

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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Federal Order No. 1

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August Pool Price Calculation

The August 2024 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$22.64 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 \$24.95 per hundredweight. The August statistical uniform price was 38 cents per hundredweight above the July price. The August producer price differential (PPD) at Suffolk County was \$1.98 per hundredweight, a decrease of 49 cents from the previous month.

Product Prices Effect

All commodity prices (except butter), as reported on the National Dairy Product Sales Report, increased in August. The butter price fell almost 1 cent, nonfat dry milk increased 3 cents, dry whey was up nearly 4 cents, and the cheese price jumped almost 7 cents with the block price rising 3 cents and the barrel price increasing 9 cents, all on a per pound basis. The commodity price changes translated to an almost 1 cent decrease in the butterfat price, a 3-cent increase in the nonfat solids price, a nearly 4-cent increase in the other solids price, and a 23-cent jump in the protein price, all on a per pound basis. The butterfat price was the highest ever for the month of August; the nonfat solids, other solids, and protein prices are the highest so far for 2024.

All class prices increased from the previous month: Class I, based on prices in July rose 21 cents; Class II increased 23 cents; Class III jumped 87 cents; and Class IV was up 27 cents, all on a per hundredweight basis. Class III remained the lowest class price. With all class prices increasing, the statistical uniform price rose. The spread between the higher class prices and the Class III price tightened, resulting in a lower PPD.

Selected Statistics

The Class I volume in August was the lowest ever for the month, while the Class III volume was the highest ever and the Class II volume was the second highest ever for the month. The average producer butterfat, protein, and other solids tests all set record highs for August. ❖

Pool Summary

- A total of 7,458 producers were pooled under the Order with an average daily delivery per producer of 9,832 pounds.
- Pooled milk receipts totaled 2.273 billion pounds, a decrease of 0.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.1 percent of total milk receipts, up 0.9 percentage points from July.
- The average butterfat test of producer receipts was 4.06 percent.
- The average true protein test of producer receipts was 3.12 percent.
- The average other solids test of producer receipts was 5.78 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.1	640,213,612
Class II	27.6	627,077,197
Class III	30.7	697,317,721
Class IV	13.6	308,496,271
Total Pooled Milk		2,273,104,801

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	2.1756	2.0851
Butterfat Price	3.5632	3.0218
Other Solids Price	0.2959	0.0648

Class Prices

	2024	2023
	\$/cwt	
Class I	24.57	19.87
Class II	22.05	19.91
Class III	20.66	17.19
Class IV	21.58	18.91

Trends in Packaged Fluid Milk Sales

The downward trend in sales of packaged fluid milk products in the Northeast Marketing Area (NMA) continues, but at a slower pace. Table 1 shows changes in sales for selected years from 2018 through 2023 and estimated for the first 6 months of 2024 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 and 2024.

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 the July 2023 *Bulletin*, we discussed the uptick that occurred in 2020 in both whole and reduced fat (2%) milk sales and the drop in organic sales. Between 2022 and 2023, whole milk sales again displayed growth in the NMA; so far, for the first 6 months of 2024, both whole and low fat (1% sales) have increased. Organic whole milk sales rose 8.9 percent in 2023 and are up 4.0 percent in 2024, year-to-date. Organic reduced fat milk sales decreased 3.1 percent

	2018	2020*	2022	2023	2024**
	pounds of fluid milk products				
NMA	144.8	131.8	122.0	120.4	119.5
US	144.0	139.0	129.8	127.3	126.6

Sources: USDA's *Estimated Fluid Milk Products Sales Report*;
U.S. Census Bureau
*Adjusted for leap year. ^ Estimated January-June.

in 2023 and were down 6.3 percent for the six-month 2024 period.

Whole milk has always held the largest proportion in the NMA and, except for a slight dip in 2021, that has grown over the past 5 years. In 2023, the proportion increased to 43.3 percent; it is currently tracking at 43.2 percent for the first 6 months of 2024. Reduced fat remains in second place although its proportion has dropped after peaking in 2020. The flavored milk and reduced fat products proportion declined slightly in 2023 to 6.3 percent but increased for the January-June 2024 period to 6.6 percent. The organic whole milk proportion increased to 3.4 percent in 2023 and is trending at 3.6 percent for the first 6 month of 2024. Organic reduced fat milk's proportion remains at 3.1 percent.

Per Capita Sales

Table 2 shows per capita sales for the NMA and estimated for the United States for selected years between 2018-2023 and estimated first 6 months of 2024. Per capita sales of fluid milk products continue

their downward trend while increases have occurred in other dairy products such as cheese and yogurt. Over the years, per capita sales in the NMA were close to the national average, even running slightly higher. Since 2019, NMA per capita sales have trailed US, and the spread has widened considerably with US sales remaining 5-6 percent greater than in the NMA since 2020. ❖

Product	Sales (million pounds)				Percent Change 2023 from:			Est. % Chg [^] Jan-Jun 2023-24*
	2018	2020	2022	2023	2018	2020*	2022	
Whole Milk	2,793.9	2,822.8	2,632.7	2678.7	(4.1)	(4.8)	1.7	0.9
Reduced Fat Milk	1,657.3	1,682.8	1,465.5	1416.4	(14.5)	(15.6)	(3.4)	(1.5)
Low Fat Milk	1,188.9	1,063.4	946.6	891.5	(25.0)	(15.9)	(5.8)	1.1
Fat-free Milk	683.9	512.5	406.8	371.9	(45.6)	(27.2)	(8.6)	(8.3)
Flavored Milk & Reduced Fat Products	437.4	310.0	408.1	389.7	(10.9)	26.1	(4.5)	(2.0)
Organic Whole Milk	183.9	154.2	191.5	208.5	13.4	35.6	8.9	4.0
Organic Reduced Fat Milk	236.3	168.3	197.5	191.4	(19.0)	14.0	(3.1)	(6.3)
Buttermilk/Eggnog/Other	50.9	46.2	40.9	41.9	(17.7)	(9.1)	2.5	(7.6)
Total From Pool Handlers	7,232.6	6,760.2	6,289.7	6,190.0	(14.4)	(8.2)	(1.6)	(0.5)
Sales from Non-pool Handlers	713.6	774.6	619.5	632.8	(11.3)	(18.1)	2.1	5.0
Total Sales from All Handlers	7,946.2	7,534.8	6,909.2	6,822.8	(14.1)	(9.2)	(1.3)	(0.0)

* Adjusted for leap year. ^ Based on estimated January-June 2024 sales.

Commodity Stocks

The storage of commodity products performs several important roles in smoothing out the supply and demand relationship of said product, such as providing price stability, reducing seasonal price variation, and contributing to orderly marketing. Specific to dairy, butter, cheese, and nonfat dry milk (NFDM) stocks exist and in part aid in the aforementioned tasks. These products' prices serve as input prices for the order formulas. The time of year has a significant impact on the quantity of these stocks, with most stocks increasing in times of the year when milk is flush and decreasing when milk is short.

Butter

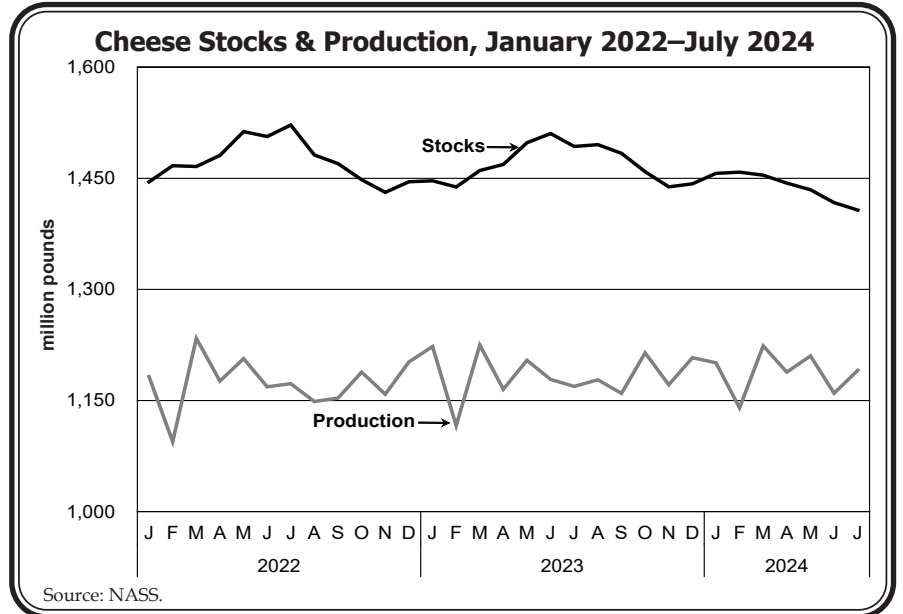
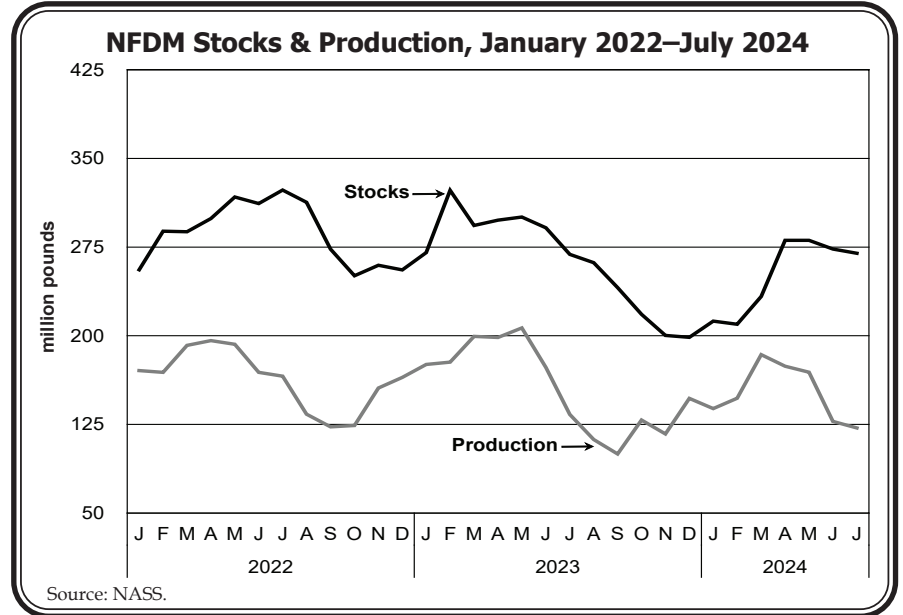
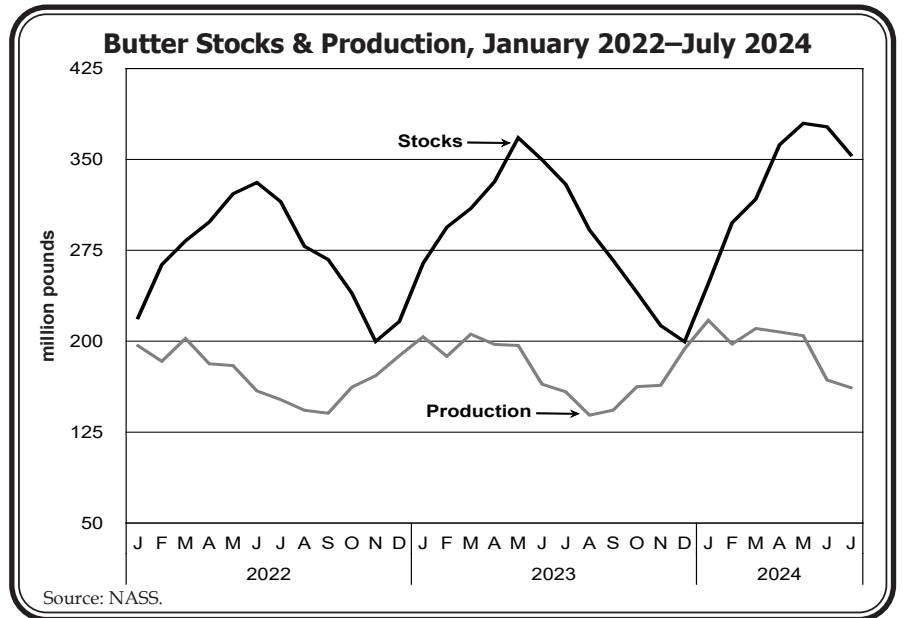
Butter stocks as reported by National Agricultural Statistics Service (NASS) increased 7.4 percent in July 2024 over July 2023, totaling 353.8 million pounds of butter in cold storage at the end of July. Since December 2022 butter stocks have almost consistently increased year-to-year while butter production, as reported by NASS, has also followed the same trajectory. Some analysts have highlighted a 23 million drop in pounds between June to July 2024, the largest difference between these two months since 2013, and this contributed to the large amount of butter exports in June and July of this year.

Cheese

Cheese stocks since April 2024 have consistently dropped year-to-year every month; in July 2024 cheese stocks fell 5.8 percent from July 2023. This contrasts with cheese production; 33.4 million more pounds of cheese were produced in January to July 2024 than in 2023 for the same length of time, with a 21.8 million pound increase in July 2024 from the year before.

NFDM

Both NFDM stocks and production have had year-to-year decreases since July 2023, except July 2024 when NFDM stocks increased 0.4 percent from the previous year while production decreased 8.6 percent. This has occurred as the price of NFDM has somewhat stabilized over the last year. ❖



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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	624,451,817	\$12.33	\$76,994,909.04	
Butterfat	15,761,795	3.6197	57,052,969.36	
Less: Location Adjustment to Handlers			(2,795,913.00)	\$131,251,965.40
Class II— Butterfat	34,056,447	3.5702	121,588,327.06	
Nonfat Solids	55,003,343	1.1000	60,503,677.30	182,092,004.36
Class III— Butterfat	30,555,631	3.5632	108,875,824.35	
Protein	21,725,620	2.1756	47,266,258.86	
Other Solids	40,199,039	0.2959	11,894,895.62	168,036,978.83
Class IV— Butterfat	11,964,108	3.5632	42,630,509.64	
Nonfat Solids	27,513,024	1.0484	28,844,654.37	71,475,164.01
Total Classified Value				\$552,856,112.60
Add: Overage—All Classes				254,221.38
Inventory Reclassification—All Classes				11,967.86
Other Source Receipts	394,698			14,056.29
Total Pool Value				\$553,136,358.13
Less: Value of Producer Butterfat	92,337,981	3.5632	(329,018,693.91)	
Value of Producer Protein	70,891,983	2.1756	(154,232,598.20)	
Value of Producer Other Solids	131,279,650	0.2959	(38,845,648.42)	(522,096,940.53)
Total PPD Value Before Adjustments				\$31,039,417.60
Add: Location Adjustment to Producers				13,901,639.17
One-half Unobligated Balance—Producer Settlement Fund				1,024,613.29
Less: Producer Settlement Fund—Reserve				(950,380.08)
Total Pool Milk & PPD Value	2,273,499,499			\$45,015,289.98
Producer Price Differential		\$1.98		
Statistical Uniform Price		\$22.64		

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