The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

April 2007 Federal Order No. 1

To contact the Northeast Marketing Area offices:
Boston, MA: phone (617) 737-7199, e-mail address: MABoston@fedmilk1.com; *Albany, NY*: phone (518) 452-4410, e-mail address: MAAlbany@fedmilk1.com; *Alexandria, VA*: phone (703) 549-7000, e-mail address: MAAlexandria@fedmilk1.com;
website address: www.fmmone.com

April Pool Price Calculation

The April 2007 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.02 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. If reported at the average tests of producer pooled milk, the SUP would be $17.49 per hundredweight. April's statistical uniform price was 94 cents per hundredweight above the March price.

The April producer price differential (PPD) at Suffolk County was 93 cents per hundredweight, 6 cents below last month's. All commodity prices increased resulting in higher component prices. Similar to last month, all class prices rose considerably. The Class I price rose 75 cents; Class II increased 91 cents; Class III rose $1.00 per hundredweight, and the Class IV price jumped $2.41 per hundredweight. For the second month in a row, Class II was the lowest priced class.❖

Hearing Reconvened

On May 9, the USDA announced it will reconvene a national public hearing to consider proposals seeking to amend the Class III and Class IV product price formulas applicable to all federal milk marketing orders. This hearing is a continuation of the hearing that began on February 26 in Strongsville, Ohio, and was previously reconvened on April 9 in Indianapolis, Indiana. The purpose of reconvening is to receive additional testimony on proposed amendments 1 through 20, as published in the *Federal Register* in the original notice of hearing on February 9, and the supplemental notice on February 20.

The hearing will begin at 1:00 p.m. on July 9 at the Sheraton Station Square Hotel in Pittsburgh, Pennsylvania, phone (412) 261-2000. Additional information regarding this hearing may be obtained at: http://www.ams.usda.gov/dairy/class_III_IV_pr_formulas/class_III_IV_hearing.htm or by calling the Market Administrator's office.❖

Annual *Bulletin* Available

The 2006 Annual Statistical *Bulletin* for the Northeast Milk Marketing Area is now available. The report summarizes pool and price data through a series of tables and charts. It can be found on our website at www.fmmone.com. Copies may be requested free of charge by contacting the Albany office at (518) 452-4410 or E-mail: MAAlbany@fedmilk1.com.❖

Pool Summary

- A total of 13,996 producers were pooled under the Order with an average daily delivery per producer of 4,529 pounds.
- Pooled milk receipts totaled 1.901 billion pounds, an increase of 0.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 44.3 percent of total milk receipts, a decrease of 3.1 percentage points from March.
- The average butterfat test of producer receipts was 3.72 percent.
- The average true protein test of producer receipts was 3.04 percent.
- The average other solids test of producer receipts was 5.73 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	44.3	842,839,540
Class II	21.6	409,793,631
Class III	23.4	444,536,688
Class IV	10.7	204,267,037
Total Pooled Milk		1,901,436,896

Producer Component Prices

	2007	2006
	$/lb	
Protein Price	2.5212	1.9238
Butterfat Price	1.4657	1.2343
Other Solids Price	0.6008	0.1508

Class Price Factors

	2007	2006
	$/cwt	
Class I	18.25	14.47
Class II	14.51	11.37
Class III	16.09	10.93
Class IV	16.12	10.36

Manufactured Dairy Products—2006 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2006 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table shows total production and annual change for selected products.

Selected U.S. Manufactured Dairy Products, 2005—2006

	2005	2006	Yr-to-Yr Change
	million pounds		percent
Cheese			
American^	3,808	3,913	2.7
Italian	3,803	3,989	4.9
Other*	1,538	1,633	6.2
Total Cheese#	9,149	9,534	4.2
Butter	1,347	1,448	7.5
NFDM~	1,210	1,224	1.1
Condensed Skim**	1,058	1,218	15.1
Dry Whey~	959	1,049	9.4
Whey Protein Concentrate~	343	379	10.2
Yogurt	3,058	3,295	7.7
Ice Cream	960	966	0.6

^ Includes Cheddar, Colby, Monterey, and Jack.
* Includes Swiss, Muenster, brick, limburger, blue, Hispanic, cream/Neufchatel, and other varieties.
\# Excludes cottage cheese.
** Unsweetened. ~ For human use.

Cheese Production

Total cheese production (excluding cottage cheese) grew 4.2 percent in 2006. American cheese production increased 2.7 percent while Italian rose 4.9 percent from 2005. The production of Swiss cheese grew 4.8 percent, cream and Neufchatel increased 5.2 percent, and other types (Muenster, brick, limburger, blue, Hispanic, among others) rose 8.3 percent.

American production accounted for 41.0 percent of all cheese, down from 41.6 percent in 2005. Italian accounted for 41.8 percent of all cheese, up from 41.6 the previous year. This was the first time Italian cheese surpassed American as the dominant type. Cheddar production increased 2.6 percent and accounted for 79.9 percent of the American total. Mozzarella rose 4.2 percent and accounted for 78.8 percent of the Italian total. Hispanic cheese production rose 8.5 percent; this follows a jump of 17.8 percent in 2005. As a percentage of total cheese made, Hispanic cheese increased to 1.9 percent, up from 1.8 percent in 2005.

Other Products

Butter production rose 7.5 percent in 2006. Yogurt (plain and fruit flavored) grew 7.7 percent. Frozen yogurt production increased 2.0 percent and ice cream grew a slight 0.6 percent. Nonfat dry milk (NFDM) increased 1.1 percent; during 2005, it declined 15.8 percent. The production of canned evaporated and condensed whole milk declined 6.0 percent while unsweetened skim condensed jumped 15.1 percent in 2006. Production (for human use) of dry whey rose 9.4 percent and whey protein concentrate increased 10.2 percent.

Leading States

There was no change in the top cheese producing states during 2006: Wisconsin led, followed by California, Idaho, New York, and Minnesota. Wisconsin remained the leader in the production of American cheese but California came in a close second with only a difference of 1.8 million pounds (in 2005 the difference was 14.5 million pounds). California remained the leading producer of Italian cheese production (it took the lead in 2005), followed by Wisconsin, New York, and Pennsylvania.

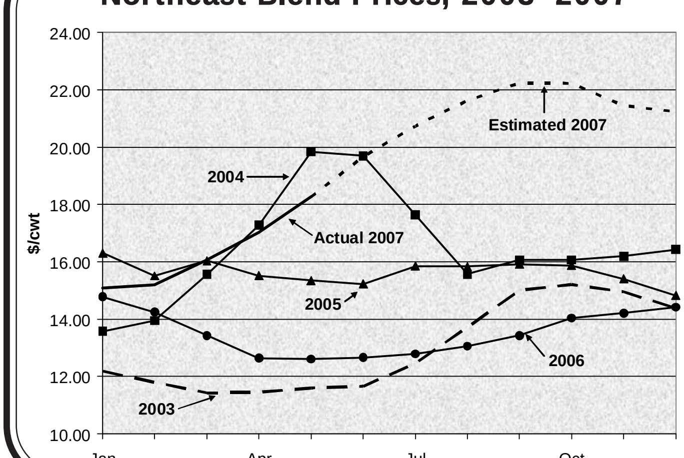
New York remained the leader in cottage cheese and sour cream, second in yogurt and dry whey, and fourth in butter and mozzarella production. Pennsylvania ranked third in butter and mozzarella production. Massachusetts was the fourth largest ice cream producing state.

Wisconsin still recorded the largest number of dairy manufacturing plants (202), followed by California (112), and New York (106). Overall, the number of plants declined 0.7 percent in 2006; the decline was 1.1 percent in 2005.❖

Blend Prices to Rise

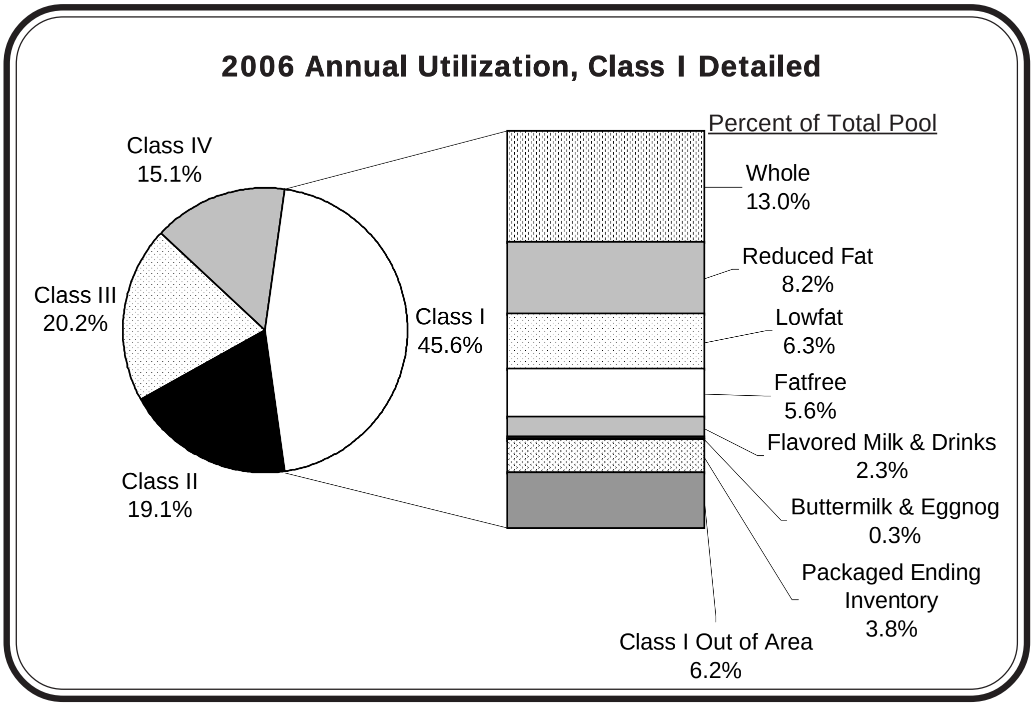
The accompanying chart shows Northeast Order statistical uniform prices (blend prices at Boston) from January 2003 through the end of 2007. From May through December 2007, the prices are estimated using Chicago Mercantile Exchange settlement prices for Class III and IV futures as of May 14. As shown in the chart, it is expected that 2007 prices will remain well above the previous years' and average about $19.00 per hundredweight for the year. Since the Order's inception, the highest annual average blend price was $16.49 per hundredweight in 2004 when the blend price almost hit $20.00 per hundredweight during May and June. Based on these prices, blend prices are projected to be above $20.00 per hundredweight during the last six months of 2007.❖

Northeast Blend Prices, 2003–2007

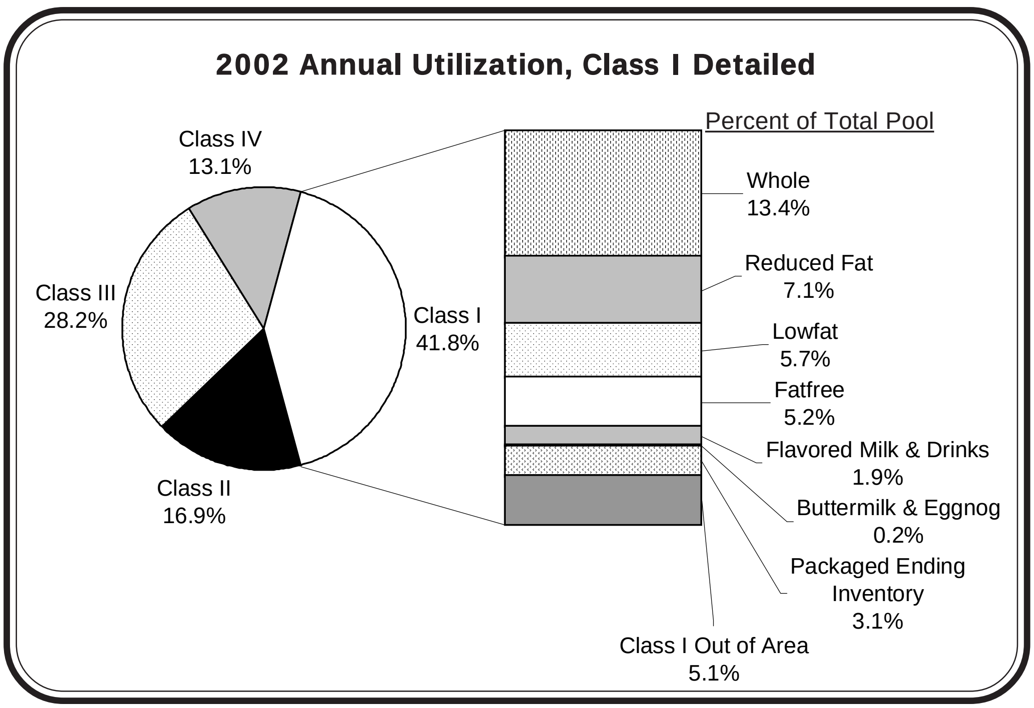


Northeast Utilization, Class I Detailed

The Northeast Order pooled 45.6 percent of its milk as Class I in 2006. From 2000 through 2003, Class I utilization in the Northeast Order averaged 43.9, 43.3, 42.3, and 44.5 percent for the year. Since then, the Order has averaged at or above 45 percent. To start this year, the Order set record-high Class I utilizations for the first three months. The higher utilization reflects less milk pooled on the Order and not increased Class I sales. Less milk pooled does not necessarily have a negative impact as more milk ends up priced in the higher-valued class (Class I).



The accompanying charts compare annual utilization for the Northeast Order in 2006 to 2002, and details the make-up of Class I utilization by product. Although the 2006 volume for the year totaled 2.4 billion less pounds than in 2002, the annual volume of Class I in 2006 was just 42 million pounds less than in 2002. The detailed data reflect the movement from consumption of whole milk to reduced fat, lowfat and fatfree milk. Whole milk declined from 13.4 percent of the total pool in 2002 (32.2 percent of Class I) to 13.0 percent of the total pool in 2006 (28.5 percent of Class I). Reduced fat, lowfat, and fatfree all accounted for larger portions of the total pool volume, although fatfree's proportion of the Class I volume declined by 0.2 percentage points. Flavored milk and drinks increased from 1.9 percent of the total pool in 2002 to 2.3 percent in 2006 and accounted for 5 percent of the Class I volume in 2006.



A larger portion (6.2 percent) of Class I in 2006 was attributed to out of area sales (sales outside of the defined Northeast Marketing Area). Out of area sales accounted for 13.7 percent of the Class I utilization in 2006, up from 12.2 percent in 2002.

Packaged ending inventory is milk that was packaged as Class I at the end of a month but was not identified by type of product.❖

Dairy Promotion Seeks Nominations

The USDA is seeking nominations for the National Dairy Promotion and Research Board. Twelve individuals will be appointed to serve 3-year terms beginning November 1, 2007. Locally, Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania) and Region 12 (New York) have one opening each.

For nominating forms and procedures, contact Whitney A. Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, D.C., 20250-0233; telephone (202) 720-6909; or E-mail at whitney.rick@usda.gov. Nominations must be submitted by May 31, 2007.❖

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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	826,564,296	$13.75	113,652,590.70	
	Butterfat	16,275,244	1.4221	23,145,024.49	
Less:	Location Adjustment to Handlers			(2,676,700.66)	$134,120,914.73
Class II—	Butterfat	29,181,258	1.4727	42,975,238.73	
	Nonfat Solids	34,661,061	1.0767	37,319,564.36	80,294,803.09
Class III–	Butterfat	16,367,970	1.4657	23,990,533.66	
	Protein	13,539,911	2.5212	34,136,823.62	
	Other Solids	25,447,754	0.6008	15,289,010.60	73,416,367.88
Class IV–	Butterfat	8,837,992	1.4657	12,953,844.88	
	Nonfat Solids	17,806,696	1.2656	22,536,154.45	35,489,999.33
Total Classified Value					**$323,322,085.03**
Add:	Overage—All Classes				69,468.95
	Inventory Reclassification—All Classes				274,044.72
	Other Source Receipts	13,535	Pounds		309.95
Total Pool Value					**$323,665,908.65**
Less:	Producer Component Valuations @ Class III Component Prices				(314,951,713.96)
Total PPD Value Before Adjustments					**$8,714,194.69**
Add:	Location Adjustment to Producers				9,141,134.08
	One-half Unobligated Balance—Producer Settlement Fund				754,822.20
Less:	Producer Settlement Fund—Reserve				(926,661.98)
Total Pool Milk & PPD Value		1,901,450,431	Producer pounds		**$17,683,488.99**
	Producer Price Differential		**$0.93**		
	Statistical Uniform Price		**$17.02**		

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