

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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Federal Order No. 1

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January Pool Price Calculation

The January 2025 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$21.81 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 \$25.43 per hundredweight. The January statistical uniform price was 34 cents per hundredweight above the December price. The January producer price differential (PPD) at Suffolk County was \$1.47 per hundredweight, a decrease of \$1.38 from the previous month.

Product Prices Effect

Commodity prices for January: the butter price rose 3 cents, the nonfat dry milk price decreased 2 cents, dry whey was up 9 cents, and the cheese price increased 12 cents with the block price rising 14 cents and the barrel price climbing 12 cents, all on a per pound basis. The commodity price changes translated to a 4-cent increase in the butterfat price, a 1-cent decrease in the nonfat solids price, a 9-cent increase in the other solids price, and a 36-cent jump in the protein price, all on a per pound basis.

Class Prices for January: Class I, based on prices in December, dropped \$1.05; Class II increased 30 cents; Class III rose \$1.72; and Class IV decreased 1-cent, all on a per hundredweight basis. The Class III price had the largest increase of all the class prices, causing the statistical uniform price to increase from the previous month. Due to increases in both the protein and butterfat prices, the January PPD fell from December.

Selected Statistics

The Class II utilization and average daily delivery per producer were the highest volumes for the Northeast Order for the month of January; total producer pounds and Class III utilization were the third largest volume for the month since order inception. The Class I utilization was the largest for January in the past four years. The average producer butterfat test set a new record high for the Order for the third month in a row. The average producer protein test set a new record for January. ❖

Pool Summary

- A total of 7,335 producers were pooled under the Order with an average daily delivery per producer of 10,183 pounds.
- Pooled milk receipts totaled 2.316 billion pounds, an increase of 1.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.0 percent of total milk receipts, up 0.3 percentage points from December.
- The average butterfat test of producer receipts was 4.45 percent.
- The average true protein test of producer receipts was 3.32 percent.
- The average other solids test of producer receipts was 5.78 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.0	695,751,274
Class II	26.6	614,694,753
Class III	28.8	666,828,709
Class IV	14.6	338,278,391
Total Pooled Milk		2,315,553,127

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	2.3267	1.1265
Butterfat Price	2.9460	2.9765
Other Solids Price	0.5384	0.2417

Class Prices

	2024	2023
	\$/cwt	
Class I	23.63	21.73
Class II	21.58	20.04
Class III	20.34	15.17
Class IV	20.73	19.39

Producer Component Tests by Farm Size

Over the past few years, we have discussed changes in producer component tests—mainly the considerable increases that have occurred in butterfat and protein. This article will look at component tests by various farm sizes.

Production Ranges

The production ranges shown in the chart are the same we show in our Annual Bulletin. They represent smaller operations, a few mid-size ranges, and a couple of larger operation ranges. The data shown is from producer payroll records for the most recent complete month available, October 2024 compared to the same month 2023 and 2019. For 2024, nearly 53 percent of all milk pooled on the Northeast Order came from farms that produced at least 1,500,000 pounds of milk per month. These farms only accounted for 4.6 percent of the total number of producers pooled on the Northeast Order. In contrast, 51 percent of the total number of producers accounted for only 8.3 percent of total pounds of pooled milk for the month of October 2024.

Butterfat Tests

When comparing butterfat tests by farm size, all ranges have experienced considerable increases since 2019 (see table). The largest farms reported an average of 3.87 percent in 2019 compared to 4.13 percent in 2023 and 4.29 percent in 2024. The smallest farms reported the highest

(continued on page 3)

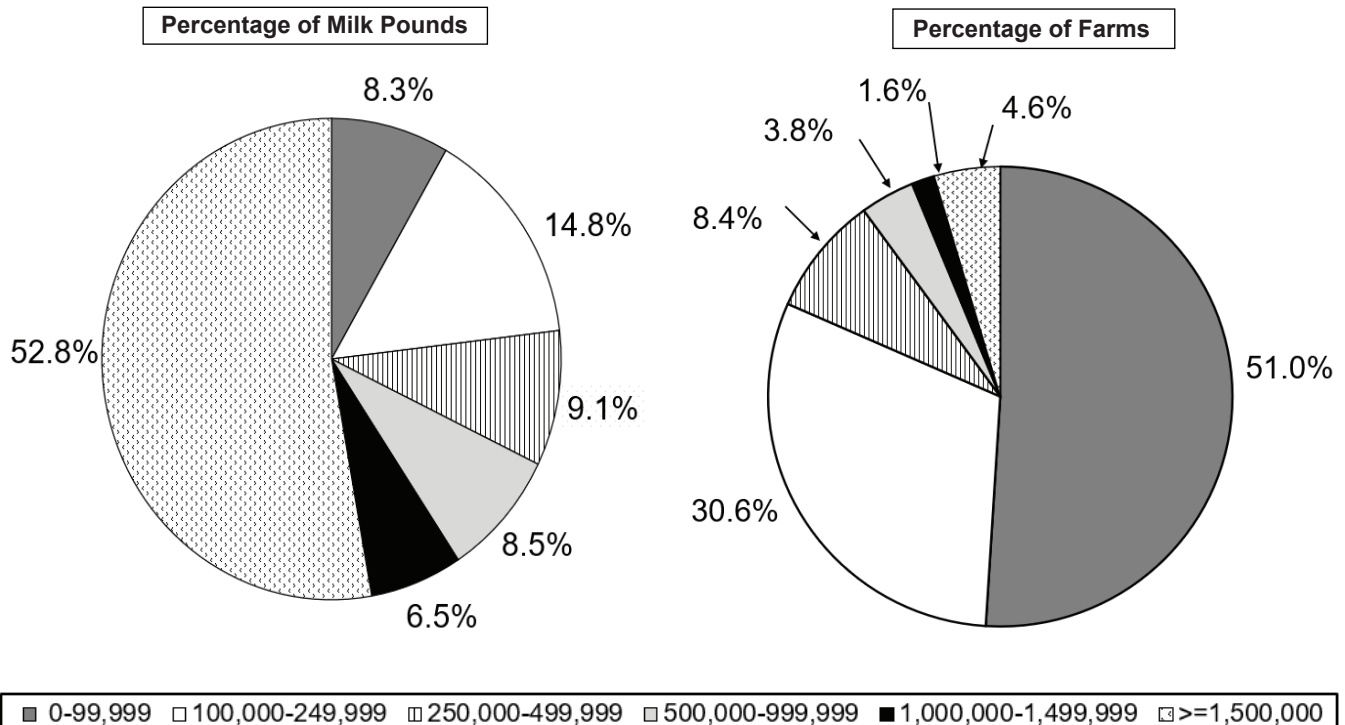
Producer Component Tests by Farm Size, October, 2019, 2023, 2024

Production Range pounds	Butterfat		
	2019	2023	2024
0-99,999	4.03	4.16	4.18
100,000-249,999	3.96	4.13	4.17
250,000-499,999	3.97	4.17	4.24
500,000-999,999	3.99	4.17	4.27
1,000,000-1,499,999	3.93	4.14	4.22
>=1,500,000	3.87	4.13	4.29

Production Range pounds	Protein		
	2019	2023	2024
0-99,999	3.19	3.22	3.27
100,000-249,999	3.15	3.20	3.24
250,000-499,999	3.16	3.22	3.27
500,000-999,999	3.17	3.20	3.26
1,000,000-1,499,999	3.13	3.19	3.23
>=1,500,000	3.13	3.20	3.27

Production Range pounds	Other Solids		
	2019	2023	2024
0-99,999	5.65	5.66	5.65
100,000-249,999	5.72	5.73	5.72
250,000-499,999	5.72	5.75	5.74
500,000-999,999	5.75	5.72	5.73
1,000,000-1,499,999	5.75	5.73	5.72
>=1,500,000	5.77	5.77	5.78

Percentage of Producer Milk Pounds and Farms, by Farm Size, October 2024



Producer Component (continued from page 2)

test in 2019 at 4.03 percent; their tests increased to 4.16 in 2023 and 4.18 in 2024. Even though all ranges' tests rose, the smaller farms did not achieve as high of tests as the larger farms in the most recent data. The spread across the categories tightened somewhat; in 2019 it was 0.16 percentage points compared to 0.12 percentage points in 2024.

Protein Tests

Protein tests follow a similar pattern as butterfat tests. All ranges have experienced increases, but the highest tests are reported in various ranges. In 2019, the largest farms had the lowest test at 3.13 percent and the smallest farms reported the highest test at 3.19 percent. In 2024, both ranges reported a test of 3.27. The spread across all categories was only 0.04 percentage points in 2024, compared to 0.06 percentage points in 2019.

Other Solids Tests

Of the three components, other solids tests have experienced relatively little change compared to butterfat and protein and the largest farms have continuously reported the highest test. In 2019, the largest farms had a test of 5.77 percent; it was unchanged in 2023 and rose slightly in 2024 to 5.78 percent. The smallest group reported 5.65 in 2019; it rose to 5.66 percent in 2023, but was 5.65 percent again in 2024. The spread between other solids tests was 0.12 percentage points in 2019, dipped slightly to 0.11 in 2023, and increased to 0.13 percentage points in 2024.

Even though this article only shows data for one month, it is representative of the trend seen throughout the rest of the year. This trend suggests that the larger farms are managing for higher components than they had in past years. ❖

USDA Issues Final Rule on Amendments to the Federal Milk Marketing Orders

The U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS) announced a final rule amending the uniform pricing formulas applicable in all 11 Federal milk marketing orders (FMMOs). The final rule was made available for viewing on January 16, 2025, in the Federal Register and on AMS's National Federal Milk Marketing Order Pricing Formula Hearing webpage. It will be published in the Federal Register on January 17.

The final rule follows a 49-day national hearing held from August 23, 2023, to January 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.

A total of 128 comments were received, analysis of which was included in a final decision that was issued on November 12, 2024, and published in the Federal Register on December 2, 2024.

Following publication of the final decision, AMS administered and oversaw 11 referenda whereby producers whose milk was pooled on an FMMO in the selected representative month of January 2024 had the opportunity to vote in favor of or opposition to the FMMOs proposed to be amended.

This final rule announces that producers in each of the 11 FMMOs approved the following pricing formula amendments:

- Updating the skim milk composition factors to 3.3 percent true protein, 6.0 percent other solids and 9.3 percent nonfat solids, with a six-month delayed implementation.

- Removing 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey.
- Updating the Class III and Class IV manufacturing allowances to \$0.2519 for cheese, \$0.2272 for butter, \$0.2393 for nonfat dry milk and \$0.2668 for dry whey, all on a per pound basis, and the butterfat recovery factor to 91 percent.
- Returning the base Class I skim milk price formula to the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adoption of a Class I extended shelf life (ESL) adjustment for all ESL products equal to the average-of mover plus a 24-month rolling average adjuster with a 12-month lag.
- Updating the Class I differential values to reflect the increased cost of servicing the Class I market.

The rule will be effective June 1, 2025, for all changes, except for changes to the skim milk composition factors. The amendments to skim milk composition factors will be implemented December 1, 2025. These changes will apply to milk marketed on and after these dates, as applicable, and those changes will be reflected in both the advanced prices and pricing factors released before the start of the month and the class and component prices announced after the close of the month.

Copies of the final rule, educational materials and the entire hearing record can be found on the hearing webpage or obtained from USDA/AMS/Dairy Program; STOP 0225 - Rm. 2530; 1400 Independence Ave. SW, Washington, DC 20250-0225. Questions can be submitted to fmmohearing@usda.gov. ❖

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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	679,024,013	\$13.74	\$93,297,899.39	
Butterfat	16,727,261	2.9632	49,566,219.80	
Less: Location Adjustment to Handlers			(3,062,324.84)	\$139,801,794.34
Class II— Butterfat	37,000,625	2.9530	109,262,845.62	
Nonfat Solids	55,049,796	1.2944	71,256,455.91	180,519,301.53
Class III— Butterfat	31,254,623	2.9460	92,076,119.35	
Protein	22,148,397	2.3267	51,532,675.29	
Other Solids	38,469,628	0.5384	20,712,047.70	164,320,842.34
Class IV— Butterfat	18,136,633	2.9460	53,430,520.80	
Nonfat Solids	30,533,498	1.2002	36,646,304.33	90,076,825.13
Total Classified Value				\$574,718,763.34
Add: Overage—All Classes				14,051.67
Inventory Reclassification—All Classes				148,892.96
Other Source Receipts	280,167			8,241.35
Total Pool Value				\$574,889,949.32
Less: Value of Producer Butterfat	103,119,142	2.9460	(303,788,992.35)	
Value of Producer Protein	76,937,601	2.3267	(179,010,716.20)	
Value of Producer Other Solids	133,868,632	0.5384	(72,074,871.44)	(554,874,579.99)
Total PPD Value Before Adjustments				\$20,015,369.33
Add: Location Adjustment to Producers				14,149,362.15
One-half Unobligated Balance—Producer Settlement Fund				814,429.06
Less: Producer Settlement Fund—Reserve				(937,348.93)
Total Pool Milk & PPD Value	2,315,769,504			\$34,041,811.61
Producer Price Differential		\$1.47		
Statistical Uniform Price		\$21.81		

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