

Pacific Northwest & Arizona-Las Vegas Marketing Areas



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MARKET SUMMARIES FOR FEBRUARY 2005

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

Pacific Northwest

Producers delivered a total of 383.0 million pounds of milk to the market during February. Comparisons to the previous month are affected by eligible milk not pooled in January 2005 and February 2005. Daily deliveries averaged 13.7 million pounds, down 28.0 percent from January. An estimated 674 producers delivered milk to the market during the month. Daily deliveries per producer averaged 20,296 pounds, down 7.6 percent from January.

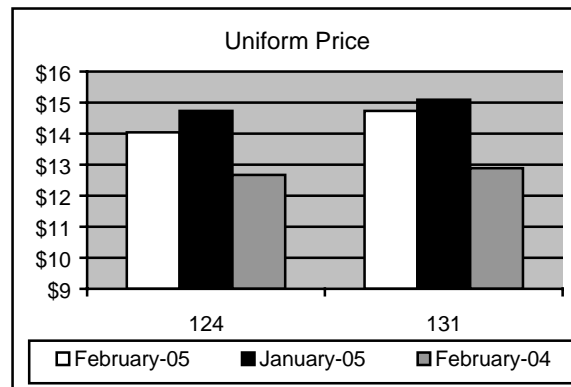
Class I producer milk during February totaled 159.8 million pounds, 41.7 percent of total producer receipts. Daily usage averaged 5.7 million pounds, down 7.4 percent from January.

Arizona-Las Vegas

Producers delivered a total of 232.6 million pounds of milk to the market during

February. Daily deliveries averaged 8.3 million pounds, up 2.3 percent from January. An estimated 89 producers delivered milk to the market during the month. Daily deliveries per producer averaged 93,357 pounds, up 2.3 percent from January.

Class I producer milk during February totaled 78.6 million pounds, 33.9 percent of total producer receipts. Daily usage averaged 2.8 million pounds, up 4.5 percent from January. ♦



Federal Order Producer Prices and Component Levels: February 2005

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	14.04	14.73	Butterfat	3.664	3.641
Butterfat 2/	1.7754	1.7755	Protein	3.056	N/A
Protein 2/	2.6613	N/A	Other Solids	5.709	N/A
Other Solids 2/	0.0915	N/A	Nonfat Solids	8.765	N/A
PPD 1/*	(0.66)	N/A			
Skim 1/	N/A	8.82			

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

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FEBRUARY 2005 CLASS PRICES

February 2005 non-advanced Class Prices were calculated using NASS commodity price surveys from February 5, 12, 19, and 26, 2005. Component prices for the month are \$2.6613 per pound of protein, \$1.7754 per pound of butterfat, \$0.0915 per pound of other solids, and \$0.7514 per pound of nonfat solids.

February 2005 Class III and IV prices at 3.5% butterfat are \$14.70 and \$12.74 per hundredweight, respectively. The February Class III price compared to January is up \$0.56. The Class III price is \$2.81 higher than February 2004. The Class III price at 3.67% butterfat is \$5.09 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.7824 per pound. Class I skim and butterfat and Class II skim prices for February 2005 were announced on January 21, 2005. The Class II price at 3.5% butterfat is \$13.36 for February 2005 .

FINAL: NASS COMMODITY PRICES

	<u>January</u>	<u>February</u>	<u>Change</u>
Cheese*	\$1.5165	\$1.5711	\$0.0546
Butter	\$1.5592	\$1.5945	\$0.0353
Nonfat Dry Milk	\$0.8906	\$0.8990	\$0.0084
Whey	\$0.2463	\$0.2478	\$0.0015

* 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 prices received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 7.67 cents between the February 12 and the March 12 surveys, to \$1.5326 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 10.24 cents to \$1.5085 per pound.

The NASS butter price showed a net decrease of 5.22 cents between the weeks ending February 12 and March 12 from \$1.5947 per pound to \$1.5425 per pound.

The NASS nonfat dry milk showed a net increase of 1.38 cent since mid-February to \$0.9095 per pound. The average price for NASS whey showed a net decrease of 0.26 cent since mid-February to \$0.2465 per pound. ♦

APRIL'S CLASS I PRICE ANNOUNCEMENT

On March 18, the April 2005 Class I price was announced at \$16.03 for the Pacific Northwest Order, and \$16.48 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of March 5 and 12.

The April Class III and IV advance skim prices are \$8.35 and \$6.84 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 2.99 cents from \$1.7658 to \$1.7359 per pound.

The April 2005 Class II skim and nonfat solids prices were also announced on March 18. The skim price is \$7.54 per hundredweight, and the nonfat solids price is \$0.8378 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	<u>March</u>	<u>April</u>	<u>Change</u>
Cheese*	\$1.6482	\$1.5140	-\$0.1342
Butter	\$1.5865	\$1.5616	-\$0.0249
Nonfat Dry Milk	\$0.8964	\$0.9073	\$0.0109
Whey	\$0.2479	\$0.2485	\$0.0006

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

**SECRETARY OF AGRICULTURE
MIKE JOHANNIS**

Mike Johannis was sworn in as the 28th Secretary of the U.S. Department of Agriculture (USDA) on January 21, 2005.

Secretary Johannis' strong agricultural roots stretch back to his childhood. He was born in Iowa and grew up doing chores on his family's dairy farm. As the son of a dairy farmer, he developed a deep respect for the land and the people who work it. He still describes himself as "a farmer's son with an intense passion for agriculture."

That passion showed during Johannis' tenure as Nebraska's 38th governor. During his six years in office, Johannis was a strong advocate for rural communities and farmers and ranchers. He enacted a Value-Added Agriculture Initiative, signed into law the "Agricultural Opportunities and Value-Added Partnership Act," supported the development of a hydroponic produce facility, and signed legislation that focused financial resources on providing transferable, nonrefundable gas tax

credits for the production of ethanol. He also led eight delegations of Nebraska government, business, and agriculture leaders on trade missions to foreign countries including Japan, Taiwan, China, Hong Kong, Australia, Korea, Singapore, Malaysia, Brazil and Chile.

Johanns served as chairman of the Governors' Biotechnology Partnership and as the state government representative on the advisory committee to the Export-Import Bank of the United States. As a member of both the National Governors' Association and the Western Governors' Association, Johanns concentrated on issues important to agriculture, including drought relief, ethanol, and the 2002 Farm Bill.

Secretary Johanns is a graduate of St. Mary's University of Minnesota in Winona. He earned a law degree from Creighton University in Omaha and practiced law in O'Neill and Lincoln, Nebraska. Johanns served on the Lancaster County Board from 1983-1987, and on the Lincoln City Council 1989-1991. He was elected mayor of Lincoln in 1991. He was reelected in 1995, and successfully ran for governor three years later. ♦

**USDA ANNOUNCES INTERIM ORDER
TO AMEND THE ARIZONA-LAS VEGAS
MILK ORDER**

On March 1, 2005, the U. S. Department of Agriculture issued an interim order amending a pooling provision of the Arizona-Las Vegas Federal milk marketing order.

The interim order was approved by Arizona-Las Vegas dairy farmers. This interim order implements a provision that eliminates the ability to simultaneously pool milk on the Arizona-Las Vegas milk order when the same milk is already pooled on a state-operated milk order that has marketwide pooling.

The interim amendment will become effective on April 1, 2005. As announced on January 3, exceptions are due on April 1, 2005. USDA will consider the exceptions and issue a final decision.

For additional information about the decision contact this office. ♦

**USDA SETS HEARING ON PROPOSED
AMENDMENTS TO MIDEAST MILK ORDER**

On February 17, 2005, the U. S. Department of Agriculture announced a public hearing to consider proposals to amend the Mideast Federal milk marketing order. The hearing began at 8:30 a.m. on Monday, March 7, 2005, at the Shisler Conference Center, Ohio Agricultural Research and Development Center, 1625 Wilson Road, Wooster, Ohio 44691.

The hearing considered proposals that would: eliminate the ability of the same milk to be simultaneously pooled on the Mideast order and on a state-operated order with marketwide pooling; modify supply plant performance standards and diversion limits; modify the number of days a dairy farmer's milk production must be delivered to a pool plant for the milk of the dairy farmer to be eligible for diversion; limit the pooling of milk that was not pooled in prior months; establish a "dairy farmer for other markets" provision; establish a transportation credits provision; and amend the producer-handler definition (see also article below).

The hearing notice was published as a proposed rule in the February 17th Federal Register. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The hearing notice is available on AMS' web site, at: www.ams.usda.gov/dairy. ♦

**USDA AMENDS HEARING ON PROPOSED
AMENDMENTS TO MIDEAST MILK ORDER**

On March 2, 2005, the U.S. Department of Agriculture announced that a public hearing being held to consider proposals to amend the Mideast Federal milk marketing order would no longer be hearing proposals regarding the producer-handler provision.

Kenneth C. Clayton, acting administrator of USDA's Agricultural Marketing Service, said that due to unforeseen circumstances, the portion of the hearing notice published in the Federal Register (70 FR 8043) regarding the producer-handler provision will be heard at a future date. The hearing notice withdrawal was published as a proposed rule in the March 3, 2005, issue of the Federal Register. Copies of the hearing notice

withdrawal may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Ave., SW, Washington, D.C. 20250-0231. The original hearing notice and the withdrawal are available on AMS' Web site, at: www.ams.usda.gov/dairy. ♦

IN-AREA DISPOSITION OF FLUID MILK PRODUCTS: JANUARY THROUGH DECEMBER 2004

In-area route disposition of fluid milk products is the amount of fluid milk products, from all sources, consumed in the selected marketing area. The tables below show in-area route disposition and the change from a year-ago for the Pacific Northwest and Arizona-Las Vegas Orders.

The Pacific Northwest and Arizona-Las Vegas Orders both showed decreases in total in-area route disposition in 2004 compared to 2003.

In the Arizona Las Vegas Order, the historic trend of increasing lowfat milk products consumption and decreasing whole milk products consumption was evident between 2003 and 2004. This same trend was not evident on the Pacific Northwest Order. ♦

In-Area Route Disposition 1/ Pacific Northwest Order (FO124) January through December 2003 vs. 2004

	2003	2004	Change
Whole Milk Products - million pounds -			
Whole	389.8	399.5	2.49%
Flavored	26.2	20.9	-20.23%
Total Whole Milk 2/	415.9	420.4	1.08%
Low-fat Milk Products			
2%	929.1	911.9	-1.85%
1%	319.8	327.6	2.44%
Skim	349.3	345.9	-0.97%
Flavored Low-fat	114.8	122.2	6.45%
Buttermilk & Other 3/	30.5	30.4	-0.33%
Total Low-fat Milk 2/	1,743.5	1,738.0	-0.32%
Combined Total 2/	2,159.5	2,158.3	-0.06%

* See footnotes below In-Area route Disposition, Arizona-Las Vegas Order's (FO131) table.

In-Area Route Disposition 1/ Arizona-Las Vegas Order (FO131) January through December 2003 vs. 2004

	2003	2004	Change
Whole Milk Products - million pounds -			
Whole	439.6	404.5	-7.98%
Flavored	23.9	20.3	-15.06%
Total Whole Milk 2/	463.6	424.9	-8.35%
Low-fat Milk Products			
2%	471.5	482.6	2.35%
1%	137.0	142.7	4.16%
Skim	159.9	165.9	3.75%
Flavored Low-fat	55.3	58.9	6.51%
Buttermilk & Other 3/	15.6	15.8	1.28%
Total Low-fat Milk 2/	839.3	865.9	3.17%
Combined Total 2/	1,302.8	1,290.7	-0.93%

1/ Based on total in-area route disposition by handlers, handlers regulated by other Federal orders, partially regulated handlers, and producer-handlers. 2/ May not add due to rounding. 3/ Includes eggnog and small amounts of miscellaneous products.

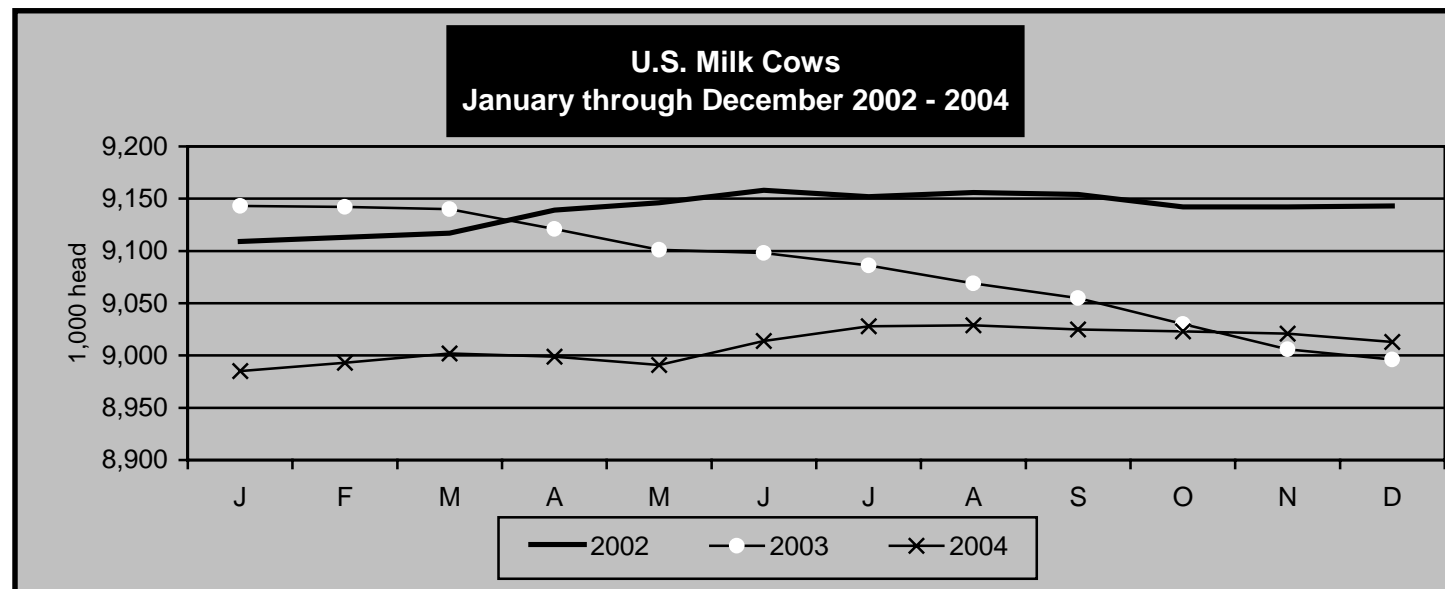
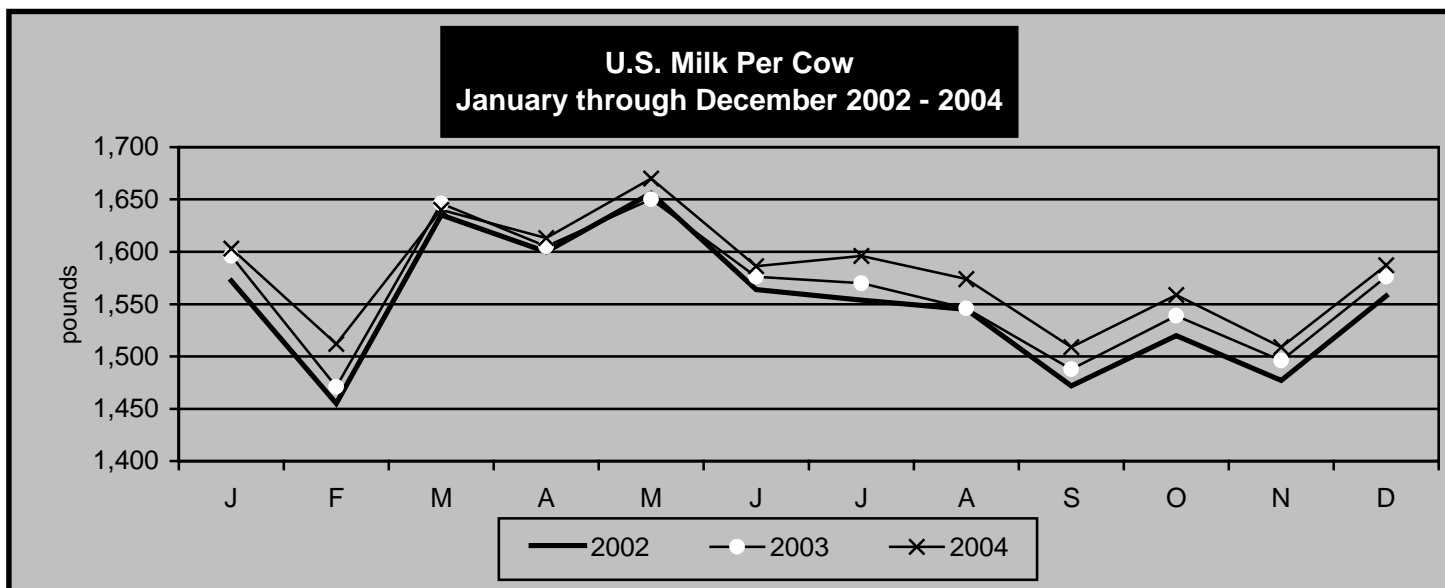
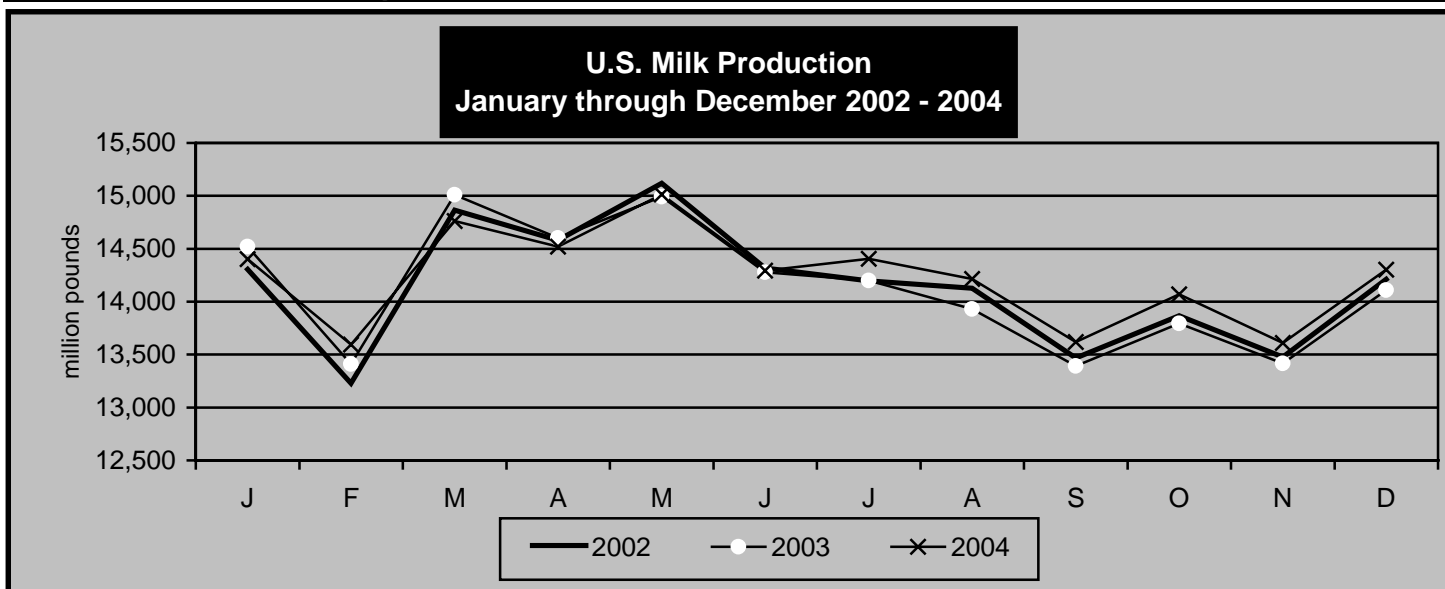
2004 MILK PRODUCTION

Milk production for 2004 was up 0.2 percent for the U.S. and up 0.6 percent for the top 23 states compared with 2003. U.S. milk production for 2004 equaled 170,805 million pounds, 411 million pounds more than the previous year. The table below shows data for 2004 for the selected states with comparisons to year-ago levels. The graphs on page 5 shows milk production, milk cows, and milk per cow for the United States on a monthly basis for 2002 through 2004. ♦

Milk Production 2003-04

	2003	2004 1/	% Change
- - million pounds - -			
Arizona	3,552	3,646	2.65%
California	35,437	36,465	2.90%
Idaho	8,774	9,093	3.64%
Minnesota	8,258	8,102	-1.89%
New Mexico	6,666	6,710	0.66%
New York	11,952	11,650	-2.53%
Oregon	2,177	2,270	4.27%
Washington	5,581	5,416	-2.96%
Wisconsin	22,266	22,085	-0.81%
23 States	154,455	155,404	0.61%
U.S.	170,394	170,805	0.24%

Source: National Agricultural Statistics Service.



MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA-LAS VEGAS			
	Feb 2005	Jan 2005	Feb 2004	Jan 2004	Feb 2005	Jan 2005	Feb 2004	Jan 2004
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt.)	\$15.69	\$18.55	\$13.49	\$13.75	\$16.14	\$19.00	\$13.94	\$14.20
Class II Milk (\$/cwt.)	13.36	13.04	12.90	11.67	13.36	13.04	12.90	11.67
Class III Milk (\$/cwt.)	14.70	14.14	11.89	11.61	14.70	14.14	11.89	11.61
Class IV Milk (\$/cwt.)	12.74	12.52	12.21	10.97	12.74	12.52	12.21	10.97
Producer Prices								
Producer Price Differential (\$/cwt.)	\$(0.66)	\$ 0.59	\$ 0.78	\$ 0.46	+	+	+	+
Butterfat (\$/pound)	1.7754	1.7330	1.8518	1.4978	+	+	+	+
Protein (\$/pound)	2.6613	2.5300	1.7911	2.0875	+	+	+	+
Other Solids (\$/pound)	0.0915	0.0899	0.0090	0.0217	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	8.82	9.12	6.84	7.49
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.7755	1.7977	1.7983	1.4737
Statistical Uniform Price (\$/cwt.) . .	\$14.04	\$14.73	\$12.67	\$12.07	\$14.73	\$15.09	\$12.89	\$12.39
Producer Data								
Number of Producers	674 *	865	863	881	89 *	89	101	100
Avg. Daily Production (lbs.)	20,296 *	21,967	23,204	22,488	93,357 *	91,238	87,125	85,001
Number of Handlers								
Pool Handlers	26	28	27	28	6	5	6	6
Producer-Handlers	9 *	9	7	7	3 *	3	2	2
Other Plants w/ Class I Use	22 *	22	21	19	29 *	30	30	34
Producer Milk Ratios								
Class I	41.72%	32.43%	28.34%	30.15%	33.85%	33.16%	31.41%	32.19%
Class II	7.83%	5.97%	5.91%	5.98%	9.32%	10.73%	8.24%	6.66%
Class III	2.79%	29.57%	34.83%	34.33%	38.11%	33.42%	35.35%	36.97%
Class IV	47.66%	32.03%	30.92%	29.54%	18.72%	22.69%	25.00%	24.18%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	Jan 2005	Dec 2004	Jan 2004	Dec 2003	Jan 2005	Dec 2004	Jan 2004	Dec 2003
Producer-Handler Data								
Production	29,752,738	26,760,627	20,571,339	21,122,709	R	R	R	R
Class I Use	22,232,587	21,995,660	16,632,801	17,974,268	R	R	R	R
% Class I Use	74.72%	82.19%	80.85%	85.09%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	169,895,903	167,632,833	167,924,414	165,818,938	81,355,944	80,038,585	79,921,933	80,157,386
By Producer-Handlers	15,876,029	16,551,683	15,924,395	16,697,322	1/	1/	1/	1/
By Other Plants	3,128,200 *	3,939,427	2,932,417	2,583,463	27,799,794 *	27,641,945	33,514,703	33,384,880
Total	188,900,132	188,123,943	186,781,226	185,099,723	109,155,738	107,680,530	113,436,636	113,542,266

* Preliminary. R = Restricted. Not included. 1/ Restricted. Included with other plants.

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA-LAS VEGAS			
	Feb 2005	Jan 2005	Feb 2004	Jan 2004	Feb 2005	Jan 2005	Feb 2004	Jan 2004
TOTAL PRODUCER MILK	383,028,283	589,053,951	580,717,007	614,176,073	232,646,647	251,726,128	255,187,875	263,504,227
RECEIPTS FROM OTHER SOURCES	25,507,864	31,103,109	7,787,098	10,418,942	20,702,143	21,809,651	5,904,710	13,757,501
OPENING INVENTORY	31,274,238	32,318,691	34,419,045	31,245,895	16,935,444	16,735,461	16,090,621	13,464,277
TOTAL TO BE ACCOUNTED FOR	439,810,385	652,475,751	622,923,150	655,840,910	270,284,234	290,271,240	277,183,206	290,726,005
UTILIZATION OF RECEIPTS								
Whole milk	26,936,923	31,776,414	27,655,055	31,649,423	18,168,109	19,646,367	22,364,321	23,642,069
Flavored milk & milk drinks	10,524,625	11,723,355	9,804,352	10,017,387	5,635,007	6,418,211	6,172,338	5,963,232
2% milk	57,972,732	69,965,742	63,501,296	72,559,860	29,086,293	31,961,769	28,239,245	29,426,397
1% milk	22,098,262	26,947,572	22,656,129	25,361,985	10,467,821	11,311,856	9,817,817	9,883,496
Skim milk	23,653,187	28,245,431	24,702,780	27,061,862	10,575,058	11,452,947	10,259,532	10,432,230
Buttermilk	1,204,208	1,237,389	1,239,151	1,273,897	512,888	564,794	580,542	574,509
CLASS I ROUTE DISP. IN AREA.	142,389,937	169,895,903	149,558,763	167,924,414	74,445,176	81,355,944	77,433,795	79,921,933
Class I dispositions out of area	12,185,048	13,012,267	13,860,286	12,992,145	3,989,726	4,713,797	4,534,962	4,666,425
Other Class I usage	24,442,298	25,305,928	19,719,788	22,478,286	7,770,377	7,595,634	7,211,973	8,685,137
TOTAL CLASS I USE.	179,017,283	208,214,098	183,138,837	203,394,845	86,205,279	93,665,375	89,180,730	93,273,495
TOTAL CLASS II USE	38,953,128	42,066,767	38,875,301	43,634,177	22,396,503	27,779,272	21,587,035	18,158,172
TOTAL CLASS III USE	10,993,453	180,492,761	203,339,024	211,372,381	88,651,494	84,118,096	90,206,996	97,415,892
TOTAL CLASS IV USE	210,846,521	221,702,125	197,569,988	197,439,507	73,030,958	84,708,497	76,208,445	81,878,446
TOTAL ACCOUNTED FOR	439,810,385	652,475,751	622,923,150	655,840,910	270,284,234	290,271,240	277,183,206	290,726,005
CLASSIFICATION OF RECEIPTS								
Producer milk: Class I	159,823,142	191,023,194	164,584,925	185,087,040	78,760,655	83,478,863	80,161,566	84,832,464
Class II	29,986,949	35,142,740	34,320,400	36,758,185	21,678,850	27,001,891	21,021,272	17,539,520
Class III	10,683,480	174,207,269	202,255,008	210,874,442	88,651,494	84,118,096	90,206,996	97,415,892
Class IV	182,534,712	188,680,748	179,556,674	181,456,406	43,555,648	57,127,278	63,798,041	63,716,351
Other receipts: Class I	19,194,141	17,190,904	18,553,912	18,307,805	37,637,587	38,545,112	21,995,331	27,221,778
Class II	8,966,179	6,924,027	4,554,901	6,875,992	1/	1/	1/	1/
Class III	309,973	6,285,492	1,084,016	497,939	1/	1/	1/	1/
Class IV	28,311,809	33,021,377	18,013,314	15,983,101	1/	1/	1/	1/
Avg. daily producer receipts	13,679,582	19,001,740	20,024,724	19,812,131	8,308,809	8,120,198	8,799,582	8,500,136
Change From Previous Year	-31.69%	-4.09%	-0.68%	-0.98%	-5.58%	-4.47%	-4.19%	-3.23%
Avg. daily Class I use	6,393,474	6,716,584	6,315,132	6,561,124	3,078,760	3,021,464	3,075,198	3,008,822
Change From Previous Year	1.24%	2.37%	-3.34%	-1.37%	0.12%	0.42%	-1.56%	-2.80%

1/ Restricted - Included with Class I.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for February 2005
- February 2005 Class Prices
- Class I Price for April 2005
- Secretary of Agriculture Mike Johanns
- USDA Announces Interim Order to Amend The Arizona-Las Vegas Milk Order
- USDA Sets Hearing On Proposed Amendments to Mideast Milk Order
- In-Area Disposition of Fluid Milk Products: January Through December 2004
- 2004 Milk Production

PACKAGED FLUID MILK SALES IN FEDERAL MILK ORDER MARKETS

The Market Information Branch has released the report "Packaged Fluid Milk Sales in Federal Milk Order Markets: By Size and Type of Container and Distribution Method During November 2003". The report can be found on the Milk Marketing Order Statistics web page in the Special Reports section. The web address is: www.ams.usda.gov/dyfmom/mib/cntnr_rpt_2003.pdf.