

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

July 2021

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

July Pool Price Calculation

The July 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.06 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 \$18.87 per hundredweight. The July statistical uniform price was 44 cents per hundredweight below the June price. The July producer price differential (PPD) at Suffolk County was \$1.57 per hundredweight, an increase of 28 cents from the previous month.

Product Prices Effect

All commodity prices declined as reported on the National Dairy Product Sales Report. Butter decreased 5 cents (per pound), dry whey declined 4 cents, nonfat dry milk was down 1 cent, and cheese fell about 5 cents mainly due to the 8-cent drop in the barrel price. The commodity price changes translated to declines in all of the component prices. Butterfat fell 6 cents, other solids declined 4 cents, nonfat solids decreased 1 cent, and protein dropped nearly 9 cents, all on a per pound basis.

Class II was the only price to increase from the previous month, rising 17 cents per hundredweight. All other class prices decreased: Class I declined 87 cents; Class III fell 72 cents; and Class IV was down 35 cents, all on a per hundredweight basis. With mostly lower class prices and a lower Class I percentage, the SUP declined. Overall, a larger proportion of the milk was priced at the higher class prices than in June, resulting in a higher PPD. Any milk that had been depooled in prior months was repooled during the month of July.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of July. The total volume of producer receipts were the second highest ever for July. Both Class II and Class IV volumes were the highest for the month. Average producer tests for all components (butterfat, protein, and other solids) set new record highs for the month. ❖

Pool Summary

- A total of 8,923 producers were pooled under the Order with an average daily delivery per producer of 8,470 pounds.
- Pooled milk receipts totaled 2.343 billion pounds, an increase of 1.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 27.7 percent of total milk receipts, down 0.4 percentage points from June.
- The average butterfat test of producer receipts was 3.84 percent.
- The average true protein test of producer receipts was 3.04 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	27.7	649,184,500
Class II	25.2	590,057,710
Class III	27.5	643,622,856
Class IV	19.6	460,051,805
Total Pooled Milk		2,342,916,871

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.4957	5.6294
Butterfat Price	1.8996	1.9583
Other Solids Price	0.4181	0.1492

Class Prices

	2021	2020
	\$/cwt	
Class I	20.67	19.81
Class II	16.83	13.79
Class III	16.49	24.54
Class IV	16.00	13.76

U.S. Milk Production and Northeast Pool Volume Increase

Estimated U.S. milk production for the first 6 months of 2021 was up 2.9 percent from 2020, this compares to an increase of 1.8 percent in 2020. Total pooled milk volume for the Northeast Order increased 2.7 percent during the January-June period, but there was a significant volume of milk depooled during June of 2020.

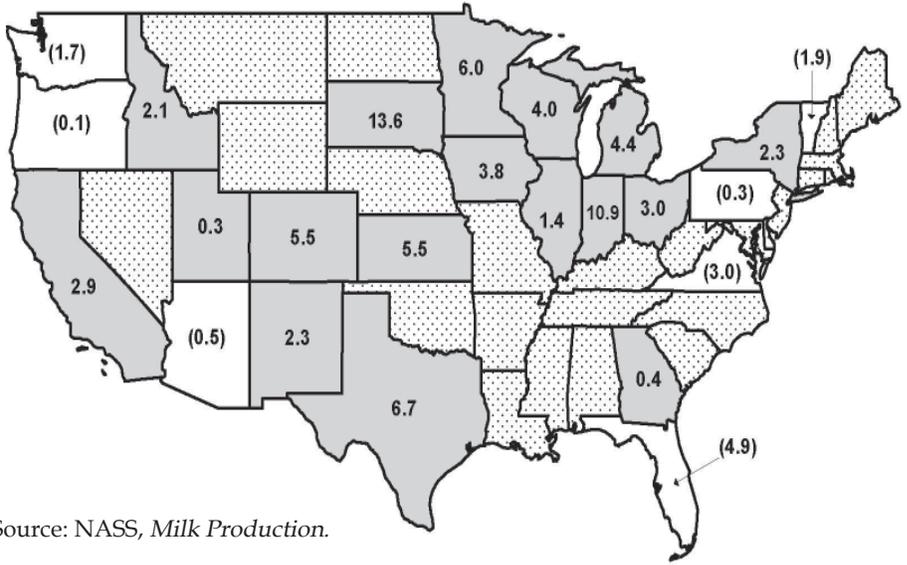
Milk Production

The top ten states, ranked by total production during the first 6 months, increased 3.2 percent from 2020. The accompanying table shows the change along with a comparison for some selected areas. Of the top ten states listed, Texas reported the largest growth at 6.7 percent, followed by Minnesota at 6.0 percent. New York and Texas tied for fourth place with both states reporting 7,822 million pounds. The only top ten states showing declines were Pennsylvania and Washington.

Total production for the 24 selected states as reported by NASS (National Agricultural Statistics Service) also rose 3.2 percent for the January-June period compared to the previous year. Of this group, South Dakota reported the largest increase, followed by Indiana. Seven of the 24 states reported declines; Florida reported the largest drop with 4.9 percent. See accompanying map.

In the Northeast, the states contributing to the

January–June 2021 Milk Production in the NASS 24 Selected States (Year-to-Year Percent Change)



Source: NASS, Milk Production.

Northeast Order milkshed had a combined increase of 0.6 percent. Maryland had the largest increase at 2.8 percent and Delaware had the largest decline at 24.0 percent. Other Northeast milkshed states showing increases were Connecticut, Massachusetts, and New York, with all other states reporting a decrease from the previous year. The top three contributing states (New York, Pennsylvania, and Vermont) had a combined increase of 1.0 percent.

Pool Volume

The total producer volume for the first 6 months of 2021 for the Northeast Order increased by 2.7 percent from the same period in 2020 due to milk depooled in June and industry efforts to curtail some production in light of surplus milk that resulted at the onset of the Covid-19 pandemic. If the depooled milk was included, Northeast total pooled volume would be slightly above last year. Based on projections for the rest of 2021, total annual pooled volume is expected to finish about 1.0 percent above last year. ❖

Producer Component Tests Rise

Average producer component tests for butterfat and protein have risen over the past 21 years, though not consistently. Strong year-over-year gains occurred in 2016 and 2017, but there were some declines in more recent years that signified a possible plateauing of tests, especially during the first quarter of 2020. For the first 7 months of 2021, both tests have increased significantly. All tests represent data reported by handlers at pool time.

(continued on page 3)

Milk Production in the Top Ten States and Selected Areas, January–June, 2020 vs. 2021

Rank	State	2020 (million pounds)	2021 (million pounds)	Percent Change
1	California	21,007	21,503	2.9
2	Wisconsin	15,303	15,828	4.0
3	Idaho	8,087	8,208	2.1
4	New York	7,686	7,822	2.3
5	Texas	7,369	7,822	6.7
6	Michigan	5,821	6,044	4.4
7	Minnesota	5,005	5,278	6.0
8	Pennsylvania	5,222	5,178	(0.3)
9	New Mexico	4,120	4,193	2.3
10	Washington	3,420	3,342	(1.7)
	Top Ten Total	83,040	85,218	3.2
	NASS 24 Selected	106,864	109,676	3.2
	Northeast Milkshed	16,363	16,375	0.6
	Top 3 Northeast	14,236	14,296	1.0
	U.S. Total	112,244	114,916	2.9

Source: NASS, Milk Production.

USDA Announces Pandemic Market Volatility Assistance Program

On August 19, 2021, The U.S. Department of Agriculture (USDA) announced the details of the Pandemic Market Volatility Assistance Program. Through the program, USDA will provide about \$350 million in pandemic assistance payments to dairy farmers who received a lower value for their products due to market abnormalities caused by the pandemic. The assistance is part of a larger package including permanent improvements to the Dairy Margin Coverage safety net program.

Under the Pandemic Market Volatility Assistance Program, payments will reimburse qualified dairy farmers for 80 percent of the revenue difference per month based on an annual production of up to 5 million pounds of milk marketed and on fluid milk sales from July through December 2020. The payment rate will vary by region based on the actual losses on pooled milk related to price volatility. USDA will make payments through agreements with independent handlers and cooperatives. Handlers and cooperatives will distribute

the monies on the same basis July–December 2020 payments were made to their dairy farmer suppliers and a formula set by USDA. USDA will reimburse handlers and cooperatives for allowed administrative costs.

USDA will contact eligible handlers and cooperatives to notify them of the opportunity to participate in the Program. USDA will distribute payments to participating handlers within 60 days of entering into an agreement. Once funding is provided, a handler will have 30 days to distribute monies to qualifying dairy farmers. As part of the program, handlers also will provide virtual or in-person education to dairy farmers on a variety of dairy topics available from USDA or other sources. A handler will have until March 1, 2022 to directly provide educational opportunities to dairy farmers.

Additional details about the program are available and will be updated at the AMS Dairy Program website: <https://www.ams.usda.gov/about-ams/programs-offices/dairy-program>. ❖

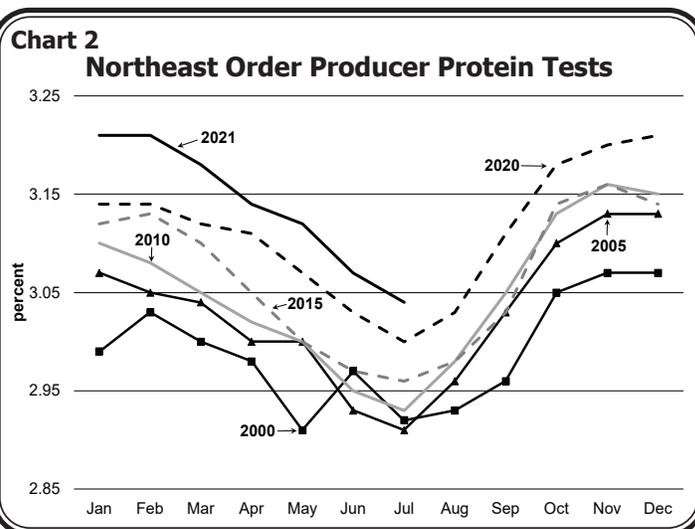
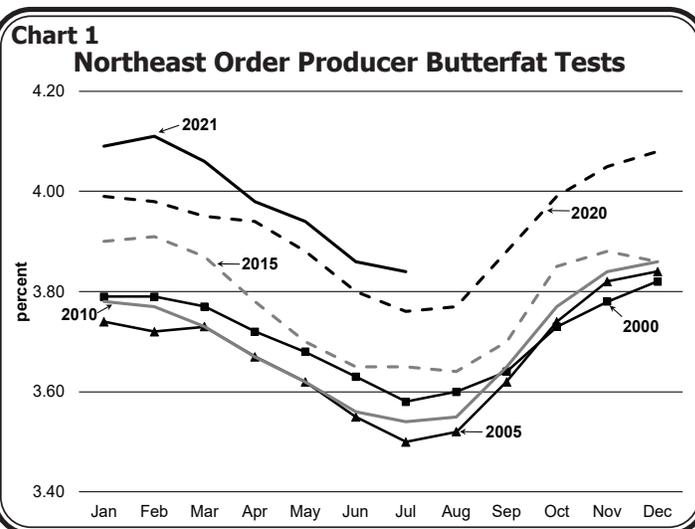
Producer Component *(continued from page 2)*

Butterfat Tests

Producer butterfat tests have fluctuated over the years with the lowest tests occurring mainly during 2014 and 2015. The record low for the Order was in July 2005 at 3.50 percent. The trend of lower tests in the hotter months continues, but even tests during these months are significantly higher—July 2021 was 3.84 percent, an increase of 0.34 percentage points. Since April 2020, for 17 months straight, the average producer pool butterfat test has set year-over-year record highs each month. Chart 1 shows average producer butterfat tests for selected years. As can be seen in the chart, butterfat tests didn't really show an increasing trend until about 2015. More recent years show significant jumps in producer tests, especially in 2020. The highest test recorded for the Order so far was in February 2021 with 4.11 percent.

Protein Tests

Producer protein tests also have increased over the years, but not as dramatically as butterfat tests. The record low for the Order for protein was 2.88 percent in July 2002; the test for July 2021 was 3.04 percent, an increase of 0.16 percentage points. Protein tests tend to follow the same pattern as butterfat, lower in the hotter months and higher in the cooler months. Since December 2020, protein tests have set new monthly year-over-year record highs; the highest test recorded is 3.21 percent that occurred during December 2020 and January and February 2021. Chart 2 shows a similar pattern as butterfat with tests increasing, but not consistently until the most recent years. The largest growth has been during the past year, particularly the last 7 months. ❖



RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	634,109,891	\$14.20	\$90,043,604.52	
Butterfat	15,074,609	1.9915	30,021,083.82	
Less: Location Adjustment to Handlers			(2,749,432.42)	\$117,315,255.93
Class II— Butterfat	33,666,212	1.9066	64,187,999.82	
Nonfat Solids	51,024,128	1.1700	59,698,229.76	123,886,229.58
Class III— Butterfat	28,578,021	1.8996	54,286,808.70	
Protein	19,563,667	2.4957	48,825,043.72	
Other Solids	36,991,649	0.4181	15,466,208.51	118,578,060.93
Class IV— Butterfat	12,651,747	1.8996	24,033,258.59	
Nonfat Solids	41,042,649	1.0765	44,182,411.66	68,215,670.25
Total Classified Value				\$427,995,216.69
Add: Overage—All Classes				110,614.17
Inventory Reclassification—All Classes				28,809.87
Other Source Receipts	52,950			1,977.84
Total Pool Value				\$428,136,618.57
Less: Value of Producer Butterfat	89,970,589	1.8996	(170,908,130.90)	
Value of Producer Protein	71,296,712	2.4957	(177,935,204.12)	
Value of Producer Other Solids	135,294,940	0.4181	(56,566,814.41)	(405,410,149.43)
Total PPD Value Before Adjustments				\$22,726,469.14
Add: Location Adjustment to Producers				14,050,909.69
One-half Unobligated Balance—Producer Settlement Fund				1,032,072.16
Less: Producer Settlement Fund—Reserve				(1,024,824.84)
Total Pool Milk & PPD Value	2,342,969,821			\$36,784,626.15
Producer Price Differential		\$1.57		
Statistical Uniform Price		\$18.06		

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