

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

January 2023

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

January Pool Price Calculation

The January 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$21.86 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 \$24.34 per hundredweight. The January statistical uniform price was \$1.20 per hundredweight below the December price. The January producer price differential (PPD) at Suffolk County was \$2.43 per hundredweight, a decrease of 13 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report declined in January. Butter plummeted 32 cents, nonfat dry milk fell 9 cents, and dry whey declined 3 cents, all on a per pound basis. The cheese price decreased 8 cents per pound with the block price declining 4 cents and the barrel price dropping 11 cents. The commodity price changes translated to a 38-cent drop in the butterfat price, a 9-cent decrease in nonfat solids, and a 3-cent decline in other solids. The protein price rose almost 15 cents per pound due mainly to the decline in the butterfat price, which is a factor in the protein price formula. Even though the butterfat price fell, it was the second highest ever for the month of January.

All class prices declined: Class I decreased 17 cents; Class II fell \$1.50; Class III was down \$1.07; and Class IV dropped \$2.11, all on a per hundredweight basis. The spread between the higher- and lower-class prices decreased, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) topped 9,000 for the first time for the month of January. Total producer receipts and Class III volume were the second highest ever for the month. Class II volume was the highest ever for January. The Class I price was a record-high for the month. The average producer butterfat and protein tests tied with January 2022 as record-highs for the month. ❖

Pool Summary

- A total of 7,924 producers were pooled under the Order with an average daily delivery per producer of 9,398 pounds.
- Pooled milk receipts totaled 2.309 billion pounds, an increase of 2.4 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.9 percent of total milk receipts, down 0.9 percentage points from December.
- The average butterfat test of producer receipts was 4.16 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	29.9	690,685,972
Class II	24.8	571,461,297
Class III	28.4	655,807,212
Class IV	16.9	390,615,304
Total Pooled Milk		2,308,569,785

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.8058	2.3563
Butterfat Price	2.7713	2.9567
Other Solids Price	0.2343	0.5249

Class Prices

	2023	2022
	\$/cwt	
Class I	25.66	22.96
Class II	21.61	22.83
Class III	19.43	20.38
Class IV	20.01	23.09

Block and Barrel Spread

Brief History

The Federal Milk Marketing Orders first adopted a pricing system that incorporated the commodity price of cheese in 1995. The price of 40-pound block cheddar, as announced by the National Cheese Exchange (NCE), was used to adjust the base price of milk for current market conditions. The decision to use specifically cheddar in the price calculation was, in part, due to cheddar having a well-established national market price, widely accepted standards for manufacturing and grading, a majority of other cheeses manufactured in the U.S. were traded in relation to cheddar, the formula to calculate yields was well-known and verifiable, and it significantly simplified the process. The block price was selected to be used over the barrel price because, after reviewing various formulas, it was found to be the better updater and representative price series. As well, it made little difference using either for the purpose of reflecting change in the cheddar cheese market as both products' prices moved very similarly with the barrel price around 3 to 4 cents less per pound than the block price between 1991 and 1993. In 1997,

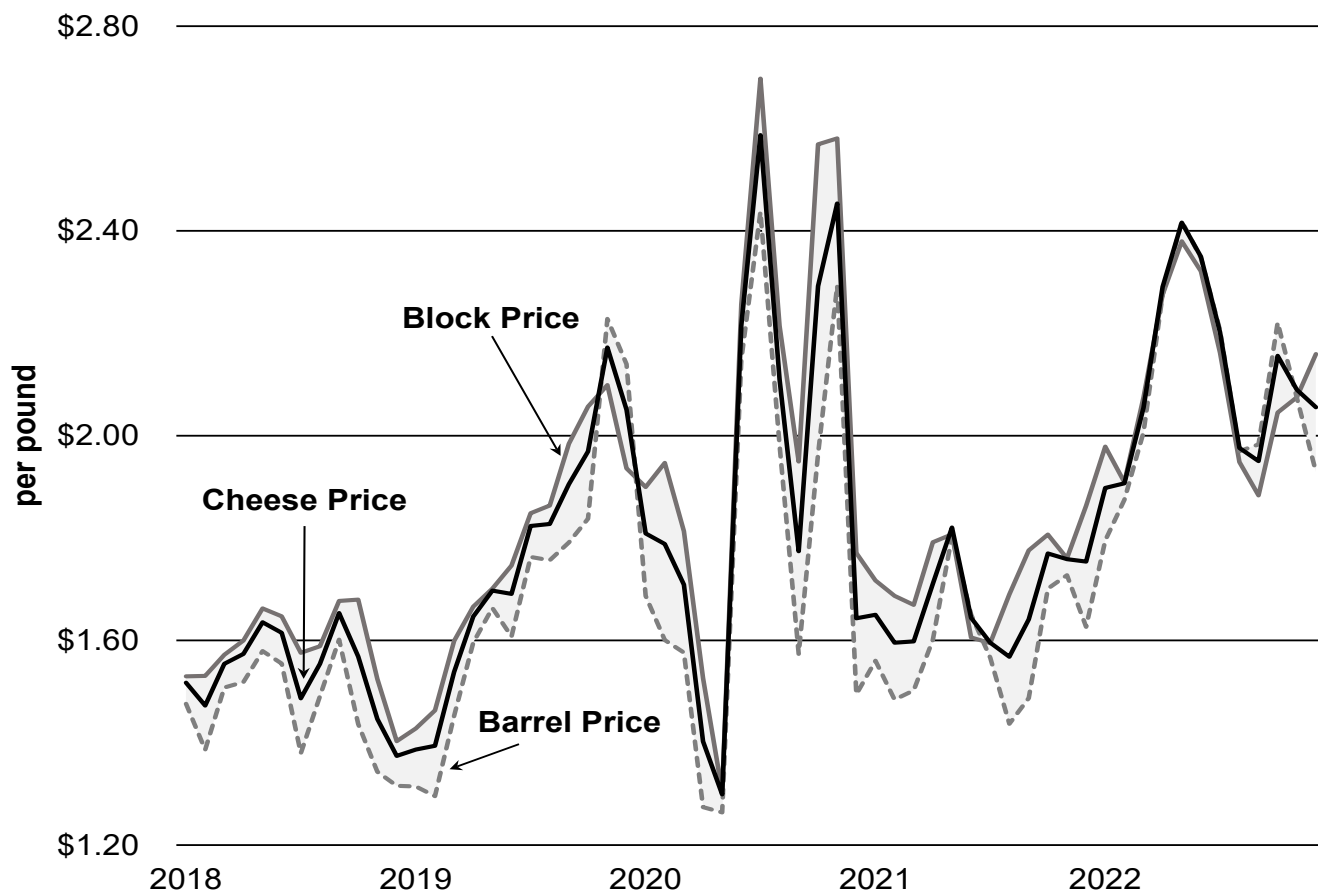
federal orders began using the National Agricultural Statistics Service (NASS) 40-pound cheddar cheese price as a replacement after the closing of the NCE.

Most federal orders adopted multiple component pricing as a part of order reform in 2000. Currently, a combined weighted average of block and barrel cheddar cheese prices are used to calculate the protein price, and thus, the Class III price. The 500-pound barrel price began to be included with the 40-pound block price as a part of order reform because, at the time, more barrel cheese was being produced than block, which increased the sample size by about 150 percent, giving a better representation of the cheese market.

Calculation of Protein Price

As previously stated, NASS published a weekly report entitled the National Dairy Products Sales Report (NDPSR), as of 2012 the NDPSR is published by the Agricultural Marketing Service (AMS). The NDPSR reports the pounds sold and price per pound paid for (continued on page 3)

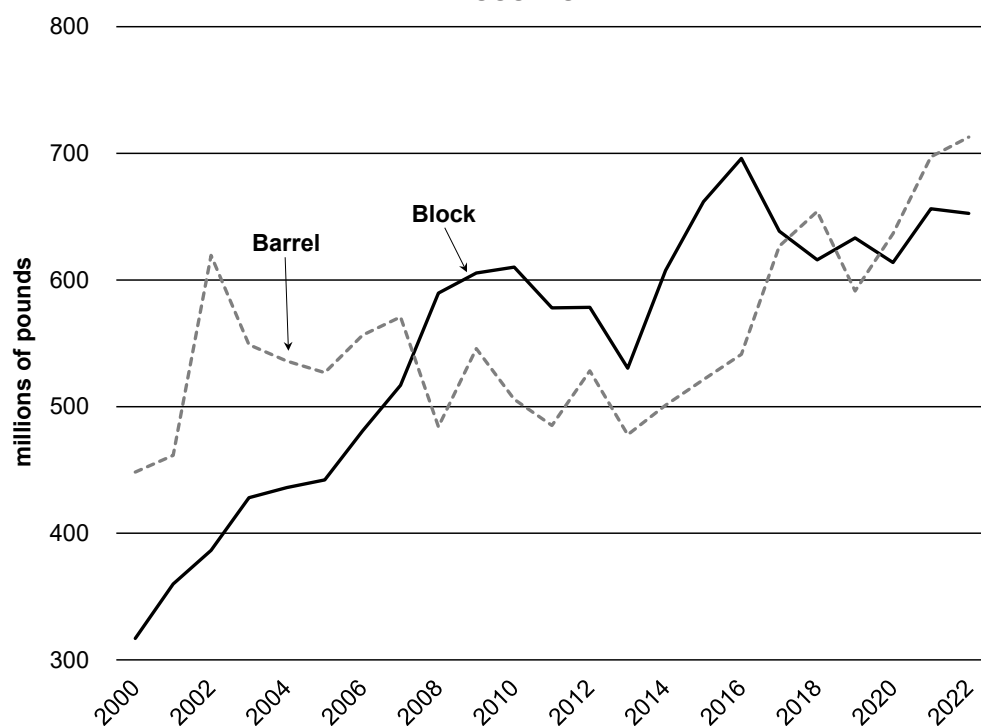
Chart 1- Monthly 40-Pound Block, 500-Pound Barrel, and Cheese Prices, 2018-2022



Source: USDA/AMS.

Block and Barrel Spread (continued from page 2)

Chart 2 - Annual 40-Pound Block vs 500-Pound Barrel Cheese Sales, 2000-2022



Source: USDA/AMS.

butter, dry whey, nonfat dry milk, and cheddar cheese (in 40-pound blocks and 500-pound barrels) sold in the listed week for processors selling at least one million pounds of such bulk product per year. The block and barrel figures are combined into a weighted average called the “cheese price”. In the process of calculating the weighted average, 3 cents per pound are added to the barrel price because it was generally considered to be the industry standard cost difference between processing barrel and block cheese. The cheese price is then placed into a formula that accounts for the cost of production, yields, and butterfat differences; the resulting calculation is the protein price. The protein price is then used in the computation of the Class III price. An increase in the cheese price will cause upward pressure in the protein and Class III prices, and a decrease in the cheese price will have a corresponding effect on the previously mentioned prices.

The Class I and Statistical Uniform Price (SUP) are also impacted by the cheese price. Since May 2019, the Class I skim price is derived from the average of the Class III and Class IV skim prices plus 74 cents. This leads to the Class I price having a similar but less direct relationship to the cheese price than the Class III price; an increase or decrease in the cheese price will have a similar effect in the Class I price calculation. The SUP

is approximately calculated by totaling the percent of pooled milk utilized in each class multiplied by the applicable class price. An increase in the cheese price puts an upward force on the SUP, with the opposite being true when the cheese price drops.

The Spread

Using the average monthly prices used in price discovery from 2000 to 2016, the average difference between the block and barrel prices was 1 cent per pound in favor of the block price. Since 2016, the spread has significantly increased, with a monthly average per pound difference of 7 cents in 2017, 12 cents in 2018, 8 cents in 2019, 27 cents in 2020, and 14 cents in 2021. There has been a return to “normal” in 2022, with block prices having a monthly

average difference of 1 cent per pound over barrel.

Over the last six years, during the increased block and barrel spread, the block price for the majority of the time has been the higher of the two. This has led to a protein and Class III price that is not representative of either cheese price but reflects an over-valued barrel price and an under-valued block price, the reverse is true on the occasions when the barrel price has overtaken the block price. As the spread increases, the less reflective the cheese price is of the block or barrel price. This relationship between the block, barrel, and cheese price is shown in chart 1.

The other value involved in calculating the weighted average is the sales volume as reported by AMS in the given week. In 2000, when barrel cheddar figures were first used in price computation, reported barrel sales were 58.6 percent of total annual block and barrel sales. As shown in chart 2, block sales significantly increased between 2000 and 2016, surpassing barrel sales in 2008. Production was able to facilitate this increase in demand for blocks without any significant change in price difference from barrel. Since 2013, barrel sales have had a mostly upward trajectory brought on by an increased demand for white whey (a byproduct of barrel production), and since 2017 both have shared a closer percent of total combined sales. ❖

RETURN SERVICE REQUESTED

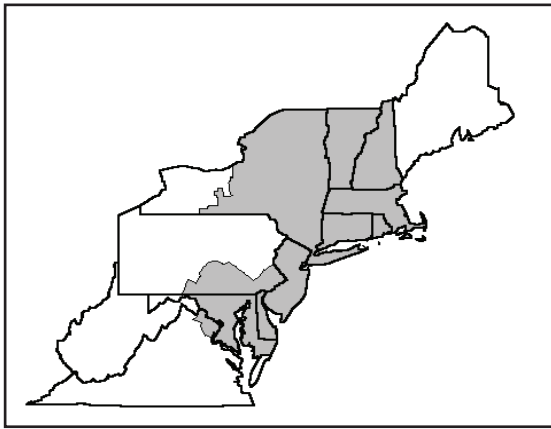
FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	674,558,158	\$14.57	\$98,283,123.62	
Butterfat	16,127,814	3.3152	53,466,928.97	
Less: Location Adjustment to Handlers			3,030,237.76	\$148,719,814.83
Class II— Butterfat	34,668,210	2.7783	96,318,687.84	
Nonfat Solids	50,240,116	1.3689	68,773,694.83	165,092,382.67
Class III— Butterfat	28,372,913	2.7713	78,629,853.81	
Protein	21,096,108	2.8058	59,191,459.78	
Other Solids	37,761,382	0.2343	8,847,491.83	146,668,805.42
Class IV— Butterfat	16,950,568	2.7713	46,975,109.09	
Nonfat Solids	35,013,234	1.1864	41,539,700.82	88,514,809.91
Total Classified Value				\$548,995,812.83
Add: Overage—All Classes				184,528.21
Inventory Reclassification—All Classes				(816,846.44)
Other Source Receipts	384,853			16,104.37
Total Pool Value				\$548,379,598.97
Less: Value of Producer Butterfat	96,119,505	2.7713	(266,375,984.24)	
Value of Producer Protein	74,255,152	2.8058	(208,345,105.45)	
Value of Producer Other Solids	133,007,967	0.2343	(31,163,766.70)	(505,884,856.39)
Total PPD Value Before Adjustments				\$42,494,742.58
Add: Location Adjustment to Producers				13,800,295.72
One-half Unobligated Balance—Producer Settlement Fund				965,076.71
Less: Producer Settlement Fund—Reserve				(1,152,517.25)
Total Pool Milk & PPD Value	2,308,954,638			\$56,107,597.76
Producer Price Differential		\$2.43		
Statistical Uniform Price		\$21.86		

* 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

February 2023

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

February Pool Price Calculation

The February 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$20.75 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be \$23.11 per hundredweight. The February statistical uniform price was \$1.11 per hundredweight below the January price. The February producer price differential (PPD) at Suffolk County was \$2.97 per hundredweight, an increase of 54 cents from the previous month.

Product Prices Effect

Similar to January, all commodity prices reported on the National Dairy Product Sales Report declined in February. Butter decreased 4 cents, nonfat dry milk fell 11 cents, and dry whey declined 2 cents, all on a per pound basis. The cheese price decreased 15 cents per pound with the block price falling about 13 cents and the barrel price dropping 16 cents. The commodity price changes translated to a 5-cent drop in the butterfat price, an 11-cent decrease in nonfat solids, and a 2-cent decline in other solids. The protein price fell 44 cents per pound due to the decline in the cheese price. Even though the butterfat price fell, it was the second highest ever for the month of February.

All class prices declined: Class I decreased \$1.63; Class II declined 78 cents; Class III fell \$1.65; and Class IV dropped \$1.15, all on a per hundredweight basis. The spread between the higher- and lower-class prices increased, resulting in a higher PPD. Even though the SUP declined considerably from last month, it was still the third highest ever for the month of February.

Selected Statistics

Average daily deliveries per producer (DDP) in February set a new Order record high. Class III volume was the second highest ever for the month, topped only by February 2002. The average producer butterfat set a record high for the month of February. ❖

Pool Summary

- A total of 7,859 producers were pooled under the Order with an average daily delivery per producer of 9,626 pounds.
- Pooled milk receipts totaled 2.118 billion pounds, an increase of 1.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.2 percent of total milk receipts, down 0.7 percentage points from January.
- The average butterfat test of producer receipts was 4.17 percent.
- The average true protein test of producer receipts was 3.20 percent.
- The average other solids test of producer receipts was 5.78 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.2	618,449,778
Class II	24.8	524,893,645
Class III	28.1	596,161,269
Class IV	17.9	378,788,055
Total Pooled Milk		2,118,292,747

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.3650	2.3168
Butterfat Price	2.7178	3.0218
Other Solids Price	0.2101	0.5983

Class Prices

	2023	2022
	\$/cwt	
Class I	24.03	24.89
Class II	20.83	23.79
Class III	17.78	20.91
Class IV	18.86	24.00

U.S. Milk Production Flat and Northeast Pool Volume Down for 2022

Total milk production in United States was basically unchanged in 2022 with an increase of only 0.1 percent. This compares to an increase of 1.6 percent in 2021. The top ten milk-producing states' total production was unchanged from the previous year although six of the ten reported declines in 2022. The accompanying table shows the top ten states ranked by their total 2022 production and comparisons to the U.S. and selected 24 states reported by the USDA's National Agricultural Statistics Service (NASS) for production, cows, and milk production per cow (MPC).

Rank	State	2021 million pounds	2022	Percent Change	2022	
					Cows 1,000 head	MPC# pounds
1	California	41,861	41,787	(0.2)	1,722	24,267
2	Wisconsin	31,708	31,882	0.5	1,272	25,064
3	Idaho	16,412	16,628	1.3	656	25,348
4	Texas	15,599	16,524	5.9	646	25,579
5	New York	15,540	15,660	0.8	624	25,096
6	Michigan	11,952	11,740	(1.8)	428	27,430
7	Minnesota	10,538	10,477	(0.6)	453	23,128
8	Pennsylvania	10,114	9,949	(1.6)	468	21,259
9	New Mexico	7,804	7,148	(8.4)	288	24,819
10	Washington	6,504	6,239	(4.1)	259	24,089
	Top Ten Total	168,032	168,034	0.0	6,816	24,653
	NASS 24 Total	216,165	216,584	0.2	8,913	24,300
	U.S. Total	226,293	226,462	0.1	9,402	24,087

Source: NASS, *Milk Production*. # Milk Produced per Cow.

Top Ten Rankings

There was no change in rankings in the top ten list from 2021. California remained in the number one spot although their production declined 0.2 percent. Number four Texas reported the largest increase from the previous year with a gain of 5.9 percent. The only other top ten states reporting increases were Wisconsin, Idaho, and New York. New Mexico reported the largest decrease of the top ten with a drop of 8.4 percent. The top ten states accounted for 74.2 percent of total U.S. milk production in 2022, basically unchanged from 2021.

Of the NASS selected 24 states, only 10 reported increases from 2021. South Dakota again had the largest gain with 15.5 percent; this follows an increase of 15.8 percent in 2021 and bumped it up to the number 16 position, displacing Kansas. Georgia also reported a double-digit gain with 12.8 percent, moving it up to the number 21 spot, displacing Florida. The only other change in rank in the selected 24 was Iowa, who moved up to number 11 with an increase of 4.2 percent from 2021 and bumped Ohio down to number 12. The selected 24 states in total accounted for 95.6 percent of the U.S. total, about the same as 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) declined 0.6 percent in 2022. The only milkshed state reporting growth was New York with 0.8 percent. Delaware again reported the largest decrease, down 7.5 percent. The

combined New England states' production dropped 1.3 percent while the three largest contributing states to the Northeast Order (New York, Pennsylvania, and Vermont) reported a combined decrease of 0.2 percent. The Northeast states total combined accounted for 14.1 percent of the total U.S. production. The total milk pooled on the Northeast Order decreased 0.6 percent in 2022.

Cow Numbers and Production per Cow

Nationally, the number of milk cows decrease 0.5 percent in 2022, following an increase of 0.6 percent in 2021. Only 10 states showed increases in cow numbers, 8 had no change, and 30 reported declines (Alaska and Hawaii data is restricted and not shown). South Dakota had the largest gain with 15.4 percent, followed by Georgia with 12.2 percent. In the Northeast, cow numbers dropped 1.4 percent; no milkshed states reported increases. For the top three contributing states, the decline was 0.9 percent. The Northeast states accounted for 12.9 percent of the total number of cows in the U.S.; the top ten states accounted for 72.5 percent in 2022.

Average MPC increased 0.6 percent nationally; it grew 1.0 percent in 2021. Michigan continues to lead the nation in MPC, followed by Colorado. Unchanged from 2021, fourteen states had MPC greater than the national average and eight of them were top-ten producing states. MPC in the Northeast states equaled 22,948 pounds, up 0.8 percent from 2021, but still below the national average of 24,087 pounds. ❖

Market Update

The first two months of 2023 have seen the Statistical Uniform Prices (SUP) cool off after the record setting price points in 2022. The SUP for the month of February 2023 has fallen 12 percent to 20.75 per hundredweight (cwt), compared to February 2022, and decreased 5 percent from January 2023. Using March 17, 2023, 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 2023 to average \$20.86 per cwt with an average producer price differential (PPD) of \$1.69 per cwt. This is a drop of over \$4.00 per cwt from 2022 for the average SUP and a \$1.31 per cwt decline for the average PPD. The Class IV 2022 average price was \$2.52 per cwt above the Class III average with a resulting 2022 average PPD of \$3.00 per cwt. CME futures prices of Class III and IV milk average \$19.28 per cwt and 19.09 per cwt, respectively, for the remainder of 2023; this tighter relationship tends to lead to lower PPDs. The accompanying chart shows the SUP, corn, soybean, and USEIA retail diesel prices starting from January 2020 and projected through December 2023.

Feed Prices

Corn, soybean, and alfalfa hay prices as published by the USDA National Agricultural Statistics Service (NASS) for the month of January 2023 have all

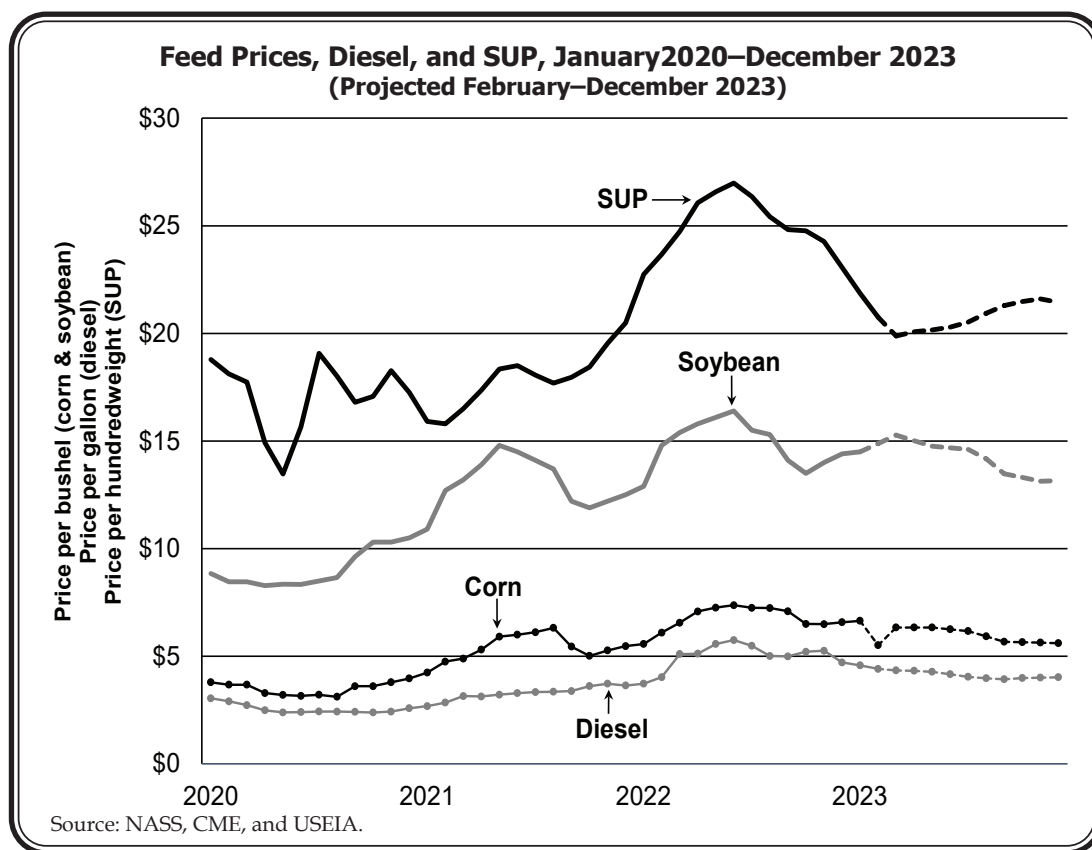
experienced increases from January 2022. Corn prices increased 19 percent to \$6.64 per bushel, soybean prices increased 12 percent to \$14.50 per bushel, and alfalfa hay prices jumped to \$263 per ton. An estimate using March 17, 2023, CME futures for corn and soybeans suggest a yearly average of \$6.01 per bushel price for corn and \$14.25 per ton price for soybeans. These estimated yearly averages for 2023 are below the averages for 2022, with soybeans 4 percent below and corn 11 percent below.

Diesel Price

The U.S. Energy Information Administration (USEIA) estimate the price for diesel in 2023 will average \$4.17 per gallon, a decrease of \$0.83 per gallon from 2022. The cost of diesel has dropped month over month since November 2022; most recently the price has fallen \$0.16 per gallon between January 2023 and February 2023 to \$4.41 per gallon. The USEIA forecasts the price of diesel will continue to decrease for the rest of 2023, with September being the lowest at \$3.93 per gallon.

Exports

The U.S. Dairy Export Council (USDEC) report for the month of January 2023 dairy exports on a milk solids basis have increased by volume over 15 percent year-over-year to 193,394 megatons (MT), an increase of 25,689 MT over January 2022. This increase was largely brought on by increases in both cheese and nonfat dry milk (NFDM) exports. Cheese exports have increased by 16 percent overall from January 2022 due to increased exports to Mexico (21 percent), Japan (35 percent), and Central America (37 percent). NFDM exports grew 15 percent, expanding by 8,805 MT to 68,211 MT, with Mexico and Central America exports increasing by over 40 percent. Dry whey exports did increase in January 2023 over January 2022 by almost 12 percent, due to increased demand in both China and Southeast Asia. ❖



RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	603,889,806	\$14.63	\$88,349,078.62	
Butterfat	14,559,972	2.8315	41,226,560.72	
Less: Location Adjustment to Handlers			(2,710,938.79)	\$126,864,700.55
Class II— Butterfat	30,851,790	2.7248	84,064,957.37	
Nonfat Solids	46,333,123	1.3000	60,233,059.90	144,298,017.27
Class III— Butterfat	26,783,768	2.7178	72,792,924.69	
Protein	19,081,230	2.3650	45,127,109.16	
Other Solids	34,408,064	0.2101	7,229,134.21	125,149,168.06
Class IV— Butterfat	16,233,660	2.7178	44,119,841.15	
Nonfat Solids	34,029,103	1.0766	36,635,732.31	80,755,573.46
Total Classified Value				\$477,067,459.34
Add: Overage—All Classes				81,616.14
Inventory Reclassification—All Classes				(149,865.74)
Other Source Receipts	279,980			16,368.07
Total Pool Value				\$477,015,577.81
Less: Value of Producer Butterfat	88,429,190	2.7178	(240,332,852.57)	
Value of Producer Protein	67,880,160	2.3650	(160,536,578.67)	
Value of Producer Other Solids	122,529,209	0.2101	(25,743,386.83)	(426,612,818.07)
Total PPD Value Before Adjustments				\$50,402,759.74
Add: Location Adjustment to Producers				12,666,523.62
One-half Unobligated Balance—Producer Settlement Fund				870,372.37
Less: Producer Settlement Fund—Reserve				(1,018,045.80)
Total Pool Milk & PPD Value	2,118,572,727			\$62,921,609.93
Producer Price Differential		\$2.97		
Statistical Uniform Price		\$20.75		

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

The Market Administrator's

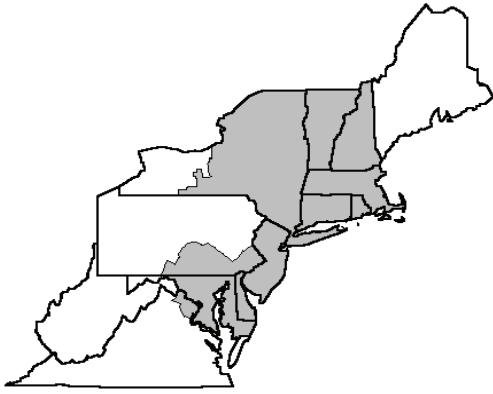
BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

March 2023

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

March Pool Price Calculation

The March 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.93 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 \$22.33 per hundredweight. The March statistical uniform price was 82 cents per hundredweight below the February price. The March producer price differential (PPD) at Suffolk County was \$1.83 per hundredweight, a decrease of \$1.14 from the previous month.

Product Prices Effect

Changes in commodity prices reported on the National Dairy Product Sales Report were mixed for March. Butter increased 1 cent, nonfat dry milk fell 6 cents, and dry whey rose 2 cents, all on a per pound basis. The cheese price increased almost 2 cents per pound with the block price falling about 4 cents and the barrel price rising 6 cents. The commodity price changes translated to a 1-cent increase in the butterfat price, a 6-cent decrease in nonfat solids, and a 2-cent increase in other solids. The protein price rose 4 cents per pound. Similar to the past 2 months, the butterfat price was the second highest ever for the month of March.

All class prices declined except Class III: Class I decreased \$1.79; Class II declined \$1.31; Class III increased 32 cents; and Class IV fell 48 cents, all on a per hundredweight basis. With sharp declines in class prices for more than 50 percent of the pool, the SUP declined. The spread between the higher- and lower-class prices decreased, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in March set a new Order record high. The average producer butterfat set a record high for the month of March and tied with the Order record set in December 2022. The average producer protein test was a record high for the month. ❖

Pool Summary

- A total of 7,829 producers were pooled under the Order with an average daily delivery per producer of 9,727 pounds.
- Pooled milk receipts totaled 2.361 billion pounds, an increase of 0.7 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 February.
- The average butterfat test of producer receipts was 4.18 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.4	695,389,730
Class II	24.9	587,182,994
Class III	28.7	678,207,405
Class IV	17.0	400,061,028
Total Pooled Milk		2,360,841,157

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.4085	2.7182
Butterfat Price	2.7300	3.0935
Other Solids Price	0.2338	0.6131

Class Prices

	2023	2022
	\$/cwt	
Class I	22.24	26.13
Class II	19.52	24.76
Class III	18.10	22.45
Class IV	18.38	24.82

Top Producing Counties—Northeast Milkshed

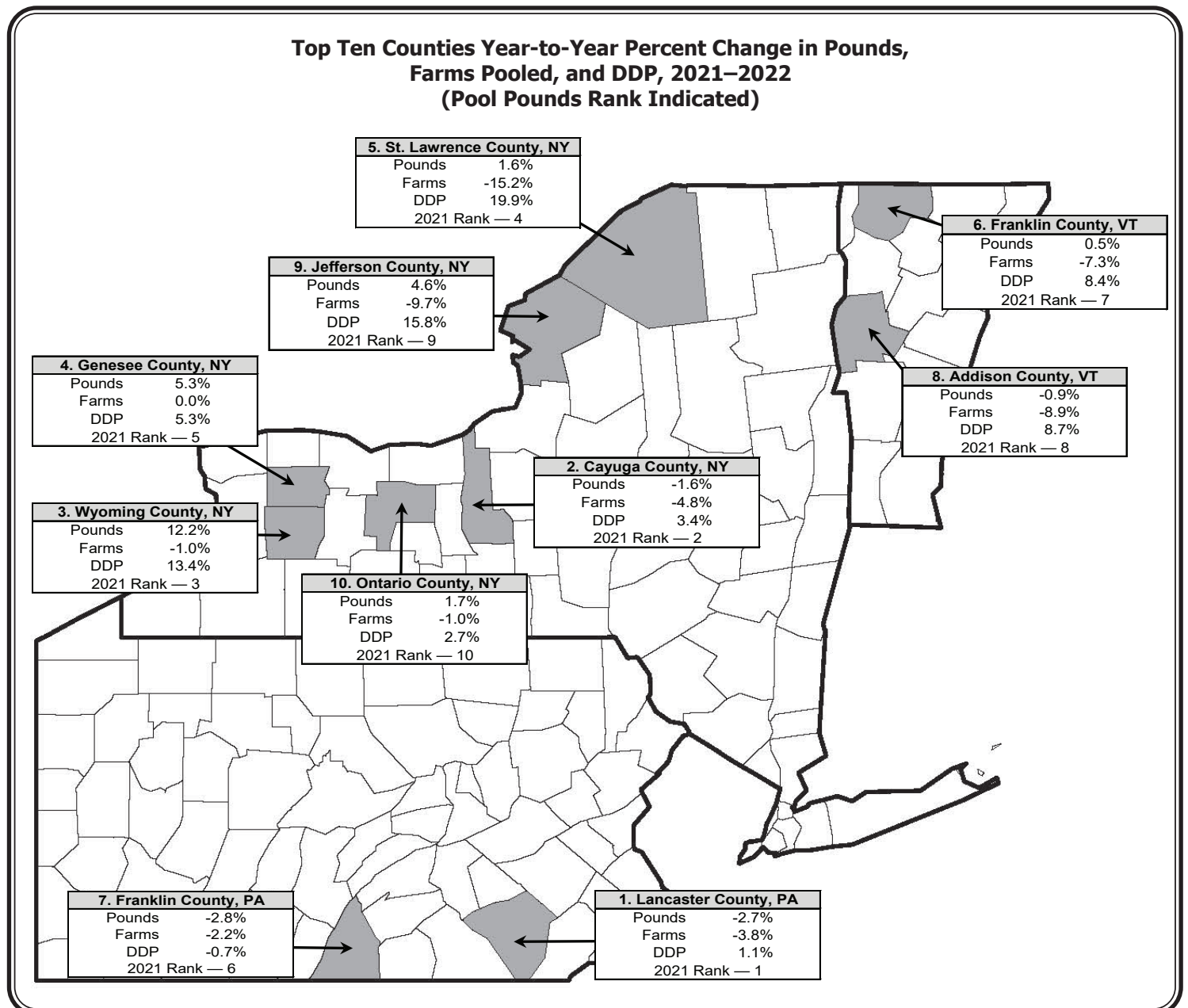
The top ten milk producing counties of the Northeast Order produced a combined 10.1 billion pounds of milk, contributing 37.6 percent to the 26.8 billion pounds pooled on the Northeast Order in 2022. Compared to 2021, the top ten counties in the Northeast Order increased total annual volume of pooled milk by 121.8 million pounds (1.2 percent). This increase in volume and decrease in the total pooled pounds in 2022 by 218 million pounds, increased the contribution of the top ten counties to total milk pooled by 0.8 percentage points. Not all milk produced in the northeast is contained in these numbers; milk not pooled in the Northeast Order—specifically milk shipped to other federal orders, state orders, or unregulated areas—is not reflected in this article.

The accompanying table shows the top ten ranked

counties for 2022 based on their volume pooled on the Order. The accompanying map presents the change in pounds pooled, farms pooled, and daily deliveries per producer (DDP) from 2021 to 2022 for the top ten counties. It also includes the counties' prior year rank.

Top Spot

Lancaster County, PA, has continued to hold the top spot of pooled milk production in the Northeast Order and, alone, accounted for 8.0 percent of milk pooled in the Northeast Order in 2022 (a fall of 0.2 percentage points from 2021). Lancaster County produced over 881 million pounds more than second place Cayuga County, PA. The county also contained the largest *(continued on page 3)*



Top Producing Counties (continued from page 2)

number of pooled farms in 2022 (not just out of the top ten, but in the Northeast milkshed) with 1,327 farms, a total of 1,082 more pooled farms than the county with the second highest number of pooled farms (Yates County, NY).

Change in Rankings

A total of four counties changed in the ranking when compared to 2021. Genesee County, NY, climbed to fourth place from fifth with a 5.3 percent increase of pooled milk in 2022, and displaced St. Lawrence County, NY, which fell to fifth place from fourth, even with a 1.6 percent increase from the previous year. Franklin County, VT, rose to sixth place from seventh with 3.6 million more pooled pounds in 2022 and bumped Franklin County, PA, to seventh place from sixth. Franklin County, PA, reported a decrease of 2.8 percent in milk pooled when comparing 2022 to 2021.

Rank	County	State	Volume Pooled On (1,000 lbs)	Number of Farms	DDP
1	Lancaster	PA	2,142,040	1,327	4,422
2	Cayuga	NY	1,260,596	79	43,718
3	Wyoming	NY	1,134,613	95	32,721
4	Genesee	NY	919,898	48	52,506
5	St Lawrence	NY	895,632	189	12,983
6	Franklin	VT	773,045	102	20,764
7	Franklin	PA	761,672	225	9,275
8	Addison	VT	747,920	72	28,460
9	Jefferson	NY	737,205	112	18,033
10	Ontario	NY	694,772	96	19,828
Top Ten Total			10,067,393	2,345	11,762
Total Pool			26,769,377	8,768	8,365
Top Ten Proportion (%)			37.6	26.7	

Source: Northeast Order audited producer payroll reports.

Proportion of Farms and DDP

The proportion of pooled farms in the Northeast Order accounted for by the top ten counties increased from 26.6 percent in 2021 to 26.7 in 2022. All top ten counties reported a decrease in the number of farms from the previous year except Genesee County, NY, that reported no change from 2021. St. Lawrence and Jefferson counties in New York lost more than 9.0 percent of their pooled dairy farms from 2021. As mentioned before, Lancaster County, PA, had the largest number of pooled farms even though it lost

the largest number of pooled farms between 2022 and 2021 with 52 farms.

Once again, the DDP record in the top ten counties pooling on the Northeast Order was broken from the previous year, increased by over 700 pounds. In contrast to having the least number of farms of the top ten, Genesee County, NY, reported the highest DDP of the highest producing counties and second highest in the Northeast milkshed, only surpassed by Schuylar County, NY. ❖

Pool Summary for All Federal Orders, January–March, 2022–2023

Federal Order Number	Federal Order Name	Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
		2022	2023	Change	2022	2023	2022	2023
		pounds			dollars per hundredweight			
1	Northeast	6,579,083,618	6,787,703,689	3.1	2.47	2.41	23.72	20.85
5	Appalachian	1,391,460,368	1,390,700,100	(0.1)	N/A	N/A	24.82	22.76
6	Florida	649,877,510	650,445,165	0.1	N/A	N/A	26.66	24.90
7	Southeast	979,931,554	922,097,628	(6.3)	N/A	N/A	25.35	23.31
30	Upper Midwest	7,643,496,875	8,822,779,711	13.4	0.23	0.25	21.48	18.69
32	Central	3,759,775,805	4,398,225,868	14.5	0.83	0.80	22.07	19.23
33	Mideast	4,254,864,536	4,550,576,565	6.5	1.06	1.31	22.30	19.75
51	California	5,523,930,003	7,536,281,384	26.7	0.93	1.03	22.18	19.46
124	Pacific Northwest	2,053,200,848	2,104,175,969	2.4	1.23	0.76	22.48	19.20
126	Southwest	3,377,449,878	3,643,813,008	7.3	1.34	1.68	22.59	20.11
131	Arizona	1,251,761,947	1,335,948,137	6.3	N/A	N/A	23.47	20.13
All Market Total/Average		37,464,832,942	42,142,747,224	11.1	1.16	1.18	23.37	20.76

Price at designated order location.

N/A = Not applicable.

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

RETURN SERVICE REQUESTED

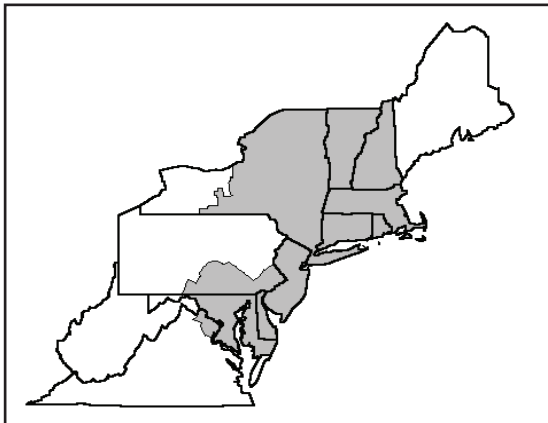
FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	678,836,712	\$13.04	\$88,520,307.24	
Butterfat	16,553,018	2.7577	45,648,257.74	
Less: Location Adjustment to Handlers			(3,060,584.24)	\$131,107,980.74
Class II— Butterfat	35,275,724	2.7370	96,549,656.63	
Nonfat Solids	51,686,285	1.1444	59,149,784.59	155,699,441.22
Class III— Butterfat	30,035,874	2.7300	81,997,936.02	
Protein	21,771,911	2.4085	52,437,647.71	
Other Solids	39,024,744	0.2338	9,123,985.13	143,559,568.86
Class IV— Butterfat	16,922,209	2.7300	46,197,630.57	
Nonfat Solids	35,938,079	1.0154	36,491,525.42	82,689,155.99
Total Classified Value				\$513,056,146.81
Add: Overage—All Classes				50,201.46
Inventory Reclassification—All Classes				35,891.73
Other Source Receipts	3,509,659			112,235.93
Total Pool Value				\$513,254,475.93
Less: Value of Producer Butterfat	98,786,825	2.7300	(269,688,032.25)	
Value of Producer Protein	75,774,989	2.4085	(182,504,061.05)	
Value of Producer Other Solids	136,135,910	0.2338	(31,828,575.72)	(484,020,669.02)
Total PPD Value Before Adjustments				\$29,233,806.91
Add: Location Adjustment to Producers				14,149,654.13
One-half Unobligated Balance—Producer Settlement Fund				884,376.25
Less: Producer Settlement Fund—Reserve				(1,000,217.33)
Total Pool Milk & PPD Value	2,364,350,816			\$43,267,619.96
Producer Price Differential		\$1.83		
Statistical Uniform Price		\$19.93		

* 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 2023

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

April Pool Price Calculation

The April 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.77 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 \$21.92 per hundredweight. The April statistical uniform price was 16 cents per hundredweight below the March price. The April producer price differential (PPD) at Suffolk County was \$1.25 per hundredweight, a decrease of 58 cents from the previous month.

Product Prices Effect

Similar to March, changes in commodity prices reported on the National Dairy Product Sales Report were mixed for April. Butter decreased 2 cents, nonfat dry milk fell 4 cents, and dry whey rose 1 cent, all on a per pound basis. The cheese price increased almost 4 cents per pound with the block price falling 1 cent and the barrel price rising 7 and a half cents. The commodity price changes translated to a 3-cent decrease in the butterfat price, a 4-cent decrease in nonfat solids, and a 1-cent increase in other solids. The protein price rose 15 cents per pound due to the combination of the higher cheese price and lower butterfat price, which is a factor in the protein price formula. Even though the butterfat price declined, it was still the second highest ever for the month of April.

All class prices declined except Class III: Class I decreased 14 cents; Class II declined 32 cents; Class III increased 42 cents; and Class IV fell 43 cents, all on a per hundredweight basis. For the first time since May 2022, the Class IV price was the lowest of the classes. With lower prices in over 73 percent of the pool, the SUP declined. The increase in the Class III price resulted in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in April set a new Order record high. Total producer milk pooled was the third highest for the month; Class II volume set a record high for April. The average producer butterfat and protein tests set new record highs for the month. ❖

Pool Summary

- A total of 7,839 producers were pooled under the Order with an average daily delivery per producer of 9,769 pounds.
- Pooled milk receipts totaled 2.297 billion pounds, an increase of 0.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 27.2 percent of total milk receipts, down 2.2 percentage points from March.
- The average butterfat test of producer receipts was 4.12 percent.
- The average true protein test of producer receipts was 3.17 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	27.2	623,988,872
Class II	25.1	575,689,083
Class III	26.7	614,353,218
Class IV	21.0	483,277,539
Total Pooled Milk		2,297,308,712

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.5603	3.4239
Butterfat Price	2.7009	3.1461
Other Solids Price	0.2479	0.5565

Class Prices

	2023	2022
	\$/cwt	
Class I	22.10	27.63
Class II	19.20	25.71
Class III	18.52	24.42
Class IV	17.95	25.31

Manufactured Dairy Products—2022 Summary

USDA’s National Agricultural Statistics Service recently released their *Dairy Products 2022 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table compares selected products’ changes to 2022 from 2021 and 2017, for both the U.S. and for milk used in the Northeast Order.

Cheese Production

Nationally, total cheese production (excluding cottage cheese) grew 2.2 percent from 2021. American cheese increased a slight 0.4, Italian was up 2.3, Swiss and other cheeses rose 2.7, and cream (and Neufchatel) jumped 10.2, all on a percentage basis. Within the other cheese category, Hispanic cheese rose 9.8 percent and accounted for 27.8 percent of this category. Gouda had similar growth from 2021 (9.3 percent), but only accounted for 4.4 percent of this category. Swiss cheese, which represented 25.3 percent of other cheese, grew 6.3 percent. Other cheeses in this category include feta, blue/gorgonzola, Muenster, brick, and other varieties. Within total Italian cheese, ricotta declined 1.6 percent from 2021.

When compared to five years earlier, total cheese is up 11.3 percent nationally. American increased 11.2, Italian rose 9.4, Swiss and other cheeses grew 10.7, and cream cheese was up 23.1, all on a percentage basis. Within the other types, Hispanic cheese rose 34.8 percent from 2017.

In the Northeast, milk used in making cheese increased 3.7 percent from 2021 to 2022. By category, milk used in American cheese rose 2.5 percent, Italian

Change in Selected Manufactured Dairy Products, 2022

	Total US Production of Manufactured Products		Total Northeast Order Milk Used to Manufacture#	
	2022 from:			
	2017	2021	2017	2021
	(percent change)			
Cheese				
American [^]	11.2	4.6	(2.1)	2.5
Italian ⁺	9.4	2.8	7.9	4.0
Cream and Neufchatel	23.1	2.6	7.5	7.5
Other [*]	10.7	6.1	(1.4)	1.5
Total Cheese(excludes cottage)	11.3	3.8	3.6	3.7
Butter	11.4	(0.2)	(0.3)	12.5
NFDM~	7.3	(3.8)	(2.9)	(0.3)
Yogurt	3.2	(2.5)	8.1	(3.4)

Source: USDA, NASS - Dairy Products 2022 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.

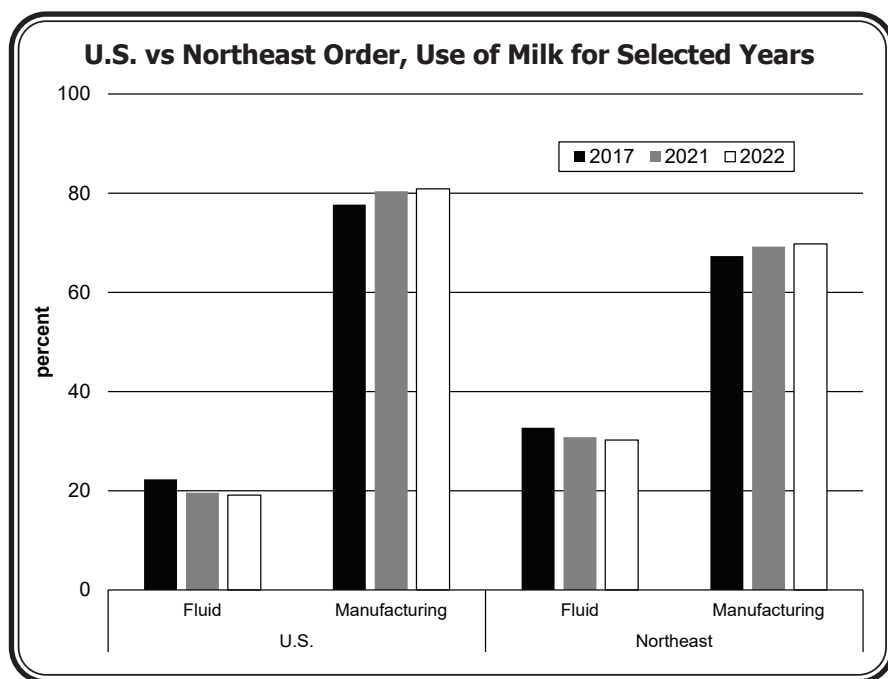
[~] For human use; Northeast data includes some whole milk powder.

cheese increased 4.0 percent (this figure includes ricotta that decreased 3.2 percent), cream cheese jumped 7.5 percent, and Swiss and other cheeses grew 1.5 percent. Compared to 5 years earlier, milk used in making cheese in the Northeast was up 3.6 percent with Italian increasing 7.9 percent and cream cheese growing 7.5 percent. American cheese use was down 2.1 percent while Swiss and other cheeses dropped 1.4 percent compared to 2017.

Other Products

U.S. butter production decreased a slight 0.2 percent from 2021 to 2022. Compared to 2017, it is up 11.4 percent. Nonfat dry milk (NFDM) declined 3.8 percent from the previous year but was up 7.3 percent from 2017. Yogurt decreased 2.5 from 2021 but increased 3.2 percent from 5 years ago. Ice cream (not shown in table) rose 4.5 percent from the previous year and 5.6 percent from 2017. Combined evaporated and condensed (whole and skim) fell 3.2 percent from 2021 and 6.6 percent from 2017.

In the Northeast, milk used in butter rose 12.5 percent in 2022. Compared to 2017, it was down 0.3 percent. Milk utilized in yogurt decreased 3.4 percent from the previous year but increased 8.1 percent from 5 years ago. Milk used in the production of dry milk products (mostly nonfat but does include some whole milk powder) declined 3.2 percent from 2021 and 2.9 percent when compared to 2017. Milk utilized in ice cream dropped 14.1 percent in 2022, and 34.9 percent when



Manufactured Dairy Products (continued from page 2)

compared to 5 years ago. Milk used in evaporated and condensed was down 1.0 percent from 2021 but up 58.9 percent from 2017.

Leading States

The top five cheese-producing states continued to be Wisconsin, California, Idaho, New Mexico, and New York. Of the states reported, Pennsylvania came in at number eight, falling from seven in 2021, and Vermont fell to number 11 from 10 the previous year. Wisconsin remained the number one producer of both American and Italian cheese and dry whey. California ranked first in butter, ice cream, nonfat dry milk, and unsweetened skim condensed, and second in Italian cheese, sour cream, and yogurt. New York remained the largest producer of yogurt, cottage cheese (low fat and creamed), and sour cream, and ranked second in dry whey and unsweetened skim condensed. Pennsylvania came in second in the production of ice cream and nonfat dry milk. 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.

Percent of Total Milk Production

Of U.S. total milk production, 80.9 percent was used in manufactured products (19.1 percent sold for fluid use) in 2022, up from 80.4 percent in 2021 and 77.7 percent in 2017 (see chart).

In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 69.8 percent in 2022, up from 69.2 percent in 2021 and 67.3 percent in 2017.

Number of Plants

The total number of plants equaled 1,201 in 2022, unchanged from 2021. Wisconsin led with 198 (an increase of 10 from 2021), followed by New York with 121, and California with 102 (both states were up 2 from 2021). Pennsylvania reported 79 (down 1 from 2021) and Vermont had 50 (up 1 from 2021). The total number of plants in the U.S. in 2017 was 1,305. ❖

Compositional Reference Points

Compositional reference points represent the pounds of protein, other solids, and nonfat solids per hundredweight of skim milk. Compositional reference points should not be confused with the protein, other solid, and nonfat solid statistics as a percent of producer milk; compositional reference points are specifically a portion of components in skim milk. These figures are used in conjunction with component prices to determine the price of skim milk for all classes. Class I and II skim prices are discovered using advanced pricing factors; these are the pricing factors announced on or before the 23rd of each month. The Class III and IV skim milk prices are discovered using the monthly average component prices announced on or before the 5th of each month.

Class IV

The Class IV skim price is determined by multiplying the nonfat solids price by a compositional reference point of 9.0 pounds of nonfat solids per hundredweight of skim. For example, the April 2023 nonfat solids price is \$0.9774 per pound; this multiplied by 9.0 equals a Class IV skim milk price of \$8.80 per hundredweight.

Class III

The Class III skim price is calculated using compositional reference points of 3.1 pounds of protein and 5.9 pounds of other solids per hundredweight of skim milk. The component price of protein and

other solids are multiplied by the corresponding compositional reference points; then the products of both calculations are added together to produce the price of Class III skim. The protein and other solids prices for April 2023 are \$2.5603 per pound and \$0.2479 per pound, respectively; this equals the April 2023 Class III skim price of \$9.40 per hundredweight.

Class II

The Class II skim milk price is calculated by adding \$0.70 per hundredweight to the advanced Class IV skim milk pricing factor. The 70-cent per hundredweight is an estimate of the cost of rehydrating solids to be used in Class II products. The Advanced Class IV skim milk pricing factor for April 2023 was \$9.37 per hundredweight, resulting in a Class II skim milk price of \$10.07 per hundredweight.

Class I

The Class I skim milk price is found by averaging the advanced Class III and IV skim milk pricing factors, then adding \$0.74 per hundredweight. The advanced Class III and IV skim milk pricing factors for April 2023 were \$8.46 per hundredweight and \$9.37 per hundredweight, respectively, which result in an average of \$8.92 per hundredweight. Once the \$0.74 per hundredweight is added, it results in an April 2023 Class I skim milk price of \$9.66 per hundredweight. ❖

RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	609,124,847	\$12.91	\$78,638,017.75	
Butterfat	14,864,025	2.7542	40,938,497.66	
Less: Location Adjustment to Handlers			(2,790,858.07)	\$116,785,657.33
Class II— Butterfat	35,381,295	2.7079	95,809,008.73	
Nonfat Solids	50,247,910	1.1189	56,222,386.46	152,031,395.19
Class III— Butterfat	26,814,105	2.7009	72,422,216.21	
Protein	19,483,143	2.5603	49,882,690.99	
Other Solids	35,268,773	0.2479	8,743,128.80	131,048,036.00
Class IV— Butterfat	17,601,689	2.7009	47,540,401.83	
Nonfat Solids	43,358,190	0.9774	42,378,294.89	89,918,696.72
Total Classified Value				\$489,783,785.24
Add: Overage—All Classes				37,054.81
Inventory Reclassification—All Classes				105,291.36
Other Source Receipts	214,392			7,034.02
Total Pool Value				\$489,933,165.43
Less: Value of Producer Butterfat	94,661,114	2.7009	(255,670,202.82)	
Value of Producer Protein	72,811,649	2.5603	(186,419,664.95)	
Value of Producer Other Solids	132,147,815	0.2479	(32,759,443.36)	(474,849,311.13)
Total PPD Value Before Adjustments				\$15,083,854.30
Add: Location Adjustment to Producers				13,781,870.95
One-half Unobligated Balance—Producer Settlement Fund				877,264.94
Less: Producer Settlement Fund—Reserve				(1,023,951.37)
Total Pool Milk & PPD Value	2,297,523,104			\$28,719,038.82
Producer Price Differential		\$1.25		
Statistical Uniform Price		\$19.77		

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

The Market Administrator's

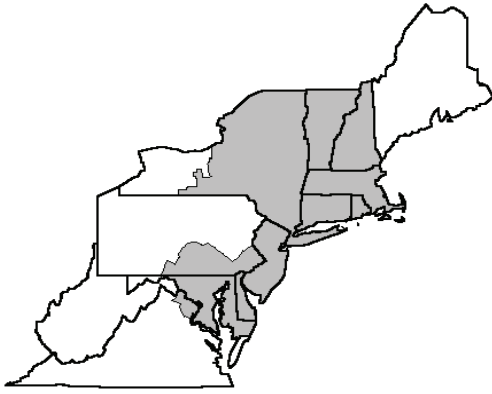
BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

May 2023

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

May Pool Price Calculation

The May 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.46 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 \$21.28 per hundredweight. The May statistical uniform price was 31 cents per hundredweight below the April price. The May producer price differential (PPD) at Suffolk County was \$3.35 per hundredweight, an increase of \$2.10 from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report decreased in May except butter, which increase 5 cents per pound. Dry whey fell 6 cents and nonfat dry milk decreased about half a cent. Cheese dropped nearly 22 cents per pound with the block price falling 21 cents and the barrel declining 22 cents. The commodity price changes translated to a 6-cent increase in the butterfat price, a 6-cent decline in the other solids, a half-cent decrease in the nonfat solids price, and a 76-cent drop in the protein price – the largest month-to-month decrease since August 2022. The May butterfat price was the second highest ever for the month.

Class price changes were mixed: Class I increased 72 cents based on higher prices from April; Class II decreased 9 cents; Class III fell \$2.41 due to the large decline in the cheese price; and Class IV rose 15 cents, all on a per hundredweight basis. The lowest class price reverted to Class III. With lower prices in over half of the pool, the SUP declined. The increase in the spread between the higher class prices, primarily Class I, and the Class III price resulted in a higher PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in May set a new Order record high and topped 10,000 for the first time ever. Total producer milk pooled topped 2.4 billion pounds for the first time since May 2018. The average producer butterfat and protein tests set new record highs for the month. ❖

Pool Summary

- A total of 7,597 producers were pooled under the Order with an average daily delivery per producer of 10,205 pounds.
- Pooled milk receipts totaled 2.403 billion pounds, an increase of 1.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 27.6 percent of total milk receipts, up 0.4 percentage points from April.
- The average butterfat test of producer receipts was 4.05 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	27.6	663,793,989
Class II	24.3	584,554,689
Class III	28.7	689,540,297
Class IV	19.4	<u>465,557,262</u>
Total Pooled Milk		2,403,446,237

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.8002	3.8696
Butterfat Price	2.7572	3.1056
Other Solids Price	0.1877	0.4857

Class Prices

	2023	2022
	\$/cwt	
Class I	22.82	28.70
Class II	19.11	25.87
Class III	16.11	25.21
Class IV	18.10	24.99

Market Update

The first half of 2023 is shortly ending and month after month the statistical uniform price has gradually declined. The SUP for the month of May 2023 has fallen 11.0 percent to \$19.46 per hundredweight (cwt), from the beginning of the year, and decreased 26.8 percent when compared to May 2022. Using June 20, 2023, 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 2023 to average \$19.72 per cwt with an average producer price differential (PPD) of \$2.34 per cwt; this would be the second highest average SUP since 2013. Compared to the 2022 averages, this is a drop of over \$5.00 per cwt in the SUP and \$0.66 per cwt in the PPD. CME futures prices of Class III and IV milk average \$17.38 per cwt and \$18.43 per cwt, respectively, for the remainder of 2023; the CME futures project a decline in prices from June to September and at the end of the year to reflect prices closer to the beginning of 2023.

Feed Prices

Corn, soybean, and alfalfa hay prices as published by the USDA National Agricultural Statistics Service (NASS) for the month of April 2023 have all increased from the start of 2023. Corn prices rose 0.9 percent to

\$6.70 per bushel, soybean prices increased 2.8 percent to \$14.90 per bushel, and alfalfa hay prices grew \$9.10 per ton to \$287 per ton. Estimates using June 20, 2023, CME futures for corn and soybeans suggest a yearly average of \$6.34 per bushel price for corn and \$14.26 per bushel price for soybeans. These estimated yearly averages for 2023 are below the averages for 2022, with soybeans 4.0 percent below and corn 6.1 percent below.

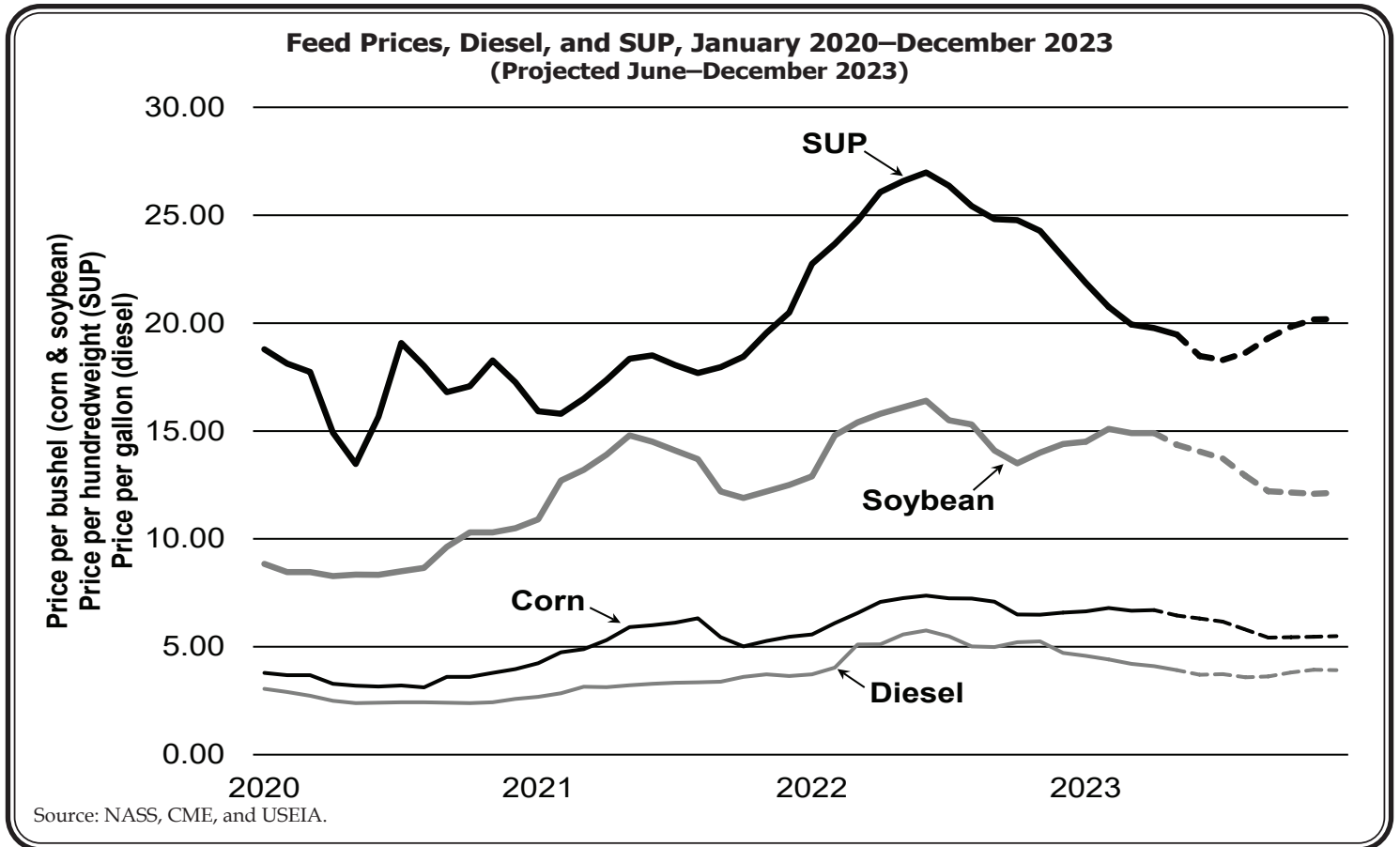
Diesel Price

The U.S. Energy Information Administration (USEIA) estimates the price for diesel in 2023 will average \$3.96 per gallon, a decrease of \$1.04 per gallon from 2022. The cost of diesel has dropped month over month since November 2022; most recently the price has fallen \$0.18 per gallon between April 2023 and May 2023 to \$3.92 per gallon. The USEIA forecasts the price of diesel for the remainder of 2023 will remain between \$3.58 and \$3.94 per gallon.

Inflation

For the month of May 2023, the U.S. Bureau of Labor Statistics Consumer Price Index reported a 4.6 percent increase in consumer prices for dairy products when compared to May 2023. Specifically, fresh whole

(continued on page 3)



Market (continued from page 2)

milk prices decreased 3.4 percent, fresh milk other than whole increased 0.6 percent, cheese rose 3.6 percent, ice cream was up 8.0 percent, and other dairy products grew 9.3 percent.

Exports

The U.S. Dairy Export Council (USDEC) reported for the first four months of 2023, overall dairy exports (by volume, on a milk solids basis), have decreased 0.2 percent when compared to the first four months of 2022. This slight decline was brought on by drops in the top three dairy exports; nonfat dry milk (NFDm), cheese, and whey. Of the three, whey exports were down the most with a 5.5 percent drop from the previous year; decreased exports to Canada, Japan, South Korea, Southeast Asia, Australia, and New Zealand contributed to the decline. Cheese and NFDm experienced much less of a drop with exports, by volume, decreasing 0.4 percent and 0.2

percent, respectively. Despite the overall decline, both dairy commodities have experienced a large growth of exports to Mexico; cheese exports increased 13.5 percent and NFDm exports have increased 47.2 percent year-over-year. The fourth largest category of dairy exports, Lactose, has grown 13.2 percent with significant increases to China, Japan, and South America. ❖

Estimated Prices Using CME Futures, June–December 2023

Month	SUP	PPD	Class I	Class II	Class III	Class IV
dollars per hundredweight						
June	18.47	3.53	21.26	18.81	14.94	18.11
July	18.29	2.92	20.52	18.55	15.37	17.85
August	18.63	2.34	20.60	18.50	16.29	17.80
September	19.30	1.90	21.04	18.86	17.40	18.16
October	19.84	1.79	21.77	19.22	18.05	18.52
November	20.17	1.77	22.28	19.36	18.40	18.66
December	20.19	2.01	22.52	19.42	18.18	18.72

Class III & IV prices are CME futures prices for 6/20/23.

Class I, II, SUP, & PPD prices are estimates using CME futures prices.

Prices in bold are announced prices.

USDA is Considering Proposals to Amend All Marketing Orders

USDA received a formal proposal on May 2, 2023, to amend the pricing provisions of all eleven Federal Milk Marketing Orders (FMMOs). The proposal requests USDA consider amending five provisions related to increasing manufacturing (make) allowances, returning to the “higher of” as the mover for Class I milk prices, updating the milk composition factors, removing barrel cheese from the Class III price formula, and updating the Class I price surface. The proposal was submitted by the National Milk Producers Federation (NMPF) and its 25 cooperative members who represent approximately two-thirds of the 28,000 U.S. commercial dairy farmers. NMPF contends the dairy marketplace has changed substantially since the current FMMO pricing system was adopted in 2000, and pricing provisions should be updated to reflect current market conditions.

On May 30, 2023, the International Dairy Foods Association (IDFA) and the Wisconsin Cheese Makers Association (WCMA) provided additional information seeking to increase manufacturing allowances, as requested by USDA. Those proposals are now considered additional proposals in conjunction with this request.

Based on the information submitted, USDA is considering initiation of a rulemaking proceeding that

would include a public hearing to collect evidence regarding proposed changes to pricing provisions effective in all eleven FMMOs. An Action Plan was published on the Agricultural Marketing Service’s website on June 1 and sent to interested parties. It stated that additional proposals must be received by June 14, a virtual pre-hearing information session would be held June 16, and that modified proposals would be due June 20. As of the publishing of this *Bulletin*, these three action plan items have been completed. Several more proposals were received from various industry groups.

If the Secretary of Agriculture decides to hold a hearing, a Notice of Hearing will be published in the Federal Register in late July with the tentative hearing start date of August 23. These steps are part of the formal rulemaking process to ensure the hearing concludes within 120 days of the publication of the Action Plan.

The Notice of Hearing also would detail the deadline for all data requests of the Dairy Program to ensure the requested data is available at the start of the hearing.

Copies of the submitted proposals can be found on the Dairy Program’s website: <https://www.ams.usda.gov/rules-regulations/moa/dairy/petitions>. ❖

RETURN SERVICE REQUESTED

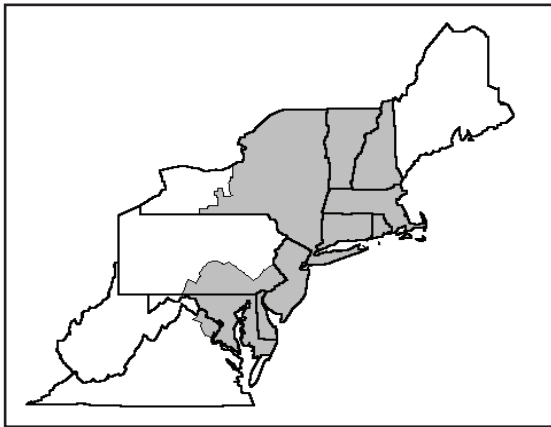
FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	648,394,250	\$13.72	\$88,959,691.10	
Butterfat	15,399,739	2.7384	42,170,645.28	
Less: Location Adjustment to Handlers			(2,891,965.40)	\$128,238,370.98
Class II— Butterfat	36,126,124	2.7642	99,859,831.98	
Nonfat Solids	50,922,893	1.0867	55,337,907.75	155,197,739.73
Class III— Butterfat	29,733,312	2.7572	81,980,687.88	
Protein	21,731,460	1.8002	39,120,974.30	
Other Solids	39,613,270	0.1877	7,435,410.81	128,537,072.99
Class IV— Butterfat	16,099,400	2.7572	44,389,265.64	
Nonfat Solids	41,807,516	0.9729	40,674,532.27	85,063,797.91
Total Classified Value				\$497,036,981.61
Add: Overage—All Classes				93,424.06
Inventory Reclassification—All Classes				(109,403.35)
Other Source Receipts	474,753			31,905.68
Total Pool Value				\$497,052,908.00
Less: Value of Producer Butterfat	97,358,575	2.7572	(268,437,063.00)	
Value of Producer Protein	75,804,188	1.8002	(136,462,699.26)	
Value of Producer Other Solids	138,440,616	0.1877	(25,985,303.64)	(430,885,065.90)
Total PPD Value Before Adjustments				\$66,167,842.10
Add: Location Adjustment to Producers				14,388,642.22
One-half Unobligated Balance—Producer Settlement Fund				1,089,361.72
Less: Producer Settlement Fund—Reserve				(1,114,492.87)
Total Pool Milk & PPD Value	2,403,920,990			\$80,531,353.17
Producer Price Differential		\$3.35		
Statistical Uniform Price		\$19.46		

* 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 2023

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

June Pool Price Calculation

The June 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.61 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 \$20.21 per hundredweight. The June statistical uniform price was 85 cents per hundredweight below the May price. The June producer price differential (PPD) at Suffolk County was \$3.70 per hundredweight, an increase of 35 cents from the previous month.

Product Prices Effect

Commodity prices reported mixed results on the National Dairy Product Sales Report in June. Butter increased less than 1 cent and nonfat dry milk rose about 2 cents, both on a per pounds basis. Dry whey decreased nearly 6 cents and cheese fell almost 9 cents with blocks dropping 17 cents and barrels declining 1.5 cents, all per pound. The commodity price changes translated to a less than 1-cent increase in the butterfat price, an almost 2-cent rise in the nonfat solids price, a 6-cent decrease in the other solids price, and a 29-cent drop in the protein. The June butterfat price was the second highest ever for the month.

Class price changes were mostly down: Class I dropped \$1.56; Class II decreased 28 cents; Class III fell \$1.20 due to the large decline in the cheese price; and Class IV rose 16 cents, all on a per hundredweight basis. The lowest class price remained Class III. With lower prices in over half of the pool, the SUP declined. With lower class prices, the total value of the pool declined; the value paid to producers for components declined even more due to lower butterfat and protein tests and lower protein and other solids prices. This resulted in a higher pay out in the PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in June set a record high for the month. Total producer milk pooled and Class III volume were the second highest ever recorded for the month of June. Class II volume set a record high for the month. The average producer butterfat and protein tests set new record highs for the month; the average producer other solids test tied as an Order record high. ❖

Pool Summary

- A total of 7,617 producers were pooled under the Order with an average daily delivery per producer of 10,004 pounds.
- Pooled milk receipts totaled 2.286 billion pounds, a decrease of 1.7 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 27.1 percent of total milk receipts, down 0.5 percentage points from May.
- The average butterfat test of producer receipts was 4.00 percent.
- The average true protein test of producer receipts was 3.13 percent.
- The average other solids test of producer receipts was 5.79 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	27.1	619,199,817
Class II	25.1	572,710,803
Class III	30.5	697,537,923
Class IV	17.3	396,591,089
Total Pooled Milk		2,286,039,632

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.5144	3.4173
Butterfat Price	2.7605	3.3323
Other Solids Price	0.1266	0.4295

Class Prices

	2023	2022
	\$/cwt	
Class I	21.26	29.12
Class II	18.83	26.65
Class III	14.91	24.33
Class IV	18.26	25.83

U.S. Milk Production and Northeast Pool Volume Increase

Estimated milk production in the whole of the U.S. for the first 6 months of 2023 increased 0.7 percent from 2022, for a growth of 747.0 million pounds of milk. For the first half of 2023 (when compared to 2022) 32 states experienced a decline in milk production, according to the most recent *Milk Production* report from NASS (National Agricultural Statistics Service). Total pooled milk volume for the Northeast Order also increased in 2023 with 2.3 percent more milk pooled during the months of January through June.

Milk Production

The top ten states, ranked by total production during the first 6 months, increased 0.7 percent from 2022. The accompanying table shows the changes along with a comparison for some selected areas. A majority of the top ten states reported increases over the previous year (Wisconsin, Idaho, Texas, New York, Michigan, and Minnesota). Idaho and Michigan reported the largest increase of the group, both with 3.0 percent. California produced 5.0 billion pounds of milk more than Wisconsin to remain the highest ranked state. New Mexico experienced the largest decrease of the top ten states with a drop of 4.5 percent (167.0 million pounds). Total production for the 24 selected states as reported by NASS grew 0.8 percent (921.0 million pounds) for the January-June period compared to the previous year. Of this group, South Dakota reported the largest increase with 7.5 percent (152 million pounds), followed by Iowa with 4.5 percent (128.0 million pounds). Twelve of

Milk Production in the Top Ten States and Selected Areas, January–June, 2022 vs. 2023

Rank	State	2022	2023	Percent Change
		(million pounds)		
1	California	21,315	21,064	(1.2)
2	Wisconsin	15,891	16,021	0.8
3	Idaho	8,225	8,470	3.0
4	Texas	8,271	8,441	2.1
5	New York	7,796	8,040	3.1
6	Michigan	5,856	6,034	3.0
7	Minnesota	5,208	5,302	1.8
8	Pennsylvania	5,074	5,058	(0.3)
9	New Mexico	3,703	3,536	(4.5)
10	Washington	3,159	3,131	(0.9)
Top Ten Total		84,498	85,097	0.7
NASS 24 Selected		109,018	109,939	0.8
Northeast Milkshed		16,151	16,329	1.1
Top 3 Northeast		14,154	14,380	1.6
U.S. Total		114,127	114,874	0.7

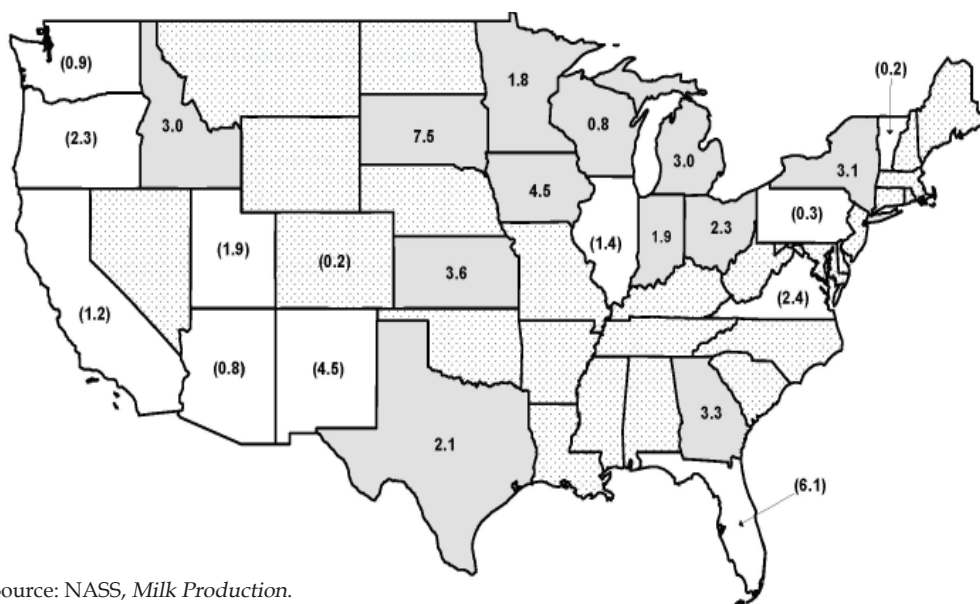
Source: NASS, *Milk Production*.

the 24 selected states reported declines; New Mexico, Florida, and Virginia reported the largest drops, all in excess of 2.0 percent. See accompanying map. The states contributing to the Northeast Order milkshed had a combined increase of 1.1 percent. New York had the only increase with 3.1 percent (244 million pounds) and Delaware experienced no significant change from 2022. West Virginia had the largest loss of production in the northeast at 12.8 percent (5.0 million pounds), all other Northeast milkshed states experienced decreases between 0.1 percent to 5.3 percent. The top three contributing states (New York, Pennsylvania, and Vermont) had a combined increase of 1.6 percent (226.0 million pounds).

Pool Volume

The total producer volume at time of pool for the first 6 months of 2023 for the Northeast Order increased by 307.8 million pounds of milk from the same period in 2022; part of this increase was due to milk depooled in January, February, and March of 2022. ❖

January–June 2023 Milk Production in the NASS 24 Selected States (Year-to-Year Percent Change)



Source: NASS, *Milk Production*.

USDA Announces Hearing on Proposed Rulemaking to Amend All Federal Milk Marketing Orders

On July 21, 2023, USDA's Agricultural Marketing Service (AMS) issued a notice of public hearing on proposed amendments to marketing agreements and orders. This national hearing is being held to consider and take evidence on proposals to amend the pricing formulas in the 11 Federal Milk Marketing Orders (FMMO). It will convene on August 23, 2023, in Carmel, Indiana.

Proponents contend that the uniform FMMO pricing formulas should be amended, as significant changes in the dairy industry and milk marketing have occurred since their adoption in the early 2000s. Forty proposals were submitted; of those, 21 directly impact the uniform pricing formulas and will be considered at the hearing. The proposals seek to amend the milk composition factors, commodity product prices, Class III and IV formula factors, base Class I skim Milk, and Class I and II differentials. The purpose of the hearing is to receive evidence with respect to the economic and marketing conditions related to the proposed amendments and any appropriate modifications to the marketing orders. Information relating to witness's registration, testimony, and exhibit guidelines; a schedule of subject areas; and a summary of proposals are included in the hearing notice.

Proposals that will be heard were submitted by National Milk Producers Federation, National All-Jersey Inc., American Farm Bureau Federation, California Dairy Campaign, Wisconsin Cheese Makers Association, International Dairy Food Association,

Select Milk Producers, Inc., Milk Innovation Group, and Edge Dairy Farmer Cooperative.

Testimony will be heard by subject area, in the following order:

1. Milk Composition
2. Surveyed Commodity Products
3. Class III and Class IV Formula Factors
4. Base Class I Skim Milk Price
5. Class I and Class II Differentials
6. AMS Proposal

Dairy farmers may testify during the hearing in person or virtually via Zoom on Fridays, starting on September 1, 2023, beginning at 12:00 p.m. There will be 10 time slots available for dairy farmers to testify virtually and pre-registration is required. Each farmer will be allocated up to 15 minutes to present testimony; additional time may be requested.

The hearing notice was published in the Federal Register on July 24, 2023. Copies of the notice, guidelines for how to participate, the hearing schedule, and the corresponding hearing record will be made available at: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>.

For additional information, contact Erin Taylor, Order Formulation and Enforcement Division, USDA/AMS/Dairy Program, phone: (202)720-7311 or email: Erin.Taylor@usda.gov. ❖

Pool Summary for All Federal Orders, January–June, 2022–2023

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2022	2023	Change	2022	2023	2022	2023
		pounds			dollars per hundredweight			
1	Northeast	13,466,696,778	13,774,498,270	2.3	2.18	2.59	25.13	20.06
5	Appalachian	2,752,573,978	2,737,436,404	(0.5)	N/A	N/A	26.32	21.92
6	Florida	1,249,920,904	1,318,454,700	5.5	N/A	N/A	28.24	24.08
7	Southeast	2,064,690,664	1,846,104,335	(10.6)	N/A	N/A	26.70	22.44
30	Upper Midwest	14,555,701,804	16,797,019,968	15.4	0.21	0.27	23.16	17.74
32	Central	7,756,078,428	8,467,726,626	9.2	0.63	0.95	23.58	18.42
33	Mideast	8,848,459,197	9,100,676,069	2.9	0.92	1.44	23.87	18.92
51	California	10,994,034,611	14,085,385,308	28.1	0.82	1.04	23.77	18.52
124	Pacific Northwest	3,903,830,267	4,021,126,574	3.0	0.84	0.96	23.79	18.44
126	Southwest	6,871,690,939	7,086,883,123	3.1	1.23	1.73	24.18	19.20
131	Arizona	2,561,127,194	2,664,631,272	4.0	N/A	N/A	24.66	19.33
All Market Total/Average		75,024,804,764	81,899,942,649	9.2	0.97	1.28	24.85	19.91

Price at designated order location. Simple average.

N/A = Not applicable.

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

RETURN SERVICE REQUESTED

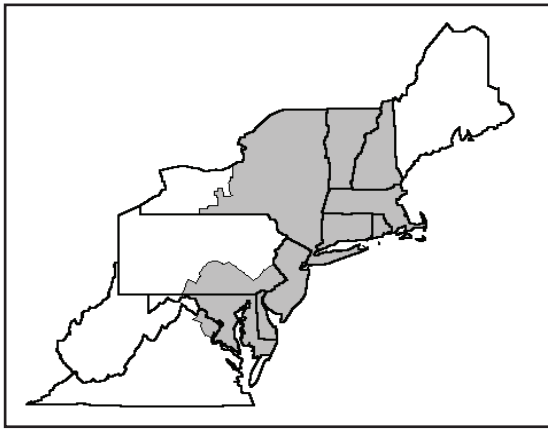
FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	604,128,033	\$11.97	\$72,314,125.55	
Butterfat	15,071,784	2.7737	41,804,607.28	
Less: Location Adjustment to Handlers			(2,727,683.88)	\$111,391,048.95
Class II— Butterfat	35,603,680	2.7675	98,533,184.55	
Nonfat Solids	49,822,467	1.0533	52,478,004.46	151,011,189.01
Class III— Butterfat	28,500,943	2.7605	78,676,853.15	
Protein	21,828,489	1.5144	33,057,063.70	
Other Solids	40,352,448	0.1266	5,108,619.93	116,842,536.78
Class IV— Butterfat	12,290,114	2.7605	33,926,859.69	
Nonfat Solids	35,666,994	0.9896	35,315,849.22	69,242,708.91
Total Classified Value				\$448,487,483.65
Add: Overage—All Classes				103,947.26
Inventory Reclassification—All Classes				(323,505.33)
Other Source Receipts	434,844			26,968.01
Total Pool Value				\$448,294,893.59
Less: Value of Producer Butterfat	91,466,521	2.7605	(252,493,331.27)	
Value of Producer Protein	71,445,176	1.5144	(108,196,574.53)	
Value of Producer Other Solids	132,281,126	0.1266	(16,746,790.51)	(377,436,696.31)
Total PPD Value Before Adjustments				\$70,858,197.28
Add: Location Adjustment to Producers				13,852,444.84
One-half Unobligated Balance—Producer Settlement Fund				953,911.46
Less: Producer Settlement Fund—Reserve				(1,064,997.97)
Total Pool Milk & PPD Value	2,286,474,476			\$84,599,555.61
Producer Price Differential		\$3.70		
Statistical Uniform Price		\$18.61		

* 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 2023

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 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$18.23 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 \$19.56 per hundredweight. The July statistical uniform price was 38 cents per hundredweight below the June price. The July producer price differential (PPD) at Suffolk County was \$4.46 per hundredweight, an increase of 76 cents from the previous month.

Product Prices Effect

Similar to June, National Dairy Product Sales Report commodity prices reported mixed results in July. Butter increased 3 cents, nonfat dry milk fell about 2 cents, dry whey decreased nearly 6 cents, and cheese fell almost 9 cents with blocks dropping 10 cents and barrels declining 8 cents. The commodity price changes translated to an almost 4-cent increase in the butterfat price, a 2-cent decrease in the nonfat solids price, a 6-cent decline in the other solids price, and a 32-cent drop in the protein. Prices are all on a per pound basis.

Class price changes were mixed: Class I dropped 69 cents; Class II increased 29 cents; Class III fell \$1.14, again due to the large decline in the cheese price; and Class IV was unchanged from the previous month. These prices are reported on a per hundredweight basis. Class III remained the lowest class price. Lower prices resulted in a decline in the SUP. As occurred in June, the total value of the pool declined, but the value paid to producers for components declined even more due to lower butterfat and protein tests, and lower protein and other solids prices. This resulted in a higher pay out in the PPD; it was the highest ever for the month of July.

Selected Statistics

Average daily deliveries per producer (DDP) in July set a record high for the month. Class II volume in July was the third highest ever for the Order and set a record for the month. Class III volume was the second highest ever for the month. The average producer butterfat and protein tests set new record highs for the month. ❖

Pool Summary

- A total of 7,603 producers were pooled under the Order with an average daily delivery per producer of 9,856 pounds.
- Pooled milk receipts totaled 2.323 billion pounds, a decrease of 1.7 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 26.5 percent of total milk receipts, down 0.6 percentage points from June.
- The average butterfat test of producer receipts was 3.94 percent.
- The average true protein test of producer receipts was 3.07 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	26.5	615,557,981
Class II	26.7	621,247,076
Class III	30.5	707,968,243
Class IV	16.3	378,308,243
Total Pooled Milk		2,323,081,543

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.1991	2.9116
Butterfat Price	2.7986	3.3600
Other Solids Price	0.0689	0.3596

Class Prices

	2023	2022
	\$/cwt	
Class I	20.57	29.12
Class II	19.12	26.66
Class III	13.77	22.52
Class IV	18.26	25.79

Trends in Packaged Fluid Milk Sales

Sales of packaged fluid milk products in the Northeast Marketing Area (NMA) continue to decline. Table 1 shows changes in sales from 2017 through 2022 in the NMA by product as reported by pool handlers regulated by the Northeast Order and by nonregulated handlers (handlers regulated by another federal order, partially regulated, exempt, and producer handlers); a complete breakdown of sales by product from nonregulated handlers is not available. Table 2 shows per capita sales for the NMA compared to the United States. 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.

Sales by Product

In 2020, there was an uptick in both whole and reduced fat (2%). It seems that during the Covid-19 pandemic, purchasers of milk chose the higher fat products instead of the lower fat (1% and fat free). Post-covid, sales of all products declined, but whole milk sales have risen again slightly (0.6 percent) in 2022. With schools reopening, sales of flavored milk and reduced fat flavored products have grown during both 2021 and 2022, although not returning to pre-covid levels.

Whole milk has always held the largest proportion and, with an exception in 2021, that has grown over the past 5 years. Reduced fat remains in second place although its proportion has dropped after peaking in 2020. Flavored milk products

Table 1

Sales in the Northeast Marketing Area, 2017–2022

	2017	2018	2019	2020	2021	2022
Product	million pounds					
Whole Milk	2,749.8	2,793.9	2,748.6	2,822.8	2,615.8	2,632.7
Reduced Fat Milk	1,679.7	1,657.3	1,565.4	1,682.8	1,569.5	1,465.5
Low Fat Milk	1,273.5	1,188.9	1,090.4	1,063.4	1,029.0	946.6
Fat-free Milk	755.0	683.9	601.2	512.5	459.9	406.8
Flavored Milk & Reduced Fat Products	443.3	437.4	424.8	310.0	365.2	408.1
Organic Whole Milk	179.1	183.9	174.7	154.2	219.7	191.5
Organic Reduced Fat Milk	245.2	236.3	188.4	168.3	226.8	197.5
Buttermilk/Eggnog/Other	53.1	50.9	50.0	46.2	46.7	40.9
Total From Pool Handlers	7,378.8	7,232.6	6,843.5	6,760.2	6,532.6	6,289.7
Sales from Non-pool Handlers	750.5	713.6	833.7	774.6	622.4	619.5
Total Sales from All Handlers	8,129.3	7,946.2	7,677.2	7,534.8	7,155.0	6,909.2

were on the decline even before Covid-19 hit, but have been increasing since, again with schools returning to in-person rather than remote learning. Organic sales' proportion also had been on the decline prior to the pandemic; it bounced back in 2021, but has dropped in 2022.

Per Capita Sales

Table 2 shows per capita sales for the NMA and estimated for the United States for 2017-2022. Per capita sales of fluid milk products have been declining for decades; increases have occurred in other dairy products such as cheese and yogurt. Over the years shown, per capita sales in the NMA were fairly close to the national average until 2020; since then, the spread has widened considerably with US sales about 5-6 percent greater than in the NMA. ❖

PPD Comparison

For the month of July 2023, the Producer Price Differential (PPD) was \$4.46 per hundredweight (cwt). This is, so far, the highest PPD for 2023, a new record high for the month of July, and the fourth largest PPD value since the formation of the Order. Approximately, the PPD is the leftover amount in the pool after components are paid at the Class III level; the value is normally displayed in per cwt increments. PPDs can go negative when the value of the total components exceeds the total value of the pool, this is caused by several reasons such as a result of utilization relationships or timing of advanced and Class prices used in FO price formulas. The value has varied widely, with the lowest PPD in the Northeast Order occurring in July 2020 at -\$5.46 per cwt and the highest occurring in August 2022 at \$5.32 per cwt.

The butterfat, protein, and other solids prices at (continued on page 3)

Table 2

Total Per Capita Sales, Northeast Marketing Area vs U.S., 2017–2022

	2017	2018	2019	2020*	2021	2022
	pounds of fluid milk products					
NMA	148.2	144.8	139.9	131.8	125.9	122.0
US	147.8	144.0	140.9	139.0	133.5	129.8

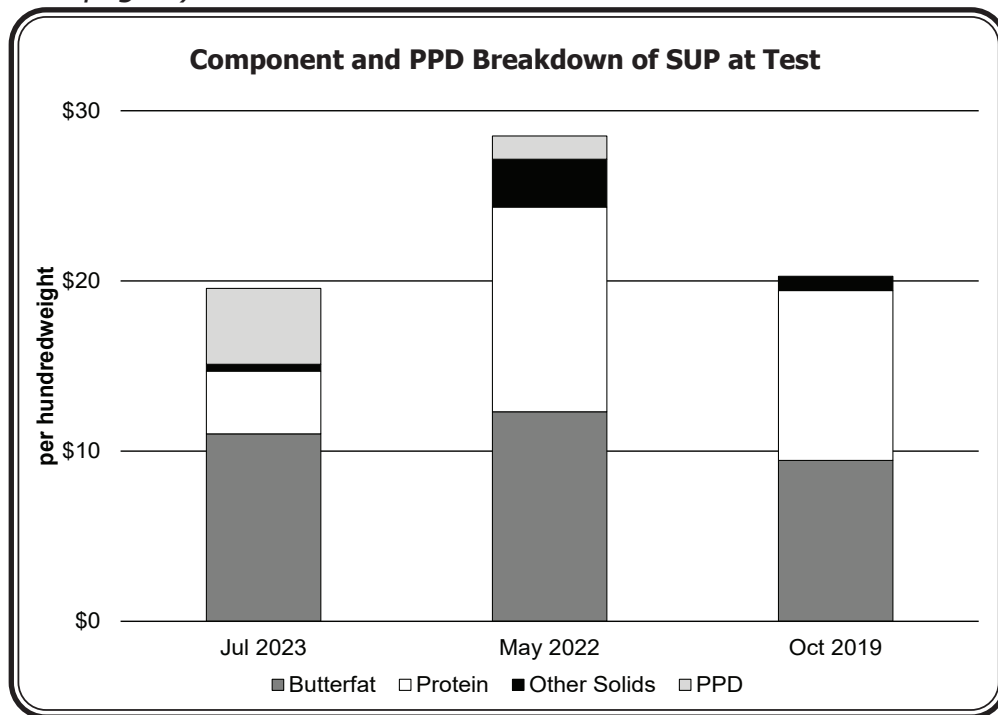
Sources: USDA's *Estimated Fluid Milk Products Sales Report*; U.S. Census Bureau.

*Adjusted for leap year.

PPD Comparison (continued from page 2)

the Class III level and the PPD are all reflected in the value of the Statistical Uniform Price (SUP). This price is an estimate of what producers are expected to receive for their milk. Despite the PPD used in calculating the SUP, a low or high PPD value does not necessarily correlate to a low or high SUP. For example, the previously mentioned record low PPD value for Order 1 in July 2020 had the highest SUP for 2020 at \$19.08 per cwt. The average PPD for 2014 was \$1.94 per cwt (\$0.27 per cwt above the overall Order 1 average) despite the year containing five of the top ten highest SUPs in the Northeast Order, with a yearly average SUP of \$24.28 per cwt. The value of the components typically has a larger impact on the price producers receive for their milk.

The accompanying chart displays the SUP at test for July 2023 (\$19.56 per cwt), May 2022 (\$28.52 per cwt), and October 2019 (\$20.27 per cwt) in Order 1. SUP at test was used in the chart because it is believed to more closely represent the prices producers receive for their milk. Each entry displays how much each component and PPD value contribute to the SUP at test for that month and how that distribution can differ. For July 2023, butterfat accounted for \$11.02 per cwt (56.3 percent), protein \$3.68 per cwt



(18.8 percent), other solids \$0.40 per cwt (2.0 percent), and PPD \$4.46 per cwt (22.8 percent). For May 2022, butterfat accounted for \$12.31 per cwt (43.2 percent), protein \$12.03 per cwt (42.2 percent), other solids \$2.81 per cwt (9.9 percent), and PPD \$1.37 per cwt (4.8 percent); with a below average PPD value, May 2022 has the record for the second highest SUP value. Lastly, October 2019, butterfat accounted for \$9.96 per cwt (46.7 percent), protein \$9.99 per cwt (49.2 percent), other solids \$0.83 per cwt (4.1 percent), and the PPD was \$0.00 per cwt. ❖

Shipping Percentage Remains at Current Level

This article is a reminder that the required shipping percentage will remain at 10 percent for the months of September, October, and November of 2023. As stated in the June 2022 *Bulletin*, 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 past 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. 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.

After reviewing 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 on the request, 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, was approved. Since the market conditions that warranted previous reductions continue to exist, the reduction in the shipping percentage to 10 percent applied to September-November for years 2022 and 2023. ❖

RETURN SERVICE REQUESTED

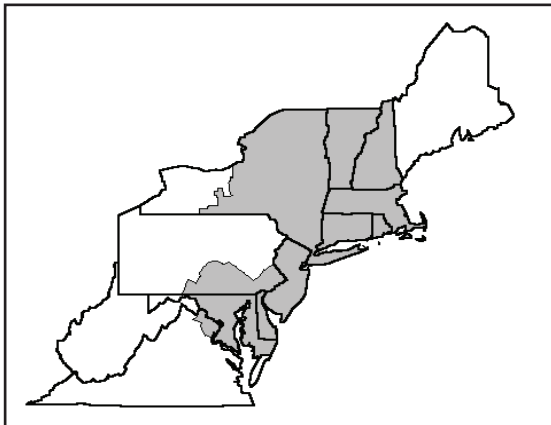
FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	600,659,935	\$11.13	\$66,853,450.77	
Butterfat	14,898,046	2.8082	41,836,692.78	
Less: Location Adjustment to Handlers			(2,753,714.83)	\$105,936,428.71
Class II— Butterfat	35,261,098	2.8056	98,928,536.51	
Nonfat Solids	53,853,084	1.0711	57,682,038.32	156,610,574.83
Class III— Butterfat	29,390,797	2.7986	82,253,084.51	
Protein	21,777,131	1.1991	26,112,957.81	
Other Solids	40,731,401	0.0689	2,806,393.57	111,172,435.89
Class IV— Butterfat	11,948,101	2.7986	33,437,955.41	
Nonfat Solids	33,703,858	0.9746	32,847,780.01	66,285,735.42
Total Classified Value				\$440,005,174.85
Add: Overage—All Classes				402,587.11
Inventory Reclassification—All Classes				(191,791.93)
Other Source Receipts	219,734			14,895.56
Total Pool Value				\$440,230,865.59
Less: Value of Producer Butterfat	91,498,042	2.7986	(256,066,420.32)	
Value of Producer Protein	71,371,748	1.1991	(85,581,863.05)	
Value of Producer Other Solids	133,814,357	0.0689	(9,219,809.20)	(350,868,092.57)
Total PPD Value Before Adjustments				\$89,362,773.02
Add: Location Adjustment to Producers				14,205,376.01
One-half Unobligated Balance—Producer Settlement Fund				1,166,921.54
Less: Producer Settlement Fund—Reserve				(1,115,833.51)
Total Pool Milk & PPD Value	2,323,301,277			\$103,619,237.06
Producer Price Differential		\$4.46		
Statistical Uniform Price		\$18.23		

* 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 2023

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

August Pool Price Calculation

The August 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.43 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 \$21.14 per hundredweight. The August statistical uniform price was \$1.20 per hundredweight above the July price. The August producer price differential (PPD) at Suffolk County was \$2.24 per hundredweight, a decrease of \$2.22 from the previous month.

Product Prices Effect

National Dairy Product Sales Report commodity prices reported mixed results in August. Butter rose 18 cents while nonfat dry milk decreased 1 cent and dry whey declined less than 1 cent. The combined cheese price jumped nearly 35 cents with blocks rising 40 cents and barrels increasing nearly 30 cents, all on a per pound basis. The commodity price changes translated to a 22-cent increase in the butterfat price, a 1-cent decrease in the nonfat solids price, a less than 1-cent decline in the other solids price, and a nearly 89-cent jump in the protein price, again all on a per pound basis.

Class price changes were mixed: Class I dropped 70 cents based on lower prices in July; Class II increased 79 cents; Class III jumped \$3.42, due to the large increase in the cheese price; and Class IV rose 65 cents, all on a per hundredweight basis. Even with the considerable increase, Class III remained the lowest class price. Mostly higher prices resulted in an increase in the SUP. The total value of the pool increased, but the value paid to producers for components rose due to higher butterfat and protein prices combined with higher butterfat and protein tests. This resulted in a lower pay out in the PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in August set a record high for the month. Class II volume was the highest ever for the Order. Total producer milk and the volume of Class III were record-setting for the month. The average producer butterfat and protein tests set new record highs for August; the other solids test tied as a record-high for the month. ❖

Pool Summary

- A total of 7,608 producers were pooled under the Order with an average daily delivery per producer of 9,796 pounds.
- Pooled milk receipts totaled 2.31 billion pounds, a decrease of 0.5 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.2 percent of total milk receipts, up 1.7 percentage points from July.
- The average butterfat test of producer receipts was 3.98 percent.
- The average true protein test of producer receipts was 3.11 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.2	650,965,954
Class II	28.0	645,696,931
Class III	29.7	687,117,677
Class IV	14.1	326,673,416
Total Pooled Milk		2,310,453,978

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.0851	2.1417
Butterfat Price	3.0218	3.4001
Other Solids Price	0.0648	0.3146

Class Prices

	2023	2022
	\$/cwt	
Class I	19.87	28.38
Class II	19.91	26.91
Class III	17.19	20.10
Class IV	18.91	24.81

Summary of Proposals at the National Hearing

1. Milk Composition

Proposal 1: Submitted by the National Milk Producers Federation This proposal seeks to amend the milk component factors in the Class III and Class IV skim milk price formulas. Specifically, the proposal seeks to increase the skim component factors to equal the weighted average non-fat solids, true protein, and other solids factors for milk pooled on Federal orders using data for the three years prior to implementation, with a 12-month implementation lag.

The factors are proposed to be updated as follows:

- Nonfat solids: from 9.0 to 9.41 per hundredweight of Class IV skim milk;
- Protein: from 3.1 to 3.39 per hundredweight of Class III skim milk; and
- Other solids: from 5.9 to 6.02 per hundredweight of Class III skim milk.

The proponent also proposes the skim component factors be updated no less than every three years, but only once the weighted average nonfat solids component for the prior three years changes by at least 0.07 percentage points. The updated component values would be calculated, and, if a change is warranted, formally announced in February of such year, with the implementation of such changes occurring March 1 of the following year.

Proposal 2: Submitted by National All-Jersey Inc. This proposal seeks to amend the milk component factors in the Class III and Class IV skim milk price formulas. The proposal seeks to update the factors annually using the previous year's weighted average calculations, with a 12-month implementation lag.

2. Surveyed Commodity Products

Proposal 3: Submitted by the National Milk Producers Federation This proposal seeks to eliminate the Cheddar cheese 500-pound barrel price series from protein price formula.

Proposal 4: Submitted by the American Farm Bureau Federation This proposal seeks to add 640-pound Cheddar cheese blocks to the protein price formula.

Proposal 5: Submitted by the American Farm Bureau Federation This proposal seeks to add unsalted butter to the butterfat and protein price formulas.

Proposal 6: Submitted by the California Dairy Campaign This proposal seeks to add mozzarella to the protein price formula.

3. Class III and Class IV Formula Factors

Proposal 7: Submitted by the National Milk Producers Federation This proposal seeks to amend the manufacturing cost (make) allowances found in the four component price formulas. The proposal includes the following increases:

- Butterfat: from \$0.1715 to \$0.2100 per pound of butter,

- Nonfat solids: from \$0.1678 to \$0.2100 per pound of non-fat dry milk (NFDM),
- Protein: from \$0.2003 to \$0.2400 per pound of Cheddar cheese,
- Other solids: from \$0.1991 to \$0.2300 per pound of dry whey.

The requested changes are equivalent to an increase of \$0.0385 per pound in the butter make allowance, an increase of \$0.0422 per pound in the nonfat dry milk make allowance, an increase of \$0.0397 per pound in the Cheddar cheese make allowance, and an increase of \$0.0309 per pound in the dry whey make allowance.

Proposal 8: Submitted by the Wisconsin Cheese Makers Association This proposal seeks to update the current make allowances with a 4-year phase-in implementation schedule.

PROPOSED MAKE ALLOWANCE LEVELS

Product	Current	Year 1	Year 2	Year 3	Year 4
Cheese.....	\$0.2003	0.2422	0.2561	0.2701	0.2840
Whey.....	0.1991	0.2582	0.2778	0.2976	0.3172
NFDM.....	0.1678	0.2198	0.2370	0.2544	0.2716
Butter.....	0.1715	0.2251	0.2428	0.2607	0.2785

This proposal also proposes not to adopt any of the increases described above if, prior to January 1 of that year, USDA has been provided authority and funding to conduct audited dairy product cost studies of all manufacturers of products used to set Class III and Class IV prices, has promulgated regulations implementing that authority, and has adopted make allowances pursuant thereto.

Proposal 9: Submitted by the International Dairy Foods Association This proposal seeks to update the current make allowances with a 4-year phase-in implementation schedule.

PROPOSED MAKE ALLOWANCE LEVELS

Product	Current	Year 1	Year 2	Year 3	Year 4
Cheese.....	\$0.2003	0.2422	0.2561	0.2701	0.2840
Whey.....	0.1991	0.2582	0.2778	0.2976	0.3172
NFDM.....	0.1678	0.2198	0.2370	0.2544	0.2716
Butter.....	0.1715	0.2251	0.2428	0.2607	0.2785

This proposal also proposes not to adopt any of the increases described above if, prior to January 1 of that year, USDA has been provided authority and funding to conduct audited dairy product cost studies of all manufacturers of products used to set Class III and Class IV prices, has promulgated regulations implementing that authority, and has adopted make allowances pursuant thereto.

Proposal 10: Submitted by Select Milk Producers, Inc. This proposal seeks to increase the butterfat recovery factor in the Class III price formula to 93 percent, which would necessitate a corresponding increase in the butterfat yield in cheese to 1.624.

Proposal 11: Submitted by Select Milk Producers, Inc. This proposal seeks to update the specified yield factors to reflect (continued on page 3)

Summary of Proposals (continued from page 2)

actual farm-to-plant shrink. The yield factors for nonfat solids and other solids would remain unchanged. The proposed yield factors are: Butterfat: 1.22; Protein value in cheese: 1.386; and Butterfat value in cheese: 1.582.

Proposal 12: Submitted by *Select Milk Producers, Inc.* This proposal seeks to update the nonfat solids factor from 0.99 to 1.03.

4. Base Class I Skim Milk Price

Proposal 13: Submitted by the *National Milk Producers Federation* This proposal seeks to amend the base Class I skim milk price in all Federal orders. Specifically, the proposal seeks to replace the simple average of the Class III and Class IV Advanced Skim Milk pricing factors with the “higher of” the two factors and remove the additional \$0.74 per hundredweight.

Proposal 14: Submitted by the *International Dairy Foods Association* This proposal seeks to amend the base Class I skim milk price to equal the simple average of the Advanced Class III and Class IV prices, plus the “higher of” either \$0.74 or an adjuster equal to the 24-month (August–July) rolling simple average difference between the Advanced Class III and Class IV skim milk prices.

Proposal 15: Submitted by the *Milk Innovation Group* This proposal seeks to retain the current “average of” formula for the base Class I skim milk price and proposes to update the adjuster monthly using a 24-month look back period with a 12-month lag, i.e., the preceding the 13-to-36-month period. The “rolling” adjuster calculation would be the difference between the “higher of” the advanced Class III or IV skim milk price for each month and the “average of” the advanced Class III or IV skim milk price, averaged over the preceding 13-to-36-month period, plus the “average of” the Class III and IV advanced skim milk prices for that month.

Proposal 16: Submitted by *Edge Dairy Farmer Cooperative* This proposal seeks to change the base Class I skim milk price to the announced Class III skim milk price, plus an adjuster. The proposal seeks to amend calculation of Class I prices to use announced rather than advanced prices. The proposed adjuster would be a 36-month average (August–July) of the monthly differences between the “higher of” the advanced Class III skim milk price or advanced Class IV skim milk price, and the Class III skim milk price.

Proposal 17: Submitted by *Edge Dairy Farmer Cooperative* This proposal seeks to use the “higher of” the Class III skim milk price or the Class IV skim milk price to calculate the base Class I skim milk price. The proposal also seeks to amend calculation of Class I prices to use announced rather than advanced prices.

Proposal 18: Submitted by the *American Farm Bureau Federation* This proposal seeks to eliminate the advanced pricing of Class I milk and components, and Class II skim milk and components. As proposed, the Class II skim milk price would be equal to the Announced Class IV skim milk price plus the Class II differential; the Class II nonfat solids price would be equal to the Announced Class IV nonfat solids price plus one-hundredth of the Class II differential. The proponent proposes the Class I skim milk price would be the “higher of” the Announced Class III or Class IV skim milk prices plus the Class I differential; and the Class I butterfat price would be equal to the butterfat price plus one-hundredth of the Class I differential.

5. Class I and Class II Differentials

Proposal 19: Submitted by the *National Milk Producers Federation* This proposal seeks to update the Adjusted Class I differentials as referenced in all Federal orders for the 3,108 named counties, parishes, and independent cities in the contiguous 48 United States. The proposed update would increase Class I differentials at all locations, in varying amounts.

Proposal 20: Submitted by the *Milk Innovation Group* This proposal seeks to lower the current base Class I differential from \$1.60 to \$0.00.

Proposal 21: Submitted by the *American Farm Bureau Federation* This proposal seeks to update the Class II differential to \$1.56. Specifically, the proposal seeks to calculate the Class II differential using the current nonfat dry milk make allowance multiplied by the current nonfat solids yield factor and updated butterfat and nonfat solids tests for milk in the FMMOs.

6. AMS Proposal

Proposal 22: Submitted by *Dairy Program, Agricultural Marketing Service*: Make such changes as may be necessary to make the respective marketing orders conform with any amendments thereto that may result from this hearing. From the time that a hearing notice is issued and until the issuance of a final decision in a proceeding, USDA employees involved in the decision-making process are prohibited from discussing the merits of the hearing issues on an ex parte basis with any person having an interest in the proceeding. For this proceeding, the prohibition applies to employees in the following organizational units: Office of the Secretary of Agriculture; Office of the Administrator, Agricultural Marketing Service; Office of the General Counsel; Dairy Program, Agricultural Marketing Service (Washington, DC Office, and the Offices of all Market Administrators). Procedural matters are not subject to the above prohibition and may be discussed at any time.

Source: <https://www.govinfo.gov/content/pkg/FR-2023-07-24/pdf/2023-15496.pdf>. ❖

RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	634,686,925	\$10.47	\$66,451,721.05	
Butterfat	16,279,029	2.7891	45,403,839.78	
Less: Location Adjustment to Handlers			(2,867,876.14)	\$108,987,684.69
Class II— Butterfat	36,471,914	3.0288	110,466,133.10	
Nonfat Solids	56,330,289	1.0722	60,397,335.87	170,863,468.97
Class III— Butterfat	29,020,239	3.0218	87,693,358.22	
Protein	21,400,056	2.0851	44,621,256.76	
Other Solids	39,602,633	0.0648	2,566,250.63	134,880,865.61
Class IV— Butterfat	10,277,036	3.0218	31,055,147.40	
Nonfat Solids	29,282,632	0.9599	28,108,398.48	59,163,545.88
Total Classified Value				\$473,895,565.15
Add: Overage—All Classes				89,830.17
Inventory Reclassification—All Classes				163,600.56
Other Source Receipts	615,705			20,068.63
Total Pool Value				\$474,169,064.51
Less: Value of Producer Butterfat	92,048,218	3.0218	(278,151,305.12)	
Value of Producer Protein	71,842,257	2.0851	(149,798,290.11)	
Value of Producer Other Solids	133,349,448	0.0648	(8,641,044.28)	(436,590,639.51)
Total PPD Value Before Adjustments				\$37,578,425.00
Add: Location Adjustment to Producers				14,070,932.06
One-half Unobligated Balance—Producer Settlement Fund				1,100,371.22
Less: Producer Settlement Fund—Reserve				(981,767.36)
Total Pool Milk & PPD Value	2,311,069,683			\$51,767,960.92
Producer Price Differential		\$2.24		
Statistical Uniform Price		\$19.43		

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

The Market Administrator's

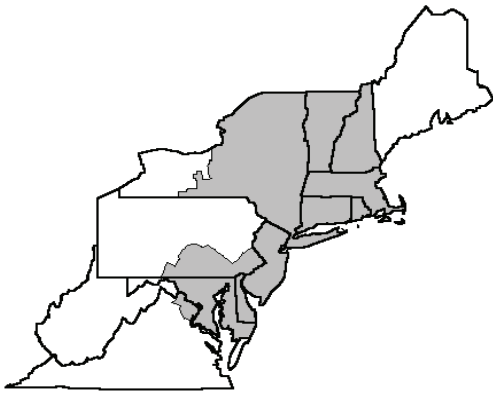
BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

September 2023

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

September Pool Price Calculation

The September 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$20.42 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 \$22.52 per hundredweight. The September statistical uniform price was 99 cents per hundredweight above the August price. The September producer price differential (PPD) at Suffolk County was \$2.03 per hundredweight, a decrease of 21 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased in September except nonfat dry milk that decreased 2 cents per pound. Butter rose almost 9 cents, dry whey increased 3 cents, and cheese was up 10 cents with blocks rising almost 13 cents and barrels increasing 8.5 cents, all on a per pound basis. The commodity price changes translated to a 10-cent increase in the butterfat price, a 2-cent decrease in the nonfat solids price, a 3-cent increase in the other solids price, and a nearly 22-cent jump in the protein price, again all on a per pound basis.

All class price increased from the previous month: Class I jumped \$2.28 based on August prices; Class II increased 7 cents; Class III was up \$1.20, due to the large increase in the cheese price; and Class IV rose 18 cents, all on a per hundredweight basis. Class III remained the lowest class price. The higher prices combined with a larger proportion utilized in the higher-priced classes resulted in an increase in the SUP. Similar to August, the total value of the pool increased, but the value paid to producers for components rose due to higher butterfat and protein prices combined with higher butterfat and protein tests. This resulted in a lower pay out in the PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in September set a record high for the month. The Class II volume topped 600 million pounds for the first time in September; Class III volume also set a record high for the month. The average producer butterfat and protein tests set new record highs for September; the other solids test tied as a record-high for the month. ❖

Pool Summary

- A total of 7,613 producers were pooled under the Order with an average daily delivery per producer of 9,538 pounds.
- Pooled milk receipts totaled 2.178 billion pounds, a decrease of 2.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.0 percent of total milk receipts, up 1.8 percentage points from August.
- The average butterfat test of producer receipts was 4.05 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.0	654,123,994
Class II	28.1	611,882,290
Class III	29.1	634,134,107
Class IV	12.8	278,304,366
Total Pooled Milk		2,178,444,757

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.3027	1.8847
Butterfat Price	3.1264	3.5653
Other Solids Price	0.0992	0.2998

Class Prices

	2023	2022
	\$/cwt	
Class I	22.15	26.87
Class II	19.98	26.51
Class III	18.39	19.82
Class IV	19.09	24.63

Market Update

For the months of January to September 2023, the statistical uniform price has averaged \$19.83 per hundredweight (cwt) with an average producer price differential (PPD) of \$2.70 per cwt. This is a 20.5 percent decrease from the 2022 monthly average (\$24.96 per cwt) and a 10.2 percent decrease in PPD from the 2022 monthly average (\$3.00 per cwt). The SUP for the month of September (\$20.42 per cwt) was down \$1.44 per cwt, from the beginning of the year, and decreased 5.1 percent when compared to August 2022. Using October 23, 2023, 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 2023 to average \$20.16 per cwt with an average producer price differential (PPD) of \$2.93 per cwt. Compared to the 2022 averages, this is a drop of almost \$5.00 per cwt in the SUP and \$0.07 per cwt in the PPD. CME futures prices of Class III and IV milk for the remainder of 2023 average \$17.53 per cwt and \$21.13 per cwt, respectively, for October to December 2023; the CME futures project an increase in both SUP and PPD for the remainder of 2023 and carrying into 2024.

Butterfat Prices

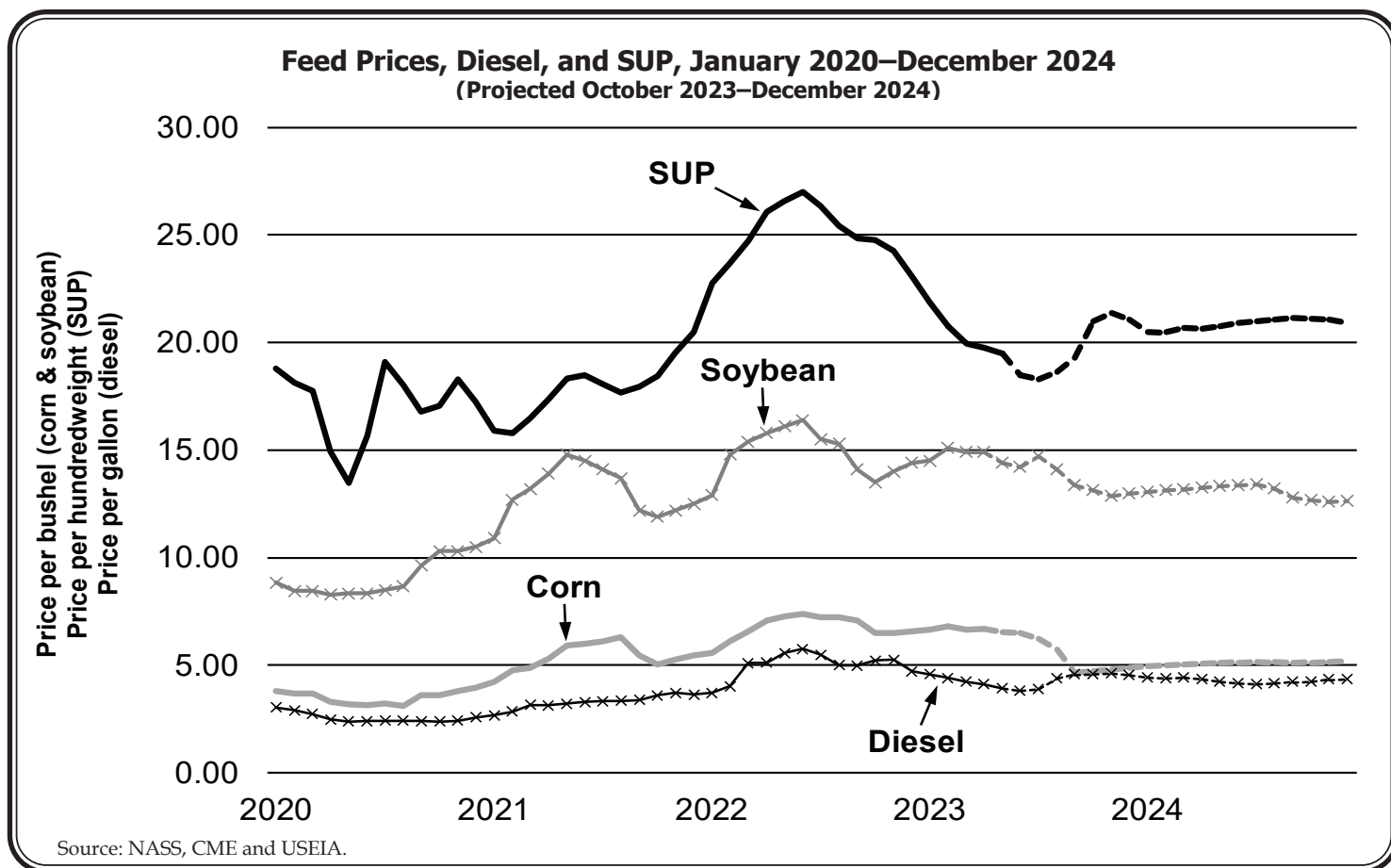
For the week of October 14, 2023, the National Dairy Products Sales Report (NDPSR) reported the highest

weekly butter price since the formation of the Order. At \$3.2854 per pound, the record butter price contributed to the second highest advanced Class I butterfat price in 23 years at \$3.6466 per pound for November 2023. Butterfat prices have risen steeply since August 2023, brought on by a tightening milk supply and the increased use of cream in other products. CME cash-settled butter futures settlements suggest the butter price will remain above \$3.00 per pound going into November. The current increase in butter prices could put downward pressure on the protein price, depending on the direction of cheese prices.

Feed Prices

Corn, soybean, and alfalfa hay prices as published by the USDA National Agricultural Statistics Service (NASS) for the month of August 2023 have all decreased from the previous month. Corn prices dropped 7.9 percent to \$5.73 per bushel, soybean prices decreased 4.1 percent to \$14.10 per bushel, and alfalfa hay prices fell 5.7 percent to \$230 per ton. Estimates using October 23, 2023, CME futures for corn and soybeans suggest a yearly average of \$5.91 per bushel price for corn and \$14.09 per bushel price for soybeans. These estimated yearly averages for 2023 are below the averages for 2022, with soybeans 5.1 percent below and corn 12.6 percent below.

(continued on page 3)



Market (continued from page 2)

Diesel Price

The U.S. Energy Information Administration (USEIA) estimates the price for diesel in 2023 will average \$4.30 per gallon, a decrease of \$0.70 per gallon from 2022. The cost of diesel has roughly increased month over month since June 2023 and is estimated to increase for the remainder of the year; most recently the price has risen \$0.20 per gallon between April and May 2023 to \$3.92 per gallon. The USEIA forecasts the price of diesel for the remainder of 2023 to average \$4.57 per gallon and for 2024, averages \$4.29 per gallon.

Exports

The U.S. Dairy Export Council (USDEC) Data Hub reported dairy exports for 2023, as of August, have totaled 1,574,643 metric tons (MT), this puts the 2023 year to date dairy exports below export volumes for 2022 (1,692,302 MT) and 2021 (1,632,416 MT). Nonfat dry milk (NFDM) remains the largest exported dairy product from the U.S., despite this the volume has decreased 0.1 percent from 2022. This drop is largely due to decreased exports to China and Southeast Asia; however, Mexico continues to increase exports with

Month	SUP	PPD	Class I	Class II	Class III	Class IV
dollars per hundredweight						
October	21.00	4.14	22.72	22.29	16.86	21.59
November	21.36	3.53	23.00	22.20	17.83	21.50
December	21.07	3.18	23.66	21.00	17.89	20.30
January	20.48	2.51	23.09	19.92	17.97	19.22
February	20.47	2.12	22.59	20.03	18.35	19.33
March	20.66	2.07	22.83	20.15	18.59	19.45

Class III & IV prices are CME futures prices for 10/23/23.
Class I, II, SUP, & PPD prices are estimates using CME futures prices.
Prices in bold are announced prices.

a 31.3 percent year to date increase in NFDM so far in 2023. Cheese exports also remained below 2022 volumes with notable decreases in South Korea, Japan, and Europe; while Mexico, China, Central America, Caribbean, Australia, and New Zealand experienced increases. The third largest U.S. dairy export, whey, dropped 22.0 percent from the previous year with decreases in all major exporting regions except Mexico, Europe, and South America. ❖

National Federal Milk Marketing Order Hearing Update

The hearing on Proposed Rulemaking to Amend all Federal Milk Marketing Orders that commenced August 23, 2023, in Carmel, IN, recessed on October 11, 2023. It will reconvene on November 27, 2023, at 1:00 p.m. at the same location, the 502 Event Center in Carmel, IN. If the hearing is not completed by December 1, it will reconvene at the Palomino Ballroom in Zionsville, IN. With the exception of Monday, November 27, the hearing will be held from 8:00 a.m. until 5:00 p.m. each weekday. A notice reiterating this information and outlining hearing procedures for the reconvened weeks will be published in the Federal Register.

Additional information can be found at USDA's Agricultural Marketing Service hearing link: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>. ❖

Pool Summary for All Federal Orders, January–September, 2022–2023

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2022	2023	Change	2022	2023	2022	2023
		pounds			dollars per hundredweight			
					percent			
1	Northeast	20,204,248,741	20,586,478,548	1.9	3.03	2.70	25.26	19.83
5	Appalachian	4,048,801,730	4,057,943,531	0.2	N/A	N/A	26.68	21.46
6	Florida	1,833,749,779	1,928,496,695	5.2	N/A	N/A	28.67	23.53
7	Southeast	2,982,786,685	2,665,278,408	(10.6)	N/A	N/A	27.14	22.02
30	Upper Midwest	22,810,466,324	25,099,944,760	10.0	0.29	0.27	22.53	17.40
32	Central	11,694,623,836	12,277,527,424	5.0	1.18	1.01	23.42	18.14
33	Mideast	12,767,370,353	13,419,774,994	5.1	1.52	1.44	23.76	18.58
51	California	16,421,635,119	20,452,760,385	24.5	1.21	1.06	23.45	18.20
124	Pacific Northwest	5,783,431,801	5,850,098,224	1.2	1.41	1.07	23.65	18.20
126	Southwest	10,266,939,988	10,482,680,202	2.1	1.72	1.74	23.95	18.87
131	Arizona	3,640,974,336	3,847,473,873	5.7	N/A	N/A	24.56	19.09
All Market Total/Average		112,455,028,692	120,668,457,044	7.3	1.48	1.33	24.83	19.57

Price at designated order location. Simple average.

N/A = Not applicable.

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	638,210,850	\$11.89	\$75,883,270.07	
Butterfat	15,913,144	3.0495	48,527,132.63	
Less: Location Adjustment to Handlers			(2,897,786.33)	\$121,512,616.36
Class II— Butterfat	33,900,041	3.1334	106,222,388.50	
Nonfat Solids	53,700,826	1.0378	55,730,717.24	161,953,105.74
Class III— Butterfat	27,745,759	3.1264	86,744,340.98	
Protein	19,954,719	2.3027	45,949,731.45	
Other Solids	36,511,083	0.0992	3,621,899.43	136,315,971.86
Class IV— Butterfat	10,724,187	3.1264	33,528,098.24	
Nonfat Solids	24,869,579	0.9382	23,332,639.05	56,860,737.29
Total Classified Value				\$476,642,431.25
Add: Overage—All Classes				332,790.85
Inventory Reclassification—All Classes				242,808.81
Other Source Receipts	291,628			11,443.06
Total Pool Value				\$477,229,473.97
Less: Value of Producer Butterfat	88,283,131	3.1264	(276,008,380.78)	
Value of Producer Protein	68,562,397	2.3027	(157,878,631.60)	
Value of Producer Other Solids	125,709,498	0.0992	(12,470,382.21)	(446,357,394.59)
Total PPD Value Before Adjustments				\$30,872,079.38
Add: Location Adjustment to Producers				13,213,903.74
One-half Unobligated Balance—Producer Settlement Fund				1,084,011.29
Less: Producer Settlement Fund—Reserve				(941,645.73)
Total Pool Milk & PPD Value	2,178,736,385			\$44,228,348.68
Producer Price Differential		\$2.03		
Statistical Uniform Price		\$20.42		

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

The Market Administrator's

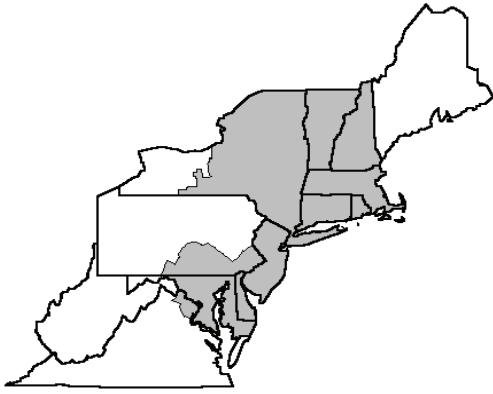
BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

October 2023

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 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$21.20 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be \$23.88 per hundredweight. The October statistical uniform price was 78 cents per hundredweight above the September price. The October producer price differential (PPD) at Suffolk County was \$4.36 per hundredweight, an increase of \$2.33 from the previous month.

Product Prices Effect

Commodity price changes reported on the National Dairy Product Sales Report were mixed in October. Butter jumped almost 49 cents, nonfat dry milk rose 4 cents, and dry whey increased 2 cents. The cheese price dropped nearly 20 cents with blocks decreasing 18.5 cents and barrels dropping 21 cents, all on a per pound basis. The commodity price changes translated to a 59-cent increase in the butterfat price, a 4-cent increase in the nonfat solids price, and a 2.5-cent increase in the other solids price, all on a per pound basis. The protein price plummeted \$1.26 per pound due to the drop in the cheese price combined with the significant increase in the butterfat price, which is a component of the protein price formula.

Class price changes from the previous month also were mixed: Class I increased 57 cents; Class II rose \$1.97; Class III fell \$1.55; and Class IV was up \$2.40, all on a per hundredweight basis. Class III remained the lowest class price. With higher prices in the classes most of the pool was utilized, the SUP increased. In contrast to the past two months, even though the total pool value increased, the value paid to producers for components decreased mainly due to the much lower protein price. This resulted in a larger pay out in the PPD, the highest ever for the month of October since the Order's inception.

Selected Statistics

Average daily deliveries per producer (DDP) in October set a record high for the month. The total volume of producer receipts was the second highest ever for the month. Class II and III volumes set record-highs for October. The average producer butterfat test set new record high for the month; the protein and other solids test tied as record-highs for the month with prior years. ❖

Pool Summary

- A total of 7,669 producers were pooled under the Order with an average daily delivery per producer of 9,485 pounds.
- Pooled milk receipts totaled 2.255 billion pounds, an increase of 0.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.1 percent of total milk receipts, up 0.1 percentage points from September.
- The average butterfat test of producer receipts was 4.16 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.1	678,366,068
Class II	26.6	599,150,965
Class III	30.5	688,391,694
Class IV	12.8	289,153,248
Total Pooled Milk		2,255,061,975

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.0468	2.4512
Butterfat Price	3.7144	3.6567
Other Solids Price	0.1243	0.2952

Class Prices

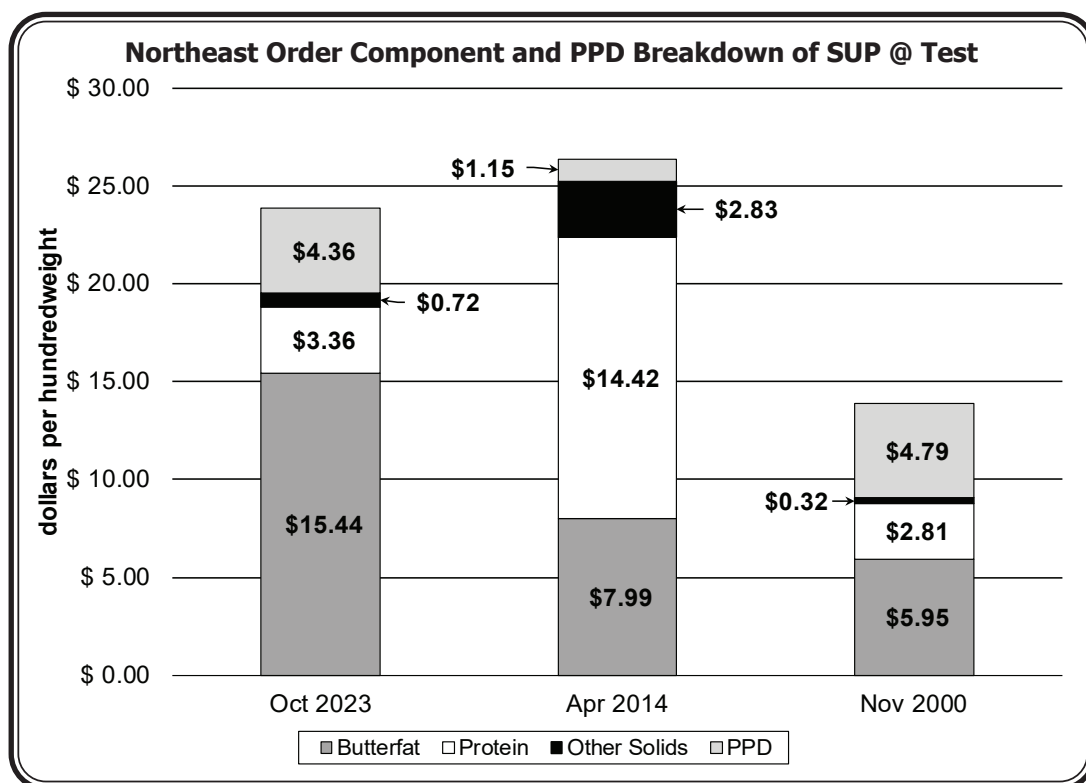
	2023	2022
	\$/cwt	
Class I	22.72	25.96
Class II	21.95	25.73
Class III	16.84	21.81
Class IV	21.49	24.96

PPD Comparison

For the month of October 2023, the Producer Price Differential (PPD) was \$4.36 per hundredweight (cwt). This is, so far, the second highest PPD for 2023, a new record high for the month of October, and the fifth largest PPD in the Northeast since the formation of the Order. The PPD is the leftover value in the pool after components are paid at the Class III level. PPDs can go negative when the value of the total components exceeds the total value of the pool; this can be caused by several reasons such as a result of utilization relationships or timing of price changes. The value of the PPD is constantly fluctuating, with the lowest PPD in the Northeast Order at -\$5.46 per cwt (July 2020) and the highest at \$5.32 per cwt (August 2022) occurring only 26 months apart.

The butterfat, protein, and other solids prices at the Class III level and the PPD are all reflected in the value of the Statistical Uniform Price (SUP). This price is an estimate of what producers are expected to receive for their milk. Despite the PPD used in calculating the SUP, a low or high PPD value does not necessarily correlate to a low or high SUP. For example, the previously mentioned record low PPD value for Order 1 in July 2020 had the highest SUP for 2020 at \$19.08 per cwt. In contrast, January 2011 had a relatively high PPD at \$3.53 per cwt but has a SUP of \$17.01 per cwt, which is \$3.63 per cwt under the 2011 SUP average. The value of the components typically has a larger impact on the price producers receive for their milk.

The accompanying chart displays the SUP at test for October 2023 (\$23.88 per cwt), April 2014 (\$26.39 per cwt), and November 2000 (\$13.87 per cwt) in Order 1. The SUP at test was used in the chart because it is believed to better represent the prices producers receive for their milk over the standard SUP. Each entry displays how much each component and PPD value contribute to the SUP at test for that month and how that distribution can differ. For October 2023, butterfat accounted for \$15.44 per cwt (64.7 percent), protein \$3.36 per cwt (14.1 percent), other solids \$0.72 per cwt (3.0 percent), and the PPD \$4.36 per cwt (18.3 percent). For



April 2014, butterfat accounted for \$7.99 per cwt (30.3 percent), protein \$14.42 per cwt (54.6 percent), other solids \$2.83 per cwt (10.7 percent), and the PPD \$1.15 per cwt (4.4 percent). Lastly, November 2000, butterfat accounted for \$5.95 per cwt (42.9 percent), protein \$2.81 per cwt (20.3 percent), other solids \$0.32 per cwt (2.3 percent), and the PPD \$4.79 per cwt (34.5 percent). April 2014 demonstrates how little value the PPD can contribute to a relatively high SUP, while November 2000 demonstrates how a high PPD can accompany a low SUP. The PPD is one of four components that make up the price paid to producers, all four of these components can vary in significance to that price. ❖

Changes in Utilization

For the January through September 2023 period, the total volume of producer milk pooled on the Northeast Order was 1.5 percent higher than during the same period in 2022. Producer milk is combined with plant inventories and bulk and packaged transfers from other plants to arrive at the volume available for use, or utilization, at a plant. Under the Order, milk is classified into four classes. The accompanying table shows changes in utilization by class and highlights selected product changes for the January-September period for 2023 compared to 2022, 2021, and 2018.

Class I

Class I utilization was down 1.2 percent for the
(continued on page 3)

Changes (continued from page 2)

first 3 quarters of 2023 compared to 2022; the declines compared to the other years selected was even greater. Whole milk in 2023 is up from both 2022 and 2021, but below 2018. Flavored milk and drinks (lower fat flavored milk products) were down significantly from 2022 and 2018, but up from 2021. Organic whole milk increased significantly from 2022 and 2018, but was down somewhat from 2021. All other categories reported decline in 2023 from the selected prior years.

Class II

Milk used for Class II purposes reported increases in 2023 compared to the selected prior years. Both yogurt and cottage cheese showed significant growth compared to the previous years; milk used in yogurt reported double-digit increases for the years selected. Sour cream reported a nearly 15 percent jump from 2022, but only about 1 percent from 2021 and 2018. Milk used in frozen desserts (mainly ice cream) rose from 2022, but declined from 2021 and 2018.

Class III

Class III utilization increased in 2023 over all the selected years. Within the class, the category that includes Swiss and Other Cheeses jumped from 2022 and 2021, and was up slightly from 2018. Italian cheese increased from all the other years, but not as significantly 2022. American cheese use was down in 2023 from all the other times periods. Milk used in cream cheese decreased from 2022, but increased from the other years.

Class IV

Overall, Class IV usage was down from all time periods. Milk used in dried milk products (primarily nonfat dry milk) decreased from all years. Butter

Utilization Comparison of Selected Products, Northeast Order, January–September

	Percent change in 2023 from :		
	2018	2021	2022
Class I Milk			
Whole Milk	(3.8)	1.9	1.6
Reduced Fat Milk	(13.8)	(10.7)	(3.2)
Lowfat Milk	(25.7)	(14.7)	(7.5)
FatFree	(45.8)	(19.7)	(9.6)
Flavored Milk and Drinks	(9.8)	14.5	(7.0)
Organic Milk	14.1	(3.2)	10.2
Organic Reduced Fat Milk	(18.3)	(13.3)	(1.4)
Total Class I Utilization*	(8.1)	(3.9)	(1.2)
Class II Milk			
Cottage Cheese	22.1	8.3	16.5
Sour Cream and Aerated Cream	0.8	0.8	14.7
Yogurt	23.1	10.8	15.8
Ice Cream, Desserts, Condensed, and Mixes	(8.2)	(6.2)	5.1
Total Class II Utilization*	5.8	3.4	9.1
Class III Milk			
American-Type Cheeses	(4.9)	(0.2)	(3.1)
Cream Cheese	4.1	5.5	(1.9)
Italian-Type Cheeses	7.4	7.8	1.8
Swiss and Other-Type Cheeses	1.3	12.2	11.0
Total Class III Utilization*	9.2	11.6	1.4
Class IV Milk			
Butter	2.1	8.1	(4.6)
Dried Milk Products	(4.8)	(7.7)	(2.5)
Total Class IV Utilization*	(4.8)	(10.6)	(3.1)
Total Minimum Price Class Utilization#	(7.2)	(6.7)	9.4
Total Utilization~	(0.0)	0.0	1.5

* Includes products not shown.

As defined in section 1000.40 of the Order.

~ Includes sales to nonpool manufacturing plants.

declined from 2022, but increased from 2021 and 2018.

Minimum Price Class

Milk assigned to the minimum price class rose 9.4 percent from 2022, but was down considerably from the other years. This category includes milk used for animal feed, dumped or lost due to various reasons, and other uses as defined in section 1000.40 of the Order.❖

National Federal Milk Marketing Order Hearing Update

The hearing that recessed on October 11, will reconvene on November 27, 2023, at 1:00 p.m. at the 502 Event Center, 502 E Carmel Drive, Carmel, Indiana. If the hearing is not completed by December 1, the hearing will reconvene at the Palomino Ballroom, 481 South County Road 1200 East, Zionsville, Indiana.

With the exception of Monday, November 27, the hearing will be held from 8:00 a.m. until 5:00 p.m. each weekday. A notice reiterating this information and outlining hearing procedures for the reconvened weeks was published in the Federal Register on November 6, 2023; go to link: <https://www.federalregister.gov/documents/2023/11/06/2023-24389/milk-in-the-northeast-and-other-marketing-areas-notice-of-hearing-on-proposed-amendments-to>.

Dairy farmer virtual testimony will no longer be available. Dairy farmers may continue to testify in person at any time during the reconvened hearing. Dairy farmers testifying in person are not required to pre-submit testimony or exhibits.❖

RETURN SERVICE REQUESTED

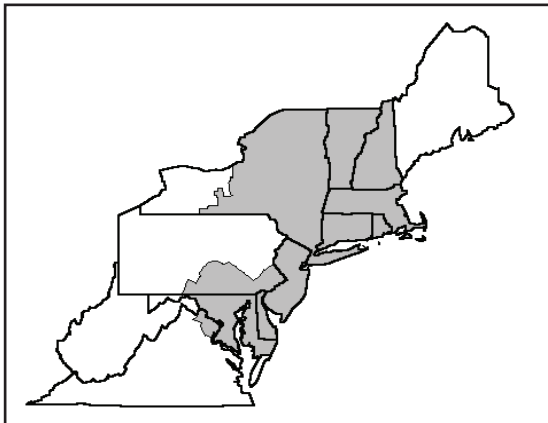
FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	661,461,936	\$12.37	\$81,822,841.48	
Butterfat	16,904,132	3.0802	52,068,107.39	
Less: Location Adjustment to Handlers			(2,998,365.94)	\$130,892,582.93
Class II— Butterfat	35,685,854	3.7214	132,801,337.04	
Nonfat Solids	52,795,745	1.0278	54,263,466.72	187,064,803.76
Class III— Butterfat	29,137,231	3.7144	108,227,330.83	
Protein	22,159,476	1.0468	23,196,539.49	
Other Solids	39,756,398	0.1243	4,941,720.27	136,365,590.59
Class IV— Butterfat	12,010,342	3.7144	44,611,214.34	
Nonfat Solids	25,985,437	0.9781	25,416,355.94	70,027,570.28
Total Classified Value				\$524,350,547.56
Add: Overage—All Classes				130,432.46
Inventory Reclassification—All Classes				704,086.33
Other Source Receipts	420,275			34,096.96
Total Pool Value				\$525,219,163.31
Less: Value of Producer Butterfat	93,737,559	3.7144	(348,178,789.15)	
Value of Producer Protein	72,488,915	1.0468	(75,881,396.21)	
Value of Producer Other Solids	130,227,665	0.1243	(16,187,298.79)	(440,247,484.15)
Total PPD Value Before Adjustments				\$84,971,679.16
Add: Location Adjustment to Producers				13,693,428.33
One-half Unobligated Balance—Producer Settlement Fund				605,560.92
Less: Producer Settlement Fund—Reserve				(931,642.28)
Total Pool Milk & PPD Value	2,255,482,250			\$98,339,026.13
Producer Price Differential		\$4.36		
Statistical Uniform Price		\$21.20		

* 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 2023

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

November Pool Price Calculation

The November 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$20.4 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be \$23.82 per hundredweight. The November statistical uniform price was 46 cents per hundredweight below the October price. The November producer price differential (PPD) at Suffolk County was \$3.59 per hundredweight, a decrease of 77 cents from the previous month.

Product Prices Effect

Commodity price changes reported on the National Dairy Product Sales Report were mixed in November. On a per pounds basis, butter fell 21 cents, nonfat dry milk rose 3 cents, and dry whey increased 6 cents. The cheese price reflected no change from the previous month with blocks decreasing 5 cents offset by barrels increasing 5 cents. The commodity price changes translated to a 25-cent decrease in the butterfat price, a 3-cent increase in the nonfat solids price, and a 7-cent rise in the other solids price, all on a per pound basis. The protein price increased 28 cents per pound mainly due to the drop in the butterfat price, which is a component of the protein price formula. Even though the butterfat price dropped, it was still the highest ever for the month of November.

Class price changes from the previous month also were mixed: Class I increased 28 cents; Class II fell 74 cents; Class III rose 31 cents; and Class IV decreased 62 cents, all on a per hundredweight basis. Class III remained the lowest class price. With a decrease in proportion of pooled milk utilized in the higher prices, the SUP decreased. The value of producers' components also decreased from last month, but with a lower overall pool resulted in a smaller payout in the PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in November set a record high for the month. Class II and III volumes set record-highs for November. The November average producer butterfat and protein tests set new record high for the Order; the other solids test tied as record-high for the Order. ❖

Pool Summary

- A total of 7,635 producers were pooled under the Order with an average daily delivery per producer of 9,443 pounds.
- Pooled milk receipts totaled 2.163 billion pounds, a decrease of 0.9 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.8 percent of total milk receipts, up 0.7 percentage points from October.
- The average butterfat test of producer receipts was 4.28 percent.
- The average true protein test of producer receipts was 3.27 percent.
- The average other solids test of producer receipts was 5.79 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.8	666,204,847
Class II	25.0	541,611,362
Class III	29.6	639,473,726
Class IV	14.6	315,600,465
Total Pooled Milk		2,162,890,400

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.3238	2.5374
Butterfat Price	3.4608	3.3720
Other Solids Price	0.1895	0.2837

Class Prices

	2023	2022
	\$/cwt	
Class I	23.00	27.34
Class II	21.21	24.67
Class III	17.15	21.01
Class IV	20.87	23.30

Looking Ahead 2024

Projections using the Chicago Mercantile Exchange (CME) Class III and IV milk futures prices as settled on December 18, 2023, suggest the statistical uniform price (SUP) will average \$20.02 per hundredweight (cwt) for 2023; this is a decrease of \$4.93 per cwt from the 2022 average. This article reviews some supply and demand factors and economic indicators with a look to 2024. It is typically a challenge to forecast dairy prices beyond a few months; a projection of where prices are expected to go in 2024 is offered based on futures prices.

Select Cost Factors

The feed cost increases that occurred through 2021 and 2022 have seemingly slowed in 2023, and CME future prices suggest this to remain true into 2024. The price of corn and soybeans have decreased 24.2 percent and 5.9 percent, respectively, between October 2022 and October 2023 as reported by the National Agricultural Statistics Service (NASS). Using a combination of December 18, 2023, CME future prices and NASS reported prices, the price for corn in 2023 is expected to average \$5.94 per bushel. The CME futures price of corn for March and May 2024 are below \$5.00 per bushel, which suggests the downward trend may continue. Soybean prices for 2023 are estimated to average \$14.13 per bushel, with January and March 2024 CME futures indicating a price under \$14.00 per bushel going into the new year. The CME does not offer futures for alfalfa hay, which limits the ability of price projection. However, looking at

trends using NASS prices throughout 2023, alfalfa hay has continuously decreased month-to-month between April and October, with a 6.4 percent decrease in price from January to October.

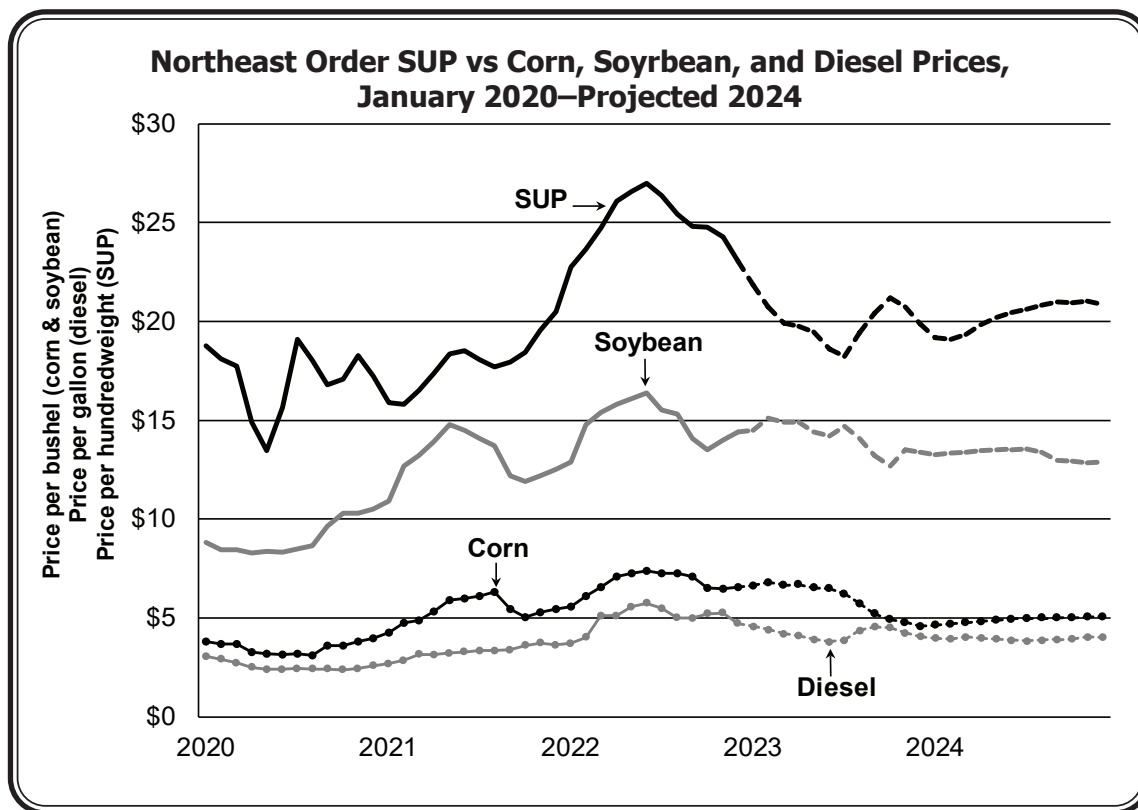
According to the U.S. Energy Information Administration (USEIA), the cost of retail diesel fell 7.1 percent between January and November 2023, a decrease of \$0.32 per gallon. The USEIA reported the national average price for retail diesel in November was \$4.25 per gallon. The USEIA forecast diesel fuel prices to continually decline through December 2023 and 2024, predicting an average price of \$4.22 per gallon in 2023 and \$3.95 per gallon in 2024. The accompanying graph shows the SUP, corn, soybean, and USEIA retail diesel prices since January 2020 and projected through 2024.

Supply Factors

The United States Department of Agriculture's (USDA) *World Agricultural Supply and Demand Estimates (WASDE)* December report anticipates a 0.9 percent increase in U.S. dairy production, to an estimated 229.0 billion pounds for 2024 compared to the projected 226.9 billion pounds for 2023. The December 18 USDA NASS *Milk Production* report showed an annual decrease of 0.5 percent for the 24 major milk producing states in November. Since June, U.S. milk production in 2023 has fallen each month below the previous year in the 24 major milk producing states. U.S. monthly milk per cow (MPC) in the select 24 select states for the first half of 2023

outperformed the first half of 2022 but, since July, each month in 2023 has fallen below 2022 (except September), with November 2023 at 1,948 pounds MPC compared to 1,951 pounds MPC in November 2022. The reduction in MPC is in part due to the decreased number of milking cows in the Select 24 states compared to 2022, with the average monthly difference from July to November being 17,000 cows.

The Federal Reserve Bank has continued to increase interest rates through 2023, with the current targeted rate (continued on page 3)



Looking Ahead (continued from page 2)

between 5.25 to 5.50 percent. The increased cost of borrowing experienced over the last few years could further impact milk production growth. However, some analysts propose the Federal Reserve Bank will have no further increases and even suggest rates could decrease in 2024.

Demand Factors

According to the U.S. Dairy Export Council (USDEC) Data Hub, between January and October 2023, dairy exports on a total milk solids basis decreased 7.3 percent vs 2022 and totaled 1,957,381 metric tons. Skim milk powder/nonfat dry milk (SMP/NFDM) account for the largest category of dairy exports; through October, 676,173 metric tons of SMP/NFDM have been exported, a decrease of 3.1 percent from 2022. Southeast Asia and Mexico remain the two largest importers of U.S. SMP/NFDM; Mexico has experienced a 21.1 percent year-over-year increase, while Southeast Asia imports decreased 25 percent. South Asia, South America, Central America, and the Caribbean also have had a significant increase in imports of U.S. SMP/NFDM. Dry whey, lactose, and cheese are the three next largest categories of exports by volume, with only lactose having an increase in exports (24,697 metric ton increase), largely from China.

Domestic Situation

The U.S. Bureau of Labor Statistics (BLS) reported the November 2023 unemployment rate at 3.7 percent; except for January, the unemployment rate in 2023 has remained relatively stable, falling in the 3.4-3.9 percent range. The Conference Board's Consumer Confidence Index (CCI), a measurement of the consumers' view of the health of the economy, is at 102.0 for November, up from 99.1 in October; a CCI score above 100 means consumers feel optimistic about the economy. The Restaurant Performance Index (RPI) stood at 99.7 in October, a 0.7 percentage point decrease from the previous month. Values over 100 suggest expansion of the market; index values have been below 100 twice in the last three months. The Expectations Index, which measures the six-month outlook for restaurant operations, stood at 100.4 in October, a growth of 0.4 percentage points from September. The BLS reported the Consumer Price Index (CPI) increased 3.1 percent for all items in November 2023 vs November 2022. The CPI for dairy and related products decreased 1.4 percent for November 2023 relative to November 2022. All dairy product groupings included in the CPI experienced deflation except ice cream and related products. Fresh whole milk prices decreased 2.9 percent; fresh milk other than whole prices fell 1.8 percent; cheese and related products dropped 2.6 percent; other dairy and related products declined 0.4

percent; and ice cream and related products increased 1.0 percent.

Outlook 2024

USDA forecasts the all-milk price for 2024 to be \$20.25 per cwt, and Class III and Class IV prices at \$16.85 per cwt and \$18.90 per cwt, respectively. Using December 18 CME Class III and Class IV futures, the average SUP price for 2024 is estimated to be \$20.28 per cwt. ❖

2024 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	Friday	1/26/24
February	Monday	2/26/24
March	Tuesday	3/26/24
April	Friday	4/26/24
May	Tuesday	5/28/24
June	Wednesday	6/26/24
July	Friday	7/26/24
August	Monday	8/26/24
September	Thursday	9/26/24
October	Monday	10/28/24
November	Tuesday	11/26/24
December	Thursday	12/26/24

RETURN SERVICE REQUESTED

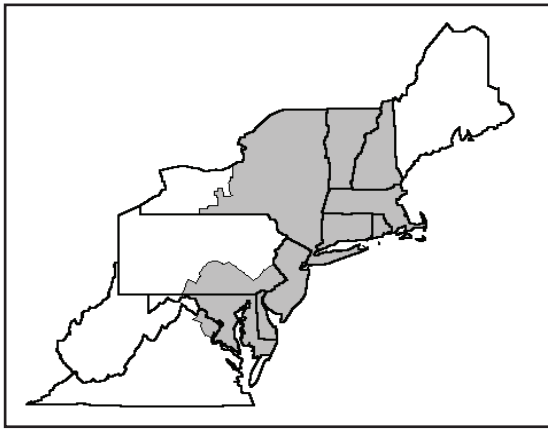
FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	649,436,477	\$10.49	\$68,125,886.44	
Butterfat	16,768,370	3.6791	61,692,510.07	
Less: Location Adjustment to Handlers			(2,927,460.97)	\$126,890,935.53
Class II— Butterfat	34,590,622	3.4678	119,953,359.01	
Nonfat Solids	47,941,715	1.0444	50,070,327.15	170,023,686.16
Class III— Butterfat	28,928,000	3.4608	100,114,022.40	
Protein	20,913,215	1.3238	27,684,914.03	
Other Solids	36,936,490	0.1895	6,999,464.86	134,798,401.29
Class IV— Butterfat	12,282,655	3.4608	42,507,812.41	
Nonfat Solids	28,709,938	1.0080	28,939,617.49	71,447,429.90
Total Classified Value				\$503,160,452.88
Add: Overage—All Classes				289,543.22
Inventory Reclassification—All Classes				(792,722.56)
Other Source Receipts	332,784			16,744.38
Total Pool Value				\$502,674,017.92
Less: Value of Producer Butterfat	92,569,647	3.4608	(320,365,034.31)	
Value of Producer Protein	70,691,886	1.3238	(93,581,918.69)	
Value of Producer Other Solids	125,137,138	0.1895	(23,713,487.67)	(437,660,440.67)
Total PPD Value Before Adjustments				\$65,013,577.25
Add: Location Adjustment to Producers				13,122,872.83
One-half Unobligated Balance—Producer Settlement Fund				562,136.20
Less: Producer Settlement Fund—Reserve				(1,038,873.87)
Total Pool Milk & PPD Value	2,163,223,184			\$77,659,712.41
Producer Price Differential		\$3.59		
Statistical Uniform Price		\$20.74		

* 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 2023

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

December Pool Price Calculation

The December 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.71 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 \$22.50 per hundredweight. The December statistical uniform price was \$1.03 per hundredweight below the November price. The December producer price differential (PPD) at Suffolk County was \$3.67 per hundredweight, an increase of 8 cents from the previous month.

Product Prices Effect

Commodity price changes reported on the National Dairy Product Sales Report were mixed in December. On a per pounds basis, butter fell 40 cents, nonfat dry milk rose 1 cent, and dry whey increased 3 cents. The cheese price decreased 12 cents from the previous month with blocks declining 11 cents and barrels falling 12 cents. The commodity price changes translated to a 48-cent decrease in the butterfat price, a 1-cent increase in the nonfat solids price, and a 3-cent rise in the other solids price, all on a per pound basis. The protein price increased nearly 13 cents per pound due to the drop in the butterfat price, which is a component of the protein price formula. Even though the butterfat price dropped significantly, it was the second highest ever for the month of December.

Class price changes from the previous month were mostly down: Class I increased 1 cent; Class II decreased \$1.33; Class III declined \$1.11; and Class IV fell \$1.64 cents, all on a per hundredweight basis. Class III remained the lowest class price. With a decrease in proportion of pooled milk utilized in the higher prices, the SUP decreased. Both the overall pool value and the value of producers' components decreased from last month, but the proportion resulted in a slightly higher payout in the PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in December set a record high for the month. The Class III volume set a record-high for December while the Class II volume was the second highest for the month. The December average producer butterfat set a record high for the Order; the protein and other solids tests tied with previous years as highs for the month. ❖

Pool Summary

- A total of 7,640 producers were pooled under the Order with an average daily delivery per producer of 9,523 pounds.
- Pooled milk receipts totaled 2.255 billion pounds, an increase of 0.9 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.3 percent of total milk receipts, down 0.5 percentage points from November.
- The average butterfat test of producer receipts was 4.30 percent.
- The average true protein test of producer receipts was 3.26 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.3	684,632,023
Class II	22.5	506,475,203
Class III	29.8	672,329,340
Class IV	17.4	391,980,522
Total Pooled Milk		2,255,417,088

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.4499	2.6568
Butterfat Price	2.9778	3.1539
Other Solids Price	0.2242	0.2652

Class Prices

	2023	2022
	\$/cwt	
Class I	23.01	25.83
Class II	19.88	23.11
Class III	16.04	20.50
Class IV	19.23	22.12

Annual Summary 2023

Total milk received from producers equaled 27.3 billion pounds in 2023, up 1.4 percent from 2022, the second highest total volume since the Order's inception. The annual average volume per producer continued to set record-highs jumping 836 pounds from the previous year; it topped 10,000 pounds for 2 months during 2023 and over 9,000 pounds during all other months. The year ended with 7,640 producers, a drop of 444 from December 2022; the decrease was 665 the previous year.

As occurred the previous year, total U.S. milk production was basically flat in 2023. Both cow numbers and milk per cow were strong at the beginning of the year but declined about midyear. Exports were down about 7 percent in 2023 on a total milk solids basis. Even though supply was stagnant, demand was too weak to maintain the price record-high levels in 2022. Prices started the year \$1.20 per hundredweight below the end of 2022 and continued to decline, bottoming out in the summer, and rising slightly but still finishing the year \$2.00 below the start.

The accompanying table compares selected pool statistics for 2022 and 2023. The chart shows annual average utilization by class for the past 10 years.

Class Utilization Changes

Class I utilization averaged 28.8 percent in 2023, down 0.8 percentage points from 2022. The volume of milk used for Class I purposes declined 101 million pounds (1.3 percent) from the previous year, compared to a drop of 2.2 percent in 2022. The total volume of producer receipts used in Class II jumped 541 million pounds (8.5 percent) and set a record high in usage. The Class II utilization percentage rose 1.7 percentage points to 25.5 percent of total producer milk pooled in 2023. Significant increases occurred in milk used in yogurt, cottage cheese, and sour cream.

Class III volume also set a record high, increasing 2.2 percent (169 million pounds); utilization averaged 29.2 percent, up 0.2 percentage points from 2022. The category that includes Swiss and other hard varieties of cheese had the most growth. In addition, even though milk assigned to the lowest class price (shrinkage, dumped, animal feed, lost in transit) declined, the Class III price was the lowest for all but one month of 2023. The amount of milk used in Class IV decreased 4.9 percent and accounted for an annual average of 16.5 percent utilization, a decrease of 1.1 percentage points.

Prices Lower Than in 2022

With increases in milk production, demand struggled to keep up. As a result, prices dropped significantly from the previous year. Cold storage stocks of natural cheese set a record high in November 2023.

Northeast Order Pool Statistics, 2022–2023

Pool Statistics	2022	2023	2022-23
	million pounds		Change
			percent
Class I	7,962.6	7,861.4	(1.3)
Class II	6,401.1	6,942.6	8.5
Class III	7,792.4	7,961.0	2.2
Class IV	4,725.5	4,494.9	(4.9)
Total	26,881.6	27,259.9	1.4
	pounds		
DDP	8,862	9,698	9.4
	utilization percentage		change
Class I	29.6	28.8	(0.8)
Class II	23.8	25.5	1.7
Class III	29.0	29.2	0.2
Class IV	17.6	16.5	(1.1)
	dollars/cwt		percent
Class I	26.91	22.45	(16.6)
Class II	25.27	20.10	(20.5)
Class III	21.96	17.02	(22.5)
Class IV	24.47	19.12	(21.9)
SUP	24.96	20.01	(19.8)
Producer Component:			
Tests:	percent		change
Butterfat	4.03	4.12	0.09
Protein	3.16	3.18	0.02
Other Solids	5.78	5.77	(0.01)
Prices:	dollars/lb		percent
Butterfat	3.2637	2.9615	(9.3)
Protein	2.7238	1.9051	(30.1)
Other Solids	0.4188	0.1676	(60.0)
Nonfat Solids	1.5021	1.0076	(32.9)

Commodity Prices – National Dairy Product Sales Report (NDPSR) butter prices decreased 8.7 percent from 2022 and averaged \$2.6170 per pound, the second highest on record since federal order reform. NDPSR cheese prices averaged \$1.7593 per pound, a decrease of 16.7 percent with combined averages of \$1.8154 for blocks and \$1.6813 for barrels, declines of 13.6 and 19.6 percent, respectively.

The NDPSR nonfat dry milk price fell 29.6 percent from 2022, averaging \$1.1856 per pound. Dry whey prices dropped 40.3 percent from the previous year and averaged \$0.3618 per pound.

Component Prices – All component price averages were below the previous year. The price paid to producers for butterfat averaged \$2.9615 per pound, down 9.3 percent from 2022 and but the second highest price since federal order reform. The annual average protein price was \$1.9051 per pound, a drop of 30.1 percent from the previous year's average. The other solids price averaged \$0.1676 per pound, a decrease (continued on page 3)

Annual (continued from page 2)

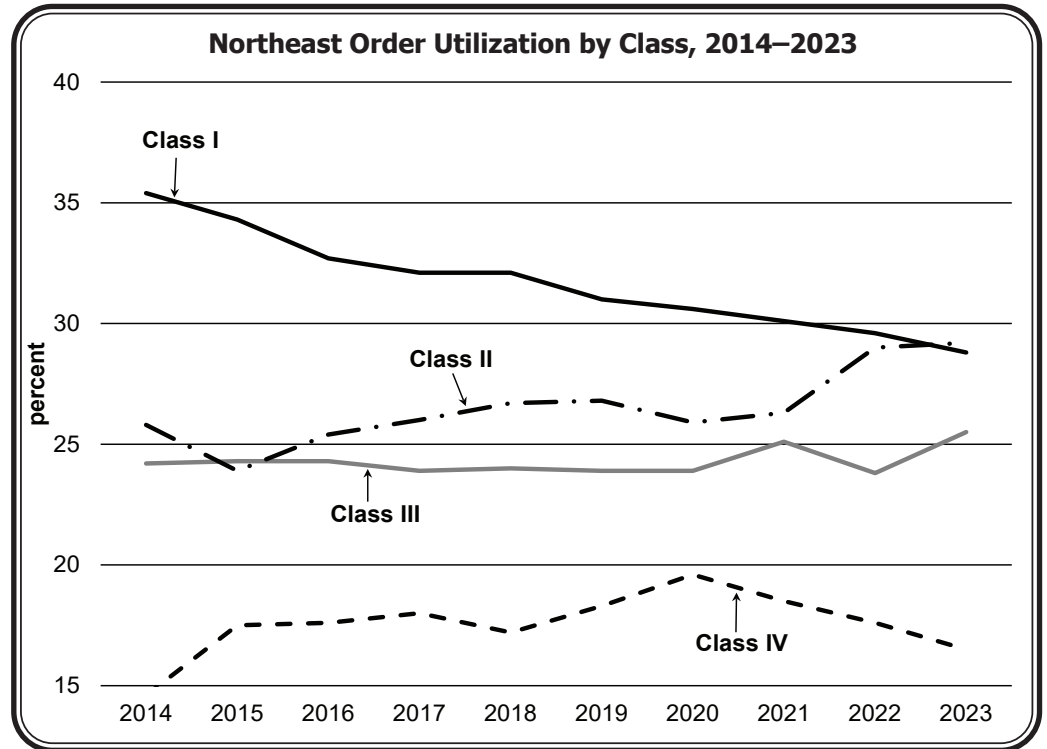
of 60.0 percent from 2022. The nonfat solids price averaged \$1.0076 per pound, a decline of 32.9 percent from the previous year.

Class Prices—Annual average class prices were significantly lower than in 2022. The Class I price averaged \$22.45 per hundredweight in 2023, down 16.6 percent from the 2022 annual average. The Class II price averaged \$20.10 per hundredweight, a decrease of 20.5 percent from the previous year. The Class III price averaged \$17.02, 22.5 percent below 2022. The Class IV price averaged \$19.12, a decline of 21.9 percent. Overall, the statistical uniform price (blend) reported at Suffolk County, Massachusetts (Boston) averaged \$20.01 per hundredweight, 19.8 percent below the 2022 average. The producer price differential (PPD) averaged \$2.99 per hundredweight (at Boston) for the year, one cent below the 2022 average and the third highest annual average since the Order’s inception.

Producer Tests

The annual average producer butterfat test equaled 4.12 percent in 2023, a jump of 0.09 percentage points from 2022. Monthly record-highs were set in all but

one month of 2023 and tied in that month. A new Order high was set in December at 4.30 percent. The annual average producer protein test was 3.18 percent, up 0.02 percentage points from the previous year. Monthly record-highs were set in 8 months of 2023 and a new Order high was set in November at 3.27 percent. The producer other solids test averaged 5.77 percent, a decrease of 0.01 percentage point. The year’s record high was 5.79 percent, which matched multiple occurrences in prior years. ❖



Pool Summary for All Federal Orders, January–December, 2022–2023

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2022	2023	Change	2022	2023	2022	2023
		pounds			percent	dollars per hundredweight		
1	Northeast	26,881,591,679	27,259,848,011	1.4	3.00	2.99	24.96	20.01
5	Appalachian	5,420,484,531	5,427,962,020	0.1	N/A	N/A	26.42	21.65
6	Florida	2,476,149,239	2,505,761,275	1.2	N/A	N/A	28.42	23.71
7	Southeast	3,899,520,969	3,537,957,459	(9.3)	N/A	N/A	26.87	22.23
30	Upper Midwest	31,837,415,324	33,045,277,333	3.8	0.28	0.29	22.24	17.31
32	Central	15,637,745,685	16,053,145,914	2.7	1.15	1.22	23.11	18.24
33	Mideast	16,795,991,380	17,761,414,139	5.7	1.50	1.67	23.45	18.69
51	California	22,438,808,200	26,417,543,826	17.7	1.20	1.19	23.15	18.21
124	Pacific Northwest	7,582,859,867	7,649,543,548	0.9	1.36	1.31	23.31	18.33
126	Southwest	13,713,903,120	13,640,039,564	(0.5)	1.72	1.91	23.68	18.93
131	Arizona	4,909,581,108	5,149,368,294	4.9	N/A	N/A	24.27	19.30
All Market Total/Average		151,594,051,102	158,447,861,383	4.5	1.46	1.51	24.53	19.69

Price at designated order location. Simple average.

N/A = Not applicable.

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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	667,812,612	\$11.20	\$74,795,012.54	
Butterfat	16,819,411	3.4851	58,617,329.28	
Less: Location Adjustment to Handlers			(3,024,826.46)	\$130,387,515.36
Class II— Butterfat	32,549,365	2.9848	97,153,344.63	
Nonfat Solids	44,695,132	1.0867	48,570,199.97	145,723,544.60
Class III— Butterfat	30,121,184	2.9778	89,694,861.72	
Protein	21,979,915	1.4499	31,868,678.76	
Other Solids	38,812,995	0.2242	8,701,873.47	130,265,413.95
Class IV— Butterfat	17,518,465	2.9778	52,166,485.06	
Nonfat Solids	35,341,585	1.0144	35,850,503.81	88,016,988.87
Total Classified Value				\$494,393,462.78
Add: Overage—All Classes				200,729.01
Inventory Reclassification—All Classes				(561,523.68)
Other Source Receipts	508,658			25,732.07
Total Pool Value				\$494,058,400.18
Less: Value of Producer Butterfat	97,008,425	2.9778	(288,871,687.92)	
Value of Producer Protein	73,606,416	1.4499	(106,721,942.53)	
Value of Producer Other Solids	130,233,163	0.2242	(29,198,275.20)	(424,791,905.65)
Total PPD Value Before Adjustments				\$69,266,494.53
Add: Location Adjustment to Producers				13,664,759.53
One-half Unobligated Balance—Producer Settlement Fund				842,922.87
Less: Producer Settlement Fund—Reserve				(981,701.96)
Total Pool Milk & PPD Value	2,255,925,746			\$82,792,474.97
Producer Price Differential		\$3.67		
Statistical Uniform Price		\$19.71		

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