

## Pacific Northwest & Arizona Marketing Areas



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 Market Administrator

**March 2009**

### MARKET SUMMARIES FOR FEBRUARY 2009

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

#### Pacific Northwest

Producers delivered a total of 626.9 million pounds of milk to the market during February. Daily deliveries averaged 22.4 million pounds, up 0.3 percent from January. An estimated 680 producers delivered milk to the market during the month. Daily deliveries per producer averaged 32,926 pounds, up 0.3 percent from January.

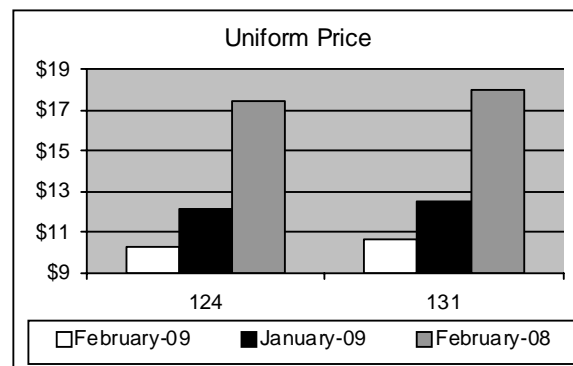
Class I producer milk during February totaled 178.9 million pounds, 28.5 percent of total producer receipts. Daily usage averaged 6.4 million pounds, up 1.4 percent from January.

#### Arizona

Producers delivered a total of 345.2 million pounds of milk to the market during February. Daily deliveries averaged 12.3 million pounds, up 4.1 percent from January. An estimated 99 producers

delivered milk to the market during the month. Daily deliveries per producer averaged 124,547 pounds, up 4.1 percent from January.

Class I producer milk during February totaled 114.7 million pounds, 33.2 percent of total producer receipts. Daily usage averaged 4.1 million pounds, up 9.5 percent from January. ♦



### Federal Order Producer Prices and Component Levels: February 2009

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	10.31	10.69	Butterfat	3.743	3.526
Butterfat 2/	1.0941	1.1031	Protein	3.132	N/A
Protein 2/	1.9139	N/A	Other Solids	5.674	N/A
Other Solids 2/	(0.0437)	N/A	Nonfat Solids	8.805	N/A
PPD 1/*	1.00	N/A			
Skim 1/	N/A	7.08			

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

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**FEBRUARY 2009 CLASS PRICES**

February 2009 non-advanced Class Prices were calculated using NASS commodity price surveys from January 31, February 7, 14 and 21, 2009. Component prices for the month are \$1.9139 per pound of protein, \$1.0941 per pound of butterfat, *negative* \$0.0437 per pound of other solids, and \$0.6472 per pound of nonfat solids.

February 2009 Class III and IV prices at 3.5% butterfat are \$9.31 and \$9.45 per hundredweight, respectively. The February Class III price compared to January is down \$1.47. The Class III price is \$7.72 lower than in February 2008.

Class II butterfat was announced at \$1.1011 per pound. Class I skim and butterfat and Class II skim prices for February 2009 were announced on January 23, 2009. The Class II price at 3.5% butterfat is \$10.25 for February 2009.

**FINAL: NASS COMMODITY PRICES**

	<u>January</u>	<u>February</u>	<u>Change</u>
Cheese*	\$1.2961	\$1.1518	-\$0.1443
Butter	\$1.0868	\$1.0750	-\$0.0118
Nonfat Dry Milk	\$0.8318	\$0.8215	-\$0.0103
Whey	\$0.1696	\$0.1567	-\$0.0129

\* 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 price received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 9.23 cents between the February 14 and the March 14 surveys, to \$1.2233 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net increase of 8.64 cents to \$1.2308 per pound.

The NASS butter price showed an increase of 4.88 cents between the weeks ending February 14 and March 14 from \$1.0793 per pound to \$1.1281 per pound.

The NASS nonfat dry milk showed a net decrease of 0.21 cents since mid-February to \$0.8156 per pound. The average price for NASS whey showed a net increase of 0.94 cents since mid-February to \$0.1649 per pound. ♦

**APRIL'S CLASS I PRICE ANNOUNCEMENT**

On March 20, the April 2009 Class I price was announced at \$12.26 for the Pacific Northwest Order and \$12.71 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of March 7 and 14.

The April Class III and IV advance skim prices are \$6.56 and \$5.77 per hundredweight, respectively. The butterfat portion of the Class I mover increased 5.82 cents from \$1.0918 to \$1.1500 per pound.

The April 2009 Class II skim and nonfat solids prices were also announced on March 20. The skim price is \$6.47 per hundredweight, and the nonfat solids price is \$0.7189 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*	\$1.1414	\$1.2545	\$0.1131
Butter	\$1.0731	\$1.1211	\$0.0480
Nonfat Dry Milk	\$0.8195	\$0.8152	-\$0.0043
Whey	\$0.1545	\$0.1632	\$0.0087

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

**WAIVER OF ADMINISTRATIVE AND MARKETING SERVICE ASSESSMENTS**

The 3.5-cent per hundredweight administrative assessment currently applicable to the Pacific Northwest and Arizona federal milk orders will be waived for the milk pooled during the months of February and March 2009. Statements issued for those months will not contain an administrative assessment charge.

The 4-cent per hundredweight deduction for marketing services under each of the above-named orders will also be waived for the milk pooled during the months of February and March 2009. This deduction is applicable to deliveries by producers who are not members of a qualified cooperative association performing marketing services. Statements issued for the milk pooled during the months of February and March 2009 will not contain a marketing service assessment charge. ♦

**USDA EXPANDS MARKET NEWS WEB PORTAL  
TO INCLUDE DAIRY**

On February 25, 2009, the U.S. Department of Agriculture announced that its Market News Portal has been expanded to include Dairy Market News. The portal, operated by USDA's Agricultural Marketing Service (AMS), significantly enhances Market News web site services. The Market News web portal provides instant, real-time access to daily and historical reports on agricultural commodity markets. The system came on line in 2005, beginning with Fruits and Vegetables and Livestock and Grain. The portal can be accessed at <http://www.marketnews.usda.gov/>.

The expanded web portal will help more businesses make marketing decisions with instant access to Market News databases. The portal makes customized current and historical data available almost instantly.

Registered users can log into the portal, access information, download it in several user-defined formats, and establish electronic bookmarks to quickly locate specific data. Users can create their own market summary charts to provide snapshots of commodity prices based on location and dates for many commodities. The portal also offers additional features, such as nationwide weather reports and metric and currency conversions. There is no cost to register.

USDA Market News reports provide timely, unbiased and reliable information to producers, shippers and handlers, manufacturers and processors, wholesale and retail marketers, market analysts and others. USDA and cooperating State agency market reporters gather information on supplies, demand, and prices of agricultural commodities.

Established in 1915, USDA Market News issues over 1000 daily reports on fruits and vegetables, livestock, dairy products, grain, poultry, and cotton. The service helps businesses make informed marketing decisions and is a primary data source for other uses – such as contract pricing, dispute resolution, and insurance settlements.

For more information about the market news portal, please contact AMS Public affairs at 202-720-8998.

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**USDA EXTENDS DEADLINE FOR INVITATION  
TO SUBMIT PROPOSALS**

On March 6, 2009, AMS Dairy Programs issued a request for additional proposals regarding the elimination of the producer-handler provision and the revision of the exempt plant provision in all Federal milk marketing orders. The request was in response to a proposal received from National Milk Producers Federation (NMPF) and International Dairy Foods Association (IDFA). The notice extended the date of submission of additional proposals to noon EDT, March 16, 2009. ◆

**USDA CONCLUDES PROCEEDING TO AMEND  
APPALACHIAN AND SOUTHEAST MILK  
MARKETING ORDERS**

On March 13, 2009, the U.S. Department of Agriculture announced a rule that concludes the rulemaking proceeding to consider proposals to amend the producer-handler provisions of the Appalachian and Southeast milk marketing orders. The proposed amendments were considered at a public hearing held at Atlanta, Georgia, in February 2004.

The rule terminates the proceeding concerning proposed amendments that would: 1) Limit the exemption for producer-handlers to those dairy farmers with less than 3 million pounds of fluid milk products sales; and 2) Allow dairy farmers to purchase supplemental supplies of milk from other sources while retaining their producer-handler status.

Other proposals considered as part of this proceeding were addressed in previously issued decisions.

The rule terminating the proceeding appears in the March 13, 2009, Federal Register.

Additional information about the rule may be obtained from market administrator offices as follows:

Appalachian: Harold H. Friedly  
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email: [friedly@malouisville.com](mailto:friedly@malouisville.com)

Florida and Southeast: Sue L. Mosley  
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### USDA ANNOUNCES PUBLIC INFORMATION SESSION TO ADDRESS PROPOSALS

On March 13, 2009, the U.S. Department of Agriculture announced that it would hold a public information session on March 20, 2009, to address proposals received to amend Federal milk marketing order producer-handler and exempt plant provisions. The session was scheduled to begin at 8:30 a.m. in Room 107-A of the USDA Whitten Building, 1400 Independence Ave., SW, Washington, DC 20250.

The purpose of the session is for interested parties to learn about the intent of proposals that were submitted to amend producer-handler and exempt plant provisions. The session would enable interested parties to better prepare testimony and evidence in support of, or in opposition to, proposals that may possibly be included in a future Notice of Hearing. The session will not become part of an official hearing record and would be conducted outside of ex-parte rules. This would allow government officials to freely discuss proposed amendments.

USDA strongly encouraged all parties who had submitted proposals to participate in the information session. Additional information regarding the session, including one-way call-in and Live Webcast information, was available at <http://www.ams.usda.gov/dairy>.

Milk Market Administrator's office also have additional information regarding the session:

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Mideast: David Z. Walker  
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### US DISTRICT COURT GRANTS SUMMARY JUDGMENT FOR CASE AGAINST USDA

On March 5, 2009, Honorable R. Gary Klausner, United States District Judge for the Central District of California, granted a Motion for Summary Judgment for a case filed against the USDA. On October 8, 2004, a group of handlers in California sued the US Secretary of Agriculture and two market administrators, including James R. Daugherty. The group sought to review the Secretary's decision to deny their request for exemption from Federal regulation after Congress granted plants operating in Clark County, Nevada, a similar exemption. The court found that the plaintiff's allegations of equal protection violations were solely at the Secretary and market administrators; however, it was Congress, not the Secretary, that created the Clark County exemption. ♦

**INCOME AND EXPENSE STATEMENT**

For Year Ending December 31, 2008

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
<b>Income</b>		
Assessments or Deductions	\$ 3,956,085	\$ 226,624
Late Payment Charges Assessed	\$ 1,181	\$ -
Interest Earned	\$ 62,502	\$ -
Miscellaneous Income	\$ -	\$ -
<b>Total Income *</b>	<u>\$ 4,019,767</u>	<u>\$ 226,624</u>
<b>Expenses</b>		
Salaries and Services	\$ 2,325,428	\$ 54,595
Travel	\$ 167,985	\$ 13,449
Communications	\$ 51,797	\$ 2,471
Employer Payroll Contributions	\$ 633,073	\$ 12,780
Insurance	\$ 7,699	\$ 158
Rent-Buildings and Equipment	\$ 326,828	\$ 7,437
Repairs and Maintenance	\$ 6,763	\$ 17,648
Supplies	\$ 50,096	\$ 38,142
Testing and Weighing	\$ 66,145	\$ 56,864
Utilities	\$ 14,870	\$ 303
Depreciation of Fixed Assets	\$ 70,176	\$ 19,257
Conferences and Meetings	\$ 16,572	\$ 790
Training	\$ 23,689	\$ 1,984
Miscellaneous	\$ 6,150	\$ 126
<b>Total Expenses *</b>	<u>\$ 3,767,273</u>	<u>\$ 226,005</u>
<b>NET INCOME *</b>	<u>\$ 252,495</u>	<u>\$ 620</u>

**BALANCE SHEET**

As of December 31, 2008

<b>ASSETS</b>	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
<b>Current Assets</b>		
Cash	\$ 2,161,500	\$ (66,940)
Investments	\$ 1,500,000	\$ -
Accounts Receivable:		
Handlers	\$ 303,556	\$ 19,117
Other	\$ 82,194	\$ 206
Accrued Interest Receivable	\$ 14,239	\$ -
<b>Other Assets</b>		
Prepaid Expenses	\$ 2,607	\$ 4,848
Deposits	\$ 5,705	\$ -
<b>Fixed Assets</b>		
Furniture and Equipment	\$ 845,845	\$ 17,262
Accumulated Depreciation	\$ (742,014)	\$ (15,143)
Laboratory Equipment	\$ 163,974	\$ 186,682
Accumulated Depreciation	\$ (73,788)	\$ (85,563)
Leasehold Improvements	\$ 209,109	\$ 4,268
Accumulated Depreciation	\$ (201,523)	\$ (4,113)
<b>TOTAL ASSETS *</b>	<u>\$ 4,271,404</u>	<u>\$ 60,624</u>
<b>LIABILITIES AND OPERATING BALANCE</b>		
<b>Current Liabilities</b>		
Accounts Payable:		
Trade Creditors	\$ 8,960	\$ 9,714
Accrued Employee Salaries Payable	\$ 80,519	\$ -
Accrued Employee Annual Leave	\$ 186,100	\$ 4,104
Payroll Contributions and Withholdings	\$ (14,253)	\$ -
<b>Operating Balance</b>	\$ 4,010,078	\$ 46,807
<b>TOTAL LIABILITIES AND OPERATING BALANCE *</b>	<u>\$ 4,271,404</u>	<u>\$ 60,624</u>

\* May not add due to rounding.

# MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA			
	Feb 2009	Jan 2009	Feb 2008	Jan 2008	Feb 2009	Jan 2009	Feb 2008	Jan 2008
<b>Minimum Class Prices (3.5% B.F.)</b>								
Class I Milk (\$/cwt.)	\$12.62	\$17.64	\$21.58	\$22.87	\$13.07	\$18.09	\$22.03	\$23.32
Class II Milk (\$/cwt.)	10.25	10.41	18.46	19.75	10.25	10.41	18.46	19.75
Class III Milk (\$/cwt.)	9.31	10.78	17.03	19.32	9.31	10.78	17.03	19.32
Class IV Milk (\$/cwt.)	9.45	9.59	14.67	16.29	9.45	9.59	14.67	16.29
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt.)	\$ 1.00	\$ 1.34	\$ 0.44	\$ 0.07	+	+	+	+
Butterfat (\$/pound)	1.0941	1.1084	1.3010	1.3319	+	+	+	+
Protein (\$/pound)	1.9139	2.3638	4.0180	4.4994	+	+	+	+
Other Solids (\$/pound)	(0.0437)	(0.0304)	0.0803	0.2097	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	7.08	8.73	13.87	15.52
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.1031	1.1618	1.3178	1.3566
Statistical Uniform Price (\$/cwt.)	\$10.31	\$12.12	\$17.47	\$19.39	\$10.69	\$12.49	\$18.00	\$19.72
<b>Producer Data</b>								
Number of Producers	680 *	680	678	674	99 *	99	96	96
Avg. Daily Production (lbs.)	32,926 *	32,827	30,866	28,021	124,547 *	119,703	121,280	114,367
<b>Number of Handlers</b>								
Pool Handlers	28	28	28	27	7	7	7	7
Producer-Handlers	6 *	6	6	6	1 *	1	1	1
Other Plants w/ Class I Use	20 *	20	22	24	23 *	23	21	22
<b>Producer Milk Ratios</b>								
Class I	28.55%	28.23%	29.94%	34.37%	33.22%	31.55%	33.74%	36.22%
Class II	6.03%	4.66%	6.35%	6.83%	7.41%	7.17%	5.97%	6.53%
Class III	41.02%	39.00%	29.17%	30.97%	26.98%	23.98%	27.42%	23.50%
Class IV	24.40%	28.11%	34.54%	27.83%	32.39%	37.30%	32.87%	33.75%

+ Not Applicable. \* Preliminary.

## MONTHLY SUPPLEMENTAL STATISTICS

	Jan 2009	Dec 2008	Jan 2008	Dec 2007	Jan 2009	Dec 2008	Jan 2008	Dec 2007
<b>Producer-Handler Data</b>								
Production	28,817,273	28,249,380	27,104,732	27,238,521	R	R	R	R
Class I Use	22,061,053	24,560,574	20,857,518	21,197,014	R	R	R	R
% Class I Use	76.55%	86.94%	76.95%	77.82%	R	R	R	R
<b>Class I Route Disposition In Area</b>								
By Pool Plants	177,713,773	180,593,725	175,786,782	173,681,018	97,438,011	98,046,056	99,735,481	95,384,943
By Producer-Handlers	7,058,887	7,493,852	5,876,917	5,900,093	1/	1/	1/	1/
By Other Plants	6,275,428 *	8,588,867	6,016,276	4,677,481	4,357,155 *	5,204,382	5,242,473	3,395,547
Total	191,048,088	196,676,444	187,679,975	184,258,592	101,795,166	103,250,438	104,977,954	98,780,490

\* 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				
	Feb 2009	Jan 2009	Feb 2008	Jan 2008	Feb 2009	Jan 2009	Feb 2008	Jan 2008	
TOTAL PRODUCER MILK	626,914,856	692,001,442	606,881,480	585,474,383	345,243,673	367,369,855	337,643,593	340,356,857	
RECEIPTS FROM OTHER SOURCES	25,668,979	34,196,130	31,681,582	35,979,105	3,027,335	2,721,119	10,353,745	21,002,299	
OPENING INVENTORY . . . . .	29,175,833	32,633,912	34,680,361	38,983,863	19,144,346	22,534,289	20,682,355	20,760,379	
<b>TOTAL TO BE ACCOUNTED FOR</b>	<b>681,759,668</b>	<b>758,831,484</b>	<b>673,243,423</b>	<b>660,437,351</b>	<b>367,415,354</b>	<b>392,625,263</b>	<b>368,679,693</b>	<b>382,119,535</b>	
<b>UTILIZATION OF RECEIPTS</b>									
Whole milk . . . . .	29,836,349	33,514,028	29,404,473	31,844,627	23,391,417	24,752,038	24,515,062	26,293,378	
Flavored milk & milk drinks . . . . .	12,917,632	13,436,256	12,290,729	12,013,416	6,360,501	6,896,317	6,444,707	6,563,452	
2% milk . . . . .	64,316,746	72,389,312	64,555,169	71,318,565	35,447,801	37,319,803	35,860,718	38,124,645	
1% milk . . . . .	25,294,295	27,898,904	26,745,956	29,029,512	13,617,680	14,284,501	13,591,209	14,288,313	
Skim milk . . . . .	26,420,322	29,203,069	26,960,301	30,199,478	13,163,383	13,717,293	13,601,073	13,939,639	
Buttermilk . . . . .	1,226,239	1,272,204	1,321,210	1,381,184	451,240	468,059	472,622	526,054	
CLASS I ROUTE DISP. IN AREA. . . . .	160,011,583	177,713,773	161,277,838	175,786,782	92,432,022	97,438,011	94,485,391	99,735,481	
Class I dispositions out of area . . . . .	16,588,708	19,236,237	18,241,171	20,455,526	21,032,144	22,120,057	20,909,318	21,775,918	
Other Class I usage . . . . .	17,028,221	14,336,412	20,292,521	21,322,397	9,667,435	9,095,187	10,699,013	12,240,661	
TOTAL CLASS I USE. . . . .	193,628,512	211,286,422	199,811,530	217,564,705	123,131,601	128,653,255	126,093,722	133,752,060	
TOTAL CLASS II USE . . . . .	45,307,043	39,584,280	45,516,271	46,162,913	26,276,862	26,989,878	20,977,490	23,027,269	
TOTAL CLASS III USE . . . . .	264,227,584	279,259,738	182,779,267	186,861,472	93,957,394	88,095,327	92,571,021	79,994,692	
TOTAL CLASS IV USE . . . . .	178,596,529	228,701,044	245,136,355	209,848,261	124,049,497	148,886,803	129,037,460	145,345,514	
<b>TOTAL ACCOUNTED FOR . . . . .</b>	<b>681,759,668</b>	<b>758,831,484</b>	<b>673,243,423</b>	<b>660,437,351</b>	<b>367,415,354</b>	<b>392,625,263</b>	<b>368,679,693</b>	<b>382,119,535</b>	
<b>CLASSIFICATION OF RECEIPTS</b>									
Producer milk:	Class I . . . . .	178,946,316	195,360,099	181,665,646	201,217,820	114,653,357	115,922,511	113,960,978	123,263,156
	Class II . . . . .	37,817,702	32,233,155	38,557,903	39,965,706	25,596,843	26,336,436	20,142,442	22,221,646
	Class III . . . . .	257,182,711	269,908,722	177,043,146	181,339,658	93,154,812	88,095,327	92,571,021	79,994,692
	Class IV . . . . .	152,968,127	194,499,466	209,614,785	162,951,199	111,838,661	137,015,581	110,969,152	114,877,363
Other receipts:	Class I . . . . .	14,682,196	15,926,323	18,145,884	16,346,885	22,171,681	25,255,408	31,036,100	41,762,678
	Class II . . . . .	7,489,341	7,351,125	6,958,368	6,197,207	1/	1/	1/	1/
	Class III . . . . .	7,044,873	9,351,016	5,736,121	5,521,814	1/	1/	1/	1/
	Class IV . . . . .	25,628,402	34,201,578	35,521,570	46,897,062	1/	1/	1/	1/
Avg. daily producer receipts . . . . .		22,389,816	22,322,627	20,926,948	18,886,270	12,330,131	11,850,640	11,642,883	10,979,253
Change From Previous Year . . . . .		6.99%	18.19%	0.54%	-7.30%	5.90%	7.94%	8.42%	7.73%
Avg. daily Class I use . . . . .		6,915,304	6,815,691	6,890,053	7,018,216	4,397,557	4,150,105	4,348,059	4,314,583
Change From Previous Year . . . . .		0.37%	-2.89%	1.37%	2.00%	1.14%	-3.81%	-0.65%	-1.22%

1/ Restricted - Included with Class I.

**HIGHLIGHTS THIS ISSUE:**

- Market Summaries for February 2009
- February 2009 Class Prices
- Class I Price for April 2009
- Waiver of Assessments
- USDA Expands Market News Web Portal to Include Dairy
- USDA Extends Deadline for Invitation to Submit Proposals
- USDA Concludes Appalachian and Southeast Milk Marketing Orders Proceeding
- USDA Announces Public Information Session to Address Proposals
- US District Court Grants Summary Judgment for Case Against USDA
- 2008 Year End Financial Statements of the Market Administrator's Office

**YEAR END FINANCIAL STATEMENTS OF THE MARKET ADMINISTRATOR'S OFFICE**

The financial statements for the Administrative and Marketing Services Funds of the Pacific Northwest and Arizona Federal milk market orders for the calendar year ending December 31, 2008, can be found on page 5. The two orders require that the market administrator conduct a marketing service program for producers who are not members of a qualified cooperative association which performs comparable services. The primary functions of the marketing service programs involve the sampling and testing of milk, and providing marketing information to producers. The principal source of income for these programs is the marketing service deduction which is applicable to all producers for whom the services are provided. ♦