The Market Administrator's Report

Pacific Northwest & Arizona Marketing Areas

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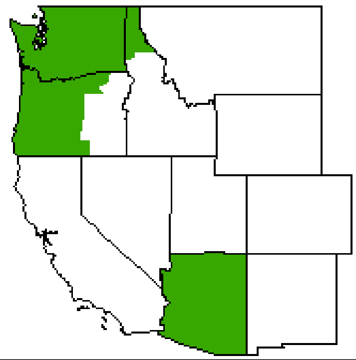

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May 2007

MARKET SUMMARIES FOR APRIL 2007

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

Pacific Northwest

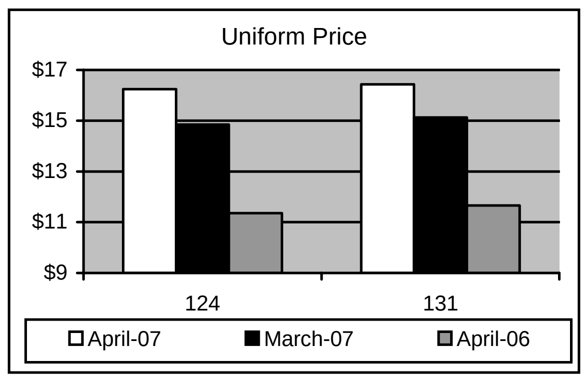
Producers delivered a total of 575.2 million pounds of milk to the market during April. Daily deliveries averaged 19.2 million pounds, down 2.3 percent from March. An estimated 726 producers delivered milk to the market during the month. Daily deliveries per producer averaged 26,412 pounds, down 2.3 percent from March.

Class I producer milk during April totaled 184.5 million pounds, 32.1 percent of total producer receipts. Daily usage averaged 6.1 million pounds, down 1.5 percent from March.

Arizona

Producers delivered a total of 342.1 million pounds of milk to the market during April. Daily deliveries averaged 11.4 million pounds, up 1.1 percent from March. An estimated 92 producers delivered milk to the market during the month. Daily deliveries per producer averaged 123,951 pounds, up 1.1 percent from March.

Class I producer milk during April totaled 114.8 million pounds, 33.6 percent of total producer receipts. Daily usage averaged 3.8 million pounds, down 1.7 percent from March. ♦



Federal Order Producer Prices and Component Levels: April 2007

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	16.24	16.43	Butterfat	3.664	3.529
Butterfat 2/	1.4657	1.4570	Protein	3.062	N/A
Protein 2/	2.5212	N/A	Other Solids	5.707	N/A
Other Solids 2/	0.6008	N/A	Nonfat Solids	8.769	N/A
PPD 1/*	0.15	N/A			
Skim 1/	N/A	11.74			

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

APRIL 2007 CLASS PRICES

April 2007 non-advanced Class Prices were calculated using NASS commodity price surveys from April 7, 14, 21 and 28, 2007. Component prices for the month are $2.5212 per pound of protein, $1.4657 per pound of butterfat, $0.6008 per pound of other solids, and $1.2656 per pound of nonfat solids.

April 2007 Class III and IV prices at 3.5% butterfat are $16.09 and $16.12 per hundredweight, respectively. The April Class III price compared to March is up $1.00. The Class III price is $5.16 higher than in April 2006. The Class III price at 3.67% butterfat is $6.42 above the support price of $9.90 at 3.67% butterfat.

Class II butterfat was announced at $1.4727 per pound. Class I skim and butterfat and Class II skim prices for April 2007 were announced on March 23, 2007. The Class II price at 3.5% butterfat is $14.51 for April 2007.

FINAL: NASS COMMODITY PRICES

	March	April	Change
Cheese*	$1.3732	$1.4296	$0.0564
Butter	$1.2676	$1.3416	$0.0740
Nonfat Dry Milk	$1.1902	$1.4354	$0.2452
Whey	$0.7060	$0.7789	$0.0729

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

Current Commodity Prices - - The NASS survey of cheddar cheese prices showed increases in price received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed an increase of 16.27 cents between the April 14 and the May 12 surveys, to $1.5597 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed an increase of 14.66 cents to $1.5601 per pound.

The NASS butter price showed an increase of 10.57 cents between the weeks ending April 14 and May 12 from $1.3249 per pound to $1.4306 per pound.

The NASS nonfat dry milk showed an increase of 25.14 cents since mid-April to $1.6434 per pound.

The average price for NASS whey showed a net decrease of 2.13 cents since mid-April to $0.7581 per pound. ♦

JUNE'S CLASS I PRICE ANNOUNCEMENT

On May 18, the June 2007 Class I price was announced at $19.74 for the Pacific Northwest Order and $20.19 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of May 5 and 12.

The June Class III and IV advance skim prices are $12.03 and $12.88 per hundredweight, respectively. The butterfat portion of the Class I mover increased 10.77 cents from $1.4389 to $1.5466 per pound.

The June 2007 Class II skim and nonfat solids prices were also announced on May 18. The skim price is $13.58 per hundredweight, and the nonfat solids price is $1.5089 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	May	June	Change
Cheese*	$1.4177	$1.5333	$0.1156
Butter	$1.3193	$1.4090	$0.0897
Nonfat Dry Milk	$1.3692	$1.6024	$0.2332
Whey	$0.7709	$0.7623	-$0.0086

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

USDA RECONVENES HEARING ON CLASS III/IV PRICE FORMULAS

On May 2, 2007, USDA announced that it would reconvene the hearing to consider proposals to amend the Class III and Class IV product price formulas applicable to all Federal milk marketing orders, on Monday July 9, 2007, in Pittsburg, Pennsylvania. The hearing was convened on February 26-29, 2007, in Strongsville, Ohio, and on April 9-13, 2007, in Indianapolis, Indiana. The reconvened hearing will be held at the Sheraton Station Square Hotel, 300 West Station Square Drive, Pittsburgh, Pennsylvania 15219–1122, telephone: (412) 261–2000. For more information, please contact Jack Rower, Marketing Specialist, Order Formulation and Enforcement Branch, USDA/AMS/Dairy Programs, STOP 0231—Room 2971, 1400 Independence Avenue, Washington, DC 20250–0231, (202) 720–2357, e-mail address jack.rower@usda.gov. ♦

USDA ANNOUNCES HEARING FOR SOUTHEAST, FLORIDA AND APPALACHIAN ORDERS

On May 7, 2007, the U.S. Department of Agriculture announced that it would hold a public hearing to consider proposals to amend the Appalachian, Florida, and Southeast Orders. The hearing began at 1:00 p.m. on Monday, May, 21, 2007, at the Sheraton Suites Tampa Airport, 4400 W. Cypress Street, Tampa, Fla., 33607.

The proposals seek to amend the Appalachian, Florida, and Southeast Orders by temporarily adjusting the Class I pricing surface for each county within each of the three milk marketing orders until such time that USDA is able to comprehensively address the Class I pricing surface on a national scale. Proposals also include changing the diversion percentage limits, the producer delivery days, and the transportation credit provisions of the Appalachian and Southeast orders. Other proposals would change the maximum rates for each of the three orders the market administrator may charge for the administration of the orders from 5 cents per hundredweight to as much as 8 cents per hundredweight.

The hearing notice was published as a proposed rule in the May 8 Federal Register. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 – Room 2971-A, 1400 Independence Avenue, SW, Washington, DC 20250-0231. The hearing notice is available on AMS' website at: www.ams.usda.gov/dairy.

The hearing notice and additional information is available from the following market administrator offices:

Appalachian: Harold H. Friedly, Jr.
USDA/AMS/Dairy Programs
P.O. Box 18030, Louisville, KY 40261-0030
Tel. (502) 499-0040;
email: friedly@malouisville.com

Florida and Southeast: Sue L. Mosley
USDA/AMS/Dairy Programs
P.O. Box 491778, Lawrenceville, GA 30049
Tel. (770) 682-2501;
e-mail: smosley@fmmatlanta.com. ♦

DAIRY PRODUCTS: 2006

Butter production in the United States during 2006 totaled 1.45 billion pounds, 7.5 percent above 2005. California accounted for 31.0 percent of the production, followed by Wisconsin with 26.2 percent.

Total cheese production, excluding cottage cheeses, was 9.53 billion pounds, 4.2 percent above 2005 production. Wisconsin was the leading State with 25.9 percent of the production, followed by California with 23.1 percent and Idaho with 8.4 percent.

American type cheese production was 3.91 billion pounds, 2.7 percent above 2005 and accounted for 41.0 percent of total cheese in 2006. Wisconsin was the leading State with 21.0 percent of production, followed by California with 20.9 percent.

Italian varieties, with 3.99 billion pounds were 4.9 percent above 2005 production and accounted for 41.8 percent of total cheese in 2006. Mozzarella accounted for 78.8 percent of the Italian production followed by Provolone with 8.0 percent and Ricotta with 6.1 percent. California was the leading State in Italian cheese production with 29.7 percent of the production, followed by Wisconsin with 29.5 percent and New York with 9.6 percent. Italian type cheese accounted for 41.8 percent of total cheese in 2006.

Ice cream, Regular totaled 966 million gallons, up 0.6 percent from 2005. Lowfat ice cream, at 372 million gallons, was up 3.3 percent.

Nonfat dry milk for human food totaled 1.22 billion pounds, up 1.1 percent. California was the leading state with 50.1 percent of the production. Skim Milk Powders totaled 289 million pounds, down 10.4 percent.

Dry whey for human food production, at 1.05 billion pounds, was up 9.4 percent. Lactose, Human and Animal production was 739 million pounds, up 3.5 percent.

Dairy Plants: during 2006, there were 1,080 dairy plants in the U.S. manufacturing one or more dairy products, 8 fewer than in 2005.

More information on dairy product production can be found at:
http://usda.mannlib.cornell.edu/usda/current/DairProd/DairProd-05-04-2007.pdf. ♦

Source: "Dairy Products 2006 Summary," Da 2-1(07), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

COMMERCIAL DISAPPEARANCE: 2005-2006

Commercial disappearance of milk increased 2.2 percent between 2005 and 2006, 0.6 percent less than the 2.8 percent increase in the total supply of milk (See table below). The production of certain dairy products contributed to the increase. American cheese showed the largest increase both in pounds and as a percent for the primary manufactured dairy products, increasing 194 million pounds between 2005 and 2006, or 5.1 percent. Other cheese increased 134.2 million pounds or 2.3 percent. Butter disappearance increased 60.6 million pounds or 4.4 percent. Fluid milk product disappearance increased 520 million pounds or 1.0 percent. Nonfat dry milk was the only product to show a decrease in disappearance from 2005 to 2006, declining 60.5 million pounds or 4.8 percent. ♦

Commercial Disappearance: Total Milk And Selected Dairy Products: 2005-2006 1/

Item	2005	% Chg. 2/	2006	% Chg. 2/
MILK	- Million Pounds -			
Milk Production	176,989	3.5	181,863	2.8
Marketings	175,912	3.6	180,786	2.8
Beginning Commercial Stocks 3/	7,154	(14.1)	8,007	11.9
Imports 3/	5,075	(3.9)	4,982	(1.8)
Total Supply 4/	188,141	2.6	193,775	3.0
Ending Commercial Stocks 3/	7,991	11.7	9,509	19.0
Net Removals 3/	(39)	39.1	14	135.9
Commercial Disappearance 4/	180,232	2.2	184,252	2.2
SELECTED PRODUCTS 5/				
Butter	1,370.1	1.3	1,430.7	4.4
American Cheese	3,797.1	(0.2)	3,991.1	5.1
Other Cheese	5,723.9	3.3	5,858.1	2.3
Nonfat Dry Milk	1,262.4	(4.4)	1,201.9	(4.8)
Fluid Milk Products 6/	54,544.0	0.2	55,064.0	1.0

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports.
2/ From year earlier on a daily average basis.
3/ Milk-equivalent, milkfat basis.
4/ Totals may not add because of rounding.
5/ Commercial disappearance in product pounds.
6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition.

Source: Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

NASS TO CONDUCT REVIEW OF DAIRY PRODUCT PRICE DATA

On April 20, 2007, USDA's National Agricultural Statistics Service (NASS) announced that after confirming that one dairy product plant made errors in its weekly reporting of price data for nonfat dry milk, it will ask 39 plants to review and revise weekly price data and sales volumes reported over the past 52 weeks.

NASS has determined that one nonfat dry milk plant erroneously included some long-term, fixed prices sales data in its weekly reports. NASS guidelines explicitly exclude the reporting of forward pricing sales in which the selling price was set 30 days or more before the transaction was completed. As part of an annual effort to ensure proper reporting, NASS reiterated these guidelines with all participating plants in October 2006. At that time, the plants indicated they were in compliance.

At NASS's request, the plant in question promptly revised its reports for the previous three weeks. Based on this, NASS revised the weekly nonfat dry milk price and volume for the weeks of March 31, March 24, and March 17. These revisions, published April 13, resulted in an increase ranging from approximately 6 to 9 cents per pound in the price of nonfat dry milk. Announced Federal milk order minimum milk prices using unrevised data will not be changed. The products of milk to which those minimum prices apply have already been priced and/or sold.

Within the next 45 days, NASS will contact all 39 participating dairy product plants to review reporting criteria and request that they verify and, if necessary, revise their nonfat dry milk data reported over the past year. Based on this information, NASS will issue any needed revisions to previously published weekly prices and volumes for nonfat dry milk. This process will provide producers and the marketplace with a clearer understanding of the overall impact of the incorrect reports. NASS will protect the confidentiality of individual plant reports as required by law.

Each week, NASS contacts plants that commercially produce 1 million or more pounds of manufactured dairy products to collect specific information about price trends in the market. The Agricultural Marketing Service (AMS) uses the data to establish minimum values for milk under the Federal Milk Marketing Order program. The data also are used by the Farm Service Agency (FSA) to implement the Milk Income Loss Contract program.

AMS is working to establish a program under which it could verify the accuracy of the information being reported to NASS. Verification would occur through an auditing process. ♦

Source: National Agricultural Statistics Service

USDA SEEKS NOMINEES FOR NATIONAL DAIRY BOARD

On April 26, 2007, the U.S. Department of Agriculture announced that it is asking dairy producer and farm organizations to nominate candidates to serve on the National Dairy Promotion and Research Board. Nominations must be submitted by May 31.

The Secretary of Agriculture will appoint 12 individuals from those nominated to succeed members whose terms expire Oct. 31, 2007. The 12 new members will serve 3-year terms beginning Nov. 1, 2007, and ending Oct. 31, 2010.

USDA will accept nominations from the following regions: Region 1 (Oregon and Washington); Region 2 (California); Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas); Region 6 (Wisconsin); Region 9 (Indiana, Michigan, Ohio, and West Virginia); Region 10 (Florida, Georgia, North Carolina, South Carolina, and Virginia); Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); and Region 12 (New York). USDA will appoint one member per region, with the exception of Region 2 (California) with four appointments.

The National Dairy Promotion and Research Board was established under the Dairy Production Stabilization Act of 1983 to develop and administer a coordinated program of promotion, research, and nutrition education. The 36-member board is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The national program is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially by dairy producers.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the programs. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination for a seat on the board.

For nominating forms and information, contact Whitney A. Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, D.C. 20250-0233; telephone (202) 720-6909; fax (202) 720-0285; or E-mail at whitney.rick@usda.gov or http://www.ams.usda.gov/dairy/dairyrp.htm. ♦

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disappearance of all milk and dairy products was up 4.4 percent for the November through January period compared with a year earlier. Meanwhile, milk production rose 2.4 percent during the same period. Prices for cheese and butter have remained strong, and February stock levels for American cheese and butter were unchanged and 10 percent higher respectively, according to the March Cold Storage report.

Cheese and butter prices are both expected to climb over the course of 2007. Cheese prices are projected to average $1.350 to $1.400 per pound. The average butter price is expected to range between $1.255 and $1.335 per pound for the year. The rising prices are primarily a result of the tightening supply situation. Continued demand for dry products, both domestically and globally, is expected to keep Nonfat Dry Milk (NDM) prices in the $1.190 to $1.230 per pound range for 2007. Continued expansion in both domestic and foreign food demand for whey has boosted its price. Whey prices continue to rise, and are expected to average between 65.0 and 68.0 cents per pound for 2007.

The continued strong demand for dairy products, combined with a tightening supply of milk through the balance of 2007, points to continued higher prices for all milk classes. The Class IV milk price is expected to climb throughout 2007, averaging $13.65 to $14.25 per cwt for the year. The Class III price is projected to rise to an average $14.65 to $15.15 per cwt for the year. The reported all-milk price is expected to be sharply higher in 2007 and will likely average $15.55 to $16.05 per cwt for the year. The forecast rise in the all-milk price could signal production expansion by late this year, assuming alfalfa prices moderate and corn prices do not rise appreciably higher.

Source: Livestock, Dairy, & Poultry Outlook/LDP-M-154/April 18, 2007, Economic Research Service, USDA

MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA 2/			
Minimum Class Prices (3.5% B.F.)	Apr 2007	Mar 2007	Apr 2006	Mar 2006	Apr 2007	Mar 2007	Apr 2006	Mar 2006
Class I Milk ($/cwt.)	$16.90	$16.15	$13.12	$14.39	$17.35	$16.60	$13.57	$14.84
Class II Milk ($/cwt.)	14.51	13.60	11.37	11.69	14.51	13.60	11.37	11.69
Class III Milk ($/cwt.)	16.09	15.09	10.93	11.11	16.09	15.09	10.93	11.11
Class IV Milk ($/cwt.)	16.12	13.71	10.36	10.68	16.12	13.71	10.36	10.68
Producer Prices								
Producer Price Differential ($/cwt.)	$ 0.15	$(0.25)	$ 0.42	$ 0.75	+	+	+	+
Butterfat ($/pound)	1.4657	1.3769	1.2343	1.2596	+	+	+	+
Protein ($/pound)	2.5212	2.4329	1.9238	1.8836	+	+	+	+
Other Solids ($/pound)	0.6008	0.5257	0.1508	0.1874	+	+	+	+
Uniform Skim Price ($/cwt.)	+	+	+	+	11.74	10.70	7.56	7.99
Uniform Butterfat Price ($/pound)	+	+	+	+	1.4570	1.3708	1.2469	1.2858
Statistical Uniform Price ($/cwt.)	$16.24	$14.84	$11.35	$11.86	$16.43	$15.12	$11.66	$12.21
Producer Data								
Number of Producers	726 *	726	840	835	92 *	92	93	84
Avg. Daily Production (lbs.)	26,412 *	27,034	27,284	26,209	123,951 *	122,589	108,265	110,767
Number of Handlers								
Pool Handlers	28	28	28	27	7	7	6	5
Producer-Handlers	6 *	6	7	9	1 *	1	2	3
Other Plants w/ Class I Use	24 *	24	23	22	22 *	22	27	26
Producer Milk Ratios								
Class I	32.06%	31.80%	25.84%	27.38%	33.55%	34.49%	32.26%	32.66%
Class II	8.59%	7.81%	5.71%	5.21%	9.32%	9.43%	7.76%	8.62%
Class III	29.00%	28.17%	30.95%	31.96%	29.44%	27.04%	32.85%	32.18%
Class IV	30.35%	32.22%	37.50%	35.45%	27.69%	29.04%	27.13%	26.54%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data	Mar 2007	Feb 2007	Mar 2006	Feb 2006	Mar 2007	Feb 2007	Mar 2006	Feb 2006
Production	27,360,907	23,646,252	36,427,239	33,393,429	R	R	R	R
Class I Use	23,480,540	20,010,291	30,441,934	25,447,378	R	R	R	R
% Class I Use	85.82%	84.62%	83.57%	76.20%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	171,612,589	153,963,311	165,013,407	147,761,010	100,840,122	92,272,291	87,052,566	77,787,174
By Producer-Handlers	8,052,626	7,702,731	18,846,481	16,106,113	1/	1/	1/	1/
By Other Plants	4,647,667 *	4,004,951	4,353,328	3,881,867	4,750,087 *	4,421,815	28,799,294	26,560,495
Total	184,312,882	165,670,993	188,213,216	167,748,990	105,590,209	96,694,106	115,851,860	104,347,669

* Preliminary. R = Restricted. Not included. 1/ Restricted. Included with other plants. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK		PACIFIC NORTHWEST				ARIZONA 2/			
		Apr 2007	Mar 2007	Apr 2006	Mar 2006	Apr 2007	Mar 2007	Apr 2006	Mar 2006
TOTAL PRODUCER MILK		575,246,077	608,437,297	687,563,752	678,410,919	342,105,524	349,623,758	302,058,032	288,436,958
RECEIPTS FROM OTHER SOURCES		39,077,589	40,266,668	16,835,742	25,122,500	8,832,776	13,467,075	26,803,722	42,446,543
OPENING INVENTORY		34,036,534	32,621,049	33,169,769	31,458,383	21,246,198	22,049,023	18,444,514	17,338,085
TOTAL TO BE ACCOUNTED FOR		648,360,200	681,325,014	737,569,263	734,991,802	372,184,498	385,139,856	347,306,268	348,221,586
UTILIZATION OF RECEIPTS									
Whole milk		31,625,052	33,527,732	31,536,123	32,710,683	27,244,973	29,649,480	27,566,662	22,910,981
Flavored milk & milk drinks		11,979,088	12,607,718	11,986,923	11,841,658	6,934,262	6,341,151	6,047,853	6,639,374
2% milk		63,891,360	67,831,795	64,434,202	66,065,296	34,473,859	36,706,861	34,631,700	32,585,362
1% milk		26,797,358	27,733,894	25,645,443	25,725,177	12,912,062	13,654,273	11,949,891	11,946,395
Skim milk		26,924,918	28,449,469	26,803,074	27,342,636	13,430,217	13,960,753	12,449,141	12,422,389
Buttermilk		1,333,030	1,461,981	1,346,894	1,327,957	488,163	527,604	471,312	548,065
CLASS I ROUTE DISP. IN AREA . .		162,550,806	171,612,589	161,752,659	165,013,407	95,483,536	100,840,122	93,116,559	87,052,566
Class I dispositions out of area . . .		16,457,482	20,406,872	14,779,063	17,208,593	20,478,639	20,613,417	5,153,668	5,125,024
Other Class I usage		20,422,869	17,431,347	17,894,122	20,443,562	10,232,190	11,071,910	9,522,376	9,936,956
TOTAL CLASS I USE.		199,431,157	209,450,808	194,425,844	202,665,562	126,194,365	132,525,449	107,792,603	102,114,546
TOTAL CLASS II USE		56,233,651	54,950,813	45,769,675	43,389,398	33,256,953	34,352,327	24,830,663	25,863,770
TOTAL CLASS III USE		185,683,949	190,043,919	216,719,991	221,228,048	101,410,251	95,473,484	99,223,760	93,270,124
TOTAL CLASS IV USE		207,011,443	226,879,474	280,653,753	267,708,794	111,322,929	122,788,596	115,459,242	126,973,146
TOTAL ACCOUNTED FOR		648,360,200	681,325,014	737,569,263	734,991,802	372,184,498	385,139,856	347,306,268	348,221,586
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I . .	184,455,211	193,467,508	177,663,015	185,730,288	114,765,680	120,599,895	97,454,966	94,202,508
	Class II . .	49,398,445	47,527,552	39,249,171	35,374,444	31,894,485	32,966,230	23,439,586	24,868,254
	Class III . .	166,804,253	171,409,662	212,827,723	216,788,998	100,705,092	94,531,681	99,223,760	92,813,984
	Class IV . .	174,588,168	196,032,575	257,823,843	240,517,189	94,740,267	101,525,952	81,939,720	76,552,212
Other receipts:	Class I . .	14,975,946	15,983,300	16,762,829	16,935,274	30,078,974	35,516,098	45,248,236	59,784,628
	Class II . .	6,835,206	7,423,261	6,520,504	8,014,954	1/	1/	1/	1/
	Class III . .	18,879,696	18,634,257	3,892,268	4,439,050	1/	1/	1/	1/
	Class IV . .	32,423,275	30,846,899	22,829,910	27,191,605	1/	1/	1/	1/
Avg. daily producer receipts		19,174,869	19,627,010	22,918,792	21,884,223	11,403,517	11,278,186	10,068,601	9,304,418
Change From Previous Year . .		-16.34%	-10.31%	51.77%	19.22%	13.26%	21.21%	12.42%	6.63%
Avg. daily Class I use		6,647,705	6,756,478	6,480,861	6,537,599	4,206,479	4,275,014	3,593,087	3,294,018
Change From Previous Year . .		2.57%	3.35%	1.16%	-0.64%	17.07%	29.78%	18.60%	10.03%

1/ Restricted - Included with Class I. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

HIGHLIGHTS THIS ISSUE:

DAIRY OUTLOOK - MILK PRICES CONTINUE TO RISE, SLOWER PRODUCTION EXPANSION TIGHTENS SUPPLY

A slight year-over-year increase in output per cow is expected to increase milk production in 2007 by 1.1 percent over 2006, to 183.8 billion pounds. Because of higher feed costs and weaker milk prices in 2006, the robust increases in production of the last 2 years have slowed to a crawl. Although corn prices have slipped in recent weeks, they are still well above 3 dollars a bushel. High grain prices, combined with high alfalfa prices and shortages, have countered higher prices for milk and will likely keep the milk-feed price ratio near 2.5 for the current year, near the 2006 level. The National Milk Producers Federation is predicting that about 54,000 cows will leave the national dairy herd this spring as a result of the Cooperatives Working Together buyout. A modest decline in cow numbers is expected to continue for the balance of 2007.

The tightening milk supplies are encountering continued demand growth. The commercial

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