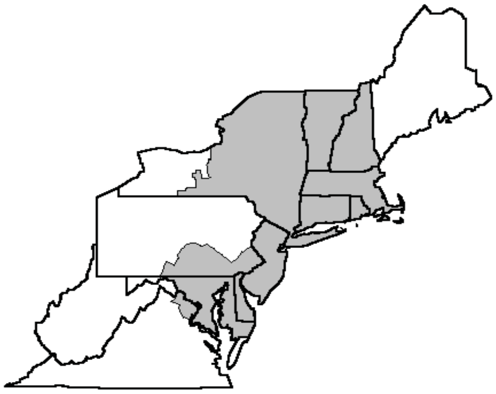

The Market Administrator's BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

March 2013 Federal Order No. 1

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March Pool Price Calculation

The March 2013 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $19.32 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 $20.18 per hundredweight. The March 19.43 statistical uniform price was 11 cents per hundredweight below the February price. The March producer price differential (PPD) at Suffolk County was $2.39 per hundredweight, an increase of 21 cents per hundredweight from last month.

Similar to what occurred in February, product prices in March declined 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, the Class II price rose slightly and the Class IV price was unchanged from last month. Once again, the Class III was the lowest of the class prices. Overall, the price situation was very similar to last month, with little change in either the uniform price or the PPD.

Total pooled milk receipts were the highest total for any month since May 2002 and the third highest on record for the Order. Class II usage set a record for the largest volume for the month of March and as the second highest Class II volume on record for any month, only surpassed by August 2012. Class I volume continues to set record lows each month.

The average producer protein and butterfat tests for March set new record highs for the month.❖

Top Producing Counties—Northeast Milkshed

In 2012, the top ten counties in terms of milk pooled on the Northeast Order accounted for 33.5 percent of all milk pooled during the year. This is down slightly from 2011's record-setting 33.6 percent of the total. Pooled milk receipts do not necessarily account for all milk produced in the county. Milk shipped to other federal orders, state orders, or unregulated areas is not included in these figures. The accompanying

(continued on page 3)

Pool Summary

- A total of 12,460 producers were pooled under the Order with an average daily delivery per producer of 5,807 pounds.
- Pooled milk receipts totaled 2.243 billion pounds, an increase of 2.2 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 36.1 percent of total milk receipts, a decrease of 2.0 percentage points from February.
- The average butterfat test of producer receipts was 3.81 percent.
- The average true protein test of producer receipts was 3.10 percent.
- The average other solids test of producer receipts was 5.75 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	36.1	809,469,395
Class II	26.1	586,157,096
Class III	25.1	562,243,050
Class IV	12.7	285,112,098
Total Pooled Milk		2,242,981,639

Producer Component Prices

	2013	2012
	$/lb	
Protein Price	2.8204	2.6571
Butterfat Price	1.7476	1.5297
Other Solids Price	0.4179	0.4239

Class Price Factors

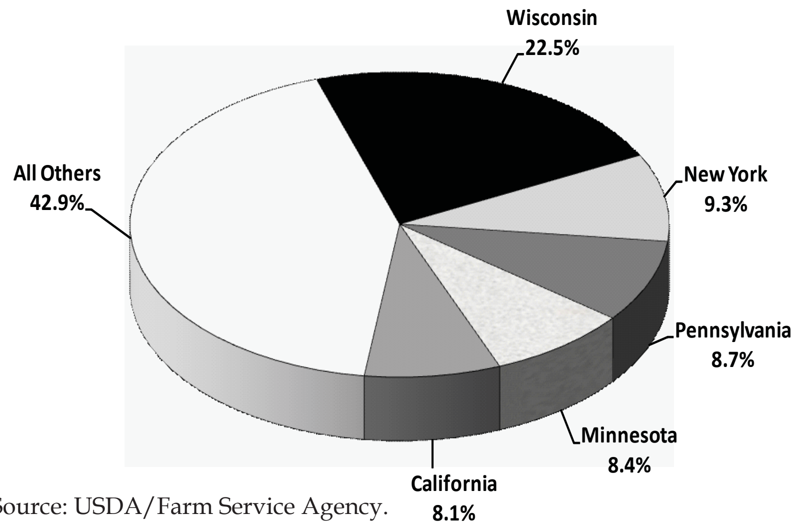
	2013	2012
	$/cwt	
Class I	21.05	19.55
Class II	18.82	16.59
Class III	16.93	15.72
Class IV	17.75	15.35

Milk Income Loss Contract Payments Fiscal Year 2012

During fiscal year 2012, a total of $470.6 million in Milk Income Loss Contract (MILC) payments were made to producers in 50 states and Puerto Rico. The program issued 302,139 total individual payments for an average payment of $1,558. Payments were made during 8 months of fiscal year 2012 (from February to September 2012). The level of payment peaked at $1.64 per hundredweight during July 2012. Five payment rates were over $1.20 per hundredweight. There were no MILC payments during fiscal year 2011.

Chart 1

Portion of Total MILC Value Paid Out, Fiscal Year 2012



Source: USDA/Farm Service Agency.

Payments by State

Wisconsin farmers received the highest total amount, $106.1 million, and also had the greatest number of payments received with 85,916. These values represent 22.5 percent of the total value of MILC payments and 28.4 percent of the total number of payments. New York ranked second in total received with $43.6 million, while Pennsylvania was third with $41.1 million. New York and Pennsylvania received 9.3 and 8.7 percent of the total value paid out in fiscal year 2012, respectively. The 20 states receiving the highest value of MILC payments in fiscal year 2012 are shown in Chart 1. The top five states in terms of total value received—Wisconsin, New York, Pennsylvania, Minnesota, and California—accounted for 57.1 percent of all MILC value paid (see Chart 2).

Northeast Order States

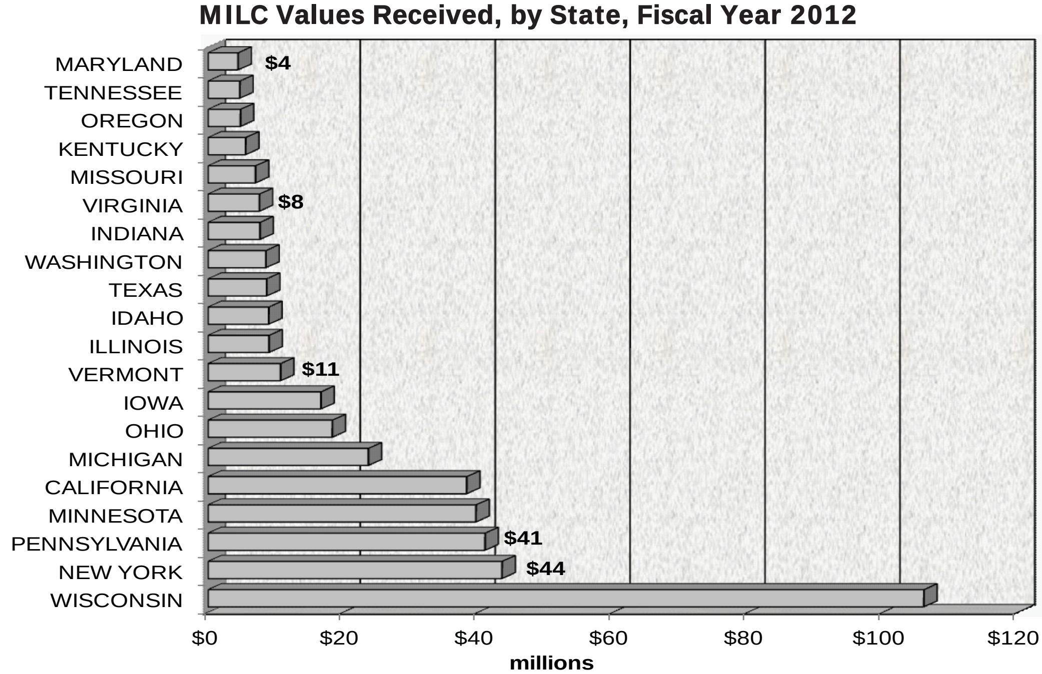
As a group, the states that are geographically most associated with the Northeast Order, from Virginia and West Virginia in the south to Maine, received just under 25 percent of all MILC value paid out and 26.7 percent of the payments made. Vermont, Virginia, and Maryland ranked 9th, 15th, and 20th in value received. The average payments in New York, Pennsylvania, and Vermont were $1,434; $1,336; and $1,542, respectively. For comparison, the average payment in California was $7,246. The difference is due to the larger average farm size in California.

MILC Payments in 2013

During fiscal year 2013, MILC Payments were made in October 2012, and January 2013, and additional payments are expected to be made during the months of February through May 2013. The largest payment rate projected, based on Chicago Mercantile Exchange (CME) Class III and IV futures prices on April 11, is $0.77 per hundredweight (cwt) in March 2013. Using the same CME futures data, the Class I price at Boston, MA, is projected to be between $21.55 and $23.55 per cwt for the remainder of the year. The announced April Class I price at Boston, MA, of $20.91 per cwt would be the low point. Current projections of the feed trigger price in the MILC payment calculations for 2013 range between a high of $22.76 per cwt in March declining to a low of $20.20 per cwt by December.❖

Chart 2

MILC Values Received, by State, Fiscal Year 2012



Source: USDA/Farm Service Agency.

Top Producing Counties *(continued from page 1)*

table shows the top ten ranked counties for 2012 based on their volume pooled on the Order.

Change in Rankings Over the Years

Since the Northeast Order's inception, Lancaster County, PA, has led all counties, accounting for 8.9 percent of total milk pooled on the Order in 2012 (down slightly from 9.1 percent in 2011). Since the Order's inception, Lancaster's pooled production consistently has been 2.4 to 3.0 times the level of the second-ranked county. In 2012, Cayuga County, NY, ranked second; it was number 9 in 2000, but had remained in the number 2 spot since 2009.

Changes that occurred in 2012 include Wyoming County, NY, dropping to number 8; its position has varied due to milk from that county pooled on other orders. Jefferson County, NY, moved up to number 7 and Lewis County, NY, moved from the tenth position in 2011 to number 9. For the first time since the Order's inception, Onondaga County, NY, moved into the top ten, displacing Lebanon County, PA, which fell from number 9 in 2011 to number 11 (Onondaga's position in 2011).

Top Ten Counties Pooling on the Northeast Order, 2012

Rank	County	State	Volume Pooled on Order (million lbs)	Number of Farms	DDP
1	Lancaster	PA	2,205.2	1,761	3,421
2	Cayuga	NY	908.5	110	22,566
3	Franklin	PA	747.9	318	6,426
4	Franklin	VT	733.8	194	10,335
5	St. Lawrence	NY	711.6	330	5,892
6	Addison	VT	670.6	140	13,088
7	Jefferson	NY	653.8	199	8,977
8	Wyoming	NY	598.3	125	13,077
9	Lewis	PA	530.0	215	6,735
10	Onondaga	NY	520.4	83	17,132
	Top Ten Total		8,280.2	3,475	6,510
	Total Pooled on Order		24,686.6	12,919	5,221
	Top Ten Proportion (%)		33.5	26.9	

Source: Northeast Order audited producer payroll reports.

Proportion of Farms and DDP

Overall, the top ten counties accounted for 26.9 percent of all farms shipping to handlers regulated on the Northeast Order in 2012. Lancaster County, alone, accounted for 13.6 percent of all farms on the Order. Of the top ten producing counties, Onondaga had the least number of farms, only 83 (0.6 percent of all farms).

The top ten counties combined average daily deliveries per producer (DDP) equaled 6,510 pounds in 2012, up from 5,950 in 2011 and 3,907 in 2000. Cayuga reported the highest average DDP in 2012 with 22,566 pounds, up from 20,334 in 2011 and 7,751 in 2000. Both Addison and Wyoming counties reported DDP over 13,000 pounds while Lancaster had the lowest of the top ten with 3,421 pounds. New comer Onondaga had the fifth highest DDP of counties in the Order 1 milkshed. The average for all producers shipping on the Order during 2012 was 5,221 pounds.❖

Pool Summary for All Federal Orders, January–March, 2012–2013

Federal Order Number	Federal Order Name	Total Producer Milk 2012 (pounds)	Total Producer Milk 2013 (pounds)	Change^ (percent)	Producer Price Differential# 2012 (dollars per hundredweight)	Producer Price Differential# 2013	Statistical Uniform Price#* 2012	Statistical Uniform Price#* 2013
1	**Northeast**	**6,209,130,908**	**6,375,507,340**	**3.8**	**2.09**	**2.05**	**18.37**	**19.49**
5	Appalachian	1,558,946,126	1,495,961,808	(3.0)	N/A	N/A	19.49	20.68
6	Florida	752,711,227	735,621,120	(1.2)	N/A	N/A	21.76	22.94
7	Southeast	1,835,331,149	1,648,260,449	(9.2)	N/A	N/A	19.69	21.08
30	Upper Midwest	8,522,431,961	8,738,500,475	3.7	0.31	0.28	16.59	17.72
32	Central	4,219,466,548	3,714,562,505	(11.0)	0.65	0.74	16.93	18.18
33	Mideast	4,549,657,023	4,334,778,430	(3.7)	0.98	1.00	17.26	18.44
124	Pacific Northwest	2,085,829,643	2,070,815,601	0.4	0.57	0.64	16.85	18.08
126	Southwest	3,279,799,132	3,607,371,562	11.2	1.60	1.52	17.88	18.96
131	Arizona	1,245,109,867	1,211,496,004	(1.6)	N/A	N/A	17.15	18.54
	All Market Total/Average	34,258,413,584	33,932,875,294	0.2	1.03	1.04	18.20	19.41

\# Price at designated order location. * Price at 3.5% butterfat. N/A = Not applicable. ^ Adjusted for leap year.

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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	794,417,923	$15.69	124,644,172.12	
	Butterfat	15,051,472	1.6889	25,420,431.06	
Less:	Location Adjustment to Handlers			(2,717,250.71)	$147,347,352.45
Class II—	Butterfat	31,158,054	1.7546	54,669,921.58	
	Nonfat Solids	51,112,790	1.4600	74,624,673.40	129,294,594.98
Class III–	Butterfat	24,979,774	1.7476	43,654,653.04	
	Protein	17,367,114	2.8204	48,982,208.28	
	Other Solids	32,112,404	0.4179	13,419,773.64	106,056,634.96
Class IV–	Butterfat	14,193,911	1.7476	24,805,278.84	
	Nonfat Solids	24,926,098	1.3395	33,388,508.27	58,193,787.11
Total Classified Value					**$440,892,369.50**
Add:	Overage—All Classes				17,898.72
	Inventory Reclassification—All Classes				88,542.52
	Other Source Receipts	548,893	Pounds		20,859.03
Total Pool Value					**$441,019,669.77**
Less:	Producer Component Valuations @ Class III Component Prices				(399,138,074.51)
Total PPD Value Before Adjustments					**$41,881,595.26**
Add:	Location Adjustment to Producers				11,837,932.07
	One-half Unobligated Balance—Producer Settlement Fund				886,626.82
Less:	Producer Settlement Fund—Reserve				(985,774.34)
Total Pool Milk & PPD Value		2,243,530,532	Producer pounds		**$53,620,379.81**
	Producer Price Differential		**$2.39**		
	Statistical Uniform Price		**$19.32**		

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