



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk and Dairy Products

Pacific Northwest and Arizona Marketing Areas

Alyce L. Owen, Acting Market Administrator

Volume 45, No. 6

June 2019

Data for May 2019

MARKET SUMMARIES FOR MAY

Pacific Northwest (FO 124)

Producers delivered a total of 787.0 million pounds of milk to the market during May. Daily deliveries averaged 25.4 million pounds, up 1.0 percent from April. An estimated 492 producers delivered milk to the market during the month. Daily deliveries per producer averaged 51,602 pounds, up 1.0 percent from April.

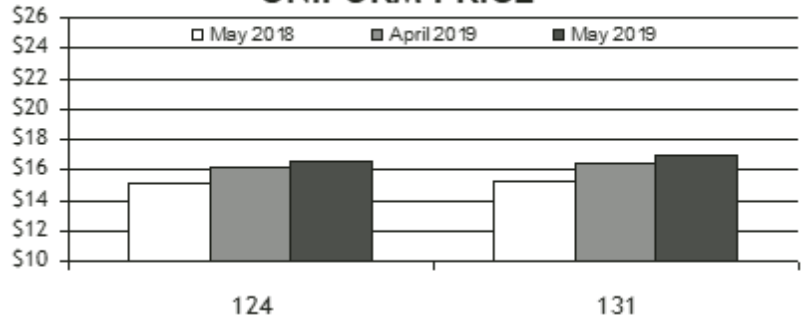
Class I producer milk during May totaled 149.1 million pounds, 18.9 percent of total producer receipts. Daily usage averaged 4.8 million pounds, down 1.8 percent from April. 📉

Arizona (FO 131)

Producers delivered a total of 434.1 million pounds of milk to the market during May. Daily deliveries averaged 14.0 million pounds, down 4.6 percent from April. An estimated 84 producers delivered milk to the market during the month. Daily deliveries per producer averaged 166,695 pounds, down 13.7 percent from April.

Class I producer milk during May totaled 103.6 million pounds, 23.9 percent of total producer receipts. Daily usage averaged 3.3 million pounds, down 5.5 percent from April. 📉

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	Apr	May	Apr	May
Uniform Price (at 3.5%)	\$16.11	\$16.62	\$16.43	\$16.94
Uniform Price (at test)	\$18.13	\$18.42	\$16.86	\$17.33
PPD	\$0.15	\$0.24		
Butterfat	\$2.5375	\$2.5718		n/a
Protein	\$1.9890	\$2.1159		
Other Solids	\$0.1990	\$0.1847		
Uniform Skim			\$7.79	\$8.23
Uniform Butterfat		n/a	\$2.5459	\$2.5720
Butterfat	4.071%	4.002%	3.673%	3.654%
Protein	3.269%	3.226%		
Other Solids	5.778%	5.770%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ Shipping Percentage Reduction
- ✓ USDA Appoints Members to NFMPPB
- ✓ Waiver of Administrative Assessment

Federal Order Price Summaries

FINAL CLASS PRICES

The May 2019 Final Class Prices were calculated using AMS commodity price surveys from May 4, 11, 18, 25 and June 1, 2019. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/classcomponent.html.

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Apr 2019	\$17.66	\$18.11	\$16.38	\$15.96	\$15.72	\$2.5375	\$1.9890	\$0.1990	\$0.7883
May 2019	\$18.32	\$18.77	\$16.48	\$16.38	\$16.29	\$2.5718	\$2.1159	\$0.1847	\$0.8386
Change	\$0.66	\$0.66	\$0.10	\$0.42	\$0.57	\$0.0343	\$0.1269	(\$0.0143)	\$0.0503

ADVANCED CLASS I PRICE

The July 2019 Advanced Price was calculated using AMS commodity price surveys from June 8 and 15, 2019. Current and archived Advanced Price announcements are available at 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
Jun 2019	\$2.5634	\$7.74	\$7.56	\$8.39	\$17.07	\$18.97	\$19.42	\$8.26	\$0.9178
Jul 2019	\$2.6719	\$7.09	\$7.78	\$8.18	\$17.18	\$19.08	\$19.53	\$8.48	\$0.9422
Change	\$0.1085	(\$0.65)	\$0.22	(\$0.21)	\$0.11	\$0.11	\$0.11	\$0.22	\$0.0244

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	April	May	Change
Cheese	\$1.6468	\$1.6974	\$0.0506
Butter	\$2.2669	\$2.2952	\$0.0283
Nonfat Dry Milk	\$0.9641	\$1.0149	\$0.0508
Whey	\$0.3923	\$0.3784	(\$0.0139)

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	June	July	Change
Cheese	\$1.7007	\$1.6745	(\$0.0262)
Butter	\$2.2883	\$2.3622	\$0.0739
Nonfat Dry Milk	\$1.0167	\$1.0407	\$0.0240
Whey	\$0.3839	\$0.3669	(\$0.0170)

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed an increase in prices received for 40-pound blocks and a decrease for 500-pound barrels. The survey of 40-pound blocks showed an increase of 2.28 cents between the May 18 and the June 15 surveys, to \$1.7264 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a decrease of 10.70 cents to \$1.5845 per pound.

The AMS butter price showed an increase of 8.65 cents between the weeks ending May 18 and June 15 from \$2.2936 per pound to \$2.3801 per pound. The AMS nonfat dry milk showed an increase of 1.88 cents since mid-May to \$1.0438 per pound. The average price for AMS whey showed a net decrease of 0.91 cents since mid-May to \$0.3671 per pound. ▼

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	May 2019	Apr 2019	May 2018	Apr 2018	May 2019	Apr 2019	May 2018	Apr 2018
Producer Prices								
Producer Price Differential (\$/cwt)	\$0.24	\$0.15	\$0.00	(\$0.15)	+	+	+	+
Butterfat (\$/pound)	2.5718	2.5375	2.6239	2.5113	+	+	+	+
Protein (\$/pound)	2.1159	1.9890	1.8609	1.7810	+	+	+	+
Other Solids (\$/pound)	0.1847	0.1990	0.0742	0.0619	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$8.23	\$7.79	\$6.37	\$5.94
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.5720	2.5459	2.6087	2.5045
Statistical Uniform Price (\$/cwt)	\$16.62	\$16.11	\$15.18	\$14.32	\$16.94	\$16.43	\$15.28	\$14.50
Producer Data								
Number of Producers	492	492	526	438	84	76	76	80
Avg. Daily Production (pounds)	51,602	51,104	47,233	47,501	166,695	193,138	194,969	184,257
Producer Milk Ratios								
Class I	18.94%	19.48%	20.26%	23.69%	23.86%	24.07%	22.98%	23.73%
Class II	5.46%	5.59%	6.85%	7.34%	8.56%	8.53%	8.99%	8.79%
Class III	40.79%	40.92%	41.51%	30.50%	28.78%	28.42%	23.81%	21.88%
Class IV	34.81%	34.01%	31.38%	38.47%	38.80%	38.98%	44.22%	45.60%
Market Shrinkage								
Pounds	11,406,322	12,129,293	8,000,672	7,496,152	2,951,374	3,241,736	2,916,307	2,044,768
% of Producer Milk	1.45%	1.61%	1.04%	1.20%	0.68%	0.74%	0.63%	0.46%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Apr 2019	Mar 2019	Apr 2018	Mar 2018	Apr 2019	Mar 2019	Apr 2018	Mar 2018
Number of Handlers								
Pool Handlers	23	23	22	22	8	8	8	8
<i>Distributing Plants</i>	11	11	11	11	6	6	6	6
<i>Supply Plants 1/</i>	6	6	5	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	28	27	24	23	27	28	24	24
Class I Route Disposition In Area								
By Pool Plants	133,954,057	133,288,671	134,774,037	143,020,840	76,430,239	77,425,533	80,058,114	83,100,769
By Producer-Handlers	6,067,584	5,967,920	6,164,548	6,384,115	0	0	0	0
By Other Plants	12,864,130	12,160,438	11,711,027	12,527,611	8,818,953	6,811,814	8,050,172	8,594,398
Total	152,885,771	151,417,029	152,649,612	161,932,566	85,249,192	84,237,347	88,108,286	91,695,167
Producer-Handler Data								
% Class I Use	52.89%	53.82%	54.02%	49.11%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.97%	3.94%	4.04%	3.94%	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			
	May	Apr	May	Apr	May	Apr	May	Apr
	2019	2019	2018	2018	2019	2019	2018	2018
Receipts of Milk								
Total Producer Milk	787,037,503	754,288,717	770,186,686	624,166,019	434,074,677	440,355,168	459,346,473	442,217,701
Receipts From Other Sources	11,288,726	8,419,933	13,146,858	10,651,440	8,560,269	4,506,562	4,854,092	6,755,816
Opening Inventory	39,756,799	44,230,101	40,069,076	35,503,848	23,263,480	24,291,679	19,155,043	24,959,075
Total To Be Accounted For	838,083,028	806,938,751	823,402,620	670,321,307	465,898,426	469,153,409	483,355,608	473,932,592
Utilization of Receipts								
Whole milk	42,923,449	41,854,203	41,797,820	40,391,686	27,054,211	26,331,627	26,905,120	26,930,268
Flavored milk & drinks	13,011,022	12,650,424	13,869,220	12,898,124	6,210,273	7,273,836	6,216,497	7,617,091
2% milk	47,776,435	47,934,052	49,360,771	48,426,402	27,313,310	27,418,871	27,213,112	27,990,197
1% milk	19,412,142	19,734,219	21,237,895	20,267,203	9,756,065	10,426,822	10,519,676	11,579,474
Skim milk	10,216,759	10,190,251	11,752,571	11,334,453	4,655,983	4,979,083	5,278,756	5,941,084
Buttermilk	1,706,056	1,590,908	1,527,228	1,456,169	2/	2/	2/	2/
Class I dispositions in area	135,045,863	133,954,057	139,545,505	134,774,037	74,989,842	76,430,239	76,133,161	80,058,114
Class I dispositions out of area	10,568,822	9,823,167	10,837,798	10,012,537	27,403,700	27,546,918	27,408,294	26,258,373
Other Class I usage	23,792,157	21,424,027	24,064,693	22,224,715	15,140,758	14,669,510	12,564,933	11,067,404
Utilization by Class								
Total Class I Use	169,406,842	165,201,251	174,447,996	167,011,289	117,534,300	118,646,667	116,106,388	117,383,891
Total Class II Use	50,804,965	48,673,636	59,746,255	48,638,502	38,365,918	39,709,761	44,958,280	42,140,990
Total Class III Use	321,034,572	308,621,878	320,750,383	190,379,442	124,935,479	125,236,746	109,448,408	96,762,953
Total Class IV Use	296,836,649	284,441,986	268,457,986	264,292,074	185,062,729	185,560,235	212,842,532	217,644,758
Total Accounted For	838,083,028	806,938,751	823,402,620	670,321,307	465,898,426	469,153,409	483,355,608	473,932,592

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	May	Apr	May	Apr	May	Apr	May	Apr
	2019	2019	2018	2018	2019	2019	2018	2018
Producer milk								
Class I	149,091,814	146,941,620	156,005,159	147,841,257	103,554,394	106,005,433	105,536,264	104,936,788
Class II	42,973,822	42,187,562	52,739,464	45,789,089	37,178,291	37,546,458	41,306,481	38,873,309
Class III	321,034,572	308,621,628	319,701,503	190,377,600	124,913,832	125,134,813	109,379,451	96,762,953
Class IV	273,937,295	256,537,907	241,740,560	240,158,073	168,428,160	171,668,464	203,124,277	201,644,651
Other receipts								
Class I	20,315,028	18,259,631	18,442,837	19,170,032	13,979,906	12,641,234	10,570,124	12,447,103
Class II	7,831,143	6,486,074	7,006,791	2,849,413	1/	1/	3,651,799	1/
Class III	0	1/	1/	1/	1/	1/	1/	0
Class IV	22,899,354	27,904,329	27,766,306	24,135,843	17,843,843	16,157,007	9,787,212	19,267,788
Avg. daily producer receipts	25,388,307	25,142,957	24,844,732	20,805,534	14,002,409	14,678,506	14,817,628	14,740,590
Change From Previous Year	2.19%	20.85%	21.66%	2.39%	-5.50%	-0.42%	2.68%	0.20%
Avg. daily Class I use	5,464,737	5,506,708	5,627,355	5,567,043	3,791,429	3,954,889	3,745,367	3,912,796
Change From Previous Year	-2.89%	-1.08%	-2.59%	-0.15%	1.23%	1.08%	-2.19%	2.92%

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

Shipping Percentage Reduction Letter Sent to F.O. 124 Pool Handlers

Summary: This action reduces the percentage of a cooperative association's producer milk that must be delivered to pool distributing plants to qualify its manufacturing plant for pool status on Federal Order 124. The order states that a specified percentage of producer milk must be delivered to pool distributing plants during either the current month, or the immediately preceding 12-month period ending with the current month, to qualify a cooperative's plant. The purpose of this standard is to assure an adequate supply of milk for fluid consumption while enabling the continued pooling of producer milk that currently is pooled without the need for uneconomic movements of milk, which would result in disorderly marketing. To accomplish this goal, the order must reflect the needs and nature of the market. A handler supplying milk to the Pacific Northwest market has requested a reduction of the pool standard in section 1124.7(d) of the order. The minimum shipping percentages applicable pursuant to this revision are 15%, with an effective date of July 1, 2019 - June 30, 2020.


Statement Of Consideration: This proposed action was requested by Cooperative Regions of Organic Producer Pools (CROPP), a handler regulated under the Pacific Northwest Federal Milk Marketing Order. CROPP requested the decrease of the percentage of producer milk that a cooperative association must ship to pool distributing plants to qualify its manufacturing plant for pool status, specified in section 1124.7(d), from 20 percent to 15 percent. The request also stated that with Class I sales dropping, the handler has "struggled to meet this requirement without changing routes and moving milk around".

On May 29, 2019, this office notified Federal Order 124 handlers of a Proposed Revision in Shipping Percentages for Manufacturing Plants Operated by a Cooperative Association and invited the submission of comments, data, or views on this request by no later than June 25, 2019.

One comment was received. In addition, an analysis of the current and projected Federal Order 124 marketing conditions was performed by this office. The comment received from Dairy Farmers of America (DFA) did not oppose reducing the current shipping percentages. However, DFA does not support reducing the shipping percentages "until further notice". DFA states that the marketing conditions that exist today may not exist in the future. DFA feels the change should be limited to one year and reviewed annually by the Market Administrator.

Current market conditions indicate that absent a reduction in shipping standards, the pool status of manufacturing plants in the order may not be maintained without costly and uneconomical movements of milk that would have to be made to maintain the pool status of producers who have historically supplied the market and to prevent disorderly marketing in the Pacific Northwest Federal Milk Marketing Order.

Therefore, reducing the shipping standard in section 1124.7(d) is reasonable and necessary to ensure that such producers' milk will not have to be moved in an uneconomic and inefficient manner. In addition, reducing the shipping standard will also serve to ensure orderly marketing conditions that may otherwise be eroded if the shipping standard is not lowered.

Based on the comment received and analysis of available information and data, it is determined that the percentage of producer milk that a cooperative association must deliver to pool distributing plants during the current month, or the immediately preceding 12-month period ending with the current month, be reduced to 15% from July 1, 2019 through June 30, 2020, at which point, marketing conditions will be reviewed to determine if 15% continues to be appropriate. As provided in section 1124.7(g) of the Pacific Northwest Federal Milk Marketing Order, the Market Administrator may review the need for any further adjustment on the Market Administrator's own initiative or at the request of interested parties. If you have any questions regarding this matter, please contact this office. A copy of the letter is available on the Market Administrator's [website](#). 

USDA News

USDA APPOINTS MEMBERS TO NATIONAL FLUID MILK PROCESSOR PROMOTION BOARD

On April 16, 2019, the U.S. Secretary of Agriculture Sonny Perdue announced the appointment of seven members to serve on the National Fluid Milk Processor Promotion Board. Six appointees will serve three-year terms, July 1, 2019, through June 30, 2022. One appointee will serve the remaining two-year portion of a vacant position, effective immediately, and expiring June 30, 2021.

Newly appointed members are: Robert D. Knodle, Lynnfield, MA (Region 1); Joseph R. DePetrillo, Dallas, TX (Region 4); William H. Kelly, Chicago, IL (Region 7); Timothy K. Kelly, Phoenix, AZ (Region 8), (2-year term); Joseph D. Reske, Dallas, TX (Region 10); and J. Everett Williams, Madison, GA (At-large, general public).

Newly reappointed are: Rachel A. Kylo, St. Paul, MN (At-large, processor).

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The remaining at-large seat may be filled by a fluid milk processor or a member from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The National Fluid Milk Program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market three million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

Since 1966, Congress has authorized the establishment of 22 industry-funded research and promotion boards. They empower farmers and ranchers to leverage their own resources to develop new markets, strengthen existing markets, and conduct important research and promotion activities. USDA's Agricultural Marketing Service provides oversight, paid for by industry assessments, which ensures fiscal accountability and program integrity. Information about these programs is available on the Research and Promotion Programs page on the AMS website. 🐄

Source: USDA. Agricultural Marketing Service. Available at www.usda.gov.

WAIVER OF ADMINISTRATIVE ASSESSMENT

On June 17, 2019, the Acting Market Administrator, Alyce L. Owen, sent a letter to all handlers in Federal Orders 124 and 131. The content of the letter states that the 3.5-cent per hundredweight administrative assessment currently applicable to the Pacific Northwest and Arizona federal milk orders will be waived for the June through September 2019 delivery periods. Statements issued for those months will not contain an administrative assessment charge.

The 4-cent per hundredweight deduction for marketing services under each of the above-named orders will continue to be deducted. This deduction, which is applicable to deliveries by producers who are not members of a qualified cooperative association performing marketing services, is to be withheld from producers in making payments for milk delivered during the month. 🐄

Federal Order Statistics for May 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)	2,353.7	703.5	29.89%	\$19.67	\$17.80
Appalachian (FO 5)	457.0	306.8	67.14%	\$19.82	\$18.93
Florida (FO 6)	206.1	176.7	85.74%	\$21.82	\$21.13
Southeast (FO 7)	437.2	287.8	65.82%	\$20.22	\$19.24
Upper Midwest (FO 30)	3,247.3	236.3	7.28%	\$18.22	\$16.55
Central (FO 32)	1,497.9	382.2	25.51%	\$18.42	\$16.62
Mideast (FO 33)	1,823.0	555.9	30.50%	\$18.42	\$16.94
California (FO 51)	2,584.2	470.3	18.20%	\$18.52	\$16.93
Pacific Northwest (FO 124)	787.0	149.1	18.94%	\$18.32	\$16.62
Southwest (FO 126)	1,268.3	355.8	28.06%	\$19.42	\$17.51
Arizona (FO 131)	434.1	103.6	23.86%	\$18.77	\$16.94

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



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