March Milk: No Negative PPDs, But Almost 3 Billion Pounds Depooled

Washington—Rapidly increasing cheese and Ch 11 prices didn’t result in any negative producer price differentials (PPDs) in federal milk marketing orders during March, but almost 3.5 billion pounds of milk appear to have been depooled during the month. 

PPDs in the seven applicable orders ranged from just six cents per hundredweight in the Pacific Northwest order to $1.07 per hundred in the Northeast order. The amount of milk pooled on all seven orders in March was less than the amount pooled on those orders in March of 2003. Those differences ranged from 43.2 million pounds less on the Pacific Northwest order to 1.26 billion pounds less on the Upper Midwest order. 

For the seven orders combined, the amount of milk pooled in March was about 2.52 billion pounds less than the amount pooled in March of 2003. 

During the months of July through November of 2002, negative PPDs were reported for between three and seven of the federal orders that report PPDs. As a result of those negative PPDs, billions of pounds of milk was depooled during those months. The amount of milk pooled on all federal orders last year was about 15.5 billion pounds less than was pooled in 2002. 

For the three milk orders cooperative requested that USDA hold an emergency hearing on a proposal that would limit the repooling of producer milk after depooling on the Upper Midwest order. USDA is accepting additional proposals through the end of this month before deciding whether to call a hearing. 

A follow-up is looking at pooling, situation and PPDs for March for the seven orders that report PPDs. 

Upper Midwest Order 

A total of 467.1 million pounds of milk was pooled on the Upper Mid-west order during March, down 1.26 billion pounds from March of 2003. The March PPD was 21 cents per hundredweight. 

Ch 11 utilization on the Upper Midwest March 66 to just 13.2 per cent, down from 72.3 per cent in March of 2003. Just 83 million pounds of milk was pooled in Ch 11, compared to about 1.65 billion pounds in March of 2003.

March utilization and product pools for the other three classes were as follows in Ch 1, 58.7 per cent and 125.9 million pounds, compared to 17.5 percent and 159.8 million pounds in March of 2003; in Ch 2, 32.9 per cent and 75.8 million pounds, compared to 1.7 percent and 31.4 million pounds in March 2001; and in Ch 4, 11.6 per cent and 124.2 million pounds, compared to 2.5 percent and 49.6 million pounds in March of 2003. 

Central Order 

A total of 79.7 million pounds of milk was pooled on the Central order during March, down 774.1 million pounds from March of 2003. The Central order PPD was 14 cents per hundredweight. 

Ch 11 utilization on the Central order during March was 19.88 per cent, down from 77.9 per cent in March of 2001. A total of 1.56 billion pounds of milk was sold in Ch 11 was sold in March of 2003, down from 439.9 million pounds in March of 2001.

Utilization and product pools for the other three classes during March were as follows: 

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Future Of Northeast Dairy Industry Seen Depending On State, Regional Dairy Policies

Dairy on the Need for New State Milk Price Regulation in the Northeast, with Special Attention to the Vermont Milk Price Bill No. 568/7/2

Unlike more powerful cooperatives in the Upper Midwest, Northeast cooperatives lack the ability to take measures to advantage of depooling when manufacturing milk prices rapidly move up as they have over the past year, Cornell said. 

PPMC research indicates that returns to dairy producers in New England have benefited most from the power imbalance with farmers. Retaking in New England "have benefited from substantial market power that allowed retail prices to remain high as feed prices dropped to depression levels during 2001 and 2002," Cornell stated.

In contrast, producers from our state, wholesale and small-scale fluid milk price research over the past four

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California’s Skim Whey Power Processing Costs Found To Be Higher Than State’s Make Allowance

Sacramento—California whey powder processing costs for four California plants between January and October 2003 averaged 24.75 cents per pound of dry solids, well above the state’s current manufacturing cost allowance for skim whey powder of 17 cents per pound.

The California Department of Food and Agriculture (CDFA) has last week released skim whey powder processing cost data, which were collected as per selected points between January 2002 and October 2003. Cost includes processing, packaging, processing, non-feed, general and administrative cost, and return on investment.

Processing cost data does not include the cost of raw product nor does the data take into account of marketing and product cost.

For the CDFA report, cost data was collected and summarized from four plants that processed 1056.8. 

- **See Skim Whey Costs, p. 8**
Billions Depoled (continued on 2)

as was follows: Class I, 53.77 percent and 383.5 million pounds, compared to 29.46 percent and 2453.0 million pounds in March 2003; Class II, 14.12 percent and 1056.2 million pounds, compared to 6.39 percent and 949.0 million pounds in March 2003; and Class IV, 12.23 percent and 85.1 million pounds, compared to 5.74 percent and 43.5 million pounds in March of 2000.

Southeast Order

A total of 601.4 million pounds of milk was pooled on the Southeast order during March, down 341.2 million pounds from March 2003. The March PPD for the Southeast order was 75 cents per hundredweight.

Class III utilization on the Southeast order during March was just 3.99 percent, down from 39.9 percent in March 2003. Just under 24 million pounds of milk was utilized in March, down from 172.5 million pounds in March 2003.

Utilization and product pounds for the other three classes during March were as follows: Class I, 53.3 percent and 330.3 million pounds, compared to 15.95 percent and 338.9 million pounds in March 2003; Class II, 18.56 percent and 111.5 million pounds, compared to 12.28 percent and 127.8 million pounds in March 2003; and Class IV, 18.71 percent and 112.5 million pounds, compared to 22.86 percent and 143.5 million pounds in March 2003.

Western Order

A total of 465.2 million pounds of milk was pooled on the Western order last month, down 271.4 million pounds from March 2003. The Western order's PPD last month was 20 cents per hundredweight.

The Western order was terminated effective April 1, 2004.

Class III utilization on the Western order last month was 5.17 percent, down from 7.74 percent in March 2003. A total of 8.5 million pounds of milk was utilized in March, down from 11.1 million pounds in March 2000.

Utilization and product pounds for the other three classes during March were as follows: Class I, 62.0 percent and 99.1 million pounds, compared to 20.39 percent and 80.2 million pounds in March 2003; Class II, 17.61 percent and 28.3 million pounds, compared to 6.81 percent and 30.1 million pounds in March of 2000; and Class IV, 17.99 percent and 28.6 million pounds, compared to 2.06 percent and 2.05 million pounds in March of 2003.

Midwest Order

A total of 1.297 billion pounds of milk was pooled on the Midwest order last month, down 109.4 million pounds from March of 2003. The Midwest order's PPD last month was 15 cents per hundredweight.

Class III utilization on the Midwest order last month was 34.5 percent, down from 44.2 percent in March of 2003. A total of 468.2 million pounds of milk was utilized in March, down from 544.6 million pounds in March of 2003.

Utilization and product pounds for the other three classes during March were as follows: Class I, 94.5 percent and 577.4 million pounds, compared to 31.4 percent and 545.1 million pounds in March 2003; Class II, 17.9 percent and 232.3 million pounds, compared to 12.4 percent and 180.1 million pounds in March of 2003; and Class IV, 3.1 percent and 39.5 million pounds, compared to 6.0 percent and 87.7 million pounds in March 2003.

Northwest Order

A total of 2.096 billion pounds of milk was pooled on the Northwest order last month, down 63.5 million pounds from March 2003. The PPD for March was $1.07 cent.

Class III utilization on the Northwest order last month was 28.0 percent, down from 29.0 percent in March of 2003. A total of 546.5 million pounds of milk was utilized in March, down from 634.6 million pounds in March of 2003.

Utilization and product pounds for the other three classes during March were as follows: Class I, 44.6 percent and 397.2 million pounds, compared to 45.5 percent and 888.3 million pounds in March of 2003; Class II, 20.5 percent and 418.8 million pounds, compared to 18.6 percent and 404.6 million pounds in March of 2003; and Class IV, 7.7 percent and 152.8 million pounds, compared to 12.9 percent and 235.8 million pounds in March 2003.

Pacific Northwest Order

A total of 602.8 million pounds of milk was pooled on the Pacific Northwest order last month, down 41.7 million pounds from March 2003. The Pacific Northwest's PPD for March was just six cents per hundredweight.

Class III utilization on the Pacific Northwest order last month was 31.2 percent, down from 34.1 percent in March of 2003. A total of 185.3 million pounds of milk was utilized in March, down from 218.8 million pounds in March of 2003.

Utilization and product pounds for the other three classes during March were as follows: Class I, 31.6 percent and 189.0 million pounds, compared to 37.1 percent and 175.0 million pounds in March 2003; Class II, 6.99 percent and 41.8 million pounds, compared to 5.79 percent and 33.3 million pounds in March 2003; and Class IV, 32.34 percent and 181.7 million pounds, compared to 32.91 percent and 211.9 million pounds in March of 2003.