

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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November Pool Price Calculation

The November 2024 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$22.47 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 \$25.77 per hundredweight. The November statistical uniform price was 46 cents per hundredweight below the October price. The November producer price differential (PPD) at Suffolk County was \$2.52 per hundredweight, an increase of \$2.44 from the previous month.

Product Prices Effect

Commodity prices for November: the butter price fell 2 cents, the nonfat dry milk price increased almost 4 cents, dry whey was up 3 cents, and the cheese price decreased 32 cents with the block price dropping 25 cents and the barrel price falling nearly 38 cents, all on a per pound basis. The commodity price changes translated to a 2-cent decrease in the butterfat price, a 3-cent increase in the nonfat solids price, a 3-cent increase in the other solids price, and a nearly \$1.01 drop in the protein price, all on a per pound basis. The nonfat solids price was the highest of the past 23 months and the other solids was the highest of the last 29 months.

Class Prices for November: Class I, based on prices in October, dropped 64 cents; Class II increased 51 cents; Class III fell \$2.90; and Class IV was up 22 cents, all on a per hundredweight basis. With the decreases in the Class I and III prices being more significant than the increases in the Class II and IV prices, the statistical uniform price decreased. Due to the Class III price being the lowest class price and decreases in both protein and butterfat prices, the PPD was significantly higher than in October.

Selected Statistics

The Class II volume and average daily delivery per producer were the highest volumes for the month of November since the Order's inception. The average producer butterfat and protein tests set record highs for the Order, while the average other solids test tied for highest in Order history. ❖

Pool Summary

- A total of 7,381 producers were pooled under the Order with an average daily delivery per producer of 9,839 pounds.
- Pooled milk receipts totaled 2.179 billion pounds, an increase of 0.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.7 percent of total milk receipts, down 0.2 percentage points from October.
- The average butterfat test of producer receipts was 4.34 percent.
- The average true protein test of producer receipts was 3.29 percent.
- The average other solids test of producer receipts was 5.79 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.7	668,079,895
Class II	25.9	564,362,010
Class III	29.1	635,048,066
Class IV	14.3	311,122,122
Total Pooled Milk		2,178,612,093

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	2.3160	1.3238
Butterfat Price	3.0623	3.4608
Other Solids Price	0.4049	0.1895

Class Prices

	2024	2023
	\$/cwt	
Class I	25.78	23.00
Class II	21.52	21.21
Class III	19.95	17.15
Class IV	21.12	20.87

Looking Ahead 2025

Projections using the Chicago Mercantile Exchange (CME) Class III and IV milk futures prices as settled on December 13, 2024, suggest the statistical uniform price (SUP) will average \$21.52 per hundredweight (cwt) for 2024; this is an increase of \$1.51 per cwt from the 2023 average. This article reviews some supply and demand factors and economic indicators with a look to 2025. It is a challenge to forecast dairy prices beyond a few months; a projection of where prices are expected to go in 2025 is offered based on CME futures prices.

Select Cost Factors

Similar to 2023 feed costs overall have decreased in 2024, and CME future prices suggest going into 2025 soybean prices will continue to decrease while corn prices experience an increase. The price of corn and soybeans have decreased 19.1 percent and 22.0 percent, respectively, between October 2023 and October 2024 as reported by the National Agricultural Statistics Service (NASS). Using a combination of December 13, 2024, CME future prices and NASS reported prices, the price for corn in 2024 is expected to average \$4.29 per bushel. The CME futures price of corn for March and May 2025 are below \$4.50 per bushel, which suggests the downward trend in 2024 may not continue. Soybean prices for 2024 are estimated to average \$11.24 per bushel, with January and March 2025 CME futures indicating a price under \$10.00 per bushel going into the new year. The CME does not offer

futures for alfalfa hay, which limits the ability of price projection. However, looking at trends using NASS prices throughout 2024, alfalfa hay has decreased or remained unchanged for 8 of the 10 reported months in 2024, with a 14.4 percent decrease in price (\$202 to \$173 per ton) from January to October.

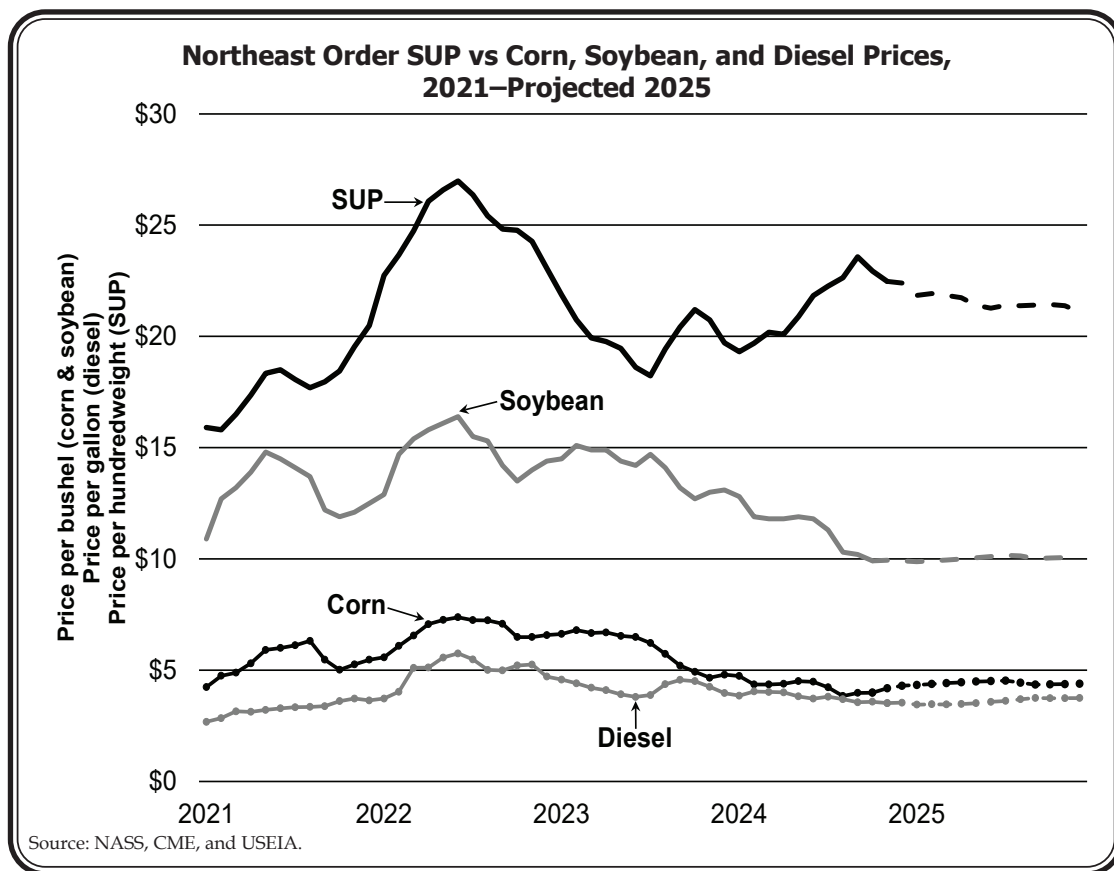
According to the U.S. Energy Information Administration (USEIA), the cost of retail diesel fell 8.6 percent between January and November 2024, a decrease of \$0.33 per gallon. The USEIA reported the national average price for retail diesel in November was \$3.52 per gallon, a drop of 70 cents from November 2023. The USEIA forecast diesel fuel prices to continually decline into early 2025, predicting an average price of \$3.77 per gallon in 2024 and \$3.61 per gallon in 2025. The accompanying graph shows the SUP, corn, soybean, and USEIA retail diesel prices since January 2021 and projected through 2025.

Supply Factors

The United States Department of Agriculture's (USDA) *World Agricultural Supply and Demand Estimates (WASDE)* December 2024 report anticipates a 0.8 percent increase in U.S. dairy production, to an estimated 228.0 billion pounds for 2025 compared to the projected 226.3 billion pounds for 2024. For the months January to October the USDA NASS *Milk Production* reported an annual decrease of 0.5 percent, on an average daily basis to account

for the extra day brought on by leap year, when compared to the same period in 2023. From January to July, U.S. milk production in 2024 has fallen each month below the previous year; however, national milk production has grown in excess of 0.2 percent for the months of August, September, and October. Yearly national milk production up to October 2024 has totaled 189.1 billion pounds, 0.4 billion pounds less than 2023. U.S. monthly milk per cow (MPC) in 2024 outperformed 2023 in 8 of the 10 reported months for 2024; in October 2024 MPC was 1,996 pounds per head, 3 pounds per head over October 2023.

(continued on page 3)



Looking (continued from page 2)

The Federal Reserve Bank has held interest rates steady at 5.5 percent throughout most of 2024, but has lowered rates a couple times in the latter half of the year with the most recent equaling 4.75 percent in November. The intention in lowering the interest rate, specifically in the dairy industry, is this would decrease the cost of borrowing and encourage farmers and processors in purchasing new equipment and expanding operations, ultimately causing growth in the market.

Demand Factors

According to the U.S. Dairy Export Council (USDEC) Data Hub, between January and October 2024, dairy exports on a total milk solids basis increased 1.9 percent vs 2023 and totaled 1,992,436 metric tons. Skim milk powder/nonfat dry milk (SMP/NFDM) account for the largest category of dairy exports through October; 641,432 metric tons of SMP/NFDM have been exported, a decrease of 5.2 percent from 2023. Southeast Asia and Mexico remain the two largest importers of U.S. SMP/NFDM. Mexico has experienced a 6.6 percent year-over-year decrease, while Southeast Asia imports decreased 2.1 percent. U.S. cheese exports have grown by 19.1 percent; most growth occurred in Mexico, South Korea, and Central America. The third largest dairy export, whey, also increased 6.0 percent with most growth in exports occurring in Mexico and Southeast Asia; by large, China still remains the largest importer of American whey.

Domestic Situation

The U.S. Bureau of Labor Statistics (BLS) reported the November 2024 unemployment rate at 4.2 percent. The unemployment rate in 2024 has gradually increased starting in early 2024, peaking at 4.3 percent in July. The Conference Board's Consumer Confidence Index (CCI), a measurement of the consumers' view of the health of the economy, is at 111.7 for November, up from 109.6 in October; a CCI score above 100 means consumers feel optimistic about the economy. The Restaurant Performance Index (RPI) stood at 100.4 in October, a 1.6 percentage point increase from the previous month; values over 100 suggest expansion of the market. The Expectations Index, which measures the six-month outlook for restaurant operations, stood at 101.2 in October; this is the first time in 7 months it surpassed 100. The BLS reported the Consumer Price Index (CPI) increased 2.7 percent for all items in November 2024 vs November 2023. The CPI for dairy and related products increased 1.2 percent for November 2024 relative to November 2023. All dairy product groupings included in the CPI experienced increases: fresh whole milk prices increased 1.8 percent,

fresh milk other than whole prices rose 2.2 percent, cheese and related products increased 0.2 percent, other dairy and related products jumped up 1.8 percent, and ice cream and related products increased 0.5 percent.

Outlook 2024

USDA forecasts the all-milk price for 2025 to be \$22.55 per cwt, and Class III and Class IV prices at \$18.80 per cwt and \$20.40 per cwt, respectively. Using December 13 CME Class III and Class IV futures, the average SUP price for 2025 is estimated to be \$21.51 per cwt. ❖

2025 Payment Dates to Producers

The calendar below shows the dates for partial payments to producers that are not members of cooperatives. Partial payments are paid to producers for the milk received by pool handlers during the first 15 days of the month and are paid at not less than the lowest announced class price for the preceding month, less proper deductions authorized in writing by the producer. As required by the Order, payment must be made so that a producer receives it no later than the date shown. The table dates vary due to weekends and national holidays.

The final payment date that non-member producers must be paid is dependent on the date that the statistical uniform price is announced. Each month, the date that final payments to producers must be received by is printed on the back of the Pool Price Announcement. The final payment is for the remaining milk received and is priced such that the producer should receive an average price for the entire month's milk at roughly the uniform price with adjustments for zone differential, component values, and other deductions relevant to that producer.

Producers that are members of cooperatives usually receive payments at the same time, although it is not required by the Order. ❖

Required Producer Payment Under the Northeast Order		
Month Milk Produced	Partial Payment Due	
	Day	Date
January	Monday	1/27/25
February	Wednesday	2/26/25
March	Wednesday	3/26/25
April	Monday	4/28/25
May	Tuesday	5/27/25
June	Thursday	6/26/25
July	Monday	7/28/25
August	Tuesday	8/26/25
September	Friday	9/26/25
October	Monday	10/27/25
November	Wednesday	11/26/25
December	Friday	12/26/25

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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	650,751,522	\$15.56	\$101,256,936.82	
Butterfat	17,328,373	3.0751	53,286,479.81	
Less: Location Adjustment to Handlers			(2,936,844.58)	\$151,606,572.06
Class II— Butterfat	32,944,155	3.0693	101,115,494.97	
Nonfat Solids	50,466,549	1.2411	62,634,033.99	163,749,528.96
Class III— Butterfat	29,981,195	3.0623	91,811,413.49	
Protein	20,802,430	2.3160	48,178,427.86	
Other Solids	36,706,397	0.4049	14,862,420.19	154,852,261.54
Class IV— Butterfat	14,335,544	3.0623	43,899,736.36	
Nonfat Solids	28,185,339	1.1974	33,749,124.93	77,648,861.29
Total Classified Value				\$547,857,223.85
Add: Overage—All Classes				450,184.40
Inventory Reclassification—All Classes				(42,106.13)
Other Source Receipts	405,614			22,912.93
Total Pool Value				\$548,288,215.05
Less: Value of Producer Butterfat	94,589,267	3.0623	(289,660,712.34)	
Value of Producer Protein	71,576,526	2.3160	(165,771,234.18)	
Value of Producer Other Solids	126,246,602	0.4049	(51,117,249.12)	(506,549,195.64)
Total PPD Value Before Adjustments				\$41,739,019.41
Add: Location Adjustment to Producers				13,304,115.86
One-half Unobligated Balance—Producer Settlement Fund				914,083.65
Less: Producer Settlement Fund—Reserve				(1,046,971.29)
Total Pool Milk & PPD Value	2,178,978,077			\$54,910,247.63
Producer Price Differential		\$2.52		
Statistical Uniform Price		\$22.47		

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