



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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Federal Order No. 1

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December Pool Price Calculation

The December 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)

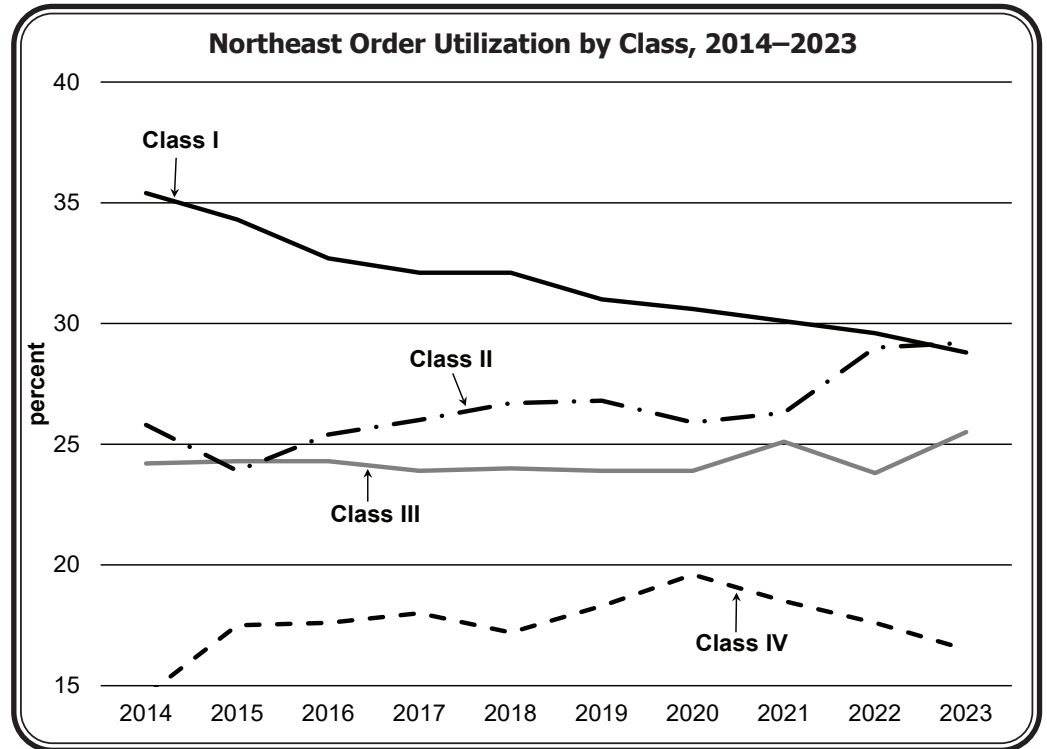
of 60.0 percent from 2022. The nonfat solids price averaged \$1.0076 per pound, a decline of 32.9 percent from the previous year.

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.

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Computation of Producer Price Differential and Statistical Uniform Price*

	<u>Product Pounds</u>	<u>Price per cwt./lb.</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	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.