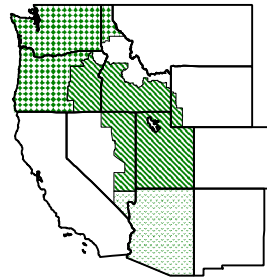


Pacific Northwest, Arizona-Las Vegas, & Western Marketing Areas



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James R. Daugherty
Market Administrator

JUNE 2000

MARKET SUMMARIES FOR MAY

Pacific Northwest

Producers delivered a total of 494.2 million pounds of milk to the market during May. Comparisons to the previous month are biased due to eligible milk not pooled. Fewer than three handlers did not pool milk; the amount of eligible milk not pooled is restricted. Were it not for eligible milk not pooled, May 2000 producer milk would have been above 600 million pounds for the first time ever. Daily deliveries averaged 15.9 million pounds, down 18.4 percent from April. An estimated 846 producers delivered milk to the market during the month. Daily deliveries per producer averaged 18,843 pounds, up 2.8 percent from April.

Class I producer milk during May totaled 179.7 million pounds, 36.4 percent of total producer receipts. Daily usage averaged 5.8 million pounds, up 6.8 percent from April.

Producers will receive \$1.5514 per pound of protein, \$1.2854 per pound of butterfat, and \$0.0403 per pound of other solids. Producers will also receive the market's producer price differential of \$2.33 per hundredweight, subject to applicable location adjustments. The market average component tests for the month were: 3.58% butterfat, 2.96% protein, 5.73% other solids, and 8.69% nonfat solids.

Western

Producers delivered a total of 388.1 million pounds of milk to the market during May. Comparisons to the previous month are biased due to eligible milk not pooled. Fewer than three handlers did not pool milk; the amount of eligible milk not pooled is restricted. Daily deliveries averaged 12.5 million pounds, down 4.2 percent from April. An estimated 756 producers delivered milk to the market during the month. Daily deliveries per producer averaged 17,975 pounds, up 3.3 percent from April.

Class I producer milk during May totaled 88.8 million pounds, 22.9 percent of total producer receipts. Daily usage averaged 2.9 million pounds, up 13.2 percent from April.

Producers will receive \$1.5514 per pound of protein, \$1.2854 per pound of butterfat, and \$0.0403 per pound of other solids. Producers will also receive the market's producer price differential of \$1.47 per hundredweight, subject to applicable location adjustments. The market average component tests for the month were: 3.54%

(Continued On Page 2)

Estimated Uniform Price (@ 3.5% BF) May 2000

Federal Order	Per Cwt.
Pacific Northwest	\$11.70
Western	\$10.84
Arizona-Las Vegas	\$11.79

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(Continued From Page 1)

butterfat, 3.01% protein, 5.73% other solids, and 8.74% nonfat solids.

Arizona Las Vegas

Producers delivered a total of 292.0 million pounds of milk to the market during May. Daily deliveries averaged 9.4 million pounds, down 2.1 percent from April. An estimated 119 producers delivered milk to the market during the month. Daily deliveries per producer averaged 79,159 pounds, down 1.3 percent from April.

Class I producer milk during May totaled 81.8 million pounds, 28.0 percent of total producer receipts. Daily usage averaged 2.6 million pounds, up 2.6 percent from April.

Producers will receive \$1.2699 per pound of butterfat and \$7.61 per hundredweight of skim, subject to applicable location adjustments. The market average butterfat test for the month was 3.51%. ♦

and butterfat and Class II skim prices for May were announced on April 21, 2000. The Class II price at 3.5% butterfat is \$12.63 for May.

The May Class III price compared to April is down 4 cents. The Class III price is \$1.89 lower than May 1999 and \$0.43 below the support price.

Commodity Prices -- The NASS survey of cheddar cheese prices showed a net increase in prices received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed a net increase of 1.02 cents between the May 20 and the June 17 surveys, to \$1.0965 per pound. The survey of 500-pound barrels (adjusted to 39% moisture) showed a net increase of 1.27 cents to \$1.0982 per pound.

The NASS butter price showed a net increase of 7.59 cents between the weeks ending May 20 and June 17 from \$1.2045 per pound to \$1.2804 per pound.

The NASS nonfat dry milk showed a net increase of 0.13 cents since mid-May to \$1.0119 per pound. The average price for NASS whey showed an increase of 0.39 cents since mid-May to \$0.1799 per pound. ♦

MAY'S CLASS PRICES

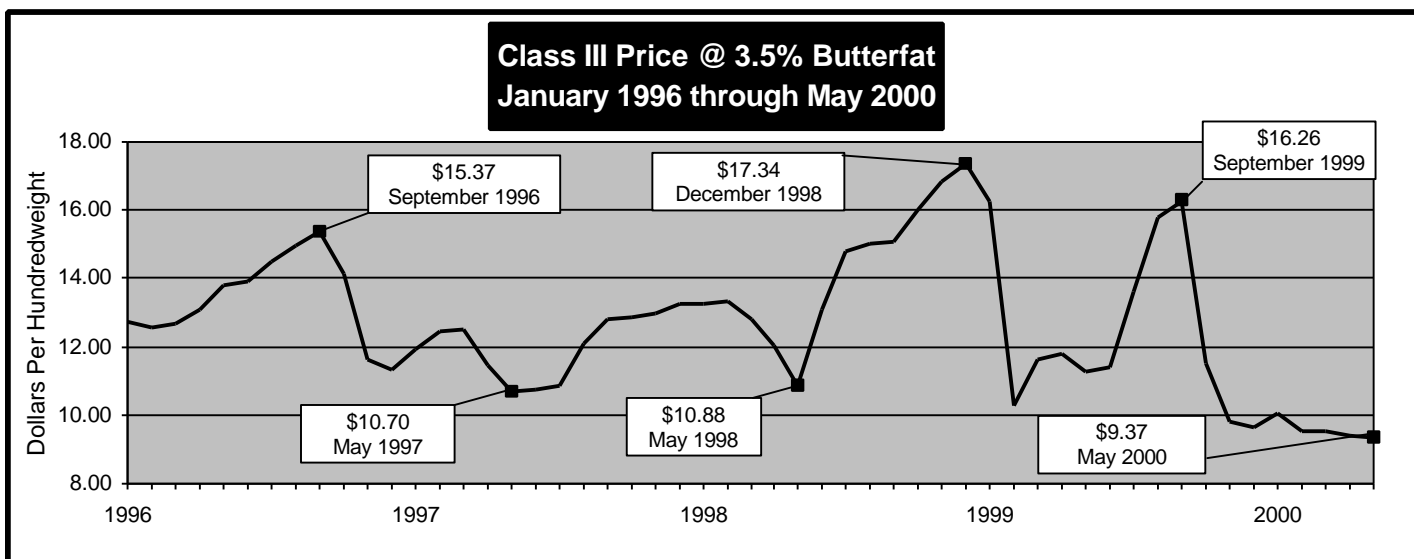
May's non-advanced Class Prices were calculated using NASS commodity price surveys from May 6, 13, 20, and 27. Component prices for the month are \$1.5514 per pound of protein, \$1.2854 per pound of butterfat, \$0.0403 per pound of other solids, and \$0.8530 per pound of nonfat solids.

May's Class III and IV prices at 3.5% butterfat are \$9.37 and \$11.91 per hundredweight, respectively. Class II butterfat was also announced at \$1.2924 per pound. Class I skim

NASS COMMODITY PRICES

	April	May	Change
Cheese*	\$1.1011	\$1.1022	\$0.0011
Butter	\$1.0449	\$1.1680	\$0.1231
Nonfat Dry Milk	\$1.0078	\$1.0071	(\$0.0007)
Whey	\$0.1765	\$0.1760	(\$0.0005)

* The weighted average of barrels plus 3 cents and blocks



JUNE'S CLASS I PRICE ANNOUNCEMENT

On June 23, the July 2000 Class I price was announced at \$14.36 for the Pacific Northwest and Western Orders, and \$14.81 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of June 10 and 17.

The July Class III and IV advance skim prices are \$4.51 and \$7.71 per hundredweight, respectively. The Class IV skim price has set the skim price for Class I milk for the first seven months of the year 2000. The butterfat portion of the Class I mover increased 21.6 cents to \$1.4355 per pound.

The June 2000 Class II skim and nonfat solids were also announced on June 23. The skim price is \$8.41 per hundredweight, and the nonfat solids price is \$0.9344 per pound for all Federal Orders.

◆

USDA EXTENDS TIME FOR FILING CORRECTIONS AND BRIEFS TO THE HEARING TRANSCRIPT FOR THE CLASS III AND IV PRICE FORMULA HEARING

On June 15, 2000, USDA announced an extension of time for the filing on the record for the hearing on Class III and IV price formula, held May 8 through 12, 2000, in Washington D.C. The time to file proposed corrections to the record is extended to June 30, 2000, and the time to file briefs is extended to July 14, 2000. Originally, the deadlines for corrections to the record was June 19 and to file briefs was June 30. ◆

TRANSCRIPTS AND EXHIBITS OF THE CLASS III AND IV HEARING AVAILABLE ON INTERNET

Transcripts and exhibits of the Class III and IV hearing are available on the internet at http://www.ams.usda.gov/dairy/hearing-III_IV.htm.

The Class III and IV hearing was held during the week of May 8-12, 2000.

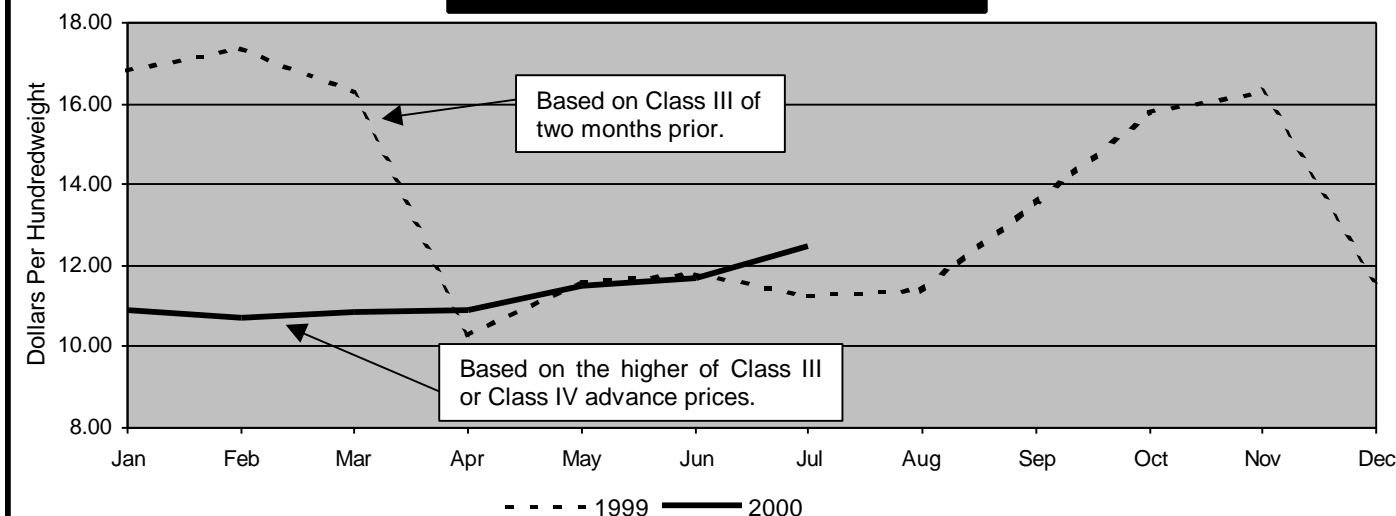
The Appropriations Act 2000, signed into law in November 1999, required that the Secretary of Agriculture conduct formal rulemaking to reconsider the Class III and Class IV pricing formulas included in the final rule for the consolidation and reform of Federal milk marketing orders. ◆

NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	June	July	Change
Cheese*	\$1.1011	\$1.1060	\$0.0049
Butter	\$1.1140	\$1.2911	\$0.1839
Nonfat Dry Milk	\$1.0100	\$1.0106	\$0.0006
Whey	\$0.1755	\$0.1794	\$0.0039

* The weighted average of barrels plus 3 cents and blocks

**Class I Price Mover @ 3.5% Butterfat
1999 and 2000**



USDA ANNOUNCES AMENDMENTS TO FLUID MILK PROMOTION ORDER

The U.S. Department of Agriculture announced June 5, 2000, that it is amending the Fluid Milk Promotion Order effective June 7, 2000.

Kathleen A. Merrigan, administrator of USDA's Agricultural Marketing Service, said the amendments allow fluid milk processors to have up to three members instead of two on the board. The amendments also allow board members whose fluid milk processor company affiliation has changed to serve for six months or until a successor is appointed, whichever is sooner. She further stated that the amendments ensure board continuity and full board representation.

The National Fluid Milk Processor Promotion Board, which administers the Fluid Milk Order, requested the proposed changes. The program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk products processed and marketed in consumer-type packages by fluid milk processors in the 48 contiguous states and the District of Columbia. Fluid milk processors who process and market more than 500,000 pounds of fluid milk products are charged the assessment, and those who process and market 500,000 pounds or less are exempted from the order.

AMS encourages all eligible women, minorities, and persons with disabilities to serve and participate in its committee and board activities. It is USDA's policy that membership on industry-governed committees and boards accurately reflect the diversity of individuals served by the programs.

Details of the amendments were published as a final rule in the June 6 Federal Register. Copies and additional information may be obtained from David R. Jamison, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, 1400 Independence Avenue, SW, Stop 0233, Room 2958-S, Washington, D.C. 20250-0233, tel. (202) 720-6909. ♦

COMMERCIAL DISAPPEARANCE OF DAIRY PRODUCTS UP 4.4 PERCENT FOR FIRST QUARTER 2000

Commercial disappearance of U.S. milk for the first quarter of 2000 was up 4.4 percent over the same period of 1999. Commercial disappearance is used as an indicator of consumption of U.S. milk marketings and is a residual figure. This measure of consumption includes civilian and military purchases of milk and dairy products for domestic and foreign use (exports), but excludes farm household use, commercial stocks, and imports. The table below shows commercial disappearance by commodity and their milk-equivalent on a fat solids basis.

Nonfat dry milk showed a decrease from 1999. Butter, American cheese, and "Other" cheese categories each showed increases. American cheese showed the largest percentage increase of 8.5 percent. Commercial Disappearance of Fluid milk products is not available at this time. ♦

Commercial Disappearance			
	January-March		% Change
	2000	1999	
Selected Products	-- Million Pounds --		
Butter	322.5	299.3	6.4%
American Cheese	875.9	837.4	3.5%
Other Cheese	1,148.1	1,047.0	8.5%
Nonfat Dry Milk	162.0	205.4	-21.9%
Fluid Milk Products 1/	N/A	N/A	N/A
Total 2/	40,415	38,300	4.4%

1/ N/A = not available 2/ Total Commercial Disappearance, milk-equivalent, milk fat basis. Source: Dairy Market News, Volume 67, No. 21.

MA WEBSITE

(Continued From Page 8)

Current pricing information can now be accessed from the main page of the web site. Links to current news on the Class III and IV formula hearing are also available. We continue to provide commodity prices and estimates of the current month's statistical uniform price. ♦

**UNITED STATES MILK PRODUCTION
UP 2.6 PERCENT IN MAY**

Milk production for May 2000 was up 2.60 percent for the United States compared with May 1999. United States milk production for May 2000 equaled 14,834 million pounds, 376 million pounds more than last May. The graph below shows monthly milk production for the 20 major dairy states, January 1998 through May 2000. The table on page 5 shows data for May 2000 for selected states with comparisons to year-ago levels.

Milk production in the 20 major states during May totaled 12.8 billion pounds, up 2.6 percent from production in these same states in May 1999.

Idaho had the largest percentage increase in milk production among the 20 selected states. Idaho increased from 537 million pounds in May 1999 to 612 million pounds in May 2000 or just under 14.0 percent. New Mexico had the second largest percentage increase with 12.2 percent.

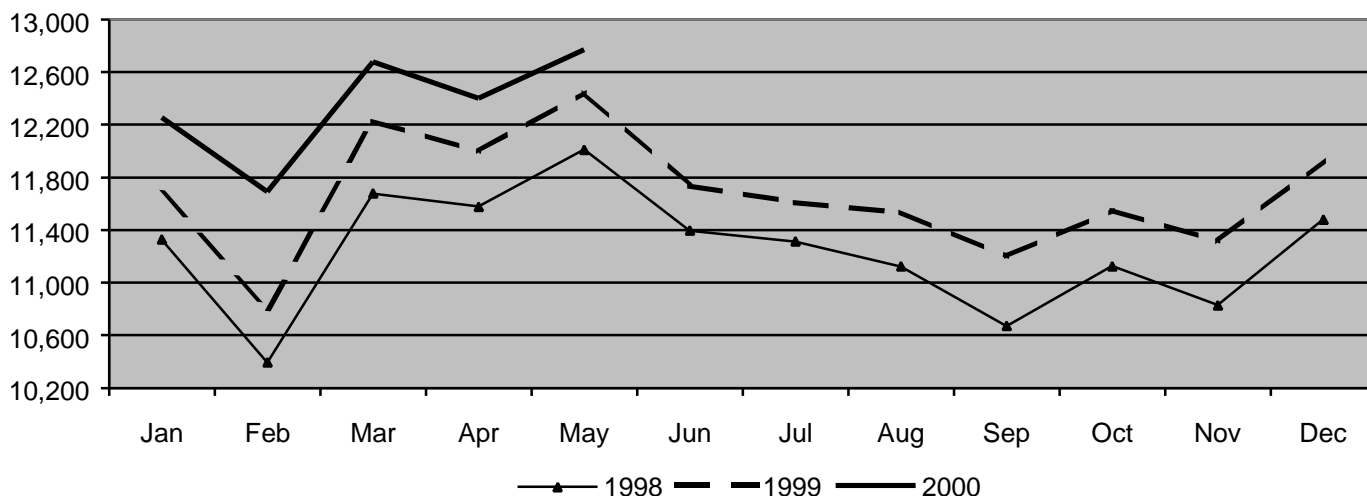
California continues to produce the most milk in the nation. California also had the largest increase in pounds of milk, 128 million pounds. The rest of the top five states with the most milk production were Wisconsin, New York, Pennsylvania, and Minnesota.

**Milk Production
May 1999-2000**

	1999	2000 1/	% Change
-- million pounds --			
Arizona	276	291	5.43%
California	2,663	2,791	4.81%
Florida	224	231	3.13%
Idaho	537	612	13.97%
Illinois	183	186	1.64%
Indiana	197	218	10.66%
Iowa	336	346	2.98%
Kentucky	149	158	6.04%
Michigan	485	469	-3.30%
Minnesota	842	840	-0.24%
Missouri	208	206	-0.96%
New Mexico	419	470	12.17%
New York	1,074	1,049	-2.33%
Ohio	398	406	2.01%
Oregon 2/	N/A	N/A	N/A
Pennsylvania	987	993	0.61%
Texas	523	532	1.72%
Utah 2/	N/A	N/A	N/A
Vermont	241	249	3.32%
Virginia	164	171	4.27%
Washington	478	488	2.09%
Wisconsin	2,063	2,065	0.10%
20 States 3/	12,447	12,771	2.60%
U.S.	14,458	14,834	2.60%

1/ May 2000 is preliminary. 2/ Data for Oregon and Utah is published quarterly. 3/ 20 States do not include Oregon and Utah. Source: National Agricultural Statistics Service. N/A = not available.

**Monthly Milk Production
20 States**



MONTHLY SELECTED STATISTICS

NASS Commodity Prices (\$/pound)	May 2000	Apr 2000
Butter	\$1.1680	\$1.0449
Cheese, Weighted Average Blocks & Barrels	1.1022	1.1011
Nonfat Dry Milk	1.0071	1.0078
Whey	0.1760	0.1765

Minimum Class Prices (3.5% B.F.)	PACIFIC NORTHWEST		WESTERN		ARIZONA-LAS VEGAS	
	May 2000	Apr 2000	May 2000	Apr 2000	May 2000	Apr 2000
Class I Milk (\$/cwt.)	\$13.38	\$12.83	\$13.38	\$12.83	\$13.83	\$13.28
Class II Milk (\$/cwt.)	12.63	12.10	12.63	12.10	12.63	12.10
Class III Milk (\$/cwt.)	9.37	9.41	9.37	9.41	9.37	9.41
Class IV Milk (\$/cwt.)	11.91	11.38	11.91	11.38	11.91	11.38
Producer Prices						
Producer Price Differential (\$/cwt.)	\$ 2.33	\$ 1.90	\$ 1.47	\$ 1.35	+	+
Butterfat (\$/pound)	1.2854	1.1352	1.2854	1.1352	+	+
Protein (\$/pound)	1.5514	1.7399	1.5514	1.7399	+	+
Other Solids (\$/pound)	0.0403	0.0408	0.0403	0.0408	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	7.61	7.79
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.2699	1.1197
Statistical Uniform Price (\$/cwt.)	\$11.70	\$11.31	10.84	10.76	11.79	11.44
Producer Data						
Number of Producers	846 *	1,071	756 *	775	119 *	119
Avg. Daily Production (lbs.)	18,843 *	18,251	17,975 *	16,858	79,159 *	80,893
Number of Handlers						
Pool Handlers	26	27	19	19	6	6
Producer-Handlers	12	12	7	7	1	1
Other Plants w/ Class I Use	5	5	10	10	3	3
Producer Milk Ratios						
Class I	36.36%	27.76%	22.89%	19.38%	28.00%	26.71%
Class II	9.21%	7.37%	7.47%	8.06%	4.40%	4.23%
Class III	38.40%	31.69%	63.87%	57.65%	31.51%	31.18%
Class IV	16.03%	33.18%	5.77%	14.91%	36.09%	37.88%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data (Thousand lbs.)	Apr 2000	Mar 2000	Apr 2000	Mar 2000	Apr 2000	Mar 2000
Production	23,848,294	24,712,738	2,452,402	2,488,957	R	R
Class I Use	17,534,630	19,872,919	1,650,874	1,857,677	R	R
% Class I Use	73.53%	80.42%	67.32%	74.64%	R	R
Class I Route Disposition In Area (Thousand lbs.)						
By Pool Plants	154,739,266	166,528,987	65,224,332	77,655,309	75,182,238	82,327,639
By Producer-Handlers	17,438,346	19,987,828	1,669,610	1,899,996	R	R
By Other Plants	511,294 *	646,579	1,151,744 *	1,172,734	11,754,456 *	13,259,644
Total **	172,688,906	187,163,394	68,045,686	80,728,039	R	R

* Preliminary.

** May not add due to rounding.

R = Restricted.

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST		WESTERN		ARIZONA-LAS VEGAS		
	May 2000	Apr 2000	May 2000	Apr 2000	May 2000	Apr 2000	
TOTAL PRODUCER MILK	494,184,014	586,406,991	388,082,261	391,958,643	292,015,766	288,786,287	
RECEIPTS FROM OTHER SOURCES	11,551,473	10,993,043	5,051,252	6,698,228	4,546,704	3,481,519	
OPENING INVENTORY	24,562,349	20,537,246	13,952,353	10,848,161	10,905,385	16,233,568	
TOTAL TO BE ACCOUNTED FOR	530,297,836	617,937,280	407,085,866	409,505,032	307,467,855	308,501,374	
UTILIZATION OF RECEIPTS							
Whole milk	25,626,952	24,460,749	11,205,055	10,098,650	19,906,944	18,867,434	
Flavored milk & milk drinks	10,063,840	7,980,473	5,139,518	5,359,487	4,209,522	4,593,785	
2% milk	72,949,206	68,653,503	30,645,768	27,748,541	31,172,660	30,708,945	
1% milk	25,915,415	24,509,546	15,141,056	12,799,231	8,999,684	9,372,531	
Skim milk	28,728,991	27,580,030	9,291,792	8,633,116	11,033,467	11,183,939	
Buttermilk	1,656,181	1,554,965	663,068	585,307	471,263	455,604	
CLASS I ROUTE DISP. IN AREA.	164,940,585	154,739,266	72,086,257	65,224,332	75,793,540	75,182,238	
Class I dispositions out of area	9,951,170	8,874,265	10,787,842	9,914,856	4,849,329	4,677,062	
Other Class I usage	17,459,295	14,999,709	11,999,878	8,775,097	6,433,269	5,784,418	
TOTAL CLASS I USE.	192,351,050	178,613,240	94,873,977	83,914,285	87,076,138	85,643,718	
TOTAL CLASS II USE	51,783,108	47,062,858	31,245,577	33,866,257	13,806,980	13,770,234	
TOTAL CLASS III USE	192,517,948	186,508,807	251,691,644	229,038,229	92,343,253	91,236,243	
TOTAL CLASS IV USE	93,645,730	205,752,375	29,274,668	62,686,261	114,241,484	117,851,179	
TOTAL ACCOUNTED FOR	530,297,836	617,937,280	407,085,866	409,505,032	307,467,855	308,501,374	
CLASSIFICATION OF RECEIPTS							
Producer milk:	Class I	179,692,537	162,783,648	88,823,936	75,951,864	81,764,916	77,143,027
	Class II	45,503,220	43,228,796	28,993,240	31,593,918	12,851,059	12,217,406
	Class III	189,756,734	185,851,904	247,875,384	225,977,591	92,015,371	90,039,071
	Class IV	79,231,523	194,542,643	22,389,701	58,435,270	105,384,420	109,386,783
Other receipts:	Class I	12,658,513	15,829,592	6,050,041	7,962,421	15,452,089	19,715,087
	Class II	6,279,888	3,834,062	2,252,337	2,272,339	1/	1/
	Class III	2,761,214	656,903	3,816,260	3,060,638	1/	1/
	Class IV	14,414,207	11,209,732	6,884,967	4,250,991	1/	1/
Avg. daily producer receipts		15,941,420	19,546,900	12,518,783	13,065,288	9,419,863	9,626,210
Avg. daily Class I use		6,204,873	5,953,775	3,060,451	2,797,143	2,808,908	2,854,791

1/ Restricted - Included with Class I.

HIGHLIGHTS THIS ISSUE:

- Market Summaries
- May Class Prices and Commodity Prices
- Class I Prices for July 2000
- USDA Extends Time For Filing Corrections and Briefs for the Class III and IV Formula Hearing
- Transcripts and Exhibits of the Class III and IV Hearing Available on the Internet
- USDA Announces Amendments to Fluid Milk Promotion Order
- Commercial Disappearance of Dairy Products Up 4.4 Percent
- U.S. Milk Production Up 2.6 Percent in May
- Market Administrator's Web Site Updated

**MARKET ADMINISTRATOR'S WEB SITE
UPDATED**

In a continued effort to provide timely and easily accessible information to the dairy industry, updates were made to the market administrator's web site at <http://www.fmmaseattle.com>. The web site has been made more user friendly. The new front page takes advantage of "book marking" to speed access by users to their particular areas of interest. Book marking reduces the time consuming process of scrolling down to the user's area of interest.

Changes in Available Information

In the historical data section, the *Compilation of Statistical Material* for the pre-consolidated Pacific Northwest and Southwestern Idaho-Eastern Oregon Orders, 1998 and 1999 are now available on the web page. Old price announcements for that period have been removed from the site.

(Continued on Page 4: MA WEB SITE)