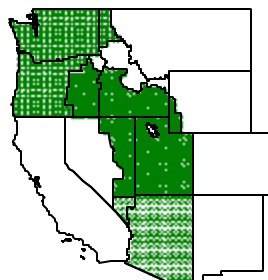


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JANUARY 2001

MARKET SUMMARIES FOR DECEMBER

Pacific Northwest

Producers delivered a total of 532.1 million pounds of milk to the market during December. Comparisons to the previous month are biased due to eligible milk not pooled in November and December 2000. Fewer than three handlers did not pool milk; the amount of eligible milk not pooled is restricted. Daily deliveries averaged 17.2 million pounds, down 2.1 percent from November. An estimated 1,144 producers delivered milk to the market during the month. Daily deliveries per producer averaged 15,004 pounds, down 2.1 percent from November.

Class I producer milk during December totaled 177.2 million pounds, 33.3 percent of total producer receipts. Daily usage averaged 5.7 million pounds, down 7.0 percent from November.

Producers will receive \$1.0378 per pound of protein, \$1.6534 per pound of butterfat, and \$0.0829 per pound of other solids. Producers will also receive the market's producer price differential of \$2.90 per hundredweight, subject to applicable location adjustments. The market average component tests for the month were: 3.76% butterfat, 3.08% protein, 5.71% other solids, and 8.79% nonfat solids.

Statistical Uniform Price (@ 3.5% BF) December 2000

Federal Order	Per Cwt.
Pacific Northwest	\$12.27
Western	\$11.20
Arizona-Las Vegas	\$12.40

Arizona-Las Vegas

Producers delivered a total of 251.5 million pounds of milk to the market during December. Daily deliveries averaged 8.1 million pounds, up 5.7 percent from November. An estimated 117 producers delivered milk to the market during the month. Daily deliveries per producer averaged 69,338 pounds, up 5.7 percent from November.

Class I producer milk during December totaled 81.2 million pounds, 32.3 percent of total producer receipts. Daily usage averaged 2.6 million pounds, down 7.5 percent from November.

Producers will receive \$1.5991 per pound of butterfat and \$7.05 per hundredweight of skim, subject to applicable location adjustments. The market average butterfat test for the month was 3.73%.

Western

Producers delivered a total of 300.7 million pounds of milk to the market during December. Comparisons to the previous month are biased due to eligible milk not pooled in November and December 2000.

(Continued On Page 2)

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(Continued From Page 1)

Fewer than three handlers did not pool milk; the amount of eligible milk not pooled is restricted. Daily deliveries averaged 9.7 million pounds, down 4.9 percent from November. An estimated 780 producers delivered milk to the market during the month. Daily deliveries per producer averaged 12,438 pounds, down 4.9 percent from November.

Class I producer milk during December totaled 82.5 million pounds, 27.4 percent of total producer receipts. Daily usage averaged 2.7 million pounds, down 9.2 percent from November.

Producers will receive \$1.0378 per pound of protein, \$1.6534 per pound of butterfat, and \$0.0829 per pound of other solids. Producers will also receive the market's producer price differential of \$1.83 per hundredweight, subject to applicable location adjustments. The market average component tests for the month were: 3.72% butterfat, 3.13% protein, 5.72% other solids, and 8.85% nonfat solids. ♦

DECEMBER'S CLASS PRICES

December's non-advanced Class Prices were calculated using NASS commodity price surveys from December 2, 9, 16, 23, and 30. Component prices for the month are \$1.0378 per pound of protein, \$1.6534 per pound of butterfat, \$0.0829 per pound of other solids, and \$0.8616 per pound of nonfat solids.

December's Class III and IV prices at 3.5% butterfat are \$9.37 and \$13.27 per hundredweight, respectively. Class II butterfat was also announced at \$1.6604 per pound. Class I skim and butterfat and Class II skim prices for December were announced on November 17, 2000. The Class II price at 3.5% butterfat is \$13.97 for December.

The December Class III price compared to November is up \$0.80. The Class III price is \$0.26 lower than December 1999 and \$0.43 below the support price.

NASS COMMODITY PRICES			
	November	December	Change
Cheese*	\$1.0245	\$1.0898	\$0.0653
Butter	\$1.4051	\$1.4698	\$0.0647
Nonfat Dry Milk	\$1.0159	\$1.0158	-\$0.0001
Whey	\$0.1917	\$0.2172	\$0.0255

* The weighted average of barrels plus 3 cents and blocks

Current Commodity Prices -- The NASS survey of cheddar cheese prices showed a net increase in prices received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed a net increase of 1.71 cents between the December 16 and the January 13 surveys, to \$1.1077 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net increase of 2.98 cents to \$1.1080 per pound.

The NASS butter price showed a net decrease of 32.31 cents between the weeks ending December 16 and January 13 from \$1.4819 per pound to \$1.1588 per pound.

The NASS nonfat dry milk showed a net decrease of 0.33 cents since mid-December to \$1.0155 per pound. The average price for NASS whey showed a net increase of 2.59 cents since mid-December to \$0.2483 per pound. ♦

FEBRUARY'S CLASS I PRICE ANNOUNCEMENT: NEW FORMULAS!

On January 19, using the Tentative Final Decision price formulas, the February 2001 Class I price was announced at \$13.84 for the Pacific Northwest and Western Orders, and \$14.29 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of January 6 and 13.

The February advance Class III and IV prices are \$10.06 and \$11.94 per hundredweight, respectively. The Class IV price has set the Class I milk price for all the months since January 2000. The butterfat portion of the Class I mover decreased 58.92 cents from \$1.8244 to \$1.2352 per pound.

The February 2001 Class II skim and nonfat solids were also announced on January 19. The skim price is \$8.59 per hundredweight, and the nonfat solids price is \$0.9544 per pound for all Federal Orders. ♦

NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS			
	January	February	Change
Cheese*	\$1.0930	\$1.1340	\$0.0410
Butter	\$1.6110	\$1.1279	-\$0.4831
Nonfat Dry Milk	\$1.0159	\$1.0172	\$0.0013
Whey	\$0.2194	\$0.2446	\$0.0252

* The weighted average of barrels plus 3 cents and blocks. Beginning January 2001, barrel cheese prices changed from 39% to 38% moisture cheese.

**PRODUCERS AND PRODUCER MILK BY
ORDER, STATE, AND COUNTY,
NOVEMBER 2000**

During the month of November 2000, a total of 2,041 producers, on a combined basis, were associated with the Pacific Northwest, Western, and Arizona-Las Vegas Orders. These producers delivered a total of 1,048.0 million pounds of milk to the markets during the month. In November 2000, eligible producers and producer milk were not pooled on the Pacific Northwest and Western Orders. Eligible milk not pooled represents fewer than three handlers; the amount of eligible milk not pooled is restricted. The table on page 4 contains the number of producers and milk pooled on the three orders. Counties and states with fewer than three producers were combined with adjacent counties. The map on page 5 includes eligible milk not pooled on the two orders, and counties with fewer than three producers are not combined with adjacent counties.

**Producers and Producer Milk by Order
November 2000**

Order	Number of Producers	Producer Milk
Pacific Northwest	1,144	525,909,008
Western	780	291,854,573
Arizona-Las Vegas	117	230,260,106
Total	2,041	1,048,023,687

Producer Milk By State

Arizona - In November 2000, 114 producers in Arizona delivered 222.4 million pounds of milk to market. This represented 97.4% of the producers and 96.6% of the producer milk pooled on the Arizona-Las Vegas Order.

Idaho (and Wyoming) - On the Pacific Northwest Order, 160 producers delivered 25.3 million pounds or 4.8% of producer milk on the order. On the western Order, 367 producers delivered 163.6 million pounds of milk, or 56.0% of the producer milk on the Order. Producers and producer milk originating in Wyoming was included with Idaho on the Western Order for reasons of confidentiality.

Oregon - Producers in Oregon delivered 117.2 million pounds of milk to the Pacific Northwest and Western Federal Orders. On the Pacific Northwest Order, 310 producers delivered 116.3 million pounds or 22.1% of producer milk on the order. On the Western Order, 17 producers delivered 0.8 million pounds of milk or 0.3% of the market.

Utah (and Nevada) - Producers in Utah delivered 113.6 million pounds of milk to the Western and Pacific Northwest Federal Orders. On the Western Order, 361 producers delivered 104.1 million pounds of milk or 35.7% of the market. On the Pacific Northwest Order, 110 producers delivered 9.5 million pounds or 1.8% of the producer milk on the order. Producers and producer milk originating in Nevada was included with Utah on the Western Order for reasons of confidentiality.

Washington - In Washington, 558 producers delivered 370.4 million pounds on the Pacific Northwest Order. Washington producers delivered 70.4% of the producer milk on the order.

Colorado - In November 2000, 34 producers delivered 23.3 million pounds of milk marketed on the Western Order. Producers in Colorado accounted for 8.0% of the producer milk on the order.

California - Producers located in California pooled milk on the Pacific Northwest, Western, and the Arizona-Las Vegas Orders. In northern California, 6 producers delivered 4.4 million pounds to the Pacific Northwest Order. In southern California, 4 producers delivered 7.9 million pounds to the Arizona-Las Vegas and Western Orders. ♦

**NEW SUPPORT PRICES FOR
MILK PRODUCTS 1/**

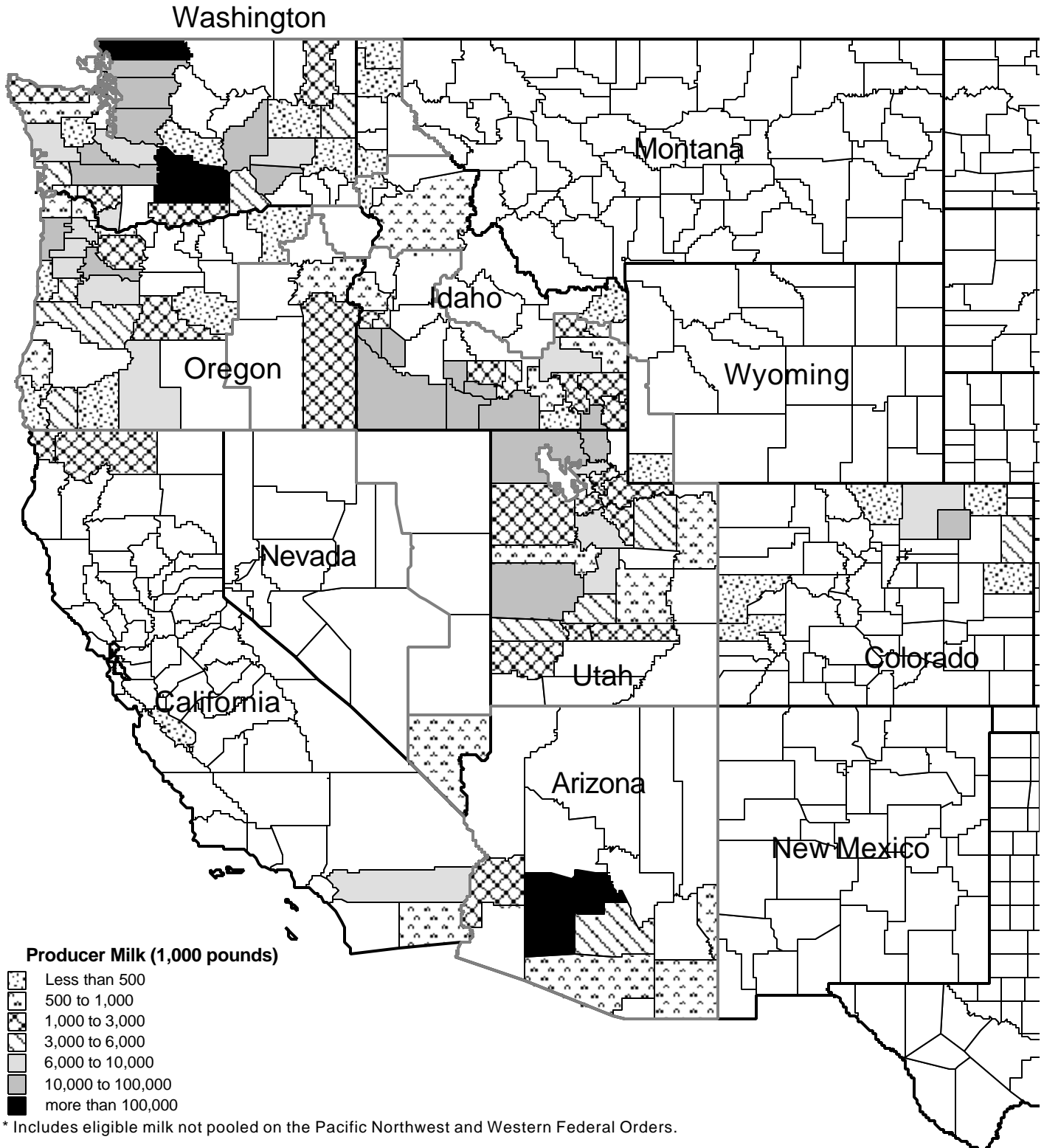
The U.S. Department of Agriculture announced that the Commodity Credit Corporation (CCC) purchase prices for butter, nonfat dry milk, and cheese bought under the Milk Price Support Program are being adjusted, effective January 16, 2001.

The announced purchase prices of these products are being adjusted in order to reflect the new pricing formulas under the reformed Federal Milk Marketing Orders. CCC will increase the price it pays for block Cheddar and barrel cheese by 0.94 cents to \$1.1314 and \$1.1014 per pound, respectively. The purchase price for butter will decrease by 1.31 cents to \$0.6549 per pound, and the purchase price for nonfat dry milk will decrease by 0.68 cents to \$1.0032 per pound. For more information see <http://www.fsa.usda.gov>. ♦

1/ The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, extended the price support program through calendar year 2001 at the 2000 support price of \$9.90 per hundredweight of milk with an annual average milkfat content of 3.67 percent.

Number of Producers and Pounds of Milk: By Order, State, and County, November 2000							
State/ Order(s)	County	Producers	Milk	State/ Order(s)	County	Producers	Milk
Arizona				Utah			
131	Cochise, Greenlee, La Paz, Pima	5	4,476,935	135	Beaver	16	3,118,632
131	Maricopa	105	212,171,324	124/135	Box Elder & Tooele	74	16,746,117
131	Pinal	4	5,769,006	124/135	Cache	184	27,426,858
Total Arizona		114	222,417,265	124/135	Davis	5	292,751
Idaho				135	Duchesne	21	5,604,478
124	Bonner	5	400,301	135	Iron (& Clark, Nevada)	4	1,837,125
124	Boundary	3	432,684	135	Millard & Juab	20	19,753,638
124	Idaho, Latah, & Nez Perce	8	796,612	124/135	Morgan	10	1,203,406
124/135	Ada	52	18,089,937	135	Piute	9	1,716,887
124/135	Bannock, Oneida, & Power	12	2,083,238	135	Salt Lake	4	1,724,917
124/135	Bear Lake	30	1,142,574	135	Sanpete	16	9,730,192
124/135	Bingham	42	8,369,575	124/135	Sevier	11	3,977,719
124/135	Bonneville	8	888,749	135	Summit	11	1,503,863
124/135	Canyon	34	5,050,549	135	Uintah	4	807,720
124/135	Caribou (& Uinta, Wyoming)	18	1,224,228	124/135	Utah	29	5,995,271
124/135	Cassia	18	10,980,298	135	Wasatch	6	1,137,246
124/135	Franklin	102	17,679,087	135	Wayne & Emery	4	1,421,515
124/135	Gem & Washington	19	2,133,127	124/135	Weber	43	9,596,422
124/135	Gooding	46	56,478,411	Total Utah		471	113,594,757
124/135	Jefferson	12	1,067,168	Washington			
124/135	Jerome	37	34,515,773	124	Adams & Whitman	9	7,813,255
124/135	Lincoln	9	973,926	124	Benton	3	3,078,995
124/135	Madison & Fremont	10	776,063	124	Clark	18	7,046,551
124/135	Minidoka	14	3,653,904	124	Cowlitz	3	1,063,424
124/135	Owyhee	9	179,550	124	Franklin	12	13,167,621
124/135	Payette	12	606,339	124	Grant & Kittitas	27	21,261,744
124/135	Twin Falls	27	21,326,616	124	Grays Harbor	16	7,590,824
Total Idaho		527	188,848,709	124	Island	5	2,633,687
Oregon				124	King	42	19,160,607
124	Benton & Lincoln	6	3,922,738	124	Klickitat	4	1,356,082
124	Clackamas, Multnomah & Umatilla	16	2,691,851	124	Lewis	40	14,966,628
124	Clatsop & Columbia	7	1,531,790	124	Lincoln & Spokane	18	3,519,506
124	Coos & Curry	8	980,904	124	Pacific	13	3,442,314
124	Deschutes & Crook	8	1,216,663	124	Pierce	15	7,635,474
124	Jackson	3	340,955	124	Skagit	55	27,878,041
124	Josephine	8	3,333,179	124	Snohomish	58	28,941,964
124	Klamath	10	7,044,021	124	Stevens	18	2,455,587
124	Lane	7	3,895,355	124	Thurston	16	13,006,112
124	Linn	12	6,082,018	124	Wahkiakum	4	571,780
124	Marion	37	26,509,299	124	Whatcom	111	63,718,523
124	Polk	6	7,795,776	124	Yakima	71	120,101,689
124	Tillamook	142	36,984,316	Total Washington		558	370,410,408
124	Washington	23	6,211,437	Colorado			
124	Yamhill	14	7,732,458	135	Morgan	10	10,691,057
135	Baker	4	34,665	135	Larimer and Yuma	3	5,474,741
124/135	Malheur	16	880,583	135	Kit Carson	3	412,509
Total Oregon		327	117,188,008	135	Weld and Logan	18	6,736,172
California				Total Colorado		34	23,314,479
124	Del Norte & Siskiyou	6	4,360,519	124	Pacific Northwest Order	1,144	525,909,008
131/135	Riverside, Imperial, & San Benito	4	7,889,542	131	Arizona-Las Vegas Order	117	230,260,106
Total California		10	12,250,061	135	Western Order	780	291,854,573
Total						2,041	1,048,023,687

Pounds of Producer Milk by County, November 2000*



MONTHLY SELECTED STATISTICS

NASS Commodity Prices (\$/pound)	Dec 2000	Nov 2000
Butter	\$1.4698	\$1.4051
Cheese, Weighted Average Blocks & Barrels	1.0898	1.0245
Nonfat Dry Milk	1.0158	1.0159
Whey	0.2172	0.1917

	PACIFIC NORTHWEST		WESTERN		ARIZONA-LAS VEGAS	
	Dec 2000	Nov 2000	Dec 2000	Nov 2000	Dec 2000	Nov 2000
Minimum Class Prices (3.5% B.F.)						
Class I Milk (\$/cwt.)	\$14.03	\$13.72	\$14.03	\$13.72	\$14.48	\$14.17
Class II Milk (\$/cwt.)	13.97	13.68	13.97	13.68	13.97	13.68
Class III Milk (\$/cwt.)	9.37	8.57	9.37	8.57	9.37	8.57
Class IV Milk (\$/cwt.)	13.27	13.00	13.27	13.00	13.27	13.00
Producer Prices						
Producer Price Differential (\$/cwt.)	\$ 2.90	\$ 3.23	\$ 1.83	\$ 2.11	+	+
Butterfat (\$/pound)	1.6534	1.5745	1.6534	1.5745	+	+
Protein (\$/pound)	1.0378	0.9149	1.0378	0.9149	+	+
Other Solids (\$/pound)	0.0829	0.0565	0.0829	0.0565	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	7.05	6.78
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.5991	1.5135
Statistical Uniform Price (\$/cwt.)	\$12.27	\$11.80	11.20	10.68	12.40	11.84
Producer Data						
Number of Producers	1,144 *	1,144	780 *	780	117 *	117
Avg. Daily Production (lbs.)	15,004 *	15,325	12,438 *	13,082	69,338 *	65,629
Number of Handlers						
Pool Handlers	26	26	17	17	6	6
Producer-Handlers	11	11	7	7	1	1
Other Plants w/ Class I Use	5	5	10	10	3	3
Producer Milk Ratios						
Class I	33.29%	35.06%	27.42%	28.71%	32.28%	36.87%
Class II	5.41%	6.10%	7.76%	8.63%	4.38%	4.54%
Class III	37.64%	37.40%	63.20%	61.64%	36.92%	41.16%
Class IV	23.66%	21.44%	1.62%	1.02%	26.42%	17.43%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	Nov 2000	Oct 2000	Nov 2000	Oct 2000	Nov 2000	Oct 2000
Producer-Handler Data (Thousand lbs.)						
Production	22,533,214	23,561,256	2,347,961	2,492,009	R	R
Class I Use	18,749,258	19,790,400	1,705,359	1,827,174	R	R
% Class I Use	83.21%	84.00%	72.63%	73.32%	R	R
Class I Route Disposition In Area (Thousand lbs.)						
By Pool Plants	170,934,734	168,226,878	72,151,150	72,938,013	78,480,943	79,195,062
By Producer-Handlers	18,958,369	19,847,372	1,733,434	1,789,505	R	R
By Other Plants	309,871 *	762,766	1,151,562 *	1,149,001	15,230,711 *	15,242,557
Total **	190,202,974	188,837,016	75,036,146	75,876,519	R	R

* Preliminary.

** May not add due to rounding.

R = Restricted.

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST		WESTERN		ARIZONA-LAS VEGAS		
	Dec 2000	Nov 2000	Dec 2000	Nov 2000	Dec 2000	Nov 2000	
TOTAL PRODUCER MILK	532,104,925	525,949,881	300,744,685	306,125,265	251,489,374	230,358,186	
RECEIPTS FROM OTHER SOURCES	12,825,938	10,444,427	3,620,314	3,947,727	14,745,293	1,386,344	
OPENING INVENTORY	<u>23,209,627</u>	<u>24,670,003</u>	<u>13,005,562</u>	<u>11,926,326</u>	<u>12,308,625</u>	<u>10,619,247</u>	
TOTAL TO BE ACCOUNTED FOR	<u>568,140,490</u>	<u>561,064,311</u>	<u>317,370,561</u>	<u>321,999,318</u>	<u>278,543,292</u>	<u>242,363,777</u>	
UTILIZATION OF RECEIPTS							
Whole milk.	27,128,458	27,991,758	11,523,783	11,729,672	19,685,954	19,534,869	
Flavored milk & milk drinks	14,072,413	15,091,887	6,640,776	7,024,698	5,886,275	5,899,258	
2% milk	72,869,945	73,292,937	29,347,764	29,974,017	31,304,985	32,044,275	
1% milk	24,256,429	25,016,617	14,217,360	13,571,975	8,796,442	9,390,401	
Skim milk	27,104,615	27,950,102	8,689,246	9,250,320	10,739,151	11,091,701	
Buttermilk	<u>1,541,556</u>	<u>1,591,433</u>	<u>595,978</u>	<u>600,468</u>	<u>540,725</u>	<u>520,439</u>	
CLASS I ROUTE DISP. IN AREA.	166,973,416	170,934,734	71,014,907	72,151,150	76,953,532	78,480,943	
Class I dispositions out of area	9,640,257	10,474,983	12,376,983	11,841,321	4,279,902	4,691,727	
Other Class I usage	<u>16,691,002</u>	<u>20,029,535</u>	<u>8,488,653</u>	<u>12,313,504</u>	<u>6,043,593</u>	<u>8,699,174</u>	
TOTAL CLASS I USE.	193,304,675	201,439,252	91,880,543	96,305,975	87,277,027	91,871,844	
TOTAL CLASS II USE	34,127,834	38,379,577	26,159,008	28,925,100	11,551,244	11,063,092	
TOTAL CLASS III USE	201,169,740	197,405,798	190,448,712	189,190,269	93,172,174	94,816,620	
TOTAL CLASS IV USE	<u>139,538,241</u>	<u>123,839,684</u>	<u>8,882,298</u>	<u>7,577,974</u>	<u>86,542,847</u>	<u>44,612,221</u>	
TOTAL ACCOUNTED FOR	<u>568,140,490</u>	<u>561,064,311</u>	<u>317,370,561</u>	<u>321,999,318</u>	<u>278,543,292</u>	<u>242,363,777</u>	
CLASSIFICATION OF RECEIPTS							
Producer milk:	Class I	177,156,275	184,403,899	82,450,628	87,889,291	81,190,948	84,940,251
	Class II	28,790,016	32,081,355	23,340,810	26,418,870	11,009,092	10,455,672
	Class III	200,252,305	196,691,458	190,068,245	188,692,688	92,842,551	94,816,620
	Class IV	125,906,329	112,773,169	4,885,002	3,124,416	66,446,783	40,145,643
Other receipts:	Class I	16,148,400	17,035,353	9,429,915	8,416,684	27,053,918	12,005,591
	Class II	5,337,818	6,298,222	2,818,198	2,506,230	1/	1/
	Class III	917,435	714,340	380,467	497,581	1/	1/
	Class IV	13,631,912	11,066,515	3,997,296	4,453,558	1/	1/
Avg. daily producer receipts	17,164,675	17,531,663	9,701,441	10,204,176	8,112,560	7,678,606	
Avg. daily Class I use	6,235,635	6,714,642	2,963,888	3,210,199	2,815,388	3,069,599	

1/ Restricted - Included with Class I.

HIGHLIGHTS THIS ISSUE:

- **Market Summaries for December 2000**
- **December 2000 Class Prices and Commodity Prices**
- **Class I Prices for February 2001: New Formulas!**
- **Producers And Producer Milk By Order, State, and County, November 2000**
- **New Support Prices for Milk Products Announced by USDA's Commodity Credit Corporation**
- **Revision of Diversion Percentage Limits for the Operation of a Pool Plant or Cooperative Association To Nonpool Plants**

REVISION OF DIVERSION PERCENTAGE LIMITS FOR THE OPERATION OF A POOL PLANT OR COOPERATIVE ASSOCIATION TO NONPOOL PLANTS

For the months of March through August 2001, the percentage of producer milk that an operator of a pool plant or a cooperative association may divert to nonpool plants under the terms of the Pacific Northwest Federal Milk Marketing Order (F.O.124) is reduced from 99 percent to 80 percent. The purpose of this standard is to assure an adequate supply of milk for fluid consumption without the need for making uneconomic movements of milk. To accomplish this goal, the order must reflect the needs and marketing conditions of the market. A reduction in diversion percentages was requested by the Northwest Milk Marketing Federation (NMMF), a bargaining organization that markets the milk of 98 percent of the dairy farmers historically associated with the Pacific Northwest Order. The decision to reduce the limits was based on an analysis of marketing data and on the comments received by the Market Administrator. ♦