

# The Market Administrator's

# BULLETIN

## NORTHEAST MARKETING AREA

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Federal Order No. 1

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### January Pool Price Calculation

The January 2024 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.31 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 \$22.06 per hundredweight. The January statistical uniform price was 40 cents per hundredweight below the December price. The January producer price differential (PPD) at Suffolk County was \$4.14 per hundredweight, an increase of 47 cents from the previous month.

#### Product Prices Effect

Commodity price changes reported on the National Dairy Product Sales Report were mixed in January. On a per pound basis, butter was unchanged, decreasing less than 1 cent. Both nonfat dry milk and dry whey increased 2 cents. The cheese price decreased 10 cents from the previous month with blocks declining 11 cents and barrels falling 9 cents. The commodity price changes translated to 2-cent increases in the nonfat solids and other solids prices, and a 32-cent drop in the protein price. The butterfat price was relatively unchanged, declining less than 1 cent. Even though the January butterfat price was slightly below the December price, it was the highest ever for the month of January.

Class price changes from the previous month also were mixed: Class I decreased \$1.28; Class II increased 16 cents; Class III declined 87 cents; and Class IV rose 16 cents, all on a per hundredweight basis. Class III remained the lowest class price. With a decrease in proportion of pooled milk utilized in the higher prices, the SUP decreased. Both the overall pool value and the value of producers' components decreased from last month, but the proportion resulted in a higher payout in the PPD, the highest ever for the month of January.

#### Selected Statistics

Average daily deliveries per producer (DDP) in January set a record high for the month. The Class III volume was the second highest for January. The January average producer butterfat set a record high for the Order; the protein test tied with the Order record set in November 2023. ❖

### Pool Summary

- A total of 7,599 producers were pooled under the Order with an average daily delivery per producer of 9,578 pounds.
- Pooled milk receipts totaled 2.256 billion pounds, no change from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.7 percent of total milk receipts, up 0.4 percentage points from December.
- The average butterfat test of producer receipts was 4.32 percent.
- The average true protein test of producer receipts was 3.27 percent.
- The average other solids test of producer receipts was 5.78 percent. ❖

#### Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.7	691,244,225
Class II	24.6	555,373,543
Class III	30.7	693,476,000
Class IV	14.0	316,134,963
Total Pooled Milk		2,256,228,731

#### Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	1.1265	2.8058
Butterfat Price	2.9765	2.7713
Other Solids Price	0.2417	0.2343

#### Class Prices

	2024	2023
	\$/cwt	
Class I	21.73	25.66
Class II	20.04	21.61
Class III	15.17	19.43
Class IV	19.39	20.01

## Market Update

For 2023, the monthly statistical uniform price averaged \$20.01 per hundredweight (cwt) with an average producer price differential (PPD) of \$2.99 per cwt. This is a 19.8 percent decrease from the 2022 monthly average (\$24.96 per cwt); the monthly average PPD decreased \$0.01 per cwt from the 2022 monthly average (\$3.00 per cwt). The SUP for the month of January 2024 (\$19.31 per cwt) was down \$0.70 per cwt, from the 2023 monthly average, and the January 2024 PPD (\$4.14 per cwt) is \$1.15 above the 2023 monthly average. Using February 14, 2024, Chicago Mercantile Exchange (CME) futures prices of Class III and IV milk and estimates of Northeast Order class utilizations, the SUP at the Boston, MA, location projects

2024 to average \$20.90 per cwt with an average producer price differential (PPD) of \$3.22 per cwt. Compared to the 2023 averages, this is an increase of \$0.89 per cwt in the SUP and \$0.23 per cwt in the PPD. CME futures prices of Class III and IV milk for the remainder of 2024 average \$17.68 per cwt and \$20.59 per cwt, respectively; the CME futures project an upward trend in SUP, PPD, and all class prices for 2024 compared to 2023.

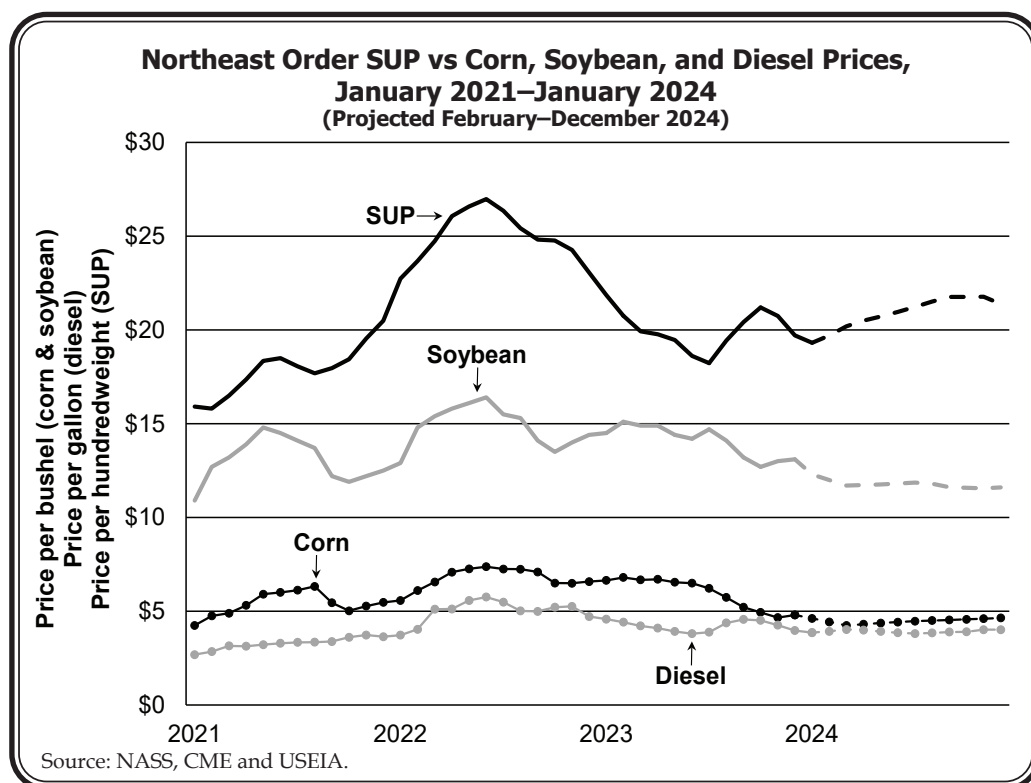
### Component Prices

The 2023 monthly average per pound prices for butterfat (\$2.9615), protein (\$1.9051), other solids (\$0.1676), and nonfat solids (\$1.0076) all decreased compared to their 2022 monthly averages; other solids and protein prices fell the most at 60.0 percent and 30.1 percent, respectively. All the January 2024 component prices, except the protein price, were above the 2023 monthly averages; butterfat

was \$0.0150 per pound above, other solids \$0.0741 per pound above, nonfat solids 0.0254 above, and protein \$0.7786 per pound below. Using the February 14, 2024, CME futures of cash-settled butter for butterfat, cash-settled cheese for protein, dry whey for other solids, and nonfat dry milk for other solids to estimate the monthly average per pound component prices for 2024, butterfat averaged \$3.1922, protein \$1.62180, nonfat solids \$0.2956, and nonfat solids \$1.0879. The 2024 estimated average monthly butterfat price was 7.8 percent above the 2023 monthly average, other solids price 76.3 percent above, nonfat solids price 8.0 percent above, and protein price was 15.1 percent below.

### Feed Prices

The monthly average prices of corn, soybean, and alfalfa hay as published by the USDA National Agricultural Statistics Service (NASS) for 2023 all decreased from 2022. Corn prices dropped 12.0 percent to \$5.95 per bushel, soybean prices decreased 5.3 percent to \$14.07 per bushel, and alfalfa hay prices fell 2.3 percent to \$246 per ton. December 2023 NASS prices for corn (\$4.80 per bushel), soybean (\$13.10 per bushel), and alfalfa hay (\$205 per ton) are some of the lowest prices since 2021. Estimates using February 14, 2024, CME futures for corn and soybeans (the CME does not offer futures for alfalfa hay) suggest a 2024 yearly average of *(continued on page 3)*



### Estimated Prices Using CME Futures,\* February–December 2024

Month	SUP	PPD	Class I	Class II	Class III	Class IV
dollars per hundredweight						
February	19.70	3.54	<b>21.24</b>	20.60	16.16	19.90
March	20.19	3.17	22.02	20.67	17.02	19.97
April	20.50	3.20	22.49	20.87	17.30	20.17
May	20.72	3.06	22.73	21.11	17.66	20.41
June	20.96	2.89	23.03	21.32	18.07	20.62
July	21.23	2.92	23.34	21.59	18.31	20.89

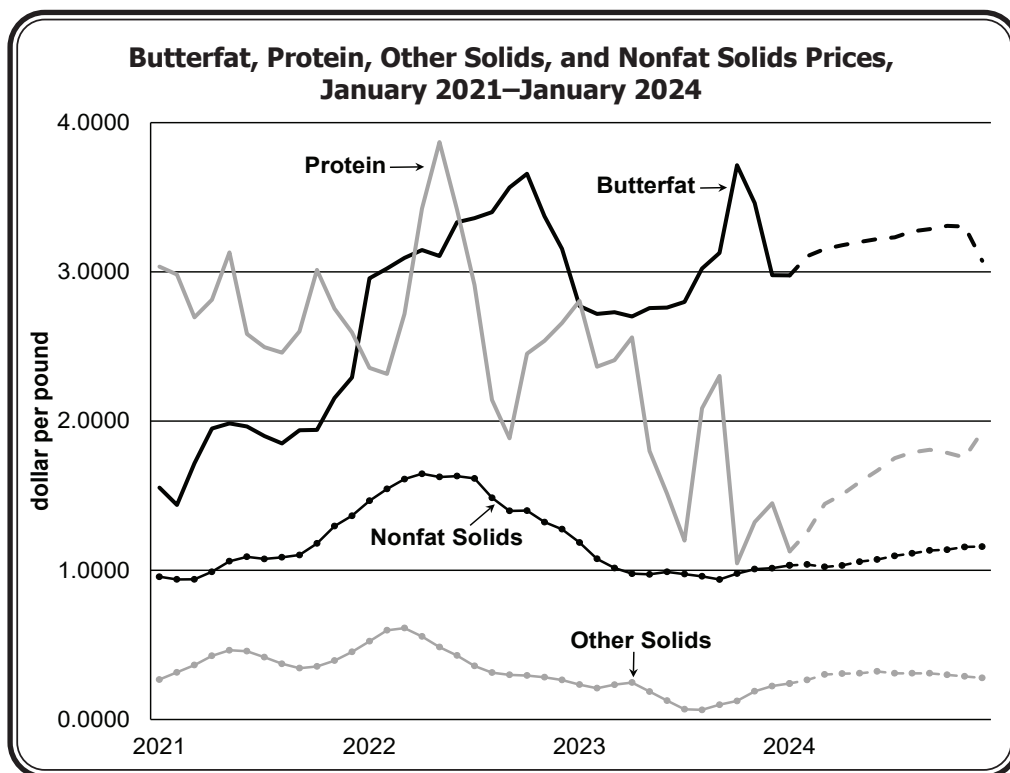
\* Class III & IV prices are CME futures prices for 2/14/24. Class I, II, SUP, & PPD prices are estimates using CME futures prices. Prices in bold are announced prices.

## Market (continued from page 2)

\$4.47 per bushel price for corn and \$11.77 per bushel price for soybeans. These estimated yearly averages for 2024 are below the averages for 2023, with soybeans down 16.3 percent and corn down 24.8 percent.

### Diesel Price

The U.S. Energy Information Administration (USEIA) estimates the price for diesel in 2024 will average \$3.919 per gallon, a decrease of \$0.294 per gallon from 2023. The cost of diesel has slightly decreased month over month since September 2023 and is estimated to slightly increase for the next couple of months; most recently the price has fallen \$0.117 per gallon between December 2023 and January 2024 to \$3.854 per gallon.



### Exports

The U.S. Dairy Export Council (USDEC) Data Hub reported dairy exports for 2023, as of December, have totaled 2,342,624 metric tons (MT). This puts the 2023 year to date dairy exports below export volumes for 2022 (2,520,638 MT). Nonfat dry milk (NFDM) remains the largest exported dairy product from the U.S., despite this the volume has decreased 2.9 percent from 2022. This drop is largely due to decreased exports to China (58.3 percent) and Southeast Asia (20.2 percent); however, Mexico continues to increase exports with a 15.9 percent (57,040

MT) year to date increase in NFDM in 2023. Cheese exports also remained below 2022 volumes (down 3.4 percent) with notable decreases in South Korea (39.8 percent), Japan (14.8 percent), Europe (28.7 percent), and South America (5.3 percent) while the following regions experienced increases: Mexico (20.0 percent), China (119.9 percent), Central America (8.5 percent), and Caribbean (8.5 percent). The third largest U.S. dairy export, whey, dropped 20.3 percent in volume from the previous year with decreases in all major exporting regions except Mexico and Eurasia. ❖

## USDA Issues Final Rule for Appalachian, Florida, and Southeast Orders

On February 1, 2024, the USDA published a final rule that amends the transportation credit balancing fund provisions in the Appalachian and Southeast federal milk marketing orders (FMMOs) and establishes distributing plant delivery credits in the Appalachian, Florida, and Southeast FMMOs.

The final rule is a result of a hearing held February 28-March 2, 2023, in Franklin, TN, that highlighted a long-standing milk deficit problem in the three southeastern orders and its impact on producers, cooperatives, and handlers serving the markets. The recommended decision and request for public comment was published on July 18, 2023, and the final decision was published on December 1, 2023. As required by regulation, a producer vote was conducted to determine approval, and more than the required number of producers voted in favor; this final rule implements the changes.

The amendments to the transportation credit balancing fund provisions in the Appalachian and Southeast FMMOs update the components of the mileage rate calculation, revise the month of February from a mandatory to a discretionary payment month, revise the non-reimbursed mileage factor from 85 miles to 15 percent of the miles traveled, and increase the maximum assessment rates on Class I milk. This final rule also establishes distributing plant delivery credit provisions in the Appalachian, Florida, and Southeast FMMOs that would make marketwide service payments to qualifying handlers and cooperatives for milk shipments to pool distributing plants from farms that are year-round, consistent suppliers.

The amendments will be effective for milk marketed on and after March 1, 2024. For more information, go to [www.ams.usda.gov/rules-regulations/moa/dairy/hearings/regional-apsefl-amendments-feb-mar-2023](http://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/regional-apsefl-amendments-feb-mar-2023). ❖

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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	674,931,369	\$11.49	\$77,549,614.30	
Butterfat	16,312,856	3.0416	49,617,182.81	
Less: Location Adjustment to Handlers			(3,067,315.34)	\$124,099,481.77
Class II— Butterfat	32,023,053	2.9835	95,540,778.66	
Nonfat Solids	49,441,040	1.1056	54,662,013.87	150,202,792.53
Class III— Butterfat	32,647,775	2.9765	97,176,102.28	
Protein	22,649,583	1.1265	25,514,755.28	
Other Solids	39,915,503	0.2417	9,647,577.13	132,338,434.69
Class IV— Butterfat	16,413,539	2.9765	48,854,898.90	
Nonfat Solids	28,358,345	1.0330	29,294,170.42	78,149,069.32
<b>Total Classified Value</b>				<b>\$484,789,778.31</b>
Add: Overage—All Classes				24,295.83
Inventory Reclassification—All Classes				(402,380.83)
Other Source Receipts	607,777			35,394.80
<b>Total Pool Value</b>				<b>\$484,447,088.11</b>
Less: Value of Producer Butterfat	97,397,223	2.9765	(289,902,834.29)	
Value of Producer Protein	73,685,390	1.1265	(83,006,591.86)	
Value of Producer Other Solids	130,322,634	0.2417	(31,498,980.62)	(404,408,406.77)
<b>Total PPD Value Before Adjustments</b>				<b>\$80,038,681.34</b>
Add: Location Adjustment to Producers				13,611,699.58
One-half Unobligated Balance—Producer Settlement Fund				883,057.28
Less: Producer Settlement Fund—Reserve				(1,102,496.40)
<b>Total Pool Milk &amp; PPD Value</b>	<b>2,256,786,033</b>			<b>\$93,430,941.80</b>
Producer Price Differential		<b>\$4.14</b>		
Statistical Uniform Price		<b>\$19.31</b>		

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