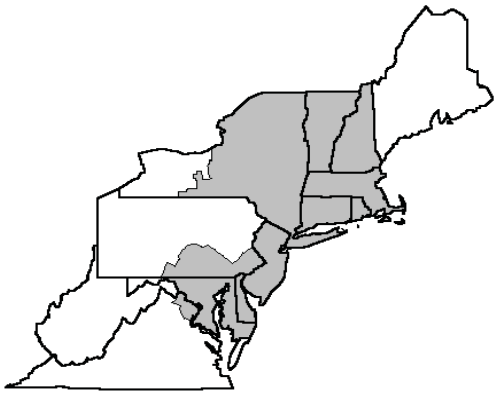


The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Peter F. Fredericks, Acting Market Administrator

January 2019

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 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $16.42 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 $17.84 per hundredweight. The January statistical uniform price was 15 cents per hundredweight above the December price. The January producer price differential (PPD) at Suffolk County was $2.46 per hundredweight, a decrease of 3 cents per hundredweight from last month.

Product Prices Effect

All commodity product prices rose except butter that declined slightly. Nonfat dry milk rose about 5 cents per pound. Prices for cheese and dry whey each increased slightly over 1 cent per pound. Due to the changes in the commodity prices, the butterfat price dropped about 1 cent while the other solids price increased 1.2 cents and the protein and nonfat solids prices each rose about 5 cents per pound. Even though the butterfat price declined, it was still the second highest ever for the month of January since federal order reform.

Class prices were up compared to December. Class I and II each rose 7 cents, Class III was up 18 cents, and Class IV increased 39 cents, all on a per hundredweight basis. Due to higher class prices, the SUP rose. A spread similar to last month occurred between the higher and lower priced classes resulting in little change to the PPD.

Selected Statistics

Total producer milk receipts were the second highest ever for the month of January. Average daily deliveries per producer set a new record high and topped 7,000 pounds for the first time for the month. Class III usage was the third highest ever for January, surpassed only by 2001 and 2002. The average producer butterfat test set a new record high for January.❖

Pool Summary

- A total of 10,043 producers were pooled under the Order with an average daily delivery per producer of 7,344 pounds.
- Pooled milk receipts totaled 2.287 billion pounds, an increase of 3.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 32.7 percent of total milk receipts, down 1.3 percentage points from December.
- The average butterfat test of producer receipts was 3.99 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.74 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	32.7	749,061,416
Class II	23.2	529,880,304
Class III	26.6	608,097,219
Class IV	17.5	399,461,756
Total Pooled Milk		2,286,500,695

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	1.1927	1.6612
Butterfat Price	2.4981	2.4531
Other Solids Price	0.2898	0.0787

Class Prices

	2019	2018
	$/cwt	
Class I	18.37	18.69
Class II	15.74	14.11
Class III	13.96	14.00
Class IV	15.48	13.13

U.S. Milk Marketing Dynamics, 2013 vs. 2018

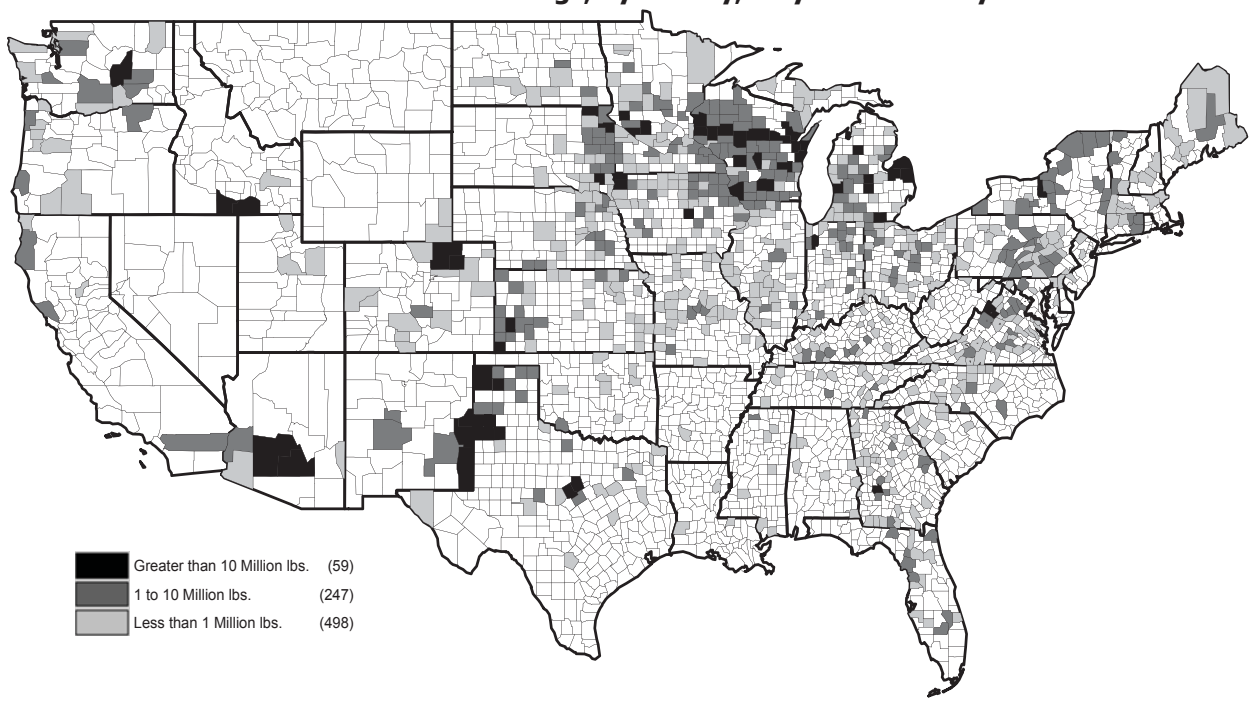
Federal order monthly class and component prices are derived from price formulas that use a nationwide survey of market-based prices of dairy product as inputs. Thus, national prices form the basis of a dairy producer's gross value on their milk check. Regional supply and demand situations may differ across the country from each other and impact a producer's milk price through changes to a marketing area's class utilization. Regional supply and demand also may impact a producer's milk price beyond Federal order pricing through premium levels and costs faced in that region. Understanding trends in national supply and demand, as well as what may be occurring within regions, and the relationship to market prices that result, can be helpful comprehending milk prices.

Five-Year Changes in Milk Marketings

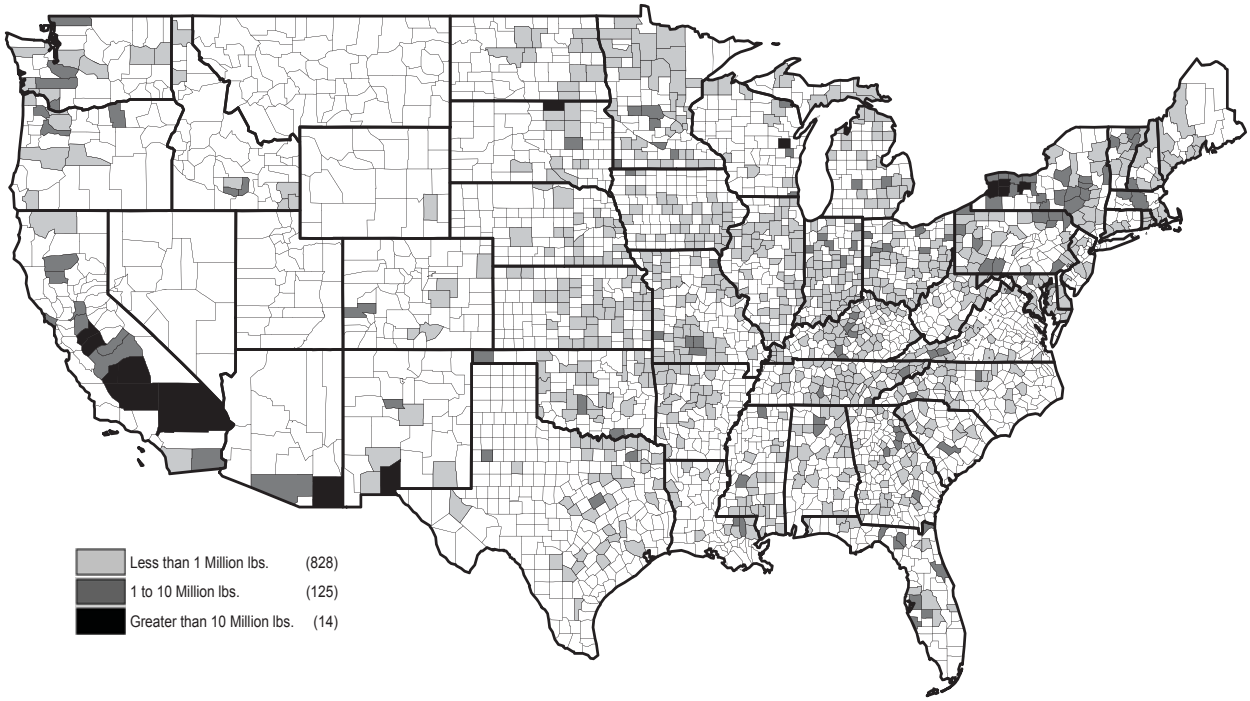
According to USDA, National Agricultural Statistics

(continued on page 3)

Increases in U.S. Milk Marketings, by County, May 2013 vs. May 2018



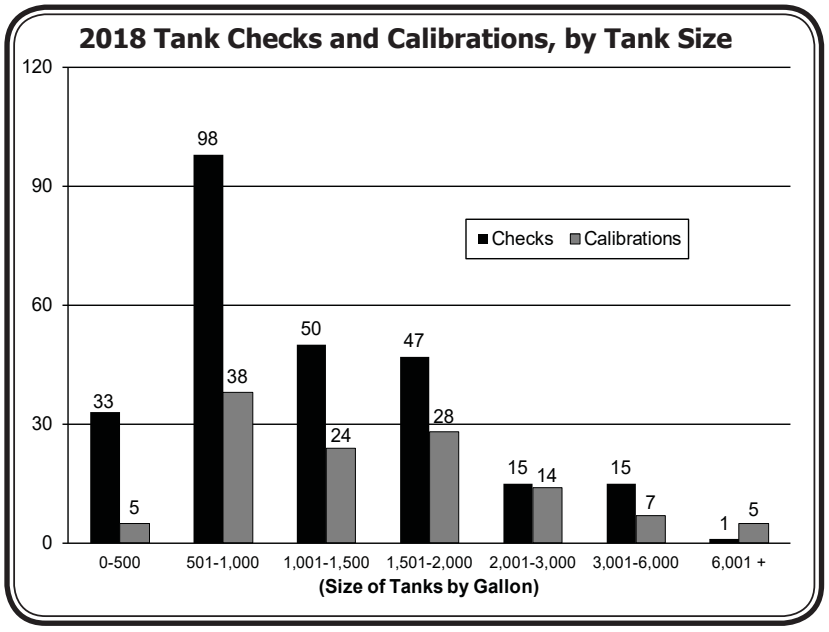
Decreases in U.S. Milk Marketings, by County, May 2013 vs. May 2018



Note: Data compiled by Market Administrator Office–Kansas City. Based on data provided by the California Department of Food & Agriculture and all Milk Market Administrator Offices.

Market Services 2018 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 23,726 miles in 2018, down from 24,051 miles the previous year. The market service department checked 259 farm bulk tanks throughout the Northeast Marketing Area milkshed during the 2018 season, up slightly from 256 in 2017.

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 259 tanks checked, 35 (14 percent) were out of tolerance and were recalibrated. Of the tanks requiring recalibration, 69 percent were over measuring; the rest were under measuring the amount of milk. An additional 121 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 up from 109 in 2017. Of the tanks that were recalibrated or calibrated, 55 percent were 1,500 gallon tanks or smaller. This figure is down from 65 percent in 2017.

The 259 checks and the 121 additional calibrations total at least 380 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, 2019

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

U.S. Milk *(continued from page 2)*

Service, milk production grew from roughly 17.8 billion pounds for the month of May 2013 to roughly 19.1 billion pounds in May 2018. This was an increase of 7.2 percent.

Using data from milk marketed on all federal orders and the state of California, the maps on page 2 present a picture of milk marketing changes from May 2013 as compared to May 2018. One map shows all U.S. counties in which milk marketings increased, shaded by degree of increase. The second map shows all U.S. counties in which milk marketings decreased, shaded by degree of decrease.

The time period depicted highlights a period in which national milk production increased, though notable differences in regions can be seen. California shows counties with substantial decreases in production, as does Arizona and far western and eastern New York. Substantial increases in milk marketing occurred in Wisconsin and Michigan, as well as eastern South Dakota. West Texas and eastern New Mexico showed very strong growth. Counties in Arizona and Idaho also show strong growth areas on the map. Moderate to strong growth occurred in an area from central New York, through eastern Pennsylvania, and into Virginia.❖

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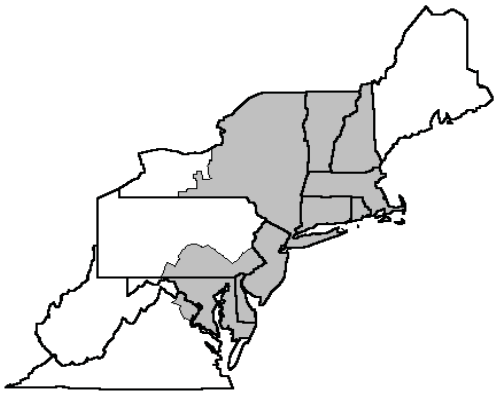
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	732,910,422	$9.77	71,605,348.23	
Butterfat	16,150,994	2.5542	41,252,868.87	
Less: Location Adjustment to Handlers			(2,872,324.26)	$109,985,892.80
Class II— Butterfat	31,821,967	2.5051	79,717,209.51	
Nonfat Solids	46,222,417	0.8022	37,079,622.91	116,796,832.42
Class III– Butterfat	27,551,696	2.4981	68,826,891.79	
Protein	19,112,086	1.1927	22,794,984.96	
Other Solids	34,640,403	0.2898	10,038,788.80	101,660,665.55
Class IV– Butterfat	15,606,613	2.4981	38,986,879.96	
Nonfat Solids	35,662,743	0.7757	27,663,589.77	66,650,469.73
Total Classified Value				**$395,093,860.50**
Add: Overage—All Classes				12,759.69
Inventory Reclassification—All Classes				(80,460.03)
Other Source Receipts	234,207 Pounds			9,654.45
Total Pool Value				**$395,035,814.61**
Less: Producer Component Valuations @ Class III Component Prices				(351,572,413.41)
Total PPD Value Before Adjustments				**$43,463,401.20**
Add: Location Adjustment to Producers				12,886,529.28
One-half Unobligated Balance—Producer Settlement Fund				931,754.96
Less: Producer Settlement Fund—Reserve				(1,028,006.93)
Total Pool Milk & PPD Value	2,286,734,902 Producer pounds			**$56,253,678.51**
Producer Price Differential		**$2.46**		
Statistical Uniform Price		**$16.42**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Peter Fredericks, Acting Market Administrator

February 2019 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

February Pool Price Calculation

The February 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $16.65 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 $18.07 per hundredweight. The February statistical uniform price was 23 cents per hundredweight above the January price and $1.77 per hundredweight above the Februar 2018 price. The February producer price differential (PPD) at Suffolk County was $2.76 per hundredweight, an increase of 30 cents per hundredweight from last month.

Product Prices Effect

All commodity product prices rose except dry whey. Butter and nonfat dry milk each rose about 3 cents per pound, while cheese rose nearly 1 cent per pound. Dry whey declined 2.6 cents per pound. These changes translated to increases of 3.6 cents in the butterfat price and 2.8 cents in the nonfat solids price. Due to the increase in the butterfat price, which is a component of the protein component price formula, the protein price dropped 1.5 cents per pounds. The dry whey decrease resulted in a 2.7-cent decline in the other solids price. The butterfat price was the highest ever for the month of February since the Order's inception.

Class prices were mixed: Class I rose 18 cents, Class II was up 39 cents, Class III decreased 7 cents, and Class IV increased 38 cents, all on a per hundredweight basis. With a higher proportion of the total milk receipts assigned to the higher class prices, the SUP rose. The spread between the higher and lower priced classes rose resulting in an increase in the PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of February and were the third highest ever under the Order. Producer milk receipts classified as Class IV were the second highest volume ever for the month of February. Both the average producer butterfat and protein tests set new record highs for February.❖

Pool Summary

- A total of 10,101 producers were pooled under the Order with an average daily delivery per producer of 7,377 pounds.
- Pooled milk receipts totaled 2.086 billion pounds, an increase of 1.0 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.4 percent of total milk receipts, down 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 3.15 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.4	655,856,912
Class II	24.6	513,202,545
Class III	26.2	545,433,008
Class IV	17.8	371,907,680
Total Pooled Milk		2,086,400,145

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	1.1776	1.6265
Butterfat Price	2.5345	2.3490
Other Solids Price	0.2631	0.0550

Class Prices

	2019	2018
	$/cwt	
Class I	18.55	17.50
Class II	16.13	13.44
Class III	13.89	13.40
Class IV	15.86	12.87

Class I Skim Milk Price Formula Amended

The U.S. Department of Agriculture (USDA) has announced an amendment to the Class I skim milk price formula under the Federal Milk Marketing Order (FMMO) program, in accordance with the Agriculture Improvement Act of 2018 (2018 Farm Bill). The change is effective May 1, 2019. **The new price formulas will be reflected in the May Advanced Class I skim milk price that will be announced on April 17, 2019.**

Hypothetical May 2019 Class I Pricing

	Class I Pricing Methodology	
	Existing Formula	New Formula
	(per hundredweight)	
Advanced Class III skim milk pricing factor	$6.25	$6.25
Advanced Class IV skim milk pricing factor	$7.10	$7.10
Class I skim @ base zone	$10.35 [**HIGHER** of Class III or IV skim price plus Class I differential]	$10.67 [**AVERAGE** of Class III or IV skim price plus $0.74 plus Class I differential]
Class I Price @ base zone	$19.12	$19.43

Note: Uses April 2019 Chicago Mercantile Exchange dairy product futures prices settled March 14, 2019. Priced at the $3.25 differential zone.

Currently, the Class I skim milk price is calculated using the higher of the monthly advanced pricing factors for Class III or Class IV skim milk, which reflect dairy product survey prices for the two weeks prior to the price announcement, **plus** the applicable adjusted Class I differential. Because market prices for these surveyed products fluctuate, the "higher of" factor used to determine the Class I skim milk price can change, increasing risk and uncertainty associated with hedging.

To address this issue, Congress determined that the formula for the FMMO Class I skim milk price should be the average of the monthly Class III and Class IV advanced pricing factors **plus** $0.74 per hundredweight **plus** the applicable adjusted Class I differential.

In accordance with the 2018 Farm Bill, the amendment is effective indefinitely, until further modified, and may not be modified sooner than two years after the effective date of this rule. The Federal Register notice is available at: www.federalregister.gov/documents/2019/03/11/2019-04347/federal-milk-marketing-orders-amending-the-class-i-skim-milk-price-formula.❖

U.S. Milk Production Growth Slows

The total milk production in the United States grew 0.9 percent in 2018, a lesser increase than in 2017 (1.7 percent). The rate of growth in 2016 was 1.6 percent.

The increase in the top ten milk-producing states combined was higher than the national average. Growth in the combined total for the top 23 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 2018 production and comparisons to the top 23 states total and the U.S. total for production, cows, and milk production per cow (MPC).

Top Ten States Ranked by Milk Production, 2018

Rank	State	2017	2018	Percent Change	2018 Cows	2018 MPC*
		(million pounds)			(1,000 head)	(pounds)
1	California	39,798	40,413	1.5	1,734	23,306
2	Wisconsin	30,333	30,579	0.8	1,274	24,002
3	Idaho	14,633	15,149	3.5	609	24,875
4	New York	14,929	14,882	(0.3)	623	23,888
5	Texas	12,054	12,852	6.6	537	23,933
6	Michigan	11,231	11,168	(0.6)	424	26,340
7	Pennsylvania	10,893	10,665	(2.1)	519	20,549
8	Minnesota	9,867	9,868	0.0	453	21,784
9	New Mexico	8,212	8,285	0.9	330	25,106
10	Washington	6,531	6,736	3.1	277	24,318
	Top Ten Total	158,481	160,597	1.3	6,780	23,687
	Top 23 Total	202,507	204,933	1.2	8,750	23,421
	U.S. Total	215,527	217,574	0.9	9,399	23,149

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

Idaho Regains Number Three Spot

The top ten list contained the same states as in 2017 with a slight change in the order. California and Wisconsin remained numbers one and two. Idaho regained the number 3 spot from New York that held it for 2016 and

(continued on page 3)

U.S. Milk *(continued from page 2)*

2017. Idaho's strong production (3.5 percent increase) pushed its total over 15 billion pounds for the first time ever. All other states' ranks remained the same as in 2017. After reporting decreases the past 2 years, number one-ranked California showed growth of 1.5 percent in 2018. Texas reported the largest increase of the top-ten states, 6.6 percent. Decreases were reported in New York, Michigan, and Pennsylvania. All other top-ten states reported increases except Minnesota that showed no change.

Of the NASS reported top 23 states, ten showed decreases from 2017. The largest increase reported by a top-23 state was in Colorado, rising 8.8 percent in 2018. The largest decrease was reported by Virginia, dropping 5.8 percent. Overall, the top 23 states combined reported an increase of 1.2 percent in 2018, not as strong as 2017 (1.8 percent).

Northeast Production Down

Milk production in the Northeast milkshed (the area from which milk is traditionally pooled by handlers selling into the marketing area) decreased 1.6 percent in 2018. The only milkshed state reporting growth was Connecticut (1.7 percent).The three largest contributing states to the Northeast Order reported declines: New York was down 0.3 percent, Pennsylvania had a negative 2.1 percent, and Vermont declined 1.8 percent.

Cow Numbers and Production per Cow

Nationally, the number of milk cows decreased a slight 0.1 percent in 2018; in 2017, they rose 0.7 percent. Thirty states showed declining cow numbers, up from 20 in 2017. Nine states reported increases, compared to 15 in 2017. Eleven states had no change. Of those with increasing cow numbers, four were in the top ten states. The remaining top ten states reported decreases in cow numbers. The state with the largest increase on a percentage basis was Colorado (8.6 percent).

In the Northeast milkshed states, milk cow numbers declined 1.3 percent. The combined total for New York, Pennsylvania, and Vermont was down 0.7 percent from 2017. No states in the milkshed reported increases in cow numbers; Connecticut, Maine, and New Jersey had no change.

Average MPC grew 1.0 percent nationally, up from the 0.7 percent increase in 2017. Michigan led the nation in MPC, followed by Colorado. Only fifteen states had MPC greater than the national average; eight of them are in the top ten. The only top-ten states below the national average were Minnesota and Pennsylvania.

For the Northeast states, MPC dropped a slight 0.3 percent. The U.S. average milk per cow was 23,149 pounds in 2018; the average was 21,921 pounds in the Northeast states. New York's MPC (23,888 pounds) was above the national average.❖

Dairy Forward Program Extended

The Agricultural Improvement Act of 2018, signed into law on December 20, 2018, extended the authorization of the Dairy Forward Pricing Program contained in the Food, Conservation and Energy Act of 2008 (the 2008 Farm Bill), through September 30, 2023. Handlers may now enter new forward price contracts with producers or cooperative associations of producers through September 30, 2023. Contracts may extend through September 30, 2026. All other provisions of the Dairy Forward Price Program remain the same. Forward contracts established prior to October 1, 2018, are not impacted.

The final rule extending the program was posted on the Federal Register website for public display at: www.federalregister.gov/public-inspection/current.

Program Highlights

- All new contracts must be signed by both parties prior to the effective month. The signed contract and disclosure statement must be received by the Market Administrator prior to the 15th of the applicable month. For example, to contract for April 2019 milk, the forward contract and disclosure statement must be signed prior to April 1, 2019, and received by the Market Administrator by April 15, 2019.

- The disclosure statement must be signed on the same date as the contract.

- Producer milk that has been forward contracted under the terms of the program is not subject to minimum payment to a producer or cooperative association under a Federal Order.

- For contracts signed between September 30, 2018, and March 3, 2019, if the Market Administrator has already received a copy of the contract and disclosure statement or receives them by March 15, 2019, and the contract includes March milk deliveries, the contract applies only to milk marketed on or after March 4, 2019. This holds true even if contract deliveries began in a prior month. However, contracts cannot be included in the program if the disclosure statement has a date other than the date on which the contract was signed. In this case, if a handler and producer would like to have a valid contract applicable under the program, another contract must be negotiated.

- For contracts signed between September 30, 2018, and March 3, 2019, there will be no allowance for payments less than the Federal order minimum for milk marketed between October 2018 and March 3, 2019.

- Forward contracts established under this program may not extend past September 30, 2026.❖

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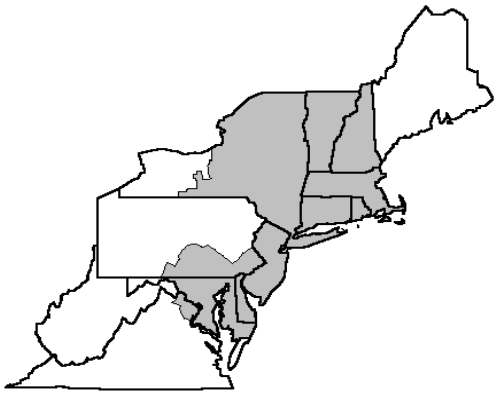
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	641,564,386	$10.05	64,477,220.79	
Butterfat	14,292,526	2.5287	36,141,510.50	
Less: Location Adjustment to Handlers			(2,591,820.39)	$98,026,910.97
Class II— Butterfat	28,046,970	2.5415	71,281,374.26	
Nonfat Solids	44,963,443	0.8333	37,468,037.10	108,749,411.36
Class III— Butterfat	25,318,696	2.5345	64,170,235.05	
Protein	17,142,486	1.1776	20,186,991.51	
Other Solids	31,161,662	0.2631	8,198,633.30	92,555,859.86
Class IV— Butterfat	15,415,973	2.5345	39,071,783.56	
Nonfat Solids	33,068,891	0.8041	26,590,695.25	65,662,478.81
Total Classified Value				**$364,994,661.00**
Add: Overage—All Classes				81,471.99
Inventory Reclassification—All Classes				(44,796.86)
Other Source Receipts	198,726 Pounds			9,113.69
Total Pool Value				**$365,040,449.82**
Less: Producer Component Valuations @ Class III Component Prices				(319,477,418.76)
Total PPD Value Before Adjustments				**$45,563,031.06**
Add: Location Adjustment to Producers				11,883,272.25
One-half Unobligated Balance—Producer Settlement Fund				1,012,988.19
Less: Producer Settlement Fund—Reserve				(869,162.74)
Total Pool Milk & PPD Value	2,086,598,871 Producer pounds			**$57,590,128.76**
Producer Price Differential		**$2.76**		
Statistical Uniform Price		**$16.65**		

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



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Peter Fredericks, Acting Market Administrator

March 2019 Federal Order No. 1

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website address: www.fmmone.com

March Pool Price Calculation

The March 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.17 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 $18.59 per hundredweight. The March statistical uniform price was 52 cents per hundredweight above the February price and $2.11 per hundredweight above the March 2018 price. The March producer price differential (PPD) at Suffolk County was $2.13 per hundredweight, a decrease of 63 cents per hundredweight from last month.

Product Prices Effect

Commodity product prices were mixed in March. Butter and cheese increased, while nonfat dry milk and dry whey both decreased. The butter price increased a slight 1 cent per pound, and the cheese price jumped over 14 cents per pound. Nonfat dry milk decreased 2 cents per pound and dry whey declined 4 cents per pound. These changes translated to similar increases and decreases in producer component prices. The protein price rose 45 cents per pound; the butterfat price was the highest ever for the month of March. The increase in the cheese price translated into a jump of $1.15 per hundredweight in the Class III price. Classes I and II prices, based on data from February, also increased. The Class IV price dropped 15 cents per hundredweight.

A majority of the total milk receipts was assigned to the higher class prices, resulting in a higher SUP. With the spread between the higher and lower priced classes tightening, largely due to the increase in the Class III price, the PPD decreased.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. The average producer butterfat test set a new record for the month of March; the producer protein test tied with 2017 for a record-high for the month.❖

Pool Summary

- A total of 10,024 producers were pooled under the Order with an average daily delivery per producer of 7,462 pounds.
- Pooled milk receipts totaled 2.319 billion pounds, an increase of 0.4 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.6 percent of total milk receipts, down 0.8 percentage points from February.
- The average butterfat test of producer receipts was 3.96 percent.
- The average true protein test of producer receipts was 3.13 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.6	709,113,728
Class II	24.3	562,725,739
Class III	27.3	634,495,390
Class IV	17.8	412,486,531
Total Pooled Milk		2,318,821,388

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	1.6303	1.8066
Butterfat Price	2.5461	2.4273
Other Solids Price	0.2200	0.0556

Class Prices

	2019	2018
	$/cwt	
Class I	19.23	16.61
Class II	16.61	13.88
Class III	15.04	14.22
Class IV	15.71	13.04

Top Producing Counties—Northeast Milkshed

The top ten counties in terms of milk pooled on the Northeast Order accounted for 34.7 percent of all milk pooled during 2018, up slightly from 34.3 percent in 2017. 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.

Change in Rankings

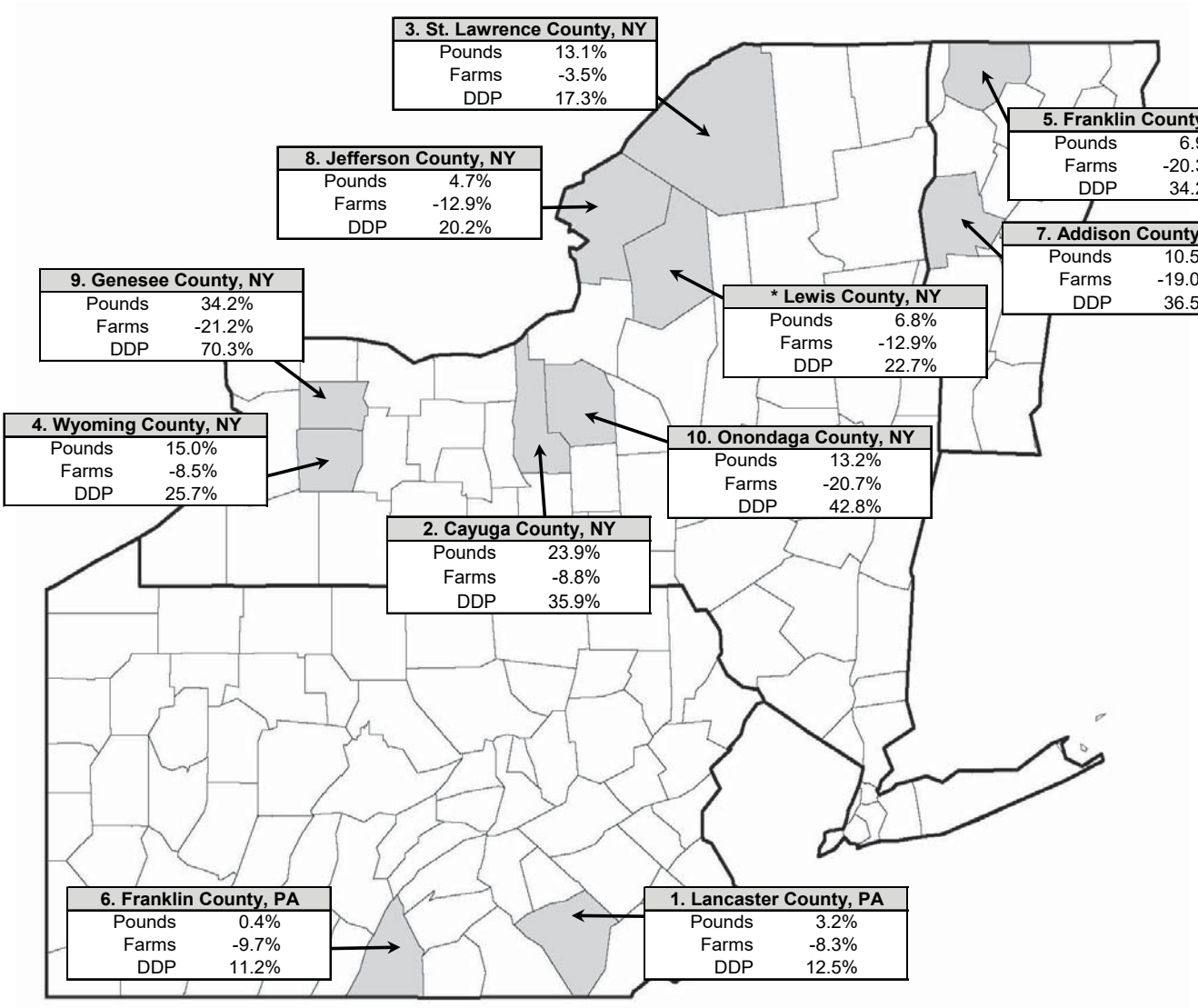
The accompanying table shows the top ten ranked counties for 2018 based on their volume pooled on the Order. Lancaster County, PA, has led the rankings since the Order's inception but its share of the pool has been declining. In 2018, Lancaster County accounted for 8.5 percent of all milk pooled on the Order and 24.4 percent of the top ten total. These figures are down from 8.6 and 25.1 percent, respectively, in 2017. Lancaster County was one of two counties to report a decline (2.5 percent) in total pooled milk receipts in 2018.

The other county reporting a decline was Wyoming County, NY, (down 10.5 percent) that dropped from the number 3 spot to number 4 in 2018. Again, it should be noted that not all milk produced in the county is necessarily pooled on the Northeast Order. Wyoming County has milk pooled on another federal order and on a state order. Displacing Wyoming County in the number 3 position was St. Lawrence County, NY.

There also was a switch in the number 6 and 7 positions. Franklin County, PA, moved from number 7 in 2017 to number 6, bumping Addison County, VT. All other counties ranked the same as in 2017.

(continued on page 3)

Top Ten Counties Percent Change in Pounds and Farms Pooled and DDP, 2013–2018
(Pool Pounds Rank Indicated)



*Ranked 10 in 2013.

DDP = Daily Deliveries per Producer.

Top Producing *(continued from page 2)*

Proportion of Farms and DDP

Overall, the proportion of farms that the top ten counties accounted for was unchanged from the previous year. Of the top ten counties, Genesee County continued to have the least number of farms, but the highest average daily deliveries per producer (DDP). As depicted in the table, the counties with the lower number of farms tend to have higher DDP's signifying much larger operations in those counties. The average DDP for the top ten counties, as a whole, was 9,167 pounds, up 5.4 percent 2017. The Order average DDP was 7,269 pounds in 2018, an increase 4.3 percent from the previous year.

Top Ten Counties Pooling on the Northeast Order, 2018

Rank	County	State	Volume Pooled on Order (1000 lbs)	Number of Farms	DDP
1	Lancaster	PA	2,298,846	1,525	4,130
2	Cayuga	NY	1,149,987	93	33,878
3	St. Lawrence	NY	828,429	299	7,591
4	Wyoming	NY	810,933	108	20,572
5	Franklin	VT	793,000	141	15,409
6	Franklin	PA	756,960	270	7,681
7	Addison	VT	754,621	98	21,096
8	Jefferson	NY	702,299	162	11,877
9	Genesee	NY	697,320	52	36,740
10	Onondaga	NY	619,564	65	26,114
	Top Ten Total		9,411,959	2,813	9,167
	Total Pooled on Order		27,104,059	10,216	7,269
	Top Ten Proportion (%)		34.7	27.5	

Source: Northeast Order audited producer payroll reports.

The accompanying map presents changes in pounds pooled, farms pooled, and DDP since 2013 for the 2018 top ten counties. It also includes Lewis County, NY, which was ranked number 10 in 2013, the last year it ranked in the top ten. Total pool volume increased 6.6 percent from 2013 to 2018. The average number of farms pooled dropped 14.3 percent over the same time period while DDP jumped 24.4 percent.❖

USDA Annouces Available Grants

USDA announced $1.5 million in competitive grant funding is available for the Dairy Business Innovation (DBI) Initiatives, authorized through the 2018 Farm Bill. This program supports USDA's efforts to reduce risk and develop higher-value uses for dairy products, diversify farmer income through processing and marketing innovation, and encourage the use of regional milk production. DBI Initiatives must be positioned to draw on existing dairy industry resources, including dairy farm density and farmland suitability for dairying, as well as activities conducted by dairy industry promotion and research programs, research organizations, dairy businesses, or academic and industry stakeholders.

Applications must be submitted electronically through www.grants.gov by 11:59 p.m. EST on June 17, 2019. For more information about grant eligibility, visit www.ams.usda.gov/services/grants/dbi or contact AMSGrants@USDA.gov.❖

Pool Summary for All Federal Orders, January–March, 2018–2019

Federal Order Number	Federal Order Name	Total Producer Milk 2018	Total Producer Milk 2019	Change^	Producer Price Differential# 2018	Producer Price Differential# 2019	Statistical Uniform Price#* 2018	Statistical Uniform Price#* 2019
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**6,771,020,795**	**6,691,722,228**	**(1.2)**	**1.34**	**2.45**	**15.21**	**16.75**
5	Appalachian	1,502,608,205	1,374,233,670	(8.5)	N/A	N/A	16.62	18.04
6	Florida	673,746,309	664,315,150	(1.4)	N/A	N/A	18.78	20.05
7	Southeast	1,405,745,058	1,278,392,358	(9.1)	N/A	N/A	16.96	18.44
30	Upper Midwest	8,417,311,577	9,075,041,893	7.8	0.16	0.29	14.03	14.59
32	Central	4,184,882,132	4,158,269,400	(0.6)	0.18	0.96	14.05	15.25
33	Mideast	4,922,767,871	4,682,755,792	(4.9)	0.49	1.45	14.36	15.75
51	California^	N/A	6,107,273,607	N/A	N/A	1.12	N/A	15.41
124	Pacific Northwest	2,053,898,071	2,128,510,483	3.6	0.08	1.11	13.95	15.41
126	Southwest	3,408,579,307	3,559,251,948	4.4	1.04	1.71	14.91	16.01
131	Arizona	1,351,741,566	1,322,367,775	(2.2)	N/A	N/A	14.16	15.85
	All Market Total/Average	34,692,300,891	41,042,134,304	18.3	0.55	1.30	15.30	16.50

Price at designated order location. * Price at 3.5% butterfat. N/A = Not applicable.
^ California Milk Marketing Area (F.O. 51) became effective November 1, 2018.

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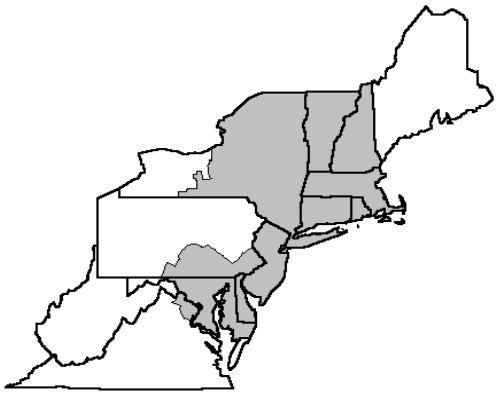
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	693,456,322	$10.50	72,812,913.81	
Butterfat	15,657,406	2.5995	40,701,426.90	
Less: Location Adjustment to Handlers			(2,806,627.00)	$110,707,713.77
Class II— Butterfat	33,648,825	2.5531	85,908,815.15	
Nonfat Solids	48,932,126	0.8833	43,221,746.90	129,130,562.05
Class III– Butterfat	27,900,281	2.5461	71,036,905.48	
Protein	19,875,912	1.6303	32,403,699.32	
Other Solids	36,377,953	0.2200	8,003,149.66	111,443,754.46
Class IV– Butterfat	14,686,561	2.5461	37,393,452.96	
Nonfat Solids	36,822,684	0.7832	28,839,526.13	66,232,979.09
Total Classified Value				**$417,515,009.37**
Add: Overage—All Classes				141,745.46
Inventory Reclassification—All Classes				56,196.21
Other Source Receipts	208,177 Pounds			8,093.54
Total Pool Value				**$417,721,044.58**
Less: Producer Component Valuations @ Class III Component Prices				(381,691,101.97)
Total PPD Value Before Adjustments				**$36,029,942.61**
Add: Location Adjustment to Producers				13,272,779.78
One-half Unobligated Balance—Producer Settlement Fund				1,037,964.92
Less: Producer Settlement Fund—Reserve				(945,357.50)
Total Pool Milk & PPD Value	2,319,029,565 Producer pounds			**$49,395,329.81**
Producer Price Differential		**$2.13**		
Statistical Uniform Price		**$17.17**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Peter Fredericks, Acting Market Administrator

April 2019 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

April Pool Price Calculation

The April 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.34 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 $18.53 per hundredweight. The April statistical uniform price was 17 cents per hundredweight above the March price. The April producer price differential (PPD) at Suffolk County was $1.38 per hundredweight, a decrease of 75 cents per hundredweight from last month.

Product Prices Effect

Commodity product prices were mixed in April. Butter and nonfat dry milk prices were relatively unchanged, dry whey declined 2 cents per pound, and cheese rose almost 11 cents per pound. These changes translated to less than 1-cent changes in the butterfat and nonfat solids prices and a 2-cent drop in the other solids price. The jump in the cheese price was reflected in the nearly 36-cent per pound increase in the protein price, which ultimately translated into the 92-cent per hundredweight increase in the Class III price. The other class price changes were: Class I declined 22 cents, Class II dropped 23 cents, and Class IV increased 1 cent, all on a per hundredweight basis. After 5 months of Class III holding the minimum price, the Class IV price regained that position.

Even though prices for Class I and II declined, a majority of the total milk receipts were assigned to the higher class prices, increasing the SUP. The spread between the higher and lower priced classes continued to tighten, again largely due to the increase in the Class III price, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. The number of producers pooled was the smallest ever reported for the Order. The total producer pooled milk receipts and the Class II and IV volumes were the third highest ever reported for the month of April.❖

Pool Summary

- A total of 9,991 producers were pooled under the Order with an average daily delivery per producer of 7,578 pounds.
- Pooled milk receipts totaled 2.271 billion pounds, an increase of 1.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.9 percent of total milk receipts, up 0.3 percentage points from March.
- The average butterfat test of producer receipts was 3.90 percent.
- The average true protein test of producer receipts was 3.08 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.9	701,012,716
Class II	24.1	548,071,277
Class III	25.3	574,718,509
Class IV	19.7	447,491,537
Total Pooled Milk		2,271,294,039

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	1.9890	1.7810
Butterfat Price	2.5375	2.5113
Other Solids Price	0.1990	0.0619

Class Prices

	2019	2018
	$/cwt	
Class I	19.01	17.35
Class II	16.38	14.03
Class III	15.96	14.47
Class IV	15.72	13.48

Manufactured Dairy Products—2018 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2018 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table highlights selected products' changes from 2018 to 2017 and 2013, for both the U.S. and for milk used in the Northeast Order.

Change in Selected Manufactured Dairy Products, 2018

	Total US Production of Manufactured Products		Total Northeast Order Milk Used to Manufacture#	
	2018 from:			
	2013	2017	2013	2017
	(percent change)			
Cheese				
American^	18.9	3.6	14.1	(1.2)
Italian+	17.3	3.0	10.1	2.7
Cream and Neufchatel	8.6	(0.4)	10.4	2.9
Other*	17.7	3.6	24.7	3.1
Total Cheese(excludes cottage)	17.3	3.0	12.6	1.4
Butter	1.5	2.4	26.6	(8.4)
NFDM~	20.0	(3.4)	60.2	(2.3)
Yogurt	(6.9)	(2.0)	(6.8)	(0.4)

Source: USDA, NASS - Dairy Products 2018 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 3.0 percent from 2017. The greatest increases were seen in Swiss (and other cheeses) and American, which both increased 3.6 percent. Other cheeses include such types as Hispanic, feta, Muenster, blue/gorgonzola, brick, Gouda, and some other varieties. Within this category, Hispanic jumped 8.9 percent, feta grew 6.0 percent, and blue/gorgonzola increased 3.6 percent from 2017. Total Italian cheese rose 3.0 percent; ricotta, included in Italian, increased 1.4 percent. Cream/Neufchatel, brick, Gouda, and Muenster all reported declines from the previous year.

When compared to five years earlier, total cheese was up 17.3 percent. American and Italian rose 18.9 and 17.3 percent, respectively. Swiss and other cheeses grew 17.7 percent while cream cheese increased 8.6 percent. Within the other types, Hispanic cheese (which has the highest volume in this category) jumped 29.2 percent from 2013.

In the Northeast, milk used in making cheese rose 1.4 percent from 2017 to 2018. By category, milk used in Swiss (and other cheeses) grew 3.1 percent, cream cheese was up 2.9 percent, and Italian cheese increased 2.7 percent (this figure includes ricotta, which decreased 8.0 percent). American decreased 1.2 percent. Compared to 2013, milk used in cheese rose 12.6 percent with the largest increase reported by the Swiss and other category that grew 24.7 percent in the 5-year period.

Other Products

U.S. butter production increased 2.4 percent from 2017 to 2018; compared to 2013 it was up 1.5 percent. Nonfat dry milk (NFDM) decreased 3.4 percent from the previous year, but rose 20.0 percent from 2013. Yogurt declined 2.0 from the previous year and 6.9 percent from 5 years ago.

In the Northeast, milk used in butter dropped 8.4 percent from 2017, but grew 26.6 percent from 2013. Milk used in yogurt decreased a slight 0.4 percent from the previous year and 6.8 percent from 5 years ago. Milk used in the production of dry milk products (mostly nonfat, but does include some whole milk powder) declined 2.3 percent from 2017; compared to 2013, it rose 60.2 percent.

Leading States

The top three cheese-producing states continued to be Wisconsin, California, and Idaho; New York was displaced in the number four position by New Mexico, which was number five in 2017. Wisconsin remained the number one producer of both American and Italian cheese. California continued to lead in Hispanic cheese, butter, unsweetened condensed, ice cream, and nonfat dry milk; it was second in yogurt production. New York remained the largest producer of yogurt, sour cream, and lowfat and creamed cottage cheese. State rankings were not available for many products due to having fewer than 3 handlers reporting.

Percent of Total Milk Production

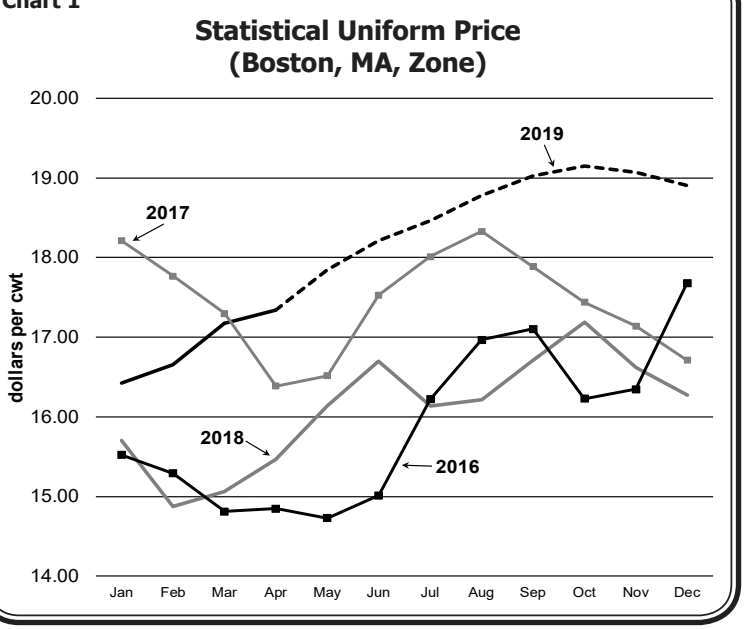
Of U.S. total milk production, 78.4 percent was used in manufactured products (21.6 percent sold for fluid use) in 2018, up from 77.7 percent in 2017 and 74.3 percent in 2013.

In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 67.9 percent in 2018; this compares to 67.3 in 2017 and 62.6 in 2013.❖

Price Outlook

Price strengthening is occurring and is expected to continue throughout the year, while Northeast pool volumes show signs of slowing and contracting. Indications are that the lowest price for the year is in the past. The Statistical Uniform Price (SUP) for the first 4 months of 2019 averaged $16.90 per hundredweight (cwt) at the Boston, MA, base zone for the Northeast Order, $1.62 higher than the average for the same period in 2018. Using Chicago Mercantile Exchange (CME) futures prices as of May 14, 2019, the SUP projects to average $18.09 per cwt for this year. This would be 12.4 percent above 2018. Notably, the same CME futures predict an SUP that would be the highest SUP level of the past 4 years for the May through December portion of the year, averaging $18.68 per cwt for that period. Current information suggests the SUP would peak in October at $19.15 per cwt. Chart 1 presents the SUP for the most recent three years and the projected prices for the remainder of 2019.

Chart 1



Butter

A strong butter price continues to bolster the current SUP. National Dairy Product Sales Report (NDPSR) prices, which are used in Federal order pricing, averaged $2.2684 per pound for February through April. The NDPSR butter price was a record high for the month for each of these months. The butter price has averaged 26 to 30 cents higher then the most recent 5-year average every month this year. May is expected to continue the record-breaking trend. The CME spot butter price on May 14 closed at $2.3500 per pound. CME butter futures peak at or above $2.40 per pound from July through October.

Cheese

Monthly NDPSR cheese prices, averaged $1.4915 per pound over the first 4 months of 2019. Monthly prices have averaged roughly 20 cents per pound below the most recent 5-month average for this period. As of May 14, the block and barrel cheese CME spot prices were $1.66 and $1.60 per pound, respectively, close to where they were last year on May 15. CME cheese futures peak just above $1.77 per pound during September and October.

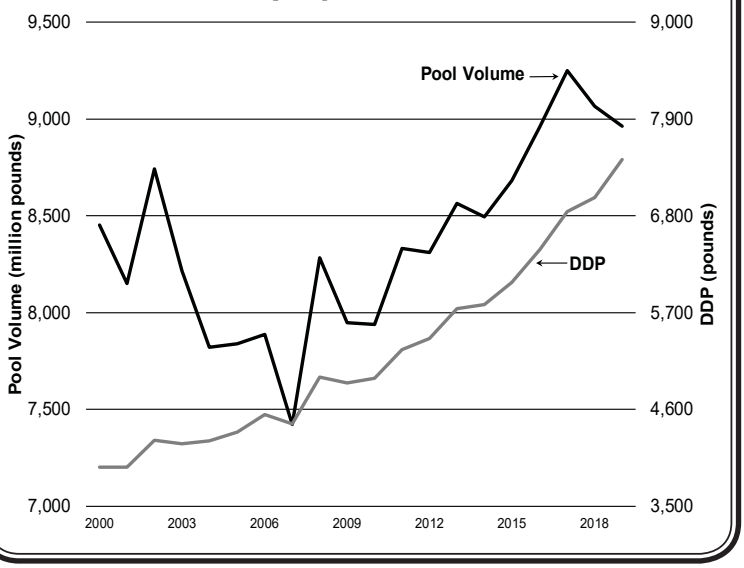
NFDM

Monthly NDPSR Nonfat dry milk (NFDM) prices averaged $0.9636 for the first four months of 2019. During this period, the NFDM price has averaged 11 cents above it's previous 4-year average. The CME Spot price for NFDM on May 14 was $1.0575, 21 cents above the previous year at this time. CME futures for NFDM climb to $1.12 per pound by December 2019.

Northeast Pool Volume Eases

Stronger price recovery can be aided if milk supplies relative to demand slow or contract. There continues to be evidence of this currently happening in the Northeast. Chart 2 depicts total pool volumes for the first 4 months of the year since 2000. Of note is that the most recent two years show lower volumes, but levels still characterized as strong by historical standards. Chart 2 also depicts the trend in daily deliveries per producer (DDP). DDP continues to consistently increase, so the decline in total pool volume is likely related to producer exits from the industry.❖

Chart 2



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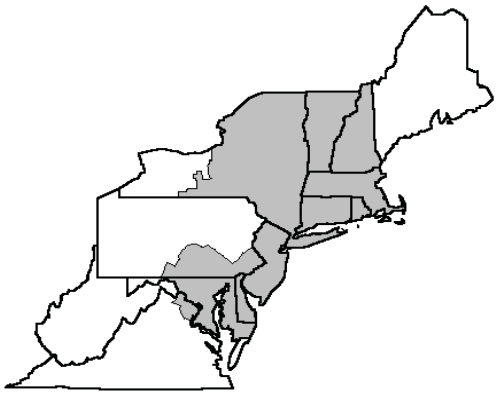
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	685,574,631	$10.30	70,614,186.99	
Butterfat	15,438,085	2.5924	40,021,691.55	
Less: Location Adjustment to Handlers			(2,782,689.09)	$107,853,189.45
Class II— Butterfat	32,848,159	2.5445	83,582,140.56	
Nonfat Solids	47,366,516	0.8611	40,787,306.94	124,369,447.50
Class III— Butterfat	25,067,544	2.5375	63,608,892.99	
Protein	17,709,559	1.9890	35,224,312.89	
Other Solids	32,978,107	0.1990	6,562,643.34	105,395,849.22
Class IV— Butterfat	15,162,165	2.5375	38,473,993.76	
Nonfat Solids	39,733,232	0.7883	31,321,706.81	69,795,700.57
Total Classified Value				**$407,414,186.74**
Add: Overage—All Classes				388,691.18
Inventory Reclassification—All Classes				126,982.53
Other Source Receipts	269,405 Pounds			7,416.70
Total Pool Value				**$407,937,277.15**
Less: Producer Component Valuations @ Class III Component Prices				(389,613,334.71)
Total PPD Value Before Adjustments				**$18,323,942.44**
Add: Location Adjustment to Producers				12,983,626.68
One-half Unobligated Balance—Producer Settlement Fund				1,012,519.52
Less: Producer Settlement Fund—Reserve				(972,513.10)
Total Pool Milk & PPD Value	2,271,563,444 Producer pounds			**$31,347,575.54**
Producer Price Differential		**$1.38**		
Statistical Uniform Price		**$17.34**		

* 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, Acting Market Administrator

May 2019 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

May Pool Price Calculation

The May 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $17.80 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 $18.81 per hundredweight. The May statistical uniform price was 46 cents per hundredweight above the April price. The May producer price differential (PPD) at Suffolk County was $1.42 per hundredweight, an increase of 4 cents per hundredweight from last month.

Product Prices Effect

All commodity product prices increased in May except dry whey that declined 1 cent per pound. Butter increased 3 cents and nonfat dry milk and cheese each rose 5 cents, all on a per pound basis. These changes translated to a 3-cent increase in the butterfat price, a 5-cent rise in the nonfat solids price, and a nearly 13-cent jump in the protein price. The other solids price dropped 1 cent. All component price changes are on per pound basis.

All class prices rose: Class I was up 66 cents, Class II increased 10 cents, Class III rose 42 cents, and Class IV climbed 57 cents, all on a per hundredweight basis. The spread between the three lowest priced classes was only 19 cents. With overall higher prices, the SUP increased. The proportion of producer milk receipts utilized in the lower-priced classes rose, reducing the PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the Order. The number of producers pooled was the smallest ever reported for the Order. Total producer pooled milk receipts were the highest since May 2018. Class IV volume set a new record high for the month of May and topped 500 million for the first time since the Order's inception. The average producer butterfat component test set a new record high for the month.❖

Pool Summary

- A total of 9,762 producers were pooled under the Order with an average daily delivery per producer of 7,778 pounds.
- Pooled milk receipts totaled 2.354 billion pounds, an increase of 0.3 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.9 percent of total milk receipts, down 1.0 percentage point from April.
- The average butterfat test of producer receipts was 3.84 percent.
- The average true protein test of producer receipts was 3.05 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.9	703,487,434
Class II	22.9	538,168,183
Class III	25.7	605,344,416
Class IV	21.5	506,720,932
Total Pooled Milk		2,353,720,965

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	2.1159	1.8609
Butterfat Price	2.5718	2.6239
Other Solids Price	0.1847	0.0742

Class Prices

	2019	2018
	$/cwt	
Class I	19.67	17.69
Class II	16.48	14.47
Class III	16.38	15.18
Class IV	16.29	14.57

Component Test Levels by Farm Size

The Northeast Order is one of 7 federal orders that have multiple component pricing, in which the producer's pay price, simply stated, is determined by the quantity of each component times the corresponding price of the component, plus the total volume of milk times the producer price differential associated with the plant location at which the milk was received. Based on average tests reported at pool time, protein, butterfat, and other solids test levels of producer receipts have all increased since 2009. Record level average tests for the statistical uniform price calculation are regularly set for all three components, with a greater degree of increases during the most recent years. With the exception of butterfat in October 2007, any record low averages of components for the pool occurred in 2005 or earlier.

Overall Upward Trend

When looking at component levels by different farm size categories, data show that there appear to be fairly consistent differences in the level of components. However, the upward trend in levels has occurred similarly across all farm sizes. Of note is that though all size categories show an increasing trend in butterfat test averages, the spread between categories is shrinking due to higher rates of gains in the larger size categories. Verified payroll data from 2009 through 2019 were used to look at weighted average annual test levels broken out by three farm size categories; below 150,000 pounds per month pooled, between 150,000 and 750,000 pounds per month pooled, and above 750,000 pounds per month pooled. For reference, a farm producing 150,000 pounds of milk per month roughly equates to a 70-cow dairy. A 750,000-pound production farm roughly equates to a 330-cow dairy. The charts present averages for each component, from 2009 through 2019, for the three size categories and the average for all producers.

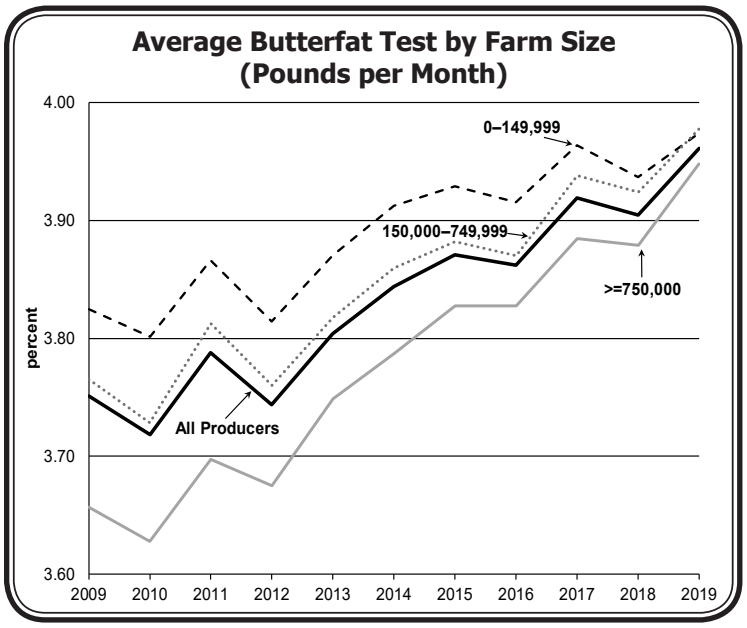
Difference in Levels

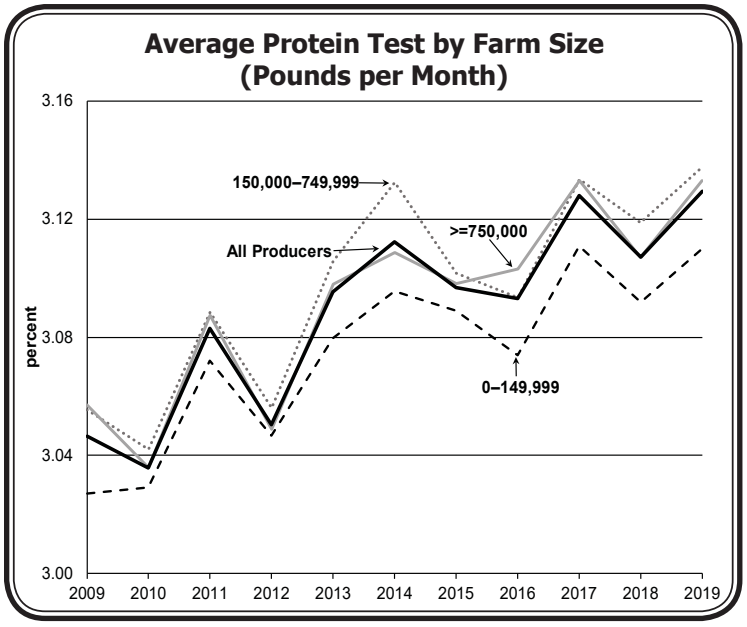
The results indicate that small differences do exist in the average component levels by farm size. The smallest size category tends to produce the highest levels of butterfat, while the largest size farms produce the lowest butterfat of the three categories. Farms in the largest size category tend to produce more protein on average than the smallest size farms, but less than the middle sized category of farms. The largest size farms average the highest tests of other solids, on average, while smallest size farms average the least of the three categories. Differences may be attributable to herd and business characteristics that are not investigated here.

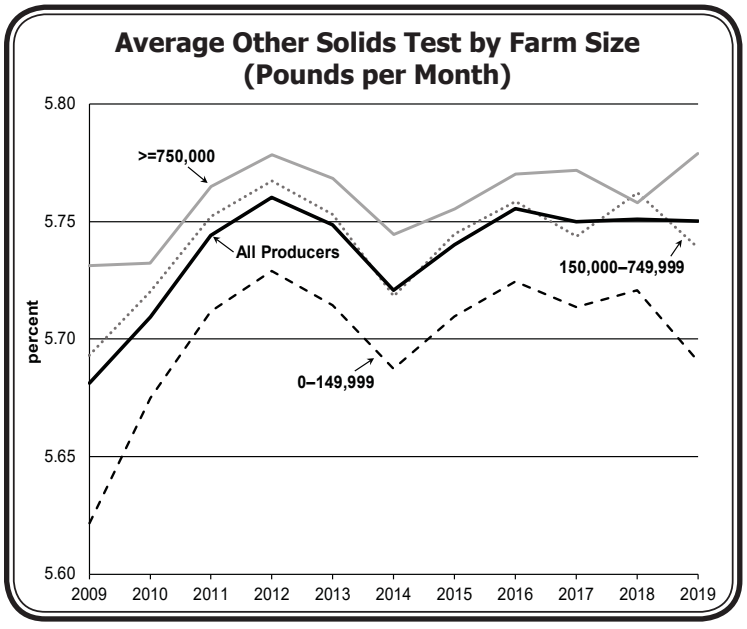
Similarities in Trends

Though there are some differences across sizes, all three

(continued on page 3)







Component Test *(continued from page 2)*

categories exhibit increasing levels of components over this time period and for the most part, increase and decrease alike from year to year (although most of the increase in other solids tests occurred from 2009 through 2012). There are two implications of this. The first is that regardless of the reason different size farms have different levels of average tests, they all seem to be affected by year-to-year impacts of prices, economics, and weather and feed conditions, among other things, in similar fashion. Secondly, as record-high levels of components are being set during pool, as mentioned earlier, it appears that all size groups are contributing to those results.❖

Trends in Fluid Milk Sales

Nearly 3 years ago, we discussed how higher-fat products were experiencing increases in sales while the overall total sales of fluid milk products in the Northeast Marketing Area (NMA) was declining. This trend of overall decreasing milk sales, but increasing whole milk sales, has continued.

The tables show changes in sales in the NMA by product, proportion of total, and per capita for selected years. Data are derived from pool handlers regulated by the Northeast Order and from nonregulated handlers. A complete breakdown by category of sales from nonregulated handlers is not available, but their total is used in the calculation of all sales in the marketing area.

Table 1: Sales in the Northeast Marketing Area, by Product

Product	2010	2013	2016	2017	2018
	(million pounds)				
Whole Milk	2,740.8	2,564.6	2,680.4	2,749.8	2,793.9
Reduced Fat Milk	1,971.7	1,884.2	1,718.2	1,679.7	1,657.3
Low Fat Milk	1,678.6	1,565.5	1,355.2	1,273.5	1,188.9
Fat-free Milk	1,446.9	1,218.9	847.2	755.0	683.9
Flavored Milk Products	490.9	454.2	456.2	443.3	437.4
Organic Milk	91.3	106.8	169.8	179.1	183.9
Organic Reduced Fat Milk	237.9	243.8	252.4	245.2	236.3
Buttermilk/Eggnog/Other	57.3	52.1	49.8	53.1	50.9
Total From Pool Handlers	8,715.5	8,090.2	7,529.2	7,378.8	7,232.6
Sales from Non-pool Handlers	598.1	795.9	795.4	750.5	713.6
Total Sales from All Handlers	9,313.6	8,886.1	8,324.6	8,129.3	7,946.2

Table 2: Proportion of Sales in the Northeast Marketing Area, by Product

	2010	2013	2016	2017	2018
	(percent of total sales)				
Whole Milk	31.4	31.7	35.6	37.3	38.6
Reduced Fat Milk	22.6	23.3	22.8	22.8	22.9
Low Fat Milk	19.3	19.4	18.0	17.3	16.4
Fat-free Milk	16.6	15.1	11.3	10.2	9.5
Flavored Milk Products	5.6	5.6	6.1	6.0	6.0
Organic Milk	1.0	1.3	2.3	2.4	2.5
Organic Reduced Fat Milk	2.7	3.0	3.4	3.3	3.3
Buttermilk/Eggnog/Other	0.7	0.6	0.7	0.7	0.7

Sales by Product

Table 1 shows sales by product. Whole milk (conventional and organic, plain and flavored) has increased each year since 2014 (not shown). Sales of whole organic milk have continued to grow, but the increase has slowed from earlier years. Sales of organic reduced fat milk products (reduced 2%, low fat 1%, and fat-free) also have grown over the past 5 years at a slower rate. The lower fat conventional plain and flavored products have all experienced declines in the past 5 years with the lowest fat products facing the largest drops.

Proportion of Sales

Table 2 shows the proportion of sales by product. Whole milk has always held the largest proportion, and it has grown in the past 5 years. Reduced fat remains in second place with relatively little change over the years. Low fat and fat-free proportions have declined fairly consistently since 2013. The proportion of flavored milk and reduced fat products has been somewhat higher in the past 3 years. Organic whole milk's proportion has grown over the years, while organic reduced has leveled out.

Per Capita Sales

Table 3 shows per capita sales for the NMA and estimated for the United States. Per capita sales have been declining consistently. As depicted in the table, per capita sales in the NMA have declined at a faster rate than the U.S., but are slightly above the national average during the past 2 years.❖

Table 3: Total Per Capita Sales, Northeast Marketing Area and Estimated United States

	2010	2013	2016	2017	2018
	(pounds of fluid milk products)				
Northeast Marketing Area	173.6	163.2	151.6	148.2	144.7
United States*	161.5	163.5	152.1	147.8	143.9

* Estimated data published in USDA's Estimated Fluid Milk Products Sales Report.

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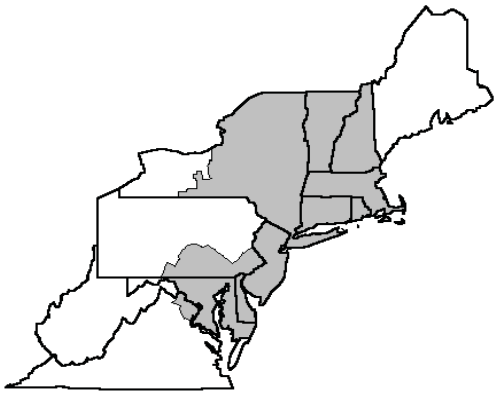
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	688,126,382	$11.07	76,175,590.49	
	Butterfat	15,361,052	2.5680	39,447,181.54	
Less:	Location Adjustment to Handlers			(2,742,930.13)	$112,879,841.96
Class II—	Butterfat	32,462,055	2.5788	83,713,147.38	
	Nonfat Solids	46,340,151	0.8578	39,750,581.51	123,463,728.89
Class III—	Butterfat	25,795,330	2.5718	66,340,429.67	
	Protein	18,508,835	2.1159	39,162,843.99	
	Other Solids	34,747,548	0.1847	6,417,872.09	111,921,145.75
Class IV—	Butterfat	16,737,365	2.5718	43,045,155.35	
	Nonfat Solids	44,873,220	0.8386	37,630,682.29	80,675,837.64
Total Classified Value					**$428,940,554.24**
Add:	Overage—All Classes				9,278.53
	Inventory Reclassification—All Classes				157,957.78
	Other Source Receipts	286,210 Pounds			8,915.48
Total Pool Value					**$429,116,706.03**
Less:	Producer Component Valuations @ Class III Component Prices				(409,303,446.54)
Total PPD Value Before Adjustments					**$19,813,259.49**
Add:	Location Adjustment to Producers				13,500,606.14
	One-half Unobligated Balance—Producer Settlement Fund				1,111,672.18
Less:	Producer Settlement Fund—Reserve				(998,635.99)
Total Pool Milk & PPD Value		2,354,007,175 Producer pounds			**$33,426,901.82**
	Producer Price Differential		**$1.42**		
	Statistical Uniform Price		**$17.80**		

* 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, Acting Market Administrator

June 2019 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

June Pool Price Calculation

The June 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.28 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 $19.10 per hundredweight. The June statistical uniform price was 48 cents per hundredweight above the May price. The June producer price differential (PPD) at Suffolk County was $2.01 per hundredweight, an increase of 59 cents per hundredweight from last month.

Product Prices Effect

Commodity product price changes were mixed in June. Butter rose 7 cents and nonfat dry milk increased 3 cents, both on a per pound basis. Cheese and dry whey both declined about one cent per pound. These changes resulted in a 9-cent jump in the butterfat price and a 3-cent increase in the nonfat solids price. The 1-cent drop in the cheese price translated to an 11-cent drop in the protein price, while the other solids price declined about 1.5 cents. All component price changes are on per pound basis.

Class price changes also were mixed. Class I increased 65 cents, Class II rose 82 cents, and Class IV was up 54 cents, while Class III decreased 11 cents, all on a per hundredweight basis. With overall higher prices, the SUP increased. Even though the proportion of producer milk receipts utilized in the lower-priced classes rose, the spread between the highest class and the lowest-priced class increased resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of June. The Class I utilization percentage was the lowest ever under the Order. The Class III volume was the third highest ever for the month of June, while the Class IV volume was the second highest ever for the month. The average producer butterfat component test set a new record high for month.❖

Pool Summary

- A total of 9,712 producers were pooled under the Order with an average daily delivery per producer of 7,709 pounds.
- Pooled milk receipts totaled 2.246 billion pounds, a decrease of 1.4 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.0 percent of total milk receipts, down 1.9 percentage points from May.
- The average butterfat test of producer receipts was 3.78 percent.
- The average true protein test of producer receipts was 3.02 percent.
- The average other solids test of producer receipts was 5.78 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.0	628,220,223
Class II	23.6	531,274,654
Class III	28.7	644,090,803
Class IV	19.7	442,587,466
Total Pooled Milk		2,246,173,146

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	2.0046	1.7478
Butterfat Price	2.6579	2.6692
Other Solids Price	0.1702	0.1128

Class Prices

	2019	2018
	$/cwt	
Class I	20.32	18.50
Class II	17.30	15.48
Class III	16.27	15.21
Class IV	16.83	14.91

Shipping Percentage Changed for Fall Months

In April, the Market Administrator received a request from a pool handler to lower the percentage of milk that pool supply plants and cooperative Section 1000.9(c) handlers must deliver to Class I pool distributing plants during the months of September, October, and November. It was requested that the shipping percentages specified in Section 1001.7 (c) (2) be lowered from 20 to 10 percent for the months listed until further notice. Reductions in the required shipping percentage for the stated period have been approved since 2013. In all but one of those years, the approved adjusted shipping percentage was 15 percent. Last year, the shipping percentage was adjusted to 10 percent. Similar to requests since 2013, the requesting handler cited declining Class I sales, a decline in the number of Class I customers seeking to purchase milk for Class I usage, and no instances where Class I needs have not been covered as arguments for their petition. Following receipt of the request, the Market Administrator's office sent a letter to pool handlers inviting them to submit comments, data, or views regarding the request. The office reviewed the comments received and conducted an analysis of milk volumes pooled on the Order and milk utilization.

Monthly pool statistics continue to present a picture of declining Class I utilization for the Northeast Order, though there had been some slowing of this trend the past 3 years; 2019 utilization figures through May are showing evidence of a return to a steeper decline. The Class I utilization for the most recent pool, May 2019, at 703.5 million pounds was the lowest volume for the month in 20 years. At 29.9 percent, Class I utilization in May was the lowest ever for the month and sixth lowest Class I utilization by percent for any month since the Order's inception. In 2000, the year in which the 20 percent fall month shipping percentages were adopted as part of Order Reform, the Class I utilization for the months of September, October, and November averaged 49 percent of the volume of milk pooled during those months. In 2018, Class I utilization for these same three months averaged 34.6 percent of the total pool—a drop of nearly 15 percentage points (though above the previous year's 34.4 percent for that period).

In 2018, Class I utilization for the September through November period was 18.1 percent below the same period during the first year of the Northeast Order, in 2000, showing how much less Class I has been utilized in recent years compared to when the Order's shipping provisions were first adopted.

USDA National Agricultural Statistics Service *Milk Production* report indicates that some slowdown in milk production has been occurring as the June 18, 2019, report showed the NASS major 23 states were down 0.1 percent. Still, New York continues to outpace the national average with a positive 1.0 percent growth in milk production. New York has been above the NASS major 23 states 9 of the past 12 months. Given recent regional challenges in milk supply and processing capacity, this trend bears watching and may indicate a continuation of the region remaining long on milk. Still, Pennsylvania milk production has been declining by 7 percent or more recently and suggest that there may exist differing market challenges subregionally to consider. In consideration of the impact of weather and/or unfavorable growing conditions earlier this year or other unforeseen marketing issues and conditions, the decision at this time was limited to this year and the next, as opposed to "until further notice" as requested.

After reviewing the data and comments, the Market Administrator's office, as permitted by Section 1001.7(g) of the Northeast Order, decided that the shipping percentage will be reduced from 20 to 10 percent for the months of September, October, and November, for calendar years 2019 and 2020. For additional information, copies of the request, comments, and the decision, see the links on our webpage at www.fmmone.com.❖

Price Outlook

After almost 2 years, an increasing Statistical Uniform Price (SUP) topped the $18.00 per hundredweight (cwt) mark, reaching $18.28. June's price increased $1.86 per cwt from January's low of $16.42 per cwt. The SUP for the first six months of 2019 has averaged $17.28 per cwt at the Boston, MA, base zone for the Northeast Order. Using Chicago Mercantile Exchange (CME) futures prices as of July 10, 2019, the SUP projects to average $18.26 per cwt for this year. This would be 13.5 percent above 2018. The chart on page 3 presents the SUP for the most recent three years and the projected prices for the remainder of 2019.

Butter

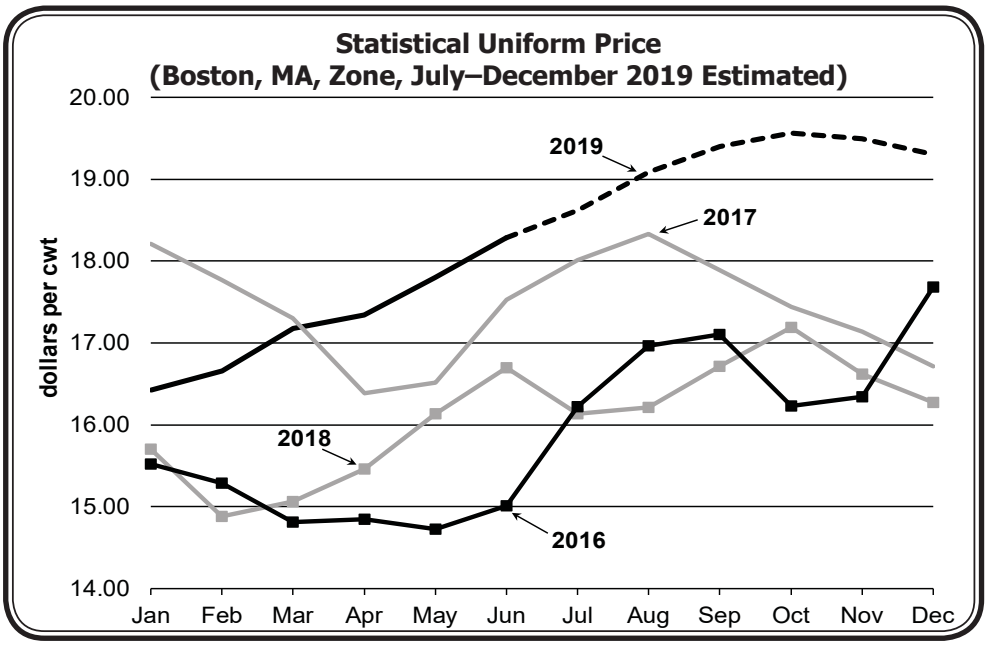
A strong butter price continues to bolster the current SUP. National Dairy Product Sales Report (NDPSR) prices, which are used in Federal Order pricing, averaged $2.3095 per pound from April through June. June's butter price increased to $2.3663 per pound and was above the previous 5-year average of $2.21 per pound for July. The CME spot butter price on July 10 closed at $2.4075 per pound. CME Butter futures range from $2.35 to $2.43 per pound, from July through December.

(continued on page 3)

Price *(continued from page 2)*

Cheese

Monthly NDPSR cheese prices averaged $1.5591 per pound over the first six months of 2019. The June 2019 price of $1.6910 per pound is roughly 8 cents above the previous June price. As of July 10, the block and barrel cheese CME spot prices were $1.7461 and $1.6075 per pound, respectively. CME cheese futures through 2019 peak just above $1.88 per pound during October, which would be about 23 cents higher than last year's peak monthly cheese price that occurred in September 2018.



NFDM

Monthly NDPSR Nonfat dry milk (NFDM) prices average $0.9854 for the first six months of 2019. During this period, the NFDM price has averaged about 14 cents above its previous four-year average. The CME spot price for NFDM on July 10 was $1.0375 and CME futures for NFDM climb to a peak of just over $1.10 per pound in December.

Northeast Pool Volume

Through six months, total Northeast Order pool volume for the year is down about 265 million pounds. This marks the second year in a row that Northeast Order pool volume as a total for this period declined. The decline is at least partially attributable to an accelerated decline in the number of producers pooled on the Order, based on the average number of producers pooled for over the first 6 months. This has coincided with the second largest year-over-year increase in average daily deliveries per producer for the same period.

Exports

The United States Dairy Export Council (USDEC) reported in July that U.S. dairy exports accounted for 14.7 percent of U.S. milk solids produced for May 2019, down from 17.1 percent last May. Exports accounted for 14.2 percent of U.S. milk solids produced for the January through May, 2019, period, down from 16.8 percent from the same period in 2018. Though lower than last year, the overall volume exported through May places this year on track for the third highest year ever, trailing just 2018 and 2014. According to the USDEC, nearly all the shortfall came from lost sales to China.❖

Pool Summary for All Federal Orders, January–June, 2018–2019

Federal Order		Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#*	
Number	Name	2018	2019	Change^	2018	2019	2018	2019
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**13,828,136,453**	**13,562,910,378**	**(1.9)**	**1.24**	**2.03**	**15.66**	**17.28**
5	Appalachian	2,932,291,911	2,719,416,766	(7.3)	N/A	N/A	16.91	18.46
6	Florida	1,284,227,250	1,273,768,147	(0.8)	N/A	N/A	19.04	20.56
7	Southeast	2,764,331,329	2,601,656,551	(5.9)	N/A	N/A	17.22	18.81
30	Upper Midwest	16,654,140,274	18,581,244,661	11.6	0.14	0.24	14.55	15.49
32	Central	8,468,924,118	8,710,080,682	2.8	0.11	0.65	14.52	15.90
33	Mideast	10,000,195,680	9,849,820,136	(1.5)	0.40	1.09	14.82	16.34
51	California^	N/A	13,244,595,138	N/A	N/A	0.89	N/A	16.14
124	Pacific Northwest	4,201,137,302	4,431,362,835	5.5	0.06	0.73	14.47	15.98
126	Southwest	6,769,239,468	7,232,764,807	6.8	0.99	1.49	15.41	16.74
131	Arizona	2,671,113,511	2,610,780,867	(2.3)	N/A	N/A	14.66	16.37
	All Market Total/Average	69,573,737,296	84,818,400,968	21.9	0.49	1.02	15.73	17.10

Price at designated order location. N/A = Not applicable.

^ California Milk Marketing Area (F.O. 51) became effective November 1, 2018.

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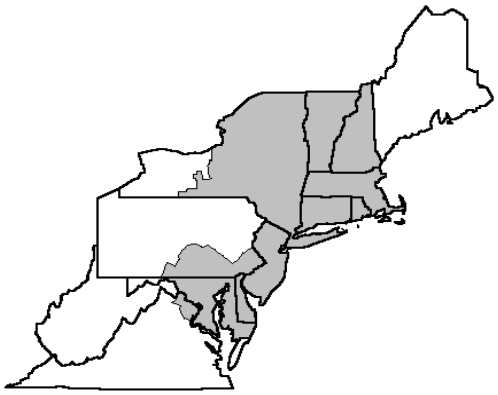
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	613,818,041	$11.64	71,448,419.97	
	Butterfat	14,402,182	2.5959	37,386,624.25	
Less:	Location Adjustment to Handlers			(2,451,834.16)	$106,383,210.09
Class II—	Butterfat	31,357,359	2.6649	83,564,225.99	
	Nonfat Solids	45,733,126	0.9178	41,973,863.06	125,538,089.05
Class III—	Butterfat	25,649,778	2.6579	68,174,544.93	
	Protein	19,538,964	2.0046	39,167,807.25	
	Other Solids	37,172,992	0.1702	6,326,843.20	113,669,195.38
Class IV—	Butterfat	13,463,155	2.6579	35,783,719.70	
	Nonfat Solids	39,218,847	0.8665	33,983,130.89	69,766,850.59
Total Classified Value					**$415,357,345.11**
Add:	Overage—All Classes				203,559.98
	Inventory Reclassification—All Classes				233,083.02
	Other Source Receipts	115,330 Pounds			4,777.13
Total Pool Value					**$415,798,765.24**
Less:	Producer Component Valuations @ Class III Component Prices				(383,762,041.13)
Total PPD Value Before Adjustments					**$32,036,724.11**
Add:	Location Adjustment to Producers				12,968,028.33
	One-half Unobligated Balance—Producer Settlement Fund				1,066,159.54
Less:	Producer Settlement Fund—Reserve				(920,513.52)
Total Pool Milk & PPD Value		2,246,288,476 Producer pounds			**$45,150,398.46**
	Producer Price Differential		**$2.01**		
	Statistical Uniform Price		**$18.28**		

* 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, Acting Market Administrator

July 2019 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

July Pool Price Calculation

The July 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.83 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 $19.40 per hundredweight. The July statistical uniform price was 55 cents per hundredweight above the June price. The July producer price differential (PPD) at Suffolk County was $1.28 per hundredweight, a decrease of 73 cents per hundredweight from last month.

Product Prices Effect

Similar to June, commodity product price changes were mixed in July. Butter rose 2 cents per pound while cheese jumped 13 cents per pound. Both nonfat dry milk and dry whey decreased less than 1 cent per pound. These changes resulted in a nearly 3-cent increase in the butterfat price (making it the second highest ever for the month of July) and a 40-cent jump in the protein price. The nonfat solids and other solids prices both declined less than 1 cent per pound.

All class prices increased from the previous month. The Class I price increased 11 cents, Class II rose 31 cents, Class III jumped $1.28, and Class IV increased 7 cents, all on a per hundredweight basis. Class I utilization increased from the previous month. With overall higher prices and increased utilization in the higher-priced classes, the SUP increased. The spread between the highest class and the lowest-priced class decreased resulting in a lower PPD. The July SUP was the highest since November 2015.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of July. The Class IV volume was the third highest ever for the month. The average producer butterfat component test set a new record high for the month of July, while the average other solids test tied with past years for a July record high.❖

Pool Summary

- A total of 9,621 producers were pooled under the Order with an average daily delivery per producer of 7,510 pounds.
- Pooled milk receipts totaled 2.24 billion pounds, a decrease of 3.5 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.6 percent of total milk receipts, down 1.6 percentage points from June.
- The average butterfat test of producer receipts was 3.73 percent.
- The average true protein test of producer receipts was 2.97 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.6	662,624,551
Class II	25.1	563,199,718
Class III	27.2	608,459,026
Class IV	18.1	405,592,213
Total Pooled Milk		2,239,875,508

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	2.4032	1.4827
Butterfat Price	2.6858	2.5287
Other Solids Price	0.1689	0.1422

Class Prices

	2019	2018
	$/cwt	
Class I	20.43	18.61
Class II	17.61	15.20
Class III	17.55	14.10
Class IV	16.90	14.14

U.S. Milk Production Flat; Northeast Pooled Volume Down

Total estimated US milk production for the first 6 months of 2019 was down only 28 million pounds from the same period in 2018, relatively unchanged on a percentage basis. During the same period, the total pooled milk volume for the Northeast Order decreased 1.9 percent.

Milk Production in the Top Ten States, and Selected Areas, January–June, 2018 vs. 2019

Rank	State	2018	2019	Percent Change
		(million pounds)		
1	California	20,596	20,824	1.1
2	Wisconsin	15,260	15,359	0.6
3	Idaho	7,484	7,648	2.2
4	New York	7,436	7,574	1.9
5	Texas	6,461	6,874	6.4
6	Michigan	5,627	5,710	1.5
7	Pennsylvania	5,519	5,153	(6.6)
8	Minnesota	4,952	4,987	0.7
9	New Mexico	4,273	4,136	(3.2)
10	Washington	3,348	3,361	0.4
	Top Ten Total	80,956	81,626	0.8
24 Major States		104,511	104,837	0.3
Northeast Milkshed		16,598	16,201	(2.4)
Top 3 Northeast		14,306	14,088	(1.5)
U.S. Total		110,230	110,202	(0.0)

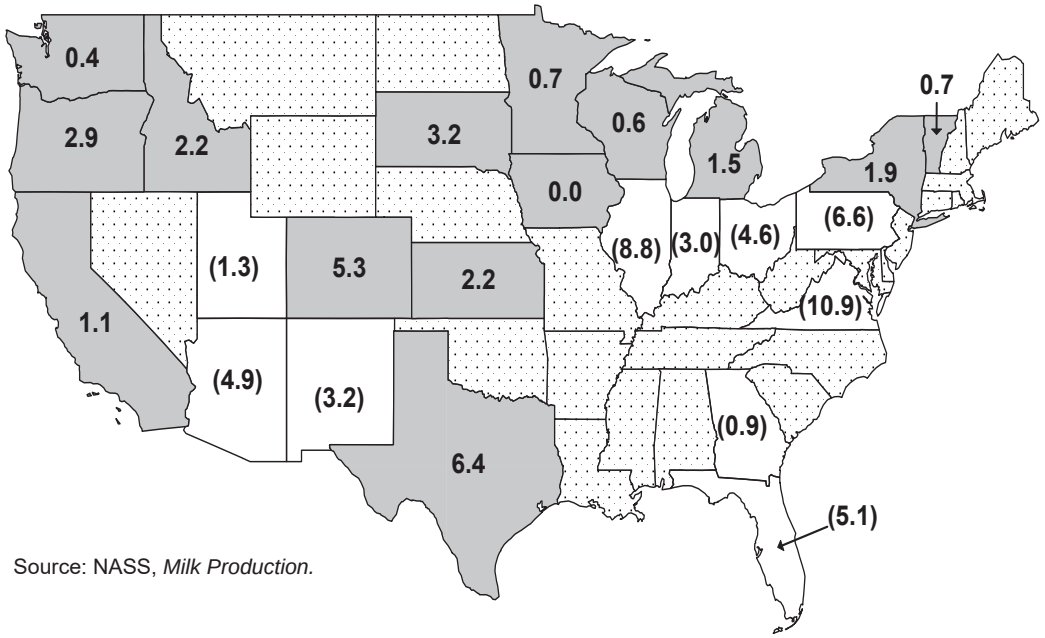
Source: NASS, *Milk Production.*

Milk Production

The top ten states, ranked by total production during the first 6 months, increased 0.8 percent from 2018. The accompanying table shows the change along with a comparison for other selected areas. Texas reported the largest increase, followed by Idaho that displaced New York in the number three spot. The only top ten states showing declines were Pennsylvania and New Mexico. Total production for the 24 major states as reported by NASS (National Agricultural Statistics Service) rose a slight 0.3 percent for January-June period compared to the previous year. Georgia was added this year to the major states.

The accompanying map shows year-to-year percent changes for the January-June period for the NASS 24 major milk production states. Of this group, Texas reported the largest increase, followed by Colorado, and South Dakota. Eleven of the 24 states reported declines: the largest in Virginia, Illinois, and Pennsylvania. In the Northeast, the states contributing to the Northeast Order milkshed had a combined decrease of 2.4 percent. The combined New England states increased a slight 0.3 percent for the period. The only Northeast milkshed states showing increases were Maine, New York, and Vermont. The top three contributing states (New York, Pennsylvania, and Vermont) had a combined decline of 1.5 percent.

January–June 2019 Milk Production in the NASS 24 Major States (Year-to-Year Percent Change)



Source: NASS, *Milk Production.*

Pool Volume

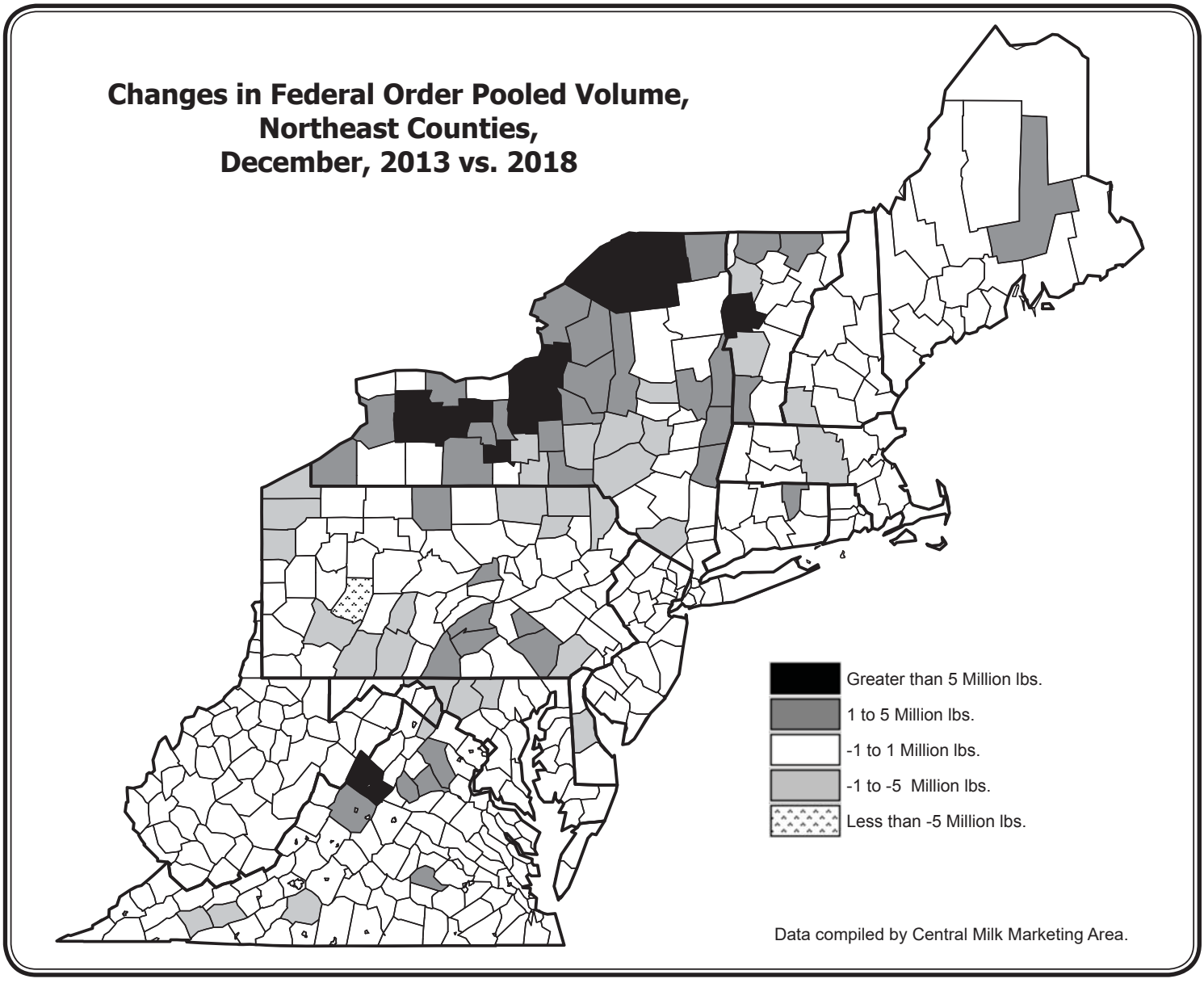
Total producer volume for the first six months for the Northeast Order was down 1.9 percent from the same period in 2018. This compares to a decrease of 0.9 percent for the 6 month period in 2018 over 2017. Based on estimated pooled volume for the last five months of 2018, total annual pooled volume is projected to decline about 1.5 percent from the previous year.❖

Changes in Federal Order Milk Pooled by County—Northeast Area Milkshed

In the March 2019 *Bulletin*, we discussed the top ten counties in terms of milk pooled on the Northeast Order during 2018. This *Bulletin* compares milk pooled on federal orders during December 2013 and 2018, by county, for states in the Northeast area milkshed. Data was compiled by the Central Milk Marketing Area (Federal Order #32). In next month's *Bulletin*, we will discuss national marketings by county.

The map below shows changes in milk pooled for the month of December for the years 2013 vs. 2018. The map includes all milk pooled on federal orders from each county, not just milk pooled on the Northeast Order. Some of the counties, especially those in Western New York, Western Pennsylvania, Maryland, and Virginia, have milk pooled on other federal orders such as the Mideast, Appalachian, and Southeast Orders.

Counties shaded black had the largest growth over the 5-year period. Most of them were in Northern or Western New York. Of the top ten counties with milk pooled on the Northeast Order, 6 were in that range with growth of 5 million pounds or more from 2013 to 2018. The 4 remaining top ten contributing milkshed counties had increases in the 1 to 5 million pound range. Overall, in the Northeast region, 12 counties had growth of at least 5 million pounds and 35 were in the 1 to 5 million pound range. Counties with changes ranging from 1 million to -1 million totaled 221. These counties are shown in white. In addition, there are 133 counties in the Northeast area states that had no federal order milk marketings in either of the years that are also shown in white. Those with larger declines included 33 counties in the -1 to -5 million pound range and 1 county that had decreased marketings of greater than 5 million pounds.❖



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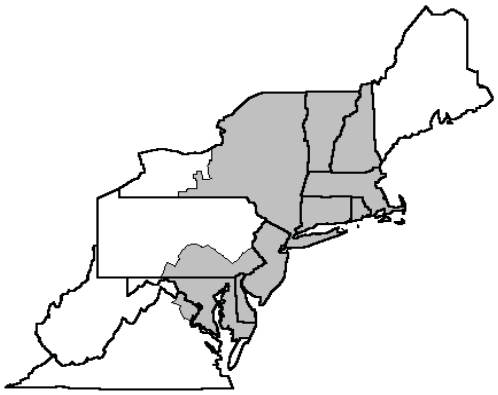
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	647,573,522	$11.43	74,017,653.56	
	Butterfat	15,051,029	2.6854	40,418,033.28	
Less:	Location Adjustment to Handlers			(2,571,487.57)	$111,864,199.27
Class II—	Butterfat	32,375,225	2.6928	87,180,005.87	
	Nonfat Solids	48,133,740	0.9422	45,351,609.86	132,531,615.73
Class III—	Butterfat	24,699,553	2.6858	66,338,059.45	
	Protein	18,116,425	2.4032	43,537,392.54	
	Other Solids	34,976,796	0.1689	5,907,580.81	115,783,032.80
Class IV—	Butterfat	11,315,453	2.6858	30,391,043.71	
	Nonfat Solids	35,785,288	0.8628	30,875,546.49	61,266,590.20
Total Classified Value					**$421,445,438.00**
Add:	Overage—All Classes				18,819.26
	Inventory Reclassification—All Classes				157,512.91
	Other Source Receipts	129,718 Pounds			3,512.98
Total Pool Value					**$421,625,283.15**
Less:	Producer Component Valuations @ Class III Component Prices				(405,853,964.88)
Total PPD Value Before Adjustments					**$15,771,318.27**
Add:	Location Adjustment to Producers				12,991,757.68
	One-half Unobligated Balance—Producer Settlement Fund				957,089.29
Less:	Producer Settlement Fund—Reserve				(1,048,098.45)
Total Pool Milk & PPD Value		2,240,005,226 Producer pounds			**$28,672,066.79**
	Producer Price Differential		**$1.28**		
	Statistical Uniform Price		**$18.83**		

* 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 2019 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

August Pool Price Calculation

The August 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.97 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 $19.69 per hundredweight. The August statistical uniform price was 14 cents per hundredweight above the July price. The August producer price differential (PPD) at Suffolk County was $1.37 per hundredweight, an increase of 9 cents per hundredweight from last month.

Product Prices Effect

Commodity product price changes were mixed in August. Butter dropped 2 cents, nonfat dry milk fell 1 cent, and cheese and dry whey each rose less than 1 cent, all on a per pound basis. These changes resulted in a nearly 3-cent (per pound) decrease in the butterfat price, a 1-cent decline in the nonfat solids price, less than a 1-cent increase in the other solids price, and a 4-cent increase in the protein price.

Class price changes also were mixed. The Class I price rose 71 cents, Class II decreased 1 cent, Class III increased 5 cents, and Class IV dropped 16 cents, all on a per hundredweight basis. The Class II and III prices were the same for the month, only the second time ever since the Order's inception (last time was in January 2015). The Class IV price remained the lowest. Class I utilization increased from the previous month. With a higher Class I price and increased utilization in the higher-priced classes, the SUP increased. The spread between the highest class and the lowest-priced class increased resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of August. Even though it increased from July, the Class I volume was the lowest ever for the month. The Class IV volume was the highest ever for August. For the first time since September 2018, the average producer butterfat did not set a record for the current month (or tie with a prior month); it was the second highest ever for the month of August.❖

Pool Summary

- A total of 9,617 producers were pooled under the Order with an average daily delivery per producer of 7,503 pounds.
- Pooled milk receipts totaled 2.237 billion pounds, a decrease of 0.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.4 percent of total milk receipts, up 0.8 percentage points from July.
- The average butterfat test of producer receipts was 3.74 percent.
- The average true protein test of producer receipts was 3.02 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.4	678,896,784
Class II	25.4	568,325,106
Class III	27.4	613,167,944
Class IV	16.8	376,491,640
Total Pooled Milk		2,236,881,474

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	2.4453	1.6245
Butterfat Price	2.6574	2.6009
Other Solids Price	0.1730	0.1741

Class Prices

	2019	2018
	$/cwt	
Class I	21.14	17.40
Class II	17.60	15.07
Class III	17.60	14.95
Class IV	16.74	14.63

Year-to-Date Class Utilization Changes

For the January through August 2019 period, producer milk pooled on the Northeast Order is below the same period in 2019 by 2 percent. This milk is combined with current plant inventories and bulk and packaged plant transfers and is reflected in the total utilization of milk under the Order. For the same period, total utilization is down 2.6 percent. The accompanying table shows changes in utilization by class and highlights selected product changes for the January-August period for 2019 compared to 2018, 2014, and 2010.

Class I

Class I utilization is down 5.4 percent for the January-August 2019 period compared to the same time in 2018. Conventional whole milk is unchanged from 2018 and up from 2014 and 2010, but other conventional products not shown in the table (reduced fat, lowfat, fat free, and flavored milk and drinks) are down compared to all years. Organic milk is down from 2018 and 2014, but up significantly from 2010 when the Order started collecting organic data.

Class II

Through August, Class II utilization is down 2.2 percent. Compared to 2014, it is up 2.7 percent, and up 20.9 percent compared to 2010. As highlighted in the table, yogurt is up 2.3 percent from 2018; compared to 2014, it is up 16.5 percent and it is nearly 4 times higher than in 2010. Combined cottage and ricotta cheese are up from 2018 but down from 2014 and 2010. Ice cream (frozen desserts) has declined consistently over the years shown. The prepared foods category (bakery, candy, soup, and other products) has consistently increased, although much less in 2019.

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

	Percent change to 2019 from:		
	2010	2014	2018
Class I Milk			
Conventional Whole Milk	1.3	8.7	(0.0)
Organic Milk (whole and Reduced)	16.5	(5.3)	(14.2)
Total Class I Utilization*	**(19.7)**	**(9.7)**	**(5.4)**
Class II Milk			
Prepared Foods	13.4	10.2	1.2
Cottage and Ricotta Cheese	(28.9)	(4.7)	2.9
Yogurt	378.1	16.5	2.3
Ice Cream (Frozen Desserts)	(39.4)	(12.1)	(13.4)
Total Class II Utilization*	**20.9**	**2.7**	**(2.2)**
Class III Milk			
American-Type Cheeses	29.3	6.0	(1.6)
Italian-Type Cheeses	11.0	4.1	0.0
Other Cheeses	29.3	10.5	(6.7)
Total Class III Utilization*	**19.9**	**4.9**	**(0.7)**
Class IV Milk			
Butter	36.6	21.9	(8.1)
Dried Milk Products	67.4	28.8	0.2
Total Class IV Utilization*	**45.5**	**24.7**	**(0.1)**
Minimum Price Class#	**82.3**	**125.4**	**(23.7)**
Total Utilization~	**8.2**	**3.1**	**(2.6)**

* Includes products not shown.
\# As defined in section 1000.40 of the Order.
~ Includes sales to nonpool manufacturing plants.

Class III

As the table shows, Class III utilization for 2019 is down 0.7 percent from 2018 but up from both 2014 and 2010. Milk used in Italian cheese is unchanged from 2018 and up from 2014 and 2010. Milk used in the production of American and other cheeses (cream, Swiss, and other types) has declined from 2018, but is up from the other years.

Class IV

Overall Class IV utilization is down a slight 0.1 percent for January-August 2019. Milk used in butter is down 8.1 percent from 2018, while dried milk products are up slightly. Both products are up noticeably from 2014 and 2010.

Minimum Price Class

Milk assigned to the minimum price class is down 23.7 percent from 2018 for the January-August period. Compared to 2014 and 2010 it is 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.❖

Milk Donation Reimbursement Program

A provision of the 2018 Farm Bill requires establishment of the Milk Donation Reimbursement Program (MDRP). Under the program, eligible dairy organizations that account to a federal milk marketing order marketwide pool and incur qualified expenses related to certain fluid milk product donations may apply and receive limited reimbursements to cover those expenses. The program is intended to reduce food waste and provide nutrition assistance to individuals in low-income groups. The program became effective September 16, 2019.

Under an Federal Milk Marketing Order (FMMO), regulated milk handlers receiving dairy farmers' milk account to a marketwide pool on their end-use classification of the milk. FMMOs require regulated handlers to account to the FMMO pool at the Class I value for milk in all unreturned deliveries of packaged fluid milk products. Regulated handlers who elect to donate packaged fluid milk are required to account to a pool for milk contained in donated fluid milk products at Class I values. Thus, handlers may have found dumping surplus milk a more financially sound alternative than donation because they would avoid an FMMO pool obligation. Under the MDRP outlined in this rule, eligible handlers

(continued on page 3)

Federal Milk Marketings by County

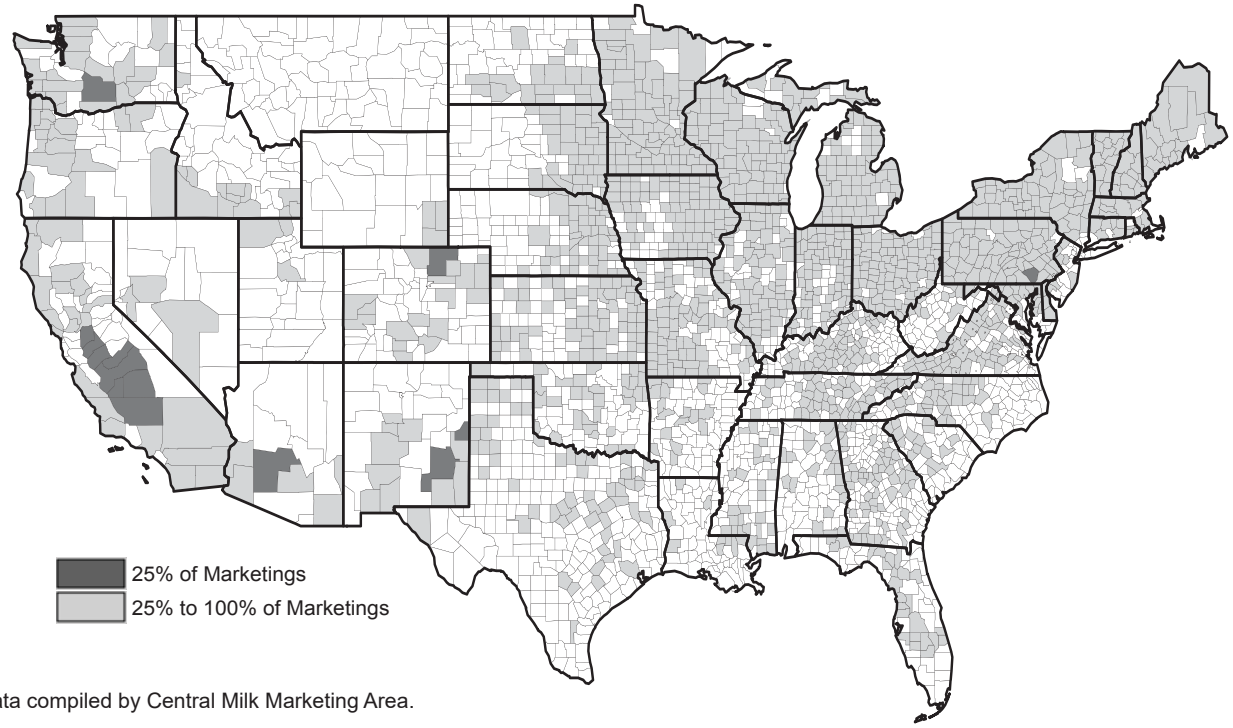
The July *Bulletin* highlighted changes in federal order milk pooled by county in the Northeast Area Milkshed from 2013 to 2018 for the month of December. A map showed the counties with changes. This month the accompanying map shows all counties in the United States (shaded areas) that contain producers that have milk pooled by handlers regulated by Federal Milk Marketing Orders for the month of December 2018. As the map depicts, federal order pooled milk is concentrated in the Upper Midwest, Northeast, and western United States.

Not all of the milk produced in a county is necessarily pooled on federal orders. Some milk may be pooled on state orders or in unregulated areas. In addition, some areas do not have any milk production as they may not be conducive to dairying.

The darker shaded areas represent the 14 counties that, alone, account for 25 percent of all federal milk marketings. Of these, 8 are located in California. Of the remainder, 2 are in New Mexico, and one each in Arizona, Colorado, and Washington. The only county not located in the western half of the U.S. is Lancaster County, Pennsylvania, and it is the only Northeast Area Milkshed county in this top group.

Map data was compiled by the Central Milk Marketing Area.❖

1,566 Counties Marketed 100% of All Federal Order Milk During December 2018



Note: Data compiled by Central Milk Marketing Area.

Milk Donation Reimbursement *(continued from page 2)*

who account to FMMO pools and donate packaged fluid milk products to eligible non-profit organizations may claim reimbursements for all or part of the FMMO cost difference between the Class I value at the plant and the lowest classified value for the month. Under the provisions of the MDRP, handlers may not claim reimbursements for other costs related to donating fluid milk products, such as the costs for processing, bottling, and transporting donated milk. The intent of the MDRP is to encourage handlers to make donations to food assistance programs and reduce food waste.

The program is funded up to $9 million for fiscal year 2019 and $5 million each fiscal year thereafter. Unused funds roll over to the following fiscal year. Using 2018 average FMMO classified prices and the weighted average FMMO Class I differential, AMS estimates that, had the program been in place in fiscal year 2018, $9 million could have reimbursed eligible distributors for milk donations of approximately 28 million gallons of fresh fluid milk (assuming a reimbursement rate of 100 percent of the difference between the Class I price and the lowest classified price). AMS further estimates that 28 million gallons of fresh fluid milk represented less than 0.6 percent of all FMMO Class I sales during 2018.

For additional details about the program and program timeline, go to https://www.ams.usda.gov/services/milk-donation-reimbursement-program.❖

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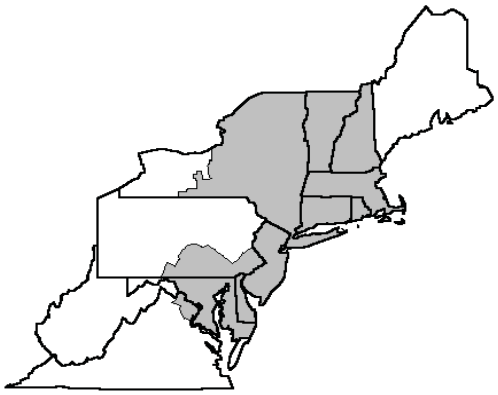
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	663,415,047	$12.06	80,007,854.67	
Butterfat	15,481,737	2.7155	42,040,656.82	
Less: Location Adjustment to Handlers			(2,650,053.91)	$119,398,457.59
Class II— Butterfat	31,394,939	2.6644	83,648,675.47	
Nonfat Solids	48,917,574	0.9522	46,579,313.98	130,227,989.45
Class III— Butterfat	25,350,758	2.6574	67,367,104.30	
Protein	18,517,300	2.4453	45,280,353.69	
Other Solids	35,146,862	0.1730	6,080,407.15	118,727,865.14
Class IV— Butterfat	11,483,671	2.6574	30,516,707.33	
Nonfat Solids	33,269,669	0.8570	28,512,106.36	59,028,813.69
Total Classified Value				**$427,383,125.87**
Add: Overage—All Classes				36,860.72
Inventory Reclassification—All Classes				58,623.97
Other Source Receipts	173,187 Pounds			5,533.88
Total Pool Value				**$427,484,144.44**
Less: Producer Component Valuations @ Class III Component Prices				(409,806,745.91)
Total PPD Value Before Adjustments				**$17,677,398.53**
Add: Location Adjustment to Producers				13,049,061.05
One-half Unobligated Balance—Producer Settlement Fund				889,914.99
Less: Producer Settlement Fund—Reserve				(968,725.65)
Total Pool Milk & PPD Value	2,237,054,661 Producer pounds			**$30,647,648.92**
Producer Price Differential		**$1.37**		
Statistical Uniform Price		**$18.97**		

* 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 2019

Federal Order No. 1

To contact the Northeast Marketing Area offices:
Boston, MA: phone (617) 737-7199, *Albany, NY*: phone (518) 452-4410, *Alexandria, VA*: phone (703) 549-7000;
e-mail address: NortheastOrder@fedmilk1.com
website address: www.fmmone.com

September Pool Price Calculation

The September 2019 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 $19.91 per hundredweight. The September statistical uniform price was 19 cents per hundredweight below the August price. The September producer price differential (PPD) at Suffolk County was $0.47 per hundredweight, a decrease of 90 cents per hundredweight from last month.

Product Prices Effect

Commodity product price changes once again were mixed. The September butter price dropped 13 cents per pound while the cheese price increased 8 cents per pound and nonfat dry milk rose 2 cents. The dry whey price increased less than 1 cent per pound. These changes resulted in a 16-cent drop in the butterfat price, a 42-cent jump in the protein price, a 2-cent increase in the nonfat solids price, and a less than 1-cent increase in the other solids price.

All class prices declined except the Class III price. The Class I price decreased 4 cents, Class II dropped 67 cents, and Class IV fell 39 cents, all on a per hundredweight basis. With the increase in the cheese price, the Class III price rose 71 cents per hundredweight. The Class IV price remained the lowest. Class I utilization increased from the previous month, but with lower prices in most of the classes, the SUP declined. The spread between the higher-priced classes and Class III tightened resulting in a lower PPD. Producers shipping to plants located in the $2.70 and further zones received a negative PPD.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of September. The Class II volume was the largest for the month since 2012. The Class IV volume was the second highest ever for September. The average producer butterfat and other solids tests set record-highs for the month; the average producer protein test tied with 2017 for the highest for the month of September.❖

Pool Summary

- A total of 9,646 producers were pooled under the Order with an average daily delivery per producer of 7,477 pounds.
- Pooled milk receipts totaled 2.164 billion pounds, a decrease of 0.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.8 percent of total milk receipts, up 1.4 percentage points from August.
- The average butterfat test of producer receipts was 3.84 percent.
- The average true protein test of producer receipts was 3.08 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.8	688,219,424
Class II	25.5	551,932,610
Class III	26.8	579,446,946
Class IV	15.9	344,052,709
Total Pooled Milk		2,163,651,689

Producer Component Prices

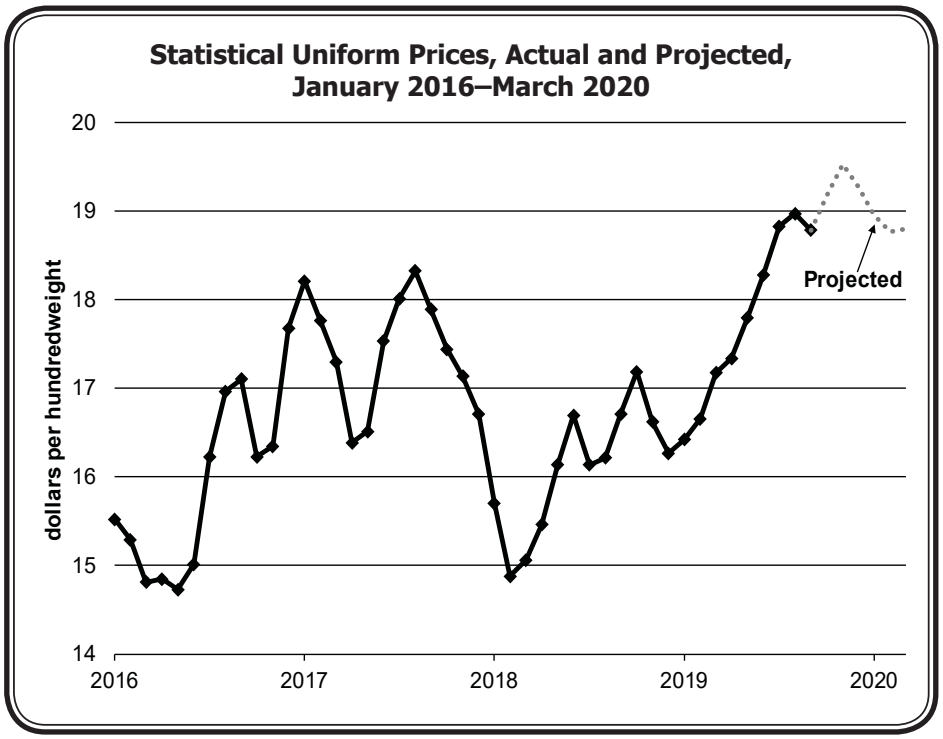
	2019	2018
	$/lb	
Protein Price	2.8633	2.0029
Butterfat Price	2.4982	2.5442
Other Solids Price	0.1758	0.2098

Class Prices

	2019	2018
	$/cwt	
Class I	21.10	18.10
Class II	16.93	15.13
Class III	18.31	16.09
Class IV	16.35	14.81

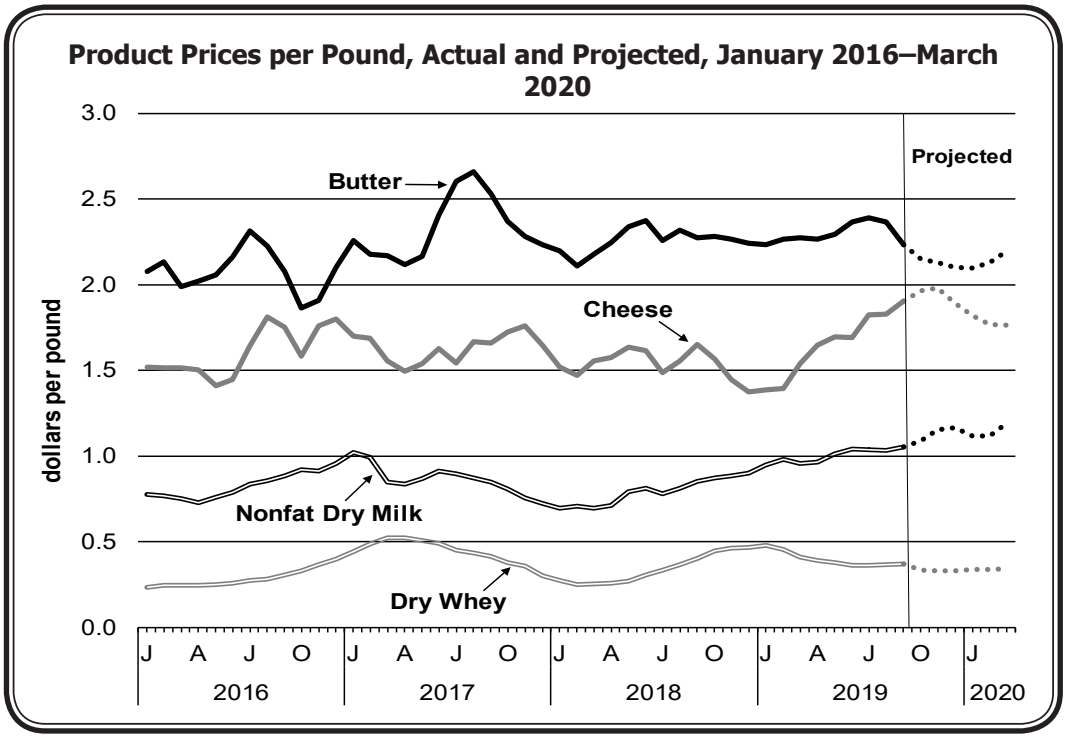
Price Outlook

After reaching its highest price since 2014 last month at $18.97 per hundredweight (cwt), the Statistical Uniform Price (SUP) dipped down in September to $18.78 per cwt. The average SUP for the first three quarters of 2019 is $17.81 per cwt at the Boston, MA, base zone for the Northeast Order. Comparably, the average SUP for the first three quarters in 2018 was $16.09 per cwt ($1.72 less). Using Chicago Mercantile Exchange (CME) future prices as of October 15, 2019, the average SUP for this year projects to be $18.18 per cwt. CME future prices also project a peak SUP of $19.53 in November before a softening in the first quarter of 2020. The accompanying charts show SUP and product prices (actual and projected) prices for January 2016 through March 2020.



Butter

National Dairy Products Sales Report (NDPSR) monthly butter prices, which are used by federal orders, have maintained a steady price between $2.23 and $2.40 per pound since April 2018. September's butter price of $2.2344 per pound was only one hundredth of a cent higher than this year's low of $2.2343 per pound set back in January. According to CME futures, butter is estimated to edge slightly lower in the first quarter of 2020 compared to 2019 monthly prices.



Cheese

The NDPSR monthly cheese price was $1.9053 per pound for September. This was the highest price per pound since November of 2014 and is $0.52 higher than the lowest cheese price to date in 2019. The 37 percent increase from this year's low of $1.3868 per pound in January to $1.9053 in September is the largest within-year percentage change in cheese prices since 2011. CME futures estimate that cheese prices may reach $1.98 per pound before gradually leveling off in the first quarter of 2020.

Nonfat Dry Milk

The NDPSR price for nonfat dry milk (NFDM) reached its highest level since December 2014 at $1.0519 per pound in September. The CME futures market expects this price to increase further over the next half year. The six-month rolling average price has consistently increased every month since May 2018 and topped the $1.00 per pound mark in July.

Dry Whey

NDPSR dry whey prices have been trending down

(continued on page 3)

Price *(continued from page 2)*

from this year's peak, set this past January at $0.4805 per pound. September's price was $0.3698 and CME futures project this price to be sustained in the coming months. This year's September NDPSR price is nearly 4 cents less per pound than the price a year ago.

Northeast Pool Volume

The Northeast pool volume for September measured higher than it did for the same month a year ago, only the second occurrence of this in 2019. This breaks a trend of seven consecutive months of year-over-year decreases in pool volume. The cumulative pool volume for the first nine months of 2019 in the Northeast was 20.2 billion pounds, the second straight decline of the same period and lowest level since 2015.

Exports

Through the month of August 2019, year-over-year export volume of butterfat, dry whey, and nonfat dry milk are down 42, 33, and 15 percent, respectively, while exports of cheese increased 2 percent. NFDM sales to the Philippines are down 62 percent from last year while sales to China are down 91 percent. Exports accounted for 14.2 percent of the total milk solids produced, down from 16.8 percent in the previous August.❖

Dairy Business Innovation Initiatives

USDA recently announced three grant recipients for the Dairy Business Innovation (DBI) Initiatives. The DBI Initiatives support dairy businesses in the development, production, marketing and distribution of dairy products. DBI Initiatives will provide direct technical assistance and grants to dairy businesses, including niche dairy products, such as specialty cheese, or dairy products derived from the milk or a dairy animal, including cow, sheep and goat milk. These initiatives will specifically focus on: diversifying dairy product markets to reduce risk and develop higher-value uses for dairy products; promoting business development that diversifies farmer income through processing and marketing innovation; and encouraging the use of regional milk production. The University of Tennessee, the University of Wisconsin, and the Vermont Agency of Agriculture, Food and Markets were all grant awardees. More information on the DBI Initiatives is available at https://www.ams.usda.gov/services/grants/dbi.❖

USDA Grants Want Feedback

USDA Grants would like feedback on how they evaluate grant programs like the Dairy Business Innovation Grant. USDA Agricultural Marketing Service (AMS) is updating their performance measures and looking for feedback from farmers, producers, ranchers, farmer organizations, trade associations, universities, etc. for their grant programs including the Farmers Market and Local Food Promotion Programs, Specialty Crop Block Grant Program, and Dairy Business Innovation Initiatives. Visit their website to learn more about the Performance Measures project.

You may provide your feedback at the following national meetings or through comments to https://nasda.foundation/contact-us.

- New Haven, CT: October 25, 2019
- Tallahassee, FL: October 29, 2019
- Monterey, CA: November 5, 2019 ❖

Pool Summary for All Federal Orders, January–September, 2018–2019

Federal Order		Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#*	
Number	Name	2018	2019	Change^	2018	2019	2018	2019
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**20,552,967,857**	**20,203,319,049**	**(1.7)**	**1.19**	**2.03**	**15.45**	**17.08**
5	Appalachian	4,296,893,980	4,038,979,952	(6.0)	N/A	N/A	16.72	18.27
6	Florida	1,901,739,473	1,891,846,613	(0.5)	N/A	N/A	18.86	20.35
7	Southeast	3,974,398,612	3,790,019,212	(4.6)	N/A	N/A	17.04	18.65
30	Upper Midwest	25,012,765,303	26,934,662,845	7.7	0.12	0.24	14.38	15.29
32	Central	12,455,234,054	12,411,743,323	(0.3)	0.07	0.66	14.32	15.70
33	Mideast	14,825,879,138	14,631,659,961	(1.3)	0.36	1.08	14.61	16.13
51	California^	N/A	18,889,921,252	N/A	N/A	0.87	N/A	15.92
124	Pacific Northwest	6,216,961,461	6,634,119,425	6.7	0.02	0.74	14.27	15.79
126	Southwest	9,930,204,265	10,446,991,480	5.2	0.95	1.46	15.20	16.51
131	Arizona	3,854,856,444	3,721,133,309	(3.5)	N/A	N/A	14.45	16.18
	All Market Total/Average	103,021,900,587	123,594,396,421	20.0	0.45	1.01	15.53	16.90

Price at designated order location. N/A = Not applicable.

^ California Milk Marketing Area (F.O. 51) became effective November 1, 2018.

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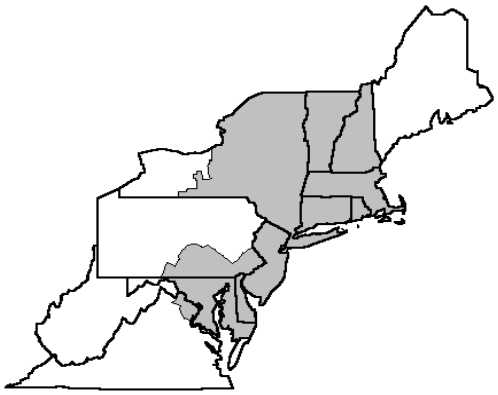
Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	672,816,595	$12.12	81,545,371.31	
Butterfat	15,402,829	2.6880	41,402,804.35	
Less: Location Adjustment to Handlers			(2,731,857.60)	$120,216,318.15
Class II— Butterfat	31,414,780	2.5052	78,700,306.83	
Nonfat Solids	47,785,660	0.9400	44,918,520.40	123,618,827.23
Class III– Butterfat	24,638,165	2.4982	61,551,063.80	
Protein	17,854,344	2.8633	51,122,343.15	
Other Solids	33,191,684	0.1758	5,835,098.05	118,508,505.00
Class IV– Butterfat	11,703,913	2.4982	29,238,715.48	
Nonfat Solids	30,539,719	0.8753	26,731,416.03	55,970,131.51
Total Classified Value				**$418,313,781.89**
Add: Overage—All Classes				50,951.34
Inventory Reclassification—All Classes				(144,296.64)
Other Source Receipts	200,446 Pounds			3,899.67
Total Pool Value				**$418,224,336.26**
Less: Producer Component Valuations @ Class III Component Prices				(420,568,328.72)
Total PPD Value Before Adjustments				**($2,343,992.46)**
Add: Location Adjustment to Producers				12,523,272.59
One-half Unobligated Balance—Producer Settlement Fund				864,225.19
Less: Producer Settlement Fund—Reserve				(873,400.18)
Total Pool Milk & PPD Value	2,163,852,135 Producer pounds			**$10,170,105.14**
Producer Price Differential		**$0.47**		
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

October 2019

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 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $18.72 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 $20.27 per hundredweight. The October statistical uniform price was 6 cents per hundredweight below the September price. The October producer price differential (PPD) at Suffolk County was $0.00 per hundredweight, a decrease of 47 cents per hundredweight from last month.

Product Prices Effect

Commodity product price changes continued to be mixed. The October butter price fell 8 cents and the dry whey price declined 3 cents per pound while the cheese price increased 6 cents per pound and nonfat dry milk rose 4 cents. These changes resulted in a 10-cent drop in the butterfat price, a 31-cent jump in the protein price, a 4-cent increase in the nonfat solids price, and a 3-cent decline in the other solids price.

Class prices also were mixed. The Class I price decreased 1 cent, Class II dropped 25 cents, Class III rose 41 cents and Class IV increased 4 cents, all on a per hundredweight basis. Overall, class prices were fairly similar to last month, and combined with the slight changes in utilizations, resulted in a 6-cent lower SUP. Since the total value of the pool was nearly equal to the producer payout for components with adjustments, the PPD was zero (see page 4 of this *Bulletin*). Producers shipping to plants located in all of the zones except the base zone received a negative PPD (see article on page 2).

Selected Statistics

Average daily deliveries per producer set a new record high for the month of October. The Class IV volume was the second highest ever for October. The PPD equaled zero for only the second time ever under the Order; the last time was May 2008.The average producer butterfat and other solids tests set record-highs for the month; the average producer protein test was the second highest ever for the month of October.❖

Pool Summary

- A total of 9,571 producers were pooled under the Order with an average daily delivery per producer of 7,492 pounds.
- Pooled milk receipts totaled 2.223 billion pounds, a decrease of 0.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 32.9 percent of total milk receipts, up 1.1 percentage points from September.
- The average butterfat test of producer receipts was 3.94 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	32.9	730,411,252
Class II	24.7	550,197,991
Class III	26.4	586,064,825
Class IV	16.0	356,162,424
Total Pooled Milk		2,222,836,492

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	3.1700	1.7185
Butterfat Price	2.4031	2.5551
Other Solids Price	0.1447	0.2553

Class Prices

	2019	2018
	$/cwt	
Class I	21.09	19.58
Class II	16.68	15.54
Class III	18.72	15.53
Class IV	16.39	15.01

Milk Received by Zone; Negative PPD in Most

The October 2019 producer price differential (PPD) was $0.00 per hundredweight at Suffolk County, Massachusetts (Boston), the basing point for the Northeast Order and a $3.25 differential zone. For the month of October, milk delivered to plants located in every other zone below the base zone received a negative PPD. This encompasses nearly the entire Northeast milkshed that covers Maine through New England, to western New York and Pennsylvania, and south to Virginia. Producer milk received at plants in the $3.25 zone, which includes Rhode Island and eastern Massachusetts, would be paid no PPD. This is only the second time a zero PPD has occurred since the Order's inception in January 2000; the last time was in May 2008.

Zero PPD Explained

As mentioned on page 1 of this *Bulletin*, a zero PPD occurs when the total value of the pool based on the usage of the milk by class and the corresponding class price values is nearly equal to the total value of producer components. Producers are paid for their protein, butterfat, and other solids components from the pool at the same dollar per pound value as Class III milk. The PPD is an adjustment made to the producer pay prices for the additional value generated by milk used in the other classes (I, II, and IV). In October, due to lower Class II and Class IV prices, relative to the Class III price, there is no value left to be paid out in the form of a PPD, after paying producers for the value of their Class III components. In short, the full classified value of the monthly pool is being received by producers in their milk components valuation and not the PPD.

While the Class III price has increased, largely due to higher cheese prices, the Class II declined and Class I and Class IV was about steady. The Agricultural Marketing Service National Dairy Product Sales Report price for weighted average cheese was $1.9694 per pound in October, the highest level since November 2014.

In September, the PPD was $0.47 per hundredweight resulting in negative PPDs for milk received at plants in the $2.70 and further out zones. Prior to September 2019, the last time there were any negative PPDs was in September 2018.

Milk by Zone

The accompanying table shows the October pooled milk receipts by class and plant differential zone at which priced. Less than 3 percent of milk pooled in October was received at plants in the $3.25 base zone (Boston, MA, and surrounding area). About 25 percent of all milk pooled was received at plants in the $3.00 to $3.15 zone range. 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. About 48 percent of the total pool was received at plants in this range. Plants located in the $2.30 and lower zones received about 24 percent of the total pool. This area covers the northern areas

(continued on page 3)

Northeast Order Pool Milk from Producers by Plant Location at Which Priced, October 2019

Selected Locations	Location Differential*	PPD	SUP	Class I	Class II	Class III	Class IV	Total Pool Pounds	Percent of Pool Total by Zone
				(million pounds)					(percent)
New York, NY/Boston, MA	3.10-3.25	(0.15)-0.00	18.57-18.72	109.9	31.1	48.5	2.1	191.6	8.6
Philadelphia, PA	3.05	(0.20)	18.52	120.6	34.8	0.5	2.1	158.0	7.1
Agawam, MA/Baltimore, MD	3.00	(0.25)	18.47	131.0	41.2	2.5	91.1	265.8	12.0
Frederick, MD/New Holland, PA	2.90	(0.35)	18.37	41.1	14.8	6.4	0.9	63.2	2.8
Mt. Holly Springs, PA	2.80	(0.45)	18.27	102.0	92.4	52.3	136.4	383.0	17.2
Middelbury, VT/Albany/Binghamton, NY	2.60-2.70	(0.65)-(0.55)	18.07-18.17	90.0	31.0	90.0	1.3	212.3	9.6
St. Albans/Swanton, VT/Syracuse, NY	2.40-2.50	(0.85)-(0.75)	17.77-17.87	86.1	191.4	93.9	40.1	411.5	18.5
Watertown/Rochester, NY	2.30	(0.95)	17.77	18.0	82.0	242.4	50.0	392.4	17.7
Buffalo, NY	2.20	(1.05)	17.67	31.8	30.7	45.8	30.3	138.6	6.2
Jamestown, NY	2.10	(1.15)	17.57	0.0	0.6	1.8	0.0	2.4	0.1
All Other Locations				0.0	0.0	2.1	1.8	3.9	0.2
Market Total				730.4	550.2	586.1	356.2	2,222.8	
Percent of Pool Total by Class				32.9	24.8	26.4	16.0		

* Some zones have been combined to prevent disclosure of confidential data.

Milk Received *(continued from page 2)*

of Vermont and New York and the western areas of New York and Pennsylvania.

By class, the largest volumes of milk received at plants for Class I usage in October were in the $3.00 and $3.05 differential zones. For Class II usage, the largest volume went to plants in the $2.50 zone. The largest volume received at plants for Class III usage was in the $2.30 zone, while the largest amount of milk used for Class IV purposes was in the $2.80 zone.❖

Contribution to Producer Price by Components

The statistical uniform price (SUP) varies each month based on the respective average component tests, prices of each component, utilization of producer milk by class, and the value of the producer price differential (PPD). The accompanying tables show the proportion components contributed to the weighted average SUP (at average pool test) for the month of October for the years 2012, 2015, 2018, and 2019 for a hypothetical farm producing 100,000 pounds of milk at pool average component tests. Various years were chosen to show the effect of component prices, component tests, and the PPD.

Butterfat and Protein

Proportions vary due to a multitude of factors. As the table shows, depending on the combination of a component's price and test, the proportion changes. For example, even though the protein test was the same in 2012, 2015, and 2018, the considerably high protein price during 2012 contributed to a greater portion of the SUP than in 2015 and 2018. In contrast, the combination of higher butterfat tests and prices in 2015 and 2018 resulted in higher butterfat proportion of the SUP in those months than in 2012. Prices for butterfat and protein in October 2019 fall somewhere in the middle of the other years shown.

Other Solids and PPD

Butterfat and protein tend to have the largest proportions of the overall value. Due to its lower price per pound, other solids contributes a smaller proportion to the overall price. In the table, 2015 and 2018 show fairly similar price and tests for butterfat and protein. Due to different other solids prices and PPDs, the proportion contributed to the SUP varies greatly.

Depending on the month and its respective price, the PPD could contribute a significant value, no value, or actually reduce the overall price. In months where the PPD is negative, producers receive all of their value from components and does not necessarily represent a low SUP (see article on page 2 for a more detailed explanation). The percentage that the PPD contributes varies and is impacted by the utilization by class of milk in the pool as well as the difference between the respective class prices and the SUP. As the charts show, a higher PPD is not directly correlated with a higher SUP.❖

Contribution to Total Gross Payment*, October

	2012				2015			
	Test percent	Price per pound	Gross dollars	Contribution percent	Test percent	Price per pound	Gross dollars	Contribution percent
Butterfat	3.80	2.1136	$8,031.68	36.5	3.85	2.9087	$11,198.50	59.3
Protein	3.14	3.7278	$11,705.29	53.2	3.14	1.7019	$5,343.97	28.3
Other Solids	5.73	0.4340	$2,486.82	11.3	5.73	0.0328	$187.94	1.0
PPD		(0.24)	($240.00)	(1.1)		2.14	$2,140.00	11.3
Total gross payment			$21,983.79				$18,870.41	
Gross price per cwt			**$21.98**				**$18.87**	

	2018				2019			
	Test percent	Price per pound	Gross dollars	Contribution percent	Test percent	Price per pound	Gross dollars	Contribution percent
Butterfat	3.89	2.5551	$9,939.34	53.8	3.94	2.4031	$9,468.21	46.7
Protein	3.14	1.7185	$5,396.09	29.2	3.15	3.1700	$9,985.50	49.2
Other Solids	5.73	0.2553	$1,462.87	7.9	5.75	0.1447	$832.03	4.1
PPD		1.66	$1,660.00	9.0		0.00	$0.00	0.0
Total gross payment			$18,458.30				$20,285.74	
Gross price per cwt			**$18.46**				**$20.29**	

** For a hypothetical farm producing 100,000 pounds of milk at pool average component tests. Percents may not equal 100 percent due to rounding.*

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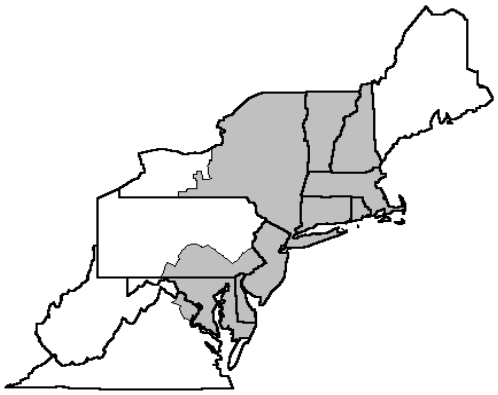
Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	713,722,905	$12.54	89,500,852.29	
	Butterfat	16,688,347	2.5695	42,880,707.62	
Less:	Location Adjustment to Handlers			(2,900,939.59)	$129,480,620.40
Class II—	Butterfat	33,547,192	2.4101	80,852,087.49	
	Nonfat Solids	47,825,959	0.9489	45,382,052.51	126,234,140.00
Class III—	Butterfat	25,367,590	2.4031	60,960,855.53	
	Protein	18,427,423	3.1700	58,414,930.91	
	Other Solids	33,566,227	0.1447	4,857,033.03	124,232,819.47
Class IV—	Butterfat	11,876,125	2.4031	28,539,515.99	
	Nonfat Solids	31,914,085	0.9186	29,316,278.46	57,855,794.45
Total Classified Value					**$437,803,374.32**
Add:	Overage—All Classes				255,736.91
	Inventory Reclassification—All Classes				(13,486.72)
	Other Source Receipts	390,375 Pounds			6,438.68
Total Pool Value					**$438,052,063.19**
Less:	Producer Component Valuations @ Class III Component Prices				(450,519,318.22)
Total PPD Value Before Adjustments					**($12,467,255.03)**
Add:	Location Adjustment to Producers				12,758,969.34
	One-half Unobligated Balance—Producer Settlement Fund				809,656.56
Less:	Producer Settlement Fund—Reserve				(1,101,370.81)
Total Pool Milk & PPD Value		2,223,226,867 Producer pounds			**$0.06**
	Producer Price Differential		**$0.00**		
	Statistical Uniform Price		**$18.72**		

* 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 2019

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

November Pool Price Calculation

The November 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $19.20 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 $21.22 per hundredweight. The November statistical uniform price was 48 cents per hundredweight above the October price. The November producer price differential (PPD) at Suffolk County was $-1.25 per hundredweight; it was $0.00 in October.

Product Prices Effect

Commodity product price changes continued to be mixed. The November butter price fell 7 cents and the dry whey price declined 3 cents per pound while the nonfat dry milk price rose 6 cents and the cheese price jumped 20 cents per pound. These changes resulted in an 8-cent drop in the butterfat price, a 74-cent jump in the protein price, a 6-cent increase in the nonfat solids price, and a 3-cent decline in the other solids price, all on a per pound basis.

All class prices increased from the previous month. The Class I price rose 30 cents, Class II increased 17 cents, Class III jumped $1.73, and Class IV was up 21 cents, all on a per hundredweight basis. With higher prices in all classes, especially the classes with the highest utilization percentages (Classes I and III), the SUP increased. Since producers are paid based on their components at the Class III level, the payout exceeded the pool value resulting in a negative PPD at all zones. The last time this happened was November 2016.

Selected Statistics

Average daily deliveries per producer set a new record high for the month of November. The Class IV volume was the second highest ever for November. The average producer butterfat test set a new record high for the Order. The average producer protein test was the second highest ever for the Order. The average other solids test tied with 2016 and 2018 as a record-high for November. ❖

Pool Summary

- A total of 9,558 producers were pooled under the Order with an average daily delivery per producer of 7,238 pounds.
- Pooled milk receipts totaled 2.075 billion pounds, a decrease of 3.5 percent from last month on an average daily basis.
- Class I usage accounted for 31.8 percent of total milk receipts, down 1.1 percentage points from October.
- None of the comparisons above were adjusted for milk not pooled in November.
- The average butterfat test of producer receipts was 4.02 percent.
- The average true protein test of producer receipts was 3.20 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.8	660,851,928
Class II	22.8	473,578,916
Class III	27.8	575,827,242
Class IV	17.6	365,110,742
Total Pooled Milk		2,075,368,828

Producer Component Prices

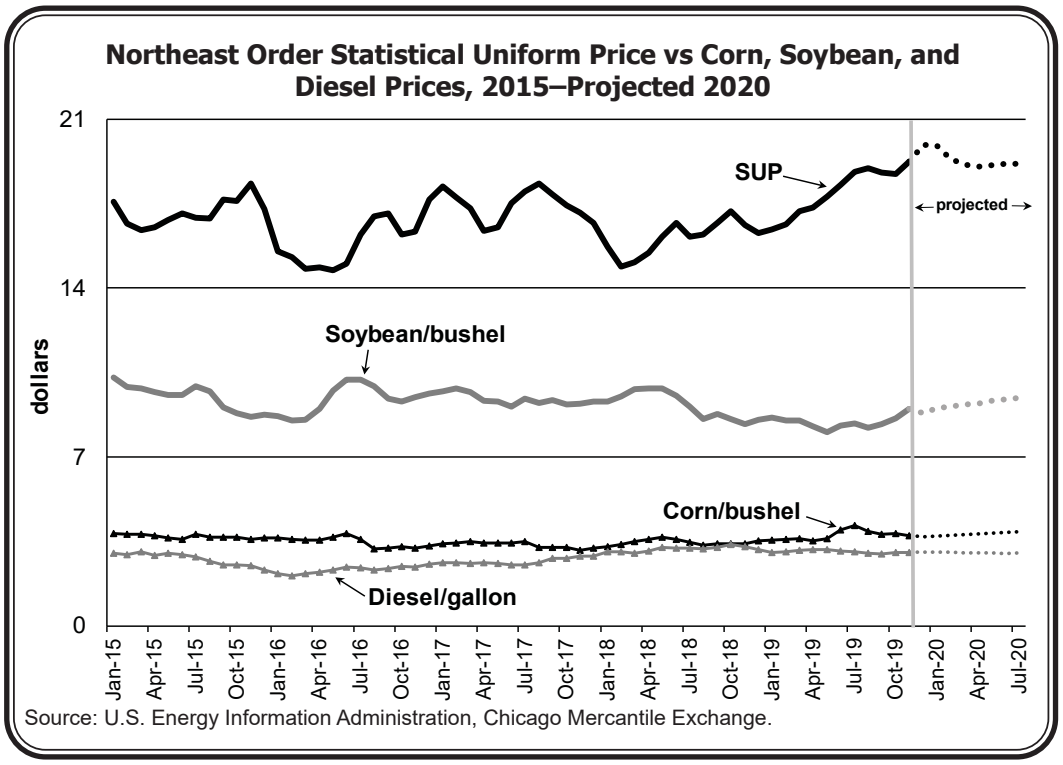
	2019	2018
	$/lb	
Protein Price	3.9118	1.3419
Butterfat Price	2.3195	2.5385
Other Solids Price	0.1112	0.2714

Class Prices

	2019	2018
	$/cwt	
Class I	21.39	18.77
Class II	16.85	15.63
Class III	20.45	14.44
Class IV	16.60	15.06

Looking Ahead 2020

Projections using the Chicago Mercantile Exchange (CME) futures prices imply that the Northeast statistical uniform price (SUP) will finish the year 2019 averaging $18.17 per hundredweight (cwt), which is a $2.10 increase over last year's average of $16.07 per cwt.



Selected Cost Factors

Production costs due to feed and fuel have had modest increases. Corn prices gradually increased 12.2 percent year-over-year, and CME corn futures suggest current prices holding steady in 2020. Soybean prices are nearly identical as the same month last year, around $8.60 per bushel. CME soybean futures indicate prices may rise above $9.00 per bushel in the spring of 2020. According to the U.S. Energy Information Administration (USEIA) the cost of regular fuel saw a sharp spike from $2.25 per gallon to $2.85 during the first two quarters of the year, but has been receding since May. The USEIA anticipates future fuel energy prices will remain stable at their current price as we head into 2020. The accompanying graph shows USEIA diesel prices, CME projected corn and soybean prices, as well as the projected SUP for the first half of 2020.

Supply Factors

The United States Department of Agriculture's (USDA) *World Agricultural and Supply and Demand* December report projects dairy production in the U.S. to be 222.4 billion pounds in 2020. This is a 1.7 percent increase over the 2019 estimated milk production of 218.6 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 had been nearly identical to last year's for the first six months of 2019. Since then, however, there has been a steady increase in monthly year-over-year milk production. Milk production per cow has increased 1.7 percent this year with the majority of that increase occurring after March. While milk production across the U.S. has been increasing steadily over the past three years, 2019 monthly Northeast pool volumes have not followed the same pattern. Northeast pool volumes for the first ten months of 2019 have only been above their 2018 counterpart 3 times. The total volume of pooled milk has decreased through the first ten months of 2019, down 1.5 percent from the same period in 2018.

According to NASS's *Cold Storage* report, stocks of butter are up 3 percent nationally from 2018 while cheese stocks are down 2 percent through the first ten months of 2019. NASS's *Dairy Products* report indicates that dry whey stocks are up 5 percent from last October while nonfat dry milk (NFDM) stocks tumbled 11.6 percent year-over-year. The global supply of NFDM also can play a substantial role in the price U.S. producers receive. According to the European Commission, the public stocks of NFDM that peaked at 430,000 tons in 2016 were officially empty as of June 2019. The decrease in NFDM stocks both domestically and internationally may have helped contribute to a NASS monthly average NFDM price of $1.15 per pound, a price not seen since 2014.

Demand Factors

According to the U.S. Dairy Export Council (USDEC), the U.S. exported 14.4 percent of its dairy production in 2019, a slight drop from the 15.2 percent export rate in 2018. It's important to note that while exports as a percentage of production have decreased this year, dairy production has increased overall. Dairy exports still account for one-seventh of total dairy production. Notably, butterfat and dry whey are leading contributors to the decline in exports this year, at a 45 and 33 percent decrease, respectively, compared to the first ten months of last year.

Strong cheddar blocks and barrels prices during the late summer and early fall helped bring weighted cheese

(continued on page 3)

Looking *(continued from page 2)*

prices up to 2014 levels. Additionally, cheese exports topped 300,000 metric tons for the first ten months of 2019, a phenomenon that has occurred only one other time since 2012. The USDEC expects an increase in cheese export volumes compared to 2019. As of December 17, CME futures predicts cheese prices falling throughout the entire year of 2020 including a low of $1.77 per pound in December.

Domestic Situation

The trade tensions that have left producers, exporters, and trading partners uncertain about international trade have put even more importance on the performance of the domestic market in the coming months. This importance is reflected by the fact that over 80 percent of milk produced in the U.S. stays inside our borders.

A broad measurement of the health of the U.S economy is the unemployment rate, which currently lays near a 50 year low at 3.5 percent. The Conference Board's Consumer Sentiment Index (CSI), a measurement of the consumer's view of the health of the economy, is at 99.2 which is 0.9 percent higher year-over-year. While these numbers reflect some positive indicators in the economy, there are some signs of softness and uncertainty in the economy.

The Restaurant Expectation Index (RPI) sits at 101.6, down from 101.7 in October. A measure above 100 signifies expansion in the industry, but the index has been trending downward since 2017. A broad indication of consumers' purchasing power is the growth of wages and income year-over-year. Wages have grown at a moderate 2.09 percent rate since last November while inflation (consumer price index) is 2.04 percent over the same period. This indicates a lack of growth in real disposable income for consumers as the growth in wages has primarily been matched by rising overall prices. Consumer spending accounts for roughly 70 percent of the U.S. economy, therefore a static consumer disposable income and a weakening consumer sentiment index may impact consumers' demand to purchase goods and services.

Outlook 2020

USDA forecasts the all-milk price for 2020 to be $19.40 per cwt. Using December 17 CME Class III and Class IV future prices, the 2020 Northeast SUP is estimated to average $19.25 per cwt. The U.S remains a brighter spot in the global economy. Economic powerhouses such as Canada, China, France, Germany, Japan, South Korea, and United Kingdom have all seen lower than expected growth rates through 2019. Weaker international economies could weigh down dairy exports and increase the reliance on the American economy for purchases. Despite the slowing global economy, the USDA Foreign Agriculture Service predicts a $300 million increase in dairy exports to $5.8 billion in 2020. According to the Federal Reserve Bank, the United States expects an economic growth rate of 1.9 percent for 2020, heavily relying on a steady level of consumer spending. The USDA Economic Research Service (ERS) anticipates an increase in domestic consumer demand for cheese and NFDM in 2020, while butter may see an increase in international demand due to a lower price. On the supply side, ERS anticipates higher milk stocks and more production in 2020. They expect the higher stocks will cover any increase in demand, reinforcing their expected all-milk price to be $19.40 per cwt.❖

2020 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	Monday	1/27/20
February	Wednesday	2/26/20
March	Thursday	3/26/20
April	Monday	4/27/20
May	Tuesday	5/26/20
June	Friday	6/26/20
July	Monday	7/27/20
August	Wednesday	8/26/20
September	Monday	9/28/20
October	Monday	10/26/20
November	Friday	11/27/20
December	Monday	12/28/20

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Computation of Producer Price Differential and Statistical Uniform Price*

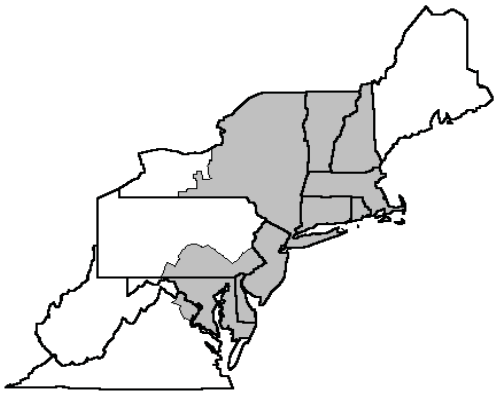
	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	645,235,136	$13.36	86,203,414.17	
Butterfat	15,616,792	2.4280	37,917,570.98	
Less: Location Adjustment to Handlers			(2,693,325.76)	$121,427,659.41
Class II— Butterfat	29,081,851	2.3265	67,658,926.36	
Nonfat Solids	41,435,216	1.0022	41,526,373.45	109,185,299.81
Class III— Butterfat	26,623,552	2.3195	61,753,328.86	
Protein	18,339,092	3.9118	71,738,860.06	
Other Solids	32,928,653	0.1112	3,661,666.22	137,153,855.14
Class IV— Butterfat	12,075,174	2.3195	28,008,366.09	
Nonfat Solids	32,985,516	0.9763	32,203,759.26	60,212,125.35
Total Classified Value			***Total value of milk in the pool*** →	**$427,978,939.71**
Add: Overage—All Classes				134,843.50
Inventory Reclassification—All Classes				174,896.87
Other Source Receipts	199,419			641.29
Total Pool Value				**$428,289,321.37**
Less: Producer Component Valuations @ Class III Component Prices			***Total value of producer components*** →	(466,420,841.81)
Total PPD Value Before Adjustments				**($38,131,520.44)**
Add: Location Adjustment to Producers				12,174,936.78
One-half Unobligated Balance—Producer Settlement Fund				1,002,750.43
Less: Producer Settlement Fund—Reserve				(990,769.80)
Total Pool Milk & PPD Value	2,075,568,247	Producer pounds		**($25,944,603.03)**
Producer Price Differential		**($1.25)**		
Statistical Uniform Price		**$19.20**		

Negative value from which PPD per hundredweight is calculated

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

Plants Not Included in Producer Price Differential Computation

A public announcement is hereby made pursuant to §1000.25(c)(5) of the General Provisions of Federal Milk Marketing orders that Dean Foods, Dallas, Texas, failed to make required payments into the October producer-settlement fund. Therefore, its milk receipts and utilizations were not included for the days of November 1-11, 2019, in the November producer price differential computation. On November 12, Dean Foods filed for Chapter 11 bankruptcy and will be referred to in the Federal Milk Marketing Order Program from that date forward as Dean Foods (DIP), a new pooled handler. Milk receipts and utilization for the period November 12-30, 2019, by Dean Foods (DIP) were included in the computations.



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

December 2019

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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December Pool Price Calculation

The December 2019 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $19.28 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 $21.13 per hundredweight. The December statistical uniform price was 8 cents per hundredweight above the November price. The December producer price differential (PPD) at Suffolk County was $-0.09 per hundredweight; it was $-1.25 in November.

Product Prices Effect

Commodity product price changes continued to be mixed. The December butter price fell 10 cents and the cheese price dropped 12 cents per pound while the nonfat dry milk price rose another 6 cents and the dry whey price increased 2 cents per pound. These changes resulted in a 12-cent decline in the butterfat price, a 26-cent drop in the protein price, a 6-cent increase in the nonfat solids price, and a 2-cent increase in the other solids price, all on a per pound basis. Even though the protein price declined, it was still the highest ever for the month of December.

Class price changes also were mixed from the previous month. The Class I price rose $1.19 based on higher prices in November, Class II decreased 4 cents, Class III dropped $1.08, and Class IV rose 10 cents, all on a per hundredweight basis. With the largest utilization in the higher-priced classes (Classes I and III), the SUP increased. Since producers are paid based on their components at the Class III level, the payout again exceeded the pool value resulting in a negative PPD at all zones, although not as negative as in November.

Selected Statistics

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

Pool Summary

- A total of 9,481 producers were pooled under the Order with an average daily delivery per producer of 7,656 pounds.
- Pooled milk receipts totaled 2.25 billion pounds, an increase of 4.9 percent from last month on an average daily basis.
- Class I usage accounted for 31.8 percent of total milk receipts, unchanged from November.
- None of the comparisons above were adjusted for milk not pooled in November.
- The average butterfat test of producer receipts was 4.02 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	31.8	715,366,838
Class II	20.9	471,018,319
Class III	26.0	585,703,784
Class IV	21.3	478,091,718
Total Pooled Milk		2,250,180,659

Producer Component Prices

	2019	2018
	$/lb	
Protein Price	3.6515	1.1417
Butterfat Price	2.1952	2.5080
Other Solids Price	0.1341	0.2775

Class Prices

	2019	2018
	$/cwt	
Class I	22.58	18.30
Class II	16.81	15.67
Class III	19.37	13.78
Class IV	16.70	15.09

2019 Northeast Order Statistics Summarized

Total milk received from producers equaled 26.8 billion pounds in 2019, down 1.3 percent from 2018. Even though the total amount of milk pooled on the Order declined, the average volume per producer topped 7,000 pounds every month during the year and grew 6.9 percent from 2018. This was the highest year-over-year increase since the Order's inception. The year ended with 813 fewer producers than at the end of 2018, the largest year-to-year drop recorded for the Order.

Total milk production rose nationally in 2019, but at a smaller rate than last year. Overall, fluid sales were down about 2 percent in 2019, but strong demand for cheese and nonfat dry milk, and butter to a lesser degree, propped up prices during much of 2019. All class prices increased and the statistical uniform price (SUP) averaged 12.6 percent above 2018.

The accompanying table compares selected pool statistics for 2018 and 2019. The chart shows monthly changes in utilization by class for 2019. Comparisons have not been adjusted for the significant volume of milk not included in the November pool.

Northeast Order Pool Statistics, 2018–2019

Pool Statistics	2018	2019	2018-19 Change
	million pounds		percent
Class I	8,700.8	8,283.1	(4.8)
Class II	6,495.6	6,401.6	(1.4)
Class III	7,238.9	7,160.8	(1.1)
Class IV	4,673.6	4,906.2	5.0
Total	27,108.9	26,751.7	(1.3)
	pounds		
DDP	7,026	7,510	6.9
	utilization percentage		change
Class I	32.1	31.0	(1.1)
Class II	24.0	23.9	(0.1)
Class III	26.7	26.8	0.1
Class IV	17.2	18.3	1.1
	dollars/cwt		percent
Class I	18.09	20.24	11.9
Class II	14.80	16.76	13.2
Class III	14.61	16.96	16.1
Class IV	14.23	16.30	14.5
SUP	16.09	18.12	12.6
Producer Component:			
Tests:	percent		change
Butterfat	3.86	3.90	0.04
Protein	3.09	3.10	0.01
Other Solids	5.75	5.76	0.01
Prices:	dollars/lb		percent
Butterfat	2.5258	2.5088	(0.7)
Protein	1.6497	2.3796	44.2
Other Solids	0.1474	0.1862	26.3
Nonfat Solids	0.6204	0.8654	39.5

Class Utilization Changes

Class I utilization averaged 31.0 percent in 2019, down 1.1 percentage points from the previous year. The volume of milk used for Class I purposes declined 417.7 million pounds (4.8 percent) from 2018. The total volume of producer receipts used in Class II decreased 1.4 percent from 2018. This decline resulted in a slight decrease in the utilization percentage to 23.9 percent of total producer milk pooled in 2019.

Class III volume decreased 1.1 percent and utilization averaged 26.8 percent, down 0.1 percentage point from 2018. The amount of milk used in Class IV rose 5.0 and accounted for an annual average of 18.3 percent utilization, an increase of 1.1 percentage points. Total Class IV volume was the second highest ever since the Order's inception.

Prices Higher Than 2018

As previously mentioned, milk supplies were sufficient during 2019, but growth in production was slower than the past 5 years. Demand for certain dairy products was strong, particularly cheese and nonfat dry milk, resulting in reduced stocks and higher prices.

National Dairy Product Sales Report (NDPSR) butter prices were similar to 2018, averaging $2.2431 per pound and only 0.6 percent below the previous year. February, March, and April of 2019 recorded record-setting monthly high butterfat prices.

Cheese prices bumped up about mid-year and finished with the highest average since 2014. Block prices were the driver for most of the year; barrel prices jumped and surpassed block prices in November 2019. The NDPSR cheese price averaged $1.7586 per pound in 2019, up 14.4 percent from the previous year. Protein prices began to climb at the end of the first quarter and ended the year with the second highest prices recorded (only 2007 were higher).

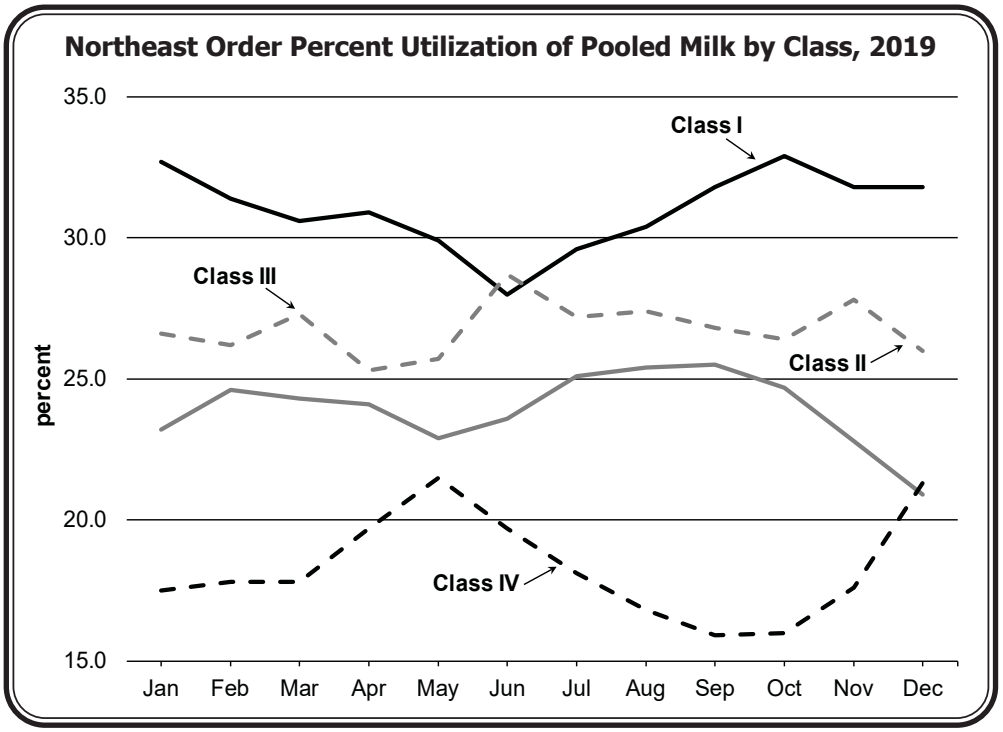
Nonfat dry milk, and correspondingly the nonfat solids price, reported their strongest prices since 2014. The NDPSR nonfat dry milk price averaged $1.0419 per pound, up 31.1 percent from 2018. Dry whey prices were above the previous year, but not as strong as in 2017. The NDPSR dry whey price averaged $0.3799 per pound, an increase of 11.0 percent from the prior year.

All component prices averages were above the previous year except butterfat. The price paid to producers for butterfat averaged $2.5088 per pound, down 0.7 percent from 2018, but the third

(continued on page 3)

2019 Northeast Order *(continued from page 2)*

highest reported since the Order's inception in 2000. The per-pound annual average protein price was $2.3796 per pound, up 44.2 percent from last year's record-setting low. The other solids price averaged $0.1862 per pound, an increase of 26.3 percent from 2018. The nonfat solids price averaged $0.8654 per pound, 39.5 percent above last year's record-setting lowest price.



These price changes translated into higher class prices, which were about 12-16 percent above those in 2018. The Class I price averaged $20.24 per hundredweight in 2019, up 11.9 percent from the 2018 annual average. The Class II price averaged $16.76 per hundredweight, an increase of 13.2 percent from the previous year. The Class III price averaged $16.96, up 16.0 percent from 2018. The Class IV price increased to $16.30, an increase of 14.5 percent. Overall, the statistical uniform price (blend) reported at Suffolk County, Massachusetts (Boston) averaged $18.12 per hundredweight, 12.6 percent above the 2018 average.

Producer Tests

The annual average producer butterfat test equaled 3.90 percent in 2019, an increase of 0.04 percentage points from 2018. There were record highs set during all months of 2019, except August, with the test topping 4.00 in November and December. The annual average producer protein test was 3.10 percent, up 0.01 percentage points from 2018; a record high was set in February and tied in March and September. The producer other solids test rose to a record-high average of 5.76 percent, up 0.01 percentage points from last year; records were set in 2 months and tied in 4 months of 2018.❖

Pool Summary for All Federal Orders, January–December, 2018–2019

Federal Order Number	Name	Total Producer Milk 2018	Total Producer Milk 2019*	Change^	Producer Price Differential# 2018	Producer Price Differential# 2019	Statistical Uniform Price# 2018	Statistical Uniform Price# 2019
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**27,108,941,409**	**26,751,705,028**	**(1.3)**	**1.48**	**1.16**	**16.09**	**18.12**
5	Appalachian	5,734,468,520	5,326,588,524	(7.1)	N/A	N/A	17.31	19.40
6	Florida	2,565,407,872	2,509,778,873	(2.2)	N/A	N/A	19.37	21.41
7	Southeast	5,209,311,352	4,902,610,976	(5.9)	N/A	N/A	17.75	19.81
30	Upper Midwest	33,322,551,404	32,310,206,014	(3.0)	0.17	0.00	14.78	16.96
32	Central	16,604,254,052	15,259,515,124	(8.1)	0.27	(0.16)	14.89	16.80
33	Mideast	19,602,920,451	18,941,746,950	(3.4)	0.60	0.26	15.21	17.21
51	California^	4,117,330,302	24,271,881,771	N/A	1.07	(0.16)	15.18	16.80
124	Pacific Northwest	8,558,063,981	8,496,370,522	(0.7)	0.22	(0.20)	14.84	16.76
126	Southwest	13,727,391,349	12,899,796,302	(6.0)	1.13	0.49	15.74	17.45
131	Arizona	5,132,875,002	4,840,113,614	(5.7)	N/A	N/A	15.12	17.30
All Market Total/Average		141,683,515,694	156,510,313,698	10.5	0.70	0.20	16.02	18.00

* A significant volume of milk was not included in the pool during the month of November 2019. N/A = Not applicable.
# Price at designated order location. ^ California Milk Marketing Area (F.O. 51) became effective November 1, 2018.

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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	698,663,171	$14.86	103,821,347.21	
Butterfat	16,703,667	2.3533	39,308,739.55	
Less: Location Adjustment to Handlers			(2,815,742.24)	$140,314,344.54
Class II— Butterfat	30,109,814	2.2022	66,307,832.37	
Nonfat Solids	41,110,707	1.0478	43,075,798.81	109,383,631.18
Class III— Butterfat	26,730,080	2.1952	58,677,871.63	
Protein	18,586,603	3.6515	67,868,980.86	
Other Solids	33,596,563	0.1341	4,505,299.08	131,052,151.57
Class IV— Butterfat	16,871,030	2.1952	37,035,285.06	
Nonfat Solids	43,106,337	1.0378	44,735,756.54	81,771,041.60
Total Classified Value			***Total value of milk in the pool*** →	**$462,521,168.89**
Add: Overage—All Classes				279,965.81
Inventory Reclassification—All Classes				(3,415.24)
Other Source Receipts	147,927 Pounds			3,676.81
Total Pool Value				**$462,801,396.27**
Less: Producer Component Valuations @ Class III Component Prices			***Total value of producer components*** →	(477,572,317.45)
Total PPD Value Before Adjustments				**($14,770,921.18)**
Add: Location Adjustment to Producers				12,944,584.62
One-half Unobligated Balance—Producer Settlement Fund				877,402.02
Less: Producer Settlement Fund—Reserve				(1,076,361.19)
Total Pool Milk & PPD Value	2,250,328,586 Producer pounds			**($2,025,295.73)**
Producer Price Differential		**($0.09)**		
Statistical Uniform Price		**$19.28**		

Negative value from which PPD per hundredweight

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