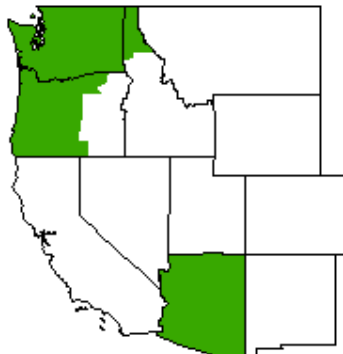


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January 2007

MARKET SUMMARIES FOR DECEMBER 2006

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

Pacific Northwest

Producers delivered a total of 454.2 million pounds of milk to the market during December. Daily deliveries averaged 14.7 million pounds, down 26.4 percent from November. An estimated 572 producers delivered milk to the market during the month. Comparisons to November 2006 are biased due to eligible milk not pooled. Daily deliveries per producer averaged 25,612 pounds, down 2.0 percent from November.

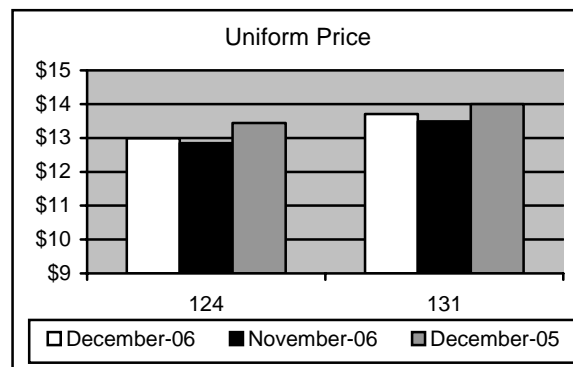
Class I producer milk during December totaled 196.0 million pounds, 43.2 percent of total producer receipts. Daily usage averaged 6.3 million pounds, down 4.2 percent from November.

Arizona

Producers delivered a total of 302.3 million pounds of milk to the market during December. Daily deliveries averaged 9.8 million pounds, up 5.7 percent

from November. An estimated 93 producers delivered milk to the market during the month. Daily deliveries per producer averaged 104,860 pounds, up 5.7 percent from November.

Class I producer milk during December totaled 118.3 million pounds, 39.1 percent of total producer receipts. Daily usage averaged 3.8 million pounds, down 2.5 percent from November. ♦



Federal Order Producer Prices and Component Levels: December 2006

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	12.99	13.71	Butterfat	3.787	3.736
Butterfat 2/	1.3481	1.3613	Protein	3.154	N/A
Protein 2/	2.4388	N/A	Other Solids	5.669	N/A
Other Solids 2/	0.2564	N/A	Nonfat Solids	8.823	N/A
PPD 1/*	(0.48)	N/A			
Skim 1/	N/A	9.27			

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

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DECEMBER 2006 CLASS PRICES

December 2006 non-advanced Class Prices were calculated using NASS commodity price surveys from December 2, 9, 16, 23, and 30, 2006. Component prices for the month are \$2.4388 per pound of protein, \$1.3481 per pound of butterfat, \$0.2564 per pound of other solids, and \$0.8737 per pound of nonfat solids.

December 2006 Class III and IV prices at 3.5% butterfat are \$13.47 and \$12.30 per hundredweight, respectively. The December Class III price compared to November is up \$0.63. The Class III price is \$0.10 higher than in December 2005. The Class III price at 3.67% butterfat is \$3.78 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.3551 per pound. Class I skim and butterfat and Class II skim prices for December 2006 were announced on November 17, 2006. The Class II price at 3.5% butterfat is \$12.55 for December 2006.

FINAL: NASS COMMODITY PRICES

	<u>November</u>	<u>December</u>	<u>Change</u>
Cheese*	\$1.3123	\$1.3624	\$0.0501
Butter	\$1.2693	\$1.2384	-\$0.0309
Nonfat Dry Milk	\$0.9837	\$1.0225	\$0.0388
Whey	\$0.3800	\$0.4079	\$0.0279

* 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 1.82 cents between the December 16 and the January 13 surveys, to \$1.3202 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 1.11 cents to \$1.3136 per pound.

The NASS butter price showed a decrease of 5.17 cents between the weeks ending December 16 and January 13 from \$1.2418 per pound to \$1.1901 per pound.

The NASS nonfat dry milk showed a net increase of 2.97 cents since mid-December to \$1.0457 per pound. The average price for NASS whey showed an increase of 5.97 cents since mid-December to \$0.4698 per pound. ♦

FEBRUARY'S CLASS I PRICE ANNOUNCEMENT

SPECIAL NOTE: In light of litigation commenced in United States District Court for the Northern District of Ohio, the manufacturing allowances used to compute the Federal order minimum advance Class I and Class II prices and pricing factors in this announcement are the current manufacturing allowances, rather than the revised manufacturing allowances contained in the Interim Final Rule published in the Federal Register on December 29, 2006 (71 FR 78333-78335). As long as the Interim Final Rule is not enjoined as a result of the litigation, Federal order minimum prices for Class III and Class IV milk for February 2007, as well as the Federal order minimum advance Class I and Class II prices and pricing factors for March 2007 and thereafter, will be computed using the revised manufacturing allowances contained in the Final Rule.

On January 19, the February 2007 Class I price was announced at \$15.29 for the Pacific Northwest Order and \$15.74 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of January 6 and 13.

The February Class III and IV advance skim prices are \$9.19 and \$8.07 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 6.41 cents from \$1.3547 to \$1.2906 per pound.

The February 2007 Class II skim and nonfat solids prices were also announced on January 19. The skim price is \$8.77 per hundredweight, and the nonfat solids price is \$0.9744 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	<u>January</u>	<u>February</u>	<u>Change</u>
Cheese*	\$1.3758	\$1.3279	-\$0.0479
Butter	\$1.2439	\$1.1905	-\$0.0534
Nonfat Dry Milk	\$1.0233	\$1.0461	\$0.0228
Whey	\$0.4051	\$0.4539	\$0.0488

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

**USDA ISSUES AN INTERIM ORDER ON
AMENDMENTS TO ALL FEDERAL MILK
MARKETING ORDERS**

On December 29, 2006, the U. S. Department of Agriculture today issued an interim order amending the manufacturing (make) allowances contained in the Class III and Class IV product price formulas in all Federal milk marketing orders. The interim order was approved by dairy farmers in all 10 Federal milk marketing orders.

The interim order implements new make allowances for cheese, butter, nonfat dry milk (NFD) and dry whey. Specifically, the interim order adopts the following increased manufacturing allowances: cheese -- \$0.1682 per pound; butter -- \$0.1202 per pound; NFD -- \$.1570 per pound; and dry whey -- \$0.1956 per pound.

The interim order will become effective on February 1, 2007.

* See **SPECIAL NOTE** on page 2 *

The interim order appears in the Federal Register. As announced on November 20, 2006, public comments and exceptions to the tentative final decision were due on or before January 22, 2007. USDA will consider the comments and exceptions and issue a final decision.

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**THE DAIRY OUTLOOK:
MILK AND PRODUCT PRICES FORECAST TO
RISE IN 2007 AS MILK PRODUCTION
INCREASES SLIGHTLY**

Outlook Summary: Continued strong demand for dairy products, both international and domestic, will combine with marginally higher 2007 production to boost prices throughout the dairy complex. Cow numbers are expected to decline, but productivity increases will boost production slightly. Global supplies are likely remain tight into 2007, helping to support U.S. dairy prices.

Outlook: Milk production in 2006 has continued to expand, although the rate of expansion has slowed as the year has progressed—from 5.1 percent above a year ago in the first quarter to only 1.3 percent in the third quarter. The November Milk Production report estimated October cow numbers at 9.1 million head, 47,000 more than in October 2005 and 2,000 more than in September. The increased cow population comes despite higher

culling rates throughout most of 2006. The higher numbers, combined with increased production per cow, will push 2006 production above 2005 by 2.8 percent. The milk-feed price ratio slid to 2.34 in November according to the Agricultural Prices report, a decline of 19 points from October. Prospects for higher milk prices from now into 2007 are countered by stable-to-higher soybean meal prices and substantially higher corn prices, which will result in continued weak milk-feed price ratios.

Based on these data, projected 2006 milk production is 181.9 billion pounds, unchanged from November. Cow numbers are expected to decline slightly in 2007. However, gains in output per cow will offset lower cow numbers. Milk production is expected to post a slight increase resulting in a 0.6-percent rise in 2007 production to 183 billion pounds.

Cheese production and stocks were above year-earlier levels in October, but prices rose sharply on seasonal demand and limited supplies of nonfat dry milk and skim milk powders (NDM/SMP). Better returns on NDM and SMP as well as stronger fluid milk use this year compared with last have reduced the availability of milk for cheese production. Although cheese prices have declined from their peak, the fourth quarter price estimate has been raised from last month. The 2006 yearly average cheese price is expected to be \$1.240 to \$1.250 per pound, up slightly from November. For 2007, continued strong cheese demand will encounter slower rising milk production and push yearly average cheese price to \$1.315 to \$1.395 per pound.

Butter stocks are currently high but are being drawn down seasonally. Butter promotions continue at the retail level. Butter prices are expected to average \$1.205 to \$1.235 per pound in 2006. Butter prices could average higher in 2007 as production growth moderates but ample beginning stocks of butter will likely keep 2007 prices below 2005. For 2007, average butter price is forecast between \$1.250 and \$1.360 per pound.

Dry product inventories are tight and production rates steady. Thus, NDM prices have been firm to slightly higher in the fourth quarter of 2006. Global supplies of dairy products are also tight helping U.S. export prospects. The tight international situation is likely to continue through the first half of 2007. The average 2006 NDM price is expected to be 87.5 to 89.5 cents per pound. This average price reflects the strengthening seen in the current fourth quarter. The 2007 price should range higher, at 90.5 to 96.5 cents per pound. The whey market

continues to show strength in light of robust demand both internationally and domestically. The whey price in 2006 is expected to be 32.5 to 33.5 cents per pound and to strengthen in 2007 to 34.5 to 37.5 cents per pound.

The expected modest increase in milk production in 2007 in the face of strong demand should boost milk prices in 2007. The Class IV price is expected to average \$10.95 to \$11.15 per hundredweight (cwt) in 2006 and rise to \$11.40 to \$12.30 in 2007. The Class III price is projected at \$11.85 to \$11.95 in 2006, climbing to \$12.75 to \$13.55 in 2007. The expected average all milk price is estimated to be \$12.85 to \$12.95 in 2006 and \$13.70 to \$14.50 in 2007.

More detailed forecasts can be found on page 5. The complete Outlook report can be found at: <http://www.ers.usda.gov/Publications/LDP/>.

Source: "Livestock, Dairy, & Poultry Outlook/LDP-M-150, December 18, 2006, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

(Continued from Page 8)

United States' milk production for the 4th quarter 2006 equaled 44,369 million pounds, 965 million pounds more than the 4th quarter of 2005.

Milk Production December 2005 - 2006			
	2005	2006 1/	% Change
	-- million pounds --		
Arizona	320	335	4.69%
California	3,179	3,302	3.87%
Colorado	198	218	10.10%
Idaho	864	910	5.32%
Indiana	271	281	3.69%
Minnesota	688	717	4.22%
Missouri	157	150	-4.46%
New Mexico	603	608	0.83%
New York	1,004	984	-1.99%
Ohio	390	407	4.36%
Oregon	180	183	1.67%
Pennsylvania	880	889	1.02%
Texas	557	611	9.69%
Washington	453	444	-1.99%
Wisconsin	1,920	1,958	1.98%
23 Total	13,599	13,963	2.68%
US	14,854	15,217	2.44%

Dairy Forecasts

	2006					2007			
	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,094	9,133	9,117	9,105	9,110	9,085	9,060	9,025	9,045
Milk per cow (pounds)	5,009	5,136	4,907	4,905	19,955	5,065	5,210	4,980	20,235
Milk production (bil. pounds)	45.6	46.9	44.7	44.7	181.9	46.0	47.2	44.9	183.0
Farm use	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	1.0
Milk marketings	45.3	46.6	44.5	44.4	180.8	45.8	46.9	44.7	182.0
Milkfat (bil. pounds milk equiv.)									
Milk marketings	45.3	46.6	44.5	44.4	180.8	45.8	46.9	44.7	182.0
Beginning commercial stocks	8.0	10.9	12.7	11.8	8.0	9.4	11.5	12.5	9.4
Imports	1.1	1.2	1.1	1.2	4.6	1.1	1.3	1.2	4.9
Total supply	54.4	58.7	58.3	57.3	193.4	56.3	59.8	58.3	196.3
Ending commercial stocks	10.9	12.7	11.8	9.4	9.4	11.5	12.5	10.6	7.9
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	43.6	46.0	46.5	47.9	184.0	44.8	47.3	47.8	188.4
Skim solids (bil. pounds milk equiv.)									
Milk marketings	45.3	46.6	44.5	44.4	180.8	45.8	46.9	44.7	182.0
Beginning commercial stocks	9.0	9.6	10.0	9.2	9.0	8.7	9.1	10.0	8.7
Imports	1.1	1.1	1.1	1.2	4.5	1.1	1.3	1.3	5.1
Total supply	55.3	57.3	55.7	54.8	194.3	55.5	57.3	56.0	195.8
Ending commercial stocks	9.6	10.0	9.2	8.7	8.7	9.1	10.0	8.9	8.6
Net removals	0.0	0.7	0.0	0.0	0.7	0.0	0.0	0.0	0.0
Commercial use	45.7	46.6	46.4	46.1	184.8	46.4	47.3	47.1	187.2
Milk prices (dol./cwt) 1/									
All milk	13.53	12.00	12.23	13.70	12.85	13.80	13.15	13.70	13.70
				-13.90	12.95	-14.30	-13.95	-14.70	-14.50
Class III	12.23	11.02	11.42	12.76	11.85	12.53	12.36	13.01	12.75
				-12.96	-11.95	-13.03	-13.16	-14.01	-13.55
Class IV	11.33	10.30	10.65	11.85	10.95	11.76	11.14	11.44	11.40
				-12.15	11.15	-12.36	-12.04	-12.54	-12.30
Product prices (dol./pound) 2/									
Cheddar cheese	1.272	1.184	1.217	1.305	1.240	1.282	1.280	1.347	1.315
				-1.325	-1.250	-1.332	-1.360	-1.447	-1.395
Dry whey	0.345	0.289	0.289	0.369	0.325	0.365	0.338	0.282	0.345
				-0.389	-0.335	-0.395	-0.368	-0.312	-0.375
Butter	1.247	1.153	1.210	1.255	1.205	1.223	1.222	1.275	1.250
				-1.295	-1.235	-1.303	-1.332	-1.405	-1.360
Nonfat dry milk	0.905	0.831	0.844	0.959	0.875	0.962	0.890	0.902	0.905
				-0.979	-0.895	-1.002	-0.950	-0.972	-0.965

1/ Simple averages of monthly prices. May not match reported annual averages.

2/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. 'Based on weekly "Dairy Product Prices", National Agricultural Statistics Service. Details may be found at http://www.ams.usda.gov/dyfm/os/mib/fedordprc_dscrp.htm

Source: World Agricultural Supply and Demand Estimates and supporting materials.
For further information, contact: Roger Hoskin 202 694 5148, rhoskin@ers.usda.gov

MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA 2/			
	Dec 2006	Nov 2006	Dec 2005	Nov 2005	Dec 2006	Nov 2006	Dec 2005	Nov 2005
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt.)	\$14.33	\$14.30	\$15.47	\$16.46	\$14.78	\$14.75	\$15.92	\$16.91
Class II Milk (\$/cwt.)	12.55	11.98	13.22	13.49	12.55	11.98	13.22	13.49
Class III Milk (\$/cwt.)	13.47	12.84	13.37	13.35	13.47	12.84	13.37	13.35
Class IV Milk (\$/cwt.)	12.30	12.11	12.57	12.90	12.30	12.11	12.57	12.90
Producer Prices								
Producer Price Differential (\$/cwt.)	\$(0.48)	\$ 0.01	\$ 0.07	\$ 0.56	+	+	+	+
Butterfat (\$/pound)	1.3481	1.3852	1.5036	1.6114	+	+	+	+
Protein (\$/pound)	2.4388	2.2383	2.3846	2.2724	+	+	+	+
Other Solids (\$/pound)	0.2564	0.2276	0.1702	0.1606	+	+	+	+
Uniform Skim Price (\$/cwt.) . . .	+	+	+	+	9.27	8.91	8.92	9.00
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.3613	1.3963	1.5392	1.6613
Statistical Uniform Price (\$/cwt.) . .	\$12.99	\$12.85	\$13.44	\$13.91	\$13.71	\$13.49	\$14.00	\$14.50
Producer Data								
Number of Producers	572 *	761	843	857	93 *	93	86	86
Avg. Daily Production (lbs.)	25,612 *	26,146	23,674	23,502	104,860 *	99,239	96,514	91,897
Number of Handlers								
Pool Handlers	26	29	26	26	7	7	5	5
Producer-Handlers	6 *	6	9	9	1 *	1	3	3
Other Plants w/ Class I Use	26 *	26	24	26	25 *	25	27	28
Producer Milk Ratios								
Class I	43.16%	33.20%	29.33%	30.69%	39.12%	42.39%	33.94%	37.25%
Class II	7.48%	8.01%	5.38%	6.61%	8.05%	10.85%	8.82%	9.68%
Class III	5.08%	28.25%	26.92%	28.36%	35.77%	35.99%	37.12%	40.03%
Class IV	44.28%	30.54%	38.37%	34.34%	17.06%	10.77%	20.12%	13.04%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	Nov 2006	Oct 2006	Nov 2005	Oct 2005	Nov 2006	Oct 2006	Nov 2005	Oct 2005
Producer-Handler Data								
Production	23,162,467	23,000,416	34,391,839	35,031,079	R	R	R	R
Class I Use	20,173,798	20,853,119	28,414,805	29,026,126	R	R	R	R
% Class I Use	87.10%	90.66%	82.62%	82.86%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	176,701,441	174,764,558	162,752,201	161,805,753	101,353,392	102,223,482	82,960,028	77,157,060
By Producer-Handlers	8,313,589	8,555,039	19,631,980	19,976,486	1/	1/	1/	1/
By Other Plants	5,039,293 *	4,346,396	2,699,294	3,694,492	5,421,632 *	5,230,282	28,827,897	29,805,566
Total	190,054,323	187,665,993	185,083,475	185,476,731	106,775,024	107,453,764	111,787,925	106,962,626

* Preliminary. R = Restricted. Not included. 1/ Restricted. Included with other plants. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA 2/				
	Dec 2006	Nov 2006	Dec 2005	Nov 2005	Dec 2006	Nov 2006	Dec 2005	Nov 2005	
TOTAL PRODUCER MILK	454,157,075	596,911,994	618,669,232	604,245,262	302,310,158	276,876,746	257,306,269	237,093,328	
RECEIPTS FROM OTHER SOURCES	23,156,136	17,771,230	19,804,936	19,090,785	14,657,832	4,883,202	24,872,131	9,097,208	
OPENING INVENTORY	29,696,311	32,917,294	33,230,599	31,495,619	17,358,604	15,989,601	16,086,088	15,258,044	
TOTAL TO BE ACCOUNTED FOR	507,009,522	647,600,518	671,704,767	654,831,666	334,326,594	297,749,549	298,264,488	261,448,580	
UTILIZATION OF RECEIPTS									
Whole milk	36,271,956	35,303,735	32,399,286	31,055,932	31,771,776	29,688,336	21,933,754	20,820,418	
Flavored milk & milk drinks	15,142,961	17,112,131	15,922,134	16,029,452	7,491,357	8,211,320	7,333,646	7,779,975	
2% milk	68,217,548	68,129,741	66,165,519	64,043,296	37,446,605	36,437,413	30,276,660	31,071,614	
1% milk	26,075,765	27,017,183	24,621,348	24,435,095	12,736,058	13,369,017	10,765,542	11,565,174	
Skim milk	27,775,270	27,715,182	26,027,680	25,870,182	13,070,416	13,122,909	10,765,463	11,194,357	
Buttermilk	1,411,906	1,423,469	1,256,744	1,318,244	507,425	524,397	503,710	528,490	
CLASS I ROUTE DISP. IN AREA.	174,895,406	176,701,441	166,392,711	162,752,201	103,023,637	101,353,392	81,578,775	82,960,028	
Class I dispositions out of area	18,223,871	18,110,127	15,920,233	14,585,305	15,157,866	14,793,324	5,002,760	5,424,711	
Other Class I usage	18,771,570	19,828,571	17,602,454	22,308,049	11,226,936	11,156,974	9,699,250	8,817,167	
TOTAL CLASS I USE.	211,890,847	214,640,139	199,915,398	199,645,555	129,408,439	127,303,690	96,280,785	97,201,906	
TOTAL CLASS II USE	39,138,676	56,301,209	37,812,140	45,396,059	24,984,471	30,832,695	23,676,799	23,738,405	
TOTAL CLASS III USE	23,078,735	168,795,902	168,240,512	174,740,097	108,359,739	100,046,083	95,540,164	95,316,075	
TOTAL CLASS IV USE	232,901,264	207,863,268	265,736,717	235,049,955	71,573,945	39,567,081	82,766,740	45,192,194	
TOTAL ACCOUNTED FOR	507,009,522	647,600,518	671,704,767	654,831,666	334,326,594	297,749,549	298,264,488	261,448,580	
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I	196,036,867	198,127,832	181,540,965	185,446,171	118,253,216	117,375,634	87,347,300	88,320,606
	Class II	33,949,299	47,825,831	33,253,514	39,962,028	24,329,533	30,041,705	22,690,758	22,951,377
	Class III	23,078,735	168,636,383	166,514,827	171,358,670	108,142,274	99,647,572	95,501,929	94,896,933
	Class IV	201,092,174	182,321,948	237,359,926	207,478,393	51,585,135	29,811,835	51,766,282	30,924,412
Other receipts:	Class I	15,853,980	16,512,307	18,374,433	14,199,384	32,016,436	20,872,803	40,958,219	24,355,252
	Class II	5,189,377	8,475,378	4,558,626	5,434,031	1/	1/	1/	1/
	Class III	0	159,519	1,725,685	3,381,427	1/	1/	1/	1/
	Class IV	31,809,090	25,541,320	28,376,791	27,571,562	1/	1/	1/	1/
Avg. daily producer receipts		14,650,228	19,897,066	19,957,072	20,141,509	9,751,941	9,229,225	8,300,202	7,903,111
Change From Previous Year		-26.59%	-1.21%	39.82%	29.76%	17.49%	16.78%	4.20%	3.96%
Avg. daily Class I use		6,835,189	7,154,671	6,448,884	6,654,852	4,174,466	4,243,456	3,105,832	3,240,064
Change From Previous Year		5.99%	7.51%	-3.67%	-4.24%	34.41%	30.97%	0.88%	4.41%

1/ Restricted - Included with Class I. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for December 2006
- December 2006 Class Prices
- Class I Price for February 2007
 - * See SPECIAL NOTE *
- USDA Issues An Interim Order On Amendments To All Federal Milk Marketing Orders
- The Dairy Outlook
- US Milk Production Up 2.4 Percent In December 2006

**US MILK PRODUCTION UP 2.4 PERCENT
IN DECEMBER 2006**

Milk production for December 2006 was up 2.4 percent for the United States compared with December 2005. United States' milk production for December 2006 equaled 15,217 million pounds, 363 million pounds more than last December. Contributing to the 2.4 percent increase, was an increase in both cow numbers and production per cow. Milk cows increased to 9,126,000 head, up 13,000 from November and 63,000 from a year ago. Milk per cow totaled 1,667 pounds, up 71 pounds from November and up 28 pounds from a year ago. The table on page 4 shows milk production data for December 2006 for selected states with comparisons to year-ago levels. For the 23 major dairy states, milk production increased 2.7 percent to 13,963 million pounds.

Milk production for the 4th quarter of 2006 was up 2.2 percent for the United States compared with December 2005.

(Continued on Page 4)