

# 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 2019

### MARKET SUMMARIES FOR FEBRUARY

#### Pacific Northwest (FO 124)

Producers delivered a total of 604.4 million pounds of milk to the market during February. Daily deliveries averaged 21.6 million pounds, down 13.1 percent from January. An estimated 396 producers delivered milk to the market during the month. Daily deliveries per producer averaged 54,506 pounds, up 12.8 percent from January.

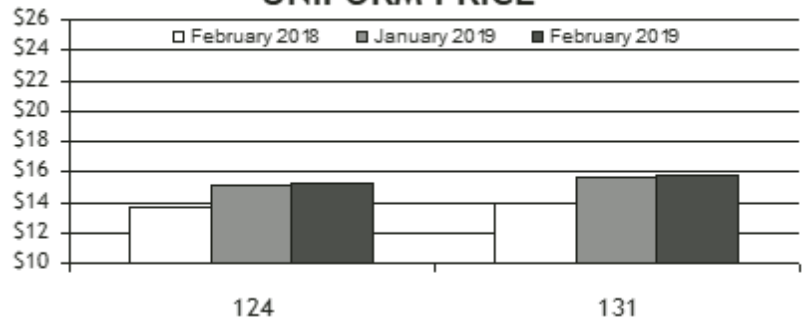
Class I producer milk during February totaled 138.9 million pounds, 23.0 percent of total producer receipts. Daily usage averaged 5.0 million pounds, down 2.2 percent from January. ▼

#### Arizona (FO 131)

Producers delivered a total of 413.7 million pounds of milk to the market during February. Daily deliveries averaged 14.8 million pounds, up 2.7 percent from January. An estimated 80 producers delivered milk to the market during the month. Daily deliveries per producer averaged 184,700 pounds, up 2.7 percent from January.

Class I producer milk during February totaled 97.6 million pounds, 23.6 percent of total producer receipts. Daily usage averaged 3.5 million pounds, down 1.5 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%)	\$15.15	\$15.28	\$15.60	\$15.76
Uniform Price (at test)	\$17.33	\$17.59	\$16.32	\$16.46
PPD	\$1.19	\$1.39		
Butterfat	\$2.4981	\$2.5345		n/a
Protein	\$1.1927	\$1.1776		
Other Solids	\$0.2898	\$0.2631		
Uniform Skim			\$7.08	\$7.14
Uniform Butterfat		n/a	\$2.5060	\$2.5340
Butterfat	4.201%	4.234%	3.795%	3.783%
Protein	3.339%	3.357%		
Other Solids	5.744%	5.758%		n/a

### HIGHLIGHTS THIS ISSUE

- ✓ Amendment to Class I Skim Milk Price Formula
- ✓ USDA Seeks Nominees for Dairy Promotion Board
- ✓ Extension of Dairy Forward Pricing Program

# Federal Order Price Summaries

## FINAL CLASS PRICES

The February 2019 Final Class Prices were calculated using AMS commodity price surveys from February 2, 9, 16, and 23, 2019. Current and archived Final Class Price announcements are available at [www.fmmaseattle.com/classcomponent.html](http://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 2019	\$17.02	\$17.47	\$15.74	\$13.96	\$15.48	\$2.4981	\$1.1927	\$0.2898	\$0.7757
Feb 2019	\$17.20	\$17.65	\$16.13	\$13.89	\$15.86	\$2.5345	\$1.1776	\$0.2631	\$0.8041
Change	\$0.18	\$0.18	\$0.39	(\$0.07)	\$0.38	\$0.0364	(\$0.0151)	(\$0.0267)	\$0.0284

## ADVANCED CLASS I PRICE

The April 2019 Advanced Price was calculated using AMS commodity price surveys from March 9 and 16, 2019. Current and archived Advanced Price announcements are available at [www.fmmaseattle.com/advance.html](http://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 2019	\$2.5670*	\$4.97	\$7.25	\$7.25	\$15.98	\$17.88	\$18.33	\$7.95	\$0.8833
Apr 2019	\$2.5599	\$6.35	\$7.05	\$7.05	\$15.76	\$17.66	\$18.11	\$7.75	\$0.8611
Change	(\$0.0071)	\$1.38	(\$0.20)	(\$0.20)	(\$0.22)	(\$0.22)	(\$0.22)	(\$0.20)	(\$0.0222)

\* Corrected. February's report listed incorrect butterfat price.

# Commodity Price Summaries

## AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION


	January	February	Change
Cheese	\$1.3868	\$1.3940	\$0.0072
Butter	\$2.2343	\$2.2644	\$0.0301
Nonfat Dry Milk	\$0.9513	\$0.9800	\$0.0287
Whey	\$0.4805	\$0.4545	(\$0.0260)

## AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	March	April	Change
Cheese	\$1.3769	\$1.5430	\$0.1661
Butter	\$2.2912	\$2.2854	(\$0.0058)
Nonfat Dry Milk	\$0.9811	\$0.9587	(\$0.0224)
Whey	\$0.4616	\$0.4118	(\$0.0498)

## 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 15.47 cents between the February 16 and the March 16 surveys, to \$1.6211 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed an increase of 14.98 cents to \$1.4467 per pound.

The AMS butter price showed a net decrease of 0.54 cents between the weeks ending February 16 and March 16 from \$2.2966 per pound to \$2.2912 per pound. The AMS nonfat dry milk showed a net decrease of 2.57 cents since mid-February to \$0.9554 per pound. The average price for AMS whey showed a net decrease of 4.05 cents since mid-February to \$0.4150 per pound. 

# Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Feb 2019	Jan 2019	Feb 2018	Jan 2018	Feb 2019	Jan 2019	Feb 2018	Jan 2018
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt)	\$1.39	\$1.19	\$0.26	\$0.32	+	+	+	+
Butterfat (\$/pound)	2.5345	2.4981	2.3490	2.4531	+	+	+	+
Protein (\$/pound)	1.1776	1.1927	1.6265	1.6612	+	+	+	+
Other Solids (\$/pound)	0.2631	0.2898	0.0550	0.0787	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$7.14	\$7.08	\$5.80	\$6.16
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.5340	2.5060	2.3740	2.4629
Statistical Uniform Price (\$/cwt)	\$15.28	\$15.15	\$13.66	\$14.32	\$15.76	\$15.60	\$13.91	\$14.56
<b>Producer Data</b>								
Number of Producers	<b>396</b>	514	530	534	<b>80</b>	80	86	89
Avg. Daily Production (pounds)	<b>54,506</b>	48,319	45,593	44,842	<b>184,700</b>	179,792	177,838	174,681
<b>Producer Milk Ratios</b>								
Class I	22.98%	20.42%	21.01%	21.97%	23.59%	24.61%	23.69%	23.93%
Class II	5.39%	5.83%	6.14%	6.03%	7.77%	7.08%	7.48%	8.22%
Class III	46.21%	40.80%	41.45%	40.81%	29.66%	27.12%	22.91%	26.89%
Class IV	25.42%	32.95%	31.40%	31.19%	38.98%	41.19%	45.92%	40.96%
<b>Market Shrinkage</b>								
Pounds	8,169,008	13,506,585	7,043,180	8,624,624	2,651,828	2,347,934	1,793,841	2,398,775
% of Producer Milk	1.35%	1.75%	1.04%	1.16%	0.64%	0.53%	0.42%	0.50%

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

# Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jan 2019	Dec 2018	Jan 2018	Dec 2017	Jan 2019	Dec 2018	Jan 2018	Dec 2017
<b>Number of Handlers</b>								
Pool Handlers	23	24	24	22	8	8	8	8
<i>Distributing Plants</i>	11	12	11	11	6	6	6	6
<i>Supply Plants 1/</i>	6	6	7	5	1	1	1	1
<i>Cooperatives</i>	6	6	6	6	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	<b>27</b>	28	23	23	<b>24</b>	23	24	23
<b>Class I Route Disposition In Area</b>								
By Pool Plants	141,318,492	142,752,363	146,045,502	145,660,110	81,602,348	79,865,163	83,402,954	82,354,528
By Producer-Handlers	6,366,854	6,228,830	6,413,777	6,287,882	0	0	0	0
By Other Plants	<b>12,301,997</b>	12,002,618	13,550,072	12,985,409	<b>8,680,060</b>	7,119,731	9,840,012	8,351,494
Total	159,987,343	160,983,811	166,009,351	164,933,401	90,282,408	86,984,894	93,242,966	90,706,022
<b>Producer-Handler Data</b>								
% Class I Use	51.58%	54.06%	54.69%	50.64%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.98%	3.87%	3.86%	3.81%	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	Jan	Feb	Jan	Feb	Jan	Feb	Jan
	2019	2019	2018	2018	2019	2019	2018	2018
<b>Receipts of Milk</b>								
Total Producer Milk	604,358,507	769,921,980	676,597,124	742,308,015	413,728,223	445,883,950	428,233,490	481,943,889
Receipts From Other Sources	8,975,911	9,185,914	11,042,677	10,798,169	4,266,818	4,992,187	6,811,373	3,152,043
Opening Inventory	33,852,468	37,735,973	38,537,422	40,917,328	25,546,995	23,016,011	25,936,478	25,356,707
<b>Total To Be Accounted For</b>	<b>647,186,886</b>	<b>816,843,867</b>	<b>726,177,223</b>	<b>794,023,512</b>	<b>443,542,036</b>	<b>473,892,148</b>	<b>460,981,341</b>	<b>510,452,639</b>
<b>Utilization of Receipts</b>								
Whole milk	40,483,437	43,703,323	38,636,872	43,125,519	25,071,082	28,519,454	25,222,623	28,119,726
Flavored milk & drinks	11,056,639	13,539,203	12,414,254	13,656,240	6,530,238	7,163,989	7,251,035	7,299,697
2% milk	47,058,021	51,172,305	47,926,173	53,160,087	25,842,945	29,199,075	26,475,013	29,685,916
1% milk	18,314,270	20,565,586	19,704,618	22,439,445	10,038,935	11,165,138	10,980,850	12,126,862
Skim milk	9,858,554	10,838,775	11,031,305	12,271,192	5,067,119	5,554,692	5,778,233	6,170,753
Buttermilk	1,451,896	1,499,300	1,389,410	1,393,019	2/	2/	2/	2/
Class I dispositions in area	128,222,817	141,318,492	131,102,632	146,045,502	72,550,319	81,602,348	75,707,754	83,402,954
Class I dispositions out of area	9,625,977	10,885,181	9,570,593	11,147,317	24,767,909	26,432,333	24,989,217	29,259,119
Other Class I usage	20,608,141	21,866,178	20,612,334	22,769,293	13,277,441	13,406,016	13,531,885	13,775,522
<b>Utilization by Class</b>								
Total Class I Use	158,456,935	174,069,851	161,285,559	179,962,112	110,595,669	121,440,697	114,228,856	126,437,595
Total Class II Use	37,102,789	51,545,718	46,556,865	48,664,322	33,553,979	33,917,748	35,705,130	41,525,099
Total Class III Use	280,007,505	315,418,597	281,064,604	303,531,244	124,116,209	122,530,821	1/	1/
Total Class IV Use	171,619,657	275,809,701	237,270,195	261,865,834	175,276,179	196,002,882	311,047,355	342,489,945
<b>Total Accounted For</b>	<b>647,186,886</b>	<b>816,843,867</b>	<b>726,177,223</b>	<b>794,023,512</b>	<b>443,542,036</b>	<b>473,892,148</b>	<b>460,981,341</b>	<b>510,452,639</b>

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Feb	Jan	Feb	Jan	Feb	Jan	Feb	Jan
	2019	2019	2018	2018	2019	2019	2018	2018
<b>Producer milk</b>								
Class I	138,874,864	157,181,399	142,184,559	163,099,659	97,597,894	109,711,395	101,466,757	115,330,546
Class II	32,582,302	44,848,643	41,524,731	44,777,404	32,155,313	31,555,320	32,049,395	39,609,890
Class III	279,299,333	314,158,177	280,439,197	302,926,904	122,726,619	120,933,745	98,092,514	129,616,913
Class IV	153,602,008	253,733,761	212,448,637	231,504,048	161,248,397	183,683,490	196,624,824	197,386,540
<b>Other receipts</b>								
Class I	19,582,071	16,888,452	19,101,000	16,862,453	12,997,775	11,729,302	12,762,099	11,107,049
Class II	4,520,487	6,697,075	5,032,134	3,886,918	1/	1/	1/	1/
Class III	708,172	1,260,420	1/	1/	1,389,590	1/	1/	1/
Class IV	18,017,649	22,075,940	25,446,965	30,966,126	15,426,448	16,278,896	19,985,752	17,401,701
<b>Avg. daily producer receipts</b>	<b>21,584,232</b>	<b>24,836,193</b>	<b>24,164,183</b>	<b>23,945,420</b>	<b>14,776,008</b>	<b>14,383,353</b>	<b>15,294,053</b>	<b>15,546,577</b>
Change From Previous Year	-10.68%	3.72%	22.65%	22.90%	-3.39%	-7.48%	9.19%	4.70%
<b>Avg. daily Class I use</b>	<b>5,659,176</b>	<b>5,615,156</b>	<b>5,760,199</b>	<b>5,805,229</b>	<b>3,949,845</b>	<b>3,917,442</b>	<b>4,079,602</b>	<b>4,078,632</b>
Change From Previous Year	-1.75%	-3.27%	-3.38%	-2.66%	-3.18%	-3.95%	0.30%	-0.46%

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

# USDA News

## USDA ANNOUNCES AMENDMENT TO CLASS I SKIM MILK PRICE FORMULA

On March 8, 2019, the U.S. Department of Agriculture (USDA) announced an amendment to the Class I skim milk price formula under the Federal Milk Marketing Order (FMMO) program, in accordance with the Agriculture Improvement Act of 2018 (2018 Farm Bill). The change is effective May 1, 2019. The new price formula will be reflected in the May Advanced Class I Skim Milk Price that will be announced on April 17, 2019.

Currently, the Class I skim milk price is calculated using the higher of the monthly advanced pricing factors for Class III or Class IV skim milk, which reflect dairy product survey prices for the two weeks prior to the price announcement, plus the applicable adjusted Class I differential. Because market prices for these surveyed products fluctuate, the "higher of" factor used to determine the Class I skim milk price can change, increasing risk and uncertainty associated with hedging.

To address this issue, Congress determined that the formula for the FMMO Class I skim milk price should be the average of the monthly Class III and Class IV advanced pricing factors plus \$0.74 per hundredweight plus the applicable adjusted Class I differential. In accordance with the 2018 Farm Bill, the amendment is effective indefinitely, until further modified, and may not be modified sooner than two years after the effective date of this rule.

The Federal Register notice is available on the Federal Register's [website](#). ▼

## USDA SEEKS NOMINEES FOR NATIONAL DAIRY PROMOTION AND RESEARCH BOARD

The U.S. Department of Agriculture (USDA) is asking dairy producers and other interested parties to nominate candidates to serve on the National Dairy Promotion and Research Board. The deadline for nominations is April 15, 2019.

Agriculture Secretary Sonny Perdue will appoint 12 individuals to succeed members whose terms expire on October 31, 2019.

USDA will accept nominations for board representation in eight geographic regions. Nominees for the regional positions must be dairy producers.

The geographic regions with vacancies are: Region 2 (Calif. and Hawaii); Region 3 (Ariz., Colo., Mont., Nev., Utah and Wyo.); Region 4 (Ark., Kan., N.M., Okla., and Texas); Region 6 (Wis.); Region 9 (Ind., Mich., Ohio, and W.Va.); Region 10 (Ala., District of Columbia, Fla., Ga., Ky., La., Miss., N.C., Puerto Rico, S.C., Tenn. and Va.); Region 11 (Del., Md., N.J., and Pa.); and Region 12 (Conn., Maine, Mass., N.H., N.Y., R.I., and Vt.).

Newly appointed members will serve three-year terms beginning on November 1, 2019, through October 31, 2022.

To nominate an individual, please submit a copy of the nomination form and a signed background form for each nominee by April 15, 2019, to: Jill Hoover, Deputy Director, Promotion, Research, and Planning Division, Dairy Program, AMS, USDA, 1400 Independence Ave., SW, Stop 0233, Room 2958-S, Washington, D.C. 20250-0233, or via email at [jill.hoover@ams.usda.gov](mailto:jill.hoover@ams.usda.gov). For nominating forms and information, visit [the AMS website](#) or call (202) 720-1069.

The [Dairy Research and Promotion Program](#), also known as the Dairy Checkoff Program, is a national producer and importer program for dairy product promotion, research, and nutrition education. ▼

Source: USDA. Agricultural Marketing Service. Available at [www.ams.usda.gov](http://www.ams.usda.gov).

# USDA News

## EXTENSION OF DAIRY FORWARD PRICING PROGRAM

The Agricultural Improvement Act of 2018, signed into law on December 20, 2018, extended the authorization of the Dairy Forward Pricing Program contained in the Food, Conservation and Energy Act of 2008 (the 2008 Farm Bill), through September 30, 2023. Handlers may now enter new forward pricing contracts with producers or cooperative associations of producers through September 30, 2023. Contracts may extend through September 30, 2026. All other provisions of the Dairy Forward Pricing Program remain the same.

The final rule extending the program was posted on the Federal Register website for public display at: <https://www.federalregister.gov/public-inspection/current>.

Please keep in mind:

- All new contracts must be signed by both parties prior to the effective month. The signed contract and disclosure statement must be received by the Market Administrator prior to the 15th of the applicable month. For example, to contract for April 2019 milk, the forward contract and disclosure statement must be signed prior to April 1, 2019, and received by the Market Administrator by April 15, 2019.
- The disclosure statement must be signed on the same date as the contract.
- Producer milk that has been forward contracted under the terms of the program is not subject to minimum payment to a producer or cooperative association under a Federal Order.
- For contracts signed between September 30, 2018, and March 3, 2019, if the Market Administrator has already received a copy of the contract and disclosure statement or receives them by March 15, 2019, and the contract includes March milk deliveries, the contract applies only to milk marketed on or after March 4, 2019. This holds true even if contract deliveries began in a prior month. However, contracts cannot be included in the program if the disclosure statement has a date other than the date on which the contract was signed. In this case, if a handler and producer would like to have a valid contract applicable under the program, another contract must be negotiated.
- For contracts signed between September 30, 2018, and March 3, 2019, there will be no allowance for payments less than the Federal order minimum for milk marketed between October 2018 and March 3, 2019.

Forward Contracts established under this program may not extend past September 30, 2026. Forward contracts established prior to October 1, 2018, are not impacted.

Please call 425-487-6009, or e-mail [fmaseattle@fmaseattle.com](mailto:fmaseattle@fmaseattle.com) with any questions. 🐮



# Federal Order Statistics for February 2019

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)	2,086.4	655.9	31.43%	\$18.55	\$16.65
Appalachian (FO 5)	406.7	293.2	72.11%	\$18.70	\$18.00
Florida (FO 6)	206.7	174.3	84.32%	\$20.70	\$19.96
Southeast (FO 7)	390.8	274.9	70.33%	\$19.10	\$18.35
Upper Midwest (FO 30)	2,772.5	217.6	7.85%	\$17.10	\$14.22
Central (FO 32)	1,229.1	377.1	30.68%	\$17.30	\$15.07
Mideast (FO 33)	1,477.1	527.3	35.70%	\$17.30	\$15.60
California (FO 51)	1,830.1	420.5	22.98%	\$17.40	\$15.12
<b>Pacific Northwest (FO 124)</b>	<b>604.4</b>	<b>138.9</b>	<b>22.98%</b>	<b>\$17.20</b>	<b>\$15.28</b>
Southwest (FO 126)	1,095.7	332.0	30.30%	\$18.30	\$15.72
Arizona (FO 131)	413.7	97.6	23.59%	\$17.65	\$15.76

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



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