



# The Market Administrator's

# BULLETIN

## NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

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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](mailto:NortheastOrder@fedmilk1.com)  
 website address: [www.fmmone.com](http://www.fmmone.com)

### December Pool Price Calculation

The December 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$17.26 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 \$18.84 per hundredweight. The December statistical uniform price was \$1.01 per hundredweight below the November price. The December producer price differential (PPD) at Suffolk County was \$1.54 per hundredweight, an increase of \$6.61 from the previous month.

#### Product Prices Effect

Changes in commodity prices used in federal order pricing were mixed in December. National Dairy Product Sales Report prices decreased 1 cent for butter and 81 cents for cheese, on a per pound basis. Nonfat dry milk increased 1 cent and dry whey was up 3 cents per pound.

The commodity price changes translated to similar changes in the component prices. Butterfat dropped about 2 cents while protein fell \$2.59 per pound. The nonfat solids and other solids prices increased the same as in November, 1 cent and 4 cents, respectively.

All class prices increased from the previous month except the Class III price, which was affected by the large drop in the cheese price and fell \$7.62 from November. The Class I price rose \$1.83; Class II grew 15 cents; and Class IV increased 6 cents, all on a per hundredweight basis. These prices, combined with the month's class utilizations, generated a lower SUP, mainly due to the large decline in the Class III price. With the Class III price declining, the price spread between the classes returned to a more "normal" pattern and a positive PPD.

#### Selected Statistics

Average daily deliveries per producer set a new record high for the month topping 8,000 pounds for the first time in December. Total producer receipts and Class IV volumes both set record highs for the month. The December average producer butterfat and protein tests set new record highs for the Order. ❖

### Pool Summary

- A total of 8,954 producers were pooled under the Order with an average daily delivery per producer of 8,220 pounds.
- Pooled milk receipts totaled 2.282 billion pounds, an increase of 0.9 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.8 percent of total milk receipts, up 0.6 percentage points from November.
- The average butterfat test of producer receipts was 4.08 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

#### Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.8	727,078,088
Class II	20.8	473,841,161
Class III	25.0	570,052,987
Class IV	22.4	510,811,119
Total Pooled Milk		2,281,783,355

#### Producer Component Prices

	2020	2019
	\$/lb	
Protein Price	3.0282	3.6515
Butterfat Price	1.5399	2.1952
Other Solids Price	0.2245	0.1341

#### Class Prices

	2020	2019
	\$/cwt	
Class I	23.12	22.58
Class II	14.01	16.81
Class III	15.72	19.37
Class IV	13.36	16.70

## 2020 Northeast Order Statistics Summarized

Total milk received from producers equaled 26.8 billion pounds in 2020, up a slight 0.3 percent from 2019. The annual average volume per producer grew 567 pounds from the previous year and topped 8,000 pounds for the first time ever under the Order. The year ended with 8,954 producers, a drop of 527 from December 2019.

Total milk production rose about 2 percent nationally in 2020, but the novel coronavirus (Covid-19) began affecting demand in late March. As states imposed restrictions on restaurants, consumer spending switched to eating at home. This and continued school food programs helped to keep fluid sales about even with 2019. Government food assistance programs helped prop declining prices contributing to record-high cheese prices. Higher cheese prices resulted in a higher Class III price, but all other class prices averaged less in 2020.

The Northeast Order statistical uniform price (SUP) averaged 5.6 percent below 2019. The high Class III prices inverted the more typical price pattern, causing some depooling and large negative producer price differentials (PPD).

The accompanying table compares selected pool statistics for 2019 and 2020. The chart shows monthly changes in utilization by class for 2020. Comparisons have not been adjusted for the significant volume of milk not included in the pool (depooling).

### Class Utilization Changes

Class I utilization averaged 30.6 percent in 2020, down 0.4 percentage points from 2019. The volume of milk used for Class I purposes declined 72.5 million pounds (0.9 percent) from the previous year; this is considerably less than the 417.7 million pound decline in 2019. The total volume of producer receipts used in Class II increased a slight 0.1 percent from 2019. The Class II utilization percentage was unchanged from 2019 at 23.9 percent of total producer milk pooled in 2020.

Class III volume decreased 3.1 percent and utilization averaged 25.9 percent, down 0.9 percentage points from 2019. This decline was the result of a large volume of milk not pooled in June 2020. The amount of milk used in Class IV rose 7.3 percent and accounted for an annual average of 19.6 percent utilization, an increase of 1.3 percentage points. Total Class IV volume was the highest ever since the Order's inception.

### Prices Lower Than 2019

As previously mentioned, milk supplies were sufficient during 2020, but the Covid-19 crisis created

### Northeast Order Pool Statistics, 2019–2020

Pool Statistics	2019	2020	2019-20
	million pounds		Change percent
Class I	8,283.1	8,210.6	(0.9)
Class II	6,401.6	6,409.9	0.1
Class III	7,160.8	6,936.8	(3.1)
Class IV	4,906.2	5,266.6	7.3
Total	26,751.7	26,823.9	0.3
	pounds		
DDP	7,510	8,077	7.5
	utilization percentage		change
Class I	31.0	30.6	(0.4)
Class II	23.9	23.9	0.0
Class III	26.8	25.9	(0.9)
Class IV	18.3	19.6	1.3
	dollars/cwt		percent
Class I	20.24	20.16	(0.4)
Class II	16.76	14.29	(14.7)
Class III	16.96	18.16	7.1
Class IV	16.30	13.49	(17.2)
SUP	18.12	17.10	(5.6)
Producer Component:			
Tests:	percent		change
Butterfat	3.90	3.92	0.02
Protein	3.10	3.11	0.01
Other Solids	5.76	5.77	0.01
Prices:	dollars/lb		percent
Butterfat	2.5088	1.7067	(32.0)
Protein	2.3796	3.7559	57.8
Other Solids	0.1862	0.1678	(9.9)
Nonfat Solids	0.8654	0.8651	(0.0)

issues with supply chains and curbed demand in certain areas and products. Efforts by the federal government to keep food programs operational and the addition of extra programs kept prices from falling further during the summer months.

National Dairy Product Sales Report (NDPSR) butter prices were down 30 percent from 2019, averaging \$1.5808 per pound. NDPSR cheese prices began falling the first quarter of 2020 but after the federal food programs kicked in, jumped to set record high block and barrel prices in July. The combined cheese price averaged \$1.9236 per pound in 2020, up 9.4 percent from 2019.

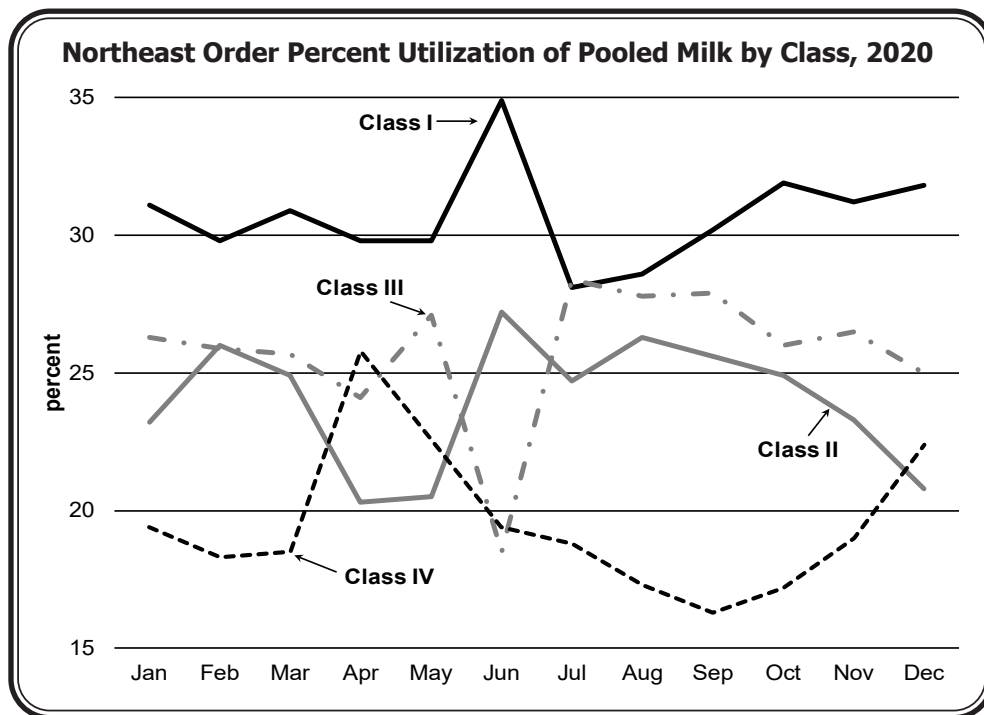
The NDPSR nonfat dry milk price was basically unchanged from 2019, averaging \$1.0417 per pound compared to \$1.0419 the previous year. Dry whey prices were down 4.7 percent from the previous year, averaging \$0.3621 per pound.

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## 2020 Northeast Order (continued from page 2)

All component price averages were below the previous year except protein. The price paid to producers for butterfat averaged \$1.7067 per pound, down 32 percent from 2019, and the lowest price since 2013. The per-pound annual average protein price was \$3.7559 per pound, up 57.8 percent from the previous year's average and the third highest since the Order's inception in 2000. The other solids price averaged \$0.1678 per pound, a decrease of 9.9 percent from 2019. The nonfat solids price averaged \$0.8651 per pound, basically unchanged from the previous year's \$0.8654.

These price changes translated into lower class prices for all classes except Class III. The Class I price averaged \$20.16 per hundredweight in 2020, down 0.4 percent from the 2019 annual average. The Class II price averaged \$14.29 per hundredweight, a decrease of 14.7 percent from the previous year. The Class III price averaged \$18.16, up 7.0 percent from 2019. The Class IV price averaged \$13.49, a drop of 17.2 percent. Overall, the statistical uniform price (blend) reported at Suffolk County, Massachusetts (Boston) averaged \$17.10 per hundredweight, 5.6 percent below the 2019 average. For the first time ever under the Order, the annual average PPD was negative.



### Producer Tests

The annual average producer butterfat test equaled 3.92 percent in 2020, an increase of 0.02 percentage points from 2019. There were record highs set during 9 months of 2020 and a new Order high set in December at 4.08 percent. The annual average producer protein test was 3.11 percent, up 0.01 percentage point from the previous year. Record highs were set in 6 months of 2020. The producer other solids test averaged 5.77 percent, up 0.01 percentage point over 2019. Record-highs were set in 8 months of the year. All producer component tests set new Order record-high annual averages in 2020. ❖

## Pool Summary for All Federal Orders, January–December, 2019–2020

Federal Order		Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2019	2020*	Change <sup>^</sup>	2019	2020	2019	2020
		pounds			percent			
					dollars per hundredweight			
<b>1</b>	<b>Northeast</b>	<b>26,751,705,028</b>	<b>26,823,945,997</b>	<b>(0.0)</b>	<b>1.16</b>	<b>(1.06)</b>	<b>18.12</b>	<b>17.10</b>
5	Appalachian	5,326,588,524	5,321,901,585	(0.4)	N/A	N/A	19.40	18.79
6	Florida	2,509,778,873	2,508,844,540	(0.3)	N/A	N/A	21.41	20.83
7	Southeast	4,902,610,976	4,700,409,123	(4.4)	N/A	N/A	19.81	18.89
30	Upper Midwest	32,310,206,014	20,291,808,212	(37.4)	0.00	(1.66)	16.96	16.50
32	Central	15,259,515,124	13,314,826,362	(13.0)	(0.16)	(2.90)	16.80	15.27
33	Mideast	18,941,746,950	17,982,419,842	(5.3)	0.26	(2.31)	17.21	15.85
51	California <sup>^</sup>	24,271,881,771	23,004,467,834	(5.5)	(0.16)	(3.60)	16.80	14.57
124	Pacific Northwest	8,496,370,522	7,682,463,711	(9.8)	(0.20)	(2.59)	16.76	15.57
126	Southwest	12,899,796,302	11,691,757,063	(9.6)	0.49	(2.62)	17.45	15.54
131	Arizona	4,840,113,614	4,497,242,425	(7.3)	N/A	N/A	17.30	15.70
All Market Total/Average		156,510,313,698	137,820,086,694	(12.2)	0.20	(2.39)	18.00	16.78

# Price at designated order location.

<sup>^</sup> Adjusted for leap year.

N/A = Not applicable.

\* During 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\***

	<u>Product Pounds</u>	<u>Price per cwt./lb.</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	709,761,564	\$18.13	\$128,679,771.55	
Butterfat	17,316,524	1.6081	27,846,702.24	
Less: Location Adjustment to Handlers			(3,040,840.92)	\$153,485,632.88
Class II— Butterfat	28,375,280	1.5469	43,893,720.67	
Nonfat Solids	41,630,685	0.9900	41,214,378.15	85,108,098.82
Class III— Butterfat	28,144,535	1.5399	43,339,769.46	
Protein	18,222,366	3.0282	55,180,968.72	
Other Solids	32,510,009	0.2245	7,298,497.02	105,819,235.20
Class IV— Butterfat	19,248,688	1.5399	29,641,054.70	
Nonfat Solids	45,945,616	0.9180	42,178,075.53	71,819,130.23
<b>Total Classified Value</b>				<b>\$416,232,097.13</b>
Add: Overage—All Classes				59,730.24
Inventory Reclassification—All Classes				191,429.32
Other Source Receipts	384,512			24,597.79
<b>Total Pool Value</b>				<b>\$416,507,854.48</b>
Less: Value of Producer Butterfat	93,085,027	1.5399	(143,341,633.07)	
Value of Producer Protein	73,255,108	3.0282	(221,831,118.06)	
Value of Producer Other Solids	131,261,655	0.2245	(29,468,241.59)	(394,640,992.72)
<b>Total PPD Value Before Adjustments</b>				<b>\$21,866,861.76</b>
Add: Location Adjustment to Producers				13,376,693.15
One-half Unobligated Balance—Producer Settlement Fund				946,191.57
Less: Producer Settlement Fund—Reserve				(1,044,361.32)
<b>Total Pool Milk &amp; PPD Value</b>	<b>2,282,167,867</b>			<b>\$35,145,385.16</b>
Producer Price Differential		<b>\$1.54</b>		
Statistical Uniform Price		<b>\$17.26</b>		

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