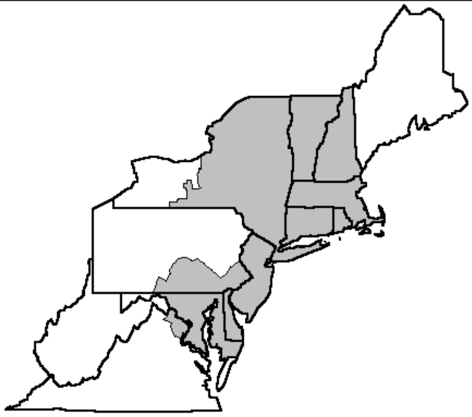

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

April 2006 Federal Order No. 1

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April Pool Price Calculation

The April 2006 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $12.64 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. The April producer price differential (PPD) at Suffolk County was $1.71 per hundredweight.

April's statistical uniform price was 79 cents per hundredweight below the March price; the April PPD was 61 cents below last month's. During April, all commodity prices declined except cheese, which increased slightly. This resulted in lower producer component prices for butterfat, nonfat and other solids; the protein price rose slightly. All class prices declined. The spread between the Class I price and the other class prices tightened and was reflected in a lower PPD.

Class IV utilization totaled 363.9 million pounds, the highest volume since the Order's inception.❖

Amendment to All Federal Milk Orders

On April 27, the USDA announced publication of a final rule to amend all federal milk marketing orders. The final rule implements provisions of the Milk Regulatory Equity Act that amends the Agricultural Marketing Agreement Act—the authorizing statute for federal milk orders. In passing the amendments, Congress is seeking to ensure regulatory equity between and among all dairy farmers and handlers for sales of packaged fluid milk in federally regulated milk marketing areas and into certain non-federally regulated milk marketing areas from federally regulated areas. The amendments deal primarily with regulatory issues in the Western United States and are not anticipated to materially impact Northeast producers or handlers.

There are three main parts of the Milk Regulatory Equity Act. The first part deals with how plants become subject to federal order regulation. Generally, a distributing plant is regulated based upon where its finished products are sold. Previously, if a plant was located in a federal milk marketing area, but was not regulated by a federal milk marketing order based on its sales, it could avoid both federal and any applicable state minimum pricing regulations. Under the new rules such a plant would

(continued on page 2)

Pool Summary

- A total of 14,412 producers were pooled under the Order with an average daily delivery per producer of 4,633 pounds.
- Pooled milk receipts totaled 2.003 billion pounds, an increase of only 0.3 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 41.5 percent of total milk receipts, a decrease of 3.8 percentage points from March.
- The average butterfat test of producer receipts was 3.71 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	41.5	830,512,180
Class II	18.7	375,624,068
Class III	21.6	433,186,999
Class IV	18.2	363,894,468
Total Pooled Milk		2,003,217,715

Producer Component Prices

	2006	2005
	$/lb	
Protein Price	1.9238	2.7055
Butterfat Price	1.2343	1.6964
Other Solids Price	0.1508	0.1020

Class Price Factors

	2006	2005
	$/cwt	
Class I	14.47	17.38
Class II	11.37	13.24
Class III	10.93	14.61
Class IV	10.36	12.61

Manufactured Dairy Products—2005 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2005 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table shows total production and annual change for selected products. All percentages have been adjusted for leap year in 2004.

Selected U.S. Manufactured Dairy Products, 2004–2005

	2004	2005	Yr-to-Yr Change
	million pounds		percent
Cheese			
American^	3,739	3,813	2.3
Italian	3,662	3,805	4.2
Other*	1,473	1,509	2.8
Total Cheese#	8,873	9,127	3.1
Butter	1,247	1,347	8.4
NFDM	1,412	1,186	(15.8)
Condensed Skim**	904	1,032	14.5
Yogurt	2,707	2,990	10.7
Ice Cream	920	953	3.9

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

Cheese Production

Total cheese production (excluding cottage cheese) grew 3.1 percent in 2005. American cheese production increased 2.3 percent while Italian rose 4.2 percent from 2004. The production of Swiss cheese grew 4.8 percent, cream and Neufchatel declined 0.7 percent, and other types (Muenster, brick, Limburger, blue, Hispanic, among others) rose 6.5 percent.

American production accounted for 41.8 percent of all cheese, down from 42.1 percent in 2004. Italian accounted for 41.7 percent of all cheese, up from 41.3 the previous year. Within the American category, Cheddar production increased 1.9 percent and accounted for 80.1 percent of the total, down from 80.4 percent in 2004. Of the Italian total, mozzarella rose 3.9 percent and accounted for 79.4 percent of the total, down from 79.7 percent last year. Hispanic cheese production jumped 17.8 percent in 2005; this follows increases of 6.2 and 7.4 percent in 2004 and 2003, respectively. As a percentage of total cheese made, Hispanic cheese increased to 1.8 percent, up from 1.6 percent in 2004.

Other Products

Butter production rose 8.4 percent in 2005; its increase was only 0.3 percent last year. Yogurt (plain and fruit flavored) jumped 10.7 percent. Frozen yogurt production increased 1.1 percent and ice cream grew 3.9 percent. Nonfat dry milk (NFDM) dropped 15.8 percent; last year it declined 11.7 percent. The production of canned evaporated and condensed whole milk declined a slight 0.3 percent while unsweetened skim condensed jumped 14.5 percent in 2005.

Leading States

There was no change in the top cheese producing states during 2005: Wisconsin lead, followed by California, Idaho, New York, and Minnesota. California continues to close in on Wisconsin as the leading state increasing its share of total cheese production to 23.4 percent (up from 22.5 in 2004) while Wisconsin's share fell to 26.4 percent (from 26.6 percent in 2004). Wisconsin remained the leader in the production of American cheese, but California came in a close second with only a difference of 14.5 million pounds; in 2004 the difference was 31 million pounds. California did take over the lead in Italian cheese production with 28.6 percent of the total versus Wisconsin's 28.2 percent. In 2004, California accounted for 27.2 percent while Wisconsin lead with 28.8 percent.

California also ranked first in the manufacture of mozzarella, Hispanic, butter, yogurt, unsweetened condensed skim, NFDM, ice cream, and other American cheese varieties in 2005. Wisconsin led in Cheddar, other Italian cheese, and dry whey. New York remained the largest producer of lowfat and creamed cottage cheese and sour cream, and second in yogurt.

Wisconsin still recorded the largest number of dairy manufacturing plants (197), followed by New York (115), and California (113). Overall, the number of plants declined 1.1 percent in 2005; this follows a decline of 2.3 percent in 2004.❖

Annual Bulletin Available

The 2005 Annual Statistical Bulletin for the Northeast Milk Marketing Area is now available. The report, numbering 54 pages, 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.❖

Amendments *(continued from page 1)*

be subject to federal order pooling and pricing regulations based on the physical location of the plant, thus helping to establish equitable pricing for producers and handlers alike.

The second provision would regulate producer-handlers under the Arizona Marketing Order if the producer-handler's total milk sales exceeded 3 million pounds per month and distributed fluid milk products in the Arizona Marketing Order Area.

The last provision removes the state of Nevada from the marketing area definition of any federal order.

Since the amendment resulted from legislation passed by congress and signed into law by the President, a referendum of Northeast Order producers was not required. Additional information on the Milk Regulatory Equity Act can be found at the following web address. http://www.ams.usda.gov/dairy/milk_reg_eq_act_2005.htm❖

State Highlight—New York

Beginning this month and for subsequent months, the Bulletin will focus on a major state or region of the Northeast Order and offer statistical highlights that characterize the state/region. This month will highlight New York, the largest production state of the Northeast marketing area. The following statistics are based on pool statistics for March 2006.

Northeast Pool:

New York Pounds:	854 million (41.4% of Northeast Order)
New York Producers:	5,462 (37.8% of Northeast Order)

Total Production:

New York:	1,058 million pounds (national rank, 3rd)
California:	3,427 million pounds (national rank, 1st)
Wisconsin:	2,010 million pounds (national rank, 2nd)

Top 5 New York Production Counties (28.1 percent of all New York milk pooled):

Cayuga:	56.4 million pounds
St. Lawrence:	53.6 million pounds
Jefferson:	51.9 million pounds
Lewis:	40.8 million pounds
Wyoming:	37.2 million pounds

Average Component Tests:

New York:	Butterfat 3.76	Protein 3.04	Other Solids 5.71
Northeast Order:	Butterfat 3.77	Protein 3.06	Other Solids 5.73

Average Daily Delivery per Producer:

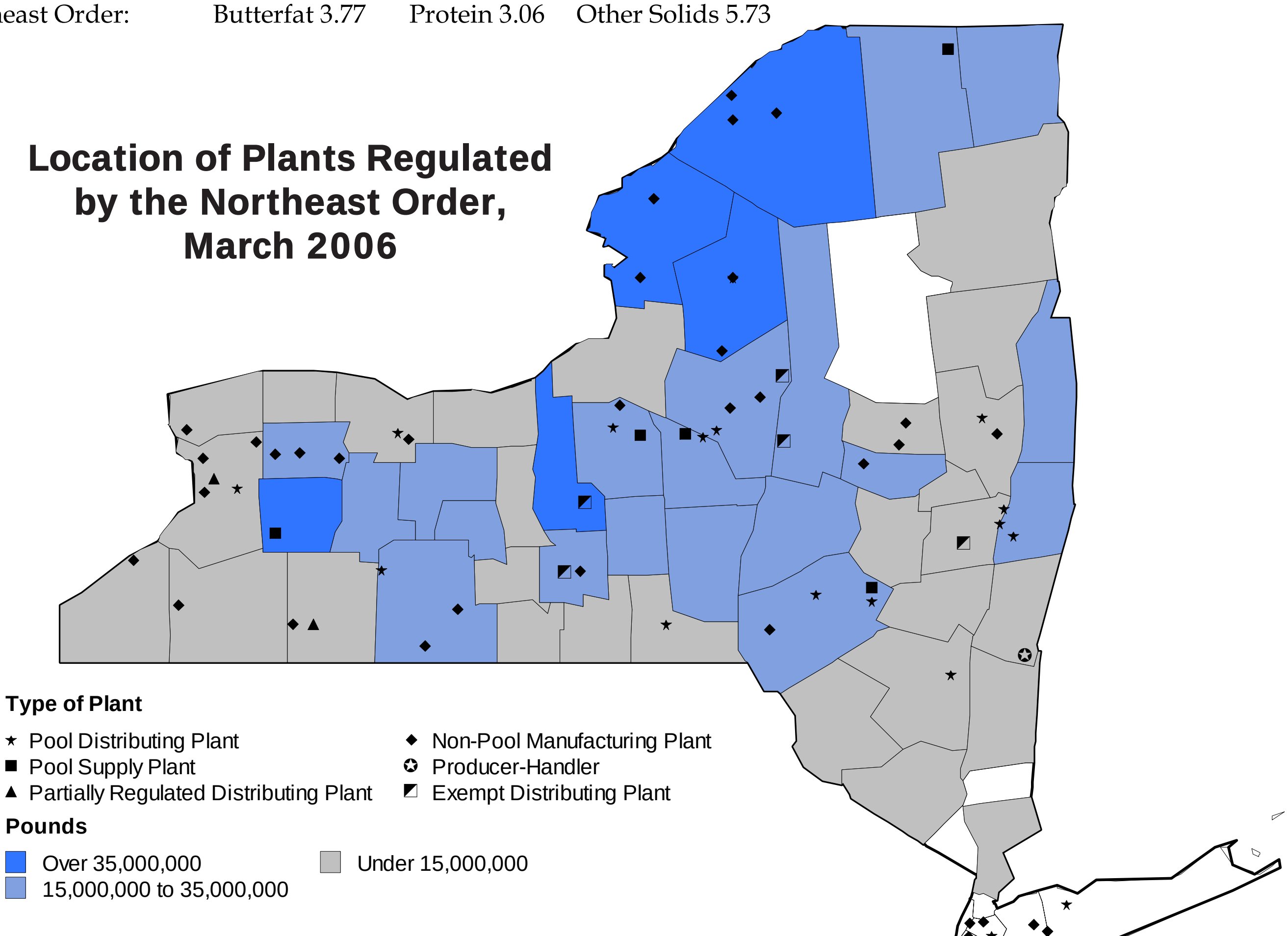
New York:	5,090
Northeast:	4,605

Average Herd Size (2002 Census of Agriculture):

New York:	91
California:	589
Wisconsin:	74
United States:	99

***New York Plants*:**

Fluid:	29
Manufacturing:	68
Total Plants in NY State:	97
Total receiving Northeast Pool milk:	64



Note: Not all New York plants and producers are regulated by the Northeast Order.

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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	814,240,502	$10.27	83,622,499.56	
Butterfat	16,271,678	1.3040	21,218,268.11	
Less: Location Adjustment to Handlers			(2,610,755.66)	$102,230,011.98
Class II— Butterfat	28,602,016	1.2413	35,503,682.42	
Nonfat Solids	31,455,919	0.8089	25,444,692.90	60,948,375.32
Class III— Butterfat	17,153,491	1.2343	21,172,553.98	
Protein	12,999,033	1.9238	25,007,539.68	
Other Solids	24,473,803	0.1508	3,690,649.49	49,870,743.15
Class IV– Butterfat	12,382,274	1.2343	15,283,440.85	
Nonfat Solids	32,018,204	0.6959	22,281,468.19	37,564,909.04
Total Classified Value				**$250,614,039.49**
Add: Overage—All Classes				23,320.99
Inventory Reclassification—All Classes				40,701.51
Other Source Receipts	107,398			2,629.56
Less: Producer Component Valuations				(226,200,073.44)
Subtotal				**$24,480,618.11**
Add: Location Adjustment to Producers				9,538,769.32
One-half Unobligated Balance—Producer Settlement Fund				1,102,961.83
Total Pool Milk & Aggregate Value	2,003,325,113			35,122,349.26
Less: Producer Settlement Fund—Reserve				(865,489.74)
Producer Price Differential @ Suffolk County, MA (Boston)		**$1.71**		34,256,859.52
Statistical Uniform Price @ Suffolk County, MA (Boston)		**$12.64**		

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