The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 39, No. 4 | **April 2013** | Data for March 2013

MARKET SUMMARIES FOR MARCH

Pacific Northwest (FO 124)

Producers delivered a total of 727.0 million pounds of milk to the market during March. Daily deliveries averaged 23.5 million pounds, up 1.8 percent from February. An estimated 597 producers delivered milk to the market during the month. Daily deliveries per producer averaged 39,283 pounds, up 1.6 percent from February.

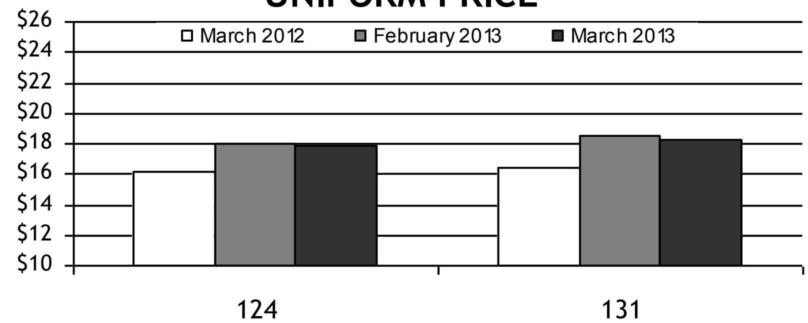
Class I producer milk during March totaled 177.3 million pounds, 24.4 percent of total producer receipts. Daily usage averaged 5.7 million pounds, down 4.4 percent from February.

Arizona (FO 131)

Producers delivered a total of 434.5 million pounds of milk to the market during March. Daily deliveries averaged 14.0 million pounds, up 3.6 percent from February. An estimated 94 producers delivered milk to the market during the month. Daily deliveries per producer averaged 149,107 pounds, up 3.6 percent from February.

Class I producer milk during March totaled 114.9 million pounds, 26.5 percent of total producer receipts. Daily usage averaged 3.7 million pounds, down 3.9 percent from February.

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124 Feb	FO 124 Mar	FO 131 Feb	FO 131 Mar
Uniform Price (at 3.5%)	$18.02	$17.82	$18.51	$18.30
Uniform Price (at test)	*$19.47*	*$19.23*	*$18.60*	*$18.29*
PPD	$0.77	$0.89	n/a	
Butterfat	$1.6619	$1.7476		
Protein	$2.9609	$2.8204		
Other Solids	$0.4534	$0.4179		
Uniform Skim	n/a		$13.15	$12.65
Uniform Butterfat			$1.6639	$1.7394
Butterfat	3.924%	3.918%	3.556%	3.494%
Protein	3.234%	3.223%	n/a	
Other Solids	5.744%	5.743%		

HIGHLIGHTS THIS ISSUE

- ✓ NASS to Provide Partial Milk Production Estimates
- ✓ International Dairy Market News
- ✓ Mailbox Prices

Federal Order Price Summaries

FINAL CLASS PRICES

The March 2013 Final Class Prices were calculated using AMS commodity price surveys from March 2, 9, 16, 23, and 30, 2013. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/finalprice.htm.

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Feb 2013	$20.11	$20.56	$18.49	$17.25	$17.75	$1.6619	$2.9609	$0.4534	$1.3742
Mar 2013	$19.70	$20.15	$18.82	$16.93	$17.75	$1.7476	$2.8204	$0.4179	$1.3395
Change	($0.41)	($0.41)	$0.33	($0.32)	$0.00	$0.0857	($0.1405)	($0.0355)	($0.0347)

ADVANCED CLASS I PRICE

The May 2013 Advanced Price was calculated using AMS commodity price surveys from April 6 and 13, 2013. Current and archived Advanced Price announcements are available at www.fmmaseattle.com/advanceprice.htm.

ADVANCED	Butterfat	Class III Skim	Class IV Skim	Base Skim	Base Class I	Class I (FO124)	Class I (FO131)	Class II Skim	Class II Nonfat Solids
Apr 2013	$1.7189	$11.27	$12.07	$12.07	$17.66	$19.56	$20.01	$12.77	$1.4189
May 2013	$1.7955	$11.24	$11.89	$11.89	$17.76	$19.66	$20.11	$12.59	$1.3989
Change	$0.0766	($0.03)	($0.18)	($0.18)	$0.10	$0.10	$0.10	($0.18)	($0.0200)

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	February	March	Change
Cheese	$1.6623	$1.6467	($0.0156)
Butter	$1.5438	$1.6146	$0.0708
Nonfat Dry Milk	$1.5559	$1.5208	($0.0351)
Whey	$0.6393	$0.6048	($0.0345)

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	April	May	Change
Cheese	$1.6402	$1.6803	$0.0401
Butter	$1.5909	$1.6542	$0.0633
Nonfat Dry Milk	$1.5219	$1.5021	($0.0198)
Whey	$0.6094	$0.5797	($0.0297)

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed an increase in price received for 40-pound blocks and a net increase for 500-pound barrels. The survey of 40-pound blocks showed an increase of 6.61 cents between the March 16 and the April 13 surveys, to $1.6932 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net increase of 6.34 cents to $1.6673 per pound.

The AMS butter price showed a net increase of 5.88 cents between the weeks ending March 16 and April 13 from $1.6030 per pound to $1.6618 per pound. The AMS nonfat dry milk showed a net decrease of 0.51 cents since mid-March to $1.5113 per pound. The average price for AMS whey showed a net decrease of 3.89 cents since mid-March to $0.5721 per pound.

A current summary of various commodity prices is available at www.fmmaseattle.com/prices.htm.

USDA News

USDA'S NATIONAL AGRICULTURAL STATISTICS SERVICE TO PROVIDE PARTIAL MILK PRODUCTION ESTIMATES FOR THE REMAINDER OF FISCAL YEAR 2013

On April 3, 2013, USDA's National Agricultural Statistics Service (NASS) announced that it will provide an estimate of U.S. milk production each month through September, 2013, which is the end of Federal Fiscal Year 2013. The agency will use only various sources of administrative data to establish the monthly milk production estimates rather than incorporating information from the two remaining quarterly producer surveys, as is presently done. Milk production is one element of the monthly Milk Production report that NASS suspended in March 2013 to meet sequestration requirements. Because NASS is not conducting milk producer surveys, the dairy cow and milk per cow statistics that were provided in previous reports will not be available. In order to provide the additional estimates and true up estimates based on administrative data, a scientifically based statistical survey will be necessary in the longer term.

The use of various administrative data by NASS to establish the monthly estimates of milk production will provide a consistent estimation process across all states and the nation, while maintaining cost savings by not conducting the producer survey. NASS will release the milk production estimate on the dates previously scheduled through September.

In addition, NASS will release the Annual Milk Production, Disposition and Income 2012 Summary report as scheduled on April 25. This report provides the annual number of milk cows, production per cow, and production for the year at the state and national levels for 2011 and 2012. The amount of milk used on farms and the amount sold, cash receipts, and value of production by state and at the U.S. level are also included.

The decision to move forward with the limited milk production estimates is a reflection of NASS's ongoing evaluation of its programs and its FY 2013 fiscal situation, as well as its commitment to timely, accurate and useful data in service to U.S. agriculture. NASS will continue to evaluate its programs and budget for FY 2014, which begins October 1, 2013.

Source: USDA. National Agricultural Statistics Service. Available at www.nass.usda.gov/Newsroom/Notices/04_03_2013.asp.

ERS DAIRY OUTLOOK

The following is an excerpt from the most recent Dairy Outlook

Corn price forecasts were lowered slightly from March to $6.65-$7.15 per bushel for 2012/13. Higher world grain production and lower estimated U.S. domestic feed use are the basis for the forecast. Soybean meal prices were also lowered slightly from last month to $415-$435 a ton. Higher soybean crush increased meal supplies, which affected prices, although the increased supply is slated for export.

The lower price for concentrate feeds along with a slightly higher expected all milk price will improve producer margins somewhat. The improvement is not large enough to boost herd size. Consequently, herd size is projected at 9,195 thousand for 2013, unchanged from March's forecast and below 2012's average herd size. Output per cow for the year was lowered in April to 21,945 pounds, based on lower February milk per cow data. Based on forecast herd size and output per cow, production is projected at 201.8 billion pounds for 2013.

Prices for cheese, butter, nonfat dry milk and whey are all forecast higher in April as lower forecast milk production and strength in demand are firming prices. Higher dairy product prices provided a lift to milk prices in April's forecast.

Source: USDA. Economic Research Service. "Livestock, Dairy & Poultry Outlook", LDP-M-226, April 16, 2013.

International Dairy News

INTERNATIONAL DAIRY MARKET NEWS

The following is an excerpt from Dairy Market News

Milk production levels in Western European continue to trend below a year ago in the majority of countries. The biggest factor is the lingering wintry weather conditions across most of the major milk producing countries. Fresh milk product sales are indicated to be hampered by cold weather. Prices for skim and whole milk powders are again higher to sharply higher. The impact of higher prices in other regions has buyers searching for countries with offerings. Butter prices moved higher with good demand noted for local buying needs. Current pricing levels are limiting exports.

Milk production in Eastern Europe remains at below year ago levels for most countries and has limited growth for others. High feed costs are restricting supplemental feeding. Higher dairy product prices are being welcomed. Offering of finished dairy products are most often light.

New Zealand milk production continues to be impacted by drought conditions on the North Island and overall dry conditions elsewhere. At the farm level, the growing conditions for pastures remains poor and cows are being dried off earlier than desired. Other producers are giving supplemental feeding, which is increasing costs of production. Some forecast models are showing rains in the next few weeks. Traders and handlers are being strategic to meet customer requirements.

Australian milk production continues to be impacted by dry conditions and the effects of hot weather in recent months. The milk budgets are being forecast lower as the milk season progresses. The impact on product mix at the end of the season will be seen, but the sentiment is that the orders on the books will be serviced. Meeting the local demand is moving more milk towards those needs. Consumer interest is good and clearing expected volumes. Milk production is running below year ago levels as the season winds down.

Source: USDA. Agricultural Marketing Service. Dairy Programs. "Dairy Market News", Volume 80, Report 15.

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES (WASDE)

The following is an excerpt from the most recent release of the WASDE

The 2013 forecast of total red meat and poultry production is lowered from last month. Beef production is forecast down as lower than expected fed cattle and bull slaughter more than offset greater cow slaughter.

The beef export forecast for 2013 is lowered, reflecting the pace of trade in the first quarter. Beef imports are raised on larger expected supplies in Oceania. Cattle prices are unchanged from last month.

The milk production forecast for 2013 is reduced on lower milk per cow in the first quarter. Cow numbers are unchanged from last month. Fat-basis imports are reduced mostly on lower imports of anhydrous products. The skim solids import forecast is reduced largely on lower expected imports of milk protein concentrates. Export forecasts are unchanged from last month. Fat-basis ending stocks are forecast higher, but skim-basis stocks are lowered.

With slightly lower forecast 2013 milk production and improved domestic product demand, price forecasts for cheese, butter, nonfat dry milk, and whey are raised. As a result, both Class III and Class IV price forecasts are higher than last month. The all milk price for 2013 is higher at $19.45-$19.95 per hundredweight.

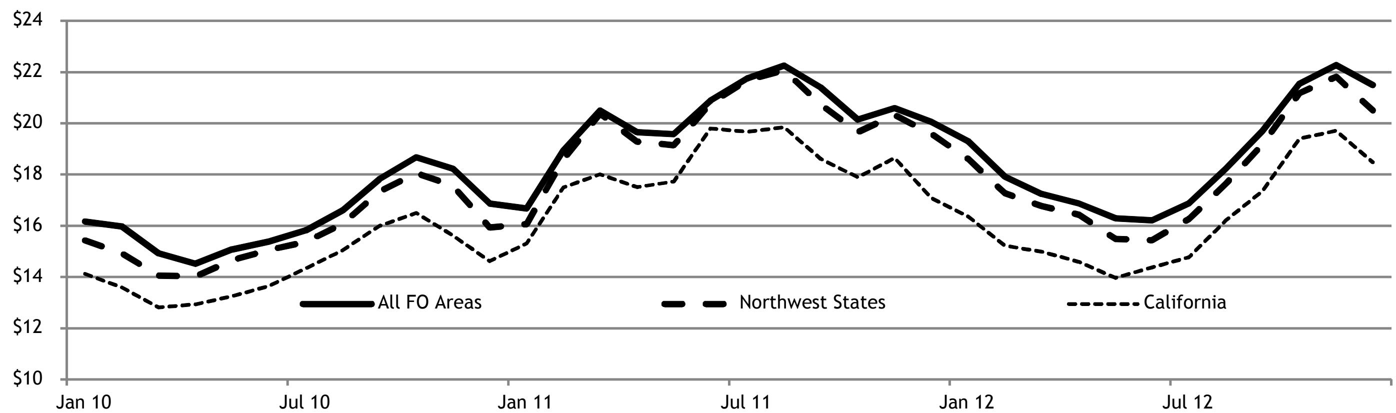
Source: USDA. Office of the Chief Economist. "World Agricultural Supply and Demand Estimates", WASDE-517, April 10, 2013. Available at www.usda.gov/oce/commodity/wasde/.

Mailbox Prices

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS
FEDERAL MILK ORDERS AND CALIFORNIA
2007-2012 ANNUAL AVERAGES 1/

REPORTING AREA 2/	2007	2008	2009	2010	2011	2012
Northwest States 4/	19.26	17.37	12.10	15.71	19.90	18.02
All Federal Order Areas 5/	19.16	18.39	12.82	16.29	20.20	18.59
California 6/	17.56	16.17	11.02	14.37	18.14	16.29

Mailbox Milk Prices for Selected Reporting Areas, by Month
2010-2012



1/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the assessment under the Cooperatives Working Together (CWT) program. 2/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from that area. 3/ Figures are annual averages - the weighted average of the monthly figures; except California, which is the simple average. 4/ Includes Oregon and Washington. 5/ Weighted average of the information for all selected reporting areas in Federal milk orders. 6/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

Source: USDA. Agricultural Marketing Service. Dairy Programs. Compiled from data posted on Dairy Programs' website, www.ams.usda.gov/AMSv1.0/dairy, following the links under "Milk Market Order Statistics", "Prices", "Over-Order Prices (Announced Cooperative Class I, Over-Order, and Mailbox)", then "Mailbox Prices."

April is National Grilled Cheese Sandwich Month!

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST Mar 2013	Feb 2013	Mar 2012	Feb 2012	ARIZONA Mar 2013	Feb 2013	Mar 2012	Feb 2012
Minimum Class Prices (3.5% B.F.)								
Class I Milk ($/cwt)	$19.70	$20.11	$18.20	$18.93	$20.15	$20.56	$18.65	$19.38
Class II Milk ($/cwt)	18.82	18.49	16.59	16.94	18.82	18.49	16.59	16.94
Class III Milk ($/cwt)	16.93	17.25	15.72	16.06	16.93	17.25	15.72	16.06
Class IV Milk ($/cwt)	17.75	17.75	15.35	15.92	17.75	17.75	15.35	15.92
Producer Prices								
Producer Price Differential ($/cwt)	$0.89	$0.77	$0.42	$0.58	+	+	+	+
Butterfat ($/pound)	1.7476	1.6619	1.5297	1.5739	+	+	+	+
Protein ($/pound)	2.8204	2.9609	2.6571	2.6627	+	+	+	+
Other Solids ($/pound)	0.4179	0.4534	0.4239	0.4541	+	+	+	+
Uniform Skim Price ($/cwt)	+	+	+	+	$12.65	$13.15	$11.37	$11.75
Uniform Butterfat Price ($/pound)	+	+	+	+	1.7394	1.6639	1.5510	1.6002
Statistical Uniform Price ($/cwt)	$17.82	$18.02	$16.14	$16.64	$18.30	$18.51	$16.40	$16.94
Producer Data								
Number of Producers*	***597***	596	626	624	***94***	94	94	97
Avg. Daily Production (pounds)*	***39,283***	38,660	37,054	36,784	***149,107***	143,932	149,161	142,200
Producer Milk Ratios								
Class I	24.39%	25.96%	26.60%	26.74%	26.45%	28.51%	27.92%	28.28%
Class II	6.28%	5.84%	6.03%	6.38%	7.31%	7.87%	7.45%	7.63%
Class III	43.80%	44.26%	40.86%	39.46%	27.21%	24.31%	22.98%	20.01%
Class IV	25.53%	23.94%	26.51%	27.42%	39.03%	39.31%	41.65%	44.08%

+ Not Applicable. Preliminary data indicated in ***bold***. * Revised: January-May 2012 (FO 124) and January-March 2012 (FO 131).

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST Feb 2013	Jan 2013	Feb 2012	Jan 2012	ARIZONA Feb 2013	Jan 2013	Feb 2012	Jan 2012
Number of Handlers								
Pool Handlers	*25*	*25*	*25*	*25*	*7*	*7*	*7*	*7*
Distributing Plants	*14*	*14*	*14*	*14*	*5*	*5*	*5*	*5*
Supply Plants 1/	*6*	*6*	*6*	*6*	*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	*15*	*16*	*18*	*18*	*20*	*20*	*23*	*23*
Class I Route Disposition In Area								
By Pool Plants	151,492,451	172,390,997	162,090,412	174,631,567	84,655,674	92,707,719	87,499,031	98,471,935
By Producer-Handlers	6,796,487	7,224,925	6,821,989	7,282,227	0	0	0	0
By Other Plants	***8,479,110***	9,869,991	7,317,125	8,306,719	***5,878,522***	6,636,893	5,391,840	6,153,926
Total	166,768,048	189,485,913	176,229,526	190,220,513	90,534,196	99,344,612	92,890,871	104,625,861
Producer-Handler Data								
% Class I Use	68.07%	68.95%	59.76%	62.10%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.08%	3.81%	3.87%	3.83%	0.00%	0.00%	0.00%	0.00%

Preliminary data indicated in ***bold***. 1/ Includes Cooperative Pool Manufacturing Plants.

Monthly Statistical Summary

RECEIPTS & UTILIZATION	PACIFIC NORTHWEST Mar 2013	Feb 2013	Mar 2012	Feb 2012	ARIZONA Mar 2013	Feb 2013	Mar 2012	Feb 2012
Receipts of Milk								
Total Producer Milk	727,016,879	645,154,202	719,061,026	665,647,859	434,497,879	378,828,890	434,655,999	400,008,538
Receipts From Other Sources	10,469,108	9,428,247	10,874,040	12,854,158	2,289,808	1,716,856	2,991,879	1,959,964
Opening Inventory	38,569,882	36,886,880	35,387,236	37,901,518	24,289,965	23,504,536	23,414,647	20,958,967
Total To Be Accounted For	**776,055,869**	**691,469,329**	**765,322,302**	**716,403,535**	**461,077,652**	**404,050,282**	**461,062,525**	**422,927,469**
Utilization of Receipts								
Whole milk	32,968,000	30,242,674	33,485,466	30,935,649	24,043,558	22,106,937	24,626,146	22,027,276
Flavored milk & drinks	12,715,762	12,274,696	12,865,754	12,800,996	5,190,860	5,599,241	5,315,683	5,629,004
2% milk	65,873,370	61,236,023	70,916,775	65,444,442	33,171,529	30,769,137	35,246,917	31,512,284
1% milk	25,725,309	24,479,234	28,203,254	26,364,579	15,992,833	14,972,946	17,110,606	15,873,003
Skim milk	23,040,787	21,937,476	26,871,917	25,199,876	11,525,907	10,813,174	13,007,417	12,050,616
Buttermilk	1,441,347	1,322,348	1,513,103	1,344,870	450,384	394,239	452,056	406,848
Class I dispostions in area	161,764,575	151,492,451	173,856,269	162,090,412	90,375,071	84,655,674	95,758,825	87,499,031
Class I dispositions out of area	14,785,351	14,374,058	15,766,297	15,388,430	25,219,494	21,712,457	25,457,690	24,147,227
Other Class I usage	18,078,404	18,572,442	17,579,921	17,134,337	12,556,051	13,623,909	11,187,110	11,084,679
Utilization by Class								
Total Class I Use	194,628,330	184,438,951	207,202,487	194,613,179	128,150,616	119,992,040	132,403,625	122,730,937
Total Class II Use	52,681,233	44,145,732	51,870,748	51,841,989	32,710,749	30,366,353	33,438,023	31,201,078
Total Class III Use	320,868,741	286,605,104	293,876,401	262,834,280	118,554,134	92,709,944	99,904,079	80,051,978
Total Class IV Use	207,877,565	176,279,542	212,372,666	207,114,087	181,662,153	160,981,945	195,316,798	188,943,476
Total Accounted For	**776,055,869**	**691,469,329**	**765,322,302**	**716,403,535**	**461,077,652**	**404,050,282**	**461,062,525**	**422,927,469**

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST Mar 2013	Feb 2013	Mar 2012	Feb 2012	ARIZONA Mar 2013	Feb 2013	Mar 2012	Feb 2012
Producer milk								
Class I	177,333,756	167,457,929	191,294,273	178,026,723	114,942,482	107,992,922	121,370,579	113,105,119
Class II	45,638,441	37,656,509	43,337,543	42,478,840	31,767,303	29,808,650	32,373,371	30,511,781
Class III	318,456,567	285,525,290	293,793,468	262,695,733	118,219,118	92,080,289	99,900,655	80,051,978
Class IV	185,588,115	154,514,474	190,635,742	182,446,563	169,568,976	148,947,029	181,011,394	176,339,660
Other receipts								
Class I	17,294,574	16,981,022	15,908,214	16,586,456	13,208,134	11,999,118	11,033,046	9,625,818
Class II	7,042,792	6,489,223	8,533,205	9,363,149	1/	1/	1/	1/
Class III	2,412,174	1,079,814	82,933	138,547	1/	1/	1/	1/
Class IV	22,289,450	21,765,068	21,736,924	24,667,524	13,371,639	13,222,274	15,373,480	13,293,113
Avg. daily producer receipts	23,452,157	23,041,222	23,195,517	22,953,374	14,016,061	13,529,603	14,021,161	13,793,398
Change From Previous Year	1.11%	0.38%	4.07%	4.86%	-0.04%	-1.91%	5.22%	6.06%
Avg. daily Class I use	6,278,333	6,587,105	6,683,951	6,710,799	4,133,891	4,285,430	4,271,085	4,232,101
Change From Previous Year	-6.07%	-1.84%	-2.78%	-2.42%	-3.21%	1.26%	-1.53%	-9.02%

1/ Restricted - Included with Class IV.

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Visit the MA website
www.fmmaseattle.com

FEDERAL ORDER STATISTICS FOR MARCH

Federal Order Name (Number)	Producer Deliveries	Class I Receipts	Class I Utilization	Class I Price	Uniform Price
	- million pounds -			*- per cwt (at location) -*	
Northeast (FO 1)	2,243.0	809.5	36.09%	\$21.05	\$19.32
Appalachian (FO 5)	523.4	317.7	60.69%	\$21.20	\$20.29
Florida (FO 6)	251.3	214.1	85.19%	\$23.20	\$22.59
Southeast (FO 7)	552.5	357.1	64.64%	\$21.60	\$20.70
Upper Midwest (FO 30)	3,009.6	312.6	10.39%	\$19.60	\$17.26
Central (FO 32)	1,347.3	409.3	30.38%	\$19.80	\$17.87
Mideast (FO 33)	1,436.7	547.7	38.12%	\$19.80	\$18.22
Pacific Northwest (FO 124)	727.0	177.3	24.39%	\$19.70	\$17.82
Southwest (FO 126)	1,220.4	356.9	29.25%	\$20.80	\$18.64
Arizona (FO 131)	434.5	114.9	26.45%	\$20.15	\$18.30

For links to Market Administrator's webpages, see www.fmmaseattle.com/dairyreferences.htm.