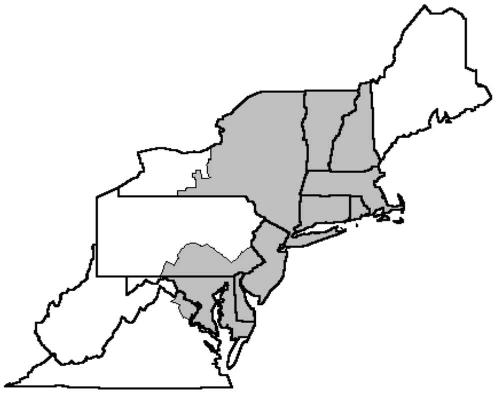

# The Market Administrator's BULLETIN

## NORTHEAST MARKETING AREA

**Shawn M. Boockoff, Market Administrator**

**February 2022** Federal Order No. 1

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## February Pool Price Calculation

The January 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $23.67 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 $26.14 per hundredweight. The February statistical uniform price was 93 cents per hundredweight above the January price. The February producer price differential (PPD) at Suffolk County was $2.76 per hundredweight, an increase of 40 cents from the previous month.

### *Product Prices Effect*

All commodity prices reported on the National Dairy Product Sales Report increased in February, except block cheese. Butter increased 5 cents, nonfat dry milk rose 8 cents, and dry whey was up 7 cents, all on a per pound basis. The cheese price only increased 1 cent per pound due to a combination of a 7-cent decrease in the block price and an 8-cent increase in the barrel price. The commodity price changes translated to increases of 6.5 cents in the per-pound butterfat price, 8 cents in the nonfat solids price, and 7 cents in the other solids price. The increase in the butterfat price again was large enough to offset the slight gain in the cheese price and resulted in a 4-cent drop in the protein price.

All class prices rose from the previous month: Class I jumped $1.93; Class II rose 96 cents; Class III was up 53 cents; and Class IV increased 91 cents, all on a per hundredweight basis. Even though the Class IV was the highest of the class prices for February, it was the highest ever for the Order. With higher class prices, the SUP increased and, again, was the highest since October 2014. The Class III price remained the lowest for the month and the spread between the class prices increased, resulting in a higher PPD.

### *Selected Statistics*

Average daily deliveries per producer (DDP) set a record high for the month of February. The average producer butterfat test also set a record high for the month. The producer protein and other solids tests tied with last year as record highs for the month of February.❖

## Pool Summary

- A total of 8,732 producers were pooled under the Order with an average daily delivery per producer of 8,435 pounds.
- Pooled milk receipts totaled 2.063 billion pounds, an increase of 3.3 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.0 percent of total milk receipts, down 0.4 percentage points from January.
- The average butterfat test of producer receipts was 4.13 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.79 percent.❖

**Class Utilization**

| Pooled Milk | Percent | Pounds |
|---|---|---|
| Class I | 31.0 | 638,977,586 |
| Class II | 23.6 | 485,988,102 |
| Class III | 28.3 | 583,966,405 |
| Class IV | 17.1 | 353,775,482 |
| Total Pooled Milk | | 2,062,707,575 |

**Producer Component Prices**

| | 2022 | 2021 |
|---|---|---|
| | $/lb | |
| Protein Price | 2.3168 | 2.9816 |
| Butterfat Price | 3.0218 | 1.4376 |
| Other Solids Price | 0.5983 | 0.3161 |

**Class Prices**

| | 2022 | 2021 |
|---|---|---|
| | $/cwt | |
| Class I | 24.89 | 18.79 |
| Class II | 23.79 | 14.00 |
| Class III | 20.91 | 15.75 |
| Class IV | 24.00 | 13.19 |

# U.S. Milk Production

Total milk production in the United States rose 1.6 percent in 2021; for comparison, growth in 2020 was at a six year high at 1.9 percent. Percent changes have been adjusted for leap year in 2020 to reflect a daily average. The top ten milk-producing states were slightly above the national average. The accompanying table shows the top ten states ranked by their total 2021 production and comparisons to the selected 24 states total and the U.S. total for production, cows, and milk production per cow (MPC).

### *Changes in Top Ten Rankings*

The top ten list contained the same states as in 2020 with California, Wisconsin, and Idaho holding the top 3 spots in consecutive order. As in 2020, Texas reported the largest year-to-year increase in production of the top ten at 5.3 percent. This increase boosted it to the number four position, displacing New York. Minnesota had the second largest increase of the top ten states and moved up to the number seven spot, bumping Pennsylvania to number eight. Three of the top ten states reported a decrease from the previous year: New Mexico, Pennsylvania, and Washington.

Of the NASS selected 24 states, nine reported decreases from 2020. The largest increase reported by this group was South Dakota with 15.8 percent followed by Texas and Indiana that rose 5.3 and 4.9 percent, respectively. Florida reported the largest decline with 4.8 percent from 2020. The selected 24 states in total accounted for 95.5 percent of the US total in 2021, up from 95.3 percent the prior year.

### *Northeast Production*

Milk production in the Northeast milkshed (the area from which milk is traditionally pooled by handlers selling into the marketing area) was unchanged on a percentage basis in 2021 and accounted for 14.2 percent of national milk production. The milkshed state reporting the largest growth was New York with 1.9 percent. Delaware reported the largest decline of the milkshed (26.0 percent), followed by West Virginia with 15.5 percent. The combined New England states reported a drop of 1.6 percent while the three largest contributing states to the Northeast Order (New York, Pennsylvania, and Vermont) reported a combined increase of 0.4 percent from 2020. Comparatively, total milk pooled on the Northeast Order increased 1.1 percent in 2021 and totaled 27,045 million pounds.

### *Cow Numbers and Production per Cow*

Nationally, the number of milk cows increased 0.6 percent in 2021. The number of states showing declining cow numbers totaled 23. Fourteen states reported increases and the remainder had no change. Of those with increasing cow numbers, six were in the top ten states. South Dakota reported the largest percentage increase (15.6 percent) and grew to 156,000 head; Wyoming had the second largest increase (13.3 percent) with only 8,500 head. California had 18.2 percent of the 2021 total number of cows in the U.S.; Wisconsin followed with 13.5 percent. In the Northeast milkshed states, milk cow numbers for the second year in a row declined, falling 1.0 percent. The combined total for New York, Pennsylvania, and Vermont was down 0.7 percent from 2020, the New England states as a whole decreased 1.1 percent.

Average MPC increased 1.0 percent nationally; it grew 1.4 percent in 2020. Michigan continues to lead the nation in MPC, followed by Colorado. Fourteen states had MPC greater than the national average; eight of them were in the top ten. The only top-ten states below the national average were Minnesota and Pennsylvania. The Northeast states' increase in MPC was 0.9 percent, slightly below the national average. The U.S. average milk per cow was 23,948 pounds in 2021; the average was 22,764 pounds in the Northeast states. NASS reported data for Alaska and Hawaii in a combined Other States category to avoid disclosing data for individual operations.❖

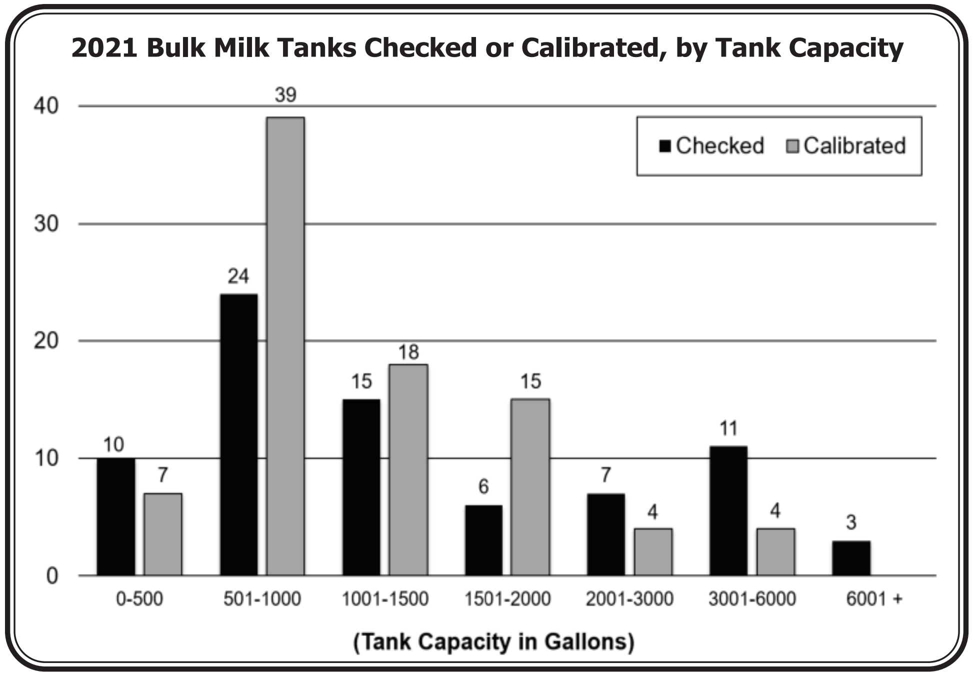
**Top Ten States Ranked by Milk Production, 2021**

| Rank | State | 2020 | 2021 | Percent Change* | 2021 Cows | 2021 MPC# |
|---|---|---|---|---|---|---|
| | | (million pounds) | | | (1,000 head) | (pounds) |
| 1 | California | 41,311 | 41,864 | 1.6 | 1,719 | 24,354 |
| 2 | Wisconsin | 30,749 | 31,702 | 3.4 | 1,274 | 24,884 |
| 3 | Idaho | 16,237 | 16,412 | 1.4 | 652 | 25,172 |
| 4 | Texas | 14,855 | 15,599 | 5.3 | 622 | 25,079 |
| 5 | New York | 15,296 | 15,540 | 1.9 | 627 | 24,785 |
| 6 | Michigan | 11,685 | 11,952 | 2.6 | 441 | 27,102 |
| 7 | Minnesota | 10,167 | 10,548 | 4.0 | 461 | 22,881 |
| 8 | Pennsylvania | 10,279 | 10,114 | (1.3) | 474 | 21,338 |
| 9 | New Mexico | 8,169 | 7,804 | (4.2) | 318 | 24,541 |
| 10 | Washington | 6,817 | 6,504 | (4.3) | 271 | 24,000 |
| | Top Ten Total | 165,565 | 168,039 | 1.8 | 6,859 | 24,414 |
| | NASS 24 Total | 212,913 | 216,166 | 1.8 | 8,944 | 24,169 |
| | U.S. Total | 223,309 | 226,258 | 1.6 | 9,448 | 23,948 |

Source: NASS, *Milk Production* * Adjusted for leap year.
# Milk Produced per Cow; not adjusted for leap year.

## Market Services 2021 Summary

The Market Administrator of the Northeast Order oversees a Market Services program that verifies or establishes weights, samples and tests of producer milk, and provides market information for producers who are not receiving such services from a cooperative association. While some of the routine Market Services operations were impacted in 2021 by the ongoing COVID-19 pandemic, the focus of the Market Service department remained on ensuring continuity of operations that were deemed essential services to the verification of weights and tests.




### *Calibration Program*

One aspect of Market Services is the bulk tank calibration program. The Northeast Order operates two calibration trucks with onboard metering equipment and a supply of water. The Market Service department calibrated 87 farm bulk tanks throughout the Northeast Marketing Area (NMA) milkshed in 2021. Additionally, 76 bulk tanks were checked for accuracy. In providing these services, the two trucks combined covered 16,588 miles in 2021.

Briefly, a tank calibration involves delivering precise volumes of water and measuring the depth of water in the tank after each delivery throughout the entire capacity of the tank. Based on these measurements, with volume tolerances applied, a new and accurate bulk tank conversion chart is prepared. A tank check involves measuring the tank at about four or five different levels and comparing those readings against the conversion chart to determine the accuracy of the chart. The chart is used by milk haulers to convert the volume of the milk in the bulk tank to pounds of milk–the basis on which producers are paid.

### *Checks/Calibration Results*

Of the 87 tanks calibrated, 8 (9 percent) were re-calibrations from being found out of tolerance on a previous check. The remaining 79 calibrations were performed for other reasons that did not involve an initial check, such as a tank being newly installed, moved, having a deteriorated chart, or by special request. Of the tanks that were recalibrated or calibrated, 74 percent were 1,500 gallon tanks or smaller.

The 163 tank checks, calibrations and re-calibrations total at least 155 farm visits in 2021. The accompanying chart shows a breakdown of calibrations by tank size.

### *Payment Test Verification Program*

The federal order also requires the Market Administrator to verify or establish the payment tests for the non-member (independent) producers. The verification of tests is a valuable service to producers to assure accurate payments for their milk. In 2021, the Market Services department tested 26,390 samples of producer milk. This was 88 percent of the expected total number of samples to test on the year. Of the samples that were tested, only 137 samples (0.5 percent) were determined to be outliers and were removed from any statistical comparisons to handler payment tests. The remaining 26,253 samples were used to verify the accuracy of payment tests.

Additionally, the Market Services department laboratory staff prepared and distributed 17 sets of raw milk control samples to industry labs that conduct producer payment testing. To contend with challenges brought on by the pandemic and assure the continuation of the control sample program, the frequency of these sample sets was adjusted from every two weeks to every three weeks in mid-March 2020 and is expected to remain on this schedule through the end of 2022. These samples, with their accompanying reference chemistry values, serve as standards used to either set or verify the accuracy of baseline calibrations of infrared milk analyzers used by the industry for payment testing. Along with each new set of control samples distributed to the NMA, the laboratory staff routinely analyzed instrument performance of data submitted by 34 industry laboratories. Of these monitored labs, 13 are performing producer payment testing. This routine laboratory monitoring assures accurate testing performance.❖

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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 | 624,235,301 | $15.69 | $97,942,518.73 | |
| | Butterfat | 14,742,285 | 2.7862 | 41,074,954.47 | |
| Less: | Location Adjustment to Handlers | | | (2,779,326.15) | $136,238,147.04 |
| Class II— | Butterfat | 28,328,869 | 3.0288 | 85,802,478.45 | |
| | Nonfat Solids | 42,968,075 | 1.5189 | 65,264,209.09 | 151,066,687.54 |
| Class III— | Butterfat | 27,458,361 | 3.0218 | 82,973,675.29 | |
| | Protein | 18,699,346 | 2.3168 | 43,322,644.82 | |
| | Other Solids | 33,675,261 | 0.5983 | 20,147,908.65 | 146,444,228.76 |
| Class IV— | Butterfat | 14,686,445 | 3.0218 | 44,379,499.47 | |
| | Nonfat Solids | 31,847,994 | 1.5450 | 49,205,150.85 | 93,584,650.32 |
| **Total Classified Value** | | | | | **$527,333,713.66** |
| Add: | Overage—All Classes | | | | 118,272.86 |
| | Inventory Reclassification—All Classes | | | | (116,901.95) |
| | Other Source Receipts | 134,684 | | | 5,753.87 |
| **Total Pool Value** | | | | | **$527,340,838.44** |
| Less: | Value of Producer Butterfat | 85,215,960 | 3.0218 | (257,505,587.90) | |
| | Value of Producer Protein | 66,186,091 | 2.3168 | (153,339,935.61) | |
| | Value of Producer Other Solids | 119,492,432 | 0.5983 | (71,492,322.08) | (482,337,845.59) |
| **Total PPD Value Before Adjustments** | | | | | **$45,002,992.85** |
| Add: | Location Adjustment to Producers | | | | 12,108,476.48 |
| | One-half Unobligated Balance—Producer Settlement Fund | | | | 696,899.94 |
| Less: | Producer Settlement Fund—Reserve | | | | (873,922.92) |
| **Total Pool Milk & PPD Value** | | **2,062,842,259** | | | **$56,934,446.35** |
| | Producer Price Differential | | **$2.76** | | |
| | Statistical Uniform Price | | **$23.67** | | |

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