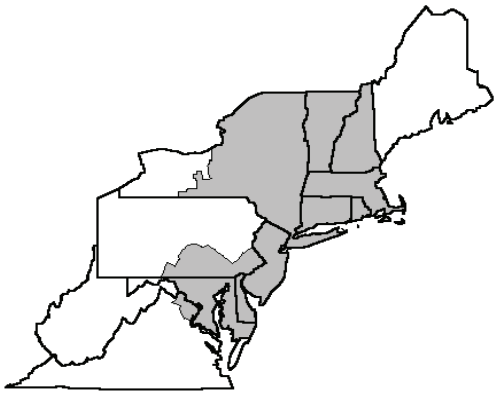


The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

January 2022

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 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $22.74 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be $25.28 per hundredweight. The January statistical uniform price was $2.25 per hundredweight above the December price. The January producer price differential (PPD) at Suffolk County was $2.36 per hundredweight, an increase of 23 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased in January. Butter jumped 55 cents, nonfat dry milk increased 10 cents, and dry whey was up 7 cents, all on a per pound basis. The cheese price rose 14 cents per pound due to a combination of a nearly 12-cent increase in the block price and a 17-cent increase in the barrel price. The commodity price changes translated to increases of 66 cents in the per-pound butterfat price, 10 cents in the nonfat solids price, and 7 cents in the other solids price. The increase in the butterfat price was large enough to offset the gain in the cheese price and resulted in a 24-cent drop in the protein price.

All class prices rose from the previous month: Class I increased 54 cents; Class II rose $2.99; Class III was up $2.02; and Class IV jumped $3.21, all on a per hundredweight basis. For the first time since federal order reform, Class IV was the highest price of all the classes. With higher class prices, the SUP increased and was the highest since October 2014. The Class III price remained the lowest for the month and the spread between the class prices increased, resulting in a higher PPD.

Selected Statistics

Total producer milk receipts were the smallest volume for the month of January since 2014. For the first time since May 2014, average daily deliveries per producer (DDP) did not set a record high for the month; DDP had surpassed the same month previous year every month since June 2014. The average producer butterfat test set a record high for the Order. The producer protein and other solids tests set record highs for the month of January.❖

Pool Summary

- A total of 8,689 producers were pooled under the Order with an average daily delivery per producer of 8,207 pounds.
- Pooled milk receipts totaled 2.211 billion pounds, a decrease of 1.9 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 0.4 percentage points from December.
- The average butterfat test of producer receipts was 4.16 percent.
- The average true protein test of producer receipts was 3.22 percent.
- The average other solids test of producer receipts was 5.79 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.4	694,342,680
Class II	22.7	501,693,498
Class III	28.1	622,105,887
Class IV	17.8	392,604,056
Total Pooled Milk		2,210,746,121

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	2.3563	3.0355
Butterfat Price	2.9567	1.5541
Other Solids Price	0.5249	0.2682

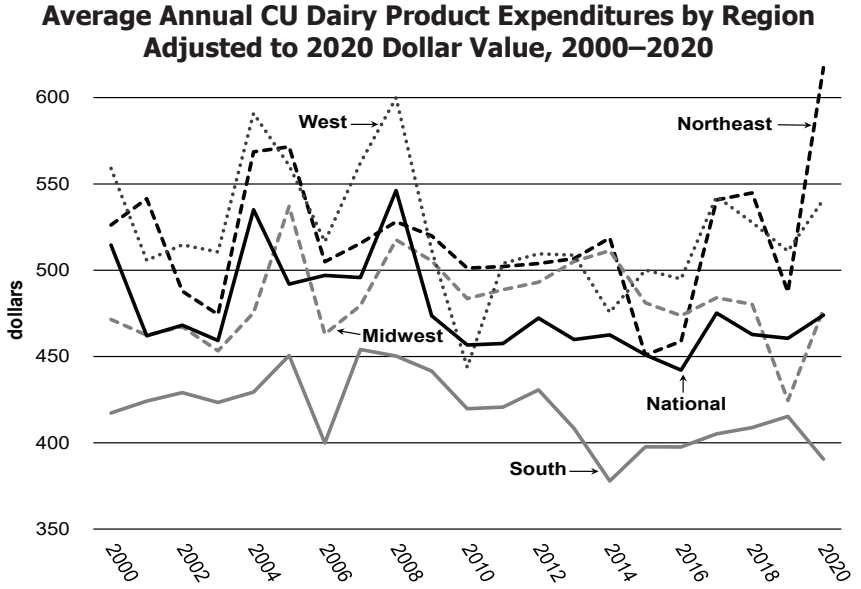
Class Prices

	2022	2021
	$/cwt	
Class I	22.96	18.39
Class II	22.83	14.18
Class III	20.38	16.04
Class IV	23.09	13.75

Consumer Expenditures on Milk and Dairy

The United States Bureau of Labor Statistics (BLS) conducts a series of surveys across the United States to collect data on consumer spending. These Consumer Expenditure Surveys (CES) provide statistics on expenditures, income, and demographic characteristics of consumers in the United States. This data provides valuable insight into the behavior of consumers. Data is collected from numerous households across the country tracking purchases made. Consumer Unit (CU) is the term used by CES to refer to a household. A CU can be made up of a range of living situations but commonly is defined as a household related by blood, marriage, or adoption. Collected data can be broken down into several different characteristics such as income, geographic regions, age, race, and occupation.

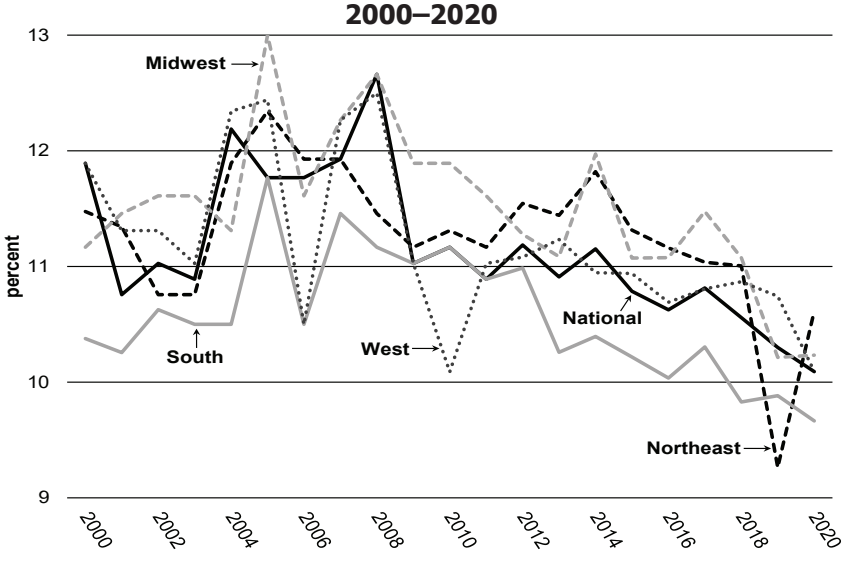
Chart 1



Source: U.S. Bureau of Labor Statistics.

This article will focus mainly on the Food at Home and Dairy categories for expenditures. The CES defines Food at Home as "expenditures for food at grocery stores (or other food stores) and food prepared by the consumer unit on trips." The Dairy Products group is composed of two sub-categories, Fresh Milk and Cream and Other Dairy Products. The products contained in the Fresh Milk and Cream category are all fresh milk (items such as buttermilk are included) and any fresh cream (includes table cream, whipping cream, fresh sour cream, and fresh sour cream dressing). The the Other Dairy Products category includes "butter, cheese, ice cream products, yogurt, powdered milk, condensed and evaporated milk, liquid and powdered diet beverages, malted milk, milk shakes, chocolate milk, and other specified dairy products." (https://www.bls.gov/cex/csxgloss.htm)

Chart 2



Source: U.S. Bureau of Labor Statistics.

All Regions

The CES sorts geographical data into four regions of the country: Northeast, Midwest, South, and West. Similar patterns of dairy expenditures have been observed in all four regions of the United States, with dollar value being the biggest distinguishable difference. Expenditure value differences between regions may be attributed to consumer preferences as well as regional pricing differences. When adjusted for 2020 dollars, the average annual expenditures of dairy products between 2000 and 2020 of a CU were within a range of $378 to $617, with a national average of $477 spent on dairy products annually in the 20-year period. It is important to note the CES does include values of zero if a CU does not report a value for a particular expenditure; this can cause some values to appear lower than expected. Chart 1 displays a relative flat trend nationally with some variability regionally for overall dairy product purchasing when adjusted for 2020 dollar value. The southern region of the U.S. on average spends less annually on dairy than other regions, spending $391 in 2020 and an adjusted 20-year average of $419. In contrast, the western area of the U.S. spent on average $150 more per CU on dairy expenditures than the south in 2020, with an adjusted average of $523 spent per CU per year between 2000-2020. Dairy Products as a share of total CU

(continued on page 3)

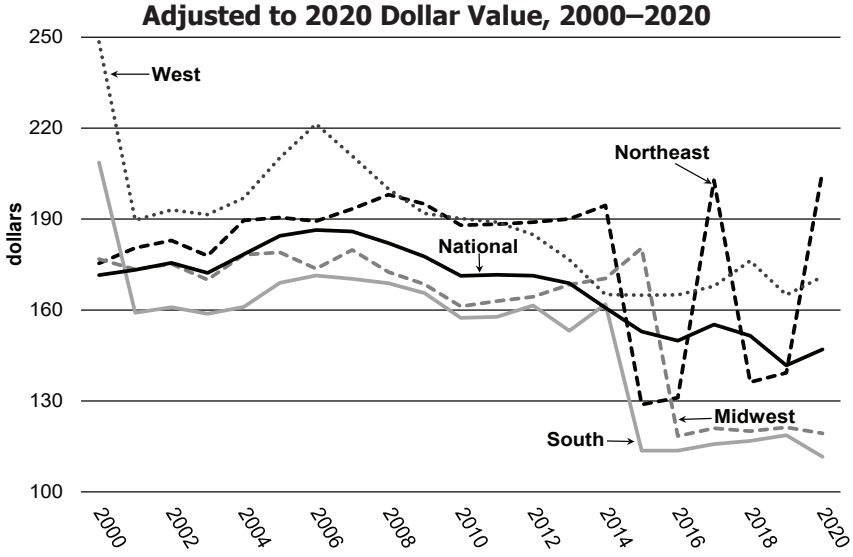
Consumer Expenditures *(continued from page 2)*

expenditures for all regions have remained within a range between 0.7 and 0.9 percent over the last 20 years; the Midwest on average has had the largest share of dairy products purchased at over 0.8 percent. As shown in Chart 2, Dairy Products Expenditures as a portion of CU Food at Home Expenditures has largely remained between 10 to 12 percent from 2000 to 2020. The national average for the 20-year period was 11 percent, which is repeated in all regions of the US except for the south at 10 percent.

Fresh Milk and Cream as a Share of Average CU Expenditures held steady across all U.S. regions at 0.3 percent between 2001 to 2014, then bounced back and forth from 0.2 to 0.3 percent due to increasing popularity of alternative milks and the Covid 19 pandemic. Fresh Milk and Cream purchases as a portion of Food at Home expenditures also demonstrate this pattern. All four regions of the country had an annual average of 4 percent Fresh Milk and Cream expenditures per CU Food at Home budget from 2001 to 2014, then the Midwest, South, and West dropped to 3 percent in 2015, and eventually the Northeast in 2018. This illustrates that milk increasingly is becoming a smaller portion of household expenditures in the U.S. When adjusted for 2020 dollar values, average Fresh Milk and Cream purchases once again display the 2014-2016 drop after a relatively stable era in the Northeast, South, and Midwest, as shown in Chart 3. As mentioned before, the dollar values are noticeably different between the four regions. The adjusted average annual Fresh Milk and Cream expenditures from 2000-2020 range between $112 to $248; each region's average is as follows: Northeast $179, Midwest $160, South $151, West $189, and the national average at $168.

Chart 3

Average Annual Fresh Milk and Cream Expenditures by Region Adjusted to 2020 Dollar Value, 2000–2020



Source: U.S. Bureau of Labor Statistics.

Other Dairy Product Expenditures have remained relatively steady over the past 20 years, making up 0.4 to 0.6 percent of total CU expenditures between 2000-2020. Other Dairy products as a portion of Food at Home Expenditures ranged between 6 to 8 percent over the last 20 years and averaged 7 percent in all US regions except the South at 6 percent. When adjusted for 2020 dollar values, the national annual average for Other Dairy Product Expenditures between 2000 and 2020 was $301. The 2020 annual average for each region is as follows: Northeast $412, Midwest $306, South $270, West $370, and the national average at $327.

Northeast

From the information collected the average consumer unit income before taxes was $95,329 in the Northeast, 13.1 percent above the national average of $84,352. The average yearly total expenditures for a Northeastern household were $68,596, 11.8 percent above the national average. Of this amount, $8,294 (12.1 percent) was used to purchase food, specifically $5,294 was spent on food at home. Brought on by the Covid 19 pandemic, 2020 food at home sales increased over 2019 as a share of total household expenditures (7.5 percent in 2019 to 8.5 percent in 2020). Dairy Product sales had a slight uptick in 2020, as a share of total CU expenditures, to 0.9 percent from 0.7 percent in 2019. An increase in fresh milk and cream purchases help drive the year-over-year gain of dairy products, with the average Northeast CU purchasing $172 annually of milk and cream in 2020. This is $28 dollars above the national amount spent on milk and cream and an increase from 0.2 to 0.3 percent of total household expenditures going from 2019 to 2020.

Between the years 2000 to 2014, fresh milk and cream held steady, making up 0.3 percent of Northeast CU total expenditures. However, from 2015 to 2020, the share of fresh milk and cream as a part of total Northeast CU expenditures has fluctuated between 0.3 and 0.2 percent, believed to be brought on by the Covid 19 pandemic and alternative milks taking up a bigger share of the market. The category Fresh Milk and Cream is a component of the Dairy Products as a share of CU expenditures in the Northeast and thus follows the same steady, then slightly volatile, pattern in the years 2015 to 2020, flowing between 0.7 and 0.9 percent due to the aforementioned issues. An increase of Dairy Products as a share of CU expenditures from 0.2 percent in 2019 to 0.3 percent in 2020 directly contributed to Food at Home, as a share of CU expenditures, to increase from 7.5 to 8.5 percent for the same years. The Covid 19 Pandemic had a significant impact on the growth in the Food at Home category as more Americans sought to dine at home.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

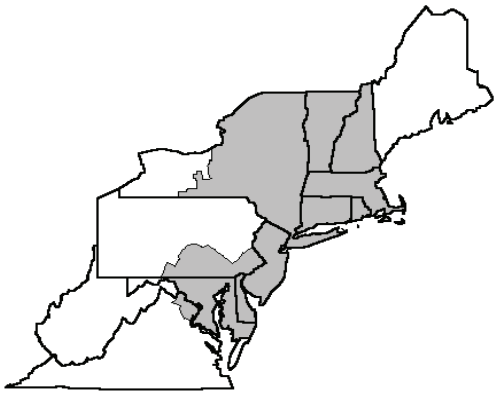
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	678,384,562	$15.46	$104,878,253.29	
	Butterfat	15,958,118	2.2985	36,679,734.22	
Less:	Location Adjustment to Handlers			(2,981,145.69)	$138,576,841.82
Class II—	Butterfat	30,545,202	2.9637	90,526,815.17	
	Nonfat Solids	44,315,690	1.4344	63,566,425.74	154,093,240.91
Class III—	Butterfat	28,937,682	2.9567	85,560,044.36	
	Protein	20,031,042	2.3563	47,199,144.24	
	Other Solids	35,900,820	0.5249	18,844,340.43	151,603,529.03
Class IV—	Butterfat	16,429,979	2.9567	48,578,518.89	
	Nonfat Solids	35,394,069	1.4662	51,894,783.98	100,473,302.87
Total Classified Value					**$544,746,914.63**
Add:	Overage—All Classes				144,637.24
	Inventory Reclassification—All Classes				1,339,108.61
	Other Source Receipts	37,834			1,781.99
Total Pool Value					**$546,232,442.47**
Less:	Value of Producer Butterfat	91,870,981	2.9567	(271,634,929.49)	
	Value of Producer Protein	71,234,754	2.3563	(167,850,450.84)	
	Value of Producer Other Solids	128,082,827	0.5249	(67,230,675.91)	(506,716,056.24)
Total PPD Value Before Adjustments					**$39,516,386.23**
Add:	Location Adjustment to Producers				12,895,338.80
	One-half Unobligated Balance—Producer Settlement Fund				804,169.63
Less:	Producer Settlement Fund—Reserve				(1,041,393.32)
Total Pool Milk & PPD Value		**2,210,783,955**			**$52,174,501.34**
	Producer Price Differential		**$2.36**		
	Statistical Uniform Price		**$22.74**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

February 2022 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

February Pool Price Calculation

The January 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $23.67 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be $26.14 per hundredweight. The February statistical uniform price was 93 cents per hundredweight above the January price. The February producer price differential (PPD) at Suffolk County was $2.76 per hundredweight, an increase of 40 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased in February, except block cheese. Butter increased 5 cents, nonfat dry milk rose 8 cents, and dry whey was up 7 cents, all on a per pound basis. The cheese price only increased 1 cent per pound due to a combination of a 7-cent decrease in the block price and an 8-cent increase in the barrel price. The commodity price changes translated to increases of 6.5 cents in the per-pound butterfat price, 8 cents in the nonfat solids price, and 7 cents in the other solids price. The increase in the butterfat price again was large enough to offset the slight gain in the cheese price and resulted in a 4-cent drop in the protein price.

All class prices rose from the previous month: Class I jumped $1.93; Class II rose 96 cents; Class III was up 53 cents; and Class IV increased 91 cents, all on a per hundredweight basis. Even though the Class IV was the highest of the class prices for February, it was the highest ever for the Order. With higher class prices, the SUP increased and, again, was the highest since October 2014. The Class III price remained the lowest for the month and the spread between the class prices increased, resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for the month of February. The average producer butterfat test also set a record high for the month. The producer protein and other solids tests tied with last year as record highs for the month of February.❖

Pool Summary

- A total of 8,732 producers were pooled under the Order with an average daily delivery per producer of 8,435 pounds.
- Pooled milk receipts totaled 2.063 billion pounds, an increase of 3.3 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.0 percent of total milk receipts, down 0.4 percentage points from January.
- The average butterfat test of producer receipts was 4.13 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.79 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.0	638,977,586
Class II	23.6	485,988,102
Class III	28.3	583,966,405
Class IV	17.1	353,775,482
Total Pooled Milk		2,062,707,575

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	2.3168	2.9816
Butterfat Price	3.0218	1.4376
Other Solids Price	0.5983	0.3161

Class Prices

	2022	2021
	$/cwt	
Class I	24.89	18.79
Class II	23.79	14.00
Class III	20.91	15.75
Class IV	24.00	13.19

U.S. Milk Production

Total milk production in the United States rose 1.6 percent in 2021; for comparison, growth in 2020 was at a six year high at 1.9 percent. Percent changes have been adjusted for leap year in 2020 to reflect a daily average. The top ten milk-producing states were slightly above the national average. The accompanying table shows the top ten states ranked by their total 2021 production and comparisons to the selected 24 states total and the U.S. total for production, cows, and milk production per cow (MPC).

Changes in Top Ten Rankings

The top ten list contained the same states as in 2020 with California, Wisconsin, and Idaho holding the top 3 spots in consecutive order. As in 2020, Texas reported the largest year-to-year increase in production of the top ten at 5.3 percent. This increase boosted it to the number four position, displacing New York. Minnesota had the second largest increase of the top ten states and moved up to the number seven spot, bumping Pennsylvania to number eight. Three of the top ten states reported a decrease from the previous year: New Mexico, Pennsylvania, and Washington.

Of the NASS selected 24 states, nine reported decreases from 2020. The largest increase reported by this group was South Dakota with 15.8 percent followed by Texas and Indiana that rose 5.3 and 4.9 percent, respectively. Florida reported the largest decline with 4.8 percent from 2020. The selected 24 states in total accounted for 95.5 percent of the US total in 2021, up from 95.3 percent the prior year.

Northeast Production

Milk production in the Northeast milkshed (the area from which milk is traditionally pooled by handlers selling into the marketing area) was unchanged on a percentage basis in 2021 and accounted for 14.2 percent of national milk production. The milkshed state reporting the largest growth was New York with 1.9 percent. Delaware reported the largest decline of the milkshed (26.0 percent), followed by West Virginia with 15.5 percent. The combined New England states reported a drop of 1.6 percent while the three largest contributing states to the Northeast Order (New York, Pennsylvania, and Vermont) reported a combined increase of 0.4 percent from 2020. Comparatively, total milk pooled on the Northeast Order increased 1.1 percent in 2021 and totaled 27,045 million pounds.

Cow Numbers and Production per Cow

Nationally, the number of milk cows increased 0.6 percent in 2021. The number of states showing declining cow numbers totaled 23. Fourteen states reported increases and the remainder had no change. Of those with increasing cow numbers, six were in the top ten states. South Dakota reported the largest percentage increase (15.6 percent) and grew to 156,000 head; Wyoming had the second largest increase (13.3 percent) with only 8,500 head. California had 18.2 percent of the 2021 total number of cows in the U.S.; Wisconsin followed with 13.5 percent. In the Northeast milkshed states, milk cow numbers for the second year in a row declined, falling 1.0 percent. The combined total for New York, Pennsylvania, and Vermont was down 0.7 percent from 2020, the New England states as a whole decreased 1.1 percent.

Average MPC increased 1.0 percent nationally; it grew 1.4 percent in 2020. Michigan continues to lead the nation in MPC, followed by Colorado. Fourteen states had MPC greater than the national average; eight of them were in the top ten. The only top-ten states below the national average were Minnesota and Pennsylvania. The Northeast states' increase in MPC was 0.9 percent, slightly below the national average. The U.S. average milk per cow was 23,948 pounds in 2021; the average was 22,764 pounds in the Northeast states. NASS reported data for Alaska and Hawaii in a combined Other States category to avoid disclosing data for individual operations. ❖

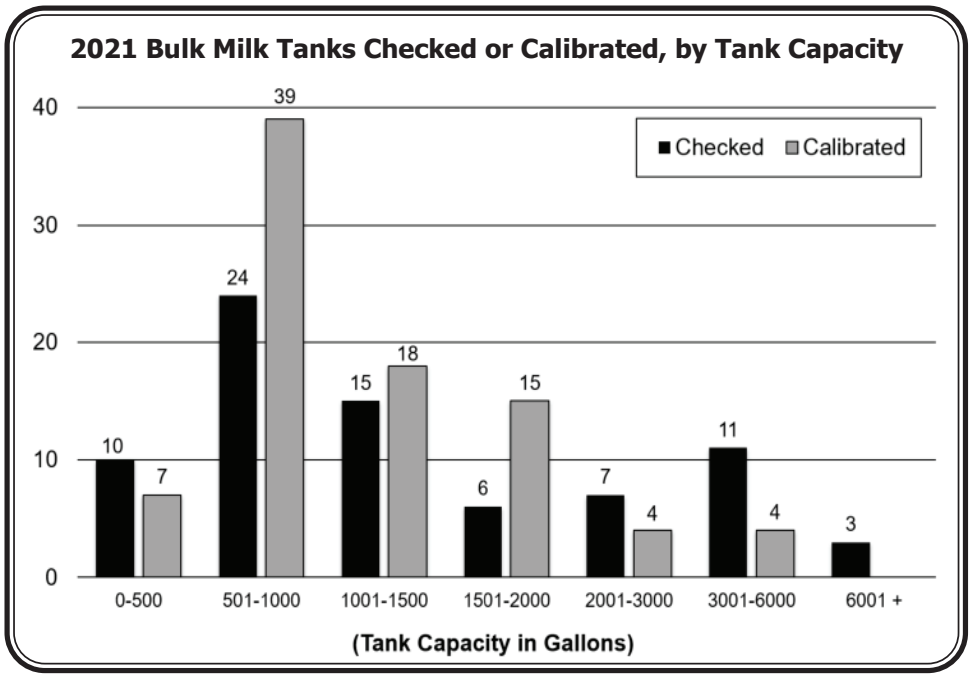
Top Ten States Ranked by Milk Production, 2021

Rank	State	2020	2021	Percent Change*	2021 Cows	2021 MPC#
		(million pounds)			(1,000 head)	(pounds)
1	California	41,311	41,864	1.6	1,719	24,354
2	Wisconsin	30,749	31,702	3.4	1,274	24,884
3	Idaho	16,237	16,412	1.4	652	25,172
4	Texas	14,855	15,599	5.3	622	25,079
5	New York	15,296	15,540	1.9	627	24,785
6	Michigan	11,685	11,952	2.6	441	27,102
7	Minnesota	10,167	10,548	4.0	461	22,881
8	Pennsylvania	10,279	10,114	(1.3)	474	21,338
9	New Mexico	8,169	7,804	(4.2)	318	24,541
10	Washington	6,817	6,504	(4.3)	271	24,000
	Top Ten Total	165,565	168,039	1.8	6,859	24,414
	NASS 24 Total	212,913	216,166	1.8	8,944	24,169
	U.S. Total	223,309	226,258	1.6	9,448	23,948

Source: NASS, *Milk Production* * Adjusted for leap year.
Milk Produced per Cow; not adjusted for leap year.

Market Services 2021 Summary

The Market Administrator of the Northeast Order oversees a Market Services program that verifies or establishes weights, samples and tests of producer milk, and provides market information for producers who are not receiving such services from a cooperative association. While some of the routine Market Services operations were impacted in 2021 by the ongoing COVID-19 pandemic, the focus of the Market Service department remained on ensuring continuity of operations that were deemed essential services to the verification of weights and tests.



Calibration Program

One aspect of Market Services is the bulk tank calibration program. The Northeast Order operates two calibration trucks with onboard metering equipment and a supply of water. The Market Service department calibrated 87 farm bulk tanks throughout the Northeast Marketing Area (NMA) milkshed in 2021. Additionally, 76 bulk tanks were checked for accuracy. In providing these services, the two trucks combined covered 16,588 miles in 2021.

Briefly, a tank calibration involves delivering precise volumes of water and measuring the depth of water in the tank after each delivery throughout the entire capacity of the tank. Based on these measurements, with volume tolerances applied, a new and accurate bulk tank conversion chart is prepared. A tank check involves measuring the tank at about four or five different levels and comparing those readings against the conversion chart to determine the accuracy of the chart. The chart is used by milk haulers to convert the volume of the milk in the bulk tank to pounds of milk–the basis on which producers are paid.

Checks/Calibration Results

Of the 87 tanks calibrated, 8 (9 percent) were re-calibrations from being found out of tolerance on a previous check. The remaining 79 calibrations were performed for other reasons that did not involve an initial check, such as a tank being newly installed, moved, having a deteriorated chart, or by special request. Of the tanks that were recalibrated or calibrated, 74 percent were 1,500 gallon tanks or smaller.

The 163 tank checks, calibrations and re-calibrations total at least 155 farm visits in 2021. The accompanying chart shows a breakdown of calibrations by tank size.

Payment Test Verification Program

The federal order also requires the Market Administrator to verify or establish the payment tests for the non-member (independent) producers. The verification of tests is a valuable service to producers to assure accurate payments for their milk. In 2021, the Market Services department tested 26,390 samples of producer milk. This was 88 percent of the expected total number of samples to test on the year. Of the samples that were tested, only 137 samples (0.5 percent) were determined to be outliers and were removed from any statistical comparisons to handler payment tests. The remaining 26,253 samples were used to verify the accuracy of payment tests.

Additionally, the Market Services department laboratory staff prepared and distributed 17 sets of raw milk control samples to industry labs that conduct producer payment testing. To contend with challenges brought on by the pandemic and assure the continuation of the control sample program, the frequency of these sample sets was adjusted from every two weeks to every three weeks in mid-March 2020 and is expected to remain on this schedule through the end of 2022. These samples, with their accompanying reference chemistry values, serve as standards used to either set or verify the accuracy of baseline calibrations of infrared milk analyzers used by the industry for payment testing. Along with each new set of control samples distributed to the NMA, the laboratory staff routinely analyzed instrument performance of data submitted by 34 industry laboratories. Of these monitored labs, 13 are performing producer payment testing. This routine laboratory monitoring assures accurate testing performance.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

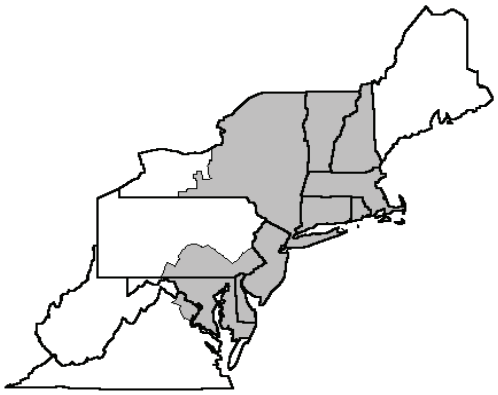
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	624,235,301	$15.69	$97,942,518.73	
	Butterfat	14,742,285	2.7862	41,074,954.47	
Less:	Location Adjustment to Handlers			(2,779,326.15)	$136,238,147.04
Class II—	Butterfat	28,328,869	3.0288	85,802,478.45	
	Nonfat Solids	42,968,075	1.5189	65,264,209.09	151,066,687.54
Class III—	Butterfat	27,458,361	3.0218	82,973,675.29	
	Protein	18,699,346	2.3168	43,322,644.82	
	Other Solids	33,675,261	0.5983	20,147,908.65	146,444,228.76
Class IV—	Butterfat	14,686,445	3.0218	44,379,499.47	
	Nonfat Solids	31,847,994	1.5450	49,205,150.85	93,584,650.32
Total Classified Value					**$527,333,713.66**
Add:	Overage—All Classes				118,272.86
	Inventory Reclassification—All Classes				(116,901.95)
	Other Source Receipts	134,684			5,753.87
Total Pool Value					**$527,340,838.44**
Less:	Value of Producer Butterfat	85,215,960	3.0218	(257,505,587.90)	
	Value of Producer Protein	66,186,091	2.3168	(153,339,935.61)	
	Value of Producer Other Solids	119,492,432	0.5983	(71,492,322.08)	(482,337,845.59)
Total PPD Value Before Adjustments					**$45,002,992.85**
Add:	Location Adjustment to Producers				12,108,476.48
	One-half Unobligated Balance—Producer Settlement Fund				696,899.94
Less:	Producer Settlement Fund—Reserve				(873,922.92)
Total Pool Milk & PPD Value		**2,062,842,259**			**$56,934,446.35**
	Producer Price Differential		**$2.76**		
	Statistical Uniform Price		**$23.67**		

* 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

March 2022

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

March Pool Price Calculation

The March 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $24.74 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be $27.10 per hundredweight. The March statistical uniform price was $1.07 per hundredweight above the February price. The March producer price differential (PPD) at Suffolk County was $2.29 per hundredweight, a decrease of 47 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased in March. Butter increased 6 cents, nonfat dry milk rose 7 cents, and dry whey was up 1 cent, all on a per pound basis. The cheese price jumped 15 cents per pound due to a combination of a 17-cent increase in the block price and a 13-cent increase in the barrel price. The commodity price changes translated to 7-cent increases each in the per-pound butterfat and nonfat solids prices, a 1-cent increase in the other solids price, and a 40-cent jump in the protein price.

All class prices rose from the previous month: Class I rose $1.24; Class II grew 97 cents; Class III increased $1.54; and Class IV was up 82 cents, all on a per hundredweight basis. The Class IV price was the highest ever for the Order. With higher class prices, the SUP increased; it was the highest since September 2014 and the second highest ever for March. The Class III price remained the lowest of the class prices for the month, but the spread between the class prices decreased, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for the month of March. The average producer butterfat test also set a record high for the month. The producer protein test was the second highest ever for March and other solids tests tied with 2020 as a record high for the month.❖

Pool Summary

- A total of 8,588 producers were pooled under the Order with an average daily delivery per producer of 8,660 pounds.
- Pooled milk receipts totaled 2.306 billion pounds, an increase of 1.0 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.2 percent of total milk receipts, down 1.8 percentage points from February.
- The average butterfat test of producer receipts was 4.09 percent.
- The average true protein test of producer receipts was 3.17 percent.
- The average other solids test of producer receipts was 5.78 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.2	673,151,797
Class II	23.4	538,212,691
Class III	30.4	701,452,779
Class IV	17.0	392,812,655
Total Pooled Milk		2,305,629,922

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	2.7182	2.6954
Butterfat Price	3.0935	1.7176
Other Solids Price	0.6131	0.3652

Class Prices

	2022	2021
	$/cwt	
Class I	26.13	18.45
Class II	24.76	15.07
Class III	22.45	16.15
Class IV	24.82	14.18

Top Producing Counties—Northeast Milkshed

The top ten milk producing counties of the Northeast Order produced a combined 10 billion pounds of milk, contributing 37.0 percent to the almost 27 billion pounds produced in 2021. Over the last 20 years the top ten counties have slowly increased their contributing portion to the Northeast Order from 28.6 percent in 2001 to 36.4 percent in 2020. The total volume of pooled milk in the top ten counties also increased over the previous year, a growth of 2.4 percent over the 9.77 billion pounds in 2020, while the total pool volume increased 1.1 percent (all year-to-year comparisons are adjusted using a daily average to account for 2020 being a leap year). This rise is partially attributed to the re-pooling of milk depooled in 2020 brought on by the COVID 19 pandemic response, price dynamics, and some dumping of milk. Not all milk produced in the northeast is contained in these numbers, milk not pooled in the Northeast Order – specifically milk shipped to other federal orders, state orders, or unregulated areas – is not reflected in this article.

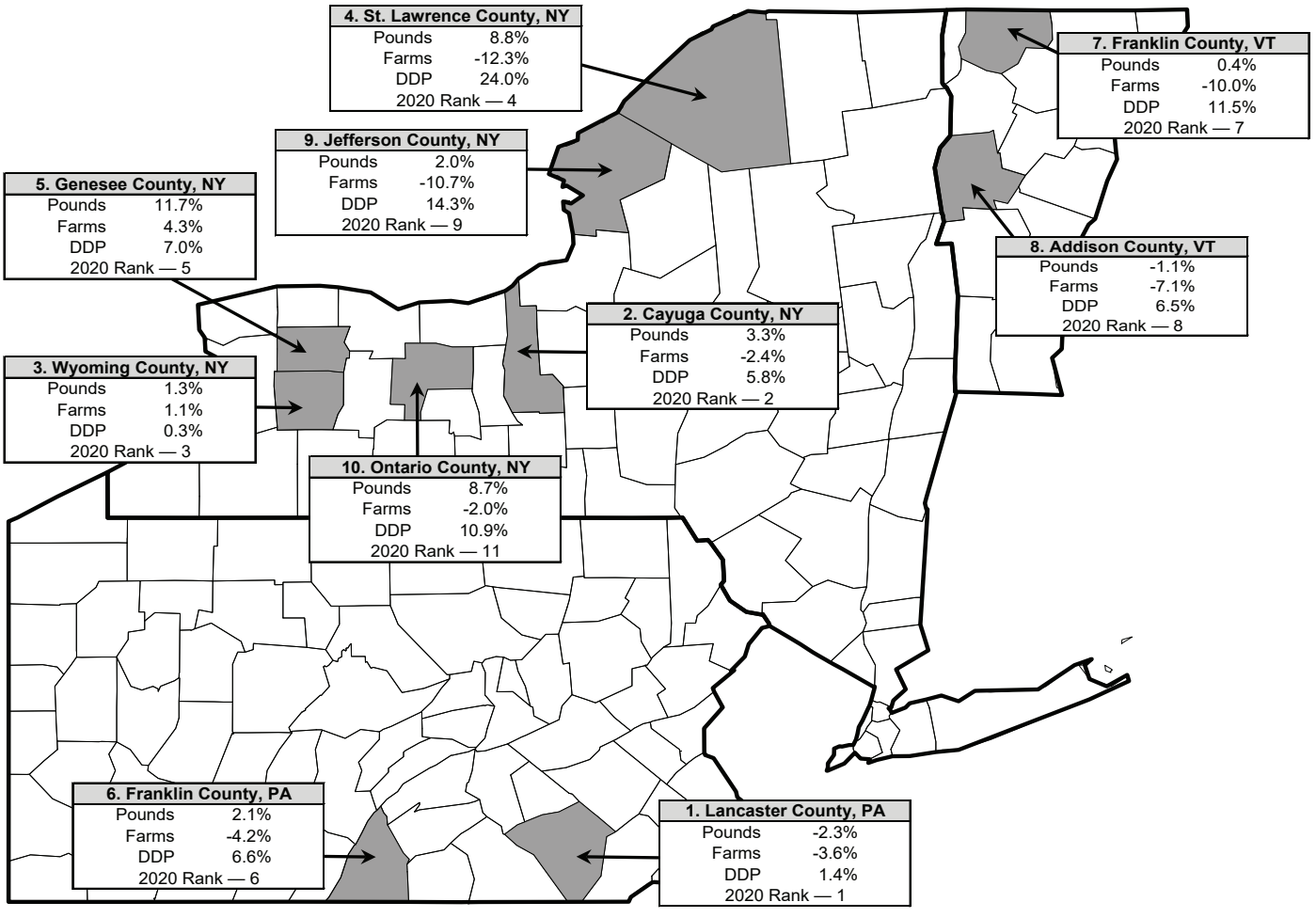
Top Ten Counties Pooling on the Northeast Order, 2021

Rank	County	State	Volume Pooled On Order (1,000 lbs)	Number of Farms	DDP
1	Lancaster	PA	2,253,475	1,378	4,480
2	Cayuga	NY	1,280,706	83	42,275
3	Wyoming	NY	1,010,908	96	28,850
4	St Lawrence	NY	881,280	222	10,876
5	Genesee	NY	873,736	48	49,871
6	Franklin	PA	783,675	230	9,335
7	Franklin	VT	769,412	108	19,518
8	Addison	VT	755,082	78	26,522
9	Jefferson	NY	693,122	125	15,192
10	Ontario	NY	683,360	97	19,301
	Top Ten Total		9,984,756	2,465	11,098
	Total Pool		26,986,137	8,420	8,781
	Top Ten Proportion (%)		37.0	29.3	

Source: Northeast Order audited producer payroll reports.

The accompanying table shows the top ten ranked counties for 2021 based on their volume pooled on the *(continued on page 3)*

Top Ten Counties Year-to-Year Percent Change in Pounds and Farms Pooled and DDP, 2020–2021 (Pool Pounds Rank Indicated)



Top Producing Counties *(continued from page 2)*

Order. The accompanying map presents the change in pounds pooled, farms pooled, and DDP from 2020 to 2021 for the top ten counties. It also includes the counties' prior year rank.

Change in Rankings

Since the Order's inception, Lancaster County, PA, has held the top spot of pooled milk production in the Northeast Order, and alone accounted for 8.4 percent of milk pooled in 2021. Lancaster County, producing 2.3 million pounds of pooled milk in 2021, led by a margin of almost 1 million pounds over Cayuga County, NY. The county also contained the largest number of farms in the Northeast Order in 2021.

Only one county changed in the ranking when compared to 2020 - Ontario County in New York replaced Onondaga County, NY, for the number ten spot. Onondaga County, NY, experienced an increase in the volume of pooled milk produced from 2020 to 2021 (2.8 percent), but Ontario County increased by 8.7 percent, producing over 30 million more pounds of pooled milk than Onondaga County. Two counties in the top ten had a decrease in volume – Lancaster County, PA, fell 2.3 percent and Addison, VT, declined 1.0 percent. St Lawrence County, NY, experienced the largest rise in pooled milk production of the top ten with 8.8 percent, producing 68 million pounds more than in 2020.

Proportion of Farms and DDP

The proportion of farms in the Northeast Order accounted for by the top ten counties increased from 28.8 percent in 2020 to 29.3 in 2021. All top ten counties reported a decrease in the number of farms from the previous year except Genesee and Wyoming, both in New York. St Lawrence and Jefferson counties in New York, and Franklin County in Vermont, lost more than 10.0 percent of their dairy farms from 2020. As mentioned before, Lancaster County, PA, had the largest number of farms, not only of the top ten, but of the whole Northeast milkshed with 1,378 farms; Genesee County, NY, continued to have the least number of farms of the top ten with 48 farms.

As in previous years, the top ten beat the Northeast Order average daily deliveries per producer (DDP) by a large margin with a difference of over 2,000 pounds of milk. In contrast to having the least number of farms of the top ten, Genesee County, NY, managed to have the highest DDP of the highest producing counties and second highest in the Northeast behind Schuyler County, NY.❖

Tentative Calibration Truck Schedule, 2022

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

Pool Summary for All Federal Orders, January–March, 2021–2022

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2021	2022	Change	2021	2022	2021	2022
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**6,772,663,871**	**6,579,083,618**	**(2.9)**	**0.09**	**2.47**	**16.07**	**23.72**
5	Appalachian	1,376,168,905	1,391,460,368	1.1	N/A	N/A	17.64	24.82
6	Florida	624,370,017	649,877,510	4.1	N/A	N/A	19.64	26.66
7	Southeast	1,191,064,776	979,931,554	(17.7)	N/A	N/A	17.74	25.35
30	Upper Midwest	2,898,751,022	7,643,496,875	163.7	(0.78)	0.23	15.20	21.48
32	Central	2,813,140,868	3,759,775,805	33.7	(1.33)	0.83	14.65	22.07
33	Mideast	4,164,299,870	4,254,864,536	2.2	(0.80)	1.06	15.18	22.30
51	California^	5,888,148,826	5,523,930,003	(6.2)	(1.62)	0.93	14.36	22.18
124	Pacific Northwest	1,810,087,550	2,053,200,848	13.4	(1.23)	1.23	14.75	22.48
126	Southwest	3,020,098,752	3,377,449,878	11.8	(0.91)	1.34	15.07	22.59
131	Arizona	1,027,919,608	1,251,761,947	21.8	N/A	N/A	15.07	23.47
	All Market Total/Average	31,586,714,065	37,464,832,942	18.6	(0.94)	1.16	15.94	23.37

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

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

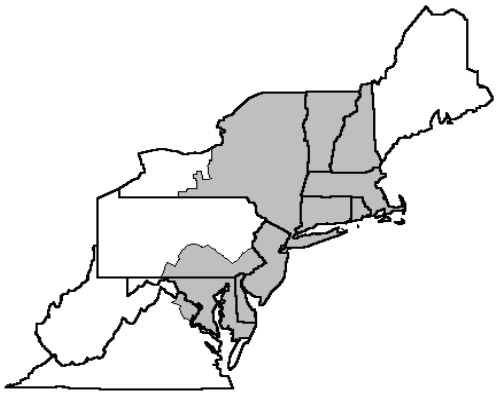
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	657,747,659	$16.14	$106,160,472.16	
Butterfat	15,404,138	3.0163	46,463,501.45	
Less: Location Adjustment to Handlers			(2,844,133.20)	$149,779,840.41
Class II— Butterfat	30,630,758	3.1005	94,970,665.19	
Nonfat Solids	47,405,339	1.6011	75,900,688.28	170,871,353.47
Class III— Butterfat	32,564,621	3.0935	100,738,655.10	
Protein	22,220,049	2.7182	60,398,537.21	
Other Solids	40,361,723	0.6131	24,745,772.40	185,882,964.71
Class IV— Butterfat	15,600,444	3.0935	48,259,973.52	
Nonfat Solids	35,219,809	1.6113	56,749,678.25	105,009,651.77
Total Classified Value				**$611,543,810.36**
Add: Overage—All Classes				126,092.03
Inventory Reclassification—All Classes				(96,504.24)
Other Source Receipts	68,650			2,213.69
Total Pool Value				**$611,575,611.84**
Less: Value of Producer Butterfat	94,199,961	3.0935	(291,407,579.34)	
Value of Producer Protein	73,181,494	2.7182	(198,921,936.98)	
Value of Producer Other Solids	133,295,875	0.6131	(81,723,701.04)	(572,053,217.36)
Total PPD Value Before Adjustments				**$39,522,394.48**
Add: Location Adjustment to Producers				13,513,198.82
One-half Unobligated Balance—Producer Settlement Fund				834,556.21
Less: Producer Settlement Fund—Reserve				(1,069,652.30)
Total Pool Milk & PPD Value	**2,305,698,572**			**$52,800,497.21**
Producer Price Differential		**$2.29**		
Statistical Uniform Price		**$24.74**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

April 2022 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 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $26.07 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be $28.40 per hundredweight. The April statistical uniform price was $1.33 per hundredweight above the March price. The April producer price differential (PPD) at Suffolk County was $1.65 per hundredweight, a decrease of 64 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased in March except dry whey that decreased 5 cents per pound. Butter and nonfat dry milk each rose 4 cents. Cheese jumped almost 24 cents per pound on a combined increase of 20 cents in the block price and a nearly 27-cent increase in the barrel price. The commodity price changes translated to 5-cent increase in the per-pound butterfat price, an almost 4-cent rise in the nonfat solids prices, and an almost 71-cent jump in the protein price. The other solids price decreased about 6 cents per pound. The butterfat price was the highest ever for April.

All class prices rose from the previous month: Class I increased $1.50; Class II grew 95 cents; Class III rose $1.97; and Class IV was up 49 cents, all on a per hundredweight basis. For the third month in a row, the Class IV price was the highest ever for the Order. The Class II and III prices were the second highest ever for the Order (record highs were set in September 2014). With higher class prices, the SUP increased; it was the highest ever for the month of April and the second highest ever under the Order, surpassed only by September 2014. The SUP at average producer tests was the highest ever under the Order. The Class III price remained the lowest of the class prices for the month, but the spread between the class prices decreased, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in April set a record high for the Order. The average producer butterfat and protein tests set record highs for the month. The producer other solids test tied with 2018 as the second highest ever for April.❖

Pool Summary

- A total of 8,479 producers were pooled under the Order with an average daily delivery per producer of 8,967 pounds.
- Pooled milk receipts totaled 2.281 billion pounds, an increase of 2.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 29.4 percent of total milk receipts, up 0.2 percentage points from March.
- The average butterfat test of producer receipts was 4.05 percent.
- The average true protein test of producer receipts was 3.16 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	29.4	670,861,844
Class II	24.2	551,635,686
Class III	27.3	622,360,462
Class IV	19.1	436,149,047
Total Pooled Milk		2,281,007,039

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	3.4239	2.8136
Butterfat Price	3.1461	1.9496
Other Solids Price	0.5565	0.4268

Class Prices

	2022	2021
	$/cwt	
Class I	27.63	18.76
Class II	25.71	15.56
Class III	24.42	17.67
Class IV	25.31	15.42

Fluid Milk Container Sales Survey

The 2021 container sales survey of Class I handlers regulated under the Northeast Order was recently completed. This survey is conducted biennially and records sales of fluid milk products by various package types and sizes for the month of November. The survey collects sales data from handlers (fully and partially regulated) under the Northeast Order that have sales of packaged fluid milk within the defined geographic region of the Northeast Milk Marketing Area. Sales reported by these handlers include those in the Marketing Area, along with sales to unregulated areas and other federal order areas. Data from responding handlers accounted for 99 percent of sales reported on pool reports; in 2019, survey responses accounted for 93 percent of total sales.

Started in 1964, the survey was conducted annually through 1967 and biennially since. Its purpose is to reflect bottling changes in the industry from various containers such as glass to paper and plastic, and from various sizes such as quarts to gallons and in later years, round single serve plastic containers. More recent surveys added organic products, extended shelf life (ultra and aseptic pasteurized), and additional categories in methods of distribution. It should be noted that this is only a survey, data are not verified through audit, and it is not necessarily representative of annual trends.

Container Size and Type

After declining for many years, packaged sales reported on the survey by handlers in the Northeast increased from the last survey due to a combination of improved reporting percentage and the addition of plants pooled during the survey month. Sales reported on the November 2021 survey totaled 711 million pounds, up from 694 million pounds in November 2019.

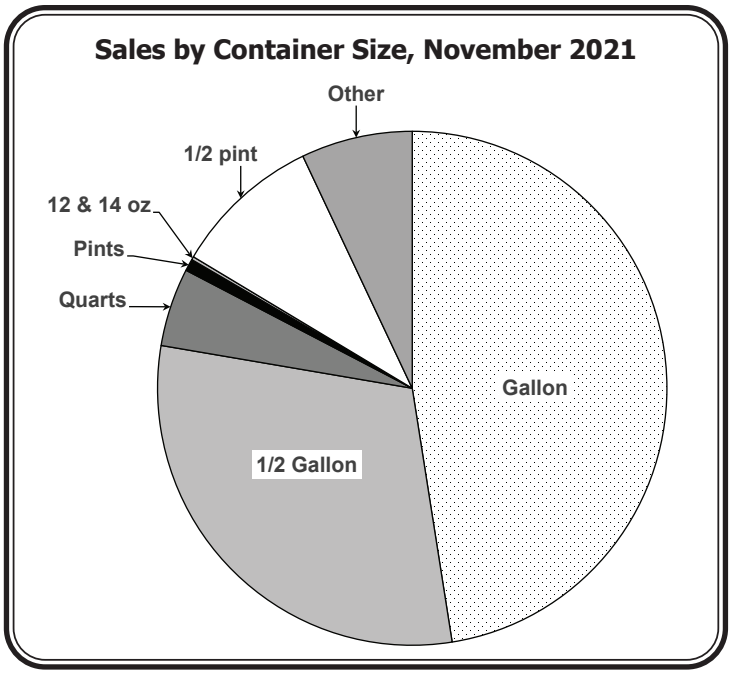
For the first time, gallons accounted for less than half of all milk sold in the Northeast at 47.5 percent (see accompanying chart). They were followed by half gallons at 30.2 percent and quarts at 4.9 percent. Half pints were up from 8.9 to 9.4 percent. The round plastic 14, 12, and 10 ounce containers proportion declined to 0.25 percent, down from 0.5 percent in 2015 and 0.3 percent in 2017.

November Container Sales Survey

Method of Distribution*	2019 Percent	2021 Percent
Supermarket chains	37.5	38.3
Mass merchandisers	10.0	12.7
Club Stores	6.3	6.1
Convenience stores	7.8	5.8
Drug Stores	0.8	0.3
Schools	4.9	3.5
Institutions	1.8	2.5
Wholesale distributors	22.5	23.5
Home delivery routes	0.1	0.1
Other	8.3	7.2
Total	100.0	100.0

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

Changes in proportions of type of container were reported. Glass usage increased slightly from 0.16 percent in 2019 to 0.26 percent in 2021. Paper, which had risen to 22.5 percent in 2017, but declined to 17.8 in 2019, rose to 25.6 percent in 2021. Plastic usage decreased to 74.1 percent; it was 82.1 percent in 2019.



Product Type

Whole milk (unflavored, conventional and organic) continued to hold the largest market share, with 41.0 percent, unchanged from 2019. Sales of reduced fat (2 %), low fat (1%), and fat free (skim) accounted for a combined total of 49.1 percent, a decline from the last survey (50.2 percent in 2019). Flavored milk and drinks (lower fat flavored milk) had 6.9 percent of all sales, up from 6.3 percent in 2019. Buttermilk and eggnog combined accounted for 2.9 percent, up from 2.3 percent in the last survey.

Conventional milk accounted for 76.0 of all survey sales reported, this is a significant drop from 88.8 percent in 2019. Organic milk (included regular and flavored, whole and lower fat varieties) rose to 8.9 percent, up from 5.8 in the last survey. Within the organic category, 47.3 percent was whole milk, the remaining was lower fat (reduced, low fat, and skim) products. Extended shelf life (ESL) products accounted for 15.1 percent of the total sales reported, up significantly from 5.4 percent in 2019. These changes in conventional, ESL, and organic are most likely due to the addition of certain pool plants and improved reporting rate.

(continued on page 3)

Fluid Milk *(continued from page 2)*

Within product categories, ESL accounted for 11.2 percent of whole milk, 20.9 percent of reduced fat, 10.9 percent of low fat, 18.2 percent of fat free, and 9.1 percent of flavored milk.

Method of Distribution

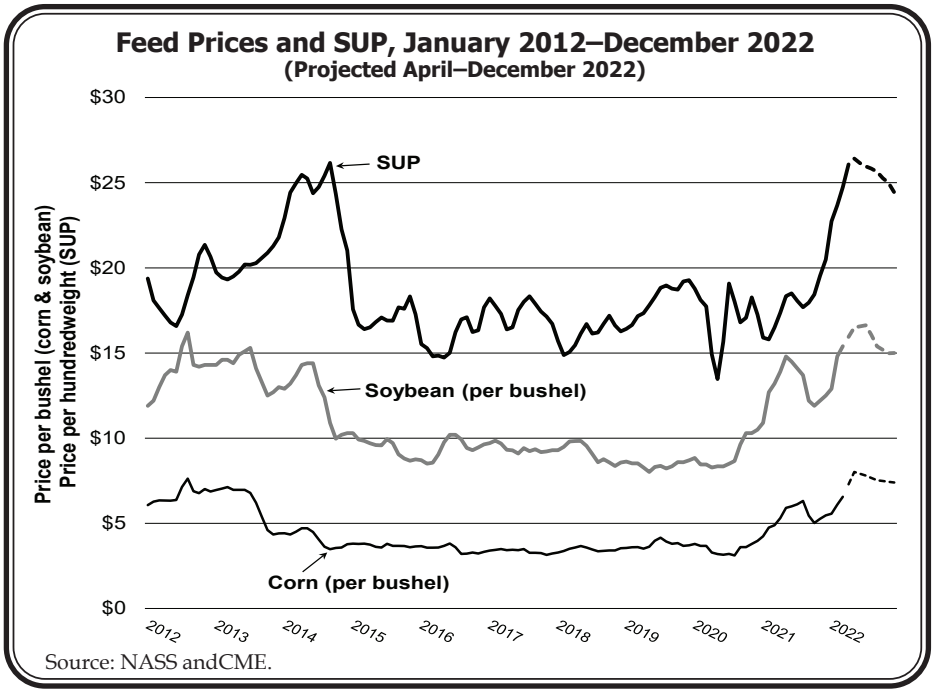
Internet Ordered Home Delivery, added as a category to the Methods of Distribution section in the last survey was still too small to register any percentage. Supermarket sales accounted for the largest volume at 38.3 percent (see accompanying table). Wholesale distributors were second, followed by mass merchandisers (Wal-Mart, Target, etc.) Club stores (Costco, Sam's Club, BJs Wholesale, etc.) fell slightly to 6.1 percent from to 6.3 percent in 2019. Convenience stores (not drug stores) dropped to 5.8 percent from 7.8 percent in 2019. Sales to Institutions and Schools declined to 6.1 percent from 6.7 percent in 2019, partly due to Covid-19 repercussions and online education.❖

Market Update

So far in 2022, SUP prices have been close to record setting and reminiscent of 2014 prices. Using May 18, 2022, Chicago Mercantile Exchange (CME) futures prices of Class III and IV milk and estimates of Northeast Order class utilizations, the SUP at the Boston, MA, location projects 2022 to average $25.16 per cwt with an average producer price differential of $1.98 per cwt. The estimated average 2022 SUP is over $7.00 above the 2021 SUP average and $0.88 above the record 2014 average. CME futures prices of Class III and IV milk average $23.18 and $24.12 per cwt, respectively, and suggest a 2022 average Class I milk price of $27.27 per cwt and a Class II price of $24.58 per cwt.

Feed Prices

Feed Prices in the first quarter of 2022 continue the month-over-month increases that occurred in the last quarter of 2021, as displayed in the chart below. Corn prices increased 17.8 percent from January to March, starting the year at $5.57 per bushel and rising to $6.56 per bushel. CME corn futures prices for the remainder of 2022 bounce between $7.00 to $8.00 per bushel, using May 18 CME prices, and average $7.23 per bushel for 2022. Soybean prices increased 19.4 percent in the first 3 months of 2022, starting the year at $12.90 per bushel and rising $2.50 by March. CME futures for soybeans predict a less dramatic fluctuation in price for the rest of the year, ending the year at $15.01 with a yearly average of $15.45 per bushel. Alfalfa hay experienced the smallest increase in price in 2022; it rose to $221.00 per ton in March from $211 in January, an increase of 4.7 percent. Prices for alfalfa hay have steadily risen every month since December 2020 except for November 2021 and January 2022.



Source: NASS andCME.

Exports

According to the U.S. Dairy Export Council (USDEC) U.S. dairy export values in 2022 up to the month of March increased 25 percent over 2021, an increase of $172 million for a total of $860 million. However, total milk solids exports for the same time decreased 1 percent, 2,005 metric tons (MT), from the previous year, largely due to decreased exports in nonfat dry milk (NFDM), dry whey, and lactose. NFDM declined 7 percent (6,373 MT), lactose fell 18 percent (2,254), and dry whey decreased 18 percent (4274 MT). Increased exports of higher valued items such as cheese and butterfat helped propel the total export value over the previous year. Cheese specifically grew exports by 13 percent, having exported an additional 4,773 MT. The U.S. increased cheese exports in March to Mexico to 26 percent, Southeast Asia to 15 percent, Korea to 15 percent, and Japan to 6 percent.

Inflation

The Bureau of Labor Statistics (BLS) reported the Consumer Price Index (CPI) increased 8.3 percent for all items in April 2022 vs April 2021, with a 9.4 percent increase in the cost of food. The CPI for dairy and related products grew slightly higher than all items at 9.1 percent relative to April 2021 and rose 2.4 percent from the previous month. Milk prices were up 14.7 percent, with whole milk prices increasing faster at 15.5 percent. Cheese and ice cream prices reported lower annual increases with 6.5 percent and 4.7 percent, respectively, while all other dairy and related product prices rose 9.0 percent.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

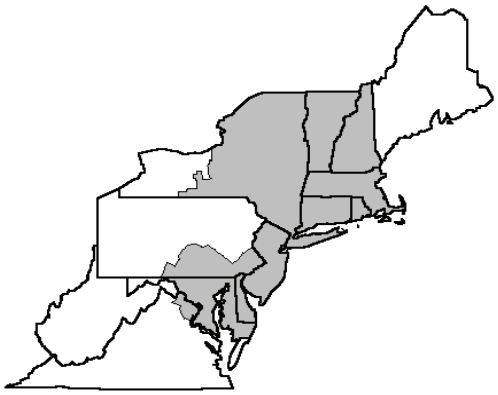
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	655,400,868	$17.23	$112,925,569.56	
	Butterfat	15,460,976	3.1423	48,583,024.88	
Less:	Location Adjustment to Handlers			(2,943,612.21)	$158,564,982.23
Class II—	Butterfat	33,558,714	3.1531	105,813,981.12	
	Nonfat Solids	48,194,466	1.6900	81,448,647.54	187,262,628.66
Class III—	Butterfat	27,476,367	3.1461	86,443,398.21	
	Protein	19,633,112	3.4239	67,221,812.19	
	Other Solids	35,802,114	0.5565	19,923,876.48	173,589,086.88
Class IV—	Butterfat	15,824,731	3.1461	49,786,186.16	
	Nonfat Solids	39,124,866	1.6470	64,438,654.30	114,224,840.46
Total Classified Value					**$633,641,538.23**
Add:	Overage—All Classes				292,946.28
	Inventory Reclassification—All Classes				110,519.24
	Other Source Receipts	58,002			1,728.46
Total Pool Value					**$634,046,732.21**
Less:	Value of Producer Butterfat	92,320,788	3.1461	(290,450,431.16)	
	Value of Producer Protein	71,980,019	3.4239	(246,452,387.04)	
	Value of Producer Other Solids	131,624,570	0.5565	(73,249,073.25)	(610,151,891.45)
Total PPD Value Before Adjustments					**$23,894,840.76**
Add:	Location Adjustment to Producers				13,530,458.98
	One-half Unobligated Balance—Producer Settlement Fund				1,125,864.64
Less:	Producer Settlement Fund—Reserve				(913,591.18)
Total Pool Milk & PPD Value		**2,281,065,041**			**$37,637,573.20**
	Producer Price Differential		**$1.65**		
	Statistical Uniform Price		**$26.07**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

May 2022 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

May Pool Price Calculation

The May 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $26.58 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 $28.52 per hundredweight. The May statistical uniform price was 51 cents per hundredweight above the April price. The May producer price differential (PPD) at Suffolk County was $1.37 per hundredweight, a decrease of 28 cents from the previous month.

Product Prices Effect

Commodity price changes reported on the National Dairy Product Sales Report in May were mixed. Butter declined 3 cents, nonfat dry milk decreased 2 cents, and dry whey dropped 7 cents, all on a per pound basis. Cheese jumped over 12 cents per pound on a combined increase of 10 cents in the block price and 14 cents in the barrel price. The commodity price changes translated to a 4-cent decrease in the per-pound butterfat price, a 2-cent decline in the nonfat solids prices, and a 7-cent drop in the other solids price. The protein price jumped almost 45 cents per pound from the increase in the cheese price and the decrease in the butterfat price, which is a factor in the protein price formula.

All class prices rose from the previous month except Class IV, which decreased 32 cents per hundredweight due to the declines in butter and nonfat dry milk. Class I increased $1.07; Class II rose 16 cents; and Class III was up 79 cents, all on a per hundredweight basis. The Class I price for May set a record high for the Order, but the announced June price is even higher. The Class III price is the highest ever for the Order and the Class II and IV prices are the second highest on record; the last records were set in 2014. The SUP also set a new record high for the Order. The Class IV prices was the lowest of the classes for the first time in 6 months. With a higher Class III price, the spread tightened, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in May set a record high for the Order and topped 9,000 pounds for the first time. The average producer butterfat test set a record high for the month. The producer protein and other solids tests were the second highest ever for May.❖

Pool Summary

- A total of 8,435 producers were pooled under the Order with an average daily delivery per producer of 9,034 pounds.
- Pooled milk receipts totaled 2.362 billion pounds, an increase of 0.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.7 percent of total milk receipts, down 0.7 percentage points from April.
- The average butterfat test of producer receipts was 3.97 percent.
- The average true protein test of producer receipts was 3.11 percent.
- The average other solids test of producer receipts was 5.78 percent.❖

Pooled Milk	Percent	Pounds
Class I	28.7	678,025,669
Class II	24.3	573,545,129
Class III	26.9	635,583,924
Class IV	20.1	475,031,853
Total Pooled Milk		2,362,186,575

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	3.8696	3.1307
Butterfat Price	3.1056	1.9851
Other Solids Price	0.4857	0.4645

Class Prices

	2022	2021
	$/cwt	
Class I	28.70	20.35
Class II	25.87	16.22
Class III	25.21	18.96
Class IV	24.99	16.16

Manufactured Dairy Products—2021 Summary

USDA's National Agricultural Statistics Service recently released their *Dairy Products 2021 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table compares selected products' changes to 2021 from 2020 and 2016, for both the U.S. and for milk used in the Northeast Order. All percentages have been adjusted for leap years 2016 and 2020.

Change in Selected Manufactured Dairy Products, 2021

	Total U.S. Production of Manufactured Products		Total Northeast Order Milk Used to Manufacture#	
	2021 from:			
	2016	2020	2016	2020
	(percent change)			
Cheese				
American^	17.1	4.6	(0.3)	0.1
Italian+	8.7	2.8	10.0	1.7
Cream and Neufchatel	14.3	2.6	4.1	(2.3)
Other*	13.0	6.1	(10.2)	1.7
Total Cheese(excludes cottage)	12.8	3.8	3.9	0.7
Butter	12.9	(3.2)	4.9	(5.6)
NFDM~	15.8	4.0	1.4	(0.4)
Yogurt	6.7	5.5	12.9	1.8

Source: USDA, NASS - Dairy Products 2021 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, Gouda, blue, brick, feta, and other varieties.
~ For human use; Northeast data includes some whole milk powder.

Cheese Production

Nationally, total cheese production (excluding cottage cheese) grew 3.8 percent from 2020. Individual categories all increased: American rose 4.6, Italian was up 2.8, Swiss and other cheeses jumped 6.1, and cream (and Neufchatel) grew 2.6, all on a percentage basis. Within the other cheese category, Hispanic (had the highest volume in this category and accounted for 26.0 percent) increased 1.5 percent. Gouda had the most growth from 2020 (26.3 percent), but only accounted for 4.2 percent of the total category. Swiss cheese, which represented 24.4 percent of other cheese, grew 1.8 percent. Other cheeses in this category include feta, blue/gorgonzola, Muenster, brick, and other varieties. Within total Italian cheese, ricotta declined 1.8 percent from 2020.

When compared to five years earlier, total cheese is up 12.8 percent nationally. American rose 17.1, Italian increased 8.7, Swiss and other cheeses grew 13.0, and cream cheese was up 14.3, all on a percentage basis. Within the other types, Hispanic cheese rose 33.0 percent from 2016.

In the Northeast, milk used in making cheese increased 0.7 percent from 2020 to 2021. By category, milk used in American cheese rose a slight 0.1 percent, Italian cheese was up 1.7 percent (this figure includes ricotta that increased 8.5 percent), and Swiss and other cheeses grew 1.7 percent. Cream cheese declined 2.3 percent. Compared to 5 years earlier, milk used in making cheese in the Northeast was up 3.9 percent with Italian increasing 10.0 percent and cream cheese growing 4.1 percent. American cheese use was down 0.3 percent while Swiss and other cheeses dropped 10.2 percent compared to 2016.

Other Products

U.S. butter production decreased 3.2 percent from 2020 to 2021. Compared to 2016, it is up 12.9 percent. Nonfat dry milk (NFDM) rose 4.0 percent from the previous year and 15.8 percent from 2016. Yogurt increased 5.5 from the 2020 and 6.7 percent from 5 years ago. Ice cream (not shown in table) decreased 4.5 percent from the previous year and 3.6 percent from 2016. Combined evaporated and condensed (whole and skim) decreased 4.4 percent from 2020 and 10.6 percent from 2016.

In the Northeast, milk used in butter dropped 5.6 percent in 2021. Compared to 2016, it was up 4.9 percent. Milk utilized in yogurt increased 1.8 percent from the previous year and 12.9 percent from 5 years ago. Milk used in the production of dry milk products (mostly nonfat but does include some whole milk powder) declined 0.4 percent from 2020; compared to 2016, it rose 1.4 percent. Milk utilized in ice cream rose 12.3 percent in 2021. Compared to 5 years ago, it dropped 23.5 percent. Milk used in evaporated and condensed was up 5.3 percent from 2020 and 56.4 percent from 2016.

Leading States

The top five cheese-producing states continued to be Wisconsin, California, Idaho, New Mexico, and New York. Pennsylvania ranked number seven and Vermont was number 10 of the states reported. Not all states are represented; data cannot be disclosed when there are fewer than three plants. Due to this, state rankings were not available for many products. Wisconsin remained the number one producer of both American and Italian cheese although California was second in Italian cheese with only 49 million pounds less than Wisconsin in 2021. New York remained the largest producer of yogurt, cottage cheese (low fat and creamed), and sour cream.

Percent of Total Milk Production

Of U.S. total milk production, 80.4 percent was used in manufactured products (19.6 percent sold for fluid use) in 2021, up from 79.3 percent in 2020 and 76.9 percent in 2016.

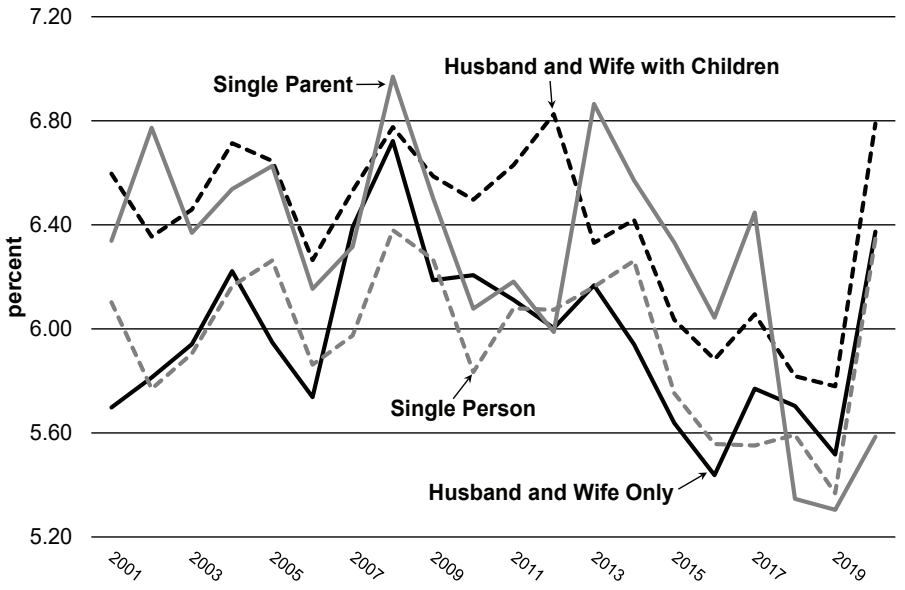
In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 69.2 percent in 2021, unchanged from 2020 and up from 66.9 percent in 2016.

Number of Plants

The total number of plants equaled 1,196 in 2021, down from 1,231 in 2020. Wisconsin led with 188, followed by New York with 119, and California with 102. Pennsylvania reported 80 and Vermont had 49 in 2021.❖

Consumer Expenditure Surveys

The United States Bureau of Labor Statistics (BLS) conducts a series of surveys across the United States to collect data on consumer spending. The Consumer Expenditure Survey (CES) provide statistics on expenditures, income, and demographic characteristics of consumers within the United States. This data provides valuable insight into the behavior of consumers. Data is collected from numerous households across the country tracking expenditures made. Consumer Unit (CU) is the term used by CES to refer to a household. A CU can be made up of a range of living situations but commonly is defined as a household related by blood, marriage, or adoption. Collected data can be broken down into several different characteristics such as income, geographic regions, age, race, and occupation.



Source: U.S. Bureau of Labor Statistics; CU = Consumer Unit.

The focus of this article will be on the relationship between the household dynamic and dairy product expeditures over a 20-year period, 2001-2020. Expenditures have been adjusted for 2020-dollar values. The CES categorizes dairy products in three ways: Dairy Products, Fresh Milk & Cream, and Other Dairy Products. The Dairy Products group is composed of the other two categories. The Other Dairy Products category includes "butter, cheese, ice cream products, yogurt, powdered milk, condensed and evaporated milk, liquid and powdered diet beverages, malted milk, milk shakes, chocolate milk, and other specified dairy products." (https://www.bls.gov/cex/csxgloss.htm)

Between 2001 and 2020, single parent CU on average decreased spending on Dairy Products by $7.21 a year. Single person CU spent 56 cents more each year on Dairy Products and husband and wife CU (with and without children) spent 78 cents less year-to-year. Husband and wife with children CU spent $754.03 on Dairy Products in 2020, almost $250.00 more than husband and wife only CU. Husband and wife with children CU spend progressively more on Dairy Products in relation to the age of the oldest child, $687.23 (oldest child under 6), $738.85 (oldest child 6 to 17), and $804.64 (oldest child 18 or older). Husband and wife with children CU in 2020 averaged 1.6 children under 18 and 2.0 earners per household.

Much of the decrease in Dairy Products spending can be attributed to a decline in Fresh Milk & Cream expenditures across all CU types. Within the first two decades of the 2000s, Fresh Milk & Cream expenditures per CU declined in excess of 19 percent in all household types. Single parent households experienced the largest drop at 36.5 percent from 2001-2020, spending on average $131.58 on Fresh Milk & Cream in the year 2020. Husband and wife with children CU (specifically with the oldest child 18 or older) saw the lowest decrease in Fresh Milk & Cream expenditures at 19.0 percent, spending the most of all CU types at $237.85 in 2020. Other Dairy expenditures help offset some of the decline in Dairy Product expenditures, all CU types (except single parent CU) increased in Other Dairy expeditures between 2001 and 2020. Once again, Husband and wife with children CU (with the oldest child 18 or older) had the highest Other Dairy expenditures in 2020 ($566.79), an increase of 33.9 percent from 2001. Since 2001, Other Dairy expenditures increased 14.3 percent in husband and wife only CU, 19.4 percent in all husband and wife with children CU, and 19.5 percent in single person CU.

Dairy Product expenditures as a portion of CU food expenditures saw similar trends between 2001 to 2020 across different CU dynamics. All CU types spent between 5.3 percent to 7.8 percent of food expenditures on Dairy Products. Husband and wife with children (oldest child under six) spent an average of 7.1 percent between 2001 and 2020, the most of all CU types. Single person and husband and wife only CU spent 6.0 percent for the same 20-year period, the lowest of all CU types. As seen in the accompanying chart, Dairy Product expenditures as a portion of CU food expenditures experienced a significant increase in 2020 across all CU compositions. The uptick in 2020 as a result of the pandemic comes after a slow decline in all CU, starting in 2013. The Single Parent CU had the most dramatic drop in this time frame, starting at 6.9 percent in 2013 and falling to 5.3 percent in 2019.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

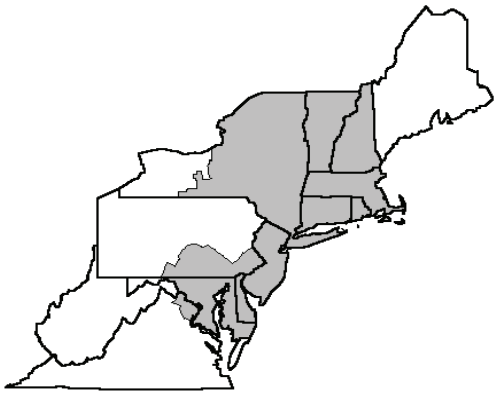
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	662,579,177	$18.24	$120,854,441.88	
	Butterfat	15,446,492	3.1698	48,962,290.34	
Less:	Location Adjustment to Handlers			(2,932,421.47)	$166,884,310.76
Class II—	Butterfat	33,722,296	3.1126	104,964,018.53	
	Nonfat Solids	49,953,238	1.7244	86,139,363.59	191,103,382.12
Class III—	Butterfat	28,959,205	3.1056	89,935,707.04	
	Protein	19,688,553	3.8696	76,186,824.63	
	Other Solids	36,530,513	0.4857	17,742,870.16	183,865,401.83
Class IV–	Butterfat	15,540,797	3.1056	48,263,499.17	
	Nonfat Solids	42,524,172	1.6253	69,114,536.73	117,378,035.90
Total Classified Value					**$659,231,130.61**
Add:	Overage—All Classes				162,292.81
	Inventory Reclassification—All Classes				103,370.48
	Other Source Receipts	113,305			3,370.84
Total Pool Value					**$659,500,164.74**
Less:	Value of Producer Butterfat	93,668,790	3.1056	(290,897,794.23)	
	Value of Producer Protein	73,438,262	3.8696	(284,176,698.60)	
	Value of Producer Other Solids	136,466,496	0.4857	(66,281,777.16)	(641,356,269.99)
Total PPD Value Before Adjustments					**$18,143,894.75**
Add:	Location Adjustment to Producers				13,956,361.91
	One-half Unobligated Balance—Producer Settlement Fund				1,290,107.64
Less:	Producer Settlement Fund—Reserve				(1,026,855.85)
Total Pool Milk & PPD Value		**2,362,299,880**			**$32,363,508.45**
	Producer Price Differential		**$1.37**		
	Statistical Uniform Price		**$26.58**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

June 2022 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 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $26.98 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 $28.69 per hundredweight. The June statistical uniform price was 40 cents per hundredweight above the May price. The June producer price differential (PPD) at Suffolk County was $2.65 per hundredweight, an increase of $1.28 from the previous month.

Product Prices Effect

Commodity price changes reported on the National Dairy Product Sales Report for June were mixed. On a per pound basis, butter jumped almost 19 cents while nonfat dry milk rose less than one cent. Dry whey declined 5 cents, and the combined cheese price fell almost 7 cents with both blocks and barrels dropping the same. The commodity price changes translated to a nearly 23-cent jump in the per-pound butterfat price, a less than 1-cent increase in the nonfat solids price, a decrease of almost 6 cents in the other solids price, and a 45-cent drop in the protein price. In contrast to May, the protein price decline was exacerbated by the decrease in the cheese price and the increase in the butterfat price, which is a factor in the protein price formula.

All class prices rose from the previous month except Class III, which decreased 88 cents per hundredweight due to the declines in the cheese and dry whey prices. Class I increased 42 cents; Class II rose 78 cents; and Class IV was up 84 cents, all on a per hundredweight basis. The Class I, II, and IV prices were all record highs for the Order. The SUP again set a record high for the Order. The Class III price was the lowest of the classes for the month. With a lower Class III price, the spread widened, resulting in a higher PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in June set a record high for the Order. The Class III volume for June was the third highest ever for the month, surpassed only by 2001 and 2002. The average producer tests for all components (butterfat, protein, and other solids) set record highs for the month.❖

Pool Summary

- A total of 8,207 producers were pooled under the Order with an average daily delivery per producer of 9,116 pounds.
- Pooled milk receipts totaled 2.244 billion pounds, a decrease of 1.8 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 27.5 percent of total milk receipts, down 1.2 percentage points from May.
- The average butterfat test of producer receipts was 3.91 percent.
- The average true protein test of producer receipts was 3.08 percent.
- The average other solids test of producer receipts was 5.79 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	27.5	617,990,639
Class II	23.4	525,842,238
Class III	30.5	684,118,501
Class IV	18.6	416,468,168
Total Pooled Milk		2,244,419,546

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	3.4173	2.5834
Butterfat Price	3.3323	1.9641
Other Solids Price	0.4295	0.4579

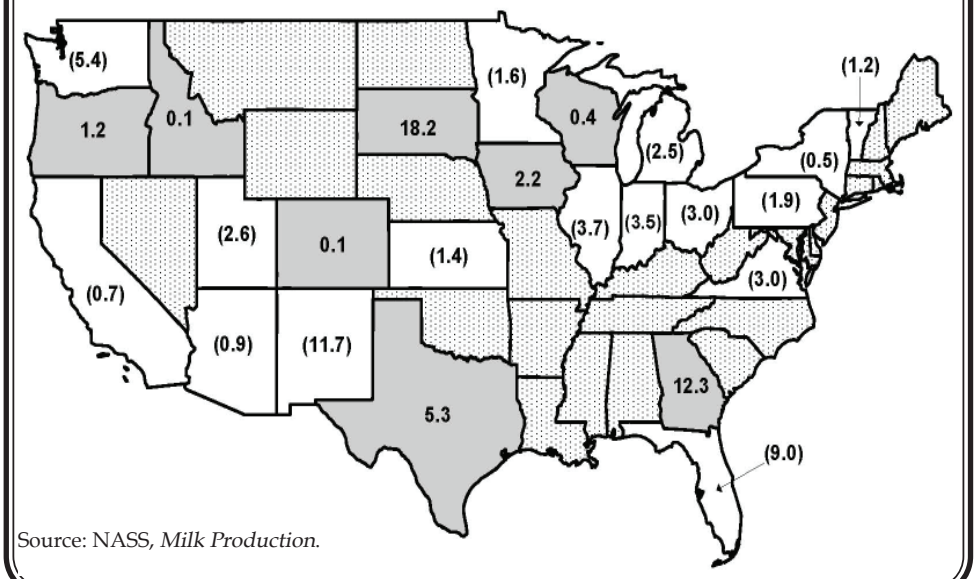
Class Prices

	2022	2021
	$/cwt	
Class I	29.12	21.54
Class II	26.65	16.66
Class III	24.33	17.21
Class IV	25.83	16.36

U.S. Milk Production and Northeast Pool Volume Decrease

Estimated U.S. milk production for the first 6 months of 2022 was down 0.7 percent from 2021, for a difference of 806 million pounds. The majority of U.S. states reported a decline in milk production during the first half of 2022 when compared to 2021, according to the most recent *Milk Production* report from NASS (National Agricultural Statistics Service). Northeast Order milkshed states reported a combined loss of 1.4 percent for the 6-month period while total pooled milk volume for the Northeast Order decreased 1.0 percent during the same period.

January–June 2022 Milk Production in the NASS 24 Selected States (Year-to-Year Percent Change)



Source: NASS, *Milk Production.*

Milk Production

The top ten states, ranked by total production during the first 6 months, decreased 0.8 percent from 2021. The accompanying table shows the changes along with a comparison for some selected areas. Of the top ten states listed, only Wisconsin, Texas, and Idaho reported increases over the previous year; Texas reported the largest increase at 5.3 percent. Once again, California placed in first, producing 5.4 billion pounds more than second place Wisconsin. New Mexico experienced the largest decrease of the top ten states at 11.7 percent.

Total production for the 24 selected states as reported by NASS fell 0.6 percent for the January-June period compared to the previous year. Of this group, South Dakota reported the largest increase (18.2 percent), followed by Georgia (12.3 percent). Sixteen of the 24 states reported declines; New Mexico, Florida, and Washington reported the largest drops, all in excess of 5.0 percent (see accompanying map.)

The states contributing to the Northeast Order milkshed had a combined decrease of 1.4 percent. West Virginia had the only increase at 2.6 percent and Delaware had the largest decline at 9.1 percent. New York state experienced the smallest loss of production on a percentage basis in the northeast at 0.5 percent; all other Northeast milkshed states experienced decreases greater than 1.2 percent. The top three contributing states (New York, Pennsylvania, and Vermont) had a combined decrease of 1.1 percent.

Milk Production in the Top Ten States and Selected Areas, January–June, 2021 vs. 2022

Rank	State	2021	2022	Percent Change
		(million pounds)		
1	California	21,476	21,319	(0.7)
2	Wisconsin	15,836	15,898	0.4
3	Texas	7,854	8,269	5.3
4	Idaho	8,205	8,214	0.1
5	New York	7,833	7,793	(0.5)
6	Michigan	6,039	5,887	(2.5)
7	Minnesota	5,280	5,194	(1.6)
8	Pennsylvania	5,178	5,081	(1.9)
9	New Mexico	4,193	3,703	(11.7)
10	Washington	3,340	3,160	(5.4)
	Top Ten Total	85,234	84,518	(0.8)
NASS 24 Selected		109,730	109,090	(0.6)
Northeast Milkshed		16,387	16,152	(1.4)
Top 3 Northeast		14,308	14,156	(1.1)
U.S. Total		114,994	114,188	(0.7)

Source: NASS, Milk Production

Pool Volume

The total producer volume at time of pool for the first 6 months of 2021 for the Northeast Order decreased by 1.0 percent from the same period in 2021, due to milk depooled in January, February, and March. If the depooled milk was included, Northeast total pooled volume for the first half of 2022 would be slightly above last year.❖

Shipping Percentage Adjusted for Fall 2022–23

The Market Administrator received a request from a plant operator 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

(continued on page 3)

Shipping Percentage Adjusted *(continued from page 2)*

for the months listed until further notice. Reductions in the required shipping percentage for the stated period have been approved since 2013. Similar to other recent requests, 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, milk utilization, and market conditions.

Section 1001.7 (g) of the Northeast Order states that the shipping percentages under the above provision may be increased or decreased by the Market Administrator if, after conducting an investigation and soliciting comments, the Market Administrator determines that such adjustment is necessary to encourage needed shipments or to prevent uneconomic shipments.

Monthly pool statistics continue to present a picture of declining Class I receipts for the Northeast Order, though there had been some slowing of this trend earlier in 2021. The Class I receipts for the May 2022 pool, at 678 million pounds were the second lowest volume for the month in 20 years, roughly 6 million pounds above the prior May (the record lowest for that month). At 28.7 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 2021, Class I utilization for these same three months averaged 31.5 percent of the total pool — a drop of roughly 18 percentage points.

In 2021, Class I receipts for the September through November period were 24.3 percent below the same period during the first year of the Northeast Order, in 2000, showing how much less milk has been utilized as Class I in recent years compared to when the Order's shipping provisions were first adopted. Current pool projections indicate a small increase in fall-month Class I utilization compared to spring, not supporting a need to return to a shipping percentage higher than has been approved in recent years, at least for fall 2022.

Decision

After reviewing a variety of Northeast Order statistical data related to total pool volume, class utilization changes over time, fluid sales reports for the Order, and recent industry dynamics, together with comments submitted by parties responding to the call for comments on the request, a reduction in the shipping percentage under Section 1001.7 (c) (2) of the Northeast Order from 20 to 10 percent for the three months of September, October, and November, is approved.

Considering 2022 will be the fifth year in a row that the shipping percentage will have been reduced to 10 percent and given that the market conditions that warranted previous reductions continue to exist, the reduction in the shipping percentage to 10 percent will apply to September-November for years 2022 and 2023. As provided under the terms of the Northeast Order under Section 1001.7 (g), the Market Administrator may review the need for any further adjustment on his own initiative or at the request of interested parties.❖

Pool Summary for All Federal Orders, January–June, 2021–2022

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2021	2022	Change	2021	2022	2021	2022
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**13,606,911,335**	**13,466,696,778**	**(1.0)**	**0.11**	**2.18**	**17.07**	**25.13**
5	Appalachian	2,709,099,320	2,752,573,978	1.6	N/A	N/A	18.48	26.32
6	Florida	1,226,787,318	1,249,920,904	1.9	N/A	N/A	20.46	28.24
7	Southeast	2,360,562,752	2,064,690,664	(12.5)	N/A	N/A	18.60	26.70
30	Upper Midwest	6,048,351,411	14,555,701,804	140.7	(0.77)	0.21	16.19	23.16
32	Central	5,758,414,555	7,756,078,428	34.7	(1.29)	0.63	15.68	23.58
33	Mideast	8,473,952,474	8,848,459,197	4.4	(0.78)	0.92	16.19	23.87
51	California	11,760,720,527	10,994,034,611	(6.5)	(1.46)	0.82	15.50	23.77
124	Pacific Northwest	3,651,139,509	3,903,830,267	6.9	(1.11)	0.84	15.85	23.79
126	Southwest	6,000,987,426	6,871,690,939	14.5	(0.79)	1.23	16.18	24.18
131	Arizona	2,126,355,390	2,561,127,194	20.4	N/A	N/A	16.11	24.66
All Market Total/Average		63,723,282,017	75,024,804,764	17.7	(0.87)	0.97	16.94	24.85

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

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

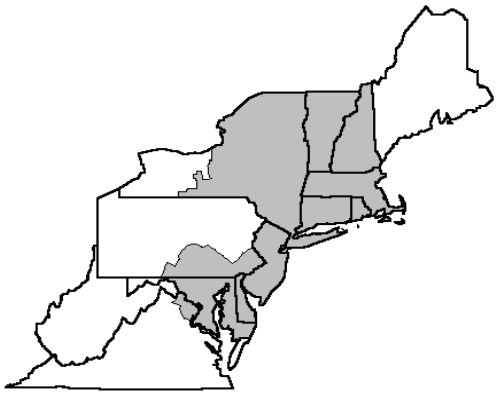
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	603,382,105	$18.91	$114,099,556.06	
	Butterfat	14,608,534	3.1053	45,363,880.63	
Less:	Location Adjustment to Handlers			(2,688,885.59)	$156,774,551.10
Class II—	Butterfat	32,477,865	3.3393	108,453,334.60	
	Nonfat Solids	45,553,734	1.7222	78,452,640.66	186,905,975.26
Class III—	Butterfat	28,387,713	3.3323	94,596,376.07	
	Protein	21,062,439	3.4173	71,976,672.78	
	Other Solids	39,596,317	0.4295	17,006,618.17	183,579,667.02
Class IV—	Butterfat	12,304,425	3.3323	41,002,035.44	
	Nonfat Solids	37,326,760	1.6313	60,891,143.60	101,893,179.04
Total Classified Value					**$629,153,372.42**
Add:	Overage—All Classes				341,123.07
	Inventory Reclassification—All Classes				659,028.94
	Other Source Receipts	121,484			6,675.77
Total Pool Value					**$630,160,200.20**
Less:	Value of Producer Butterfat	87,778,537	3.3323	(292,504,418.88)	
	Value of Producer Protein	69,062,335	3.4173	(236,006,717.40)	
	Value of Producer Other Solids	130,060,380	0.4295	(55,860,933.20)	(584,372,069.48)
Total PPD Value Before Adjustments					**$45,788,130.72**
Add:	Location Adjustment to Producers				13,403,413.62
	One-half Unobligated Balance—Producer Settlement Fund				1,370,352.02
Less:	Producer Settlement Fund—Reserve				(1,081,559.03)
Total Pool Milk & PPD Value		**2,244,541,030**			**$59,480,337.33**
	Producer Price Differential		**$2.65**		
	Statistical Uniform Price		**$26.98**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

July 2022 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

July Pool Price Calculation

The July 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $26.36 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 $27.89 per hundredweight. The July statistical uniform price was 62 cents per hundredweight below the June price. The July producer price differential (PPD) at Suffolk County was $3.84 per hundredweight, an increase of $1.19 from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report for July declined except butter that rose 2 cents per pound. Nonfat dry milk declined nearly 2 cents and dry whey dropped 7 cents per pound. The combined cheese price fell 15 cents per pound with blocks falling 16 cents and barrels dropping 14 cents. The commodity price changes translated to a 3-cent rise in the butter price, and declines of 2 cents for nonfat solids and 7 cents for other solids. The protein price plummeted nearly 51 cents per pound, mainly due to the drop in the cheese price. The increase in the butterfat price, which is a factor in the protein price formula, also contributed to the decline.

Class price changes were mixed: The Class I price was unchanged from June; the Class II price increased 1 cent; the Class III price fell $1.81; and the Class IV prices decreased 4 cents, all on a per hundredweight basis. The Class I price tied with last month as a record high, and the Class II and IV prices were record highs for the Order. The SUP for July was the third highest ever for the Order. The Class III price was the lowest of the classes for the month. With a lower Class III price, the spread widened, resulting in a higher PPD-the highest since May 2011.

Selected Statistics

Average daily deliveries per producer (DDP) in June were the second highest ever for the Order. As in June, the Class III volume for July was the third highest ever for the month, surpassed only by 2001 and 2002. The average producer tests for butterfat and protein set record highs for the month; the other solids test tied with 2021 as a record high for July.❖

Pool Summary

- A total of 8,097 producers were pooled under the Order with an average daily delivery per producer of 9,109 pounds.
- Pooled milk receipts totaled 2.286 billion pounds, a decrease of 1.4 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 26.9 percent of total milk receipts, down 0.6 percentage points from June.
- The average butterfat test of producer receipts was 3.89 percent.
- The average true protein test of producer receipts was 3.06 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	26.9	615,863,018
Class II	24.3	556,310,773
Class III	30.1	687,108,621
Class IV	18.7	427,167,127
Total Pooled Milk		2,286,449,539

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	2.9116	2.4957
Butterfat Price	3.3600	1.8996
Other Solids Price	0.3596	0.4181

Class Prices

	2022	2021
	$/cwt	
Class I	29.12	20.67
Class II	26.66	16.83
Class III	22.52	16.49
Class IV	25.79	16.00

Consumer Expenditure Surveys

The United States Bureau of Labor Statistics (BLS) conducts a series of surveys across the United States to collect data on consumer spending. The Consumer Expenditure Survey (CES) provide statistics on expenditures, income, and demographic characteristics of consumers within the United States. This data provides valuable insight into the behavior of consumers. Data is collected from numerous households across the country tracking expenditures made. Collected data can be broken down into several different characteristics such as income, geographic regions, age, race, and occupation. Two important terms used in reference to the survey are Consumer Unit (CU) and Reference Person (RP). A CU is the term used by the CES to refer to a household. A CU can be made up of a range of living situations but commonly is defined as a household related by blood, marriage, or adoption. The RP is the person or one of the persons who owns or rents the home according to the respondent of the CES; the RP could be traditionally viewed as the head of the household.

The focus of this article will be on CU spending on dairy products in relation to age of the RP between 2000 and 2020. Dollar value of expenditures have been adjusted to the first quarter of 2022, using data from the consumer price index. The CES categorizes dairy products in three ways: Dairy Products, Fresh Milk & Cream, and Other Dairy Products. The Dairy Products group is composed of the other two categories. Products included in Fresh Milk & Cream are "fresh whole milk and other fresh milk, such as buttermilk and fresh cream (including table cream, whipping cream, fresh sour cream, and fresh sour cream dressing)." Other Dairy Products includes "butter, cheese, ice cream products, yogurt, powdered milk, condensed and evaporated milk, liquid and powdered diet beverages, malted milk, milk shakes, chocolate milk, and other specified dairy products." (https://www.bls.gov/cex/csxgloss.htm)

CU Dairy Expenditures by Age of RP in 2020

In 2020 and adjusted to 2022-dollar value, the under 25 years age group spent the least on Dairy Product expenditures per CU at $241.16 per year. The 35-44 years category spent the most at $664.33 per year per CU. The rest of the age ranges in descending order are 45-54 years ($625.66 per year), 65-74 years ($542.62 per year), 55-64 years ($524.41 per year), 25-34 years ($491.43 per year), and 75 years & older ($408.38 per year).

Except for the under 25 years group, the order changes when taking into consideration the average number of persons per CU. The average number of Dairy Product expenditures per person per year in 2020 are as follows in descending order: 65-74 years ($285.59 per person per year), 75 years and older ($255.24 per person per year), 55-64 years ($238.37 per person per year), 45-54 years ($215.74 per person per year), 35-44 years ($195.39 per person per year), 25-34 years ($182.01 per person per year), and under 25 years ($114.84 per person per year).

2000-2020 Trends

The 75 years & older age group spend the largest percent of total CU expenditures on food at home expenses at 8.5 percent, on a 20-year average, and of that 11.0 percent was spend on Dairy Products. The 65-74 age range was the only other group above 8.0 percent of total CU expenditures on food at home expenses (8.1 percent), while all other age ranges spend between 7.2 to 7.6 percent. Except for the 75 years & older group, all age ranges spent between 10.3 to 10.8 percent of food at home expenditures on Dairy Products on a 20-year average.

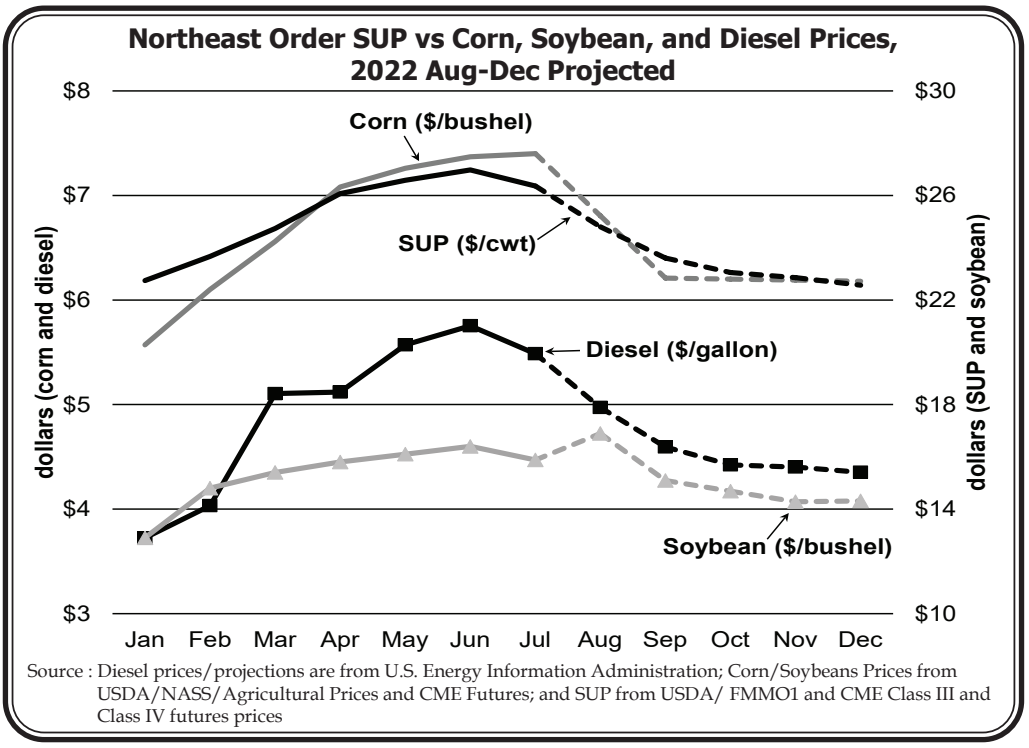
When comparing 2000 Dairy Product expenditures to 2020 there was an increase in age groups 35-44 years (1.5 percent), 65-74 years (2.3 percent), and 75 years & older (1.2 percent). All other age groups experienced a decline, 55-64 years (4.5 percent), 45-54 years (3.0 percent), 25-34 years (9.4 percent), and under 25 years (19.3 percent). A similar trend is witnessed when comparing the average year-to-year changes in each grouping, except the 45-54 years group that experienced no noticeable change year-to-year. The under 25 years group decreased Dairy Product expenditures an average of 0.5 percent year-over-year, 25-34 years decreased 0.3 percent, 35-44 years increased 0.2 percent, 55-64 years declined 0.1 percent, and the two highest age groups each grew 0.4 percent.

Fresh Milk & Cream and Other Dairy Expenditures

What determined the overall increase or decrease in Dairy Product expenditures was if the age group increased Other Dairy Product expenditures more than the decrease in Fresh Milk & Cream expenditures. All age groups experienced a decline in Fresh Milk & Cream expenditures while increasing Other Dairy Product expenditures. The under 25 years group had the largest decline in average year-over-year Fresh Milk & Cream expenditures (1.5 percent) and the smallest increase in average year-over-year Other Dairy Product expenditures (0.3 percent). The 75 years & older group had the largest increase in average year-over-year Other Dairy Product expenditures (1.6 percent) and an average year-over-year Fresh Milk & Cream expenditures decrease (1.3 percent). The smallest average year-over-year Fresh Milk & Cream expenditures decline (0.9 percent) was the 45-54 years group, which had a 0.6 percent average year-over-year increase of Other Dairy Product expenditures.❖

Market Update

Statistical uniform prices (SUP) in 2022 have been record setting- April, May, June, and July have 4 of the top 5 highest SUPs in the past 22 years. Using August 17, 2022, Chicago Mercantile Exchange (CME) futures prices of Class III and IV milk and estimates of Northeast Order class utilizations, the SUP at the Boston, MA, location projects 2022 to average $24.69 per hundredweight (cwt) with an average producer price differential (PPD) of $2.64 per cwt. The estimated average 2022 SUP is $6.81 above the 2021 SUP average and the estimated 2022 PPD average is $1.84 higher than the 2021 PPD average. CME futures prices of Class III and IV milk average $22.05 and $23.99 per cwt, respectively, and suggest a 2022 average Class I milk price of $26.79 per cwt and a Class II price of $24.69 per cwt. June is projected to be the peak of SUP prices in 2022, using CME futures prices for the remainder of 2022, SUPs are estimated to be on average $5.00 per cwt above 2021 SUPs for the same months.



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

Feed Prices

Feed Prices in the second quarter of 2022 have continued the month-over-month increases that occurred in the first quarter, as displayed in the accompanying chart. Corn prices increased 32.3 percent from January to June, starting the year at $5.57 per bushel and rising to $7.37 per bushel. Using August 10 CME prices, corn futures prices project the price to drop after July below $7.00 per bushel for the remainder of the year and average $6.55 per bushel for 2022. Soybean prices increased 27.1 percent in the first half of 2022, starting the year at $12.90 per bushel and rising to $16.40 per bushel by June. CME futures for soybeans predict a peak in August ($16.89 per bushel) and end the year at $13.93 with a yearly average of $15.09 per bushel. Alfalfa hay prices rose to $245.00 per ton in June from $211 in January, an increase of 16.1 percent.

Exports

According to the U.S. Dairy Export Council (USDEC) U.S. dairy export values in 2022 through the month of June increased 27 percent over 2021, an increase of $1.01 billion for a total of $4.8 billion in the first half of 2022. Total milk solids exports for the same time increased 2 percent, 26,573 metric tons (MT), from the previous year, largely due to significant increased exports of cheese, lactose, and butterfat. Year-over-year cheese exports grew by 17 percent, having exported an additional 33,556 MT. Increased U.S. cheese exports have been driven by available supply, affordability, and increased demand in Mexico and Central America. Lactose exports expanded by 12 percent and butterfat by 43 percent. Non-fat dry milk and skim milk powder was the only major U.S. dairy exported product to see a decline in 2022, dropping 8 percent (38,382 MT) from 2021. Dry whey product exports increased by 1 percent, totaled 3,494 MT more than 2021.

Fuel

According to the U.S. Energy Information Administration (USEIA) the cost of retail diesel has increased $1.77 per gallon from January to July 2022, an increase of 47.3 percent. Prices for diesel significantly increased from January to June, but dropped 27-cents between June and July. The USEIA forecast diesel fuel prices to continue to decline for the remainder of the year, predicting a yearly average price of $4.79 per gallon, a 23-cent per gallon month-to-month decline for the remainder of 2022, and ending the year with a December price of $4.35 per gallon.

Inflation

The Bureau of Labor Statistics (BLS) reported the Consumer Price Index (CPI) increased 8.5 percent for all items in July 2022 vs July 2021, with a 10.9 percent increase in the cost of food. The CPI for dairy and related products grew 14.9 percent relative to July 2021 and rose 1.7 percent from June. Milk prices were up 15.6 percent, with whole milk prices at 14.5 percent and fresh milk other than whole at 16.5 percent. Cheese and ice cream prices reported annual increases to 12.6 percent and 11.3 percent, respectively, while all other dairy and related product prices rose 18.9 percent.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

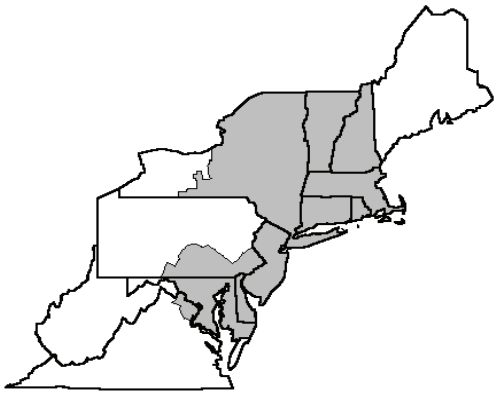
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	600,995,025	$17.89	$107,518,009.97	
	Butterfat	14,867,993	3.3868	50,354,918.69	
Less:	Location Adjustment to Handlers			(2,692,003.66)	$155,180,925.00
Class II—	Butterfat	32,799,645	3.3670	110,436,404.75	
	Nonfat Solids	48,061,887	1.7133	82,344,431.00	192,780,835.75
Class III—	Butterfat	29,111,970	3.3600	97,816,219.20	
	Protein	20,990,126	2.9116	61,114,850.87	
	Other Solids	39,559,243	0.3596	14,225,503.77	173,156,573.84
Class IV—	Butterfat	12,221,360	3.3600	41,063,769.60	
	Nonfat Solids	38,143,579	1.6160	61,640,023.63	102,703,793.23
Total Classified Value					**$623,822,127.82**
Add:	Overage—All Classes				16,614.45
	Inventory Reclassification—All Classes				(92,379.67)
	Other Source Receipts	82,930			5,341.20
Total Pool Value					**$623,751,703.80**
Less:	Value of Producer Butterfat	89,000,968	3.3600	(299,043,252.48)	
	Value of Producer Protein	69,851,559	2.9116	(203,379,799.19)	
	Value of Producer Other Solids	131,952,484	0.3596	(47,450,113.22)	(549,873,164.89)
Total PPD Value Before Adjustments					**$73,878,538.91**
Add:	Location Adjustment to Producers				13,774,219.46
	One-half Unobligated Balance—Producer Settlement Fund				1,267,595.18
Less:	Producer Settlement Fund—Reserve				(1,117,506.85)
Total Pool Milk & PPD Value		**2,286,532,469**			**$87,802,846.70**
	Producer Price Differential		**$3.84**		
	Statistical Uniform Price		**$26.36**		

* 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 2022 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 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $25.42 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 $26.80 per hundredweight. The August statistical uniform price was 94 cents per hundredweight below the July price. The August producer price differential (PPD) at Suffolk County was $5.32 per hundredweight, an increase of $1.48 from the previous month.

Product Prices Effect

Similar to last month, all commodity prices reported on the National Dairy Product Sales Report for August declined except butter that rose 3 cents per pound. Nonfat dry milk dropped 13 cents and dry whey declined 4 cents per pound. The combined cheese price fell nearly 23 cents per pound with blocks falling 21 cents and barrels dropping almost 24 cents. The commodity price changes translated to a 4-cent rise in the butter price and declines of 13 cents for nonfat solids and 4.5 cents for other solids. The protein price plummeted nearly 77 cents per pound, mainly due to the drop in the cheese price.

Class price changes were mostly down: The Class I price was decreased 74 cents; the Class II price increased 25 cents; the Class III price fell $2.42; and the Class IV prices dropped 98 cents, all on a per hundredweight basis. The Class II price was a record high for the Order. With a lower Class III price, the spread widened, resulting in a higher PPD-the highest since the Order's inception.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for August. Total producer receipts were the third highest for the month and Class III set a new record for August. The average producer tests for butterfat and protein tied with 2021 as record highs for the month; the other solids test tied with 2015 as a record high for August.❖

Pool Summary

- A total of 8,116 producers were pooled under the Order with an average daily delivery per producer of 8,999 pounds.
- Pooled milk receipts totaled 2.264 billion pounds, a decrease of 1.0 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 28.7 percent of total milk receipts, up 1.8 percentage points from July.
- The average butterfat test of producer receipts was 3.86 percent.
- The average true protein test of producer receipts was 3.05 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	28.7	650,240,290
Class II	25.5	578,446,569
Class III	30.1	680,390,699
Class IV	15.7	354,955,926
Total Pooled Milk		2,264,033,484

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	2.1417	2.4582
Butterfat Price	3.4001	1.8508
Other Solids Price	0.3146	0.3735

Class Prices

	2022	2021
	$/cwt	
Class I	28.38	20.15
Class II	26.91	16.51
Class III	20.10	15.95
Class IV	24.81	15.92

Comparing PPDs

The Producer Price Differential (PPD) for August 2022 for the Northeast Order set a record high at $5.32 per hundredweight (cwt) at the base location of Boston, MA. The PPD is one portion of the total revenue paid to dairy farmers marketing milk in a federal order that pay producers based on milk components. It represents the difference between the market-wide pool revenue, or the pool classified value, and the amount paid out to producers for their milk's component value (butterfat, protein, and other solids) at the standardized level.

The pool classified value is determined by the amount of milk utilized in each class, along with the price level for each class. Producers are paid for their components from this pool classified value. Components are paid at the Class III level for butterfat, protein, and other solids. Any value that still exists in the total pool classified value is then paid out to producers based on their volume shipped to regulated handlers. This extra value, if there is any, is shown as the PPD. It can have extremely varied levels of contribution to the overall SUP. Added value occurs when producer milk is used in classes other than Class III that have prices above the Class III price.

For the month of August 2022, the difference between the classes other than Class III ranged from $4.71 to $8.28 per cwt. With nearly 70 percent of the total pool volume priced at the higher valued classes and those classes having significantly higher prices than Class III in August, a larger than usual amount of money was generated that was then distributed to producers resulting in the $5.32 PPD. Each producer would receive this PPD adjusted to the location of the plant where their milk was delivered.

High PPD, Low SUP

A high, or large PPD is not necessarily an indicator of better prices. The second highest ever PPD since the Northeast Order's inception occurred in November 2000 at $4.79 per cwt. For that same month, the SUP was only $13.36 at Boston; Class I was $15.07; Class II $13.68; Class III $8.57; and Class IV $13.00 per cwt. During November 2000, Class III usage was 28.4 percent (compared to 30.1 in August 2022), while the other three classes combined for 71.6 percent of the total pool (compared to 69.9 in August 2022).

Low PPD, High SUP

Another point worth making is that a high SUP may occur in times of low or negative PPD's. For example, April 2014 reported a SUP of $25.46, slightly higher than the most recent SUP, but the PPD for that month was only $1.15 per cwt. July 2020 reported the lowest PPD, a negative $5.46, but a SUP of $19.08, lower than current prices, but well above the November 2000 price when the PPD was $4.79 per cwt. This shows that a negative PPD does not necessarily result in diminished producer revenue. The negative PPD results when the total value of producer components exceeds the pool's classified value – when the Class III price is the highest of the class prices. The calculation of the PPD can be thought of as an accounting method to "balance the books" of the monthly federal order pool.❖

Consumer Expenditure Surveys

Previous issues of the *Bulletin* this year examined milk expenditures by region, family type, and age; this article will focus on expenditures by race. It uses data collected by the US Bureau of Labor Statistics' Consumer Expenditure Survey (CES) for a Consumer Unit (CU) and Reference Person (RP).

The focus of this article will be on CU spending on dairy products in relation to race and Hispanic/Latino origin of the RP between 2003 and 2021. Dollar value of expenditures have been adjusted to the first quarter of 2022, using data from the consumer price index. The CES categorizes dairy products in three ways: Dairy Products, Fresh Milk & Cream, and Other Dairy Products. More detail on the survey and definitions of categories discussed in this article can be found at https://www.bls.gov/cex/csxgloss.htm or in the July *Bulletin*.

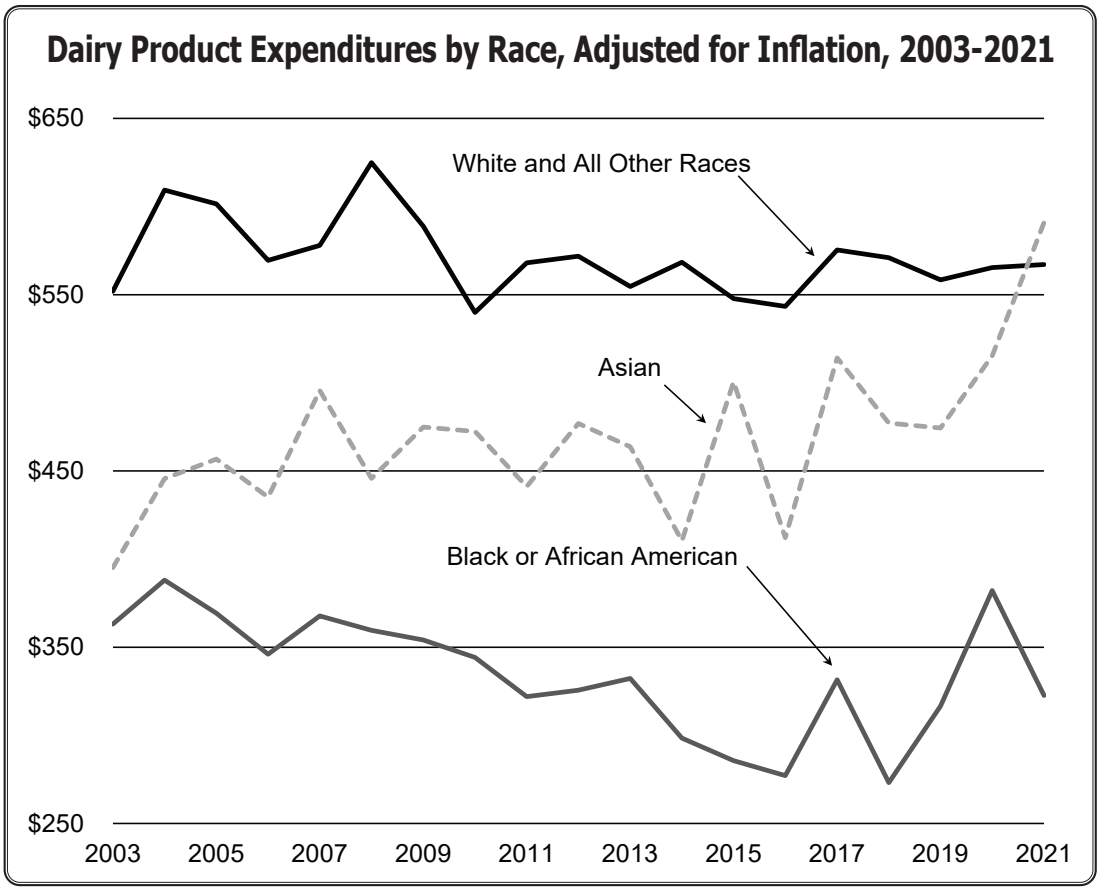
The CES categorizes race into three distinct groups - Black or African American, Asian, and White & All Other Races. The "All Other Races" group comprises such races as Native Americans, Alaskan Natives, Pacific Islanders, and those reporting more than one race. The CES also observes, as a separate characteristic, the Hispanic/Latino origin of the RP. The RP can identify as Hispanic/Latino or Not Hispanic/Latino in addition to identifying as one of the races listed above. The CES reports Not Hispanic/Latino into two subcategories White, Asian, & All Other Races and Black or African American.

Race

In 2021, the White & All Other Races group on average spent $567.07 per CU on Dairy Product expenditures for the year; broken down, each CU on average spent $175.99 on Fresh Milk & Cream and $391.08 on Other Dairy Products. Historically, the White & All Other Races group has spent the most on Dairy Products of the three groups, an average of $231.55 on Dairy Products per person per CU in the past 18 years. This group has also spent the highest percent on Dairy Products as a portion of annual CU food expenditures at a 6.3 percent 18-year average. Comparing 2021 to 2003, the

(continued on page 3)

Consumer Expenditure Surveys *(continued from page 2)*



White & All Other Races demographic increased spending on Dairy Products by 2.7 percent, brought on by a 14.2 percent increase in Other Dairy Product expenditures and despite a 16.7 percent decrease in Fresh Milk and Cream purchases.

The Asian demographic has greatly increased its demand for Dairy Products since 2003, increasing expenditures by 49.5 percent between 2021 and 2003, an average yearly increase of 2.9 percent. Due to continuous increased spending on Dairy Products since 2019, the Asian demographic surpassed the White & All Other Races group for most Dairy Product Expenditures per CU in 2021 for the first time, at $590.97 (as shown in the graph above). However, when adjusted for per person per CU in 2021 the Asian demographic does fall around $25 short of the White & All Other Races grouping, spending $211.06 compared to $236.28 respectively. This growth in Dairy Product expenditures has been fueled by a 60.3 percent increase in Other Dairy spending and a 35.2 percent increase in Fresh Milk & Cream spending, the latter being the only positive change of the three racial groups.

The Black or African American demographic since 2003 continuously has spent the least on Dairy Product expenditures per CU among the three groups, having spent $322.65 per CU in 2021, a 11.2 percent decrease from 2003. Fresh Milk & Cream expenditures decreased 24.9 percent and Other Dairy expenditures by 1.5 percent over 18 years. Between 2003 and 2021, on average, the Black or African American demographic spent 41.4 percent less on Dairy Product expenditures per year than the White & All Other Races group and 28.0 percent less than the Asian group. Out of the four U.S. regions categorized by the CES, the largest concentration of Black or African American identified CU surveyees was in the South at 19.5 percent of an 18-year average; this compares to the Northeast (11.6 percent), Midwest (9.9 percent), and West (4.6 percent). Southern CUs have consistently spent the least on Dairy Product expenditures per CU since 2003, spending almost $63 less than the second least (Midwest) over an 18-year average. The low number of Dairy Product expenditures in both suggests a correlation between the Black or African American demographic and South region.

Hispanic or Latino Origin

CUs where the RP is of Hispanic/Latino origin decreased Dairy Product expenditures by 16.3 percent between the years 2003 and 2021, brought on by a 27.9 percent decline in Fresh Milk and Cream spending and 7.4 percent drop in Other Dairy Product expenditures. Despite being the only group of the three to experience a decline in Other Dairy expenditures, in 2021 the group did spend on average $103.20 more on Other Dairy expenditures than the Not Hispanic/Latino Black or African American group. Also in 2021, the Hispanic/Latino demographic spent on average $184.64 on Fresh Milk and Cream per CU, spending $6.52 more than Not Hispanic/Latino White, Asian, & All Other Races group and $69.53 more than Not Hispanic/Latino Black or African American group. When accounting for the average number of persons per CU, the Hispanic/Latino demographic spent $78.58 less than the Not Hispanic/Latino White, Asian, & All Other Races group and $33.72 more than the Not Hispanic/Latino Black or African American group.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

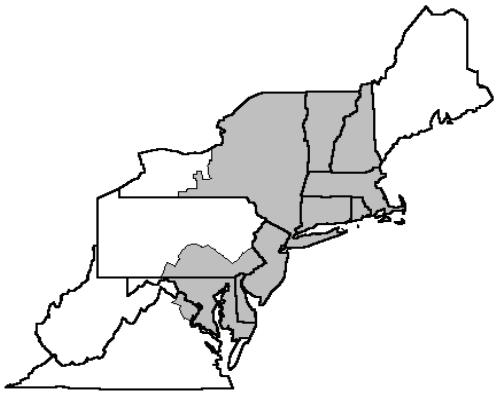
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	634,770,972	$17.00	$107,911,065.24	
	Butterfat	15,469,318	3.4211	52,922,083.81	
Less:	Location Adjustment to Handlers			(2,831,701.43)	$158,001,447.62
Class II—	Butterfat	32,470,747	3.4071	110,631,082.07	
	Nonfat Solids	50,070,171	1.7256	86,401,087.07	197,032,169.14
Class III—	Butterfat	28,617,411	3.4001	97,302,059.19	
	Protein	20,728,382	2.1417	44,393,975.74	
	Other Solids	39,176,994	0.3146	12,325,082.33	154,021,117.26
Class IV–	Butterfat	10,908,075	3.4001	37,088,545.80	
	Nonfat Solids	31,600,567	1.4862	46,964,762.68	84,053,308.48
Total Classified Value					**$593,108,042.50**
Add:	Overage—All Classes				428,104.67
	Inventory Reclassification—All Classes				(651,867.75)
	Other Source Receipts	308,787			25,199.23
Total Pool Value					**$592,909,478.65**
Less:	Value of Producer Butterfat	87,465,551	3.4001	(297,391,619.96)	
	Value of Producer Protein	69,036,351	2.1417	(147,855,152.98)	
	Value of Producer Other Solids	130,676,835	0.3146	(41,110,932.29)	(486,357,705.23)
Total PPD Value Before Adjustments					**$106,551,773.42**
Add:	Location Adjustment to Producers				13,606,257.92
	One-half Unobligated Balance—Producer Settlement Fund				1,273,848.23
Less:	Producer Settlement Fund—Reserve				(968,870.85)
Total Pool Milk & PPD Value		**2,264,342,271**			**$120,463,008.72**
	Producer Price Differential		**$5.32**		
	Statistical Uniform Price		**$25.42**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

September 2022 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 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $24.82 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be $26.71 per hundredweight. The September statistical uniform price was 60 cents per hundredweight below the August price. The September producer price differential (PPD) at Suffolk County was $5.00 per hundredweight, a decrease of 32 cents from the previous month.

Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report declined for September except butter and 500-pound barrel cheese. Butter jumped nearly 14 cents per pound. Nonfat dry milk fell 9 cents, and dry whey decreased 1.4 cents per pound. The cheese price declined 2.6 cents per pound due to a 6.5-cent drop in the block price combined with a 1.3-cent increase in the barrel price. The commodity price changes translated to a 16.5-cent rise in the butterfat price and declines of 9 cents for nonfat solids and 1.5 cents for other solids. The protein price fell near 26 cents per pound due to the drop in the cheese price combined with the increase in the butterfat price.

Class prices were down: the Class I price fell $1.51; Class II decreased 40 cents; Class III declined 28 cents; and Class IV was down 18 cents, all on a per hundredweight basis. The spread between the higher- and lower-class prices, combined with higher utilization in the higher-priced classes, continued to result in a high PPD, the second highest since the Order's inception. The September SUP was the second highest ever for the month; the Class II and IV prices were the highest ever for September.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for September. Total producer and Class III volumes were the highest for the month. The average producer tests for butterfat and protein set record highs for September; the other solids test was the second highest ever for the month.❖

Pool Summary

- A total of 8,215 producers were pooled under the Order with an average daily delivery per producer of 8,874 pounds.
- Pooled milk receipts totaled 2.187 billion pounds, a decrease of 0.2 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 2.2 percentage points from August.
- The average butterfat test of producer receipts was 3.95 percent.
- The average true protein test of producer receipts was 3.13 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.9	674,959,621
Class II	24.7	540,051,879
Class III	28.7	628,799,427
Class IV	15.7	343,258,013
Total Pooled Milk		2,187,068,940

Producer Component Prices

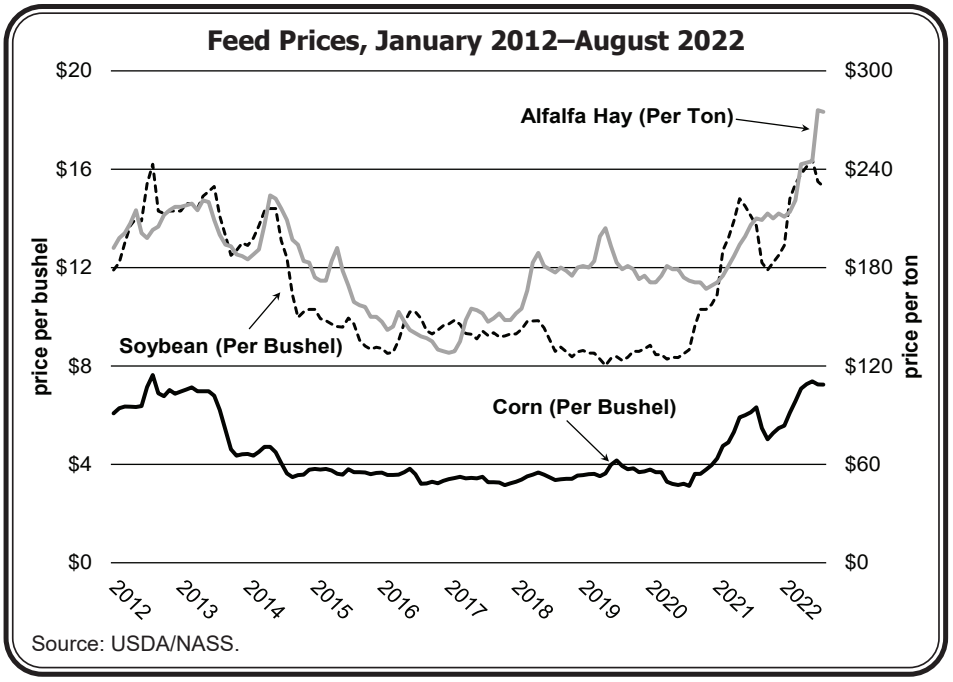
	2022	2021
	$/lb	
Protein Price	1.8847	2.6010
Butterfat Price	3.5653	1.9388
Other Solids Price	0.2998	0.3445

Class Prices

	2022	2021
	$/cwt	
Class I	26.87	19.84
Class II	26.51	16.89
Class III	19.82	16.53
Class IV	24.63	16.36

Feed Prices and Dairy Margin Coverage

The USDA National Agricultural Statistics Service (NASS) reports per bushel prices for corn and soybeans and per ton prices for alfalfa hay in their monthly *Agricultural Prices* publication. The most recently reported prices show the August 2022 price of corn at $7.24 per bushel, an increase of 30.0 percent from January and a 14.6 percent increase from August 2021. The announced price of soybeans for August was $15.30 per bushel, an increase of $2.40 since January. The price of alfalfa hay was reported at $275 per ton for the month of August; alfalfa hay has increased the most of the three since the beginning of the year for a difference of $64 per ton, a 30.3 percent increase.



As displayed in the chart, soybeans and alfalfa hay have had 10-year record-high prices in 2022, soybeans in June at $16.40 per bushel and alfalfa hay in July at $276. The month of June 2022 was the second highest price for corn in ten years ($7.37 per bushel) with the record high remaining at $7.63 in August 2012. Soybean and alfalfa prices have experienced six of the top ten highest monthly prices in 2022; corn has had five record months in 2022. Despite the significant increase in price since 2021, prices of all three have decreased slightly in the past few months. The price of alfalfa hay increased in June, then dropped 0.4 percent between July and August. Soybean prices fell 6.7 percent, and corn prices decreased 1.8 percent, respectively, between June and August.

The Dairy Margin Coverage (DMC) program is a voluntary program by USDA's Farm Service Agency to provide dairy operations with risk management coverage that will pay producers when the difference (the margin) between the All Milk price {All Milk price represents the gross price per hundredweight (cwt) from the 24 major milk producing states as defined by NASS} and the average cost of feed falls below a certain level selected by the program participants. For producers who opt to participate in the DMC program, enrollment for 2023 opened on October 17, 2022, and closes on December 9, 2022.

Payments through the DMC program are triggered when the Milk Margin Above Feed Costs for DMC ($/cwt) falls under the maximum coverage level of $9.50 and are issued depending on the level of coverage chosen by the producer. The DMC prices are calculated using the prices of corn, premium alfalfa hay, and soybean meal. Although the alfalfa and soybean prices highlighted in the article are not used in the DMC calculations, they trend similar to premium alfalfa hay and soybean meal, respectively. The accompanying table displays monthly 2022 prices for Corn per bushel, Premium Alfalfa Hay per ton, Soybean Meal per ton, All Milk by cwt, Final Feed Cost for DMC per cwt, and Milk Margin Above Feed Costs for DMC per cwt. For the month of August, the Milk Margin Above Feed Costs for DMC was reported as $8.08 per cwt, $1.42 below the maximum coverage level. As of September 6, almost 17,776 producers have enrolled in the DMC program across the United States in 2022. According to the DMC program, in 2022 4,652 producers across the northeastern states have enrolled, a participation rate of 36.4 percent of licensed dairy operations based on NASS 2018 data.❖

DMC Prices, January–August 2022

Month	Corn	Premium Alfalfa Hay	Soybean Meal	All Milk	Final Feed Costs for DMC	Milk Margin Above Feed Costs for DMC
	($/bushel)	($/ton)		($/hundredweight)		
January	5.57	262.0	421.21	24.20	12.66	11.54
February	6.10	266.0	480.96	24.70	13.72	10.98
March	6.56	269.0	493.98	25.90	14.35	11.55
April	7.08	271.0	476.70	27.10	14.81	12.29
May	7.26	274.0	441.28	27.30	14.79	12.51
June	7.37	277.0	445.93	26.90	14.98	11.92
July	7.25	333.0	467.87	25.70	15.78	9.92
August	7.24	343.0	510.90	24.30	16.22	8.08

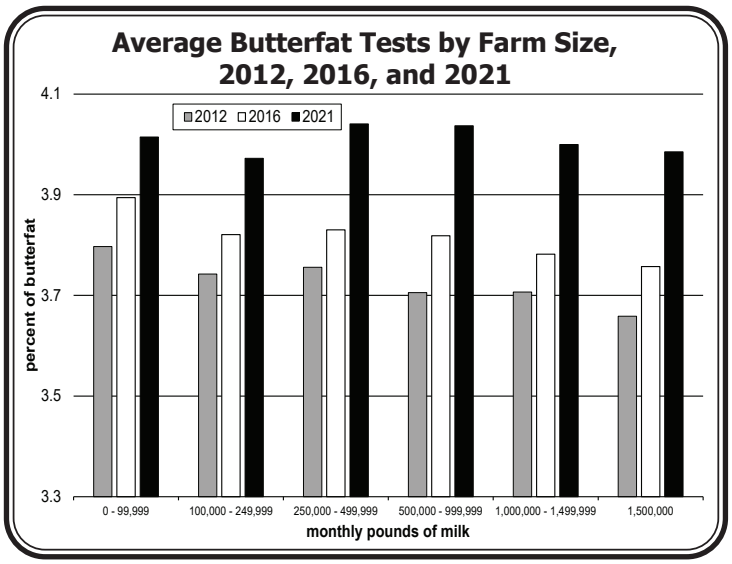
Source: USDA/NASS and USDA/FSA.

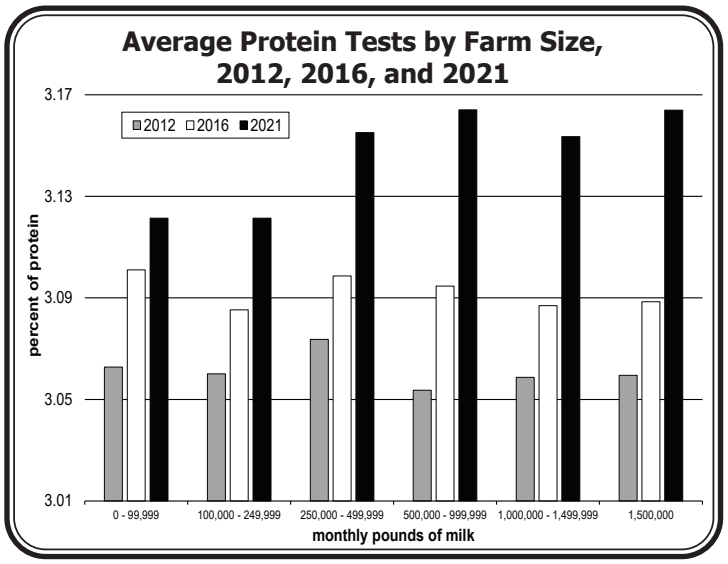
Component Test by Farm Size

This article focuses on the relationship between farm size and average component tests for 2021, 2016, and 2012 using verified payroll data for producers pooled in Federal Order 1; upper and lower limits have been placed on each component to account for any potential data discrepancies. Farms are categorized in six groupings based on total monthly pounds as seen in the accompanying charts that display the average butterfat and protein test for 2012, 2016, and 2021.

Butterfat

In 2021, the average butterfat test across all farm sizes was 4.00 percent, increases of 0.19 percentage points from 2016 and 0.27 percentage points from 2012. Between 2012 and 2021, the 500,000 to 999,999 pounds and the 1,500,000 pounds and greater groups experienced the largest increases in butterfat percent, rising 0.33 percentage points. The 1,500,000 pounds and greater group also had the largest increase between 2016 and 2021 (0.23 percentage points). The 0 to 99,999 pounds group made up 52.9 percent of farms observed in 2021 and increased the least with only 0.22 percentage points from 2012 to 2021. However, the 0 to 99,999 pounds group did consistently have the highest butterfat percent for the three years observed: 4.01 percent in 2021, 3.89 percent in 2016, and 3.80 percent in 2012.





Protein

Protein tests were slower to increase, but trends found in the average butterfat tests also were present in the average protein tests between 2012 and 2021. The 500,000 to 999,999 pounds group experienced the largest increase in protein tests, increasing 0.11 percentage points to 3.16 percent protein in 2021. The 0 to 99,999 pounds group had the lowest increase with 0.06 percentage points. Unlike butterfat, the 0 to 99,999 pounds group had the lowest level of protein tests in 2021 (3.12 percent) and were average in 2012 (3.06 percent). The largest group (1,500,000 pounds and greater) represents the smallest number of producers observed (3.6 percent), but the largest volume (46.0 percent); they had the largest increase in protein tests from 2016 to 2021 with 0.08 percentage points to 3.99 percent protein.❖

Pool Summary for All Federal Orders, January-September, 2021-2022

Federal Order Number	Name	Total Producer Milk* 2021	Total Producer Milk* 2022	Change	Producer Price Differential# 2021	Producer Price Differential# 2022	Statistical Uniform Price# 2021	Statistical Uniform Price# 2022
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**20,394,586,085**	**20,204,248,741**	**(0.9)**	**0.60**	**3.03**	**17.35**	**25.26**
5	Appalachian	3,977,750,183	4,048,801,730	1.8	N/A	N/A	18.79	26.68
6	Florida	1,815,899,355	1,833,749,779	1.0	N/A	N/A	20.79	28.67
7	Southeast	3,437,924,982	2,982,786,685	(13.2)	N/A	N/A	18.97	27.14
30	Upper Midwest	12,308,045,160	22,810,466,324	85.3	(0.44)	0.29	16.31	22.53
32	Central	9,578,487,940	11,694,623,836	22.1	(0.74)	1.18	16.01	23.42
33	Mideast	13,679,391,778	12,767,370,353	(6.7)	(0.27)	1.52	16.48	23.76
51	California	18,044,986,802	16,421,635,119	(9.0)	(0.81)	1.21	15.94	23.45
124	Pacific Northwest	5,553,197,717	5,783,431,801	4.1	(0.64)	1.41	16.11	23.65
126	Southwest	9,156,041,225	10,266,939,988	12.1	(0.13)	1.72	16.62	23.95
131	Arizona	3,265,337,817	3,640,974,336	11.5	N/A	N/A	16.49	24.56
	All Market Total/Average	101,211,649,044	112,455,028,692	11.1	(0.35)	1.48	17.26	24.83

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

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

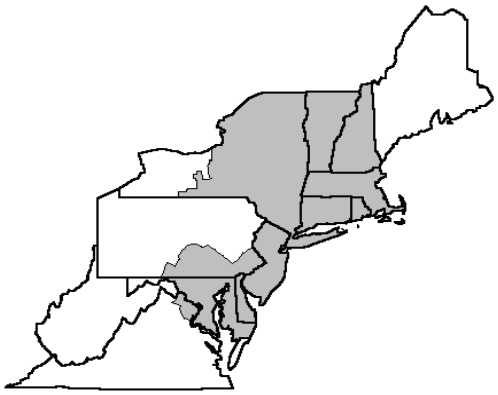
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	659,019,654	$15.32	$100,961,810.99	
	Butterfat	15,939,967	3.4526	55,034,330.06	
Less:	Location Adjustment to Handlers			(2,976,842.99)	$153,019,298.07
Class II—	Butterfat	31,152,262	3.5723	111,285,225.54	
	Nonfat Solids	47,119,037	1.6133	76,017,142.37	187,302,367.91
Class III—	Butterfat	27,400,072	3.5653	97,689,476.70	
	Protein	19,666,065	1.8847	37,064,632.70	
	Other Solids	36,110,628	0.2998	10,825,966.30	145,580,075.70
Class IV—	Butterfat	11,848,090	3.5653	42,241,995.28	
	Nonfat Solids	30,728,550	1.3984	42,970,804.36	85,212,799.64
Total Classified Value					**$571,114,541.32**
Add:	Overage—All Classes				301,715.73
	Inventory Reclassification—All Classes				(442,662.64)
	Other Source Receipts	272,429			18,825.47
Total Pool Value					**$570,992,419.88**
Less:	Value of Producer Butterfat	86,340,391	3.5653	(307,829,396.01)	
	Value of Producer Protein	68,564,486	1.8847	(129,223,486.81)	
	Value of Producer Other Solids	125,967,733	0.2998	(37,765,126.37)	(474,818,009.19)
Total PPD Value Before Adjustments					**$96,174,410.69**
Add:	Location Adjustment to Producers				13,117,349.61
	One-half Unobligated Balance—Producer Settlement Fund				1,146,743.05
Less:	Producer Settlement Fund—Reserve				(1,072,935.06)
Total Pool Milk & PPD Value		**2,187,311,366**			**$109,365,568.29**
	Producer Price Differential		**$5.00**		
	Statistical Uniform Price		**$24.82**		

* 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 2022 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 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $24.77 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 $27.45 per hundredweight. The October statistical uniform price was 5 cents per hundredweight below the September price. The October producer price differential (PPD) at Suffolk County was $2.96 per hundredweight, a decrease of $2.04 from the previous month.

Product Prices Effect

Commodity prices reported on the National Dairy Product Sales Report were mostly up for September; only dry whey declined, and it was less than half of a cent. Butter rose over 7 cents per pound and set a record high at $3.1911 per pound. Nonfat dry milk increased less than 1 cent. The cheese price jumped nearly 21 cents per pound due to a 16-cent increase in the block price combined with a nearly 24-cent increase in the barrel price. The commodity price changes translated to a 9-cent rise in the butterfat price (also a record high), a less than 1-cent increase in nonfat solids, and a less than 1-cent decline in other solids. The protein price jumped nearly 57 cents per pound mainly due to the cheese price increase.

Class prices were mixed: the Class I price fell 91cents; Class II decreased 78 cents; Class III rose $1.99; and Class IV was up 33 cents, all on a per hundredweight basis. The spread between the higher- and lower-class prices tightened somewhat, lowering the PPD. The October SUP and the Class II and IV prices were the highest ever for the month.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for October. The total volume of producer receipts was the third highest for the month of October; Class III volume was the highest ever for the month. The average producer tests for butterfat and protein set record highs for October; the other solids test tied with 2020 as the highest ever for the month.❖

Pool Summary

- A total of 8,126 producers were pooled under the Order with an average daily delivery per producer of 8,907 pounds.
- Pooled milk receipts totaled 2.244 billion pounds, a decrease of 0.7 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.2 percent of total milk receipts, down 0.7 percentage points from September.
- The average butterfat test of producer receipts was 4.08 percent.
- The average true protein test of producer receipts was 3.21 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.2	677,226,575
Class II	25.1	563,701,034
Class III	29.6	663,052,047
Class IV	15.1	339,781,536
Total Pooled Milk		2,243,761,192

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	2.4512	3.0130
Butterfat Price	3.6567	1.9414
Other Solids Price	0.2952	0.3560

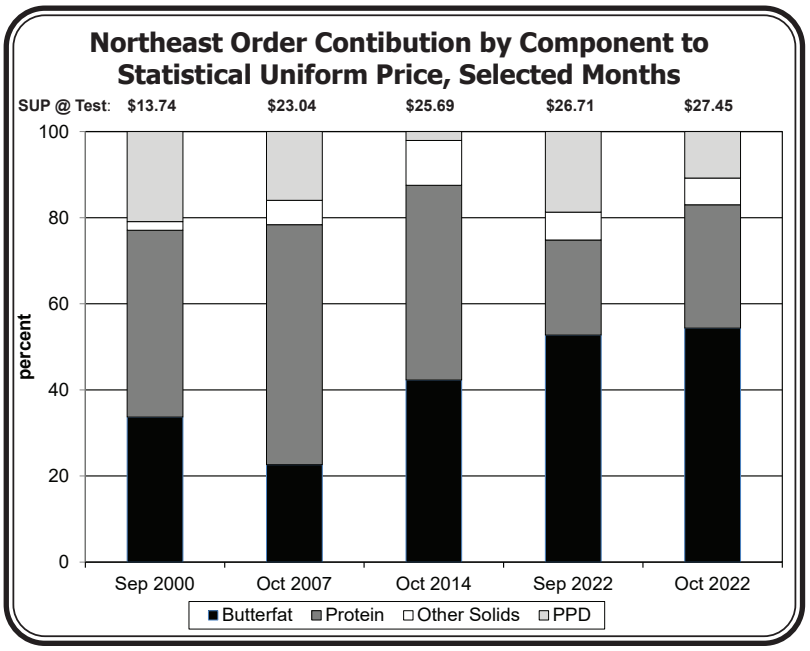
Class Prices

	2022	2021
	$/cwt	
Class I	25.96	20.33
Class II	25.73	17.08
Class III	21.81	17.83
Class IV	24.96	17.04

What Contributes to Producers' Milk Checks?

A producer's milk check represents their share of the pool. Producers are paid based on their volume of components (butterfat, protein, and other solids) at the Class III price level adjusted for the remainder of the pool (plus or minus) generated by milk used in classes other than Class III. This adjustment is the Producer Price Differential (PPD), and it is further adjusted based on the location of the plant where the producer's milk is delivered. This article will show how components affect the producer price, using the SUP as the simplest example, when component prices vary.

The standardized October Statistical Uniform Price (SUP) equaled $24.77 per hundredweight (cwt) at Boston. The standardized SUP is reported at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. At average tests (the pool overall average for components), the SUP equaled $27.45 per cwt. Assuming a producer had these same tests, this producer would receive 54.3 percent of their milk check from the amount of butterfat in their milk, 28.7 percent from protein, 6.2 percent from other solids, and 10.8 percent from the PPD (see accompanying table).



For September 2022, the standardized SUP was $24.82 per cwt, 5 cents higher than the October price. The SUP at test was $26.71 per cwt, 74 cents lower than the October SUP at test. For September, assuming these tests, butterfat contributed 52.7 percent of the producer milk check, protein accounted for 22.1 percent, other solids equated to 6.5 percent, and the PPD contributed 18.7 percent. Even though the PPD was 69 percent higher in September than October, the overall SUP at average tests was less due to lower prices for butterfat and protein combined with lower tests of these components.

The accompanying chart compares the contribution of components and the PPD for September and October 2022 to September 2000, October 2007, and October 2014. These other months were chosen because of specific characteristics. September 2000 had a similar PPD to October 2022 ($2.87 per cwt), but lower butterfat and protein prices and a SUP of $13.74 at average tests. October 2007 had the second highest protein price for the month of October, and a positive PPD (the highest occurred in October 2020, but the PPD was severely negative), showing how protein accounted for 55.7 percent of the milk check. October 2014 had a SUP of $24.35 per cwt, the second highest ever for the month of October. It also had relatively high butterfat and protein prices, but it had a PPD of 53 cents per cwt.

The contribution proportions vary each month depending on the component prices and producer's own tests, along with the PPD at the location of where the producer's milk is delivered.❖

Northeast Order Contibutions by Components, September and October 2022

	September 2022				*October 2022*			
	Test percent	*Price per pound*	*Gross dollars*	*Contribution percent*	*Test percent*	*Price per pound*	*Gross dollars*	*Contribution percent*
Butterfat	3.95	3.5653	$14,082.94	**52.7**	4.08	3.6567	$14,919.34	**54.3**
True Protein	3.13	1.8847	$5,899.11	**22.1**	3.21	2.4512	$7,868.35	**28.7**
Other Solids	5.76	0.2998	$1,726.85	**6.5**	5.77	0.2952	$1,703.30	**6.2**
PPD		5.00	$5,000.00	**18.7**		2.96	$2,960.00	**10.8**
Total gross payment			$26,708.89	100.0			$27,450.99	100.0
Gross price per cwt			**$26.71**				**$27.45**	

Butter Price

The USDA Agricultural Marketing Service (AMS) is required every week to collect sales information for cheddar cheese, dry whey, nonfat dry milk (NFDM), and butter, and then release this information through the National Dairy Products Sales Report (NDPSR). The commodity prices published in the NDPSR are the foundation of what producers will receive for their milk; the Federal Milk Marketing Orders use this information in their calculations of component prices, class prices, and statistical uniform prices (SUP). This article will focus on the recent price of butter, and how it may affect prices in the coming months.

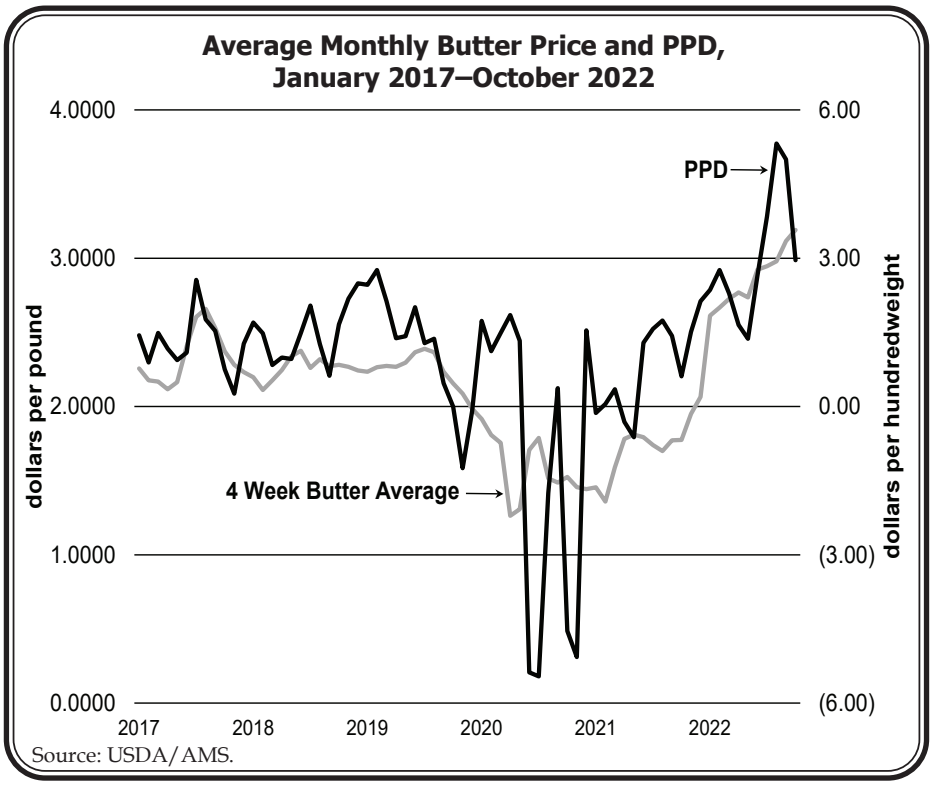
Current Butter Market

Throughout the majority of 2022, butter prices significantly increased, with a high of $3.2445 per pound for the week of October 22, an increase greater than 50 percent in value since the beginning of the year. This series of notable increases began the week of October 23, 2021,

(continued on page 3)

Butter *(continued from page 2)*

and peaked at the aforementioned October price. Since then, the NDPSR butter price has trended mostly downward, decreasing over 10 percent to $2.8963 per pound the week of November 12. The sharp decrease in recent weeks comes in contrast to low production, low stocks, cream shortages, labor shortages, and a traditional season of high demand—all of which would be conventionally viewed as putting pressure on the price to move upwards. The National Agricultural Statistics Survey (NASS) report production of butter in 2022 has been the lowest in three years with 1.538 billion pounds in 2022 through September, 33.8 million pounds less than 2021 and 65.4 million pounds less than 2020 for the same time period. NASS, as well, reports cold storage stocks of butter. For the month of September, stocks of butter were at a five year low (267.3 million pounds) in 2022, a 17.6 percent decrease from 2021 and a 22.3 percent decrease from 2020. Both recent lows of butter production and butter stocks come in the shadow of 22-year highs in 2020, 227.2 million pounds of production in April and 414.7 million pounds of stock in June. Cream shortages have partially contributed to these lows. However, Dairy Market News in the November 18 issue report cream is becoming more available, specifically in the Central and West regions of the United States with the Northeast buying retail inventory from these regions.



Source: USDA/AMS.

Although not as dramatic as the recent drops, NDPSR butter price decreases in the months of October and November are not uncommon. Over the last 22 years for the months of October and November, the NDPSR butter price week-to-week change averaged a decrease of 0.2 percent and 109 out of 198 weeks monitored result in a decrease. These historical dips in butter prices also are reflected in the monthly weighted average price of butter (used in calculating the component, class, and SUP prices) between the two months. Some industry analysts believe the recent price drops are a result of a decrease in demand due to buyers having already purchased necessary amounts for the coming holidays.

Butter Price Relationships

The NDPSR butter price is used in deriving the butterfat price; any change in the butter price will have a direct impact on the monthly butterfat price. Subsequently, the class prices are calculated using the butterfat price at 3.5 percent, and any movement in the butter price will move the class prices. All of these prices translate to the SUP, and any shift in the butter price will shift the SUP in the same direction. Using monthly prices from 2008 to 2022 and assuming all other commodity prices stay constant, a 10-cent increase in the monthly weighted average price of butter would, on average, increase the butterfat price $0.1211 per pound, and on a per hundredweight (cwt) basis: the Class I price $0.22, Class II price $0.42, Class III price $0.04, Class IV $0.42, SUP $0.25, and producer price differential (PPD) $0.21. A 10-cent decrease in the monthly weighted average price of butter would, on average, decrease the prices at the same levels, respectively.

PPD & Butter Price

Due to the calculation of the protein price adjusting for the value of butterfat in cheese compared to butter, the butter price has an inverse relationship with the protein price. A 10-cent increase (assuming all other commodity prices stay constant) in the butter price will, on average, decrease the protein price by $0.1275 per cwt, using monthly Northeast price calculations from 2008 to 2022. The Class III price uses the protein price in the calculation of the Class III skim price, this causes the Class III price to be the least impacted by a change in the butter price of all the class prices. A change in the butter price is more substantial in the SUP than the Class III price (PPD equals the SUP minus the Class III price); an increase in the butter price will increase the PPD (as displayed in the chart).

SUP & PPD Estimate

Using Chicago Mercantile Exchange (CME) Class III and IV milk futures as settled on November 16, 2022, as a projection for November and December, the SUP is suggested to average $24.12 per cwt with an average PPD of $2.67 per cwt.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

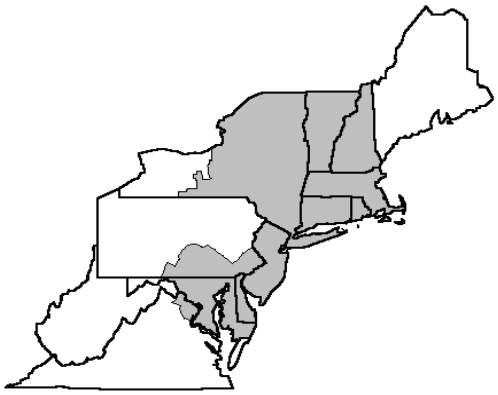
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	660,795,720	$13.85	$91,520,207.22	
	Butterfat	16,430,855	3.5996	59,144,505.66	
Less:	Location Adjustment to Handlers			(2,991,921.45)	$147,672,791.43
Class II—	Butterfat	32,808,470	3.6637	120,200,391.57	
	Nonfat Solids	49,661,884	1.4856	73,777,694.88	193,978,086.45
Class III—	Butterfat	29,334,040	3.6567	107,265,784.06	
	Protein	21,221,451	2.4512	52,018,020.69	
	Other Solids	38,134,303	0.2952	11,257,246.32	170,541,051.07
Class IV—	Butterfat	12,914,610	3.6567	47,224,854.39	
	Nonfat Solids	30,637,125	1.4000	42,891,975.00	90,116,829.39
Total Classified Value					**$602,308,758.34**
Add:	Overage—All Classes				216,078.74
	Inventory Reclassification—All Classes				(161,371.66)
	Other Source Receipts	339,965			12,879.64
Total Pool Value					**$602,376,345.06**
Less:	Value of Producer Butterfat	91,487,975	3.6567	(334,544,078.18)	
	Value of Producer Protein	72,107,367	2.4512	(176,749,578.00)	
	Value of Producer Other Solids	129,380,829	0.2952	(38,193,220.68)	(549,486,876.86)
Total PPD Value Before Adjustments					**$52,889,468.20**
Add:	Location Adjustment to Producers				13,447,811.92
	One-half Unobligated Balance—Producer Settlement Fund				1,061,087.14
Less:	Producer Settlement Fund—Reserve				(974,448.76)
Total Pool Milk & PPD Value		**2,244,051,297**			**$66,423,918.50**
	Producer Price Differential		**$2.96**		
	Statistical Uniform Price		**$24.77**		

* 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 2022 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

November Pool Price Calculation

The November 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $24.27 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be $26.94 per hundredweight. The November statistical uniform price was 50 cents per hundredweight below the October price. The November producer price differential (PPD) at Suffolk County was $3.26 per hundredweight, an increase of 30 cents from the previous month.

Product Prices Effect

Nearly all commodity prices reported on the National Dairy Product Sales Report declined in November. Butter plummeted 24 cents per pound after setting a record high in October at $3.1911 per pound. Nonfat dry milk declined nearly 8 cents and dry whey decreased 1 cent, both on a per pound basis. The cheese price fell almost 7 cents per pound due to the combination of a 3-cent increase in the block price offset by a nearly 15-cent decrease in the barrel price. The commodity price changes translated to a 28-cent drop in the butterfat price, a 1-cent decrease in other solids, and a nearly 8-cent decline in other solids. The protein price rose almost 9 cents per pound due mainly to the decline in the butterfat price, which is a factor in the protein price formula.

Class prices were mostly down. The only increase was $1.38 per hundredweight in the Class I price, which was based on higher prices in October. Class II decreased $1.06; Class III declined 80 cents; and Class IV fell $1.66, all on a per hundredweight basis. The spread between the higher- and lower-class prices increased, resulting in a higher PPD. The November SUP and the Class I, II, and IV prices were the highest ever for the month.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for November and topped 9,000 pounds for the first time for the month. The total volume of producer receipts was the third highest for the month of November. Class III volume was the highest ever for the month, and Class IV was the second highest ever for November. The average producer other solids test set a record high for November and tied for an Order record high.❖

Pool Summary

- A total of 8,039 producers were pooled under the Order with an average daily delivery per producer of 9,035 pounds.
- Pooled milk receipts totaled 2.179 billion pounds, an increase of 0.3 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 31.1 percent of total milk receipts, up 0.9 percentage points from October.
- The average butterfat test of producer receipts was 4.11 percent.
- The average true protein test of producer receipts was 3.23 percent.
- The average other solids test of producer receipts was 5.79 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	31.1	677,409,391
Class II	22.8	496,458,874
Class III	28.7	626,228,380
Class IV	17.4	378,777,636
Total Pooled Milk		2,178,874,281

Producer Component Prices

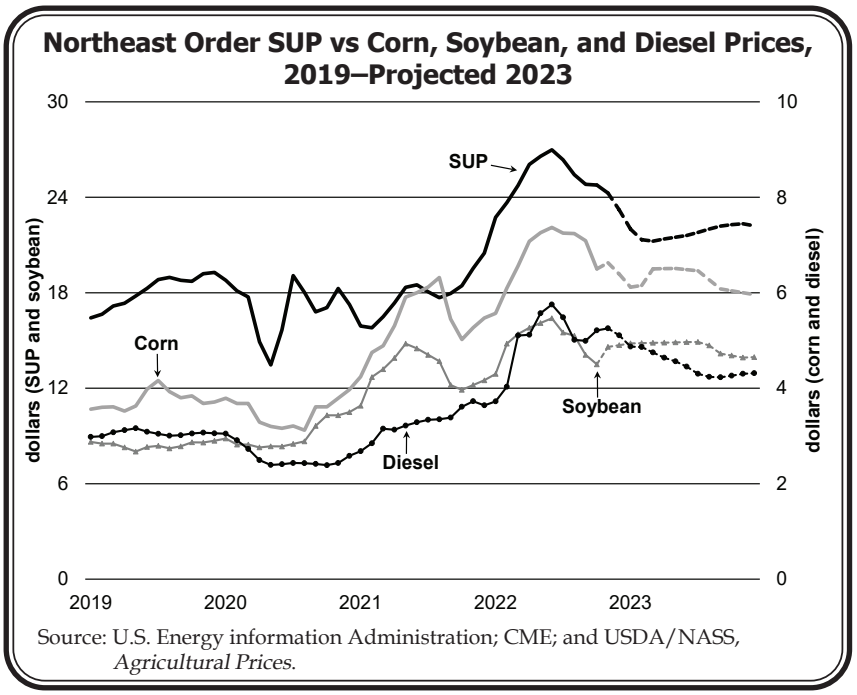
	2022	2021
	$/lb	
Protein Price	2.5374	2.7536
Butterfat Price	3.3720	2.1541
Other Solids Price	0.2837	0.3949

Class Prices

	2022	2021
	$/cwt	
Class I	27.34	21.23
Class II	24.67	18.40
Class III	21.01	18.03
Class IV	23.30	18.79

Looking Ahead 2023

Projections using the Chicago Mercantile Exchange (CME) Class III and IV milk futures prices as settled on December 14, 2022, suggest the statistical uniform price (SUP) will average $24.97 per hundredweight (cwt) for 2022. This is an increase of $7.09 per cwt over the 2021 average and projected to be the largest year-to-year average SUP increase in the last 22 years. This article reviews some supply and demand factors and some economic indicators with a look to 2023. It is typically a challenge to forecast dairy prices beyond a few months in what might be considered a more normal year. A projection of where prices are expected to go in 2023 is offered based on futures prices.



Source: U.S. Energy information Administration; CME; and USDA/NASS, *Agricultural Prices.*

Select Cost Factors

Significant input cost increases prevalent through 2021 have continued into 2022; record inflation, supply chain issues, labor shortages, and drought conditions are among some of the factors creating these increases. The price of corn, soybeans, alfalfa hay, and diesel have all increased more than 13 percent between October 2021 and October 2022. Feed prices in 2022 are some of the highest seen in recent years; new 13-year record high prices have been set for both soybean (June at $16.40 per bushel) and alfalfa hay (October at $281.00 per bushel). Corn prices for October 2022, as reported by the National Agricultural Statistics Service (NASS), were $6.50 per bushel, a year-to-year increase of 29 percent. CME corn futures, settled on December 14, imply the price will average $6.75 per bushel for the year and continue a gradual decrease in 2023. NASS soybean prices have dropped to $13.50 per bushel in October from the year's peak in June. CME soybean futures suggest an average price between $14.00 and $15.00 per bushel for 2023. Alfalfa hay prices, as reported by NASS, decreased December 2021 to January 2022 but have continually increased month-to-month throughout 2022, except for August. Since January, alfalfa hay prices have increased 32 percent to $281.00 per bushel in October.

According to the U.S. Energy Information Administration (USEIA), the cost of retail diesel increased 45 percent between January and November, an increase of $1.49 per gallon. The USEIA reported the national average price for retail diesel in November was $5.26 per gallon. The USEIA forecast diesel fuel prices to slowly decline starting in December of 2022, and through 2023, predicting an average price of $4.48 per gallon in 2023 with a yearly low in September 2023 at $4.23 per gallon. The accompanying graph shows the SUP, corn, soybean, and USEIA retail diesel prices since January 2019 and projected through 2023.

Supply Factors

The United States Department of Agriculture's (USDA) *World Agricultural Supply and Demand Estimates* December report anticipates a 1.1 percent increase in U.S. dairy production, to an estimated 229.5 billion pounds for 2023 compared to the projected 227.0 billion pounds for 2022. The November 21 USDA NASS *Milk Production* report showed an increase of 1.4 percent for the 24 major milk producing states in October. Since June, U.S. milk production in 2022 has surpassed the previous year each month in the 24 major milk producing states. U.S. monthly milk per cow (MPC) for 2022 has not reached the heights experienced in the first half of 2021 but, since August, each month in 2022 has outperformed 2021, with October 2022 at 2,021 pounds MPC compared to 2,003 pounds MPC in October 2021.

The Federal Reserve Bank has increased rates 4.25 percentage points so far in 2022. The increased cost of borrowing has some analysts suggesting dairy farmers will forego improvements and expansions, and thus negatively impacting milk production growth.

Demand Factors

According to the U.S. Dairy Export Council (USDEC), between January and October 2022, dairy exports on a total milk solids basis increased 4 percent vs 2021 and totaled 2,592,228 metric tons (for a value of $8,081 million, 25 percent above 2021). The U.S. has exceeded dairy exports from 2021 and 2020 for the months of January to October, exporting 2,484,637 metric tons in 2021 and 2,255,627 metric tons in 2020. Skim milk powder/nonfat dry milk (SMP/NFDM) account for the largest category of dairy exports (27 percent); through October, 693,529 metric tons of SMP/NFDM have been exported, a decrease of 8 percent from 2021. Southeast Asia and Mexico are the two largest importers of U.S. SMP/NFDM; Mexico has experienced a 1 percent year-over-year increase, while Southeast Asia imports decreased 6 percent.

(continued on page 3)

Looking Ahead *(continued from page 2)*

According to the USDA Foreign Agricultural Service, through the months of January to November 2022, 39,749 metric tons of licensed dairy imports have been brought into the U.S.; 576 more metric tons than 2021 and 1,944 metric tons more than 2020 during the same months.

Domestic Situation

The U.S. Bureau of Labor Statistics (BLS) reported the November 2022 unemployment rate at 3.7 percent; except for January, the unemployment rate in 2022 has remained relatively stable, falling in the 3.5-3.8 percent range. The Conference Board's Consumer Confidence Index (CCI), a measurement of the consumer's view of the health of the economy, is at 100.2 for November, down from 102.2 in October; a CCI score above 100 means consumers feel optimistic about the economy. The decline is believed to be brought on by the rise in gas prices in November. The Restaurant Performance Index (RPI) stood at 101.9 in October, a 0.8 percentage point increase from the previous month. Values over 100 suggest expansion of the market; index values have remained over 100 since late 2020. The Expectations Index, which measures the six-month outlook for restaurant operations, stood at 102.3 in October, a growth of 0.7 percentage points from September and the third increase in 3 months. The BLS reported the Consumer Price Index (CPI) increased 7.1 percent for all items in November 2022 vs November 2021. The CPI for dairy and related products increased significantly more than all items, at 16.4 percent for November 2022 relative to November 2021. All dairy product groupings included in the CPI had a combined annual increase greater than 13.0 percent. Fresh whole milk prices increased 13.1 percent; fresh milk other than whole prices 15.6 percent; ice cream and related products 17.5 percent; cheese and related products 12.4 percent; and other dairy and related products 22.4 percent.

Outlook 2023

USDA forecasts the all-milk price for 2023 to be $22.70 per cwt. Using December 14 CME Class III and Class IV future prices, the 2023 Northeast SUP is estimated to average $21.82 per cwt.❖

2023 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	Thursday	1/26/23
February	Monday	2/27/23
March	Monday	3/27/23
April	Wednesday	4/26/23
May	Friday	5/26/23
June	Monday	6/26/23
July	Wednesday	7/26/23
August	Monday	8/28/23
September	Tuesday	9/26/23
October	Thursday	10/26/23
November	Monday	11/27/23
December	Tuesday	12/26/23

USDA Extends DMC Enrollment

The USDA's Farm Service Agency (FSA) recently announced that it has extended the enrollment and coverage election period for 2023 Dairy Margin Coverage (DMC) to January 31, 2023. The program's previous deadline was December 9, 2022. This voluntary risk management program offers protection to dairy producers when the difference between the all-milk price and the average feed price falls below the producer-selected margin trigger, ranging from $4.00 to $9.50 (Tier 1) or $4.00 to $8.00 (Tier 2), calculated monthly.

Supplemental DMC is applicable to calendar years 2021, 2022, and 2023. Eligible dairy operations with less than 5 million pounds of established production history may enroll supplemental pounds. For producers who enrolled in Supplemental DMC in 2022, the supplemental coverage will automatically be added to the 2023 DMC contract. Producers who did not enroll in Supplemental DMC in 2022 can do so now; they should complete their Supplemental DMC enrollment before enrolling in 2023 DMC. For more information on DMC, visit DMC webpage, http://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index.❖

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

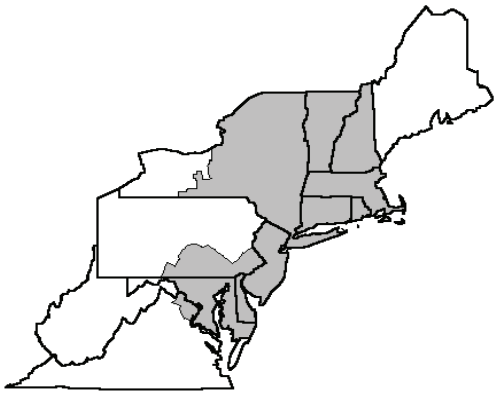
PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	660,743,278	$14.88	$98,618,599.77	
	Butterfat	16,666,113	3.7099	61,829,612.62	
Less:	Location Adjustment to Handlers			(2,959,276.29)	$157,188,936.10
Class II—	Butterfat	31,634,376	3.3790	106,892,556.54	
	Nonfat Solids	43,692,429	1.4789	64,616,733.26	171,509,289.80
Class III—	Butterfat	27,595,895	3.3720	93,053,357.94	
	Protein	20,120,685	2.5374	51,054,226.15	
	Other Solids	36,229,995	0.2837	10,278,449.57	154,386,033.66
Class IV—	Butterfat	13,608,022	3.3720	45,886,250.19	
	Nonfat Solids	3,439,457	1.3233	45,514,337.10	91,400,587.29
Total Classified Value					**$574,484,846.85**
Add:	Overage—All Classes				334,217.80
	Inventory Reclassification—All Classes				(857,525.02)
	Other Source Receipts	375,906			17,995.55
Total Pool Value					**$573,979,535.18**
Less:	Value of Producer Butterfat	89,504,406	3.3720	(301,808,857.00)	
	Value of Producer Protein	70,300,485	2.5374	(178,380,450.69)	
	Value of Producer Other Solids	126,257,972	0.2837	(35,819,386.65)	(516,008,694.34)
Total PPD Value Before Adjustments					**$57,970,840.84**
Add:	Location Adjustment to Producers				12,984,767.46
	One-half Unobligated Balance—Producer Settlement Fund				1,079,129.89
Less:	Producer Settlement Fund—Reserve				(992,990.60)
Total Pool Milk & PPD Value		**2,179,194,709**			**$71,041,747.59**
	Producer Price Differential		**$3.26**		
	Statistical Uniform Price		**$24.27**		

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



The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

December 2022 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

December Pool Price Calculation

The December 2022 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $23.06 per hundredweight for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be $25.94 per hundredweight. The December statistical uniform price was $1.21 per hundredweight below the November price. The December producer price differential (PPD) at Suffolk County was $2.56 per hundredweight, a decrease of 70 cents from the previous month.

Product Prices Effect

Commodity price movements reported on the National Dairy Product Sales Report in December followed the same pattern as in November with all prices declining except 40-pound block cheese. Butter dropped 18 cents, nonfat dry milk declined 5 cents, barrel cheese fell nearly 15 cents, and dry whey decreased 2 cents, all on a per pound basis. The cheese price declined 3 cents per pound due to the combination of an 8-cent increase in the block price offset by the decrease in the barrel price. The commodity price changes translated to a 22-cent drop in the butterfat price, a 5-cent decrease in nonfat solids, and a 2-cent decline in other solids. The protein price rose almost 12 cents per pound due mainly to the decline in the butterfat price, which is a factor in the protein price formula. Even though the butterfat price fell, it was still the highest ever for the month of December.

All class prices declined: Class I fell $1.51; Class II decreased $1.56; Class III was down 51 cents; and Class IV dropped $1.18, all on a per hundredweight basis. The spread between the higher- and lower-class prices decreased, resulting in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) set a record high for December. Class III volume was the highest ever for the month. The December SUP, Class I, II, and IV prices were all record-highs for the month. The average producer butterfat and protein tests set record highs for the Order.❖

Pool Summary

- A total of 8,084 producers were pooled under the Order with an average daily delivery per producer of 8,997 pounds.
- Pooled milk receipts totaled 2.255 billion pounds, an increase of 0.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.8 percent of total milk receipts, down 0.3 percentage points from November.
- The average butterfat test of producer receipts was 4.18 percent.
- The average true protein test of producer receipts was 3.26 percent.
- The average other solids test of producer receipts was 5.74 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.8	693,552,129
Class II	21.7	489,177,078
Class III	29.1	657,227,148
Class IV	18.4	414,751,110
Total Pooled Milk		2,254,707,465

Producer Component Prices

	2022	2021
	$/lb	
Protein Price	2.6568	2.5937
Butterfat Price	3.1539	2.2919
Other Solids Price	0.2652	0.4520

Class Prices

	2022	2021
	$/cwt	
Class I	25.83	22.42
Class II	23.11	19.84
Class III	20.50	18.36
Class IV	22.12	19.88

Annual Summary 2022

Total milk received from producers equaled 26.9 billion pounds in 2022, down 0.6 percent from 2021. The annual average volume per producer grew 445 pounds from the previous year and topped 9,000 pounds for 4 months during 2022. The year ended with 8,084 producers, a drop of 665 from December 2021.

Total U.S. milk production was basically flat in 2022, compared to an increase of 1.6 in 2021 (leap year adjusted). Significant input cost increases for feed, fuel, labor, and borrowing costs slowed down production and reduced overall supply. With schools and restaurants returning to pre-Covid levels, demand increased. Exports were strong in 2022, surpassing 2021 by about 4 percent.

Prices started out strong at the beginning of the year, continued to rise, and peaked in June 2022. Even though prices subsided somewhat in the second half of the year, at $24.96, 2022 finished with the highest average Statistical Uniform Price (SUP) since the Order's inception, topping the second-highest year, 2014, by 68 cents per hundredweight (cwt). Compared to 2021, the annual average 2022 Northeast Order SUP was 39.6 percent higher.

The accompanying table compares selected pool statistics for 2021 and 2022. The chart shows annual average utilization by class for the past 10 years.

Northeast Order Pool Statistics, 2021–2022

Pool Statistics	2021	2022	2021-22 Change
	million pounds		percent
Class I	8,138.3	7,962.6	(2.2)
Class II	6,797.0	6,401.1	(5.8)
Class III	7,101.4	7,792.4	9.7
Class IV	5,008.6	4,725.5	(5.7)
Total	27,045.3	26,881.6	(0.6)
	pounds		
DDP	8,417	8,862	5.3
	utilization percentage		change
Class I	30.1	29.6	(0.5)
Class II	25.1	23.8	(1.3)
Class III	26.3	29.0	2.7
Class IV	18.5	17.6	(0.9)
	dollars/cwt		percent
Class I	20.08	26.91	34.0
Class II	16.44	25.27	53.7
Class III	17.08	21.96	28.6
Class IV	16.09	24.47	52.1
SUP	17.88	24.96	39.6
Producer Component:			
Tests:	percent		change
Butterfat	3.99	4.03	0.04
Protein	3.15	3.16	0.01
Other Solids	5.77	5.78	0.01
Prices:	dollars/lb		percent
Butterfat	1.8904	3.2637	72.6
Protein	2.7630	2.7238	(1.4)
Other Solids	0.3866	0.4188	8.3
Nonfat Solids	1.0905	1.5021	37.7

Class Utilization Changes

Class I utilization averaged 29.6 percent in 2022, down 0.5 percentage points from 2021. The volume of milk used for Class I purposes declined 175.7 million pounds (2.2 percent) from the previous year, compared to a decrease of only 0.9 percent in 2021. The total volume of producer receipts used in Class II decreased 396 million pounds (5.8 percent), following a record high usage in 2021. The Class II utilization percentage fell 1.3 percentage points to 23.8 percent of total producer milk pooled in 2022.

Class III volume jumped 9.7 percent (691 million pounds) and utilization averaged 29.0 percent, up 2.7 percentage points from 2021. This increase was due to a combination of more milk used in cheese (American, Italian, Swiss and other hard varieties, and cream cheese) and the milk assigned to the lowest class price (shrinkage, dumped, animal feed, lost in transit) as the Class III price was the lowest for all but one month of 2022. The amount of milk used in Class IV decreased 5.7 percent and accounted for an annual average of 17.6 percent utilization, a decrease of 0.9 percentage points.

Most Prices Higher Than 2021

As behavior returned to pre-Covid levels and demand increased, the market tightness was reflected in higher prices, especially butter. Cold storage stocks of butter were the lowest in 3 years.

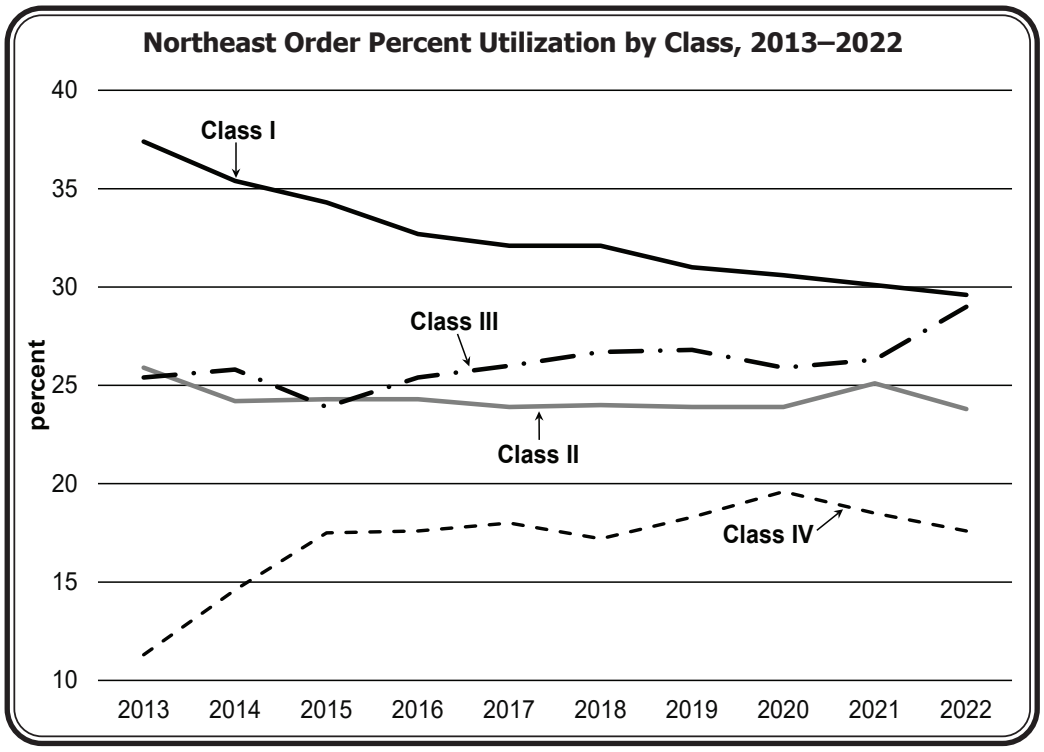
Commodity Prices—National Dairy Product Sales Report (NDPSR) butter prices jumped 65.5 percent from 2021 and averaged $2.8665 per pound, the highest on record since federal order reform. NDPSR cheese prices averaged $2.1122 per pound, an increase of 26.1 percent with combined averages of $2.1011 for blocks and $2.0918 for barrels, increases of 21.4 and 31.1 percent, respectively.

The NDPSR nonfat dry milk price increased 32.8 percent from 2021, averaging $1.6851 per pound. Dry whey prices were up 5.5 percent from the previous year and averaged $0.6057 per pound.

Component Prices—All component price averages were above the previous year except protein. The price paid to producers for butterfat averaged $3.2637 per pound, up 72.6 percent from 2021 and a record high since federal order reform and the first time the annual average was greater than $3.00 per pound. The

annual average protein price was $2.7238 per pound, down 1.4 percent from the previous year's average. The other solids price averaged $0.4188 per pound, an increase of 8.3 percent from 2021. The nonfat solids price averaged $1.5021 per pound, an increase of 37.7 percent from the previous year.

Class Prices—Annual average class prices were significantly higher than in 2021. The Class I price averaged $26.91 per hundredweight in 2022, up 34.0 percent from the 2021 annual average. The Class II price averaged $25.27 per hundredweight, an increase of 53.7 percent from the previous year. The Class III price averaged $21.96, 28.6 percent above 2021. The Class IV price averaged $24.47, an increase of 52.1 percent. Overall, the statistical uniform price (blend) reported at Suffolk County, Massachusetts (Boston) averaged a record-high $24.96 per hundredweight, 39.6 percent above the 2021 average. The producer price differential (PPD) averaged $3.00 per hundredweight (at Boston) for the year, the second highest annual average since the Order's inception.



Producer Tests

The annual average producer butterfat test equaled 4.03 percent in 2022, an increase of 0.04 percentage points from 2021. Monthly record-highs were set in 10 months of 2022 and tied in the other two. A new Order high was set in December at 4.18 percent. The annual average producer protein test was 3.16 percent, up 0.01 percentage point from the previous year. Monthly record-highs were set in 7 months of 2022 and a new Order high was set in December at 3.26 percent. The producer other solids test averaged 5.78 percent, an increase of 0.01 percentage points. Monthly record-highs were set in 4 months of the year, and tied with the Order record-high of 5.79 percent set in February 2021.❖

Pool Summary for All Federal Orders, January–December, 2021–2022

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2021	2022	Change	2021	2022	2021	2022
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**27,045,313,704**	**26,881,591,679**	**(0.6)**	**0.80**	**3.00**	**17.88**	**24.96**
5	Appalachian	5,289,370,315	5,420,484,531	2.5	N/A	N/A	19.34	26.42
6	Florida	2,443,929,811	2,476,149,239	1.3	N/A	N/A	21.30	28.42
7	Southeast	4,581,321,644	3,899,520,969	(14.9)	N/A	N/A	19.51	26.87
30	Upper Midwest	17,940,334,474	31,837,415,324	77.5	(0.30)	0.28	16.78	22.24
32	Central	12,992,467,689	15,637,745,685	20.4	(0.53)	1.15	16.55	23.11
33	Mideast	18,605,568,434	16,795,991,380	(9.7)	(0.09)	1.50	16.99	23.45
51	California	23,803,094,324	22,438,808,200	(5.7)	(0.51)	1.20	16.57	23.15
124	Pacific Northwest	7,387,031,283	7,582,859,867	2.7	(0.44)	1.36	16.64	23.31
126	Southwest	12,286,130,653	13,713,903,120	11.6	0.10	1.72	17.18	23.68
131	Arizona	4,461,135,635	4,909,581,108	10.1	N/A	N/A	17.14	24.27
	All Market Total/Average	136,835,697,966	151,594,051,102	10.8	(0.14)	1.46	17.81	24.53

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

* Data may not be comparable to previous years due to significant volumes of milk not pooled on federal orders.

USDA **MARKET ADMINISTRATOR**
302A Washington Avenue Ext.
Albany, NY 12203-7303

RETURN SERVICE REQUESTED

PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Albany, NY
Permit 1011

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	676,812,117	$14.70	$99,491,381.20	
Butterfat	16,740,012	3.3271	55,695,693.93	
Less: Location Adjustment to Handlers			(2,981,159.97)	$152,205,915.15
Class II— Butterfat	32,319,900	3.1609	102,159,971.92	
Nonfat Solids	42,851,202	1.3867	59,421,761.78	161,581,733.70
Class III— Butterfat	28,984,321	3.1539	91,413,649.98	
Protein	21,378,203	2.6568	56,797,609.76	
Other Solids	37,680,908	0.2652	9,992,976.83	158,204,236.57
Class IV— Butterfat	16,312,695	3.1539	51,448,608.80	
Nonfat Solids	37,437,349	1.2752	47,740,107.43	99,188,716.23
Total Classified Value				**$571,180,601.65**
Add: Overage—All Classes				728,251.41
Inventory Reclassification—All Classes				(597,285.12)
Other Source Receipts	296,010			13,795.49
Total Pool Value				**$571,325,363.43**
Less: Value of Producer Butterfat	94,356,928	3.1539	(297,592,315.22)	
Value of Producer Protein	73,503,744	2.6568	(195,284,747.08)	
Value of Producer Other Solids	129,405,129	0.2652	(34,318,240.25)	(527,195,302.55)
Total PPD Value Before Adjustments				**$44,130,060.88**
Add: Location Adjustment to Producers				13,439,179.68
One-half Unobligated Balance—Producer Settlement Fund				1,080,607.14
Less: Producer Settlement Fund—Reserve				(921,758.83)
Total Pool Milk & PPD Value	**2,255,003,475**			**$57,728,088.87**
Producer Price Differential		**$2.56**		
Statistical Uniform Price		**$23.06**		

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