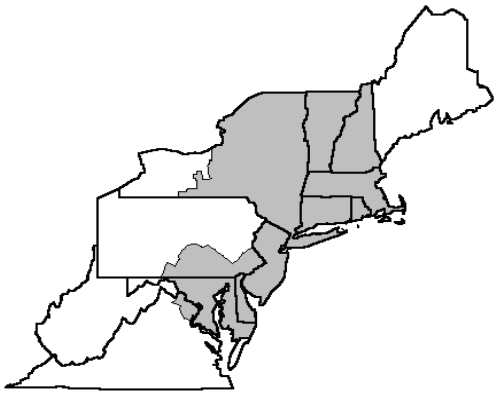


The Market Administrator's

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.

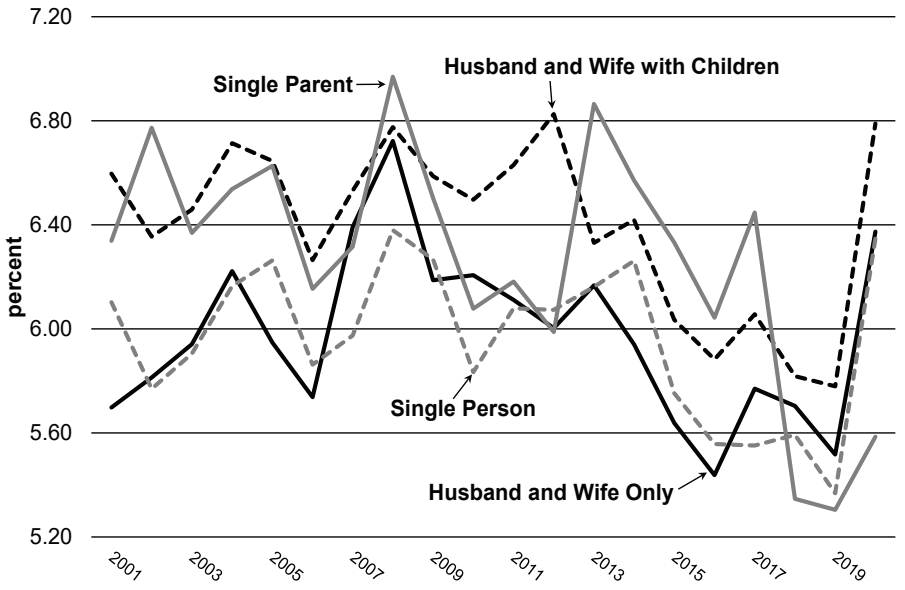
In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 69.2 percent in 2021, unchanged from 2020 and up from 66.9 percent in 2016.

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.