

## The Market Administrator's

# BULLETIN

## NORTHEAST MARKETING AREA

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Federal Order No. 1

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### January Pool Price Calculation

The January 2012 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.37 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 \$20.26 per hundredweight. The January statistical uniform price was 20 cents per hundredweight below the December price. The January producer price differential (PPD) at Suffolk County was \$2.32 per hundredweight, an increase of \$1.52 per hundredweight from last month.

During January, all commodity prices declined except dry whey. Cheese dropped nearly 20 cents per pound; as a result, the protein component price declined and the Class III price dropped \$1.72. The Class I price was the only class price to increase because it is announced in advance and based off of prices from the previous month (prior to the cheese price decline). Due to the higher Class I price and lower other class prices, primarily Class III, the PPD rose from the previous month.

The volume of producer milk receipts utilized in Class I was the smallest for the month of January, while the Class II volume was the largest for this month since the Order's inception. The average producer other solids test set a record high for the month of January. ❖

### USDA Issues Final Rule Amending Dairy Product Mandatory Reporting Program

The U.S. Department of Agriculture has issued a final rule amending the Dairy Product Mandatory Reporting Program as required by law.

The Mandatory Price Reporting Act of 2010 amends the Agricultural Marketing Act of 1946 to provide for the establishment of an electronic reporting system for manufacturers to report dairy product sales information for specific dairy products. The amendment further states that the Secretary shall publish the information obtained for the preceding week not later than 3:00 p.m. Eastern Time on Wednesday of each week.

The rule transfers applicable data collection responsibilities from the National Agricultural Statistics Service to the Agricultural Marketing (continued on page 3)

### Pool Summary

- A total of 12,727 producers were pooled under the Order with an average daily delivery per producer of 5,241 pounds.
- Pooled milk receipts totaled 2.068 billion pounds, an increase of 2.5 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 41.2 percent of total milk receipts, a decrease of 2.5 percentage points from December.
- The average butterfat test of producer receipts was 3.81 percent.
- The average true protein test of producer receipts was 3.11 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

#### Class Utilization

Pooled Milk	Percent	Pounds
Class I	41.2	852,848,141
Class II	23.1	477,688,652
Class III	23.3	481,369,505
Class IV	12.4	256,093,095
Total Pooled Milk		2,067,999,393

#### Producer Component Prices

	2012	2011
	\$/lb	
Protein Price	2.7326	1.7590
Butterfat Price	1.7178	2.0239
Other Solids Price	0.5032	0.2002

#### Class Price Factors

	2012	2011
	\$/cwt	
Class I	22.05	18.45
Class II	17.67	16.79
Class III	17.05	13.48
Class IV	16.56	16.42

## 2011 Class I Sales Decline Greater than National Average

Sales of fluid milk products in the Northeast Milk Marketing Area (NMA) as reported by pool handlers regulated under the Order totaled 8.5 billion pounds in 2011, down 2.3 percent from 2010, the largest decline since the Order's inception. This follows a decrease of 1.1 percent during 2010. The total does not include sales from producer-handlers, exempt plants, or plants fully or partially regulated by other federal orders with packaged milk sales within the Northeast Marketing Area.

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 accompanying table shows Northeast sales by product for 2011, change from previous year, proportion of total estimated U.S. sales, and per capita sales.

### Sales by Product

In the Northeast, all categories of fluid milk products showed decreases in 2011 except organic milk products and eggnog. Organic whole milk jumped 10.7 percent while organic fat-reduced milk (includes organic reduced fat, lowfat, fatfree, and flavored fat-reduced products) grew 10.4 percent. Eggnog experienced a 3.7 percent increase from 2010.

Nationally, estimated sales of Class I products (all federal order marketing areas and California, the total of which accounts for approximately 92 percent of total U.S. sales) declined 1.6 percent in 2010. Declines occurred in most of the same categories. The only differences were in lowfat (1%) and buttermilk, which grew 0.7 percent and 0.9 percent, respectively, and eggnog that declined nearly 22 percent. Even greater

increases were experienced nationally in organic sales with organic whole rising 17.0 percent and organic fat-reduced milk growing 14.7 percent from 2010.

### Proportion of US Sales

As a proportion of total U.S. sales, NMA sales accounted for 15.8 percent of the total; slightly down from 2010. The Northeast continues to be a large consumer of whole milk, accounting for 19.3 percent of the U.S. total. In addition, the Northeast accounts for 23.3 percent of all low fat and 18.1 percent of all fat-free sales. NMA sales also accounted for 20.1 percent of total organic whole and 16.6 percent of organic fat-reduced, which equaled a combined total of 17.4 percent of total U.S. organic milk sales, down from 18.2 in 2010.

### Per Capita Sales

The estimated total population for 2011 in the NMA was 53.9 million people, as reported by the Bureau of Census; this is up from 53.7 million in 2010. On a per capita basis in the NMA, the average person consumed 157.9 fluid pounds (about 18 gallons) in 2011, down from 162.3 in 2010. Even though sales declined, whole milk remains the most popular product in the NMA with 49.1 pounds; reduced fat was next with 35.7 pounds, and low fat and fat-free followed at 30.7 and 25.9 pounds, respectively. Flavored milk and drinks equaled 8.7 pounds in 2011, down from 9.1 pounds the previous year. Combined organic sales totaled 6.8 pounds, up from 6.1 pounds in 2010.

Nationally, estimated per capita sales equaled 172.7 pounds (about 20 gallons), down from 176.7 pounds in 2010, but 9.3 percent higher than in the NMA. Reduced fat milk was the most popular product nationally, followed by whole milk, fat-free, and lowfat. Flavored milk and drinks totaled 14 pounds nationally, considerably higher than in the NMA. Nationally, combined organic sales equaled 6.7 pounds in 2011, slightly below the Northeast. ❖

**Sales of Fluid Milk Products in the Northeast Milk Marketing Area, 2011, with Comparisons to U.S. Totals**

Product	Total Sales		Change from 2010		Proportion of Total Sales	Per Capita Sales	
	Northeast	U.S.	Northeast	U.S.		Northeast	U.S.
	million pounds		percent			pounds	
Whole Milk	2,649	13,719	(3.3)	(2.9)	19.3	49.1	44.0
Organic Whole Milk	101	504	10.7	17.0	20.1	1.9	1.6
Reduced Fat Milk	1,926	18,219	(2.3)	(1.8)	10.6	35.7	58.5
Low Fat Milk	1,656	7,096	(1.4)	0.7	23.3	30.7	22.8
Fat-Free Milk	1,395	7,729	(3.6)	(3.5)	18.1	25.9	24.8
Flavored Milk and Drinks	468	4,341	(4.6)	(2.6)	10.8	8.7	13.9
Organic Fat-Reduced Milk	263	1,582	10.4	14.7	16.6	4.9	5.1
Buttermilk, eggnog, other	58	631	1.8	(5.5)	9.3	1.1	2.0
Total/Average	8,516	53,820	(2.3)	(1.6)	15.8	157.9	172.7

# Market Services 2011 Summary

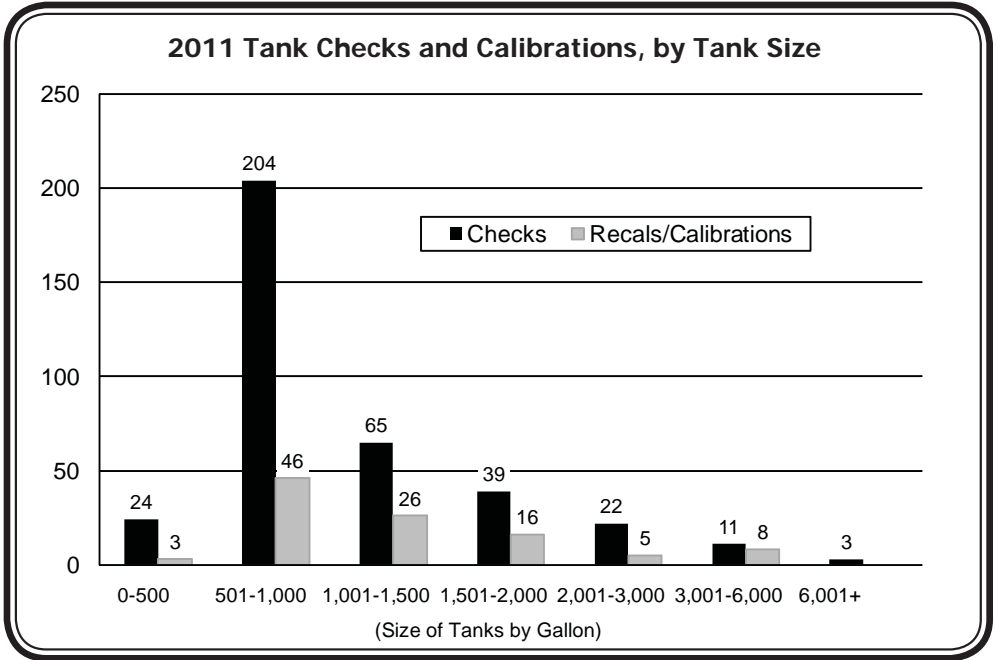
The Market Administrator (MA) verifies or establishes weights, samples and tests producer milk, and provides market information for producers who are not receiving such services from a cooperative association.

## Calibration Program

One aspect of the Market Administrator's market service program is the bulk tank calibration program. The Northeast Order operates two calibration trucks. In providing calibration services, the two trucks combined covered 26,556 miles in 2011. The market service department checked 368 farm bulk tanks throughout the Northeast Marketing Area milkshed during the 2011 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.

## Checks/Calibration Results

Of the 368 tanks checked, 34 were out of tolerance and were recalibrated. Of the tanks requiring recalibration, there was an almost even split between



tanks that were over measuring and under measuring the amount of milk. Including the recalibrations, a total of 104 calibrations were performed; these included other reasons such as a tank being installed, a tank being moved, or a special request. Of the tanks that were recalibrated or calibrated, 72 percent were 1,500 gallon tanks or smaller. The checks and calibrations total at least 439 farm visits. A breakdown of checks and calibrations/recalibrations by tank size are shown in the accompanying table. A tentative schedule for the calibration trucks during the upcoming season is



## USDA Final Rule *(continued from page 1)*

Service (AMS). USDA uses the sales data reported to determine minimum class prices for milk marketed through the Federal Milk Marketing Order Program. The rule will result in Advance Class I Price and Advance Pricing Factors and Class and Component Prices being released by the Market Administrator on a Wednesday instead of a Friday. The rule does not impact payment dates to producers.

For additional information, including the schedule of reports, please visit [www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting](http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting). The final rule will appear in the February 15, 2012, *Federal Register*. For additional information about the final rule, contact Joe Gaynor; Market Information Branch Chief, Dairy Programs, AMS, USDA, STOP-0232 Room 2977, 1400 Independence Ave., SW, Washington, DC 20250-0232; phone (202) 720-9351; or e-mail at [Joseph.Gaynor@ams.usda.gov](mailto:Joseph.Gaynor@ams.usda.gov).

Month	Area
April	Central New York/Northern Pennsylvania Southeast Pennsylvania
May	Vermont and New Hampshire Southeast Pennsylvania
June	Eastern New York Central Pennsylvania
July	Southeast Pennsylvania Western New York
August	Central New York/Northern New York Eastern New York
September	New Jersey/Connecticut Maine
October	Western New York Central Pennsylvania
November	Eastern New York Southeast Pennsylvania



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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	837,271,818	\$16.42	137,480,032.52	
Butterfat	15,576,323	1.7720	27,601,244.36	
Less: Location Adjustment to Handlers			(2,850,201.18)	\$162,231,075.74
Class II— Butterfat	28,553,974	1.7248	49,249,894.36	
Nonfat Solids	41,430,693	1.3389	55,471,554.91	104,721,449.27
Class III— Butterfat	20,930,198	1.7178	35,953,894.11	
Protein	15,028,769	2.7326	41,067,614.18	
Other Solids	27,556,684	0.5032	13,866,523.36	90,888,031.65
Class IV— Butterfat	13,697,180	1.7178	23,529,015.84	
Nonfat Solids	22,375,022	1.2141	27,165,514.22	50,694,530.06
<b>Total Classified Value</b>				<b>\$408,535,086.72</b>
Add: Overage—All Classes				26,629.81
Inventory Reclassification—All Classes				34,384.09
Other Source Receipts	2,608,796 Pounds			93,911.35
<b>Total Pool Value</b>				<b>\$408,690,011.97</b>
Less: Producer Component Valuations @ Class III Component Prices				(371,096,653.04)
<b>Total PPD Value Before Adjustments</b>				<b>\$37,593,358.93</b>
Add: Location Adjustment to Producers				10,540,241.07
One-half Unobligated Balance—Producer Settlement Fund				814,166.13
Less: Producer Settlement Fund—Reserve				(909,656.07)
<b>Total Pool Milk &amp; PPD Value</b>	2,070,608,189 Producer pounds			<b>\$48,038,110.06</b>
Producer Price Differential		<b>\$2.32</b>		
Statistical Uniform Price		<b>\$19.37</b>		

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