The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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May 2009 Federal Order No. 1

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May Pool Price Calculation

The May 2009 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $12.18 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 $12.44 per hundredweight. May's statistical uniform price was 10 cents per hundredweight above April's price. The May producer price differential (PPD) at Suffolk County was $2.34 per hundredweight, an increase of $1.04 per hundredweight from last month.

During May, all commodity prices increased except cheese, which declined and resulted in the lowest protein price since April 2001. Correspondingly, the Class III price dropped 94 cents, making it the lowest price of all the classes. All of the other class prices increased from last month. Dry whey increased over the make allowance value resulting in the first positive other solids price since September 2008. Due to the wider spread between class prices, the PPD increased over $1.00 per hundredweight. With a significantly positive PPD, there was no advantage to depool milk.

The producer protein test averaged 3.03 percent for May and tied with last year for the record high.❖

Producer-Handler Hearing Update

USDA held a public hearing from May 4-19, 2009, in Cincinnati, OH, to consider and take evidence on proposals seeking to amend or remove the producer-handler provisions and revise the exempt plant provisions applicable to all federal milk marketing orders. In addition, a proposal seeking to amend the orders to include provisions related to individual handler pools was considered as an alternative to the producer-handler provisions.

Transcripts from this hearing are available for viewing at USDA's website: www.ams.usda.gov/dairy. Transcript corrections are due June 26, 2009 and briefs are due July 17, 2009. Both must be received by the hearing clerk no later than 4:30 pm on their respective dates. Within 90 days after the deadline for submission of briefs, USDA shall issue a recommended or tentative final decision.❖

Pool Summary

- A total of 13,384 producers were pooled under the Order with an average daily delivery per producer of 5,112 pounds.
- Pooled milk receipts totaled 2.121 billion pounds, an increase of 1.3 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 39.9 percent of total milk receipts, a decrease of 1.8 percentage points from April.
- The average butterfat test of producer receipts was 3.66 percent.
- The average true protein test of producer receipts was 3.03 percent.
- The average other solids test of producer receipts was 5.70 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	39.9	846,458,711
Class II	19.5	414,109,966
Class III	24.0	507,976,062
Class IV	16.6	352,295,419
Total Pooled Milk		2,120,840,158

Producer Component Prices

	2009	2008
	$/lb	
Protein Price	1.7454	4.1108
Butterfat Price	1.2648	1.5562
Other Solids Price	0.0336	0.0766

Class Price Factors

	2009	2008
	$/cwt	
Class I	14.22	19.87
Class II	10.71	15.51
Class III	9.84	18.18
Class IV	10.14	15.26

Average Component Tests by County, 2008

Based on verified payroll data, during 2008, the weighted average annual protein test for the Northeast Order was 3.04 percent. The weighted average annual butterfat test was 3.71 percent. The order averaged 13,584 producers from an area that ranges from Maine to Virginia as well as some producers from west of the traditional milkshed.

The accompanying maps show average protein and butterfat tests by county for 2008. Only counties with more than 7 million pounds of production for the year or had more than 3 producers are highlighted. The counties have been grouped in three categories for both protein and butterfat based on the test average for the county. They are grouped into high, medium, and low average test groupings.

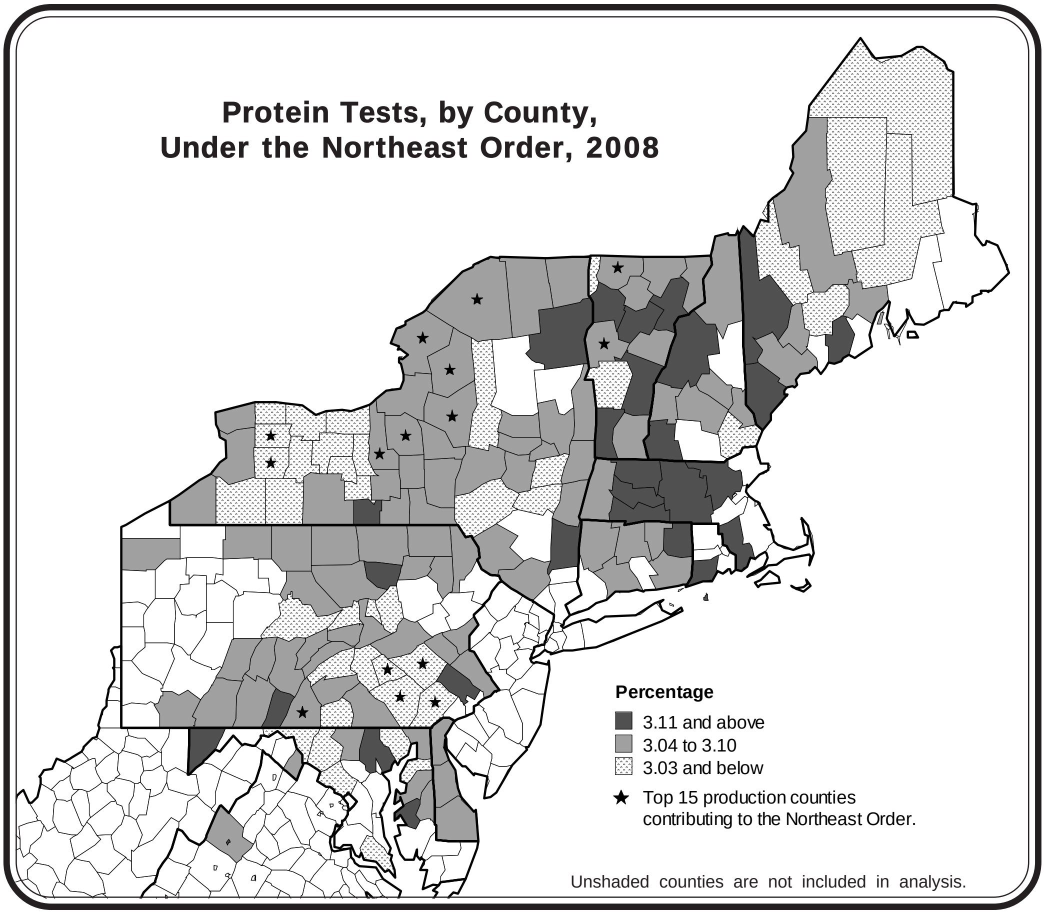
For protein, 28 counties fall into the high average protein test range for the year, defined as average county protein test of 3.11 percent or higher. Forty-one counties fall into the low range, defined as average county protein test of 3.03 or below. The other 90 counties depicted here are in the middle group averaging 3.04 to 3.10 percent.

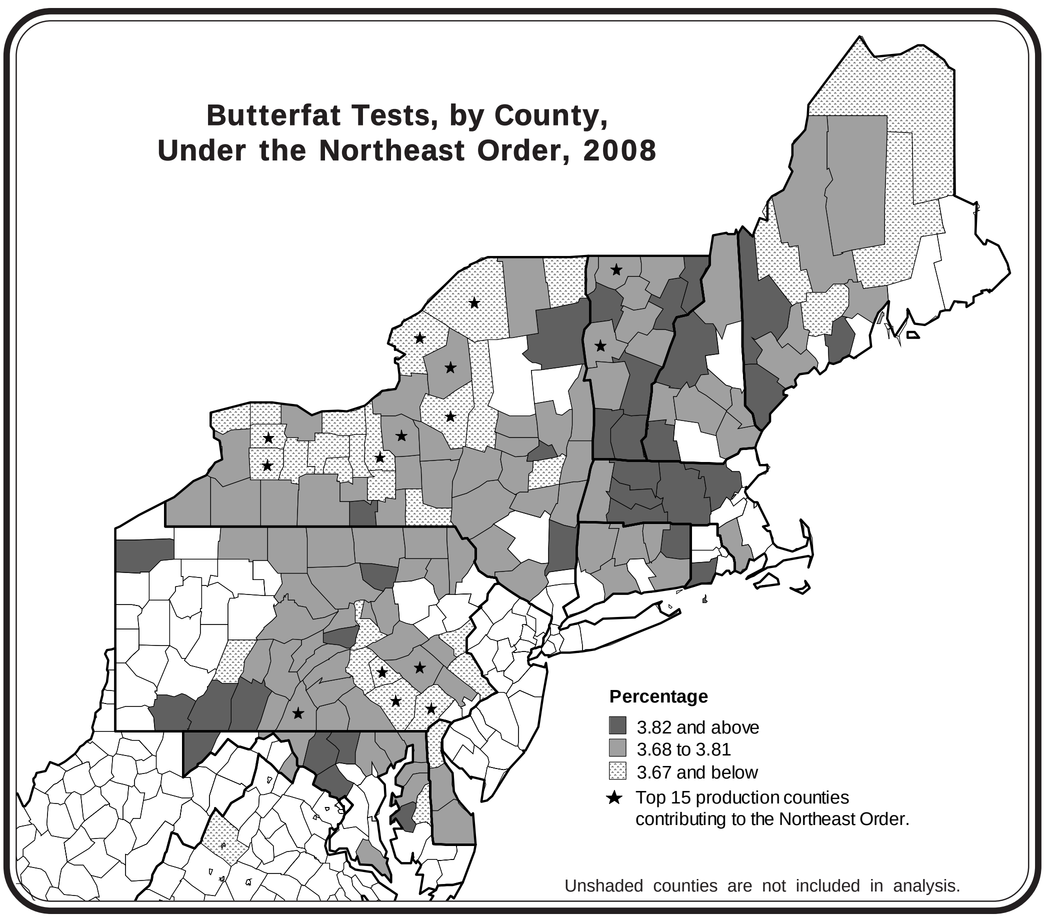
For butterfat, 33 counties fall into the high average butterfat test range for the year, defined as average county butterfat test of 3.82 percent or higher. Thirty-three counties fall into the low range, defined as average county butterfat test of 3.67 or below. The other 93 counties depicted here are in the middle group averaging 3.68 to 3.81 percent.

Regional Differences

Between geographic regions with the northeast, differences in climate, breeds of cattle, common management practices, and other characteristics of dairy operations can result in varying component levels from region to region.

(continued on page 3)





Manufactured Dairy Products—2008 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2008 Summary.* This publication summarizes dairy products manufactured in the United States. The accompanying table shows total production and annual change for selected products.

Cheese Production

Total cheese production (excluding cottage cheese) grew 1.3 percent in 2008 (down from 2.6 percent in 2007). American cheese production increased 4.7 percent (compared to a decrease of 0.9 percent in 2007) while Italian decreased 1.2 percent (down from 5.7 in 2007).

American production accounted for 41.0 percent of all cheese, up from 39.7 percent in 2007. Italian accounted for 41.9 percent of all cheese, down from 42.9 the previous year. Hispanic cheese production rose 1.1 percent; this follows increases of 4.8 and 8.6 percent in 2007 and 2006, respectively.

Selected U.S. Manufactured Dairy Products, 2007–2008

	2007	2008	Yr-to-Yr Change
	million pounds		percent
Cheese			
American^	3,877	4,071	4.7
Italian	4,199	4,158	(1.2)
Other*	1,701	1,705	(0.0)
Total Cheese#	9,777	9,935	1.3
Butter	1,533	1,644	7.0
NFDM~	1,298	1,519	16.7
Condensed Skim**	1,639	1,509	(8.2)
Dry Whey~	1,073	1,050	(2.4)
Whey Protein Concentrate~	357	385	7.5
Yogurt	3,476	3,599	3.3
Ice Cream	956	943	(1.7)

^ 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.
Source: NASS *Dairy Products 2008 Summary*.

Other Products

Butter production rose 7.0 percent in 2008 (compared to 5.8 percent in 2007). Yogurt (plain and fruit flavored) grew 3.3 percent (compared to 5.3 percent last year). Nonfat dry milk (NFDM) jumped 16.7 percent; last year it rose 4.4 percent. The production of canned evaporated and condensed whole milk increased 17.9 percent (compared to last year's decline of 2.4 percent) while unsweetened skim condensed dropped 8.2 percent (compared to a 34.5 jump percent in 2007). Production (for human use) of dry whey declined 2.4 percent and whey protein concentrate increased 7.5 percent. During 2007, dry whey increased a slight 0.8 percent and whey protein concentrate dropped 5.6 percent.

Leading States

There was no change in the top cheese producing states during 2008: Wisconsin led, followed by California, Idaho, New York, and Minnesota. New York remained the largest producer of lowfat and creamed cottage cheese and sour cream; it was third in yogurt and second in dry whey. Pennsylvania ranked third in butter and fourth in the production of ice cream. These rankings are based on the states shown in the report; some states may have been excluded due to having fewer than 3 handlers reporting.

Wisconsin still recorded the largest number of dairy manufacturing plants (212), followed by New York (113), and California (107). Overall, the number of plants decreased 0.6 percent in 2008; this follows an increase of 2.7 percent in 2007.❖

Average Components *(continued from page 2)*

When looking at the map for protein tests, comparatively lower protein tests seem to be characteristic of southeast Pennsylvania, western New York, and northern Maine. Eighteen of the 28 high protein counties are located in New England.

When looking at the map for butterfat tests, the areas of southeast Pennsylvania, western New York, and northern Maine are also characterized by lower tests. In addition, the northern New York/St. Lawrence River valley region of New York also appears to have lower butterfat tests. Eighteen of the 33 high butterfat counties are located in New England.

Top 15 Ranked Production Counties

Of the top 15 milk producing counties on the Northeast order, six fell into the low average protein test group. Two of those counties are in New York (Genesee and Wyoming) and four are in Pennsylvania (Berks, Chester, Lebanon, and Lancaster). None of the top 15 milk producing counties fell into the high average protein test grouping.

Nine of the top 15 milk producing counties on the Northeast order fall into the low average butterfat test group. Six of them are in New York (Cayuga, Genesee, Jefferson, Oneida, St. Lawrence, and Wyoming) and three are in Pennsylvania (Chester, Lebanon, and Lancaster). None of the top 15 milk producing counties fell into the high average butterfat test grouping.

The data suggest that high milk production counties are more likely to be characterized by lower component tests than higher tests, particularly with respect to butterfat. The degree to which that may be true would require more in depth analysis.❖

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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	830,937,706	$10.26	85,254,208.64	
	Butterfat	15,521,005	1.2344	19,159,128.57	
Less:	Location Adjustment to Handlers			(2,680,563.22)	$101,732,774.03
Class II—	Butterfat	30,208,725	1.2718	38,419,456.44	
	Nonfat Solids	34,754,959	0.7211	25,061,800.94	63,481,257.38
Class III–	Butterfat	19,892,631	1.2648	25,160,199.71	
	Protein	15,406,829	1.7454	26,891,079.32	
	Other Solids	28,864,481	0.0336	969,846.53	53,021,125.56
Class IV–	Butterfat	11,962,225	1.2648	15,129,822.16	
	Nonfat Solids	30,755,845	0.6574	20,218,892.50	35,348,714.66
Total Classified Value					**$253,583,871.63**
Add:	Overage—All Classes				21,206.50
	Inventory Reclassification—All Classes				63,516.42
	Other Source Receipts	75,666	Pounds		3,199.29
Total Pool Value					**$253,671,793.84**
Less:	Producer Component Valuations @ Class III Component Prices				(214,201,745.04)
Total PPD Value Before Adjustments					**$39,470,048.80**
Add:	Location Adjustment to Producers				10,382,098.27
	One-half Unobligated Balance—Producer Settlement Fund				834,606.14
Less:	Producer Settlement Fund—Reserve				(1,057,322.99)
Total Pool Milk & PPD Value		2,120,915,824	Producer pounds		**$49,629,430.22**
	Producer Price Differential		**$2.34**		
	Statistical Uniform Price		**$12.18**		

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