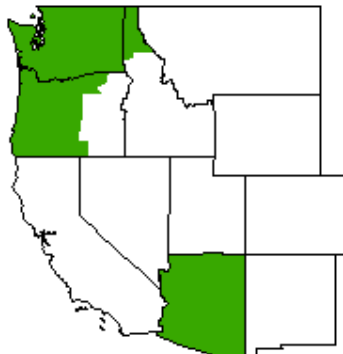


Pacific Northwest & Arizona Marketing Areas



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James R. Daugherty
 Market Administrator

July 2009

MARKET SUMMARIES FOR JUNE 2009

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

Pacific Northwest

Producers delivered a total of 670.6 million pounds of milk to the market during June. Daily deliveries averaged 22.4 million pounds, up 0.2 percent from May. An estimated 657 producers delivered milk to the market during the month. Daily deliveries per producer averaged 34,022 pounds, up 0.2 percent from May.

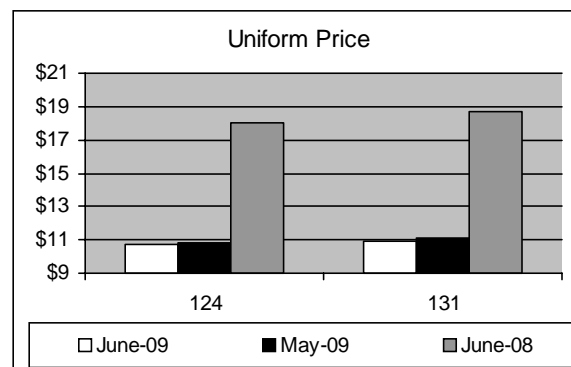
Class I producer milk during June totaled 180.1 million pounds, 26.9 percent of total producer receipts. Daily usage averaged 6.0 million pounds, up 2.8 percent from May.

Arizona

Producers delivered a total of 335.3 million pounds of milk to the market during June. Daily deliveries averaged 11.2 million pounds, down 6.0 percent from

May. An estimated 100 producers delivered milk to the market during the month. Daily deliveries per producer averaged 111,769 pounds, down 6.0 percent from May.

Class I producer milk during June totaled 111.2 million pounds, 33.2 percent of total producer receipts. Daily usage averaged 3.7 million pounds, up 1.7 percent from May. ♦



Federal Order Producer Prices and Component Levels: June 2009

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	10.70	10.95	Butterfat	3.588	3.422
Butterfat 2/	1.2544	1.2601	Protein	3.028	N/A
Protein 2/	1.7283	N/A	Other Solids	5.704	N/A
Other Solids 2/	0.0723	N/A	Nonfat Solids	8.732	N/A
PPD 1/*	0.73	N/A			
Skim 1/	N/A	6.78			

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

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JUNE 2009 CLASS PRICES

June 2009 non-advanced Class Prices were calculated using NASS commodity price surveys from June 6, 13, 20, and 27, 2009. Component prices for the month are \$1.7283 per pound of protein, \$1.2544 per pound of butterfat, \$0.0723 per pound of other solids, and \$0.6715 per pound of nonfat solids.

June 2009 Class III and IV prices at 3.5% butterfat are \$9.97 and \$10.22 per hundredweight, respectively. The June Class III price compared to May is up \$0.13. The Class III price is \$10.28 lower than in June 2008.

Class II butterfat was announced at \$1.2614 per pound. Class I skim and butterfat and Class II skim prices for June 2009 were announced on May 22, 2009. The Class II price at 3.5% butterfat is \$10.79 for June 2009.

FINAL: NASS COMMODITY PRICES

	<u>May</u>	<u>June</u>	<u>Change</u>
Cheese*	\$1.1553	\$1.1466	-\$0.0087
Butter	\$1.2159	\$1.2073	-\$0.0086
Nonfat Dry Milk	\$0.8318	\$0.8461	\$0.0143
Whey	\$0.2317	\$0.2693	\$0.0376

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

Current Commodity Prices -- The NASS survey of cheddar cheese prices showed a net decrease in price received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 1.73 cents between the June 13 and the July 11 surveys, to \$1.1305 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 1.52 cents to \$1.1093 per pound.

The NASS butter price showed a net decrease of 4.59 cents between the weeks ending June 13 and July 11 from \$1.2195 per pound to \$1.1736 per pound.

The NASS nonfat dry milk showed a net decrease of 0.66 cents since mid-June to \$0.8450 per pound. The average price for NASS whey showed a net increase of 2.59 cents since mid-June to \$0.2926 per pound. ♦

AUGUST'S CLASS I PRICE ANNOUNCEMENT

On July 17, the August 2009 Class I price was announced at \$11.94 for the Pacific Northwest Order and \$12.39 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of July 4 and 11.

The August Class III and IV advance skim prices are \$5.90 and \$6.00 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 5.33 cents from \$1.2682 to \$1.2149 per pound.

The August 2009 Class II skim and nonfat solids prices were also announced on July 17. The skim price is \$6.70 per hundredweight, and the nonfat solids price is \$0.7444 pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	<u>July</u>	<u>August</u>	<u>Change</u>
Cheese*	\$1.1459	\$1.1339	-\$0.0120
Butter	\$1.2187	\$1.1747	-\$0.0440
Nonfat Dry Milk	\$0.8443	\$0.8416	-\$0.0027
Whey	\$0.2649	\$0.2873	\$0.0224

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

Continued from page 8

USDA has already provided \$400 million to state offices for direct operating loans. These funds will clear a \$150 million backlog of loans, which had already been approved for 2,200 family farmers. It will also provide additional funds for new loan applications.

USDA has made the remaining \$360 million available for direct farm ownership loans to be distributed directly by USDA's Farm Service Agency (FSA). There are currently 1,800 family farmers with approved but unfunded loans for \$322 million. FSA makes direct farm loans with government funds. The agency services these loans and provides direct loan customers with individual financial planning and expertise so they have a better chance for success.

Producers can use Direct Farm Ownership loans to buy farmland, construct or repair buildings and other fixtures, and promote soil and water conservation. Operating Loans may be used to purchase items such as livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Operating Loans can also be used to pay for minor improvements to

buildings, costs associated with land and water development, family subsistence, and to refinance debts under certain conditions. The maximum amount for either type of loan is \$300,000.

Producers interested in applying for direct loans or other FSA products should visit their local FSA county offices. For more information, visit www.fsa.usda.gov. ♦

**USDA ANNOUNCES INITIAL 2009-2010
ALLOCATIONS FOR
DAIRY EXPORT INCENTIVE PROGRAM**

On July 6, 2009, Agriculture Secretary Tom Vilsack announced initial allocations under USDA's Dairy Export Incentive Program (DEIP) for the period July 1, 2009, through June 30, 2010. The program helps U.S. dairy exporters meet prevailing world prices and encourages the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries.

"The United States has taken a measured approach in operating the DEIP that is fully consistent with our WTO commitments," said Vilsack. "It appears, however, that our international markets continue to erode and the European Union has shown no indication that it will refrain from providing dairy export subsidies. We will continue to use this program in a responsible manner in support of U.S. dairy farmers."

Of the 2008-2009 DEIP allocations announced in May 2009, 48,176 metric tons of nonfat dry milk; 19,235 metric tons of butterfat; and 2,878 metric tons of cheeses remain uncommitted. These balances will be made available through the issuance of new Invitations for Offers. Country and region quantities may be limited by the individual invitations. Under U.S. World Trade Organization (WTO) commitments, USDA is allowed to provide bonuses for dairy products on a July through June yearly basis of 68,201 metric tons of nonfat dry milk; 21,097 metric tons of butterfat; 3,030 metric tons of various cheeses, and 34 metric tons of other dairy products. The balances being made available through the new Invitations for Offers will count against the 2009-2010 U.S. WTO commitment levels.

Administered by USDA's Foreign Agricultural Service, the DEIP was reauthorized by the Food, Conservation, and Energy Act of 2008. Under the Uruguay Round Agreement on Agriculture, the United States has established annual export subsidy ceilings by commodity with respect to

maximum permitted quantities and maximum budgetary expenditures.

More information about this program, including the announcement of Invitations for Offers, is available at:

www.fas.usda.gov/excredits/deip/deip-new.asp or by calling FAS's Credit Programs Division, Office of Trade Programs, at (202) 720-3224 or (202) 720-6211.

FAS news releases are available on the Internet at www.fas.usda.gov. ♦

Source: *FACT SHEET*, USDA Farm Service Agency, March 2009

**SECRETARY VILSACK NAMES MEMBER TO
NATIONAL FLUID MILK BOARD**

On June 23, 2009, Secretary of Agriculture Thomas J. Vilsack announced the appointment of one member to the National Fluid Milk Processor Promotion Board.

Newly appointed to fill a vacancy lasting more than 18 months is Mary A. Hill, Jackson, Mississippi. (At-Large Public).

The term for this appointee begins July 1, 2009, and expires June 30, 2012. Ms. Hill will be seated at the board meeting July 16-18, 2009, along with the regular term appointees.

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 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.

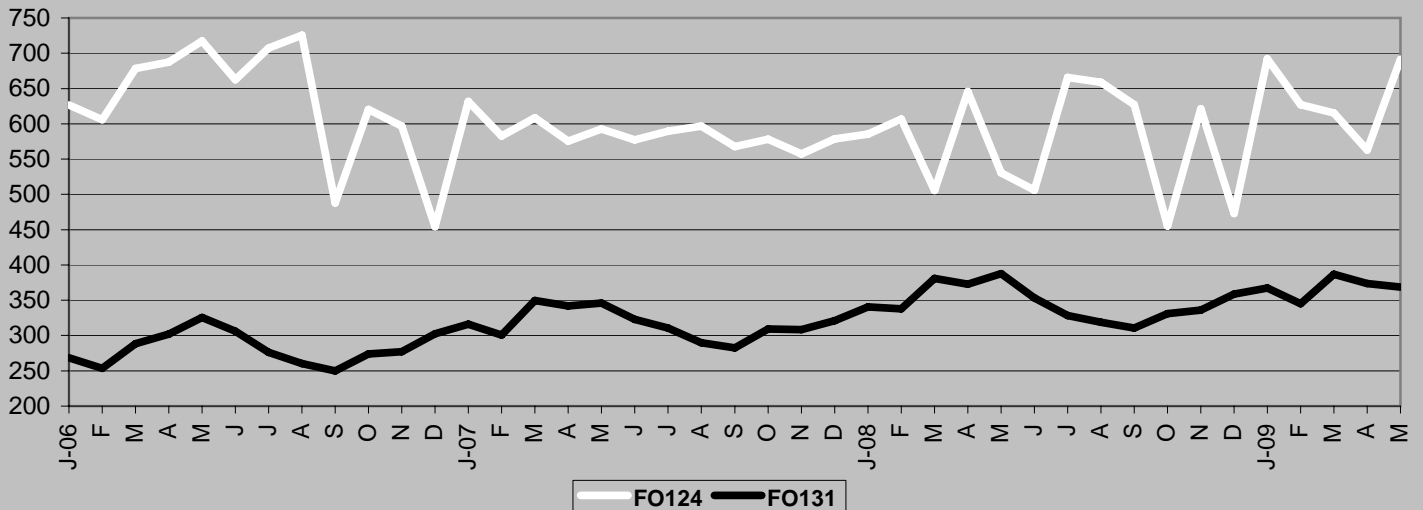
The national fluid milk program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 3 million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

USDA's Agricultural Marketing Service monitors the operations of the board. It is USDA's policy that membership on industry-governed boards and committees accurately reflect the diversity of individuals served by the program. ♦

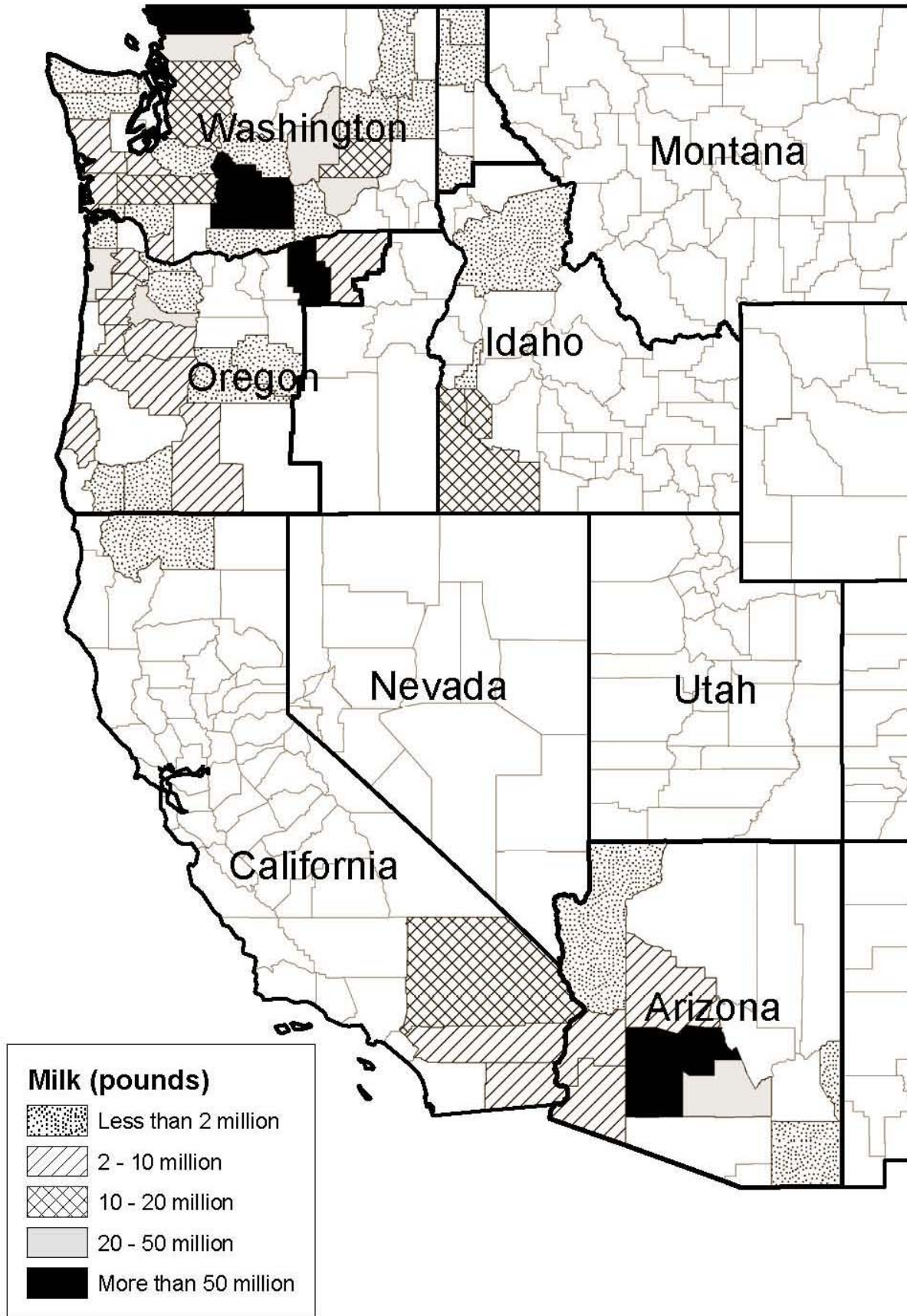
Number of Producers and Pounds of Milk: By Order, State, and County, May 2009

State	County	Producers	Milk	State	County	Producers	Milk
Arizona Order				Pacific Northwest Order (Continued)			
Arizona				California			
	Maricopa	74	289,880,015		Siskiyou	3	1,239,680
	Cochise, Greenlee & Pinal	12	45,690,447	Total California			
	La Paz, Mohave, Yavapai & Yuma, AZ, and Imperial, Riverside & San Bernardino, CA	14	32,953,611			3	1,239,680
Total Arizona		100	368,524,073	Idaho			
Pacific Northwest Order					Bonner & Boundary	3	362,974
Washington					Idaho & Latah	4	533,670
	Adams	10	15,048,328		Southern Idaho	11	39,648,187
	Clallam & Jefferson	3	1,027,492	Total Idaho			
	Clark & Cowlitz	9	7,933,956			18	40,544,831
	Franklin	10	31,443,352	Oregon			
	Grant & Kittitas	24	43,437,871		Benton	3	2,663,934
	Grays Harbor	8	3,757,609		Clackamas & Multnomah	9	1,200,326
	King	26	15,086,356		Clatsop	4	1,957,755
	Klickitat & Benton	5	3,008,546		Coos	7	2,040,276
	Lewis	30	10,644,734		Crook, Deschutes, Jackson, & Klamath	8	5,493,310
	Lincoln & Spokane	10	1,869,198		Josephine	3	911,760
	Pacific	8	2,539,703		Lane	4	4,562,301
	Pierce	3	1,658,278		Linn	6	4,857,937
	Skagit	27	20,721,016		Marion	31	28,080,271
	Snohomish & Island	31	19,826,768		Morrow & Umatilla	6	55,794,107
	Stevens	7	1,018,683		Polk	5	9,768,595
	Thurston	7	6,987,399		Tillamook	113	44,632,166
	Wahkiakum	4	690,926		Washington	13	5,411,270
	Whatcom	124	94,990,915		Yamhill	5	8,444,753
	Yakima	73	192,187,274	Total Oregon			
Total Washington		419	473,878,404			217	175,818,761
				Total Pacific Northwest Order			
						657	691,481,676
				Total Arizona Order			
						100	368,524,073
				Total			
						757	1,060,005,749

Pacific Northwest (FO124) and Arizona (FO131) Producer Milk Pooled January 2006 - May 2009 (million pounds)



Pounds of Producer Milk by County, May 2009



MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA			
	Jun 2009	May 2009	Jun 2008	May 2008	Jun 2009	May 2009	Jun 2008	May 2008
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt.)	\$11.98	\$12.87	\$20.08	\$18.52	\$12.43	\$13.32	\$20.53	\$18.97
Class II Milk (\$/cwt.)	10.79	10.71	16.19	15.51	10.79	10.71	16.19	15.51
Class III Milk (\$/cwt.)	9.97	9.84	20.25	18.18	9.97	9.84	20.25	18.18
Class IV Milk (\$/cwt.)	10.22	10.14	15.92	15.26	10.22	10.14	15.92	15.26
Producer Prices								
Producer Price Differential (\$/cwt.)	\$ 0.73	\$ 0.99	\$(2.22)	\$(1.35)	+	+	+	+
Butterfat (\$/pound)	1.2544	1.2648	1.6160	1.5562	+	+	+	+
Protein (\$/pound)	1.7283	1.7454	4.7193	4.1108	+	+	+	+
Other Solids (\$/pound)	0.0723	0.0336	0.0826	0.0766	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	6.78	6.98	13.48	12.22
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.2601	1.2598	1.6127	1.5459
Statistical Uniform Price (\$/cwt.)	\$10.70	\$10.83	\$18.03	\$16.83	\$10.95	\$11.15	\$18.65	\$17.20
Producer Data								
Number of Producers	657 *	657	525	531	100 *	100	101	99
Avg. Daily Production (lbs.)	34,022 *	33,951	32,145	32,231	111,769 *	118,879	116,582	126,353
Producer Milk Ratios								
Class I	26.86%	26.18%	34.48%	35.71%	33.18%	30.68%	29.94%	30.65%
Class II	6.41%	6.18%	8.89%	8.22%	9.45%	9.20%	6.56%	5.99%
Class III	43.10%	42.92%	13.40%	13.01%	30.45%	26.13%	30.37%	25.71%
Class IV	23.63%	24.72%	43.23%	43.06%	26.92%	33.99%	33.13%	37.65%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	May 2009	Apr 2009	May 2008	Apr 2008	May 2009	Apr 2009	May 2008	Apr 2008
Number of Handlers								
Pool Handlers	28	26	24	27	7	7	7	7
<i>Distributing Plants</i>	15	15	15	16	5	5	5	5
<i>Supply Plants 2/</i>	8	6	4	6	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	6	6	6	6	0	0	1	1
Other Plants w/ Class I Use	23	22	24	24	26	24	24	23
Class I Route Disposition In Area								
By Pool Plants	168,966,547	169,465,034	171,126,713	167,653,626	93,055,190	96,171,581	95,413,409	95,375,111
By Producer-Handlers	6,832,290	6,811,671	7,087,282	6,730,938	0	0	1/	1/
By Other Plants	7,066,392 *	6,567,851	5,816,684	7,035,756	4,719,720 *	4,544,011	4,846,567	5,130,838
Total	182,865,229	182,844,556	184,030,679	181,420,320	97,774,910	100,715,592	100,259,976	100,505,949
Producer-Handler Data								
% Class I Use	79.01%	77.76%	80.28%	85.38%	0.00%	0.00%	R	R
% of Total In-Area Route Dispositions	3.74%	3.73%	3.85%	3.71%	0.00%	0.00%	R	R

* Preliminary. R = Restricted. Not included. 1/ Restricted. Included with other plants. 2/ Includes Cooperative Pool Manufacturing Plants

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA				
	Jun 2009	May 2009	Jun 2008	May 2008	Jun 2009	May 2009	Jun 2008	May 2008	
TOTAL PRODUCER MILK	670,568,357	691,481,676	506,281,028	530,552,496	335,307,590	368,524,073	353,243,354	387,778,243	
RECEIPTS FROM OTHER SOURCES	23,184,886	32,567,618	37,563,789	34,160,692	14,772,939	7,609,410	23,271,905	5,545,732	
OPENING INVENTORY	35,627,978	35,107,961	31,220,717	31,883,657	20,610,292	27,131,004	21,073,834	22,124,557	
TOTAL TO BE ACCOUNTED FOR	729,381,221	759,157,255	575,065,534	596,596,845	370,690,821	403,264,487	397,589,093	415,448,532	
UTILIZATION OF RECEIPTS									
Whole milk	31,784,777	32,453,192	30,926,967	31,870,668	24,672,649	24,166,526	24,002,699	25,533,201	
Flavored milk & milk drinks	9,475,631	13,116,068	9,087,195	12,706,709	2,822,382	5,171,044	2,567,993	5,684,702	
2% milk	66,913,686	67,135,176	65,421,008	68,575,796	36,303,302	36,715,027	35,036,421	37,380,964	
1% milk	26,006,569	26,767,878	24,057,595	27,604,131	12,547,234	13,973,763	11,251,397	13,174,324	
Skim milk	27,362,484	28,135,043	27,471,967	28,856,991	11,781,611	12,631,389	11,933,264	13,199,674	
Buttermilk	1,348,304	1,359,190	1,366,071	1,281,173	394,670	397,441	439,063	440,544	
CLASS I ROUTE DISP. IN AREA . .	162,891,451	168,966,547	158,330,803	170,895,468	88,521,848	93,055,190	85,230,837	95,413,409	
Class I dispositions out of area . . .	16,483,397	16,625,391	16,210,117	19,042,597	22,161,198	22,073,743	21,294,504	22,256,740	
Other Class I usage	14,017,970	13,504,208	15,820,522	16,803,787	11,552,340	10,995,419	11,516,477	12,254,447	
TOTAL CLASS I USE	193,392,818	199,096,146	190,361,442	206,741,852	122,235,386	126,124,352	118,041,818	129,924,596	
TOTAL CLASS II USE	53,120,198	50,244,055	50,448,966	50,391,669	32,494,187	34,882,495	23,946,636	24,408,370	
TOTAL CLASS III USE	292,009,191	300,343,175	67,855,795	69,025,582	103,159,266	96,765,895	107,267,981	99,714,196	
TOTAL CLASS IV USE	190,859,014	209,473,879	266,399,331	270,437,742	112,801,982	145,491,745	148,332,658	161,401,370	
TOTAL ACCOUNTED FOR	729,381,221	759,157,255	575,065,534	596,596,845	370,690,821	403,264,487	397,589,093	415,448,532	
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I . .	180,114,694	181,054,717	174,567,798	189,480,974	111,247,907	113,048,147	105,768,769	118,865,082
	Class II .	42,983,484	42,707,257	44,991,431	43,586,973	31,690,024	33,899,410	23,175,126	23,221,161
	Class III .	289,022,090	296,817,592	67,845,118	69,007,482	102,106,748	96,294,651	107,267,981	99,681,817
	Class IV .	158,448,089	170,902,110	218,876,681	228,477,067	90,262,911	125,281,865	117,031,478	146,010,183
Other receipts:	Class I .	13,278,124	18,041,429	15,793,644	17,260,878	10,987,479	13,076,205	44,345,739	27,670,289
	Class II .	10,136,714	7,536,798	5,457,535	6,804,696	2/	2/	1/	1/
	Class III .	2,987,101	3,525,583	10,677	18,100	2/	2/	1/	1/
	Class IV .	32,410,925	38,571,769	47,522,650	41,960,675	24,395,752	21,664,209	1/	1/
Avg. daily producer receipts		22,352,279	22,305,861	16,876,034	17,114,597	11,176,920	11,887,873	11,774,778	12,508,976
Change From Previous Year . . .		32.45%	30.33%	-12.28%	-10.45%	-5.08%	-4.97%	9.40%	12.09%
Avg. daily Class I use		6,446,427	6,422,456	6,345,381	6,669,092	4,074,513	4,068,527	3,934,727	4,191,116
Change From Previous Year . . .		1.59%	-3.70%	-2.49%	-0.88%	3.55%	-2.92%	-2.33%	0.80%

1/ Restricted - Included with Class I.
2/ Restricted - Included with Class IV.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for June 2009
- June 2009 Class Prices
- Class I Price for August 2009
- USDA Announces Initial 2009-2010 Allocations for Dairy Export Incentive Program
- Secretary Vilsack Names Member to National Fluid Milk Board
- Producers and Producer Milk by Order, State, and County, May 2009
- Secretary Vilsack Announces Availability of \$760 Million in Direct Loans to Farmers and Producers

SECRETARY VILSACK ANNOUNCES AVAILABILITY OF \$760 MILLION IN DIRECT LOANS TO FARMERS AND PRODUCERS

Agriculture Secretary Tom Vilsack announced that \$760 million from the Supplemental Appropriations Act signed by President Obama is available for approved but previously unfunded USDA direct farm ownership and operating loans throughout the country. Vilsack made this national announcement at the Obama Administration's 'Rural Tour' Community Forum in Wisconsin on July 16, 2009.

"President Obama provided a welcome boost to rural economies around the country when he signed the Supplemental Appropriations Act, because it has critical funds that will enable local producers to access necessary capital," said Vilsack. "USDA will deliver these loans to producers as quickly as possible to meet the capital needs of farmers and ranchers."

Continued on page 2