



New York-  
New Jersey  
Milk Marketing  
Area

# The Market Administrator's Bulletin

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## Milk Price Relief Program

Agriculture Secretary Dan Glickman announced a \$200 million *Dairy Income Loss Assistance* program to assist dairy farmers facing greatly reduced milk prices. Eligible dairy farmers will get a per hundredweight payment based on the volume of milk produced in 1998 or 1997, whichever is higher.

All dairy farmers that produced milk during the last quarter of calendar year 1998 are eligible. In order to receive payments, farmers must apply at their local USDA Farm Service Agency office from April 12 until May 21, 1999. The final payment rate per hundredweight will be calculated after sign-up ends. USDA estimates that it will be between 18 and 20 cents per hundredweight. The maximum level of payment under the program will be \$5,000 per dairy operation. ♦

## Educational Meetings Scheduled for Order No. 2 Producers

Both Dairy Farmers of America, Inc. (DFA) and Dairyleya Cooperative Inc. (Dairyleya) have announced their schedules of educational outreach meetings for Order No. 2 producers. As recipients of Order No. 2 cooperative payments, DFA and Dairyleya are responsible for conducting an annual educational outreach program open to *all* producers pooled under the order.

### Meeting Format

DFA and Dairyleya will each hold their own educational meetings as noted in the accompanying schedule. The *(continued on page 3)*

## NY Promotion Board Seeks Nominations

The New York Dairy Promotion Advisory Board (Board) is seeking nominations to fill positions for a 3-year period beginning May 1, 1999. The Board consists of ten NY milk producers appointed by the Commissioner of Agriculture. For more information regarding the Board, see related article on the Board's annual report in this *Bulletin* on page 3.

Certain requirements apply to the nomination procedure. For additional information, contact Edward J. Johnston, Jr. at (518) 457-4142.

## February 1999 Pool Highlights

- The February 1999 uniform price equaled **\$15.08** per hundredweight, a decrease of \$2.32 from last month, but \$0.89 higher than February 1998.
- Class I and II prices were \$4.05 above last year's. The Class III price was \$3.05 below while the Class III-A price was \$0.11 lower than 1998's.
- Producer milk receipts totaled 914.1 million pounds, a decrease of 2.1 percent from last year.
- Class I usage totaled 369.1 million pounds, down 2.1 percent from the previous year.
- Daily deliveries per producer (DDP) equaled 3,472 pounds, a year-to-year increase of 205 pounds (6.3 percent). ♦

## Order No. 2 Prices and Utilization for February

	1998	1999	Percent change
<b>Prices*</b>			
	dollars per cwt		
Uniform	14.19	15.08	6.3
Class I	15.71	19.76	25.8
Class II	13.59	17.64	29.8
Class III	13.34	10.29	(22.9)
Class III-A	12.91	12.80	(0.9)
<b>Utilization</b>			
	million pounds		
Class I	377.0	369.1	(2.1)
Class II	138.1	124.7	(9.7)
Class III	383.4	392.7	2.4
Class III-A	35.6	27.7	(22.2)
Producer Receipts	934.1	914.1 #	(2.1)

\* 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 Decrease

The uniform price **forecast** for **March 1999** is **\$14.89** per hundredweight of bulk milk testing 3.5 percent butterfat in the 201-210 mile zone. This is an estimate. ♦

## Annual Mailbox Prices Compared

Order No. 2 mailbox prices averaged \$14.76 per hundredweight during 1998, an increase of \$2.02 (15.8 percent) from the 1997 average. Uniform prices for Order No. 2 averaged \$14.68 per hundredweight, up 15.1 percent from 1997. Table 1 shows the monthly comparison for Order No. 2 mailbox and uniform prices for 1997 and 1998.

Mailbox prices varied from uniform prices more during 1998 than in the previous year. The spread between annual averages was \$0.08 while in 1997 the difference was only \$0.01. Monthly, the difference in prices ranged from -\$0.21 to \$0.35 in 1997 and from -\$0.23 to \$0.43 in 1998.

Mailbox prices closely follow the direction of uniform prices, but they are also affected by butterfat tests and differentials, premiums, hauling charges, and other deductions. Table 2 shows a comparison of these factors. Uniform prices are adjusted to 3.5 percent butterfat and reported at the 201-210 mile zone, whereas mailbox prices are reported at average butterfat test and zone.

During 1998, butterfat tests averaged slightly below the previous year's. Record-high butter prices caused the butterfat differential to average nearly 70 percent higher than in 1997. This resulted in a 65.2 percent higher butterfat value in the mailbox price in 1998. The other factors affecting mailbox prices (premiums, hauling, and other deductions) varied slightly from 1997.

**Table 1. Mailbox and Uniform Prices Under Order No. 2, 1997-98**

Month	Mailbox*		Uniform**	
	1997	1998	1997	1998
	dollars per hundredweight			
January	12.59	14.05	12.65	13.95
February	12.67	14.32	12.70	14.19
March	13.03	14.04	13.02	13.89
April	12.78	13.59	12.82	13.50
May	12.38	12.79	12.45	12.73
June	11.72	13.34	11.87	13.41
July	11.46	13.30	11.67	13.53
August	12.04	14.73	12.22	14.88
September	12.51	16.03	12.59	15.98
October	13.56	16.90	13.37	16.47
November	14.21	17.13	13.86	16.78
December	14.15	17.58	13.95	17.45
<b>Weighted Avg.</b>	<b>12.75</b>	<b>14.76</b>	<b>12.76</b>	<b>14.68</b>

\* Reported at average butterfat test and average zone.

\*\* Reported at 3.5 percent butterfat test and 201-210 mile zone.

Table 3 contains average mailbox prices, premiums, hauling, and other deductions for the major producing states in Order No. 2. New Jersey farmers continued to receive the highest mailbox price under Order No. 2, largely because of location adjustments. In addition, New Jersey premiums were considerably higher in 1998 due to a state operated over-order premium that existed from January through June.

Premiums and deductions may vary among handlers located within the different states. In addition, amounts may vary even among producers shipping to the same handler because of such variables as incentive-type premiums and large-production hauling discounts.

Mailbox price information has been collected and reported for all federal milk orders since January 1995. ♦

**Table 2. Annual Average Estimated Prices and Selected Factors Under Order No. 2, 1997-98**

Price/factor	1997	1998	1997-98	
			Change#	
	dollars per hundredweight		percent	
Mailbox Price	12.75	14.76	2.02	15.8
Uniform Price	12.76	14.68	1.92	15.1
BF Value*	0.18	0.29	0.12	65.2
Premium	0.36	0.37	0.02	5.4
Hauling	0.33	0.32	(0.01)	(3.0)
Other**	0.21	0.22	0.01	2.8
BF Differential	0.11	0.19	0.08	69.9
BF Test	3.66 %	3.65 %	(0.00)	(0.1)

# Calculated using more detailed data than shown in table.

\* Butterfat (BF) value equals amount added to uniform price based on butterfat above 3.5 percent average test times the BF differential.

\*\* Other deductions include cooperative dues and equity, and milk promotion.

**Table 3. Estimated Average Mailbox Prices, Premiums, and Selected Deductions Under Order No. 2, by State, 1997-98**

	Mailbox	Premium	Hauling	Other*
	dollars per hundredweight			
	<b>1997</b>			
NY	12.67	0.33	0.29	0.21
NJ	13.20	0.29	0.40	0.20
PA	12.80	0.41	0.42	0.23
All States	12.75	0.36	0.33	0.21
	<b>1998</b>			
NY	14.76	0.35	0.27	0.21
NJ	15.13	0.42	0.39	0.21
PA	14.76	0.44	0.43	0.23
All States	14.76	0.37	0.32	0.22

\* Other deductions include cooperative dues and equity, and milk promotion.

## NY Dairy Promotion Report Released

The New York Dairy Promotion Advisory Board (DPAB) has released its annual *A Report to New York State Dairy Farmers on Programs and Activities Under the New York State Dairy Promotion Order*. The report summarizes milk promotion efforts and expenditures during the 1997-98 marketing year that ended April 30, 1998. An income and expense statement is shown in the table below. Funding for the New York Dairy Promotion Order is mainly from an assessment on NYS farmers' milk production. Of the total \$0.15 per hundredweight collected, \$0.10 per hundredweight is used in local promotion programs and the remainder is used by the National Dairy Promotion and Research Program.

The promotion report describes the various promotional activities, results of the research projects, and lists the board members. Copies of the report may be obtained by writing to: Edward J. Johnston, Jr., NYS Department of Agriculture and Markets, I Winners Circle, Albany, NY 12235.◆

### NY Dairy Promotion Income and Expense for the 1997-98 Marketing Year

	thousands
Total Income Available*	\$9,275
Expenses:	
Advertising & Sales Promotion	\$5,614
Publicity, Information, & Supporting Services	1,549
Nutrition Marketing	831
Cornell University Research	526
National Program Support & Promotion	30
Administration	188
Total Expenses	\$8,738
Carryover	\$537

\* Includes interest income and carryover from 1996-97 marketing year.

**Educational Meetings** (continued from page 1) topics planned to be discussed at these meetings include the current milk marketing environment, milk prices, government and regulatory developments, and other issues of general interest to Northeast dairy farmers. The meetings provide an excellent opportunity for dairy farmers to learn about current issues affecting the dairy industry as well as to ask questions. With the Federal Order Reform Final Rule scheduled to be released by April 4, 1999, the dairy industry may be facing significant changes to long-standing federal dairy programs. Keeping abreast of market conditions and proposed changes in dairy programs should help dairy farmers when making business decisions. The educational meetings conducted by DairyIlea and DFA are *open to all Order No. 2 producers*, both cooperative members and non-cooperative producers alike.◆

## Educational Seminar Schedule

### Conducted by Dairy Farmers of America, Inc.

Day and Date	Time	Location
Tues.-April 20	1:00 p.m.	Ramada Inn Arsenal Street <b>Watertown, NY</b>
Tues.-April 20	7:30 p.m.	Cooperative Extension Ag. Center Eaton Street <b>Morrisville, NY</b>
Thurs.-April 22	1:00 p.m.	Sunset West Restaurant PA Route 26 <b>Pleasant Gap, PA</b>
Thurs.-April 22	7:30 p.m.	Guthrie Inn Spring Street <b>Sayre, PA</b>

### Conducted by DairyIlea Cooperative Inc.

Day and Date	Time	Location
Sat.-March 20	1:00 p.m.	Howard Johnson Hotel North Broad Street <b>Norwich, NY</b>
Wed.-March 24	1:00 p.m.	Bynwood Inn South 6th Street <b>Lewisburg, PA</b>
Wed.-March 24	7:00 p.m.	Martinsburg Central High School Central High Road <b>Martinsburg, PA</b>
Thurs.-March 25	1:00 p.m.	Best Western Spring Street <b>Sayre, PA</b>
Thurs.-March 25	7:30 p.m.	Ramada Inn Routes 6 & 11 <b>Clarks Summit, PA</b>
Fri.-March 26	1:00 p.m.	Fort Edward Fire Department Broadway <b>Fort Edward, NY</b>
Sat.-March 27	1:00 p.m.	Holiday Inn Crystal Run <b>Middletown, NY</b>
Mon.-April 5	1:00 p.m.	Best Western Albany Street <b>Little Falls, NY</b>
Tues.-April 6	1:00 p.m.	Crossroads Restaurant Route 22 <b>Moira, NY</b>
Tues.-April 6	7:00 p.m.	Ramada Inn Arsenal Street <b>Watertown, NY</b>
Wed.-April 7	1:00 p.m.	Inn through the Woods Route 12 <b>Lowville, NY</b>
Wed.-April 7	7:00 p.m.	Comfort Suite/Vernon Downs Route 31 <b>Vernon, NY</b>
Thurs.-April 15	7:00 p.m.	Warner's Restaurant Route 302 <b>Wells River, VT</b>

## Determination of Uniform Price of \$15.08 for February 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	354,356,710	38.8	19.76	70,020,885.89	120,896.42	70,141,782.31	7.673
I-B	14,744,243	1.6	19.76	2,913,462.43	1,409.47	2,914,871.90	0.319
II	124,665,490	13.6	17.64	21,990,992.43	13,363.28	22,004,355.71	2.407
III	392,690,262	43.0	10.29	40,407,828.05	37,410.93	40,445,238.98	4.425
IIIA	<u>27,677,995</u>	<u>3.0</u>	<u>12.80</u>	<u>3,542,783.36</u>	<u>5,125.43</u>	<u>3,547,908.79</u>	<u>0.388</u>
Reported receipts	914,134,700	100.0		138,875,952.16	178,205.53	139,054,157.69	15.212
Adjustments:	<u>Product pounds</u>		<u>Dollars*</u>				
Sec. .60(d)(1)III	30,039		43,387.35				
Total Sec. .60(d)(1)	30,039	30,039	43,387.35			43,387.35	0.005
Sec. .60(d)(6) I	5,054,941		154,277.75				
Sec. .60(d)(6) II	3,178,012		42,585.38				
Total Sec. .60(d)(2) thru (6)	8,232,953		196,863.13			196,863.13	0.021
Total adjustments	8,262,992		240,250.48				
Total pool milk classified	914,164,739						
Handlers must pay			240,250.48	138,875,952.16	178,205.53	139,294,408.17	** 15.238

### COMPUTATION OF UNIFORM PRICE

	Milk pounds	Dollars	Dollars per cwt of receipts
Total value of pooled milk		139,294,408.17	15.238
Less: Cooperative payments	592,092,935	236,837.18	0.026
Reserve		786,785.50	0.086
Transportation credit	914,134,700	1,371,202.08	<u>0.150</u>
Value of pooled milk less subtractions		136,899,583.41	14.976
Add: Freight adjustment to 201-210 mile zone		100,029.10	0.011
Unreserved cash in producer settlement fund		<u>851,900.25</u>	<u>0.093</u>
Uniform Price	914,134,700	137,851,512.76	15.080

\* Includes transportation and other applicable differentials.

\*\* In addition handlers must pay \$2,859,118.55 for butterfat in excess of 3.5 percent.

Note: The average butterfat test of milk delivered was 3.725013 percent. The butterfat differential was \$.139 for each one-tenth of one percent of butterfat.

## Comparative Price and Other Descriptive Statistics

	FEBRUARY 1998	JANUARY 1999	FEBRUARY 1999
Order No. 2			
Handlers (with producer milk)	36	30	31
Bulk Tank Units	95	91	93
Producers	10,212	9,414	9,402
Daily Deliveries Per Producer (pounds)	3,267	3,384	3,472
Price Factors, Monthly Averages (dollars)			
Basic Formula Price, 3.5% butterfat, per cwt	13.32	16.27	10.27
Cheddar Cheese, 40-lb blocks, per lb, NASS	1.4163	1.7595	1.3010
Butter, Grade A, per lb#	1.2963	1.3322	1.2253
Nonfat dry milk, Central States, per lb	1.0521	1.0893	1.0437
Uniform Prices (dollars per cwt, 3.5% butterfat)			
Order No. 1, Zone 1 (Boston)	15.02	18.01	16.54
Order No. 2, 1-10 mile Zone* (New York City)	15.06	18.27	15.95
Order No. 4, Philadelphia¶	14.70	17.29	16.10
Class I Utilization Percentage			
Order No. 1	44.9	45.9	45.0
Order No. 2	40.4	41.6	40.4
Order No. 4	42.0	39.8	41.2

# 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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