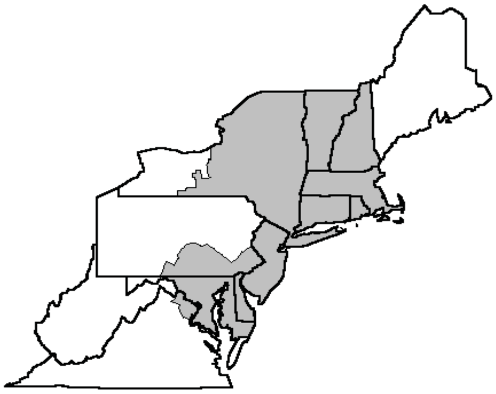

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

March 2010 Federal Order No. 1

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March Pool Price Calculation

The March 2010 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $15.54 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. If reported at the average tests of producer pooled milk, the SUP would be $16.02 per hundredweight. The March statistical uniform price was 76 cents per hundredweight below the February price. The March producer price differential (PPD) at Suffolk County was $2.76 per hundredweight, an increase of 74 cents per hundredweight from last month.

During March, all commodity prices declined except butter, which increased 8 cents per pound. The NASS average cheese price decreased nearly 15 cents per pound, lowering the Class III price $1.50 per hundredweight and making it the lowest class price for the month. The only class price to rise was Class IV, which increased a slight 2 cents due to the increase in the butter price, even though it was countered by a 4-cent drop in the nonfat dry milk price.

Producer milk receipts increased 3.6 percent from February on an average daily basis, the second largest increase for the month of March since the Order's inception.❖

Larger Farms Playing Bigger Role

Based on verified payroll data, when comparing the number of farms pooled on the Northeast Order in December 2000 (16,284 farms) to December 2009 (13,118 farms), a span of 10 years, the figure has dropped by 22 percent. For the same period however, the milk pooled on the order by these respective farms was just 2 percent less.

The accompanying table on page 3 shows the numbers of farms and the milk they pooled, respectively, grouped together in 5 size categories. Most notable is that in 2009, 10.3 percent of the farms (farms producing over 250,000 pounds per month) produced 50.4 percent of the total milk pooled on the order. Farms producing 250,000 pounds or more per month accounted for 7.7 percent of the farms and 35.1 percent of the total milk pooled in 2000. Milk pooled by farms in the largest category (over 600,000 pounds per month) almost doubled from 2000 to 2009.

Where Are the Larger Farms?

Of the farms pooling 600,000 pounds or more per month, 56 percent are in

(continued on page 3)

Pool Summary

- A total of 13,400 producers were pooled under the Order with an average daily delivery per producer of 5,009 pounds.
- Pooled milk receipts totaled 2.081 billion pounds, an increase of 3.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 42.6 percent of total milk receipts, a decrease of 1.8 percentage points from February.
- The average butterfat test of producer receipts was 3.73 percent.
- The average true protein test of producer receipts was 3.05 percent.
- The average other solids test of producer receipts was 5.73 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	42.6	885,561,416
Class II	21.1	438,948,651
Class III	23.3	484,647,762
Class IV	13.0	271,540,662
Total Pooled Milk		2,080,698,491

Producer Component Prices

	2010	2009
	$/lb	
Protein Price	2.1311	2.1973
Butterfat Price	1.5347	1.1594
Other Solids Price	0.1823	(0.0339)

Class Price Factors

	2010	2009
	$/cwt	
Class I	17.59	12.68
Class II	14.46	10.36
Class III	12.78	10.44
Class IV	12.92	9.64

Biennial Container Survey

The results from the November 2009 container sales survey for the Northeast Milk Marketing Area were recently released. 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 within the defined Northeast marketing area.

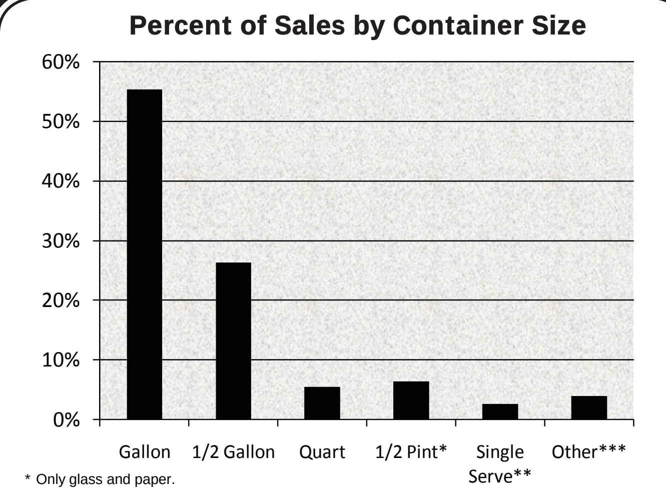
Packaged sales totaled 873.2 million pounds (about 101.5 million gallons) in November 2009, down 5.0 percent from 2007. Sales include whole, reduced fat (2%), low fat (1%), fat free (skim), flavored whole and low fat milk products, organic whole and low fat products, buttermilk, and eggnog. Data are collected for three container types (glass, paper, and plastic) and eleven different container sizes. Besides the standard plastic container sizes: gallon, half gallon, quart, and commercial 6 and 5-gallon, data is collected for plastic single serve sizes: pint, half-pint, 14 ounce, 13.5 ounce, 12 ounce, and 10 ounce. Data for other sizes are collected but grouped together in total volume.

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

Container Type

Plastic containers led with 77.9 percent of all route sales in November 2009, up slightly from 76.4 percent in November 2007. Paper containers had 21.9 percent (down from 23.2 percent in November 2007) and glass only 0.3 percent, unchanged from the last survey.

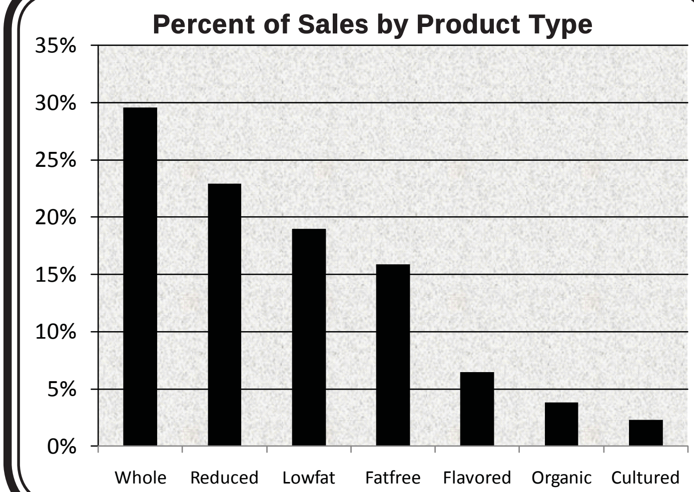
Of the handlers surveyed, 53 percent reported having product sold in plastic single serving size containers equaling a total volume of 22.4 million pounds. Sales in single serve containers accounted for 3.3 percent of the total volume sold in all plastic containers and about 2.6 percent of all reported route sales (down from 3.4 percent in 2007). The majority (50.9 percent) were sold in half pints, followed by pints (22.9 percent). This is a switch from 2007 when pints reported 40.8 percent and half pints had 35.2 percent.



* Only glass and paper.
** Includes plastic pints, 1/2 pints, 14, 13.5, 12, and 10-oz containers.
*** Includes plastic 5 & 6 gallons, glass and paper pints, and other sizes not shown.

Container Size

Sales in gallon containers accounted for 55.3 percent of all sales (see chart 1), up 2.2 percentage points from the last survey in November 2007. Half-gallons equaled 26.3 percent (down from 27.2 percent in 2007). Quarts had 5.5 percent and half-pints 6.4 percent. The remainder was sold in single serve, mentioned above, and other sizes such as 5 and 6 gallon, pint, 4 ounce, and many other sizes not individually identified.



Product Type

Whole milk sales accounted for 29.6 percent of the total sales in November 2009 (see chart 2); down from 31.9 percent in 2007. Even if the organic whole milk, which accounted for 1.3 percent, was included there was an overall decline in whole milk. Reduced fat reported 22.9 percent; low fat equaled 19.0 percent; and fat free had 15.9 percent. Both reduced fat and fat free are down when compared to 2007, while low fat is up, but for the 2009 survey, organic lower fat products (which include reduced, low fat and fat free) were reported separately and accounted for 2.5 percent of total sales. As a result, some of the changes from the 2007 survey in the lower fat categories may be due to the break-out of organic, rather than actual sales changes. Flavored whole and low fat milk products combined for a total of 6.5 percent; buttermilk had 0.4 percent; and eggnog reported 1.9 percent. Flavored and eggnog showed decreases from 2007; buttermilk was unchanged.

Method of Distribution

In the Order No. 1 marketing area, wholesale deliveries (from plant to retail outlet) accounted for 99.7 percent of total sales in the 2009 survey; home deliveries made up the remaining 0.3 percent. In 2009, of the wholesale total, 39.2 percent were to supermarkets (down from 51.6 percent in 2007); 20.9 percent to dairy and convenience stores (up from 15.9 percent); 7.7 percent to institutions such as schools and military (up from 6.7 percent); and 32.2 percent to other wholesale establishments such as superstores/hypermarkets and wholesale clubs (up from 25.9 percent) ❖.

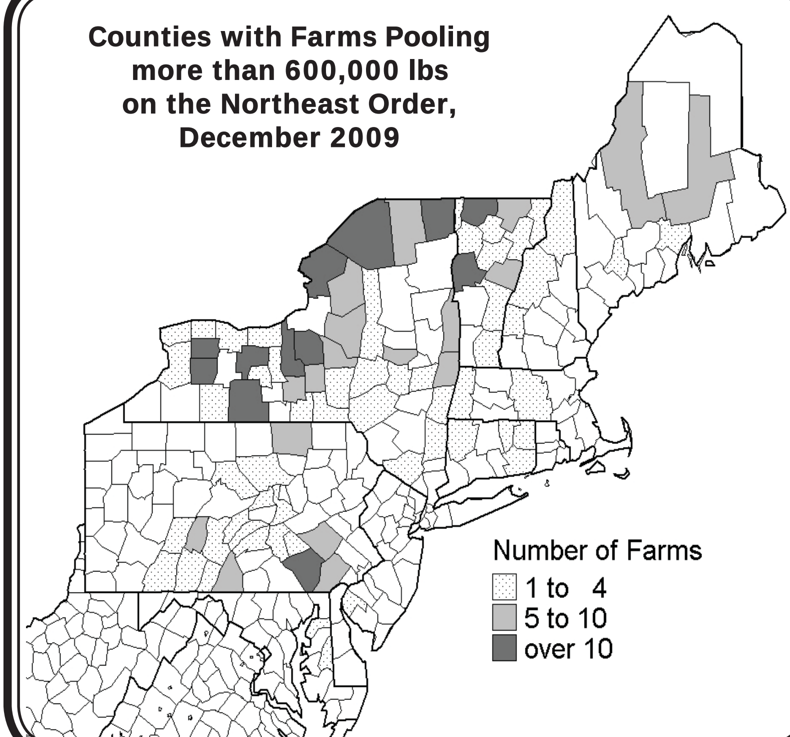
Larger Farms *(continued from page 1)*

Farms by Pounds Pooled on the Northeast Order, December, 2000 and 2009

Farm Size Pounds Per Month	2000 Farms	2000 Pounds	2000 Farms (percent of total)	2000 Pounds (percent of total)	2009 Farms	2009 Pounds	2009 Farms (percent of total)	2009 Pounds (percent of total)
0-49,999	4,783	146,081,532	28.4	7.5	3,982	111,464,776	30.4	5.9
50,000-99,999	6,246	449,541,871	37.1	23.1	4,317	314,849,498	32.9	16.5
100,000-249,999	4,494	667,582,609	26.7	34.3	3,463	519,281,131	26.4	27.2
250,000-599,999	1,001	362,382,680	6.0	18.6	882	326,376,162	6.7	17.1
>=600,000	300	320,711,301	1.8	16.5	474	636,114,480	3.6	33.3
Total	16,824	1,946,299,993	100.0	100.0	13,118	1,908,086,047	100.0	100.0

New York, followed by 18 percent in Pennsylvania, and 17 percent in Vermont. Addison and Franklin counties in Vermont, had the most farms in this category of any county with milk pooled on the Northeast, with 25 and 23, respectively. Cayuga County, New York, had 22 of the largest category farms, and Lancaster County, Pennsylvania, had 21. The accompanying map depicts, in general, where farms producing 600,000 pounds or more per month are located.

Counties with Farms Pooling more than 600,000 lbs on the Northeast Order, December 2009



Smallest Farms Hold Ground

The number of farms pooling less than 50,000 pounds per month, the smallest size category, declined the most from 2000 to 2005, but has actually grown by 103 farms since then. Pooled receipts from this category declined 3.9 percent since 2005. This may be due, in part, to farms in the smallest size category pooling on the Northeast from Indiana, Iowa, Michigan, Ohio and Wisconsin, most of which are organic, who were not pooled in 2005. Still, the smallest farm category, which made up 30.4 percent of the farms in 2009, is pooling just 5.8 percent of the total milk on the order.

Some of the decline in farm numbers in the middle categories could be the result of expansions, as those farms moved to the larger categories.❖

Pool Summary for All Federal Orders, January–March, 2009–2010

Federal Order Number	Federal Order Name	Total Producer Milk 2009 (pounds)	Total Producer Milk 2010 (pounds)	Change (percent)	Producer Price Differential# 2009	Producer Price Differential# 2010	Statistical Uniform Price#* 2009	Statistical Uniform Price#* 2010
					dollars per hundredweight			
1	**Northeast**	**5,923,365,314**	**5,854,783,239**	**(1.2)**	**2.31**	**2.18**	**12.48**	**16.03**
5	Appalachian	1,509,630,175	1,517,331,785	0.5	N/A	N/A	13.89	17.14
6	Florida	832,269,218	761,625,393	(8.5)	N/A	N/A	16.04	19.40
7	Southeast	1,830,594,101	1,783,455,621	(2.6)	N/A	N/A	14.10	17.33
30	Upper Midwest	7,913,426,885	8,468,058,036	7.0	0.49	0.38	10.66	14.23
32	Central	3,180,630,453	3,301,065,099	3.8	0.93	0.71	11.10	14.57
33	Mideast	4,077,016,703	4,149,849,076	1.8	1.42	1.21	11.59	15.07
124	Pacific Northwest	1,934,280,880	2,025,032,685	4.7	0.79	0.60	10.97	14.46
126	Southwest	2,767,321,798	2,659,435,245	(3.9)	1.91	1.86	12.09	15.72
131	Arizona	1,099,324,457	1,073,731,074	(2.3)	N/A	N/A	11.27	14.79
	All Market Total/Average	31,067,859,984	31,594,367,253	1.7	1.31	1.16	12.42	15.87

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

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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	869,448,131	$12.85	111,724,084.83	
	Butterfat	16,113,285	1.4840	23,912,114.94	
Less:	Location Adjustment to Handlers			(2,866,266.50)	$132,769,933.29
Class II—	Butterfat	31,015,924	1.5417	47,817,249.99	
	Nonfat Solids	37,204,991	1.0433	38,815,967.14	86,633,217.13
Class III–	Butterfat	19,503,746	1.5347	29,932,399.00	
	Protein	14,787,516	2.1311	31,513,675.34	
	Other Solids	27,664,566	0.1823	5,043,250.40	66,489,324.74
Class IV–	Butterfat	10,917,058	1.5347	16,754,408.90	
	Nonfat Solids	23,812,487	0.8688	20,688,288.70	37,442,697.60
Total Classified Value					**$323,335,172.76**
Add:	Overage—All Classes				69,337.60
	Inventory Reclassification—All Classes				213,558.96
	Other Source Receipts	462,386	Pounds		21,652.99
Total Pool Value					**$323,639,722.31**
Less:	Producer Component Valuations @ Class III Component Prices				(275,944,966.63)
Total PPD Value Before Adjustments					**$47,694,755.68**
Add:	Location Adjustment to Producers				10,111,749.05
	One-half Unobligated Balance—Producer Settlement Fund				622,931.28
Less:	Producer Settlement Fund—Reserve				(989,395.74)
Total Pool Milk & PPD Value		2,081,160,877	Producer pounds		**$57,440,040.27**
	Producer Price Differential		**$2.76**		
	Statistical Uniform Price		**$15.54**		

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