

# The Market Administrator's

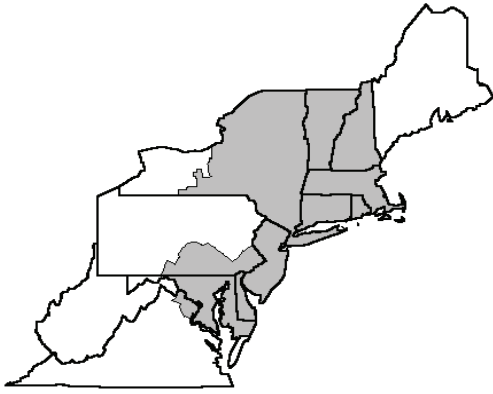
# BULLETIN

## NORTHEAST MARKETING AREA

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Federal Order No. 1



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## September Pool Price Calculation

The September 2023 statistical uniform price (SUP) for the Northeast Marketing Area was announced at \$20.42 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 \$22.52 per hundredweight. The September statistical uniform price was 99 cents per hundredweight above the August price. The September producer price differential (PPD) at Suffolk County was \$2.03 per hundredweight, a decrease of 21 cents from the previous month.

### Product Prices Effect

All commodity prices reported on the National Dairy Product Sales Report increased in September except nonfat dry milk that decreased 2 cents per pound. Butter rose almost 9 cents, dry whey increased 3 cents, and cheese was up 10 cents with blocks rising almost 13 cents and barrels increasing 8.5 cents, all on a per pound basis. The commodity price changes translated to a 10-cent increase in the butterfat price, a 2-cent decrease in the nonfat solids price, a 3-cent increase in the other solids price, and a nearly 22-cent jump in the protein price, again all on a per pound basis.

All class price increased from the previous month: Class I jumped \$2.28 based on August prices; Class II increased 7 cents; Class III was up \$1.20, due to the large increase in the cheese price; and Class IV rose 18 cents, all on a per hundredweight basis. Class III remained the lowest class price. The higher prices combined with a larger proportion utilized in the higher-priced classes resulted in an increase in the SUP. Similar to August, the total value of the pool increased, but the value paid to producers for components rose due to higher butterfat and protein prices combined with higher butterfat and protein tests. This resulted in a lower pay out in the PPD.

### Selected Statistics

Average daily deliveries per producer (DDP) in September set a record high for the month. The Class II volume topped 600 million pounds for the first time in September; Class III volume also set a record high for the month. The average producer butterfat and protein tests set new record highs for September; the other solids test tied as a record-high for the month. ❖

## Pool Summary

- A total of 7,613 producers were pooled under the Order with an average daily delivery per producer of 9,538 pounds.
- Pooled milk receipts totaled 2.178 billion pounds, a decrease of 2.6 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 30.0 percent of total milk receipts, up 1.8 percentage points from August.
- The average butterfat test of producer receipts was 4.05 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

### Class Utilization

Pooled Milk	Percent	Pounds
Class I	30.0	654,123,994
Class II	28.1	611,882,290
Class III	29.1	634,134,107
Class IV	12.8	278,304,366
Total Pooled Milk		2,178,444,757

### Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.3027	1.8847
Butterfat Price	3.1264	3.5653
Other Solids Price	0.0992	0.2998

### Class Prices

	2023	2022
	\$/cwt	
Class I	22.15	26.87
Class II	19.98	26.51
Class III	18.39	19.82
Class IV	19.09	24.63

## Market Update

For the months of January to September 2023, the statistical uniform price has averaged \$19.83 per hundredweight (cwt) with an average producer price differential (PPD) of \$2.70 per cwt. This is a 20.5 percent decrease from the 2022 monthly average (\$24.96 per cwt) and a 10.2 percent decrease in PPD from the 2022 monthly average (\$3.00 per cwt). The SUP for the month of September (\$20.42 per cwt) was down \$1.44 per cwt, from the beginning of the year, and decreased 5.1 percent when compared to August 2022. Using October 23, 2023, 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 2023 to average \$20.16 per cwt with an average producer price differential (PPD) of \$2.93 per cwt. Compared to the 2022 averages, this is a drop of almost \$5.00 per cwt in the SUP and \$0.07 per cwt in the PPD. CME futures prices of Class III and IV milk for the remainder of 2023 average \$17.53 per cwt and \$21.13 per cwt, respectively, for October to December 2023; the CME futures project an increase in both SUP and PPD for the remainder of 2023 and carrying into 2024.

### Butterfat Prices

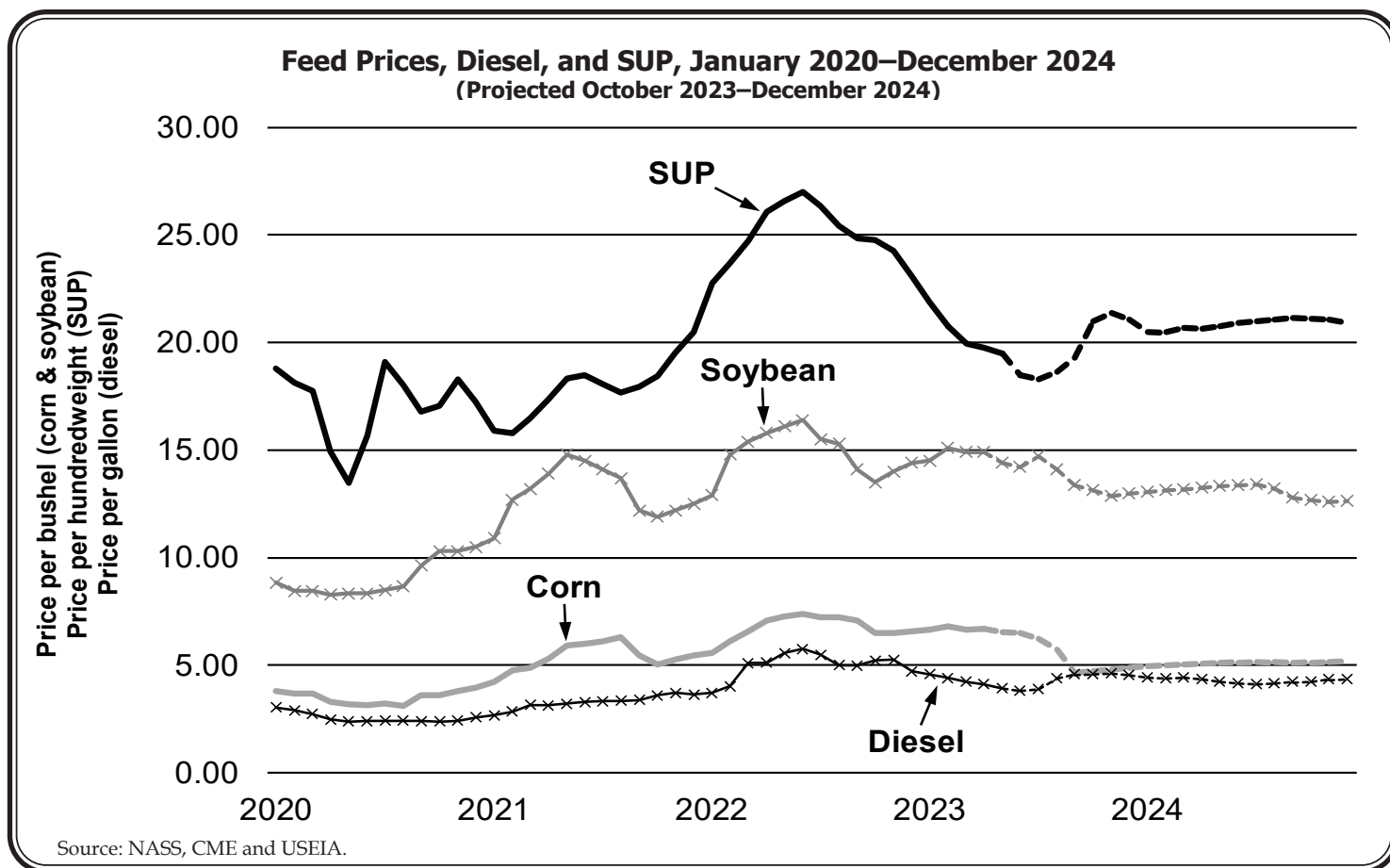
For the week of October 14, 2023, the National Dairy Products Sales Report (NDPSR) reported the highest

weekly butter price since the formation of the Order. At \$3.2854 per pound, the record butter price contributed to the second highest advanced Class I butterfat price in 23 years at \$3.6466 per pound for November 2023. Butterfat prices have risen steeply since August 2023, brought on by a tightening milk supply and the increased use of cream in other products. CME cash-settled butter futures settlements suggest the butter price will remain above \$3.00 per pound going into November. The current increase in butter prices could put downward pressure on the protein price, depending on the direction of cheese prices.

### Feed Prices

Corn, soybean, and alfalfa hay prices as published by the USDA National Agricultural Statistics Service (NASS) for the month of August 2023 have all decreased from the previous month. Corn prices dropped 7.9 percent to \$5.73 per bushel, soybean prices decreased 4.1 percent to \$14.10 per bushel, and alfalfa hay prices fell 5.7 percent to \$230 per ton. Estimates using October 23, 2023, CME futures for corn and soybeans suggest a yearly average of \$5.91 per bushel price for corn and \$14.09 per bushel price for soybeans. These estimated yearly averages for 2023 are below the averages for 2022, with soybeans 5.1 percent below and corn 12.6 percent below.

(continued on page 3)



## Market (continued from page 2)

### Diesel Price

The U.S. Energy Information Administration (USEIA) estimates the price for diesel in 2023 will average \$4.30 per gallon, a decrease of \$0.70 per gallon from 2022. The cost of diesel has roughly increased month over month since June 2023 and is estimated to increase for the remainder of the year; most recently the price has risen \$0.20 per gallon between April and May 2023 to \$3.92 per gallon. The USEIA forecasts the price of diesel for the remainder of 2023 to average \$4.57 per gallon and for 2024, averages \$4.29 per gallon.

### Exports

The U.S. Dairy Export Council (USDEC) Data Hub reported dairy exports for 2023, as of August, have totaled 1,574,643 metric tons (MT), this puts the 2023 year to date dairy exports below export volumes for 2022 (1,692,302 MT) and 2021 (1,632,416 MT). Nonfat dry milk (NFDM) remains the largest exported dairy product from the U.S., despite this the volume has decreased 0.1 percent from 2022. This drop is largely due to decreased exports to China and Southeast Asia; however, Mexico continues to increase exports with

Month	SUP	PPD	Class I	Class II	Class III	Class IV
dollars per hundredweight						
October	21.00	4.14	<b>22.72</b>	22.29	16.86	21.59
November	21.36	3.53	<b>23.00</b>	22.20	17.83	21.50
December	21.07	3.18	23.66	21.00	17.89	20.30
January	20.48	2.51	23.09	19.92	17.97	19.22
February	20.47	2.12	22.59	20.03	18.35	19.33
March	20.66	2.07	22.83	20.15	18.59	19.45

Class III & IV prices are CME futures prices for 10/23/23.  
Class I, II, SUP, & PPD prices are estimates using CME futures prices.  
Prices in bold are announced prices.

a 31.3 percent year to date increase in NFDM so far in 2023. Cheese exports also remained below 2022 volumes with notable decreases in South Korea, Japan, and Europe; while Mexico, China, Central America, Caribbean, Australia, and New Zealand experienced increases. The third largest U.S. dairy export, whey, dropped 22.0 percent from the previous year with decreases in all major exporting regions except Mexico, Europe, and South America. ❖

## National Federal Milk Marketing Order Hearing Update

The hearing on Proposed Rulemaking to Amend all Federal Milk Marketing Orders that commenced August 23, 2023, in Carmel, IN, recessed on October 11, 2023. It will reconvene on November 27, 2023, at 1:00 p.m. at the same location, the 502 Event Center in Carmel, IN. If the hearing is not completed by December 1, it will reconvene at the Palomino Ballroom in Zionsville, IN. With the exception of Monday, November 27, the hearing will be held from 8:00 a.m. until 5:00 p.m. each weekday. A notice reiterating this information and outlining hearing procedures for the reconvened weeks will be published in the Federal Register.

Additional information can be found at USDA's Agricultural Marketing Service hearing link: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>. ❖

## Pool Summary for All Federal Orders, January–September, 2022–2023

Federal Order		Total Producer Milk*			Producer Price Differential#		Statistical Uniform Price#	
Number	Name	2022	2023	Change	2022	2023	2022	2023
		pounds			dollars per hundredweight			
					percent			
<b>1</b>	<b>Northeast</b>	<b>20,204,248,741</b>	<b>20,586,478,548</b>	<b>1.9</b>	<b>3.03</b>	<b>2.70</b>	<b>25.26</b>	<b>19.83</b>
5	Appalachian	4,048,801,730	4,057,943,531	0.2	N/A	N/A	26.68	21.46
6	Florida	1,833,749,779	1,928,496,695	5.2	N/A	N/A	28.67	23.53
7	Southeast	2,982,786,685	2,665,278,408	(10.6)	N/A	N/A	27.14	22.02
30	Upper Midwest	22,810,466,324	25,099,944,760	10.0	0.29	0.27	22.53	17.40
32	Central	11,694,623,836	12,277,527,424	5.0	1.18	1.01	23.42	18.14
33	Mideast	12,767,370,353	13,419,774,994	5.1	1.52	1.44	23.76	18.58
51	California	16,421,635,119	20,452,760,385	24.5	1.21	1.06	23.45	18.20
124	Pacific Northwest	5,783,431,801	5,850,098,224	1.2	1.41	1.07	23.65	18.20
126	Southwest	10,266,939,988	10,482,680,202	2.1	1.72	1.74	23.95	18.87
131	Arizona	3,640,974,336	3,847,473,873	5.7	N/A	N/A	24.56	19.09
All Market Total/Average		112,455,028,692	120,668,457,044	7.3	1.48	1.33	24.83	19.57

# Price at designated order location. Simple average.

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	638,210,850	\$11.89	\$75,883,270.07	
Butterfat	15,913,144	3.0495	48,527,132.63	
Less: Location Adjustment to Handlers			(2,897,786.33)	\$121,512,616.36
Class II— Butterfat	33,900,041	3.1334	106,222,388.50	
Nonfat Solids	53,700,826	1.0378	55,730,717.24	161,953,105.74
Class III— Butterfat	27,745,759	3.1264	86,744,340.98	
Protein	19,954,719	2.3027	45,949,731.45	
Other Solids	36,511,083	0.0992	3,621,899.43	136,315,971.86
Class IV— Butterfat	10,724,187	3.1264	33,528,098.24	
Nonfat Solids	24,869,579	0.9382	23,332,639.05	56,860,737.29
<b>Total Classified Value</b>				<b>\$476,642,431.25</b>
Add: Overage—All Classes				332,790.85
Inventory Reclassification—All Classes				242,808.81
Other Source Receipts	291,628			11,443.06
<b>Total Pool Value</b>				<b>\$477,229,473.97</b>
Less: Value of Producer Butterfat	88,283,131	3.1264	(276,008,380.78)	
Value of Producer Protein	68,562,397	2.3027	(157,878,631.60)	
Value of Producer Other Solids	125,709,498	0.0992	(12,470,382.21)	(446,357,394.59)
<b>Total PPD Value Before Adjustments</b>				<b>\$30,872,079.38</b>
Add: Location Adjustment to Producers				13,213,903.74
One-half Unobligated Balance—Producer Settlement Fund				1,084,011.29
Less: Producer Settlement Fund—Reserve				(941,645.73)
<b>Total Pool Milk &amp; PPD Value</b>	<b>2,178,736,385</b>			<b>\$44,228,348.68</b>
Producer Price Differential		<b>\$2.03</b>		
Statistical Uniform Price		<b>\$20.42</b>		

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