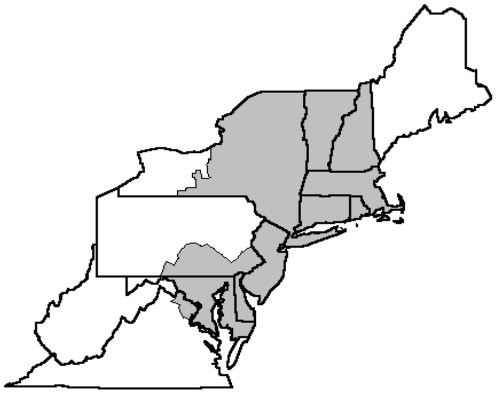

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

John D. Marcucci, Acting Market Administrator

October 2018 Federal Order No. 1

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October Pool Price Calculation

The October 2018 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.19 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 $18.47 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 $1.66 per hundredweight, an increase of $1.04 cents per hundredweight from last month.

Product Prices Effect

Commodity product price changes were mixed compared to the previous month. The cheese price dropped 8 cents per pound resulting in a 28-cent per pound decline in the protein. Dry whey rose 4 cents, nonfat dry milk increased 2 cents, and butter rose a slight 1 cent, all on a per pound basis. These changes translated to similar increases in the butterfat, nonfat solids and other solids component prices.

The decrease in the protein price was reflected in the 56-cent drop in the Class III price. All other class prices increased. The Class I price rose $1.48, Class II increased 41 cents, and Class IV price rose 20 cents, all on a per hundredweight basis. The percentage of pooled receipts used in Class I was the highest since November 2017, and along with a higher price than last month, contributed to a higher uniform price. The PPD also rose as the spread between the higher priced classes and the Class III price grew.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of October. Overall producer milk receipts were the third highest ever for the month. The volume of milk used in Class I was the highest so far for 2018 and the higher than the past 2 years for the month of October.

The average producer butterfat set a record high for the month of October.❖

Pool Summary

- A total of 10,557 producers were pooled under the Order with an average daily delivery per producer of 6,781 pounds.
- Pooled milk receipts totaled 2.219 billion pounds, an increase of 0.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 34.9 percent of total milk receipts, up 1.7 percentage points from September.
- The average butterfat test of producer receipts was 3.89 percent.
- The average true protein test of producer receipts was 3.14 percent.
- The average other solids test of producer receipts was 5.73 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	34.9	774,595,196
Class II	24.8	551,371,488
Class III	27.0	598,774,719
Class IV	13.3	294,552,700
Total Pooled Milk		2,219,294,103

Producer Component Prices

	2018	2017
	$/lb	
Protein Price	1.7185	2.1084
Butterfat Price	2.5551	2.6646
Other Solids Price	0.2553	0.1853

Class Price Factors

	2018	2017
	$/cwt	
Class I	19.58	19.69
Class II	15.54	15.95
Class III	15.53	16.69
Class IV	15.01	14.85

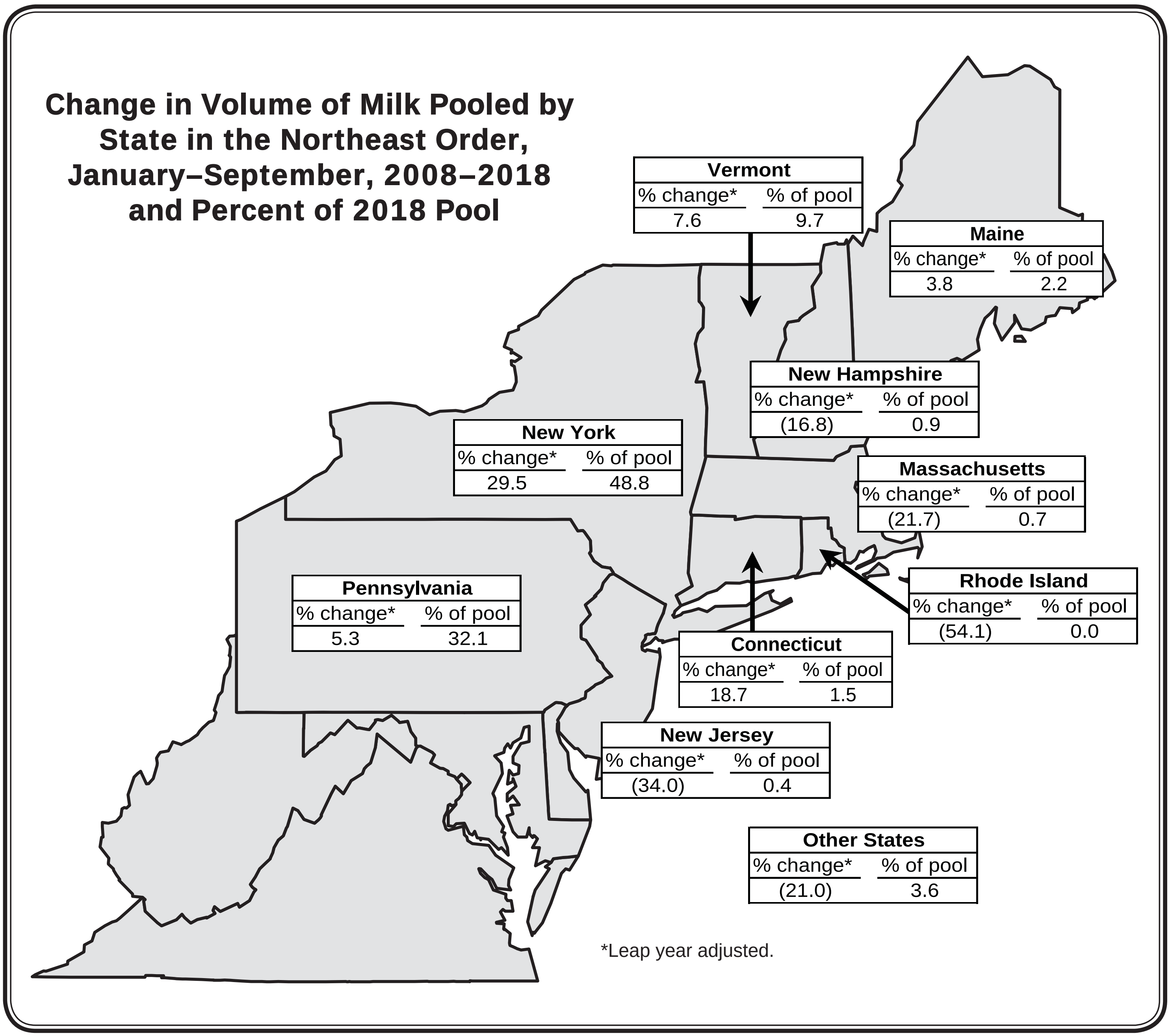
Change in Pool Volume by State Highlighted

The accompanying map shows the change in total pooled milk receipts for the January through September period for 2008 and 2018 for states that have producer milk that is normally pooled on the Northeast Order. Changes are adjusted for leap year in 2008.

New York reported the largest increase in total receipts when comparing the two time periods and has accounted for nearly half of the entire pooled volume so far in 2018. Pennsylvania, which has the second largest total pooled volume on the Order, reported an increase of 5.3 percent for the time shown.

In the New England states, Connecticut shows the largest increase on a percentage basis but the state only accounted for 1.5 percent of the total pooled volume for the 2018 period. Maine and Vermont also reported increases in volumes for the period. They accounted for 2.2 percent and 9.7 percent of the total, respectively. Massachusetts, New Hampshire, and Rhode Island all reported large declines; together they accounted for less than 2 percent of the total.

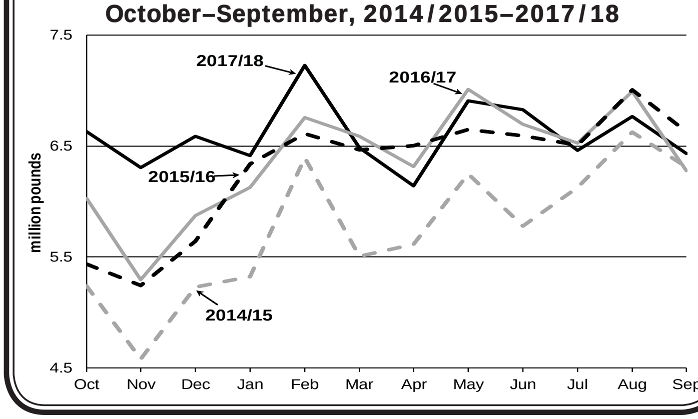
New Jersey reported a large drop but accounts for less than half of 1 percent of the pool. Maryland and Virginia were included with other states as their Northeast pooled volumes vary more than the other states due to their proximity to other Federal orders where producers in those states may be pooled. Milk received from distant states has declined slightly. Overall other states only accounted for 3.6 percent of the total volume.❖



Class II Utilization, Use Levels & Seasonal Trends

Class II milk is milk used to produce a large array of products. It generally refers to milk going into 'soft' manufactured products such as yogurt, cottage cheese, ice cream, sour cream and ricotta cheese. The class also includes milk used for foods such as puddings, custards, baking mixes, candy, and soup, among other items. The accompanying charts present average daily milk used data for four selected categories within Class II; yogurt, ice cream, cottage cheese, and bakery, candy, and soup products. Together, these categories account for roughly 70 percent of the Class II usage. Shown is the period from October through September (12 months) for the past four years. In the past 48 months, Class II utilization has accounted for 24.1 percent of milk pooled on the Northeast Order, compared to 20.5 percent prior to 2014. Class II utilization tends to be higher from May to September, peaking in August during three of the past four years.

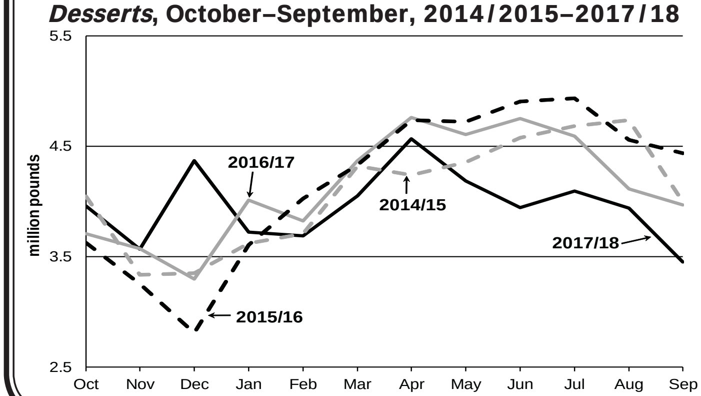
Average Daily Milk Used to Produce *Yogurt*, October–September, 2014/2015–2017/18



Yogurt

Within Class II, yogurt accounts for almost 35 percent of the milk used over the past 12 months. Prior to 2010, yogurt accounted for less than 10 percent of the category. The chart for yogurt shows generally less production during the October through December period, with peaks in February May, and August. Use has been fairly similar year to year during the month of September. A notable trend seems to be that of flatter seasonal differences, most observable in that production levels during October through December are increasingly more similar to levels during the rest of the year.

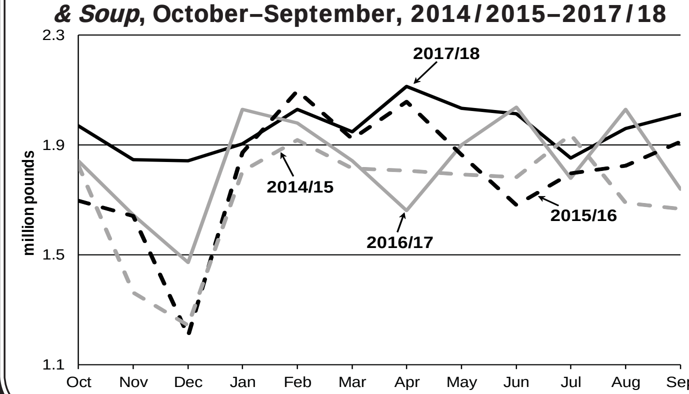
Average Daily Milk Used to Produce *Ice Cream & Desserts*, October–September, 2014/2015–2017/18



Ice Cream

Milk used to produce ice cream and desserts shows a seasonal trend of low production from about September through February, with higher production levels during March through August. A notable difference is that the most recent April through August period (during 2018) did not exhibit the usual bump in milk used to produce ice cream. It also was the second summer in a row in which milk used to produce ice cream was lower than the previous year.

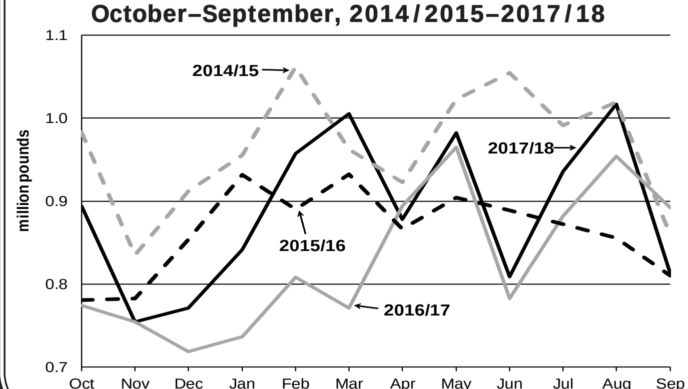
Average Daily Milk Used to Produce *Bakery, Candy, & Soup*, October–September, 2014/2015–2017/18



Bakery, Candy, Soup

Milk used to produce bakery, candy, and soup products shows an observable dip during November and December, but fairly consistent levels for the remainder of the year. This category also shows a much more even usage through all months during the most recent period of 2017-2018. This category was a bit stronger for the most recent 12 months overall.

Average Daily Milk Used to Produce *Cottage Cheese*, October–September, 2014/2015–2017/18



Cottage Cheese

Lastly, cottage cheese does not exhibit any glaring trends. There appears to be an increase in milk used for cottage cheese from November through February, followed by some up and down patterns that are not as consistent in their timing.❖

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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	757,500,611	$10.96	83,022,066.97	
	Butterfat	17,094,585	2.5718	43,963,853.70	
Less:	Location Adjustment to Handlers			(3,016,444.90)	$123,969,475.79
Class II—	Butterfat	32,156,480	2.5621	82,388,117.40	
	Nonfat Solids	47,927,193	0.7567	36,266,506.96	118,654,624.36
Class III–	Butterfat	26,079,469	2.5551	66,635,651.23	
	Protein	18,781,443	1.7185	32,275,909.82	
	Other Solids	34,181,362	0.2553	8,726,501.72	107,638,062.77
Class IV–	Butterfat	11,109,369	2.5551	28,385,548.71	
	Nonfat Solids	26,159,782	0.6990	18,285,687.64	46,671,236.35
Total Classified Value					**$396,933,399.27**
Add:	Overage—All Classes				79,423.63
	Inventory Reclassification—All Classes				136,784.85
	Other Source Receipts	341,727	Pounds		13,388.26
Total Pool Value					**$397,162,996.01**
Less:	Producer Component Valuations @ Class III Component Prices				(373,098,844.15)
Total PPD Value Before Adjustments					**$24,064,151.86**
Add:	Location Adjustment to Producers				12,732,265.61
	One-half Unobligated Balance—Producer Settlement Fund				984,197.67
Less:	Producer Settlement Fund—Reserve				(934,660.46)
Total Pool Milk & PPD Value		2,219,635,830	Producer pounds		**$36,845,954.68**
	Producer Price Differential		**$1.66**		
	Statistical Uniform Price		**$17.19**		

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