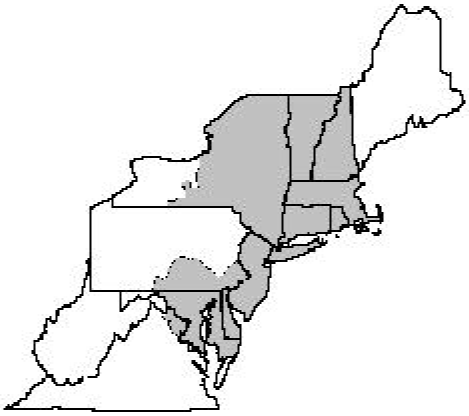

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

May 2002

Federal Order No. 1

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May Pool Price Calculation

The May 2002 statistical uniform price for the Northeast Marketing Area was announced at $12.63 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 May producer price differential (PPD) at Suffolk County was $1.81 per hundredweight.

The May statistical uniform price was 31 cents per hundredweight below April's price. The May PPD was 28 cents below the previous month's. All class prices declined, with the Class III price facing the smallest decline due to an increase in the protein price. These changes caused a tightening in the spread between the Class I, II, and IV prices and the Class III price, which resulted in a reduced PPD. This was expected as commodity prices have been declining. It appears prices likely will remain depressed in the near future.❖

Strong Spring Flush

Producer milk receipts during the "spring flush" months (March, April, May) totaled over 6.8 billion pounds. This was an increase of 6.4 percent from the same period in 2001 and up 6.6 percent from the total recorded in 2000.

Pooled milk from producers, located in the states typically considered the Northeast milkshed, increased 7.8 percent during the 3-month period in 2002. All northeastern states showed increases in pooled receipts during these months except Connecticut and West Virginia. States registering the largest gains were Virginia, Delaware, New York, and Pennsylvania. Milk pooled from producers located outside of this area declined 21.8 percent for the same period. Changes in pool price relationships affect the economic viability of pooling from a distance.

It should be noted that pooled receipts are not necessarily representative of milk production in a particular state. Changes in pooled receipts are reflective of handlers' movements of milk between different marketing areas.❖

Pool Summary

- A total of 16,894 producers were pooled under the Order with an average daily delivery per producer of 4,357 pounds.
- Pooled milk receipts totaled 2.282 billion pounds, a decrease of 1.5 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 39.8 percent of total milk receipts, an increase of 0.9 percentage points from April.
- The average butterfat test of producer receipts was 3.67 percent.
- The average true protein test of producer receipts was 2.98 percent.
- The average other solids test of producer receipts was 5.75 percent.

Class Utilization

Pooled Milk	Percent	Pounds
Class I	39.8	907,667,279
Class II	15.0	341,429,183
Class III	31.3	715,669,197
Class IV	13.9	317,395,104
Total Pooled Milk		2,282,160,763

Producer Component Prices

	2002	2001
	$/lb	
Protein Price	2.2097	1.9108
Butterfat Price	1.1433	2.1191
Other Solids Price	0.0371	0.1229

Class Price Factors

	2002	2001
	$/cwt	
Class I	14.51	17.46
Class II	11.29	15.72
Class III	10.82	13.83
Class IV	10.57	15.04

Top Ten Northeast Order Counties—Milk Receipts

In 2001, the top ten counties in terms of milk pooled on the Northeast Order accounted for 28.6 percent of all milk pooled during the year, down slightly from 29.3 percent in 2000. It should be noted that pooled milk receipts do not necessarily account for all milk produced in the county. Milk shipped to other federal orders, state orders, or unregulated areas is not included here.

Lancaster County, PA, led all counties for the year with over 1.9 billion pounds pooled, more than 2.5 times second ranked Franklin County, PA, which pooled almost 750 million pounds. Franklin County, VT, was third with just under 720 million pounds. The counties of St. Lawrence, Jefferson, Wyoming, Cayuga, and Lewis in New York; Addison in Vermont; and Bradford in Pennsylvania, round out the top ten. The accompanying figure ranks the top 10 counties by Northeast Order pooled milk receipts and includes statistics on daily deliveries by producer (DDP) and average herd size.

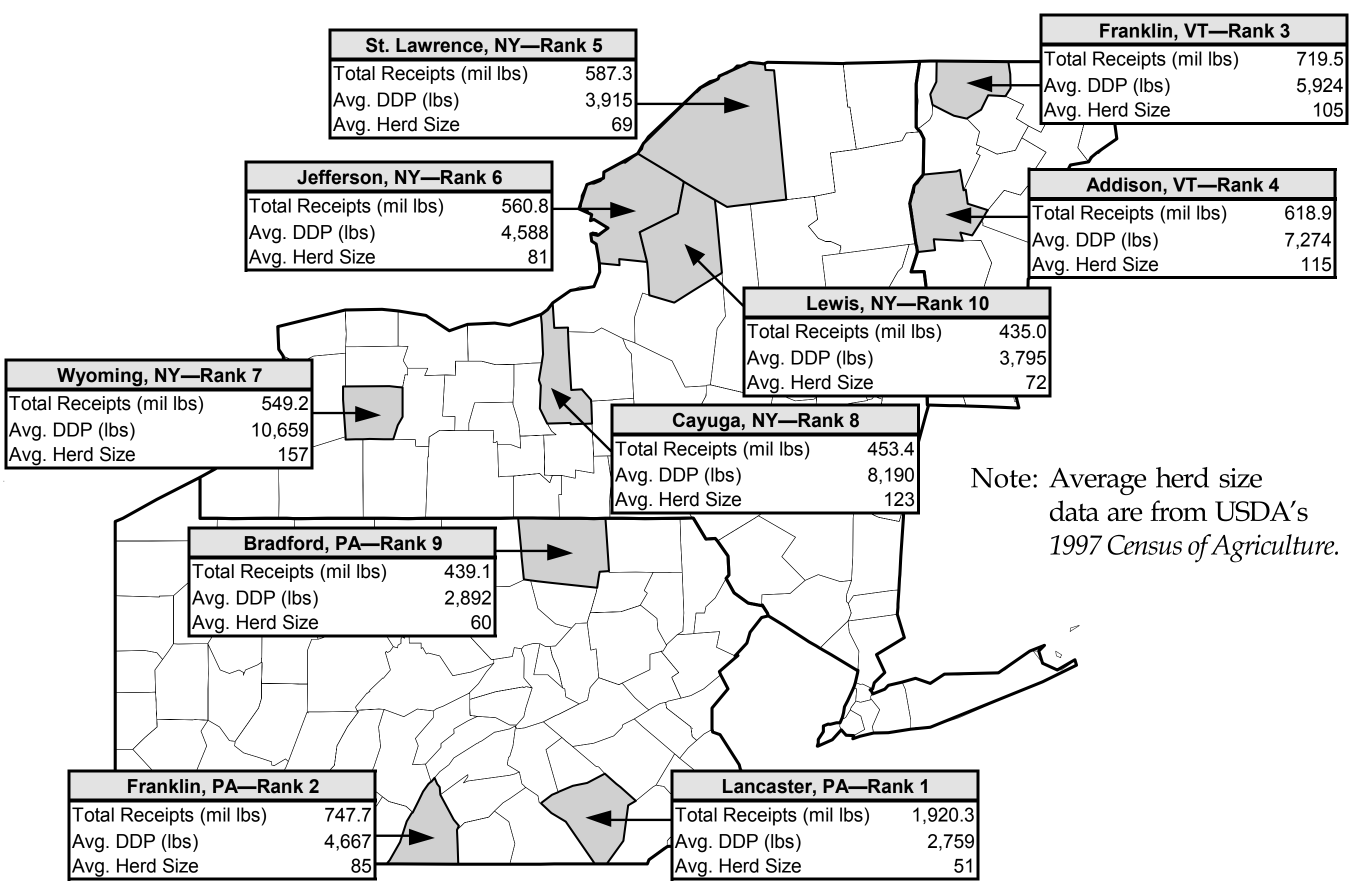
The top four positions remained as they were in 2000. Wyoming County, NY, slipped two positions from fifth to seventh, and Lewis County, NY, slipped from eighth to tenth. St. Lawrence County, NY; Jefferson County, NY; Cayuga County, NY; and Bradford County, PA, all moved up one position.

Lancaster County, PA, also had the largest number of producers of the top supply counties, registering an average 1,907 during 2001. The second-ranked county, Franklin, PA, also ranked second in producers with an average of 438. Wyoming County, NY, averaged the smallest number of the top ten counties with 141. In total, the top-ten counties accounted for an average of 27.4 percent of all pool producers during 2001, down slightly from 28.0 percent in 2000.

Of these counties, seventh ranked Wyoming County, NY, had the highest DDP in 2001 at 10,659 pounds, up from 10,186 pounds the previous year when it led the same group. Top ranked Lancaster County, PA, had the lowest DDP at 2,759 pounds, although this was an increase of 2.8 percent over 2000.

Wyoming County, NY; Cayuga County, NY; and Addison County, VT, had the largest average herd size per farm at 157, 123, and 115, respectively. Lancaster County, PA, averaged the smallest herd size per farm with 51 cows. Average herd size data are from USDA's *1997 Census of Agriculture.*❖

Northeast Order Top Ten Supply Counties and Selected Statistics, 2001



Note: Average herd size data are from USDA's *1997 Census of Agriculture.*

MARKET SITUATION

Container Survey Completed

The November 2001 container sales survey for the Northeast Milk Marketing Area was recently completed. The survey is conducted biennially and records packaged sales data for the month of November. Information is collected from handlers operating plants regulated under Federal Order No. 1 that sell fluid packaged milk products on routes.

Packaged sales totaled 912.5 million pounds in November 2001. Approximately 90 percent of sales were in the marketing area, the remainder were in other federal marketing areas and non-regulated areas. Packaged sales include whole, reduced fat (2%), low fat (1%), fat free (skim), flavored milk and drinks (low fat and skim), buttermilk, and eggnog. Data are collected for three container types (glass, paper, and plastic) and for seven container sizes (gallon, half-gallon, quart, pint, half-pint, 6-gallon, and 5-gallon). In addition, data are collected for self-serve round containers, such as chugs.

The survey also records the method of distribution by handler. All data are based on sales volume in pounds unless otherwise noted.

Container Type

Nearly three-quarters (73.8 percent) of all route sales were sold in plastic containers. Paper containers accounted for 26 percent, while glass held only 0.2 percent. This trend has accelerated over the years with plastic replacing paper, and glass becoming nearly nonexistent.

Container Size

Sales in gallon containers accounted for 54.4 percent of total sales (see chart). Half-gallon containers made up 25.2 percent, quarts were 7.0 percent, pints 2.3 percent, and half-pints 8.1 percent. Sales in 6-gallon and 5-gallon containers reported 0.5 percent and 1.0 percent, respectively. The remaining 1.5 percent was sold in other unidentified sizes.

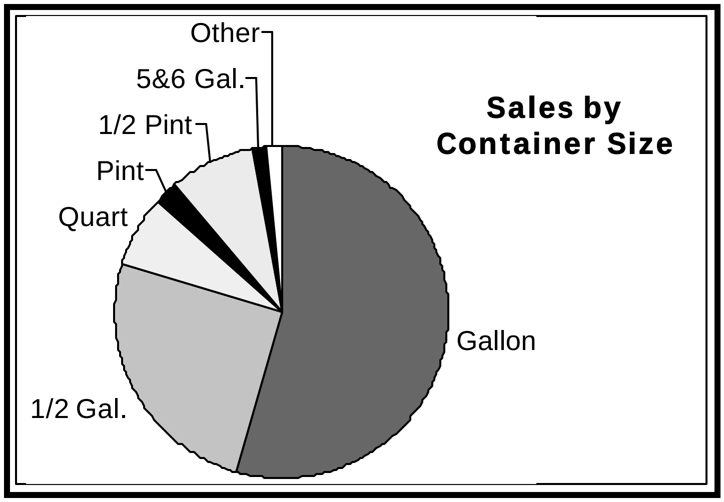
All gallon containers were made of plastic, as were the 6- and 5-gallon sizes. No other glass containers besides half-gallons and quarts were reported. In the other container sizes, plastic dominated half-gallons and pints, while paper accounted for most quarts and half-pints.

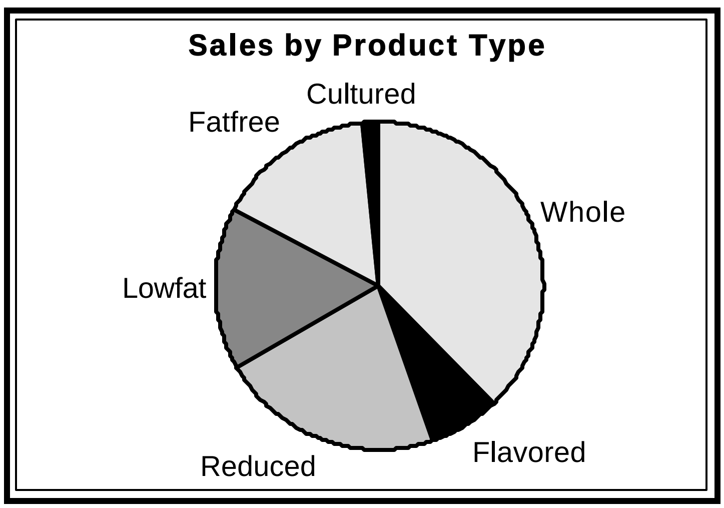
Product Type

Whole milk sales accounted for 37.9 percent of the total sales in November 2001 (see chart). Reduced fat held 22.0 percent, low fat had 15.9 percent, and fat free followed closely with 15.5 percent. Flavored milk and drinks accounted for a combined 6.8 percent, buttermilk held 0.3 percent, and eggnog had 1.5 percent of total sales that month.

Method of Distribution

In the Order No. 1 area, wholesale deliveries accounted for 99.6 percent of total sales in the 2001 survey; home deliveries made up the remaining 0.4 percent. Of the wholesale total, 50.5 percent were to supermarkets; 17.5 percent to dairy and convenience stores; 8.0 to institutions such as schools and military; and 24.0 percent to other wholesale including superstores / hypermarkets and wholesale clubs.❖





Annual Bulletin Available

The 2001 Annual Statistical Bulletin for the Northeast Milk Marketing Area is now available. The report provides information about the operation of Order No. 1. Price and pool data are summarized in tables and charts, and a listing of handlers, plants, and cooperatives operating under the Order is provided. Highlights from the monthly *Bulletin*, summarizing important events that impacted the dairy industry during 2001, are also included.

The 48-page report can be found on our website at www.fmmone.com. Copies may be requested free of charge by contacting the Albany office at (518) 452-4410 or e-mail: MAAlbany@fedmilk1.com.❖

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Computation of Producer Price Differential and Statistical Uniform Price

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	889,406,809	$10.08	89,652,206.35	
	Butterfat	18,260,470	1.3664	24,951,106.21	
Less:	Location Adjustment to Handlers			(2,648,888.41)	$111,954,424.23
Class II—	Butterfat	26,826,292	1.1503	30,858,283.69	
	Nonfat Solids	28,496,835	0.8367	23,843,301.84	54,701,585.53
Class III—	Butterfat	24,770,196	1.1433	28,319,765.08	
	Protein	21,342,111	2.2097	47,159,662.70	
	Other Solids	41,298,623	0.0371	1,532,178.94	77,011,606.72
Class IV–	Butterfat	13,869,232	1.1433	15,856,692.93	
	Nonfat Solids	27,451,943	0.7572	20,786,611.22	36,643,304.15
Total Classified Value					**$280,310,920.63**
Add:	Overage—All Classes				38,759.17
	Inventory Reclassification—All Classes				(1,071.57)
	Other Source Receipts	50,566			1,446.19
Less:	Producer Component Valuations				(250,748,976.11)
	Subtotal				**$29,601,078.31**
Add:	Location Adjustment to Producers				11,681,709.94
	One-half Unobligated Balance—Producer Settlement Fund				1,137,819.86
Total Pool Milk & Aggregate Value		2,282,211,329			42,420,608.11
Less:	Producer Settlement Fund—Reserve				(1,112,583.04)
Producer Price Differential @ *Suffolk County, MA (Boston)*			**$1.81**		41,308,025.07
Statistical Uniform Price @ *Suffolk County, MA (Boston)*			**$12.63**		

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