The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

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MARKET SUMMARIES FOR MAY

Pacific Northwest (FO 124)

Producers delivered a total of 749.2 million pounds of milk to the market during May. Daily deliveries averaged 24.2 million pounds, up 0.8 percent from April. An estimated 595 producers delivered milk to the market during the month. Daily deliveries per producer averaged 40,619 pounds, up 0.8 percent from April.

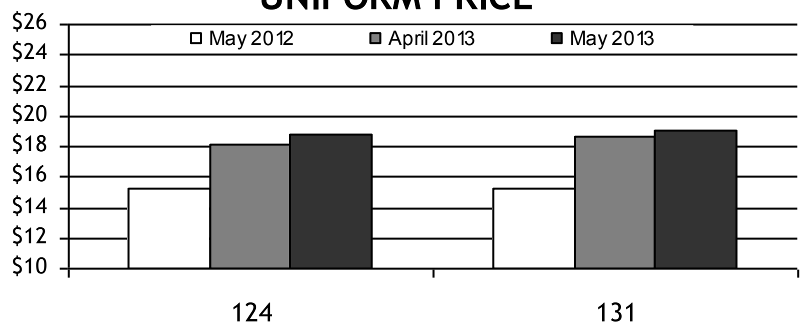
Class I producer milk during May totaled 185.0 million pounds, 24.7 percent of total producer receipts. Daily usage averaged 6.0 million pounds, up 3.0 percent from April.

Arizona (FO 131)

Producers delivered a total of 419.4 million pounds of milk to the market during May. Daily deliveries averaged 13.5 million pounds, down 2.4 percent from April. An estimated 92 producers delivered milk to the market during the month. Daily deliveries per producer averaged 147,042 pounds, down 2.4 percent from April.

Class I producer milk during May totaled 113.1 million pounds, 27.0 percent of total producer receipts. Daily usage averaged 3.6 million pounds, down 5.9 percent from April.

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124 Apr	FO 124 May	FO 131 Apr	FO 131 May
Uniform Price (at 3.5%)	$18.16	$18.79	$18.61	$19.11
Uniform Price (at test)	*$19.45*	*$19.85*	*$18.55*	*$19.01*
PPD	$0.57	$0.27	n/a	
Butterfat	$1.8227	$1.7884		
Protein	$3.0130	$3.3597		
Other Solids	$0.3863	$0.3887		
Uniform Skim	n/a		$12.71	$13.29
Uniform Butterfat			$1.8119	$1.7948
Butterfat	3.854%	3.774%	3.465%	3.445%
Protein	3.199%	3.150%	n/a	
Other Solids	5.744%	5.771%		

HIGHLIGHTS THIS ISSUE

- ✓ June Dairy Month: A Brief History
- ✓ From the USDA Blog
- ✓ Why are Americans Consuming Less Fluid Milk?

Federal Order Price Summaries

FINAL CLASS PRICES

The May 2013 Final Class Prices were calculated using AMS commodity price surveys from May 4, 11, 18, 25 and June 1, 2013. 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
Apr 2013	$19.56	$20.01	$18.73	$17.59	$18.10	$1.8227	$3.0130	$0.3863	$1.3498
May 2013	$19.66	$20.11	$18.43	$18.52	$18.89	$1.7884	$3.3597	$0.3887	$1.4549
Change	$0.10	$0.10	($0.30)	$0.93	$0.79	($0.0343)	$0.3467	$0.0024	$0.1051

ADVANCED CLASS I PRICE

The July 2013 Advanced Price was calculated using AMS commodity price surveys from June 8 and 15, 2013. 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
June 2013	$1.8000	$12.77	$13.09	$13.09	$18.93	$20.83	$21.28	$13.79	$1.5322
July 2013	$1.6803	$12.56	$13.50	$13.50	$18.91	$20.81	$21.26	$14.20	$1.5778
Change	($0.1197)	($0.21)	$0.41	$0.41	($0.02)	($0.02)	($0.02)	$0.41	$0.0456

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	April	May	Change
Cheese	$1.7310	$1.8274	$0.0964
Butter	$1.6766	$1.6483	($0.0283)
Nonfat Dry Milk	$1.5312	$1.6374	$0.1062
Whey	$0.5741	$0.5765	$0.0024

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	June	July	Change
Cheese	$1.8388	$1.7806	($0.0582)
Butter	$1.6579	$1.5590	($0.0989)
Nonfat Dry Milk	$1.6367	$1.6826	$0.0459
Whey	$0.5741	$0.5710	($0.0031)

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a decrease in price received for 40-pound blocks and a net increase for 500-pound barrels. The survey of 40-pound blocks showed a decrease of 12.95 cents between the May 18 and the June 15 surveys, to $1.7552 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net increase of 0.82 cents to $1.7709 per pound.

The AMS butter price showed a net decrease of 6.99 cents between the weeks ending May 18 and June 15 from $1.6387 per pound to $1.5688 per pound. The AMS nonfat dry milk showed a net increase of 4.78 cents since mid-May to $1.6816 per pound. The average price for AMS whey showed a net increase of 0.25 cents since mid-May to $0.5742 per pound.

A current summary of various commodity prices is available at www.fmmaseattle.com/prices.htm.

AMS NEWS

JUNE DAIRY MONTH: A BRIEF HISTORY

June Dairy Month, an annual tradition developed to celebrate the dairy industry and its many contributions to our society, originated in 1937. During its first two years, 1937 and 1938, it was called National Milk Month and ran from June 10 to July 10. The 1937 event, sponsored by chain stores, was given the theme "Keep Youthful -- Drink Milk." Originally supported by the National Dairy Council (NDC), June Dairy Month was established to help stabilize dairy demand during periods of peak production. To assist in that effort, NDC provided promotional materials to the 6,300 stores participating.

"June Dairy Month" became the official title of the promotion in 1939 and focused on greater use of dairy products. NDC offered campaign material to producers, processors and dairy product distributors.

During the war years, less emphasis was placed on promotion, more on surviving the war. The retailers helped customers receive an adequate supply of dairy products and provided information to help use them properly. After the war, efforts focused on resuming dairy product usage. In 1947 the slogan was "30 Days for ADA in June." By 1950, retailers, producers and processors all worked together to promote June Dairy Month.

In 1955 American Dairy Association (ADA) became the national leader for June Dairy Month campaigns. The emphasis changed to sales promotion programs for dairy products, and advertising and merchandising programs were added to an already-effective public relations program. The June promotion became a month-by-month merchandising event in which one or more foods made from milk were highlighted nationwide on a monthly basis. This advertising was visible evidence of dairy farmers' dollars at work.

June Dairy Month continued to evolve over the years and entire communities across the country, both rural and urban, have embraced it and have become involved in many ways. Some celebrate with dairy food demonstrations, while other distribute product samples at creameries, grocery stores, and local banks. Some rural communities feature parades with county and regional dairy princesses, town officials, floats and marching bands.

The cooperation between farmers and other community members are really the basis of what June Dairy Month is all about - celebrating and using milk and dairy products.

Source: USDA. Agricultural Marketing Service. Available at www.ams.usda.gov/AMSv1.0/JuneDairyMonth.

From the USDA Blog

Whether it's cheese, milk, or yogurt, dairy products are a staple in the diets of Americans and people all over the world. June is National Dairy Month, a time when we honor our nation's dairy producers and processors for making sure that we can enjoy quality dairy products.

Always true stewards of the land, the industry has made tremendous strides when it comes to sustainability. In the past 63 years, the industry reduced its carbon footprint by 63 percent. This amazing statistic is a testament to the integrity of the nation's dairies, most of which are family-owned and well-connected to the communities around them.

Looking to enhance their sustainability models, dairy businesses often find tips from the Innovation Center for U.S. Dairy. This resource highlights the impressive accomplishments of businesses like Skyridge Farms., located in Sunnyside, Washington. This 3,200 cow operation's improved energy management system yielded a 20 percent energy savings in five of its free-stall barns, while its aggressive composting program eliminated 600 truckloads that used to haul off manure. Businesses can also check out their energy efficiency by looking at an energy saver checklist or requesting an energy audit.

Innovative approaches such as aggressive sustainability models are now a necessity for the dairy industry, which is facing a number of challenges. Record high feed costs make it expensive to run operations. The milk-to-feed price ratio is near an all-time low, shrinking profit margins. Despite these factors, the resilient industry was able to produce more than 200 billion pounds of milk in 2012 – a record amount.

One of the ways that USDA is helping our dairy farmers and businesses overcome their challenges is by helping these businesses reach new markets. One of these paths that continue to be a bright spot in the dairy industry is exports. Last year dairy exports brought in more than $5.2 billion, an 8 percent increase from the previous year. Services like the USDA's electronic trade document exchange system (eTDE) will help continue this trend, as our nation's dairy farmers and businesses will be able to send health and transit certificates through a new streamlined process. USDA will continue to use programs like this to help make sure that American dairy businesses can increase their profit margins.

Outside of running their businesses, the dairy industry makes tremendous contributions to the health and well-being of people all over the world. Through programs like the popular Fuel Up to Play 60, the National Dairy Council provides cutting-edge nutrition information that can be used by people of all ages. Whether it's showing the importance of milk to children's development or how dairy products can help you maintain healthy bones, the council has done a great job educating others about the benefits of dairy products. You can learn more about the innovative research and promotion activities by visiting the Agricultural Marketing Service website.

As we celebrate National Dairy Month, USDA remains committed to supporting our nation's dairy producers and businesses. We would like everyone to thank our nation's dairy farmers and businesses for all that they do. We encourage you to celebrate the month by trying new recipes featuring your favorite dairy products. -

See more at: http://blogs.usda.gov/2013/06/14/giving-thanks-to-our-nations-dairy-industry/#sthash.4qjpsh0A.dpuf.

Source: USDA. USDA Blogs, posted by Acting Agricultural Deputy Secretary Michael Scuse, June 14, 2013. Available at http://blogs.usda.gov/. Cross posted from DairyGood.org.

Economic Research Service News

WHY ARE AMERICANS CONSUMING LESS FLUID MILK? A LOOK AT GENERATIONAL DIFFERENCES IN INTAKE FREQUENCY

The following is an excerpt of a report summary from USDA's Economic Research Service published in May 2013

Most Americans do not consume enough dairy products. The *Dietary Guidelines for Americans, 2010* recommends 2 cup-equivalents per day for children aged 2 to 3 years, 2.5 for those aged 4 to 8 years, and 3 for Americans older than age 8. However, per capita dairy consumption has long held steady at about 1.5 cup-equivalents, despite rising cheese consumption. This stasis in per capita dairy consumption results directly from the fact that Americans are drinking progressively less fluid milk. Since 1970 alone, per capita fluid milk consumption has fallen from 0.96 cup-equivalents to about 0.61 cup-equivalents per day.

Data from USDA dietary intake surveys conducted between the 1970s and 2000s show that Americans—on occasions when they drink fluid milk—continue to consume about 1 cup (8 fluid ounces). Given the stability of portions, trends showing decreases in per capita consumption since the 1970s mainly reflect changes in consumption frequency. Between the 1970s and 2000s, people have become less apt to drink fluid milk at mealtimes, especially with midday and nighttime meals, reducing the total number of consumption occasions.

Underlying these decreases in consumption frequency are differences in the habit to drink milk between newer and older generations. All else constant (e.g., race and income), succeeding generations of Americans born after the 1930s have consumed fluid milk less often than their preceding generations.

Differences across the generations in fluid milk intake may help account for the observed decreases in per capita fluid milk consumption in recent decades despite public and private sector efforts to stem the decline. Furthermore, these differences will likely make it difficult to reverse current consumption trends. In fact, as newer generations replace older ones, the population's average level of fluid milk consumption may continue to decline.

View the full report at www.ers.usda.gov/media/1118789/err149.pdf.

Source: USDA. Economic Research Service. Available at www.ers.usda.gov/media/1118785/err149_summary.pdf.

ERS DAIRY OUTLOOK

The following is an excerpt from the most recent Dairy Outlook

The June milk production forecast for 2013 is unchanged from May at 201.8 billion pounds. The May Milk Production report placed production for the first 4 months of 2013 slightly ahead of the same period last year after adjusting for the extra milking day in 2012. After accounting for the relatively weak milk-feed price ratio, there was no basis for increasing forecast production from the May estimate.

The May *Cold Storage* report showed butter and cheese stocks well above a year ago. While it is likely that stocks will be drawn down over the remainder of 2013, the upward adjustment in stocks was carried forward through the course of this year and next.

Price forecasts for cheese and butter were lowered in June, reflecting the accumulating stocks of these products and year-to-date prices. Whey prices were unchanged from May. Nonfat dry milk (NFDM) prices were raised this year based on tightening supplies and anticipated robust exports.

The Class IV price was lowered for both this year and next as lower butter prices more than offset NFDM price strength.

Source: USDA. Economic Research Service. "Livestock, Dairy & Poultry Outlook", LDP-M-228, June 18, 2013. Available at www.ers.usda.gov.

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST May 2013	Apr 2013	May 2012	Apr 2012	ARIZONA May 2013	Apr 2013	May 2012	Apr 2012
Minimum Class Prices (3.5% B.F.)								
Class I Milk ($/cwt)	$19.66	$19.56	$17.75	$17.56	$20.11	$20.01	$18.20	$18.01
Class II Milk ($/cwt)	18.43	18.73	15.19	16.20	18.43	18.73	15.19	16.20
Class III Milk ($/cwt)	18.52	17.59	15.23	15.72	18.52	17.59	15.23	15.72
Class IV Milk ($/cwt)	18.89	18.10	13.55	14.80	18.89	18.10	13.55	14.80
Producer Prices								
Producer Price Differential ($/cwt)	$0.27	$0.57	$0.08	$0.15	+	+	+	+
Butterfat ($/pound)	1.7884	1.8227	1.4462	1.5645	+	+	+	+
Protein ($/pound)	3.3597	3.0130	2.7344	2.6568	+	+	+	+
Other Solids ($/pound)	0.3887	0.3863	0.3500	0.4048	+	+	+	+
Uniform Skim Price ($/cwt)	+	+	+	+	$13.29	$12.71	$10.50	$10.93
Uniform Butterfat Price ($/pound)	+	+	+	+	1.7948	1.8119	1.4680	1.5635
Statistical Uniform Price ($/cwt)	$18.79	$18.16	$15.31	$15.87	$19.11	$18.61	$15.27	$16.02
Producer Data								
Number of Producers*	***595***	595	616	605	***92***	92	94	94
Avg. Daily Production (pounds)*	***40,619***	40,290	38,601	35,110	***147,042***	150,695	145,558	150,959
Producer Milk Ratios								
Class I	24.69%	24.17%	25.35%	27.53%	26.97%	27.96%	26.42%	27.77%
Class II	7.74%	5.90%	5.65%	6.78%	7.82%	7.20%	7.33%	7.14%
Class III	42.25%	44.10%	42.16%	35.50%	25.37%	26.18%	25.19%	22.02%
Class IV	25.32%	25.83%	26.84%	30.19%	39.84%	38.66%	41.06%	43.07%

+ Not Applicable. Preliminary data indicated in ***bold***. * Revised: January-May 2012 (FO 124).

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST Apr 2013	Mar 2013	Apr 2012	Mar 2012	ARIZONA Apr 2013	Mar 2013	Apr 2012	Mar 2012
Number of Handlers								
Pool Handlers	*25*	*25*	*24*	*25*	*7*	*7*	*7*	*7*
Distributing Plants	*14*	*14*	*14*	*14*	*5*	*5*	*5*	*5*
Supply Plants 1/	*6*	*6*	*5*	*6*	*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	*15*	*15*	*17*	*17*	*21*	*19*	*23*	*23*
Class I Route Disposition In Area								
By Pool Plants	159,348,559	161,764,575	162,612,685	173,856,269	89,587,806	90,375,071	90,740,604	95,758,825
By Producer-Handlers	7,261,256	7,014,455	7,028,719	7,285,801	0	0	0	0
By Other Plants	***8,976,961***	8,972,530	8,023,514	8,374,083	***7,103,742***	5,908,822	6,022,658	5,891,370
Total	175,586,776	177,751,560	177,664,918	189,516,153	96,691,548	96,283,893	96,763,262	101,650,195
Producer-Handler Data								
% Class I Use	73.53%	69.02%	62.77%	64.02%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.14%	3.95%	3.96%	3.84%	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 May 2013	Apr 2013	May 2012	Apr 2012	ARIZONA May 2013	Apr 2013	May 2012	Apr 2012
Receipts of Milk								
Total Producer Milk	749,221,691	719,183,404	737,116,641	637,254,655	419,364,716	415,919,230	424,155,801	425,704,903
Receipts From Other Sources	11,237,084	9,865,736	12,309,254	9,834,593	2,782,758	2,964,403	4,138,981	3,057,445
Opening Inventory	35,341,511	40,280,787	37,836,755	33,043,109	21,292,729	23,486,068	25,324,520	21,787,743
Total To Be Accounted For	**795,800,286**	**769,329,927**	**787,262,650**	**680,132,357**	**443,440,203**	**442,369,701**	**453,619,302**	**450,550,091**
Utilization of Receipts								
Whole milk	34,008,070	32,395,984	33,627,282	31,284,007	24,311,166	23,660,849	23,608,164	23,199,700
Flavored milk & drinks	13,418,361	12,686,531	14,151,421	12,447,915	5,150,759	6,432,281	5,023,545	5,838,542
2% milk	64,919,141	64,348,783	68,203,815	65,667,081	31,956,684	32,039,809	32,444,376	32,767,808
1% milk	26,210,117	25,553,357	28,076,822	26,596,033	15,286,464	16,068,685	15,673,550	16,473,007
Skim milk	22,696,058	22,965,303	26,255,727	25,333,294	10,278,822	10,982,056	11,263,184	12,073,072
Buttermilk	1,514,491	1,398,601	1,337,636	1,284,355	394,108	404,126	403,408	388,475
Class I dispostions in area	162,766,238	159,348,559	171,652,703	162,612,685	87,378,003	89,587,806	88,416,227	90,740,604
Class I dispositions out of area	16,019,897	15,433,655	14,124,499	12,745,297	25,190,677	26,055,122	24,993,087	24,448,659
Other Class I usage	19,957,364	15,215,084	16,106,296	16,218,261	13,566,570	13,099,777	12,673,104	14,033,206
Utilization by Class								
Total Class I Use	198,743,499	189,997,298	201,883,498	191,576,243	126,135,250	128,742,705	126,082,418	129,222,469
Total Class II Use	68,566,178	49,944,401	52,903,805	50,621,596	33,905,946	30,760,802	31,754,359	31,747,689
Total Class III Use	317,362,027	318,961,705	310,801,027	226,735,078	106,404,532	110,466,807	106,852,204	93,749,827
Total Class IV Use	211,128,582	210,426,523	221,674,320	211,199,440	176,994,475	172,399,387	188,930,321	195,830,106
Total Accounted For	**795,800,286**	**769,329,927**	**787,262,650**	**680,132,357**	**443,440,203**	**442,369,701**	**453,619,302**	**450,550,091**

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST May 2013	Apr 2013	May 2012	Apr 2012	ARIZONA May 2013	Apr 2013	May 2012	Apr 2012
Producer milk								
Class I	185,017,500	173,808,251	186,892,086	175,417,725	113,090,206	116,282,389	112,050,995	118,199,112
Class II	57,972,603	42,455,072	41,679,343	43,201,346	32,782,493	29,945,023	31,082,856	30,396,413
Class III	316,513,400	317,166,845	310,754,431	226,239,543	106,397,103	108,881,157	106,852,204	93,749,827
Class IV	189,718,188	185,753,236	197,790,781	192,396,041	167,094,914	160,810,661	174,169,746	183,359,551
Other receipts								
Class I	13,725,999	16,189,047	14,991,412	16,158,518	13,045,044	12,460,316	14,031,423	11,023,357
Class II	10,593,575	7,489,329	11,224,462	7,420,250	1/	1/	1/	1/
Class III	848,627	1,794,860	46,596	495,535	1/	1/	1/	1/
Class IV	21,410,394	24,673,287	23,883,539	18,803,399	11,030,443	13,990,155	15,432,078	13,821,831
Avg. daily producer receipts	24,168,442	23,972,780	23,777,956	21,241,822	13,527,894	13,863,974	13,682,445	14,190,163
Change From Previous Year	1.64%	12.86%	16.93%	-6.82%	-1.13%	-2.30%	3.85%	4.30%
Avg. daily Class I use	6,411,081	6,333,243	6,512,371	6,385,875	4,068,879	4,291,424	4,067,175	4,307,416
Change From Previous Year	-1.56%	-0.82%	-1.10%	-5.47%	0.04%	-0.37%	-1.00%	-0.62%

1/ Restricted - Included with Class IV.

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www.fmmaseattle.com

FEDERAL ORDER STATISTICS FOR MAY

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)	2,283.2	813.4	35.62%	$21.01	$19.78
Appalachian (FO 5)	502.4	319.7	63.64%	$21.16	$20.46
Florida (FO 6)	242.6	203.2	83.78%	$23.16	$22.47
Southeast (FO 7)	527.4	338.9	64.25%	$21.56	$20.89
Upper Midwest (FO 30)	2,846.6	312.4	10.97%	$19.56	$18.63
Central (FO 32)	1,226.5	396.7	32.35%	$19.76	$18.65
Mideast (FO 33)	1,568.3	539.2	34.38%	$19.76	$18.89
Pacific Northwest (FO 124)	749.2	185.0	24.69%	$19.66	$18.79
Southwest (FO 126)	1,089.5	371.2	34.07%	$20.76	$19.54
Arizona (FO 131)	419.4	113.1	26.97%	$20.11	$19.11

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