

The Market Administrator's

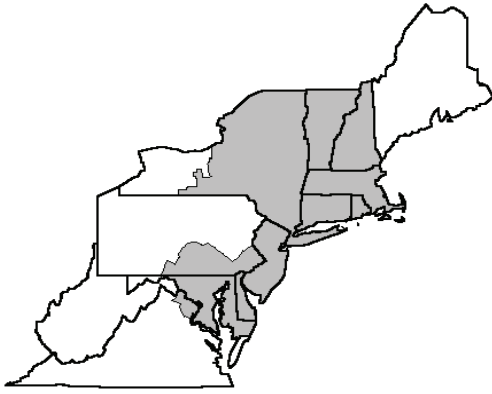
BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

October 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

October Pool Price Calculation

The October 2024 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$22.93 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 \$26.24 per hundredweight. The October statistical uniform price was 64 cents per hundredweight below the September price. The October producer price differential (PPD) at Suffolk County was 8 cents per hundredweight, a decrease of 15 cents from the previous month.

Product Prices Effect

Commodity prices for October: the butter price fell 43 cents, the nonfat dry milk price increased 5 cents, dry whey was up nearly 3 cents, and the cheese price decreased almost 5 cents with the block price dropping 4 cents and the barrel price falling 6 cents, all on a per pound basis. The commodity price changes translated to an almost 53-cent decrease in the butterfat price, a 5-cent increase in the nonfat solids price, a 3-cent increase in the other solids price, and a 40-cent rise in the protein price, all on a per pound basis. The nonfat solids price was the highest of the past 21 months and the other solids and protein prices were the highest of the last 28 months.

All class prices, except the Class I price, decreased from the previous month: Class I, based on prices in September rose \$1.57; Class II decreased \$1.39; Class III fell 49 cents; and Class IV was down \$1.39, all on a per hundredweight basis. For the second month in a row, the Class IV was the lowest class price. With most class prices decreasing, the statistical uniform price decreased. Due to the Class III price not being the lowest class price and the increase in both the protein and other solids prices resulted in a lower PPD.

Selected Statistics

The Class I volume in October was the highest volume for the month in the past 4 years. The average producer butterfat test set a record high for the month of October and the average producer protein test tied for highest in order history. ❖

Pool Summary

- A total of 7,376 producers were pooled under the Order with an average daily delivery per producer of 9,772 pounds.
- Pooled milk receipts totaled 2.234 billion pounds, a decrease of 0.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.9 percent of total milk receipts, up 1.5 percentage points from September.
- The average butterfat test of producer receipts was 4.26 percent.
- The average true protein test of producer receipts was 3.27 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.9	690,579,426
Class II	26.7	596,397,969
Class III	29.0	648,468,358
Class IV	13.4	299,011,118
Total Pooled Milk		2,234,456,871

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	3.3238	1.0468
Butterfat Price	3.0851	3.7144
Other Solids Price	0.3705	0.1243

Class Prices

	2024	2023
	\$/cwt	
Class I	26.42	22.72
Class II	21.01	21.95
Class III	22.85	16.84
Class IV	20.90	21.49

USDA Issues Final Decision Applicable in All 11 Federal Milk Marketing Orders

On November 12, 2024, the U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS) issued a final decision on its website (<https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmimo-pricing-hearing>) proposing to amend the uniform pricing formulas applicable in all 11 Federal milk marketing orders (FMMOs). This rulemaking proceeding was requested by the dairy industry to evaluate changes to the uniform pricing formulas applicable to all 11 FMMOs. The proposed changes are based on substantial input and must be approved by eligible producers in each marketing order via a producer referendum before they take effect.

Consistent with the recommended decision published in the Federal Register July 15, 2024, the final decision puts forth a package of amendments to update formulas and factors based on the evidentiary record of the proceeding. It also makes certain limited changes from the recommended decision based on public comments and reevaluation of record evidence, as follows:

1. Reduction in the delayed implementation of the revised skim milk composition factors from 12 months to 6 months;
2. Inclusion of a \$0.0015 marketing cost factor in all make allowances;
3. A modification to the methodology used to determine the nonfat dry milk make allowance; and
4. Limited changes to certain county-specific Class I differentials.

The final decision will publish in the Federal Register soon.

Following the publication of the final decision and before any changes take effect, AMS will conduct producer referendums in each of the 11 FMMOs. Producers whose milk was pooled on an FMMO in January 2024 are eligible to participate in the referendum. They will have the opportunity to vote in favor of or opposition to the

FMMOs as proposed to be amended in the final decision.

AMS will mail ballots to eligible independent producers and qualified cooperative associations. Ballots must be postmarked by Dec. 31, 2024, and returned by Jan. 15, 2025, to be counted. The referendum process is administered and overseen by AMS. Information about the referendum process has been posted to the hearing website.

Additionally, AMS will host three public webinars to further inform stakeholders of the proposed amendments and producer referendum process. These webinars will take place November 19 and November 25 at 11 a.m. ET and November 21 at 3 p.m. ET. A link to access the webinars will be provided in advance on the AMS hearing website (<https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmimo-pricing-hearing>) In addition, AMS supplementary educational documents have been posted on the hearing website.

The final decision follows a 49-day national hearing held from Aug. 23, 2023, to Jan. 30, 2024, in Carmel, Indiana, where AMS heard testimony and received evidence on 21 proposals from the dairy industry. AMS issued a recommended decision on July 1, 2024, followed by its publication in the Federal Register on July 15, 2024, which began a 60-day public comment period. The public comment period ended Sept. 13, 2024, with 128 comments received and reviewed by AMS.

Copies of the final decision, information on the producer referendum process, and the entire hearing record can be found on the hearing website (<https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmimo-pricing-hearing>) or obtained from USDA/AMS/Dairy Program; STOP 0225-Rm. 2530; 1400 Independence Avenue SW, Washington, DC 20250-0225. Procedural questions can be submitted to fmimohearing@usda.gov. ❖

Component Growth in the Absence of Milk Production Growth

The National Agricultural Statistic Service (NASS) has reported a daily average increase in national milk production for every year from 2009 to 2021, with each year-to-year increase ranging between 0.4 to 2.4 percent. However, growth from 2021 to 2023 has seemingly flattened, the daily average growth between 2021 to 2023 was 0.1 percent and 2022 to 2023 was 0.0 percent. In 2024, milk production from January to September decreased on a daily average by 0.7 percent when compared to the same months in 2023.

Despite stagnant growth and a slight decline in national production in recent years, component

values have reached new highs and still regularly set new records. The accompanying table compares component values from June 2014 to June 2024; despite similar producer pounds, all component values were *(continued on page 3)*

Component	June		Difference	Percent Change
	2014	2024		
	pounds			
Butterfat	79,962,188	88,939,954	8,977,766	11.23
Protein	65,581,354	68,033,537	2,452,183	3.74
Other Solds	125,643,660	126,332,588	688,928	0.55
Total Producer Pounds	2,188,322,823	2,186,548,786	(1,774,037)	(0.08)

Component Growth (continued from page 2)

significantly more ten years later. The decrease in milk production does not translate to a slowdown in dairy production but seems to be shifting the metrics of industry growth.

Butterfat

Since April 2020 the monthly average butterfat test in the Northeast Order has continuously beat out the previous year's monthly record, with only three exceptions where the butterfat percentage tied with the previous year, setting a new record high butterfat test for the month each time. January 2024, at 4.32 percent, currently holds the record in the northeast for highest average butterfat test. Experts state this increase in butterfat comes as a response to increasing butterfat prices. The yearly average butterfat price increased 96.2 percent between 2020 and 2024. This management of butterfat by farmers has allowed them to capitalize on the increased price while not increasing herd size.

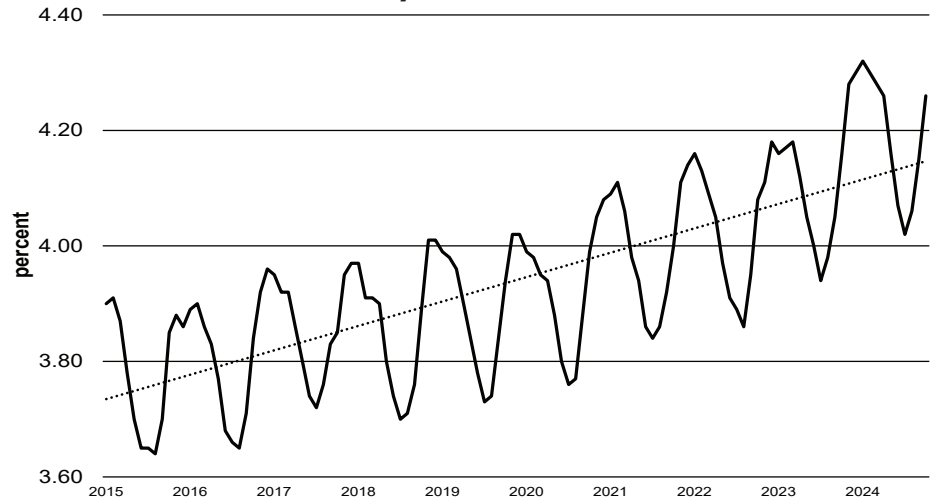
Protein

The average true protein test in the northeast has not experienced as dramatic gains as butterfat has but has still experienced a considerable increase over the last five years. In the northeast, the monthly average protein test has increased 0.08 percentage point between 2020 and 2024, October 2024 tied the northeast record high of 3.27 percent with all record months having occurred in the past year.

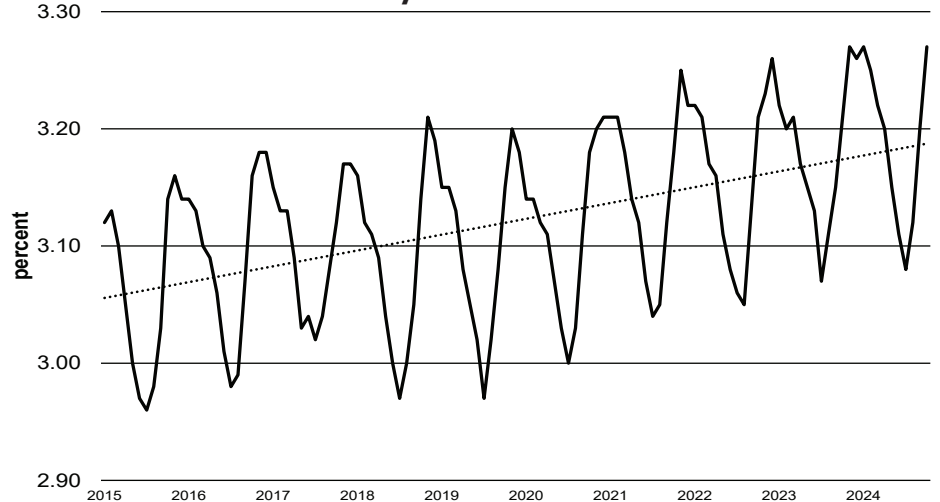
Other Solids

The average other solids test in the northeast has seen the least, but still noticeable, growth of all three component values. The yearly average of the other solids test has remained firmly around 5.77 percent in the last five years, coming after years of annual averages under 5.75 percent. ❖

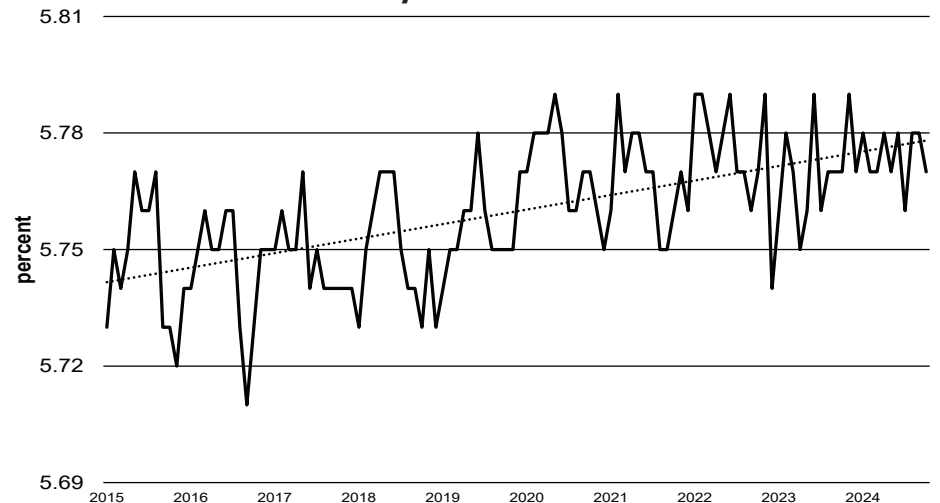
Average Butterfat by Producer Receipts in the Northeast Order, January 2015–October 2024



Average Protein by Producer Receipts in the Northeast Order, January 2015–October 2024



Average Other Solids by Producer Receipts in the Northeast Order, January 2015–October 2024



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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	673,472,441	\$14.07	\$94,757,572.45	
Butterfat	17,106,985	3.6691	62,767,238.66	
Less: Location Adjustment to Handlers			(3,043,651.66)	\$154,481,159.45
Class II— Butterfat	35,951,493	3.0921	111,165,611.51	
Nonfat Solids	52,914,741	1.1733	62,084,865.61	173,250,477.12
Class III— Butterfat	29,261,431	3.0851	90,274,440.78	
Protein	21,158,394	3.3238	70,326,270.01	
Other Solids	37,342,147	0.3705	13,835,265.48	174,435,976.27
Class IV— Butterfat	12,907,072	3.0851	39,819,607.83	
Nonfat Solids	27,017,617	1.1628	31,416,085.02	71,235,692.85
Total Classified Value				\$573,403,305.69
Add: Overage—All Classes				41,497.11
Inventory Reclassification—All Classes				(543,245.27)
Other Source Receipts	495,873			9,311.71
Total Pool Value				\$572,910,869.24
Less: Value of Producer Butterfat	95,226,981	3.0851	(293,784,759.09)	
Value of Producer Protein	73,080,776	3.3238	(242,905,883.25)	
Value of Producer Other Solids	128,833,448	0.3705	(47,732,792.52)	(584,423,434.86)
Total PPD Value Before Adjustments				(\$11,512,565.62)
Add: Location Adjustment to Producers				13,667,816.02
One-half Unobligated Balance—Producer Settlement Fund				693,083.28
Less: Producer Settlement Fund—Reserve				(1,060,458.89)
Total Pool Milk & PPD Value	2,234,843,387			\$1,787,874.79
Producer Price Differential		\$0.08		
Statistical Uniform Price		\$22.93		

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