



NEWS RELEASE

NATIONAL AGRICULTURAL STATISTICS SERVICE
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NASS Conducts Review of Dairy Product Price Data

Washington, April 20, 2007 – After confirming that one dairy product plant made errors in its weekly reporting of price data for nonfat dry milk, USDA’s National Agricultural Statistics Service (NASS) will ask 39 plants to review and revise weekly price data and sales volumes reported over the past 52 weeks.

NASS has determined that one nonfat dry milk plant erroneously included some long-term, fixed prices sales data in its weekly reports. NASS guidelines explicitly exclude the reporting of forward pricing sales in which the selling price was set 30 days or more before the transaction was completed. As part of an annual effort to ensure proper reporting, NASS reiterated these guidelines with all participating plants in October 2006. At that time, the plants indicated they were in compliance.

At NASS’s request, the plant in question promptly revised its reports for the previous three weeks. Based on this, NASS revised the weekly nonfat dry milk price and volume for the weeks of March 31, March 24, and March 17. These revisions, published April 13, resulted in an increase ranging from approximately 6 to 9 cents per pound in the price of nonfat dry milk. Announced Federal milk order minimum milk prices using unrevised data will not be changed. The products of milk to which those minimum prices apply have already been priced and/or sold.

Within the next 45 days, NASS will contact all 39 participating dairy product plants to review reporting criteria and request that they verify and, if necessary, revise their nonfat dry milk data reported over the past year. Based on this information, NASS will issue any needed revisions to previously published weekly prices and volumes for nonfat dry milk. This process will provide producers and the marketplace with a clearer understanding of the overall impact of the incorrect reports. NASS will protect the confidentiality of individual plant reports as required by law.

Each week, NASS contacts plants that commercially produce 1 million or more pounds of manufactured dairy products to collect specific information about price trends in the market. The Agricultural Marketing Service (AMS) uses the data to establish minimum values for milk

under the Federal Milk Marketing Order program. The data also are used by the Farm Service Agency (FSA) to implement the Milk Income Loss Contract program.

AMS is working to establish a program under which it could verify the accuracy of the information being reported to NASS. Verification would occur through an auditing process.

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