

# The Market Administrator's

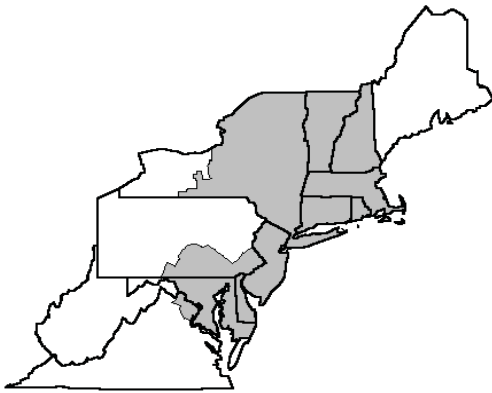
# BULLETIN

## NORTHEAST MARKETING AREA

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January 2018

Federal Order No. 1



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### January Pool Price Calculation

The January 2018 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$15.70 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 \$17.15 per hundredweight. The January statistical uniform price was \$1.01 per hundredweight below the December price. The January producer price differential (PPD) at Suffolk County was \$1.70 per hundredweight, an increase of 43 cents per hundredweight from last month.

### Product Prices Effect

Similar to December, all commodity product prices declined from the previous month. Butter, nonfat dry milk, and dry whey each fell 3 cents, while cheese dropped 13 cents, all on a per pound basis. These changes resulted in a 38-cent decline in the protein price, and a 3-cent decrease in each of the nonfat solids and other solids prices. The butterfat price fell 4 cents per pound, but was the second highest ever for the month of January.

Both the Class I and III prices dropped \$1.44 per hundredweight from December. The Class II and IV prices each declined 38 cents per hundredweight from the previous month. The result was a lower SUP than the previous month. The PPD increased as the spread between the Class III price and the Class I price grew even larger than in December.

### Selected Statistics

The total volume of producer milk receipts for January 2018 was below the level for the same month last year. Of the individual classes, only Class II surpassed the previous year's volume for the month of January. Average daily deliveries per producer (DDP) set a new record for the month of January. The average producer component butterfat and protein tests also set new record highs for the month. ❖

### Pool Summary

- A total of 11,054 producers were pooled under the Order with an average daily delivery per producer of 6,661 pounds.
- Pooled milk receipts totaled 2.283 billion pounds, an increase of 1.0 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 33.4 percent of total milk receipts, down 1.0 percentage point from December.
- The average butterfat test of producer receipts was 3.97 percent.
- The average true protein test of producer receipts was 3.16 percent.
- The average other solids test of producer receipts was 5.73 percent. ❖

#### Class Utilization

Pooled Milk	Percent	Pounds
Class I	33.4	762,059,432
Class II	23.7	541,627,441
Class III	25.8	589,661,458
Class IV	17.1	389,279,157
Total Pooled Milk		2,282,627,488

#### Producer Component Prices

	2018	2017
	\$/lb	
Protein Price	1.6612	2.1768
Butterfat Price	2.4531	2.5253
Other Solids Price	0.0787	0.2503

#### Class Price Factors

	2018	2017
	\$/cwt	
Class I	18.69	20.70
Class II	14.11	16.36
Class III	14.00	16.77
Class IV	13.13	16.19

## Daily Deliveries per Producer

The accompanying chart presents trends in the average daily delivery per producer (DDP) for select states in the northeast, based on pounds pooled on the Northeast Order, for the month of January, from 2008 to 2018. The DDP statistic is calculated by dividing the total production of an area, by the number of producers, and then again by the number of days in the period. In general, DDP is a reflection of the average size operations in the area represented. Since the data used are pounds pooled, the average can be impacted by which size producer(s) may be pooled in a given month, but not in the next. Additionally, milk pooled on the Northeast Order may not include all the milk from a state. Some of the state's milk may be pooled on nearby orders, on a state order, or not pooled at all, depending on the location of processors and the marketing options that exist.

### DDP by Selected Northeast States

The accompanying table presents the average DDP for January 2018 and the percent change since January 2008. During January 2018, the average DDP for the Northeast Order was 6,661 pounds. Connecticut led all states, topping 12,500 pounds. Vermont was second with 10,337 pounds, followed by New York with 8,748 pounds. Pennsylvania's DDP was second lowest at 4,964 pounds. Virginia had the lowest DDP of those depicted in the table at 3,482 but had less than 25 producers and

**January 2018 DDP by State, and Percent Change From January 2008 (Ranked by DDP)**

State	DDP	Percent Change
	January 2018 (pounds)	From January 2008
CT	12,530	74.9
VT	10,337	57.3
NY	8,748	53.7
NH	7,110	21.9
ME	6,996	47.3
MD	5,831	18.3
MA	5,099	31.7
PA	4,964	31.0
VA	2,705	(32.8)
Total	6,661	39.1

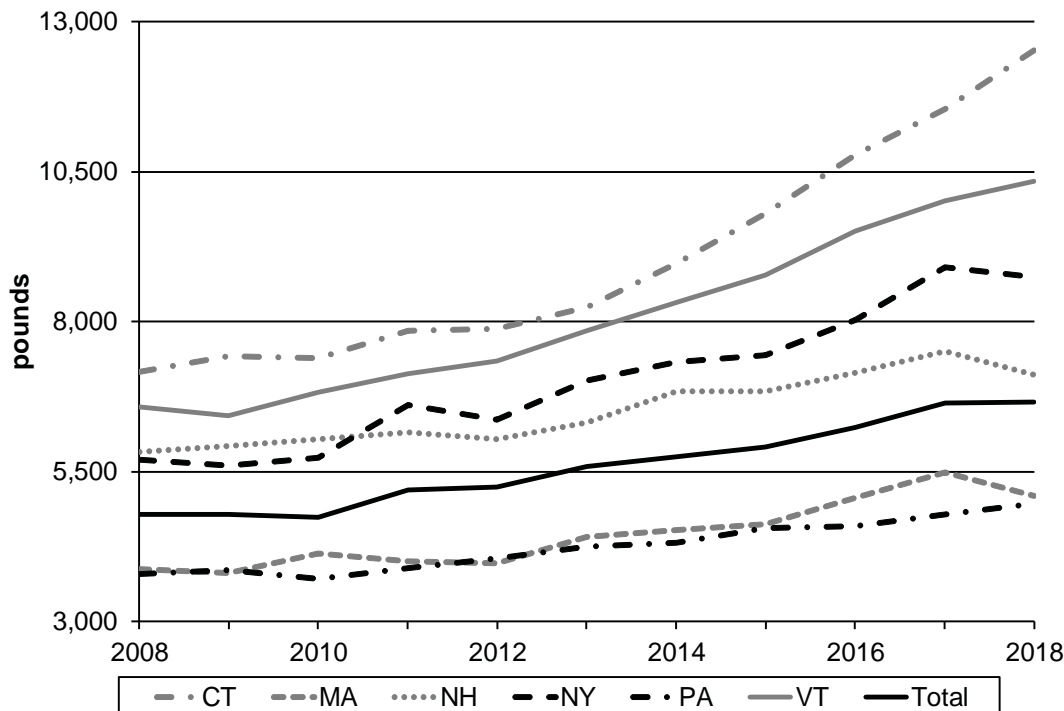
2 million pounds total. With few farms pooled on the order from Virginia, just a handful of very small size organic operations may skew the average DDP lower. Additionally, in some cases, only a portion of a producer's milk is pooled on the Northeast Order during the month. The data would still capture the producer in the count but not all the pounds, thus pulling an average down to a degree. It should also

be noted that also where the number of producers pooled is small, such as in Connecticut, a few large size producers may skew the average DDP higher.

### Trend Since 2008

The DDP for all producers pooled on the Northeast order increased by 39.1 percent since 2008. All states depicted showed an increased DDP except for Virginia (not shown in the chart), which declined by about 25 percent. By state, Connecticut, Vermont, and New York ranked the first through third based on the largest percent increases, increasing by 75, 57, and 54 percent, (continued on page 3)

**Average Daily Deliveries per Producer, by Selected States, January 2008–2018**



## Market Services 2017 Summary

The Market Administrator of the Northeast Order oversees a Market Services program that 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 Market Services is the bulk tank calibration program. The Northeast Order operates two calibration trucks. In providing these services, the two trucks combined covered 24,051 miles in 2017, up from 20,884 miles the previous year. The market service department checked 256 farm bulk tanks throughout the Northeast Marketing Area Milkshed during the 2017 season, up from 213 in 2016.

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 are performed the same day or rescheduled for another day.

### Checks/Calibration Results

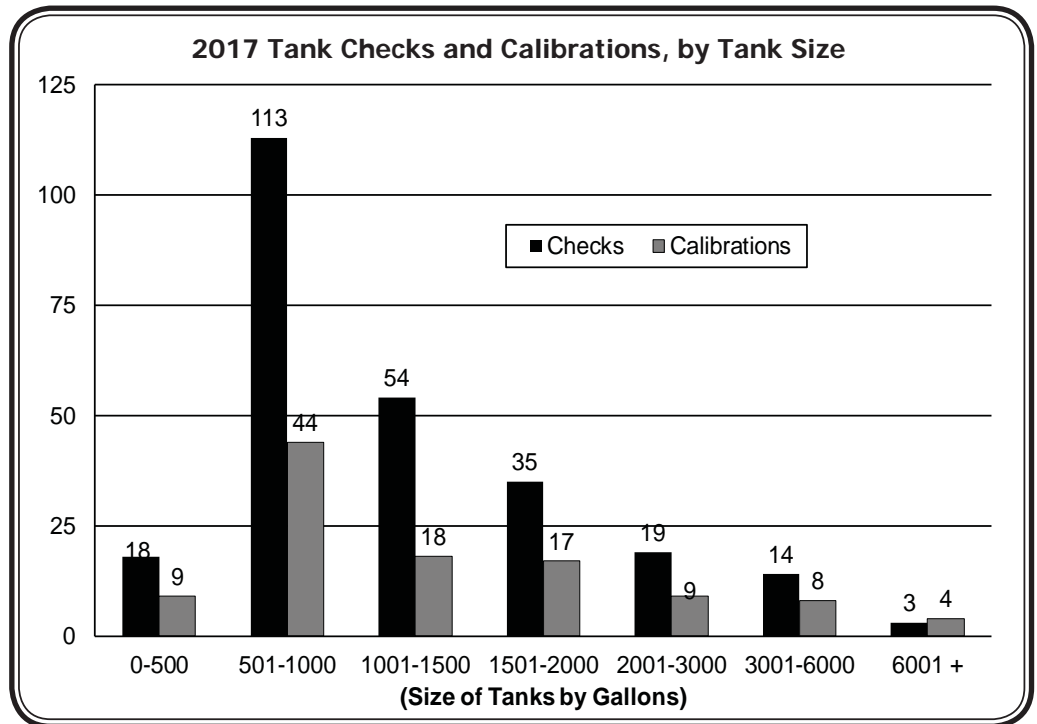
Of the 256 tanks checked, 29 (11 percent) were out of tolerance and were recalibrated. Of the tanks requiring recalibration, 76 percent were over measuring; the rest were under measuring the amount of milk. An additional 109 calibrations/recalibrations were performed for other reasons that did not involve an initial check, such as a tank being installed, a tank being moved, or a special request. This number is up from 93 in 2016. Of the tanks that were recalibrated or calibrated, 65 percent were 1,500 gallon tanks or smaller. This figure is down from 70 percent in 2016.

The 256 checks and the 109 additional calibrations total at least 365 farm visits. The accompanying table shows a breakdown of checks and calibrations by tank size. A tentative schedule for the calibration trucks during the upcoming season is included below. ❖



### Daily Deliveries *(continued from page 2)*

respectively. Maine also was above the Order average, increasing by just over 47 percent. Pennsylvania, New Hampshire, Maryland, and Massachusetts, all increased, but by less than the Order average. Notably, for the month of January, DDP in Maine, Maryland, Massachusetts, New Hampshire, and New York declined from 2017 to 2018. ❖



### Tentative Calibration Truck Schedule, 2018

Month	Area
April	Southern PA, Northern PA, Central NY
May	Finger Lakes Region NY, Eastern NY, Connecticut
June	Central PA, Eastern NY, Vermont and New Hampshire
July	Southern PA, Northern NY, Central NY
August	Western NY, Eastern NY
September	Central PA, Eastern NY, Maine
October	Southern PA, Central NY
November	Finger Lakes Region NY, Southern PA

RETURN SERVICE REQUESTED

**FIRST CLASS MAIL**

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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	746,054,756	\$10.23	76,321,401.54	
Butterfat	16,004,676	2.5200	40,331,783.52	
Less: Location Adjustment to Handlers			(2,841,999.73)	\$113,811,185.44
Class II— Butterfat	30,901,319	2.4601	76,020,334.88	
Nonfat Solids	47,319,865	0.6333	29,967,670.48	105,988,005.36
Class III— Butterfat	28,209,990	2.4531	69,201,926.45	
Protein	18,604,017	1.6612	30,904,993.04	
Other Solids	33,482,675	0.0787	2,635,086.51	102,742,006.00
Class IV— Butterfat	15,532,766	2.4531	38,103,428.28	
Nonfat Solids	34,669,538	0.5235	18,149,503.16	56,252,931.44
<b>Total Classified Value</b>				<b>\$378,794,128.24</b>
Add: Overage—All Classes				106,074.49
Inventory Reclassification—All Classes				59,130.90
Other Source Receipts	1,188,803 Pounds			47,290.75
<b>Total Pool Value</b>				<b>\$379,006,624.38</b>
Less: Producer Component Valuations @ Class III Component Prices				(352,640,161.49)
<b>Total PPD Value Before Adjustments</b>				<b>\$26,366,462.89</b>
Add: Location Adjustment to Producers				12,716,279.42
One-half Unobligated Balance—Producer Settlement Fund				686,133.80
Less: Producer Settlement Fund—Reserve				(943,999.25)
<b>Total Pool Milk &amp; PPD Value</b>	2,283,816,291 Producer pounds			<b>\$38,824,876.86</b>
Producer Price Differential		<b>\$1.70</b>		
Statistical Uniform Price		<b>\$15.70</b>		

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