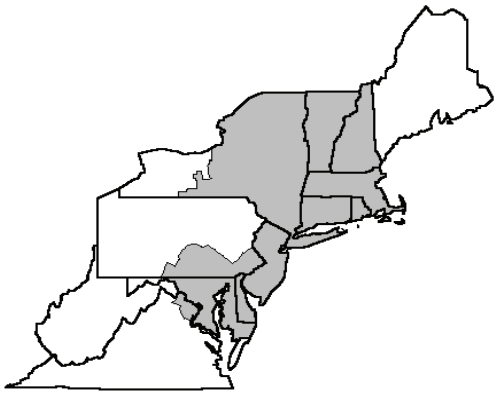

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

April 2024 Federal Order No. 1

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April Pool Price Calculation

The April 2024 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $20.09 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 $22.81 per hundredweight. The April statistical uniform price was 9 cents per hundredweight below the March price. The April producer price differential (PPD) at Suffolk County was $4.59 per hundredweight, an increase of 75 cents from the previous month.

Product Prices Effect

Most commodity price changes, as reported on the National Dairy Product Sales Report, declined in April. The only commodity that reported an increase was butter, which rose 8 cents per pound. Dry whey decreased 5 cents, nonfat dry milk was down 4 cents, and cheese fell 6 cents with blocks and barrels both dropping 6 cents, all on a per pound basis. The commodity price changes translated to a 9-cent increase in the butterfat price, a 5-cent decrease in the other solids price, a 4-cent decline in the nonfat solids price, and a 29-cent drop in the protein price, all on a per pound basis. The butterfat price was the highest ever for the month of April.

All class prices increased from the previous month except Class III. Class I rose 38 cents; Class II increased 11 cents; Class III decreased 84 cents; and Class IV increased 2 cents, all on a per hundredweight basis. Class III remained the lowest class price. Even though a majority of the class prices rose, their increases were not significant enough to offset the decrease in the Class III price, resulting in an overall lower pool value. The spread between the higher class prices and the Class III price increased, resulting in a higher PPD; it was the highest ever for the month of April.

Selected Statistics

Average daily deliveries per producer (DDP) in April set a record high for the month and were the third highest ever for the Order. The Class III volume was the second highest ever for the month. The average producer butterfat and protein tests set record-highs for April; the other solids test tied with the record-highs set in 2020 and 2021.❖

Pool Summary

- A total of 7,476 producers were pooled under the Order with an average daily delivery per producer of 10,059 pounds.
- Pooled milk receipts totaled 2.256 billion pounds, a decrease of 0.4 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.2 percent of total milk receipts, up 1.1 percentage points from March.
- The average butterfat test of producer receipts was 4.26 percent.
- The average true protein test of producer receipts was 3.20 percent.
- The average other solids test of producer receipts was 5.78 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.2	659,173,473
Class II	23.6	531,490,511
Class III	30.6	691,469,641
Class IV	16.6	373,786,604
Total Pooled Milk		2,255,920,229

Producer Component Prices

	2024	2023
	$/lb	
Protein Price	0.8345	2.5603
Butterfat Price	3.3309	2.7009
Other Solids Price	0.2367	0.2479

Class Prices

	2024	2023
	$/cwt	
Class I	22.43	22.10
Class II	21.23	19.20
Class III	15.50	18.52
Class IV	20.11	17.95

Manufactured Dairy Products – 2023 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2023 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table compares selected products' changes to 2023 from 2022 and 2018, for both the U.S. and for milk used in the Northeast Order.

Change in Selected Manufactured Dairy Products, 2023

	Total US Production of Manufactured Products		Total Northeast Order Milk Used to Manufacture#	
	2023 from:			
	2018	2022	2018	2022
Dairy Product:	(percent change)			
Cheese				
American^	11.2	3.0	(3.4)	(2.5)
Italian+	5.1	(0.8)	6.8	1.7
Cream and Neufchatel	19.3	(2.4)	4.6	0.2
Other*	9.3	2.2	6.9	11.7
Total Cheese(excludes cottage)	9.0	0.9	3.0	0.9
Butter	7.5	2.7	5.2	(3.3)
NFDM~	5.1	(4.4)	(4.9)	(4.3)
Yogurt	3.1	2.8	25.2	15.3

Source: USDA, NASS - Dairy Products 2023 Summary; Northeast Order pool report data.
Based on total milk used in manufacture of products.
^ Includes Cheddar, Colby, Monterey, and Jack.
+ Includes ricotta, mozzarella, parmesan, provolone, and other Italian varieties.
* Includes Swiss, Hispanic, Muenster, Gouda, blue, brick, feta, and other varieties.
~ For human use; Northeast data includes some whole milk powder.

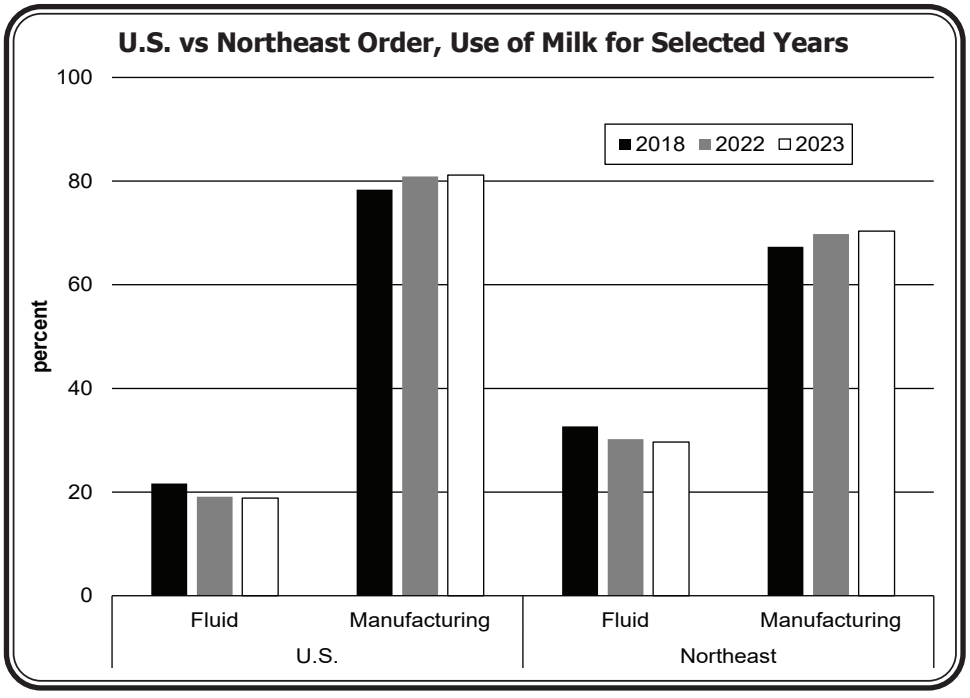
Cheese Production

Nationally, total cheese production (excluding cottage cheese) grew 0.9 percent from 2022. American cheese increased 3.0 percent, Italian declined 0.8 percent, Swiss and other cheeses rose 2.2 percent, and cream (and Neufchatel) decreased 2.4 percent.

Within the other cheese category, Hispanic cheese rose 9.6 percent and accounted for 29.8 percent of this category. Brick had the largest growth from 2022, an increase of 11.2 percent, but accounted for less than 1 percent of the category. Swiss declined 4.5 percent but had the second largest percentage of other cheese with 23.6 percent. Other cheeses in this category include feta, blue/gorgonzola, Muenster, Gouda, and other varieties. Within total Italian cheese, ricotta increased a slight 0.6 percent from 2022.

When compared to five years earlier, total cheese is up 9.0 percent nationally. American increased 11.2, Italian rose 5.1, Swiss and other cheeses grew 9.3, and cream cheese was up 19.3, all on a percentage basis. Within the other types, Hispanic cheese rose 35.8 percent from 2018.

In the Northeast, milk used in making cheese increased 0.9 percent from 2022. By category, milk used in American cheese decreased 2.5 percent, Italian cheese increased 1.7 percent (this figure includes ricotta that decreased 3.9 percent), cream cheese rose a slight 0.2 percent, and Swiss and other cheeses jumped 11.7 percent. Compared to 5 years earlier, milk used in making cheese in the Northeast was up 3.0 percent with Italian increasing 6.8 percent, cream cheese rising 4.6 percent, and Swiss and other growing 6.9 percent. American cheese use declined 3.4 percent compared to 2018.



Other Products

U.S. butter production increased 2.7 percent from 2022. Compared to 2018, it is up 7.5 percent. Nonfat dry milk (NFDM) decreased 4.4 percent from 2022; it was up 5.1 percent from 2018. Yogurt increased 2.8 percent from the previous year and 3.1 percent from 5 years ago. Ice cream (not shown in table) dropped 8.2 percent from 2022 and 0.4 percent from 2018. Combined evaporated and condensed (whole and skim) fell 6.5 percent in 2023, but rose 12.6 percent from 2018.

In the Northeast, milk used in butter decreased 3.3 percent from 2022. Compared to 2018, it was up 5.2 percent. Milk utilized in yogurt increased 15.3 percent from the previous year and 25.2 percent from 5 years ago. Milk used in the production of dry milk products (mostly nonfat, but does include some whole milk powder) decreased 4.3 percent from 2022 and 4.9 percent when compared to 2018. Milk utilized in ice cream

(continued on page 3)

Manufactured Dairy Products *(continued from page 2)*

increased 5.9 percent, but declined 11.3 percent when compared to 5 years ago. Milk used in evaporated and condensed was down 16.2 percent from 2022, but up 23.8 percent from 2018.

Leading States

The top five cheese-producing states continued to be Wisconsin, California, Idaho, New Mexico, and New York. Of the states reported, Pennsylvania and Vermont remained at positions eight and 11, respectively. Wisconsin accounted for 18.8 percent of American cheese, 28.6 percent of Italian cheese, and 28.7 percent of the total U.S. dry whey. California produced 28.3 percent of all Italian cheese, 32.2 percent of butter manufactured, and 42.1 percent of nonfat dry milk, and 10.8 percent of ice cream. New York produced 19.4 percent of yogurt, more than 30 percent of all cottage cheese (low fat and creamed), 18.1 percent of sour cream, and 14.7 percent of dry whey. Not all states are represented; data cannot be disclosed when there are fewer than three plants. Due to this, state rankings were not available for many products.

Percent of Total Milk Production

Of U.S. total milk production, 81.2 percent was used in manufactured products (18.8 percent sold for fluid use) in 2023, up from 80.9 percent in 2022 and 78.4 percent in 2018 (see chart).

In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 70.4 percent in 2023, up from 69.8 percent in 2022 and 67.3 percent in 2018.

Number of Plants

The total number of plants equaled 1,183 in 2023, down 1.7 percent from 2022. Wisconsin led with 197, followed by New York with 119, and California with 97. In the Northeast, the states with the next highest counts were: Pennsylvania with 82, New Jersey with 49, and Vermont with 47. The total number of plants in the U.S. in 2018 was 1275.❖

What's the Deal with Low Protein Prices?

The protein price for April 2024 was $0.8345 per pound, the lowest since order formation and the first time since November 2000 the protein price has fallen below a dollar. Since December 2020, the protein price generally has tended downwards; this has largely been brought on by significant increases in butterfat prices and slight decreases in cheese prices. The protein price is utilized in the calculation of the Class III skim price, which recently has led to the lower Class III skim prices and, ultimately, the recent lower Class III prices.

Both the cheese price and butterfat price are used in the calculation of the protein price. The butterfat price is included in the protein price calculation to account for the butterfat value difference in cheese and butter. The cheese price has a direct relationship with the protein price (if the cheese price increases the protein price increases, if the cheese price decreases the protein price decreases), while the butterfat price has an inverse relationship (if the butterfat price increases the protein price decreases, if the butterfat price decreases the protein price increases). All else equal, a $0.10 increase in the cheese price increases the protein price by $0.3222 per pound and a $0.10 increase in the butterfat price decreases the protein price by $0.1053 per pound.

Butterfat Price

Since around 2014, demand for butter has steadily increased, brought on by a shift in the public health perspectives. This has led to an increase in butter production and record butterfat tests from producers. National butter production as reported by National Agricultural Statistics Service (NASS) has grown from 1.855 billion pounds in 2014 to 2.115 billion pounds in 2023. The average annual butterfat test for pooled milk in the Northeast Order in 2014 was 3.78 percent and has increased year-over-year to 4.12 percent in 2023, currently January 2024 holds the record for highest monthly average butterfat test in the Northeast Order at 4.32 percent.

Total annual milk production as reported by the NASS has remained relatively flat from 2021 to 2023, staying between 226.2 billion and 226.4 billion total annual pounds for each of the three years. This stagnation comes after multiple years of significant increases and 2024 is seemingly repeating this trend with the first three months of the year echoing similar volumes in the same months of the prior three years.

The increase in the demand for butter and flat milk supply has put upward pressure on the butterfat price causing eighteen of the top twenty highest butterfat prices to occur since 2022.

Cheese Price

Cheese prices have trended downward since early 2022, but have remained within a $1.29 per pound range in the last ten years. By comparison, butterfat prices were within a range of $2.39 per pound for the same ten-year period. Cheese production and cheese exports have been increasing and cheese production also is dealing with the aforementioned flat milk supply, but since 2014, a significant increase in cheese stocks have accumulated and could be putting downward pressure on the price.❖

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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	643,493,423	$11.40	$73,358,250.22	
	Butterfat	15,680,050	3.2667	51,222,019.34	
Less:	Location Adjustment to Handlers			(2,939,529.40)	$121,640,740.16
Class II—	Butterfat	31,502,791	3.3379	105,153,166.09	
	Nonfat Solids	46,906,828	1.0989	51,545,913.29	156,699,079.38
Class III—	Butterfat	32,353,186	3.3309	107,765,227.25	
	Protein	22,141,345	0.8345	18,476,952.42	
	Other Solids	39,811,393	0.2367	9,423,356.68	135,665,536.35
Class IV—	Butterfat	16,473,907	3.3309	54,872,936.81	
	Nonfat Solids	33,529,542	0.9730	32,624,244.38	87,497,181.19
Total Classified Value					**$501,502,537.08**
Add:	Overage—All Classes				144,714.84
	Inventory Reclassification—All Classes				(783,318.75)
	Other Source Receipts	323,295			23,275.36
Total Pool Value					**$500,887,208.53**
Less:	Value of Producer Butterfat	69,009,934	3.3309	(319,799,484.19)	
	Value of Producer Protein	72,225,104	0.4345	(60,271,849.29)	
	Value of Producer Other Solids	130,364,588	0.2367	(30,857,298.00)	(410,928,631.48)
Total PPD Value Before Adjustments					**$89,958,577.05**
Add:	Location Adjustment to Producers				13,725,253.84
	One-half Unobligated Balance—Producer Settlement Fund				986,541.15
Less:	Producer Settlement Fund—Reserve				(1,108,789.36)
Total Pool Milk & PPD Value		**2,256,243,524**			**$103,561,582.68**
	Producer Price Differential		**$4.59**		
	Statistical Uniform Price		**$20.09**		

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