



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk and Dairy Products

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 43, No. 1

January 2017

Data for December 2016

MARKET SUMMARIES FOR DECEMBER

Pacific Northwest (FO 124)

Producers delivered a total of 579.7 million pounds of milk to the market during December. Daily deliveries averaged 18.7 million pounds, up 0.9 percent from November. An estimated 444 producers delivered milk to the market during the month. Daily deliveries per producer averaged 42,117 pounds, up 0.9 percent from November.

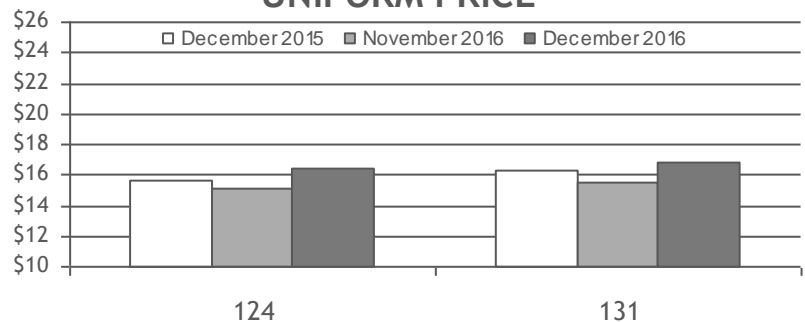
Class I producer milk during December totaled 167.9 million pounds, 29.0 percent of total producer receipts. Daily usage averaged 5.4 million pounds, down 0.2 percent from November. 🐄

Arizona (FO 131)

Producers delivered a total of 408.3 million pounds of milk to the market during December. Daily deliveries averaged 13.2 million pounds, up 4.5 percent from November. An estimated 88 producers delivered milk to the market during the month. Daily deliveries per producer averaged 149,658 pounds, up 4.5 percent from November.

Class I producer milk during December totaled 110.8 million pounds, 27.1 percent of total producer receipts. Daily usage averaged 3.6 million pounds, down 4.4 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%)	\$15.07	\$16.37	\$15.52	\$16.80
Uniform Price (at test)	\$17.07	\$18.84	\$15.79	\$17.22
PPD	(\$1.69)	(\$1.03)		
Butterfat	\$2.1044	\$2.3354	n/a	
Protein	\$2.8085	\$2.6922		
Other Solids	\$0.1750	\$0.2063		
Uniform Skim			\$8.45	\$9.05
Uniform Butterfat	n/a		\$2.1059	\$2.3055
Butterfat	4.069%	4.147%	3.629%	3.688%
Protein	3.275%	3.343%	n/a	
Other Solids	5.722%	5.730%		

HIGHLIGHTS THIS ISSUE

- ✓ Passing of Retired Market Administrator
- ✓ Seasonal Cycles in Regional Milk Production
- ✓ USDA to Measure Financial Well-Being of Dairy Sector

Federal Order Price Summaries

FINAL CLASS PRICES

The December 2016 Final Class Prices were calculated using AMS commodity price surveys from December 3, 10, 17, 24, and 31, 2016. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/classcomponent.html.

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Nov 2016	\$16.68	\$17.13	\$14.60	\$16.76	\$13.76	\$2.1044	\$2.8085	\$0.1750	\$0.7367
Dec 2016	\$18.78	\$19.23	\$15.26	\$17.40	\$14.97	\$2.3354	\$2.6922	\$0.2063	\$0.7822
Change	\$2.10	\$2.10	\$0.66	\$0.64	\$1.21	\$0.2310	(\$0.1163)	\$0.0313	\$0.0455

ADVANCED CLASS I PRICE

The February 2017 Advanced Price was calculated using AMS commodity price surveys from January 7 and 14, 2017. Current and archived Advanced Price announcements are available at www.fmmaseattle.com/advance.html.

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 2017	\$2.3374	\$9.61	\$7.07	\$9.61	\$17.45	\$19.35	\$19.80	\$7.77	\$0.8633
Feb 2017	\$2.5192	\$8.20	\$7.59	\$8.20	\$16.73	\$18.63	\$19.08	\$8.29	\$0.9211
Change	\$0.1818	(\$1.41)	\$0.52	(\$1.41)	(\$0.72)	(\$0.72)	(\$0.72)	\$0.52	\$0.0578

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION


	November	December	Change
Cheese	\$1.7596	\$1.7990	\$0.0394
Butter	\$1.9092	\$2.1000	\$0.1908
Nonfat Dry Milk	\$0.9119	\$0.9579	\$0.0460
Whey	\$0.3690	\$0.3994	\$0.0304

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	January	February	Change
Cheese	\$1.8052	\$1.7027	(\$0.1025)
Butter	\$2.1016	\$2.2518	\$0.1502
Nonfat Dry Milk	\$0.9615	\$1.0198	\$0.0583
Whey	\$0.3981	\$0.4322	\$0.0341

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 12.90 cents between the December 17 and the January 14 surveys, to \$1.7044 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 5.38 cents to \$1.6390 per pound.

The AMS butter price showed a net increase of 13.55 cents between the weeks ending December 17 and January 14 from \$2.0974 per pound to \$2.2329 per pound. The AMS nonfat dry milk showed an increase of 5.76 cents since mid-December to \$1.0242 per pound. The average price for AMS whey showed an increase of 3.41 cents since mid-December to \$0.4371 per pound. 

Monthly Selected Statistics

	PACIFIC NORTHWEST				ARIZONA			
PRICE & POOL DATA	Dec 2016	Nov 2016	Dec 2015	Nov 2015	Dec 2016	Nov 2016	Dec 2015	Nov 2015
Producer Prices								
Producer Price Differential (\$/cwt)	(\$1.03)	(\$1.69)	\$1.24	\$1.38	+	+	+	+
Butterfat (\$/pound)	2.3354	2.1044	2.9057	3.1830	+	+	+	+
Protein (\$/pound)	2.6922	2.8085	1.3599	1.3205	+	+	+	+
Other Solids (\$/pound)	0.2063	0.1750	0.0355	0.0361	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$9.05	\$8.45	\$6.16	\$6.52
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.3055	2.1059	2.9426	3.1399
Statistical Uniform Price (\$/cwt)	\$16.37	\$15.07	\$15.68	\$16.68	\$16.80	\$15.52	\$16.24	\$17.28
Producer Data								
Number of Producers	444	444	570	570	88	88	95	91
Avg. Daily Production (pounds)	42,117	41,742	41,799	41,618	149,658	143,213	144,198	139,673
Producer Milk Ratios								
Class I	28.97%	29.29%	23.46%	23.44%	27.13%	29.65%	27.23%	28.44%
Class II	6.71%	7.44%	5.82%	6.85%	9.28%	12.41%	10.54%	10.00%
Class III	27.23%	26.18%	42.62%	41.86%	22.41%	21.50%	27.77%	29.23%
Class IV	37.09%	37.09%	28.10%	27.85%	41.18%	36.44%	34.46%	32.33%
Market Shrinkage								
Pounds	9,469,596	8,019,851	10,225,822	17,491,547	1,147,996	2,220,798	1,985,503	2,093,663
% of Producer Milk	1.63%	1.44%	1.38%	2.46%	0.28%	0.59%	0.47%	0.55%

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

Monthly Supplemental Statistics

	PACIFIC NORTHWEST				ARIZONA			
SUPPLEMENTAL DATA	Nov 2016	Oct 2016	Nov 2015	Oct 2015	Nov 2016	Oct 2016	Nov 2015	Oct 2015
Number of Handlers								
Pool Handlers	22	22	24	24	8	8	7	7
Distributing Plants	11	11	12	12	6	6	5	5
Supply Plants 1/	4	4	6	6	1	1	1	1
Cooperatives	7	7	6	6	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	20	21	22	20	23	24	23	24
Class I Route Disposition In Area								
By Pool Plants	151,550,350	154,746,646	153,437,428	154,381,690	80,398,407	82,679,115	83,891,799	86,259,938
By Producer-Handlers	7,005,427	6,896,151	6,635,079	6,917,253	0	0	0	0
By Other Plants	11,848,761	11,990,782	11,424,857	12,182,502	9,414,382	8,276,681	7,719,614	7,770,762
Total	170,404,538	173,633,579	171,497,364	173,481,445	89,812,789	90,955,796	91,611,413	94,030,700
Producer-Handler Data								
% Class I Use	60.97%	57.17%	61.65%	59.62%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.11%	3.97%	3.87%	3.99%	0.00%	0.00%	0.00%	0.00%

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

Monthly Statistical Summary

	PACIFIC NORTHWEST				ARIZONA			
RECEIPTS & UTILIZATION	Dec 2016	Nov 2016	Dec 2015	Nov 2015	Dec 2016	Nov 2016	Dec 2015	Nov 2015
<i>Receipts of Milk</i>								
Total Producer Milk	579,693,263	556,002,710	738,588,980	711,675,838	408,266,643	378,083,546	424,661,803	381,308,327
Receipts From Other Sources	17,476,261	18,326,125	7,400,266	7,925,266	2,560,036	4,292,832	2,841,713	6,588,815
Opening Inventory	36,301,777	32,768,777	39,672,690	43,634,578	25,238,040	20,967,076	17,690,438	23,984,419
Total To Be Accounted For	633,471,301	607,097,612	785,661,936	763,235,682	436,064,719	403,343,454	445,193,954	411,881,561
<i>Utilization of Receipts</i>								
Whole milk	41,999,966	40,321,186	38,588,294	36,925,861	26,777,009	25,463,361	27,134,610	25,259,007
Flavored milk & drinks	15,184,596	17,106,597	15,441,734	17,057,024	7,891,815	8,330,744	6,979,287	7,069,219
2% milk	57,954,694	55,222,924	59,223,753	57,010,725	29,468,139	28,259,911	31,742,202	30,021,939
1% milk	23,073,067	23,270,731	24,912,079	24,763,770	11,899,614	12,026,170	13,446,418	13,434,367
Skim milk	14,473,547	14,098,443	16,102,497	16,093,231	6,376,297	6,318,221	7,738,514	7,662,884
Buttermilk	1,473,807	1,530,469	1,510,201	1,586,817	2/	2/	430,777	444,383
Class I dispositions in area	154,159,677	151,550,350	155,778,558	153,437,428	82,412,874	80,398,407	87,471,808	83,891,799
Class I dispositions out of area	12,099,034	11,907,314	13,853,774	12,742,540	30,125,437	29,701,200	25,178,529	25,473,101
Other Class I usage	18,216,941	17,921,098	21,912,996	22,142,948	12,810,313	14,734,003	13,800,209	10,951,569
<i>Utilization by Class</i>								
Total Class I Use	184,475,652	181,378,762	191,545,328	188,322,916	125,348,624	124,833,610	126,450,546	120,316,469
Total Class II Use	42,881,761	45,013,152	47,580,717	52,747,945	39,054,300	48,026,403	45,453,590	38,754,118
Total Class III Use	158,174,801	145,800,238	316,649,028	299,214,517	1/	1/	119,413,829	112,370,997
Total Class IV Use	247,939,087	234,905,460	229,886,863	222,950,304	271,661,795	230,483,441	153,875,989	140,439,977
Total Accounted For	633,471,301	607,097,612	785,661,936	763,235,682	436,064,719	403,343,454	445,193,954	411,881,561

	PACIFIC NORTHWEST				ARIZONA			
CLASSIFICATION OF RECEIPTS	Dec 2016	Nov 2016	Dec 2015	Nov 2015	Dec 2016	Nov 2016	Dec 2015	Nov 2015
<i>Producer milk</i>								
Class I	167,926,854	162,828,552	173,269,623	166,826,372	110,754,017	112,107,350	115,646,149	108,431,878
Class II	38,922,846	41,356,219	43,017,509	48,752,601	37,883,208	46,930,750	44,752,401	38,112,872
Class III	157,825,574	145,561,118	314,823,537	297,903,861	91,486,629	81,273,476	117,935,810	111,459,372
Class IV	215,017,989	206,256,821	207,478,311	198,193,004	168,142,789	137,771,970	146,327,443	123,304,205
<i>Other receipts</i>								
Class I	16,548,798	18,550,210	18,275,705	21,496,544	14,594,607	12,726,260	10,804,397	11,884,591
Class II	3,958,915	3,656,933	4,563,208	3,995,344	1,171,092	1/	1/	1/
Class III	1/	1/	1,825,491	1,310,656	1/	1/	1/	1/
Class IV	33,270,325	28,887,759	22,408,552	24,757,300	12,032,377	12,533,648	9,727,754	18,688,643
<i>Avg. daily producer receipts</i>	18,699,783	18,533,424	23,825,451	23,722,528	13,169,892	12,602,785	13,698,768	12,710,278
Change From Previous Year	-21.51%	-21.87%	1.85%	63.52%	-3.86%	-0.85%	3.88%	2.41%
<i>Avg. daily Class I use</i>	5,950,827	6,045,959	6,178,882	6,277,431	4,043,504	4,161,120	4,079,050	4,010,549
Change From Previous Year	-3.69%	-3.69%	-0.19%	1.18%	-0.87%	3.75%	3.56%	2.40%

1/ Restricted - Included with Class IV. 2/ Restricted - Included with Flavored milk and drinks.

USDA News

PASSING OF RETIRED MARKET ADMINISTRATOR

On January 2, 2017, retired Market Administrator Jim Burger passed away peacefully at the age of 88.

Mr. Burger first joined USDA in Washington DC after graduating with a degree in Agricultural Economics from the University of Kentucky on the G.I. Bill. He later transferred to Spokane, Washington, then again to Portland, Oregon. Prior to retiring in mid-1985, Mr. Burger served as the market administrator for the then Oregon-Washington Order (FO 124), former Puget Sound-Inland Order (FO 125), and former Southwestern Idaho-Eastern Oregon Order (FO 135). 🐾

MODELS FOR UNDERSTANDING SEASONAL CYCLES IN REGIONAL MILK PRODUCTION PER DAY

The market administrator's office recently published a paper that examines the relationship between seasonal changes in temperature and daylight hours and cycles of milk production. The study, entitled "Models for Understanding Seasonal Cycles In Regional Milk Production Per Day, Pacific Northwest Order: 2012-2015" uses Ordinary Least Squares and Generalized Least Squares to model and understand relationships between temperature and daylight hours and seasonal cycles in milk production.

The data represent a balanced panel of 467 producers associated with the Pacific Northwest Federal Milk Marketing Order during the 48 month period between January 2012 and December 2015. Model variables include: regional monthly average daylight hours; regional monthly average temperatures; lagged production per day; and dummy variables for region, year, and individual farm fixed effects.

The study is available in the "Staff Papers" section of the market administrator's website, www.fmmaseattle.com, or via <http://www.fmmaseattle.com/statistics/ProductionPerDayAnalysis2012-15.pdf>. Please contact John Mykrantz at jmykrantz@fmmaseattle.com or 425-487-5612, if you have any questions. 🐾

USDA TO MEASURE FINANCIAL WELL-BEING OF THE DAIRY SECTOR

Beginning in January, representatives of the U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS) will visit dairy farms across the nation, as the agency begins collecting data for the final phase of the 2016 Agricultural Resource Management Survey (ARMS).

ARMS is a joint effort between NASS and USDA's Economic Research Service (ERS). The survey is an annual program that gathers in-depth information on production practices, costs, and financial well-being of American farm families. ARMS targets select commodities on a rotational basis. This year, the survey places additional focus on corn, and conventional and organic dairy sectors. The last time ARMS focused on the dairy sector was in 2010 and focused only on the conventional dairy sector. This will be the first time ARMS will include additional focus on the organic dairy production.

All dairy farmers selected to participate in the 2016 ARMS will be notified by a mailed postcard. After that, trained enumerators will make appointments and visit the participating farms to gather the information through personal interviews. These visits will begin in late January and will continue through early April.

Once all data are in, NASS and ERS will review and analyze the data. NASS plans on publishing its summarized data in the *Farm Production Expenditures* report on August 3, 2017. ERS plans on putting out a report focusing on the ARMS dairy data in late 2017. 🐾

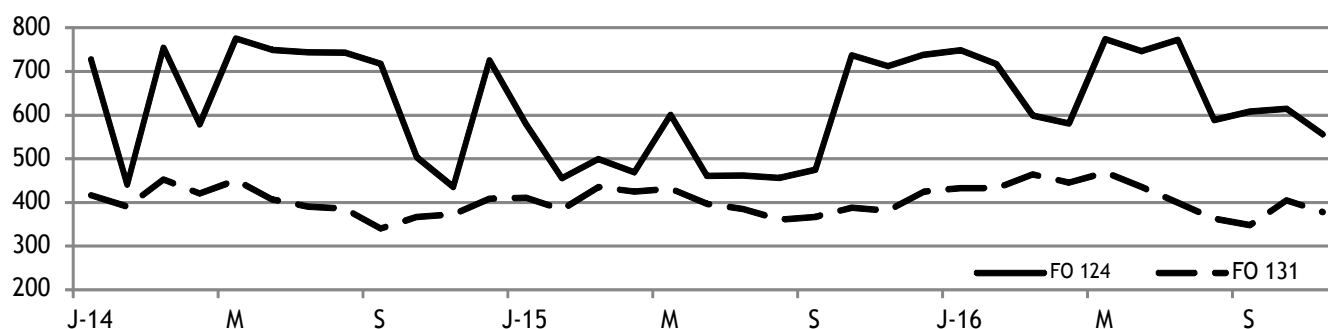
Source: USDA. National Agricultural Statistics Service. "News Release" issued December 21, 2016.

Number of Producers and Pounds of Milk: November 2016

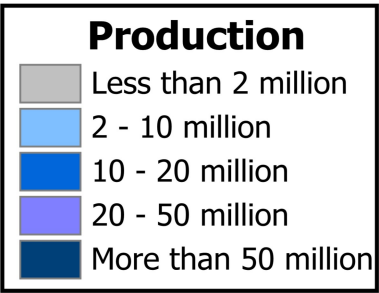
State	County 1/	Producers	Milk	State	County 1/	Producers	Milk
ARIZONA ORDER				PACIFIC NORTHWEST ORDER (CONTINUED)			
<i>Arizona</i>				<i>Washington</i>			
	Maricopa	48	208,702,549		Adams	8	19,472,814
	Pinal	23	139,275,467		Clark	6	6,420,023
	Restricted 2/	6	20,048,560		Franklin	6	16,561,431
	Total Arizona	77	368,026,576		Grant	20	53,848,086
<i>California</i>					Grays Harbor	9	4,361,633
	Restricted 3/	11	10,056,970		King	21	12,080,168
	Total Arizona Order	88	378,083,546		Klickitat	3	1,615,731
PACIFIC NORTHWEST ORDER					Lewis	27	9,892,808
<i>Idaho</i>					Pacific	8	2,123,007
	Restricted	4/	4/		Skagit	30	21,353,147
<i>Oregon</i>					Snohomish	21	18,835,715
	Benton	4	3,057,221		Spokane	5	1,241,284
	Clackamas	6	737,935		Stevens	7	1,014,113
	Coos	10	5,152,770		Thurston	9	10,144,748
	Klamath	4	4,607,963		Whatcom	97	76,940,126
	Lane	3	4,395,922		Yakima	63	216,956,631
	Linn	6	3,252,384		Restricted 6/	11	6,763,270
	Marion	25	24,302,093		Total Washington	351	479,624,735
	Polk	4	10,120,361		Total Pacific Northwest Order	444	556,002,710
	Tillamook	6	946,373				
	Umatilla	3	4,458,942		Total for Both Orders	532	934,086,256
	Washington	9	3,934,753				
	Yamhill	6	9,860,903				
	Restricted 5/	7	1,550,355				
	Total Oregon	93	76,377,975				

1/ Restricted Counties Identified in Footnotes 2-6.
 2/ Cochise, Greenlee, La Paz & Yuma, AZ.
 3/ Imperial, Riverside & San Bernardino, CA.
 4/ Idaho included with Washington's restricted counties.
 5/ Columbia, Deschutes, Jackson & Josephine, OR.
 6/ Benton, Clallam, Cowlitz, Island, Jefferson, Kittitas, Pierce & Wahkiakum, WA, & Latah, ID.

Pacific Northwest (FO 124) and Arizona (FO 131) Producer Milk Pooled
 January 2014 - November 2016 (million pounds)



Pounds of Producer Milk by County: November 2016



Federal Order Statistics for December 2016

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)	2,267.5	785.0	34.62%	\$20.13	\$17.68
Appalachian (FO 5)	484.3	346.4	71.53%	\$20.28	\$19.34
Florida (FO 6)	234.8	195.5	83.24%	\$22.28	\$21.64
Southeast (FO 7)	467.5	334.9	71.64%	\$20.68	\$19.78
Upper Midwest (FO 30)	2,109.2	305.9	14.50%	\$18.68	\$17.21
Central (FO 32)	1,051.8	433.2	41.18%	\$18.88	\$16.87
Mideast (FO 33)	1,540.1	569.6	36.98%	\$18.88	\$16.79
Pacific Northwest (FO 124)	579.7	167.9	28.97%	\$18.78	\$16.37
Southwest (FO 126)	606.5	374.0	61.66%	\$19.88	\$17.65
Arizona (FO 131)	408.3	110.8	27.13%	\$19.23	\$16.80

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



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