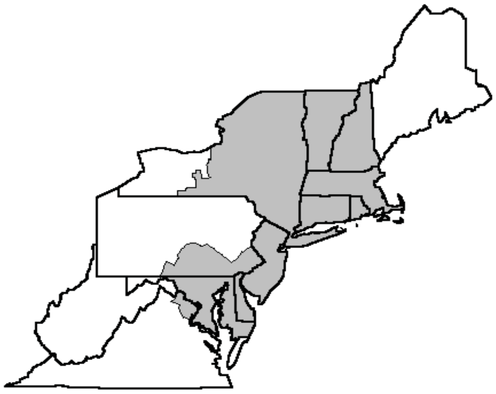

The Market Administrator's

BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

February 2013 Federal Order No. 1

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February Pool Price Calculation

The February 2013 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $19.43 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 $20.37 per hundredweight. The February statistical uniform price was 30 cents per hundredweight below the January price. The February producer price differential (PPD) at Suffolk County was $2.18 per hundredweight, an increase of 29 cents per hundredweight from last month.

Product prices in February dropped for all commodities except butter. As a result, component prices for protein, other solids, and nonfat solids declined while butterfat increased. Class I and III prices declined; Class II and IV prices rose slightly. Class III was the lowest of the class prices. Even though the Class I price dropped, the spread between the Class I and III prices increased resulting in a higher PPD value.

Total pooled milk receipts were the second largest for the month of February on a per day basis; surpassed only by 2000. Class I usage set a record for the largest volume for the month of February in both total pounds and on a per day basis. Class I volume continues to set record lows each month. The average producer protein and other solids tests for February tied with prior year records as the highest for the month. The producer butterfat test set a new record for the month of February.❖

Change in Milk Receipts by Farm Size

Based on verified payroll data, when comparing the number of farms pooled on the Northeast Order in December 2002 (17,121 farms) to December 2012 (12,034 farms), a span of 10 years, the figure has dropped by 29.7 percent. For the same period however, the total milk pooled on the Order by all farms was just 5.6 percent less. This is not necessarily representative of all months; many times receipts have been higher than in the same month of a previous year.
(continued on page 2)

Pool Summary

- A total of 12,440 producers were pooled under the Order with an average daily delivery per producer of 5,692 pounds.
- Pooled milk receipts totaled 1.983 billion pounds, an increase of 2.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 38.1 percent of total milk receipts, a decrease of 0.7 percentage points from January.
- The average butterfat test of producer receipts was 3.83 percent.
- The average true protein test of producer receipts was 3.11 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	38.1	755,993,725
Class II	24.9	493,067,358
Class III	25.0	495,283,383
Class IV	12.0	238,230,135
Total Pooled Milk		1,982,574,601

Producer Component Prices

	2013	2012
	$/lb	
Protein Price	2.9609	2.6627
Butterfat Price	1.6619	1.5739
Other Solids Price	0.4534	0.4541

Class Price Factors

	2013	2012
	$/cwt	
Class I	21.46	20.28
Class II	18.49	16.94
Class III	17.25	16.06
Class IV	17.75	15.92

Change in Milk Receipts *(continued from page 1)*

The accompanying table shows the numbers of farms and the volume of milk, respectively, as grouped together in five size categories. Most notable is that in 2012, 12.4 percent of the farms (farms producing over 250,000 pounds per month) produced 59.8 percent of the total milk pooled on the Order. Farms producing 250,000 pounds or more per month accounted for 9.4 percent of the farms and 39.2 percent of the total milk pooled in 2002. Milk pooled by farms in the largest category (over 600,000 pounds per month) more than doubled from 2002 to 2012 (an increase of 112 percent). All other size categories showed percent declines in both farms and milk pooled.

Farms by Pounds Pooled, December, 2002 and 2012

Farm Size	2002		2007		2012	
	Number of Farms					
Pounds Per Month		percent of total*		percent of total*		percent of total*
0-49,999	3,680	21.5	3,113	22.7	3,474	28.9
50,000-99,999	6,572	38.4	5,145	37.4	3,814	31.7
100,000-249,999	5,266	30.8	4,084	29.7	3,256	27.1
250,000-599,999	1,195	7.0	943	6.9	909	7.6
>=600,000	408	2.4	455	3.3	581	4.8
Total	17,121	100.0	13,740	100.0	12,034	100.0

*Note: Totals may not add due to rounding.

Where Are the Larger Farms Concentrated?

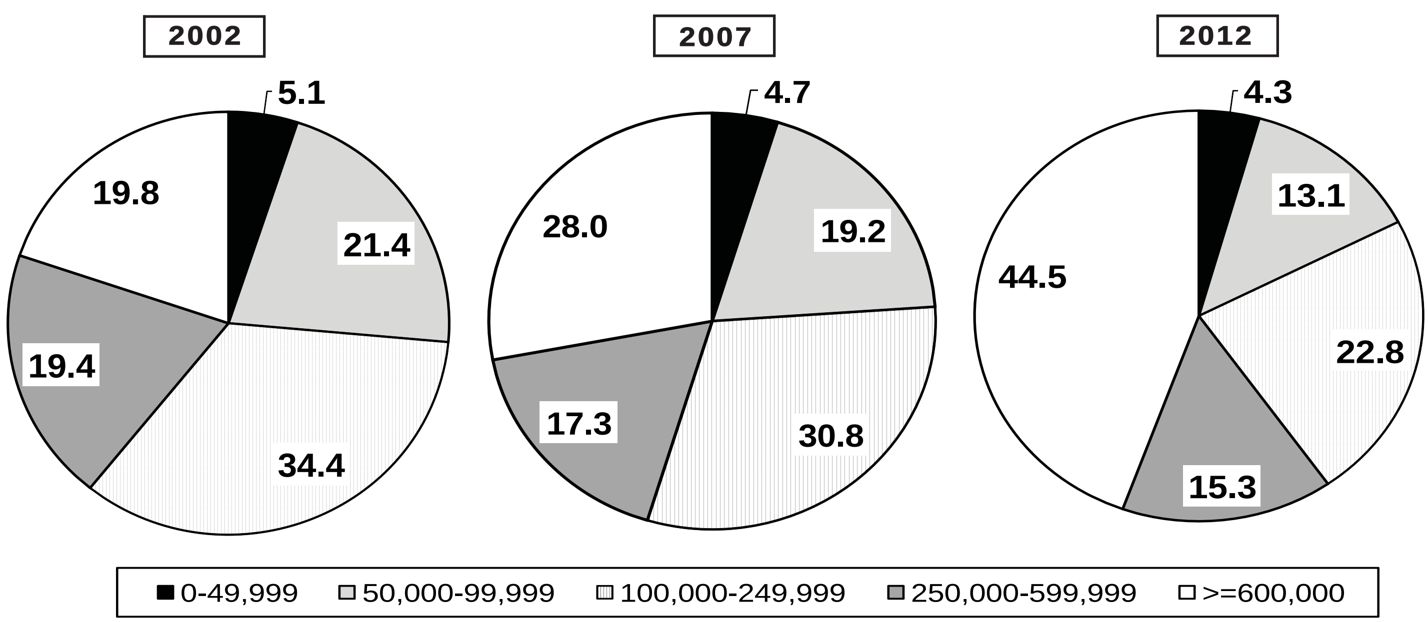
Of the farms pooling 600,000 pounds or more per month, 57 percent are in New York, followed by 19 percent in Pennsylvania, and 14 percent in Vermont. Wyoming County in New York had the most farms in this category of any county with milk pooled on the Northeast Order, with 30. They were followed in order by Addison County, Vermont (27); Franklin County, Vermont (25); Lancaster County, Pennsylvania (24); and Jefferson County, New York (21); and Cayuga, St. Lawrence, and Genessee counties in New York, with 20 each.

Smallest Farms Hold Ground

The number of farms pooling less than 50,000 pounds per month, the smallest size category, declined 5.6 percent since 2002, but actually has grown by 361 farms since 2007. Pooled receipts from this category are down 18.8 percent since 2002, but have remained level since 2007. This may be due, in part, to farms in the smallest size category pooling on the Northeast Order from states such as Indiana, Kentucky, Michigan, Ohio, and Wisconsin, most of which are organic, who were not typically pooled on the Northeast Order from 2002 to 2007. Still, the smallest farm category, which made up 28.9 percent of the farms in 2012, is pooling just 4.3 percent of the total milk on the order.

Some of the decline in farm numbers in the middle categories could be the result of expansions, as those farms moved to the larger categories. The biggest loss in farms and pooled milk was in the 50,000 to 99,999 pounds, per month, category.❖

Pounds Pooled by Farm Size Category, December



U.S. Milk Production Increases During 2012

Total milk production in the United States grew 1.8 percent in 2012. Production growth has been steady for the past 3 years, increasing the same percent in 2011 and 1.9 percent in 2010. The top ten milk-producing states rose 1.6 percent, but not as strong as the increases of 2.0 percent in 2011 and 2.5 percent in 2010. The top 23 states as reported by the National Agricultural Statistics Service (NASS) increased 1.9 percent. The accompanying table shows the top ten states ranked by their total 2012 production; it also shows number of milk cows and milk production per cow. Percent changes have been adjusted for leap year in 2012.

Top Producing States-No Changes in Rank

The top ten list contained the same states as in 2011 and in the same order. Even though Texas' total production volume was up from 2011, on a per day basis the state actually showed a slight decline. It still maintained its number six spot, not yet passing Pennsylvania but remaining ahead of Minnesota, the state it displaced in 2011. The only other top-ten states to show slight declines were Pennsylvania and New Mexico.

There were no changes within NASS' list of the top 23 during 2012. NASS does not include South Dakota, which was ranked number 20 in 2012 based on total production; this is up from number 21 in 2011. NASS continues to report Missouri in the top 23 although its position has dropped to number 25. They do not change the make-up of their top 23 list each year.

Northeast Below National Average

Milk production in the Northeast milkshed (the area from which milk is traditionally pooled by handlers selling into the marketing area) increased a 0.9 percent in 2012, about half of the U.S. average. Production in the 3 top producing states in the milkshed (New York, Pennsylvania, and Vermont) rose 1.0 percent; New York had the most growth, but was countered by Pennsylvania's decline. About half of the states in the milkshed reported decreases; this group accounted for 37.3 percent of Northeast milk production and had a combined decrease of 0.9 percent. The remaining states had a combined increase of 2.0 percent with New York, Maine, and Delaware all reporting growth greater than the combined average.

Cow Numbers and Production per Cow

Nationally, the number of milk cows increased 0.4 percent in 2012; in 2011, the increase was 0.8 percent. Eighteen states showed declining cow numbers, 20 states reporting increases, and the remainder had no change. Of those increasing cow numbers, seven were in the top ten states. In the Northeast milkshed states, milk cow numbers declined 0.6 percent. The combined total for New York, Pennsylvania, and Vermont was down a 0.5 percent; Pennsylvania dropped 0.9 percent; Vermont decreased 0.7 percent; and New York had no change.

Average milk production per cow (MPC) grew 1.4 percent nationally(leap year adjusted); this follows an increase of 0.9 percent in 2011. For the Northeast, the increase was 1.5 percent. The U.S. average milk per cow was 21,697 pounds in 2012; the average was 20,204 pounds in the Northeast states. Milk per cow for the Northeast states has continue to rise, but continues to lag behind the national average. Only ten states had MPC greater than the national average; six of them are in the top ten and most are in the western part of the country.

Publication Discontinued

As of the printing of this bulletin, the NASS recently announced it would no longer be publishing the *Milk Production* report as a result of federal budget cuts. Reporting is suspended through September 30, the end of the fiscal year. Other NASS releases also were suspended including the twice-yearly *Cattle* inventory report and the *Milk Production, Disposition, and Income* annual summary.❖

Top Ten States, Ranked by Milk Production, 2012

Rank	State	2011	2012	Percent Change	2012 Cows	2012 MPC*
		(million pounds)			(1,000 head)	(pounds)
1	California	41,462	41,801	0.5	1,782	23,457
2	Wisconsin	26,058	27,224	4.2	1,270	21,436
3	Idaho	13,256	13,558	2.0	580	23,376
4	New York	12,838	13,196	2.5	610	21,633
5	Pennsylvania	10,547	10,493	(0.8)	536	19,576
6	Texas	9,582	9,596	(0.1)	436	22,009
7	Minnesota	8,890	9,071	1.8	465	19,508
8	Michigan	8,478	8,889	4.6	375	23,704
9	New Mexico	8,177	8,149	(0.6)	330	24,694
10	Washington	6,169	6,234	0.8	262	23,794
	Top Ten Total	145,457	148,211	1.6	6,646	22,301
	U.S. Total	196,165	200,323	1.8	9,233	21,697

Source: NASS, *Milk Production.* * Milk production per cow.

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Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	741,990,121	$16.16	119,905,603.55	
	Butterfat	14,003,604	1.6752	23,458,837.42	
Less:	Location Adjustment to Handlers			(2,532,432.27)	$140,832,008.70
Class II—	Butterfat	26,745,320	1.6689	44,635,264.55	
	Nonfat Solids	43,005,188	1.4567	62,645,657.39	107,280,921.94
Class III–	Butterfat	21,702,560	1.6619	36,067,484.47	
	Protein	15,379,325	2.9609	45,536,643.40	
	Other Solids	28,299,260	0.4534	12,830,884.50	94,435,012.37
Class IV–	Butterfat	13,510,837	1.6619	22,453,660.02	
	Nonfat Solids	20,724,382	1.3742	28,479,445.73	50,933,105.75
Total Classified Value					**$393,481,048.76**
Add:	Overage—All Classes				81,484.48
	Inventory Reclassification—All Classes				64,001.60
	Other Source Receipts	378,588	Pounds		14,974.35
Total Pool Value					**$393,641,509.19**
Less:	Producer Component Valuations @ Class III Component Prices				(360,607,620.91)
Total PPD Value Before Adjustments					**$33,033,888.28**
Add:	Location Adjustment to Producers				10,321,515.95
	One-half Unobligated Balance—Producer Settlement Fund				776,652.73
Less:	Producer Settlement Fund—Reserve				(903,677.38)
Total Pool Milk & PPD Value		1,982,953,189	Producer pounds		**$43,228,379.58**
	Producer Price Differential		**$2.18**		
	Statistical Uniform Price		**$19.43**		

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