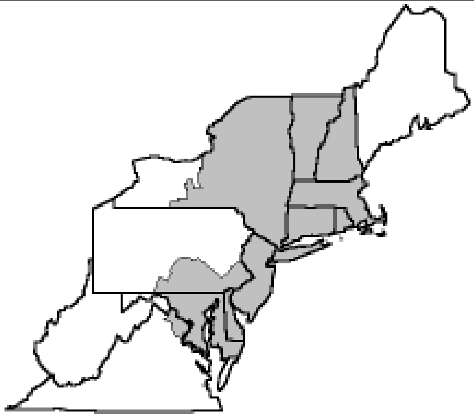

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

January 2001 Federal Order No. 1

To contact the Northeast Marketing Area offices:
Boston, MA: phone (617) 542-8966, e-mail address: MABoston@fedmilk1.com; *Albany, NY*: phone (518) 452-4410,
e-mail address: MAAlbany@fedmilk1.com; *Alexandria, VA*: phone (703) 549-7000, e-mail address: MAAlexandria@fedmilk1.com;
website address: www.fmmone.com

January Pool Price Calculation

The January 2001 statistical uniform price for the Northeast Marketing Area was announced at $13.76 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The January producer price differential (PPD) at Suffolk County was $3.77 per hundredweight.

Increase in Blend, Decrease in PPD

The January statistical uniform price was 4 cents above December's, the highest price during all of 2000. January's PPD declined 58 cents due to an increase in the Class III price, which decreased the spread between the Class III and IV prices. Strong Class I values (based on higher product price averages than the previous month's) plus greater Class III use (combined with increased protein value) contributed to this month's higher blend price.❖

Court Orders Changes in Price Formulas

In a January 31 ruling, a U.S. District Court Judge halted the implementation of portions of the interim final amendments to federal milk orders that became effective January 1, 2001. The Judge's order impacts the calculation of the Class III price formula and producer butterfat and protein prices. The ruling results from a Motion for Temporary Restraining Order and / or Preliminary Injunction filed by several producer groups stating that the implementation of a separate Class III butterfat price would cause harm to milk producers.

The Judge's order restores the butterfat and protein price formulas that were implemented under Federal Order Reform and in place during all of 2000. The formulas will, however, incorporate the changes to the *make allowances* in both the protein and butterfat price formulas that were voted upon by producers in the December 2000 referendum and adopted in the January 1, 2001, interim final amendments. In addition, the 38% moisture adjustment for 500-pound barrel cheese, as adopted in the interim final amendments, remains in effect. The producer butterfat price will revert back to the same Class III and IV butterfat price instead of being a pooled butterfat price, as would have been calculated under the interim final decision.

Interested parties had until February 5 to submit comments to USDA on the interim final amendments. USDA will re-evaluate the hearing record, any comments received, and the judicial decision in determining what further steps will be taken to conclude these Class III and IV price formulas rulemaking proceedings.❖

Pool Summary

- A total of 17,098 producers were pooled under the order with an average daily delivery per producer of 3,866 pounds.
- Pooled milk receipts totaled 2.051 billion pounds, an increase of 4.9 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 43.3 percent of total milk receipts, a decrease of 4.6 percentage points from December.
- The average butterfat test of producer receipts was 3.78 percent.
- The average true protein test of producer receipts was 3.03 percent.
- The average other solids test of producer receipts was 5.69 percent.

Class Utilization

Pooled Milk	Percent	Pounds
Class I	43.3	888,288,093
Class II	16.5	338,159,814
Class III	30.6	627,153,305
Class IV	9.6	197,093,138
Total Pooled Milk		2,050,694,350

Producer Component Prices

Protein Price	$1.6181 /lb
Butterfat Price	$1.2896 /lb
Other Solids Price	$0.1120 /lb

Class Price Factors

	$/cwt
Class I	17.24
Class II	12.82
Class III	9.99
Class IV	12.13

Farm Real Estate Values

From 1999 to 2000, the average farm real estate value per acre rose in Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Vermont. The national average, excluding Alaska and Hawaii, also rose. Farmland values have generally trended upward since 1996 for the states mentioned, as well as for the nation as a whole. According to the Farm Credit Administration (FCA), this trend reflects steady improvements in general agricultural productivity and growth of land values in line with the U.S. inflation rate. Consolidation into larger more efficient farm units and growth in non-farm interests in agricultural real estate also contributed to continuing increases in farm value per acre.

From 1996 to 2000, farm real estate values per acre in the selected Northeast states were higher than the national average. The percent increase in value per acre in the Northeast was lower than the percent increase experienced by the nation as a whole from 1996 to 1998. In 1999 and 2000, Maryland, Massachusetts, New York, Pennsylvania, and Vermont saw increases near or exceeding the national figure. Although New Jersey saw little increase, their average value ranks highest among the 48 contiguous states.

Low commodity prices put downward pressure on agricultural real estate values; however, this effect is less severe in areas with greater non-farm influences. The federal government's recent distribution of financial assistance to farmers will help maintain stable real estate values. The number of farm sales nationwide decreased in 1999. Declining farm sales are viewed as a leading indicator of decreasing land values. According to the FCA, risks for future land value declines are on the horizon, but current conditions do not warrant undue alarm.❖

Farm Real Estate Average Value Per Acre and Percent Change from Previous Year, Selected States and United States, January 1, 1996–2000

	1996	1997		1998		1999		2000	
State	Average $ Value	Average $ Value	Percent Change	Average $ Value	Percent Change	Average $ Value	Percent Change	Average $ Value	Percent Change
Maryland	3,110	3,150	1.3	3,180	1.0	3,300	3.8	3,500	6.1
Massachusetts	5,100	5,150	1.0	5,210	1.2	5,500	5.6	5,900	7.3
New Jersey	7,100	7,100	0.0	7,000	(1.4)	7,000	0.0	7,100	1.4
New York	1,260	1,250	(0.8)	1,280	2.4	1,340	4.7	1,410	5.2
Pennsylvania	2,270	2,300	1.3	2,390	3.9	2,500	4.6	2,620	4.8
Vermont	1,490	1,500	0.7	1,520	1.3	1,570	3.3	1,640	4.5
48 contiguous states	887	926	4.4	974	5.2	1,020	4.7	1,050	2.9

Source: USDA National Agricultural Statistics Service, *Agricultural Land Values Report.*

CCC Purchase Prices Adjusted

As mentioned in last month's *Bulletin*, the support price program was extended through calendar year 2001 by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001. Effective January 16, 2001, the purchase prices for butter, cheese, and nonfat dry milk (NFDM) bought under the support program were adjusted. The support price remains at $9.90 per hundredweight for milk with an annual average butterfat content of 3.67 percent.

The purchase prices were adjusted in order to reflect the new pricing formulas under the reformed Federal Milk Marketing Orders. As such, the CCC increased the price it pays for block Cheddar and barrel cheese by 0.94 cents (see accompanying table). The purchase price for butter decreased 1.31 cents, and the NFDM price dropped 0.68 cents. The prices of butter and NFDM were adjusted in proportion to their contribution to the milk price resulting in no change in the butter / NFDM relationship. ❖

Dairy Product Prices—CCC Purchase and Market

	CCC Purchase Price		
Product	Previous	Current*	Market**
	dollars per pound		
NFDM Spray extra grade Nonfortified, 25-kg bags	1.0100	1.0032	1.0300
Cheese			
Block Cheddar Grade A, 40-lb	1.1220	1.1314	1.1600
Barrel Extra grade, 500-lb	1.0920	1.1014	1.2000
Butter Grade A, 25-kg blocks	0.6680	0.6549	1.3200

* Effective January 16, 2001.
** Chicago Mercantile Exchange, prices as of 2/9/01; NFDM, no activity since 9/29/99.

MARKET SITUATION

Dairy Market Loss III

The USDA's Farm Service Agency began distributing Dairy Market Loss Assistance III (DMLA III) payments during December 2000. Payments were made to 76,145 producers nationwide for a total of $532,478,844 as of January 9, 2001.

A breakdown of payments by state shows that farmers in Wisconsin received the largest portion, $130,518,274, or 25 percent of the total. Wisconsin farmers represented 32 percent of the total number of producers who received payment. Minnesota, New York, and Pennsylvania round out the top four states in terms of both amount received and the number of producers for the state as a whole. The accompanying table shows payment summary data for selected states in the Northeast.

Nationwide, the average DMLA III payment per producer was $6,993. Producers in western states such as California, Arizona, Nevada, Washington, New Mexico, and Colorado received average payments ranging from $17,852 to $24,320. Minnesota and Wisconsin averaged $5,420 and $5,348 per farmer, respectively.

Lancaster and Bradford counties in Pennsylvania, Franklin and Addison counties in Vermont, and Wyoming and St. Lawrence counties in New York ranked in the top 30 counties nationwide with respect to amount received. In Stearns County, Minnesota, 1,206 farmers received payments, the largest number from any county in the United States. Tulare County, California, received $7,201,093—the largest payment to an individual county. Only 271 producers received payments in Tulare County.❖

DMLA III Payments, Selected Northeast States*

State	No. of Farmers Receiving Payment	Total Payments	Average Payment per Farmer
		dollars	
Maryland	532	5,350,790	10,058
New York	5,787	47,183,523	8,153
Pennsylvania	5,415	37,308,813	6,890
Vermont	1,891	13,492,864	7,135
Virginia	732	8,507,262	11,622
United States	76,145	532,478,844	6,993

*Note: Data are as of January 9, 2001.

Pool Summary for All Federal Orders, 2000

Federal Order Number	Federal Order Name	Total Producer Milk	Class I Producer Milk	Class I Utilization	Class I Price#	Producer Price Differential#	Statistical Uniform Price#*
		pounds	pounds	percent	dollars per hundredweight	dollars per hundredweight	dollars per hundredweight
1	**Northeast**	**23,972,404,822**	**10,513,080,398**	**43.9**	**14.80**	**3.30**	**13.04**
5	Appalachian	6,317,807,748	4,343,320,546	68.7	14.65	N/A	13.97
6	Florida	2,867,164,419	2,525,780,827	88.1	15.55	N/A	15.25
7	Southeast	7,487,159,307	4,867,106,537	65.0	14.65	N/A	13.63
30	Upper Midwest	23,414,521,759	4,091,593,339	17.5	13.35	0.83	10.57
32	Central	16,036,614,061	4,875,230,081	30.4	13.55	1.53	11.27
33	Mideast	14,180,769,880	6,716,244,190	47.4	13.55	2.34	12.08
124	Pacific Northwest	6,775,559,324	2,099,763,852	31.0	13.45	1.96	11.70
126	Southwest	8,712,978,920	3,970,646,980	45.6	14.55	2.86	12.60
131	Arizona-Las Vegas	3,109,653,776	978,312,396	31.5	13.90	N/A	11.84
135	Western	4,048,483,425	1,014,180,965	25.1	13.45	1.45	11.19
	All Market Total/Average	116,923,117,441	45,995,260,111	39.3	14.14	N/A	12.47

Price at designated order location. * Price at 3.5% butterfat. N/A = Not applicable.

USDA
MARKET ADMINISTRATOR
One Columbia Circle
Albany, NY 12203-6379

RETURN SERVICE REQUESTED

First Class
U.S. Postage
PAID
Alexandria, VA
Permit 355

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price

		Product Pounds	Price per cwt/lb	Component Value	Total Value
Class I—	Skim	869,955,570	$11.13	96,826,054.94	
	Butterfat	18,332,523	1.8569	34,041,661.96	
Less:	Location Adjustment to Handlers			(2,684,282.68)	$128,183,434.21
Class II—	Butterfat	24,493,869	1.2966	31,758,750.54	
	Nonfat Solids	28,430,507	0.9533	27,102,802.36	58,861,552.90
Class III—	Butterfat	22,386,433	1.2896	28,869,543.97	
	Protein	18,980,910	1.6181	30,713,010.46	
	Other Solids	35,750,170	0.1120	4,004,019.04	63,586,573.47
Class IV—	Butterfat	12,404,364	1.2896	15,996,667.86	
	Nonfat Solids	16,799,418	0.8765	14,724,689.87	30,721,357.73
Total Classified Value					**$281,352,918.31**
Add:	Overage—All Classes				117,032.52
	Inventory Reclassification—All Classes				(331,512.19)
	Other Source Receipts	164,921			8,615.90
Less:	Producer Component Valuations				(213,734,167.12)
	Subtotal				**$67,412,887.42**
Add:	Location Adjustment to Producers				10,130,815.32
	One-half Unobligated Balance—Producer Settlement Fund				674,417.56
Total Pool Milk & Aggregate Value		2,050,859,271			78,218,120.30
Less:	Producer Settlement Fund—Reserve				(900,725.70)
Producer Price Differential @ *Suffolk County, MA (Boston)*			**$3.77**		77,317,394.60
Statistical Uniform Price @ *Suffolk County, MA (Boston)*			**$13.76**		

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