

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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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

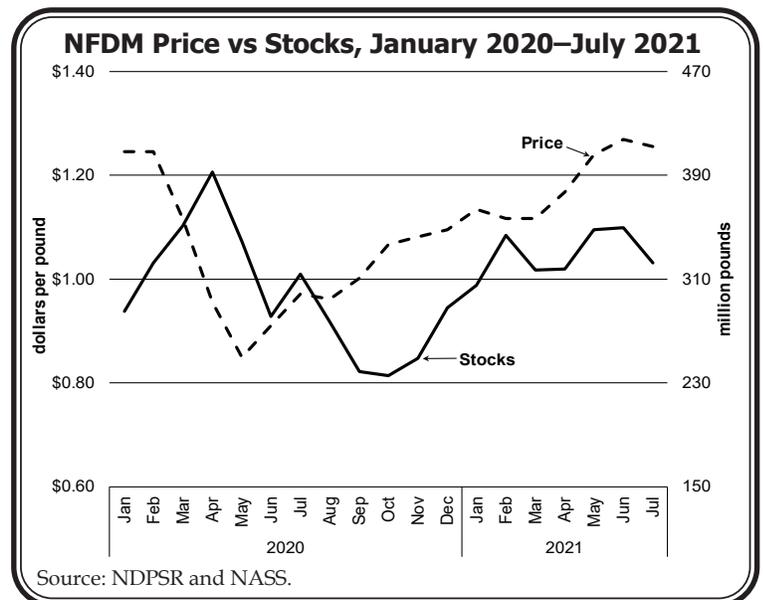
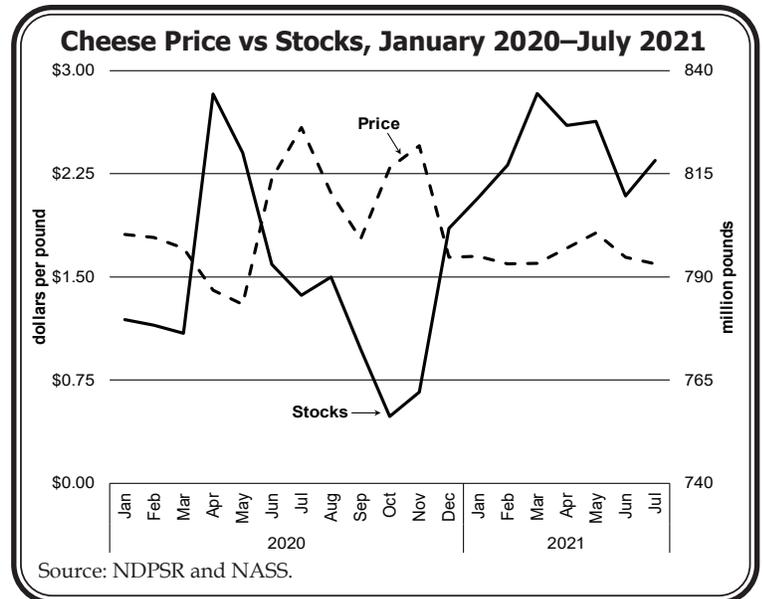
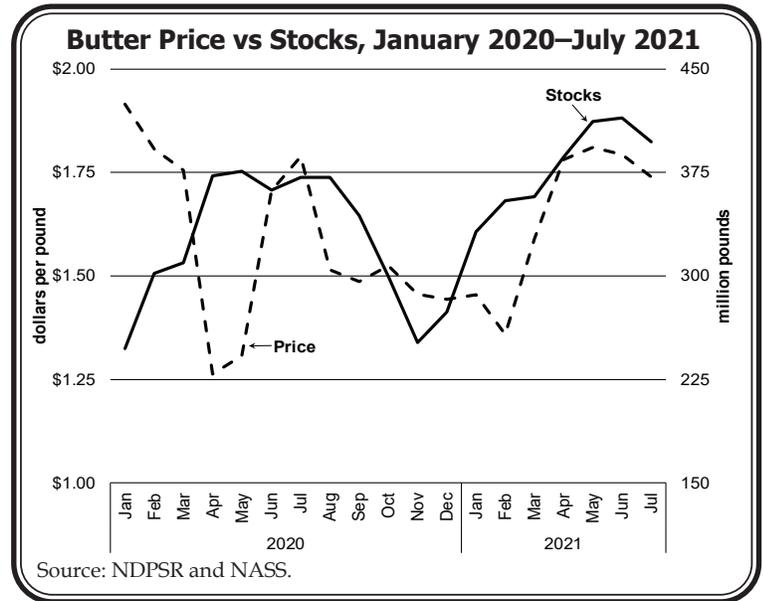
For the week of September 11, 2021, the NDPSR reported an average butter price of \$1.7724 per pound, the highest price in 8 weeks; the highest butter price reported so far for 2021 occurred the week of April 17 at \$1.8384 per pound. CME prices may be used as a close proxy for NDPSR prices, considering 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.

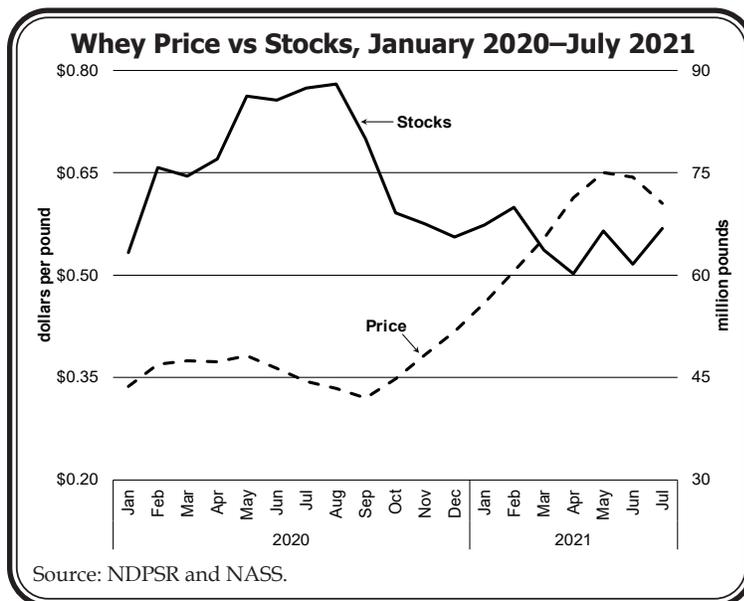
NFDM

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.