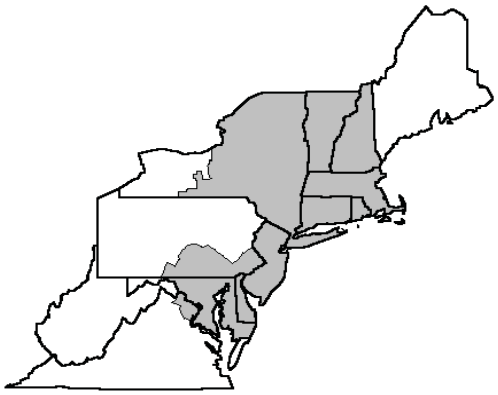


The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

January 2020

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

January Pool Price Calculation

The January 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.78 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 $20.28 per hundredweight. The January statistical uniform price was 50 cents per hundredweight below the December price. The January producer price differential (PPD) at Suffolk County was $1.73 per hundredweight; the PPD was $-0.09 in December.

Product Prices Effect

Commodity product prices for butter and cheese decreased while nonfat dry milk and dry whey increased. The butter price declined about 7 cents per pound. The cheese price fell over 24 cents per pound mainly due to the 45-cent drop in the barrel price combined with the nearly 4-cent decline in the block price. The nonfat dry milk price rose 3 cents and the dry whey price increased 1 cent per pound. These changes resulted in a 3-cent increase in the nonfat solids price, a 1-cent higher other solids price, a decline of 8 cents in the butterfat price, and a 69-cent drop in the protein price, the largest monthly decline in 11 years. Even though the protein price dropped significantly, it was still the fourth highest ever for the month of January.

All class prices decreased from the previous month except the Class II price that rose 24 cents per hundredweight. The Class I price decreased 32 cents, Class IV fell 5 cents, and Class III dropped $2.32, all on a per hundredweight basis. With lower overall prices, the SUP declined from the previous month, but with the price spread returning to a more typical pattern, the PPD returned to a positive value.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. Class IV volume was the highest ever for January. The average producer butterfat test tied with 2019 as a record high for the month. The average other solids test was the highest ever for the month of January.❖

Pool Summary

- A total of 9,429 producers were pooled under the Order with an average daily delivery per producer of 7,875 pounds.
- Pooled milk receipts totaled 2.302 billion pounds, an increase of 2.3 percent from last month on an average daily basis.
- Class I usage accounted for 31.1 percent of total milk receipts, a decrease of 0.7 percentage points from December.
- The average butterfat test of producer receipts was 3.99 percent.
- The average true protein test of producer receipts was 3.14 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.1	715,647,377
Class II	23.2	534,053,277
Class III	26.3	604,398,486
Class IV	19.4	447,766,006
Total Pooled Milk		2,301,865,146

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	2.9606	1.1927
Butterfat Price	2.1117	2.4981
Other Solids Price	0.1417	0.2898

Class Prices

	2020	2018
	$/cwt	
Class I	22.26	18.37
Class II	17.05	15.74
Class III	17.05	13.96
Class IV	16.65	15.48

Component Level Observations

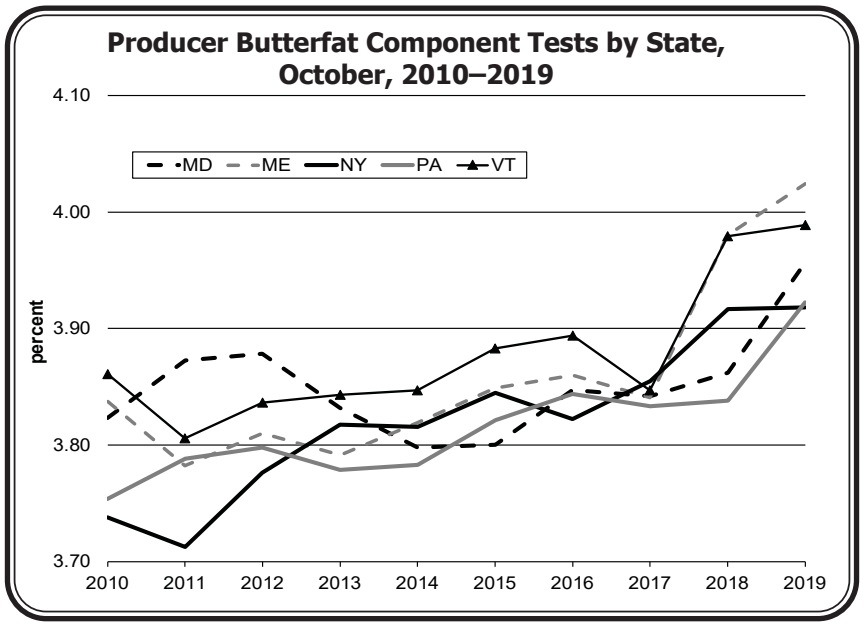
The Federal Order monthly pricing formulas use a variety of factors to determine the value of each class of milk. Milk is comprised of components that each carry its own value. The level of butterfat, protein, and other solids in milk have a large role in determining monthly milk prices. The component levels in milk can change over time due to changing feed quality/schedules, marginal production costs, climate, technology, milking processes, and environment. These factors may vary across farms of different sizes and locations. These differences are apparent when comparing the component levels of various states in the Northeast Order.

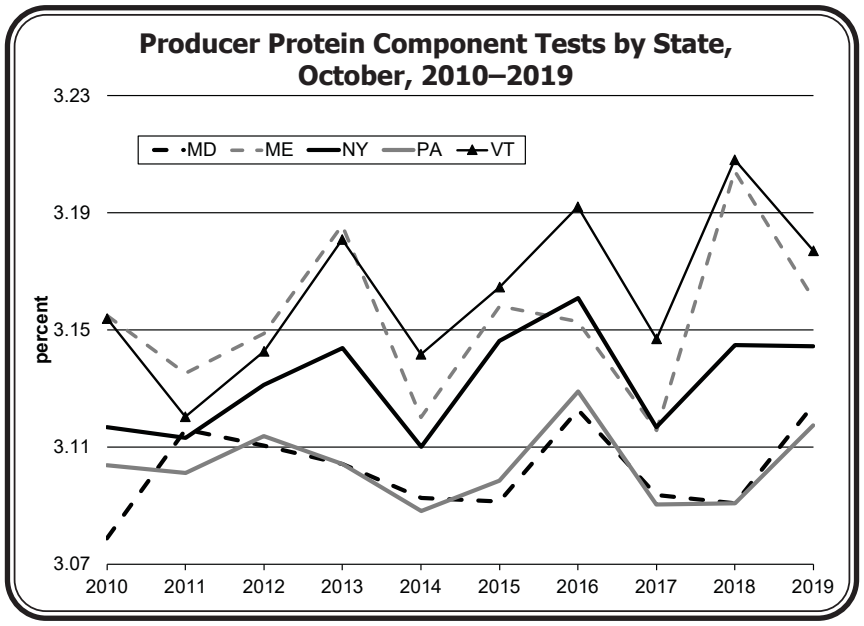
Producer component tests were compared by state for the month of October for 2010-2019. The states compared are the five that contribute the largest volumes to the Northeast pool: Maine, Maryland, New York, Pennsylvania, and Vermont. The accompanying charts show the change in components (butterfat, protein, and other solids) over the 10-year span using Northeast Order verified producer payroll data.

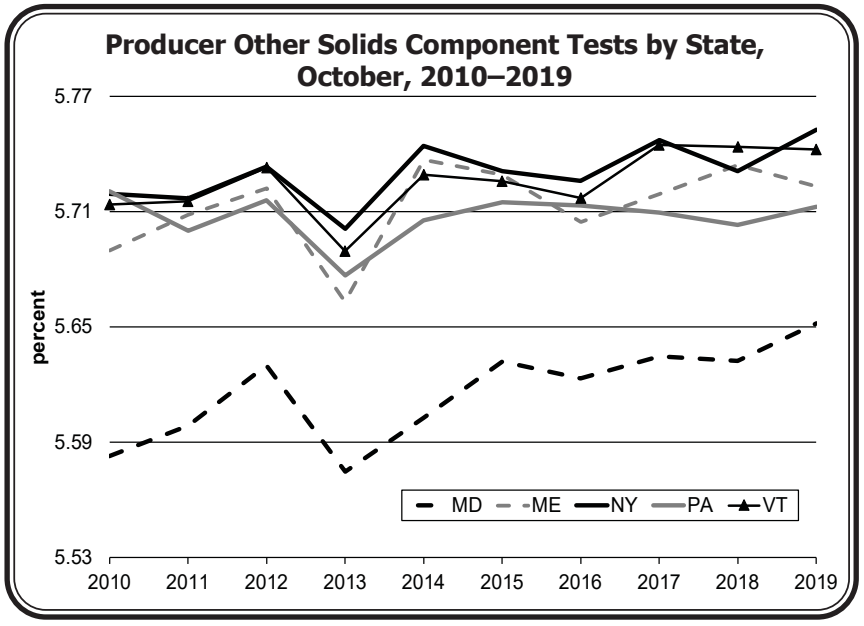
Butterfat tests for the five largest milk contributing states in October 2019 averaged 3.96 percent while protein and other solids averaged 3.14 percent and 5.72 percent, respectively. Compared to October 2010 tests, protein and other solids reported marginal gains in their component tests, rising from 3.12 percent and 5.69 percent, respectively. That's an increase of only 0.02 percentage points for protein and 0.03 percentage points for other solids. In contrast, butterfat has made larger and more consistent gains year-over-year, increasing from 3.80 percent in 2010, an addition of 0.16 percentage points. While protein and other solids tests have been more variable than butterfat, they still trend in an upward direction.

Observing how the component tests change over time can depict a broad trend for the whole industry, but looking at the component tests at a state level basis show which areas have been changing more rapidly. Of the five largest milk contributing states in the Northeast Order, Maine milk producers have had the largest increase in their butterfat test since 2010, up 0.19 percentage points. Maryland milk producers have increased their level of protein and other solids more than any other state since 2010, up

(continued on page 3)

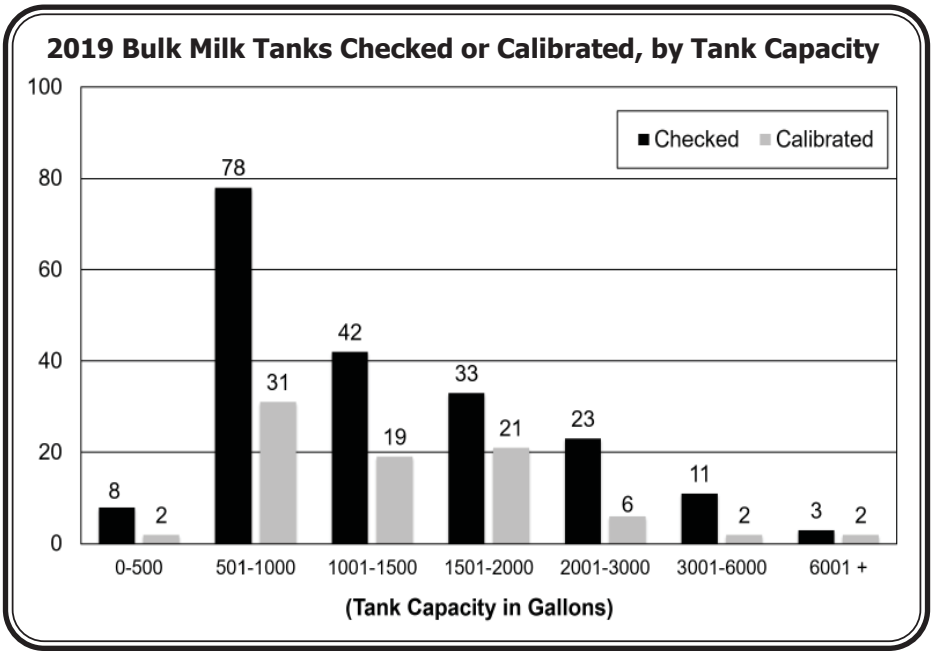






Market Services 2019 Summary

The Market Administrator of the Northeast Order oversees a Market Services program that verifies or establishes weights, samples and tests producer milk, and provides market information for producers who are not receiving such services from a cooperative association.



Calibration Program

One aspect of Market Services is the bulk tank calibration program. The Northeast Order operates two calibration trucks. In providing these services, the two trucks combined covered 22,356 miles in 2019, down from 23,726 miles the previous year. The market service department checked 198 farm bulk tanks throughout the Northeast Marketing Area milkshed during the 2019 season, down nearly 24 percent from 259 in 2018.

Briefly, a tank check involves measuring the tank at about four or five different levels as opposed to performing a complete calibration, which involves checking the tank at each increment on the dipstick. The levels that a tank is checked at vary depending on the tank size and a farm's production range. If the tank proves to be out of tolerance when checked, the tank is then recalibrated. Depending on scheduling, recalibrations are performed the same day or rescheduled for another day.

Checks/Calibration Results

Of the 198 tanks checked, 35 (18 percent) were out of tolerance and were recalibrated. Of the tanks requiring recalibration, 51 percent were over measuring; the rest were under measuring the amount of milk. An additional 83 calibrations/recalibrations were performed for other reasons that did not involve an initial check, such as a tank being installed, a tank being moved, or a special request. This number is down from 121 in 2018. Of the tanks that were recalibrated or calibrated, 63 percent were 1,500 gallon tanks or smaller. This figure is up from 55 percent in 2018.

The 198 checks and the 83 additional calibrations total at least 281 farm visits. The accompanying chart shows a breakdown of checks and calibrations by tank size. A tentative schedule for the calibration trucks during the upcoming season is included below.❖

Tentative Calibration Truck Schedule, 2020

Month	Area
April	Southern PA, Northern PA, Central NY
May	Finger Lakes Region NY, Eastern NY, Connecticut
June	Central PA, Eastern NY
July	Southern PA, Northern NY, Central NY
August	Western NY, Eastern, NY
September	Central PA, Eastern, NY, Maine, New Hampshire, Vermont
October	Southern PA, Central NY
November	FInger Lakes Region NY, Southern PA

Component Level *(continued from page 2)*

0.05 and 0.07 percentage points, respectively. The chart shows that despite making the largest gains over the past ten Octobers, Maryland's protein and other solids tests still trail the other four states. Notably, on the same chart, Pennsylvania is the only state among the five in which any component level decreased over the ten year period; its other solids test decreased 0.01 percentage points. New York's milk producers had the second largest gain in butterfat tests from 2010 to 2019. However, the butterfat chart shows that New York started and ended the last decade with the lowest butterfat test. Looking at the same chart from 2010 to 2017, butterfat tests for each of the five largest milk contributing states never eclipsed 3.86 percent while the average test only increased from 3.80 percent to 3.84 percent. Since late 2018, the average butterfat test has increased 0.12 percentage points and none of the five states reported less than 3.86 percent butterfat.❖

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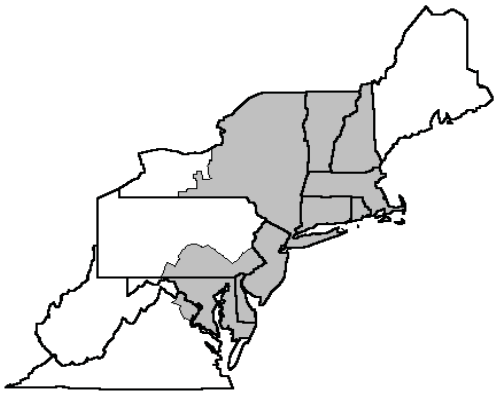
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	699,893,836	$14.96	104,704,117.87	
	Butterfat	15,753,541	2.2340	35,193,410.59	
Less:	Location Adjustment to Handlers			(2,841,948.66)	$137,055,579.79
Class II—	Butterfat	31,165,133	2.1187	66,029,567.27	
	Nonfat Solids	46,671,853	1.1089	51,754,417.81	117,783,985.08
Class III—	Butterfat	28,125,172	2.1117	59,391,925.70	
	Protein	18,927,278	2.9606	56,036,099.27	
	Other Solids	34,663,657	0.1417	4,911,840.19	120,339,865.16
Class IV—	Butterfat	16,803,733	2.1117	35,484,442.97	
	Nonfat Solids	40,147,205	1.0665	42,816,994.19	78,301,437.16
Total Classified Value					**$453,480,867.19**
Add:	Overage—All Classes				52,499.97
	Inventory Reclassification—All Classes				36,712.14
	Other Source Receipts	183,007 Pounds			8,585.50
Total Pool Value					**$453,578,664.80**
Less:	Producer Component Valuations @ Class III Component Prices				(427,041,646.33)
Total PPD Value Before Adjustments					**$26,537,018.47**
Add:	Location Adjustment to Producers				13,263,843.26
	One-half Unobligated Balance—Producer Settlement Fund				1,020,593.28
Less:	Producer Settlement Fund—Reserve				(996,021.88)
Total Pool Milk & PPD Value		2,302,048,153 Producer pounds			**$39,825,433.13**
	Producer Price Differential		**$1.73**		
	Statistical Uniform Price		**$18.78**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

February 2020

Federal Order No. 1

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e-mail address: NortheastOrder@fedmilk1.com
website address: www.fmmone.com

February Pool Price Calculation

The February 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.12 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 $19.56 per hundredweight. The February statistical uniform price was 66 cents per hundredweight below the January price. The February producer price differential (PPD) at Suffolk County was $1.12 per hundredweight, a decrease of 61 cents from the previous month.

Product Prices Effect

Commodity product prices for butter and cheese decreased while dry whey and nonfat dry milk increased slightly. The butter price dropped 11 cents per pound while cheese declined 2 cents per pound as the 9-cent decrease in the barrel price offset the 5-cent increase in the block price. The dry whey price rose 3 cents per pound. These changes resulted in a 13-cent drop in the butterfat price, a 3-cent increase in the other solids price, and a slight increase in the nonfat solids price. The decrease in the butterfat price, which a factor in the protein price formula, counteracted the decrease in the cheese price, resulting in a 7-cent increase in the protein price.

All class prices decreased from the previous month. The Class I price dropped $1.46; Class II declined 21 cents; Class III decreased 5 cents; and Class IV fell 45 cents, all on a per hundredweight basis. The lower overall prices translated to a lower SUP. The tightening in the spread between the highest class prices and the Class III price resulted in a lower, but mostly positive, PPD. Only producers shipping to plants in the most distant zones received a negative PPD value.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order and, for the first time, topped 8,000 pounds. The total pooled volume was the highest ever for the month of February and the third highest ever on a per day basis for the month. Class II volume also was the highest ever for February. The average producer butterfat test tied with 2019 as a record high for the month. The average other solids test was the highest ever for the month of February and tied with June 2019 for the overall Order record-high.❖

Pool Summary

- A total of 9,304 producers were pooled under the Order with an average daily delivery per producer of 8,073 pounds.
- Pooled milk receipts totaled 2.178 billion pounds, an increase of 1.2 percent from last month on an average daily basis.
- Class I usage accounted for 29.8 percent of total milk receipts, a decrease of 1.3 percentage points from January.
- The average butterfat test of producer receipts was 3.98 percent.
- The average true protein test of producer receipts was 3.14 percent.
- The average other solids test of producer receipts was 5.78 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.8	649,003,775
Class II	26.0	565,081,852
Class III	25.9	564,563,737
Class IV	18.3	399,471,780
Total Pooled Milk		2,178,121,144

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	3.0309	1.1776
Butterfat Price	1.9813	2.5345
Other Solids Price	0.1750	0.2631

Class Prices

	2020	2019
	$/cwt	
Class I	20.80	18.55
Class II	16.84	16.13
Class III	17.00	13.89
Class IV	16.20	15.86

U.S. Milk Production Growth Slows

The total milk production in the United States rose a slight 0.4 percent in 2019, the lowest increase in milk production in 3 years. The rate of growth was 0.9 in 2018, 1.7 in 2017, and 1.5 in 2016.

The increase in the top ten milk-producing states combined was higher than the national average. Growth in the combined total for the selected 24 milk-producing states reported by the National Agricultural Statistics Service (NASS) also was higher than the national average. The accompanying table shows the top ten states ranked by their total 2019 production and comparisons to the selected 24 states total and the U.S. total for production, cows, and milk production per cow (MPC).

Top Ten Rankings Unchanged

The top ten list contained the same states as in 2018 with California, Wisconsin, and Idaho holding the top 3 spots. In the Northeast, New York and Pennsylvania remained numbers 4 and 7, respectively. Texas reported the largest year-to-year increase in production of the top ten. Pennsylvania and New Mexico were the only top ten states to report decreases from the previous year.

Of the NASS selected 24 states, nine reported decreases from 2018. The largest increase reported by this group was Texas with 7.7 percent followed by Colorado that rose 5.5 percent and moved up from number 14 in to 2018 to the number 13 position. Virginia again reported the largest decline with 8.9 percent from 2018. NASS added Illinois to the selected states, increasing the number to 24. The selected 24 states in total accounted for 95.3 percent of the US total in 2019, up from 95.0 percent the prior year.

Northeast Production Down

Milk production in the Northeast milkshed (the area from which milk is traditionally pooled by handlers selling in the marketing area) decreased 1.8 percent in 2019. The only milkshed states reporting growth were Connecticut, Maine, New York, and Vermont. The three largest contributing states to the Northeast Order (New York, Pennsylvania, and Vermont) reported a combined drop of 1.0 percent from 2018. Milk pooled on the Northeast Order decreased 1.0 percent in 2019.

Cow Numbers and Production per Cow

Nationally, the number of milk cows fell 0.7 percent in 2019; in 2018, they decreased 0.1 percent. The number of states showing declining cow numbers totaled 35, up from 30 in 2018. Eleven states reported increases and 6 had no change. Of those with increasing cow numbers, five were in the top ten states. As in 2018, the state with the largest increase on a percentage basis was Colorado (5.7 percent).

In the Northeast milkshed states, milk cow numbers declined 2.8 percent; this follows a decline of 1.7 percent in 2018. The combined total for New York, Pennsylvania, and Vermont was down 2.0 percent from 2018. The only state in the milkshed reporting an increase was New York with a slight 0.6 percent. Connecticut and Rhode Island had no change; all others reported a decrease.

Top Ten States Ranked by Milk Production, 2019

Rank	State	2018	2019	Percent Change	2019 Cows	2019 MPC*
		(million pounds)			(1,000 head)	(pounds)
1	California	40,404	40,564	0.4	1,726	23,502
2	Wisconsin	30,579	30,601	0.1	1,267	24,152
3	Idaho	15,146	15,631	3.2	625	25,010
4	New York	14,882	15,122	1.6	627	24,118
5	Texas	12,860	13,850	7.7	565	24,513
6	Michigan	11,171	11,385	1.9	426	26,725
7	Pennsylvania	10,657	10,108	(5.2)	490	20,629
8	Minnesota	9,868	9,931	0.6	448	22,167
9	New Mexico	8,285	8,187	(1.2)	326	25,113
10	Washington	6,736	6,783	0.7	280	24,225
	Top Ten Total	160,588	162,162	1.0	6,780	23,918
	NASS 24 Total	206,693	208,062	0.7	8,802	23,638
	U.S. Total	217,568	218,382	0.4	9,336	23,391

Source: NASS, *Milk Production* * Milk Produced per Cow

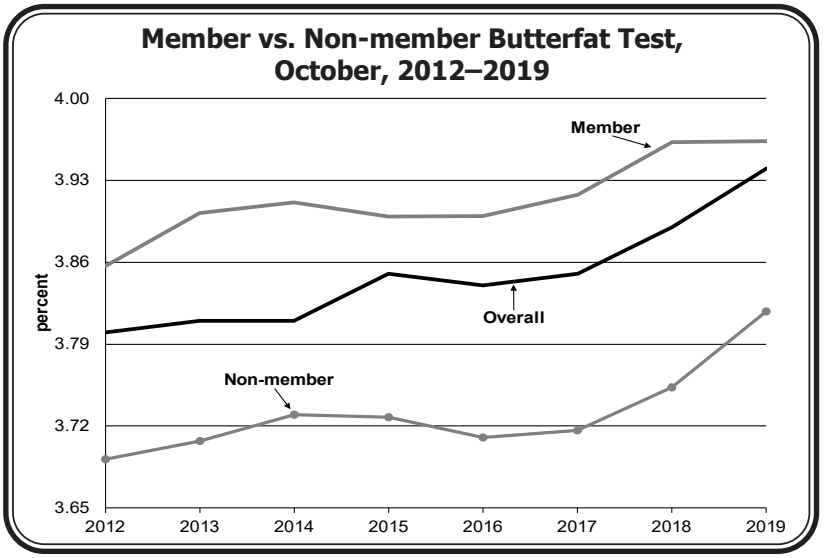
Average MPC grew 1.0 percent nationally, the same increase as in 2018. Michigan continues to lead the nation in MPC, followed by Colorado. Only fourteen states had MPC greater than the national average; eight of them are in the top ten. The only top-ten states below were Minnesota and Pennsylvania.

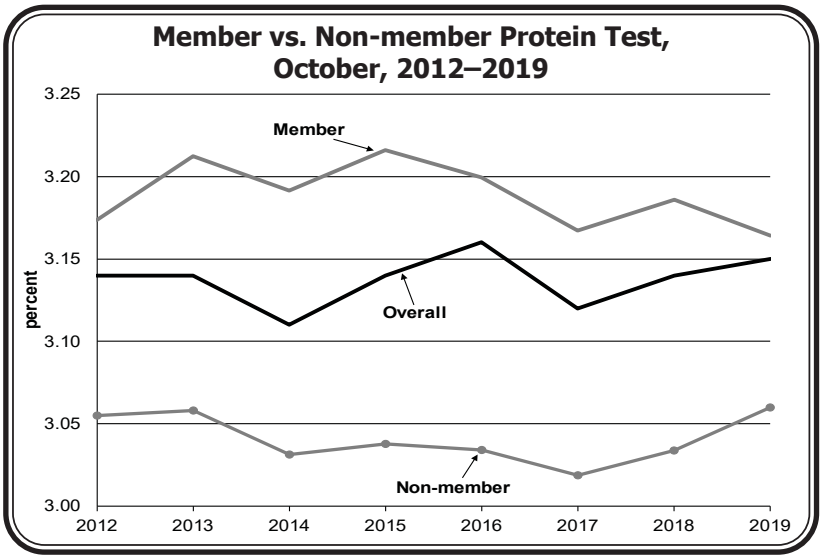
The Northeast states increase in MPC matched the national average (up 1.0 percent); this compares to only 0.3 percent in 2018. The U.S. average milk per cow was 23,391 pounds in 2019; the average was 22,140 pounds in the Northeast states. New York's MPC (24,118 pounds) was above the national average. ❖

Component Test Observations

Last month's *Bulletin* compared component tests for producers from the five largest contributing states in Federal Order 1. This month's focus will be the comparison of average component tests between cooperative member and non-member producers.

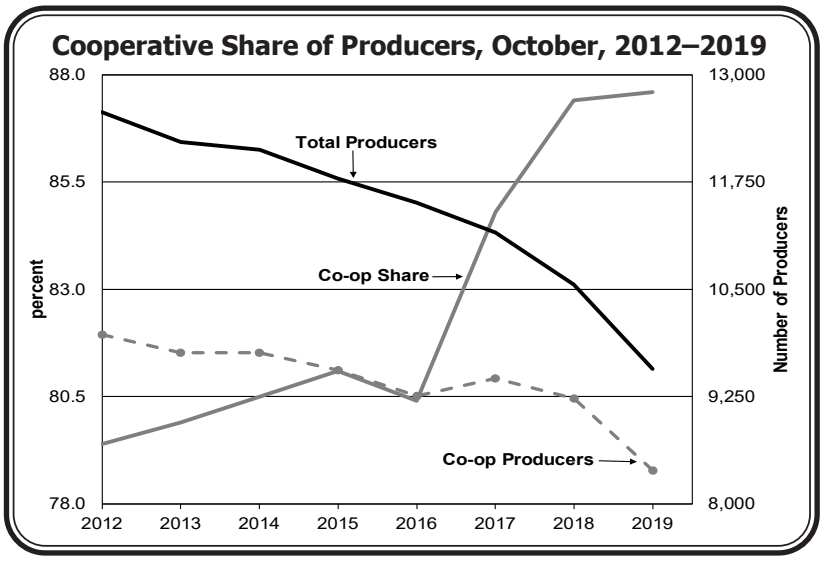
Using verified payroll data for the month of October for the years 2012 to 2019, the butterfat tests for members of cooperatives increased from 3.86 percent to 3.96 percent, a 0.10 percentage point increase. Over the same period, non-members' butterfat tests increased from 3.69 to 3.82 percent, a 0.13 percentage point increase. While the gap that existed in butterfat tests between members and non-members has shrunk over the past eight years, non-members only recently have begun to close that gap with 83 percent of the increase in non-members' butterfat tests occurring over the last two years. This may partly be attributable to the decrease in the number of non-member producers during that period.





Unlike the butterfat tests, protein tests have not trended in the same direction for both members and non-members. Protein tests of cooperative members decreased by 0.01 percentage points since 2012. Conversely, non-members' average protein tests increased by 0.01 percentage points over the same period. Non-members' average protein tests decreased from 2012 to 2017 before two consecutive years of increases brought it back to pre-2012 levels. The graph of protein component tests shows convergence of the two groups, however, the overall pool average was nearly on par with the cooperative producers' component tests.

The overall pool average other solids component test had been remarkably steady over the previous eight years, only increasing 0.02 percentage points from 5.73 to 5.75 percent. Non-members other solids tests lost 0.01 percentage points over that period, while members' tests decreased 0.02 percentage points. Similarly to the protein test, member and non-members' other solids tests have been converging since 2017, with the overall pool average very close to the cooperative's average other solids tests.



From October 2012 to October 2019, the number of producers belonging to a cooperative dropped from 9,973 to 8,388 (15.9 percent). Despite this, the share of pooled producers that are a member of a cooperative has risen over the same time period, from 79.4 percent in 2012 to 87.6 percent in 2019. This change is a combination of the overall decrease in producers pooled on the Order and the higher rate of decline in independent producers compared to cooperative producers. This results in the overall pool average component tests moving increasingly closer to the cooperative producers' average component test.❖

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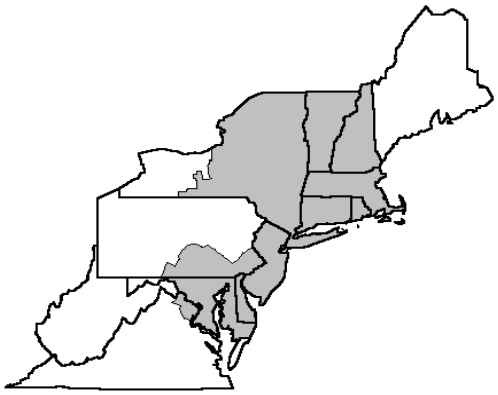
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	634,600,619	$13.71	87,003,744.86	
	Butterfat	14,403,156	2.1634	31,159,787.69	
Less:	Location Adjustment to Handlers			(2,602,241.67)	$115,561,290.89
Class II—	Butterfat	31,105,068	1.9883	61,846,206.73	
	Nonfat Solids	49,645,987	1.1378	56,487,203.99	118,333,410.72
Class III—	Butterfat	26,296,441	1.9813	52,101,138.53	
	Protein	17,710,444	3.0309	53,678,584.73	
	Other Solids	32,441,770	0.1750	5,677,309.87	111,457,033.13
Class IV—	Butterfat	14,955,326	1.9813	29,630,987.39	
	Nonfat Solids	35,798,715	1.0667	38,186,489.32	67,817,476.71
Total Classified Value					**$413,169,211.45**
Add:	Overage—All Classes				272,739.97
	Inventory Reclassification—All Classes				(20,912.17)
	Other Source Receipts	166,271			5,020.62
Total Pool Value					**$413,426,059.87**
Less:	Value of Producer Butterfat	86,759,991	1.9813	(171,897,570.21)	
	Value of Producer Protein	68,493,009	3.0309	(207,595,460.96)	
	Value of Producer Other Solids	125,988,612	0.1750	(22,048,007.33)	(401,541,038.50)
Total PPD Value Before Adjustments					**$11,885,021.37**
Add:	Location Adjustment to Producers				12,648,280.69
	One-half Unobligated Balance—Producer Settlement Fund				880,795.44
Less:	Producer Settlement Fund—Reserve				(1,017,278.52)
Total Pool Milk & PPD Value		2,178,287,415	Producer pounds		**$24,396,818.98**
	Producer Price Differential		**$1.12**		
	Statistical Uniform Price		**$18.12**		

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



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Shawn M. Boockoff, Market Administrator

March 2020 Federal Order No. 1

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website address: www.fmmone.com

March Pool Price Calculation

The March 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.74 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 $18.98 per hundredweight. The March statistical uniform price was 38 cents per hundredweight below the February price. The March producer price differential (PPD) at Suffolk County was $1.49 per hundredweight, an increase of 37 cents from the previous month.

Product Prices Effect

All commodity product prices took a significant downturn except for dry whey that rose less than 1 cent per pound. Prices for butter declined 5 cents per pound, while nonfat dry milk fell 13 cents. The cheese price dropped 8 cents per pound as the barrel price decreased 2 cents and the block price tumbled 13 cents, all on a per pound basis. These changes resulted in a 6-cent decrease in the butterfat price, a 13-cent decline in the nonfat solids price, and 19-cent drop in the protein price. The other solids price increased less than 1 cent per pound.

Class prices decreased from the previous month. Both Class I and Class II prices declined 9 cents, Class III dropped 75 cents, and Class IV fell $1.33, all on a per hundredweight basis. The lower overall prices translated to a lower SUP but the spread between the highest class prices and the Class III price widened, resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. The total pooled volume was the third highest ever for the month of March and the largest volume since May 2018. Class I volume in March was higher than the previous year for the first time since October 2018; this may be due to panic buying as a result of the Covid-19 situation. The average other solids test was the highest ever for the month of March and tied with February 2020 and June 2019 for the overall Order record-high.❖

Pool Summary

- A total of 9,367 producers were pooled under the Order with an average daily delivery per producer of 8,147 pounds.
- Pooled milk receipts totaled 2.366 billion pounds, an increase of 1.6 percent from last month on an average daily basis.
- Class I usage accounted for 30.9 percent of total milk receipts, an increase of 1.1 percentage points from February.
- The average butterfat test of producer receipts was 3.95 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	30.9	731,847,308
Class II	24.9	588,415,423
Class III	25.7	607,228,965
Class IV	18.5	438,227,662
Total Pooled Milk		2,365,719,358

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	2.8424	1.6303
Butterfat Price	1.9177	2.5461
Other Solids Price	0.1810	0.2200

Class Prices

	2020	2019
	$/cwt	
Class I	20.71	19.23
Class II	16.75	16.61
Class III	16.25	15.04
Class IV	14.87	15.71

Top Producing Counties—Northeast Milkshed

In 2019, the top ten counties in terms of milk pooled on the Northeast Order accounted for 35.9 percent of all milk pooled during the year. This is an increase over 2018 that accounted for 34.7 percent. Pooled milk receipts do not necessarily account for all milk produced in a county. Milk shipped to other federal orders, state orders, or unregulated areas is not included in these numbers.

Top Ten Counties Pooling on the Northeast Order, 2019

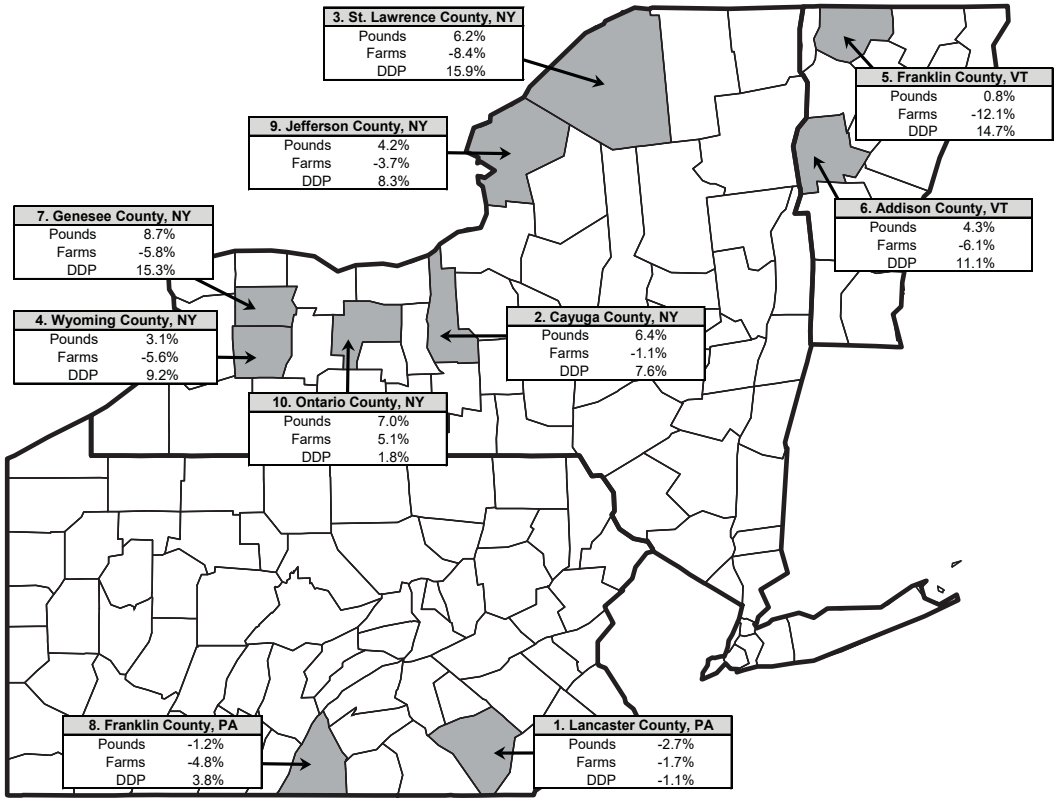
Rank	County	State	Volume Pooled on Order (1000 lbs)	Number of Farms	DDP
1	Lancaster	PA	2,235,946	1,499	4,087
2	Cayuga	NY	1,223,841	92	36,446
3	St. Lawrence	NY	879,554	274	8,795
4	Wyoming	NY	836,131	102	22,459
5	Franklin	VT	799,573	124	17,666
6	Addison	VT	787,172	92	23,442
7	Genesee	NY	757,690	49	42,365
8	Franklin	PA	747,762	257	7,971
9	Jefferson	NY	732,104	156	12,857
10	Ontario	NY	635,044	103	16,892
	Top Ten Total		9,634,817	2,748	9,606
	Total		26,838,512	9,447	7,784
	Top Ten Proportion (%)		35.9	29.1	

Source: Northeast Order audited producer payroll reports.

Change in Ranking

The table shows the top ten ranked counties for 2019 based on their volume pooled on the Order. Lancaster County, PA once again led the rankings as it has every year since the Order's inception in 2000. Lancaster County accounted for 8.3 percent of all milk pooled on the Order, a decline from 2018's share of 8.5 percent. It has been losing share of the milk pooled relative to the other top nine producing counties. In 2018, it accounted for 24.4 percent of all milked pooled among the top ten counties while in 2019 it dropped to 23.2 percent. Onondaga County, NY, dropped out of the top ten and was replaced by 2018's 11th ranked Ontario County, NY. Franklin County, PA, pooled 747.8 million pounds of milk in 2019 which was 9.2 million pounds less than 2018 and was the only county other than Lancaster ranked in the top ten to have produced less in 2019 than in 2018. Genesee County, NY moved up two spots from last year to number 7 while Jefferson County, NY, fell one spot to number 9. The top five counties all remained in the same position as 2018.

Top Ten Counties Year-to-Year Percent Change in Pounds and Farms Pooled and DDP, 2018–2019 (Pool Pounds Rank Indicated)



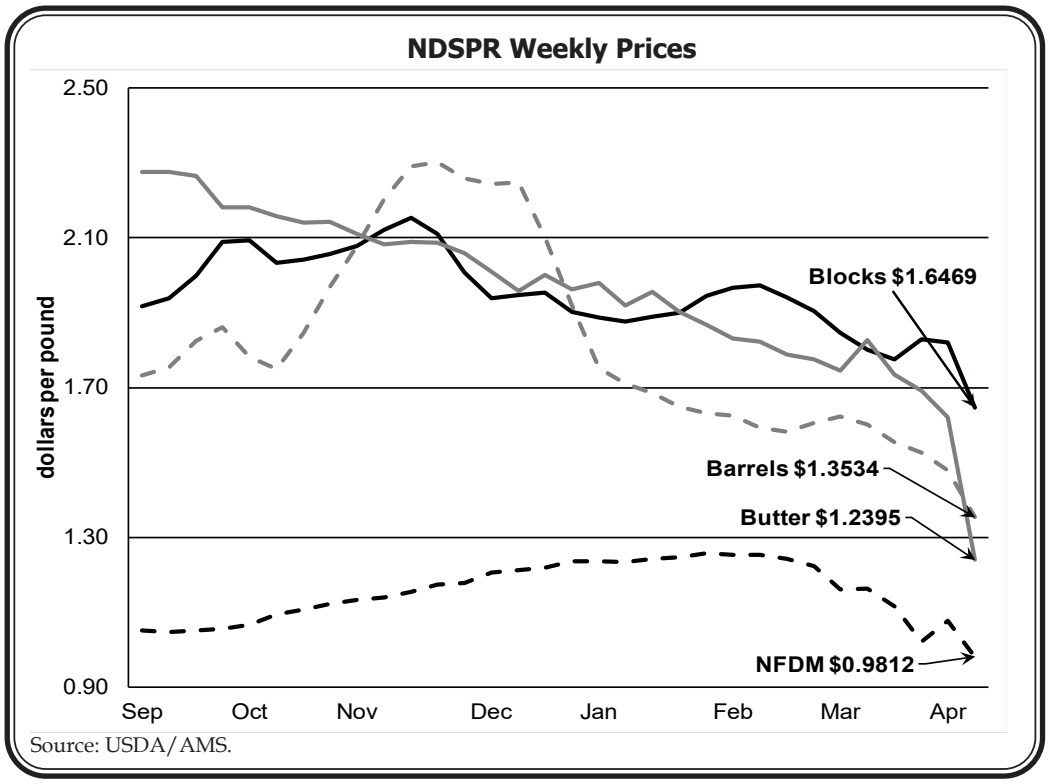
DDP = Daily Deliveries per Producer.

Proportions and DDP

The accompanying map presents the changes in pounds pooled, farms pooled, and the DDP since 2018 for the 2019 top ten counties. The number of farms in the top ten counties dropped 2.3 percent from 2018 to 2,748 in 2019. Overall, the number of farms pooled on the Order decreased 7.5 percent from 2018 to 9,447 in 2019. The DDP (daily deliveries per producer), a measure of how much milk each producer pooled on average each day, was 7,784 pounds for the entire Order in 2019. This is a 7.1 percent increase over 2018's DDP. The top ten counties reported a large increase in DDP from 2018 to 2019, increasing from 9,167 pounds to 9,606 pounds.❖

COVID-19 Related Impacts to Dairy Products

Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices. The accompanying chart presents the weekly prices from this report that were used in determining those prices since September (only block Cheddar prices are depicted). Response to the COVID-19 pandemic has resulted in shocks to demand and supply chains that are just starting to impact these inputs to federal order prices. The chart shows fairly strong prices in dairy products through most of the period shown, including the beginning of 2020. NDPSR prices are the result of a survey of actual plant transactions. The chart shows evidence of price declines resulting from demand impacts at food service and export channels, and demand bottlenecks as the industry is challenged by a sudden switch from these demand channels to retail for food at home consumption.



Source: USDA/AMS.

The March Statistical Uniform Price (SUP) did not reflect a large degree of the pricing impact that is expected. The Class I price was established using mid February market conditions, and taking into account the natural lag in NDPSR survey prices, March class prices did not capture COVID-19-related impacts. The first two weeks of April NDPSR prices are shown and do exhibit a sharp downturn in the product prices. The May Class I price will use NDPSR prices from the weeks of April 11 and 18. These prices would indicate more downside is likely in the NDPSR prices and thus, the Northeast SUP.❖

Pool Summary for All Federal Orders, January–March, 2019–2020

Federal Order		Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2019	2020*	Change^	2019	2020	2019	2020
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**6,691,722,228**	**6,845,705,648**	**1.2**	**2.45**	**1.45**	**16.75**	**18.45**
5	Appalachian	1,374,233,670	1,387,773,576	(0.1)	N/A	N/A	18.04	20.05
6	Florida	664,315,150	672,077,311	0.1	N/A	N/A	20.05	22.22
7	Southeast	1,278,392,358	1,241,104,996	(4.0)	N/A	N/A	18.44	20.32
30	Upper Midwest	9,075,041,893	7,027,548,771	(23.4)	0.29	0.17	14.59	16.94
32	Central	4,158,269,400	4,097,103,396	(2.6)	0.96	0.21	15.25	16.97
33	Mideast	4,682,755,792	5,196,400,124	9.7	1.45	0.63	15.75	17.39
51	California^	6,107,273,607	6,248,307,551	1.2	1.12	0.05	15.41	16.82
124	Pacific Northwest	2,128,510,483	2,057,105,804	(4.4)	1.11	(0.01)	15.41	16.75
126	Southwest	3,559,251,948	3,255,812,595	(9.5)	1.71	0.87	16.01	17.64
131	Arizona	1,322,367,775	1,334,464,126	(0.2)	N/A	N/A	15.85	17.24
All Market Total/Average		41,042,134,304	39,363,403,898	(5.1)	1.30	0.48	16.50	18.23

Price at designated order location. ^ Adjusted for leap year. N/A = Not applicable.

* During the first quarter of 2020, a significant volume of milk was not pooled on federal orders.

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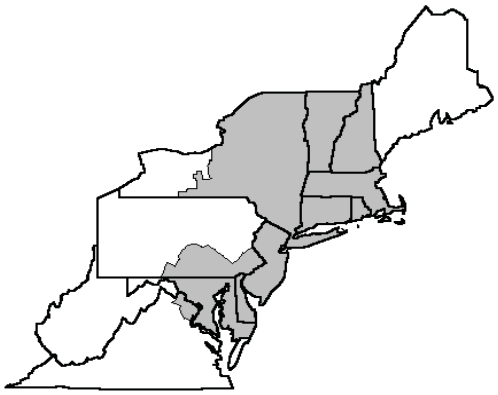
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	715,306,231	$14.07	100,643,586.70	
Butterfat	16,541,077	2.0382	33,714,023.14	
Less: Location Adjustment to Handlers			(2,930,922.98)	$131,426,686.86
Class II— Butterfat	31,607,756	1.9247	60,835,448.00	
Nonfat Solids	51,580,474	1.1533	59,487,760.65	120,323,208.65
Class III— Butterfat	27,509,578	1.9177	52,755,117.70	
Protein	18,864,020	2.8424	53,619,090.48	
Other Solids	34,915,102	0.1810	6,319,633.50	112,693,841.68
Class IV— Butterfat	17,898,131	1.9177	34,323,245.88	
Nonfat Solids	39,001,406	0.9387	36,610,619.81	70,933,865.69
Total Classified Value				**$435,377,602.88**
Add: Overage—All Classes				5,852.09
Inventory Reclassification—All Classes				11,481.41
Other Source Receipts	302,989 Pounds			11,923.19
Total Pool Value				**$435,406,859.57**
Less: Value of Producer Butterfat	93,556,542	1.9177	(179,413,380.64)	
Value of Producer Protein	73,706,157	2.8424	(209,502,380.69)	
Value of Producer Other Solids	136,819,690	0.1810	(24,764,363.89)	(413,680,125.22)
Total PPD Value Before Adjustments				**$21,726,734.35**
Add: Location Adjustment to Producers				13,713,031.46
One-half Unobligated Balance—Producer Settlement Fund				814,795.74
Less: Producer Settlement Fund—Reserve				(1,000,828.64)
Total Pool Milk & PPD Value	2,366,022,347 Producer pounds			**$35,253,732.91**
Producer Price Differential		**$1.49**		
Statistical Uniform Price		**$17.74**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

April 2020 Federal Order No. 1

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April Pool Price Calculation

The April 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $14.92 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 $15.82 per hundredweight. The April statistical uniform price was $2.82 per hundredweight below the March price. The April producer price differential (PPD) at Suffolk County was $1.85 per hundredweight, an increase of 36 cents from the previous month.

Product Prices Effect

The sharp declines caused by the COVID-19 crisis that occurred in March for commodities traded on the Chicago Mercantile Exchange were reflected in April's National Dairy Product Sales Report, the prices used in federal order prices. All product prices fell significantly except for dry whey that declined less than 1 cent per pound. The butter price dropped 49 cents, cheese fell 31 cents, and nonfat dry milk decreased 16 cents, all on a per pound basis. These changes resulted in per-pound decreases of 60 cents in the butterfat price, 36 cents in the protein price, and 16 cents in the nonfat solids price. The other solids price declined less than 1 cent per pound.

All class prices were below the previous month's. The Class I price decreased 82 cents, Class II declined $2.88, Class III fell $3.18, and Class IV dropped $3.47, all on a per hundredweight basis. The lower overall prices, combined with higher utilization in the lower-priced classes, translated to a lower SUP but the spread between the highest class price and the Class III price widened, resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. The total pooled volume was the second highest ever for the month of April. The Class II volume was the smallest for the month of April since 2010. Class IV volume set a new Order record high. The average producer tests for all components (butterfat, protein, and other solids) set new record highs for the month of April.❖

Pool Summary

- A total of 9,322 producers were pooled under the Order with an average daily delivery per producer of 8,258 pounds.
- Pooled milk receipts totaled 2.309 billion pounds, an increase of 0.9 percent from last month on an average daily basis.
- Class I usage accounted for 29.8 percent of total milk receipts, a decrease of 1.1 percentage points from March.
- The average butterfat test of producer receipts was 3.94 percent.
- The average true protein test of producer receipts was 3.11 percent.
- The average other solids test of producer receipts was 5.78 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.8	688,684,173
Class II	20.3	468,696,894
Class III	24.1	555,436,513
Class IV	25.8	596,678,257
Total Pooled Milk		2,309,495,837

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	2.4822	1.9890
Butterfat Price	1.3218	2.5375
Other Solids Price	0.1793	0.1990

Class Prices

	2020	2019
	$/cwt	
Class I	19.89	19.01
Class II	13.87	16.38
Class III	13.07	15.96
Class IV	11.40	15.72

Manufactured Dairy Products—2019 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2019 Summary.* This publication summarizes dairy products manufactured in the United States. The accompanying table compares selected products' changes to 2019 from 2018 and 2014, for both the U.S. and for milk used in the Northeast Order.

Change in Selected Manufactured Dairy Products, 2019

	Total US Production of Manufactured Products		Total Northeast Order Milk Used to Manufacture#	
	2019 from:			
	2014	2018	2014	2018
	(percent change)			
Cheese				
American^	14.0	(0.4)	5.9	(0.9)
Italian+	14.6	1.8	9.0	(0.3)
Cream and Neufchatel	9.8	2.2	3.5	(3.6)
Other*	15.8	0.0	21.3	(5.2)
Total Cheese(excludes cottage)	14.1	0.8	8.1	(1.3)
Butter	7.5	1.3	19.1	(3.2)
NFDM~	4.9	4.1	25.4	4.4
Yogurt	(8.0)	(1.7)	18.4	3.8

Source: USDA, NASS - Dairy Products 2019 Summary; Northeast Order pool report data.
Based on total milk used in manufacture of products.
^ Includes Cheddar, Colby, Monterey, and Jack.
+ Includes ricotta, mozzarella, parmesan, provolone, and other Italian varieties.
* Includes Swiss, Hispanic, Muenster, feta, and other varieties.
~ For human use; Northeast data includes some whole milk powder.

Cheese Production

Nationally, total cheese production (excluding cottage cheese) grew 0.8 percent from 2018. The largest increases were seen in Cream (and Neufchatel) and Italian; American cheese declined 0.4 percent while Swiss and other cheeses showed no change from the previous year. Within the other cheese category, Hispanic (which has the highest volume in this category) reported the most growth with an increase of 6.8 percent, followed by Muenster with 3.0 percent; Gouda had the largest decline falling 25.5 percent, followed by brick that dropped 11.5 percent. Other cheeses in this category include Swiss, feta, blue/gorgonzola, and other varieties. Within total Italian cheese, ricotta declined 1.0 percent.

When compared to five years earlier, total cheese is up 14.1 percent. American and Italian rose 14.0 and 14.6 percent, respectively. Swiss and other cheeses grew 15.8 percent while cream cheese increased 9.8 percent. Within the other types, Hispanic cheese rose 33.4 percent from 2014.

In the Northeast, milk used in making cheese decreased 1.3 percent from 2018 to 2019. By category, milk used in Swiss (and other cheeses) dropped 5.2 percent, cream cheese fell 3.6 percent, American cheese declined 0.9 percent, and Italian cheese was down 0.3 percent (this figure includes ricotta that decreased 3.1 percent). Compared to 2014, milk used in cheese rose 8.1 percent with the largest increase reported by the Swiss and other category that rose 21.3 percent.

Other Products

U.S. butter production increased 1.3 percent from 2018 to 2019; compared to 2014, it is up 7.5 percent. Nonfat dry milk (NFDM) rose 4.1 percent from the previous year and 4.9 percent from 2014. Yogurt declined 1.7 from the previous year and 8.0 percent from 5 years ago. Ice cream (not shown in table) increased 1.1 percent from 2018, but was down 0.5 percent from 2014.

In the Northeast, milk used in butter dropped 3.2 percent from 2018, but grew 19.1 percent from 2014. Milk utilized in yogurt increased 3.8 percent from the previous year and 18.4 percent from 5 years ago. Milk used in the production of dry milk products (mostly nonfat, but does include some whole milk powder) rose 4.4 percent from 2018; compared to 2014, it grew 25.4 percent. Milk utilized in ice cream declined 14.0 percent from the previous year and 16.2 percent from 5 years ago.

Leading States

The top five cheese-producing states continued to be Wisconsin, California, Idaho, New Mexico, and New York. Pennsylvania ranked number seven and Vermont was number 12. Wisconsin remained the number one producer of both American and Italian cheese. California continued to lead in butter, ice cream, and nonfat dry milk. New York remained the largest producer of yogurt and cottage cheese (low fat and creamed); it was number two in sour cream. Pennsylvania ranked number two in nonfat dry milk and ice cream. State rankings were not available for many products due to having fewer than 3 handlers reporting.

Percent of Total Milk Production

Of U.S. total milk production, 78.8 percent was used in manufactured products (21.2 percent sold for fluid use) in 2019, up from 78.4 percent in 2018 and 75.7 percent in 2014.

In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 68.9 percent in 2019; this compares to 67.6 in 2018 and 64.4 in 2014.

Number of Plants

The total number of plants equaled 1,266 in 2019, down from 1,275 in 2018. Wisconsin led with 199, followed by New York with 123, and California with 114.❖

USDA Coronavirus Food Assistance Programs and Initiatives

On April 17, 2020, USDA announced the Coronavirus Food Assistance Program (CFAP), developed in response to the COVID-19 national emergency. This $19 billion program intends to provide support to farmers and ranchers, maintain the integrity of the food supply chain, and ensure that Americans continue to receive and have access to the food they need. Funding and authority is provided in the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Families First Coronavirus Response Act (FFCRA), and other USDA existing authorities. The FFCRA and CARES provided at least $850 million for food bank administrative costs and USDA food purchases of which a minimum of $600 million will be designated for food purchases. CFAP information can be found at farmers.gov/CFAP.

CFAP Elements

CFAP will provide $16 billion in direct support based on actual losses for agricultural producers where prices and market supply chains have been impacted and will assist producers with additional adjustment and marketing costs resulting from lost demand and short-term oversupply for the 2020 marketing year caused by COVID-19. Beginning May 26, USDA's Farm Service Agency will be accepting applications from agricultural producers who have suffered losses. The application form and a payment calculator for producers will be available online once signup begins.

USDA will partner with regional and local distributors, whose workforce has been significantly impacted by the closure of restaurants, hotels, and other food service entities, to purchase $3 billion in fresh produce, dairy, and meat. On May 8, USDA approved $1.2 billion in contracts through the Farmers to Families Food Box Program; $317 million will be used to purchase a variety of dairy products. The dairy products, fruits, vegetables and meat products are packaged into family-sized boxes and transported to food banks and other non-profits to be distributed from May 15 through June 30. The program period may be extended dependent on its success and available funding, up to $3 billion.

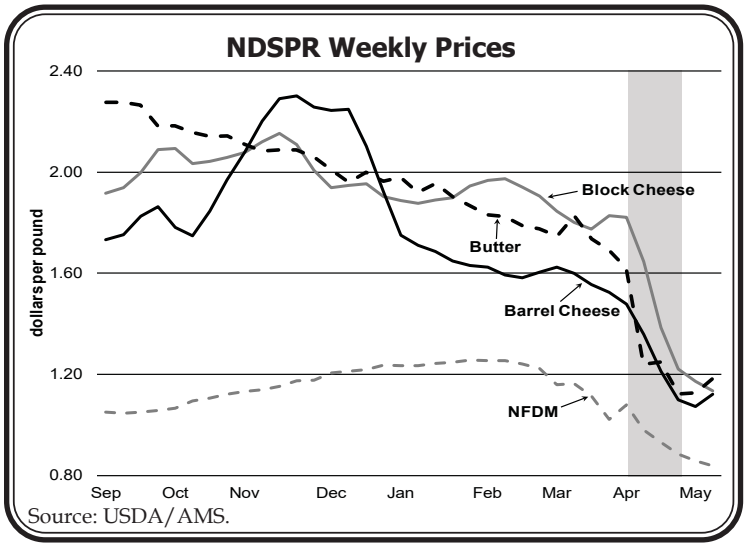
Other Initiatives

USDA has up to an additional $873.3 million available in Section 32 funding to purchase a variety of agricultural products for distribution to food banks. On May 4, USDA announced $470 in Section 32 purchases will occur in the third quarter of fiscal year 2020. The amount allocated for dairy products equals $120 million.

On May 8, USDA announced it will waive certain documentation requirements in the commodity specifications for fluid milk and milk products eligible for the Milk Donation Reimbursement Program. USDA extended the application period through October 31, 2020; the previous deadline was May 1, 2020. Once approved, applicants can file their reimbursement claims for FY 2019 and 2020 donations until December 31, 2020. Details are available at www.ams.usda.gov/mrdp.❖

COVID-19 Related Impacts to Dairy Product Prices

Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices. The accompanying chart presents weekly prices through May 9 for selected products. Response to the COVID-19 pandemic has resulted in shocks to demand and supply chains that are impacting these inputs to federal order prices. The chart, updated from last month's *Bulletin*, shows the current extent of price declines resulting from demand impacts at food service and export channels, and demand bottlenecks as the industry is challenged by a sudden switch from these demand channels to retail for food at home consumption. More recently, there have been some reports of increased activity in the food service sector.



Source: USDA/AMS.

The April Statistical Uniform Price (SUP) reflected NDPSR prices for weeks ending April 4 through April 25. The shaded area on the chart highlights the prices during this period. To the right of this depicts the prices during the first two weeks of May.

NDPSR tends to lag Chicago Mercantile Exchange (CME) prices by approximately 2 weeks. Looking at average CME prices for the week ending May 15, block and barrel cheese averaged $1.60 and $1.52 per pound, respectively. The butter price averaged $1.50 per pound, and nonfat dry milk was $0.89 per pound. This would indicate an upside in NDPSR prices moving forward, and thus, the SUP.❖

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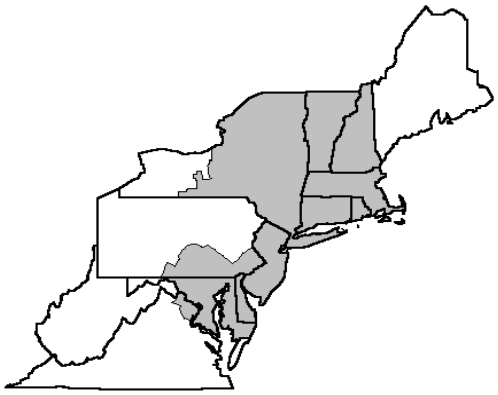
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	672,490,799	$13.44	90,382,763.39	
Butterfat	16,193,374	1.9764	32,004,584.37	
Less: Location Adjustment to Handlers			(2,790,015.60)	$119,597,332.16
Class II— Butterfat	24,811,787	1.3288	32,969,902.59	
Nonfat Solids	41,086,770	1.0611	43,597,171.64	76,567,074.23
Class III— Butterfat	24,143,221	1.3218	31,912,509.54	
Protein	17,277,177	2.4822	42,885,408.72	
Other Solids	31,996,685	0.1793	5,737,005.62	80,534,923.88
Class IV— Butterfat	25,871,083	1.3218	34,196,397.50	
Nonfat Solids	52,906,460	0.7795	41,240,585.57	75,436,983.07
Total Classified Value				**$352,136,313.34**
Add: Overage—All Classes				44,213.65
Inventory Reclassification—All Classes				(231,449.02)
Other Source Receipts	158,015 Pounds			7,620.37
Total Pool Value				**$351,956,698.34**
Less: Value of Producer Butterfat	91,019,465	1.3218	(120,309,528.83)	
Value of Producer Protein	71,819,235	2.4822	(178,269,705.17)	
Value of Producer Other Solids	133,579,101	0.1793	(23,950,732.80)	(322,529,966.80)
Total PPD Value Before Adjustments				**$29,426,731.54**
Add: Location Adjustment to Producers				13,582,503.16
One-half Unobligated Balance—Producer Settlement Fund				830,240.22
Less: Producer Settlement Fund—Reserve				(1,110,878.60)
Total Pool Milk & PPD Value	2,309,653,852 Producer pounds			**$42,728,596.32**
Producer Price Differential		**$1.85**		
Statistical Uniform Price		**$14.92**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

May 2020 Federal Order No. 1

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May Pool Price Calculation

The May 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $13.47 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 $14.18 per hundredweight. The May statistical uniform price was $1.45 per hundredweight below the April price. The May producer price differential (PPD) at Suffolk County was $1.33 per hundredweight, a decrease of 52 cents from the previous month.

Product Prices Effect

The downward effects on prices that occurred in March and April from the COVID-19 crisis began to turn around in late May. National Dairy Product Sales Report prices for butter and dry whey increased 4 cents and 1 cent, respectively, per pound from April. Cheese prices averaged 10 cents below the previous month while nonfat dry milk declined 11 cents. June commodity prices are expected to reflect significant increases especially in butter and cheese. The commodity price changes resulted in per-pound increases of 5 cents in the butterfat price and 1 cent in the other solids price. The protein price dropped 39 cents and the nonfat solids price fell 10 cents, all on a per-pound basis.

Similar to last month, all class prices were below April's. The Class I price dropped $3.69, Class II declined $1.57, Class III fell 93 cents, and Class IV decreased 73 cents, all on a per-hundredweight basis. The lower overall prices, combined with higher utilization in the lower-priced classes, translated to a lower SUP. The spread between the highest class price and the Class III price tightened, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of May. Class IV volume also set a new record high for the month. The average producer tests for all components (butterfat, protein, and other solids) set new record highs for the month of May. ❖

Pool Summary

- A total of 9,165 producers were pooled under the Order with an average daily delivery per producer of 8,126 pounds.
- Pooled milk receipts totaled 2.309 billion pounds, unchanged from April, but a decrease of 3.3 percent on an average daily basis.
- Class I usage accounted for 29.8 percent of total milk receipts, unchanged from April.
- The average butterfat test of producer receipts was 3.88 percent.
- The average true protein test of producer receipts was 3.07 percent.
- The average other solids test of producer receipts was 5.79 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.8	686,780,528
Class II	20.5	473,988,421
Class III	27.1	625,431,457
Class IV	22.6	522,514,578
Total Pooled Milk		2,308,714,984

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	2.0918	2.1159
Butterfat Price	1.3756	2.5718
Other Solids Price	0.1882	0.1847

Class Prices

	2020	2019
	$/cwt	
Class I	16.20	19.67
Class II	12.30	16.48
Class III	12.14	16.38
Class IV	10.67	16.29

Fluid Milk Container Sales Survey

The 2019 container sales survey of Class I handlers regulated under the Northeast Order was recently completed. This survey is conducted biennially and records sales of fluid milk products by various package types and sizes for the month of November. The survey collects sales data from handlers (fully and partially regulated, exempt, and producer-handlers) under the Northeast Order that have sales of packaged fluid milk within the defined geographic region of the Northeast Milk Marketing Area. Sales reported by these handlers include those in the Marketing Area, along with sales to unregulated areas and other federal order areas. Data from responding handlers accounted for 93 percent of sales reported on pool reports; in 2017, survey responses accounted for 99 percent of total sales.

Started in 1964, the survey was conducted annually through 1967 and biennially since. Its purpose is to reflect bottling changes in the industry from various containers such as glass to paper and plastic, and from various sizes such as quarts to gallons and in later years, round single serve plastic containers. More recent surveys added organic products, extended shelf life (ultra and aseptic pasteurized), and additional categories in methods of distribution.

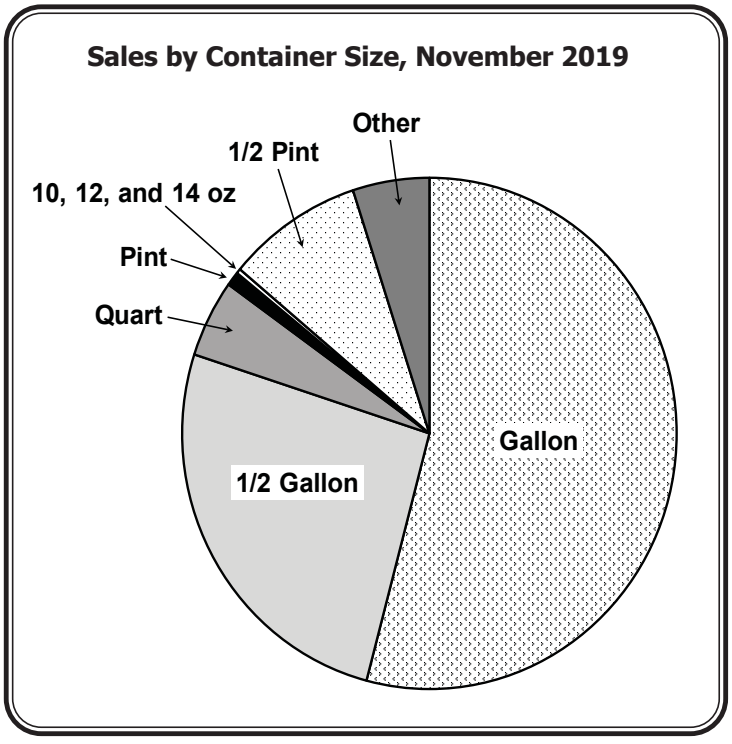
Container Size and Type

Packaged sales reported on the survey by handlers in the Northeast continue their decline and totaled 694 million pounds in November 2019, down from 772 million pounds in November 2017. This decrease is greater than in past years, mainly due to the lower survey response rate.

November Container Sales Survey

Method of Distribution*	2017	2019
	Percent	
Supermarket chains	36.0	37.5
Mass merchandisers	9.0	10.0
Club stores	6.9	6.3
Convenience stores	8.7	7.8
Drug stores	1.0	0.8
Schools	4.1	4.9
Institutions	1.8	1.8
Wholesale distributors	25.0	22.5
Home delivery routes	0.1	0.1
Other	7.4	8.3
Total	100.0	100.0

* Sales of packaged fluid milk products from regulated handlers in the Northeast Marketing Area, unregulated areas, and other federal order areas. "Internet ordered home delivery" accounted for less than 0.1 percent.



There was little change in the proportion sold by container size. Gallons still accounted for over half of all milk sold in the Northeast at 54.1 percent (see accompanying chart). They were followed by half gallons at 25.9 percent and quarts at 4.9 percent. Half pints were up from 8.6 to 8.9 percent. The round plastic 10, 12, and 14 ounce containers proportion declined from 0.5 percent in 2015 and 2017, to 0.3 percent.

Changes in proportions of type of container also were reported. Glass usage declined from 0.3 percent in 2017 to 0.2 percent in 2019. Paper had risen to 22.5 percent in 2017, but declined to 17.8 in 2019, while the plastic proportion increased to 82.1 percent (up from 77.2 percent in 2017). Some of these proportions may have been affected by the lower reporting rate.

Product Type

Whole milk (unflavored, conventional and organic) continued to hold the largest market share with 41.0 percent, up from 37.7 percent in 2017. Sales of reduced fat (2%), low fat (1%), and fat free (skim) accounted for a combined total of 50.2 percent, a decline from the last survey (53.0 percent in 2017). Flavored milk and drinks (lower fat flavored milk) had 6.6 percent of all sales, nearly the same as in 2017. Buttermilk was unchanged at 0.5 percent; eggnog decreased to 1.7 percent (from 2.3 percent in 2017).

Conventional milk accounted for 88.8 of all survey sales reported. Organic milk (includes regular and flavored, whole and lower fat varieties) declined to

(continued on page 3)

Fluid Milk *(continued from page 2)*

5.8 percent of all sales, down from 6.3 during the last survey. Within the organic category, 47.2 percent was whole milk, the remaining 52.8 percent was lower fat products.

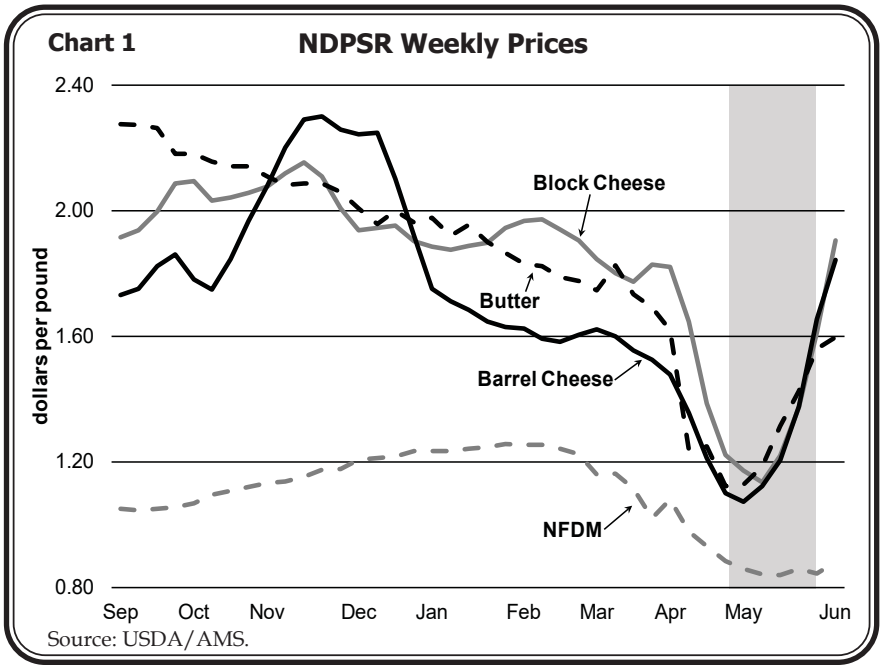
Extended shelf life (ESL) products accounted for 5.4 of total sales reported, down from 11.2 percent in 2017 (again, this change may be due to the lower reporting rate). Within product categories, they accounted for 3.9 percent of whole milk, 4.5 percent of reduced fat, 4.0 percent of low fat, 8.9 percent of fat free, and 7.7 percent of flavored milk. ESL products predominantly are sold in paper half gallons, followed by plastic gallons and paper quarts.

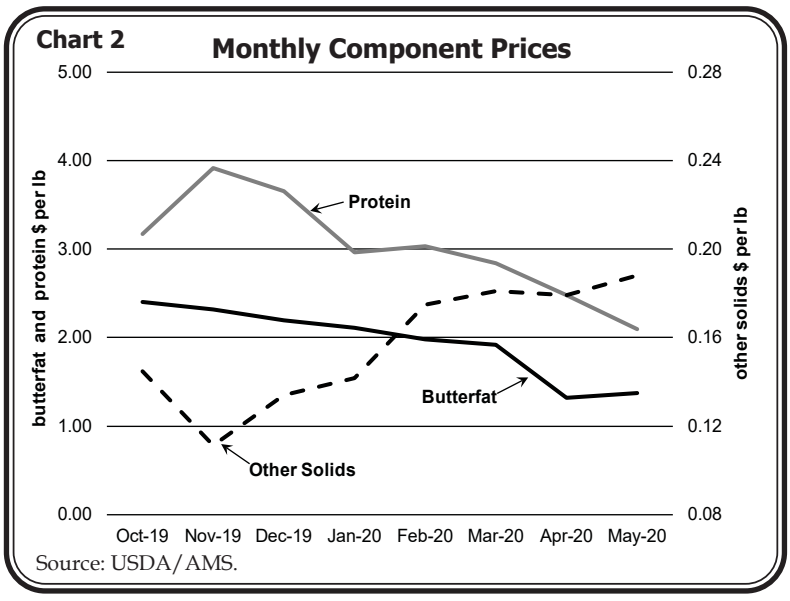
Method of Distribution

Internet Ordered Home Delivery was added as a category to the Methods of Distribution section in the last survey. Once again, the total was too small to register any percentage. Supermarket sales accounted for the largest volume at 37.5 percent (see table on page 2). Wholesale distributors were second, followed by mass merchandisers (Wal-Mart, Target, etc.). Club stores (Costco, Sam's Club, BJs Wholesale, etc.) dropped to 6.3 percent compared to 6.9 percent in 2017. Convenience stores (not drug stores) accounted for nearly 10 times the volume of drug stores (CVS, Rite Aid, Walgreens, etc.). School sales were up from the previous survey.❖

Current Market Dynamics Resulting in Price Rebound

Considering the rapid changes to market demand, supply, and prices, in response to the COVID-19 pandemic, this article offers an updated look at how product prices have been affected. Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices. Chart 1 presents these weekly prices for selected products that established federal order minimum prices. Chart 2 shows the monthly component prices derived from the weekly prices. June 6 NDPSR prices also are included. Response to the COVID-19 pandemic has resulted in shocks to demand and supply chains that have impacted these inputs to federal order prices. Chart 1, updated from the previous two months' *Bulletins*, shows the extent of price declines resulting from the shock to the industry,





followed by evidence of recent price recovery. Increased activity in the food service sector has helped move prices up (particularly for cheese and butter) as pipelines are refilled and restaurants slowly reopen.

The May Statistical Uniform Price (SUP) reflected NDPSR prices for weeks ending May 2 through May 30. The shaded area on the chart highlights the prices during this period. To the right of this depicts the prices during the first week in June.

NDPSR tends to lag Chicago Mercantile Exchange (CME) prices by approximately 2 weeks. Looking at average CME prices for the week ending June 12, block and barrel cheese averaged $2.55 and $2.37 per pound, respectively. The butter price averaged $1.91 per pound, and nonfat dry milk was $0.98 per pound. This would indicate relatively strong upside in NDPSR prices moving forward, and thus, the SUP, in the near term.❖

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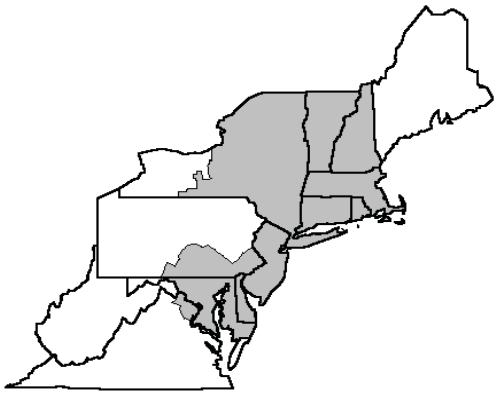
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	670,674,596	$11.97	80,279,749.14	
Butterfat	16,105,932	1.3273	21,377,403.54	
Less: Location Adjustment to Handlers			(2,802,190.80)	$98,854,961.88
Class II— Butterfat	30,407,026	1.3826	42,040,754.19	
Nonfat Solids	40,825,402	0.8589	35,064,937.78	77,105,691.97
Class III— Butterfat	26,651,790	1.3756	36,662,202.29	
Protein	19,166,574	2.0918	40,092,639.46	
Other Solids	36,048,206	0.1882	6,784,272.39	83,539,114.14
Class IV— Butterfat	16,512,877	1.3756	22,715,113.58	
Nonfat Solids	46,664,498	0.6746	31,479,870.36	54,194,983.94
Total Classified Value				**$313,694,751.93**
Add: Overage—All Classes				37,564.74
Inventory Reclassification—All Classes				170,812.91
Other Source Receipts	39,939 Pounds			1,638.49
Total Pool Value				**$313,904,768.07**
Less: Value of Producer Butterfat	89,677,625	1.3756	(123,360,540.96)	
Value of Producer Protein	70,877,236	2.0918	(148,261,002.28)	
Value of Producer Other Solids	133,559,176	0.1882	(25,135,836.95)	(296,757,380.19)
Total PPD Value Before Adjustments				**$17,147,387.88**
Add: Location Adjustment to Producers				13,508,806.70
One-half Unobligated Balance—Producer Settlement Fund				981,452.80
Less: Producer Settlement Fund—Reserve				(931,206.98)
Total Pool Milk & PPD Value	2,308,754,923 Producer pounds			**$30,706,440.40**
Producer Price Differential		**$1.33**		
Statistical Uniform Price		**$13.47**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

June 2020 Federal Order No. 1

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June Pool Price Calculation

The June 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $15.66 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 $16.40 per hundredweight. The June statistical uniform price was $2.19 per hundredweight above the May price. The June producer price differential (PPD) at Suffolk County was -$5.38 per hundredweight, a decrease of $6.71 from the previous month.

Product Prices Effect

Prices for all commodities, except dry whey, used in federal order pricing rebounded during June. The National Dairy Product Sales Report prices for butter rose 40 cents and nonfat dry milk increased 6 cents, both on a per pound basis. Barrel cheese jumped 88 cents, and block cheese soared 95 cents to a new record high, resulting in a 92-cent increase in the monthly cheese price, again on a per pound basis. Dry whey declined about 2 cents per pound.

The commodity price changes resulted in per-pound increases of 48 cents in the butterfat price and 6 cents in the nonfat solids price. The rise in the cheese price translated to a $2.44 per-pound increase in the protein price. The other solids price fell 2 cents per pound.

The only class price that declined from the previous month was Class I since it is calculated in advance and was derived from lower prices in May; it fell $1.53 per hundredweight. Class II increased 69 cents; Class III jumped $8.90; and Class IV rose $2.23, all on a per hundredweight basis. The overall higher prices combined for a higher SUP, but because the highest class price was Class III, which was significantly higher than all the other classes, the PPD returned a negative value to balance the pool. See page 2 for more explanation on negative PPDs.

With Class III the highest of the prices, many handlers viewed this as a disadvantageous price relationship and chose to depool milk during the month.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of June. The average producer butterfat test set a new June record high; the other solids test tied as a record high for the month.❖

Pool Summary

- A large volume of milk was depooled during June that affected producer count, total pool volume, and Class I utilization percentage.
- A total of 7,811 producers were pooled under the Order with an average daily delivery per producer of 7,919 pounds.
- Pooled milk receipts totaled 1.856 billion pounds, a decrease of 16.9 percent from May on an average daily basis.
- Class I usage accounted for 34.9 percent of total milk receipts, up 5.1 percentage points from May.
- The average producer tests were as follows: butterfat - 3.80 percent, protein - 3.03 percent, other solids - 5.78 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	34.9	646,494,870
Class II	27.2	504,764,633
Class III	18.5	343,753,223
Class IV	19.4	360,617,222
Total Pooled Milk		1,855,629,948

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	4.5349	2.0046
Butterfat Price	1.8591	2.6579
Other Solids Price	0.1696	0.1702

Class Prices

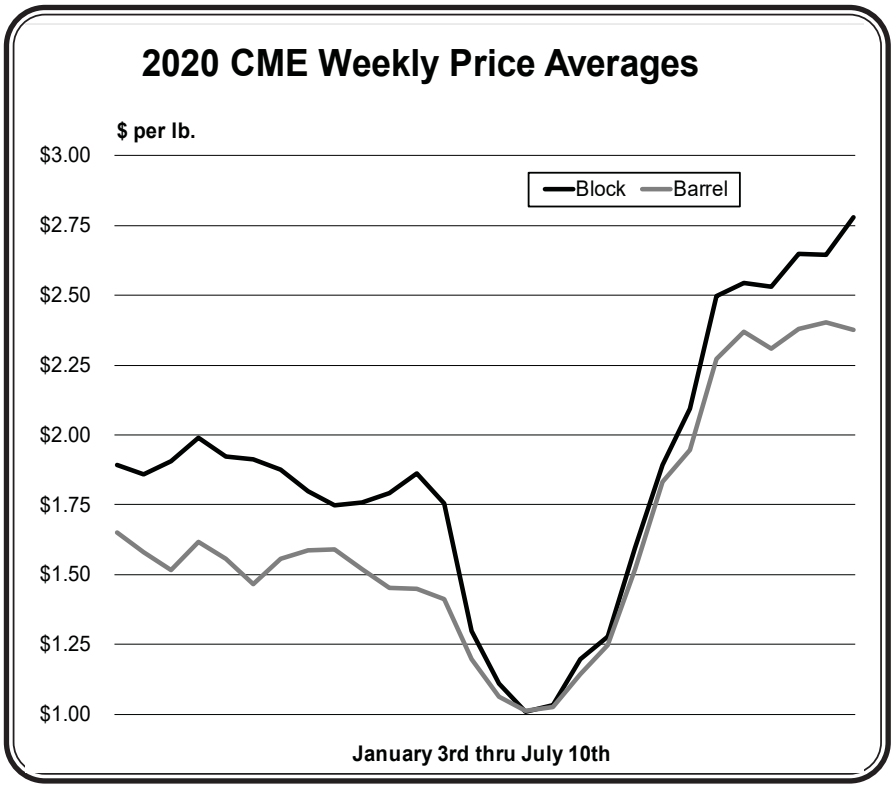
	2020	2019
	$/cwt	
Class I	14.67	20.32
Class II	12.99	17.30
Class III	21.04	16.27
Class IV	12.90	16.83

Record Price Increases Factor Into June Negative PPDs

In the seven Federal Milk Marketing Orders (FMMO) that pay producers based on milk components (butterfat, protein, and other solids) plus a producer price differential (PPD) value, the June PPD was significantly negative and, in fact, reached new lows in most of the FMMOs. This occurred when the June 2020 Class III price jumped a record $8.90 per hundredweight from the May value.

Dairy commodity markets, which are the basis for all FMMO pricing, have registered extreme swings in price levels this year, the magnitude and rapidity not previously experienced. For example, Chicago Mercantile Exchange (CME) block and barrel cheese prices were relatively strong at the beginning of this year, with block prices above $1.90 per pound during most of January, and barrel prices above $1.50 per pound. Blocks even surpassed the $2.00 per pound mark on a couple of days in January. Prices remained relatively strong until early April when they plunged dramatically. Both block and barrel prices fell as low as $1.00 per pound in April, before skyrocketing in May. Blocks surpassed the $2.00 per pound threshold in late May and have continued to climb to record levels, approaching $3.00 during the second week of July. The chart below details average weekly CME prices for barrel and block since the beginning of this year.

The magnitude of these rapid variations in dairy commodity markets results in unusual, or "non-typical", FMMO class price alignment. Although unusual alignment of prices has occurred in the past, the magnitude of the current disparity between class prices is unprecedented. In June, the Northeast Order Class III price ($21.04) was $6.37 higher than the Class I price ($14.67), at the base zone. The spread between the Class III price and the Class II ($12.99) and Class IV ($12.90) prices in June was $8.05 and $8.14, respectively, also unprecedented differences.



Producer Price Differential

The PPD is a per hundredweight payment and is but one portion of the total revenue paid to dairy farmers marketing milk in a Federal Order that pay producers based on milk components. The butterfat, protein, and other solids in producer milk comprise the other portions of producer revenue, and these are paid on a per pound basis.

The PPD represents, on a per hundredweight basis, total dollars accumulated by the market-wide pool minus the amount paid out to producers for priced components – protein, butterfat, and other solids. Market-wide pool revenue, or the ***pool classified value***, is determined by the amount of milk utilized in each class, along with the price level for each class. Class I products include fluid bottled milk, Class II products are typically described as "soft" manufactured dairy products (such as ice cream, cottage cheese, dips, fluid cream products, etc.), cheeses are the products that make up Class III, while Class IV is comprised of butter and dry milk powders.

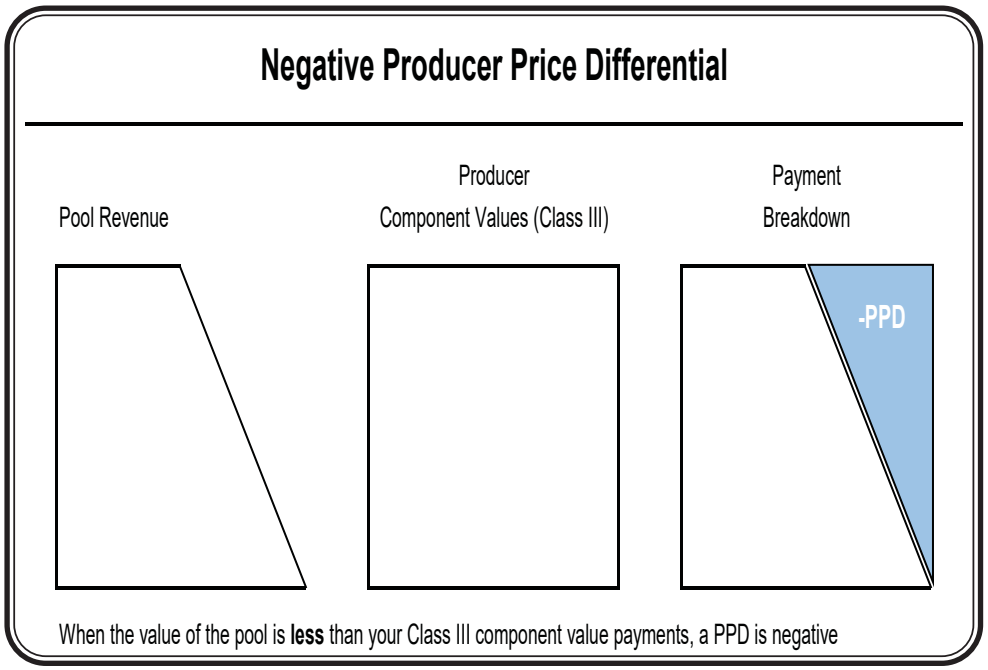
When the total value of producer components exceeds the pool's classified value, the result is a negative PPD since money out of the FMMO pool at producer component values plus the PPD must equal money in the pool's classified value (pool revenue). In this measure, the calculation of a PPD can be thought of as an accounting method to "balance the books" of the monthly Federal Order pool (see illustrations on page 3).

In the fat and skim pricing orders (four Federal milk orders where the largest utilization of milk is typically Class I fluid milk products) producers are paid based on the weighted average classified use value of pooled fat in the order and the weighted average classified use value of pooled skim in the order (Class fat prices times the of amount of fat utilized in each class and

(continued on page 3)

Record Price Increases *(continued from page 2)*

the Class skim prices times the amount of skim utilized in each class). The total sum of the values paid to producers for pooled fat and pooled skim are equal to the classified use value of the pool and there is no PPD.



Factors Behind Negative PPD

The monthly PPD value can be positive or negative depending on several factors particular to the individual order. In some orders, negative PPD values can occur on a regular basis due to the utilization of producer milk among the four classes and the differences between the class prices. The PPD payment is adjusted by location of the plant where a producer's milk is delivered, so within a specific marketing area the per hundredweight value of the PPD can range from positive at the base zone where the price is announced to negative in the more distant differential zones.

A significant short-term change in commodity prices used in the class and component price formulas can also have an impact on the PPD value, which is the case in June. In just over a one-month period, cheese prices recovered from among the lowest levels seen in recent years to the highest levels. Under the Federal Order system, Class I prices are announced in advanced of the effective month. The June 2020 Class I price was announced on May 20th using an average cheese price of $1.1859 per pound from the weeks ending May 9th and May 16th. The June 2020 Class III price was announced on July 1st based on an average cheese price of $2.2152 per pound, calculated from four weeks in June when cheese market prices were rising. The nonfat dry milk market has not experienced the same increase as the cheese market, so Class II and IV prices have remained low as the Class II price is set off of the Class IV price. These dynamics have resulted in the Class III component values, specifically the protein value, being very high relative to the other class values. Producers will notice the high value paid for protein in their June milk checks, when compared to what was paid out in their May milk checks. As explained above, the higher component prices result in more money paid out at the Class III component values than is available in the monthly Federal order pool and creates a negative PPD.

Only milk delivered to pool distributing plants is required to be producer milk under the Federal order system. Pool supply plants and deliveries to non-pool plants have specific qualifications that must be met to be eligible as producer milk. Those handlers typically have just Class II, Class III, or Class IV products and are not required to participate in the order's pool. Therefore, due to expected price relationships in some months, handlers may decide not to pool some of their milk receipts. In June 2020, handlers decided to not pool a significant volume of Class III milk due to its higher value. While that milk may not have been pooled, it is also important to note that the higher Class III value still exists in the marketplace.

It is expected that Class I, II, and IV prices will continue to be lower relative to the Class III price for July 2020 resulting in a negative PPD value. It is likely that multiple component pricing orders will experience some level of negative PPD values until the Class III and IV skim prices converge.

Negative PPD, but Higher SUP

A negative PPD does not necessarily result in diminished producer revenue. In fact, total producer revenue often increases when PPDs become negative. This is due to the relatively high value for components, which comprise the largest portion of producer revenue. The Statistical Uniform Price (SUP) is a better barometer of total producer revenue. The PPD in May was a positive $1.33 while the SUP was $13.47 per hundredweight. In June, the PPD was a negative $5.38 but the SUP was $15.66 per hundredweight, $2.19 higher than in May.❖

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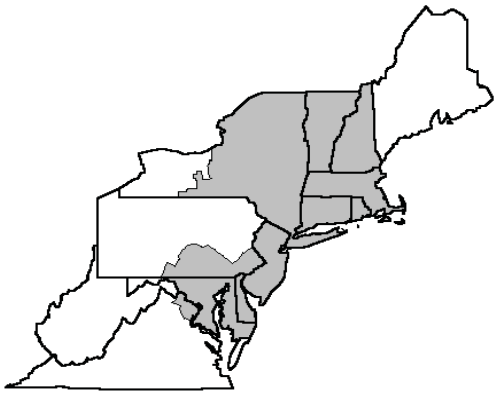
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	631,322,089	$10.33	$65,215,571.79	
Butterfat	15,172,781	1.3432	20,380,079.44	
Less: Location Adjustment to Handlers			(2,670,633.72)	$82,925,017.51
Class II— Butterfat	27,094,071	1.8661	50,560,245.88	
Nonfat Solids	43,720,579	0.7433	32,497,506.35	83,057,752.23
Class III– Butterfat	17,622,536	1.8591	32,762,056.71	
Protein	10,311,552	4.5349	46,761,857.15	
Other Solids	19,591,433	0.1696	3,322,707.04	82,846,620.90
Class IV– Butterfat	10,601,551	1.8591	19,709,343.49	
Nonfat Solids	32,099,176	0.7354	23,605,734.05	43,315,077.54
Total Classified Value				**$292,144,468.18**
Add: Overage—All Classes				28,348.68
Inventory Reclassification—All Classes				1,986,873.35
Other Source Receipts	47,565 Pounds			0.00
Total Pool Value				**$294,159,690.21**
Less: Value of Producer Butterfat	70,490,939	1.8591	(131,049,704.72)	
Value of Producer Protein	56,220,573	4.5349	(254,954,676.48)	
Value of Producer Other Solids	107,264,433	0.1696	(18,192,047.81)	(404,196,429.01)
Total PPD Value Before Adjustments				**($110,036,738.80)**
Add: Location Adjustment to Producers				10,172,585.66
One-half Unobligated Balance—Producer Settlement Fund				782,018.03
Less: Producer Settlement Fund—Reserve				(753,315.07)
Total Pool Milk & PPD Value	1,855,677,513 Producer pounds			**($99,835,450.18)**
Producer Price Differential		**($5.38)**		
Statistical Uniform Price		**$15.66**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

July 2020 Federal Order No. 1

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July Pool Price Calculation

The July 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $19.08 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 $19.64 per hundredweight. The July statistical uniform price was $3.42 per hundredweight above the June price. The July producer price differential (PPD) at Suffolk County was -$5.46 per hundredweight, a decrease of 8 cents from the previous month.

Product Prices Effect

Similar to June, prices for all commodities used in federal order pricing increased during July, except dry whey. The National Dairy Product Sales Report prices for butter rose 8 cents and nonfat dry milk increased 6 cents, both on a per pound basis. Cheese prices set new record highs: barrel cheese increased 29 cents and block cheese jumped 44 cents, resulting in a 37-cent per-pound increase in the monthly cheese price. Dry whey declined 2 cents per pound.

The commodity price changes resulted in per-pound increases of 10 cents in the butterfat price and 6 cents in the nonfat solids price. The rise in the cheese price translated to a $1.09 per-pound increase in the protein price and a new record high. The other solids price fell 2 cents per pound.

All class prices increased from the previous month: Class I jumped $5.14; Class II increased 80 cents; Class III rose $3.50; and Class IV was up 86 cents, all on a per hundredweight basis. The overall higher prices combined for a higher SUP, but because the highest class price again was Class III, which was significantly higher than all the other classes, the PPD again returned a negative value to balance the pool.

Even though Class III was the highest of the prices, and may have been viewed at a disadvantageous price relationship by handlers, most milk depooled during June was brought back onto the pool. See page 3 for more explanation on pooling regulations.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. Total pooled receipts, Class II volume, and the average producer butterfat test set record highs for the month of July. The July PPD was the smallest ever since the Order's inception .❖

Pool Summary

- The large volume of milk depooled during June was brought back in July affecting changes in producer count, total pool volume, and Class I utilization percentage.
- A total of 9,135 producers were pooled under the Order with an average daily delivery per producer of 8,282 pounds.
- Pooled milk receipts totaled 2.345 billion pounds, an increase of 22.3 percent from June on an average daily basis.
- Class I usage accounted for 28.1 percent of total milk receipts, down 6.8 percentage points from June.
- The average producer tests were as follows: butterfat 3.76 percent, protein 3.00 percent, other solids 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.1	658,990,190
Class II	24.7	580,129,752
Class III	28.4	664,654,994
Class IV	18.8	441,577,227
Total Pooled Milk		2,345,352,163

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	5.6294	2.4032
Butterfat Price	1.9583	2.6858
Other Solids Price	0.1492	0.1689

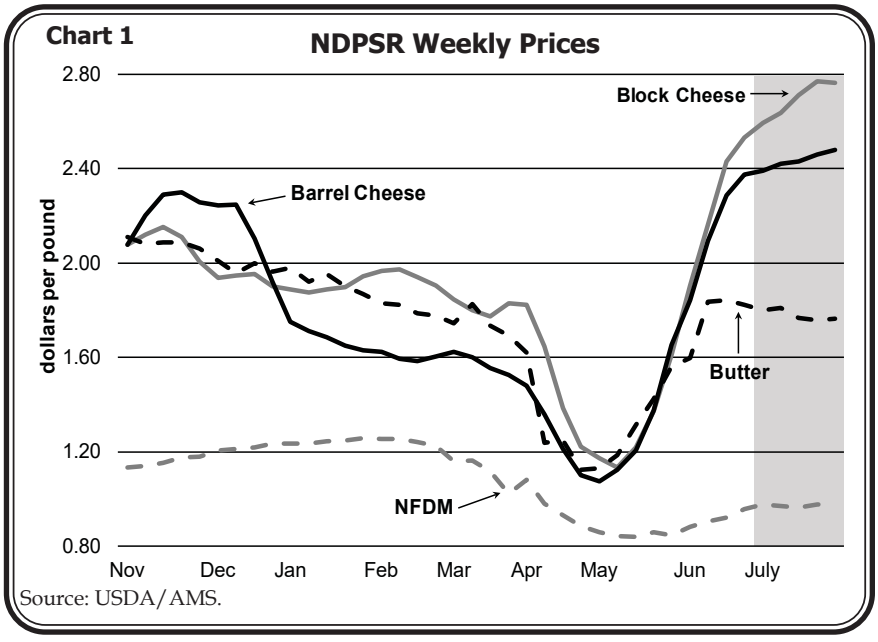
Class Prices

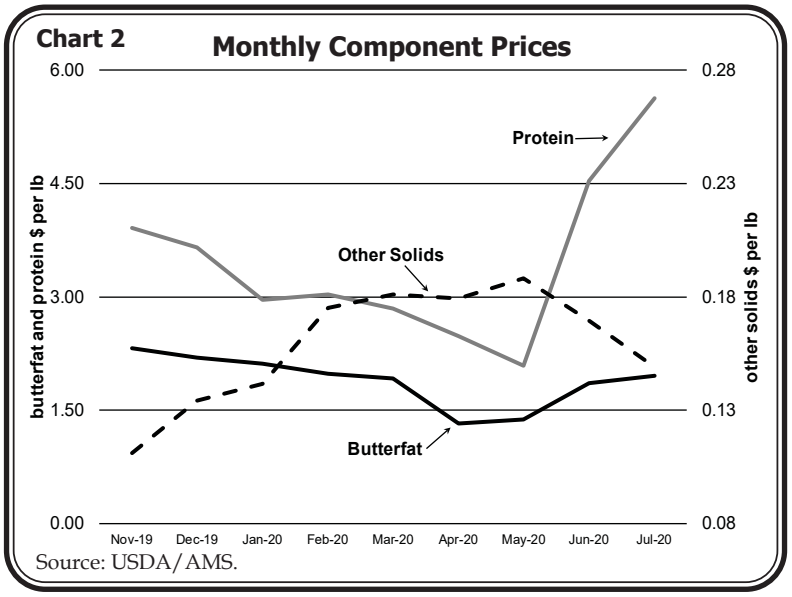
	2020	2019
	$/cwt	
Class I	19.81	20.43
Class II	13.79	17.61
Class III	24.54	17.55
Class IV	13.76	16.90

Market Situation

Change and uncertainty continue to characterize the market situation as the COVID-19 pandemic challenges the industry. In a short period of time, the industry has faced panic buying, supply chain challenge from disappearance of food service demand, very low price levels, record high cheese prices, and record negative producer price differentials in federal order price calculations. This article offers an updated look at how dairy product and milk prices have responded. Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of Cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices. Chart 1 presents these weekly prices for selected products that established federal order minimum prices over the past 9 months. The chart shows the extent of price declines in April and May resulting from the shock to the industry, followed by rapid price recovery since. A combination of increased activity in the food service sector, government purchases, exports, and supply chain adjustments, have helped prices recover (particularly for cheese and butter).

The July Statistical Uniform Price (SUP) reflected NDPSR prices for weeks ending July 4 through August 1. The shaded area on the chart highlights the prices during this period. NDPSR tends to lag Chicago Mercantile Exchange (CME) prices by approximately 2 weeks. Looking at average CME prices for the week ending August 18, block and barrel cheese averaged $1.67 and $1.48 per pound, respectively. The butter price averaged $1.48 per pound, and nonfat dry milk was $0.95 per pound. This would indicate that NDPSR prices may start declining as well moving forward, and thus, the SUP, in the near term.





Producers are paid for their milk components (butterfat, protein, and other solids). Component prices are based on the product prices discussed above. Chart 2 depicts component prices for the same 9-month period. The chart shows the movement in the protein price to a record high of $5.6294 per pound, due to the high prices in the cheese market. It is this very high value of components, relative to the pool classified value, that results in the negative PPD. It is also this high value of components that results in the higher statistical uniform price, increasing $3.48 per hundredweight (cwt) in one month, to $19.08 per cwt.

Negative PPD

The July 2020 Northeast Order producer price differential was -$5.46 per cwt. at the Boston, MA, zone. Last month's edition of the *Bulletin* explained and covered the dynamics of the PPD and negative PPD. Recall that the PPD represents, on a per cwt basis, total dollars accumulated by the market-wide pool minus the amount paid out to producers for priced components – protein, butterfat, and other solids. Market-wide pool revenue, or the ***pool classified value***, is determined by the amount of milk utilized in each class, along with the price level for each class. When the total value of producer components exceeds the pool's classified value, the result is a negative PPD since money out of the pool at producer component values plus the PPD must equal money in the pool's classified value (pool revenue). In this measure, the calculation of a PPD can be thought of as an accounting

(continued on page 3)

USDA Milk Donation Reimbursement Program Update

On August 4, 2020, USDA announced it is accepting applications through March 31, 2021, for participation in the Milk Donation Reimbursement Program (MDRP) during fiscal year 2021 (FY21).

Under the program, eligible dairy organizations partner with non-profit organizations to distribute food to low-income individuals and donate fluid milk products to the non-profit partner. After donations are made, the eligible dairy organization may apply for and receive limited reimbursements to cover expenses related to their fluid milk product donations. To participate, the eligible dairy organization must be the entity that has an obligation to a Federal Milk Marketing Order pool. More information can be found at www.ams.usda.gov/mdrp.

An eligible organization is a dairy farmer, either individually or as part of a cooperative, or a dairy processor that incurs qualified expenses to a Federal Milk Marketing Order pool for fluid milk product donations. Program reimbursements offset a portion of the raw milk cost for milk donated to food assistance programs. Congress directed USDA to develop the program to reduce food waste and provide nutrition assistance to low-income individuals and has authorized $5 million for the program in FY21.❖

Market *(continued from page 2)*

method to "balance the books" of the monthly federal order pool.

Return of Depooled Milk

As explained in the prior month's *Bulletin*, only milk delivered to pool distributing plants is required to be producer milk under the federal order system. In June 2020, some handlers chose to not pool a significant volume of Class III milk due to its higher value. Though a similar price relationship existed during July, most of the milk that was not pooled in June was once again pooled on the Order. The Northeast Order includes a provision, namely, "Dairy Farmer for Other Markets" (DFOM), which discourages handlers from voluntarily depooling producer milk to take advantage of inverted class price relationships. Under the provision, the producer definition does not include a dairy farmer if during any month of July through November a pool plant or a cooperative association caused the dairy farmer's milk to be delivered to any plant *as other than producer milk*, as defined under this Order, or any other federal milk order, during the same month. Additionally, the dairy farmer is not eligible for producer status during the subsequent December through June period. This is done to prevent a dairy farmer from being a producer during the flush production period if the dairy farmer did not supply the market during the relatively short production period.

Similarly, a dairy farmer would not be considered a producer under the Order for any month of December through June if a pool plant or a cooperative association caused the dairy farmer's milk to be delivered to any plant *as other than producer milk*, as defined under this order, or any other federal milk order during the same month. Additionally the dairy farmer would not be eligible for producer status for up to two subsequent months.

Under the DFOM provision, not pooling during the month of June does not result in any subsequent months in which a farmer is not eligible for producer status. The month of June is the only month in which this is the case.❖

Pool Summary for All Federal Orders, January–June, 2019–2020

Federal Order Number	Name	Total Producer Milk 2019	Total Producer Milk 2020*	Change^	Producer Price Differential# 2019	Producer Price Differential# 2020	Statistical Uniform Price# 2019	Statistical Uniform Price# 2020
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**13,562,910,378**	**13,319,546,417**	**(1.8)**	**2.03**	**0.36**	**17.28**	**16.45**
5	Appalachian	2,719,416,766	2,685,290,102	(1.3)	N/A	N/A	18.46	18.01
6	Florida	1,273,768,147	1,279,577,171	0.5	N/A	N/A	20.56	20.02
7	Southeast	2,601,656,551	2,379,606,044	(8.5)	N/A	N/A	18.81	18.25
30	Upper Midwest	18,581,244,661	13,598,880,348	(26.8)	0.24	(0.48)	15.49	15.61
32	Central	8,710,080,682	7,923,548,070	(9.0)	0.65	(1.06)	15.90	15.03
33	Mideast	9,849,820,136	10,025,152,490	1.8	1.09	(0.57)	16.34	15.52
51	California^	13,244,595,138	11,842,867,989	(10.6)	0.89	(1.35)	16.14	14.75
124	Pacific Northwest	4,431,362,835	3,934,863,153	(11.2)	0.73	(1.00)	15.98	15.09
126	Southwest	7,232,764,807	6,158,050,851	(14.9)	1.49	(0.50)	16.74	15.59
131	Arizona	2,610,780,867	2,586,226,650	(0.9)	N/A	N/A	16.37	15.49
All Market Total/Average		84,818,400,968	75,733,609,285	(10.7)	1.02	(0.66)	17.10	16.35

Price at designated order location. ^ Adjusted for leap year. N/A = Not applicable.
* During the first quarter of 2020, a significant volume of milk was not pooled on federal orders.

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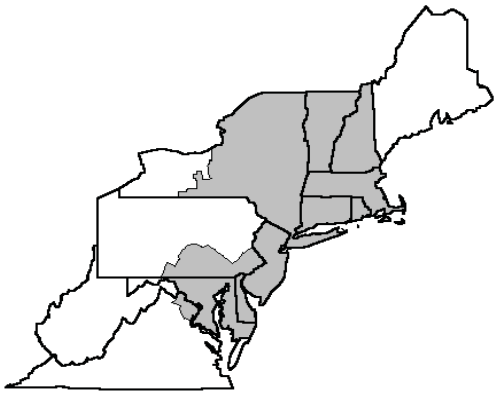
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	643,754,332	$13.87	$89,288,725.85	
	Butterfat	15,235,858	1.8348	27,954,752.26	
Less:	Location Adjustment to Handlers			(2,731,028.34)	$114,512,449.77
Class II—	Butterfat	32,120,361	1.9653	63,126,145.48	
	Nonfat Solids	49,844,286	0.7956	39,656,113.94	102,782,259.42
Class III–	Butterfat	27,922,740	1.9653	54,681,101.70	
	Protein	19,947,979	5.6294	112,295,152.95	
	Other Solids	38,114,348	0.1492	5,686,660.74	172,662,915.39
Class IV–	Butterfat	12,900,451	1.9583	25,262,953.19	
	Nonfat Solids	39,037,921	0.7959	31,070,281.36	56,333,234.55
Total Classified Value					**$446,290,859.13**
Add:	Overage—All Classes				29,417.61
	Inventory Reclassification—All Classes				638,250.00
	Other Source Receipts	52,109			0.00
Total Pool Value					**$446,958,526.74**
Less:	Value of Producer Butterfat	88,179,410	1.9583	(172,681,738.57)	
	Value of Producer Protein	70,331,332	5.6294	(395,923,200.39)	
	Value of Producer Other Solids	135,068,330	0.1492	(20,152,194.89)	(588,757,133.85)
Total PPD Value Before Adjustments					**($141,798,607.11)**
Add:	Location Adjustment to Producers				13,898,907.53
	One-half Unobligated Balance—Producer Settlement Fund				851,523.46
Less:	Producer Settlement Fund—Reserve				(1,010,897.15)
Total Pool Milk & PPD Value		**2,345,404,272**			**($128,059,073.27)**
	Producer Price Differential		**($5.46)**		
	Statistical Uniform Price		**$19.08**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

August 2020 Federal Order No. 1

To contact the Northeast Marketing Area offices:
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e-mail address: NortheastOrder@fedmilk1.com
website address: www.fmmone.com

August Pool Price Calculation

The August 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.02 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 $18.64 per hundredweight. The August statistical uniform price was $1.06 per hundredweight below the July price. The August producer price differential (PPD) at Suffolk County was -$1.75 per hundredweight, an increase of $3.71 from the previous month.

Product Prices Effect

In contrast to the past few months, all commodity prices used in federal order pricing decreased during August. The National Dairy Product Sales Report price for butter dropped 27 cents, while the nonfat dry milk and dry whey prices each declined 1 cent, all on a per pound basis. Cheese prices fell from the previous month's record highs: barrel cheese decreased 46 cents and block cheese dropped 48 cents, resulting in a 48-cent weighted average per-pound decline in the monthly cheese price.

The commodity price changes resulted in a per-pound decrease of 33 cents in the butterfat price. The plummeting cheese prices translated to a $1.19 per-pound drop in the protein price. The nonfat solids and other solids prices each declined 1 cent per pound.

All class prices decreased from the previous month except the Class I price that was calculated from the higher prices in July and rose $3.22 per hundredweight. The Class II price declined 52 cents; Class III fell $4.77; and Class IV dropped $1.23, all on a per hundredweight basis. The mostly lower prices resulted in a lower SUP, and as the Class I price regained its usual status as the highest class price, the PPD increased. Due to the Class III price having the largest volume within the pool, the PPD was still a negative value, but at a much lower magnitude.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of August. Total pooled receipts was the third highest ever for the month; Class IV volume was the highest ever for August. The average producer butterfat test set new record high for the month while both protein and other solids tests were the second highest ever for the month of August.❖

Pool Summary

- A total of 9,144 producers were pooled under the Order with an average daily delivery per producer of 7,973 pounds.
- Pooled milk receipts totaled 2.26 billion pounds, a decrease of 3.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.6 percent of total milk receipts, up 0.5 percentage points from July.
- The average butterfat test of producer receipts was 3.77 percent.
- The average true protein test of producer receipts was 3.03 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.6	646,066,326
Class II	26.3	594,998,739
Class III	27.8	628,498,632
Class IV	17.3	390,613,356
Total Pooled Milk		2,260,177,053

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	4.4394	2.4453
Butterfat Price	1.6275	2.6574
Other Solids Price	0.1387	0.1730

Class Prices

	2020	2019
	$/cwt	
Class I	23.03	21.14
Class II	13.27	17.60
Class III	19.77	17.60
Class IV	12.53	16.74

U.S. Milk Production Up: Northeast Pooled Volume Down

Estimated U.S. milk production for the first 6 months of 2020 was up 1.8 percent from 2019, a considerable increase compared to last year when milk production was flat compared to the same period in 2018. Total pooled milk volume for the Northeast Order declined 1.8 percent during the January-June period.

Milk Production in the Top Ten States, and Selected Areas, January–June, 2019 vs. 2020

Rank	State	2019	2020	Percent Change
		(million pounds)		
1	California	20,621	20,964	1.7
2	Wisconsin	15,372	15,291	(0.5)
3	Idaho	7,674	8,108	5.7
4	New York	7,574	7,692	1.6
5	Texas	6,892	7,366	6.9
6	Michigan	5,720	5,806	1.5
7	Pennsylvania	5,169	5,222	1.0
8	Minnesota	4,982	4,992	0.2
9	New Mexico	4,139	4,120	(0.5)
10	Washington	3,362	3,420	1.7
	Top Ten Total	81,505	82,981	1.8
24 Major States		104,770	106,696	1.8
Northeast Milkshed		16,210	16,370	1.0
Top 3 Northeast		14,104	14,244	1.0
U.S. Total		110,139	112,068	1.8

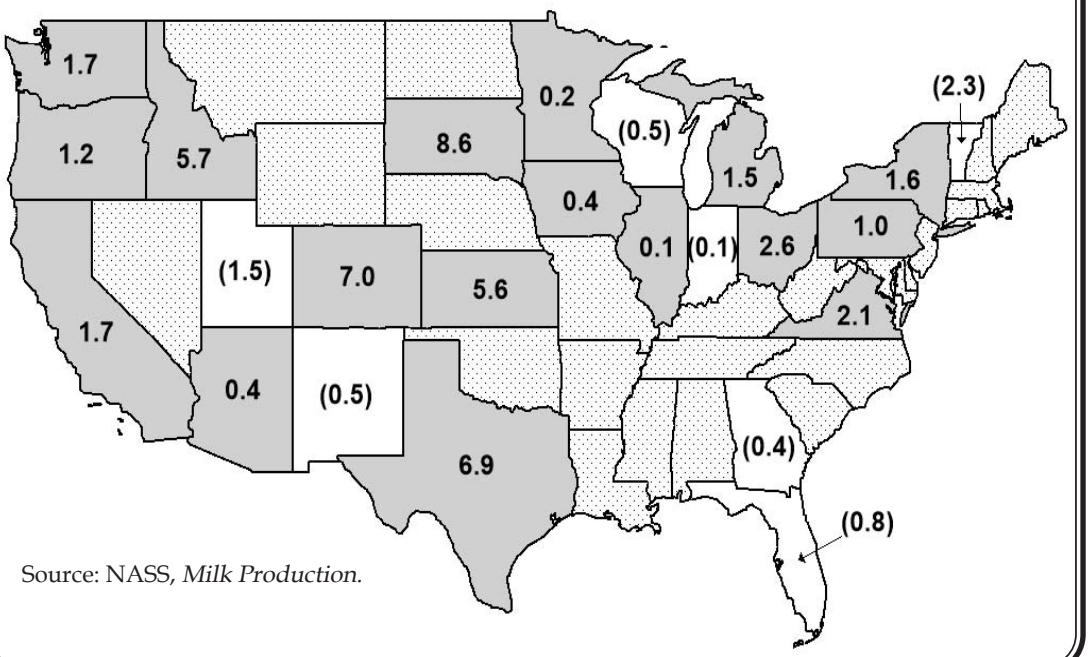
Source: NASS, *Milk Production*

Milk Production

The top ten states, ranked by total production during the first 6 months, also increased 1.8 percent from 2019. The accompanying table shows the change along with a comparison for some selected areas. Same as in 2019, Texas reported the largest increase, followed by Idaho. The only top ten states showing declines were Wisconsin and New Mexico. Total production for the major 24 states as reported by NASS (National Agricultural Statistics Service) also rose 1.8 percent for January-June period compared to the previous year.

The accompanying map shows year-to-year percent changes for the January-June period for the major 24 milk production states. Of this group, South Dakota reported the largest increase, followed by Colorado, and Texas. Only seven of the 24 states reported declines with Vermont reporting the largest drop with 2.3 percent. In the Northeast, the states contributing to the Northeast Order milkshed had a combined increase of 1.0 percent; this compares to a combined decrease of 2.4 percent in 2019. The combined New England states decreased 1.6 percent compared to a combined increase of 0.3 percent for the 2019 period. Northeast milkshed states showing increases included Connecticut, Maryland, Massachusetts, New York, Pennsylvania, and Rhode Island. The top three contributing states (New York, Pennsylvania, and Vermont) had a combined increase of 1.0 percent.

January–June 2020 Milk Production in the NASS 24 Major States (Year-to-Year Percent Change)



Source: NASS, *Milk Production.*

Pool Volume

As mentioned, total producer volume for the first 6 months for the Northeast Order was down 1.8 percent from the same period in 2019 due to milk depooled in June and industry efforts to curtail some production in light of surplus milk that resulted at the onset of the Covid-19 pandemic. If the depooled milk was included, Northeast total pooled volume would be slightly above last year. This compares to decreases of 1.9 percent for the 6-month period in 2019 and 0.9 percent in 2018. Based on projections for the rest of 2020, total annual pooled volume is expected to finish about even with 2019.❖

Market Situation

The August statistical uniform price declined about a dollar per hundredweight (cwt) below July's high for the year thus far. The August Class III price saw a sharp decline of $4.77 per cwt, but it coincided with the highest Class I price for the year, priced in advance when the cheese price was very high. Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices.

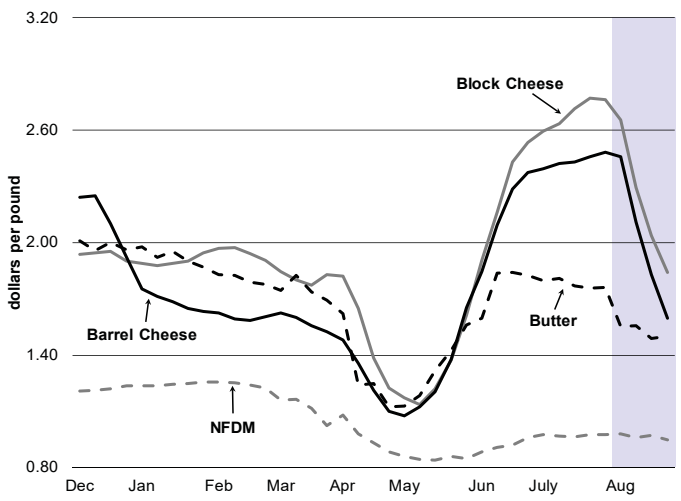
Chart 1 presents these weekly prices for selected products that established federal order minimum prices over the past 9 months. The chart shows the decline in product prices as August progressed. Producers are paid for their milk components (butterfat, protein, and other solids). The protein price moved lower, but was still a strong $4.4394 per pound. The protein price reflects the strength in the cheese market.

The August Statistical Uniform Price (SUP) reflected NDPSR prices for weeks ending August 8 through August 29. The shaded area on the chart highlights the prices during this period.

NDPSR tends to lag Chicago Mercantile Exchange (CME) prices by approximately 2 weeks. Looking at average CME prices for the week ending September 11, block and barrel cheese averaged $2.16 and $1.65 per pound, respectively. The butter price averaged $1.49 per pound, and nonfat dry milk was $1.04 per pound. This would indicate that NDPSR prices may start increasing again at least in the short term, and in turn, the SUP.

Government programs intended to support the dairy industry are contributing to some of the near term uptick in prices. The third round of USDA Farmers to Families Food Box Program purchases has contributed to the near term increase being seen in prices, as mentioned previously. The third round supports purchases with distributions of food box distributions occurring from September 1 through October 31. Prices beyond near term still face challenges in the form of uncertainty in restaurant demand for dairy products, reduced school demand due to online or hybrid formats, among other things.

Chart 1

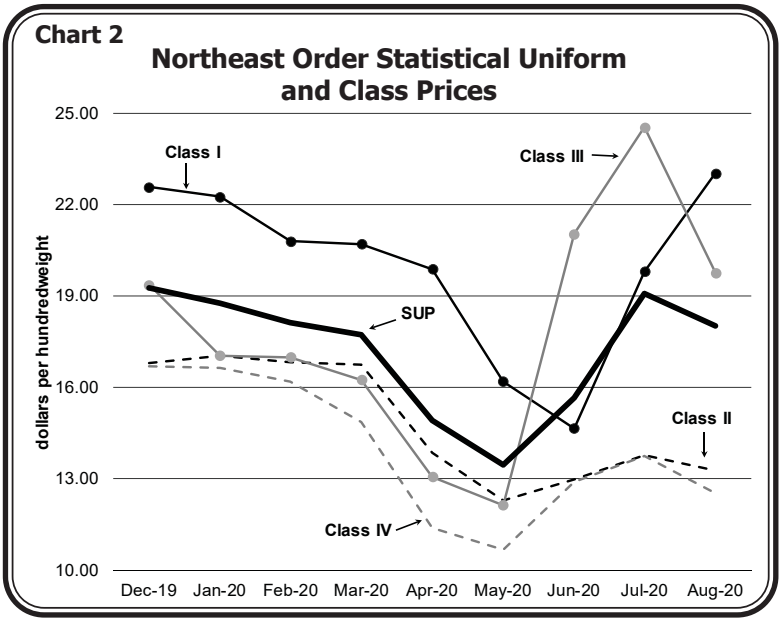


Source: USDA/AMS.

Negative PPD

Though the August Class I price returned to its more typical highest priced class, followed by Class III, the Class II and Class IV prices remained relatively low enough, with a combined utilization of about 45 percent, to still result in a negative producer price differential, though much less negative (-$1.75 per cwt) than the prior two months. Chart 2 shows the dynamic in class prices and the SUP. In that chart, the Class III price can be seen declining below the Class I price, but remaining above the SUP in August. The relatively lower Class II and Class IV prices can be seen as increasing since May, but not to the degree seen in the Class III and Class I prices.

Chart 2



The mechanics of the calculation of the PPD is complex, and though explained in the prior two months' *Bulletins*, is still worth stating again here. The PPD represents, on a per cwt basis, total dollars accumulated by the market-wide pool minus the amount paid out to producers for priced components—protein, butterfat, and other solids. Market-wide pool revenue, or the ***pool classified value***, is determined by the amount of milk utilized in each class, along with the price level for each class. When the total value of producer components exceeds the pool's classified value, the result is a negative PPD since money out of the FMMO pool at producer component values plus the PPD must equal money in the pool's classified value (pool revenue). In this measure, the calculation of a PPD can be thought of as an accounting method to "balance the books" of the monthly federal order pool.❖

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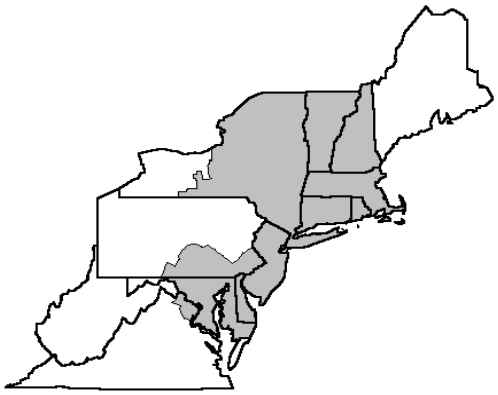
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	631,158,692	$16.59	$104,709,227.00	
	Butterfat	14,907,634	2.0068	29,916,639.91	
Less:	Location Adjustment to Handlers			(2,689,469.06)	$131,936,397.85
Class II—	Butterfat	31,166,549	1.6345	50,941,724.37	
	Nonfat Solids	51,517,228	0.8689	44,763,319.41	95,705,043.78
Class III—	Butterfat	26,895,720	1.6275	43,772,784.37	
	Protein	19,077,313	4.4394	84,691,823.31	
	Other Solids	36,074,399	0.1387	5,003,519.17	133,468,126.85
Class IV—	Butterfat	12,165,764	1.6275	19,799,780.97	
	Nonfat Solids	34,606,282	0.7862	27,207,458.89	47,007,239.86
Total Classified Value					**$408,116,808.34**
Add:	Overage—All Classes				33,360.18
	Inventory Reclassification—All Classes				(91,931.80)
	Other Source Receipts	44,193			767.19
Total Pool Value					**$408,059,003.91**
Less:	Value of Producer Butterfat	85,135,667	1.6275	(138,558,298.19)	
	Value of Producer Protein	68,547,991	4.4394	(304,311,951.25)	
	Value of Producer Other Solids	130,189,960	0.1387	(18,057,347.45)	(460,927,596.89)
Total PPD Value Before Adjustments					**($52,868,592.98)**
Add:	Location Adjustment to Producers				13,327,186.74
	One-half Unobligated Balance—Producer Settlement Fund				938,975.66
Less:	Producer Settlement Fund—Reserve				(951,441.26)
Total Pool Milk & PPD Value		**2,260,221,246**			**($39,553,871.84)**
	Producer Price Differential		**($1.75)**		
	Statistical Uniform Price		**$18.02**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

September 2020

Federal Order No. 1

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e-mail address: NortheastOrder@fedmilk1.com
website address: www.fmmone.com

September Pool Price Calculation

The September 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $16.80 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 $17.83 per hundredweight. The September statistical uniform price was $1.22 per hundredweight below the August price. The September producer price differential (PPD) at Suffolk County was $0.37 per hundredweight, an increase of $2.12 from the previous month.

Product Prices Effect

All commodity prices used in federal order pricing decreased during September except nonfat dry milk. National Dairy Product Sales Report prices decreased 3 cents for butter, 1 cent for dry whey, and 34 cents for cheese, all on a per-pound basis. The cheese drop was the result of the weighted average drop of the blocks (26 cents) and the barrels (41 cents). The nonfat dry milk price rose 4 cents per pound.

The commodity price changes resulted in per-pound decreases of 3 cents in the butterfat price and 1 cent in the other solids price. The large decline in the cheese prices resulted in a $1.05 per-pound drop in the protein price. Corresponding to the increase in the nonfat dry milk price, the nonfat solids price rose 4 cents per pound.

All class prices decreased from the previous month except the Class IV price that increased 22 cents. The Class I price dropped $1.34; Class II declined 11 cents; and Class III, largely based on cheese prices, fell $3.34, all on a per-hundredweight basis. The overall lower prices resulted in a lower SUP, and with the Class I price as the highest class price, the PPD increased. Even though the PPD was positive at the base zone (Boston, MA), it was relatively small and producers shipping to plants in the $2.80 and further zones received a negative PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of September. Both Class III and IV volumes were the highest ever for the month. The average producer tests for all components (butterfat, protein, and other solids) set new record highs for the month of September.❖

Pool Summary

- A total of 9,067 producers were pooled under the Order with an average daily delivery per producer of 7,969 pounds.
- Pooled milk receipts totaled 2.168 billion pounds, a decrease of 0.9 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.2 percent of total milk receipts, up 1.6 percentage points from August.
- The average butterfat test of producer receipts was 3.88 percent.
- The average true protein test of producer receipts was 3.11 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.2	655,266,739
Class II	25.6	554,545,529
Class III	27.9	603,917,459
Class IV	16.3	354,018,419
Total Pooled Milk		2,167,748,146

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	3.3935	2.8633
Butterfat Price	1.5932	2.4982
Other Solids Price	0.1241	0.1758

Class Prices

	2020	2019
	$/cwt	
Class I	21.69	21.10
Class II	13.16	16.93
Class III	16.43	18.31
Class IV	12.75	16.35

Year-to-Date Changes in Sales and Utilization

For the January through September 2020 period, producer milk pooled on the Northeast Order was about 1 percent below the same period in 2019. Producer milk is combined with plant inventories and bulk and packaged transfers from other plants to arrive at the volume available for use, or utilization, at a plant. Under the Order, milk is classified into four classes. The accompanying table shows changes in utilization by class and highlights selected product changes for the January-September period for 2020 compared to 2019, 2018, and 2015. All percentage changes have been adjusted for leap year in 2020.

Utilization Comparison of Selected Products, Northeast Order, January–September

	Percent change to 2020 from^:		
	2015	2018	2019
Class I Milk			
Whole Milk	9.8	2.5	2.8
Reduced Fat Milk	(7.4)	(0.9)	3.5
Lowfat Milk	(26.7)	(10.9)	(3.3)
FatFree	(46.9)	(24.7)	(15.5)
Flavored Milk and Drinks	(27.0)	(24.9)	(24.3)
Organic Whole and Lower Fat Milk	(16.2)	(22.8)	(10.9)
Total Class I Utilization*	**(9.3)**	**(6.7)**	**(1.3)**
Class II Milk			
Cottage Cheese	16.8	25.3	18.6
Yogurt and Eggnog	21.9	10.2	6.8
Ice Cream, Desserts, Condensed, and Mixes	(21.3)	(15.5)	(3.4)
Total Class II Utilization*	**1.4**	**(1.5)**	**0.2**
Class III Milk			
American-Type Cheeses	5.1	(5.3)	(3.5)
Cream Cheese	11.7	(1.0)	3.7
Italian-Type Cheeses	23.3	0.0	0.2
Swiss and Other-Type Cheeses	7.9	(8.7)	(2.2)
Total Class III Utilization*	**14.3**	**(3.3)**	**(2.6)**
Class IV Milk			
Condensed Products	50.2	36.3	21.9
Butter	16.3	(1.8)	5.1
Dried Milk Products	1.9	(1.9)	(3.3)
Total Class IV Utilization*	**3.6**	**0.1**	**(0.7)**
Minimum Price Class Utilization#	**135.8**	**30.7**	**71.3**
Total Utilization~	**1.5**	**(3.0)**	**(0.8)**

^ Adjusted for leap year.
* Includes products not shown.
# As defined in section 1000.40 of the Order.
~ Includes sales to nonpool manufacturing plants.

Class I

Class I utilization was down 1.3 percent for the first 3 quarters of 2020 compared to the same period in 2019. Compared to the same period in 2018 and 2015, the decline was even greater. All fluid products have declined in sales except whole milk and reduced fat milk. Whole milk sales were higher compared to all periods shown, while reduced fat milk sales were up compared to 2019. Organic milk (whole and lower fat products) have shown declines compared to all periods. Flavored milk and drinks (lower fat flavored products) are down from all periods shown. Some of these changes may be the result of changes in buying habits during the Covid pandemic.

Class II

For the same period, Class II utilization rose a slight 0.2 percent compared to 2019, but was down 1.5 percent from 2018, and up 1.4 percent from 2015. Milk used in cottage cheese increased considerably from all periods shown. Yogurt also rose compared to the periods highlighted. The frozen desserts category (mainly ice cream) declined during all periods but the decline was less compared to 2019 than compared to 2018 and 2015.

Class III

As shown in the table, Class III utilization declined 2.6 percent from 2019 and 3.3 percent from 2018 for the 9-month period; it was up 14.3 percent from 2015. Milk used in American cheese and the other cheeses category (Swiss and other types) was down compared to the past 2 years, but up from 2015. Cream cheese was up for the period compared to 2019, down slightly from 2018, but considerably higher than in 2015. Italian cheese has been fairly constant compared to the past 2 years but up significantly from 2015.

Class IV

Overall Class IV usage was down 0.7 percent for January-September 2020. Milk used in making dried milk products was down from both 2019 and 2018, but up from 2015. Butter rose during 2020, an increase of 5.1 percent from 2019; it was down 1.8 percent from 2018, but 16.3 percent higher than in 2015. Condensed products were significantly higher in 2020 than during all of the selected periods.

(continued on page 3)

Dairy Margin Coverage Program Enrollment for 2021

USDA is now enrolling dairy farmers for the 2021 Dairy Margin Coverage program year. The enrollment period runs through December 11, 2020. To determine the appropriate level of coverage for a specific dairy operation, producers can utilize the recently updated online dairy decision tool. More information can be found at https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index or producers can contact their local USDA Service Center. To locate the nearest FSA office, visit https://www.farmers.gov/service-center-locator. All visitors should call ahead and schedule an appointment; certain guidelines apply.

The Dairy Margin Coverage (DMC) program is a voluntary risk management program for dairy producers. DMC continues to offer protection to dairy producers when the difference between the all milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer. DMC payments triggered for 7 months in 2019 and 3 months so far in 2020.

The program provides:

- catastrophic coverage, at no cost to the producer, other than an annual $100 administrative fee that is waived in some cases; and
- various levels of buy-up coverage.

To participate in DMC, dairy producers:

- Select a coverage level ranging from $4.00 to $9.50 per cwt, in $0.50 increments
- Select a coverage percentage of the dairy operation's production history ranging from 5 percent to 95 percent, in 5 percent increments
- Producers have the choice to lock in coverage levels until 2023 and receive a 25 percent discount on their DMC premiums.

In addition to DMC, USDA offers a variety of programs that have helped dairy producers including insurance, disaster assistance, and conservation programs. Most recently, the Coronavirus Food Assistance Program 1 provided $1.75 billion in direct relief to dairy producers who faced price declines and additional marketing costs due to COVID-19 in early 2020. Signup is now underway for the Coronavirus Food Assistance Program 2, which provides another round of assistance for dairy and many other eligible producers.❖

Year-to-Date *(continued from page 2)*

Minimum Price Class

Milk assigned to the minimum priced class increased 71.3 percent in 2020 over 2019 as allowable milk dumps set a record high level in April. Compared to 2018 and 2015, it also was up substantially. This category includes milk used for animal feed, dumped or lost due to various reasons, and other uses as defined in section 1000.40 of the Order.

Covid Impact

During the initial impact of the Covid-19 pandemic (March-May 2020), overall utilization was largely unchanged from 2019 for the 3-month period. Changes did occur in milk utilized in specific products. For example, whole and reduced fat milk were up 6.4 percent and 8.0 percent, respectively, during the March-May 2020 period while flavored milk and drinks were down 41.6 percent as school sales dropped off due to closures. Overall Class I utilization was up a slight 0.1 percent, while Classes II, III, and IV were down 3.5, 1.3, and 1.5 percent, respectively. Minimum price class utilization was over 3 times the normal rate as some milk struggled to find a plant due to supply chain challenges, reduced operation capacity, and closures.❖

Pool Summary for All Federal Orders, January–September, 2019–2020

Federal Order Number	Federal Order Name	Total Producer Milk 2019	Total Producer Milk 2020*	Change^	Producer Price Differential# 2019	Producer Price Differential# 2020	Statistical Uniform Price# 2019	Statistical Uniform Price# 2020
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**20,203,319,049**	**20,092,823,779**	**(0.9)**	**1.70**	**(0.52)**	**17.80**	**16.95**
5	Appalachian	4,038,979,952	3,959,667,116	(2.3)	N/A	N/A	19.00	18.59
6	Florida	1,891,846,613	1,864,301,934	(1.8)	N/A	N/A	21.05	20.61
7	Southeast	3,790,019,212	3,529,063,412	(7.2)	N/A	N/A	19.38	18.69
30	Upper Midwest	26,934,662,845	16,753,958,897	(38.0)	0.19	(1.14)	16.29	16.34
32	Central	12,411,743,323	10,481,383,302	(15.9)	0.41	(2.15)	16.51	15.32
33	Mideast	14,631,659,961	14,033,981,009	(4.4)	0.81	(1.63)	16.92	15.85
51	California^	18,889,921,252	17,351,383,735	(8.5)	0.54	(2.79)	16.65	14.69
124	Pacific Northwest	6,634,119,425	5,870,176,666	(11.8)	0.39	(2.03)	16.49	15.45
126	Southwest	10,446,991,480	8,787,143,321	(16.2)	1.20	(1.80)	17.31	15.68
131	Arizona	3,721,133,309	3,440,831,971	(7.9)	N/A	N/A	16.92	15.66
	All Market Total/Average	123,594,396,421	106,164,715,142	(14.4)	0.75	(1.72)	17.67	16.71

Price at designated order location. ^ Adjusted for leap year. N/A = Not applicable.
* During 2020, a significant volume of milk was not pooled on federal orders.

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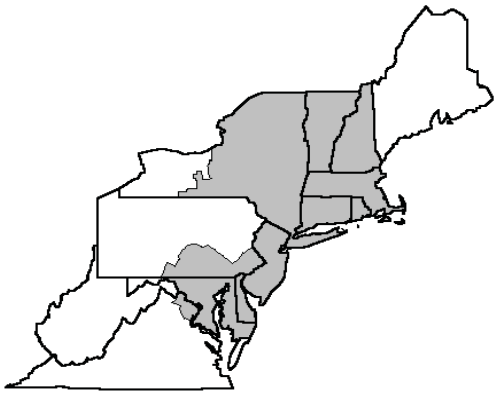
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	639,975,838	$16.27	$104,124,068.84	
	Butterfat	15,290,901	1.7100	26,147,440.71	
Less:	Location Adjustment to Handlers			(2,696,050.24)	$127,575,459.31
Class II—	Butterfat	30,334,143	1.6002	48,540,695.65	
	Nonfat Solids	48,447,432	0.8700	42,149,265.84	90,689,961.49
Class III–	Butterfat	26,881,550	1.5932	42,827,685.49	
	Protein	18,754,660	3.3935	63,643,938.75	
	Other Solids	34,680,134	0.1241	4,303,804.60	110,775,428.84
Class IV–	Butterfat	11,612,558	1.5932	18,501,127.38	
	Nonfat Solids	31,678,810	0.8253	26,144,521.85	44,645,649.23
Total Classified Value					**$373,686,498.87**
Add:	Overage—All Classes				235,556.62
	Inventory Reclassification—All Classes				228,321.11
	Other Source Receipts	53,415			2,538.52
Total Pool Value					**$374,152,915.12**
Less:	Value of Producer Butterfat	84,119,152	1.5932	(134,018,633.01)	
	Value of Producer Protein	67,479,667	3.3935	(228,992,250.02)	
	Value of Producer Other Solids	125,095,634	0.1241	(15,524,368.21)	(378,535,251.24)
Total PPD Value Before Adjustments					**($4,382,336.12)**
Add:	Location Adjustment to Producers				12,764,028.69
	One-half Unobligated Balance—Producer Settlement Fund				592,590.02
Less:	Producer Settlement Fund—Reserve				(953,416.90)
Total Pool Milk & PPD Value		**2,167,801,561**			**$8,020,865.69**
	Producer Price Differential		**$0.37**		
	Statistical Uniform Price		**$16.80**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

October 2020 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 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.07 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 $18.82 per hundredweight. The October statistical uniform price was 27 cents per hundredweight above the September price. The October producer price differential (PPD) at Suffolk County was -$4.54 per hundredweight, a decrease of $4.91 from the previous month.

Product Prices Effect

All commodity prices used in federal order pricing increased during October. National Dairy Product Sales Report prices increased 4 cents for butter, 7 cents for nonfat dry milk, 3 cent for dry whey, and 52 cents for cheese, all on a per pound basis. The cheese price jump was the result of the weighted average drop of the blocks (up 62 cents) and the barrels (up 39 cents).

The commodity price changes resulted in per-pound increases of 5 cents in the butterfat price, 6 cents in the nonfat solids price, and 3 cents in the other solids price. The rise in cheese prices resulted in a $1.62 per pound increase in the protein price.

All class prices increased from the previous month except the Class I price that was based on lower prices in September and dropped $3.24 per hundredweight. The Class II prices increased 47 cents; Class IV rose 72 cents; and Class III, based on cheese prices, jumped $5.18, all on a per hundredweight basis. The price changes resulted in a higher SUP, but with the Class III price as the highest class price, generated a largely negative PPD. For more information on negative PPDs, refer to the June *Bulletin*.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of October. The Class IV volume was the highest ever for the month while the Class II and III were each the second highest volumes ever for October. The average producer tests for all components (butterfat, protein, and other solids) set new record highs for the month of October.❖

Pool Summary

- A total of 9,147 producers were pooled under the Order with an average daily delivery per producer of 7,976 pounds.
- Pooled milk receipts totaled 2.262 billion pounds, an increase of 1.0 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.9 percent of total milk receipts, up 1.7 percentage points from September.
- The average butterfat test of producer receipts was 3.99 percent.
- The average true protein test of producer receipts was 3.18 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.9	721,679,371
Class II	24.9	562,050,191
Class III	26.0	588,765,509
Class IV	17.2	389,218,915
Total Pooled Milk		2,261,713,986

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	5.0146	3.1700
Butterfat Price	1.6388	2.4031
Other Solids Price	0.1534	0.1447

Class Prices

	2020	2019
	$/cwt	
Class I	18.45	21.09
Class II	13.63	16.68
Class III	21.61	18.72
Class IV	13.47	16.39

Market Situation

Agricultural Marketing Service National Dairy Product Sales Report (NDPSR) prices of Cheddar cheese, butter, nonfat dry milk, and dry whey are the inputs to federal milk market order class and component prices. Chart 1 presents weekly NDPSR cheese prices that established federal order minimum prices over the past 9 months. Additionally, the chart presents weekly average Chicago Mercantile Exchange (CME) prices.

The October Statistical Uniform Price (SUP) reflected NDPSR prices for weeks ending October 3 through October 31. The shaded area on the chart highlights the NDPSR cheese prices during this period. NDPSR prices for the first week of November also are shown. This recent period bears a similarity to the pricing dynamic that existed from mid-May to late June. The rapid rise in the cheese prices largely contributed to the record negative PPDs during June and July. Likewise, the similar rapid, substantial rise in cheese prices has led to a large negative PPD in October.For more information on negative PPDs, refer to the June *Bulletin*.

CME Prices Indicate Declining NDPSR Prices

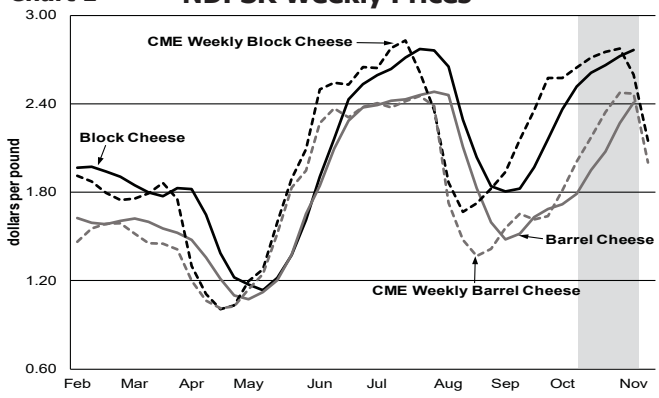
NDPSR prices tend to lag CME prices by approximately 2 weeks. Looking at average CME prices for the week ending November 13, block and barrel cheese averaged $2.15 and $2.00 per pound, respectively. The CME cheese prices can be seen as the dashed lines in Chart 1, with the more recent decline evident at the far right of the chart. These prices would indicate that NDPSR prices for cheese are moving downward, in the short term. CME daily spot prices for block and barrel cheese as settled on November 18, were $1.64 and $1.40 per pound, respectively, and hint at larger declines still. The weekly butter price averaged $1.43 per pound, and the nonfat dry milk price was $1.09 per pound. Both commodities' prices have remained fairly steady since the beginning of August.

Stocks of Dairy Products

With demand negatively impacted by pandemic restrictions and supply chain impacts, particularly to food service, the expectation might be that of building stocks. Charts 2, 3, and 4 present National Agricultural Statistics Service (NASS) stocks of cheese, butter, and nonfat dry milk from 2017-2020. Butter stocks in 2020 have been strong relative to recent year levels; this is a reflection of softer food service demand (though retail sales have been strong). Higher stocks have played a part in relatively lower Class IV prices, also playing a role in negative PPDs. Meanwhile, after peaking well above recent years in April, both cheese and nonfat dry milk stocks were drawn down to a 4-year low by September, in part due to the Farmers to Families Food Box Program, steady retail demand, strong demand in the fast food and pizza market, and strong nonfat dry milk exports.

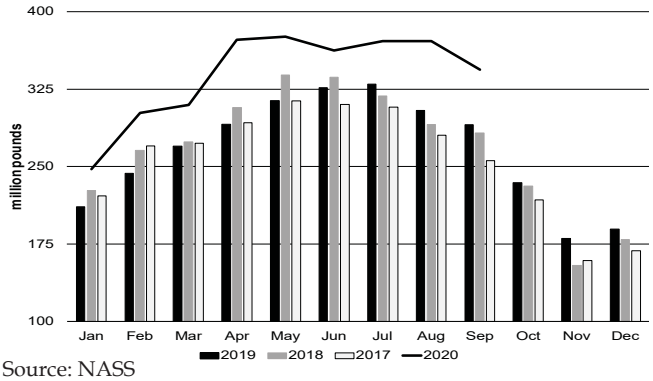
(continued on page 3)

Chart 1 NDPSR Weekly Prices



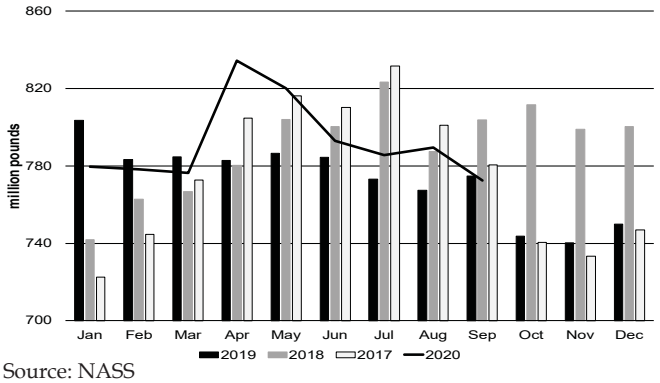
Source: USDA/AMS.

Chart 2 U.S. Butter Stocks



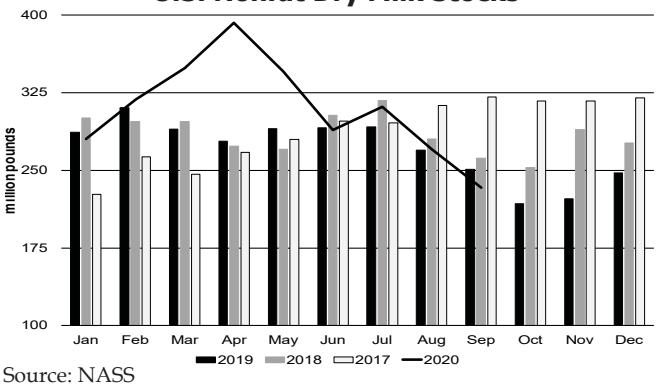
Source: NASS

Chart 3 U.S. Natural, American Cheese Stocks



Source: NASS

Chart 4 U.S. Nonfat Dry Milk Stocks



Source: NASS

Changes in Milk Received by Differential Zone

The accompanying table compares pooled milk receipts by class and plant differential zone at which priced for the month of October for 2015 and 2020. Total producer milk receipts were 5.9 percent higher in October 2020 over 2015.

Change by Zone

Milk received at plants in $3.25 base zone (Boston, MA, and surrounding areas) accounted for 2.4 percent in October 2020, down from 4.5 percent 5 years earlier. Only 24.4 percent of all milk pooled was received at plants in the $3.00 to $3.15 zone range in 2020, down from 26.3 percent in 2015. This range includes the other major metropolitan centers of the Northeast Order: New York, NY; Philadelphia, PA; and Washington, DC. The zones ranging from $2.40 to $2.90 cover most of the more rural areas of Vermont, central New York and eastern Pennsylvania. There was a slight increase from 2015 to 2020, from 47.2 to 47.8 percent, in total pool volume received at plants in this range. Plants located in the $2.30 and lower zones received about 25.3 percent of the total pool in 2020, up from 23.2 percent in 2015. This area covers the northern areas of Vermont and New York and the western areas of New York and Pennsylvania.

The total volume of milk received at plants in the highest zones ($3.10-$3.25) declined from 12.7 of the total pool in October 2015 to 8.4 percent in 2020. Most of this milk was, and is still, processed for Class I purposes. Since 2015, Class I sales have declined as mentioned above and two large bottling plants have closed in these zones resulting in a 44.2 percent drop in milk processed in the highest zones. There has been some shifting to plants in other zones as shown in the table.

The zone receiving the largest volume of pooled receipts changed from the $2.80 zone in 2015 to the $2.30 zone in 2020 although the zones receiving the largest volumes remained the same in both years: the $2.80, $2.40-2.50, and the $2.30 zones.

Change by Class

Pooled milk in October 2020 was down 10.2 percent for Class I but up 13.4 percent for Class II, 11.3 percent for Class III, and 26.7 percent for Class IV. The largest volumes of milk received at plants for Class I usage in 2020 were in the $3.00 to $3.25 differential zones (though down since 2015 by over 105 million pounds). In 2015, there was a large volume in the $2.80 zone in addition to the $3.00 to $3.25 zones. For Class II usage, the largest volume went to plants in the $2.40 to $2.50 zone for both years. Similarly, during both years, the largest volume received at plants for Class III usage was in the $2.30 zone. The largest amount of milk used for Class IV purposes was in the $2.80 zone in 2015, but for 2020, there was a considerable volume in both the $2.80 and $3.00 zones. Changes like this one and the one in Class I may be due to changes in plant status or changes in production of certain products like nonfat dry milk. In addition, even though the statistical uniform price was only 53 cents lower per hundredweight in October 2020 than in 2015, the 2020 producer price differential (PPD) was negative $4.54 per hundredweight at Boston, $6.68 less per hundredweight than in 2015. Large negative PPDs may affect handlers' decisions in pooling milk.❖

Northeast Order Pool Milk from Producers by Plant Location at which Priced, October, 2015 vs 2020

Selected Locations#	Location Differential*	Class I		Class II		Class III		Class IV		Total Pool Pounds		Percent of Pool Total by Zone	
		2015	2020	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020
		(million pounds)										(percent)	
New York, NY/Boston, MA	3.10-3.25	185.1	103.3	42.5	28.2	43.3	56.4	0.7	1.8	271.6	189.7	12.7	8.4
Philadelphia, PA	3.05	137.4	105.6	31.2	32.8	0.9	0.8	0.2	2.3	169.7	141.4	7.9	6.3
Agawam, MA/Baltimore, MD	3.00	123.8	131.7	52.2	35.3	1.2	1.2	39.3	107.8	216.4	276.0	10.1	12.2
Frederick, MD/New Holland, PA	2.90	26.9	53.5	8.5	19.9	6.4	5.7	0.0	0.9	41.7	80.0	2.0	3.5
Mt. Holly Springs, PA	2.80	136.8	96.8	82.7	86.7	22.6	50.7	151.3	152.6	393.5	386.9	18.4	17.1
Middelbury, VT/Albany, NY	2.60-2.70	84.4	90.3	36.6	31.8	83.5	86.9	0.5	2.5	205.1	211.5	9.6	9.3
St. Albans, VT/Syracuse, NY	2.40-2.50	61.4	80.7	162.1	199.6	70.4	86.5	47.6	37.1	341.5	403.8	16.0	17.9
Watertown/Rochester, NY	2.30	23.4	16.9	52.3	94.9	253.2	260.4	37.9	50.4	366.8	422.6	17.2	18.7
Buffalo, NY	2.20	24.9	42.9	26.4	32.3	43.9	31.2	29.3	32.4	124.5	138.8	5.8	6.1
Jamestown, NY and All Other	<=2.10	0.0	0.0	1.2	0.5	3.8	9.0	0.3	1.6	5.3	11.0	0.2	0.5
Pool Total		804.0	721.7	495.6	562.1	529.2	588.8	307.2	389.2	2,136.0	2,261.7		
Percent of Pool Total by Class		37.6	31.9	23.2	24.9	24.8	26.0	14.4	17.2				

Cities listed are for reference purposes only and not all inclusive for the zone. * Some zones have been combined to prevent disclosure of confidential data.

Market Situation *(continued from page 2)*

Still contributing to some of the more recent increase in prices are government programs intended to support the dairy industry and aid families during the pandemic. Prices beyond near term may face challenges in the form of restaurant demand impacted in some regions where outdoor dining is seasonally no longer an option. Reduced school demand due to online or hybrid formats are expected to continue. U.S. milk production appears to be responding to recent improved pricing and direct payments from federal government programs. Strong milk production may pose a challenge if demand is hindered by pandemic-related lockdowns or supply chain breakdowns.❖

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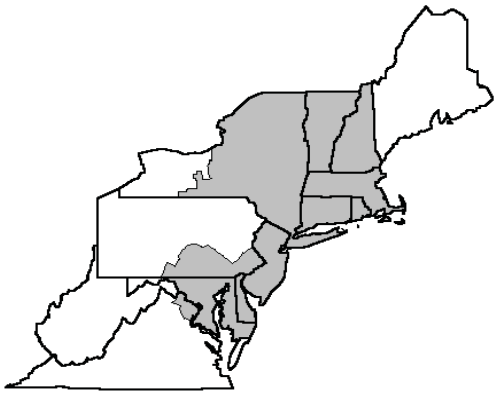
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	704,750,703	$13.22	$93,168,042.94	
	Butterfat	16,928,668	1.6258	27,522,628.43	
Less:	Location Adjustment to Handlers			(2,958,063.02)	$117,732,608.35
Class II—	Butterfat	32,734,828	1.6458	53,874,979.94	
	Nonfat Solids	49,325,645	0.9056	44,669,304.10	98,544,284.04
Class III—	Butterfat	27,215,923	1.6388	44,601,454.59	
	Protein	18,658,126	5.0146	93,563,038.66	
	Other Solids	33,777,620	0.1534	5,181,486.93	143,345,980.18
Class IV—	Butterfat	13,392,035	1.6388	21,946,866.92	
	Nonfat Solids	35,070,016	0.8902	31,219,328.27	53,166,195.19
Total Classified Value					**$412,789,067.76**
Add:	Overage—All Classes				61,884.14
	Inventory Reclassification—All Classes				378,350.28
	Other Source Receipts	66,925			0.00
Total Pool Value					**$413,229,302.18**
Less:	Value of Producer Butterfat	90,271,454	1.6388	(147,936,858.78)	
	Value of Producer Protein	71,884,107	5.0146	(360,470,043.01)	
	Value of Producer Other Solids	130,510,233	0.1534	(20,020,269.73)	(528,427,171.52)
Total PPD Value Before Adjustments					**($115,197,869.34)**
Add:	Location Adjustment to Producers				13,105,477.93
	One-half Unobligated Balance—Producer Settlement Fund				462,320.00
Less:	Producer Settlement Fund—Reserve				(1,054,781.98)
Total Pool Milk & PPD Value		**2,261,780,911**			**($102,684,853.39)**
	Producer Price Differential		**($4.54)**		
	Statistical Uniform Price		**$17.07**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

November 2020 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
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November Pool Price Calculation

The November 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.27 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 $20.29 per hundredweight. The November statistical uniform price was $1.20 per hundredweight above the October price. The November producer price differential (PPD) at Suffolk County was -$5.07 per hundredweight, a decrease of 53 cents from the previous month.

Product Prices Effect

All commodity prices used in federal order pricing increased during November except butter. National Dairy Product Sales Report prices increased 1 cent for nonfat dry milk, 4 cent for dry whey, and 16 cents for cheese, all on a per pound basis. The cheese price rose mainly on the 33-cent jump in the barrel price. The butter price fell 7 cents per pound.

The commodity price changes resulted in per-pound changes in the component prices: butterfat dropped 8 cents while nonfat solids and other solids rose correspondingly to the commodity prices, 1 cent and 4 cents, respectively. The combination of the decrease in the butter price and the increase in the cheese price resulted in a 61-cent rise in the protein price.

All class prices increased from the previous month except the Class IV price, which was affected by the butter price and decreased 17 cents. The Class I price increased $2.84; Class II grew 23 cents; and Class III rose $1.73, all on a per hundredweight basis. These prices, combined with the month's class utilizations, generated a higher SUP, but again with the Class III price as the highest class price, resulted in a largely negative PPD. For more information on negative PPDs, refer to the June *Bulletin*.

Selected Statistics

Average daily deliveries per producer set a new record high for the month. Total producer receipts, Class II, and Class IV volumes were all record setting highs for November; the Class III volume was the third highest ever for the month. The November average producer butterfat test set a new record high for the Order. The other solids set a new record for November while the protein test tied with 2019 for the second highest for the month.❖

Pool Summary

- A total of 9,003 producers were pooled under the Order with an average daily delivery per producer of 8,100 pounds.
- Pooled milk receipts totaled 2.188 billion pounds, a decrease of 0.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.2 percent of total milk receipts, down 0.7 percentage points from October.
- The average butterfat test of producer receipts was 4.05 percent.
- The average true protein test of producer receipts was 3.20 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.2	683,120,996
Class II	23.3	509,294,873
Class III	26.5	580,110,356
Class IV	19.0	415,098,652
Total Pooled Milk		2,187,624,877

Producer Component Prices

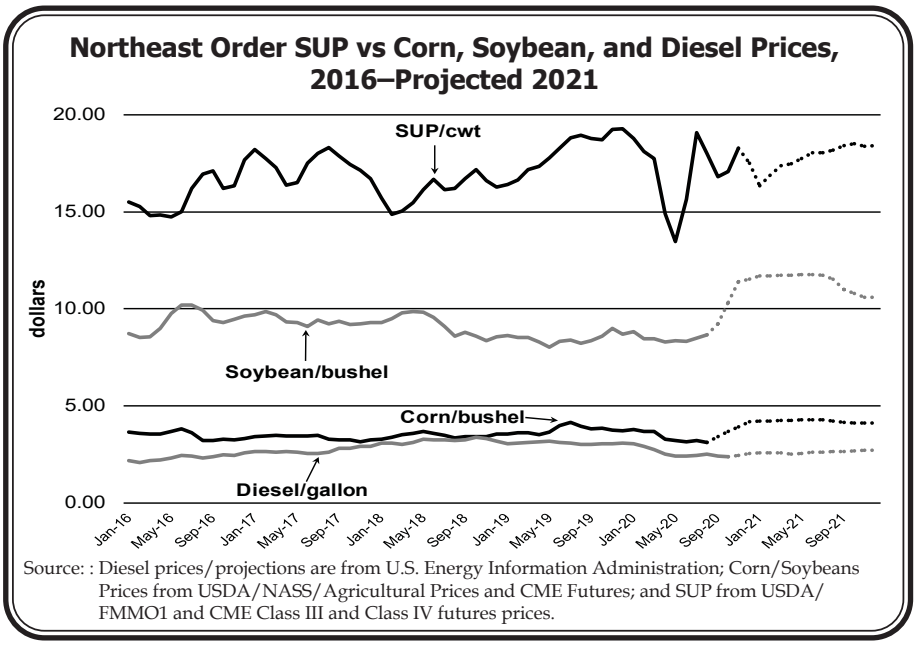
	2020	2019
	$/lb	
Protein Price	5.6226	3.9118
Butterfat Price	1.5553	2.3195
Other Solids Price	0.1894	0.1112

Class Prices

	2020	2019
	$/cwt	
Class I	21.29	21.39
Class II	13.86	16.85
Class III	23.34	20.45
Class IV	13.30	16.60

Looking Ahead 2021

Projections using the Chicago Mercantile Exchange (CME) futures prices as settled on December 14, 2020, imply that the Northeast statistical uniform price (SUP) will finish the year 2020 averaging $17.12 per hundredweight (cwt), which is a $1.01 decrease from last year's average and 18 cents above the previous 5-year average. This article reviews some supply and demand factors and some economic indicators with a look to 2021. It is typically a challenge to forecast dairy prices beyond a few months in what might be considered a more normal year. A projection of where prices are expected to go in 2021 is offered based on futures prices. Still, futures prices are a reflection of how the market may see the upcoming year, and fairly flat futures prices may reflect a high level of uncertainty on the part of futures markets participants.



Source: : Diesel prices/projections are from U.S. Energy Information Administration; Corn/Soybeans Prices from USDA/NASS/Agricultural Prices and CME Futures; and SUP from USDA/FMMO1 and CME Class III and Class IV futures prices.

Selected Cost Factors

Production costs due to feed and fuel have been mixed compared to 2019. Corn prices decreased 6.1 percent year-over-year, and CME corn futures settled on December 14 suggest prices rising about 19 percent in 2021. Soybean prices project to finish the year 9.2 percent above 2019, averaging $9.20 per bushel, but largely due to expected increases to finish the year. CME soybean futures settled on December 14 indicate prices may rise more substantially in 2021, as futures average about 35 percent above the 2020 annual average. According to the U.S. Energy Information Administration (USEIA) the cost of retail diesel fuel declined from about $3.00 per gallon in January to about $2.40 by May and has held near that level through November. The USEIA anticipates future diesel fuel energy prices slowly and moderately climbing throughout 2021, peaking above $2.70 per gallon late in the year. The accompanying graph shows the SUP, corn, soybeans, and USEIA retail diesel prices since January 2016 and projected through 2021.

Supply Factors

The United States Department of Agriculture's (USDA) *World Agricultural Supply and Demand* December report projects dairy production in the U.S. to be 226.3 billion pounds in 2021. This is a 1.6 percent increase over the 2020 estimated milk production of 222.7 billion pounds. According to the *Milk Production* report by the USDA National Agricultural Statistics Service (NASS) as of December 17, milk production in the 24 major milk producing states has been between 1.3 and 3.0 percent above the same month in the prior year with the exception of May and June (-0.5 and 0.8 percent, respectively). May and June were impacted by farmers' and cooperatives' efforts to curtail production in light of collapsed food service demand resulting from the onset of the COVID-19 pandemic in the U.S. Milk production per cow has increased 1.5 percent through the first 10 months of 2020, while milk cows have averaged 0.4 percent higher than in 2019. With the exception of May and June, Northeast Order pool volume has been between 0.2 and 5.4 percent above the prior year for the first 11 months of the year. Record high pool volumes were set during 4 out of the first 11 months of the year. Despite substantial depooling during June and efforts to reduce production in late spring, total pool volume through 11 months is about 0.2 percent above 2019 for the same period. According to NASS's *Cold Storage* report, stocks of butter are up 28 percent nationally from October 2019 while cheese stocks are about even with last year. As heavy stocks can put downward pressure on milk prices, how the level of stocks respond to strong milk production and likely weaker overall demand bears watching.

Demand Factors

According to the U.S. Dairy Export Council (USDEC), the U.S. exported 16.2 percent of its dairy production through the first 9 months of 2020, on a milk solids basis. September marked the 13th straight month of year-over-year increases in exports. In 2019, exports finished the year accounting for 14.5 percent of U.S. milk production on a total milk solids basis. Dairy exports still account for roughly one seventh of total dairy production. Notably, growth in exports of whey products, primarily to China, and cheese exports to Asia-Pacific markets contributed to strong exports. Exports of whey products are up 23.3 percent over 2019 through October. Exports of nonfat dry milk and skim milk powder also have shown strength (up 22.5 percent over 2019 through October) particularly to markets

(continued on page 3)

Looking Ahead *(continued from page 2)*

in Southeast Asia, Latin America, and China. Exports to Southeast Asia accounted for 28 percent of all U.S. dairy exports in 2020 through September on a milk solids basis (4.5 percent of U.S. milk production on a milk solids basis).

Dairy trade with China is expected to contribute continued strength to U.S. dairy exports into 2021. A combination of the Phase One trade deal with China and China's recovering hog herd (and their appetite for lactose) should support increased levels of exports in the next year.

Domestic Situation

The domestic market still accounts for the disappearance of more than 8 percent of U.S. milk produced. A broad measurement of the health of the U.S economy is the unemployment rate, which was at 6.7 percent in November. Unemployment is a critical issue as it reflects the balancing act of re-opening the economy and public safety. At the height of the pandemic-related shutdowns, unemployment grew to 14.7 percent. The Conference Board's Consumer Confidence Index (CCI), a measurement of the consumer's view of the health of the economy, is at 96.1 for November, a decline from 101.4 in October and well below the 125.5 it stood at in November 2019. Impacting consumers' sentiment is their lack of confidence that the economy or labor market will gain much strength amidst the uncertainty created from the upturn in COVID-19 cases.

The Restaurant Performance Index (RPI) stood at 98.3 in October, up from 98.1 in September and the fourth consecutive monthly gain. A measure above 100 signifies expansion in the industry, but the index has been trending downward since 2017. The Expectations Index component of the RPI, which measures restaurant operators' six-month outlook for four industry indicators, stood at 100.2, up 0.7 percent from the previous month. Although the Expectations Index topped 100 for the first time since the coronavirus outbreak in the U.S., restaurant operators continue to signal uncertainty about business conditions in the coming months. Colder climates do not lend themselves to outdoor dining in order to sustain business and the industry will remain challenged. Drive-thru and pizza delivery business are better able to operate and recent experience has shown demand can remain fairly strong through those outlets as they move large volumes of cheese on their menu options.

Also of note is the beginning of operations at the Glanbia cheese and whey plant in Michigan. Once fully operational, the plant will process 8 million pounds of milk per day into block cheese and whey products for U.S. and international markets. This will help use milk but also may impact cheese prices with additional supply of block cheese.

Outlook 2021

USDA forecasts the all-milk price for 2021 to be $16.60 per cwt. Using December 14 CME Class III and Class IV future prices, the 2021 Northeast SUP is estimated to average $17.82 per cwt. In its projection, USDA noted that weaker demand expectations and large milk supplies would put downward pressure on cheese and butter prices in 2021. The severity of the pandemic in the early part of 2021, how the pandemic impacts dairy operations (from farm to plant to retail and transportation), government response to the pandemic with respect to business and school lockdowns, or support of the industry through additional purchases of dairy products, are all unknown and a source of great uncertainty.❖

2021 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 Payments Under the Northeast Order

Month Milk Produced	Partial Payment Due	
	Day	Date
January	Tuesday	1/26/21
February	Friday	2/26/21
March	Friday	3/26/21
April	Monday	4/26/21
May	Wednesday	5/26/21
June	Monday	6/28/21
July	Monday	7/26/21
August	Thursday	8/26/21
September	Monday	9/27/21
October	Tuesday	10/26/21
November	Friday	11/26/21
December	Monday	12/27/21

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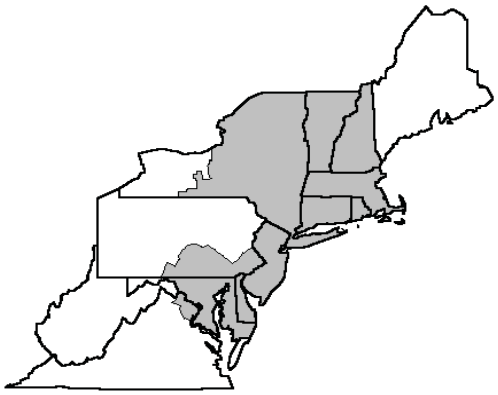
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	666,649,207	$16.03	$106,863,867.88	
	Butterfat	16,471,789	1.6641	27,410,704.07	
Less:	Location Adjustment to Handlers			(2,813,925.62)	$131,460,646.34
Class II—	Butterfat	29,802,535	1.5623	46,560,500.43	
	Nonfat Solids	44,733,066	0.9667	43,243,454.86	89,803,955.29
Class III–	Butterfat	27,182,883	1.5553	42,277,537.94	
	Protein	18,497,346	5.6226	104,003,177.63	
	Other Solids	33,196,530	0.1894	6,287,422.78	152,568,138.35
Class IV–	Butterfat	15,137,088	1.5553	23,542,712.95	
	Nonfat Solids	37,323,454	0.9047	33,766,528.86	57,309,241.81
Total Classified Value					**$431,141,981.79**
Add:	Overage—All Classes				35,673.19
	Inventory Reclassification—All Classes				219,445.86
	Other Source Receipts	382,891			0.00
Total Pool Value					**$431,397,100.84**
Less:	Value of Producer Butterfat	88,594,295	1.5553	(137,790,707.04)	
	Value of Producer Protein	69,929,649	5.6226	(393,186,444.50)	
	Value of Producer Other Solids	125,932,659	0.1894	(23,851,645.60)	(554,828,797.14)
Total PPD Value Before Adjustments					**($123,431,696.30)**
Add:	Location Adjustment to Producers				12,764,059.77
	One-half Unobligated Balance—Producer Settlement Fund				724,023.76
Less:	Producer Settlement Fund—Reserve				(988,381.09)
Total Pool Milk & PPD Value		**2,188,007,768**			**($110,931,993.86)**
	Producer Price Differential		**($5.07)**		
	Statistical Uniform Price		**$18.27**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

December 2020 Federal Order No. 1

To contact the Northeast Marketing Area offices:
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e-mail address: NortheastOrder@fedmilk1.com
website address: www.fmmone.com

December Pool Price Calculation

The December 2020 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.26 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 $18.84 per hundredweight. The December statistical uniform price was $1.01 per hundredweight below the November price. The December producer price differential (PPD) at Suffolk County was $1.54 per hundredweight, an increase of $6.61 from the previous month.

Product Prices Effect

Changes in commodity prices used in federal order pricing were mixed in December. National Dairy Product Sales Report prices decreased 1 cent for butter and 81 cents for cheese, on a per pound basis. Nonfat dry milk increased 1 cent and dry whey was up 3 cents per pound.

The commodity price changes translated to similar changes in the component prices. Butterfat dropped about 2 cents while protein fell $2.59 per pound. The nonfat solids and other solids prices increased the same as in November, 1 cent and 4 cents, respectively.

All class prices increased from the previous month except the Class III price, which was affected by the large drop in the cheese price and fell $7.62 from November. The Class I price rose $1.83; Class II grew 15 cents; and Class IV increased 6 cents, all on a per hundredweight basis. These prices, combined with the month's class utilizations, generated a lower SUP, mainly due to the large decline in the Class III price. With the Class III price declining, the price spread between the classes returned to a more "normal" pattern and a positive PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month topping 8,000 pounds for the first time in December. Total producer receipts and Class IV volumes both set record highs for the month. The December average producer butterfat and protein tests set new record highs for the Order.❖

Pool Summary

- A total of 8,954 producers were pooled under the Order with an average daily delivery per producer of 8,220 pounds.
- Pooled milk receipts totaled 2.282 billion pounds, an increase of 0.9 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.8 percent of total milk receipts, up 0.6 percentage points from November.
- The average butterfat test of producer receipts was 4.08 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.8	727,078,088
Class II	20.8	473,841,161
Class III	25.0	570,052,987
Class IV	22.4	510,811,119
Total Pooled Milk		2,281,783,355

Producer Component Prices

	2020	2019
	$/lb	
Protein Price	3.0282	3.6515
Butterfat Price	1.5399	2.1952
Other Solids Price	0.2245	0.1341

Class Prices

	2020	2019
	$/cwt	
Class I	23.12	22.58
Class II	14.01	16.81
Class III	15.72	19.37
Class IV	13.36	16.70

2020 Northeast Order Statistics Summarized

Total milk received from producers equaled 26.8 billion pounds in 2020, up a slight 0.3 percent from 2019. The annual average volume per producer grew 567 pounds from the previous year and topped 8,000 pounds for the first time ever under the Order. The year ended with 8,954 producers, a drop of 527 from December 2019.

Total milk production rose about 2 percent nationally in 2020, but the novel coronavirus (Covid-19) began affecting demand in late March. As states imposed restrictions on restaurants, consumer spending switched to eating at home. This and continued school food programs helped to keep fluid sales about even with 2019. Government food assistance programs helped prop declining prices contributing to record-high cheese prices. Higher cheese prices resulted in a higher Class III price, but all other class prices averaged less in 2020.

The Northeast Order statistical uniform price (SUP) averaged 5.6 percent below 2019. The high Class III prices inverted the more typical price pattern, causing some depooling and large negative producer price differentials (PPD).

The accompanying table compares selected pool statistics for 2019 and 2020. The chart shows monthly changes in utilization by class for 2020. Comparisons have not been adjusted for the significant volume of milk not included in the pool (depooling).

Northeast Order Pool Statistics, 2019–2020

Pool Statistics	2019	2020	2019-20 Change
	million pounds		percent
Class I	8,283.1	8,210.6	(0.9)
Class II	6,401.6	6,409.9	0.1
Class III	7,160.8	6,936.8	(3.1)
Class IV	4,906.2	5,266.6	7.3
Total	26,751.7	26,823.9	0.3
	pounds		
DDP	7,510	8,077	7.5
	utilization percentage		change
Class I	31.0	30.6	(0.4)
Class II	23.9	23.9	0.0
Class III	26.8	25.9	(0.9)
Class IV	18.3	19.6	1.3
	dollars/cwt		percent
Class I	20.24	20.16	(0.4)
Class II	16.76	14.29	(14.7)
Class III	16.96	18.16	7.1
Class IV	16.30	13.49	(17.2)
SUP	18.12	17.10	(5.6)
Producer Component:			
Tests:	percent		change
Butterfat	3.90	3.92	0.02
Protein	3.10	3.11	0.01
Other Solids	5.76	5.77	0.01
Prices:	dollars/lb		percent
Butterfat	2.5088	1.7067	(32.0)
Protein	2.3796	3.7559	57.8
Other Solids	0.1862	0.1678	(9.9)
Nonfat Solids	0.8654	0.8651	(0.0)

Class Utilization Changes

Class I utilization averaged 30.6 percent in 2020, down 0.4 percentage points from 2019. The volume of milk used for Class I purposes declined 72.5 million pounds (0.9 percent) from the previous year; this is considerably less than the 417.7 million pound decline in 2019. The total volume of producer receipts used in Class II increased a slight 0.1 percent from 2019. The Class II utilization percentage was unchanged from 2019 at 23.9 percent of total producer milk pooled in 2020.

Class III volume decreased 3.1 percent and utilization averaged 25.9 percent, down 0.9 percentage points from 2019. This decline was the result of a large volume of milk not pooled in June 2020. The amount of milk used in Class IV rose 7.3 percent and accounted for an annual average of 19.6 percent utilization, an increase of 1.3 percentage points. Total Class IV volume was the highest ever since the Order's inception.

Prices Lower Than 2019

As previously mentioned, milk supplies were sufficient during 2020, but the Covid-19 crisis created issues with supply chains and curbed demand in certain areas and products. Efforts by the federal government to keep food programs operational and the addition of extra programs kept prices from falling further during the summer months.

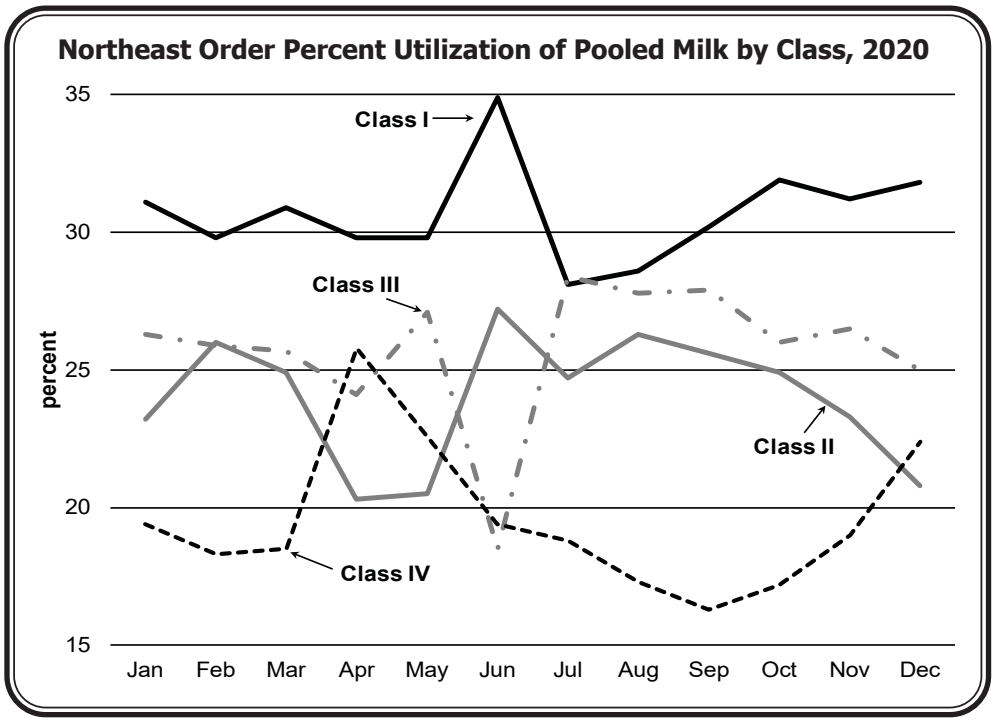
National Dairy Product Sales Report (NDPSR) butter prices were down 30 percent from 2019, averaging $1.5808 per pound. NDPSR cheese prices began falling the first quarter of 2020 but after the federal food programs kicked in, jumped to set record high block and barrel prices in July. The combined cheese price averaged $1.9236 per pound in 2020, up 9.4 percent from 2019.

The NDPSR nonfat dry milk price was basically unchanged from 2019, averaging $1.0417 per pound compared to $1.0419 the previous year. Dry whey prices were down 4.7 percent from the previous year, averaging $0.3621 per pound.

(continued on page 3)

2020 Northeast Order *(continued from page 2)*

All component price averages were below the previous year except protein. The price paid to producers for butterfat averaged $1.7067 per pound, down 32 percent from 2019, and the lowest price since 2013. The per-pound annual average protein price was $3.7559 per pound, up 57.8 percent from the previous year's average and the third highest since the Order's inception in 2000. The other solids price averaged $0.1678 per pound, a decrease of 9.9 percent from 2019. The nonfat solids price averaged $0.8651 per pound, basically unchanged from the previous year's $0.8654.



These price changes translated into lower class prices for all classes except Class III. The Class I price averaged $20.16 per hundredweight in 2020, down 0.4 percent from the 2019 annual average. The Class II price averaged $14.29 per hundredweight, a decrease of 14.7 percent from the previous year. The Class III price averaged $18.16, up 7.0 percent from 2019. The Class IV price averaged $13.49, a drop of 17.2 percent. Overall, the statistical uniform price (blend) reported at Suffolk County, Massachusetts (Boston) averaged $17.10 per hundredweight, 5.6 percent below the 2019 average. For the first time ever under the Order, the annual average PPD was negative.

Producer Tests

The annual average producer butterfat test equaled 3.92 percent in 2020, an increase of 0.02 percentage points from 2019. There were record highs set during 9 months of 2020 and a new Order high set in December at 4.08 percent. The annual average producer protein test was 3.11 percent, up 0.01 percentage point from the previous year. Record highs were set in 6 months of 2020. The producer other solids test averaged 5.77 percent, up 0.01 percentage point over 2019. Record-highs were set in 8 months of the year. All producer component tests set new Order record-high annual averages in 2020.❖

Pool Summary for All Federal Orders, January–December, 2019–2020

Federal Order Number	Name	Total Producer Milk 2019	Total Producer Milk 2020*	Change^	Producer Price Differential# 2019	Producer Price Differential# 2020	Statistical Uniform Price# 2019	Statistical Uniform Price# 2020
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**26,751,705,028**	**26,823,945,997**	**(0.0)**	**1.16**	**(1.06)**	**18.12**	**17.10**
5	Appalachian	5,326,588,524	5,321,901,585	(0.4)	N/A	N/A	19.40	18.79
6	Florida	2,509,778,873	2,508,844,540	(0.3)	N/A	N/A	21.41	20.83
7	Southeast	4,902,610,976	4,700,409,123	(4.4)	N/A	N/A	19.81	18.89
30	Upper Midwest	32,310,206,014	20,291,808,212	(37.4)	0.00	(1.66)	16.96	16.50
32	Central	15,259,515,124	13,314,826,362	(13.0)	(0.16)	(2.90)	16.80	15.27
33	Mideast	18,941,746,950	17,982,419,842	(5.3)	0.26	(2.31)	17.21	15.85
51	California^	24,271,881,771	23,004,467,834	(5.5)	(0.16)	(3.60)	16.80	14.57
124	Pacific Northwest	8,496,370,522	7,682,463,711	(9.8)	(0.20)	(2.59)	16.76	15.57
126	Southwest	12,899,796,302	11,691,757,063	(9.6)	0.49	(2.62)	17.45	15.54
131	Arizona	4,840,113,614	4,497,242,425	(7.3)	N/A	N/A	17.30	15.70
All Market Total/Average		156,510,313,698	137,820,086,694	(12.2)	0.20	(2.39)	18.00	16.78

Price at designated order location. ^ Adjusted for leap year. N/A = Not applicable.
* During 2020, a significant volume of milk was not pooled on federal orders.

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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	709,761,564	$18.13	$128,679,771.55	
	Butterfat	17,316,524	1.6081	27,846,702.24	
Less:	Location Adjustment to Handlers			(3,040,840.92)	$153,485,632.88
Class II—	Butterfat	28,375,280	1.5469	43,893,720.67	
	Nonfat Solids	41,630,685	0.9900	41,214,378.15	85,108,098.82
Class III–	Butterfat	28,144,535	1.5399	43,339,769.46	
	Protein	18,222,366	3.0282	55,180,968.72	
	Other Solids	32,510,009	0.2245	7,298,497.02	105,819,235.20
Class IV–	Butterfat	19,248,688	1.5399	29,641,054.70	
	Nonfat Solids	45,945,616	0.9180	42,178,075.53	71,819,130.23
Total Classified Value					**$416,232,097.13**
Add:	Overage—All Classes				59,730.24
	Inventory Reclassification—All Classes				191,429.32
	Other Source Receipts	384,512			24,597.79
Total Pool Value					**$416,507,854.48**
Less:	Value of Producer Butterfat	93,085,027	1.5399	(143,341,633.07)	
	Value of Producer Protein	73,255,108	3.0282	(221,831,118.06)	
	Value of Producer Other Solids	131,261,655	0.2245	(29,468,241.59)	(394,640,992.72)
Total PPD Value Before Adjustments					**$21,866,861.76**
Add:	Location Adjustment to Producers				13,376,693.15
	One-half Unobligated Balance—Producer Settlement Fund				946,191.57
Less:	Producer Settlement Fund—Reserve				(1,044,361.32)
Total Pool Milk & PPD Value		**2,282,167,867**			**$35,145,385.16**
	Producer Price Differential		**$1.54**		
	Statistical Uniform Price		**$17.26**		

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