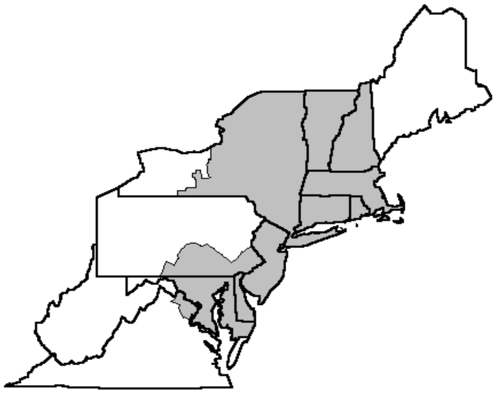


The Market Administrator's BULLETIN

NORTHEAST MARKETING AREA

Peter F. Fredericks, Acting Market Administrator

January 2019 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: NortheastOrder@fedmilk1.com
website address: www.fmmone.com

January Pool Price Calculation

The January 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $16.42 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 $17.84 per hundredweight. The January statistical uniform price was 15 cents per hundredweight above the December price. The January producer price differential (PPD) at Suffolk County was $2.46 per hundredweight, a decrease of 3 cents per hundredweight from last month.

Product Prices Effect

All commodity product prices rose except butter that declined slightly. Nonfat dry milk rose about 5 cents per pound. Prices for cheese and dry whey each increased slightly over 1 cent per pound. Due to the changes in the commodity prices, the butterfat price dropped about 1 cent while the other solids price increased 1.2 cents and the protein and nonfat solids prices each rose about 5 cents per pound. Even though the butterfat price declined, it was still the second highest ever for the month of January since federal order reform.

Class prices were up compared to December. Class I and II each rose 7 cents, Class III was up 18 cents, and Class IV increased 39 cents, all on a per hundredweight basis. Due to higher class prices, the SUP rose. A spread similar to last month occurred between the higher and lower priced classes resulting in little change to the PPD.

Selected Statistics

Total producer milk receipts were the second highest ever for the month of January. Average daily deliveries per producer set a new record high and topped 7,000 pounds for the first time for the month. Class III usage was the third highest ever for January, surpassed only by 2001 and 2002. The average producer butterfat test set a new record high for January.❖

Pool Summary

- A total of 10,043 producers were pooled under the Order with an average daily delivery per producer of 7,344 pounds.
- Pooled milk receipts totaled 2.287 billion pounds, an increase of 3.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 32.7 percent of total milk receipts, down 1.3 percentage points from December.
- The average butterfat test of producer receipts was 3.99 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.74 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	32.7	749,061,416
Class II	23.2	529,880,304
Class III	26.6	608,097,219
Class IV	17.5	399,461,756
Total Pooled Milk		2,286,500,695

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	1.1927	1.6612
Butterfat Price	2.4981	2.4531
Other Solids Price	0.2898	0.0787

Class Prices

	2019	2018
	$/cwt	
Class I	18.37	18.69
Class II	15.74	14.11
Class III	13.96	14.00
Class IV	15.48	13.13

U.S. Milk Marketing Dynamics, 2013 vs. 2018

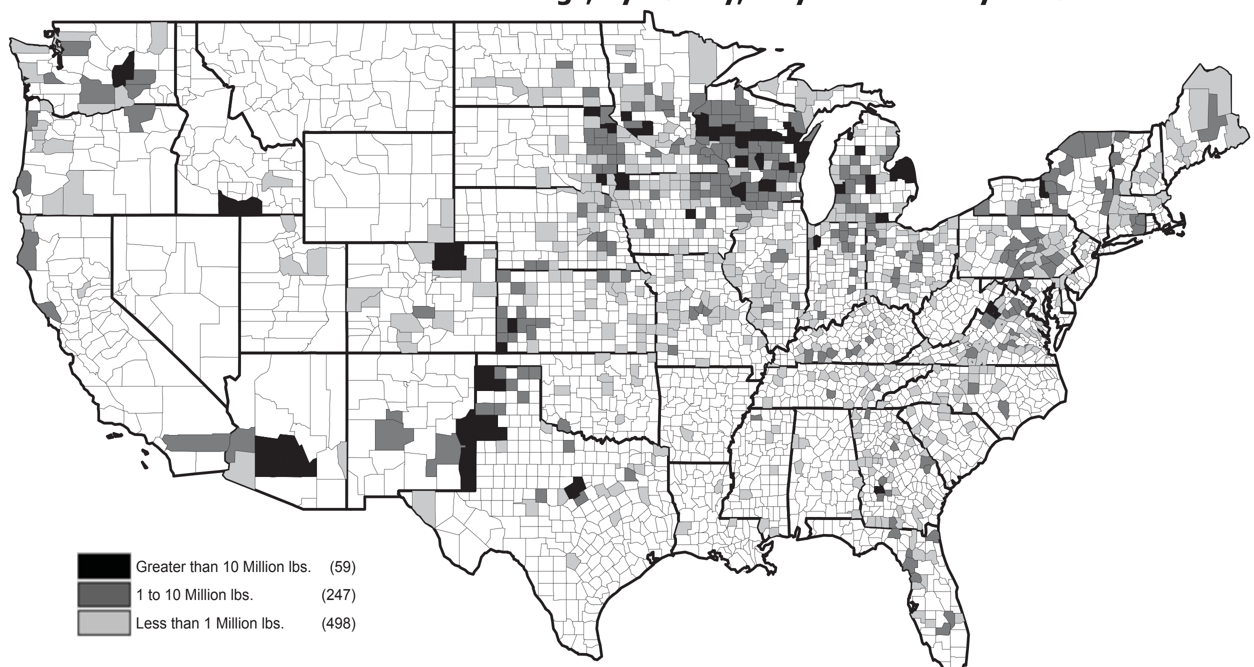
Federal order monthly class and component prices are derived from price formulas that use a nationwide survey of market-based prices of dairy product as inputs. Thus, national prices form the basis of a dairy producer's gross value on their milk check. Regional supply and demand situations may differ across the country from each other and impact a producer's milk price through changes to a marketing area's class utilization. Regional supply and demand also may impact a producer's milk price beyond Federal order pricing through premium levels and costs faced in that region. Understanding trends in national supply and demand, as well as what may be occurring within regions, and the relationship to market prices that result, can be helpful comprehending milk prices.

Five-Year Changes in Milk Marketings

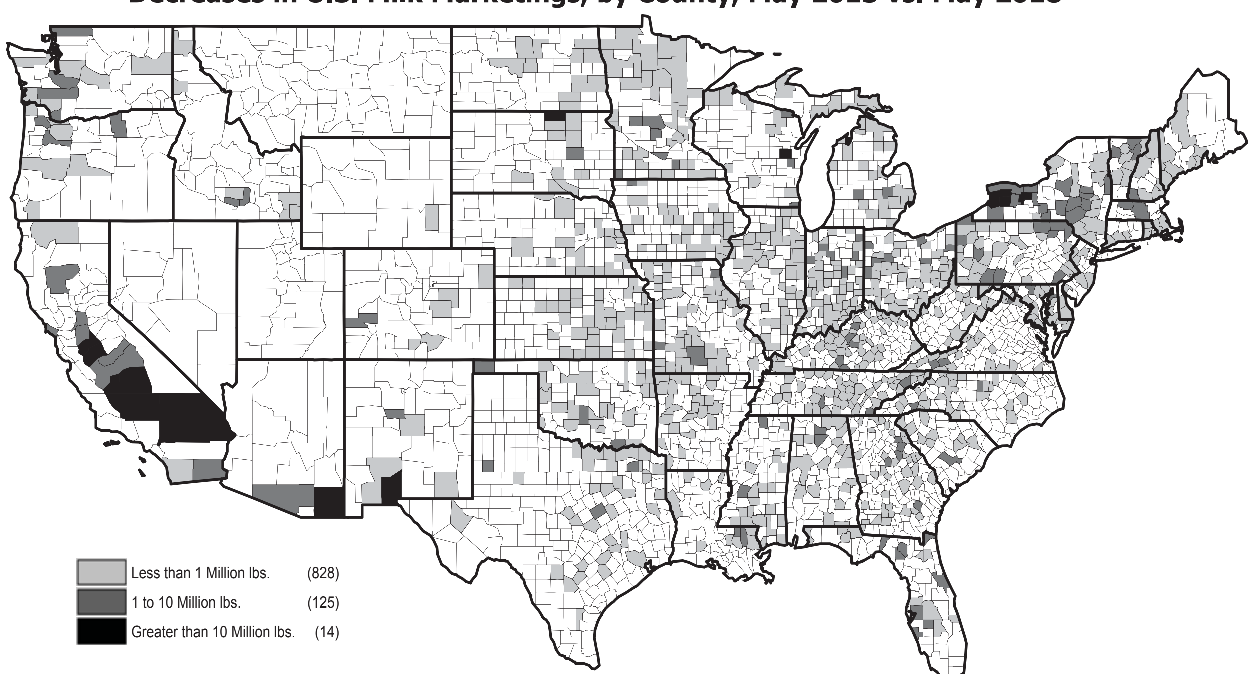
According to USDA, National Agricultural Statistics

(continued on page 3)

Increases in U.S. Milk Marketings, by County, May 2013 vs. May 2018



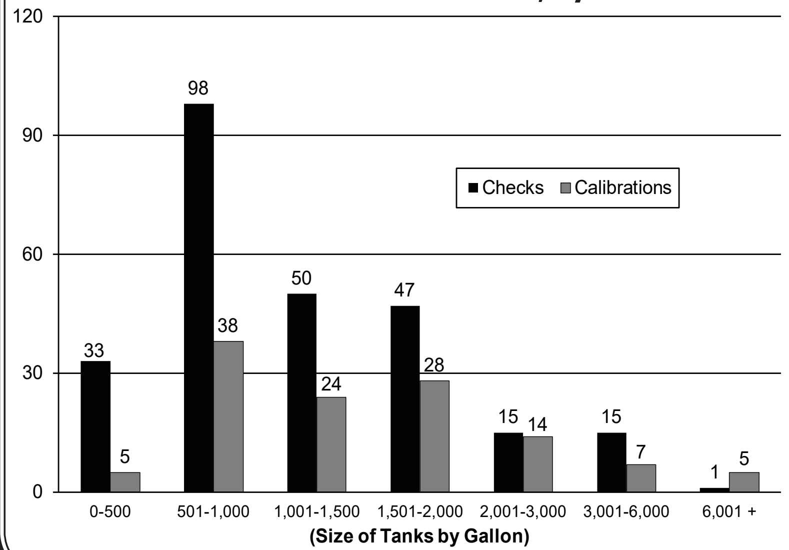
Decreases in U.S. Milk Marketings, by County, May 2013 vs. May 2018



Note: Data compiled by Market Administrator Office–Kansas City. Based on data provided by the California Department of Food & Agriculture and all Milk Market Administrator Offices.

Market Services 2018 Summary

The Market Administrator of the Northeast Order oversees a Market Services program that verifies or establishes weights, samples and tests producer milk, and provides market information for producers who are not receiving such services from a cooperative association.



2018 Tank Checks and Calibrations, by Tank Size

Calibration Program

One aspect of Market Services is the bulk tank calibration program. The Northeast Order operates two calibration trucks. In providing these services, the two trucks combined covered 23,726 miles in 2018, down from 24,051 miles the previous year. The market service department checked 259 farm bulk tanks throughout the Northeast Marketing Area milkshed during the 2018 season, up slightly from 256 in 2017.

Briefly, a tank check involves measuring the tank at about four or five different levels as opposed to performing a complete calibration, which involves checking the tank at each increment on the dipstick. The levels that a tank is checked at vary depending on the tank size and a farm's production range. If the tank proves to be out of tolerance when checked, the tank is then recalibrated. Depending on scheduling, recalibrations are performed the same day or rescheduled for another day.

Checks/Calibration Results

Of the 259 tanks checked, 35 (14 percent) were out of tolerance and were recalibrated. Of the tanks requiring recalibration, 69 percent were over measuring; the rest were under measuring the amount of milk. An additional 121 calibrations/recalibrations were performed for other reasons that did not involve an initial check, such as a tank being installed, a tank being moved, or a special request. This number is up from 109 in 2017. Of the tanks that were recalibrated or calibrated, 55 percent were 1,500 gallon tanks or smaller. This figure is down from 65 percent in 2017.

The 259 checks and the 121 additional calibrations total at least 380 farm visits. The accompanying chart shows a breakdown of checks and calibrations by tank size. A tentative schedule for the calibration trucks during the upcoming season is included below.❖

Tentative Calibration Truck Schedule, 2019

Month	Area
April	Southern PA, Northern PA, Central NY
May	Finger Lakes Region NY, Eastern NY, Connecticut
June	Central PA, Eastern NY, Vermont and New Hampshire
July	Southern PA, Northern NY, Central NY
August	Western NY, Eastern NY
September	Central PA, Eastern NY, Maine
October	Southern PA, Central NY
November	Finger Lakes Region NY, Southern PA

U.S. Milk *(continued from page 2)*

Service, milk production grew from roughly 17.8 billion pounds for the month of May 2013 to roughly 19.1 billion pounds in May 2018. This was an increase of 7.2 percent.

Using data from milk marketed on all federal orders and the state of California, the maps on page 2 present a picture of milk marketing changes from May 2013 as compared to May 2018. One map shows all U.S. counties in which milk marketings increased, shaded by degree of increase. The second map shows all U.S. counties in which milk marketings decreased, shaded by degree of decrease.

The time period depicted highlights a period in which national milk production increased, though notable differences in regions can be seen. California shows counties with substantial decreases in production, as does Arizona and far western and eastern New York. Substantial increases in milk marketing occurred in Wisconsin and Michigan, as well as eastern South Dakota. West Texas and eastern New Mexico showed very strong growth. Counties in Arizona and Idaho also show strong growth areas on the map. Moderate to strong growth occurred in an area from central New York, through eastern Pennsylvania, and into Virginia.❖

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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	732,910,422	$9.77	71,605,348.23	
	Butterfat	16,150,994	2.5542	41,252,868.87	
Less:	Location Adjustment to Handlers			(2,872,324.26)	$109,985,892.80
Class II—	Butterfat	31,821,967	2.5051	79,717,209.51	
	Nonfat Solids	46,222,417	0.8022	37,079,622.91	116,796,832.42
Class III–	Butterfat	27,551,696	2.4981	68,826,891.79	
	Protein	19,112,086	1.1927	22,794,984.96	
	Other Solids	34,640,403	0.2898	10,038,788.80	101,660,665.55
Class IV–	Butterfat	15,606,613	2.4981	38,986,879.96	
	Nonfat Solids	35,662,743	0.7757	27,663,589.77	66,650,469.73
Total Classified Value					**$395,093,860.50**
Add:	Overage—All Classes				12,759.69
	Inventory Reclassification—All Classes				(80,460.03)
	Other Source Receipts	234,207	Pounds		9,654.45
Total Pool Value					**$395,035,814.61**
Less:	Producer Component Valuations @ Class III Component Prices				(351,572,413.41)
Total PPD Value Before Adjustments					**$43,463,401.20**
Add:	Location Adjustment to Producers				12,886,529.28
	One-half Unobligated Balance—Producer Settlement Fund				931,754.96
Less:	Producer Settlement Fund—Reserve				(1,028,006.93)
Total Pool Milk & PPD Value		2,286,734,902	Producer pounds		**$56,253,678.51**
	Producer Price Differential		**$2.46**		
	Statistical Uniform Price		**$16.42**		

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