

The Market Administrator's

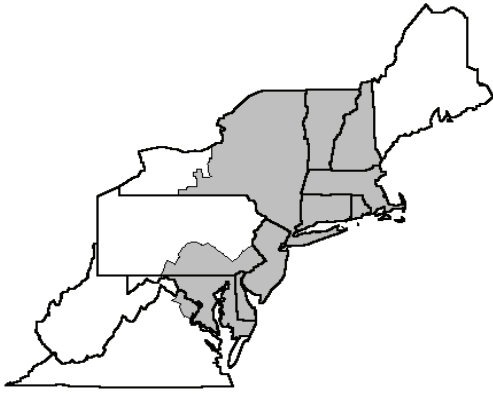
BULLETIN

NORTHEAST MARKETING AREA

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Federal Order No. 1



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May Pool Price Calculation

The May 2024 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$20.89 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 \$23.46 per hundredweight. The May statistical uniform price was 80 cents per hundredweight above the April price. The May producer price differential (PPD) at Suffolk County was \$2.34 per hundredweight, a decrease of \$2.25 from the previous month.

Product Prices Effect

Commodity price changes, as reported on the National Dairy Product Sales Report, were mixed in May. The butter price rose 11 cents and the cheese price jumped 32 cents with block increasing 29 cents and barrels rising 35 cents, all on a per pound basis. Nonfat dry milk declined nearly 1 cent while dry whey fell almost 2 cents, also on a per pound basis. The commodity price changes translated to a 13-cent increase in the butterfat price, a 1-cent decrease in the nonfat solids price, a 90-cent jump in the protein price, and a 2-cent decline in the other solids price, all on a per pound basis. The butterfat price was the highest ever for the month of May.

All class prices increased from the previous month except Class I, which based on lower prices in April decreased 72 cents per hundredweight. Class II increased 27 cents; Class III jumped \$3.05; and Class IV rose 39 cents, all on a per hundredweight basis. Class III remained the lowest class price. With most of the class prices increasing, the statistical uniform price rose. The spread between the higher class prices and the Class III price tightened, resulting in a lower PPD.

Selected Statistics

The Class III volume in May was highest ever for the Order. The average producer butterfat set a record high for May; the producer protein test ties with the record high set for May in 2023. ❖

Pool Summary

- A total of 7,470 producers were pooled under the Order with an average daily delivery per producer of 10,046 pounds.
- Pooled milk receipts totaled 2.326 billion pounds, a decrease of 0.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.5 percent of total milk receipts, down 0.7 percentage points from April.
- The average butterfat test of producer receipts was 4.16 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.5	663,098,188
Class II	22.9	533,204,899
Class III	31.7	737,314,391
Class IV	16.9	392,833,583
Total Pooled Milk		2,326,451,061

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	1.7349	1.8002
Butterfat Price	3.4636	2.7572
Other Solids Price	0.2181	0.1877

Class Prices

	2024	2023
	\$/cwt	
Class I	21.71	22.82
Class II	21.50	19.11
Class III	18.55	16.11
Class IV	20.50	18.10

Top Pooling Counties – Northeast Milkshed

The top ten counties in terms of milk pooled on the Northeast Order accounted for 38.3 percent of all milk pooled during 2023, up from 37.6 percent in 2022. The total volume of producer milk receipts pooled on the Order was 27.1 billion pounds in 2023, an increase of 1.6 percent from 2022. The total volume represented by the top ten counties increased 3.6 percent. Pooled milk receipts do not necessarily account for all milk produced in a county. Milk shipped to other federal orders, state orders, or unregulated areas is not included in these numbers. Pooled volumes and farm numbers are from audited producer payroll data.

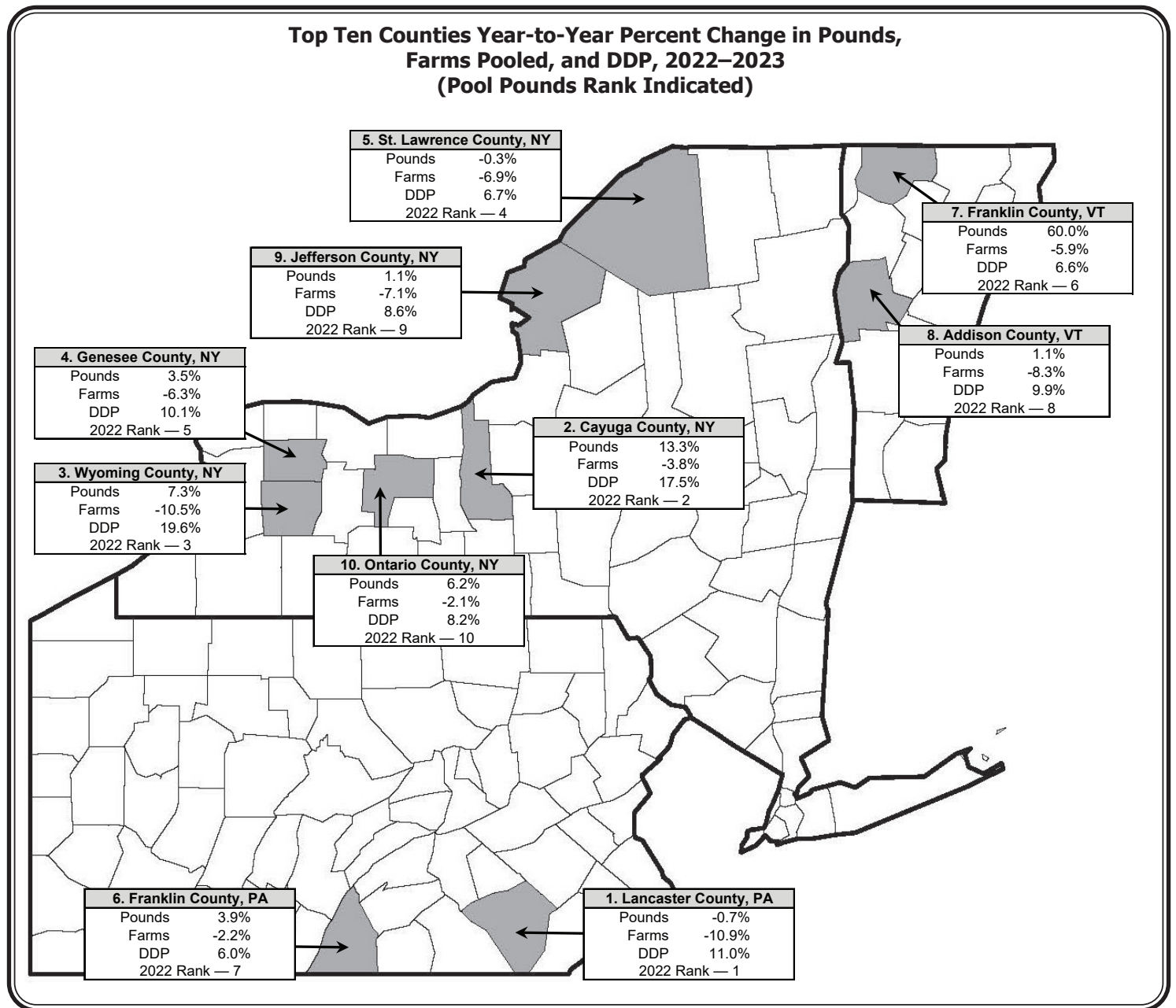
The accompanying table on page 3 shows the top ten ranked counties for 2023 based on their volume pooled on the Order. The accompanying map presents

the change in pounds pooled, farms pooled, and DDP from 2022 to 2023 for the top ten counties. It also includes the counties' prior year rank.

Change in Rankings

Lancaster County, PA, has led the rankings since the Order's inception and accounted for nearly double the volume of the next highest ranked county, Cayuga County, NY. The only counties whose positions changed from 2022 were the Franklin counties in Pennsylvania and Vermont. Franklin (PA) moved up from the number 7 spot to number 6 while Franklin (VT) moved in the opposite direction. The only top ten counties whose pooled volume declined from the previous year were Lancaster (PA) and St. Lawrence (NY).

(continued on page 3)



Top Pooling Counties (continued from page 2)

Proportion of Farms and DDP

The proportion of farms that the top ten counties accounted for decreased to 28.8 percent compared to 29.3 in 2022. The number of farms accounted for by the top ten counties declined 8.5 percent in 2023; the average number of farms pooled on the Order overall decreased 7.2 percent. All top ten counties reported lower farm numbers in 2023. Of the top ten counties, Lancaster (PA) had the largest percent decline from 2022.

Of the top ten counties, Genesee County continued to have the least number of farms, but the highest average daily deliveries per producer (DDP) of the group. As depicted in the table, the counties with the lower number of farms tend to have higher DDP's signifying much larger operations in those counties. The average DDP for the top ten counties, as a whole, was 13,279 pounds, up 12.9 percent from 2022. The Order average DDP was 9,990 pounds in 2023, an increase of 9.2 percent from the previous year. ❖

Top Ten Counties Pooling on the Northeast Order, 2023

Rank	County	State	Volume Pooled	Number of	DDP
			On Order (1,000 lbs)	Farms	
1	Lancaster	PA	2,120,366	1,183	4,911
2	Cayuga	NY	1,424,520	76	51,353
3	Wyoming	NY	1,214,200	85	39,136
4	Genesee	NY	949,339	45	57,798
5	St Lawrence	NY	890,277	176	13,859
6	Franklin	PA	789,212	220	9,828
7	Franklin	VT	775,333	96	22,127
8	Addison	VT	753,732	66	31,288
9	Jefferson	NY	743,557	104	19,588
10	Ontario	NY	736,074	94	21,454
Top Ten Total			10,396,610	2,145	13,279
Total Pool			27,132,530	7,441	9,990
Top Ten Proportion (%)			38.3	28.8	

Source: Northeast Order audited producer payroll reports.

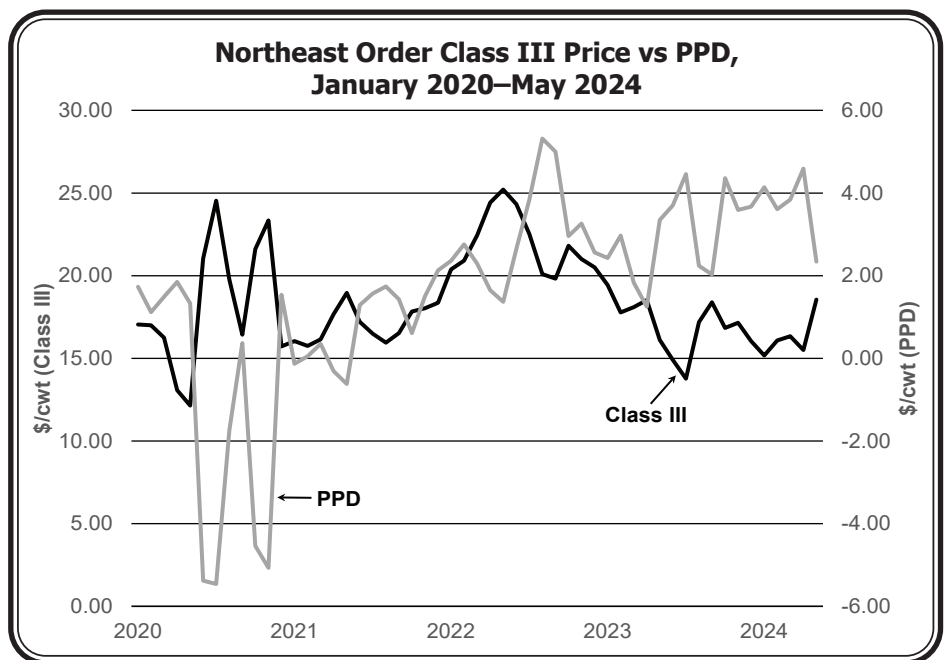
The Relationship Between Class III & PPDs

Between October 2023 and April 2024, the Producer Price Differential (PPD) in the Northeast Order remained above \$3.00 per cwt at the Suffolk County region, with April 2024 having the fourth highest PPD (\$4.59 per cwt) in the Northeast since Order formation in 2000. May 2024 broke up this seven-month long trend with an announced PPD of \$2.34 per cwt, this streak of higher-than-average PPDs was largely due to lower protein prices and higher butterfat prices that steered the Class III price down. Approximately, the PPD is the leftover amount in the pool after components are paid at the Class III level. This causes the Class III price to typically have an inverse relationship with the PPD, meaning as the Class III price increases the PPD decreases and as the Class III price decreases the PPD increases. In the Northeast Order the inverse relationship between the two prices commonly exists but situations can occur that cause the Class III price and PPD to move in the same direction. The accompanying chart demonstrates this inverse relationship from Jan 2020 to May 2024.

The Class III price is seemingly recovering; the May 2024 price is the highest in over a year. The advanced Class III skim milk pricing factor for June 2024 is the highest in eight months, and the June 17, 2024, Class III Chicago Mercantile Exchange has Class III futures

near or above \$20.00 per cwt for the next five months. This could result in lower PPDs in the near future.

Using the May 2024 pool as an example and estimating the PPD using class utilization and class prices, a 9.35 percent increase in the Class III price to \$20.28 per cwt would have resulted in a PPD of \$1.15 per cwt at Suffolk County and a PPD of \$0.00 per cwt in the lowest value differential regions in the Northeast Order. An 18.4 percent increase in the Class III price to \$21.96 per cwt would have resulted in a Class III price of \$21.83 per cwt and a PPD of \$0.00 per cwt at Suffolk County. ❖



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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	647,241,267	\$10.43	\$67,507,264.15	
Butterfat	15,856,921	3.3279	52,770,247.40	
Less: Location Adjustment to Handlers			(2,927,954.55)	\$117,349,556.99
Class II— Butterfat	32,086,665	3.4706	111,359,979.52	
Nonfat Solids	46,630,271	1.0767	50,206,812.84	161,566,792.36
Class III— Butterfat	33,086,099	3.4636	114,597,012.50	
Protein	23,226,974	1.7349	40,296,477.20	
Other Solids	42,407,724	0.2181	9,249,124.60	164,142,614.30
Class IV— Butterfat	15,662,960	3.4636	54,250,228.27	
Nonfat Solids	35,091,865	0.9647	33,853,122.19	88,103,350.46
Total Classified Value				\$531,162,314.11
Add: Overage—All Classes				57,419.43
Inventory Reclassification—All Classes				66,029.80
Other Source Receipts	291,753			10,279.32
Total Pool Value				\$531,296,042.66
Less: Value of Producer Butterfat	96,692,645	3.4636	(334,904,645.21)	
Value of Producer Protein	73,267,942	1.7349	(127,112,552.57)	
Value of Producer Other Solids	134,185,622	0.2181	(29,265,884.15)	(491,283,081.93)
Total PPD Value Before Adjustments				\$40,012,960.73
Add: Location Adjustment to Producers				14,123,107.60
One-half Unobligated Balance—Producer Settlement Fund				1,245,736.82
Less: Producer Settlement Fund—Reserve				(936,023.27)
Total Pool Milk & PPD Value	2,326,742,814			\$54,445,781.88
Producer Price Differential		\$2.34		
Statistical Uniform Price		\$20.89		

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