

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

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Federal Order No. 1

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April Pool Price Calculation

The April 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$19.77 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 \$21.92 per hundredweight. The April statistical uniform price was 16 cents per hundredweight below the March price. The April producer price differential (PPD) at Suffolk County was \$1.25 per hundredweight, a decrease of 58 cents from the previous month.

Product Prices Effect

Similar to March, changes in commodity prices reported on the National Dairy Product Sales Report were mixed for April. Butter decreased 2 cents, nonfat dry milk fell 4 cents, and dry whey rose 1 cent, all on a per pound basis. The cheese price increased almost 4 cents per pound with the block price falling 1 cent and the barrel price rising 7 and a half cents. The commodity price changes translated to a 3-cent decrease in the butterfat price, a 4-cent decrease in nonfat solids, and a 1-cent increase in other solids. The protein price rose 15 cents per pound due to the combination of the higher cheese price and lower butterfat price, which is a factor in the protein price formula. Even though the butterfat price declined, it was still the second highest ever for the month of April.

All class prices declined except Class III: Class I decreased 14 cents; Class II declined 32 cents; Class III increased 42 cents; and Class IV fell 43 cents, all on a per hundredweight basis. For the first time since May 2022, the Class IV price was the lowest of the classes. With lower prices in over 73 percent of the pool, the SUP declined. The increase in the Class III price resulted in a lower PPD.

Selected Statistics

Average daily deliveries per producer (DDP) in April set a new Order record high. Total producer milk pooled was the third highest for the month; Class II volume set a record high for April. The average producer butterfat and protein tests set new record highs for the month. ❖

Pool Summary

- A total of 7,839 producers were pooled under the Order with an average daily delivery per producer of 9,769 pounds.
- Pooled milk receipts totaled 2.297 billion pounds, an increase of 0.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 27.2 percent of total milk receipts, down 2.2 percentage points from March.
- The average butterfat test of producer receipts was 4.12 percent.
- The average true protein test of producer receipts was 3.17 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	27.2	623,988,872
Class II	25.1	575,689,083
Class III	26.7	614,353,218
Class IV	21.0	483,277,539
Total Pooled Milk		2,297,308,712

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.5603	3.4239
Butterfat Price	2.7009	3.1461
Other Solids Price	0.2479	0.5565

Class Prices

	2023	2022
	\$/cwt	
Class I	22.10	27.63
Class II	19.20	25.71
Class III	18.52	24.42
Class IV	17.95	25.31

Manufactured Dairy Products—2022 Summary

USDA’s National Agricultural Statistics Service recently released their *Dairy Products 2022 Summary*. This publication summarizes dairy products manufactured in the United States. The accompanying table compares selected products’ changes to 2022 from 2021 and 2017, for both the U.S. and for milk used in the Northeast Order.

Cheese Production

Nationally, total cheese production (excluding cottage cheese) grew 2.2 percent from 2021. American cheese increased a slight 0.4, Italian was up 2.3, Swiss and other cheeses rose 2.7, and cream (and Neufchatel) jumped 10.2, all on a percentage basis. Within the other cheese category, Hispanic cheese rose 9.8 percent and accounted for 27.8 percent of this category. Gouda had similar growth from 2021 (9.3 percent), but only accounted for 4.4 percent of this category. Swiss cheese, which represented 25.3 percent of other cheese, grew 6.3 percent. Other cheeses in this category include feta, blue/gorgonzola, Muenster, brick, and other varieties. Within total Italian cheese, ricotta declined 1.6 percent from 2021.

When compared to five years earlier, total cheese is up 11.3 percent nationally. American increased 11.2, Italian rose 9.4, Swiss and other cheeses grew 10.7, and cream cheese was up 23.1, all on a percentage basis. Within the other types, Hispanic cheese rose 34.8 percent from 2017.

In the Northeast, milk used in making cheese increased 3.7 percent from 2021 to 2022. By category, milk used in American cheese rose 2.5 percent, Italian

Change in Selected Manufactured Dairy Products, 2022

	Total US Production of Manufactured Products		Total Northeast Order Milk Used to Manufacture#	
	2022 from:			
	2017	2021	2017	2021
	(percent change)			
Cheese				
American [^]	11.2	4.6	(2.1)	2.5
Italian ⁺	9.4	2.8	7.9	4.0
Cream and Neufchatel	23.1	2.6	7.5	7.5
Other [*]	10.7	6.1	(1.4)	1.5
Total Cheese(excludes cottage)	11.3	3.8	3.6	3.7
Butter	11.4	(0.2)	(0.3)	12.5
NFDM~	7.3	(3.8)	(2.9)	(0.3)
Yogurt	3.2	(2.5)	8.1	(3.4)

Source: USDA, NASS - Dairy Products 2022 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.

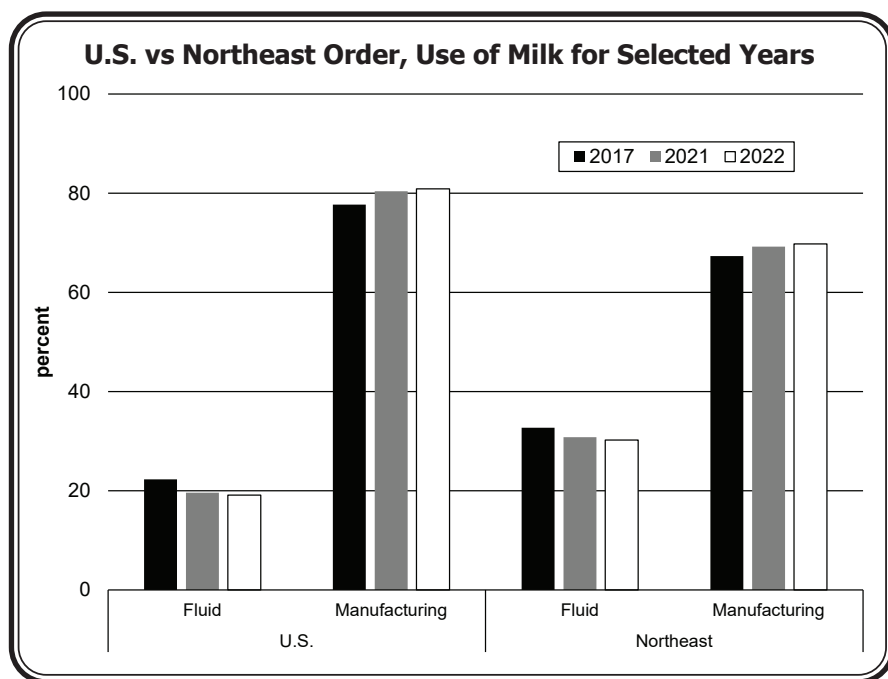
cheese increased 4.0 percent (this figure includes ricotta that decreased 3.2 percent), cream cheese jumped 7.5 percent, and Swiss and other cheeses grew 1.5 percent. Compared to 5 years earlier, milk used in making cheese in the Northeast was up 3.6 percent with Italian increasing 7.9 percent and cream cheese growing 7.5 percent. American cheese use was down 2.1 percent while Swiss and other cheeses dropped 1.4 percent compared to 2017.

Other Products

U.S. butter production decreased a slight 0.2 percent from 2021 to 2022. Compared to 2017, it is up 11.4 percent. Nonfat dry milk (NFDM) declined 3.8 percent from the previous year but was up 7.3 percent from 2017. Yogurt decreased 2.5 from 2021 but increased 3.2 percent from 5 years ago. Ice cream (not shown in table) rose 4.5 percent from the previous year and 5.6 percent from 2017. Combined evaporated and condensed (whole and skim) fell 3.2 percent from 2021 and 6.6 percent from 2017.

In the Northeast, milk used in butter rose 12.5 percent in 2022. Compared to 2017, it was down 0.3 percent. Milk utilized in yogurt decreased 3.4 percent from the previous year but increased 8.1 percent from 5 years ago. Milk used in the production of dry milk products (mostly nonfat but does include some whole milk powder) declined 3.2 percent from 2021 and 2.9 percent when compared to 2017. Milk utilized in ice cream dropped 14.1 percent in 2022, and 34.9 percent when

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Manufactured Dairy Products (continued from page 2)

compared to 5 years ago. Milk used in evaporated and condensed was down 1.0 percent from 2021 but up 58.9 percent from 2017.

Leading States

The top five cheese-producing states continued to be Wisconsin, California, Idaho, New Mexico, and New York. Of the states reported, Pennsylvania came in at number eight, falling from seven in 2021, and Vermont fell to number 11 from 10 the previous year. Wisconsin remained the number one producer of both American and Italian cheese and dry whey. California ranked first in butter, ice cream, nonfat dry milk, and unsweetened skim condensed, and second in Italian cheese, sour cream, and yogurt. New York remained the largest producer of yogurt, cottage cheese (low fat and creamed), and sour cream, and ranked second in dry whey and unsweetened skim condensed. Pennsylvania came in second in the production of ice cream and nonfat dry milk. 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.

Percent of Total Milk Production

Of U.S. total milk production, 80.9 percent was used in manufactured products (19.1 percent sold for fluid use) in 2022, up from 80.4 percent in 2021 and 77.7 percent in 2017 (see chart).

In the Northeast Order, the total amount of pooled milk utilized in manufactured products equaled 69.8 percent in 2022, up from 69.2 percent in 2021 and 67.3 percent in 2017.

Number of Plants

The total number of plants equaled 1,201 in 2022, unchanged from 2021. Wisconsin led with 198 (an increase of 10 from 2021), followed by New York with 121, and California with 102 (both states were up 2 from 2021). Pennsylvania reported 79 (down 1 from 2021) and Vermont had 50 (up 1 from 2021). The total number of plants in the U.S. in 2017 was 1,305. ❖

Compositional Reference Points

Compositional reference points represent the pounds of protein, other solids, and nonfat solids per hundredweight of skim milk. Compositional reference points should not be confused with the protein, other solid, and nonfat solid statistics as a percent of producer milk; compositional reference points are specifically a portion of components in skim milk. These figures are used in conjunction with component prices to determine the price of skim milk for all classes. Class I and II skim prices are discovered using advanced pricing factors; these are the pricing factors announced on or before the 23rd of each month. The Class III and IV skim milk prices are discovered using the monthly average component prices announced on or before the 5th of each month.

Class IV

The Class IV skim price is determined by multiplying the nonfat solids price by a compositional reference point of 9.0 pounds of nonfat solids per hundredweight of skim. For example, the April 2023 nonfat solids price is \$0.9774 per pound; this multiplied by 9.0 equals a Class IV skim milk price of \$8.80 per hundredweight.

Class III

The Class III skim price is calculated using compositional reference points of 3.1 pounds of protein and 5.9 pounds of other solids per hundredweight of skim milk. The component price of protein and

other solids are multiplied by the corresponding compositional reference points; then the products of both calculations are added together to produce the price of Class III skim. The protein and other solids prices for April 2023 are \$2.5603 per pound and \$0.2479 per pound, respectively; this equals the April 2023 Class III skim price of \$9.40 per hundredweight.

Class II

The Class II skim milk price is calculated by adding \$0.70 per hundredweight to the advanced Class IV skim milk pricing factor. The 70-cent per hundredweight is an estimate of the cost of rehydrating solids to be used in Class II products. The Advanced Class IV skim milk pricing factor for April 2023 was \$9.37 per hundredweight, resulting in a Class II skim milk price of \$10.07 per hundredweight.

Class I

The Class I skim milk price is found by averaging the advanced Class III and IV skim milk pricing factors, then adding \$0.74 per hundredweight. The advanced Class III and IV skim milk pricing factors for April 2023 were \$8.46 per hundredweight and \$9.37 per hundredweight, respectively, which result in an average of \$8.92 per hundredweight. Once the \$0.74 per hundredweight is added, it results in an April 2023 Class I skim milk price of \$9.66 per hundredweight. ❖

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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	609,124,847	\$12.91	\$78,638,017.75	
Butterfat	14,864,025	2.7542	40,938,497.66	
Less: Location Adjustment to Handlers			(2,790,858.07)	\$116,785,657.33
Class II— Butterfat	35,381,295	2.7079	95,809,008.73	
Nonfat Solids	50,247,910	1.1189	56,222,386.46	152,031,395.19
Class III— Butterfat	26,814,105	2.7009	72,422,216.21	
Protein	19,483,143	2.5603	49,882,690.99	
Other Solids	35,268,773	0.2479	8,743,128.80	131,048,036.00
Class IV— Butterfat	17,601,689	2.7009	47,540,401.83	
Nonfat Solids	43,358,190	0.9774	42,378,294.89	89,918,696.72
Total Classified Value				\$489,783,785.24
Add: Overage—All Classes				37,054.81
Inventory Reclassification—All Classes				105,291.36
Other Source Receipts	214,392			7,034.02
Total Pool Value				\$489,933,165.43
Less: Value of Producer Butterfat	94,661,114	2.7009	(255,670,202.82)	
Value of Producer Protein	72,811,649	2.5603	(186,419,664.95)	
Value of Producer Other Solids	132,147,815	0.2479	(32,759,443.36)	(474,849,311.13)
Total PPD Value Before Adjustments				\$15,083,854.30
Add: Location Adjustment to Producers				13,781,870.95
One-half Unobligated Balance—Producer Settlement Fund				877,264.94
Less: Producer Settlement Fund—Reserve				(1,023,951.37)
Total Pool Milk & PPD Value	2,297,523,104			\$28,719,038.82
Producer Price Differential		\$1.25		
Statistical Uniform Price		\$19.77		

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