

The Market Administrator's

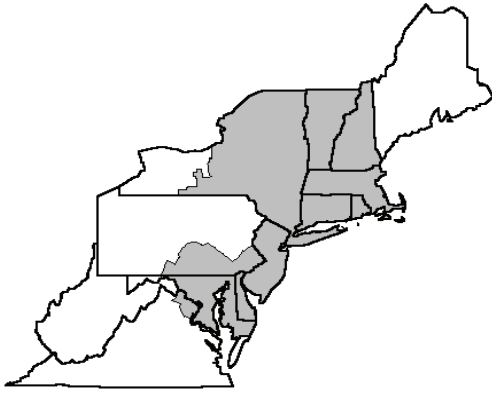
BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

September 2024

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 2024 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$23.57 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 \$26.56 per hundredweight. The September statistical uniform price was 93 cents per hundredweight above the August price. The September producer price differential (PPD) at Suffolk County was 23 cents per hundredweight, a decrease of \$1.75 from the previous month.

Product Prices Effect

Commodity price changes, as reported on the National Dairy Product Sales Report, all increased in September. The butter price rose 4 cents, nonfat dry milk price increased 6 cents, dry whey was up nearly 5 cents, and the cheese price increased almost 25 cents with the block price rising 22 cents and the barrel price increasing 27 cents, all on a per pound basis. The commodity price changes translated to an almost 5-cent increase in the butterfat price, a 6-cent increase in the nonfat solids price, a nearly 5-cent increase in the other solids price, and an almost 75-cent rise in the protein price, all on a per pound basis. The butterfat price was the highest ever for the month of September and third highest ever for the Order.

All class prices increased from the previous month: Class I, based on prices in August rose 28 cents; Class II increased 35 cents; Class III jumped \$2.68; and Class IV was up 71 cents, all on a per hundredweight basis. For the first time in 16 months, Class IV was the lowest class price. With all class prices increasing, the statistical uniform price rose. Due to the significant increase in the Class III price in August, the spread between the other class prices and the Class III price tightened and resulted in a lower PPD.

Selected Statistics

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

Pool Summary

- A total of 7,375 producers were pooled under the Order with an average daily delivery per producer of 9,830 pounds.
- Pooled milk receipts totaled 2.175 billion pounds, a decrease of 1.1 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 1.3 percentage points from August.
- The average butterfat test of producer receipts was 4.15 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	29.4	638,495,933
Class II	27.4	596,774,281
Class III	29.8	648,869,352
Class IV	13.4	290,759,474
Total Pooled Milk		2,174,899,040

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	2.9249	2.3027
Butterfat Price	3.6114	3.1264
Other Solids Price	0.3430	0.0992

Class Prices

	2024	2023
	\$/cwt	
Class I	24.85	22.15
Class II	22.40	19.98
Class III	23.34	18.39
Class IV	22.29	19.09

Producer Price Differential

For the month of September 2024, the Producer Price Differential (PPD) at Suffolk County was \$0.23 per hundredweight (cwt). This is, so far, the lowest PPD for 2024, and comes after a 16-month string of PPDs nearly two dollars or higher. Approximately, the PPD is the leftover value, if there is any, in the pool after components are paid at the Class III level. In the Northeast Order, PPD values have varied widely with the lowest PPD at Suffolk County occurring in July 2020 at -\$5.46 per cwt and the highest occurring in August 2022 at \$5.32 per cwt. PPDs can be 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, timing of advanced and Class prices used in FO price formulas, or location of where milk is being marketed. The September 2024 PPD is negative for milk marketed in differential zones less than \$3.05 per cwt. The accompanying table highlights several differential zones by location and what the PPD is at each differential zone.

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. The value of the components typically has a larger impact on the price producers receive for their milk.

Due to the relationship between the Class III components and PPD, the Class III price typically has

PPD by Selected Locations, September 2024

Selected Locations	Differential*	PPD
	dollars	
Boston, MA	3.25	0.23
Newport News/Portsmouth, VA	3.20	0.18
New York, NY	3.15	0.13
Long Valley, NJ	3.10	0.08
Philadelphia, PA	3.05	0.03
Agawam, MA/Baltimore, MD	3.00	(0.02)
Frederick, MD/New Holland, PA	2.90	(0.12)
Mt. Holly Springs, PA	2.80	(0.22)
Albany/Binghamton, NY	2.70	(0.32)
Middlebury, VT	2.60	(0.42)
Syracuse, NY	2.50	(0.52)
St. Albans/Swanton, VT	2.40	(0.62)
Watertown/Rochester, NY	2.30	(0.72)
Buffalo, NY	2.20	(0.82)
Jamestown, NY	2.10	(0.92)

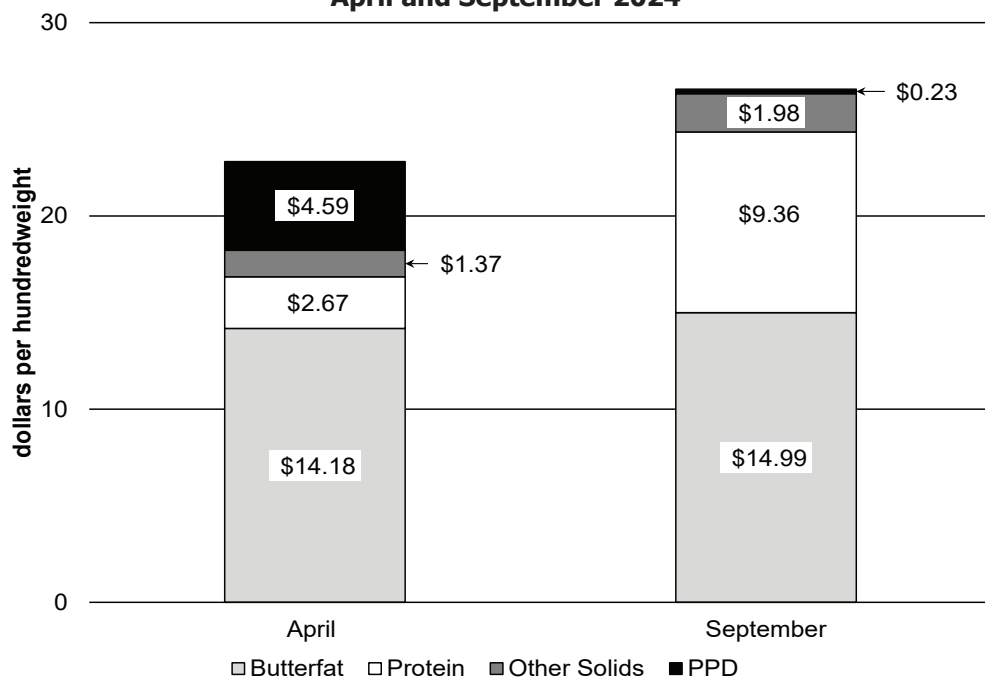
* Differentials listed apply to states included in the Northeast marketing Area. Outside of this area, differentials and prices may be above or below this range. Cities listed are for reference purposes only.

an inverse relationship with the PPD—meaning as the Class III price increases, the PPD decreases and as the Class III price decreases, the PPD increases. In the Northeast Order, the inverse relationship between the two prices commonly exists, but situations can occur that cause the Class III price and PPD to move in the same direction. For September 2024, the \$1.75 per cwt drop in PPD from August came from a significant

increase in the cheese price; this increased the protein price, which increased the Class III price. The increase in the cheese price occurred due to a tightened milk supply and increase in cheese production, which has put upward pressure on the cheese price.

The accompanying chart displays the SUP at test for April 2024 (\$22.81 per cwt) and September 2024 (\$26.56 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 (continued on page 3)

Component and PPD Breakdown of SUP at Test, April and September 2024



Producer (continued from page 2)

test for that month and how that distribution can differ. For April 2024, butterfat accounted for \$14.18 per cwt (62.2 percent), protein \$2.67 per cwt (11.7 percent), other solids \$1.37 per cwt (6.0 percent), and PPD \$4.59 per cwt (20.1 percent). For September 2024, butterfat accounted for \$14.99 per cwt (56.4 percent), protein \$9.36 per cwt (35.2 percent), other solids \$1.98 per cwt (7.5 percent), and PPD \$0.23 per cwt (0.9 percent) ❖.

FMMO Hearing Update

The comment period of the National Federal Milk Marketing Order Pricing Formula Hearing process concluded on September 13, 2024, and as the process continues AMS is continually updating the website. For more information please visit <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>. ❖

Highly Pathogenic Avian Influenza

Since the first detection of highly pathogenic avian influenza (HPAI) H5N1 in dairy cattle in March 2024, USDA has worked swiftly and diligently to assess the prevalence of the virus in the U.S. dairy herds and respond accordingly. USDA's Animal and Plant Health Inspection Service (APHIS), working closely with state officials and other federal partners, is leading efforts to prevent further spread, establish herd monitoring, and help producers enhance on-farm biosecurity measures. USDA also provides financial support to off-set costs related to production losses and enhanced biosecurity.

On April 24, USDA issued an *H5N1 Federal Order* mandating testing prior to the interstate movement of lactating dairy cattle and requires reporting of positive test results in livestock. Testing and reporting are crucial for understanding the extent of the virus and reducing further spread.

Enhanced biosecurity procedures are critical in keeping disease off farms and preventing further spread on affected farms. USDA continues to encourage biosecurity measures such as limiting visitors, cleaning and disinfecting milking equipment, avoiding the

mixing of species, and monitoring and caring for sick animals.

USDA's voluntary H5N1 Dairy Herd Status Pilot Program enables producers to monitor their herds for HPAI via a weekly bulk milk sample. Once testing demonstrates a herd is free of the virus for three consecutive weeks, the program allows shipment of cows without having to test each one, as required under the *H5N1 Federal Order*.

With recognition of the challenges HPAI H5N1 causes for producers, USDA offers financial support to help dairy producers enhance biosecurity and offset costs associated with Influenza A testing, veterinary expenses, personal protective equipment purchases, milk disposal, and milk losses. Producers can contact their Area Veterinarian in Charge or State animal health official to enroll.

More details on the *H5N1 Federal Order*, Biosecurity, and participation in the Dairy Herd Status Program and the USDA financial support programs are online at: HPAI in Livestock Animal and Plant Health Inspection Service ([usda.gov](https://www.usda.gov)). ❖

Pool Summary for All Federal Orders, January–September, 2023–2024

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2023	2024	Change^	2023	2024	2023	2024
		pounds			percent	dollars per hundredweight		
1	Northeast	20,586,478,548	20,261,678,598	(1.9)	2.70	2.80	19.83	21.16
5	Appalachian	4,057,943,531	3,959,875,148	(2.8)	N/A	N/A	21.46	22.48
6	Florida	1,865,496,695	1,880,716,821	0.4	N/A	N/A	23.53	24.38
7	Southeast	2,665,278,408	2,635,031,536	(1.5)	N/A	N/A	22.02	22.96
30	Upper Midwest	25,099,944,760	22,770,219,153	(9.6)	0.27	0.24	17.40	18.60
32	Central	12,277,527,424	11,144,690,399	(9.6)	1.01	1.02	18.14	19.39
33	Mideast	13,419,774,994	13,206,811,432	(1.9)	1.44	1.49	18.58	19.86
51	California	20,452,760,385	18,079,460,654	(11.9)	1.06	0.99	18.20	19.35
124	Pacific Northwest	5,850,098,224	5,461,219,777	(7.0)	1.07	1.29	18.20	19.66
126	Southwest	10,485,680,202	9,535,738,140	(9.4)	1.74	1.64	18.87	20.01
131	Arizona	3,847,473,873	3,227,144,252	(16.4)	N/A	N/A	19.09	20.52
All Market Total/Average		120,608,457,044	112,162,585,910	(7.3)	1.33	1.35	19.57	20.76

Price at designated order location. Simple average.

^ Adjusted for leap year.

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	622,905,473	\$12.74	\$79,358,157.26	
Butterfat	15,590,460	3.5863	55,912,066.70	
Less: Location Adjustment to Handlers			(2,819,324.10)	\$132,450,899.86
Class II— Butterfat	33,433,105	3.6184	120,974,347.13	
Nonfat Solids	52,770,029	1.1211	59,160,479.57	180,134,826.70
Class III— Butterfat	29,748,159	3.6114	107,432,501.45	
Protein	20,690,852	2.9249	60,518,673.03	
Other Solids	37,365,969	0.3430	12,816,527.36	180,767,701.84
Class IV— Butterfat	11,507,379	3.6114	41,557,748.53	
Nonfat Solids	26,174,125	1.1109	29,076,835.47	70,634,584.00
Total Classified Value				\$563,988,012.40
Add: Overage—All Classes				1,399.15
Inventory Reclassification—All Classes				265,723.03
Other Source Receipts	268,503			3,756.89
Total Pool Value				\$564,258,891.47
Less: Value of Producer Butterfat	90,279,103	3.6114	(326,033,952.57)	
Value of Producer Protein	69,590,089	2.9249	(203,544,051.35)	
Value of Producer Other Solids	125,622,058	0.3430	(43,088,365.99)	(572,666,369.91)
Total PPD Value Before Adjustments				(\$8,407,478.44)
Add: Location Adjustment to Producers				13,322,721.96
One-half Unobligated Balance—Producer Settlement Fund				960,810.44
Less: Producer Settlement Fund—Reserve				(873,168.59)
Total Pool Milk & PPD Value	2,175,167,543			\$5,002,885.37
Producer Price Differential		\$0.23		
Statistical Uniform Price		\$23.57		

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