

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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Federal Order No. 1

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April Pool Price Calculation

The April 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$26.07 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 \$28.40 per hundredweight. The April statistical uniform price was \$1.33 per hundredweight above the March price. The April producer price differential (PPD) at Suffolk County was \$1.65 per hundredweight, a decrease of 64 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased in March except dry whey that decreased 5 cents per pound. Butter and nonfat dry milk each rose 4 cents. Cheese jumped almost 24 cents per pound on a combined increase of 20 cents in the block price and a nearly 27-cent increase in the barrel price. The commodity price changes translated to 5-cent increase in the per-pound butterfat price, an almost 4-cent rise in the nonfat solids prices, and an almost 71-cent jump in the protein price. The other solids price decreased about 6 cents per pound. The butterfat price was the highest ever for April.

All class prices rose from the previous month: Class I increased \$1.50; Class II grew 95 cents; Class III rose \$1.97; and Class IV was up 49 cents, all on a per hundredweight basis. For the third month in a row, the Class IV price was the highest ever for the Order. The Class II and III prices were the second highest ever for the Order (record highs were set in September 2014). With higher class prices, the SUP increased; it was the highest ever for the month of April and the second highest ever under the Order, surpassed only by September 2014. The SUP at average producer tests was the highest ever under the Order. The Class III price remained the lowest of the class prices for the month, but the spread between the class prices decreased, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in April set a record high for the Order. The average producer butterfat and protein tests set record highs for the month. The producer other solids test tied with 2018 as the second highest ever for April. ❖

Pool Summary

- A total of 8,479 producers were pooled under the Order with an average daily delivery per producer of 8,967 pounds.
- Pooled milk receipts totaled 2.281 billion pounds, an increase of 2.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.4 percent of total milk receipts, up 0.2 percentage points from March.
- The average butterfat test of producer receipts was 4.05 percent.
- The average true protein test of producer receipts was 3.16 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.4	670,861,844
Class II	24.2	551,635,686
Class III	27.3	622,360,462
Class IV	19.1	436,149,047
Total Pooled Milk		2,281,007,039

Producer Component Prices

	2022	2021
	\$/lb	
Protein Price	3.4239	2.8136
Butterfat Price	3.1461	1.9496
Other Solids Price	0.5565	0.4268

Class Prices

	2022	2021
	\$/cwt	
Class I	27.63	18.76
Class II	25.71	15.56
Class III	24.42	17.67
Class IV	25.31	15.42

Fluid Milk Container Sales Survey

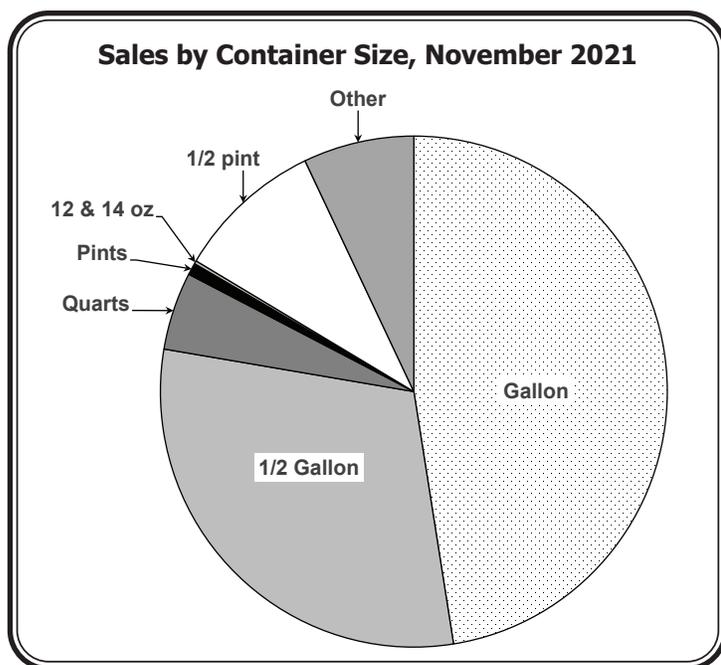
The 2021 container sales survey of Class I handlers regulated under the Northeast Order was recently completed. This survey is conducted biennially and records sales of fluid milk products by various package types and sizes for the month of November. The survey collects sales data from handlers (fully and partially regulated) under the Northeast Order that have sales of packaged fluid milk within the defined geographic region of the Northeast Milk Marketing Area. Sales reported by these handlers include those in the Marketing Area, along with sales to unregulated areas and other federal order areas. Data from responding handlers accounted for 99 percent of sales reported on pool reports; in 2019, survey responses accounted for 93 percent of total sales.

Started in 1964, the survey was conducted annually through 1967 and biennially since. Its purpose is to reflect bottling changes in the industry from various containers such as glass to paper and plastic, and from various sizes such as quarts to gallons and in later years, round single serve plastic containers. More recent surveys added organic products, extended shelf life (ultra and aseptic pasteurized), and additional categories in methods of distribution. It should be noted that this is only a survey, data are not verified through audit, and it is not necessarily representative of annual trends.

Container Size and Type

After declining for many years, packaged sales reported on the survey by handlers in the Northeast increased from the last survey due to a combination of improved reporting percentage and the addition of plants pooled during the survey month. Sales reported on the November 2021 survey totaled 711 million pounds, up from 694 million pounds in November 2019.

For the first time, gallons accounted for less than half of all



November Container Sales Survey

Method of Distribution*	2019	2021
	Percent	
Supermarket chains	37.5	38.3
Mass merchandisers	10.0	12.7
Club Stores	6.3	6.1
Convenience stores	7.8	5.8
Drug Stores	0.8	0.3
Schools	4.9	3.5
Institutions	1.8	2.5
Wholesale distributors	22.5	23.5
Home delivery routes	0.1	0.1
Other	8.3	7.2
Total	100.0	100.0

* Sales of packaged fluid milk products from regulated handlers in the Northeast Marketing Area, unregulated areas, and other federal order areas. "Internet ordered home delivery" accounted for less than 0.1 percent.

milk sold in the Northeast at 47.5 percent (see accompanying chart). They were followed by half gallons at 30.2 percent and quarts at 4.9 percent. Half pints were up from 8.9 to 9.4 percent. The round plastic 14, 12, and 10 ounce containers proportion declined to 0.25 percent, down from 0.5 percent in 2015 and 0.3 percent in 2017.

Changes in proportions of type of container were reported. Glass usage increased slightly from 0.16 percent in 2019 to 0.26 percent in 2021. Paper, which had risen to 22.5 percent in 2017, but declined to 17.8 in 2019, rose to 25.6 percent in 2021. Plastic usage decreased to 74.1 percent; it was 82.1 percent in 2019.

Product Type

Whole milk (unflavored, conventional and organic) continued to hold the largest market share, with 41.0 percent, unchanged from 2019. Sales of reduced fat (2%), low fat (1%), and fat free (skim) accounted for a combined total of 49.1 percent, a decline from the last survey (50.2 percent in 2019). Flavored milk and drinks (lower fat flavored milk) had 6.9 percent of all sales, up from 6.3 percent in 2019. Buttermilk and eggnog combined accounted for 2.9 percent, up from 2.3 percent in the last survey.

Conventional milk accounted for 76.0 of all survey sales reported, this is a significant drop from 88.8 percent in 2019. Organic milk (included regular and flavored, whole and lower fat varieties) rose to 8.9 percent, up from 5.8 in the last survey. Within the organic category, 47.3 percent was whole milk, the remaining was lower fat (reduced, low fat, and skim) products. Extended shelf life (ESL) products accounted for 15.1 percent of the total sales reported, up significantly from 5.4 percent in 2019. These changes in conventional, ESL, and organic are most likely due to the addition of certain pool plants and improved reporting rate. (continued on page 3)

Fluid Milk (continued from page 2)

Within product categories, ESL accounted for 11.2 percent of whole milk, 20.9 percent of reduced fat, 10.9 percent of low fat, 18.2 percent of fat free, and 9.1 percent of flavored milk.

Method of Distribution

Internet Ordered Home Delivery, added as a category to the Methods of Distribution section in the last survey was still too small to register any percentage. Supermarket sales accounted for the largest volume at 38.3 percent (see

accompanying table). Wholesale distributors were second, followed by mass merchandisers (Wal-Mart, Target, etc.) Club stores (Costco, Sam's Club, BJ's Wholesale, etc.) fell slightly to 6.1 percent from 6.3 percent in 2019. Convenience stores (not drug stores) dropped to 5.8 percent from 7.8 percent in 2019. Sales to Institutions and Schools declined to 6.1 percent from 6.7 percent in 2019, partly due to Covid-19 repercussions and online education. ❖

Market Update

So far in 2022, SUP prices have been close to record setting and reminiscent of 2014 prices. Using May 18, 2022, Chicago Mercantile Exchange (CME) futures prices of Class III and IV milk and estimates of Northeast Order class utilizations, the SUP at the Boston, MA, location projects 2022 to average \$25.16 per cwt with an average producer price differential of \$1.98 per cwt. The estimated average 2022 SUP is over \$7.00 above the 2021 SUP average and \$0.88 above the record 2014 average. CME futures prices of Class III and IV milk average \$23.18 and \$24.12 per cwt, respectively, and suggest a 2022 average Class I milk price of \$27.27 per cwt and a Class II price of \$24.58 per cwt.

Feed Prices

Feed Prices in the first quarter of 2022 continue the month-over-month increases that occurred in the last quarter of 2021, as displayed in the chart below. Corn prices increased 17.8 percent from January to March, starting the year at \$5.57 per bushel and rising to \$6.56 per bushel. CME corn futures prices for the remainder of 2022 bounce between \$7.00 to \$8.00 per bushel, using May 18 CME prices, and average \$7.23 per bushel for 2022. Soybean prices increased 19.4 percent in the first 3 months of 2022, starting the year at

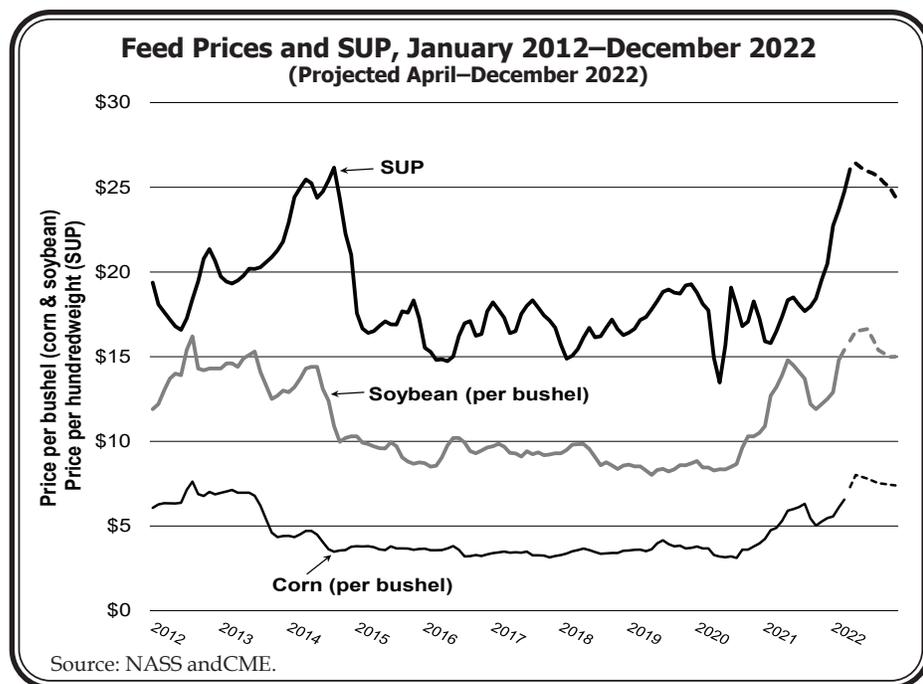
\$12.90 per bushel and rising \$2.50 by March. CME futures for soybeans predict a less dramatic fluctuation in price for the rest of the year, ending the year at \$15.01 with a yearly average of \$15.45 per bushel. Alfalfa hay experienced the smallest increase in price in 2022; it rose to \$221.00 per ton in March from \$211 in January, an increase of 4.7 percent. Prices for alfalfa hay have steadily risen every month since December 2020 except for November 2021 and January 2022.

Exports

According to the U.S. Dairy Export Council (USDEC) U.S. dairy export values in 2022 up to the month of March increased 25 percent over 2021, an increase of \$172 million for a total of \$860 million. However, total milk solids exports for the same time decreased 1 percent, 2,005 metric tons (MT), from the previous year, largely due to decreased exports in nonfat dry milk (NFD), dry whey, and lactose. NFD declined 7 percent (6,373 MT), lactose fell 18 percent (2,254), and dry whey decreased 18 percent (4274 MT). Increased exports of higher valued items such as cheese and butterfat helped propel the total export value over the previous year. Cheese specifically grew exports by 13 percent, having exported an additional 4,773 MT. The U.S. increased cheese exports in March to Mexico to 26 percent, Southeast Asia to 15 percent, Korea to 15 percent, and Japan to 6 percent.

Inflation

The Bureau of Labor Statistics (BLS) reported the Consumer Price Index (CPI) increased 8.3 percent for all items in April 2022 vs April 2021, with a 9.4 percent increase in the cost of food. The CPI for dairy and related products grew slightly higher than all items at 9.1 percent relative to April 2021 and rose 2.4 percent from the previous month. Milk prices were up 14.7 percent, with whole milk prices increasing faster at 15.5 percent. Cheese and ice cream prices reported lower annual increases with 6.5 percent and 4.7 percent, respectively, while all other dairy and related product prices rose 9.0 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	655,400,868	\$17.23	\$112,925,569.56	
Butterfat	15,460,976	3.1423	48,583,024.88	
Less: Location Adjustment to Handlers			(2,943,612.21)	\$158,564,982.23
Class II— Butterfat	33,558,714	3.1531	105,813,981.12	
Nonfat Solids	48,194,466	1.6900	81,448,647.54	187,262,628.66
Class III— Butterfat	27,476,367	3.1461	86,443,398.21	
Protein	19,633,112	3.4239	67,221,812.19	
Other Solids	35,802,114	0.5565	19,923,876.48	173,589,086.88
Class IV— Butterfat	15,824,731	3.1461	49,786,186.16	
Nonfat Solids	39,124,866	1.6470	64,438,654.30	114,224,840.46
Total Classified Value				\$633,641,538.23
Add: Overage—All Classes				292,946.28
Inventory Reclassification—All Classes				110,519.24
Other Source Receipts	58,002			1,728.46
Total Pool Value				\$634,046,732.21
Less: Value of Producer Butterfat	92,320,788	3.1461	(290,450,431.16)	
Value of Producer Protein	71,980,019	3.4239	(246,452,387.04)	
Value of Producer Other Solids	131,624,570	0.5565	(73,249,073.25)	(610,151,891.45)
Total PPD Value Before Adjustments				\$23,894,840.76
Add: Location Adjustment to Producers				13,530,458.98
One-half Unobligated Balance—Producer Settlement Fund				1,125,864.64
Less: Producer Settlement Fund—Reserve				(913,591.18)
Total Pool Milk & PPD Value	2,281,065,041			\$37,637,573.20
Producer Price Differential		\$1.65		
Statistical Uniform Price		\$26.07		

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