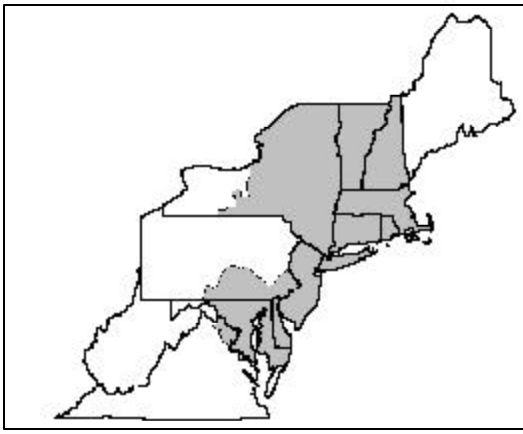

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

February 2002 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

February Pool Price Calculation

The February 2002 statistical uniform price for the Northeast Marketing Area was announced at $13.48 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 February producer price differential (PPD) at Suffolk County was $1.85 per hundredweight.

The February statistical uniform price was 33 cents per hundredweight below January's price; the PPD was 9 cents lower. This was the lowest blend price since November 2000.❖

Payment Dates to Producers

The calendar below shows the dates for partial and final payments to producers who are not members of cooperatives. As specified in sections 1001.73(a)(1) and (2) of the Order, payment must be made so that it is *received* by a producer no later than the date shown. The payment dates vary due to weekends and national holidays. Note that the Order's provisions do not require cooperative handlers to follow this schedule.

For a complete explanation, refer to the sited sections in the Northeast Order that are available on our website: www.fmmone.com.❖

Required Producer Payments Under the Northeast Order

Month Milk Produced	Payment Due: Partial Day	Partial Date	Final Day	Final Date
March	Tuesday	3/26/02	Wednesday	4/17/02
April	Friday	4/26/02	Friday	5/17/02
May	Tuesday	5/28/02	Tuesday	6/18/02
June	Wednesday	6/26/02	Wednesday	7/17/02
July	Friday	7/26/02	Monday	8/19/02
August	Monday	8/26/02	Tuesday	9/17/02
September	Thursday	9/26/02	Thursday	10/17/02
October	Monday	10/28/02	Tuesday	11/19/02
November	Tuesday	11/26/02	Tuesday	12/17/02
December	Thursday	12/26/02	Friday	1/17/03

Pool Summary

- A total of 17,172 producers were pooled under the Order with an average daily delivery per producer of 4,177 pounds.
- Pooled milk receipts totaled 2.008 billion pounds, an increase of 0.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 40.8 percent of total milk receipts, a decline of 1.1 percentage points from January.
- The average butterfat test of producer receipts was 3.75 percent.
- The average true protein test of producer receipts was 3.01 percent.
- The average other solids test of producer receipts was 5.72 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	40.8	819,585,526
Class II	16.4	330,063,808
Class III	29.8	598,573,789
Class IV	13.0	260,193,646
Total Pooled Milk		2,008,416,769

Producer Component Prices

	2002	2001
	$/lb	
Protein Price	2.0884	1.4951
Butterfat Price	1.3817	1.4626
Other Solids Price	0.0965	0.1199

Class Price Factors

	2002	2001
	$/cwt	
Class I	15.20	15.19
Class II	12.28	13.43
Class III	11.63	10.27
Class IV	11.54	12.70

Milk by Location Differential

The accompanying table shows the amount of milk received from producers by each class at the plants where the milk was priced during 2001. For example, producer milk pooled at a plant located in New York City, New York, was priced in the $3.15 and above category; milk pooled at a plant located in Lancaster, Pennsylvania, was priced in the $2.80–$2.95 category.

As depicted in the table, 17.9 percent of milk receipts was priced in the $3.15 and above location differential zones. The largest proportion of milk receipts was priced in the $3.00–3.10 range; the smallest proportion was priced in the $2.60–2.70 range.

On a class basis, 33.2 percent of Class I milk receipts was priced in the highest differential zones; only 3.4 percent of Class I was priced in the lowest zone. Class II milk was priced more proportionately with the largest volume priced in the $3.00–3.10 range (21.6 percent) and the smallest proportion in the $2.60–2.70 range (9.8 percent). Of the Class III total, 49.1 percent was priced in the lowest range and only 2.5 percent in the highest range. Milk used for Class IV purposes mainly was priced in the $2.80–2.95 zone (53.6 percent).❖

Receipts of Producer Milk by Plant Location Differential at Which Priced, 2001

Location Differential*	Class I	Class II	Class III	Class IV	Total Receipts	Percent of Total Receipts
dollars/cwt			pounds			
3.15 and above	3,532,721,787	628,250,586	187,474,959	45,808,614	4,394,255,946	17.9
3.00 – 3.10	3,377,365,790	884,022,169	650,953,083	625,475,975	5,537,817,017	22.6
2.80 – 2.95	1,468,448,780	833,978,367	843,767,411	1,142,676,821	4,288,871,379	17.5
2.60 – 2.70	1,021,790,990	402,585,258	717,884,515	28,008,540	2,170,269,303	8.9
2.40 – 2.55	879,576,796	615,426,654	1,468,947,167	68,148,425	3,032,099,042	12.4
2.35 and below	362,183,714	737,267,619	3,735,534,238	221,134,768	5,056,120,339	20.7
Market Total	10,642,087,857	4,101,530,653	7,604,561,373	2,131,253,143	24,479,433,026	100.0

* Differentials have been combined in ranges to assure confidentiality of data.

Testing Expanded in the Northeast

As of January 1, 2002, the Northeast Order has expanded its program of packaged milk testing to cover the entire Northeast Marketing Area. The testing is conducted at the Market Administrator laboratory in Alexandria, Virginia. The testing is designed to screen packaged milk products, which may be reconstituted but are not properly identified, and/or to verify the amount of fortification in the milk product. Finished milk products are picked up by Market Administrator employees either at a retail store or directly at a plant. For bottled milk products that are fortified, it is sometimes necessary to obtain a sample of the skim milk powder that is used in processing, along with a sample of the raw milk used at the plant. The following tests are performed to obtain a complete profile of each finished product:

Butterfat—determines the fat content in the product;

Freezing Point—indicates fortification and water content of the product;

Protein Reducing Substances (PRS Test)—indicates the presence of heat-treated solids;

Solids—determines total solids, solids nonfat, and solids nonfat in skim portion;

Titratable Acidity—determines the acidity level of the product.

The combination of these tests gives an accurate profile of the composition of the finished fluid milk product, and serves as an additional tool for audit verification purposes.❖

Data Available on Website

Documents and publications released by the Northeast Milk Marketing Area such as the monthly *Bulletin*, price announcements, handler forms, and various other Order related information are available, on the day of release, for viewing or reprinting from our website: www.fmmone.com.❖

MARKET SITUATION

Butter and Cheese Prices on Decline

During the last quarter of 2001, prices for 40-pound block Cheddar cheese and Grade AA butter on the Chicago Mercantile Exchange (CME) leveled out after plummeting in late September and early October. After declining during February, both seem to be rebounding during the past week or two.

Butter Prices

Figure 1 shows weekly CME butter prices for all of 2000 and 2001 and for the first 10 weeks of 2002. After peaking in September at $2.2100 per pound, the butter price began falling and plummeted 32 cents for the trading week ending September 28. The weekly average dropped about 16 cents each week for the next 3 weeks, hitting $1.2642 on October 26. From that point until the end of 2001, butter prices averaged $1.3151, ranging between $1.2392 and $1.3788 per pound. During the first 5 weeks of 2002, the butter price averaged in the mid $1.30's per pound. For the week ending February 8, the Grade AA butter price dropped to $1.2167 per pound. It jumped up to $1.2508 the following week where it has averaged for the past 3 weeks.

The butter price reported on the National Agricultural Statistics Service (NASS) survey followed the CME price closely throughout 2001, averaging a difference of only 2 cents per pound. For the first 9 weeks of 2002, the difference was closer to 1 cent.

Cheese Prices

Figure 2 displays the price for 40-pound block Cheddar cheese on the CME during 2000, 2001, and the first 10 weeks of 2002. When we last reported on cheese prices (September 2001 *Bulletin*), the CME block cheese price had plunged 24 cents for the week ending October 12. Declines of 13 cents and 5 cents per pound followed for the next 2 weeks. After that, the price rebounded slightly and remained in the $1.22 to $1.34 per pound range throughout the end of the year. By the fourth week of 2002 the average butter price reached $1.3888 per pound, but then declined to $1.1800 per pound by the week ending March 1. Even so, the 10-week average is higher than the averages for the same period during both 2000 and 2001.

The NASS block Cheddar price was fairly close to the CME price throughout 2001, although changes in the market are somewhat delayed. Overall, the difference in the two prices averaged only 2 cents for 2001. Since the beginning of 2002, the spread averaged less than 1 cent.❖

Figure 1

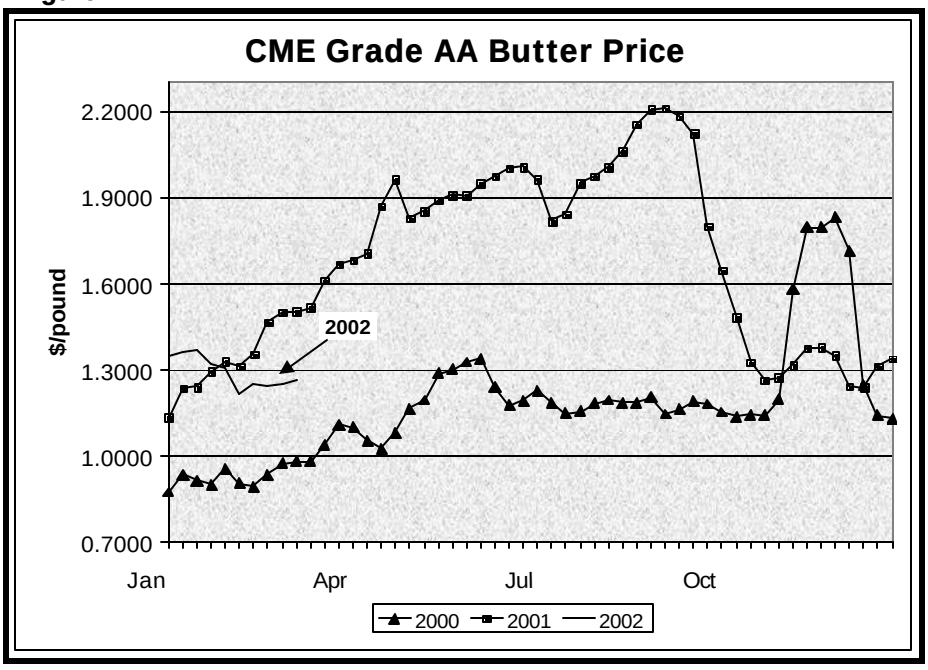

Figure 2