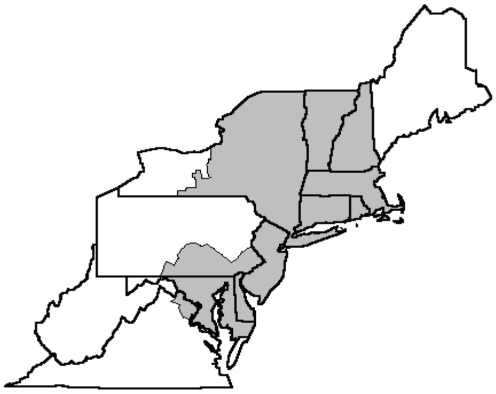


The Market Administrator's BULLETIN

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

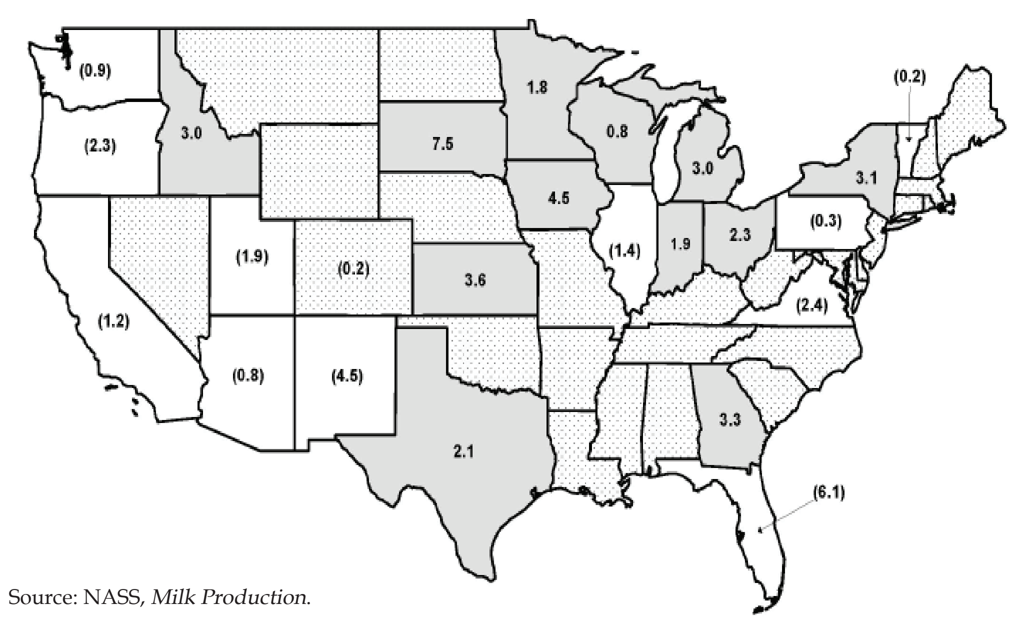
Rank	State	2022	2023	Percent Change
		(million pounds)		
1	California	21,315	21,064	(1.2)
2	Wisconsin	15,891	16,021	0.8
3	Idaho	8,225	8,470	3.0
4	Texas	8,271	8,441	2.1
5	New York	7,796	8,040	3.1
6	Michigan	5,856	6,034	3.0
7	Minnesota	5,208	5,302	1.8
8	Pennsylvania	5,074	5,058	(0.3)
9	New Mexico	3,703	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.*

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 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).

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



Source: NASS, *Milk Production.*

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.❖

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		percent	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.

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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	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.