

# The Market Administrator's

# BULLETIN

## NORTHEAST MARKETING AREA

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Federal Order No. 1

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### 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)

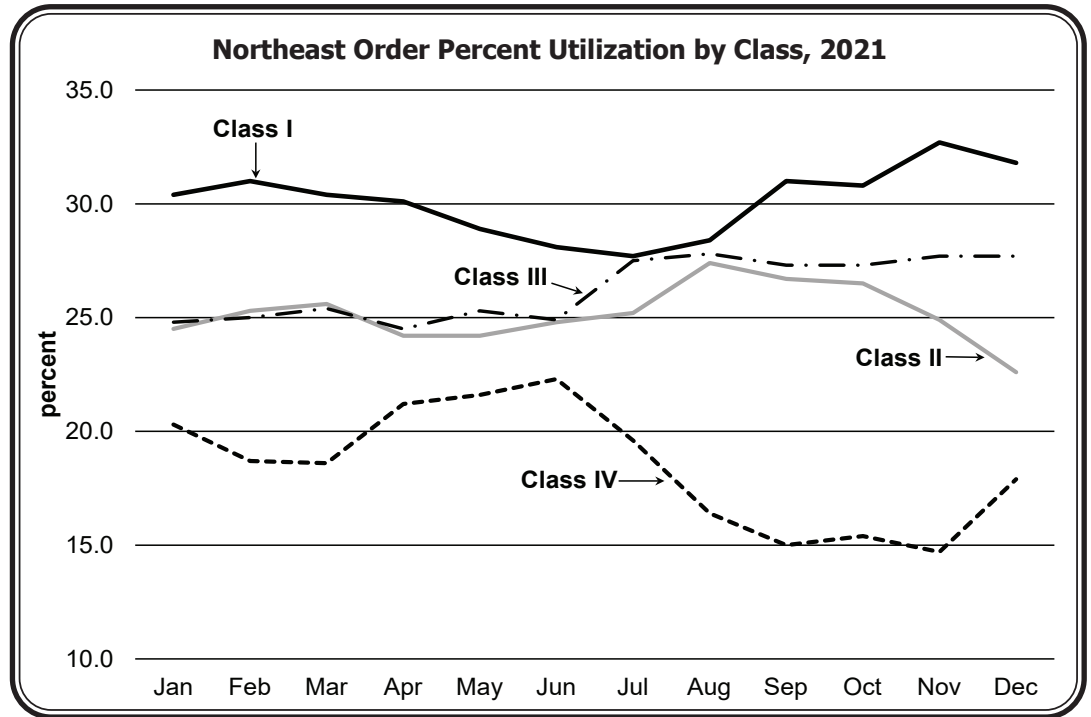
## Northeast Order (continued from page 2)

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 <sup>^</sup>	2020	2021	2020	2021
		pounds			dollars per hundredweight			
<b>1</b>	<b>Northeast</b>	<b>26,823,945,997</b>	<b>27,045,313,704</b>	<b>1.1</b>	<b>(1.06)</b>	<b>0.80</b>	<b>17.10</b>	<b>17.88</b>
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 <sup>^</sup>	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
<b>All Market Total/Average</b>		<b>137,820,086,694</b>	<b>136,835,697,966</b>	<b>(0.4)</b>	<b>(2.39)</b>	<b>(0.14)</b>	<b>16.78</b>	<b>17.81</b>

# Price at designated order location.

<sup>^</sup> 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	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
<b>Total Classified Value</b>				<b>\$495,125,161.60</b>
Add: Overage—All Classes				393,348.85
Inventory Reclassification—All Classes				237,952.21
Other Source Receipts	118,167			5,084.80
<b>Total Pool Value</b>				<b>\$495,761,547.46</b>
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)
<b>Total PPD Value Before Adjustments</b>				<b>\$34,865,949.72</b>
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)
<b>Total Pool Milk &amp; PPD Value</b>	<b>2,253,230,074</b>			<b>\$47,993,800.59</b>
Producer Price Differential		<b>\$2.13</b>		
Statistical Uniform Price		<b>\$20.49</b>		

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