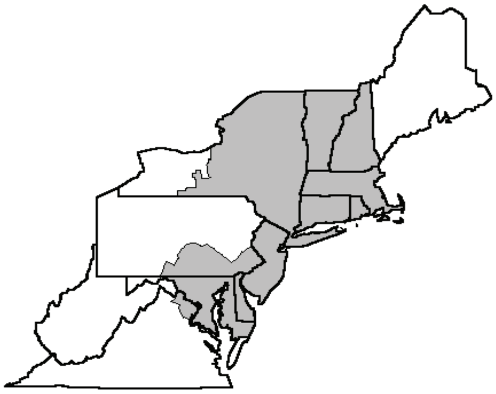

The Market Administrator's BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

February 2023 Federal Order No. 1

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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).

Top Ten States Ranked by Milk Production, 2022

Rank	State	2021	2022	Percent Change	2022 Cows	2022 MPC#
		million pounds			1,000 head	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.

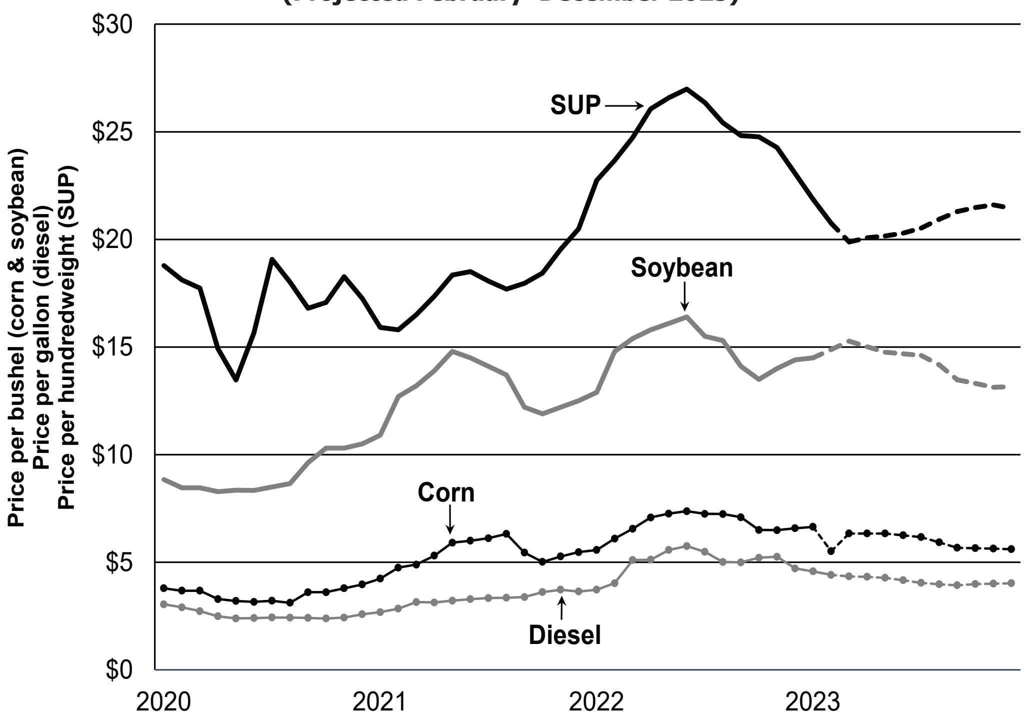
Diesel Price

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.❖

Feed Prices, Diesel, and SUP, January2020–December 2023
(Projected February–December 2023)



Source: NASS, CME, and USEIA.

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Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
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.