



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
 website address: www.fmmone.com

September Pool Price Calculation

The September 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$24.82 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 \$26.71 per hundredweight. The September statistical uniform price was 60 cents per hundredweight below the August price. The September producer price differential (PPD) at Suffolk County was \$5.00 per hundredweight, a decrease of 32 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report declined for September except butter and 500-pound barrel cheese. Butter jumped nearly 14 cents per pound. Nonfat dry milk fell 9 cents, and dry whey decreased 1.4 cents per pound. The cheese price declined 2.6 cents per pound due to a 6.5-cent drop in the block price combined with a 1.3-cent increase in the barrel price. The commodity price changes translated to a 16.5-cent rise in the butterfat price and declines of 9 cents for nonfat solids and 1.5 cents for other solids. The protein price fell near 26 cents per pound due to the drop in the cheese price combined with the increase in the butterfat price.

Class prices were down: the Class I price fell \$1.51; Class II decreased 40 cents; Class III declined 28 cents; and Class IV was down 18 cents, all on a per hundredweight basis. The spread between the higher- and lower-class prices, combined with higher utilization in the higher-priced classes, continued to result in a high PPD, the second highest since the Order's inception. The September SUP was the second highest ever for the month; the Class II and IV prices were the highest ever for September.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for September. Total producer and Class III volumes were the highest for the month. The average producer tests for butterfat and protein set record highs for September; the other solids test was the second highest ever for the month. ❖

Pool Summary

- A total of 8,215 producers were pooled under the Order with an average daily delivery per producer of 8,874 pounds.
- Pooled milk receipts totaled 2.187 billion pounds, a decrease of 0.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.9 percent of total milk receipts, up 2.2 percentage points from August.
- The average butterfat test of producer receipts was 3.95 percent.
- The average true protein test of producer receipts was 3.13 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.9	674,959,621
Class II	24.7	540,051,879
Class III	28.7	628,799,427
Class IV	15.7	343,258,013
Total Pooled Milk		2,187,068,940

Producer Component Prices

	2022	2021
	\$/lb	
Protein Price	1.8847	2.6010
Butterfat Price	3.5653	1.9388
Other Solids Price	0.2998	0.3445

Class Prices

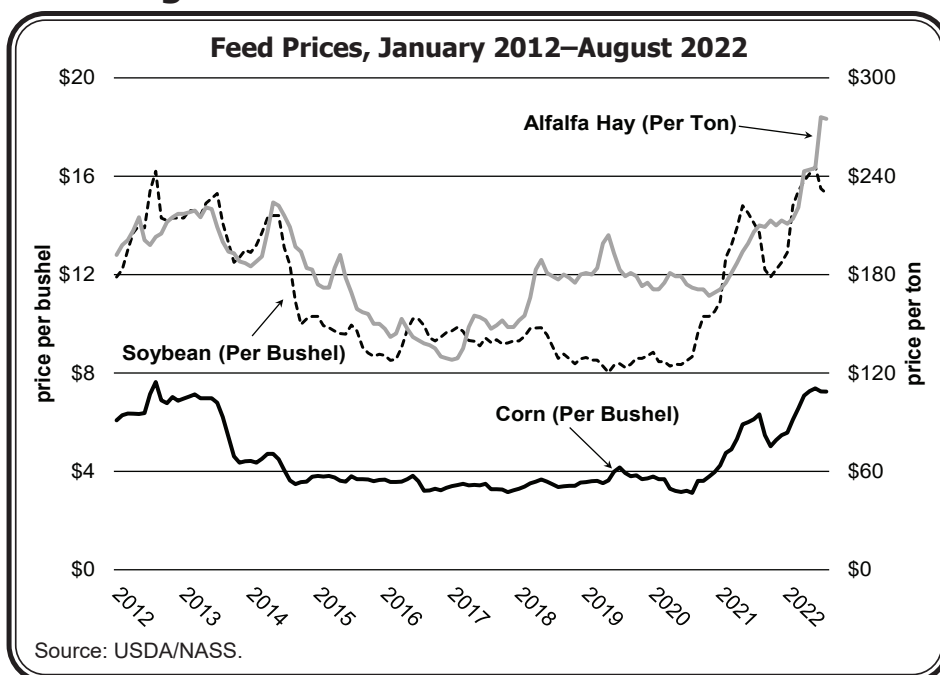
	2022	2021
	\$/cwt	
Class I	26.87	19.84
Class II	26.51	16.89
Class III	19.82	16.53
Class IV	24.63	16.36

Feed Prices and Dairy Margin Coverage

The USDA National Agricultural Statistics Service (NASS) reports per bushel prices for corn and soybeans and per ton prices for alfalfa hay in their monthly *Agricultural Prices* publication. The most recently reported prices show the August 2022 price of corn at \$7.24 per bushel, an increase of 30.0 percent from January and a 14.6 percent increase from August 2021. The announced price of soybeans for August was \$15.30 per bushel, an increase of \$2.40 since January. The price of alfalfa hay was reported at \$275 per ton for the month of August; alfalfa hay has increased the most of the three since the beginning of the year for a difference of \$64 per ton, a 30.3 percent increase.

As displayed in the chart, soybeans and alfalfa hay have had 10-year record-high prices in 2022, soybeans in June at \$16.40 per bushel and alfalfa hay in July at \$276. The month of June 2022 was the second highest price for corn in ten years (\$7.37 per bushel) with the record high remaining at \$7.63 in August 2012. Soybean and alfalfa prices have experienced six of the top ten highest monthly prices in 2022; corn has had five record months in 2022. Despite the significant increase in price since 2021, prices of all three have decreased slightly in the past few months. The price of alfalfa hay increased in June, then dropped 0.4 percent between July and August. Soybean prices fell 6.7 percent, and corn prices decreased 1.8 percent, respectively, between June and August.

The Dairy Margin Coverage (DMC) program is a voluntary program by USDA's Farm Service Agency to provide dairy operations with risk management coverage that will pay producers when the difference (the margin) between the All Milk price {All Milk price represents the gross price per hundredweight (cwt) from the 24 major



milk producing states as defined by NASS} and the average cost of feed falls below a certain level selected by the program participants. For producers who opt to participate in the DMC program, enrollment for 2023 opened on October 17, 2022, and closes on December 9, 2022.

Payments through the DMC program are triggered when the Milk Margin Above Feed Costs for DMC (\$/cwt) falls under the maximum coverage level of \$9.50 and are issued depending on the level of coverage chosen by the producer. The DMC prices are calculated using the prices of corn, premium alfalfa hay, and soybean meal. Although the alfalfa and soybean prices highlighted in the article are not used in the DMC calculations, they trend similar to premium alfalfa hay and soybean meal, respectively. The accompanying table displays monthly 2022 prices for Corn per bushel, Premium Alfalfa Hay per ton, Soybean Meal per ton, All Milk by cwt, Final Feed Cost for DMC per cwt, and Milk Margin Above Feed Costs for DMC per cwt. For the month of August, the Milk Margin Above Feed Costs for DMC was reported as \$8.08 per cwt, \$1.42 below the maximum coverage level. As of September 6, almost 17,776 producers have enrolled in the DMC program across the United States in 2022. According to the DMC program, in 2022 4,652 producers across the northeastern states have enrolled, a participation rate of 36.4 percent of licensed dairy operations based on NASS 2018 data. ❖

DMC Prices, January–August 2022

Month	Corn (\$/bushel)	Premium Alfalfa Hay (\$/ton)	Soybean Meal	All Milk	Final Feed Costs for DMC (\$/hundredweight)	Milk Margin Above Feed Costs for DMC
January	5.57	262.0	421.21	24.20	12.66	11.54
February	6.10	266.0	480.96	24.70	13.72	10.98
March	6.56	269.0	493.98	25.90	14.35	11.55
April	7.08	271.0	476.70	27.10	14.81	12.29
May	7.26	274.0	441.28	27.30	14.79	12.51
June	7.37	277.0	445.93	26.90	14.98	11.92
July	7.25	333.0	467.87	25.70	15.78	9.92
August	7.24	343.0	510.90	24.30	16.22	8.08

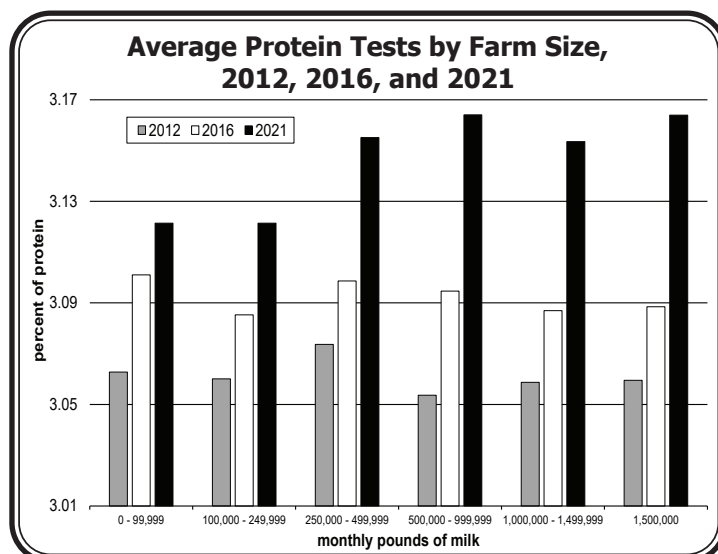
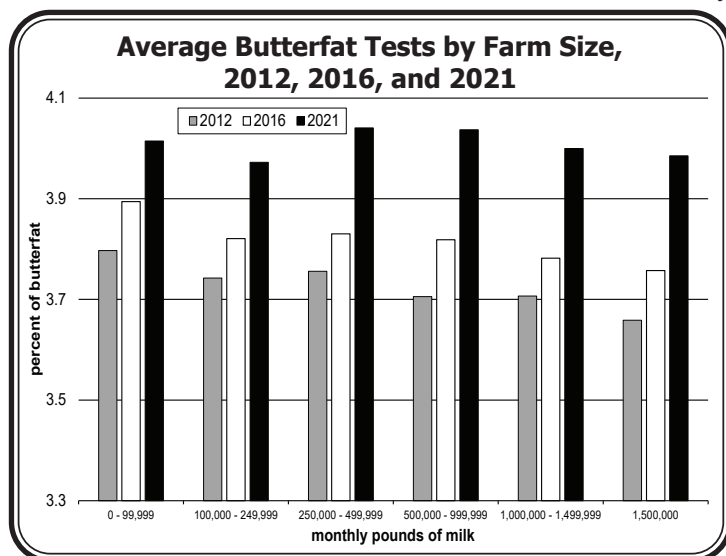
Source: USDA/NASS and USDA/FSA.

Component Test by Farm Size

This article focuses on the relationship between farm size and average component tests for 2021, 2016, and 2012 using verified payroll data for producers pooled in Federal Order 1; upper and lower limits have been placed on each component to account for any potential data discrepancies. Farms are categorized in six groupings based on total monthly pounds as seen in the accompanying charts that display the average butterfat and protein test for 2012, 2016, and 2021.

Butterfat

In 2021, the average butterfat test across all farm sizes was 4.00 percent, increases of 0.19 percentage points from 2016 and 0.27 percentage points from 2012. Between 2012 and 2021, the 500,000 to 999,999 pounds and the 1,500,000 pounds and greater groups experienced the largest increases in butterfat percent, rising 0.33 percentage points. The 1,500,000 pounds and greater group also had the largest increase between 2016 and 2021 (0.23 percentage points). The 0 to 99,999 pounds group made up 52.9 percent of farms observed in 2021 and increased the least with only



0.22 percentage points from 2012 to 2021. However, the 0 to 99,999 pounds group did consistently have the highest butterfat percent for the three years observed: 4.01 percent in 2021, 3.89 percent in 2016, and 3.80 percent in 2012.

Protein

Protein tests were slower to increase, but trends found in the average butterfat tests also were present in the average protein tests between 2012 and 2021. The 500,000 to 999,999 pounds group experienced the largest increase in protein tests, increasing 0.11 percentage points to 3.16 percent protein in 2021. The 0 to 99,999 pounds group had the lowest increase with 0.06 percentage points. Unlike butterfat, the 0 to 99,999 pounds group had the lowest level of protein tests in 2021 (3.12 percent) and were average in 2012 (3.06 percent). The largest group (1,500,000 pounds and greater) represents the smallest number of producers observed (3.6 percent), but the largest volume (46.0 percent); they had the largest increase in protein tests from 2016 to 2021 with 0.08 percentage points to 3.99 percent protein. ❖

Pool Summary for All Federal Orders, January-September, 2021-2022

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2021	2022	Change	2021	2022	2021	2022
		pounds			percent	dollars per hundredweight		
1	Northeast	20,394,586,085	20,204,248,741	(0.9)	0.60	3.03	17.35	25.26
5	Appalachian	3,977,750,183	4,048,801,730	1.8	N/A	N/A	18.79	26.68
6	Florida	1,815,899,355	1,833,749,779	1.0	N/A	N/A	20.79	28.67
7	Southeast	3,437,924,982	2,982,786,685	(13.2)	N/A	N/A	18.97	27.14
30	Upper Midwest	12,308,045,160	22,810,466,324	85.3	(0.44)	0.29	16.31	22.53
32	Central	9,578,487,940	11,694,623,836	22.1	(0.74)	1.18	16.01	23.42
33	Mideast	13,679,391,778	12,767,370,353	(6.7)	(0.27)	1.52	16.48	23.76
51	California	18,044,986,802	16,421,635,119	(9.0)	(0.81)	1.21	15.94	23.45
124	Pacific Northwest	5,553,197,717	5,783,431,801	4.1	(0.64)	1.41	16.11	23.65
126	Southwest	9,156,041,225	10,266,939,988	12.1	(0.13)	1.72	16.62	23.95
131	Arizona	3,265,337,817	3,640,974,336	11.5	N/A	N/A	16.49	24.56
All Market Total/Average		101,211,649,044	112,455,028,692	11.1	(0.35)	1.48	17.26	24.83

Price at designated order location.

N/A = Not applicable.

* Data may not be comparable to previous years due to significant volumes of milk 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	659,019,654	\$15.32	\$100,961,810.99	
Butterfat	15,939,967	3.4526	55,034,330.06	
Less: Location Adjustment to Handlers			(2,976,842.99)	\$153,019,298.07
Class II— Butterfat	31,152,262	3.5723	111,285,225.54	
Nonfat Solids	47,119,037	1.6133	76,017,142.37	187,302,367.91
Class III— Butterfat	27,400,072	3.5653	97,689,476.70	
Protein	19,666,065	1.8847	37,064,632.70	
Other Solids	36,110,628	0.2998	10,825,966.30	145,580,075.70
Class IV— Butterfat	11,848,090	3.5653	42,241,995.28	
Nonfat Solids	30,728,550	1.3984	42,970,804.36	85,212,799.64
Total Classified Value				\$571,114,541.32
Add: Overage—All Classes				301,715.73
Inventory Reclassification—All Classes				(442,662.64)
Other Source Receipts	272,429			18,825.47
Total Pool Value				\$570,992,419.88
Less: Value of Producer Butterfat	86,340,391	3.5653	(307,829,396.01)	
Value of Producer Protein	68,564,486	1.8847	(129,223,486.81)	
Value of Producer Other Solids	125,967,733	0.2998	(37,765,126.37)	(474,818,009.19)
Total PPD Value Before Adjustments				\$96,174,410.69
Add: Location Adjustment to Producers				13,117,349.61
One-half Unobligated Balance—Producer Settlement Fund				1,146,743.05
Less: Producer Settlement Fund—Reserve				(1,072,935.06)
Total Pool Milk & PPD Value	2,187,311,366			\$109,365,568.29
Producer Price Differential		\$5.00		
Statistical Uniform Price		\$24.82		

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