



# The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

## Pacific Northwest and Arizona Marketing Areas

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Volume 41, No. 1

January 2015

Data for December 2014

### MARKET SUMMARIES FOR DECEMBER

#### Pacific Northwest (FO 124)

Producers delivered a total of 725.2 million pounds of milk to the market during December. Daily deliveries averaged 23.4 million pounds, up 61.3 percent from November. An estimated 578 producers delivered milk to the market during the month. Daily deliveries per producer averaged 40,472 pounds, up 19.7 percent from November.

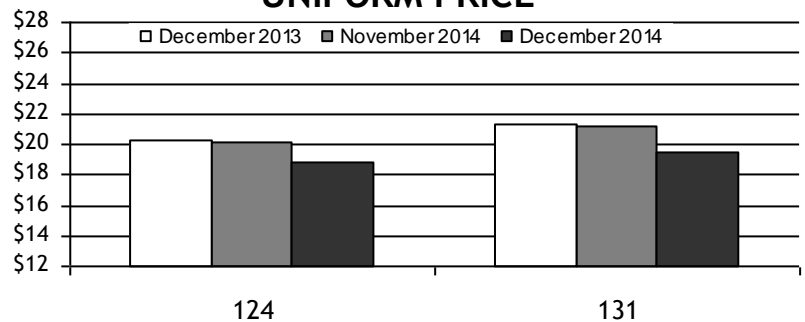
Class I producer milk during December totaled 176.2 million pounds, 24.3 percent of total producer receipts. Daily usage averaged 5.7 million pounds, up 3.2 percent from November. ▼

#### Arizona (FO 131)

Producers delivered a total of 408.8 million pounds of milk to the market during December. Daily deliveries averaged 13.2 million pounds, up 6.3 percent from November. An estimated 92 producers delivered milk to the market during the month. Daily deliveries per producer averaged 143,336 pounds, up 6.3 percent from November.

Class I producer milk during December totaled 109.9 million pounds, 26.9 percent of total producer receipts. Daily usage averaged 3.5 million pounds, up 2.5 percent from November. ▼

### UNIFORM PRICE



### Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	Nov	Dec	Nov	Dec
Uniform Price (at 3.5%)	\$20.18	\$18.87	\$21.19	\$19.42
Uniform Price (at test)	\$22.43	\$21.03	\$21.27	\$19.57
PPD	(\$1.76)	\$1.05		
Butterfat	\$2.2011	\$2.0991		
Protein	\$3.9018	\$2.7387		n/a
Other Solids	\$0.4505	\$0.3996		
Uniform Skim			\$13.37	\$12.44
Uniform Butterfat		n/a	\$2.3672	\$2.1194
Butterfat	3.995%	4.085%	3.535%	3.572%
Protein	3.287%	3.328%		
Other Solids	5.711%	5.737%		n/a

### HIGHLIGHTS THIS ISSUE

- ✓ Resumption of Assessments
- ✓ Number of Producers & Pounds of Milk: November 2014
- ✓ Map of Pounds of Producer Milk by County

# Federal Order Price Summaries

## FINAL CLASS PRICES

The December 2014 Final Class Prices were calculated using AMS commodity price surveys from December 6, 13, 20 and 27, 2014. Current and archived Final Class Price announcements are available at [www.fmmaseattle.com/finalprice.htm](http://www.fmmaseattle.com/finalprice.htm).

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Nov 2014	\$25.96	\$26.41	\$19.91	\$21.94	\$18.21	\$2.2011	\$3.9018	\$0.4505	\$1.2102
Dec 2014	\$24.43	\$24.88	\$19.09	\$17.82	\$16.70	\$2.0991	\$2.7387	\$0.3996	\$1.0767
Change	(\$1.53)	(\$1.53)	(\$0.82)	(\$4.12)	(\$1.51)	(\$0.1020)	(\$1.1631)	(\$0.0509)	(\$0.1335)

## ADVANCED CLASS I PRICE

The February 2015 Advanced Price was calculated using AMS commodity price surveys from January 10 and 17, 2015. Current and archived Advanced Price announcements are available at [www.fmmaseattle.com/advanceprice.htm](http://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 Non-fat Solids
Jan 2015	\$2.1787	\$11.35	\$9.93	\$11.35	\$18.58	\$20.48	\$20.93	\$10.63	\$1.1811
Feb 2015	\$1.6719	\$10.76	\$7.64	\$10.76	\$16.24	\$18.14	\$18.59	\$8.34	\$0.9267
Change	(\$0.5068)	(\$0.59)	(\$2.29)	(\$0.59)	(\$2.34)	(\$2.34)	(\$2.34)	(\$2.29)	(\$0.2544)

# Commodity Price Summaries

## AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	November	December	Change
Cheese	\$2.1305	\$1.7362	(\$0.3943)
Butter	\$1.9891	\$1.9049	(\$0.0842)
Nonfat Dry Milk	\$1.3902	\$1.2554	(\$0.1348)
Whey	\$0.6365	\$0.5871	(\$0.0494)

## AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	January	February	Change
Cheese	\$1.8141	\$1.5857	(\$0.2284)
Butter	\$1.9706	\$1.5521	(\$0.4185)
Nonfat Dry Milk	\$1.2826	\$1.0253	(\$0.2573)
Whey	\$0.5847	\$0.5903	\$0.0056

## CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a decrease in prices received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a decrease of 19.19 cents between the December 13 and the January 17 surveys, to \$1.5819 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 13.77 cents to \$1.5661 per pound.

The AMS butter price showed a decrease of 40.51 cents between the weeks ending December 13 and January 17 from \$1.9561 per pound to \$1.5510 per pound. The AMS nonfat dry milk showed a decrease of 24.66 cents since mid-December to \$1.0085 per pound. The average price for AMS whey showed a net decrease of 0.70 cents since mid-December to \$0.5924 per pound.

# USDA News

## MORE THAN HALF OF NATION'S DAIRY PRODUCERS ENROLL IN NEW MARGIN PROTECTION PROGRAM

U.S. Department of Agriculture (USDA) Secretary Tom Vilsack announced on January 12, 2015, that more than 23,000 of the nation's dairy operations - over half of all dairy farms in America - have enrolled in the new safety-net program created by the 2014 Farm Bill, known as the Margin Protection Program. The voluntary program provides financial assistance to participating farmers when the margin - the difference between the price of milk and feed costs - falls below the coverage level selected by the farmer.

"Enrollment far exceeded our expectations in the first year," said Vilsack. "We're pleased that so many dairy producers are taking advantage of the expanded protection. USDA conducted a lot of outreach to get the word out. When you compare the initial enrollment rate for the Margin Protection Program to the longstanding federal crop insurance program, where participation ranges from 30 percent to 80 percent depending on the crop, it's clear that these outreach efforts made a difference."

During the three months of the enrollment period, USDA conducted a robust education and outreach effort to the nation's dairy producers. The department held over 500 public meetings, sent out nearly 60,000 direct mailings, and conducted more than 400 demonstrations of the Web-based tool designed to help applicants to calculate their specific coverage needs.

Unlike earlier dairy programs, the Margin Protection Program offers dairy producers a range of choices of protection that are best suited for their operation. Starting with basic coverage for an administrative fee of \$100, producers can select higher levels of coverage at affordable incremental premiums. More than half of applicants selected higher coverage beyond the basic level.

Dairy producers interested in enrolling in the Margin Protection Program for calendar year 2016 can register between July 1, 2015 and September 30, 2015.

To learn more about the Margin Protection Program, visit the Farm Service Agency (FSA) online at [www.fsa.usda.gov](http://www.fsa.usda.gov) or contact a local FSA office at [offices.usda.gov](http://offices.usda.gov). 🐾

Source: USDA. Office of Communications. Release No. 0005.15. Available at [www.usda.gov](http://www.usda.gov).

## USDA FUNDING FOR BEGINNING FARMERS AND RANCHERS

On January 12, 2015, U.S. Department of Agriculture (USDA) Deputy Secretary Krysta Harden announced the availability of more than \$18 million in funding to help educate, mentor and enhance the sustainability of the next generation of farmers. This support is available through the Beginning Farmer and Rancher Development Program (BFRDP), administered by USDA's National Institute for Food and Agriculture (NIFA).

USDA's BFRDP awards grants to organizations implementing programs to train beginning farmers and ranchers. Fiscal Year 2015 applications for BFRDP are due March 13, 2015. Funding for BFRDP program is authorized by the 2014 Farm Bill. For more information, visit [www.usda.gov/farmbill](http://www.usda.gov/farmbill). To learn more about USDA's NIFA, visit [www.nifa.usda.gov](http://www.nifa.usda.gov). 🐾

Source: USDA. Office of Communications. Release No. 0007.15. Available at [www.usda.gov](http://www.usda.gov).

## RESUMPTION OF ASSESSMENTS

On January 20, 2015, the market administrator issued a letter to all handlers advising them that the administrative assessment that was waived for the milk pooled during the months of October, November, and December 2014, will resume beginning with the milk pooled for the month of January 2015.

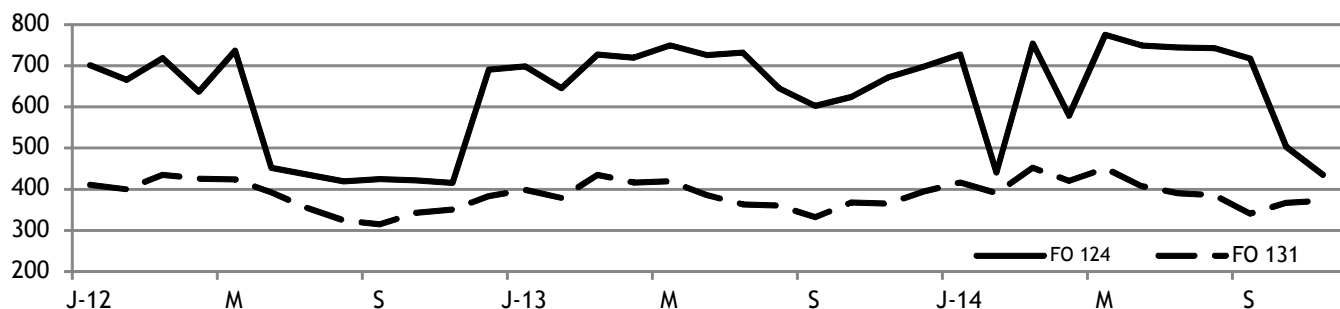
The rate of 3.5 cents per hundred-weight for the administrative assessment currently applicable to the Pacific Northwest and Arizona Federal Milk Orders remains in effect. 🐾

# Number of Producers and Pounds of Milk: November 2014

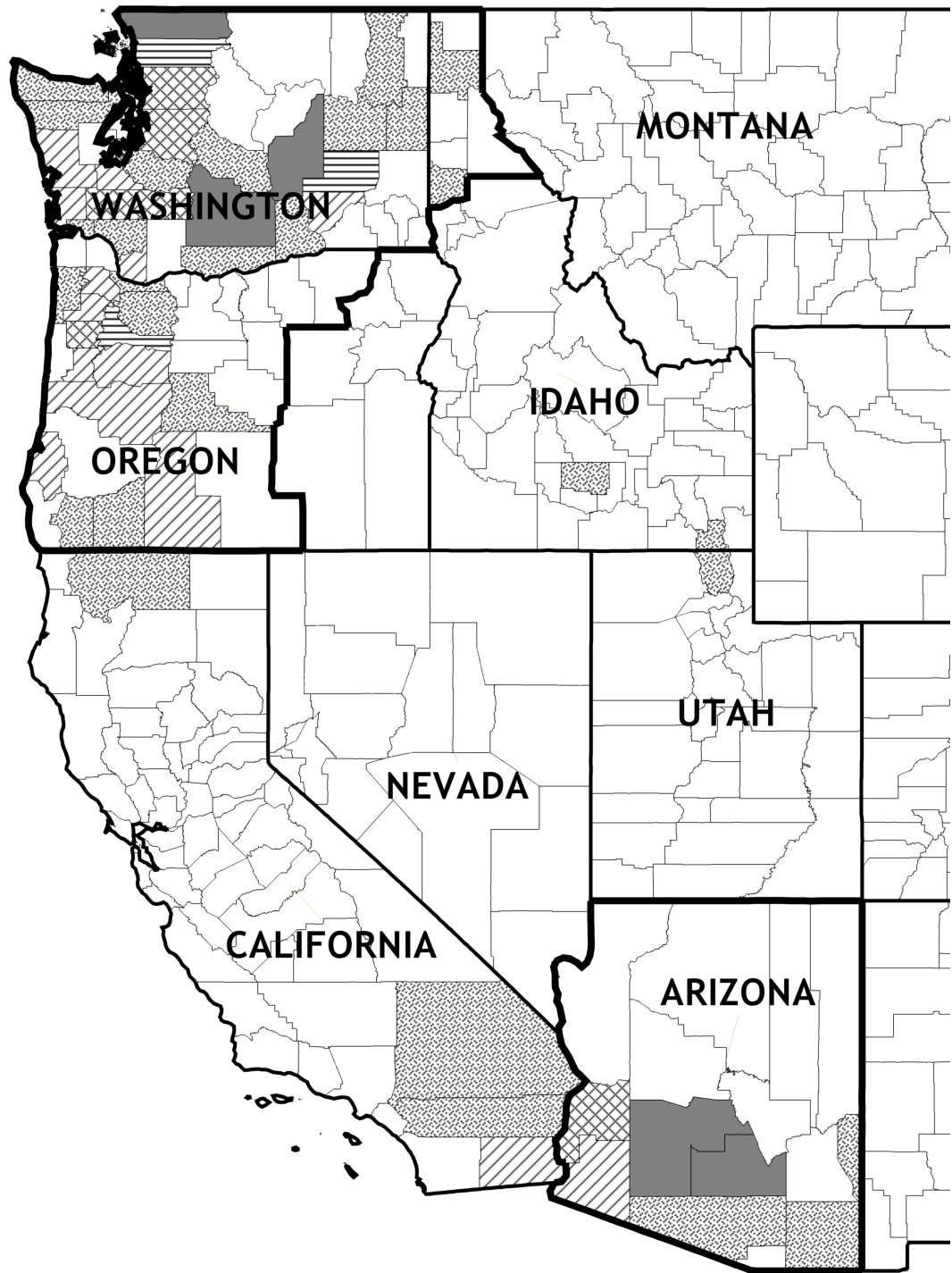
State	County 1/	Producers	Milk	State	County 1/	Producers	Milk
<b>ARIZONA ORDER</b>				<b>PACIFIC NORTHWEST ORDER (CONTINUED)</b>			
<i>Arizona</i>				<i>Washington</i>			
	Maricopa	47	195,977,427		Adams	9	20,454,837
	Pinal	27	148,564,774		Clark	7	6,103,340
	Restricted 2/	7	20,428,524		Franklin	3	5,997,438
	<b>Total Arizona</b>	<b>81</b>	<b>364,970,725</b>		Grant	20	51,491,491
<i>California</i>					Grays Harbor	8	4,055,597
	Restricted 3/	11	7,350,125		King	25	12,678,241
<b>Total Arizona Order</b>		<b>92</b>	<b>372,320,850</b>		Klickitat	3	1,278,453
<b>PACIFIC NORTHWEST ORDER</b>					Lewis	29	10,233,763
<i>California</i>					Pacific	7	2,009,360
	Siskiyou	3	1,214,882		Skagit	29	23,626,982
<i>Idaho</i>					Snohomish	22	16,098,759
	Restricted 4/	6	705,537		Spokane	6	1,296,690
<i>Oregon</i>					Stevens	7	1,013,568
	Benton	3	2,706,539		Thurston	9	9,825,506
	Clackamas	6	731,822		Wahkiakum	4	537,858
	Coos	10	4,272,966		Whatcom	103	79,653,728
	Josephine	3	857,524		Yakima	28	111,541,723
	Klamath	4	4,668,723		Restricted 6/	9	4,554,402
	Lane	3	4,366,925		<b>Total Washington</b>	<b>328</b>	<b>362,451,736</b>
	Linn	5	2,733,507	<b>Total Pacific Northwest Order</b>		<b>429</b>	<b>435,216,457</b>
	Marion	28	25,929,836				
	Polk	5	10,476,433	<b>Total for Both Orders</b>		<b>521</b>	<b>807,537,307</b>
	Tillamook	5	895,245				
	Washington	10	3,809,287				
	Yamhill	6	8,718,863				
	Restricted 5/	4	676,632				
	<b>Total Oregon</b>	<b>92</b>	<b>70,844,302</b>				

1/ Restricted Counties Identified in Footnotes 2-6.  
 2/ Cochise, Greenlee, La Paz, Pima & Yuma, AZ  
 3/ Imperial, Riverside, & San Bernardino, CA  
 4/ Bonner, Franklin, Latah & Lincoln, ID, and Cache, UT  
 5/ Deschutes, Jackson & Multnomah, OR  
 6/ Benton, Clallam, Cowlitz, Island, Jefferson, Kittitas, Lincoln & Pierce, WA

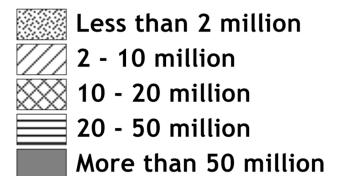
**Pacific Northwest (FO 124) and Arizona (FO 131) Producer Milk Pooled  
 January 2012 - November 2014 (million pounds)**



# Pounds of Producer Milk by County: November 2014



### Production



# Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Dec 2014	Nov 2014	Dec 2013	Nov 2013	Dec 2014	Nov 2014	Dec 2013	Nov 2013
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt)	\$1.05	(\$1.76)	\$1.36	\$0.94	+	+	+	+
Butterfat (\$/pound)	2.0991	2.2011	1.7672	1.6336	+	+	+	+
Protein (\$/pound)	2.7387	3.9018	3.5390	3.6316	+	+	+	+
Other Solids (\$/pound)	0.3996	0.4505	0.3826	0.3955	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$12.44	\$13.37	\$15.78	\$15.48
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.1194	2.3672	1.7451	1.6471
Statistical Uniform Price (\$/cwt)	\$18.87	\$20.18	\$20.31	\$19.77	\$19.42	\$21.19	\$21.34	\$20.70
<b>Producer Data</b>								
Number of Producers	<b>578</b>	429	587	592	<b>92</b>	92	90	91
Avg. Daily Production (pounds)	<b>40,472</b>	33,816	38,358	37,806	<b>143,336</b>	134,899	141,316	133,658
<b>Producer Milk Ratios</b>								
Class I	24.30%	37.99%	25.61%	26.55%	26.89%	27.89%	30.15%	31.71%
Class II	5.68%	10.13%	5.99%	6.21%	10.44%	11.77%	8.16%	9.84%
Class III	41.00%	7.83%	41.96%	41.92%	24.99%	25.54%	26.63%	28.64%
Class IV	29.02%	44.05%	26.44%	25.32%	37.68%	34.80%	35.06%	29.81%
<b>Market Shrinkage</b>								
Pounds	11,182,512	6,170,595	8,610,153	7,797,024	1,631,440	1,624,681	1,412,254	1,515,018
% of Producer Milk	1.54%	1.42%	1.23%	1.16%	0.40%	0.44%	0.36%	0.42%

+ Not Applicable. Preliminary data indicated in **bold**.

# Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Nov 2014	Oct 2014	Nov 2013	Oct 2013	Nov 2014	Oct 2014	Nov 2013	Oct 2013
<b>Number of Handlers</b>								
Pool Handlers	22	22	24	23	7	7	7	7
<i>Distributing Plants</i>	13	14	13	13	5	5	5	5
<i>Supply Plants 1/</i>	4	3	6	5	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	<b>19</b>	20	18	18	<b>22</b>	22	22	22
<b>Class I Route Disposition In Area</b>								
By Pool Plants	154,308,520	159,014,535	160,862,534	168,319,058	82,300,839	87,086,557	89,872,106	89,840,142
By Producer-Handlers	6,837,222	7,248,750	7,367,822	7,480,275	0	0	0	0
By Other Plants	<b>11,158,732</b>	12,043,702	9,626,195	10,620,296	<b>7,190,857</b>	8,076,108	8,428,942	8,030,860
Total	172,304,474	178,306,987	177,856,551	186,419,629	89,491,696	95,162,665	98,301,048	97,871,002
<b>Producer-Handler Data</b>								
% Class I Use	64.77%	67.62%	68.90%	64.62%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.97%	4.07%	4.14%	4.01%	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				ARIZONA			
	Dec 2014	Nov 2014	Dec 2013	Nov 2013	Dec 2014	Nov 2014	Dec 2013	Nov 2013
<i>Receipts of Milk</i>								
Total Producer Milk	725,179,341	435,216,457	698,005,897	671,439,912	408,795,575	372,320,870	394,272,732	364,885,048
Receipts From Other Sources	6,846,020	9,441,877	8,477,289	8,949,633	12,851,445	8,749,245	6,302,651	5,319,559
Opening Inventory	37,561,186	28,989,243	37,256,863	37,162,416	22,904,039	22,268,260	21,903,686	23,104,773
<b>Total To Be Accounted For</b>	<b>769,586,547</b>	<b>473,647,577</b>	<b>743,740,049</b>	<b>717,551,961</b>	<b>444,551,059</b>	<b>403,338,375</b>	<b>422,479,069</b>	<b>393,309,380</b>
<i>Utilization of Receipts</i>								
Whole milk	34,794,694	33,654,712	33,838,163	33,003,139	25,769,418	23,250,669	25,206,324	24,313,073
Flavored milk & drinks	15,563,167	16,318,094	14,526,627	14,948,197	6,283,610	6,444,480	6,509,623	6,887,884
2% milk	60,701,881	59,546,805	67,201,525	65,821,007	32,738,125	29,881,579	33,770,567	32,733,976
1% milk	25,398,374	24,917,576	23,802,307	24,303,752	14,304,173	13,873,032	15,070,247	15,279,172
Skim milk	18,466,290	18,396,000	20,982,815	21,355,219	8,724,889	8,376,422	10,471,585	10,213,102
Buttermilk	1,434,048	1,475,333	1,412,086	1,431,220	460,868	474,657	433,336	444,899
Class I dispositions in area	156,358,454	154,308,520	161,763,523	160,862,534	88,281,083	82,300,839	91,461,682	89,872,106
Class I dispositions out of area	16,277,300	14,949,871	14,546,380	15,796,500	24,137,040	23,219,371	26,389,924	26,057,488
Other Class I usage	19,272,326	16,863,615	20,633,218	19,720,600	9,682,606	11,981,101	13,656,042	13,822,502
<i>Utilization by Class</i>								
Total Class I Use	191,908,080	186,122,006	196,943,121	196,379,634	122,100,729	117,501,311	131,507,648	129,752,096
Total Class II Use	45,584,694	46,990,239	46,253,638	45,647,209	43,250,992	44,454,941	34,375,099	36,633,753
Total Class III Use	297,386,178	34,076,341	293,798,819	286,796,900	102,184,136	95,159,320	106,393,735	106,262,991
Total Class IV Use	234,707,595	206,458,991	206,744,471	188,728,218	177,015,202	146,222,803	150,202,587	120,660,540
<b>Total Accounted For</b>	<b>769,586,547</b>	<b>473,647,577</b>	<b>743,740,049</b>	<b>717,551,961</b>	<b>444,551,059</b>	<b>403,338,375</b>	<b>422,479,069</b>	<b>393,309,380</b>

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Dec 2014	Nov 2014	Dec 2013	Nov 2013	Dec 2014	Nov 2014	Dec 2013	Nov 2013
<i>Producer milk</i>								
Class I	176,242,310	165,355,648	178,731,902	178,234,548	109,926,615	103,822,300	118,878,166	115,691,722
Class II	41,166,017	44,085,035	41,776,826	41,677,912	42,675,287	43,836,475	32,171,398	35,892,191
Class III	297,299,923	34,076,341	292,879,672	281,466,296	102,160,533	95,081,460	105,009,867	104,499,952
Class IV	210,471,091	191,699,433	184,617,497	170,061,156	154,033,140	129,580,635	138,213,301	108,801,183
<i>Other receipts</i>								
Class I	15,665,770	20,766,358	18,211,219	18,145,086	12,174,114	13,679,011	12,629,482	14,060,374
Class II	4,418,677	2,905,204	4,476,812	3,969,297	1/	1/	1/	1/
Class III	1/	0	919,147	5,330,604	1/	1/	1/	1/
Class IV	24,322,759	14,759,558	22,126,974	18,667,062	23,581,370	17,338,494	15,576,855	14,363,958
<i>Avg. daily producer receipts</i>	23,392,882	14,507,215	22,516,319	22,381,330	13,186,954	12,410,696	12,718,475	12,162,835
Change From Previous Year	3.89%	-35.18%	1.03%	61.80%	3.68%	2.04%	2.82%	4.17%
<i>Avg. daily Class I use</i>	6,190,583	6,204,067	6,353,004	6,545,988	3,938,733	3,916,710	4,242,182	4,325,070
Change From Previous Year	-2.56%	-5.22%	-1.11%	-4.92%	-7.15%	-9.44%	1.06%	-2.45%

1/ Restricted - Included with Class IV.



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## FEDERAL ORDER STATISTICS FOR DECEMBER

Federal Order Name (Number)	Producer Deliveries	Class I Receipts	Class I Utilization	Class I Price	Uniform Price
	<i>- million pounds -</i>			<i>- per cwt (at location) -</i>	
Northeast (FO 1)	2,182.4	808.4	37.04%	\$25.78	\$21.02
Appalachian (FO 5)	484.4	331.3	68.39%	\$25.93	\$23.52
Florida (FO 6)	237.4	201.0	84.70%	\$27.93	\$26.45
Southeast (FO 7)	436.2	339.3	77.80%	\$26.33	\$24.66
Upper Midwest (FO 30)	2,866.0	311.9	10.88%	\$24.33	\$18.47
Central (FO 32)	1,347.9	425.9	31.60%	\$24.53	\$19.51
Mideast (FO 33)	1,669.3	545.3	32.66%	\$24.53	\$19.74
Pacific Northwest (FO 124)	725.2	176.2	24.30%	\$24.43	\$18.87
Southwest (FO 126)	1,251.5	363.5	29.05%	\$25.53	\$20.14
Arizona (FO 131)	408.8	109.9	26.89%	\$24.88	\$19.42

For links to Market Administrator's webpages, see [www.fmmaseattle.com/dairyreferences.htm](http://www.fmmaseattle.com/dairyreferences.htm).