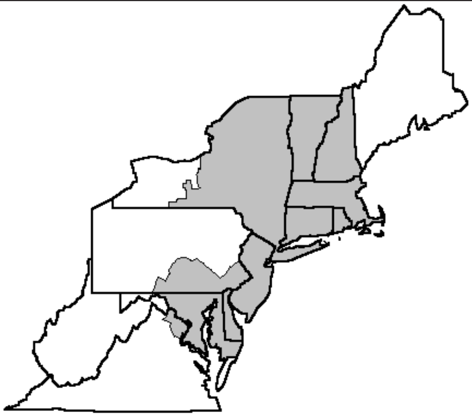

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

April 2005 Federal Order No. 1

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April Pool Price Calculation

The April 2005 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $15.52 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 April producer price differential (PPD) at Suffolk County was $0.91 per hundredweight.

April's statistical uniform price was 52 cents per hundredweight less than the March price; the April PPD was $1.05 below last month's. During April, butter prices decreased resulting in a lower producer butterfat price. Cheese prices increased resulting in a higher producer protein price reflected in a higher Class III price. Class II and IV prices declined slightly, but the Class I price, based on market prices in March, dropped $1.30 per hundredweight. This tightening in the spread between the class prices resulted in a lower PPD. ❖

Hearing on Class I Fluid Milk Product Definition

The U. S. Department of Agriculture will hold a national public hearing on June 20, 2005, to consider proposals seeking to amend the Class I fluid milk product definition in all Federal milk marketing orders.

The hearing was requested by Dairy Farmers of America Inc. (DFA) who asked USDA to reconsider which dairy products should be classified as Class I products. DFA contends that many fluid consumable milk products are currently classified as Class II products because of the current formulation standard.❖

Limit on Producer-Handler Exemption

On April 12, 2005, the U.S. Department of Agriculture announced a recommended decision that would amend the current provisions of the Pacific Northwest and Arizona-Las Vegas Federal milk marketing orders. The decision recommends establishing a three-million pound per month route disposition limit, which if exceeded would make a producer-handler subject to the pooling and pricing provisions of the order.

While there are specific differences in how each order defines and describes producer-handlers, all Federal milk marketing orders exempt producer-handlers from the pooling and pricing provisions of the orders. The exemption essentially means that the minimum class prices established under the order that handlers must pay for milk are not applicable to

(continued on page 2)

Pool Summary

- A total of 15,009 producers were pooled under the Order with an average daily delivery per producer of 4,461 pounds.
- Pooled milk receipts totaled 2.009 billion pounds, an increase of 2.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 42.9 percent of total milk receipts, a decrease of 1.9 percentage points from March.
- The average butterfat test of producer receipts was 3.67 percent.
- The average true protein test of producer receipts was 3.00 percent.
- The average other solids test of producer receipts was 5.70 percent.

Class Utilization

Pooled Milk	Percent	Pounds
Class I	42.9	860,732,954
Class II	19.6	394,273,001
Class III	21.9	439,803,357
Class IV	15.6	314,149,905
Total Pooled Milk		2,008,959,217

Producer Component Prices

	2005	2004
	$/lb	
Protein Price	2.7055	3.4465
Butterfat Price	1.6964	2.5013
Other Solids Price	0.1020	0.1042

Class Price Factors

	2005	2004
	$/cwt	
Class I	17.38	16.89
Class II	13.24	15.21
Class III	14.61	19.66
Class IV	12.61	14.57

Manufactured Dairy Products—2004 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2004 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table shows total production and annual change for selected products.

Cheese Production

Total cheese production (excluding cottage cheese) grew 3.4 percent from 2003. American cheese production increased 3.0 percent and Italian rose 3.6 percent. Swiss production increased 5.9 percent, cream and Neufchatel rose 3.0 percent, and other types (Muenster, brick, limburger, blue, Hispanic, among others) grew 5.4 percent. All percentages have been adjusted for leap year.

American production accounted for 42.1 percent of all cheese, down from 42.3 percent in 2003. Cheddar cheese grew 2.0 percent from 2003 and accounted for 73.9 percent of all American production. This was down from 74.6 percent of all American in 2003. Other American, which includes colby, Monterey, and Jack cheeses, increased 5.7 percent in 2004. Italian cheese accounted for 41.2 percent of total cheese, unchanged from 2003. Mozzarella increased 3.6 percent and accounted for 79.7 percent of all Italian cheese made. Hispanic cheeses increased 6.2 percent, following an increase of 7.4 percent in 2003, and accounted for 1.6 percent of all cheese manufactured in 2004.

Selected U.S. Manufactured Dairy Products, 2003–2004

	2003	2004	Yr-to-Yr Change
	million pounds		percent
Cheese			
American^	3,622	3,739	3.0
Italian	3,524	3,660	3.6
Cream & Neufchatel	677	699	3.0
Other*	735	778	5.6
Total Cheese#	8,557	8,876	3.4
Butter	1,242	1,250	0.3
NFDM	1,589	1,406	(11.7)
Condensed Skim**	919	904	(1.9)
Yogurt	2,507	2,709	7.8
Ice Cream	993	944	(5.2)

^ Includes Cheddar, Colby, Monterey, and Jack.
* Includes Swiss, Muenster, brick, limburger, blue, Hispanic, and other varieties.
# Excludes cottage cheese.
** Unsweetened.

Other Products

Butter production rose a slight 0.3 percent in 2004, following a decrease of 8.3 percent in 2003. Yogurt (plain and fruit flavored) jumped 7.8 percent. Frozen yogurt production declined 4.1 percent while ice cream dropped 5.2 percent. Nonfat dry milk (NFDM) production decreased 11.7 percent in 2004. The production of canned evaporated and condensed whole milk dropped 8.5 percent and bulk unsweetened skim condensed decreased 1.9 percent.

Leading States

Wisconsin maintained its lead as the number one cheese producing state, followed by California, Idaho, and New York. It is the leader in both American and Italian cheese production; California ranked second in both of these products and first in mozzarella, butter, yogurt, ice cream, and NFDM. New York ranked second in yogurt production, third in Italian cheese, fourth in butter, and number one in both lowfat and creamed cottage cheese. Pennsylvania ranked third in butter and fourth in Italian.

Wisconsin still had the largest number of manufacturing plants (199), followed by New York (118), and California (114). Overall, the number of plants declined 2.1 percent during 2004.❖

Producer-Handler Exemption *(continued from page 1)*

producer-handlers and producer-handlers receive no minimum price protection for surplus milk disposed of within an order's marketing area. Producer-handlers enjoy keeping the entire value of their milk production disposed of as fluid milk products in the marketing area to themselves and do not share this value with other dairy farmers whose milk is pooled on the order. However, producer-handlers are subject to strict definitions and limitations in their business practices. The order limits the ability of producer-handlers to buy or acquire milk that may be needed from dairy farmers or other handlers. Additionally, producer-handlers bear the entire burden of producing, processing, and balancing their own milk production. Milk production in excess of what is needed to satisfy their Class I route disposition needs will receive whatever price they are able to obtain.

It is the exemption from the pooling and pricing provisions of the Pacific Northwest and Arizona-Las Vegas orders that is the central issue of this proceeding. While producer-handlers are exempt from the pooling and pricing provisions, they are "regulated" to the extent that producer-handlers submit reports to the Market Administrator who monitors producer-handler operations to ensure that such entities are in compliance with the conditions for such regulatory status.

While the Northeast Order has over 40 producer-handlers or exempt plants, none are of the size or scale as some of the producer-handler operations in the other orders.❖

Annual Bulletin Available

The 2004 *Annual Statistical Bulletin* for the Northeast Milk Marketing Area is now available. The report, numbering 54 pages, 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.❖

Dairy Promotion Seeks Nominations

The USDA is seeking nominations for the National Dairy Promotion and Research Board. Twelve individuals will be appointed to serve 3-year terms beginning November 1, 2005. Locally, Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); Region 12 (New York); and Region 13 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) all have openings.

For nominating forms and procedures, contact the Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, DC 20250-0233; telephone (202) 720-6909; or E-mail at michael.johnson2@usda.gov. Nominations must be submitted by May 31, 2005.❖

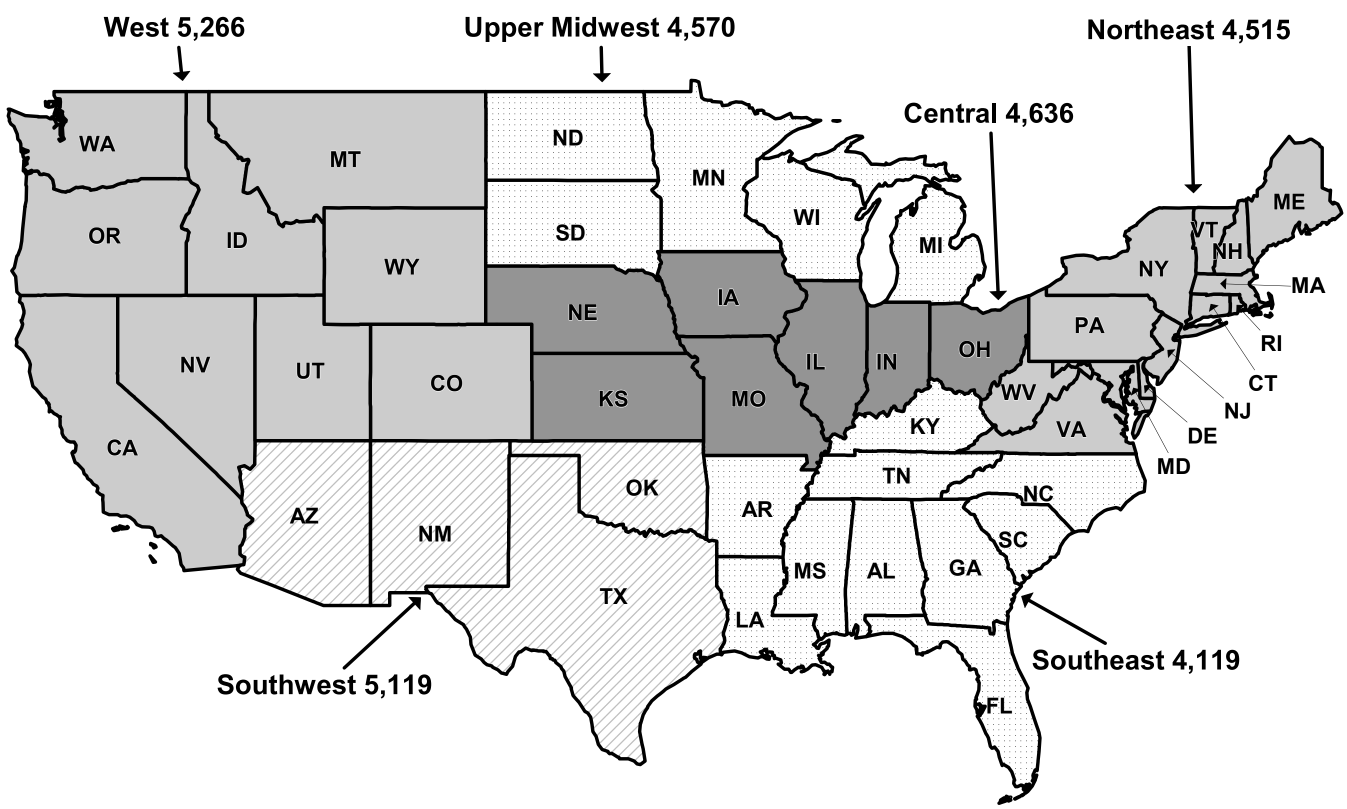
Milk Per Cow Comparison

For the first 3 months of 2005, milk production per cow (MPC) averaged 4,807 pounds nationwide. Around the country, production per cow varies widely. The accompanying map shows average MPC by region for the first quarter of 2005.

The West, which includes such states as California, Idaho, Oregon, and Washington, had the highest average MPC at 5,266 pounds, followed by the Southwestern states (Arizona, New Mexico, and Texas). The Southeast, which is largely a milk deficit region, had the lowest average MPC during the period with 4,119 pounds. The Northeast, which includes New York, Pennsylvania, New England, and the North Atlantic states, had the second lowest MPC during the quarter.

Individually, New York's MPC was 4,548 pounds; Pennsylvania had 4,563 pounds; and Vermont averaged 4,580 pounds. Arizona had the highest MPC for the quarter with 5,884 pounds, followed by Washington with 5,814 pounds and Colorado with 5,510 pounds. The top 23 milk-producing states averaged 4,864 pounds for the 3-month period.❖

Average Milk Production Per Cow, by Selected Regions, January–March 2005



Source: National Agricultural Statistics Service's *Milk Production.*

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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	843,747,598	$11.60	97,874,721.37	
	Butterfat	16,985,356	1.7684	30,036,903.55	
Less:	Location Adjustment to Handlers			(2,642,825.71)	$125,268,799.19
Class II—	Butterfat	28,077,040	1.7034	47,826,429.94	
	Nonfat Solids	32,986,735	0.8378	27,636,286.61	75,462,716.55
Class III–	Butterfat	17,434,049	1.6964	29,575,120.71	
	Protein	13,164,183	2.7055	35,615,697.10	
	Other Solids	24,937,175	0.1020	2,543,591.86	67,734,409.67
Class IV–	Butterfat	11,326,392	1.6964	19,214,091.38	
	Nonfat Solids	27,310,760	0.7678	20,969,201.50	40,183,292.88
Total Classified Value					**$308,649,218.29**
Add:	Overage—All Classes				60,161.86
	Inventory Reclassification—All Classes				122,909.24
	Other Source Receipts	97,129			2,144.55
Less:	Producer Component Valuations				(299,994,790.48)
	Subtotal				**$8,839,643.46**
Add:	Location Adjustment to Producers				9,473,810.02
	One-half Unobligated Balance—Producer Settlement Fund				853,364.06
Total Pool Milk & Aggregate Value		2,009,056,346			19,166,817.54
Less:	Producer Settlement Fund—Reserve				(884,404.89)
Producer Price Differential @ *Suffolk County, MA (Boston)*			**$0.91**		18,282,412.65
Statistical Uniform Price @ *Suffolk County, MA (Boston)*			**$15.52**		

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