

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

November 2011

Federal Order No. 1

To contact the Northeast Marketing Area offices:

Boston, MA: phone (617) 737-7199, 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

November Pool Price Calculation

The November 2011 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$20.23 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 \$21.39 per hundredweight. The November statistical uniform price was 19 cents per hundredweight below the October price. The November producer price differential (PPD) at Suffolk County was \$1.16 per hundredweight, a decrease of \$1.23 per hundredweight from last month.

During November, nonfat dry milk commodity prices dropped; butter declined slightly. Cheese prices jumped about 10 cents per pound during November; dry whey prices rose. All class prices decreased, except Class III due to the rise in the cheese price. Even with the lower prices, the statistical uniform price remained over \$20.00 per hundredweight for the ninth month in a row.

The Class II volume for November set a new record for the month. The producer other solids test tied with 2010 for the highest value for the month of November. ❖

Biennial Container Survey Underway

The Northeast Order is currently conducting the November container sales survey. The survey is conducted biennially and records packaged sales data for the month of November. USDA began the survey in the early 1960's and collects data for all federal milk marketing areas.

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. Data are collected on a unit basis for three container types (glass, plastic, and paper) and eleven container sizes. Product types include whole milk, reduced fat (2%), lowfat (1%), fatfree (skim), flavored milk and drinks, buttermilk, and eggnog. The survey asks for conventional and organic products and the method of distribution by handlers. Over the years, there have been changes to the survey such as breaking
(continued on page 3)

Pool Summary

- A total of 12,838 producers were pooled under the Order with an average daily delivery per producer of 4,946 pounds.
- Pooled milk receipts totaled 1.905 billion pounds, an increase of 0.7 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 44.3 percent of total milk receipts, an increase of 0.8 percentage points from October.
- The average butterfat test of producer receipts was 3.83 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.73 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	44.3	844,356,817
Class II	23.7	451,265,433
Class III	23.6	449,275,864
Class IV	8.4	160,248,446
Total Pooled Milk		1,905,146,560

Producer Component Prices

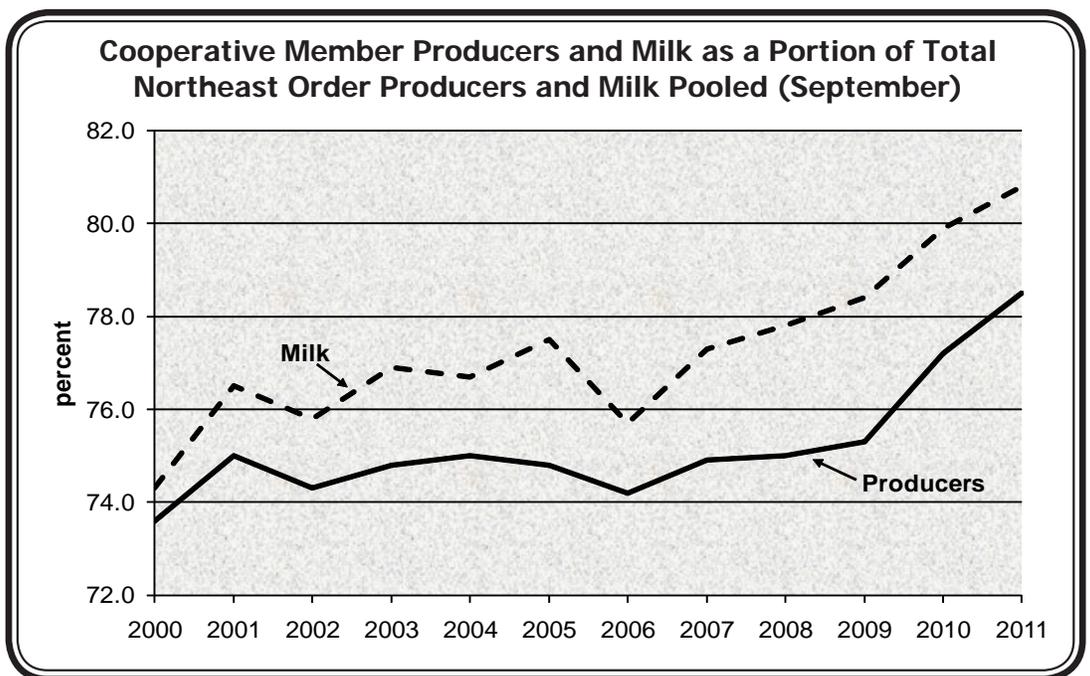
	2011	2010
	\$/lb	
Protein Price	3.2341	2.1981
Butterfat Price	1.9508	2.2422
Other Solids Price	0.4521	0.1797

Class Price Factors

	2011	2010
	\$/cwt	
Class I	21.70	20.49
Class II	19.26	17.21
Class III	19.07	15.44
Class IV	17.87	16.68

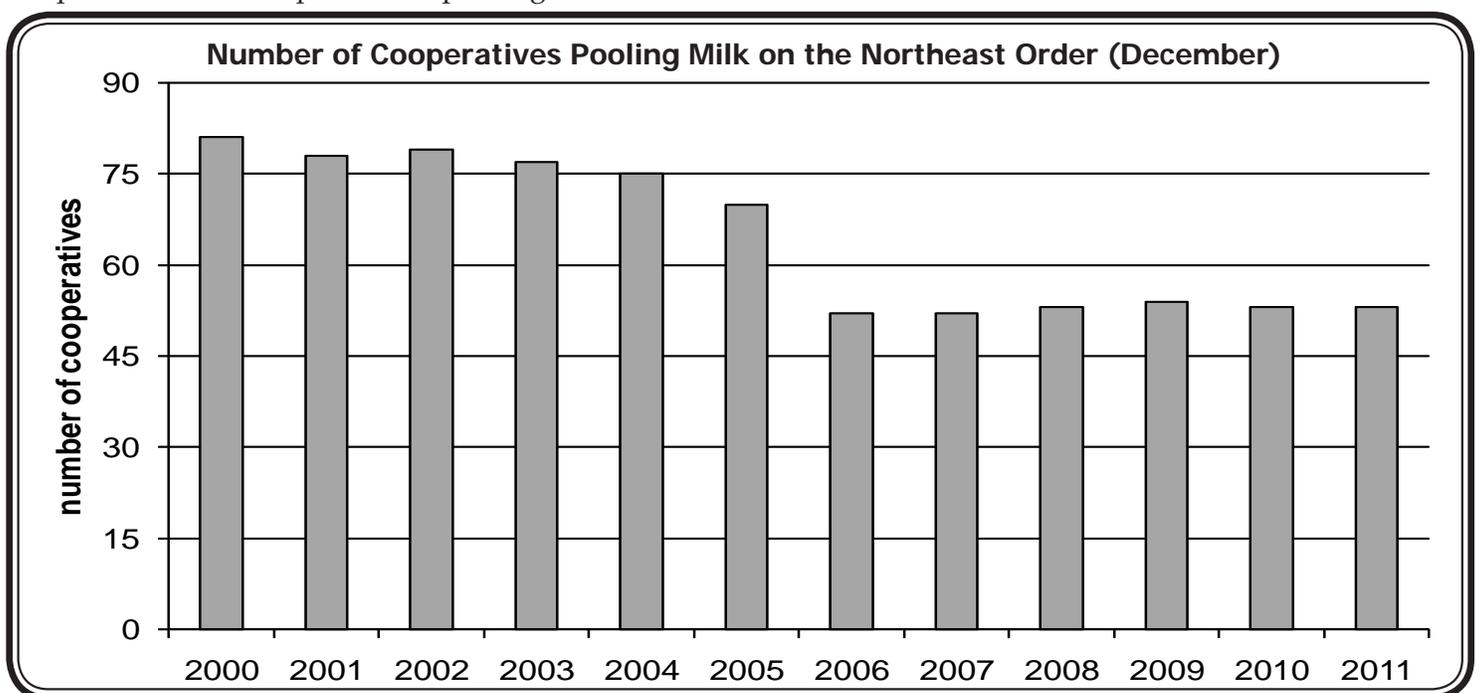
Trends in Producers and Milk Pooled by Cooperative Status

For the month of September, from 2000 to 2011, the portion of producers pooling milk on the Northeast Order who are a member of a cooperative has grown to 78.3 percent, while the portion of milk pooled on the Order from cooperative member farms has grown as well, to 81.6 percent. Much of the increase has occurred since 2006 when 73.9 percent of producers pooling on the Order and 75.5 percent of the milk pooled were from cooperative associations. The portion of cooperative producers and milk on the order was relatively stable from 2000 to 2006 when, on average, the proportions were 74.8 and 76.2 percent for producers and milk pooled, respectively.



While the proportion of cooperative producers and milk on the order has increased, the number of cooperatives pooling on the Northeast Order has declined, from 81 during December 2000 to 53 as of September 2011. The biggest single-year drop, from 70 to 52, occurred from 2004 to 2005, largely due to the merger of many of the Allied Federated Cooperative, Inc. cooperatives with Agri-Mark, Inc. There have been some small fluctuations in the number of coops since, primarily due to cooperatives not traditionally associated with the Northeast Marketing Area pooling on the Order at times.

The number of nonmember producers pooling on the Order has declined from 4,300 in September 2000 to 2,792 in September 2011, roughly a 35 percent decline. The number of cooperative members pooling on this order also has declined over that time period, from 12,677 to 10,086—about a 20 percent decline. Overall, the decline of nonmember producers pooling on the order has occurred at almost twice the rate of the decline in cooperative member producers pooling milk here. ❖



Milk Movements Compared

During the late summer and early fall, milk production is usually lower at a time when demand increases due to schools getting back in session and manufacturing plants beginning to increase production runs for upcoming holiday sales. In past years, handlers pooling milk on the Northeast Order would often ship significant volumes of bulk milk to states in the southeastern part of the country to supplement local milk supplies. In more recent years, these shipments declined as other regions have been supplying this milk-deficit area, and in the past 3 years, the volume of bulk milk received from southern states at plants in the Northeast Order actually has been larger than the volume shipped (see accompanying table).

This year was no exception; bulk milk received from handlers pooled on other federal orders was greater than milk shipped to plants regulated in other federal markets. These 'net' receipts reflect the growing demand for milk at plants located in the northeastern region, largely due to the increase in Class II Greek-yogurt production. As such, handlers regulated under the Northeast Order have increased shipments to these plants, many of which are non-pool manufacturing plants, displacing milk that historically moved to other order regions, primarily the south. In addition, the increase in receipts from plants regulated by other federal orders reflects the additional need in the Northeast region. ❖

		August				
		2007	2008	2009	2010	2011
		million pounds				
Total*	Shipped	19.6	4.9	4.4	15.4	14.7
	Received	17.9	17.5	26.3	23.6	24.6
	Net	1.7	(12.6)	(21.9)	(8.2)	(9.8)
South**	Shipped	17.1	3.8	3.0	13.2	3.2
	Received	9.9	6.5	13.0	16.0	14.0
	Net	7.2	(2.7)	(10.0)	(2.8)	(10.8)

* Includes Order Nos. 5, 6, 7, 30, 32, and 33.
 ** Includes Order Nos. 5, 6, and 7.

2012 Payment Dates to Producers

The calendar below shows the dates for partial payments to producers that are not members of cooperatives. Partial payments are paid to producers for the milk received by pool handlers during the first 15 days of the month and are paid at not less than the lowest announced class price for the preceding month, less proper deductions authorized in writing by the

producer. As required by the Order, payment must be made so that a producer receives it no later than the date shown. The table dates vary due to weekends and national holidays.

The final payment date that non-member producers must be paid is dependent on the date that the statistical uniform price is announced. Each month, the date that final payments to producers must be received by is printed on the back of the Pool Price Announcement. The final payment is for the remaining milk received and is priced such that the producer should receive an average price for the entire month's milk at roughly the uniform price with adjustments for zone differential, component values, and other deductions relevant to that producer.

Producers that are members of cooperatives usually receive payments at the same time, although it is not required by the Order. ❖

Month Milk Produced	Partial Payment Due	
	Day	Date
January	Thursday	1/26/12
February	Monday	2/27/12
March	Monday	3/26/12
April	Thursday	4/26/12
May	Tuesday	5/29/12
June	Tuesday	6/26/12
July	Thursday	7/26/12
August	Monday	8/27/12
September	Wednesday	9/26/12
October	Friday	10/26/12
November	Monday	11/26/12
December	Wednesday	12/26/12



Biennial Survey *(continued from page 1)*

out organic products and adding single-serve plastic containers and hyper markets and wholesale club stores.

The results of the survey will be completed by April 1, 2012, and reported in an upcoming *Bulletin*. ❖



MARKET ADMINISTRATOR
302A Washington Avenue Ext.
Albany, NY 12203-7303

PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Alexandria, VA
Permit 355

RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

Computation of Producer Price Differential and Statistical Uniform Price*

	<u>Product Pounds</u>	<u>Price per cwt./lb.</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	827,850,502	\$15.41	127,571,762.36	
Butterfat	16,506,315	1.9504	32,193,916.78	
Less: Location Adjustment to Handlers			(2,852,012.09)	\$156,913,667.06
Class II— Butterfat	28,727,293	1.9578	56,242,294.27	
Nonfat Solids	38,977,463	1.4289	55,694,896.89	111,937,191.16
Class III— Butterfat	19,537,573	1.9508	38,113,897.40	
Protein	14,057,656	3.2341	45,463,865.32	
Other Solids	25,573,719	0.4521	11,561,878.38	95,139,641.10
Class IV— Butterfat	8,132,287	1.9508	15,864,465.48	
Nonfat Solids	14,071,557	1.2716	17,893,391.91	33,757,857.39
Total Classified Value				\$397,748,356.71
Add: Overage—All Classes				37,090.85
Inventory Reclassification—All Classes				113,723.14
Other Source Receipts	3,994,214 Pounds			66,229.60
Total Pool Value				\$397,965,400.30
Less: Producer Component Valuations @ Class III Component Prices				(385,475,045.26)
Total PPD Value Before Adjustments				\$12,490,355.04
Add: Location Adjustment to Producers				9,605,283.15
One-half Unobligated Balance—Producer Settlement Fund				880,264.68
Less: Producer Settlement Fund—Reserve				(829,869.89)
Total Pool Milk & PPD Value	1,909,140,774 Producer pounds			\$22,146,032.98
Producer Price Differential		\$1.16		
Statistical Uniform Price		\$20.23		

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