114.1 pounds compared to 97.6 pounds in the NMA. Per capita sales of flavored milk and drinks totaled 11.9 pounds nationally in 2000.❖

## Proposal to Amend Northeast Order *(continued from Page 1)*

proposals. Proposals should be faxed to 202-690-0552 or mailed by **May 17, 2002** to: Deputy Administrator, USDA/AMS/Dairy Programs, Room 2968-S, Stop 0231, 1400 Independence Ave., SW, Washington, D.C. 20250-0231.

Each proposal should be accompanied by a brief but comprehensive statement on the need to amend the Northeast Order. The statement will be used in deciding which proposals should be considered if a hearing to amend the Order is to be held.

If a hearing is called to consider amending the provisions of the Northeast Order, only those proposals included in the hearing notice will be heard. However, appropriate modifications of the proposals included in the hearing notice may be considered at the hearing.

If you have any questions concerning the filing of proposals or desire a copy of the present Order, please contact any of the Northeast Order offices.❖



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**Computation of Producer Price Differential and Statistical Uniform Price**

	<u>Product Pounds</u>	<u>Price per cwt/lb</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	878,891,449	\$10.35	90,965,264.97	
Butterfat	18,313,376	1.3942	25,532,508.82	
Less: Location Adjustment to Handlers			(2,616,381.91)	\$113,881,391.96
Class II— Butterfat	28,489,403	1.3708	39,053,273.63	
Nonfat Solids	32,699,912	0.8511	27,830,895.10	66,884,168.73
Class III— Butterfat	26,384,861	1.3638	35,983,673.49	
Protein	22,110,919	1.8342	40,555,847.63	
Other Solids	42,262,645	0.0688	2,907,669.96	79,447,191.08
Class IV— Butterfat	12,581,136	1.3638	17,158,153.30	
Nonfat Solids	23,088,751	0.7660	17,685,983.28	34,844,136.58
<b>Total Classified Value</b>				<b>\$295,056,888.35</b>
Add: Overage—All Classes				40,036.39
Inventory Reclassification—All Classes				9,405.03
Other Source Receipts	316,080			12,712.66
Less: Producer Component Valuations				(252,173,557.45)
<b>Subtotal</b>				<b>\$42,945,484.98</b>
Add: Location Adjustment to Producers				11,879,725.62
One-half Unobligated Balance—Producer Settlement Fund				1,087,379.89
<b>Total Pool Milk &amp; Aggregate Value</b>	2,289,102,291			55,912,590.49
Less: Producer Settlement Fund—Reserve				(974,135.49)
<b>Producer Price Differential @ Suffolk County, MA (Boston)</b>		<b>\$2.40</b>		54,938,455.00
<b>Statistical Uniform Price @ Suffolk County, MA (Boston)</b>		<b>\$13.05</b>		

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