The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

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MARKET SUMMARIES FOR APRIL

Pacific Northwest (FO 124)

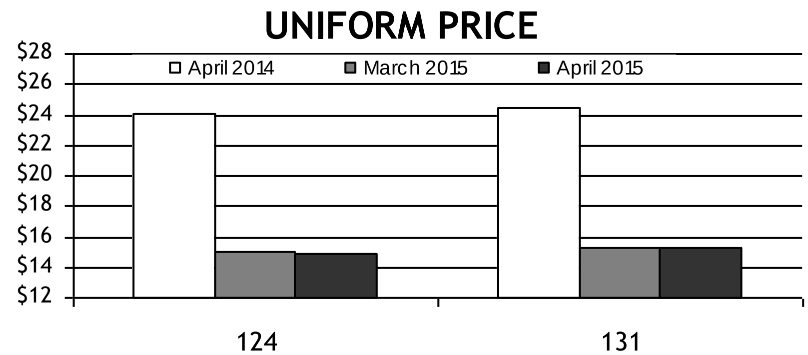
Producers delivered a total of 469.0 million pounds of milk to the market during April. Daily deliveries averaged 15.6 million pounds, down 3.0 percent from March. An estimated 432 producers delivered milk to the market during the month. Daily deliveries per producer averaged 36,190 pounds, down 3.2 percent from March.

Class I producer milk during April totaled 162.7 million pounds, 34.7 percent of total producer receipts. Daily usage averaged 5.4 million pounds, up 2.6 percent from March.

Arizona (FO 131)

Producers delivered a total of 425.0 million pounds of milk to the market during April. Daily deliveries averaged 14.2 million pounds, up 0.9 percent from March. An estimated 94 producers delivered milk to the market during the month. Daily deliveries per producer averaged 150,700 pounds, up 0.9 percent from March.

Class I producer milk during April totaled 110.1 million pounds, 25.9 percent of total producer receipts. Daily usage averaged 3.7 million pounds, up 0.1 percent from March.



Pool Quick Stats

Producer Prices & Component Levels	FO 124 Mar	FO 124 Apr	FO 131 Mar	FO 131 Apr
Uniform Price (at 3.5%)	$15.00	$14.86	$15.33	$15.25
Uniform Price (at test)	*$16.10*	*$15.98*	*$15.18*	*$15.07*
PPD	($0.56)	($0.95)	n/a	
Butterfat	$1.8444	$1.8940		
Protein	$2.4875	$2.5551		
Other Solids	$0.2918	$0.2698		
Uniform Skim	n/a		$9.20	$8.94
Uniform Butterfat			$1.8434	$1.8922
Butterfat	3.869%	3.872%	3.416%	3.402%
Protein	3.155%	3.152%	n/a	
Other Solids	5.729%	5.725%		

HIGHLIGHTS THIS ISSUE

- ✓ Dairy Outlook
- ✓ Dairy Products, 2014 Summary
- ✓ Organic News

Federal Order Price Summaries

FINAL CLASS PRICES

The April 2015 Final Class Prices were calculated using AMS commodity price surveys from April 4, 11, 18, and 25, 2015. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/finalprice.htm.

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Mar 2015	$17.46	$17.91	$14.50	$15.56	$13.80	$1.8444	$2.4875	$0.2918	$0.8454
Apr 2015	$17.40	$17.85	$14.98	$15.81	$13.51	$1.8940	$2.5551	$0.2698	$0.7926
Change	($0.06)	($0.06)	$0.48	$0.25	($0.29)	$0.0496	$0.0676	($0.0220)	($0.0528)

ADVANCED CLASS I PRICE

The June 2015 Advanced Price was calculated using AMS commodity price surveys from May 9 and 16, 2015. Current and archived Advanced Price announcements are available at www.fmmaseattle.com/advanceprice.htm.

ADVANCED	Butterfat	Class III Skim	Class IV Skim	Base Skim	Base Class I	Class I (FO124)	Class I (FO131)	Class II Skim	Class II Nonfat Solids
May 2015	$1.8972	$9.52	$7.15	$9.52	$15.83	$17.73	$18.18	$7.85	$0.8722
Jun 2015	$2.0281	$9.37	$6.96	$9.37	$16.14	$18.04	$18.49	$7.66	$0.8511
Change	$0.1309	($0.15)	($0.19)	($0.15)	$0.31	$0.31	$0.31	($0.19)	($0.0211)

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	March	April	Change
Cheese	$1.5750	$1.6122	$0.0372
Butter	$1.6945	$1.7355	$0.0410
Nonfat Dry Milk	$1.0217	$0.9684	($0.0533)
Whey	$0.4824	$0.4610	($0.0214)

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	May	June	Change
Cheese	$1.6142	$1.6520	$0.0378
Butter	$1.7381	$1.8462	$0.1081
Nonfat Dry Milk	$0.9705	$0.9489	($0.0216)
Whey	$0.4600	$0.4443	($0.0157)

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed an increase in prices received for 40-pound blocks and a net increase for 500-pound barrels. The survey of 40-pound blocks showed an increase of 4.83 cents between the April 18 and the May 16 surveys, to $1.6271 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net increase of 2.73 cents to $1.6669 per pound.

The AMS butter price showed an increase of 14.22 cents between the weeks ending April 18 and May 16 from $1.7345 per pound to $1.8767 per pound. The AMS nonfat dry milk showed a net decrease of 1.12 cents since mid-April to $0.9557 per pound. The average price for AMS whey showed a net decrease of 0.16 cents since mid-April to $0.4542 per pound.

Dairy Outlook

The following is an excerpt from USDA's Economic Research Service's Dairy Outlook

Relatively Low Feed Price Forecasts

Feed price forecasts for the 2014/15 marketing year remain relatively low compared with prices in recent years. The corn price forecast for the 2014/15 marketing year is $3.55-$3.75 per bushel, and the soybean meal price forecast is $365 per short ton. Feed prices for 2015/16 are expected to be lower: $3.20-$3.80 per bushel for corn and $305-$345 per short ton for soybean meal.

Dairy Forecasts for 2015

Although milk cow numbers declined in March, the dairy herd is forecast to grow in the second half of 2015 due to expectations of relatively low feed prices and rising milk prices. However, milk cow numbers for 2015 are expected to be lower than forecast last month, averaging 9.305 million head. With lower-than-expected yield per cow for the first quarter and the current drought situation in some Western areas, the 2015 milk per cow forecast has been lowered to 22,410 pounds. Milk production for 2015 is forecast at 208.6 billion pounds for 2015, 1.4 billion pounds less than forecast last month but 1.3 percent above 2014.

Dairy Forecasts for 2016

Changes in milk production usually lag changes in milk and feed prices. With 2015 margins expected to be conducive to expanding the milk supply, milk production in 2016 is projected to continue growing at a moderate rate. Milk cow numbers are forecast to average 9.335 million head in 2016, with milk per cow forecast at 22,880 pounds. Milk production is forecast at 213.6 billion pounds, a 2.1-percent increase over the 2015 forecast (adjusted for leap year).

Dairy exports are expected to grow in 2016 as demand from foreign buyers is expected to increase from 2015, but exports are not projected to reach the record highs set in 2014. Commercial exports for 2016 are forecast at 11.5 billion pounds on a milk-fat basis (an increase of 0.7 billion pounds) and 39.1 billion pounds on a skim-solids basis (an increase of 1.3 billion pounds).

Imports for 2016 are forecast to decrease from 2015 due to the expected increase in domestic milk production and greater competition from other countries for dairy products. Imports for 2016 are forecast at 4.3 billion pounds on a milk-fat basis (a decrease of 0.5 billion pounds) and 5.6 billion pounds on a skim-solids basis (a decrease of 0.1 billion pounds).

With an improving economy, demand is expected to increase significantly in 2016 compared with 2015 forecasts. Commercial disappearance is expected to grow to 205.0 billion pounds on a milk-fat basis (an increase of 3.5 billion pounds) and 178.8 billion pounds on a skim-solids basis (an increase of 2.6 billion pounds). Ending stocks of dairy products for 2016 are forecast to increase over 2015 levels to 11.8 billion pounds on a milk-fat basis (an increase of 0.5 billion pounds) and to 12.9 billion pounds on a skim-solids basis (an increase of 0.4 billion pounds).

Prices for cheese, NDM, and whey in 2016 are expected to be above 2015 prices due to strengthening domestic and foreign demand. Since the NDM market is the most sensitive to exports, NDM prices are expected to increase more than the other dairy product prices. With higher prices providing an incentive for increased NDM production, butter prices are expected to fall as more milk fat is expected to be available for butter production.

Source: USDA. Economics Research Service. "Livestock, Dairy, and Poultry Outlook/LDP-M-251", published May 18, 2015. Available at www.ers.usda.gov.

NASS News

DAIRY PRODUCTS, 2014 SUMMARY

Total cheese production, excluding cottage cheeses, was 11.5 billion pounds, 3.1 percent above 2013 production. Wisconsin was the leading State with 25.4 percent of the production.

Italian varieties, with 4.95 billion pounds were 4.5 percent above 2013 production and accounted for 43.2 percent of total cheese in 2014. Mozzarella accounted for 79.3 percent of the Italian production followed by Provolone with 7.3 percent and Parmesan with 6.1 percent. California was the leading State in Italian cheese production with 31.6 percent of the production.

American type cheese production was 4.53 billion pounds, 2.6 percent above 2013 and accounted for 39.6 percent of total cheese in 2014. Wisconsin was the leading State in American type cheese production with 18.7 percent of the production.

Butter production in the United States during 2014 totaled 1.86 billion pounds, 0.3 percent below 2013. California accounted for 33.0 percent of the production.

Dry milk powders (2014 United States production, comparisons with 2013) Nonfat dry milk, for human food totaled 1.76 billion pounds, up 19.4 percent. Skim milk powders totaled 544 million pounds, down 13.8 percent.

Dry whey totaled 870 million pounds in 2014, down 8.7 percent from 2013. Lactose, for both human and animal food, was 1.13 billion pounds, in 2014, up 8.9 percent from 2013. Whey protein concentrate, totaled 538 million pounds, up 8.1 percent from 2013.

In 2014, regular ice cream totaled 872 million gallons, down 2.8 percent from 2013. Lowfat ice cream increased 2.7 percent from 2013, totaling 412 million gallons.

Source: USDA. National Agricultural Statistics Service. "Dairy Products 2014 Summary", published April 29, 2015. Available at www.nass.usda.gov.

2014 MILK PRODUCTION, DISPOSITION, AND INCOME

On April 30, 2015, USDA's National Agricultural Statistics Service (NASS) published the annual summary of 2014 data for U.S. milk production, disposition, and income.

Milk production increased 2.4 percent in 2014 to 206 billion pounds. The rate per cow, at 22,258 pounds, was 442 pounds above 2013. The annual average number of milk cows on farms was 9.26 million head, up 33,000 head from 2013.

Cash receipts from marketings of milk during 2014 totaled $49.3 billion, 22.5 percent higher than 2013. Producer returns averaged $24.07 per hundredweight, 19.7 percent above 2013. Marketings totaled 205.1 billion pounds, 2.4 percent above 2013. Marketings include whole milk sold to plants and dealers and milk sold directly to consumers.

An estimated 962 million pounds of milk were used on farms where produced, 1.5 percent less than 2013. Calves were fed 90 percent of this milk, with the remainder consumed in producer households.

Source: USDA. National Agricultural Statistics Service. "Milk Production, Disposition, and Income 2014 Summary", published April 30, 2015. Available at www.nass.usda.gov.

APRIL MILK PRODUCTION

Milk production in the 23 major States during April totaled 16.6 billion pounds, up 1.7 percent from April 2014. March revised production at 16.9 billion pounds, was up 1.3 percent from March 2014. The March revision represented an increase of 30.0 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,928 pounds for April, 16 pounds above April 2014. This is the highest production per cow for the month of April since the 23 State series began in 2003.

Source: USDA. National Agricultural Statistics Service.

Organic News

USDA CLARIFIES REQUIREMENTS FOR TRANSITIONING DAIRY ANIMALS INTO ORGANIC PRODUCTION; INVITES COMMENTS ON PROPOSED RULE

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) is seeking comments on a proposed rule to clarify the requirements for the transition of dairy animals into organic production.

The proposed rule is based on the recommendations of the National Organic Standards Board, an advisory committee of organic community representatives. The rule would update the USDA's organic regulations by requiring that milk or milk products labeled, sold, or represented as organic be from dairy animals that have been organically managed since the last third of gestation, with a one-time allowance for a producer to convert conventional dairy animals to organic milk production after a one-year transitional period.

By clarifying the manner in which producers can transition dairy animals into organic milk production and by promoting consistency among certifying agents, the USDA establishes a level playing field that protects all organic farms and businesses and maintains consumer confidence in organically labeled products.

The proposed rule was published in the Federal Register on April 28, 2015. The organic community, stakeholders, and consumers are invited to submit written comments on the proposed rule by July 27, 2015, by visiting www.regulations.gov.

Comments can also be submitted by mail, as instructed in the proposed rule, to Scott Updike, Agricultural Marketing Specialist, National Organic Program, USDA-AMS-NOP, Room 2646-So., Ag Stop 0268, 1400 Independence Ave., SW, Washington, DC 20250-0268.

USDA ANNOUNCES FUNDING FOR CERTIFICATION COSTS

On May 14, 2015, the U.S. Department of Agriculture's Agricultural Marketing Service announced that approximately $11.9 million in organic certification assistance is available through state departments of agriculture to make organic certification more affordable for organic producers and handlers across the country.

To receive cost share assistance, certified organic producers and handlers should contact their appropriate state agencies via the contact information on the National Organic Program's cost share website: www.ams.usda.gov/NOPCostSharing. Applicants are encouraged to apply early, as these funds are only available through September 30, 2015.

USDA SEEKS PROPOSALS ON NEW ORGANIC PROMOTION ORDER

The U.S. Department of Agriculture's Agricultural Marketing Service (AMS) is inviting proposals or partial proposals from the public on a new industry-funded promotion, research and information order for organic products. The new order would be developed under the Commodity Promotion, Research, and Information Act of 1996 (1996 Act).

Interested parties have until June 19, 2015, to submit other proposals or partial proposals. AMS will consider submissions before publishing a proposed Organic Promotion, Research and Information Order that would create an industry-funded research and promotion program for organic products under the 1996 Act.

Proposals may be submitted to Organic Promotion, Research, and Information Order; Room 3071-S, STOP 0201; Agricultural Marketing Service, USDA; 1400 Independence Avenue, SW.; Washington, D.C. 20250-0201; telephone number (202) 720-5115. AMS is only seeking proposals or partial proposals. Comments on the submitted proposal or any other aspect of an organic research and promotion program will not be considered. Interested parties will have full opportunity to submit comments when AMS publishes a proposed order.

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST Apr 2015	Mar 2015	Apr 2014	Mar 2014	ARIZONA Apr 2015	Mar 2015	Apr 2014	Mar 2014
Producer Prices								
Producer Price Differential ($/cwt)	($0.95)	($0.56)	($0.28)	$0.35	+	+	+	+
Butterfat ($/pound)	1.8940	1.8444	2.1207	2.0402	+	+	+	+
Protein ($/pound)	2.5551	2.4875	4.7089	4.5172	+	+	+	+
Other Solids ($/pound)	0.2698	0.2918	0.4926	0.4700	+	+	+	+
Uniform Skim Price ($/cwt)	+	+	+	+	$8.94	$9.20	$17.66	$17.69
Uniform Butterfat Price ($/pound)	+	+	+	+	1.8922	1.8434	2.1103	2.0440
Statistical Uniform Price ($/cwt)	$14.86	$15.00	$24.03	$23.68	$15.25	$15.33	$24.43	$24.22
Producer Data								
Number of Producers	***432***	431	473	584	***94***	94	91	93
Avg. Daily Production (pounds)	***36,190***	37,400	40,785	41,634	***150,700***	149,305	153,769	156,764
Producer Milk Ratios								
Class I	34.68%	32.80%	29.10%	22.58%	25.91%	26.14%	25.55%	24.48%
Class II	9.27%	8.84%	8.40%	6.29%	9.81%	10.49%	10.75%	9.17%
Class III	5.27%	9.72%	25.28%	42.27%	19.89%	20.70%	22.57%	25.71%
Class IV	50.78%	48.64%	37.22%	28.86%	44.39%	42.67%	41.13%	40.64%
Market Shrinkage								
Pounds	9,093,493	7,055,760	7,006,003	11,906,790	1,270,052	1,744,284	1,335,083	1,497,137
% of Producer Milk	1.94%	1.41%	1.21%	1.58%	0.30%	0.40%	0.32%	0.33%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST Mar 2015	Feb 2015	Mar 2014	Feb 2014	ARIZONA Mar 2015	Feb 2015	Mar 2014	Feb 2014
Number of Handlers								
Pool Handlers	*21*	*22*	*24*	*21*	*7*	*7*	*7*	*7*
Distributing Plants	*12*	*13*	*13*	*13*	*5*	*5*	*5*	*5*
Supply Plants 1/	*4*	*4*	*6*	*3*	*1*	*1*	*1*	*1*
Cooperatives	*5*	*5*	*5*	*5*	*1*	*1*	*1*	*1*
Producer-Handlers	*5*	*5*	*5*	*5*	*0*	*0*	*0*	*0*
Other Plants w/ Class I Use	***19***	*19*	*19*	*20*	***24***	*22*	*23*	*22*
Class I Route Disposition In Area								
By Pool Plants	152,123,960	138,069,019	152,685,874	143,547,276	86,358,157	78,842,683	87,044,497	81,425,775
By Producer-Handlers	7,266,700	6,752,119	7,246,652	6,931,370	0	0	0	0
By Other Plants	***11,303,368***	11,033,043	10,694,567	9,762,607	***7,542,191***	7,235,459	8,516,408	8,442,108
Total	170,694,028	155,854,181	170,627,093	160,241,253	93,900,348	86,078,142	95,560,905	89,867,883
Producer-Handler Data								
% Class I Use	67.76%	65.43%	61.44%	68.51%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.26%	4.33%	4.25%	4.33%	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 Apr 2015	Mar 2015	Apr 2014	Mar 2014	ARIZONA Apr 2015	Mar 2015	Apr 2014	Mar 2014
Receipts of Milk								
Total Producer Milk	469,017,444	499,699,495	578,737,220	753,741,111	424,974,951	435,074,822	419,790,454	451,950,826
Receipts From Other Sources	32,390,956	16,009,399	22,345,787	7,529,894	6,591,620	6,580,419	6,345,419	6,259,923
Opening Inventory	29,623,905	32,451,763	35,117,226	37,048,364	23,004,574	24,066,678	22,314,660	21,457,099
Total To Be Accounted For	**531,032,305**	**548,160,657**	**636,200,233**	**798,319,369**	**454,571,145**	**465,721,919**	**448,450,533**	**479,667,848**
Utilization of Receipts								
Whole milk	34,449,705	35,237,131	32,347,210	32,769,633	23,914,337	25,086,198	23,044,354	24,211,362
Flavored milk & drinks	10,586,625	14,000,801	12,264,771	11,839,971	6,282,581	5,795,826	6,550,756	5,541,303
2% milk	54,939,920	57,133,197	61,410,335	62,052,533	29,307,032	31,473,495	29,647,476	31,760,273
1% milk	25,539,340	26,353,385	23,416,180	24,909,735	13,997,670	14,679,855	14,693,474	15,218,482
Skim milk	19,783,218	17,840,926	19,213,211	19,640,005	7,933,634	8,860,152	8,984,025	9,866,632
Buttermilk	1,450,456	1,558,520	1,407,808	1,473,997	403,816	462,631	420,990	446,445
Class I dispostions in area	146,749,264	152,123,960	150,059,515	152,685,874	81,839,070	86,358,157	83,341,075	87,044,497
Class I dispositions out of area	13,673,218	13,576,846	15,494,413	16,072,486	27,454,068	25,339,510	23,659,462	23,827,607
Other Class I usage	17,292,355	16,100,628	20,203,158	20,157,768	12,346,416	11,477,960	12,977,796	12,769,173
Utilization by Class								
Total Class I Use	177,714,837	181,801,434	185,757,086	188,916,128	121,639,554	123,175,627	119,978,333	123,641,277
Total Class II Use	49,121,649	49,938,987	53,632,454	52,816,537	42,579,822	46,419,398	45,901,460	42,195,730
Total Class III Use	24,725,725	48,661,777	158,292,461	320,349,787	84,519,946	90,080,491	94,733,530	116,684,267
Total Class IV Use	279,470,094	267,758,459	238,518,232	236,236,917	205,831,823	206,046,403	187,837,210	197,146,574
Total Accounted For	**531,032,305**	**548,160,657**	**636,200,233**	**798,319,369**	**454,571,145**	**465,721,919**	**448,450,533**	**479,667,848**

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST Apr 2015	Mar 2015	Apr 2014	Mar 2014	ARIZONA Apr 2015	Mar 2015	Apr 2014	Mar 2014
Producer milk								
Class I	162,672,155	163,917,963	168,420,887	170,182,395	110,108,463	113,715,101	107,241,751	110,637,202
Class II	43,501,112	44,180,846	48,636,011	47,410,974	41,686,365	45,629,230	45,122,241	41,423,316
Class III	24,721,598	48,574,936	146,332,777	318,599,120	84,519,946	90,080,491	94,732,324	116,200,292
Class IV	238,122,579	243,025,750	215,347,545	217,548,622	188,660,177	185,650,000	172,694,138	183,690,016
Other receipts								
Class I	15,042,682	17,883,471	17,336,199	18,733,733	11,531,091	9,460,526	12,736,582	13,004,075
Class II	5,620,537	5,758,141	4,996,443	5,405,563	1/	1/	1/	1/
Class III	1/	1/	1/	1,750,667	0	0	1/	1/
Class IV	41,351,642	24,819,550	35,130,371	18,688,295	18,065,103	21,186,571	15,923,497	14,712,947
Avg. daily producer receipts	15,633,915	16,119,339	19,291,241	24,314,229	14,165,832	14,034,672	13,993,015	14,579,059
Change From Previous Year	-18.96%	-33.70%	-19.53%	3.68%	1.24%	-3.73%	0.93%	4.02%
Avg. daily Class I use	5,923,828	5,864,562	6,191,903	6,094,069	4,054,652	3,973,407	3,999,278	3,988,428
Change From Previous Year	-4.33%	-3.77%	-2.23%	-2.93%	1.38%	-0.38%	-6.81%	-3.52%

1/ Restricted - Included with Class IV.

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www.fmmaseattle.com

FEDERAL ORDER STATISTICS FOR APRIL

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)	2,204.5	723.1	32.80%	$18.75	$16.51
Appalachian (FO 5)	487.7	318.1	65.23%	$18.90	$17.64
Florida (FO 6)	234.8	195.5	83.27%	$20.90	$19.98
Southeast (FO 7)	462.7	327.3	70.73%	$19.30	$18.33
Upper Midwest (FO 30)	2,287.3	292.0	12.77%	$17.30	$15.84
Central (FO 32)	1,109.0	400.9	36.15%	$17.50	$15.62
Mideast (FO 33)	1,492.6	511.4	34.26%	$17.50	$15.70
Pacific Northwest (FO 124)	469.0	162.7	34.68%	$17.40	$14.86
Southwest (FO 126)	670.0	361.5	53.96%	$18.50	$16.47
Arizona (FO 131)	425.0	110.1	25.91%	$17.85	$15.25

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