

# The Market Administrator's

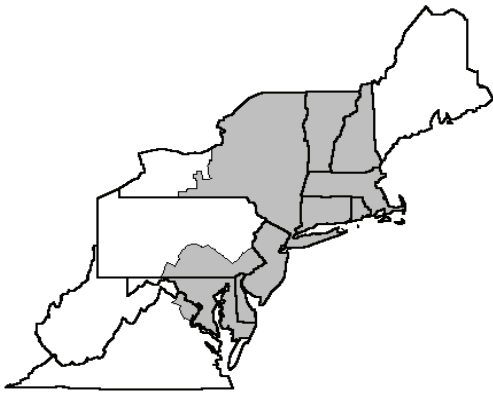
# BULLETIN

## NORTHEAST MARKETING AREA

Shawn M. Boockoff, Market Administrator

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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](mailto:NortheastOrder@fedmilk1.com)  
 website address: [www.fmmone.com](http://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.

### 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

### 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

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

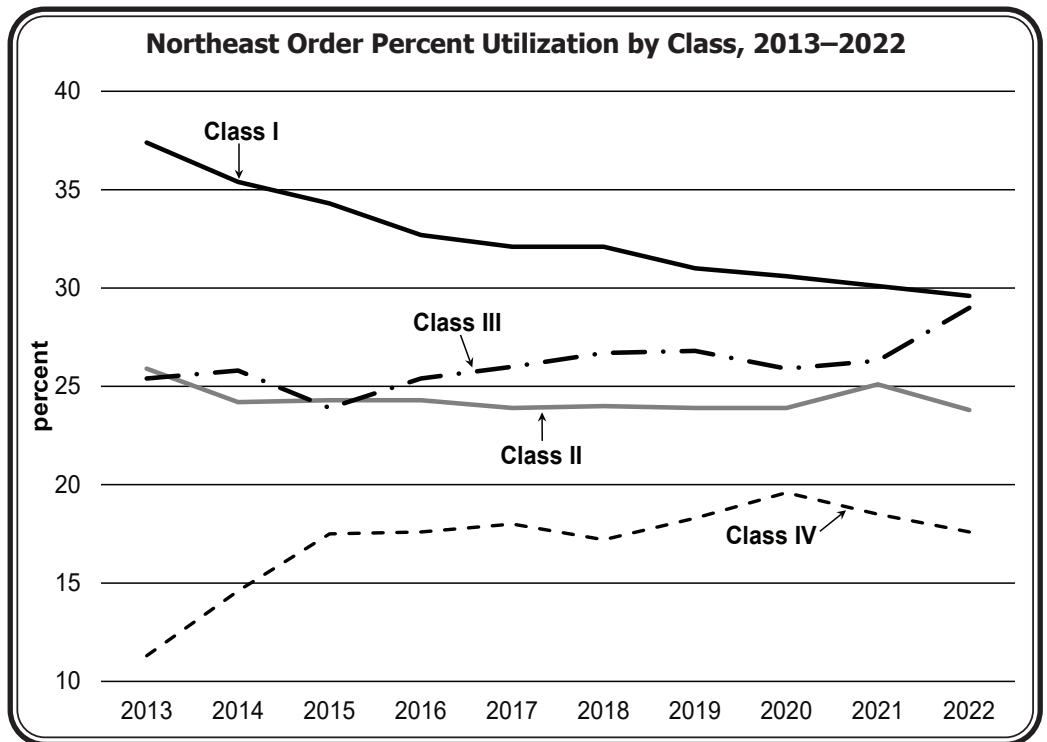
annual average protein price was \$2.7238 per pound, down 1.4 percent from the previous year's average. The other solids price averaged \$0.4188 per pound, an increase of 8.3 percent from 2021. The nonfat solids price averaged \$1.5021 per pound, an increase of 37.7 percent from the previous year.

**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			dollars per hundredweight			
<b>1</b>	<b>Northeast</b>	<b>27,045,313,704</b>	<b>26,881,591,679</b>	<b>(0.6)</b>	<b>0.80</b>	<b>3.00</b>	<b>17.88</b>	<b>24.96</b>
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.

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**Computation of Producer Price Differential and Statistical Uniform Price\***

	<u>Product Pounds</u>	<u>Price per cwt./lb.</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	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
<b>Total Classified Value</b>				<b>\$571,180,601.65</b>
Add: Overage—All Classes				728,251.41
Inventory Reclassification—All Classes				(597,285.12)
Other Source Receipts	296,010			13,795.49
<b>Total Pool Value</b>				<b>\$571,325,363.43</b>
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)
<b>Total PPD Value Before Adjustments</b>				<b>\$44,130,060.88</b>
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)
<b>Total Pool Milk &amp; PPD Value</b>	<b>2,255,003,475</b>			<b>\$57,728,088.87</b>
Producer Price Differential		<b>\$2.56</b>		
Statistical Uniform Price		<b>\$23.06</b>		

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