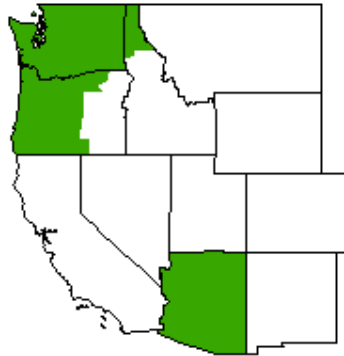


Pacific Northwest & Arizona Marketing Areas



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James R. Daugherty
 Market Administrator

July 2008

MARKET SUMMARIES FOR JUNE 2008

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

Pacific Northwest

Producers delivered a total of 506.3 million pounds of milk to the market during June. Daily deliveries averaged 16.9 million pounds, down 1.4 percent from May. An estimated 531 producers delivered milk to the market during the month. Comparisons to May 2008 are biased due to eligible milk not pooled. Daily deliveries per producer averaged 31,782 pounds, down 1.4 percent from May.

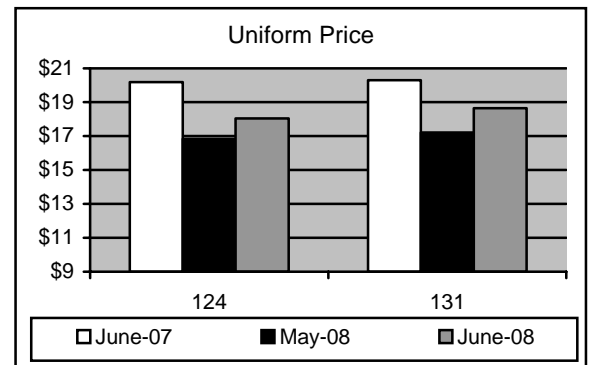
Class I producer milk during June totaled 174.6 million pounds, 34.5 percent of total producer receipts. Daily usage averaged 5.8 million pounds, down 4.8 percent from May.

Arizona

Producers delivered a total of 353.2 million pounds of milk to the market during June. Daily deliveries averaged 11.8 million pounds, down 5.9 percent from May.

An estimated 99 producers delivered milk to the market during the month. Daily deliveries per producer averaged 118,937 pounds, down 5.9 percent from May.

Class I producer milk during June totaled 105.8 million pounds, 29.9 percent of total producer receipts. Daily usage averaged 3.5 million pounds, down 8.1 percent from May. ♦



Federal Order Producer Prices and Component Levels: June 2008

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	18.03	18.65	Butterfat	3.553	3.510
Butterfat 2/	1.6160	1.6127	Protein	3.012	N/A
Protein 2/	4.7193	N/A	Other Solids	5.711	N/A
Other Solids 2/	0.0826	N/A	Nonfat Solids	8.724	N/A
PPD 1/*	-\$2.22	N/A			
Skim 1/	N/A	13.48			

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

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JUNE 2008 CLASS PRICES

June 2008 non-advanced Class Prices were calculated using NASS commodity price surveys from May 31, June 7, 14, 21, and 28, 2008. Component prices for the month are \$4.7193 per pound of protein, \$1.6160 per pound of butterfat, \$0.0826 per pound of other solids, and \$1.1819 per pound of nonfat solids.

June 2008 Class III and IV prices at 3.5% butterfat are \$20.25 and \$15.92 per hundredweight, respectively. The June Class III price compared to May is up \$2.07. The Class III price is \$0.08 higher than in June 2007. The Class III price at 3.67% butterfat is \$10.60 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.6230 per pound. Class I skim and butterfat and Class II skim prices for June 2008 were announced on May 23, 2008. The Class II price at 3.5% butterfat is \$16.19 for June 2008.

FINAL: NASS COMMODITY PRICES

	<u>May</u>	<u>June</u>	<u>Change</u>
Cheese*	\$1.9525	\$2.1609	\$0.2084
Butter	\$1.4170	\$1.4669	\$0.0499
Nonfat Dry Milk	\$1.2985	\$1.3508	\$0.0523
Whey	\$0.2700	\$0.2758	\$0.0058

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

Current Commodity Prices - - The NASS survey of cheddar cheese prices showed a decrease in price received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed a decrease of 26.17 cents between the June 14 and the July 12 surveys, to \$1.9512 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a decrease of 29.19 cents to \$1.9346 per pound.

The NASS butter price showed an increase of 8.75 cents between the weeks ending June 14 and July 12 from \$1.4531 per pound to \$1.5406 per pound.

The NASS nonfat dry milk showed a net increase of 6.38 cents since mid-June to \$1.3957 per pound. The average price for NASS whey showed a decrease of 1.14 cents since mid-June to \$0.2667 per pound. ♦

AUGUST'S CLASS I PRICE ANNOUNCEMENT

On July 18, the August 2008 Class I price was announced at \$20.37 for the Pacific Northwest Order and \$20.82 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of July 5 and 12.

The August Class III and IV advance skim prices are \$13.05 and \$11.04 per hundredweight, respectively. The butterfat portion of the Class I mover increased 7.18 cents from \$1.6086 to \$1.6804 per pound.

The August 2008 Class II skim and nonfat solids prices were also announced on July 18. The skim price is \$11.74 per hundredweight, and the nonfat solids price is \$1.3044 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	<u>July</u>	<u>August</u>	<u>Change</u>
Cheese*	\$2.2156	\$1.9792	-\$0.2364
Butter	\$1.4607	\$1.5205	\$0.0598
Nonfat Dry Milk	\$1.3479	\$1.3957	\$0.0478
Whey	\$0.2774	\$0.2690	-\$0.0084

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

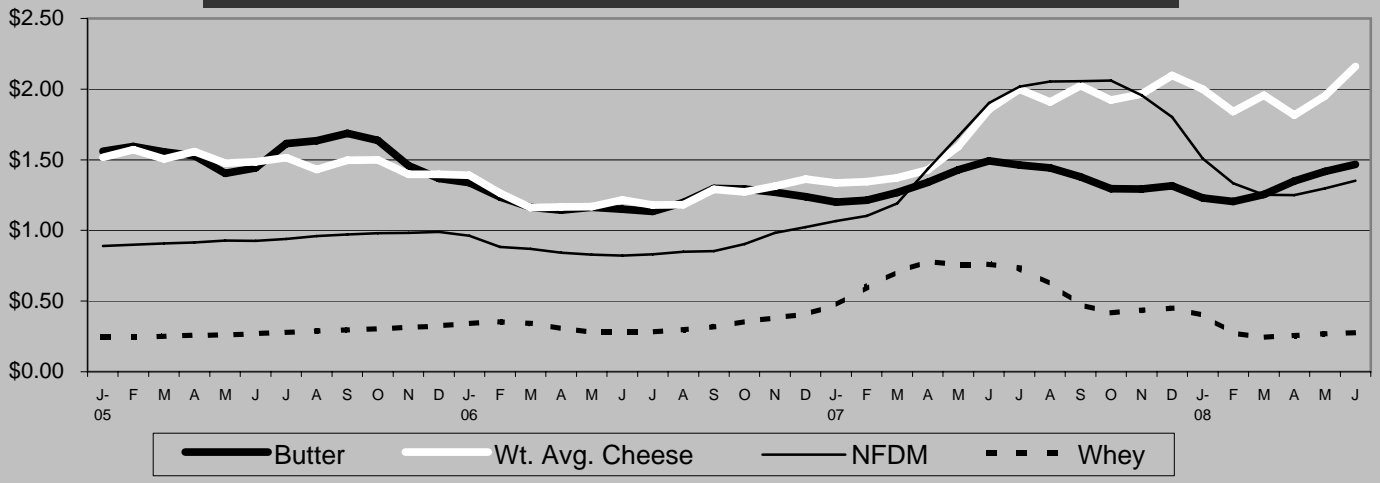
ESTIMATED TOTAL SALES OF FLUID MILK PRODUCTS IN MAY 2008 UP 1.4 PERCENT

Sales of Total Fluid Milk Products (unadjusted for calendar composition) in the United States were up 1.4 percent in May 2008, when compared to May 2007. Total sales were 4.7 billion pounds in May, bringing the year to date total to 23.2 billion pounds. When adjusted for calendar composition, total sales in the U.S. were 4.6 billion pounds in May, representing a 0.3 percent increase from 2007 levels.

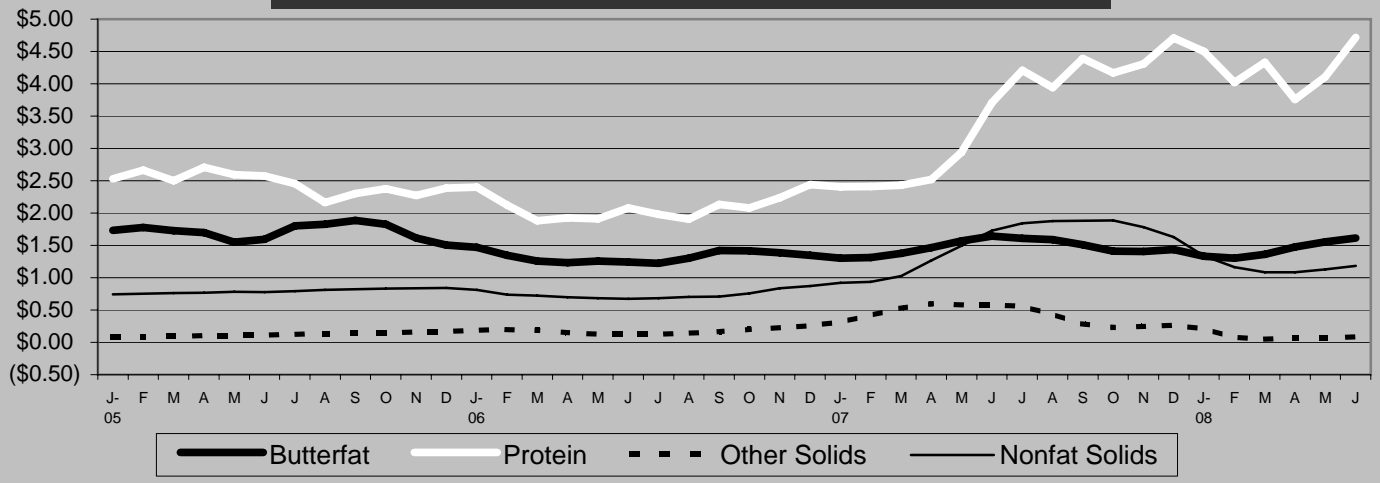
Organic whole milk showed the largest increase, at 33.6 percent, when compared to year ago levels, followed by organic fat-reduced milk with a 26.6 percent increase. For conventional plain milk, all fat-reduced types showed increases compared to 2007, while whole milk decreased 4.1 percent. Both whole and fat-reduced flavored milks showed decreases compared to May of last year.

The table on page 8 provides details for these products, with comparisons to year ago levels. ♦

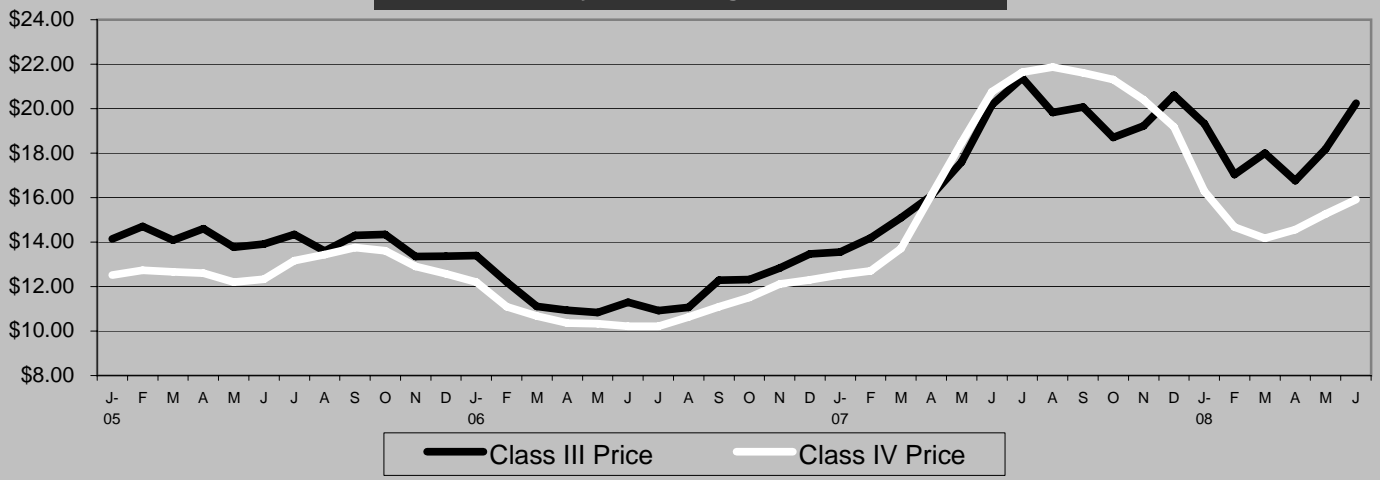
**NASS Monthly Butter, Weighted Average Cheese, Nonfat Dry Milk and Whey Prices
January 2005 through June 2008**



**Federal Order Butterfat, Protein, Nonfat Solids, and Other Solids Prices
January 2005 through June 2008**



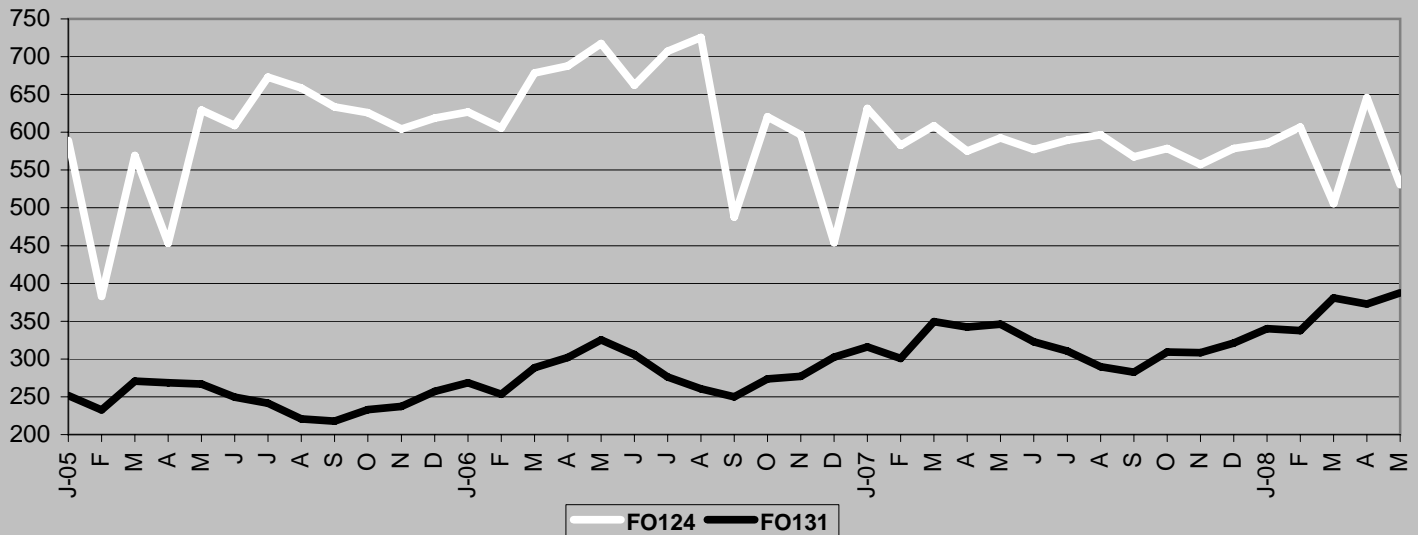
**Federal Order Class III and IV Prices @ 3.5% Butterfat
January 2005 through June 2008**



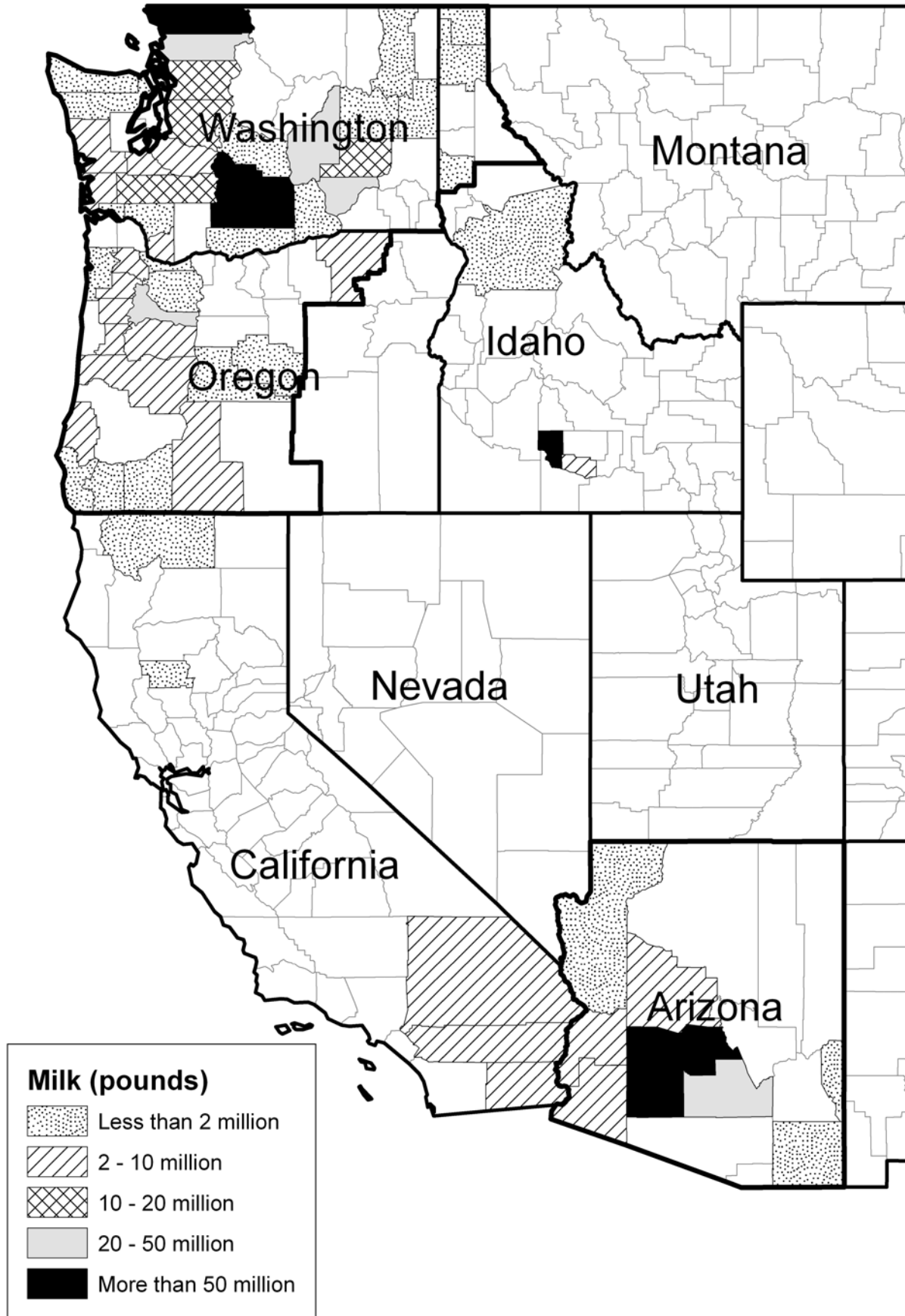
Number of Producers and Pounds of Milk: By Order, State, and County, May 2008

State	County	Producers	Milk	State	County	Producers	Milk
Arizona Order				Pacific Northwest Order (Continued)			
Arizona				California			
	Maricopa	74	303,812,198		Glenn & Siskiyou	4	1,730,755
	Cochise, Greenlee & Pinal	13	51,249,956		Total California	4	1,730,755
	La Paz, Mohave, Yavapai & Yuma, AZ, and Imperial, Riverside & San Bernardino, CA	12	32,716,089		Idaho		
	Total Arizona	99	387,778,243		Bonner & Boundary	3	404,985
Pacific Northwest Order					Idaho & Latah	5	612,869
Washington					Southern Idaho	8	59,994,883
	Adams	11	16,115,190		Total Idaho	16	61,012,737
	Clallam & Jefferson	3	978,837		Oregon		
	Clark & Cowlitz	9	8,130,247		Benton	3	2,881,026
	Franklin	8	24,332,948		Clackamas & Multnomah	9	1,258,199
	Grant & Kittitas	25	43,699,787		Coos, Curry & Josephine	11	2,913,182
	Grays Harbor	8	3,790,814		Crook, Deschutes, Jackson, & Klamath	7	4,502,043
	King	30	16,775,842		Lane	6	4,904,630
	Klickitat & Benton	4	1,281,187		Linn	6	5,213,928
	Lewis	31	11,316,262		Marion	32	28,137,764
	Lincoln & Spokane	11	1,905,930		Polk	5	9,216,672
	Pacific	8	2,547,537		Tillamook	4	974,027
	Pierce	4	2,325,532		Umatilla	3	4,025,080
	Skagit	30	24,719,437		Washington	14	4,998,585
	Snohomish & Island	31	20,620,476		Yamhill	7	8,886,510
	Stevens	8	1,252,143		Total Oregon	107	77,911,646
	Thurston	8	7,387,576		Total Pacific Northwest Order	531	510,007,438
	Wahkiakum	4	765,636		Total Arizona Order	99	387,778,243
	Whatcom	132	97,502,358		Total	630	897,785,681
	Yakima	39	83,904,561				
	Total Washington	404	369,352,300				

Pacific Northwest (FO124) and Arizona (FO131) Producer Milk Pooled January 2005 - May 2008 (million pounds)



Pounds of Producer Milk by County, May 2008



MONTHLY SELECTED STATISTICS

Minimum Class Prices (3.5% B.F.)	PACIFIC NORTHWEST				ARIZONA 2/			
	Jun 2008	May 2008	Jun 2007	May 2007	Jun 2008	May 2008	Jun 2007	May 2007
Class I Milk (\$/cwt.)	\$20.08	\$18.52	\$19.74	\$17.82	\$20.53	\$18.97	\$20.19	\$18.27
Class II Milk (\$/cwt.)	16.19	15.51	18.89	16.62	16.19	15.51	18.89	16.62
Class III Milk (\$/cwt.)	20.25	18.18	20.17	17.60	20.25	18.18	20.17	17.60
Class IV Milk (\$/cwt.)	15.92	15.26	20.76	18.48	15.92	15.26	20.76	18.48
Producer Prices								
Producer Price Differential (\$/cwt.)	\$(2.22)	\$(1.35)	\$ 0.02	\$ 0.27	+	+	+	+
Butterfat (\$/pound)	1.6160	1.5562	1.6457	1.5706	+	+	+	+
Protein (\$/pound)	4.7193	4.1108	3.7059	2.9424	+	+	+	+
Other Solids (\$/pound)	0.0826	0.0766	0.5831	0.5791	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	13.48	12.22	15.11	13.10
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.6127	1.5459	1.6328	1.5509
Statistical Uniform Price (\$/cwt.) . .	\$18.03	\$16.83	\$20.19	\$17.87	\$18.65	\$17.20	\$20.30	\$18.07
Producer Data								
Number of Producers	531 *	531	693	698	99 *	99	93	92
Avg. Daily Production (lbs.)	31,782 *	32,231	27,760	27,381	118,937 *	126,353	115,728	121,303
Number of Handlers								
Pool Handlers	24	24	28	28	7	7	7	7
Producer-Handlers	6 *	6	6	6	1 *	1	1	1
Other Plants w/ Class I Use	24 *	24	24	25	23 *	23	22	21
Producer Milk Ratios								
Class I	34.48%	35.71%	30.62%	32.33%	29.94%	30.65%	33.40%	34.07%
Class II	8.89%	8.22%	8.42%	8.75%	6.56%	5.99%	10.24%	9.70%
Class III	13.40%	13.01%	29.82%	30.28%	30.37%	25.71%	25.47%	28.13%
Class IV	43.23%	43.06%	31.14%	28.64%	33.13%	37.65%	30.89%	28.10%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data	May 2008	Apr 2008	May 2007	Apr 2007	May 2008	Apr 2008	May 2007	Apr 2007
Production	27,982,550	27,197,240	28,572,174	27,189,987	R	R	R	R
Class I Use	22,464,841	23,221,123	22,096,426	24,027,464	R	R	R	R
% Class I Use	80.28%	85.38%	77.34%	88.37%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	170,895,468	167,653,626	169,572,079	162,550,806	95,413,409	95,375,111	96,401,081	95,483,536
By Producer-Handlers	7,087,282	6,730,938	7,894,382	8,082,664	1/	1/	1/	1/
By Other Plants	5,816,684 *	7,035,756	4,627,169	4,071,170	4,753,136 *	5,130,838	5,696,721	4,444,709
Total	183,799,434	181,420,320	182,093,630	174,704,640	100,166,545	100,505,949	102,097,802	99,928,245

* 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/				
	Jun 2008	May 2008	Jun 2007	May 2007	Jun 2008	May 2008	Jun 2007	May 2007	
TOTAL PRODUCER MILK	506,281,028	530,552,496	577,124,445	592,475,826	353,243,354	387,778,243	322,882,131	345,957,022	
RECEIPTS FROM OTHER SOURCES	37,563,789	34,160,692	52,429,408	51,487,184	23,271,905	5,545,732	10,424,512	7,550,467	
OPENING INVENTORY	31,220,717	31,883,657	31,347,960	33,007,654	21,073,834	22,124,557	18,583,300	18,766,827	
TOTAL TO BE ACCOUNTED FOR	575,065,534	596,596,845	660,901,813	676,970,664	397,589,093	415,448,532	351,889,943	372,274,316	
UTILIZATION OF RECEIPTS									
Whole milk	30,926,967	31,870,668	32,402,142	33,148,255	24,002,699	25,533,201	27,507,565	28,315,837	
Flavored milk & milk drinks	9,087,195	12,706,709	8,487,080	12,990,778	2,567,993	5,684,702	2,804,091	6,234,552	
2% milk	65,421,008	68,575,796	27,218,171	65,956,147	35,036,421	37,380,964	34,477,796	35,464,956	
1% milk	24,057,595	27,604,131	64,119,963	27,979,049	11,251,397	13,174,324	11,615,924	13,244,615	
Skim milk	27,471,967	28,856,991	25,284,145	28,180,486	11,933,264	13,199,674	11,834,804	12,663,684	
Buttermilk	1,366,071	1,281,173	1,152,324	1,317,364	439,063	440,544	443,003	477,437	
CLASS I ROUTE DISP. IN AREA.	158,330,803	170,895,468	158,663,825	169,572,079	85,230,837	95,413,409	88,683,183	96,401,081	
Class I dispositions out of area	16,210,117	19,042,597	16,986,487	18,766,497	21,294,504	22,256,740	19,606,252	20,068,070	
Other Class I usage	15,820,522	16,803,787	19,567,009	20,243,073	11,516,477	12,254,447	12,569,454	12,425,729	
TOTAL CLASS I USE.	190,361,442	206,741,852	195,217,321	208,581,649	118,041,818	129,924,596	120,858,889	128,894,880	
TOTAL CLASS II USE	50,448,966	50,391,669	55,485,529	59,537,902	23,946,636	24,408,370	34,663,285	35,798,980	
TOTAL CLASS III USE	67,855,795	69,025,582	188,825,771	196,450,429	107,267,981	99,714,196	83,152,474	98,385,721	
TOTAL CLASS IV USE	266,399,331	270,437,742	221,373,192	212,400,684	148,332,658	161,401,370	113,215,295	109,194,735	
TOTAL ACCOUNTED FOR	575,065,534	596,596,845	660,901,813	676,970,664	397,589,093	415,448,532	351,889,943	372,274,316	
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I	174,567,798	189,480,974	176,748,978	191,516,277	105,768,769	118,865,082	107,842,189	117,887,992
	Class II	44,991,431	43,586,973	48,585,229	51,850,008	23,175,126	23,221,161	33,068,435	33,546,624
	Class III	67,845,118	69,007,482	172,095,697	179,419,886	107,267,981	99,681,817	82,228,550	97,313,722
	Class IV	218,876,681	228,477,067	179,694,541	169,689,655	117,031,478	146,010,183	99,742,957	97,208,684
Other receipts:	Class I	15,793,644	17,260,878	18,468,343	17,065,372	44,345,739	27,670,289	29,007,812	26,317,294
	Class II	5,457,535	6,804,696	6,900,300	7,687,894	1/	1/	1/	1/
	Class III	10,677	18,100	16,730,074	17,030,543	1/	1/	1/	1/
	Class IV	47,522,650	41,960,675	41,678,651	42,711,029	1/	1/	1/	1/
Avg. daily producer receipts		16,876,034	17,114,597	19,237,482	19,112,123	11,774,778	12,508,976	10,762,738	11,159,904
Change From Previous Year		-12.28%	-10.45%	-12.88%	-17.41%	9.40%	12.09%	5.55%	6.30%
Avg. daily Class I use		6,345,381	6,669,092	6,507,244	6,728,440	3,934,727	4,191,116	4,028,630	4,157,899
Change From Previous Year		-2.49%	-0.88%	-3.11%	0.36%	-2.33%	0.80%	4.42%	6.18%

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:

- Market Summaries for June 2008
- June 2008 Class Prices
- Class I Price for August 2008
- Estimated Total Sales of Fluid Milk Products in May 2008 up 1.4 Percent
- Graphs of Selected Price Series
- Producers and Producer Milk by Order, State, and County, May 2008

(continued from page 2)

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, MAY 2008, WITH COMPARISONS 1/

Product Name	May 08 Sales	Change from May 07 2/
	<i>Mil. Lbs</i>	<i>Percent</i>
Whole Milk	1,269	-4.1
Flavored Whole Milk	54	-5.3
Organic Whole Milk	31	33.6
Reduced Fat Milk (2%)	1,539	4.4
Low Fat Milk (1%)	573	2.9
Fat-Free Milk (Skim)	695	2.8
Flavored Fat-Reduced Milk	344	-2
Organic Fat-Reduced Milk	107	26.6
Buttermilk	45	3.1
Total Fluid Milk Products 3/	4,665	1.4
Total Fluid Milk Products Adj. 3/ 4/	4,599	0.3

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition. ♦

Source: Dairy Market News, Volume 75, Report 28, AMS, USDA.