

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

January 2021

Federal Order No. 1



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January Pool Price Calculation

The January 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$15.91 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 \$17.51 per hundredweight. The January statistical uniform price was \$1.35 per hundredweight below the December price. The January producer price differential (PPD) at Suffolk County was -\$0.13 per hundredweight, a decrease of \$1.67 from the previous month.

Product Prices Effect

Commodity price changes in January were less dramatic than in prior months. As reported on the National Dairy Product Sales Report, butter increase 1 cent while nonfat dry milk and dry whey each rose 4 cents, all on a per pound basis. The average cheese price increased 1 cent per pound based on the combined block decrease of 5 cents and barrel increase of 7 cents. The commodity price changes translated to similar changes in the component prices. Butterfat and protein each increased 1 cent while nonfat solids and other solids each rose 4 cents, again on a per pound basis.

All class prices increased from the previous month except the Class I price, which was calculated from prices in mid-December, and dropped \$4.73 per hundredweight. The Class II price increased 17 cents; Class III rose 32 cents; and Class IV grew 39 cents, all on a per hundredweight basis. These lower prices, combined with the month's class utilizations, generated a lower SUP. With the spread between the higher and lower classes tightening, the Class III price higher than Classes II and IV, and strong producer component tests, more money was paid out than was generated resulting in a negative PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. Total producer receipts were the second highest ever for the month of January while the Class IV volume was the highest ever for the month. The January average producer butterfat set a new record high for the Order. The producer protein test set new record high for January and tied with last month and November 2018 as the highest for the Order. ❖

Pool Summary

- A total of 8,935 producers were pooled under the Order with an average daily delivery per producer of 8,367 pounds.
- Pooled milk receipts totaled 2.318 billion pounds, an increase of 1.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.4 percent of total milk receipts, down 1.4 percentage points from December.
- The average butterfat test of producer receipts was 4.09 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.4	705,627,274
Class II	24.5	566,764,180
Class III	24.8	574,316,448
Class IV	20.3	470,854,385
Total Pooled Milk		2,317,562,287

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	3.0355	2.9606
Butterfat Price	1.5541	2.1117
Other Solids Price	0.2682	0.1417

Class Prices

	2021	2020
	\$/cwt	
Class I	18.39	22.26
Class II	14.18	17.05
Class III	16.04	17.05
Class IV	13.75	16.65

Market Service 2020 Summary

The Market Administrator of the Northeast Order oversees a Market Services program that verifies or establishes weights, samples and tests of producer milk, and provides market information for producers who are not receiving such services from a cooperative association. While some of the routine Market Services operations were impacted in 2020 by the COVID-19 pandemic, the focus of the Market Service department remained on ensuring continuity of operations that were deemed essential services to the verification of weights and tests.

Calibration Program

One aspect of Market Services is the bulk tank calibration program. The Northeast Order operates two calibration trucks with onboard metering equipment and a supply of water. The Market Service department calibrated 60 farm bulk tanks throughout the Northeast Marketing Area milkshed in 2020. In providing these services, the two trucks combined covered 12,212 miles in 2020.

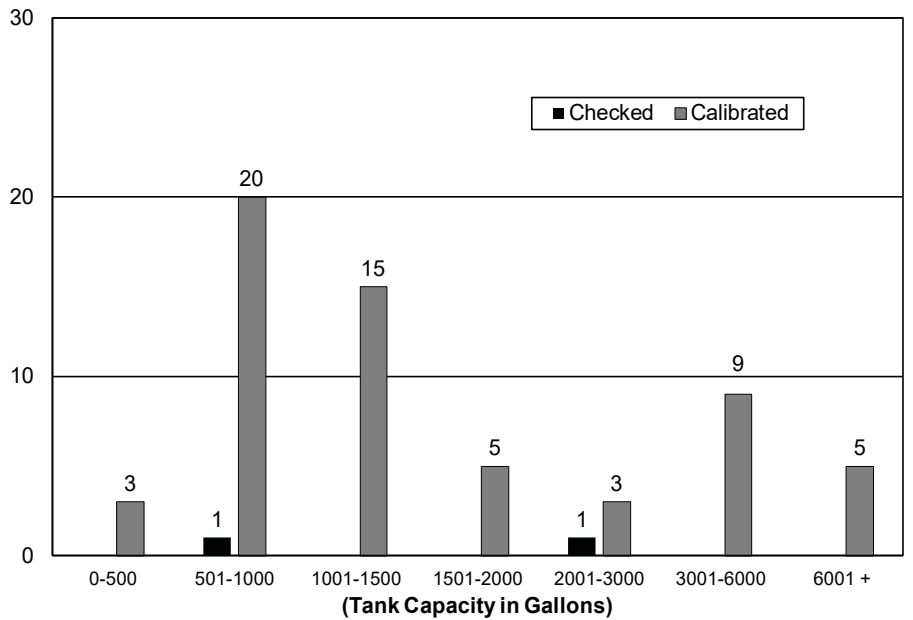
Briefly, a tank calibration involves delivering precise volumes of water and measuring the depth of water in the tank after each delivery throughout the entire capacity of the tank. Based on these measurements, with volume tolerances applied, a new and accurate bulk tank conversion chart is prepared. A tank check involves measuring the tank at about four or five different levels and comparing those readings against the conversion chart to determine the accuracy of the chart. The chart is used by milk haulers to convert the volume of the milk in the bulk tank to pounds of milk; the basis on which producers are paid.

Checks/Calibration Results

Of the 60 tanks calibrated, 4 (7 percent) were re-calibrations from being found out of tolerance on a previous check. The remaining 56 calibrations were performed for other reasons that did not involve an initial check, such as a tank being newly installed, moved, having a deteriorated chart, or by special request. Of the tanks that were recalibrated or calibrated, 63 percent were 1,500 gallon tanks or smaller.

The 60 tank calibrations and re-calibrations total at least 62 farm visits. The accompanying chart shows a breakdown of calibrations by tank size. A tentative schedule for the calibration trucks during the upcoming season also is included.

2020 Bulk Milk Tanks Checked or Calibrated, by Tank Capacity



Payment Test Verification Program

The Federal Order also requires the Market Administrator to verify or establish the payment tests for the non-member (independent) producers. The verification of tests is a valuable service to producers to assure accurate payments for their milk. In 2020, the Market Service department tested 32,130 samples of producer milk. This was 90 percent of the expected total number of samples to test on the year. Of the samples that were tested, only 90 samples (0.3 percent) were determined to be outliers and were removed from any statistical comparisons to Handler payment tests. The remaining 32,040 samples were used to verify the accuracy of payment tests.

Additionally, the Market Service department laboratory staff prepared and distributed 19 sets of raw milk control samples to industry labs that conduct producer payment testing. To contend with challenges (continued on page 3)

Tentative Calibration Truck Schedule, 2021

Month	Area
April	Southern PA, Northern PA, Central NY
May	Finger Lakes Region NY, Eastern NY, Connecticut
June	Central PA, Eastern NY
July	Southern PA, Northern NY, Central NY
August	Western NY, Eastern, NY
September	Central PA, Eastern, NY, Maine, New Hampshire, Vermont
October	Southern PA, Central NY
November	Finger Lakes Region NY, Southern PA

Market Service (continued from page 2)

brought on by the pandemic and assure the continuation of the control sample program, the frequency of these sample sets was adjusted from every two weeks to every three weeks from mid-March through the remainder of the year. These samples, with their accompanying reference chemistry values, serve as standards used to either set or verify the accuracy of baseline calibrations of infrared milk analyzers used by the industry for payment testing. Along with each new set of control samples distributed to the Northeast Market Area, the laboratory staff routinely analyzed instrument performance of data submitted by 34 industry laboratories. Of these monitored

labs, 13 are performing producer payment testing. This routine laboratory monitoring assures accurate testing performance.

Finally, in 2020 a critical improvement was made to the Market Administrator's payment test verification program. The frequency of verification testing for each non-member producer was increased from quarterly to bi-monthly. This increase in market services provided by the Market Administrator allows for more frequent monitoring of producer payment tests to assure that timely and accurate payments are being made to producers. ❖

Trends in Packaged Sales

For many years now, the trend in the Northeast Marketing Area (NMA) has been overall declining milk sales, but increasing whole milk sales. The accompanying tables show this trend continuing. The tables show changes in sales in the NMA by product as reported by pool handlers regulated by the Northeast Order for 2020 compared to the previous year and 5 years ago. In addition, the change in sales by nonregulated handlers (handlers regulated by another federal order, partially regulated, exempt, and producer handlers) and total sales by all handlers is shown; a complete breakdown of sales by product from nonregulated handlers is not available. Lastly, per capita sales for the NMA compared to the United States are shown. Percent changes have been adjusted for leap year in 2020.

The Northeast Marketing Area is defined under section 1001.2 of the Northeast Order and includes the entire states of Connecticut, Delaware, Massachusetts, New Hampshire, New Jersey, Rhode Island, and Vermont; most of Maryland and New York; and specific counties in Pennsylvania and Virginia. Its area includes many major metropolitan areas such as Boston, MA; New York, NY; Philadelphia, PA, and Washington, DC.

Table 1
Sales in the Northeast Marketing Area, Selected Years

Product	2015	2019	2020
	(million pounds)		
Whole Milk	2,598.0	2,748.6	2,822.8
Reduced Fat Milk	1,757.7	1,565.4	1,682.8
Low Fat Milk	1,444.7	1,090.4	1,063.4
Fat-free Milk	965.1	601.2	512.5
Flavored Milk & Reduced Fat Products	451.2	424.8	310.0
Organic Whole Milk	142.7	174.7	154.2
Organic Reduced Fat Milk	248.5	188.4	168.3
Buttermilk/Eggnog/Other	48.5	50.0	46.2
Total From Pool Handlers	7,656.4	6,843.5	6,760.2
Sales from Non-pool Handlers	808.4	833.7	774.6
Total Sales from All Handlers	8,464.8	7,677.2	7,534.8

Table 2
Total Per Capita Sales, Northeast Marketing Area vs United States

	2015	2016	2017	2018	2019	2020
	(pounds of fluid milk products)					
NMA	154.7	151.5	148.2	144.8	139.9	137.2
US*	154.2	151.7	147.8	144.0	140.9	139.9

Sources: USDA's *Estimated Fluid Milk Products Sales Report*; U.S. Census Bureau

Sales by Product

The table shows increases in whole and reduced fat (2%) milk in 2020 compared to the previous year. Whole milk sales in 2020 were 2.4 percent above 2019 and 8.4 percent higher than 2015. Sales of reduced fat products were 7.2 percent greater than in 2019, but 4.5 percent below 5 years prior. Sales of all other products have declined when compared to the 2 years shown except for an increase in organic whole milk when compared to 2015. Sales into the NMA from nonregulated handlers have declined 1.5 percent in 2020 from 2019 and 11.9 percent from 2015.

Whole milk has always held the largest proportion and that has grown over the past 5 years. Reduced fat remains in second place with its proportion increasing in the past year. Low fat and fat-free have declined consistently since 2014. Flavored milk and reduced fat products had increased slightly over the past few years, but school closures and remote learning due to Covid-19 resulted in a decrease as school sales account for the majority of flavored products.

Per Capita Sales

Table 2 shows per capita sales for the NMA and estimated for the United States for 2015-2020. Per capita sales have been declining for more than ten years. Over the years shown, per capita sales in the NMA have been fairly close to the national average. In 2019, per capita sales in the NMA dropped slightly below the U.S. average; in 2020 this spread has widened. ❖

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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	689,725,412	\$13.28	\$91,595,534.71	
Butterfat	15,901,862	1.5934	25,338,026.91	
Less: Location Adjustment to Handlers			(2,994,303.70)	\$113,939,257.92
Class II— Butterfat	31,864,781	1.5611	49,744,109.62	
Nonfat Solids	50,052,591	1.0033	50,217,764.58	99,961,874.20
Class III— Butterfat	29,103,262	1.5541	45,229,379.50	
Protein	18,316,514	3.0355	55,599,778.23	
Other Solids	32,785,061	0.2682	8,792,953.38	109,622,111.11
Class IV— Butterfat	18,012,244	1.5541	27,992,828.40	
Nonfat Solids	42,360,925	0.9570	40,539,405.30	68,532,233.70
Total Classified Value				\$392,055,476.93
Add: Overage—All Classes				9,770.52
Inventory Reclassification—All Classes				230,604.26
Other Source Receipts	399,819			5,379.24
Total Pool Value				\$392,301,230.95
Less: Value of Producer Butterfat	94,882,149	1.5541	(147,456,347.76)	
Value of Producer Protein	74,303,714	3.0355	(225,548,923.89)	
Value of Producer Other Solids	133,587,750	0.2682	(35,828,234.52)	(408,833,506.17)
Total PPD Value Before Adjustments				(\$16,532,275.22)
Add: Location Adjustment to Producers				13,455,544.60
One-half Unobligated Balance—Producer Settlement Fund				1,051,081.65
Less: Producer Settlement Fund—Reserve				(987,701.73)
Total Pool Milk & PPD Value	2,317,962,106			(\$3,013,350.70)
Producer Price Differential		(\$0.13)		
Statistical Uniform Price		\$15.91		

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



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February Pool Price Calculation

The February 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$15.80 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 \$17.35 per hundredweight. The February statistical uniform price was 11 cents per hundredweight below the January price. The February producer price differential (PPD) at Suffolk County was \$0.05 per hundredweight, an increase of 18 cents from the previous month.

Product Prices Effect

All commodity prices decreased in February except dry whey. As reported on the National Dairy Product Sales Report on a per pound basis, butter fell 10 cents, nonfat dry milk declined 2 cents, and the cheese price dropped 5 cents based off a 3-cent decline in the block price and an 8-cent drop in the barrel price. The dry whey price rose 5 cents per pound. The commodity price changes translated to similar changes in the component prices. Butterfat fell 12 cents, nonfat solids decreased 2 cents, and protein dropped 5 cents, all on a per pound basis. Other solids increased 5 cents per pound.

All class prices decreased from the previous month except the Class I price, which calculated from product prices in mid-January, increased 40 cents per hundredweight. The Class II price decreased 18 cents; Class III declined 29 cents; and Class IV dropped 56 cents, all on a per hundredweight basis. These lower prices, combined with the month's class utilizations, generated a lower SUP. With the spread between the higher and lower classes increasing, the PPD returned to a positive value at Boston, but since most milk is received at plants not located in the base zone, most producers' paychecks will reflect a negative PPD value.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. The February average producer butterfat set a new record high for the Order. The producer protein test set tied with December 2020 and January 2021 for an Order record high for the month. The February producer other solids test tied with May 2020 as a record high for the Order. ❖

Pool Summary

- A total of 8,959 producers were pooled under the Order with an average daily delivery per producer of 8,377 pounds.
- Pooled milk receipts totaled 2.101 billion pounds, an increase of 0.4 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.0 percent of total milk receipts, up 0.6 percentage points from January.
- The average butterfat test of producer receipts was 4.11 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.79 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.0	652,242,437
Class II	25.3	530,477,659
Class III	25.0	524,907,512
Class IV	18.7	393,848,387
Total Pooled Milk		2,101,475,995

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.9816	3.0309
Butterfat Price	1.4376	1.9813
Other Solids Price	0.3161	0.1750

Class Prices

	2021	2020
	\$/cwt	
Class I	18.79	20.80
Class II	14.00	16.84
Class III	15.75	17.00
Class IV	13.19	16.20

U.S. Milk Production Growth Highest in Six Yers

Total milk production in the United States rose 1.9 percent in 2020, the largest year-to-year increase in milk production since 2014. The rate of growth was only 0.4 in 2019. Percent changes have been adjusted for leap year in 2020.

The increase in the top ten milk-producing states combined was slightly below the national average. Growth in the combined total for the selected 24 milk-producing states reported by the National Agricultural Statistics Service (NASS) was slightly higher than the national average. The accompanying table shows the top ten states ranked by their total 2020 production and comparisons to the selected 24 states total and the U.S. total for production, cows, and milk production per cow (MPC).

Top Ten Rankings Unchanged

The top ten list contained the same states as in 2019 with California, Wisconsin, and Idaho holding the top 3 spots. In the Northeast, New York and Pennsylvania remained numbers 4 and 7, respectively. As in 2019, Texas reported the largest year-to-year increase in production of the top ten. New Mexico was the only top ten state to report a decrease from the previous year.

Of the NASS selected 24 states, six reported decreases from 2019. The largest increase reported by this group was South Dakota with 10.7 percent followed by Colorado and Texas that each rose 6.8 percent. Vermont reported the largest decline with 3.8 percent from 2019. The only changes in rank were Oregon and Vermont that switched positions from last year (now ranked 18 and 19, respectively), and Illinois and Georgia that also switched positions (now ranked 22 and 23, respectively). The selected 24 states in total accounted for 95.4 percent of the US total in 2020, up from 95.3 percent the prior year.

Northeast Production

Milk production in the Northeast milkshed (the area from which milk is traditionally pooled by handlers selling into the marketing area) increased 0.8 percent in 2020. The milkshed state reporting the largest growth was Maryland with 4.2 percent; Massachusetts followed with 2.8 percent. Maine reported the largest decline of the milkshed (4.8 percent), followed by Delaware with 4.6 percent. The combined New England states reported a drop of 2.9 percent while the three largest contributing states to the Northeast Order (New York, Pennsylvania, and Vermont) reported a combined increase of 0.8 percent from 2019. Comparatively, total milk pooled on the Northeast Order was unchanged from to 2019.

Cow Numbers and Production per Cow

Nationally, the number of milk cows fell 0.7 percent in 2020, the same change as in 2019. The number of states showing declining cow numbers totaled 23, down from 35 in 2019. Twelve states reported increases and 13 had no change. Of those with increasing cow numbers, four were in the top ten states. Wyoming reported the largest percentage increase (25 percent) but only had 7,500 head; South Dakota had the second largest increase (8 percent) with 135,000 head. California had 18.3 percent of the 2020 total number of cows in the U.S.; Wisconsin followed with 13.4 percent.

In the Northeast milkshed states, milk cow numbers declined 0.9 percent; this follows a drop of 2.8 percent in 2019. The combined total for New York, Pennsylvania, and Vermont was down 0.8 percent from 2019.

Average MPC grew 1.4 percent nationally, up from 1.0 percent in 2019. Michigan continues to lead the nation in MPC, followed by Colorado. Only fourteen states had MPC greater than the national average; eight of them were in the top ten. The only top-ten states below the national average were Minnesota and Pennsylvania.

The Northeast states' increase in MPC was 1.7 percent, above the national average change of 1.4 percent, but MPC in the Northeast states trails the U.S. The U.S. average milk per cow was 23,777 pounds in 2020; the average was 23,402 pounds in the Northeast states. New York's MPC (24,500 pounds) was above the national average.

NASS reported data for Alaska and Hawaii in a combined Other States category to avoid disclosing data for individual operations. ❖

Top Ten States Ranked by Milk Production, 2020

Rank	State	2020		Percent Change*	2020		
		2019	2020		Cows	MPC#	
		(million pounds)				(1,000 head)	(pounds)
1	California	40,595	41,282	1.4	1,721	23,987	
2	Wisconsin	30,588	30,730	0.2	1,259	24,408	
3	Idaho	15,632	16,241	3.6	645	25,180	
4	New York	15,122	15,337	1.1	626	24,500	
5	Texas	13,850	14,831	6.8	595	24,926	
6	Michigan	11,385	11,683	2.3	430	27,170	
7	Pennsylvania	10,108	10,276	1.4	482	21,320	
8	Minnesota	9,922	10,149	2.0	447	22,705	
9	New Mexico	8,187	8,169	(0.5)	330	24,755	
10	Washington	6,783	6,817	0.2	280	24,346	
Top Ten Total		162,172	165,515	1.8	6,815	24,287	
NASS 24 Total		208,118	212,852	2.0	8,866	24,008	
U.S. Total		218,441	223,220	1.9	9,388	23,777	

Source: NASS, Milk Production

* Adjusted for leap year.

Milk Produced per Cow; not adjusted for leap year.

Market Situation

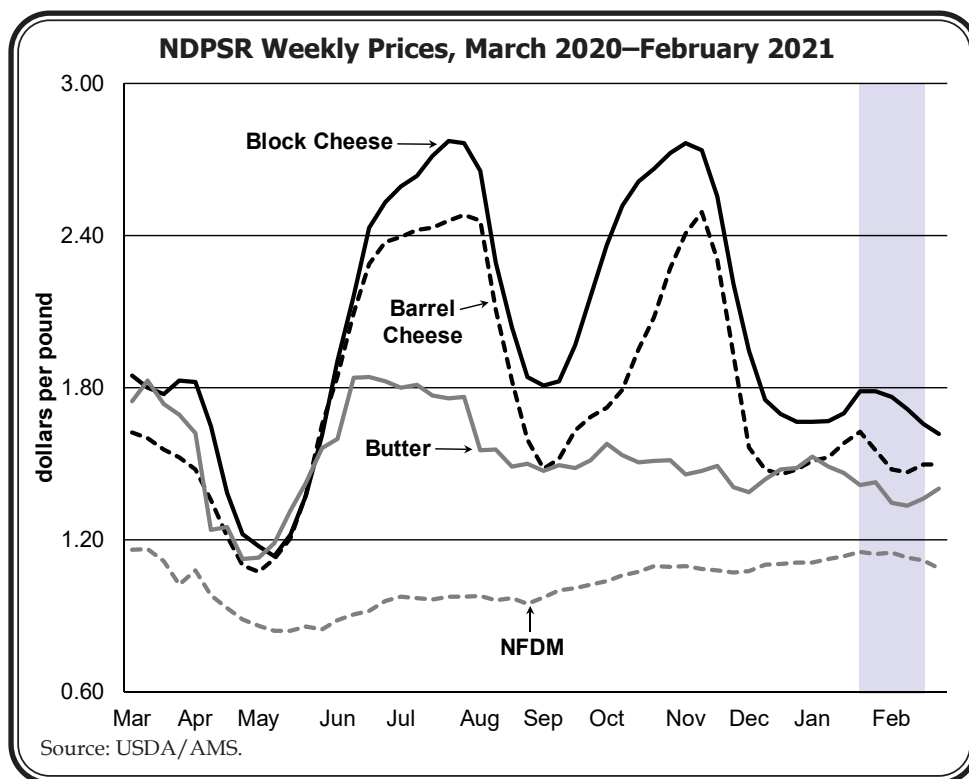
Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of Cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices. The accompanying chart presents weekly NDPSR cheese prices that established federal order minimum prices over the past 9 months.

The February Statistical Uniform Price (SUP) reflected NDPSR prices for weeks ending February 6 through February 27. The shaded area on the accompanying chart highlights the NDPSR cheese prices during this period. NDPSR prices for the first two weeks of February also are shown.

CME Prices Indicate Some Increase to Product Prices

NDPSR prices tend to lag Chicago Mercantile Exchange (CME) prices by approximately 2 weeks. Looking at average CME prices for the week of March 12, block and barrel cheese averaged \$1.76 and \$1.52 per pound, respectively. Average NDPSR prices for cheese have been fairly steady. The average weekly NDPSR Block and barrel cheese have averaged \$1.71 and \$1.52 per pound, respectively since the beginning of 2021. The range of both prices over that time period was roughly 16 cents per pound. March 16 CME spot prices for blocks and barrels, were \$1.80 and \$1.64, respectively, indicating some upward trend in those prices in the short term. The CME cash price for nonfat dry milk on March 16 closed at about \$1.17 per pound, 8 cents above where the most recent weekly NDPSR prices averaged. The butter price closed at \$1.71 per pound, 31 cents above the NDPSR price for the last week of February, indicating there may be some upward movement in butter prices in the short term. Dry whey was just under \$0.60 per pound, indicating potential movement upward in dry whey prices as well, compared to the level of the most recent NDPSR prices.

The chart depicts two sizeable and rapid increases and then decreases in the cheese price in 2020. These price movements were largely related to federal government purchases, particularly the Farms to Families Food Box Program. A fifth round of purchases for that same program for a period covering January through April 2021 contributed to a



rise in cheese prices in January, though not nearly to the same level and was not sustained. This smaller “bump” is also evident in the chart. In addition to the Food Box Program, the Consolidated Appropriations Act of 2021, signed into law on December 27, 2020, includes a dairy donation program to provide \$400 million to pay for milk to be processed into dairy products and donated to non-profit entities.

Updated Outlook

As spring approaches, milk production levels may put downward pressure on prices. January U.S. milk production was up 1.8 percent, year-over-year. Milk cow numbers in January exceeded the prior year by 85,000 and milk per cow was up by roughly 0.6 percent. These figures are not quite as strong relative to the prior year as in December, but still suggest strong milk production. With uncertainty of demand in a continuing pandemic economic environment, the mentioned government purchases may play an important role in supporting milk prices if strong milk production gains continue into spring. Additionally, continued strong U.S. exports may also be looked to for helping to clear production volumes. The U.S. exported an all-time high of 16 percent of its milk solids produced during the year 2020. Using CME futures prices for Class III and Class IV milk as settled on March 15, the 2021 SUP for the Northeast Order projects to average \$17.96 per hundredweight. ❖

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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	637,341,492	\$13.62	\$86,805,911.21	
Butterfat	14,900,945	1.6129	24,033,734.19	
Less: Location Adjustment to Handlers			(2,738,450.47)	\$108,101,194.93
Class II— Butterfat	29,306,814	1.4446	42,336,623.51	
Nonfat Solids	47,008,397	1.0300	48,418,648.91	90,755,272.42
Class III— Butterfat	25,677,637	1.4376	36,914,170.94	
Protein	16,786,944	2.9816	50,051,952.20	
Other Solids	30,166,043	0.3161	9,535,486.17	96,501,609.31
Class IV— Butterfat	16,449,730	1.4376	23,648,131.82	
Nonfat Solids	35,410,958	0.9391	33,254,430.66	56,902,562.48
Total Classified Value				\$352,260,639.14
Add: Overage—All Classes				41,566.89
Inventory Reclassification—All Classes				31,557.67
Other Source Receipts	374,130			7,896.72
Total Pool Value				\$352,341,660.42
Less: Value of Producer Butterfat	86,335,126	1.4376	(124,115,377.12)	
Value of Producer Protein	67,391,750	2.9816	(200,935,241.78)	
Value of Producer Other Solids	121,583,505	0.3161	(38,432,545.94)	(363,483,164.84)
Total PPD Value Before Adjustments				(\$11,141,504.42)
Add: Location Adjustment to Producers				12,187,403.18
One-half Unobligated Balance—Producer Settlement Fund				868,653.80
Less: Producer Settlement Fund—Reserve				(863,627.52)
Total Pool Milk & PPD Value	2,101,850,125			\$1,050,925.04
Producer Price Differential		\$0.05		
Statistical Uniform Price		\$15.80		

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



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Shawn M. Boockoff, Market Administrator

March 2021

Federal Order No. 1

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 Boston, MA: phone (617) 737-7199, Albany, NY: phone (518) 452-4410, Alexandria, VA: phone (703) 549-7000;
 e-mail address: NortheastOrder@fedmilk1.com
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March Pool Price Calculation

The March 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$16.50 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 \$18.00 per hundredweight. The March statistical uniform price was 70 cents per hundredweight above the February price. The March producer price differential (PPD) at Suffolk County was \$0.35 per hundredweight, an increase of 30 cents from the previous month.

Product Prices Effect

All commodity prices increased in March except 40-pound block Cheddar cheese. As reported on the National Dairy Product Sales Report on a per pound basis, butter jumped 23 cents, dry whey rose 5 cents, and the nonfat dry milk and combined cheese prices each increased less than 1 cent, all on a per pound basis. The slight increase in the cheese price was the result of a 2-cent increase in the barrel price, which has a higher volume, combined with the 2-cent block price decrease mentioned above. The commodity price changes translated to similar changes in the component prices. Butterfat jumped 28 cents, other solids increased 5 cents, and nonfat solids increased less than 1 cent, all on a per pound basis. The protein price dropped 29 cents per pound due to the increase in the butterfat as that is a component of the protein price formula.

All class prices increased from the previous month except the Class I price, which calculated from prices in mid-February, decreased 34 cents per hundredweight. The Class II price jumped \$1.07; Class III increased 40 cents; and Class IV rose 99 cents, all on a per hundredweight basis. The mostly higher prices, combined with the month's class utilizations, generated a higher SUP. The PPD increased and was a positive value at Boston, but producers whose milk was received at plants located in zones \$2.90 or further out would receive a zero or negative PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. March Class II volume set a record high for the Order and, for the first time, topped 600 million pounds. Average producer butterfat and protein tests set new record highs for the month. ❖

Pool Summary

- A total of 8,928 producers were pooled under the Order with an average daily delivery per producer of 8,504 pounds.
- Pooled milk receipts totaled 2.354 billion pounds, an increase of 1.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.4 percent of total milk receipts, down 0.6 percentage points from February.
- The average butterfat test of producer receipts was 4.06 percent.
- The average true protein test of producer receipts was 3.18 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.4	716,400,018
Class II	25.6	603,068,550
Class III	25.4	596,939,229
Class IV	18.6	437,217,792
Total Pooled Milk		2,353,625,589

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.6954	2.8424
Butterfat Price	1.7176	1.9177
Other Solids Price	0.3652	0.1810

Class Prices

	2021	2020
	\$/cwt	
Class I	18.45	20.71
Class II	15.07	16.75
Class III	16.15	16.25
Class IV	14.18	14.87

Top Producing Counties—Northeast Milkshed

The top ten counties in terms of milk pooled on the Northeast Order accounted for 36.4 percent of all milk pooled during 2020, up from 35.9 percent in 2019 and 34.7 percent in 2018. The total volume of producer milk receipts pooled on the Order was unchanged from 2019 when adjusted for leap year in 2020. The total volume represented by the top ten counties increased 1.0 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. Additionally, a significant volume of milk was depooled during 2020, which may have impacted county rankings. Pooled volumes and farm numbers are from audited producer payroll data and adjusted for leap year, where applicable.

The accompanying table shows the top ten ranked counties for 2020 based on their volume pooled on the Order. The accompanying map presents the change in pounds pooled, farms pooled, and DDP from 2019 to 2020 for the top ten counties. It also includes the counties' prior year rank.

Top Ten Counties Pooling on the Northeast Order, 2020

Rank	County	State	Volume Pooled on Order (1,000 lbs)	Number of Farms	DDP
1	Lancaster	PA	2,313,284	1,427	4,429
2	Cayuga	NY	1,243,239	85	39,963
3	Wyoming	NY	1,000,299	95	28,769
4	St. Lawrence	NY	812,002	253	8,769
5	Genesee	NY	784,530	46	46,598
6	Franklin	PA	770,819	241	8,739
7	Franklin	VT	768,732	120	17,503
8	Addison	VT	765,398	84	24,896
9	Jefferson	NY	681,132	140	13,293
10	Onondaga	NY	633,929	55	31,492
Top Ten Total			9,773,364	2,546	10,488
Total Pool			26,874,421	8,831	8,315
Top Ten Proportion (%)			36.4	28.8	

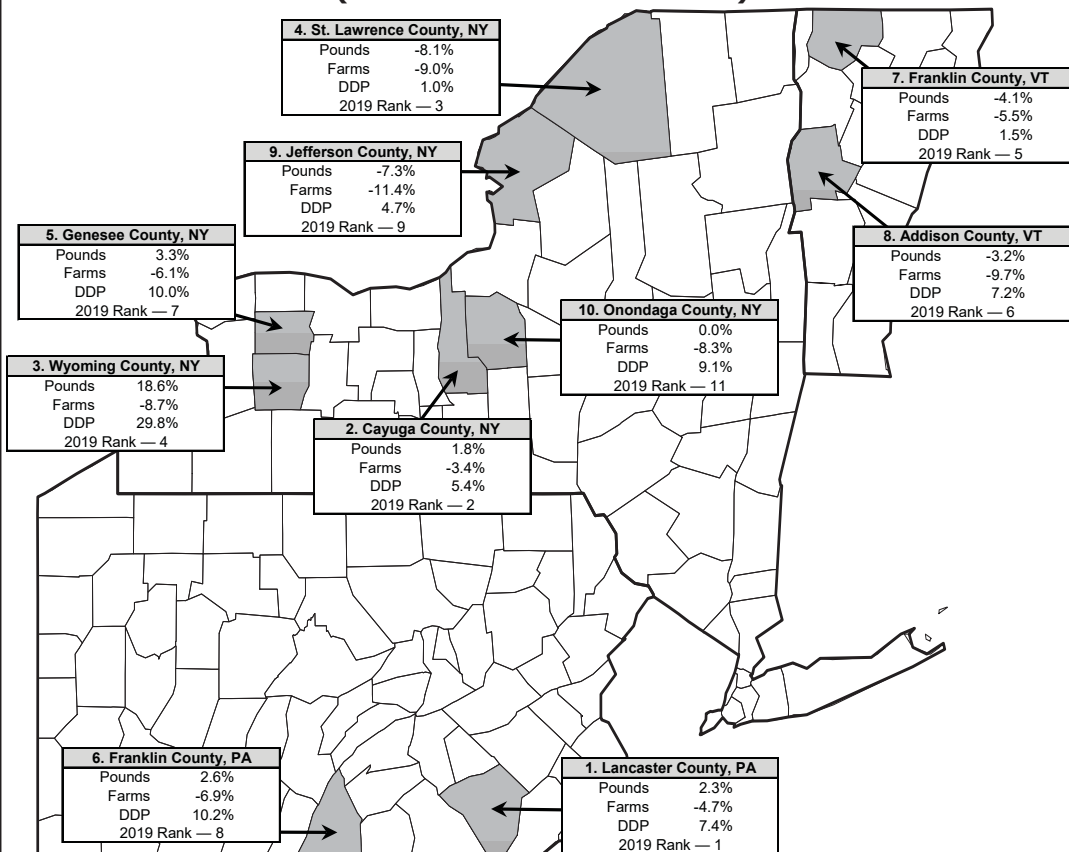
Source: Northeast Order audited producer payroll reports.

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 were unchanged in 2020, were Lancaster (PA), Cayuga (NY), and Jefferson (NY). Wyoming County, NY, moved into the number 3 spot with an 18.6 percent jump in pooled volume, the largest increase of the top ten counties. St. Lawrence County, NY, dropped from number 3 in 2019 to number 4 in 2020 with an 8.1 percent decline in pooled volume, the largest decrease of the top ten counties.

Genesee County, NY, moved up to number 5 in 2020, from number 7 the year before. Franklin County, PA, also moved up 2 spots, from number 8 in 2019, to number 6 in 2020. Conversely, Franklin County, VT, dropped to number 7 from number 5 (continued on page

Top Ten Counties Year-to-Year Percent Change in Pounds and Farms Pooled and DDP, 2019–2020 (Pool Pounds Rank Indicated)



DDP = Daily Deliveries per Producer.

Thomas Vilsack Confirmed as Secretary

Thomas J. Vilsack was confirmed as the 32nd Secretary of the United States Department of Agriculture (USDA) on February 23, 2021, by the U.S. Senate. He was nominated by President Joe Biden to return to a role where he served for eight years under President Barack Obama.

As the 30th Secretary of Agriculture, Vilsack served between 2009 and 2017, and was the longest-serving member of President Obama's original Cabinet. Prior to his appointment, he served two terms as Governor of Iowa, served in the Iowa State Senate, and as the mayor of Mt. Pleasant, Iowa. He received his bachelor's degree from Hamilton College and his law degree from Albany Law School in New York.



Prior to returning to USDA, he served as president and CEO of the U.S. Dairy Export Council (USDEC) from 2017 until February 2021. In addition, he served as a Strategic Advisor to Colorado State University's food and water initiatives.

A native of Pittsburgh, Pennsylvania, Vilsack was born into an orphanage and adopted in 1951. After graduating from law school, he moved to Mt. Pleasant, Iowa, his wife Christie's hometown, where he practiced law.

The Federal Milk Marketing Order system is overseen by USDA's Agricultural Marketing Service. ❖

Top Producing Counties (continued from page 2)

in 2019, and Addison County, VT, fell to number 8 from number 6 in 2019. Even though Onondaga County, NY, (number 11 in 2019) had no change in pooled volume in 2020, it regained the number 10 place (held in 2018) displacing Ontario County, NY, which fell to number 11 in 2020 with a decline of 1.4 percent in pooled volume.

Proportion of Farms and DDP

The proportion of farms that the top ten counties accounted for decreased to 28.8 percent compared to 29.1 in 2019. The number of farms accounted for by the top ten counties declined 7.4 percent in 2020; the average number of farms pooled on the Order overall

decreased 6.5 percent. All top ten counties reported lower farm numbers in 2020; Jefferson (NY) had the largest percent decline from 2019.

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 10,488 pounds, up 7.6 percent from 2019. The Order average DDP was 8,315 pounds in 2020, an increase of 6.8 percent from the previous year. ❖

Pool Summary for All Federal Orders, January–March, 2020–2021

Federal Order Number	Federal Order Name	Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#	
		2020	2021*	Change [^]	2020	2021	2020	2021
		pounds			dollars per hundredweight			
1	Northeast	6,845,705,648	6,772,663,871	0.0	1.45	0.09	18.21	16.07
5	Appalachian	1,387,773,576	1,376,168,905	0.3	N/A	N/A	20.05	17.64
6	Florida	672,077,311	624,370,017	(6.1)	N/A	N/A	22.22	19.64
7	Southeast	1,241,104,996	1,191,064,776	(3.0)	N/A	N/A	20.32	17.74
30	Upper Midwest	7,027,548,771	2,898,751,022	(58.3)	0.17	(0.78)	16.94	15.20
32	Central	4,097,103,396	2,813,140,868	(30.6)	(0.16)	(1.33)	16.97	14.65
33	Mideast	5,196,400,124	4,164,299,870	(19.0)	0.26	(0.80)	17.39	15.18
51	California [^]	6,248,307,551	5,888,148,826	(4.7)	(0.16)	(1.62)	16.82	14.36
124	Pacific Northwest	2,057,105,804	1,810,087,550	(11.0)	(0.20)	(1.23)	16.75	14.75
126	Southwest	3,255,812,595	3,020,098,752	(6.2)	0.49	(0.91)	17.64	15.07
131	Arizona	1,334,464,126	1,027,919,608	(22.1)	N/A	N/A	17.24	15.07
All Market Total/Average		39,363,403,898	31,586,714,065	(18.9)	0.48	(0.94)	18.23	15.94

Price at designated order location.

[^] Adjusted for leap year.

N/A = Not applicable.

* During the first quarter of 2021, a significant volume of milk was 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	700,112,399	\$13.87	\$97,105,589.74	
Butterfat	16,287,619	1.4460	23,551,897.07	
Less: Location Adjustment to Handlers			(3,045,399.04)	\$117,612,087.78
Class II— Butterfat	34,641,760	1.7246	59,743,179.30	
Nonfat Solids	53,033,574	1.0400	55,154,916.96	114,898,096.26
Class III— Butterfat	28,471,338	1.7176	48,902,370.14	
Protein	18,967,236	2.6954	51,124,287.89	
Other Solids	34,231,477	0.3652	12,501,335.40	112,527,993.43
Class IV— Butterfat	16,189,311	1.7176	27,806,760.58	
Nonfat Solids	39,270,832	0.9396	36,898,873.76	64,705,634.34
Total Classified Value				\$409,743,811.81
Add: Overage—All Classes				68,960.45
Inventory Reclassification—All Classes				587,531.19
Other Source Receipts	676,782			12,161.97
Total Pool Value				\$410,412,465.42
Less: Value of Producer Butterfat	95,590,028	1.7176	(164,185,432.12)	
Value of Producer Protein	74,813,954	2.6954	(201,653,531.60)	
Value of Producer Other Solids	135,846,288	0.3652	(49,611,064.35)	(415,450,028.07)
Total PPD Value Before Adjustments				(\$5,037,562.65)
Add: Location Adjustment to Producers				13,598,266.86
One-half Unobligated Balance—Producer Settlement Fund				832,342.80
Less: Producer Settlement Fund—Reserve				(1,152,988.74)
Total Pool Milk & PPD Value	2,354,302,371			\$8,240,058.27
Producer Price Differential		\$0.35		
Statistical Uniform Price		\$16.50		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

April 2021

Federal Order No. 1

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April Pool Price Calculation

The April 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$17.36 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 \$18.75 per hundredweight. The April statistical uniform price was 86 cents per hundredweight above the March price. The April producer price differential (PPD) at Suffolk County was -\$0.31 per hundredweight, a decrease of 66 cents from the previous month.

Product Prices Effect

All commodity prices increased in April. As reported on the National Dairy Product Sales Report on a per pound basis, butter jumped 19 cents, dry whey rose 6 cents, and the nonfat dry milk rose 5 cents, all on a per pound basis. The cheese price rose 11 cents based on the 12-cent increase in the block price combined with the 10-cent increase in the barrel price, again on a per pound basis. The commodity price changes translated to similar changes in the component prices. Butterfat jumped 23 cents, other solids increased 6 cents, nonfat solids rose 5 cents, and protein was up 12 cents, all on a per pound basis.

All class prices increased from the previous month: the Class I price increased 31 cents; Class II rose 49 cents; Class III jumped \$1.52; and Class IV was up \$1.24, all on a per hundredweight basis. The Class III price was the highest for April since 2014. The higher prices, combined with the month's class utilizations, generated a higher SUP. The spread between the highest class price and the Class III price tightened, and when combined with the utilizations of these classes, resulted in a negative PPD at all differential zones. For more explanation on negative PPDs, see the June 2020 *Bulletin*.

Selected Statistics

For the fourth month in a row, average daily deliveries per producer set a new record high for the Order. Average producer butterfat and protein tests set new record highs for the month, while the average producer other solids test tied with 2020 as a record high for the month of April. ❖

Pool Summary

- A total of 8,696 producers were pooled under the Order with an average daily delivery per producer of 8,727 pounds.
- Pooled milk receipts totaled 2.277 billion pounds, unchanged from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.1 percent of total milk receipts, down 0.3 percentage points from March.
- The average butterfat test of producer receipts was 3.98 percent.
- The average true protein test of producer receipts was 3.14 percent.
- The average other solids test of producer receipts was 5.78 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.1	684,189,500
Class II	24.2	552,022,725
Class III	24.5	557,576,402
Class IV	21.2	482,897,622
Total Pooled Milk		2,276,686,249

Producer Component Prices

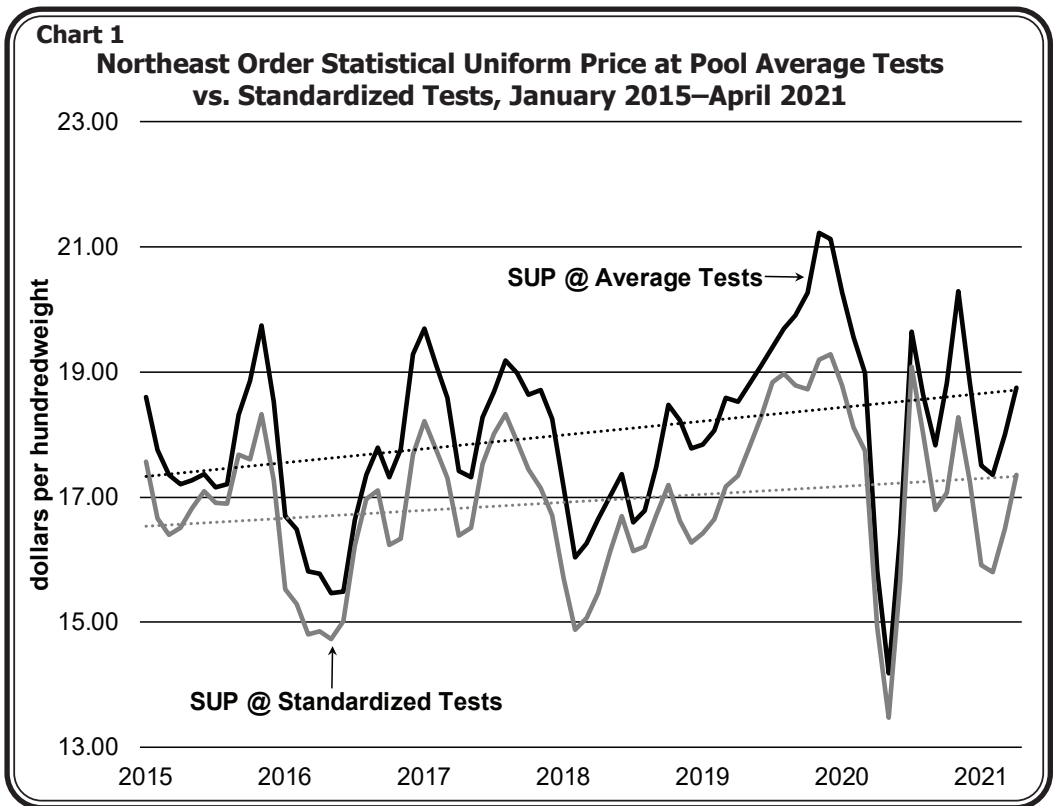
	2021	2020
	\$/lb	
Protein Price	2.8136	2.4822
Butterfat Price	1.9496	1.3218
Other Solids Price	0.4268	0.1793

Class Prices

	2021	2020
	\$/cwt	
Class I	18.76	19.89
Class II	15.56	13.87
Class III	17.67	13.07
Class IV	15.42	11.40

Statistical Uniform Price—Components Make a Difference

The Statistical Uniform Price (SUP) is announced at standardized tests: 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. This standardization is used to compare the SUP over time and to other federal orders. In addition, the Northeast Order SUP is announced at average pool component tests—the tests of all producer milk pooled for the month. These tests vary each month, but represent the actual components of all the producers' milk in that month's pool. The April SUP reported at standardized tests was \$17.36 per hundredweight; the price reported at average pool component tests was \$18.75 per hundredweight, \$1.39 higher.



Producer Average Price

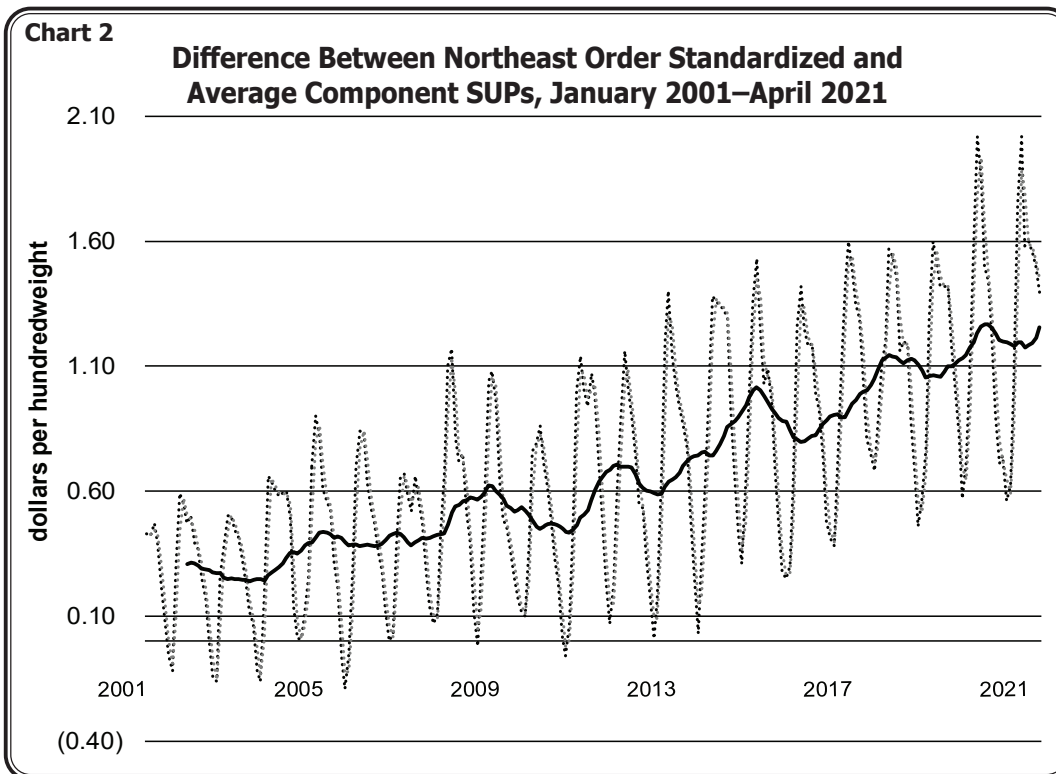
Chart 1 compares the SUP at standardized tests (SUPS) to the SUP at average pool tests (SUPA) from January 2015 through April 2021. For the time period shown, the SUPA was always higher than the SUPS; the last time it was below was July 2010 when the producer protein test was 2.93 percent. As the

chart shows, the price spread tightened during the initial pandemic disruption, depicted by the sharp decline in both.

Clearly displayed by the chart 1 trend lines, the spread between the SUPA and the SUPS has been increasing. As producers manage their operations

to improve components through breed choices (adding Jerseys to their herds) and improving feed and other practices, average tests have increased for all components. The SUPA more accurately depicts what an average producer received as a pay price for their milk than the SUPS. Of course, both SUP values are reported at Boston and need to be adjusted for the location where individual producer's milk was received.

Chart 2 shows the difference between the SUPS and SUPA from January 2001 to present. The zigzag pattern shows (continued on page 3)



Statistical Uniform Price (continued from page 2)

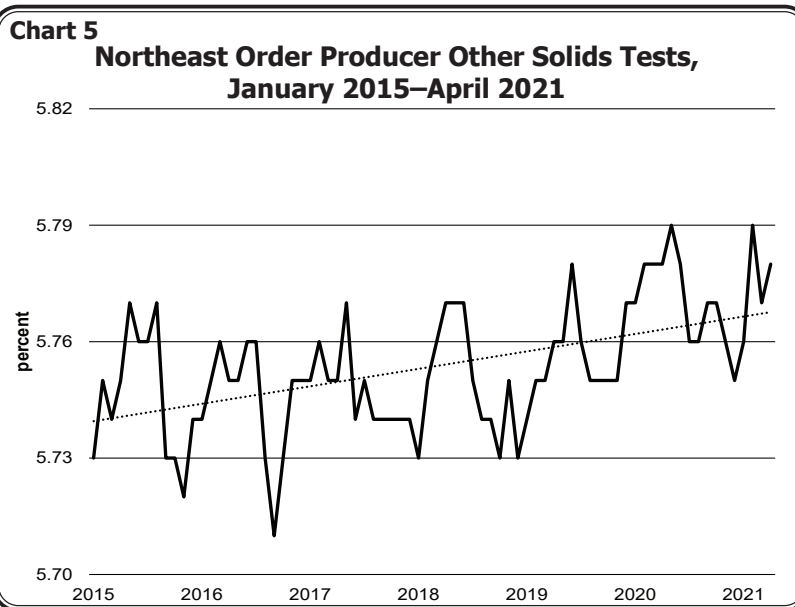
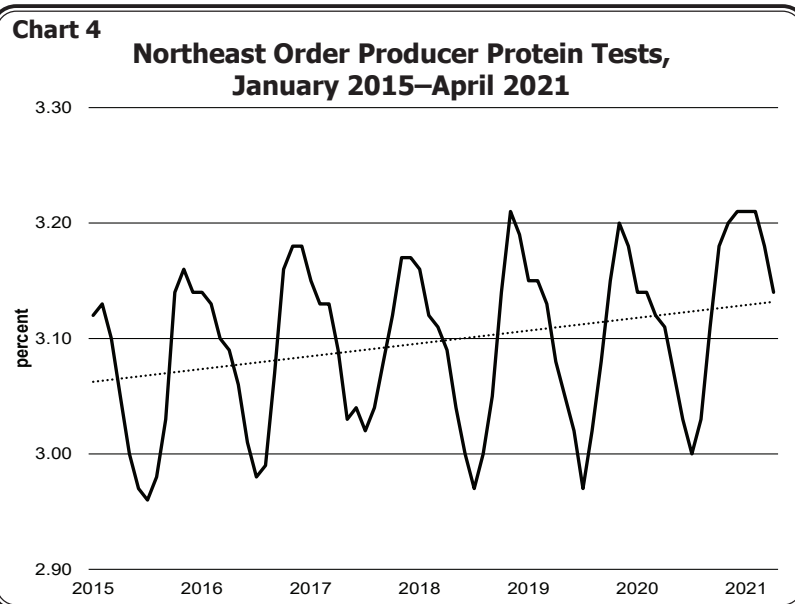
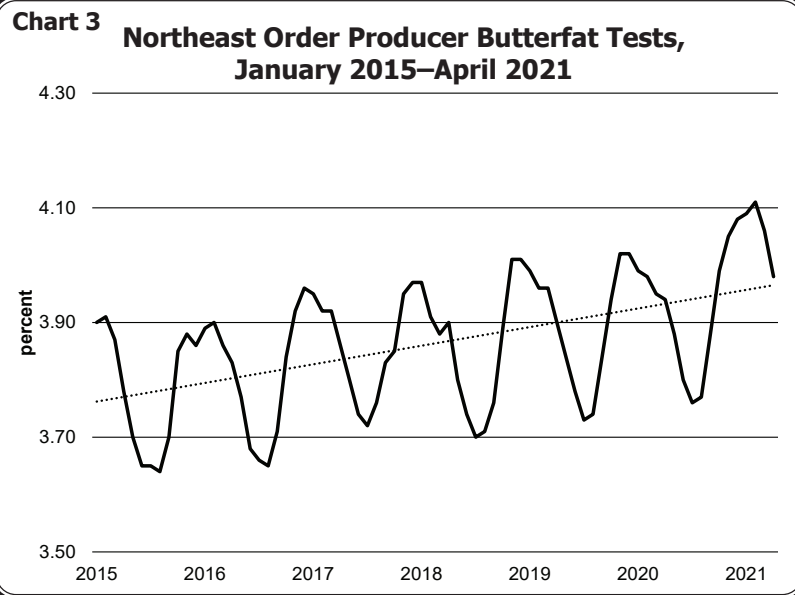
the seasonality of the differences. During the summer months, when producer tests tend to be lower and closer to the standardized test, the difference is generally less. The opposite occurs when the tests are higher, usually in the cooler months. The trend line uses a moving average of the differences to smooth out this seasonality. As the chart shows, this line has been gradually increasing over the past 20 years.

Producer Components

Chart 3 shows average producer butterfat tests from January 2015 through April 2021. Even without the trend line, it is clear that butterfat tests have increased over the years. Butterfat tests follow a seasonal pattern, hence the up and down line; they are lowest in the summer months and higher in the winter months. For the period shown, tests have ranged from a low of 3.64 percent to a high of 4.11 percent, which was the highest test recorded for the Northeast Order to date (February 2021). The lowest on record, since 2000, was 3.50 percent in July 2005. The overall range since the Order's inception is 0.61 percentage points, the largest spread of all components.

Chart 4 presents average producer protein tests since January 2015. Similar to butterfat, protein tests follow a seasonal pattern and have been increasing over the years. Over the period shown, protein tests have ranged from a low of 2.96 percent to a high of 3.21 percent, which is also the highest protein test on record for the Order and occurred for three straight months: December 2020-February 2021. The record low was set in July 2002 at 2.88 percent. This represents a range of 0.33 percentage points since the Order's inception.

Chart 5 depicts average producer other solids tests for the same time period as butterfat and protein. Other solids have a more erratic pattern and tighter range. The range from the highest to the lowest since the Order's inception is only 0.20 percentage points. Over the period shown, other solids tests have ranged from a low of 5.71 percent to a high of 5.79 percent (only 0.10 percentage points). The highest test reported for the Order since 2000 was 5.79 percent that occurred in both May 2020 and February 2021. The record low was set in January 2000 at 5.59 percent. ❖



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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	668,766,072	\$13.25	\$88,611,504.54	
Butterfat	15,423,428	1.7060	26,312,368.17	
Less: Location Adjustment to Handlers			(2,910,861.79)	\$112,013,010.92
Class II— Butterfat	32,488,472	1.9566	63,566,944.30	
Nonfat Solids	48,249,821	1.0033	48,409,045.48	111,975,989.78
Class III— Butterfat	26,530,088	1.9496	51,723,059.55	
Protein	17,471,871	2.8136	49,158,856.22	
Other Solids	31,965,343	0.4268	13,642,808.40	114,524,724.17
Class IV— Butterfat	16,242,167	1.9496	31,665,728.74	
Nonfat Solids	43,325,220	0.9902	42,900,632.83	74,566,361.57
Total Classified Value				\$413,080,086.44
Add: Overage—All Classes				18,689.37
Inventory Reclassification—All Classes				651,095.06
Other Source Receipts	60,413			1,055.77
Total Pool Value				\$413,750,926.64
Less: Value of Producer Butterfat	90,684,155	1.9496	(176,797,828.67)	
Value of Producer Protein	71,473,502	2.8136	(201,097,845.23)	
Value of Producer Other Solids	131,485,415	0.4268	(56,117,975.11)	(434,013,649.01)
Total PPD Value Before Adjustments				(\$20,262,722.37)
Add: Location Adjustment to Producers				13,225,831.80
One-half Unobligated Balance—Producer Settlement Fund				934,003.14
Less: Producer Settlement Fund—Reserve				(955,027.15)
Total Pool Milk & PPD Value	2,276,746,662			(\$7,057,914.58)
Producer Price Differential		(\$0.31)		
Statistical Uniform Price		\$17.36		

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

The Market Administrator's

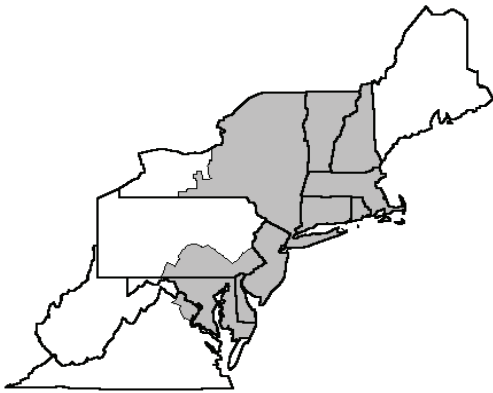
BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

May 2021

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 website address: www.fmmone.com

May Pool Price Calculation

The May 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.34 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 \$19.67 per hundredweight. The May statistical uniform price was 98 cents per hundredweight above the April price. The May producer price differential (PPD) at Suffolk County was -\$0.62 per hundredweight, a decrease of 31 cents from the previous month.

Product Prices Effect

Similar to April, all commodity prices increased in May. As reported on the National Dairy Product Sales Report on a per pound basis, butter rose 3 cents, dry whey increased 4 cents, and nonfat dry milk was up 7 cents, all on a per pound basis. As in April, the cheese price rose 11 cents, but May's increase was driven mainly by the 20-cent per pound jump in the barrel price; blocks rose less than 2 cents per pound. The commodity price changes translated to similar changes in the component prices. Butterfat and other solids increased 4 cents, nonfat solids rose 7 cents, and protein jumped 32 cents, all on a per pound basis.

All class prices increased from the previous month: the Class I price rose \$1.59; Class II increased 66 cents; Class III grew \$1.29; and Class IV was up 74 cents, all on a per hundredweight basis. The higher prices, combined with the month's class utilizations, generated a higher SUP. The spread between the highest class price and the Class III price increased somewhat, but with the spread between the Class I and III utilizations tightening, a negative PPD resulted at all differential zones. Both the Class III price and SUP were the highest for May since 2014.

Selected Statistics

For the fifth month in a row, average daily deliveries per producer set a new record high for the Order. The Class I volume and utilization percentage for May were the lowest for the month since the Order's inception. Average producer butterfat and protein tests set new record highs for the month. ❖

Pool Summary

- A total of 8,546 producers were pooled under the Order with an average daily delivery per producer of 8,778 pounds.
- Pooled milk receipts totaled 2.325 billion pounds, a decrease of 1.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.9 percent of total milk receipts, down 1.2 percentage points from April.
- The average butterfat test of producer receipts was 3.94 percent.
- The average true protein test of producer receipts was 3.12 percent.
- The average other solids test of producer receipts was 5.78 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.9	672,169,757
Class II	24.2	561,451,843
Class III	25.3	589,303,433
Class IV	21.6	502,554,892
Total Pooled Milk		2,325,479,925

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	3.1307	2.0918
Butterfat Price	1.9851	1.3756
Other Solids Price	0.4645	0.1882

Class Prices

	2021	2020
	\$/cwt	
Class I	20.35	16.20
Class II	16.22	12.30
Class III	18.96	12.14
Class IV	16.16	10.67

Manufactured Dairy Products—2020 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2020 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table compares selected products' changes to 2020 from 2019 and 2015, for both the U.S. and for milk used in the Northeast Order.

Cheese Production

Nationally, total cheese production (excluding cottage cheese) grew a slight 0.6 percent from 2019. Cream (and Neufchatel) jumped 7.9 percent while American cheese rose 1.7 percent. Italian cheese declined 1.1 percent and Swiss and other cheeses decreased 1.8 percent. Within the other cheese category, Hispanic (which had the highest volume in this category and accounted for 27.2 percent) rose 4.0 percent. Feta had the most growth from 2019 (5.5 percent), but only accounted for 10.8 percent of the total category. Swiss cheese, which represented 25.4 percent of other cheese, dropped 4.2 percent. Other cheeses in this category include feta, blue/gorgonzola, Muenster, Gouda, brick, and other varieties. Within total Italian cheese, ricotta grew 5.5 percent from 2019.

When compared to five years earlier, total cheese is up 11.7 percent. American and Italian rose 13.4 and

10.4 percent, respectively. Swiss and other cheeses grew 8.2 percent while cream cheese increased 15.1 percent. Within the other types, Hispanic cheese rose 36.3 percent from 2015.

In the Northeast, milk used in making cheese decreased 0.9 percent from 2019 to 2020. By category, milk used in American cheese dropped 2.5 percent, Swiss and other cheeses fell 2.3 percent, and Italian cheese was down 0.4 percent (this figure includes ricotta that decreased 4.0 percent). The only category to increase from the previous year was cream cheese that rose 3.3 percent. Compared to 2015, milk used in cheese rose 12.0 percent with the largest increase reported by Italian cheese that rose 20.0 percent.

Other Products

U.S. butter production increased 7.3 percent from 2019 to 2020. Compared to 2015, it is up 15.7 percent. Nonfat dry milk (NFDM) rose 7.3 percent from the previous year and 9.0 percent from 2015. Yogurt increased 2.9 from the 2019, but was down 3.0 percent from 5 years ago. Ice cream (not shown in table) increased 3.6 percent from the previous year and 1.6 percent from 2015. Combined evaporated and condensed (whole and skim) increased 2.1 percent from 2019, but was down 11.1 percent from 2015.

(continued on page 3)

Change in Selected Manufactured Dairy Products, 2020

	Total US Production of Manufactured Products		Total Northeast Order Milk Used to Manufacture#	
	2020 from:			
	2015	2019	2015	2019
	(percent change)			
Cheese				
American [^]	13.4	1.7	4.1	(2.5)
Italian ⁺	10.4	(1.1)	20.0	(0.4)
Cream and Neufchatel	15.1	7.9	11.2	3.3
Other [*]	8.2	(1.8)	6.7	(2.3)
Total Cheese(excludes cottage)	11.7	0.6	12.0	(0.9)
Butter	15.7	7.3	16.4	5.9
NFDM~	9.0	7.3	6.9	(1.2)
Yogurt	(3.0)	2.9	20.9	6.3

Source: USDA, NASS - Dairy Products 2020 Summary; Northeast Order pool report data.

Based on total milk used in manufacture of products.

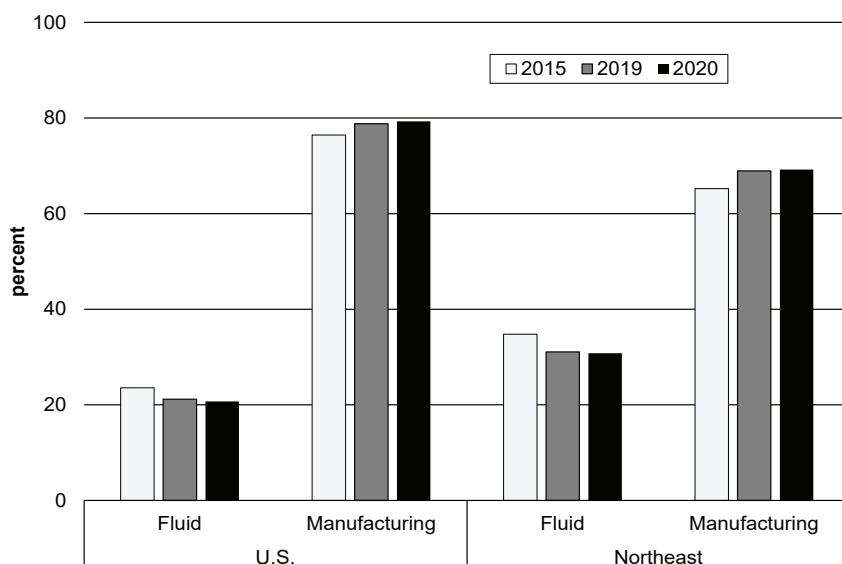
[^] Includes Cheddar, Colby, Monterey, and Jack.

⁺ 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.

U.S. vs Northeast Order, Use of Milk for Selected Years



Manufactured Dairy Products (continued from page 2)

In the Northeast, milk used in butter rose 5.9 percent in 2020. Compared to 2015, it was up 16.4 percent. Milk utilized in yogurt increased 6.3 percent from the previous year and 20.9 percent from 5 years ago. Milk used in the production of dry milk products (mostly nonfat, but does include some whole milk powder) declined 1.2 percent from 2019; compared to 2015, it grew 6.9 percent. Milk utilized in ice cream rose a slight 0.5 percent in 2020. Compared to 5 years ago, it dropped 18.0 percent. Milk used in evaporated and condensed was up 24.8 percent from 2019 and 55.7 percent from 2015.

Leading States

The top five cheese-producing states continued to be Wisconsin, California, Idaho, New Mexico, and New York. Pennsylvania ranked number seven and Vermont was number 12 of the states reported. 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. Wisconsin remained the

number one producer of both American and Italian cheese. New York remained the largest producer of yogurt and cottage cheese (low fat and creamed) and number two in sour cream. Pennsylvania ranked number two in nonfat dry milk and ice cream.

Percent of Total Milk Production

Of U.S. total milk production, 79.3 percent was used in manufactured products (20.7 percent sold for fluid use) in 2020, up from 78.8 percent in 2019 and 76.4 percent in 2015 (see chart).

In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 69.2 percent in 2020; this compares to 68.9 in 2019 and 65.2 in 2015.

Number of Plants

The total number of plants equaled 1,242 in 2020, down from 1,270 in 2019. Wisconsin led with 196, followed by New York with 128, and California with 110. Pennsylvania reported 84 and Vermont had 55 in 2020. ❖

Price Outlook

The May 2021 statistical uniform price (SUP) of \$18.34 per hundredweight (cwt) was the second highest SUP of the last 16 months. It was only surpassed by the \$19.08 per cwt in July 2020, a price that was largely bolstered by U.S. government intervention shortly after the onset of the coronavirus pandemic. Based on CME futures prices of Class III and Class IV milk and estimates of Northeast Order class utilizations, the SUP at the Boston, MA, location projects to average \$19.26 for the remaining months of the year. The producer price differential projects to average \$0.96 per cwt for the remainder of the year.

Butter

A stronger butter price continues to bolster the current SUP. National Dairy Product Sales Report (NDPSR) prices, which are used in Federal Order pricing, averaged \$1.8273 per pound for the week of May 29, representing a steady 49-cent climb from the week of February 13. That increase has added roughly 63 cents to the SUP. The increase has been attributed to return of demand in the food service sector with more restaurants and food away from home options opening. CME butter futures range from \$1.80 to \$1.91 per pound, from June through December.

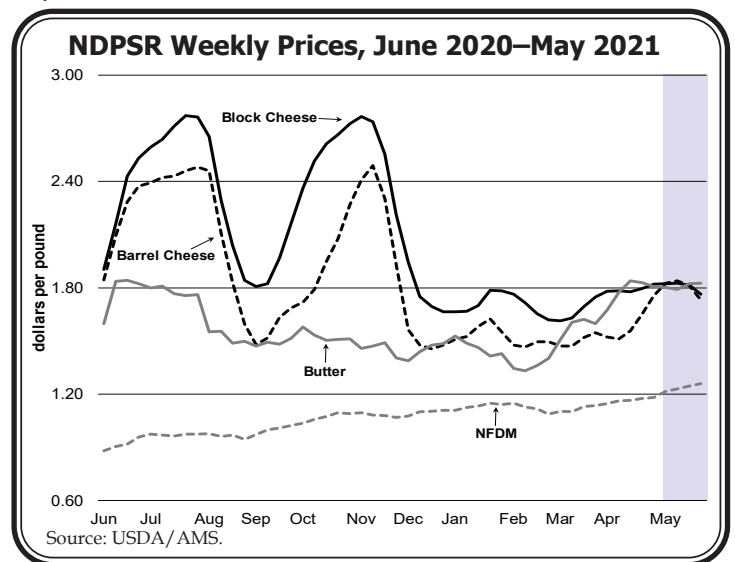
Cheese

Monthly NDPSR cheese prices averaged \$1.8206 per pound in May, an increase largely due to barrel cheese prices climbing to roughly even, and in some weeks, greater than the block cheese price. The block Cheddar price averaged \$1.80 per pound since April 3 while barrel prices that were at \$1.5220 per pound the week of April 3, rose roughly 30 cents by the week of May 15, recently

settling at \$1.7330 per pound the last week of May. Some softening has occurred since June began as spot Cheddar blocks and barrels settled at \$1.5050 and \$1.6650, respectively, by June 14. CME cheese futures suggest a cheese price of \$1.65 per pound in June, peaking around \$1.86 per pound in the fall, and finishing the year at \$1.83 per pound.

NFDM

Monthly NDPSR nonfat dry milk (NFDM) prices averaged \$1.15 per pound for the first 5 months of 2021. This marks the highest average NFDM price for this period in 7 years and seventh highest since 2000. CME futures for NFDM steadily increase from \$1.28 per pound in June to \$1.37 in December 2021. ❖



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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	657,087,922	\$13.81	\$90,743,842.03	
Butterfat	15,081,835	2.0080	30,284,324.68	
Less: Location Adjustment to Handlers			(2,862,084.72)	\$118,166,081.99
Class II— Butterfat	32,510,575	1.9921	64,764,316.52	
Nonfat Solids	49,047,969	1.0644	52,206,658.23	116,970,974.75
Class III— Butterfat	27,864,718	1.9851	55,314,251.77	
Protein	18,362,186	3.1307	57,486,495.75	
Other Solids	33,801,379	0.4645	15,700,740.58	128,501,488.10
Class IV— Butterfat	16,240,052	1.9851	32,238,127.23	
Nonfat Solids	45,063,068	1.0607	47,798,396.21	80,036,523.44
Total Classified Value				\$443,675,068.28
Add: Overage—All Classes				47,071.33
Inventory Reclassification—All Classes				316,856.61
Other Source Receipts	40,728			441.71
Total Pool Value				\$444,039,437.93
Less: Value of Producer Butterfat	91,697,180	1.9851	(182,028,072.03)	
Value of Producer Protein	72,659,926	3.1307	(227,476,430.32)	
Value of Producer Other Solids	134,310,373	0.4645	(62,387,168.28)	(471,891,670.63)
Total PPD Value Before Adjustments				(\$27,852,232.70)
Add: Location Adjustment to Producers				13,462,657.53
One-half Unobligated Balance—Producer Settlement Fund				1,065,161.12
Less: Producer Settlement Fund—Reserve				(1,093,813.99)
Total Pool Milk & PPD Value	2,325,520,653			(\$14,418,228.04)
Producer Price Differential		(\$0.62)		
Statistical Uniform Price		\$18.34		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

June 2021

Federal Order No. 1

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June Pool Price Calculation

The June 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.50 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 \$19.44 per hundredweight. The June statistical uniform price was 16 cents per hundredweight above the May price. The June producer price differential (PPD) at Suffolk County was \$1.29 per hundredweight, an increase of \$1.91 from the previous month's -\$0.62.

Product Prices Effect

Most of the commodity prices declined, with cheese facing the largest drop. As reported on the National Dairy Product Sales Report on a per pound basis, butter decreased 2 cents, dry whey declined 1 cent, and cheese fell 18 cents based on the combined decreases of 20 cents in blocks and 15 cents in barrels, all on a per pound basis. Nonfat dry milk, the only commodity to increase, rose 3 cents per pound. The commodity price changes translated to similar changes in the component prices. Butterfat decreased 2 cents, other solids declined 1 cent, and nonfat solids rose 3 cents, all per pound. Protein fell 55 cents per pound as a result of the large drop in the cheese price. The other solids price was the third highest ever for the month of June.

All class prices increased from the previous month except Class III. The Class I price rose \$1.19; Class II increased 44 cents; and Class IV was up 19 cents, all on a per hundredweight basis. The Class III price fell \$1.75 per hundredweight. Both the Class I price and SUP were the highest for June since 2014. The combination of the class prices with the month's class utilizations generated a higher SUP. The spread between the highest class price and the Class III price increased considerably, and combined with the utilizations, generated a positive PPD at all differential zones usually associated with the Northeast milkshed.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of June. The Class IV volume and utilization percentage for June were the highest for the month since the Order's inception. Average producer butterfat and protein tests set new record highs for the month. ❖

Pool Summary

- A total of 8,684 producers were pooled under the Order with an average daily delivery per producer of 8,568 pounds.
- Pooled milk receipts totaled 2.232 billion pounds, a decrease of 0.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.1 percent of total milk receipts, down 0.8 percentage points from May.
- The average butterfat test of producer receipts was 3.86 percent.
- The average true protein test of producer receipts was 3.07 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.1	628,211,082
Class II	24.8	552,394,003
Class III	24.9	554,894,250
Class IV	22.2	496,581,955
Total Pooled Milk		2,232,081,290

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.5834	4.5349
Butterfat Price	1.9641	1.8591
Other Solids Price	0.4579	0.1696

Class Prices

	2021	2020
	\$/cwt	
Class I	21.54	14.67
Class II	16.66	12.99
Class III	17.21	21.04
Class IV	16.35	12.90

Change in Utilization—Initial Covid Effect

During the initial months of the COVID-19 pandemic, restaurant, plant, and school closures created an unusual situation for the dairy industry. Milk production was strong early on in 2020, which added to the stress of moving and processing milk during that uncertain time.

This article compares the changes in utilization of milk products for the March-May period of 2020 to the 3 years prior and to 2021. The accompanying table shows changes in milk used in selected products for these time periods; it does not represent sales of these products. These changes only reflect occurrences for the Northeast Order region and are not necessarily reflective of the rest of the United States.

Class I Usage

For the 3 years prior to the COVID-19 pandemic, Class I sales (fluid products) were on an increasing decline. As often occurs in times of uncertainty, there was significant panic buying during the initial months of COVID-19 shutdowns in the Northeast that began about mid-March of 2020. In addition, schools and other agencies took action to ensure that even though schools were physically closed, meals were still provided to students at various drop off locations. These activities resulted in a slight increase in overall Class I sales for the March-May 2020 period compared to the same period in 2019. Notable increases were recorded in whole and reduced fat milk while all other products such as flavored milk and drinks (lower fat flavored milk products) and buttermilk experienced significant declines. Comparatively, for the same period in 2021, low fat and fat free milk continued to decline but whole and reduced fat milk also declined significantly, while flavored milk and drinks, organic products, and buttermilk have rebounded to more expected levels.

Manufactured Products

Other products faced noticeable changes during the March-May 2020 period due to the closure of restaurants, changes to take-out options, and more cooking and eating at home. Product used in packaged cream and the bakery/candy/soup category, which are used in many commercial outlets, reported double-digit declines but have since rebounded in 2021. Milk utilized in cottage cheese and ricotta cheese both jumped during the 3-month period, and have since dropped significantly in 2021.

Milk used for Italian cheese increased during the March-May period in 2020, but at a lower rate than in 2019. Italian cheese is a major ingredient in pizza, which continued to be purchased through take-out and delivery options when the COVID-19 shut-down began. Milk used in the Swiss and other type cheese category declined

Changes in Utilization for Selected Products, Northeast Order

	Year-to-Year Change				
	2016-17	2017-18	2018-19	2019-20	2020-21
	percent				
Fluid Products					
Whole Milk	3.5	2.2	(0.2)	6.4	(10.8)
Reduced Fat Milk	(1.5)	(1.6)	(3.9)	8.0	(1.9)
Lowfat Milk	(5.9)	(5.7)	(7.8)	(1.2)	(1.4)
FatFree	(11.4)	(8.4)	(12.2)	(14.5)	(12.0)
Flavored Milk and Drinks	(4.1)	(1.8)	(2.6)	(41.6)	28.9
Organic Milk & Fat Reduced Products	1.7	(1.4)	(18.0)	(3.8)	6.0
Buttermilk & Eggnog	2.7	0.8	3.2	(34.3)	35.9
Total Class I Products	(0.6)	(0.2)	(4.1)	0.1	(2.4)
Manufactured Products					
Packaged Cream	2.8	7.3	(15.7)	(23.1)	20.4
Bakery, Candy, Soup	(7.4)	12.7	(2.2)	(14.1)	11.2
Cottage Cheese	(2.7)	9.0	(1.1)	26.0	(16.2)
Ricotta Cheese	12.4	(7.2)	(1.5)	13.1	(14.7)
Italian-Type Cheeses	10.6	0.6	3.9	2.8	(5.5)
Swiss and Other-Type Cheeses	2.7	(3.0)	(2.5)	(11.6)	2.3
Condensed Products	(0.5)	18.7	11.0	59.6	(6.8)
Butter	29.0	(18.1)	(11.6)	24.5	(14.9)
Total Other Uses Utilization	26.6	(37.5)	(24.1)	333.5	(74.2)

more severely in 2020 than in prior years, but has since rebounded somewhat. Many of the cheeses in this category are used in restaurants, food service, or are considered gourmet or luxury.

Condensed product utilization jumped over 50 percent for the 3-month period as manufacturers reverted to products that were more storable; that category has declined nearly 7 percent for the same period in 2021. Similarly, product used in butter grew nearly 25 percent in 2020 and has since dropped almost 15 percent in 2021.

During the March-May 2020 period, with the dairy industry facing significant obstacles in the supply chain from plant closures to limited delivery options, the volume of milk dumped or used for purposes other than normal manufacturing or bottling was three times the volume in 2019. For the 2021 period, with plants back to normal operations, this volume was down 74 percent. This article focused on impacts to utilization as a result of the most severe period of shut downs early in the pandemic period. Though the economy has largely opened, challenges to demand and the supply chain continue. ❖

Shipping Percent Adjusted for Fall Months

The Market Administrator received a request from a plant operator to lower the percentage of milk that pool supply plants and cooperative Section 1000.9(c) handlers must deliver to Class I pool distributing plants during the months of September, October, and November. It was requested that the shipping percentages specified in Section 1001.7 (c) (2) be lowered from 20 to 10 percent for the months listed until further notice. Reductions in the required shipping percentage for the stated period have been approved since 2013. Similar to other recent *(continued on page 3)*

Shipping Percent Adjusted (continued from page 2)

requests, the requesting handler cited declining Class I sales, a decline in the number of Class I customers seeking to purchase milk for Class I usage, and no instances where Class I needs have not been covered as arguments for their petition. Following receipt of the request, the Market Administrator's office sent a letter to pool handlers inviting them to submit comments, data, or views regarding the request. The office reviewed the comments received and conducted an analysis of milk volumes pooled on the Order, milk utilization, and market conditions.

Section 1001.7 (g) of the Northeast Order states that the shipping percentages under the above provision may be increased or decreased by the Market Administrator if, after conducting an investigation and soliciting comments, the market administrator determines that such adjustment is necessary to encourage needed shipments or to prevent uneconomic shipments.

Monthly pool statistics continue to present a picture of declining Class I utilization for the Northeast Order, though there had been some slowing of this trend earlier in 2021; The Class I utilization for the most recent pool, May 2021, at 672.2 million pounds was the lowest volume for the month in 20 years. At 28.9 percent, Class I utilization in May was the lowest ever for the month and fourth lowest Class I utilization by percent for any month since the Order's inception.

The volume of milk pooled on the Order through the first 5 months of this year is the fourth largest volume since the inception of the Northeast Order, though slightly below the prior year, adjusted for leap year. Milk utilized in Class IV—historically considered a balancing class with the manufacture of lower valued storable products—typically exhibits year-to-year variation in the

Northeast Order in response to the overall supply and demand for milk in the region. During the first 5 months of this year, the pounds of milk utilized in Class IV has ranked third highest since the Order's inception (only this period in 2017 and 2020 being higher). Class IV utilization for May 2021 was the third highest ever for that month and fourth highest ever for the Order (two higher months were April and May of 2020, months in which the onset of the pandemic and its associated demand and supply chain changes contributed to).

The data on current milk volumes and Class I demand, suggest the lower 10 percent level remains appropriate for the fall period. Continuing COVID-19 impacts on the supply chain and demand and the uncertain economic environment support limiting a change to just the September through November, 2021 period.

Decision

After reviewing a variety of Northeast Order statistical data related to total pool volume, class utilization changes over time, fluid sales reports for the Order, and recent industry dynamics, together with comments submitted by parties responding to the call for comments, a reduction in the shipping percentage under Section 1001.7 (c) (2) of the Northeast Order from 20 to 10 percent for the three months of September, October, and November of 2021, is approved. In consideration of the recent and ongoing uncertainty associated with a marketplace and supply chain that has been challenged by the COVID-19 pandemic, the approved 10 percent level is not extended to "until further notice."

For additional information, copies of the request, comments, and the decision, see the links on our webpage at www.fmmone.com. ❖

Pool Summary for All Federal Orders, January–June, 2020–2021

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#		
Number	Name	2020	2021	Change^	2020	2021	2020	2021	
		pounds			percent	dollars per hundredweight			
1	Northeast	13,319,546,417	13,606,911,335	2.7	0.36	0.11	16.45	17.07	
5	Appalachian	2,685,290,102	2,709,099,320	1.4	N/A	N/A	18.01	18.48	
6	Florida	1,279,577,171	1,226,787,318	(3.6)	N/A	N/A	20.02	20.46	
7	Southeast	2,379,606,044	2,360,562,752	(0.3)	N/A	N/A	18.25	18.60	
30	Upper Midwest	13,598,880,348	6,048,351,411	(55.3)	(0.48)	(0.77)	15.61	16.19	
32	Central	7,923,548,070	5,758,414,555	(26.9)	(1.06)	(1.29)	15.03	15.68	
33	Mideast	10,025,152,490	8,473,952,474	(15.0)	(0.57)	(0.78)	15.52	16.19	
51	California^	11,842,867,989	11,760,720,527	(0.1)	(1.35)	(1.46)	14.75	15.50	
124	Pacific Northwest	3,934,863,153	3,651,139,509	(6.7)	(1.00)	(1.11)	15.09	15.85	
126	Southwest	6,158,050,851	6,000,987,426	(2.0)	(0.50)	(0.79)	15.59	16.18	
131	Arizona	2,586,226,650	2,126,355,390	(17.3)	N/A	N/A	15.49	16.11	
All Market Total/Average		75,733,609,285	63,723,282,017	(15.4)	(0.66)	(0.87)	16.35	16.94	

Price at designated order location.

^ Adjusted for leap year.

N/A = Not applicable.

* Data may not be comparable to previous years as a significant volume of milk was 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	613,669,874	\$15.07	\$92,480,505.01	
Butterfat	14,541,208	1.9999	29,080,961.88	
Less: Location Adjustment to Handlers			(2,700,905.75)	\$118,860,106.14
Class II— Butterfat	31,950,539	1.9711	62,977,707.43	
Nonfat Solids	47,868,333	1.1244	53,823,153.63	116,800,861.06
Class III— Butterfat	26,096,046	1.9641	51,255,243.95	
Protein	16,944,565	2.5834	43,774,589.20	
Other Solids	31,792,028	0.4579	14,557,569.65	109,587,402.80
Class IV— Butterfat	13,627,541	1.9641	26,765,853.25	
Nonfat Solids	44,419,734	1.0908	48,453,045.82	75,218,899.07
Total Classified Value				\$420,467,269.07
Add: Overage—All Classes				269,534.22
Inventory Reclassification—All Classes				272,650.98
Other Source Receipts	41,895			1,700.20
Total Pool Value				\$421,011,154.47
Less: Value of Producer Butterfat	86,215,334	1.9641	(169,335,537.46)	
Value of Producer Protein	68,447,409	2.5834	(176,827,036.40)	
Value of Producer Other Solids	128,894,950	0.4579	(59,020,997.61)	(405,183,571.47)
Total PPD Value Before Adjustments				\$15,827,583.00
Add: Location Adjustment to Producers				12,988,218.34
One-half Unobligated Balance—Producer Settlement Fund				981,598.13
Less: Producer Settlement Fund—Reserve				(1,003,010.36)
Total Pool Milk & PPD Value	2,232,123,185			\$28,794,389.11
Producer Price Differential		\$1.29		
Statistical Uniform Price		\$18.50		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

July 2021

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

July Pool Price Calculation

The July 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.06 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 \$18.87 per hundredweight. The July statistical uniform price was 44 cents per hundredweight below the June price. The July producer price differential (PPD) at Suffolk County was \$1.57 per hundredweight, an increase of 28 cents from the previous month.

Product Prices Effect

All commodity prices declined as reported on the National Dairy Product Sales Report. Butter decreased 5 cents (per pound), dry whey declined 4 cents, nonfat dry milk was down 1 cent, and cheese fell about 5 cents mainly due to the 8-cent drop in the barrel price. The commodity price changes translated to declines in all of the component prices. Butterfat fell 6 cents, other solids declined 4 cents, nonfat solids decreased 1 cent, and protein dropped nearly 9 cents, all on a per pound basis.

Class II was the only price to increase from the previous month, rising 17 cents per hundredweight. All other class prices decreased: Class I declined 87 cents; Class III fell 72 cents; and Class IV was down 35 cents, all on a per hundredweight basis. With mostly lower class prices and a lower Class I percentage, the SUP declined. Overall, a larger proportion of the milk was priced at the higher class prices than in June, resulting in a higher PPD. Any milk that had been depooled in prior months was repooled during the month of July.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of July. The total volume of producer receipts were the second highest ever for July. Both Class II and Class IV volumes were the highest for the month. Average producer tests for all components (butterfat, protein, and other solids) set new record highs for the month. ❖

Pool Summary

- A total of 8,923 producers were pooled under the Order with an average daily delivery per producer of 8,470 pounds.
- Pooled milk receipts totaled 2.343 billion pounds, an increase of 1.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 27.7 percent of total milk receipts, down 0.4 percentage points from June.
- The average butterfat test of producer receipts was 3.84 percent.
- The average true protein test of producer receipts was 3.04 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	27.7	649,184,500
Class II	25.2	590,057,710
Class III	27.5	643,622,856
Class IV	19.6	460,051,805
Total Pooled Milk		2,342,916,871

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.4957	5.6294
Butterfat Price	1.8996	1.9583
Other Solids Price	0.4181	0.1492

Class Prices

	2021	2020
	\$/cwt	
Class I	20.67	19.81
Class II	16.83	13.79
Class III	16.49	24.54
Class IV	16.00	13.76

U.S. Milk Production and Northeast Pool Volume Increase

Estimated U.S. milk production for the first 6 months of 2021 was up 2.9 percent from 2020, this compares to an increase of 1.8 percent in 2020. Total pooled milk volume for the Northeast Order increased 2.7 percent during the January-June period, but there was a significant volume of milk depooled during June of 2020.

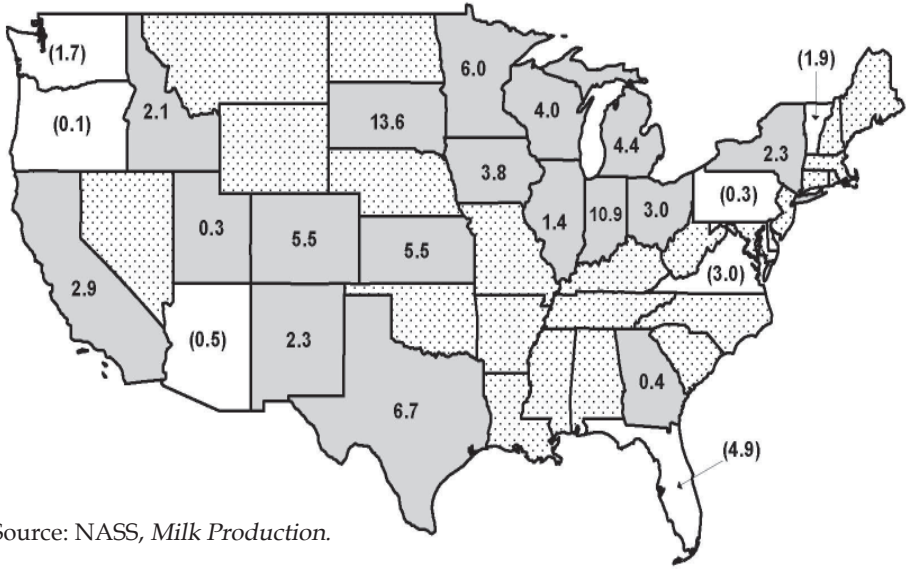
Milk Production

The top ten states, ranked by total production during the first 6 months, increased 3.2 percent from 2020. The accompanying table shows the change along with a comparison for some selected areas. Of the top ten states listed, Texas reported the largest growth at 6.7 percent, followed by Minnesota at 6.0 percent. New York and Texas tied for fourth place with both states reporting 7,822 million pounds. The only top ten states showing declines were Pennsylvania and Washington.

Total production for the 24 selected states as reported by NASS (National Agricultural Statistics Service) also rose 3.2 percent for the January-June period compared to the previous year. Of this group, South Dakota reported the largest increase, followed by Indiana. Seven of the 24 states reported declines; Florida reported the largest drop with 4.9 percent. See accompanying map.

In the Northeast, the states contributing to the

January–June 2021 Milk Production in the NASS 24 Selected States (Year-to-Year Percent Change)



Source: NASS, Milk Production.

Northeast Order milkshed had a combined increase of 0.6 percent. Maryland had the largest increase at 2.8 percent and Delaware had the largest decline at 24.0 percent. Other Northeast milkshed states showing increases were Connecticut, Massachusetts, and New York, with all other states reporting a decrease from the previous year. The top three contributing states (New York, Pennsylvania, and Vermont) had a combined increase of 1.0 percent.

Pool Volume

The total producer volume for the first 6 months of 2021 for the Northeast Order increased by 2.7 percent from the same period in 2020 due to milk depooled in June and industry efforts to curtail some production in light of surplus milk that resulted at the onset of the Covid-19 pandemic. If the depooled milk was included, Northeast total pooled volume would be slightly above last year. Based on projections for the rest of 2021, total annual pooled volume is expected to finish about 1.0 percent above last year. ❖

Producer Component Tests Rise

Average producer component tests for butterfat and protein have risen over the past 21 years, though not consistently. Strong year-over-year gains occurred in 2016 and 2017, but there were some declines in more recent years that signified a possible plateauing of tests, especially during the first quarter of 2020. For the first 7 months of 2021, both tests have increased significantly. All tests represent data reported by handlers at pool time.

(continued on page 3)

Milk Production in the Top Ten States and Selected Areas, January–June, 2020 vs. 2021

Rank	State	2020 (million pounds)	2021 (million pounds)	Percent Change
1	California	21,007	21,503	2.9
2	Wisconsin	15,303	15,828	4.0
3	Idaho	8,087	8,208	2.1
4	New York	7,686	7,822	2.3
5	Texas	7,369	7,822	6.7
6	Michigan	5,821	6,044	4.4
7	Minnesota	5,005	5,278	6.0
8	Pennsylvania	5,222	5,178	(0.3)
9	New Mexico	4,120	4,193	2.3
10	Washington	3,420	3,342	(1.7)
	Top Ten Total	83,040	85,218	3.2
	NASS 24 Selected	106,864	109,676	3.2
	Northeast Milkshed	16,363	16,375	0.6
	Top 3 Northeast	14,236	14,296	1.0
	U.S. Total	112,244	114,916	2.9

Source: NASS, Milk Production.

USDA Announces Pandemic Market Volatility Assistance Program

On August 19, 2021, The U.S. Department of Agriculture (USDA) announced the details of the Pandemic Market Volatility Assistance Program. Through the program, USDA will provide about \$350 million in pandemic assistance payments to dairy farmers who received a lower value for their products due to market abnormalities caused by the pandemic. The assistance is part of a larger package including permanent improvements to the Dairy Margin Coverage safety net program.

Under the Pandemic Market Volatility Assistance Program, payments will reimburse qualified dairy farmers for 80 percent of the revenue difference per month based on an annual production of up to 5 million pounds of milk marketed and on fluid milk sales from July through December 2020. The payment rate will vary by region based on the actual losses on pooled milk related to price volatility. USDA will make payments through agreements with independent handlers and cooperatives. Handlers and cooperatives will distribute

the monies on the same basis July–December 2020 payments were made to their dairy farmer suppliers and a formula set by USDA. USDA will reimburse handlers and cooperatives for allowed administrative costs.

USDA will contact eligible handlers and cooperatives to notify them of the opportunity to participate in the Program. USDA will distribute payments to participating handlers within 60 days of entering into an agreement. Once funding is provided, a handler will have 30 days to distribute monies to qualifying dairy farmers. As part of the program, handlers also will provide virtual or in-person education to dairy farmers on a variety of dairy topics available from USDA or other sources. A handler will have until March 1, 2022 to directly provide educational opportunities to dairy farmers.

Additional details about the program are available and will be updated at the AMS Dairy Program website: <https://www.ams.usda.gov/about-ams/programs-offices/dairy-program>. ❖

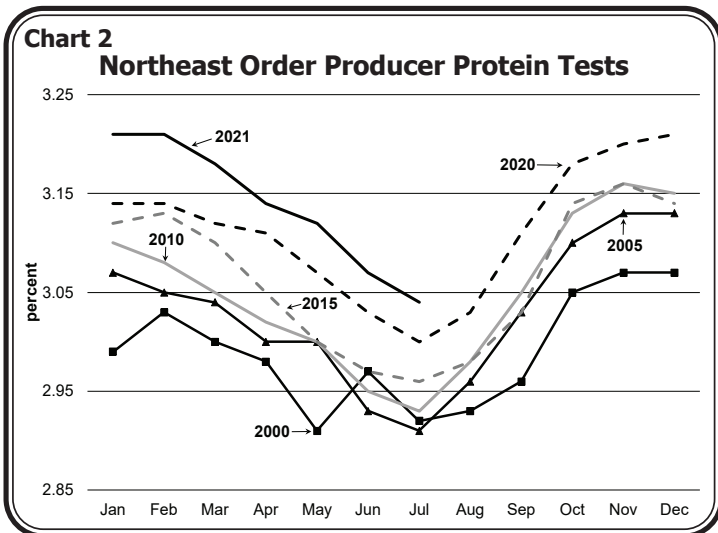
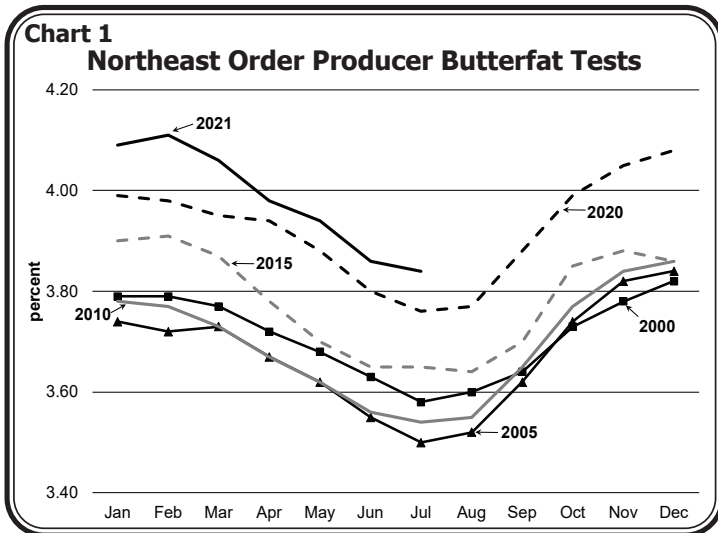
Producer Component *(continued from page 2)*

Butterfat Tests

Producer butterfat tests have fluctuated over the years with the lowest tests occurring mainly during 2014 and 2015. The record low for the Order was in July 2005 at 3.50 percent. The trend of lower tests in the hotter months continues, but even tests during these months are significantly higher—July 2021 was 3.84 percent, an increase of 0.34 percentage points. Since April 2020, for 17 months straight, the average producer pool butterfat test has set year-over-year record highs each month. Chart 1 shows average producer butterfat tests for selected years. As can be seen in the chart, butterfat tests didn't really show an increasing trend until about 2015. More recent years show significant jumps in producer tests, especially in 2020. The highest test recorded for the Order so far was in February 2021 with 4.11 percent.

Protein Tests

Producer protein tests also have increased over the years, but not as dramatically as butterfat tests. The record low for the Order for protein was 2.88 percent in July 2002; the test for July 2021 was 3.04 percent, an increase of 0.16 percentage points. Protein tests tend to follow the same pattern as butterfat, lower in the hotter months and higher in the cooler months. Since December 2020, protein tests have set new monthly year-over-year record highs; the highest test recorded is 3.21 percent that occurred during December 2020 and January and February 2021. Chart 2 shows a similar pattern as butterfat with tests increasing, but not consistently until the most recent years. The largest growth has been during the past year, particularly the last 7 months. ❖



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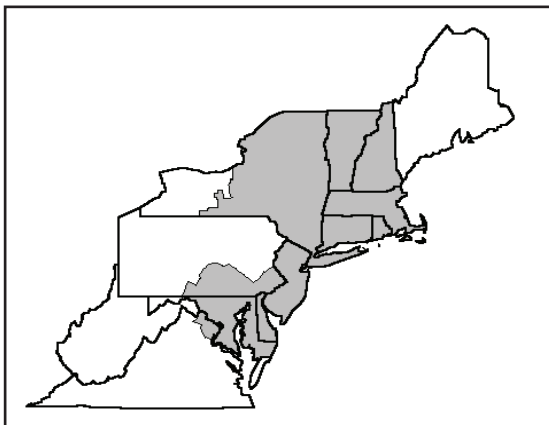
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Computation of Producer Price Differential and Statistical Uniform Price*

	<u>Product Pounds</u>	<u>Price per cwt./lb.</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	634,109,891	\$14.20	\$90,043,604.52	
Butterfat	15,074,609	1.9915	30,021,083.82	
Less: Location Adjustment to Handlers			(2,749,432.42)	\$117,315,255.93
Class II— Butterfat	33,666,212	1.9066	64,187,999.82	
Nonfat Solids	51,024,128	1.1700	59,698,229.76	123,886,229.58
Class III— Butterfat	28,578,021	1.8996	54,286,808.70	
Protein	19,563,667	2.4957	48,825,043.72	
Other Solids	36,991,649	0.4181	15,466,208.51	118,578,060.93
Class IV— Butterfat	12,651,747	1.8996	24,033,258.59	
Nonfat Solids	41,042,649	1.0765	44,182,411.66	68,215,670.25
Total Classified Value				\$427,995,216.69
Add: Overage—All Classes				110,614.17
Inventory Reclassification—All Classes				28,809.87
Other Source Receipts	52,950			1,977.84
Total Pool Value				\$428,136,618.57
Less: Value of Producer Butterfat	89,970,589	1.8996	(170,908,130.90)	
Value of Producer Protein	71,296,712	2.4957	(177,935,204.12)	
Value of Producer Other Solids	135,294,940	0.4181	(56,566,814.41)	(405,410,149.43)
Total PPD Value Before Adjustments				\$22,726,469.14
Add: Location Adjustment to Producers				14,050,909.69
One-half Unobligated Balance—Producer Settlement Fund				1,032,072.16
Less: Producer Settlement Fund—Reserve				(1,024,824.84)
Total Pool Milk & PPD Value	2,342,969,821			\$36,784,626.15
Producer Price Differential		\$1.57		
Statistical Uniform Price		\$18.06		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

August 2021

Federal Order No. 1

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August Pool Price Calculation

The August 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$17.69 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 \$18.53 per hundredweight. The August statistical uniform price was 37 cents per hundredweight below the July price. The August producer price differential (PPD) at Suffolk County was \$1.74 per hundredweight, an increase of 17 cents from the previous month.

Product Prices Effect

Commodity price changes were mostly down as reported on the National Dairy Product Sales Report. Butter decreased 4 cents, nonfat dry milk rose 1 cent, and dry whey declined 4 cents, all on a per pound basis. The cheese price fell about 3 cents per pound: a net decline resulting from a nearly 10-cent increase in the block price countered by a 13-cent drop in the barrel price. The commodity price changes translated to per-pound declines of about 5 cents in the butterfat price and 4 cents in both the protein and other solids prices. The nonfat solids price increased a slight 1 cent per pound.

All class prices decreased from the previous month: Class I declined 52 cents; Class II was down 32 cents; Class III fell 54 cents, and Class IV decreased 8 cents, all on a per hundredweight basis. With lower class prices, the SUP declined. Even though the prices were lower, a larger proportion of the milk was priced at the highest class prices than in July, resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of August and topped 8,000 pounds for the tenth month in a row. Total producer milk receipts were the third highest ever for the month. The Class II volume was the highest ever for the month and the second highest ever for the Order, only May 2018 was greater. Average producer component tests for butterfat and protein set new record highs for the month. ❖

Pool Summary

- A total of 8,810 producers were pooled under the Order with an average daily delivery per producer of 8,305 pounds.
- Pooled milk receipts totaled 2.268 billion pounds, a decrease of 3.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.4 percent of total milk receipts, up 0.7 percentage points from July.
- The average butterfat test of producer receipts was 3.86 percent.
- The average true protein test of producer receipts was 3.05 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.4	644,140,358
Class II	27.4	621,270,670
Class III	27.8	631,102,976
Class IV	16.4	371,553,697
Total Pooled Milk		2,268,067,701

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.4582	4.4394
Butterfat Price	1.8508	1.6275
Other Solids Price	0.3735	0.1387

Class Prices

	2021	2020
	\$/cwt	
Class I	20.15	23.03
Class II	16.51	13.27
Class III	15.95	19.77
Class IV	15.92	12.53

Prices and Product Stocks Update

The August 2021 Statistical Uniform Price was \$17.69 per hundredweight (cwt), 42 cents above the average for the year. Using September 14 Chicago Mercantile Exchange (CME) futures prices of Class III and Class IV milk and estimates of Northeast Order class utilizations, the SUP at the Boston, MA, location projects to average \$18.50 for the remaining months of 2021. The producer price differential projects to average \$1.38 per cwt for the remaining months of the year. The accompanying charts present the monthly commodity price as reported by the National Dairy Products Sales Report (NDPSR) and stocks as reported by the National Agricultural Statistics Service (NASS) for butter, cheese, nonfat dry milk (NFDM), and whey.

Butter

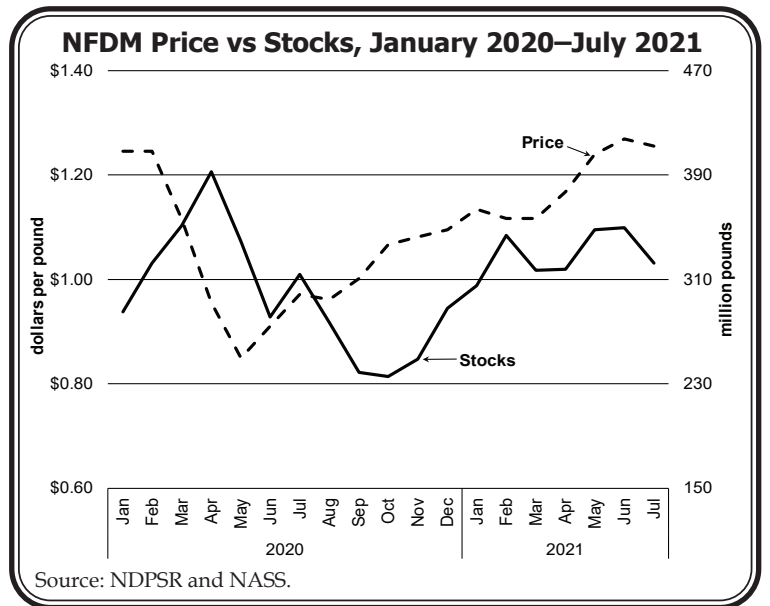
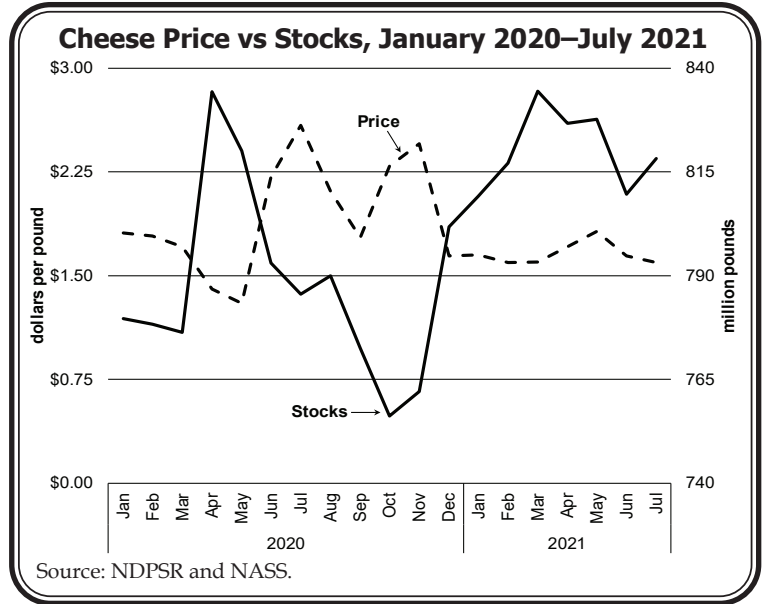
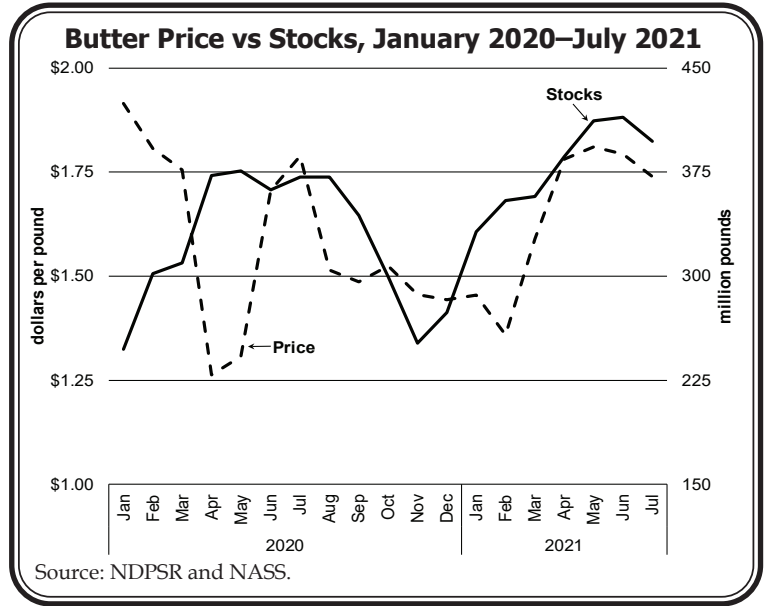
For the week of September 11, 2021, the NDPSR reported an average butter price of \$1.7724 per pound, the highest price in 8 weeks; the highest butter price reported so far for 2021 occurred the week of April 17 at \$1.8384 per pound. CME prices may be used as a close proxy for NDPSR prices, considering the similarity between the two price series (though the NDPSR tends to lag by a couple of weeks). CME butter futures for the remainder of 2021 range from \$1.7875 to \$1.8325 per pound and average \$1.8181 per pound, higher than the year-to-date NDPSR average of \$1.6595 per pound.

NASS reported an almost 20 percent increase of butter stocks between the months of January and July of 2021, with nearly 400 million pounds of butter reported in stocks at the end of that period. During the same period in 2020, butter stocks grew 50 percent and totaled 371 million pounds in July 2020.

Cheese

Cheese prices reported by the NDPSR have been fairly stable, ranging between \$1.5954 and \$1.8206 per pound for 2021. Block cheese prices contributed to the stability averaging within a 30-cent range; the September 11 price was \$1.7650 per pound. Barrel cheese prices have been somewhat more volatile with a difference of \$0.4283 per pound between the year's highest and lowest prices; the NDPSR price was \$1.4706 per pound for the second week of September. September 14 CME cheese futures suggest a steady price for the remainder of the year with a September settlement price of \$1.6510 per pound and December at \$1.7700 per pound.

NASS reported cheese stocks at 818 million pounds for the end of July, an increase of 1 percent (continued on page 3)



Prices and Product (continued from page 2)

from the previous month. Since December 2020, cheese stocks have remained above 800 million pounds.

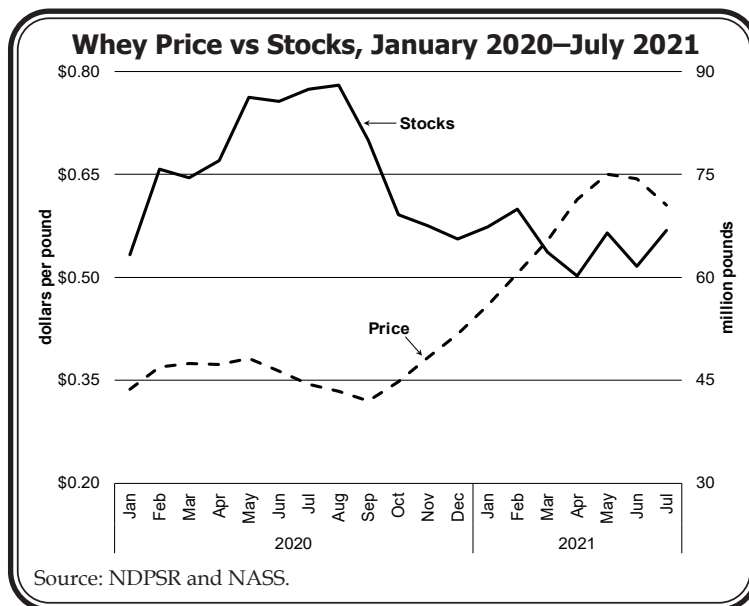
NFDM

The monthly NFDM prices averaged \$1.1957 per pound for the first 8 months of 2021. The NFDM price for the second week of September was \$1.2716 per pound, an increase of \$0.2723 compared to the same week in 2020. September 14 CME NFDM futures average \$1.3133 per pound for the remainder of 2021 with a high in December at \$1.3368 per pound.

NASS reported stocks of NFDM totaled 322 million pounds at the end of July, down 27 million pounds from June. Compared to the same period in 2020, NFDM increased 2.7 percent (8.5 million pounds). The U.S. Dairy Export Council reported NFDM exported between January and July of 2021 increased by 12.1 percent over 2020, a change of 58 million pounds.

Whey

Monthly NDPSR whey prices averaged \$0.5742 per pound and reached a high of \$0.6579 per pound on June 12. Since February 13, whey prices have been above \$0.50 per pound; September 11 was at \$0.5370



per pound. CME whey futures average at \$0.5031 per pound for the remainder of the year, ending the year at \$0.4800 per pound.

NASS reported stocks of whey at almost 67 million pounds for the end of July, an increase of 5 million pounds from the month of June. After hitting 88 million pounds in August 2020, stocks have been slowly trending downward. ❖

USDA Announces Dairy Donation Program

The U.S. Department of Agriculture (USDA) recently announced a Dairy Donation Program to facilitate timely dairy product donations while reducing food waste. Under this new program, eligible dairy organizations form partnerships with non-profit feeding organizations that distribute food to individuals and families in need. Those partnerships may apply for and receive reimbursements to cover some expenses related to eligible dairy product donations.

An eligible dairy organization is a dairy farmer, cooperative, or processor that purchases fresh milk or bulk dairy products to process into retail-packaged dairy products and accounts to a Federal milk marketing order (FMMO). The reimbursement rate will be the sum of: 1) the cost of milk used to make the donated eligible dairy product (monthly FMMO classified milk price based on the product and month of processing); 2) manufacturing cost (FMMO make allowance); and 3) transportation cost from the plant to distribution point. These reimbursements will help offset the cost for dairy products donated to food assistance programs.

Details about program eligibility and participation

are available at www.ams.usda.gov/ddp. Interested partnerships must apply by completing and submitting a Dairy Donation and Distribution Plan (Plan) describing the process to be used for the donation, processing, transportation, temporary storage, and distribution of eligible dairy products. Plans will be accepted on a rolling basis and approved within 15 business days of submission. After approval, partnerships will be able to submit specific information to obtain reimbursement claims for eligible dairy products donated since January 1, 2020.

Entities participating in the MDRP will be automatically enrolled and do not need to reapply for the DDP. Supplemental reimbursements will be automatically distributed to MDRP participants who received reimbursements under the MDRP for eligible donations made since January 1, 2020. These reimbursements will equal the difference between the reimbursed values for the DDP and MDRP.

To ensure equitable participation amongst low-income and other underserved persons and communities, USDA-AMS encourages collaborations with faith-based, community-based, and non-profit organizations of all sizes. ❖

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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	628,841,565	\$13.85	\$87,094,556.75	
Butterfat	15,298,793	1.9375	29,641,411.44	
Less: Location Adjustment to Handlers			(2,728,405.93)	\$114,007,562.26
Class II— Butterfat	33,880,823	1.8578	62,943,792.98	
Nonfat Solids	53,764,552	1.1522	61,947,516.85	124,891,309.83
Class III— Butterfat	27,916,276	1.8508	51,667,443.64	
Protein	19,186,575	2.4582	47,164,438.65	
Other Solids	36,103,016	0.3735	13,484,476.51	112,316,358.80
Class IV— Butterfat	10,544,087	1.8508	19,514,996.22	
Nonfat Solids	33,068,413	1.0872	35,951,978.61	55,466,974.83
Total Classified Value				\$406,682,205.72
Add: Overage—All Classes				170,428.97
Inventory Reclassification—All Classes				36,652.23
Other Source Receipts	120,868			4,560.63
Total Pool Value				\$406,893,847.55
Less: Value of Producer Butterfat	87,639,979	1.8508	(162,204,073.10)	
Value of Producer Protein	69,141,760	2.4582	(169,964,274.44)	
Value of Producer Other Solids	130,387,585	0.3735	(48,699,763.02)	(380,868,110.56)
Total PPD Value Before Adjustments				\$26,025,736.99
Add: Location Adjustment to Producers				13,425,304.87
One-half Unobligated Balance—Producer Settlement Fund				980,518.62
Less: Producer Settlement Fund—Reserve				(965,079.31)
Total Pool Milk & PPD Value	2,268,188,569			\$39,466,481.17
Producer Price Differential		\$1.74		
Statistical Uniform Price		\$17.69		

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



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 website address: www.fmmone.com

September Pool Price Calculation

The September 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$17.96 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 \$19.12 per hundredweight. The September statistical uniform price was 27 cents per hundredweight above the August price. The September producer price differential (PPD) at Suffolk County was \$1.43 per hundredweight, a decrease of 31 cents from the previous month.

Product Prices Effect

All commodity prices increased except dry whey as reported on the National Dairy Product Sales Report. Butter jumped 7 cents, nonfat dry milk increased nearly 2 cents, and dry whey declined 3 cents, all on a per pound basis. The cheese price rose 7 cents per pound due to a combination of a nearly 9-cent increase in the block price and a 5-cent rise in the barrel price. The commodity price changes translated to per-pound increases of nearly 9 cents in the butterfat price, 2 cents in the nonfat solids prices, and a 14-cent jump in the protein price. The other solids price fell about 3 cents per pound.

The Class I price, based on lower prices in August, decreased 31 cents from the previous month. All other class prices increased: Class II rose 38 cents; Class III increased 58 cents; and Class IV was up 44 cents, all on a per hundredweight basis. Due to the slightly higher class prices, the SUP increased but, with a tighter spread between the class prices, the PPD decreased.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of September and topped 8,000 pounds for the eleventh month in a row. Total producer milk receipts were the second highest ever for the month. The Class II volume was the highest ever for the month and the Class III volume was the third highest ever for the month. Average producer component tests for butterfat and protein set new record highs for the month❖.

Pool Summary

- A total of 8,851 producers were pooled under the Order with an average daily delivery per producer of 8,198 pounds.
- Pooled milk receipts totaled 2.177 billion pounds, a decrease of 0.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.0 percent of total milk receipts, up 2.6 percentage points from August.
- The average butterfat test of producer receipts was 3.92 percent.
- The average true protein test of producer receipts was 3.12 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.0	673,631,483
Class II	26.7	580,348,523
Class III	27.3	595,102,564
Class IV	15.0	327,607,608
Total Pooled Milk		2,176,690,178

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.6010	3.3935
Butterfat Price	1.9388	1.5932
Other Solids Price	0.3445	0.1241

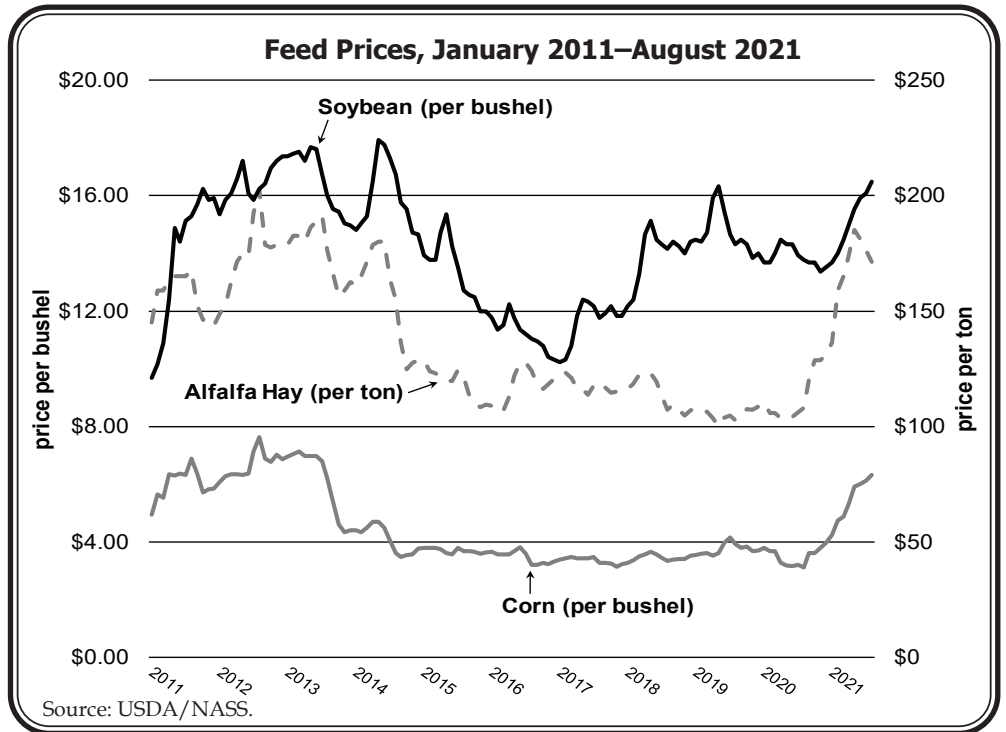
Class Prices

	2021	2020
	\$/cwt	
Class I	19.84	21.69
Class II	16.89	13.16
Class III	16.53	16.43
Class IV	16.36	12.75

Feed Prices & DMC Payments

At \$17.35 per hundredweight, the statistical uniform price for the first 9 months of 2021 averaged almost 60 cents higher than the most recent 5-year average for the same period. At the same time, the rise in feed prices that began last fall, and has been consistent since the beginning of 2021, continues to add to the cost of milk production. 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 price of corn at \$6.32 per bushel, an increase of 49.1 percent from January. The announced price of soybean for August was \$13.70 per bushel, an increase of 25.7 percent since January. The price of alfalfa hay has increased the least of the three since the beginning of 2021 (20.5 percent), and was reported at \$206 per ton for the month of August. When compared to the previous year, August prices were up nearly 103 percent for corn, 58.2 percent for soybeans, and 19.8 percent for hay.

As displayed in the chart, recent corn and soybean prices are reminiscent of 2012 and early 2013. Both prices were at a ten-year high record in August of 2012 with corn priced at \$7.63 per bushel and soybeans at \$16.20 per bushel. Corn prices remained high for about a year after the record high, but fell below \$4.00 per bushel in August 2014 where they stayed until January of this year. Soybean prices remained fairly high from the record setting in August 2012 to June of 2014. From August 2016 through October 2020, they remained below \$10.00 per bushel. The alfalfa hay price peaked in May of 2014 at \$224 per ton, and remained below \$200 from September 2014 through July of 2021, with the exception of May 2019 when it hit \$204 per ton.



DMC Payments

The Dairy Margin Coverage (DMC) program is a voluntary program by USDA 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 from the top 24 major milk-producing states per hundredweight as defined by NASS) and the average cost of feed falls below a certain level selected by the program participants. For producers who opted to participate in the DMC program, these prices resulted in payments for the months of January through August for 2021. Payments for 2020 were issued for the months of March through May, September, and December; for 2019 January through July resulted in payments.

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 issued depending on the level of coverage chosen by the producer. The DMC prices are calculated using the prices of corn, blended alfalfa hay, and soybean meal. Although highlighted in the article, alfalfa and soybean prices are not used in the DMC program. The accompanying table displays the per month 2021 prices for Corn per bushel, Blended Alfalfa Hay per ton, Soybean Meal per ton, All Milk by hundredweight (cwt), Final Feed Cost for DMC per cwt, and Milk Margin Above (continued on page 3)

DMC Prices, January–August 2021

Month	Corn (\$/bushel)	Blended Alfalfa Hay (\$/ton)	Soybean Meal (\$/ton)	All Milk	Final Feed Costs for DMC (\$/hundredweight)	Milk Margin
						Above Feed Costs for DMC
January	4.24	188.5	439.24	17.50	10.36	7.14
February	4.75	193.0	427.28	17.10	10.88	6.22
March	4.89	195.5	410.02	17.40	10.94	6.46
April	5.31	199.0	413.36	18.40	11.46	6.94
May	5.91	210.0	421.03	19.20	12.31	6.89
June	6.00	214.5	378.18	18.40	12.16	6.24
July	6.12	216.5	365.23	17.90	12.22	5.68
August	6.32	222.0	358.21	17.70	12.45	5.25

Source: USDA/NASS and USDA/FSA.

Pandemic Market Volatility Assistance Program (PMVAP) Update

Since the announcement of the Pandemic Market Volatility Assistance Program (PMVAP) in mid-August, USDA has been actively implementing the administration of this program that will distribute up to \$350 million in payments directly to dairy farmers.

The role of the handler/cooperative

USDA is wrapping up one-on-one meetings with approximately 200 handlers and cooperatives that purchased milk and participated in the Federal Milk Marketing Order program during the July-December 2020 period. Handlers and cooperatives are critical to the administration of the PMVAP. They have the proprietary producer production data that determines the eligible milk under PMVAP rules. Further, they are the entities that distribute program funds to dairy farmers. To ensure the integrity of the PMVAP and proper distribution of funds, USDA will enter into an agreement with each handler and cooperative. This process, along with a thorough explanation of the mechanics of the program, is currently underway.

Dairy farmer payments

As reported when the program was announced on August 19, 2021, PMVAP is designed to provide pandemic assistance payments directly to dairy farmers who received a lower value for their milk due to market abnormalities caused by the pandemic. Funds are projected to be paid to dairy farmers by the end of December 2021.

AGI Certification Required By Dairy Farmers

Similar to many USDA programs the PMVAP requires

dairy farmers to attest that they meet *either of the following* adjusted gross income (AGI) requirements of the program:

- Less than \$900,000 average AGI for tax years 2016, 2017, and 2018, **or**
- 75 percent of your average taxable income for tax years 2016, 2017, and 2018 came from farming, ranching, or forestry-related activities.

Your handler or cooperative may have provided you with an attestation statement, which you **MUST** complete and return in order to receive a payment from the program.

Additional Information

Program information for handlers and dairy farmers can be found at <https://www.ams.usda.gov/services/pandemic-market-volatility-assistance-program>.

For additional questions not covered in the resources online, please email PMVAP@usda.gov. ❖

Feed Prices (continued from page 2)

Feed Costs for DMC per cwt. For the month of August, the Milk Margin Above Feed Costs for DMC was reported as \$5.25 per cwt, \$4.25 below the maximum coverage level.

As of August 30, almost 19,000 producers have enrolled in the DMC program across the United States in 2021. The program has paid out an estimated \$669,741,798 to enrolled producers. In the Northeast, 26.53 percent of producers participate in the program totaling 5,038 producers. The DMC program has paid out \$155,087,573 to northeastern dairy farmers, averaging \$30,784 per producer. ❖

Pool Summary for All Federal Orders, January–September, 2020–2021

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#		
Number	Name	2020	2021	Change^	2020	2021	2020	2021	
		pounds			percent	dollars per hundredweight			
1	Northeast	20,092,823,779	20,394,586,085	1.9	(0.52)	0.60	16.95	17.35	
5	Appalachian	3,959,667,116	3,977,750,183	0.8	N/A	N/A	18.59	18.79	
6	Florida	1,864,301,934	1,815,899,355	(2.2)	N/A	N/A	20.61	20.79	
7	Southeast	3,529,063,412	3,437,924,982	(2.2)	N/A	N/A	18.69	18.97	
30	Upper Midwest	16,753,958,897	12,308,045,160	(26.3)	(1.14)	(0.44)	16.34	16.31	
32	Central	10,481,383,302	9,578,487,940	(8.3)	(2.15)	(0.74)	15.32	16.01	
33	Mideast	14,033,981,009	13,679,391,778	(2.2)	(1.63)	(0.27)	15.85	16.48	
51	California^	17,351,383,735	18,044,986,802	4.4	(2.79)	(0.81)	14.69	15.94	
124	Pacific Northwest	5,870,176,666	5,553,197,717	(5.1)	(2.03)	(0.64)	15.45	16.11	
126	Southwest	8,787,143,321	9,156,041,225	4.6	(1.80)	(0.13)	15.68	16.62	
131	Arizona	3,440,831,971	3,265,337,817	(4.8)	N/A	N/A	15.66	16.49	
All Market Total/Average		106,164,715,142	101,211,649,044	(4.3)	(1.72)	(0.35)	16.71	17.26	

Price at designated order location.

^ Adjusted for leap year.

N/A = Not applicable.

* Data may not be comparable to previous years as a significant volume of milk was 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	657,802,801	\$13.71	\$90,184,764.02	
Butterfat	15,828,682	1.8878	29,881,385.88	
Less: Location Adjustment to Handlers			(2,891,312.42)	\$117,174,837.48
Class II— Butterfat	32,562,774	1.9458	63,535,767.65	
Nonfat Solids	50,568,377	1.1611	58,714,942.53	122,250,710.18
Class III— Butterfat	26,168,329	1.9388	50,735,156.27	
Protein	18,513,002	2.6010	48,152,318.27	
Other Solids	34,116,643	0.3445	11,753,183.50	110,640,658.04
Class IV— Butterfat	10,708,613	1.9388	20,761,858.91	
Nonfat Solids	29,286,782	1.1027	32,294,534.52	53,056,393.43
Total Classified Value				\$403,122,599.13
Add: Overage—All Classes				34,688.86
Inventory Reclassification—All Classes				198,115.23
Other Source Receipts	146,642			4,889.38
Total Pool Value				\$403,360,292.60
Less: Value of Producer Butterfat	85,358,398	1.9388	(165,492,862.02)	
Value of Producer Protein	67,853,761	2.6010	(176,487,632.44)	
Value of Producer Other Solids	125,185,546	0.3445	(43,126,420.68)	(385,106,915.14)
Total PPD Value Before Adjustments				\$18,253,377.46
Add: Location Adjustment to Producers				12,861,679.67
One-half Unobligated Balance—Producer Settlement Fund				1,000,003.49
Less: Producer Settlement Fund—Reserve				(986,294.07)
Total Pool Milk & PPD Value	2,176,836,820			\$31,128,766.55
Producer Price Differential		\$1.43		
Statistical Uniform Price		\$17.96		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

October 2021

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

October Pool Price Calculation

The October 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.44 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 \$20.01 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 \$0.61 per hundredweight, a decrease of 82 cents from the previous month.

Product Prices Effect

All commodity prices increased as reported on the National Dairy Product Sales Report. Butter increased less than 1 cent, dry whey rose slightly higher than 1 cent, and nonfat dry milk jumped nearly 8 cents, all on a per pound basis. The cheese price rose almost 13 cents per pound due to a combination of a 3-cent increase in the block price and a 21-cent jump in the barrel price. The commodity price changes translated to slight increases in the per-pound butterfat and other solids prices, but jumps of almost 8 cents in the nonfat solids price and 41 cents in the protein price.

All class prices rose from the previous month: the Class I price increased 49 cents; Class II rose 19 cents; Class III increased \$1.30 cents due to the jump in the cheese price; and Class IV was up 68 cents mainly due to the nonfat dry milk price increase. These prices are all on a per hundredweight basis. The Class II and IV prices were the highest for the month of October since 2014. Due to the higher class prices, the SUP increased but, with the significant increase in the Class III price, the PPD decreased.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of October and has topped 8,000 pounds every month since November 2020. The Class II and III volumes were the highest ever for the month. The average producer butterfat test set a record high for October, topping 4.00 percent for the first time for the month. The producer protein test tied with 2020 as a record high for the month. ❖

Pool Summary

- A total of 8,749 producers were pooled under the Order with an average daily delivery per producer of 8,254 pounds.
- Pooled milk receipts totaled 2.239 billion pounds, a decrease of 0.5 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.8 percent of total milk receipts, down 0.2 percentage points from September.
- The average butterfat test of producer receipts was 4.00 percent.
- The average true protein test of producer receipts was 3.18 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.8	690,403,417
Class II	26.5	592,627,460
Class III	27.3	611,480,912
Class IV	15.4	344,185,605
Total Pooled Milk		2,238,697,394

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	3.0130	5.0146
Butterfat Price	1.9414	1.6388
Other Solids Price	0.3560	0.1534

Class Prices

	2021	2020
	\$/cwt	
Class I	20.33	18.45
Class II	17.08	13.63
Class III	17.83	21.61
Class IV	17.04	13.47

Dairy Exports

Dairy exports remain a major component of the U.S. dairy market—the U.S. ships nearly one day's worth of production a week outside of the country. For the month of September, the United States Dairy Export Council (USDEC) reported 186,020 metric tons (MT) of dairy product on a milk solids basis exported from the United States. This brings the 2021 year-to-date total to 1,762,267 MT, an increase of 12.2 percent when compared to the January to September 2020 period. The International Trade Administration (ITA) valued the total of United States exported dairy products for January to September 2021 at \$5,926,582,547. Over 40 percent of dairy export value is from three countries, Mexico at 22.9 percent, Canada at 11.1 percent, and China at 9.5 percent. Using USDEC data, China for the January to September period, has increased 2021 dairy imports on a milk

solids basis from the United States by 51.0 percent over 2020, having imported 337,263 MT of dairy products in 2021. Throughout the pandemic U.S. dairy exports have mostly held steady, with an upward trend in 2021.

Non-Fat Dry Milk (NFDM)/ Skim Milk Powder (SMP), whey, and cheese are the three largest dairy products exported by volume. NFDM/SMP make up 39.2 percent of dairy exports in 2021, whey at 27.0 percent, and cheese at 17.3 percent. The accompanying chart shows U.S. export quantities for NFDM, cheese, whey, and total dairy solid exports from January 2019-September 2021.

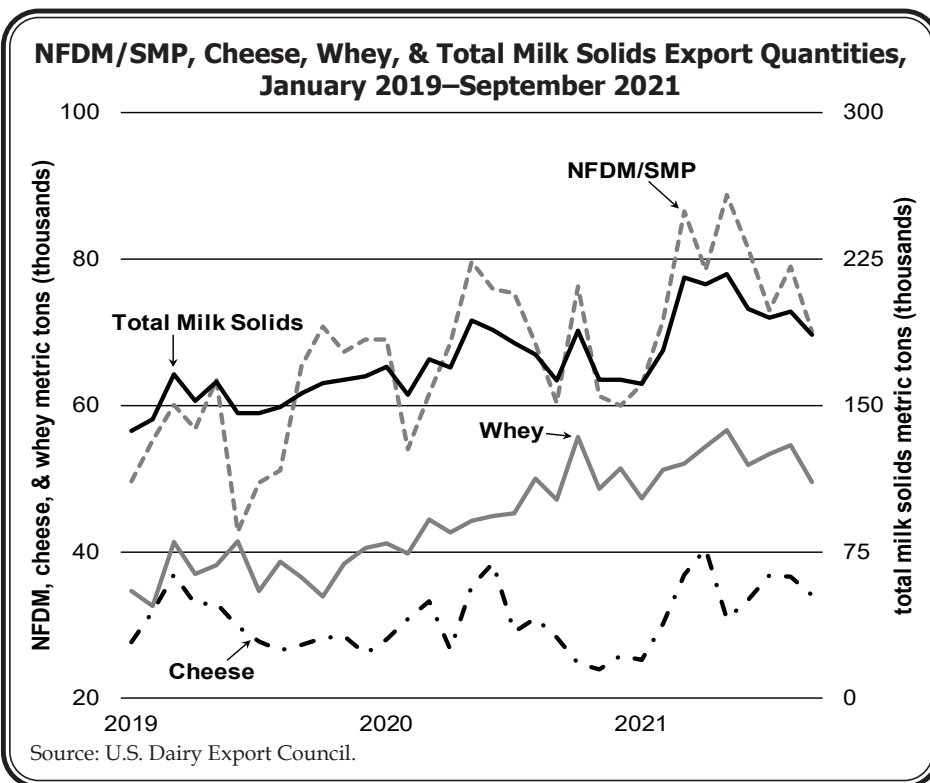
NFDM/SMP

NFDM/SMP exports have been trending upwards over the last three years. Exports for the month of September decreased by 11.2 percent compared to August but increased by 16.2 percent over September 2020. The United States had exported 691,644 MT of NFDM/SMP in 2021, an increase of 78,956 MT for the same period in 2020.

Mexico, Southeast Asia, and China make up the top three regions importing American NFDM/SMP. Mexico has imported 258,339 MT of NFDM/SMP in 2021, a year to date increase of 24.3 percent over 2020. Southeast Asia has imported 253,091 MT of NFDM/SMP in 2021, a decrease of 1.7 percent from the previous year. Of the top three importing regions of NFDM/SMP, China has seen the largest growth over the previous year at 134.8 percent between January and September of 2021 and 2020.

Whey

Just like NFDM/SMP, whey exports have been



increasing over the last three years. Exports for the month of September decreased by 9.3 percent relative to the previous month but have increased by 5.1 percent over September 2020. The United States has exported 476,075 MT of whey in 2021, an increase of 76,109 MT from the same period in 2020.

By a significant margin, China is the largest importer of U.S. whey, making up 47.2 percent of foreign demand for American whey. As of September 2021, China has imported 224,935 MT of whey for the year, a growth of 52 percent over 2020.

Cheese

Cheese exports also have been trending upwards over the last three years. Exports for the month of September decreased by 6.8 percent compared to August but increased by 20.5 percent over September 2020. The United States has exported 304,517 MT of cheese in 2021, an increase of 23,672 MT from the same period in 2020.

Mexico, South Korea, and Central America make up the top three regions importing American cheese. Mexico has imported 79,097 MT of cheese in 2021, a year-to-date increase of 5.2 percent over 2020. South Korea has imported 54,596 MT of cheese in 2021, a decrease of 6.6 percent from the previous year. Central America has imported 10,318 MT of cheese in 2021, a growth of 36.8 percent relative to 2020.

The current supply chain disruptions, particularly at U.S. ports, bear watching with respect to the U.S. ability to physically move product overseas and meet customers' demand before those customers look elsewhere. ❖

Trends in Fluid Milk Sales: January–September

For many years, higher fat products experienced increases in sales while the overall total sales of fluid milk products in the Northeast Milk Marketing area (NMA) was declining. From 2013 through 2018, sales of whole milk rose while overall sales in the area dropped. In 2019, sales in all categories declined. There was a blip in 2020 with increased sales of whole and reduced fat milk, but the declining trend continued in 2021 with sales in all categories dropping except for organic and flavored milk.

The tables show changes in sales in the NMA by product, proportion of total, and per capita for the January–September period from 2018–2021.

Table 1

Sales in the Northeast Marketing Area, by Product, January–September

Product	2018	2019	2020	2021
	million pounds			
Whole Milk	2,059.9	2,053.9	2,119.1	1,986.3
Reduced Fat Milk	1,224.3	1,172.7	1,221.6	1,197.6
Low Fat Milk	890.8	821.2	796.8	780.0
Fat Free Milk	511.9	456.3	387.0	349.3
Flavored Whole and Fat-Reduced Milk	313.9	311.2	236.5	247.3
Organic Milk	136.6	128.3	116.6	120.4
Organic Reduced Fat Milk	178.5	144.6	123.8	144.4
Buttermilk/Eggnog/Other	20.2	20.7	16.9	17.9
Total From Pool Handlers	5,336.1	5,108.9	5,018.3	4,843.2
Sales from Non-pool Handlers	537.6	574.2	585.2	465.0
Total Sales from All Handlers	5,873.7	5,683.1	5,603.4	5,308.1

Proportion of Sales

Table 2 shows the proportion of sales by product. Whole milk has consistently held the largest proportion in the NMA, followed by reduced fat. Low fat milk (1% butterfat) remains in third place but its sales and proportion continue to drop. Fat free's proportion has declined consistently since 2010. After peaking in 2018, the organic sales proportion has declined although a significant increase occurred this year.

Per Capita Sales

Table 3 shows per capita sales for the NMA and estimated for the United States. Per capita sales have been declining consistently in both the NMA and US prior to 2010. Similar trends to the NMA were experienced nationally – increased whole and reduced fat milk sales in 2020 while flavored milk products declined and fat free continued to fall. Unlike the NMA, US sales of organic products increased in 2020. For the period shown, US sales per capita declined less in 2019 and 2020, but more in 2021 than in the NMA. ❖

Table 2

Proportion of Sales in the Northeast Marketing Area, by Product, January–September

	2018	2019	2020	2021
	percent of total sales			
Whole Milk	38.6	40.2	42.2	41.0
Reduced Fat Milk	22.9	23.0	24.3	24.7
Low Fat Milk	16.7	16.1	15.9	16.1
Fat Free Milk	9.6	8.9	7.7	7.2
Flavored Whole and Fat-Reduced Milk	5.9	6.1	4.7	5.1
Organic Milk	2.6	2.5	2.3	2.5
Organic Reduced Fat Milk	3.3	2.8	2.5	3.0
Buttermilk/Eggnog/Other	0.4	0.4	0.3	0.4

Data are derived from pool handlers regulated by the Northeast Order and from nonregulated handlers. Percent changes have been adjusted for leap year in 2020. A comparison is shown in per capita sales to US estimated sales.

Sales by Product

Table 1 shows sales by product. As depicted in the table, all categories declined in 2019 except buttermilk and eggnog. In 2020, overall sales still fell although at a lower rate than the previous years. With most schools closed during most of 2020, flavored whole and fat-reduced milk products took the biggest hit. Conversely whole milk and reduced fat (2% butterfat) milk sales increased. In 2021, sales of flavored milk products increased, coinciding with schools reopening. Sales of organic milk products and buttermilk and eggnog also rose from the previous year.

Table 3

Total Per Capita Sales, Northeast Marketing Area and Estimated U.S., January–September

	2018	2019	2020	2021
	pounds of fluid milk products			
Northeast Marketing Area	107.0	103.6	102.3	97.1
United States*	106.4	104.1	104.4	98.9

* Estimated data published in USDA's Estimated Fluid Milk Products Sales Report.

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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	673,993,828	\$13.91	\$93,752,541.47	
Butterfat	16,409,589	1.9746	32,402,374.44	
Less: Location Adjustment to Handlers			(2,941,466.39)	\$123,213,449.52
Class II— Butterfat	34,358,820	1.9484	66,944,724.89	
Nonfat Solids	51,998,255	1.1811	61,415,139.00	128,359,863.89
Class III— Butterfat	27,892,480	1.9414	54,150,460.70	
Protein	19,382,413	3.0130	58,399,210.40	
Other Solids	35,080,528	0.3560	12,488,667.99	125,038,339.09
Class IV— Butterfat	10,962,978	1.9414	21,283,525.48	
Nonfat Solids	31,052,046	1.1801	36,644,519.55	57,928,045.03
Total Classified Value				\$434,539,697.53
Add: Overage—All Classes				150,635.18
Inventory Reclassification—All Classes				130,095.52
Other Source Receipts	126,838			2,802.10
Total Pool Value				\$434,823,230.33
Less: Value of Producer Butterfat	89,623,867	1.9414	(173,995,775.40)	
Value of Producer Protein	71,175,201	3.0130	(214,450,880.65)	
Value of Producer Other Solids	128,976,862	0.3560	(45,915,762.87)	(434,362,418.92)
Total PPD Value Before Adjustments				\$460,811.41
Add: Location Adjustment to Producers				13,259,416.86
One-half Unobligated Balance—Producer Settlement Fund				1,018,589.69
Less: Producer Settlement Fund—Reserve				(1,081,990.17)
Total Pool Milk & PPD Value	2,238,824,232			\$13,656,827.79
Producer Price Differential		\$0.61		
Statistical Uniform Price		\$18.44		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

November 2021

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
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November Pool Price Calculation

The November 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.54 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 \$21.59 per hundredweight. The November statistical uniform price was \$1.10 per hundredweight above the October price. The November producer price differential (PPD) at Suffolk County was \$1.51 per hundredweight, an increase of 90 cents from the previous month.

Product Prices Effect

All commodity prices, except cheese, increased as reported on the National Dairy Product Sales Report. Butter jumped nearly 18 cents, dry whey rose almost 4 cents, and nonfat dry milk increased about 12 cents, all on a per pound basis. The cheese price declined 1 cent per pound due to a combination of an almost 3-cent increase in the barrel price offset by nearly 5-cent drop in the block price. The commodity price changes translated to increases of 21 cents in the per-pound butterfat price, 4 cents in the other solids price, and nearly 12 cents in the nonfat solids price. The increase in the butterfat price, which had a negative effect on the protein price, combined with the decline in the cheese price and resulted in a 26-cent drop in the protein price.

All class prices rose from the previous month: Class I increased 90 cents; Class II rose \$1.32; Class III increased 20 cents, and Class IV was up \$1.75, all on a per hundredweight basis. Due to the higher class prices, the SUP increased resulting in the highest SUP since December 2014. With the Class III price the lowest for the month, the spread between the class prices increased resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer continued to set a record high for the month; it has topped 8,000 pounds every month since November 2020. The Class I volume was the highest for the month of November since 2018. The Class II and III volumes were the highest ever for the month of November. The average producer butterfat test tied with February 2021 as the record high for the Order. The producer protein test also set a record high for the Order. ❖

Pool Summary

- A total of 8,836 producers were pooled under the Order with an average daily delivery per producer of 8,144 pounds.
- Pooled milk receipts totaled 2.159 billion pounds, a decrease of 0.4 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 32.7 percent of total milk receipts, up 1.9 percentage points from October.
- The average butterfat test of producer receipts was 4.11 percent.
- The average true protein test of producer receipts was 3.25 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	32.7	706,682,865
Class II	24.9	537,924,121
Class III	27.7	597,374,088
Class IV	14.7	316,937,244
Total Pooled Milk		2,158,918,318

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.7536	5.6226
Butterfat Price	2.1541	1.5553
Other Solids Price	0.3949	0.1894

Class Prices

	2021	2020
	\$/cwt	
Class I	21.23	21.29
Class II	18.40	13.86
Class III	18.03	23.34
Class IV	18.79	13.30

Looking Ahead 2022

Projections using the Chicago Mercantile Exchange (CME) Class III and IV milk futures prices as settled on December 14, 2021, suggest the statistical uniform price (SUP) will average \$17.87 per hundredweight (CWT) for 2021. This is an increase of \$0.77 per cwt over the 2020 average. This article reviews some supply and demand factors and some economic indicators with a look to 2022. It is typically a challenge to forecast dairy prices beyond a few months in what might be considered a more normal year. A projection of where prices are expected to go in 2022 is offered based on futures prices.

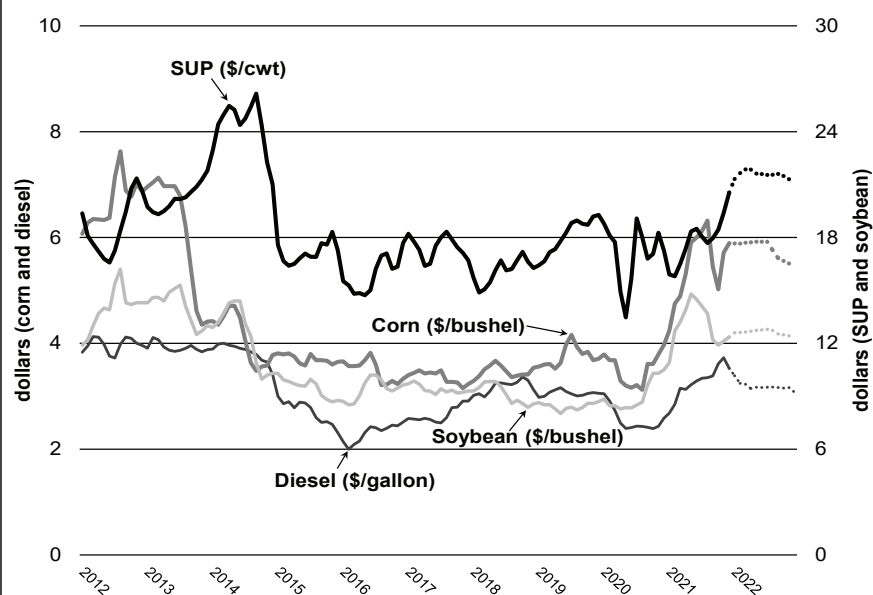
Select Cost Factors

Significant increases in the costs of production have been prevalent throughout 2021. The price of corn, soybeans, and diesel have all seen increases in excess of 15 percent from October 2020. Corn prices for October 2021, as reported by the National Agricultural Statistics Service (NASS), were \$5.02 per bushel, a year-to-year increase of 39 percent. CME corn futures, settled on December 14, imply the price will increase to \$5.89 per bushel at the end of the year and remain steady in 2022, averaging \$5.77 per bushel. NASS soybean prices have arched throughout 2021, starting the year at \$10.90 per bushel, reaching a high in May of \$14.80 per bushel, and decreasing to \$11.90 in October. CME soybean futures suggest a slightly increased price through 2022, averaging \$12.62 per bushel with a high in July of \$12.79 per bushel, compared to a 2021 average of \$13.03 per bushel. According to the U.S. Energy Information Administration (USEIA) the cost of retail diesel has increased \$1.30 per gallon from November 2020 to 2021, an increase of 53 percent. The USEIA forecast diesel fuel prices to slowly decline starting in December of 2021, and through 2022, predicting an average price of \$3.19 per gallon in 2022 with a yearly low in December 2022 at \$3.08 per gallon. Although 2021 prices are some of the highest seen in over 6 years, most record high prices of the past 10 years occurred between 2012 and 2014. Diesel fuel peaked at \$4.13 per gallon in March 2012, corn at \$7.63 per bushel in August 2012, and soybeans at \$16.20 per bushel, also in August 2012. The accompanying graph shows the SUP, corn, soybean, and USEIA retail diesel prices since January 2012 and projected through 2022.

Supply Factors

The United States Department of Agriculture's (USDA) *World Agricultural Supply and Demand Estimates* December

Northeast Order SUP vs Corn, Soybean, and Diesel Prices, 2012–Projected 2022



Source: U.S. Energy Information Administration; Chicago Mercantile Exchange; and USDA/National Agricultural Statistics Service, *Agricultural Prices*.

report anticipates a 0.6 percent increase in U.S. dairy production, an estimated 227.7 billion pounds for December 2022 compared to the 226.2 billion pounds estimated for December 2021. The November 18 USDA NASS *Milk Production* report showed a decrease of 0.3 percent for the 24 major milk producing states in October. For 2021, the first half of the year had stronger growth than the latter half, with a range between 2.2 and 4.9 percent (March and May, respectively), then gradually declined after July. U.S. monthly milk per cow for 2021 is reminiscent of 2020; it had an average monthly increase of 0.2 percent per cow compared to no significant average monthly change per cow for the first 10 months of 2021. Between the months of March to July, 2021 surpassed the prior year's performance by an average of 33.2 pounds of milk per cow.

Demand Factors

According to the U.S. Dairy Export Council (USDEC), between January and October 2021 dairy exports on a total milk solids basis increased 10.8 percent vs 2020, and totaled 1,948,351 metric tons. The U.S. is on track to exceed dairy exports for the third year in a row, exporting 2,086,145 metric tons in 2020 and 1,847,062 metric tons in 2019. The three largest categories of dairy exports (skim milk powder/nonfat dry milk (SMP/NFDM), whey, and cheese) have all increased in excess of 10.0 percent. SMP/NFDM has increased 10.1 percent over 2020 through October, accounting for 38.9 of dairy exports. Mexico, Southeast Asia, and Latin America are the three largest
(continued on page 3)

Looking Ahead (continued from page 2)

importers of U.S. SMP/NFDM; Southeast Asia is the only region of the three to see a decrease from the previous year (4 percent). Imports of whey to China had increased to 40 percent from 2020, making it the largest importer of U.S. whey by 128,426 metric tons. Cheese also has shown strong growth, increasing 11.3 percent over October 2020, with a 36.0 percent increase specifically in Latin America. Southeast Asia, Mexico, and China are the three largest importers of U.S. dairy, making up 28 percent, 21 percent, and 15 percent, respectively, of the U.S. foreign dairy market with China seeing the most growth over the prior year at 41.0 percent.

Domestic Situation

Some U.S. economic indicators are showing recovery signs from the initial shock of the pandemic while other present new concerns brought on by the recovery. The U.S. Bureau of Labor Statistics (BLS) reported the November 2021 unemployment rate at 4.2 percent, a continuation of the downward trend after the dramatic increase in April 2020 at 14.8 percent brought on by the pandemic-related shutdown. The Conference Board's Consumer Confidence Index (CCI), a measurement of the consumer's view of the health of the economy, is at 109.5 for November, down from 111.6 in October. This slight dip is not reflective of the overall positive trend throughout 2021 and believed to continue into 2022 due to optimism of short-term growth, but concern over rising prices is showing some hesitation in consumer confidence the latter half of 2021.

The Restaurant Performance Index (RPI) stood at 104.5 in October, a 1.6 percentage point increase from the previous month. Values over 100 suggest expansion of the market, index values have remained over 100 since late 2020. The Expectations Index, which measures the six-month outlook for restaurant operations, stood at 103.8 in October, a growth of 2.1 percentage points from September and the first increase in 4 months.

Price increases across the country have been a growing concern; the last 8 months have seen increases larger than 5.0 percent over the previous year. The BLS reported the Consumer Price Index (CPI) increased 6.8 percent for all items in November 2021 vs November 2020; this is the largest year-to-year increase in the last twenty years. The CPI for dairy and related products grew much slower in November at 1.6 percent relative to November 2020 and no increase from October 2021. All dairy products included in the CPI had a combined annual increase less than 6.8 percent. Milk prices grew 4.6 percent, ice cream 0.7 percent, and cheese decreased 0.3 percent. When seasonally adjusted the monthly increase in milk was 0.9 percent, ice cream decreased 2.0 percent, and cheese prices remained unchanged from October.

Outlook 2022

USDA forecasts the all-milk price for 2022 to be \$20.25 per cwt. Using December 14 CME Class III and Class IV future prices, the 2022 Northeast SUP is estimated to average \$21.54 per cwt. In its projection, USDA noted milk production growth has slowed in recent months, not just in the U.S., but among many major dairy-exporting countries as well. This lower than expected, but still continued, growth has placed a slight downward pressure on milk prices in 2022. ❖

2022 Payment Dates to Producers

The calendar below shows the dates for partial payments to producers that are not members of cooperatives. Partial payments are paid to producers for the milk received by pool handlers during the first 15 days of the month and are paid at not less than the lowest announced class price for the preceding month, less proper deductions authorized in writing by the producer. As required by the Order, payment must be made so that a producer receives it no later than the date shown. The table dates vary due to weekends and national holidays.

The final payment date that non-member producers must be paid is dependent on the date that the statistical uniform price is announced. Each month, the date that final payments to producers must be received by is printed on the back of the Pool Price Announcement. The final payment is for the remaining milk received and is priced such that the producer should receive an average price for the entire month's milk at roughly the uniform price with adjustments for zone differential, component values, and other deductions relevant to that producer.

Producers that are members of cooperatives usually receive payments at the same time, although it is not required by the Order.

Required Producer Payments Under the Northeast Order

Month Milk Produced	Partial Payment Due	
	Day	Date
January	Wednesday	1/26/22
February	Monday	2/28/22
March	Monday	3/28/22
April	Tuesday	4/26/22
May	Thursday	5/26/22
June	Monday	6/27/22
July	Tuesday	7/26/22
August	Friday	8/26/22
September	Monday	9/26/22
October	Wednesday	10/26/22
November	Monday	11/28/22
December	Tuesday	12/27/22

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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	689,201,009	\$14.98	\$103,242,311.15	
Butterfat	17,481,856	1.9363	33,850,117.77	
Less: Location Adjustment to Handlers			(2,968,369.24)	\$134,124,059.68
Class II— Butterfat	32,438,807	2.1611	70,103,505.79	
Nonfat Solids	47,522,475	1.2478	59,298,544.30	129,402,050.09
Class III— Butterfat	28,399,447	2.1541	61,175,248.76	
Protein	19,322,422	2.7536	53,206,221.21	
Other Solids	34,269,548	0.3949	13,533,044.52	127,914,514.49
Class IV— Butterfat	10,506,181	2.1541	22,631,364.51	
Nonfat Solids	28,831,560	1.2960	37,365,701.79	59,997,066.30
Total Classified Value				\$451,437,690.56
Add: Overage—All Classes				913,646.23
Inventory Reclassification—All Classes				862,888.07
Other Source Receipts	94,419			3,631.77
Total Pool Value				\$453,217,856.63
Less: Value of Producer Butterfat	88,826,291	2.1541	(191,340,713.43)	
Value of Producer Protein	70,106,219	2.7536	(193,044,484.61)	
Value of Producer Other Solids	124,484,391	0.3949	(49,158,885.99)	(433,544,084.03)
Total PPD Value Before Adjustments				\$19,673,772.60
Add: Location Adjustment to Producers				12,683,483.91
One-half Unobligated Balance—Producer Settlement Fund				1,216,054.04
Less: Producer Settlement Fund—Reserve				(972,218.12)
Total Pool Milk & PPD Value	2,159,012,737			\$32,601,092.43
Producer Price Differential		\$1.51		
Statistical Uniform Price		\$19.54		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

December 2021

Federal Order No. 1

To contact the Northeast Marketing Area offices:
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 e-mail address: NortheastOrder@fedmilk1.com
 website address: www.fmmone.com

December Pool Price Calculation

The December 2021 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$20.49 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 \$22.59 per hundredweight. The December statistical uniform price was 95 cents per hundredweight above the November price. The December producer price differential (PPD) at Suffolk County was \$2.13 per hundredweight, an increase of 62 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased except the average cheese price. Butter rose 11 cents, nonfat dry milk increased 7 cents, and dry whey was up 6 cents, all on a per pound basis. The cheese price declined less than half of 1 cent per pound due to a combination of a 10-cent increase in the block price offset by a 10-cent drop in the barrel price. The commodity price changes translated to increases of 14 cents in the per-pound butterfat price, 7 cents in the nonfat solids price, and 6 cents in the other solids price. The increase in the butterfat price, without any gain in the cheese price, resulted in a 16-cent drop in the protein price.

All class prices rose from the previous month: Class I increased \$1.19; Class II rose \$1.44; Class III increased 33 cents, and Class IV was up \$1.09, all on a per hundredweight basis. Due to the higher class prices, the SUP increased and was the highest since December 2014. With the Class III price the lowest for the month, the spread between the class prices increased resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer (DDP) continued to set a record high for the month; DDP has surpassed the same month previous year every month since June 2014. The Class II volume in December was the highest ever for the month. The Class III volume was the second highest ever for the month of December. The average producer butterfat test set a new record high for the Order. The producer protein test set a record high for the month. ❖

Pool Summary

- A total of 8,749 producers were pooled under the Order with an average daily delivery per producer of 8,307 pounds.
- Pooled milk receipts totaled 2.253 billion pounds, an increase of 1.0 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.8 percent of total milk receipts, down 0.9 percentage points from November.
- The average butterfat test of producer receipts was 4.14 percent.
- The average true protein test of producer receipts was 3.22 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.8	715,420,207
Class II	22.6	508,547,752
Class III	27.7	624,786,343
Class IV	17.9	404,357,605
Total Pooled Milk		2,253,111,907

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.5937	3.0282
Butterfat Price	2.2919	1.5399
Other Solids Price	0.4532	0.2245

Class Prices

	2021	2020
	\$/cwt	
Class I	22.42	23.12
Class II	19.84	14.01
Class III	18.36	15.72
Class IV	19.88	13.36

Northeast Order Annual Summary 2021

Total milk received from producers equaled 27.0 billion pounds in 2021, up 1.1 percent from 2020. The annual average volume per producer grew 340 pounds from the previous year and topped 8,000 pounds every month during 2021. The year ended with 8,749 producers, a drop of 205 from December 2020.

Total milk production rose about 1.6 percent nationally in 2021, compared to an increase of 2.0 in 2020 (leap year adjusted). Covid-19 continued to disrupt supply and demand, but to a lesser extent than experienced in 2020 as restrictions eased and people returned to restaurants, offices, and schools. Exports were strong in 2020, especially for nonfat dry milk and cheese.

Prices began rising midyear and finished with the highest seen since 2014. The Northeast Order statistical uniform price averaged 4.6 percent above the 2020 annual average.

The accompanying table compares selected pool statistics for 2020 and 2021. The chart shows monthly changes in utilization by class for 2021. Comparisons have not been adjusted for any milk that was not included in the pool (depooling), but they have been adjusted for leap year in 2020.

Class Utilization Changes

Class I utilization averaged 30.1 percent in 2021, down 0.5 percentage points from 2020. The volume of milk used for Class I purposes declined 72.4 million pounds (0.9 percent) from the previous year, the same decrease as in 2020. The total volume of producer receipts used in Class II increased 6.3 percent from 2020. The Class II utilization percentage grew 1.2 percentage points to 25.1 percent of total producer milk pooled in 2021. Total Class II volume was the highest ever since the Order's inception.

Class III volume rose 2.7 percent and utilization averaged 26.3 percent, up 0.4 percentage points from 2020. The amount of milk used in Class IV decreased 4.6 percent and accounted for an annual average of 18.5 percent utilization, a decrease of 1.1 percentage points.

Most Prices Higher Than 2020

During 2020, efforts by the federal government to keep food programs operational and the addition of extra programs kept prices from falling further during the summer months. Without these programs in 2021, market forces prevailed. Even though cheese exports grew, domestic demand declined. As a result, prices were mixed for 2021, but overall, the statistical uniform price was higher.

Commodity Prices – National Dairy Product Sales

Northeast Order Pool Statistics, 2020–2021

Pool Statistics	2020	2021	2020-21 Change percent
	million pounds		
Class I	8,210.6	8,138.3	(0.6)
Class II	6,409.9	6,797.0	6.3
Class III	6,936.8	7,101.4	2.7
Class IV	5,266.6	5,008.6	(4.6)
Total	26,823.9	27,045.3	1.1
	pounds		
DDP	8,077	8,417	4.2
	utilization percentage		change
Class I	30.6	30.1	(0.5)
Class II	23.9	25.1	1.2
Class III	25.9	26.3	0.4
Class IV	19.6	18.5	(1.1)
	dollars/cwt		percent
Class I	20.16	20.08	(0.4)
Class II	14.29	16.44	15.0
Class III	18.16	17.08	(5.9)
Class IV	13.49	16.09	19.3
SUP	17.10	17.88	4.6
Producer Component:			
Tests:	percent		change
Butterfat	3.92	3.99	0.07
Protein	3.11	3.15	0.04
Other Solids	5.77	5.77	0.00
Prices:	dollars/lb		percent
Butterfat	1.7067	1.8904	10.8
Protein	3.7559	2.7630	(26.4)
Other Solids	0.1678	0.3866	130.4
Nonfat Solids	0.8651	1.0905	26.1

Report (NDPSR) butter prices were up 9.6 percent from 2020, averaging \$1.7325 per pound. NDPSR cheese prices rose at the beginning of the second quarter of 2021 but fell again before rising during the last quarter of the year. Overall, the combined cheese price averaged \$1.6755, down 12.9 percent, with blocks falling 15.3 percent and barrels dropping 10.1 percent.

The NDPSR nonfat dry milk price increased 21.8 percent from 2020, averaging \$1.2693 per pound. Dry whey prices jumped 58.7 percent from the previous year, averaging \$0.5744 per pound.

Component Prices – All component price averages were above the previous year except protein. The price paid to producers for butterfat averaged \$1.8904 per pound, up 10.8 percent from 2020. The per-pound annual average protein price was \$2.7630 per pound, down 26.4 percent from the previous
(continued on page 3)

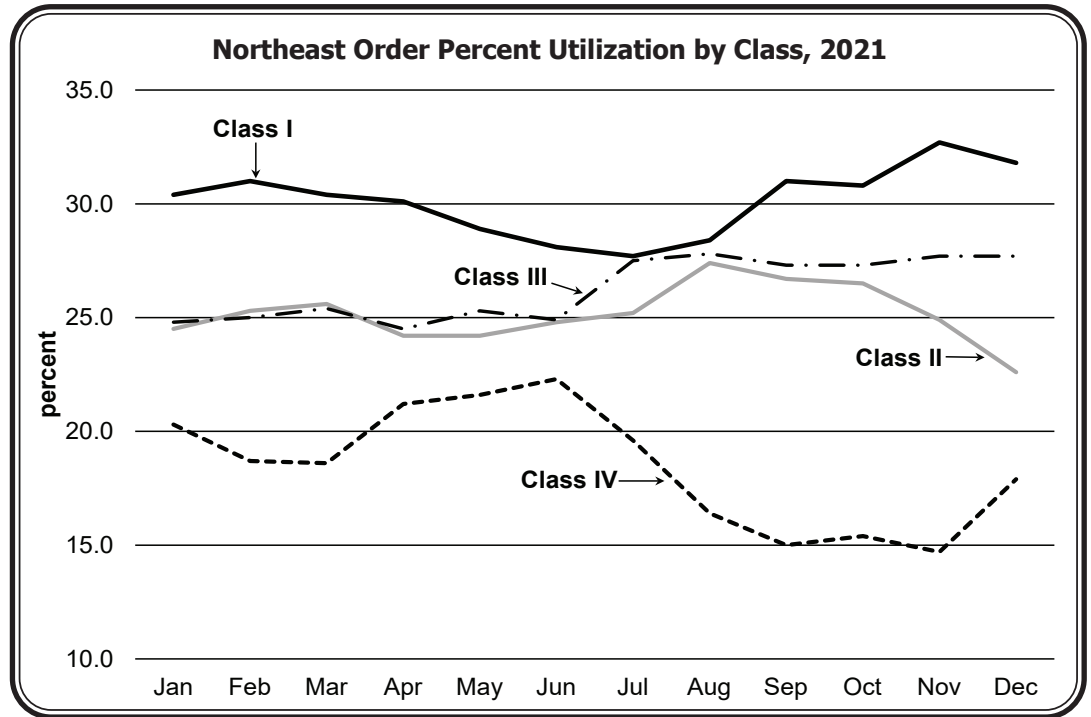
Northeast Order (continued from page 2)

year's average. The other solids price averaged \$0.3866 per pound, more than double the price in 2020. The nonfat solids price averaged \$1.0905 per pound, an increase of 26.1 percent from the previous year. Both the other solids and nonfat solids prices were the highest since 2014.

Class Prices – Annual average class price changes were mixed. The Class I price averaged \$20.08 per hundredweight in 2021, down 0.4 percent from the 2020 annual average. The Class II price averaged \$16.44 per hundredweight, up 15.0 percent from the previous year. The Class III price averaged \$17.08, a decrease of 5.9 percent from 2020. The Class IV price averaged \$16.09, an increase of 19.3 percent. Overall, the statistical uniform price (blend) reported at Suffolk County, Massachusetts (Boston) averaged \$17.88 per hundredweight, 4.6 percent above the 2020 average. The producer price differential (PPD) averaged \$0.80 per hundredweight (at Boston) for the year.

Producer Tests

The annual average producer butterfat test equaled 3.99 percent in 2021, an increase of 0.07



percentage points from 2020. Monthly record-highs were set every month of 2021 and a new Order high set in December at 4.14 percent. The annual average producer protein test was 3.15 percent, up 0.04 percentage point from the previous year. Monthly record-highs were set in 11 months of 2021 and a new Order high set in November at 3.25 percent. The producer other solids test averaged 5.77 percent, unchanged from 2020. Monthly record-highs were set in 3 months of the year. February's other solids test tied with the Order record-high set in May 2020 at 5.79 percent. ❖

Pool Summary for All Federal Orders, January–December, 2020–2021

Federal Order Number	Federal Order Name	Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
		2020	2021	Change^	2020	2021	2020	2021
		pounds			percent		dollars per hundredweight	
1	Northeast	26,823,945,997	27,045,313,704	1.1	(1.06)	0.80	17.10	17.88
5	Appalachian	5,321,901,585	5,289,370,315	(0.3)	N/A	N/A	18.79	19.34
6	Florida	2,508,844,540	2,443,929,811	(2.3)	N/A	N/A	20.83	21.30
7	Southeast	4,700,409,123	4,581,321,644	(2.3)	N/A	N/A	18.89	19.51
30	Upper Midwest	20,291,808,212	17,940,334,474	(11.3)	(1.66)	(0.30)	16.50	16.78
32	Central	13,314,826,362	12,992,467,689	(2.2)	(2.90)	(0.53)	15.27	16.55
33	Mideast	17,982,419,842	18,605,568,434	3.7	(2.31)	(0.09)	15.85	16.99
51	California^	23,004,467,834	23,803,094,324	3.8	(3.60)	(0.51)	14.57	16.57
124	Pacific Northwest	7,682,463,711	7,387,031,283	(3.6)	(2.59)	(0.44)	15.57	16.64
126	Southwest	11,691,757,063	12,286,130,653	5.4	(2.62)	0.10	15.54	17.18
131	Arizona	4,497,242,425	4,461,135,635	(0.5)	N/A	N/A	15.70	17.14
All Market Total/Average		137,820,086,694	136,835,697,966	(0.4)	(2.39)	(0.14)	16.78	17.81

Price at designated order location.

^ Adjusted for leap year.

N/A = Not applicable.

* Data may not be comparable to previous years as a significant volume of milk was not pooled on federal orders.

RETURN SERVICE REQUESTED

FIRST CLASS MAIL

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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	698,199,957	\$15.45	\$107,871,893.36	
Butterfat	17,220,250	2.1464	36,961,544.60	
Less: Location Adjustment to Handlers			(3,035,760.31)	\$141,797,677.65
Class II— Butterfat	32,105,489	2.2989	73,807,308.67	
Nonfat Solids	44,653,577	1.3578	60,630,626.82	134,437,935.49
Class III— Butterfat	29,415,809	2.2919	67,418,092.63	
Protein	20,070,015	2.5937	52,055,597.89	
Other Solids	35,818,747	0.4532	16,233,056.08	135,706,746.60
Class IV— Butterfat	14,522,531	2.2919	33,284,188.80	
Nonfat Solids	36,542,375	1.3655	49,898,613.06	83,182,801.86
Total Classified Value				\$495,125,161.60
Add: Overage—All Classes				393,348.85
Inventory Reclassification—All Classes				237,952.21
Other Source Receipts	118,167			5,084.80
Total Pool Value				\$495,761,547.46
Less: Value of Producer Butterfat	93,264,079	2.2919	(213,751,942.66)	
Value of Producer Protein	72,603,566	2.5937	(188,311,869.13)	
Value of Producer Other Solids	129,814,179	0.4532	(58,831,785.95)	(460,895,597.74)
Total PPD Value Before Adjustments				\$34,865,949.72
Add: Location Adjustment to Producers				13,238,953.14
One-half Unobligated Balance—Producer Settlement Fund				935,596.55
Less: Producer Settlement Fund—Reserve				(1,046,698.82)
Total Pool Milk & PPD Value	2,253,230,074			\$47,993,800.59
Producer Price Differential		\$2.13		
Statistical Uniform Price		\$20.49		

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