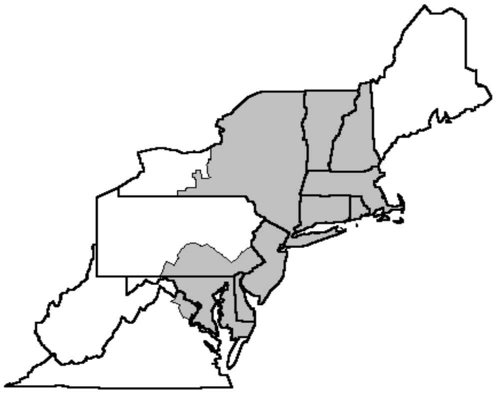

The Market Administrator's BULLETIN

NORTHEAST MARKETING AREA

Erik F. Rasmussen, Market Administrator

March 2018 Federal Order No. 1

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March Pool Price Calculation

The March 2018 statistical uniform price (SUP) for the Northeast Marketing Area was announced at $15.06 per hundredweight (cwt) for milk delivered to plants located in Suffolk County, Massachusetts (Boston), the pricing point for the Northeast Order. The SUP 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 $16.26 per cwt. The March SUP was 18 cents per cwt above the February price. The March producer price differential (PPD) at Suffolk County was $0.84 per cwt, a decrease of 64 cents per cwt from last month.

Product Prices Effect

All commodity product prices increased from the previous month except nonfat dry milk that declined 1 cent per pound. The cheese price rose 8 cents; butter increased 6 cents; and dry whey was up less than a half cent, all on a per pound basis. These changes resulted in an 18-cent increase in the protein price, an 8-cent increase in the butterfat price, roughly no change in the other solids price, and a 1-cent drop in the nonfat solids price.

All class prices except Class I increased from February. Class I fell $0.89 per cwt, Class II increased 44 cents, Class III rose 82 cents, and Class IV was up 17 cents, all on a per cwt basis. The result was a higher SUP than the previous month. The PPD decreased as the price spread between the higher manufacturing classes and the lower Class I price tightened.

Selected Statistics

Producer milk receipts for March 2018 were the second largest volume for the month, down about 25 million pounds from the previous March's record high. Average daily deliveries per producer (DDP) set a new record for the month of March and topped 7,000 pounds for the fourth time ever since the Order's inception and second month in a row. Class I utilization was up slightly for the first time in three months, and for the second March in a row. Class III utilization, 597.3 million pounds, was the highest level since 2003, the last time Class III utilization was above 600 million pounds for March. Class IV utilization was below the previous years record high but still second highest for the month of March.❖

Pool Summary

- A total of 10,755 producers were pooled under the Order with an average daily delivery per producer of 7,111 pounds.
- Pooled milk receipts totaled 2.371 billion pounds, an increase of 1.1 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 32.4 percent of total milk receipts, up 0.7 percentage points from February.
- The average butterfat test of producer receipts was 3.91 percent.
- The average true protein test of producer receipts was 3.11 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	32.4	768,874,749
Class II	23.4	555,066,168
Class III	25.2	597,327,343
Class IV	19.0	449,502,658
Total Pooled Milk		2,370,770,918

Producer Component Prices

	2018	2017
	$/lb	
Protein Price	1.8066	1.8198
Butterfat Price	2.4273	2.4176
Other Solids Price	0.0556	0.3345

Class Price Factors

	2018	2017
	$/cwt	
Class I	16.61	20.15
Class II	13.88	16.21
Class III	14.22	15.81
Class IV	13.04	14.32

Top Producing Counties—Northeast Milkshed

In 2017, the top ten counties in terms of milk pooled on the Northeast Order accounted for 34.3 percent of all milk pooled during the year. There was a steady increase in the top ten counties' proportion of the total pool from 2001 through 2009, from 28.6 percent to 33.5 percent, respectively. This period was followed by a relatively steady proportion averaging 33.6 percent from 2010 through 2016. There was a noticeable increase in this proportion in 2017, to 34.3 percent. This trend is presented in the accompanying chart. Pooled milk receipts do not necessarily account for all milk produced in a county. Milk shipped to other federal orders, state orders, or unregulated areas is not included in these figures. The accompanying table shows the top ten ranked counties for 2017 based on their volume pooled on the Order.

Top Ten Counties Pooling on the Northeast Order, 2017

Rank	County	State	Volume Pooled on Order	Number of Farms	DDP
			million lbs		
1	Lancaster	PA	2,358,394	1,529	4,227
2	Cayuga	NY	1,107,414	94	32,420
3	Wyoming	NY	906,324	110	22,659
4	St. Lawrence	NY	798,710	302	7,244
5	Franklin	VT	790,382	140	15,504
6	Addison	VT	752,041	98	21,024
7	Franklin	PA	735,298	257	7,828
8	Jefferson	NY	684,485	164	11,464
9	Genesee	NY	645,729	51	34,576
10	Onondaga	NY	615,833	66	25,435
	Top Ten Total		9,394,610	2,810	9,160
	Total Pooled on Order		27,375,831	10,761	6,970
	Top 10 Proportion (%)		34.3	26.1	

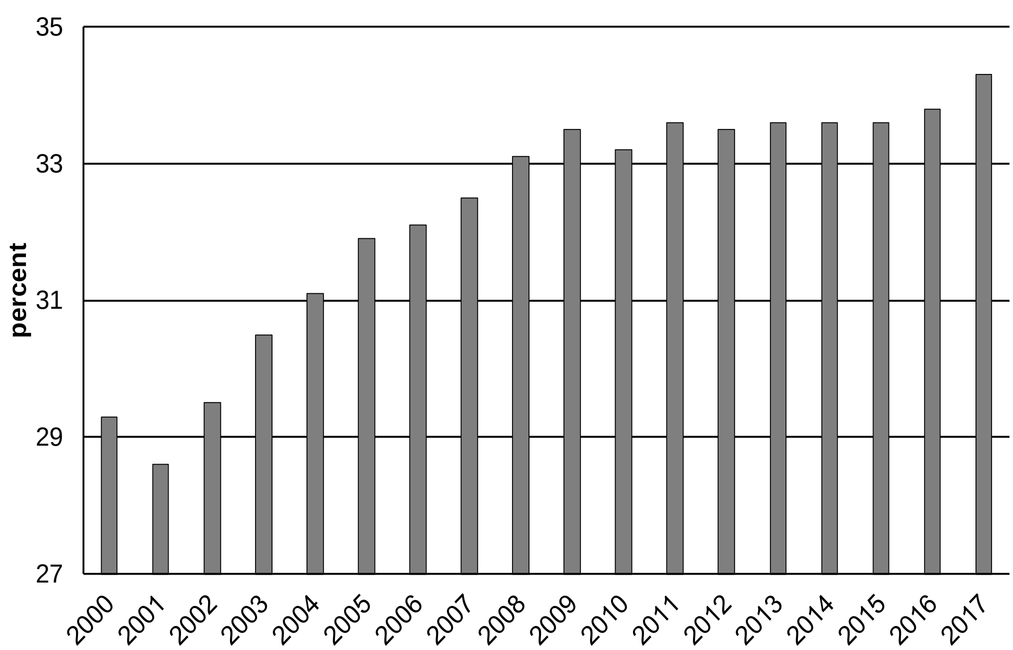
Source: Northeast Order audited producer payroll reports.

Change in Rankings

Lancaster County, PA, continues to lead all counties, accounting for 8.6 percent of total milk pooled on the Order in 2017, slightly down from 8.9 percent in 2012. Lancaster County accounted for 25.1 percent of the milk pooled from these top ten counties in 2017, down from 26.9 percent of the milk from the top ten counties in 2012, implying their growth relative to the other largest counties has been slower.

Notable changes in the ranking since 2012 include Genesee County making the list ranked 8, while Lewis County, NY, ranked 9 in 2012, fell out of the top ten. Wyoming County NY, increased from ranking eighth in 2012 to third position in 2017. Franklin County, PA, dropped from the third position in 2012, to the seventh spot in 2017.

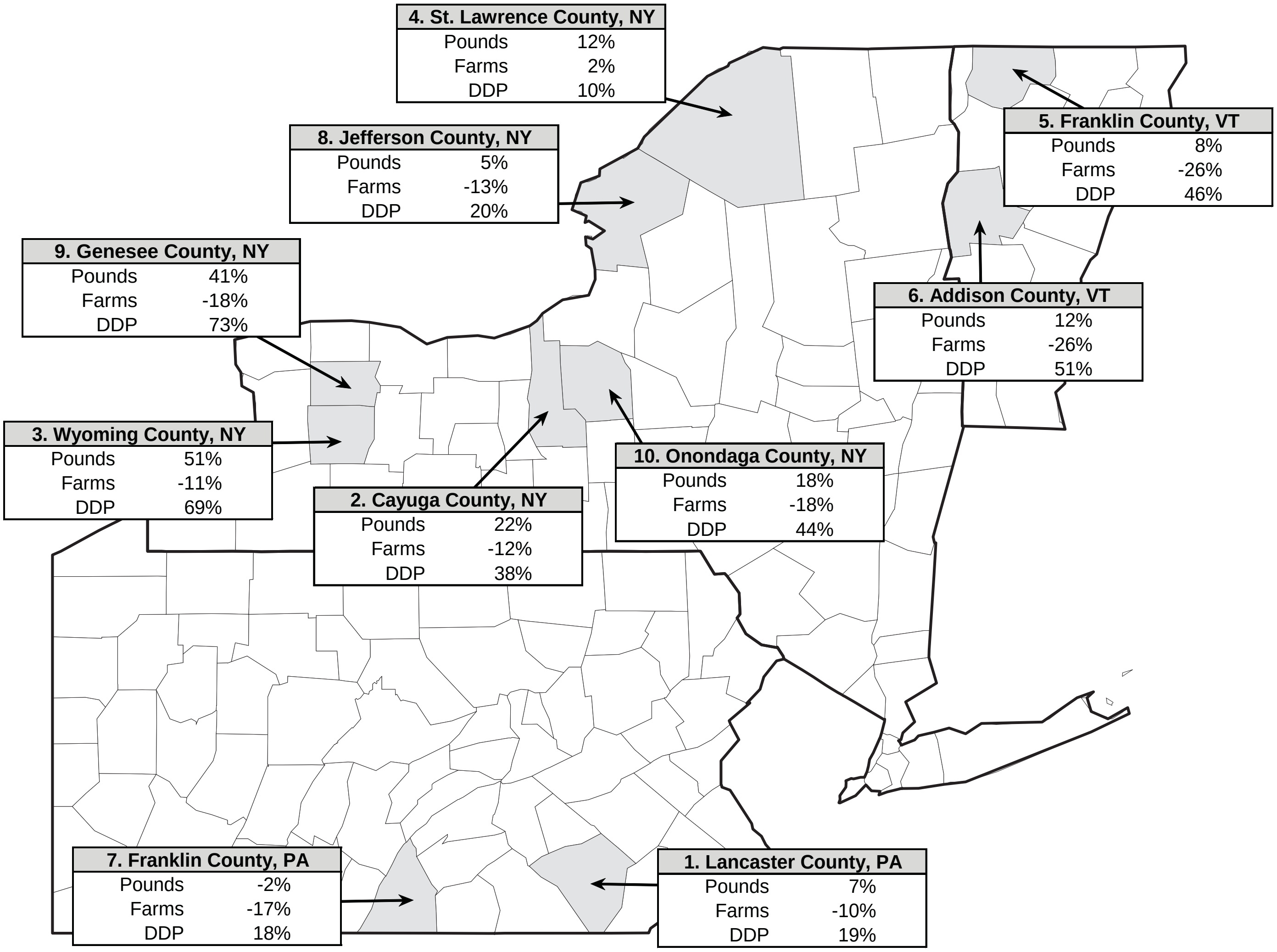
Top Ten Counties Proportion of Milk Pooled on the Northeast Order, 2000–2017



Proportion of Farms and DDP

The top ten counties accounted for 26.1 percent of all farms shipping to handlers regulated on the Northeast Order in 2017. Lancaster County accounted for 14.2 percent of all farms on the Order, and 54.4 percent of the farms from all top ten counties. Of the top ten counties, Genessee County had the least number of farms, only 51, but had the highest average daily deliveries per producer (DDP) of the top ten. The top ten counties combined average DDP equaled 9,160 pounds in 2017. This was up from 7,052 in 2012. The average DDP for the Order as a whole was 6,970 pounds in 2017. This is up from 5,555 pounds in 2012. The accompanying map on page 3 presents changes in pounds pooled, farms pooled, and DDP since 2012.❖

Top Ten Counties Percent Change in Pounds and Farms Pooled and DDP, 2012–2017 (Pool Pounds Rank Indicated)



Pool Summary for All Federal Orders, January–March, 2017–2018

Federal Order		Total Producer Milk			Producer Price Differential#		Statistical Uniform Price#*	
Number	Name	2017	2018	Change^	2017	2018	2017	2018
		pounds		percent	dollars per hundredweight			
1	**Northeast**	**6,895,386,458**	**6,771,020,795**	**(1.8)**	**1.27**	**1.34**	**17.76**	**15.21**
5	Appalachian	1,418,159,768	1,502,608,205	6.0	N/A	N/A	19.40	16.62
6	Florida	680,746,235	673,746,309	(1.0)	N/A	N/A	21.52	18.78
7	Southeast	1,444,258,165	1,405,745,058	(2.7)	N/A	N/A	19.59	16.96
30	Upper Midwest	7,730,054,228	8,417,311,577	8.9	0.17	0.16	16.66	14.03
32	Central	3,991,486,120	4,184,882,132	4.8	0.31	0.18	16.80	14.05
33	Mideast	5,207,544,121	4,922,767,871	(5.5)	0.41	0.49	16.90	14.36
124	Pacific Northwest	1,774,803,666	2,053,898,071	15.7	0.03	0.08	16.51	13.95
126	Southwest	3,431,985,529	3,408,579,307	(0.7)	1.03	1.04	17.51	14.91
131	Arizona	1,310,541,874	1,351,741,566	3.1	N/A	N/A	16.70	14.16
	All Market Total/Average	33,884,966,164	34,692,300,891	2.4	0.54	0.55	17.94	15.30

Price at designated order location. * Price at 3.5% butterfat. N/A = Not applicable.

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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	752,407,887	$8.63	64,932,800.65	
	Butterfat	16,466,862	2.3659	38,958,948.81	
Less:	Location Adjustment to Handlers			(2,872,486.96)	$101,019,262.52
Class II—	Butterfat	32,866,408	2.4343	80,006,696.96	
	Nonfat Solids	48,169,532	0.6167	29,706,150.34	109,712,847.30
Class III–	Butterfat	27,326,685	2.4273	66,330,062.45	
	Protein	18,537,414	1.8066	33,489,692.11	
	Other Solids	34,141,639	0.0556	1,898,275.15	101,718,029.71
Class IV–	Butterfat	15,970,948	2.4273	38,766,282.08	
	Nonfat Solids	40,016,723	0.5232	20,936,749.50	59,703,031.58
Total Classified Value					**$372,153,171.11**
Add:	Overage—All Classes				65,721.43
	Inventory Reclassification—All Classes				276,045.65
	Other Source Receipts	538,987	Pounds		12,544.60
Total Pool Value					**$372,507,482.79**
Less:	Producer Component Valuations @ Class III Component Prices				(365,562,171.47)
Total PPD Value Before Adjustments					**$6,945,311.32**
Add:	Location Adjustment to Producers				13,190,181.95
	One-half Unobligated Balance—Producer Settlement Fund				844,160.35
Less:	Producer Settlement Fund—Reserve				(1,060,650.40)
Total Pool Milk & PPD Value		2,371,309,905	Producer pounds		**$19,919,003.22**
	Producer Price Differential		**$0.84**		
	Statistical Uniform Price		**$15.06**		

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