



New York-  
New Jersey  
Milk Marketing  
Area

# The Market Administrator's Bulletin

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Federal Order No. 2

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## Final Decision Informational Meetings to be Held

Below is a listing of informational meetings to be held regarding federal milk marketing. Market Administrator representatives will be available to answer questions. These meetings are open to all producers located in the affected Northeast region.

Day and Date	Time	Location
Thurs.-June 3	7:00 p.m.	Farm & Home Center 1383 Arcadia Road Lancaster, PA
Tues.-June 8	7:30 p.m.	Holiday Inn Route 23 Oneonta, NY
Wed.-June 9	7:00 p.m.	Rescue Hose Company Special Events Center 407 South Washington Street Greencastle, PA
Thurs.-June 10	7:00 p.m.	Berks County Agricultural Center 1238 County Welfare Road Leesport, PA
Thurs.-June 10	7:30 p.m.	Alfred State College Allegany Rm.-Central Dining Hall Alfred, NY

For additional information or directions, please contact this office at (518) 452-4410. ♦

## Cheese Prices Fall; Butter Prices Rise

After holding steady at \$1.33 per pound for 10 weeks, wholesale prices for 40-pound block Cheddar cheese traded on the Chicago Mercantile Exchange (CME) have fallen 13.75 cents to \$1.1925 per pound as of May 17. CME cheese prices first dropped by 3 cents per pound on April 26 with additional drops occurring during the first 2 weeks of May. Although it is the weekly National Agricultural Statistics Service (NASS) cheese plant survey price and not CME prices that are used in calculating federal order class prices, the two price series maintain a close alignment. Looking back  
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## April 1999 Pool Highlights

- The April 1999 uniform price equaled **\$11.78** per hundredweight, a decrease of \$3.43 from last month and down \$1.72 from April 1998.
- Class I and II prices were \$3.05 below last year's. The Class III price was \$0.20 below while the Class III-A price was \$1.82 lower than 1998's.
- Producer milk receipts totaled 998.3 million pounds, a decrease of 3.4 percent from last year.
- Class I usage totaled 396.3 million pounds, up 2.1 percent from the previous year. Due to lower total milk receipts, Class I utilization increased 2.2 percentage points.
- Daily deliveries per producer (DDP) equaled 3,605 pounds, a new record under Order No. 2. This was a year-to-year increase of 190 pounds (5.6 percent). ♦

## Order No. 2 Prices and Utilization for April

Prices*	1998	1999	Percent change
	dollars per cwt		
Uniform	13.50	11.78	(12.7)
Class I	15.74	12.69	(19.4)
Class II	13.62	10.57	(22.4)
Class III	11.92	11.72	(1.7)
Class III-A	12.79	10.97	(14.2)
Utilization	million pounds		
Class I	388.2	396.3	2.1
Class II	155.5	151.1	(2.8)
Class III	448.1	422.4	(5.7)
Class III-A	42.2	28.5	(32.4)
Producer Receipts	1,033.9 #	998.3	(3.4)

\* For bulk milk testing 3.5 percent butterfat in the 201-210 mile zone.

# Total does not add due to rounding.

## U.P. Forecasted to Increase

The uniform price forecast for **May 1999** is **\$12.22** per hundredweight of bulk milk testing 3.5 percent butterfat in the 201-210 mile zone. This is an estimate. ♦

## Top Supply Counties for Order No. 2

For the tenth consecutive year, Lancaster County, PA, remained the top supply county for milk pooled in Order No. 2. This county accounted for 7.6 percent of all milk pooled under the order during 1998, up from 6.8 percent in 1997. Its total milk receipts were 57.4 percent greater than the second ranked county—Wyoming, NY, which accounted for 4.8 percent in 1998. The only change in rank was Steuben County's rise from tenth place to ninth, displacing Oneida County.

The accompanying table shows the top ten supply counties based on milk delivered to handlers regulated under Order No. 2. The volumes reported do not necessarily represent all the milk produced in these counties. Milk shipped to other federal orders, state orders, or unregulated areas is not included. For example, Lancaster County shows a 13.1 percent increase in Order No. 2 milk receipts in 1998. This does not represent an increase in milk production in the county, but rather pooling changes between federal orders. The amount of Lancaster County milk pooled under Order No. 4 declined 10.0 percent in 1998.

Bulk farm milk pooled under Order No. 2 came from 110 counties in the states of New York, New Jersey, Pennsylvania, Connecticut, Maryland, Massachusetts,

## In-Area Sales Decline During 1st Quarter

Total packaged fluid milk sales in the New York–New Jersey milk marketing area declined 1.5 percent during January–March 1999. In-area sales have declined 1.4 percent annually for the past 2 years. The accompanying table shows sales for the first quarters of 1998 and 1999.

All product categories experienced declines except flavored milk and drinks. Even skim milk, which grew 3.5 percent and 3.3 percent annually in 1997 and 1998, respectively, dropped slightly. Whole milk decreased 1.6 percent for the January–March period, a lesser amount than the past 2 years' annual declines. Lowfat (1%) milk dropped 1.7 percent for the first quarter; its annual decreases have been 0.6 percent and 0.4 percent, respectively, for the past 2 years.◆

### Sales of Packaged Fluid Milk Products in the NY–NJ Marketing Area, January–March 1998–99

Product	1998	1999*	Change
	million pounds		percent
Milk	527.8	519.4	(1.6)
Reduced fat milk	186.5	180.8	(3.1)
Lowfat milk	145.6	143.2	(1.7)
Fat free milk	153.0	152.2	(0.6)
Flavored milk & drinks	47.8	49.0	2.6
Buttermilk	3.9	3.7	(4.1)
Total	1,064.5	1,048.2	(1.5)

\* Preliminary.

### Producer Milk Receipts by Top Ten Counties Under Order No. 2, 1997–98

County*	Producer milk receipts		Change
	1997	1998	
	thousand pounds		percent
Lancaster (PA)	795,600	899,927	13.1
Wyoming	594,534	571,634	(3.9)
St. Lawrence	543,968	571,184	5.0
Jefferson	498,547	507,189	1.7
Bradford (PA)	445,318	449,349	0.9
Lewis	440,714	439,936	(0.2)
Cayuga	424,521	436,565	2.8
Madison	361,951	366,480	1.3
Steuben	340,267	338,954	(0.4)
Oneida	344,838	337,393	(2.2)
Top Ten Total	4,790,258	4,918,611	2.7
Order No. 2 Total	11,758,965	11,888,941	1.1

\* New York counties unless noted.

and Vermont during 1998. The top ten ranked counties accounted for 41.4 percent of the total, up from 40.7 percent in 1997. The total number of producers from these top ranked counties accounted for 40.8 percent of all producers shipping to Order No. 2 in 1998.◆

## Underpayment Notices Issued

For the fourth quarter of 1998, a total of \$32.76 in underpayments to producers resulted from incorrect transportation differentials. One handler and one producer were affected during those months. These underpayments totaled \$321.42 for 1998; no hauling underpayments were reported during 1998. Handlers have been notified of their obligations.◆

## Dairy Board Seeks Nominees

USDA is asking dairy producer and farm organizations to nominate candidates to serve on the National Dairy Promotion and Research Board. The Secretary of Agriculture will appoint 12 individuals from those nominated to succeed members whose terms expire October 31. New members will serve 3-year terms beginning November 1, 1999, and ending October 31, 2002. Locally, appointments will be made from Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania) and Region 12 (New York).

For nominating forms and procedures, contact USDA, AMS, Dairy Programs, Promotion and Research Branch, Rm. 2734-S, Stop 0223, 1400 Independence Ave., S.W., Washington, D.C. 20250-0233 or phone (202) 720-6909. Nominations must be submitted by **May 28**.◆

## U.S. Cattle Inventory Continues Decline

The total number of cattle and calves in the United States equaled 98.5 million head on January 1, 1999, according to USDA's National Agricultural Statistics Service (NASS) inventory report. This was a decline of 1.2 percent from the 1997 inventory and 3.2 percent less than the 1996 total.

Milk cows totaled 9.1 million head, 9.3 percent of the total inventory. The total number of milk cows was down, but accounted for a slightly higher percentage of total inventory. Milk cow replacement heifers totaled 4.1 million head, up 1.9 percent from 1998. They accounted for 4.1 percent of the total 1998 inventory. The NASS report includes detailed data for beef cows, steers, heifers, and calves.

California led the nation with the greatest number of milk cows, accounting for 15.7 percent of the total. Wisconsin followed with 15.0 percent; New York was third with 7.7 percent and slightly up from 1998.

Wisconsin had the greatest number of operations with milk cows, totaling 23,000. Pennsylvania was second with 10,900; Minnesota ranked third with 9,700. New York came in fourth with 8,700, down 3.3 percent from 1998. Overall, the total number of U.S. operations with milk cows declined 5.9 percent.

The number of smaller operations continues to decline. Categorically, the smallest operations experienced the largest decreases in 1999. Operations with less than 30 head dropped 8.7 percent, those with 30 to 49 head

decreased 7.8 percent, and the 50 to 99 head group declined 4.4 percent. Even the 100 to 199 head category dropped 2.1 percent after increasing 1.1 percent in 1998. The 200 to 499 group increased 0.5 percent and the 500 or greater category grew 3.4 percent in 1999, but only accounted for 2.1 percent of total milk cow operations.

In New York, the largest size group only accounted for 1.3 percent of total milk cow operations in the 1999 inventory. The largest proportion, 40.2 percent, was in the 50 to 99 head group. ♦

## Cheese Prices *(continued from page 1)*

to last year at this time, CME block prices were slightly higher at \$1.23 per pound on May 15, 1998. Unlike this time last year, however, when CME cheese prices were trending upward, cheese prices now appear to be in a slightly downward trend.

## Butter Increases

Wholesale Grade AA butter prices on the CME have been on the rise the past 2 weeks closing at \$1.1925 per pound on May 14. The increases have occurred after butter dropped to a year-to-date low of \$0.96 per pound on April 28. Unlike cheese, CME butter prices have fluctuated through the first few months of this year, but have not regained the early January high of \$1.43 per pound. At this time last year (May 15) CME Grade AA butter prices were \$1.49 per pound. Wholesale market butter prices affect the level of the butterfat differential. ♦

### Selected Statistics for the Combined Northeast Orders\*, Annual 1997-98 and 1st Quarter 1999

Pool statistic	January-December		January-March		Change	
	1997	1998	1998	1999	1997-98	1998-99
Producer milk receipts:	million pounds				percent	
Class I	10,265.4	10,265.4	2,558.9	2,525.8	0.0	(1.3)
Class II	4,117.6	4,265.0	987.4	863.7	3.6	(12.5)
Class III	7,138.0	7,562.3	1,835.0	1,994.4	5.9	8.7
Class III-A	2,189.8	1,892.6	673.2	624.0	(13.6)	(7.3)
Total**	23,710.8	23,985.3	6,054.6	6,008.0	1.2	(0.8)
Utilization:	percent				percentage point	
Class I	43.3	42.8	42.3	42.0	(0.5)	(0.3)
Class II	17.4	17.8	16.3	14.4	0.4	(1.9)
Class III	30.1	31.5	30.3	33.2	1.4	2.9
Class III-A	9.2	7.9	11.1	10.4	(1.3)	(0.7)
Producers#	number				percent	
	19,198	18,332	18,654	18,017	(4.5)	(3.4)
DDP#	pounds				percent	
	3,384	3,585	3,606	3,705	5.9	2.7

\* Northeast Orders include Federal Milk Marketing Orders No. 1, 2, and 4.

\*\* Totals may not add due to rounding.

# Simple average for year. DDP = daily deliveries per producer

## Determination of Uniform Price of \$11.78 for April 1999

Per hundredweight of milk testing 3.5 percent butterfat received in bulk from farms in the 201-210 mile zone

TOTAL VALUE OF POOLED MILK							
Class	Milk pounds	Per-cent	Minimum price	Value at minimum price	Transportation differential	Total value	Contribution per cwt of receipts
					dollars		
I-A	381,460,916	38.2	12.69	48,407,390.29	129,012.61	48,536,402.90	4.862
I-B	14,857,902	1.5	12.69	1,885,467.77	1,158.88	1,886,626.65	0.189
II	151,076,781	15.1	10.57	15,968,815.82	16,705.82	15,985,521.64	1.601
III	422,436,002	42.3	11.72	49,509,499.42	36,006.57	49,545,505.99	4.963
IIIA	<u>28,508,849</u>	<u>2.9</u>	<u>10.97</u>	<u>3,127,420.74</u>	<u>4,376.76</u>	<u>3,131,797.50</u>	<u>0.313</u>
Reported receipts	998,340,450	100.0		118,898,594.04	187,260.64	119,085,854.68	11.928
Adjustments:	<u>Product pounds</u>		<u>Dollars*</u>				
Sec. .60(d)(1) III	983		1,016.67				
Total Sec. .60(d)(1)	983	983	1,016.67			0.00	0.000
Sec. .60(d)(6) I	5,076,412		60,229.00				
Sec. .60(d)(6) II	7,914,899		(79,155.62)				
Total Sec. .60(d)(2) thru (6)	12,991,311		(18,926.62)			(18,926.62)	(0.001)
Total adjustments	12,992,294		(17,909.95)				
Total pool milk classified	998,341,433						
Handlers must pay			(17,909.95)	118,898,594.04	187,260.64	119,067,944.73	** 11.927
<b>COMPUTATION OF UNIFORM PRICE</b>							
	<u>Milk pounds</u>		<u>Dollars</u>			<u>Dollars per cwt of receipts</u>	
Total value of pooled milk				119,067,944.73			11.927
Less: Cooperative payments	644,516,705		257,806.68			0.026	
Reserve			808,187.78			0.081	
Transportation credit	998,340,450		1,497,510.68	<u>(2,563,505.14)</u>		<u>0.150</u>	<u>(0.257)</u>
Value of pooled milk less subtractions				116,504,439.59			11.670
Add: Freight adjustment to 201-210 mile zone			158,248.29			0.016	
Unreserved cash in producer settlement fund			<u>941,817.13</u>	<u>1,100,065.42</u>		<u>0.094</u>	<u>0.110</u>
Uniform Price	998,340,450			117,604,505.01			11.780

\* Includes transportation and other applicable differentials.

\*\* In addition handlers must pay \$1,695,719.38 for butterfat in excess of 3.5 percent.

Note: The average butterfat test of milk delivered was 3.678794 percent. The butterfat differential was \$.095 for each one-tenth of one percent of butterfat.

## Comparative Price and Other Descriptive Statistics

	APRIL 1998	MARCH 1999	APRIL 1999
Order No. 2			
Handlers (with producer milk)	32	30	31
Bulk Tank Units	93	91	92
Producers	10,093	9,250	9,232
Daily Deliveries Per Producer (pounds)	3,415	3,533	3,605
Price Factors, Monthly Averages (dollars)			
Basic Formula Price, 3.5% butterfat, per cwt	12.01	11.62	11.81
Cheddar Cheese, 40-lb blocks, per lb, NASS	1.3072	1.3092	1.3131
Butter, Grade A, per lb#	1.2856	1.2027	.9398
Nonfat dry milk, Central States, per lb	1.0426	1.0239	1.0228
Uniform Prices (dollars per cwt, 3.5% butterfat)			
Order No. 1, Zone 1 (Boston)	14.68	16.41	12.48
Order No. 2, 1-10 mile Zone* (New York City)	14.37	16.08	12.65
Order No. 4, Philadelphia†	14.33	15.67	12.10
Class I Utilization Percentage			
Order No. 1	44.2	45.9	45.2
Order No. 2	37.5	41.4	39.7
Order No. 4	38.6	40.4	36.8

# CME through May 1998; Grade A equivalent price effective June 26, 1998.

\* Includes 15-cent transportation credit.

† Includes 6-cent direct-delivery differential.

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