

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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October Pool Price Calculation

The October 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.44 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 \$20.01 per hundredweight. The October statistical uniform price was 48 cents per hundredweight above the September price. The October producer price differential (PPD) at Suffolk County was \$0.61 per hundredweight, a decrease of 82 cents from the previous month.

Product Prices Effect

All commodity prices increased as reported on the National Dairy Product Sales Report. Butter increased less than 1 cent, dry whey rose slightly higher than 1 cent, and nonfat dry milk jumped nearly 8 cents, all on a per pound basis. The cheese price rose almost 13 cents per pound due to a combination of a 3-cent increase in the block price and a 21-cent jump in the barrel price. The commodity price changes translated to slight increases in the per-pound butterfat and other solids prices, but jumps of almost 8 cents in the nonfat solids price and 41 cents in the protein price.

All class prices rose from the previous month: the Class I price increased 49 cents; Class II rose 19 cents; Class III increased \$1.30 cents due to the jump in the cheese price; and Class IV was up 68 cents mainly due to the nonfat dry milk price increase. These prices are all on a per hundredweight basis. The Class II and IV prices were the highest for the month of October since 2014. Due to the higher class prices, the SUP increased but, with the significant increase in the Class III price, the PPD decreased.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of October and has topped 8,000 pounds every month since November 2020. The Class II and III volumes were the highest ever for the month. The average producer butterfat test set a record high for October, topping 4.00 percent for the first time for the month. The producer protein test tied with 2020 as a record high for the month. ❖

Pool Summary

- A total of 8,749 producers were pooled under the Order with an average daily delivery per producer of 8,254 pounds.
- Pooled milk receipts totaled 2.239 billion pounds, a decrease of 0.5 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.8 percent of total milk receipts, down 0.2 percentage points from September.
- The average butterfat test of producer receipts was 4.00 percent.
- The average true protein test of producer receipts was 3.18 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.8	690,403,417
Class II	26.5	592,627,460
Class III	27.3	611,480,912
Class IV	15.4	344,185,605
Total Pooled Milk		2,238,697,394

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	3.0130	5.0146
Butterfat Price	1.9414	1.6388
Other Solids Price	0.3560	0.1534

Class Prices

	2021	2020
	\$/cwt	
Class I	20.33	18.45
Class II	17.08	13.63
Class III	17.83	21.61
Class IV	17.04	13.47

Dairy Exports

Dairy exports remain a major component of the U.S. dairy market—the U.S. ships nearly one day’s worth of production a week outside of the country. For the month of September, the United States Dairy Export Council (USDEC) reported 186,020 metric tons (MT) of dairy product on a milk solids basis exported from the United States. This brings the 2021 year-to-date total to 1,762,267 MT, an increase of 12.2 percent when compared to the January to September 2020 period. The International Trade Administration (ITA) valued the total of United States exported dairy products for January to September 2021 at \$5,926,582,547. Over 40 percent of dairy export value is from three countries, Mexico at 22.9 percent, Canada at 11.1 percent, and China at 9.5 percent. Using USDEC data, China for the January to September period, has increased 2021 dairy imports on a milk

solids basis from the United States by 51.0 percent over 2020, having imported 337,263 MT of dairy products in 2021. Throughout the pandemic U.S. dairy exports have mostly held steady, with an upward trend in 2021.

Non-Fat Dry Milk (NFDM)/ Skim Milk Powder (SMP), whey, and cheese are the three largest dairy products exported by volume. NFDM/SMP make up 39.2 percent of dairy exports in 2021, whey at 27.0 percent, and cheese at 17.3 percent. The accompanying chart shows U.S. export quantities for NFDM, cheese, whey, and total dairy solid exports from January 2019-September 2021.

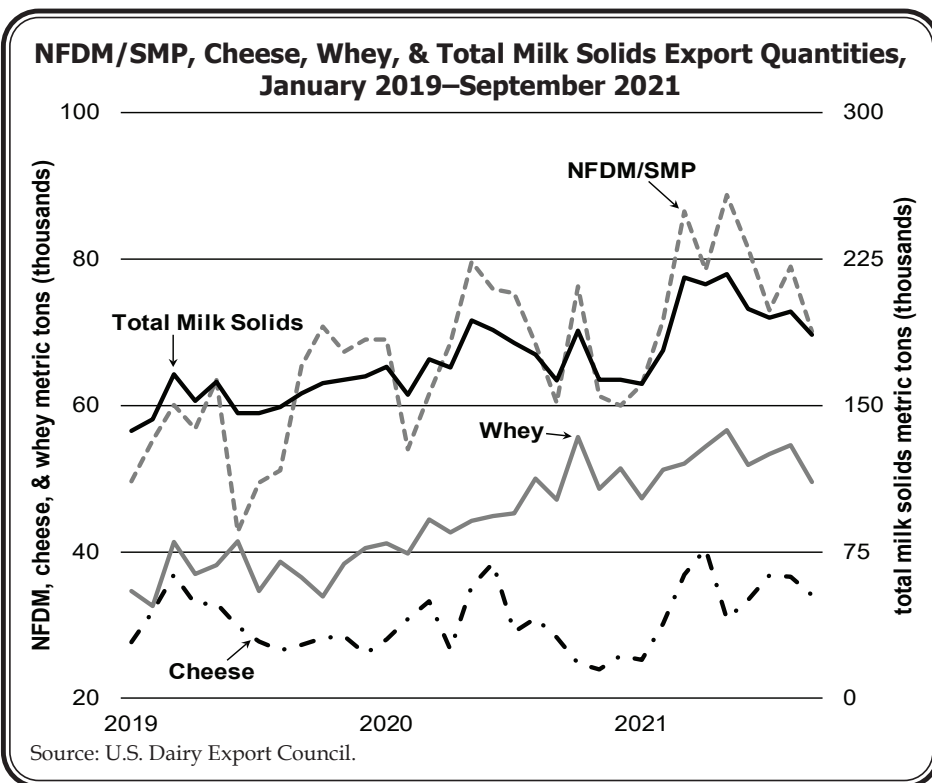
NFDM/SMP

NFDM/SMP exports have been trending upwards over the last three years. Exports for the month of September decreased by 11.2 percent compared to August but increased by 16.2 percent over September 2020. The United States had exported 691,644 MT of NFDM/SMP in 2021, an increase of 78,956 MT for the same period in 2020.

Mexico, Southeast Asia, and China make up the top three regions importing American NFDM/SMP. Mexico has imported 258,339 MT of NFDM/SMP in 2021, a year to date increase of 24.3 percent over 2020. Southeast Asia has imported 253,091 MT of NFDM/SMP in 2021, a decrease of 1.7 percent from the previous year. Of the top three importing regions of NFDM/SMP, China has seen the largest growth over the previous year at 134.8 percent between January and September of 2021 and 2020.

Whey

Just like NFDM/SMP, whey exports have been



increasing over the last three years. Exports for the month of September decreased by 9.3 percent relative to the previous month but have increased by 5.1 percent over September 2020. The United States has exported 476,075 MT of whey in 2021, an increase of 76,109 MT from the same period in 2020.

By a significant margin, China is the largest importer of U.S. whey, making up 47.2 percent of foreign demand for American whey. As of September 2021, China has imported 224,935 MT of whey for the year, a growth of 52 percent over 2020.

Cheese

Cheese exports also have been trending upwards over the last three years. Exports for the month of September decreased by 6.8 percent compared to August but increased by 20.5 percent over September 2020. The United States has exported 304,517 MT of cheese in 2021, an increase of 23,672 MT from the same period in 2020.

Mexico, South Korea, and Central America make up the top three regions importing American cheese. Mexico has imported 79,097 MT of cheese in 2021, a year-to-date increase of 5.2 percent over 2020. South Korea has imported 54,596 MT of cheese in 2021, a decrease of 6.6 percent from the previous year. Central America has imported 10,318 MT of cheese in 2021, a growth of 36.8 relative to 2020.

The current supply chain disruptions, particularly at U.S. ports, bear watching with respect to the U.S. ability to physically move product overseas and meet customers’ demand before those customers look elsewhere. ❖

Trends in Fluid Milk Sales: January–September

For many years, higher fat products experienced increases in sales while the overall total sales of fluid milk products in the Northeast Milk Marketing area (NMA) was declining. From 2013 through 2018, sales of whole milk rose while overall sales in the area dropped. In 2019, sales in all categories declined. There was a blip in 2020 with increased sales of whole and reduced fat milk, but the declining trend continued in 2021 with sales in all categories dropping except for organic and flavored milk.

The tables show changes in sales in the NMA by product, proportion of total, and per capita for the January–September period from 2018–2021.

Table 1

Sales in the Northeast Marketing Area, by Product, January–September

Product	2018	2019	2020	2021
	million pounds			
Whole Milk	2,059.9	2,053.9	2,119.1	1,986.3
Reduced Fat Milk	1,224.3	1,172.7	1,221.6	1,197.6
Low Fat Milk	890.8	821.2	796.8	780.0
Fat Free Milk	511.9	456.3	387.0	349.3
Flavored Whole and Fat-Reduced Milk	313.9	311.2	236.5	247.3
Organic Milk	136.6	128.3	116.6	120.4
Organic Reduced Fat Milk	178.5	144.6	123.8	144.4
Buttermilk/Eggnog/Other	20.2	20.7	16.9	17.9
Total From Pool Handlers	5,336.1	5,108.9	5,018.3	4,843.2
Sales from Non-pool Handlers	537.6	574.2	585.2	465.0
Total Sales from All Handlers	5,873.7	5,683.1	5,603.4	5,308.1

Proportion of Sales

Table 2 shows the proportion of sales by product. Whole milk has consistently held the largest proportion in the NMA, followed by reduced fat. Low fat milk (1% butterfat) remains in third place but its sales and proportion continue to drop. Fat free's proportion has declined consistently since 2010. After peaking in 2018, the organic sales proportion has declined although a significant increase occurred this year.

Per Capita Sales

Table 3 shows per capita sales for the NMA and estimated for the United States. Per capita sales have been declining consistently in both the NMA and US prior to 2010. Similar trends to the NMA were experienced nationally – increased whole and reduced fat milk sales in 2020 while flavored milk products declined and fat free continued to fall. Unlike the NMA, US sales of organic products increased in 2020. For the period shown, US sales per capita declined less in 2019 and 2020, but more in 2021 than in the NMA. ❖

Table 2

Proportion of Sales in the Northeast Marketing Area, by Product, January–September

	2018	2019	2020	2021
	percent of total sales			
Whole Milk	38.6	40.2	42.2	41.0
Reduced Fat Milk	22.9	23.0	24.3	24.7
Low Fat Milk	16.7	16.1	15.9	16.1
Fat Free Milk	9.6	8.9	7.7	7.2
Flavored Whole and Fat-Reduced Milk	5.9	6.1	4.7	5.1
Organic Milk	2.6	2.5	2.3	2.5
Organic Reduced Fat Milk	3.3	2.8	2.5	3.0
Buttermilk/Eggnog/Other	0.4	0.4	0.3	0.4

Data are derived from pool handlers regulated by the Northeast Order and from nonregulated handlers. Percent changes have been adjusted for leap year in 2020. A comparison is shown in per capita sales to US estimated sales.

Sales by Product

Table 1 shows sales by product. As depicted in the table, all categories declined in 2019 except buttermilk and eggnog. In 2020, overall sales still fell although at a lower rate than the previous years. With most schools closed during most of 2020, flavored whole and fat-reduced milk products took the biggest hit. Conversely whole milk and reduced fat (2% butterfat) milk sales increased. In 2021, sales of flavored milk products increased, coinciding with schools reopening. Sales of organic milk products and buttermilk and eggnog also rose from the previous year.

Table 3

Total Per Capita Sales, Northeast Marketing Area and Estimated U.S., January–September

	2018	2019	2020	2021
	pounds of fluid milk products			
Northeast Marketing Area	107.0	103.6	102.3	97.1
United States*	106.4	104.1	104.4	98.9

* Estimated data published in USDA's Estimated Fluid Milk Products Sales Report.

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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	673,993,828	\$13.91	\$93,752,541.47	
Butterfat	16,409,589	1.9746	32,402,374.44	
Less: Location Adjustment to Handlers			(2,941,466.39)	\$123,213,449.52
Class II— Butterfat	34,358,820	1.9484	66,944,724.89	
Nonfat Solids	51,998,255	1.1811	61,415,139.00	128,359,863.89
Class III— Butterfat	27,892,480	1.9414	54,150,460.70	
Protein	19,382,413	3.0130	58,399,210.40	
Other Solids	35,080,528	0.3560	12,488,667.99	125,038,339.09
Class IV— Butterfat	10,962,978	1.9414	21,283,525.48	
Nonfat Solids	31,052,046	1.1801	36,644,519.55	57,928,045.03
Total Classified Value				\$434,539,697.53
Add: Overage—All Classes				150,635.18
Inventory Reclassification—All Classes				130,095.52
Other Source Receipts	126,838			2,802.10
Total Pool Value				\$434,823,230.33
Less: Value of Producer Butterfat	89,623,867	1.9414	(173,995,775.40)	
Value of Producer Protein	71,175,201	3.0130	(214,450,880.65)	
Value of Producer Other Solids	128,976,862	0.3560	(45,915,762.87)	(434,362,418.92)
Total PPD Value Before Adjustments				\$460,811.41
Add: Location Adjustment to Producers				13,259,416.86
One-half Unobligated Balance—Producer Settlement Fund				1,018,589.69
Less: Producer Settlement Fund—Reserve				(1,081,990.17)
Total Pool Milk & PPD Value	2,238,824,232			\$13,656,827.79
Producer Price Differential		\$0.61		
Statistical Uniform Price		\$18.44		

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