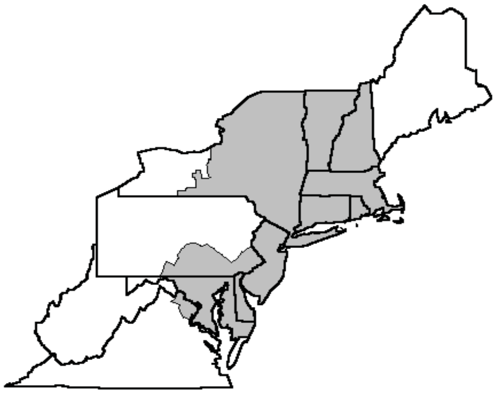

The Market Administrator's BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

March 2020 Federal Order No. 1

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March Pool Price Calculation

The March 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.74 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 $18.98 per hundredweight. The March statistical uniform price was 38 cents per hundredweight below the February price. The March producer price differential (PPD) at Suffolk County was $1.49 per hundredweight, an increase of 37 cents from the previous month.

Product Prices Effect

All commodity product prices took a significant downturn except for dry whey that rose less than 1 cent per pound. Prices for butter declined 5 cents per pound, while nonfat dry milk fell 13 cents. The cheese price dropped 8 cents per pound as the barrel price decreased 2 cents and the block price tumbled 13 cents, all on a per pound basis. These changes resulted in a 6-cent decrease in the butterfat price, a 13-cent decline in the nonfat solids price, and 19-cent drop in the protein price. The other solids price increased less than 1 cent per pound.

Class prices decreased from the previous month. Both Class I and Class II prices declined 9 cents, Class III dropped 75 cents, and Class IV fell $1.33, all on a per hundredweight basis. The lower overall prices translated to a lower SUP but the spread between the highest class prices and the Class III price widened, resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. The total pooled volume was the third highest ever for the month of March and the largest volume since May 2018. Class I volume in March was higher than the previous year for the first time since October 2018; this may be due to panic buying as a result of the Covid-19 situation. The average other solids test was the highest ever for the month of March and tied with February 2020 and June 2019 for the overall Order record-high.❖

Pool Summary

- A total of 9,367 producers were pooled under the Order with an average daily delivery per producer of 8,147 pounds.
- Pooled milk receipts totaled 2.366 billion pounds, an increase of 1.6 percent from last month on an average daily basis.
- Class I usage accounted for 30.9 percent of total milk receipts, an increase of 1.1 percentage points from February.
- The average butterfat test of producer receipts was 3.95 percent.
- The average true protein test of producer receipts was 3.12 percent.
- The average other solids test of producer receipts was 5.78 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.9	731,847,308
Class II	24.9	588,415,423
Class III	25.7	607,228,965
Class IV	18.5	438,227,662
Total Pooled Milk		2,365,719,358

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	2.8424	1.6303
Butterfat Price	1.9177	2.5461
Other Solids Price	0.1810	0.2200

Class Prices

	2020	2019
	$/cwt	
Class I	20.71	19.23
Class II	16.75	16.61
Class III	16.25	15.04
Class IV	14.87	15.71

Top Producing Counties—Northeast Milkshed

In 2019, the top ten counties in terms of milk pooled on the Northeast Order accounted for 35.9 percent of all milk pooled during the year. This is an increase over 2018 that accounted for 34.7 percent. Pooled milk receipts do not necessarily account for all milk produced in a county. Milk shipped to other federal orders, state orders, or unregulated areas is not included in these numbers.

Top Ten Counties Pooling on the Northeast Order, 2019

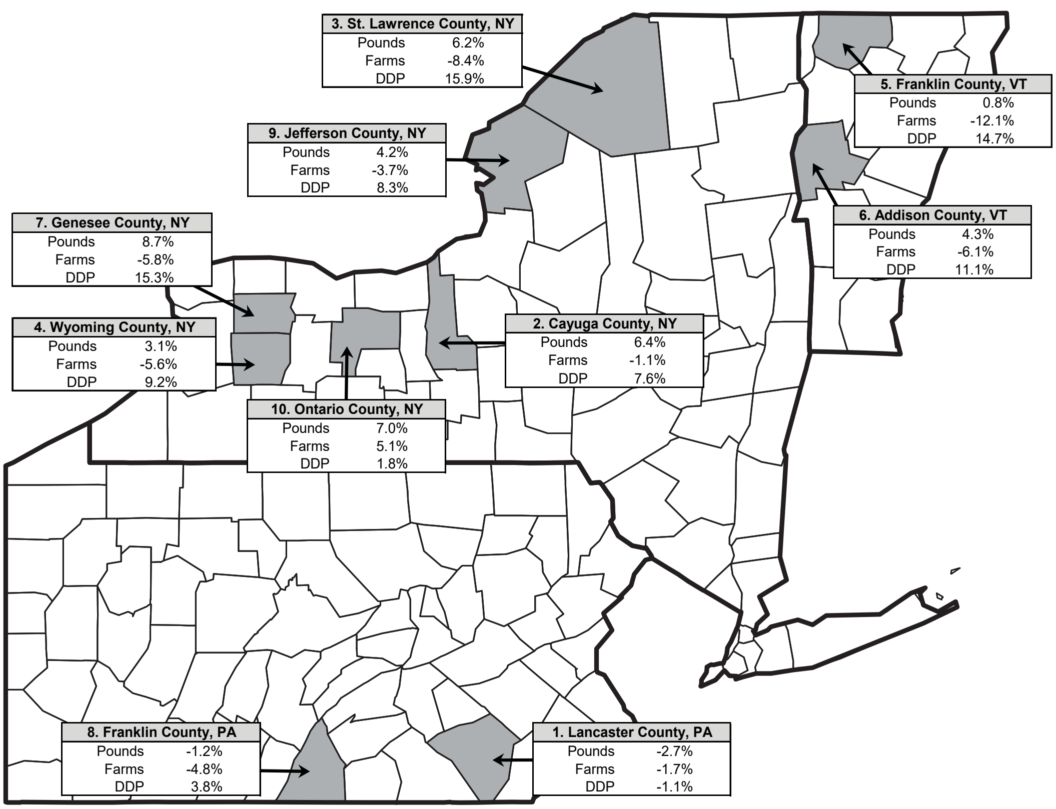
Rank	County	State	Volume Pooled on Order (1000 lbs)	Number of Farms	DDP
1	Lancaster	PA	2,235,946	1,499	4,087
2	Cayuga	NY	1,223,841	92	36,446
3	St. Lawrence	NY	879,554	274	8,795
4	Wyoming	NY	836,131	102	22,459
5	Franklin	VT	799,573	124	17,666
6	Addison	VT	787,172	92	23,442
7	Genesee	NY	757,690	49	42,365
8	Franklin	PA	747,762	257	7,971
9	Jefferson	NY	732,104	156	12,857
10	Ontario	NY	635,044	103	16,892
	Top Ten Total		9,634,817	2,748	9,606
	Total		26,838,512	9,447	7,784
	Top Ten Proportion (%)		35.9	29.1	

Source: Northeast Order audited producer payroll reports.

Change in Ranking

The table shows the top ten ranked counties for 2019 based on their volume pooled on the Order. Lancaster County, PA once again led the rankings as it has every year since the Order's inception in 2000. Lancaster County accounted for 8.3 percent of all milk pooled on the Order, a decline from 2018's share of 8.5 percent. It has been losing share of the milk pooled relative to the other top nine producing counties. In 2018, it accounted for 24.4 percent of all milked pooled among the top ten counties while in 2019 it dropped to 23.2 percent. Onondaga County, NY, dropped out of the top ten and was replaced by 2018's 11th ranked Ontario County, NY. Franklin County, PA, pooled 747.8 million pounds of milk in 2019 which was 9.2 million pounds less than 2018 and was the only county other than Lancaster ranked in the top ten to have produced less in 2019 than in 2018. Genesee County, NY moved up two spots from last year to number 7 while Jefferson County, NY, fell one spot to number 9. The top five counties all remained in the same position as 2018.

Top Ten Counties Year-to-Year Percent Change in Pounds and Farms Pooled and DDP, 2018–2019 (Pool Pounds Rank Indicated)

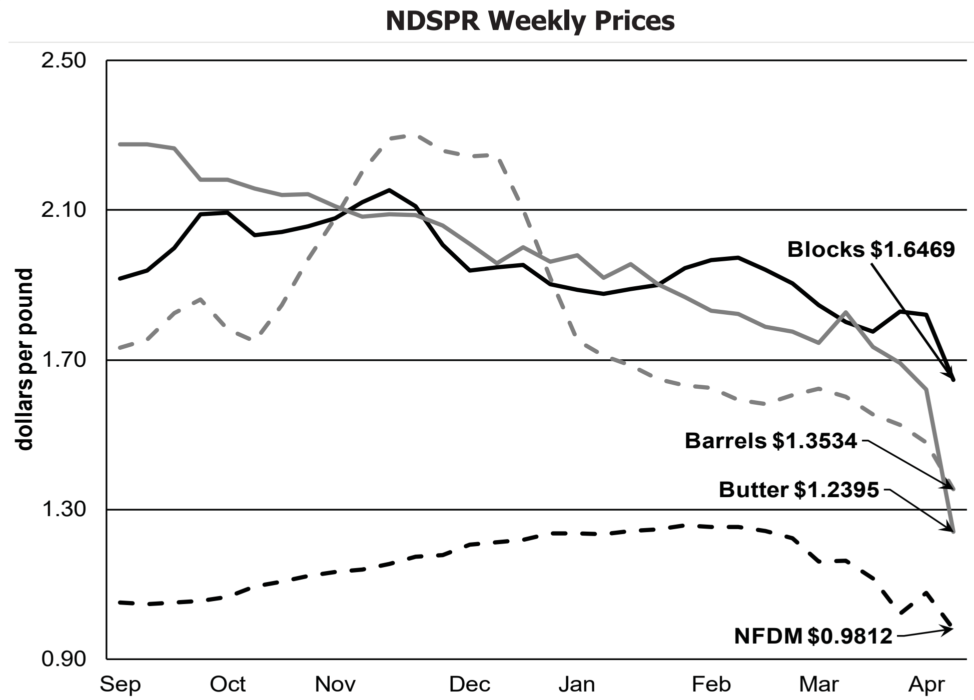


DDP = Daily Deliveries per Producer.

Proportions and DDP

The accompanying map presents the changes in pounds pooled, farms pooled, and the DDP since 2018 for the 2019 top ten counties. The number of farms in the top ten counties dropped 2.3 percent from 2018 to 2,748 in 2019. Overall, the number of farms pooled on the Order decreased 7.5 percent from 2018 to 9,447 in 2019. The DDP (daily deliveries per producer), a measure of how much milk each producer pooled on average each day, was 7,784 pounds for the entire Order in 2019. This is a 7.1 percent increase over 2018's DDP. The top ten counties reported a large increase in DDP from 2018 to 2019, increasing from 9,167 pounds to 9,606 pounds.❖

COVID-19 Related Impacts to Dairy Products



Source: USDA/AMS.

Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices. The accompanying chart presents the weekly prices from this report that were used in determining those prices since September (only block Cheddar prices are depicted). Response to the COVID-19 pandemic has resulted in shocks to demand and supply chains that are just starting to impact these inputs to federal order prices. The chart shows fairly strong prices in dairy products through most of the period shown, including the beginning of 2020. NDPSR prices are the result of a survey of actual plant transactions. The chart shows evidence of price declines resulting from demand impacts at food service and export channels, and demand bottlenecks as the industry is challenged by a sudden switch from these demand channels to retail for food at home consumption.

The March Statistical Uniform Price (SUP) did not reflect a large degree of the pricing impact that is expected. The Class I price was established using mid February market conditions, and taking into account the natural lag in NDPSR survey prices, March class prices did not capture COVID-19-related impacts. The first two weeks of April NDPSR prices are shown and do exhibit a sharp downturn in the product prices. The May Class I price will use NDPSR prices from the weeks of April 11 and 18. These prices would indicate more downside is likely in the NDPSR prices and thus, the Northeast SUP.❖

Pool Summary for All Federal Orders, January–March, 2019–2020

Federal Order		Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2019	2020*	Change^	2019	2020	2019	2020
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**6,691,722,228**	**6,845,705,648**	**1.2**	**2.45**	**1.45**	**16.75**	**18.45**
5	Appalachian	1,374,233,670	1,387,773,576	(0.1)	N/A	N/A	18.04	20.05
6	Florida	664,315,150	672,077,311	0.1	N/A	N/A	20.05	22.22
7	Southeast	1,278,392,358	1,241,104,996	(4.0)	N/A	N/A	18.44	20.32
30	Upper Midwest	9,075,041,893	7,027,548,771	(23.4)	0.29	0.17	14.59	16.94
32	Central	4,158,269,400	4,097,103,396	(2.6)	0.96	0.21	15.25	16.97
33	Mideast	4,682,755,792	5,196,400,124	9.7	1.45	0.63	15.75	17.39
51	California^	6,107,273,607	6,248,307,551	1.2	1.12	0.05	15.41	16.82
124	Pacific Northwest	2,128,510,483	2,057,105,804	(4.4)	1.11	(0.01)	15.41	16.75
126	Southwest	3,559,251,948	3,255,812,595	(9.5)	1.71	0.87	16.01	17.64
131	Arizona	1,322,367,775	1,334,464,126	(0.2)	N/A	N/A	15.85	17.24
	All Market Total/Average	41,042,134,304	39,363,403,898	(5.1)	1.30	0.48	16.50	18.23

Price at designated order location. ^ Adjusted for leap year. N/A = Not applicable.
* During the first quarter of 2020, a significant volume of milk was not pooled on federal orders.

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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	715,306,231	$14.07	100,643,586.70	
	Butterfat	16,541,077	2.0382	33,714,023.14	
Less:	Location Adjustment to Handlers			(2,930,922.98)	$131,426,686.86
Class II—	Butterfat	31,607,756	1.9247	60,835,448.00	
	Nonfat Solids	51,580,474	1.1533	59,487,760.65	120,323,208.65
Class III–	Butterfat	27,509,578	1.9177	52,755,117.70	
	Protein	18,864,020	2.8424	53,619,090.48	
	Other Solids	34,915,102	0.1810	6,319,633.50	112,693,841.68
Class IV–	Butterfat	17,898,131	1.9177	34,323,245.88	
	Nonfat Solids	39,001,406	0.9387	36,610,619.81	70,933,865.69
Total Classified Value					**$435,377,602.88**
Add:	Overage—All Classes				5,852.09
	Inventory Reclassification—All Classes				11,481.41
	Other Source Receipts	302,989	Pounds		11,923.19
Total Pool Value					**$435,406,859.57**
Less:	Value of Producer Butterfat	93,556,542	1.9177	(179,413,380.64)	
	Value of Producer Protein	73,706,157	2.8424	(209,502,380.69)	
	Value of Producer Other Solids	136,819,690	0.1810	(24,764,363.89)	(413,680,125.22)
Total PPD Value Before Adjustments					**$21,726,734.35**
Add:	Location Adjustment to Producers				13,713,031.46
	One-half Unobligated Balance—Producer Settlement Fund				814,795.74
Less:	Producer Settlement Fund—Reserve				(1,000,828.64)
Total Pool Milk & PPD Value		2,366,022,347	Producer pounds		**$35,253,732.91**
	Producer Price Differential		**$1.49**		
	Statistical Uniform Price		**$17.74**		

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