

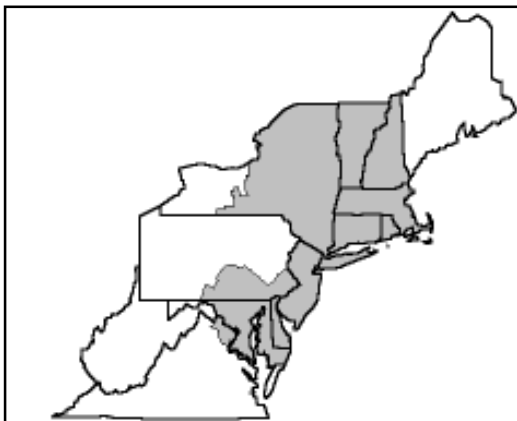
BULLETIN

NORTHEAST MARKETING AREA

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Federal Order No. 1



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January Pool Price Calculation

The January 2002 statistical uniform price for the Northeast Marketing Area was announced at \$13.81 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 January producer price differential (PPD) at Suffolk County was \$1.94 per hundredweight.

The January statistical uniform price was 9 cents per hundredweight above December's price. The January PPD was 2 cents higher than the previous month's. Fairly steady commodity market prices were reflected in the minimal changes to component and class prices. Classes I, II, and III had price changes of less than 10 cents each, while the Class IV price increased 14 cents. ❖

Hired Farm Workers

The National Agricultural Statistics Service (NASS) publishes figures for hired farm workers for two Northeast regions: Northeast I, which includes New York and New England, and Northeast II, which includes Delaware, Maryland, New Jersey, and Pennsylvania. The table on page 3 lists these figures for July 2000 and 2001. Many dairy farms utilize both field and livestock workers (which include those employed for milking and tending to the herd.)

Hired farm workers in the United States numbered 1,039,000 in July 2001, down about 4 percent from July 2000. The number of hired farm workers in Northeast I during the same period dropped about 10 percent while Northeast II experienced a decrease of roughly 7 percent. Approximately 69 percent of hired workers nationwide in 2001 worked for 150 or more days. A slightly higher percent of hired workers in Northeast I, 71 percent, worked for 150 or more days. In Northeast II, 70 percent worked for 150 days or more.

Hired farm workers nationwide and in the Northeast worked an average of 39.9 hours per week in 2001. Northeast II hired farm workers averaged 40.5 hours per week.

The average hired worker in Northeast I in 2001 earned \$8.26 an hour (slightly less than the \$8.29 national average), 35 cents an hour less than they made in 2000. Hired workers in Northeast II averaged \$8.23 per hour in July 2001, 19 cents more than July 2000. Nationwide, *(continued on Page 3)*

Pool Summary

- A total of 17,239 producers were pooled under the Order with an average daily delivery per producer of 4,127 pounds.
- Pooled milk receipts totaled 2.205 billion pounds, the largest volume reported under the Northeast Order and an increase of 6.1 percent from last month.
- Class I usage accounted for 41.9 percent of total milk receipts, a decline of 1.9 percentage points from December.
- The average butterfat test of producer receipts was 3.76 percent.
- The average true protein test of producer receipts was 3.04 percent.
- The average other solids test of producer receipts was 5.72 percent.

Pooled Milk	Percent	Pounds
Class I	41.9	924,922,839
Class II	16.4	360,738,053
Class III	31.6	697,712,276
Class IV	10.1	221,853,308
Total Pooled Milk		2,205,226,476

Producer Component Prices

	2002	2001
	\$/lb	
Protein Price	1.9660	1.6181
Butterfat Price	1.4846	1.2896
Other Solids Price	0.1392	0.1120

Class Price Factors

	2002	2001
	\$/cwt	
Class I	15.21	17.24
Class II	12.69	12.82
Class III	11.87	9.99
Class IV	11.93	12.13

U.S. Milk Production Down During 2001

Total milk production in the United States equaled 165.4 billion pounds in 2001, a decrease of 1.1 percent from 2000. This was the first decline in 5 years (see chart). The top ten milk-producing states (see table) had a combined decrease of 0.6 percent from the previous year. These states accounted for 70 percent of milk produced nationally in 2001. (All percentages are adjusted for leap years.)

U.S. Summary

After record-high prices in 1998, the lower milk prices received in 1999 and 2000 contributed to a decline in milk production. The higher prices in 1998 had encouraged expansions, which contributed to a 3 percent increase in milk production in 2000. The growth in production, combined with a lagging demand, resulted in excess milk and depressed prices. These prices, which also were coupled with high replacement heifer prices, contracted expansions and encouraged farm exits.

During the first quarter of 2001, U.S. milk production declined 2 percent. At midyear, production began to rebound resulting in a 1.2 percent drop during the second quarter. There was little change during the third quarter, down 1.3 percent. In the final quarter, production turned around with a 0.2 percent increase from the same period in 2000.

Top Ten States

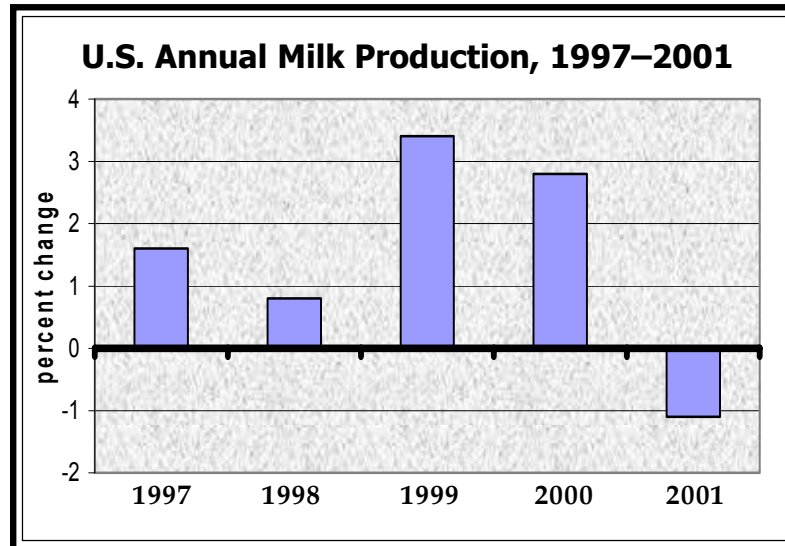
As a whole, the top ten milk-producing states recorded a 0.6 percent decline from 2000. Only four of the top producing states had growth in production,

and it was not at the same rate as seen in prior years. Milk production in California, the top producing state, grew 3.2 percent compared to 5.6 percent in 2000. Idaho and New Mexico, states that have experienced double-digit growth in recent years,

had increases of 7.5 and 6.5 percent, respectively. Their continued growth, though, narrowed the gap between Idaho and Minnesota and propelled New Mexico into the number eight position (compared to number ten in 2000). New Mexico only entered the top ten in 1999. The large decline in production in Texas during 2001 lowered its place to number ten.

Nationally, only 15 states showed production gains during 2001. The only states reporting double-digit percentage

increases were Alaska (10.3) and Montana (10.1); together, they account for only 0.2 percent of the total U.S. production. Seven states reported double-digit decreases with Wyoming showing the biggest drop (16.9 percent). These states accounted for 5.2 percent of the total in 2001.



Northeast States

In the Northeast, the only state reporting an increase in milk production was New Hampshire with a jump of 4.2 percent. The New England states (Connecticut, Massachusetts, New Hampshire, Rhode Island, Vermont, and Maine) had a combined decline of 3.1 percent in 2001. Together, production in New York, New Jersey, and Pennsylvania dropped 1.9 percent from 2000. The Middle-Atlantic states of Delaware, Maryland, Virginia, and West Virginia had a combined decrease of 2.8 percent in 2001. ❖

Rank	State	2000	2001	Percent Change
		million pounds		
1	California	32,240	33,170	3.2
2	Wisconsin	23,259	22,225	(4.2)
3	New York	11,920	11,743	(1.2)
4	Pennsylvania	11,156	10,849	(2.5)
5	Minnesota	9,493	8,895	(6.0)
6	Idaho	7,223	7,747	7.5
7	Michigan	5,705	5,721	0.6
8	New Mexico	5,236	5,561	6.5
9	Washington	5,593	5,511	(1.2)
10	Texas	5,735	5,099	(10.8)
Top Ten Total		117,560	116,521	(0.6)
US Total		167,658	165,358	(1.1)

Source: National Agricultural Statistics Service, *Milk Production*

MARKET SITUATION

Hired Farm Workers *(continued from Page 1)*

the average hired worker's hourly wage increased 40 cents from 2000 to 2001.

Hourly wages for Northeast I field workers, livestock workers, and field and livestock workers combined declined by 2, 6, and 4 percent, respectively, from their 2000 levels. Field workers in Northeast I earned more than the national average, but Northeast I livestock workers earned less than the national average. Hourly wages for Northeast II field workers and field and livestock workers declined 3 and 1 percent, respectively. Hourly wages for livestock workers in Northeast II increased by approximately 9 percent. Both field workers and livestock workers in Northeast II earned less than the national average. ❖

Hired Workers: Number, Hours Worked, and Wage Rates, July 2000 and 2001

	Number of Workers	Expected to be Employed		Number of Hours Worked per week	Wage Rates			All Hired Workers
		150 Days or More <i>thousands</i>	149 Days or Less		Type of Worker			
					Field	Livestock	Field & Livestock Combined*	
					<i>\$ per hour</i>			
2000								
Northeast I	58	37	21	38.9	8.26	7.66	8.09	8.61
Northeast II	54	34	20	38.7	7.67	7.22	7.58	8.04
U.S.	1,079	722	357	40.2	7.32	7.65	7.39	7.89
2001								
Northeast I	52	37	15	39.9	8.12	7.19	7.79	8.26
Northeast II	50	35	15	40.5	7.41	7.85	7.50	8.23
U.S.	1,039	722	317	39.9	7.70	7.89	7.75	8.29

Northeast I includes NY and New England.

Northeast II includes DE, MD, NJ, and PA.

*Weighted average based on hours worked by occupation.

Source: National Agricultural Statistics Service, *Farm Labor*

Producer Milk by State

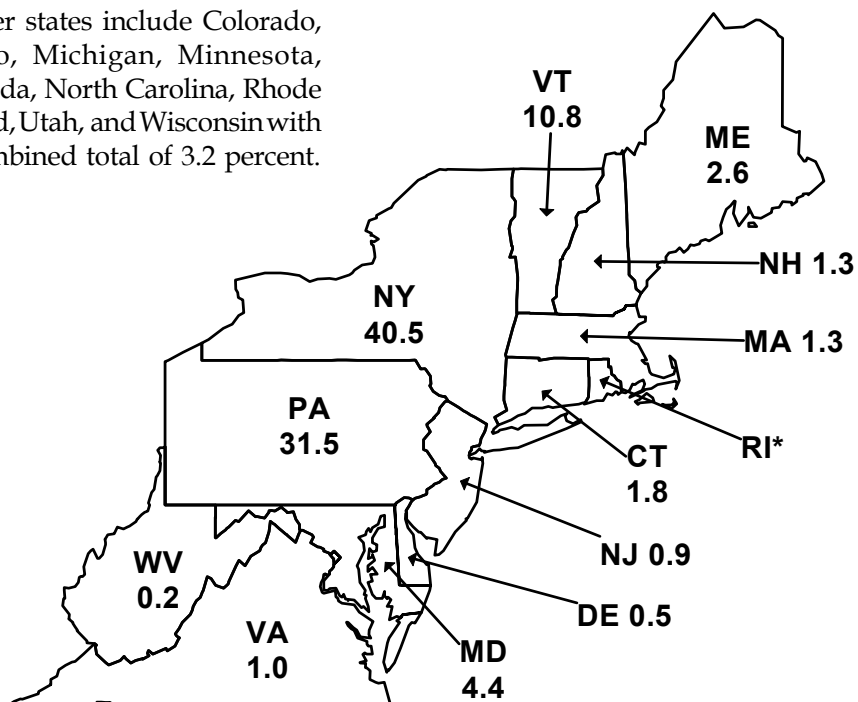
The accompanying map shows total producer milk receipts under the Northeast Order for 2001 by state on a percentage basis.

Milk receipts totaled 24.5 billion pounds in 2001, up 2.5 percent from the previous year. The total volume from New York producers declined, resulting in a decrease of 1.9 percentage points. Milk from Pennsylvania farmers increased in total volume, but due to a larger total overall, declined 0.5 percentage points. Other states losing shares on a percentage basis include Connecticut, Maryland, Massachusetts, and Vermont.

Maine and New Hampshire both had slight increases, while the combined other states increased their share to 3.2 percent from 0.5 percent in 2000. The shares held by Delaware, New Jersey, Virginia, and West Virginia saw no change from 2000. ❖

Percent of Northeast Order Producer Milk Receipts, 2001

*Other states include Colorado, Idaho, Michigan, Minnesota, Nevada, North Carolina, Rhode Island, Utah, and Wisconsin with a combined total of 3.2 percent.





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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	906,219,367	\$10.59	95,968,630.97	
Butterfat	18,703,472	1.4264	26,678,632.46	
Less: Location Adjustment to Handlers			(2,728,036.46)	\$119,919,226.96
Class II— Butterfat	27,500,108	1.4916	41,019,161.10	
Nonfat Solids	30,487,527	0.8600	26,219,273.22	67,238,434.32
Class III— Butterfat	23,469,681	1.4846	34,843,088.45	
Protein	21,321,981	1.9660	41,919,014.61	
Other Solids	40,095,385	0.1392	5,581,277.57	82,343,380.63
Class IV— Butterfat	13,287,656	1.4846	19,726,854.12	
Nonfat Solids	18,967,895	0.7761	14,720,983.33	34,447,837.45
Total Classified Value				\$303,948,879.36
Add: Overage—All Classes				98,470.79
Inventory Reclassification—All Classes				78,929.30
Other Source Receipts	1,001,758			29,591.58
Less: Producer Component Valuations				(272,689,856.15)
Subtotal				\$31,466,014.88
Add: Location Adjustment to Producers				11,313,444.15
One-half Unobligated Balance—Producer Settlement Fund				1,011,697.88
Total Pool Milk & Aggregate Value	2,206,228,234			43,791,156.91
Less: Producer Settlement Fund—Reserve				(990,329.08)
Producer Price Differential @ Suffolk County, MA (Boston)		\$1.94		42,800,827.83
Statistical Uniform Price @ Suffolk County, MA (Boston)		\$13.81		

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