The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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January Pool Price Calculation

The January 2008 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $21.11 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 $21.92 per hundredweight. January's statistical uniform price was 48 cents per hundredweight below December's price. The January producer price differential (PPD) at Suffolk County was $1.79 per hundredweight, 80 cents above last month's.

During January, all commodity prices declined resulting in lower component prices. All class prices dropped except the Class I price, which is announced in advance and is calculated using data from the previous month. This created a widening of the spread between the classes and a higher PPD than last month.

The January average producer protein test at 3.09 percent was the highest on record for the month of January since the Order's inception. The other solids test at 5.73 percent also set a record for the highest for the month of January.❖

Market Services 2007 Summary

The Market Administrator (MA) verifies or establishes weights, samples and tests producer milk, and provides market information for producers who are not receiving such services from a cooperative association. Federally qualified cooperatives that wish to be exempt from the market service deduction for providing these services must adequately provide all aspects of the market service program themselves or contract with an agent to do so. Programs put in place by cooperatives for this purpose are regularly monitored by the Market Administrator.

Verification Program

One aspect of the market services provided by the Order is the verification program. The objective of verifying tests is to guard against incorrect payments to producers for milk components, as well as preventing incorrect pool credits to fluid handlers.

Calibration Program

Another aspect of the Market Administrator's market service program is the bulk tank calibration program. The Northeast Order

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Pool Summary

- A total of 13,812 producers were pooled under the Order with an average daily delivery per producer of 4,789 pounds.
- Pooled milk receipts totaled 2.050 billion pounds, an increase of 2.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 44.1 percent of total milk receipts, a decrease of 1.3 percentage points from December.
- The average butterfat test of producer receipts was 3.79 percent.
- The average true protein test of producer receipts was 3.09 percent.
- The average other solids test of producer receipts was 5.73 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	44.1	904,275,348
Class II	17.5	358,704,815
Class III	23.3	478,199,703
Class IV	15.1	309,285,441
Total Pooled Milk		2,050,465,307

Producer Component Prices

	2008	2007
	$/lb	
Protein Price	4.4994	2.4053
Butterfat Price	1.3319	1.3009
Other Solids Price	0.2097	0.3183

Class Price Factors

	2008	2007
	$/cwt	
Class I	24.22	16.84
Class II	19.75	12.85
Class III	19.32	13.56
Class IV	16.29	12.53

Class I Sales Nearly Flat for 2007

Sales of fluid milk products in the Northeast milk Marketing Area totaled nearly 9.3 billion pounds in 2007, down 0.3 percent form 2006 and the smallest drop since 2001 when sales were statistically flat compared to 2000. Nationally, sales declined 0.1 percent; U.S. sales are estimated based on actual sales data in federal milk order marketing areas and California (together they represent 92 percent of total fluid sales in the US).

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, Baltimore, and Washington, DC. The total estimated population for 2007 in the marketing area was 52.8 million people, as reported by the Bureau of Census; the estimated U.S. population was 301.6 million people for 2007.

The accompanying table shows Northeast sales by product for 2007, on a percentage basis, comparisons to total U.S. sales, and sales on a per capital basis.

Northeast Sales by Product

Sales of organic products grew the most in the Northeast with organic fat-reduced jumping 22.0 percent and organic whole growing 15.2 percent. Nationally, organic fat-reduced rose 33.5 percent; organic whole grew 31.6 percent. As a proportion of total sales in the Northeast, organic products accounted for 2.6 percent of all sales; the same as the national proportion. In 2006, organic products accounted for 2.1 percent of all sales in the Northeast and 1.9 percent nationally.

Plain whole milk again had the largest decline in the Northeast, dropping 3.9 percent. Nationally, this category declined 4.3 percent. Flavored whole milk increased 8.9 percent in the Northeast; in the U.S., this category dropped 5.7 percent. Flavored fat-reduced (flavored milk with low butterfat content) declined 2.9 percent in 2007 in the Northeast; nationally, this category dropped 0.9 percent. Reduced fat (2%) milk dropped 1.0 percent in the Northeast; low fat milk (1%) and fat free milk (skim) each increased about 3.0 percent. Nationally, these three products all increased during 2007.

Proportion of US Sales

Fluid milk sales in the Northeast accounted for 16.8 percent of all U.S. fluid sales in 2007. Sales of whole milk in the Northeast accounted for 20.1 percent of the nation's total; low fat milk sales in the Northeast equaled 25.3 percent of all U.S. Total sales of flavored milk products in the Northeast were 13.3 percent of the nation's total, about the same as in 2006. Organic products sold in the Northeast Area accounted for 17.0 percent of U.S. organic sales in 2007; down from 18.8 percent in 2006.

Per Capita Sales

On a per capita basis in the Northeast Marketing Area, the average person consumed 176 fluid pounds (about 20 gallons) in 2007, compared to 183 pounds (about 21 gallons) nationally. This is down slightly from 177 pounds is 2006 in the Northeast and 185 pounds in the U.S. Despite declining in sales, whole milk remains the most popular product in the Northeast with an average of 60 pounds; nationally this figure is 52 pounds. The product with the highest per capita sales in the U.S. in 2007 was reduced fat (2%) milk with 60 pounds per person; in the Northeast only 39 pounds per person were consumed. Low fat (1%) milk had the third highest per capita volume with 32 pounds in the Northeast; nationally this category only had 22 pounds. Consumption of fat free milk was similar in both the Northeast and U.S.: 28 and 27 pounds, respectively.❖

Sales of Fluid Milk Products in the Northeast Marketing Area, 2007, with Comparisons

Product	Sales mil. lbs.	2006–07 % change	Percent of sales: Northeast	Percent of sales: U.S.	Per capita sales Northeast (pounds)	Per capita sales U.S. (pounds)
Whole Milk	3,174.6	(3.9)	34.2	20.1	60	52
Flavored Whole Milk	38.9	8.9	0.4	5.8	1	2
Organic Whole Milk	62.2	15.2	0.7	19.4	1	1
Reduced Fat Milk (2%)	2,053.5	(1.0)	22.1	11.4	39	60
Low Fat Milk (1%)	1,663.1	2.9	17.9	25.3	32	22
Fat-Free Milk (Skim)	1,490.9	3.1	16.1	18.4	28	27
Flavored Fat-Reduced Milk	541.9	(2.9)	5.8	14.7	10	12
Organic Fat-Reduced Milk	177.5	22.0	1.9	16.3	3	4
Buttermilk	39.7	9.4	0.4	7.5	1	2
Miscellaneous (inc. Eggnog)	38.1	(1.8)	0.4	14.8	1	1
Total/Average	9,280.4	(0.3)	100.0	16.8	176	183

U.S. Milk Production Increases, but Less than Past 2 Years

Milk Production in the United States grew 2.1 percent in 2007. This follows an increase of 2.8 percent the previous year and 3.8 percent in 2005. During 2007, the top ten milk producing states registered an increase of 2.9 percent, while the top 23 states as reported by the National Agricultural Statistics Service (NASS) grew 2.4 percent.

Top Producing States

After tapering off during the last quarter of 2006, national milk production began the year with a 1.0 percent increase during the first quarter of 2007. The second quarter was similar, but during the second half of 2007 milk production jumped 3.2 percent in each of the last 2 quarters.

California, Wisconsin, and New York retained their respective ranks in the top 3 spots. Idaho, which surpassed Pennsylvania in 2006, continues to close in on New York, tightening the spread from 1.2 billion pounds in 2006 to 559 million pounds in 2007. Some changes in rank included Michigan, switching places with New Mexico by jumping to number 7 from number 9 in 2006. Of the top ten states, only Pennsylvania and New Mexico had declines in 2007 (0.5 and 4.3 percent, respectively). Nationally, 31 states showed declines in milk production.

Within the top 23 NASS-reported states, Colorado switched places with Vermont, moving up to 15 (from 16 in 2006); and Missouri dropped to 23, from 21 in 2006. Utah ranks 21 nationally, but is not included in the NASS top-23 survey. Kentucky is included in NASS's top 23, but is actually number 26, surpassed by both South Dakota and Georgia.

Northeast Milk Production Trails US Average

Milk production in the states that generally make up the Northeast milkshed (the area from which milk is traditionally pooled by handlers selling into the Northeast Milk Marketing Area) averaged a decline of 0.5 percent during 2007. This area includes New York, New Jersey, and Pennsylvania; New England (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont); and the Middle Atlantic states of Delaware, Maryland, Virginia, and West Virginia and accounted for 16.2 percent of total U.S. milk production (down slightly from 16.7 percent in 2006). During the first half of 2007, nearly all of these states showed declines in production compared to the same months in 2006. About mid-year, this reversed with some strong increases, especially in New York.

Total milk pooled on the Northeast Order during 2007 increased 1.6 percent from 2006. Milk pooled on the Order differs from milk production because milk from other areas than the milkshed states can be pooled on the Order. In addition, not all milk produced in the milkshed states is pooled on Order No.1; it may be pooled on other federal orders or sold in non-order areas.

Cow Numbers and Production per Cow

Nationally, the number of milk cows grew 0.4 percent in 2007; average milk production per cow increased 1.6 percent. In the Northeast, milk cow numbers declined 1.7 percent, while milk per cow grew 1.2 percent.❖

Market Service *(continued from page 1)*

operates two calibration trucks. The market service department checked 489 farm bulk tanks throughout the Northeast Marketing Area milkshed during the 2007 season. Briefly, a tank check involves measuring the tank at about four or five different levels as opposed to performing a complete calibration, which involves checking the tank at each increment on the dipstick. The levels that a tank is checked at vary depending on the tank size and a farm's production range. If the tank proves to be out of tolerance when checked, the tank is then recalibrated. Depending on scheduling, recalibrations may be performed the same day or may be rescheduled for another day. Of the 489 tanks checked, 52 were out of tolerance and were recalibrated. Of the tanks requiring recalibration, there was almost an even split between tanks that were over measuring and those under measuring the amount of milk. An additional 78 calibrations were performed for other reasons that did not involve an initial check such as a tank being installed, a tank being moved, or a special request. The 489 checks and the 78 additional calibrations total at least 567 farm visits. A total of 124 calibrations and recalibrations were performed. A breakdown of checks and calibrations/recalibrations by tank size are shown in the accompanying table. A tentative schedule for the calibration trucks will be published in the *Bulletin* near the start of the spring season.❖

2007 Tank Calibration Work by Tank Size

Tank Size (Gallons)	Checks	Calibrations/ Recalibrations
0-500	39	8
501-1000	256	55
1001-1500	101	27
1501-2000	50	18
2001-3000	26	10
3001-6000	16	6
6000+	1	0
Total	**489**	**124**

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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	887,103,282	$19.78	175,469,029.18	
	Butterfat	17,172,066	1.4658	25,170,814.34	
Less:	Location Adjustment to Handlers			(2,881,036.80)	$197,758,806.76
Class II—	Butterfat	28,830,120	1.3389	38,600,647.70	
	Nonfat Solids	30,180,902	1.7344	52,345,756.40	90,946,404.10
Class III–	Butterfat	18,640,183	1.3319	24,826,859.71	
	Protein	14,758,894	4.4994	66,406,167.68	
	Other Solids	27,331,684	0.2097	5,731,454.14	96,964,481.53
Class IV–	Butterfat	13,101,767	1.3319	17,450,243.50	
	Nonfat Solids	27,194,225	1.3385	36,399,470.16	53,849,713.66
Total Classified Value					**$439,519,406.05**
Add:	Overage—All Classes				168,781.72
	Inventory Reclassification—All Classes				26,002.77
	Other Source Receipts	315,751	Pounds		13,889.27
Total Pool Value					**$439,728,079.81**
Less:	Producer Component Valuations @ Class III Component Prices				(412,853,835.31)
Total PPD Value Before Adjustments					**$26,874,244.50**
Add:	Location Adjustment to Producers				10,060,958.37
	One-half Unobligated Balance—Producer Settlement Fund				740,327.10
Less:	Producer Settlement Fund—Reserve				(966,549.11)
Total Pool Milk & PPD Value		2,050,781,058	Producer pounds		**$36,708,980.86**
	Producer Price Differential		**$1.79**		
	Statistical Uniform Price		**$21.11**		

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