



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk and Dairy Products

Pacific Northwest and Arizona Marketing Areas

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Data for February 2018

MARKET SUMMARIES FOR FEBRUARY

Pacific Northwest (FO 124)

Producers delivered a total of 676.6 million pounds of milk to the market during February. Daily deliveries averaged 24.2 million pounds, up 0.9 percent from January. An estimated 534 producers delivered milk to the market during the month. Daily deliveries per producer averaged 45,521 pounds, up 0.9 percent from January.

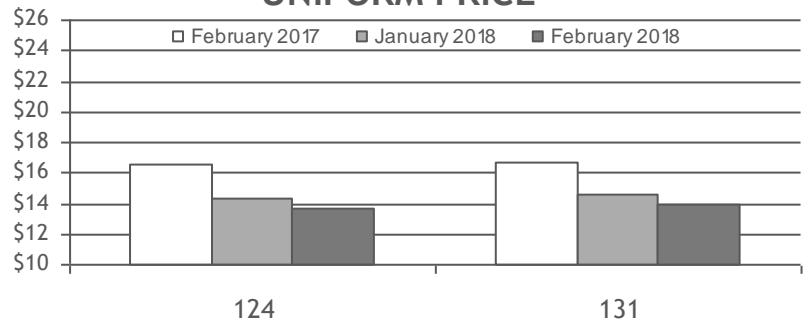
Class I producer milk during February totaled 142.2 million pounds, 21.0 percent of total producer receipts. Daily usage averaged 5.1 million pounds, down 3.5 percent from January. ▼

Arizona (FO 131)

Producers delivered a total of 428.2 million pounds of milk to the market during February. Daily deliveries averaged 15.3 million pounds, down 1.6 percent from January. An estimated 86 producers delivered milk to the market during the month. Daily deliveries per producer averaged 177,838 pounds, up 1.8 percent from January.

Class I producer milk during February totaled 101.5 million pounds, 23.7 percent of total producer receipts. Daily usage averaged 3.6 million pounds, down 2.6 percent from January. ▼

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	Jan	Feb	Jan	Feb
Uniform Price (at 3.5%)	\$14.32	\$13.66	\$14.56	\$13.91
Uniform Price (at test)	\$16.54	\$15.72	\$15.05	\$14.34
PPD	\$0.32	\$0.26		
Butterfat	\$2.4531	\$2.3490		n/a
Protein	\$1.6612	\$1.6265		
Other Solids	\$0.0787	\$0.0550		
Uniform Skim			\$6.16	\$5.80
Uniform Butterfat		n/a	\$2.4629	\$2.3740
Butterfat	4.174%	4.160%	3.702%	3.690%
Protein	3.327%	3.303%		
Other Solids	5.754%	5.741%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ California FMMO Decision Ratified
- ✓ Examining Consolidation in U.S. Agriculture

Federal Order Price Summaries

FINAL CLASS PRICES

The February 2018 Final Class Prices were calculated using AMS commodity price surveys from February 3, 10, 17, and 24, 2018. 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
Jan 2018	\$17.34	\$17.79	\$14.11	\$14.00	\$13.13	\$2.4531	\$1.6612	\$0.0787	\$0.5235
Feb 2018	\$16.15	\$16.60	\$13.44	\$13.40	\$12.87	\$2.3490	\$1.6265	\$0.0550	\$0.5352
Change	(\$1.19)	(\$1.19)	(\$0.67)	(\$0.60)	(\$0.26)	(\$0.1041)	(\$0.0347)	(\$0.0237)	\$0.0117

ADVANCED CLASS I PRICE

The April 2018 Advanced Price was calculated using AMS commodity price surveys from March 10 and 17, 2018. 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
Mar 2018	\$2.3334	\$5.38	\$4.85	\$5.38	\$13.36	\$15.26	\$15.71	\$5.55	\$0.6167
Apr 2018	\$2.4251	\$5.82	\$4.71	\$5.82	\$14.10	\$16.00	\$16.45	\$5.41	\$0.6011
Change	\$0.0917	\$0.44	(\$0.14)	\$0.44	\$0.74	\$0.74	\$0.74	(\$0.14)	(\$0.0156)

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	January	February	Change
Cheese	\$1.5175	\$1.4727	(\$0.0448)
Butter	\$2.1972	\$2.1112	(\$0.0860)
Nonfat Dry Milk	\$0.6966	\$0.7084	\$0.0118
Whey	\$0.2755	\$0.2525	(\$0.0230)

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	March	April	Change
Cheese	\$1.4694	\$1.5468	\$0.0774
Butter	\$2.0983	\$2.1741	\$0.0758
Nonfat Dry Milk	\$0.7123	\$0.6964	(\$0.0159)
Whey	\$0.2516	\$0.2467	(\$0.0049)

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed an increase in prices received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed an increase of 4.21 cents between the February 17 and the March 17 surveys, to \$1.5687 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed an increase of 12.84 cents to \$1.5155 per pound.

The AMS butter price showed a net increase of 9.97 cents between the weeks ending February 17 and March 17 from \$2.0694 per pound to \$2.1691 per pound. The AMS nonfat dry milk showed a net decrease of 2.32 cents since mid-February to \$0.6884 per pound. The average price for AMS whey showed a net decrease of 0.98 cents since mid-February to \$0.2406 per pound.

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Feb 2018	Jan 2018	Feb 2017	Jan 2017	Feb 2018	Jan 2018	Feb 2017	Jan 2017
Producer Prices								
Producer Price Differential (\$/cwt)	\$0.26	\$0.32	(\$0.30)	\$0.26	+	+	+	+
Butterfat (\$/pound)	2.3490	2.4531	2.4274	2.5253	+	+	+	+
Protein (\$/pound)	1.6265	1.6612	2.2348	2.1768	+	+	+	+
Other Solids (\$/pound)	0.0550	0.0787	0.2990	0.2503	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$5.80	\$6.16	\$8.47	\$8.90
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.3740	2.4629	2.4458	2.5048
Statistical Uniform Price (\$/cwt)	\$13.66	\$14.32	\$16.58	\$17.03	\$13.91	\$14.56	\$16.73	\$17.36
Producer Data								
Number of Producers	534	534	446	446	86	89	89	90
Avg. Daily Production (pounds)	45,251	44,842	44,174	43,685	177,838	174,681	157,386	164,991
Producer Milk Ratios								
Class I	21.01%	21.97%	26.82%	27.89%	23.69%	23.93%	25.54%	24.85%
Class II	6.14%	6.03%	7.22%	7.39%	7.48%	8.22%	9.12%	8.85%
Class III	41.45%	40.81%	30.42%	29.39%	22.91%	26.89%	14.77%	25.60%
Class IV	31.40%	31.19%	35.54%	35.33%	45.92%	40.96%	50.57%	40.70%
Market Shrinkage								
Pounds	7,043,180	8,624,624	8,605,623	12,229,981	1,793,841	2,398,775	1,776,355	3,173,143
% of Producer Milk	1.04%	1.16%	1.56%	2.02%	0.42%	0.50%	0.45%	0.69%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jan 2018	Dec 2017	Jan 2017	Dec 2016	Jan 2018	Dec 2017	Jan 2017	Dec 2016
Number of Handlers								
Pool Handlers	24	22	23	23	8	8	8	8
<i>Distributing Plants</i>	11	11	12	12	6	6	6	6
<i>Supply Plants 1/</i>	7	5	4	4	1	1	1	1
<i>Cooperatives</i>	6	6	7	7	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	23	23	21	20	24	23	23	23
Class I Route Disposition In Area								
By Pool Plants	146,045,502	145,660,110	152,281,876	154,159,677	83,402,954	82,354,528	81,819,674	82,412,874
By Producer-Handlers	6,413,777	6,287,882	7,067,159	7,227,561	0	0	0	0
By Other Plants	13,550,072	12,985,409	13,654,008	12,562,384	9,840,012	8,351,494	8,867,771	8,284,298
Total	166,009,351	164,933,401	173,003,043	173,949,622	93,242,966	90,706,022	90,687,445	90,697,172
Producer-Handler Data								
% Class I Use	54.69%	50.64%	60.73%	59.65%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.86%	3.81%	4.08%	4.15%	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			
	Feb 2018	Jan 2018	Feb 2017	Jan 2017	Feb 2018	Jan 2018	Feb 2017	Jan 2017
Receipts of Milk								
Total Producer Milk	676,597,124	742,308,015	551,642,867	603,982,710	428,233,490	481,943,889	392,205,273	460,324,212
Receipts From Other Sources	11,042,677	10,798,169	12,043,915	10,188,424	6,811,373	3,152,043	2,362,695	2,962,214
Opening Inventory	38,537,422	40,917,328	32,501,637	37,382,122	25,936,478	25,356,707	25,395,365	25,956,545
Total To Be Accounted For	726,177,223	794,023,512	596,188,419	651,553,256	460,981,341	510,452,639	419,963,333	489,242,971
Utilization of Receipts								
Whole milk	38,636,872	43,125,519	37,675,819	42,003,522	25,222,623	28,119,726	23,495,767	26,594,761
Flavored milk & drinks	12,414,254	13,656,240	12,744,084	13,610,358	7,251,035	7,299,697	7,219,668	7,460,927
2% milk	47,926,173	53,160,087	50,145,288	56,831,151	26,475,013	29,685,916	25,907,293	28,795,469
1% milk	19,704,618	22,439,445	21,324,249	24,233,038	10,980,850	12,126,862	11,382,316	12,405,031
Skim milk	11,031,305	12,271,192	12,583,105	14,176,615	5,778,233	6,170,753	5,992,148	6,563,486
Buttermilk	1,389,410	1,393,019	1,350,008	1,427,192	2/	2/	2/	2/
Class I dispositions in area	131,102,632	146,045,502	135,822,553	152,281,876	75,707,754	83,402,954	73,997,192	81,819,674
Class I dispositions out of area	9,570,593	11,147,317	10,136,444	11,004,099	24,989,217	29,259,119	27,080,018	30,514,789
Other Class I usage	20,612,334	22,769,293	20,963,367	21,590,390	13,531,885	13,775,522	12,812,201	14,681,884
Utilization by Class								
Total Class I Use	161,285,559	179,962,112	166,922,364	184,876,365	114,228,856	126,437,595	113,889,411	127,016,347
Total Class II Use	46,556,865	48,664,322	42,144,722	47,804,864	35,705,130	41,525,099	36,803,442	41,894,449
Total Class III Use	281,064,604	303,531,244	168,081,045	177,943,695	1/	1/	1/	117,945,107
Total Class IV Use	237,270,195	261,865,834	219,040,288	240,928,332	311,047,355	342,489,945	269,270,480	202,387,068
Total Accounted For	726,177,223	794,023,512	596,188,419	651,553,256	460,981,341	510,452,639	419,963,333	489,242,971

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Feb 2018	Jan 2018	Feb 2017	Jan 2017	Feb 2018	Jan 2018	Feb 2017	Jan 2017
Producer milk								
Class I	142,184,559	163,099,659	147,968,037	168,430,267	101,466,757	115,330,546	100,176,236	114,388,752
Class II	41,524,731	44,777,404	39,808,610	44,645,209	32,049,395	39,609,890	35,771,213	40,754,242
Class III	280,439,197	302,926,904	167,792,459	177,484,962	98,092,514	129,616,913	57,933,226	117,858,921
Class IV	212,448,637	231,504,048	196,073,761	213,422,272	196,624,824	197,386,540	198,324,598	187,322,297
Other receipts								
Class I	19,101,000	16,862,453	18,954,327	16,446,098	12,762,099	11,107,049	13,713,175	12,627,595
Class II	5,032,134	3,886,918	2,336,112	3,159,655	1/	1/	1/	1/
Class III	1/	1/	1/	1/	1/	1/	0	1/
Class IV	25,446,965	30,966,126	23,255,113	27,964,793	19,985,752	17,401,701	14,044,885	16,291,164
Avg. daily producer receipts	24,164,183	23,945,420	19,701,531	19,483,313	15,294,053	15,546,577	14,007,331	14,849,168
Change From Previous Year	22.65%	22.90%	-20.26%	-19.31%	9.19%	4.70%	-6.21%	6.46%
Avg. daily Class I use	5,760,199	5,805,229	5,961,513	5,963,754	4,079,602	4,078,632	4,067,479	4,097,302
Change From Previous Year	-3.38%	-2.66%	-1.61%	0.27%	0.30%	-0.46%	2.01%	4.32%

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

USDA News

DECISION ON PROPOSED CALIFORNIA FEDERAL MILK MARKETING ORDER RATIFIED

On March 19, 2018, the *Federal Register* published a proposed rule announcing the ratification of the evidentiary record of the California Federal Milk Marketing Order (FMMO) rulemaking proceedings by the United States Department of Agriculture (USDA) Judicial Officer (JO).

On March 9, 2018, the USDA JO completed his review and ratified all of Administrative Law Judge (ALJ) Clifton's actions. This included instructions regarding corrections to exhibits, rulings on objections, rulings on the admission of evidence, rulings on the conduct of the hearing, and rulings on requests for corrections to the transcript of the hearing. The JO ratified ALJ Clifton's Certificate of the Transcript, except that he revised the list of exhibits that ALJ Clifton identified as not having been admitted into evidence by adding "Exhibit 108-Exhibit D" to that list.

Consequently, USDA will move forward with the California FMMO rulemaking proceedings by issuing and publishing a final decision in the *Federal Register*. 🐾

Source: *Federal Register*. 83 FR 11903. Available at www.federalregister.gov/.

AMBER WAVES ARTICLE: EXAMINING CONSOLIDATION IN U.S. AGRICULTURE

The following is an excerpt from an Amber Waves Article

Agriculture production in the United States has been shifting to larger farms for many years. However, such consolidation has become more complex since the 1980's, with major consolidation in cropland offset by shifts in grazing and pastureland away from the largest farms and ranches—and with episodes of dramatic change in some livestock sectors, even as we count more small farms. An analysis of farm-level records from USDA's Census of Agriculture and its Agricultural Resource Management Survey allows us to see how consolidation has unfolded.

Consolidation in livestock production follows a different pattern than that in crops. When it has occurred, it has not unfolded at a steady and persistent rate over time. Instead, livestock consolidation proceeded episodically, with periods of sharp change in the size of operations, followed by stability.

Some shifts have been dramatic. For example, the midpoint milk cow herd in 1987 was at 80 cows—half of U.S. milk cows were in herds of at least 80 cows, and half were in herds with no more than 80. By 2012, the midpoint increased more than tenfold, to 900 cows.

Highlights from the article:

- Agriculture production has shifted to larger farms over the last three decades.
- Technology has been the primary driver of this shift, which has been large and widespread across crop and livestock commodities.
- Despite the shift to larger operations, family businesses still dominate U.S. agriculture: consolidation has shifted acreage and production to larger family farms.

The full article is available on the Economic Research Service's [website](http://www.ers.usda.gov/amber-waves/). 🐾

Source: USDA. Economic Research Service. Feature: Farm Economy. Available at www.ers.usda.gov/amber-waves/.

Federal Order Statistics for February 2018

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)	2,117.6	671.6	31.71%	\$17.50	\$14.88
Appalachian (FO 5)	457.0	314.3	68.78%	\$17.65	\$16.31
Florida (FO 6)	203.6	173.8	85.35%	\$19.65	\$18.57
Southeast (FO 7)	429.4	292.3	68.06%	\$18.05	\$16.57
Upper Midwest (FO 30)	2,879.2	252.0	8.75%	\$16.05	\$13.59
Central (FO 32)	1,442.1	379.2	26.29%	\$16.25	\$13.72
Mideast (FO 33)	1,605.3	498.9	31.08%	\$16.25	\$14.01
Pacific Northwest (FO 124)	676.6	142.2	21.01%	\$16.15	\$13.66
Southwest (FO 126)	1,210.6	330.5	27.30%	\$17.25	\$14.60
Arizona (FO 131)	428.2	101.5	23.69%	\$16.60	\$13.91

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



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