

MERRY CHRISTMAS

and
Happy New Year



December 2024

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USDA & New York State Announced HPAI Testing Details

by: Jodi Smith Krzysiak, VP Economist & Industry Affairs

On December 6, 2024, USDA announced the start of a National Milk Testing Strategy (NMTS), which builds on measures we have taken since the start of the High-Path Avian Influenza (HPAI) H5N1 outbreak in dairy cattle. To mark the official beginning of the strategy, USDA issued new Federal Order and guidance documents that require that raw (unpasteurized) milk samples nationwide be collected and shared with USDA for testing. CDC currently considers the human health risk of this H5N1 HPAI outbreak to be low and has not found any evidence of person-to-person transmission. However, the ability for influenza A viruses to adapt and transmit to other species causes concern among public health officials.

Based on retail sampling conducted earlier in 2024, FDA concluded that pasteurization inactivates the H5N1 virus in milk. As a result, FDA has confirmed that pasteurized milk and dairy products are safe for consumption.

It is anticipated that State Regulatory Officers will collect silo samples at processing facilities during their regular inspections each month. These samples will include the BTU (bulk tank units) numbers represented in the silo. Processor data will not be collected. Sampling will begin in early January. If the silo sample comes back positive, the State will then require traceback to the farm to identify herds that are infected with HPAI.

At press time, New York held a webinar detailing the State's approach to testing. Once a farm is confirmed positive, they will be placed under a quarantine order and the state will set up an infected zone (3km) and surveillance zones (10km) that will have additional biosecurity and monitoring requirements. Because pasteurization is effective, milk can continue to move off the farm during the quarantine order. The State will be preparing an Industry Guidance document that UNC will circulate once it becomes available.



Winter Member Meeting Recap

by: Madison Hopcia, Manager of Member Services

On December 3rd we hosted our first ever Winter Member Meeting at the Corporate office in Lancaster, NY. Members could attend either in-person or virtually. Kevin Ellis, CEO of Upstate Niagara Cooperative, Inc. made the opening remarks and welcomed all attendees. He shared insights into the direction of the Cooperative, its positive performance over the past year and new growth within the business.

The morning session included presentations from Madison Hopcia, Manager of Member Services, on the importance of USPH Ratings and routine inspections on farms. She also presented updates on the FARM Program Animal Care Evaluations Version 5.0 and



Workforce Development Evaluations. Nicholas Brown, Farm Sustainability Manager, spoke to the upcoming questionnaires member farms will need to complete to help the Cooperative determine their carbon footprint.

Before lunch, Milk Moovement demonstrated the new member portal. The Membership Division has been working with Milk Moovement to go to a paperless tracking system for pounds, pick ups and payment processing. This new system is slotted to go live in the first few months of 2025. Please be patient with us as we transition.

During our lunch break, Jodi Krzysiak, VP Economist & Industry Affairs, gave a milk price outlook and brief update on Federal Order Modernization efforts.

Mike Davis, General Manager, Membership Division, spoke on the Hauling Program changes coming in mid 2025 that will incentivize on farm storage. Mike also shared that a new milk supply agreement has been signed with fairlife™. fairlife™ aims to receive milk by late 2025. This is an opportunity to partner with a new business to market our increasing member milk. Marty Hurley, Sr. VP of Supply Chain, presented on the importance of knowing our upcoming milk budgets and production from producers so we can make more educated and confident decisions going forward. He expressed the importance of communicating with the Membership Division with respect to any expansion or downsizing plans.

We ended the day with a few questions and discussion. We appreciate everyone's attendance to our first Winter Member Meeting and hope to host similar informational member meetings in the future. Please let us know your thoughts on the meeting and if there are other topics we should cover.

Members Represent UNC on Checkoff Board

by: Jean Kummer, American Dairy Association North East

Upstate Niagara members Eric Zuber, Byron, NY, Michele Klein, Silver Springs, NY, and Rich Hill, Cattaraugus, NY, represented UNC on the American Dairy Association North East Board of Directors that gathered recently for its year-end meeting. The Board represents the nearly 8,300 dairy farmers in the region to guide their checkoff investment. Upstate staff member Sherrie Green-Jacobs, Director of DSD Sales, CS & Merchandising joined ADA North East in a session to highlight how our organizations work together to help supply food banks with fresh milk for families in need and to coordinate retail efforts to improve milk and dairy sales. New York Associate Dairy Ambassador Justin Mesch, Collins, NY, also an Upstate member, attended the meeting, as well.



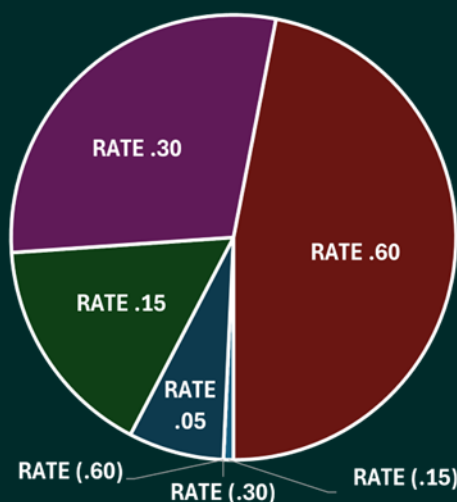
December (1-15 days) \$19.00 cwt.

UNC Statistics October 2024

Total Member Pounds	220,435,158
Wgtd Avg Butterfat Test	4.35963
Wgtd Avg Protein Test	3.31121
Wgtd Avg OS Test	5.81588
Wgtd Avg SCC Test	130,000
Avg Pay Price*	\$24.94

*Component value divided by pounds
(not including premiums)

Conventional Quality Program Pounds November 2024



Cheese Market Oscillates with Export Performance

by: Jodi Smith Krzysiak, VP Economist & Industry Affairs

Over the past couple months, cheese prices have failed to garner much in the way of upside enthusiasm. That seemed to change with the most recent lot of export data for October 2025.

According to Ever.Ag Insights' [Trade Trends](#) report:

Higher US cheese prices didn't appear to deter exporters in October. US cheese exports bumped up to 89 million pounds, a 12% gain versus the prior October. Volumes into Mexico continue to push higher, with 38 million pounds shipped, 27% more than the year before. Outbound volume to South Korea picked up, as well, with 10 million pounds moving into the region, 11% more than a year ago. Year-to-date exports through October totaled 941 million pounds, a 19% increase from 2023 and accounting for 8% of US cheese production to date.

In the trading sessions since the report's release, CME spot prices for blocks and barrels have moved from the \$1.60s. to \$1.80s per pound as you can see in the chart above. For nearly the past year, the outlook for producer pay has oscillated in tandem with the ability of U.S. exporters to move product overseas. Given new capacity coming online this month and in early 2025, this is likely to remain the case. Analysts suggest that exports will need

to grow by around 46 million pounds to absorb the product that's likely to flow out of these massive new cheese plants.

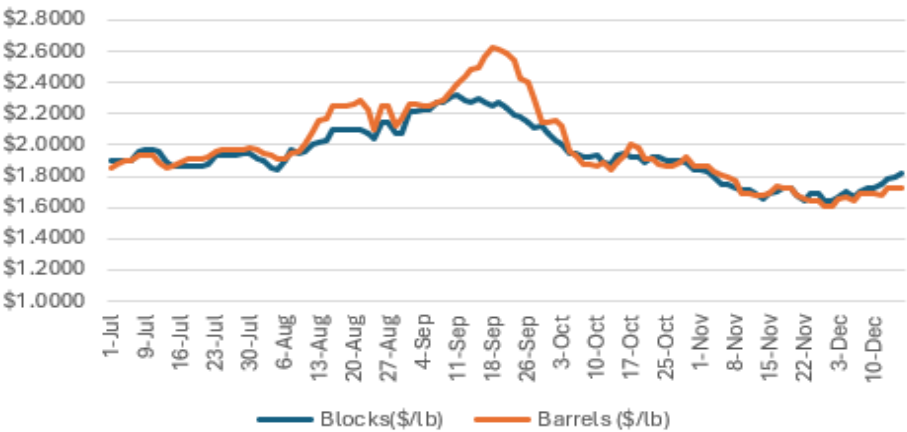
While the oscillation for cheese appears to help the outlook for producer pay, the overall butter export trade is likely playing a role in the releveling of butter prices that occurred earlier this fall. In the [Trade Trends](#) report, Ever.Ag detailed:

Net butter trade turned sharply negative in October, dropping to – 14 million pounds, the largest import/export gap since at least 1995. The butter trade deficit stemmed from the import side, with volume hitting a record 19 million pounds in October, a 79% hike from 2023. Shipments from Ireland made up for the vast majority of the

month's volume, reaching 14 million pounds, a 6 million pound increase from October 2023. Volume from New Zealand also pushed higher, with 4 million pounds imported, up from 2 million in 2023. Exports ticked a million pounds higher year-over-year to 5 million pounds.

Those attending the Winter Member Meeting heard me share that there's a growing sense of pessimism toward the outlook for producer pay in 2025 due to the swings in the cheese market and outlook for butter leveling off some. The most recent forecast has trimmed annual average estimate down to \$20.40/cwt, which is down ten cents from the forecasted 2024 estimate.

CME Daily Spot Prices(\$/lb)



WNY Pay Price

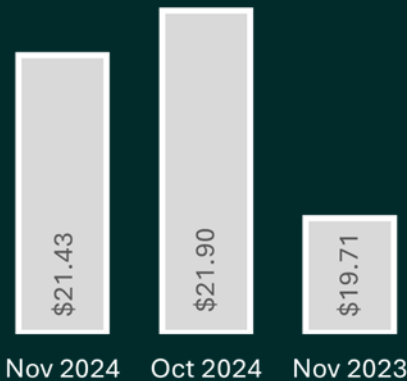


Table 1. Component Prices and Forecasts	November 2024 Actual	December 2024 Forecast	January 2025 Forecast	February 2025 Forecast
Base PPD: per cwt.	\$1.48	\$2.20	\$1.85	\$2.10
Protein: per lb.	\$2.3160	\$1.80	\$1.80	\$1.70
Butterfat: per lb.	\$3.0623	\$2.90	\$2.80	\$2.80
Other Solids: per lb.	\$0.4049	\$0.4200	\$0.4300	\$0.4400
Class III Price	\$19.95	\$21.30	\$21.10	\$21.15
Blend Estimate: per cwt. (@ avg solids levels)	\$21.43	\$23.50	\$22.95	\$23.25

Area Nominating Committees Meeting

The Area Nominating Committees will meet on Thursday, January 9, 2024 at the Corporate Office, 368 Pleasant View Drive, Lancaster, NY. We will begin the meeting at 11:00 a.m. with lunch to follow. Meeting notices will be mailed in December.

Delegate Nominations

If you are interested in becoming a Delegate for Upstate Niagara, nominations are now being accepted.

The Delegate Body meets about four times a year, generally during the daytime, but occasionally in the evening. At meetings, Delegates are kept informed about the Cooperative's policies, principles, progress and operations in order to assist them with communicating that information to the membership. Delegates are also responsible for voting on matters of the Cooperative as set forth by the By-Laws. Delegates receive a per diem and round-trip mileage for each meeting attended.

If you are interested in becoming a Delegate, contact a member of your Area Nominating Committee (see the table below) as soon as possible.

The Committees will be meeting on January 9th to begin the process of selecting Delegate nominees.

UNC Area Nominating Committees

Area I

Joshua Becker	Strykersville, NY	585-969-0002
David McCollum	Gasport, NY	716-622-9819
James Neal	Albion, NY	585-370-2408
Daniel Verratti	Gasport, NY	716-523-0320

Area II

Lisa Bowman	Wyoming, NY	585-329-9824
Sarah Colby	Spencerport, NY	585-313-7454
Seery Donnan	Piffard, NY	585-478-4511
Thomas Gates III	Piffard, NY	585-329-0773

Area III

Darin Hill	Cattaraugus, NY	716-801-1950
Sarah Keem	Arcade, NY	716-319-8192
Brandan O'Gorman	South Dayton	716-783-4548

USDA Issues Final Decision in Federal Order Modernization Hearing

by: Jodi Smith Krzysiak, VP Economist & Industry Affairs

Back in July, this newsletter detailed several changes USDA had recommended making to the Federal Orders as a result of the rulemaking process that began in August 2023. After reviewing over 100 public comments, USDA issued a Final Decision that was consistent with the recommended decision published in the Federal Register July 15, 2024. The final decision puts forth a package of amendments to update formulas and factors based on the evidentiary record of the proceeding. It also makes certain limited changes from the recommended decision based on public comments and reevaluation of record evidence, as follows:

- Reduction in the delayed implementation of the revised skim milk composition factors from 12 months to 6 months;
- Inclusion of a \$0.0015 marketing cost factor in all make allowances;
- A modification to the methodology used to determine the nonfat dry milk make allowance; and
- Limited changes to certain county-specific Class I differentials.

Upstate Niagara Cooperatives submitted comments that were generally supportive, but cited concerns on two main topics. The Class I Mover for extended shelf life products (ESL), and the overall level of Class I differentials in the WNY region. In the final decision, USDA found our arguments in WNY to be compelling and modified the Class I differentials in the region to create a flatter zone. However, USDA made no changes to their proposed Class I mover for ESL and that remains as part of the Final Decision.

USDA updated their Economic Impact Study, which was a static review of the new provisions had they been in place from 2019-2023. In their report, the Northeast weighted Statistical Uniform Price at test would have increased by \$0.35/cwt.