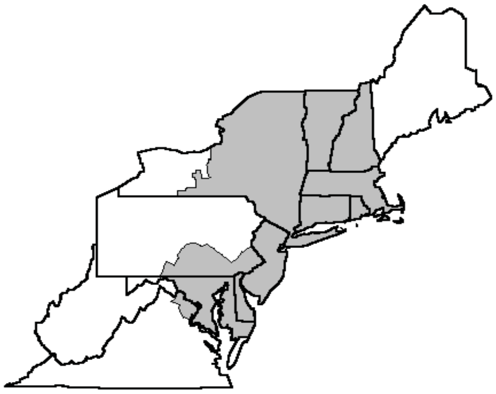

The Market Administrator's BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

January 2017 Federal Order No. 1

To contact the Northeast Marketing Area offices:
Boston, MA: phone (617) 737-7199, *Albany, NY*: phone (518) 452-4410, *Alexandria, VA*: phone (703) 549-7000;
e-mail address: Northeast Order@fedmilk1.com
website address: www.fmmone.com

January Pool Price Calculation

The January 2017 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.21 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 $19.69 per hundredweight. The January statistical uniform price was 53 cents per hundredweight above the December price. The January producer price differential (PPD) at Suffolk County was $1.44 per hundredweight, an increase of $1.16 per hundredweight from last month.

Product Prices Effect

During January, all commodity product prices increased except cheese that dropped about 10 cents per pound. The butter price rose 16 cents, nonfat dry milk increased 6 cents, and dry whey was up 4 cents, all on a per pound basis. These changes resulted in higher prices for all component prices except protein that, due to the combination of a higher butterfat price and a lower cheese price, dropped 52 cents per pound. The January butterfat price was the highest on record for that month.

All class prices rose except Class III that declined 63 cents per hundredweight. Class I increased 57 cents; Class II was up $1.10; and Class IV jumped $1.22, all on a per hundredweight basis. Even though the Class I utilization percent was down from the previous month due to the combination of lower Class I sales and a higher pool volume, a larger proportion of pool volume was in the higher priced classes (I and III, this month). In addition, the rest of the pool was valued higher than in December due to the considerable increases in the Class II and IV prices (each over $1.00). As a result, both the SUP and PPD increased. With a $1.44 PPD at the base zone (Boston, MA) no producers should see any negative PPDs in the usual milkshed.

Highlights

The total volume of producer milk receipts continued to top the previous year for the same month, setting a new record high for January. In addition, January's pool volume was the second highest ever for the Order. All class volumes were above last year for the same month. The average producer butterfat test was the highest ever for the month and the second highest ever for the Order.❖

Pool Summary

- A total of 11,413 producers were pooled under the Order with an average daily delivery per producer of 6,644 pounds.
- Pooled milk receipts totaled 2.351 billion pounds, an increase of 3.7 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 32.6 percent of total milk receipts, a decrease of 2.0 percentage points from December.
- The average butterfat test of producer receipts was 3.95 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	32.6	765,528,665
Class II	23.0	540,312,922
Class III	25.7	605,155,157
Class IV	18.7	439,622,082
Total Pooled Milk		2,350,618,826

Producer Component Prices

	2017	2016
	$/lb	
Protein Price	2.1768	1.8169
Butterfat Price	2.5253	2.3062
Other Solids Price	0.2503	0.0371

Class Price Factors

	2017	2016
	$/cwt	
Class I	20.70	19.29
Class II	16.36	14.19
Class III	16.77	13.72
Class IV	16.19	13.31

Comparing Cooperative Member and Nonmember

The Northeast Order pooled milk from 48 different cooperative milk marketing associations holding USDA Capper-Volstead cooperative determinations during October 2016. Many of these cooperatives market through contracts with other cooperatives, and thus the total number does not reflect 48 distinct cooperative marketing options. In fact, only 19 cooperatives would be considered independent based on their filing a 9c handler report, meaning any cooperative association that receives milk for its account from the farm of a producer and delivers to pool plants or diverts to nonpool plants.

Producer Count and Milk Volume

Cooperative members accounted for 81.3 percent of the producers that pooled milk on the Northeast Order in October 2016 and 86.3 percent of the milk. Nonmembers (independent producers) accounted for 18.7 percent of producers and 13.7 percent of milk pooled. The largest 15 cooperatives accounted for 88 percent of all cooperative members and 87 percent of all cooperative milk pooled. The largest 4 cooperatives accounted for 63 percent of all cooperative members and 64 percent of all cooperative milk pooled.

Nonmembers accounted for 25.9 percent of producers in New York but just 13.3 percent of the milk from the state. Nonmembers accounted for 16.9 percent of producers in Pennsylvania and 17.5 percent of the milk, while they accounted for just 6.4 percent of producers in Vermont and 4.3 percent of the milk.

Geographic Distribution

The accompanying maps present the general geographic distribution of cooperative member and nonmembers pooling on the Northeast Order (from the more traditional milkshed states). The data are presented by county and each point on the map represents a producer. The location of the point on the map is randomly placed within the county border and counties with less than three producers are not shown, for confidentiality reasons. Still, the maps relay a general distribution of the two types of producers. During October there were 53 counties in which there existed less than 3 nonmember producers pooling milk on the Order, of those, 31 had just one producer. Of the cooperative members, there were 108 counties with just one producer, of which, 46 had just one producer. Also of the 108 counties with less than 3 cooperative member producers, 38 were from the states of Indiana, Michigan, Ohio, and Wisconsin (outside the traditional milkshed area depicted on the maps), supplying organic milk. Of the 53 counties with less than 3 nonmember producers, none were from outside the traditional northeast milkshed area.

During October 2016, there were 23 counties total from which more than 100 cooperative members were pooled on the Northeast Order. Only 5 counties had more than 100 nonmembers pooling on the Order that same

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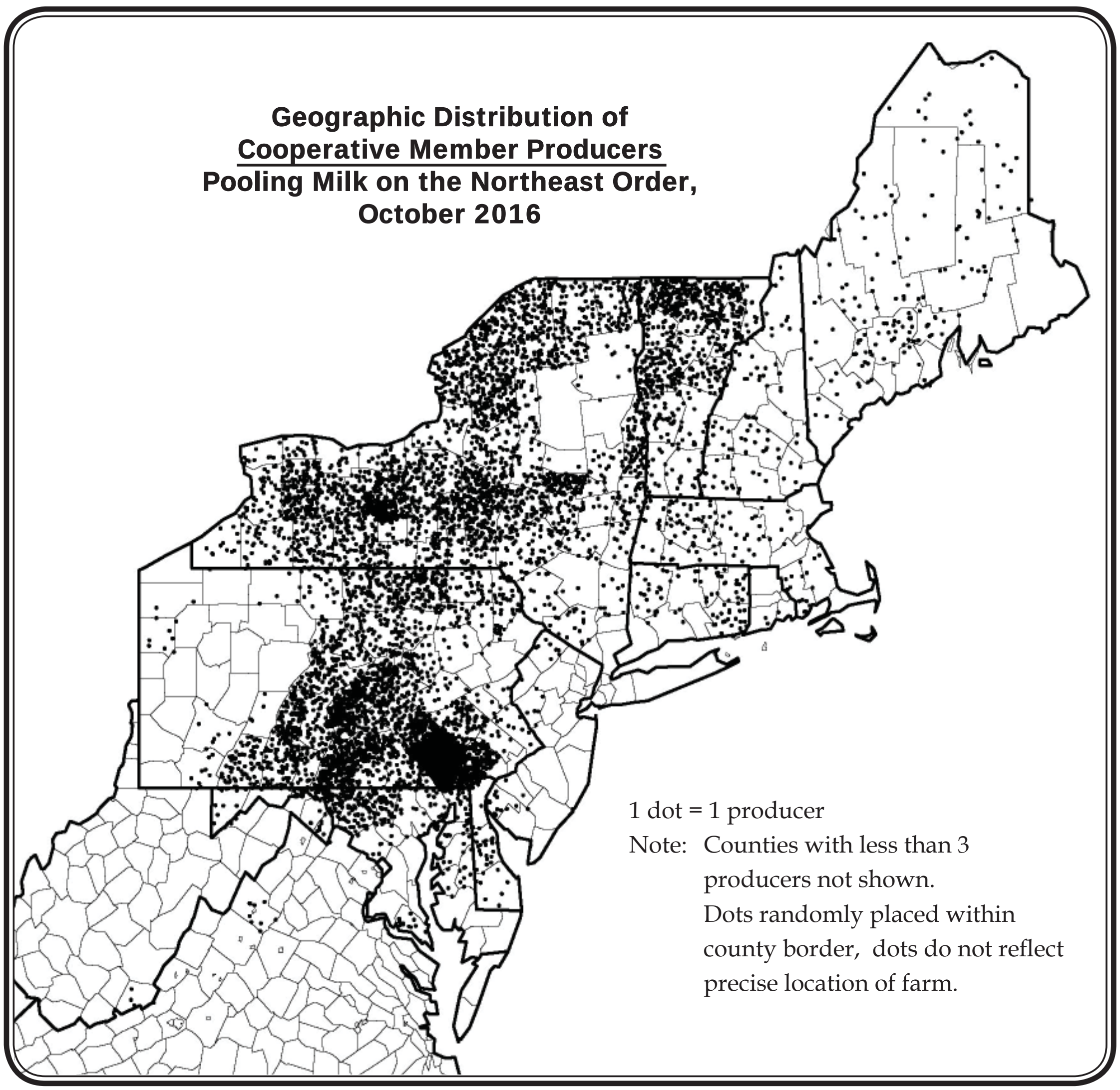
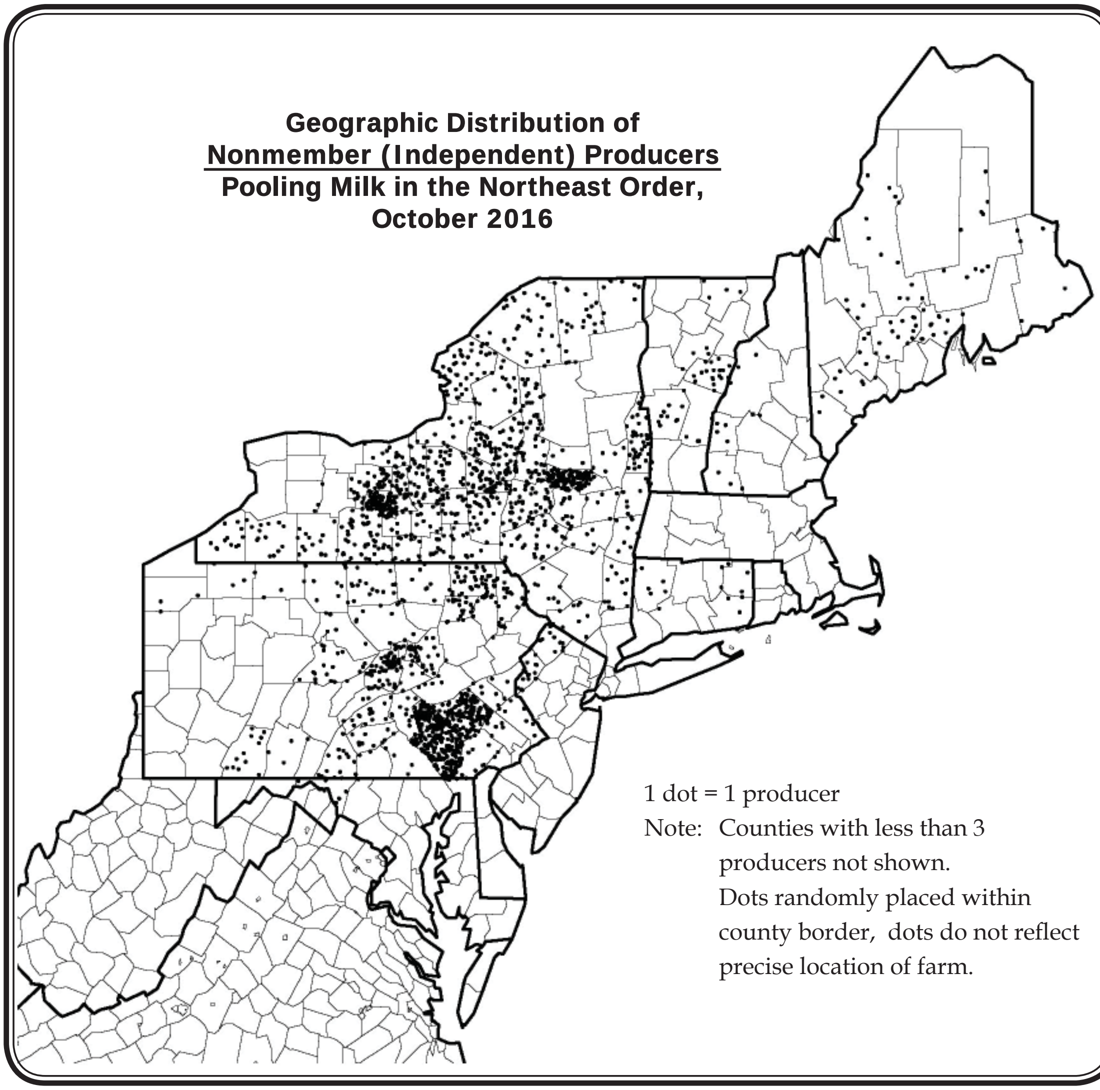


Comparing (continued from page 2)

month – Berks, Lancaster, and Lebanon counties in Pennsylvania and Montgomery and Yates counties in New York.



Comparing Average Size

The table below presents the number of cooperative member and nonmember producers and the average monthly volume of milk pooled by each type of producer for the Northeast as well as for the three largest milk producing states in the Order. The data show that the Northeast average monthly volume per producer in October 2016 was 196,102 pounds. Cooperative members pooled more than this on average, at 208,054 pounds per month, while nonmembers pooled less on average, at 144,011 pounds each. The average volume pooled by a cooperative member in New York was 309,090 pounds while nonmembers each pooled an average of 135,505 pounds. In Vermont, the average cooperative member pooled 303,922 pounds during the month, while nonmembers pooled an average of 199,725 pounds each. In Pennsylvania, in contrast to New York and Vermont, cooperative members averaged a smaller volume pooled during the month than nonmembers. Members pooled an average 138,065 pounds each while nonmembers pooled an average of 143,892 pounds each. Additionally, the difference between average monthly volume pooled by cooperative members and nonmembers in Pennsylvania is much smaller than in New York and Vermont, and for the Northeast as a whole.❖

Comparison of Nonmember and Member Producers and Average Volume Pooled, By Area, October 2016
(Northeast Order Payroll Data)

Producer Category	Northeast		New York		Pennsylvania		Vermont	
	Producers	Avg Monthly Lbs	Producers	Avg Monthly Lbs	Producers	Avg Monthly Lbs	Producers	Avg Monthly Lbs
Member	9,070	208,054	3,038	309,090	4,016	138,065	702	303,922
Nonmember	2,081	144,011	1,060	135,505	818	143,892	48	199,725
All Types	11,151	196,102	4,098	264,190	4,834	139,051	750	297,253

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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	750,117,466	$12.86	96,465,106.13	
	Butterfat	15,411,199	2.3699	36,523,000.51	
Less:	Location Adjustment to Handlers			(2,879,340.18)	$130,108,766.45
Class II—	Butterfat	31,235,524	2.5323	79,097,717.46	
	Nonfat Solids	47,141,987	0.8633	40,697,677.39	119,795,394.85
Class III–	Butterfat	27,232,113	2.5253	68,769,254.98	
	Protein	19,000,289	2.1768	41,359,829.11	
	Other Solids	34,599,170	0.2503	8,660,172.26	118,789,256.35
Class IV–	Butterfat	18,881,021	2.5253	47,680,242.33	
	Nonfat Solids	38,988,987	0.8465	33,004,177.50	80,684,419.83
Total Classified Value					**$449,377,837.48**
Add:	Overage—All Classes				121,194.72
	Inventory Reclassification—All Classes				277,114.23
	Other Source Receipts	192,914	Pounds		8,431.91
Total Pool Value					**$449,784,578.34**
Less:	Producer Component Valuations @ Class III Component Prices				(429,066,828.16)
Total PPD Value Before Adjustments					**$20,717,750.18**
Add:	Location Adjustment to Producers				13,311,318.00
	One-half Unobligated Balance—Producer Settlement Fund				997,781.44
Less:	Producer Settlement Fund—Reserve				(1,175,160.68)
Total Pool Milk & PPD Value		2,350,811,740	Producer pounds		**$33,851,688.94**
	Producer Price Differential		**$1.44**		
	Statistical Uniform Price		**$18.21**		

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