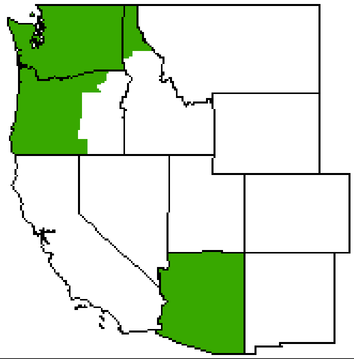
The Market Administrator's Report

Pacific Northwest & Arizona Marketing Areas



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March 2012

MARKET SUMMARIES FOR FEBRUARY 2012

Comparisons to a year ago can be found in the tables on pages 6 and 7.

Pacific Northwest

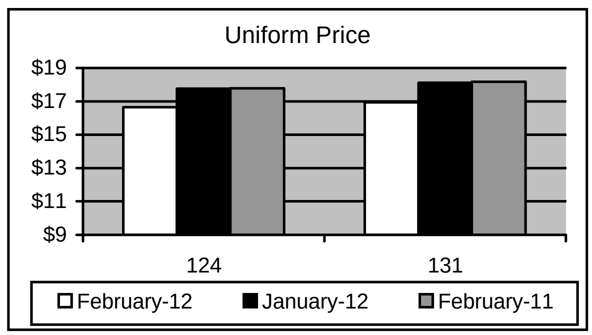
Producers delivered a total of 665.6 million pounds of milk to the market during February. Daily deliveries averaged 23.0 million pounds, up 1.5 percent from January. An estimated 625 producers delivered milk to the market during the month. Daily deliveries per producer averaged 36,725 pounds, up 1.5 percent from January.

Class I producer milk during February totaled 178.0 million pounds, 26.7 percent of total producer receipts. Daily usage averaged 6.1 million pounds, down 2.2 percent from January.

Arizona

Producers delivered a total of 400.0 million pounds of milk to the market during February. Daily deliveries averaged 13.8 million pounds, up 4.2 percent from January. An estimated 100 producers delivered milk to the market during the month. Daily deliveries per producer averaged 137,934 pounds, up 4.2 percent from January.

Class I producer milk during February totaled 113.1 million pounds, 28.3 percent of total producer receipts. Daily usage averaged 3.9 million pounds, down 0.3 percent from January. ♦



Federal Order Producer Prices and Component Levels: February 2012

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	16.64	16.94	Butterfat	3.840	3.529
Butterfat 2/	1.5739	1.6002	Protein	3.196	N/A
Protein 2/	2.6627	N/A	Other Solids	5.744	N/A
Other Solids 2/	0.4541	N/A	Nonfat Solids	8.940	N/A
PPD 1/*	$0.58	N/A			
Skim 1/	N/A	11.75			

N/A = not applicable. * Subject to applicable location adjustments. 1/ $ per cwt. 2/ $ per pound.

FEBRUARY 2012 CLASS PRICES

February 2012 non-advanced Class Prices were calculated using NASS commodity price surveys from February 4, 11, 18, and 25, 2012. Component prices for the month are $2.6627 per pound of protein, $1.5739 per pound of butterfat, $0.4541 per pound of other solids, and $1.1993 per pound of nonfat solids.

February 2012 Class III and IV prices at 3.5% butterfat are $16.06 and $15.92 per hundredweight, respectively. The February Class III price compared to January is down $0.99. The Class III price is $0.94 lower than in February 2011.

Class II butterfat was announced at $1.5809 per pound. Class I skim and butterfat and Class II skim prices for February 2012 were announced on January 20, 2012. The Class II price at 3.5% butterfat is $16.94 for February 2012.

FINAL: NASS COMMODITY PRICES

	January	February	Change
Cheese*	$1.6097	$1.5410	-$0.0687
Butter	$1.5900	$1.4712	-$0.1188
Nonfat Dry Milk	$1.3942	$1.3792	-$0.0150
Whey	$0.6876	$0.6400	-$0.0476

* The weighted average of barrels plus 3 cents and blocks.

Current Commodity Prices - - The NASS survey of cheddar cheese prices showed a net decrease in price received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 3.56 cents between the February 11 and the March 17 surveys, to $1.4955 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 2.38 cents to $1.5056 per pound.

The NASS butter price showed a net decrease of 5.65 cents between the weeks ending February 11 and March 17 from $1.4990 per pound to $1.4425 per pound.

The NASS nonfat dry milk showed a net decrease of 7.78 cents since mid-February to $1.3261 per pound. The average price for NASS whey showed a net decrease of 3.70 cents since mid-February to $0.6044 per pound. ♦

APRIL'S CLASS I PRICE ANNOUNCEMENT

On March 23, the April 2012 Class I price was announced at $17.56 for the Pacific Northwest Order and $18.01 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of March 10 and 17.

The April Class III and IV advance skim prices are $10.70 and $10.39 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 11.16 cents from $1.6355 to $1.5239 per pound.

The April 2012 Class II skim and nonfat solids prices were also announced on March 23. The skim price is $11.09 per hundredweight, and the nonfat solids price is $1.2322 pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	March	April	Change
Cheese*	$1.5553	$1.5186	-$0.0367
Butter	$1.5220	$1.4299	-$0.0921
Nonfat Dry Milk	$1.3930	$1.3334	-$0.0596
Whey	$0.6531	$0.6117	-$0.0414

* The weighted average of barrels plus 3 cents and blocks.

YEAR END FINANCIAL STATEMENTS OF THE MARKET ADMINISTRATOR'S OFFICE

The financial statements for the Administrative and Marketing Services Funds of the Pacific Northwest and Arizona Federal Milk Marketing Orders for the calendar year ending December 31, 2011, can be found on page 3. The two orders require that the market administrator conduct a marketing service program for producers who are not members of a qualified cooperative association which performs comparable services.

The primary functions of the marketing service programs involve the sampling and testing of milk, and providing marketing information to producers. The principal source of income for these programs is the marketing service deduction which is applicable to all producers for whom the services are provided.♦

INCOME AND EXPENSE STATEMENT
For Year Ending December 31, 2011

	Administrative Fund	Marketing Service Fund
Income		
Assessments or Deductions	$ 3,808,263	$ 224,875
Late Payment Charges Assessed	2,915	-
Interest Earned	6,503	-
Total Income *	$ 3,817,681	$ 224,875
Expenses		
Salaries and Services	$ 2,191,289	$ 51,246
Travel	170,495	11,400
Communications	57,919	1,183
Employer Payroll Contributions	659,114	13,450
Insurance	8,628	176
Rent-Buildings and Equipment	222,727	5,085
Repairs and Maintenance	13,608	16,849
Supplies	36,365	31,739
Testing and Weighing	56,285	54,334
Utilities	15,083	308
Depreciation of Fixed Assets	37,791	14,547
Conferences and Meetings	17,777	1,616
Training	54,566	1,114
Miscellaneous	3,408	70
Total Expenses *	$ 3,545,055	$ 203,117
NET INCOME *	$ 272,628	$ 21,758

BALANCE SHEET
As of December 31, 2011

ASSETS	Administrative Fund	Marketing Service Fund
Current Assets		
Cash	$ 3,408,371	$ (51,194)
Investments	1,005,556	-
Accounts Receivable:		
Handlers	14,042	18,732
Other	44,904	739
Accrued Interest Receivable	901	-
Other Assets		
Prepaid Expenses	4,142	5,629
Deposits	5,705	-
Fixed Assets		
Furniture and Equipment	728,987	14,878
Accumulated Depreciation	(718,321)	(14,660)
Laboratory Equipment	163,974	194,357
Accumulated Depreciation	(122,980)	(131,039)
TOTAL ASSETS *	$ 4,535,281	$ 37,442
LIABILITIES AND OPERATING BALANCE		
Current Liabilities		
Accounts Payable:		
Trade Creditors	$ 4,824	$ 2,139
Accrued Employee Annual Leave	188,368	4,227
Operating Balance	4,342,089	31,076
TOTAL LIABILITIES AND OPERATING BALANCE *	$ 4,535,281	$ 37,442

* May not add due to rounding.

USDA KICKS OFF 150TH ANNIVERSARY

Agriculture Secretary Tom Vilsack kicked off the commemoration of the department's 150th anniversary on February 23, 2012, at USDA's 2012 Agricultural Outlook Forum titled "Moving Agriculture Forward" with dynamic presenters and panelists who discussed issues impacting agriculture in 2012 and beyond. To commemorate USDA's rich history as well as its potential, Secretary Vilsack moderated a panel discussion with former Secretaries of Agriculture Ed Schafer, Mike Johanns, Ann Veneman, Dan Glickman, Mike Espy, Clayton Yeutter, John Block, and Bob Bergland.

"Nine Secretaries of Agriculture, representing 35 years of service, in one place at the same time was an incredible opportunity to learn about USDA's contributions to the strength and health of this nation with an eye for the impact the department can have in the future," said Vilsack. "As we reflect on the department's 150 years, this historic gathering will help us guide how we transform USDA into a more modern and efficient service provider."

At the forum, USDA introduced a short film titled "Secretaries of Agriculture – 30 Leaders, 150 Years," available at www.usda.gov/USDA150, which looks at the history of USDA from the viewpoints of its nine most recent Secretaries. Each Secretary shared reflections on his or her time at USDA and then presents ideas and challenges to the future of American agriculture. The film explores the history and role of USDA in American life, and why it continues to be known by the name given it by its founder, President Abraham Lincoln, "The Peoples Department."

Information, including speakers' affiliations and biographies is available at www.usda.gov/oce/ forum. USDA has hosted the Agricultural Outlook Forum since 1923 to provide farmers and ranchers, government, and agribusinesses with sound information for decision-making.

Visit www.usda.gov/USDA150 to sign-up for daily email alerts and fun facts about USDA's history. You can view photos from our USDA gallery and the National Archives and Records Administration that represent USDA's 150 years of service.

Follow @USDA on Twitter #USDA150 to learn more about what USDA is doing to commemorate USDA's 150 years of service. ♦

USDA ANNOUNCES RECOMMENDED DECISION TO AMEND THE MIDEAST FEDERAL MILK ORDER

On February 28, 2012, the USDA issued a Recommended Decision which proposes adoption of an amendment to the Pool Plant definition of the Mideast milk marketing order.

This decision is based on testimony and evidence given at a public hearing held October 4-5, 2011, in Cincinnati, Ohio. This decision recommends that the Pool Plant definition be amended to more adequately identify the plants that service the fluid milk needs of the marketing order. Specifically, the proposed amendment would regulate fluid milk plants physically located within the Mideast marketing area that have a Class I utilization of at least 30 percent and whose combined Class I route disposition and transfers into Federal milk marketing areas are greater than 50 percent.

Comments in response to this decision must be filed by April 30, 2012 to the Hearing Clerk, U.S. Department of Agriculture, STOP 9200-Room 1031, 1400 Independence Avenue, S.W., Washington, DC, 20250-1031.

Comments may be submitted for public viewing at www.regulations.gov.

The recommended decision was published in the February 29, 2012 Federal Register.

For additional information about the decision contact: Paul Huber, USDA/AMS/Dairy Programs, 1325 Industrial Parkway North, Brunswick, OH 44212; Tel. (330) 225-4758; email: phuber@fmmaclev.com. ♦

MAJOR USES OF LAND IN THE UNITED STATES

USDA's Economic Research Service issued a report of findings from the most recent inventory of major land uses in the United States (US). According to the report, the US has a total land area of nearly 2.3 billion acres. In 2007, the top three major land uses were forestland at 671 million acres (30 percent); grassland pasture and rangeland at 614 million (27 percent); and cropland at 408 million (18 percent).

The Major Land Uses data set provides acreage estimates of major uses by region and States in roughly 5-year increments from 1945-2007.

For more information see www.ers.usda.gov. ♦

Annual Milk Cows and Milk Production, 2010 and 2011

State	Milk Cows 1/		Milk Per Cow 2/		Milk Production 2/		
	2010	2011	2010	2011	2010	2011	Change
	1,000 head		*pounds*		*million pounds*		*percent*
Arizona	**177**	**188**	**23,441**	**23,468**	**4,149**	**4,412**	**6.3**
California	1,754	1,769	23,025	23,438	40,385	41,462	2.7
Colorado	119	128	23,664	23,430	2,816	2,999	6.5
Florida	114	119	18,658	19,067	2,127	2,269	6.7
Idaho	564	578	22,658	22,934	12,779	13,256	3.7
Illinois	100	98	19,170	19,357	1,917	1,897	-1.0
Indiana	170	172	20,094	20,576	3,416	3,539	3.6
Iowa	210	204	20,724	21,309	4,352	4,347	-0.1
Kansas	119	123	20,975	21,057	2,496	2,590	3.8
Michigan	358	366	23,277	23,164	8,333	8,478	1.7
Minnesota	470	468	19,366	18,996	9,102	8,890	-2.3
Missouri	99	95	14,596	14,611	1,445	1,388	-3.9
New Mexico	321	329	24,551	24,854	7,881	8,177	3.8
New York	611	610	20,807	21,026	12,713	12,826	0.9
Ohio	271	268	19,446	19,187	5,270	5,142	-2.4
Oregon	**118**	**121**	**20,331**	**20,488**	**2,399**	**2,479**	**3.3**
Pennsylvania	541	541	19,847	19,601	10,737	10,604	-1.2
Texas	413	431	21,375	22,232	8,828	9,582	8.5
Utah	85	88	21,400	21,068	1,819	1,854	1.9
Vermont	136	134	18,537	18,940	2,521	2,538	0.7
Virginia	95	96	18,095	17,906	1,719	1,719	0.0
Washington	**251**	**260**	**23,510**	**23,727**	**5,901**	**6,169**	**4.5**
Wisconsin	1,262	1,265	20,630	20,646	26,035	26,117	0.3
23 States 3/	8,356	8,449	21,438	21,627	179,140	182,734	2.0
US 3/	9,119	9,194	21,148	21,345	192,848	196,245	1.8

1/ Average number during the year, excluding heifers not yet fresh.
2/ Excludes milk sucked by calves.
3/ Will not add due to rounding.

Sources :

USDA. Agricultural Marketing Service. *Dairy Market News* , page 12; Volume 79, Report 08; Issued February 24, 2012.

USDA. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, February 2012.*

MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA			
Minimum Class Prices (3.5% B.F.)	Feb 2012	Jan 2012	Feb 2011	Jan 2011	Feb 2012	Jan 2012	Feb 2011	Jan 2011
Class I Milk ($/cwt.)	$18.93	$20.70	$17.79	$17.10	$19.38	$21.15	$18.24	$17.55
Class II Milk ($/cwt.)	16.94	17.67	17.97	16.79	16.94	17.67	17.97	16.79
Class III Milk ($/cwt.)	16.06	17.05	17.00	13.48	16.06	17.05	17.00	13.48
Class IV Milk ($/cwt.)	15.92	16.56	18.40	16.42	15.92	16.56	18.40	16.42
Producer Prices								
Producer Price Differential ($/cwt.)	$ 0.58	$ 0.71	$ 0.78	$ 2.09	+	+	+	+
Butterfat ($/pound)	1.5739	1.7178	2.2967	2.0239	+	+	+	+
Protein ($/pound)	2.6627	2.7326	2.5586	1.7590	+	+	+	+
Other Solids ($/pound)	0.4541	0.5032	0.2310	0.2002	+	+	+	+
Uniform Skim Price ($/cwt.) . . .	+	+	+	+	11.75	12.52	10.73	9.61
Uniform Butterfat Price ($/pound)	+	+	+	+	1.6002	1.7264	2.2357	1.9878
Statistical Uniform Price ($/cwt.) . .	$16.64	$17.76	$17.78	$15.57	$16.94	$18.12	$18.18	$16.23
Producer Data								
Number of Producers	625 *	625	628	630	100 *	100	100	100
Avg. Daily Production (lbs.) . . .	36,725 *	36,187	34,856	34,193	137,934 *	132,402	130,058	124,082
Producer Milk Ratios								
Class I	26.74%	27.76%	28.89%	28.35%	28.28%	29.54%	32.43%	32.88%
Class II	6.38%	5.95%	7.12%	6.17%	7.63%	8.63%	8.35%	9.13%
Class III	39.46%	38.74%	39.02%	39.63%	20.01%	22.44%	27.08%	26.52%
Class IV	27.42%	27.55%	24.97%	25.85%	44.08%	39.39%	32.14%	31.47%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Number of Handlers	Jan 2012	Dec 2011	Jan 2011	Dec 2010	Jan 2012	Dec 2011	Jan 2011	Dec 2010
Pool Handlers	25	23	26	26	7	7	7	7
Distributing Plants	*14*	*14*	*14*	*14*	*5*	*5*	*5*	*5*
Supply Plants 1/	*6*	*4*	*7*	*7*	*1*	*1*	*1*	*1*
Cooperatives	*5*	*5*	*5*	*5*	*1*	*1*	*1*	*1*
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use . . .	18	17	18	22	23	23	22	23
Class I Route Disposition In Area								
By Pool Plants	174,631,567	177,343,104	175,248,364	174,867,773	98,471,935	93,815,320	98,259,546	96,097,716
By Producer-Handlers	7,282,227	7,338,332	7,921,154	8,754,709	0	0	0	0
By Other Plants	8,306,719 *	7,784,258	8,185,510	10,194,890	6,153,926 *	5,886,556	6,894,838	7,173,168
Total	190,220,513	192,465,694	191,355,028	193,817,372	104,625,861	99,701,876	105,154,384	103,270,884
Producer-Handler Data								
% Class I Use	62.10%	64.35%	61.47%	62.54%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.83%	3.81%	4.14%	4.52%	0.00%	0.00%	0.00%	0.00%

* Preliminary. 1/ Includes Cooperative Pool Manufacturing Plants

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA			
	Feb 2012	Jan 2012	Feb 2011	Jan 2011	Feb 2012	Jan 2012	Feb 2011	Jan 2011
TOTAL PRODUCER MILK	665,647,859	701,120,758	612,904,142	667,787,395	400,008,538	410,445,330	364,162,203	384,653,480
RECEIPTS FROM OTHER SOURCES	12,854,158	16,724,959	12,435,384	12,408,437	1,959,964	3,700,245	3,000,884	2,582,121
OPENING INVENTORY	37,901,518	35,287,001	36,929,464	35,368,361	20,958,967	22,054,647	21,899,827	21,096,547
TOTAL TO BE ACCOUNTED FOR	716,403,535	753,132,718	662,268,990	715,564,193	422,927,469	436,200,222	389,062,914	408,332,148
UTILIZATION OF RECEIPTS								
Whole milk	30,935,649	33,265,491	29,358,423	32,910,741	22,027,276	25,028,684	22,528,781	24,179,840
Flavored milk & milk drinks	12,800,996	12,874,703	12,609,911	13,231,997	5,629,004	5,654,116	6,310,867	6,618,043
2% milk	65,444,442	71,355,846	64,785,459	70,431,960	31,512,284	36,202,797	32,961,221	35,769,248
1% milk	26,364,579	28,420,210	25,991,631	28,520,281	15,873,003	17,818,420	16,000,830	17,497,906
Skim milk	25,199,876	27,397,012	27,519,037	28,900,899	12,050,616	13,356,805	12,929,197	13,792,102
Buttermilk	1,344,870	1,318,305	1,195,072	1,252,486	406,848	411,113	404,731	402,407
CLASS I ROUTE DISP. IN AREA. .	162,090,412	174,631,567	161,459,533	175,248,364	87,499,031	98,471,935	91,135,627	98,259,546
Class I dispositions out of area . . .	15,388,430	16,476,259	14,651,720	14,279,659	24,147,227	25,343,987	21,583,681	22,672,111
Other Class I usage	17,134,337	17,224,061	16,445,311	17,166,278	11,084,679	9,701,454	17,531,365	16,568,564
TOTAL CLASS I USE.	194,613,179	208,331,887	192,556,564	206,694,301	122,730,937	133,517,376	130,250,673	137,500,221
TOTAL CLASS II USE	51,841,989	51,420,846	49,855,876	48,006,242	31,201,078	36,001,771	30,923,864	35,744,918
TOTAL CLASS III USE	262,834,280	272,839,371	243,698,531	266,731,290	80,051,978	92,087,235	98,782,246	102,222,166
TOTAL CLASS IV USE	207,114,087	220,540,614	176,158,019	194,132,360	188,943,476	174,593,840	129,106,131	132,864,843
TOTAL ACCOUNTED FOR	716,403,535	753,132,718	662,268,990	715,564,193	422,927,469	436,200,222	389,062,914	408,332,148
CLASSIFICATION OF RECEIPTS								
Producer milk: Class I . .	178,026,723	194,611,089	177,074,036	189,346,569	113,105,119	121,257,421	118,114,621	126,477,065
Class II .	42,478,840	41,700,200	43,636,107	41,210,326	30,511,781	35,432,698	30,401,201	35,126,579
Class III .	262,695,733	271,645,207	239,179,703	264,647,507	80,051,978	92,087,235	98,608,555	102,028,417
Class IV .	182,446,563	193,164,262	153,014,296	172,582,993	176,339,660	161,667,976	117,037,826	121,021,419
Other receipts: Class I .	16,586,456	13,720,798	15,482,528	17,347,732	9,625,818	12,259,955	12,136,052	11,023,156
Class II .	9,363,149	9,720,646	6,219,769	6,795,916	1/	1/	1/	1/
Class III .	138,547	1,194,164	4,518,828	2,083,783	1/	1/	1/	1/
Class IV .	24,667,524	27,376,352	23,143,723	21,549,367	13,293,113	13,494,937	12,764,659	12,655,512
Avg. daily producer receipts	22,953,374	22,616,799	21,889,434	21,541,529	13,793,398	13,240,172	13,005,793	12,408,177
Change From Previous Year . .	4.86%	4.99%	-3.20%	-2.58%	6.06%	6.71%	8.33%	7.80%
Avg. daily Class I use	6,710,799	6,720,383	6,877,020	6,667,558	4,232,101	4,307,012	4,651,810	4,435,491
Change From Previous Year . .	-2.42%	0.79%	2.15%	-1.29%	-9.02%	-2.90%	7.01%	3.22%

1/ Restricted - Included with Class IV.

HIGHLIGHTS THIS ISSUE:

ANNUAL MILK COWS AND MILK PRODUCTION, 2010 AND 2011

The February 24, 2012, edition of *Dairy Market News* included a table featuring annual milk cows and milk production data for 2011 with comparisons to 2010. Data for 23 selected States can be found on page 5. The following are a few notable highlights:

- California had the most cows and milk production for both 2011 and 2010, while New Mexico had the highest milk production per cow.
- Wisconsin had the second highest milk production and number of cows for 2011 and 2010. Washington had the second highest level of milk per cow in 2011.
- Of the top 23 states, Missouri had the lowest levels of milk per cow and milk production, while Utah had the fewest number of milk cows.
- Arizona data showed increases in milk cows and production per cow. Annual production for 2011 increased 6.3 percent from 2010. Oregon and Washington also increased cows and production in 2011, increasing annual production by 3.3 and 4.5 percent, respectively. ♦