

The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 39, No. 7

July 2013

Data for June 2013

MARKET SUMMARIES FOR JUNE

Pacific Northwest (FO 124)

Producers delivered a total of 725.8 million pounds of milk to the market during June. Daily deliveries averaged 24.2 million pounds, up 0.1 percent from May. An estimated 595 producers delivered milk to the market during the month. Daily deliveries per producer averaged 40,659 pounds, up 0.3 percent from May.

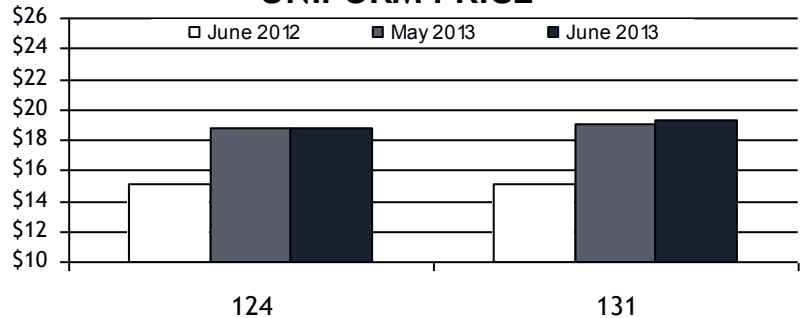
Class I producer milk during June totaled 160.6 million pounds, 22.1 percent of total producer receipts. Daily usage averaged 5.4 million pounds, down 10.3 percent from May. ▼

Arizona (FO 131)

Producers delivered a total of 386.1 million pounds of milk to the market during June. Daily deliveries averaged 12.9 million pounds, down 4.9 percent from May. An estimated 91 producers delivered milk to the market during the month. Daily deliveries per producer averaged 141,412 pounds, down 4.9 percent from May.

Class I producer milk during June totaled 100.0 million pounds, 25.9 percent of total producer receipts. Daily usage averaged 3.3 million pounds, down 8.7 percent from May. ▼

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	May	Jun	May	Jun
Uniform Price (at 3.5%)	\$18.79	\$18.84	\$19.11	\$19.27
Uniform Price (at test)	\$19.85	\$19.77	\$19.01	\$19.16
PPD	\$0.27	\$0.82		
Butterfat	\$1.7884	\$1.6599		n/a
Protein	\$3.3597	\$3.3455		
Other Solids	\$0.3887	\$0.3859		
Uniform Skim			\$13.29	\$13.85
Uniform Butterfat		n/a	\$1.7948	\$1.6862
Butterfat	3.774%	3.761%	3.445%	3.431%
Protein	3.150%	3.134%		
Other Solids	5.771%	5.748%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ USDA Announces Processor Board Appointments
- ✓ Excerpt from *Amber Waves*
- ✓ Number of Producers & Pounds of Milk: May 2013

Federal Order Price Summaries

FINAL CLASS PRICES

The June 2013 Final Class Prices were calculated using AMS commodity price surveys from June 8, 15, 22, and 29, 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
May 2013	\$19.66	\$20.11	\$18.43	\$18.52	\$18.89	\$1.7884	\$3.3597	\$0.3887	\$1.4549
Jun 2013	\$20.83	\$21.28	\$19.14	\$18.02	\$18.88	\$1.6599	\$3.3455	\$0.3859	\$1.5048
Change	\$1.17	\$1.17	\$0.71	(\$0.50)	(\$0.01)	(\$0.1285)	(\$0.0142)	(\$0.0028)	\$0.0499

ADVANCED CLASS I PRICE

The August 2013 Advanced Price was calculated using AMS commodity price surveys from July 6 and 13, 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 Non-fat Solids
Jul 2013	\$1.6803	\$12.56	\$13.50	\$13.50	\$18.91	\$20.81	\$21.26	\$14.20	\$1.5778
Aug 2013	\$1.5969	\$12.26	\$13.77	\$13.77	\$18.88	\$20.78	\$21.23	\$14.47	\$1.6078
Change	(\$0.0834)	(\$0.30)	\$0.27	\$0.27	(\$0.03)	(\$0.03)	(\$0.03)	\$0.27	\$0.0300

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	May	June	Change
Cheese	\$1.8274	\$1.7810	(\$0.0464)
Butter	\$1.6483	\$1.5422	(\$0.1061)
Nonfat Dry Milk	\$1.6374	\$1.6878	\$0.0504
Whey	\$0.5765	\$0.5738	(\$0.0027)


AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	July	August	Change
Cheese	\$1.7806	\$1.7201	(\$0.0605)
Butter	\$1.5590	\$1.4902	(\$0.0688)
Nonfat Dry Milk	\$1.6826	\$1.7131	\$0.0305
Whey	\$0.5710	\$0.5769	\$0.0059

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a decrease in prices received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a decrease of 4.87 cents between the June 15 and the July 13 surveys, to \$1.7065 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 8.44 cents to \$1.6864 per pound.

The AMS butter price showed a net decrease of 5.06 cents between the weeks ending June 15 and July 13 from \$1.5688 per pound to \$1.5182 per pound. The AMS nonfat dry milk showed an increase of 3.76 cents since mid-June to \$1.7189 per pound. The average price for AMS whey showed a net decrease of 0.04 cents since mid-June to \$0.5735 per pound.

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

USDA Updates

USDA ANNOUNCES NATIONAL FLUID MILK PROCESSOR BOARD APPOINTMENTS

On June 28, 2013, Agriculture Secretary Tom Vilsack announced seven appointments to the National Fluid Milk Processor Promotion Board. All appointees will serve 3-year terms beginning July 1, 2013, through June 30, 2016.

"I am confident that these experts from across the fluid milk industry will serve fluid milk processors well." Vilsack said. "I appreciate their involvement and look to them to help ensure the strength of this vital sector."

Newly appointed members are: Alan J. Bernon, Region 7; Thomas N. Davis III, Region 10; Robert B. McCullough, at-large processor; and Brian T. DeFelice, at-large processor.

Newly reappointed members are: James F. Walsh, Region 1; Dwight A. Moore, Jr., Region 4; and Henry F. Michon, Region 13.

The Secretary selected the appointees from nominations submitted by eligible processor organizations and interested parties. The 20-member board is authorized by the Fluid Milk Promotion Act of 1990, as amended.

The board oversees the collection of the 20-cent per hundredweight mandatory assessment on fluid milk products processed and marketed commercially in the 48 contiguous states and the District of Columbia. Processors who 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. In addition, the board develops and administers a coordinated program of promotion, research, and consumer information. 🍦



July is National Ice Cream Month!!!

CHANGES IN INCOME HAVE SMALL EFFECT ON WHERE A HOUSEHOLD SHOPS FOR MILK

The following is an excerpt from an article from Amber Waves

When purchasing food, households make many choices, including not only what to buy but where to shop. And the options are many—traditional supermarkets, specialty foodstores, supercenters, drug stores, and more. Households with less income would be expected to patronize less expensive store types. However, a recent Economic Research Service (ERS) analysis found that this is not always the case, at least when households purchase fluid milk. Lower income households are a little more likely to buy their milk from stores other than supermarkets and club warehouse stores, including convenience stores where prices are often higher.

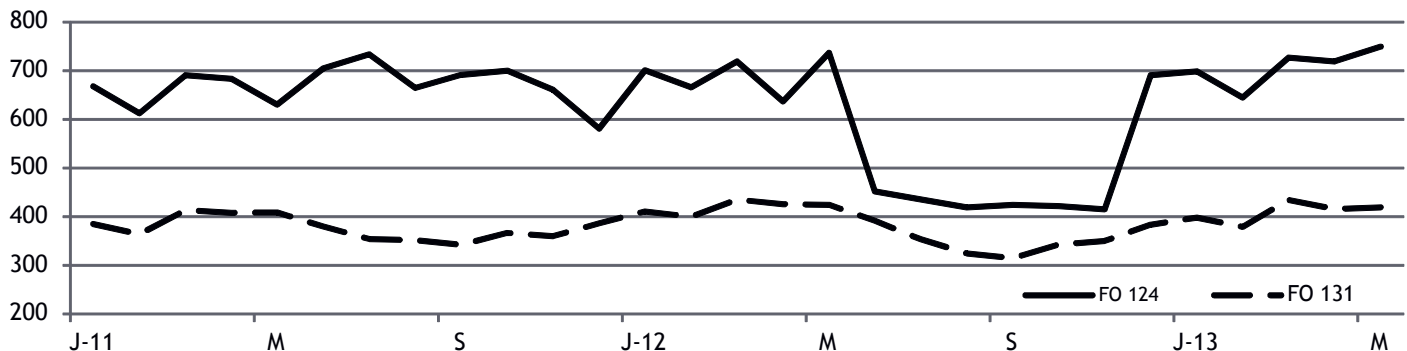
ERS researchers used 2007 and 2008 Nielsen Homescan purchase and demographic data for 24,110 households to develop a new choice model to analyze how changes in income affect U.S. consumers' milk purchasing decision. 🍦

Source: USDA. Economic Research Service. "Changes in Income Have Small Effect on Where a Household Shops for Milk", July 1, 2013. Available at www.ers.usda.gov.

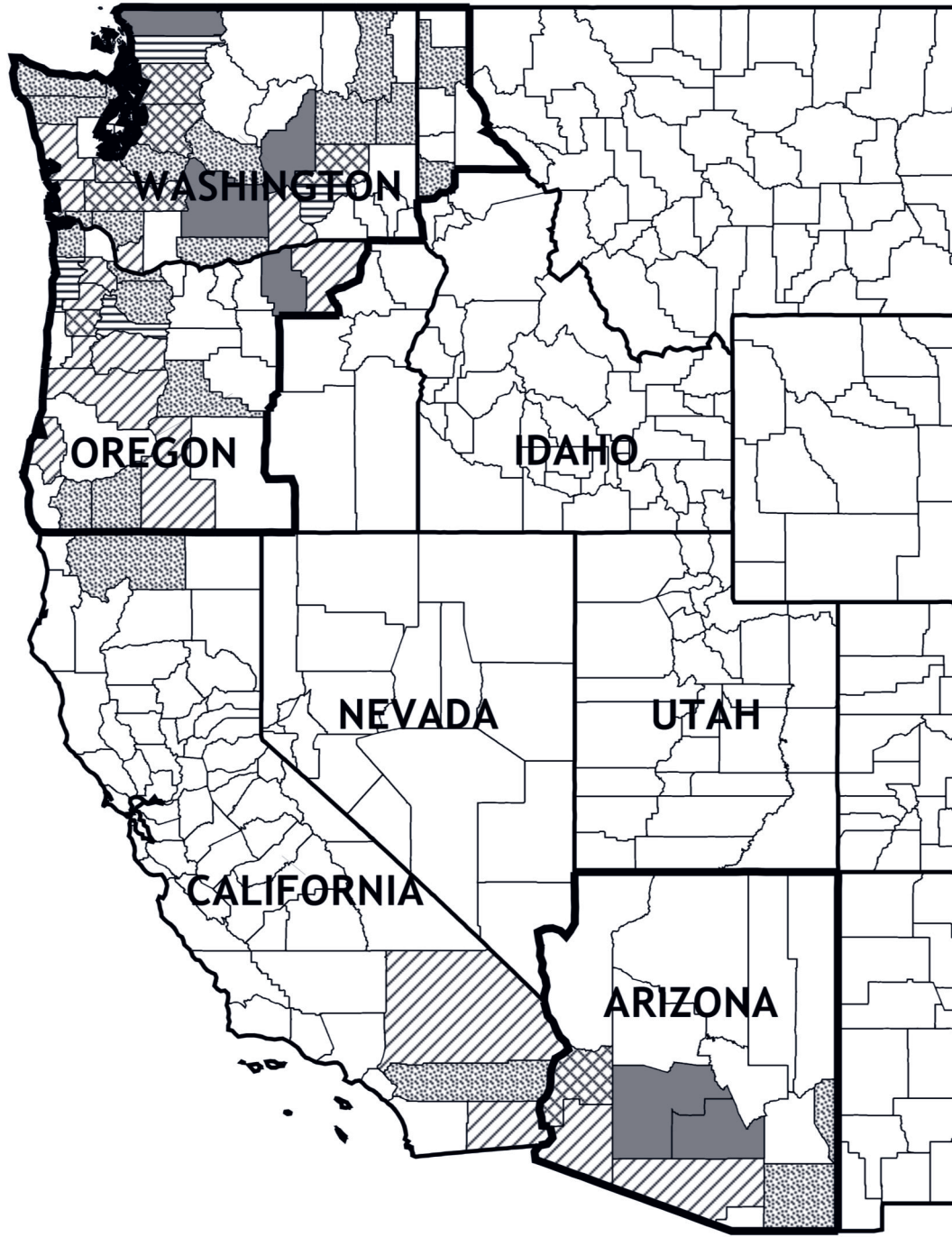
Number of Producers and Pounds of Milk: May 2013

State	County	Producers	Milk	State	County	Producers	Milk
ARIZONA ORDER				PACIFIC NORTHWEST ORDER (CONTINUED)			
<i>Arizona</i>				<i>California & Idaho</i>			
	Maricopa	49	214,729,660		Siskiyou, CA and Bonner & Latah, ID	5	1,777,705
	Cochise, Greenlee, & Pinal, AZ and Parmer, TX	30	168,689,814	Total Idaho		5	1,777,705
	La Paz, Pima, & Yuma, AZ and Imperial, Riverside, & San Bernardino, CA	12	35,945,242	<i>Washington</i>			
Total Arizona		91	419,364,716		Adams	9	18,856,010
PACIFIC NORTHWEST ORDER					Benton	3	6,891,994
<i>Oregon</i>					Clark & Cowlitz	9	7,983,837
	Clackamas & Multnomah	7	972,682		Franklin	11	47,438,495
	Clatsop	4	1,906,012		Grant & Kittitas	22	52,526,631
	Coos	11	4,267,070		Grays Harbor, Jefferson & Clallam	10	5,370,567
	Deschutes, Jackson & Klamath	8	5,639,602		King	25	14,019,579
	Josephine	3	1,021,074		Klickitat	3	1,471,975
	Lane & Benton	5	8,040,797		Lewis	30	11,467,363
	Linn	7	2,753,022		Lincoln & Spokane	7	1,484,243
	Marion	28	29,056,513		Pacific	7	2,226,098
	Morrow & Umatilla	9	75,379,589		Skagit	30	24,203,877
	Polk	5	10,778,593		Snohomish & Island	23	18,396,715
	Tillamook	100	45,799,939		Stevens	7	1,111,801
	Washington	12	5,408,304		Thurston & Pierce	10	11,549,204
	Yamhill	6	9,523,397		Wahkiakum	4	687,986
Total Oregon		205	200,546,594	Total Washington		386	546,897,392
				Total Arizona Order		91	419,364,716
				Total Pacific Northwest Order		596	749,221,691
				Total		687	1,168,586,407

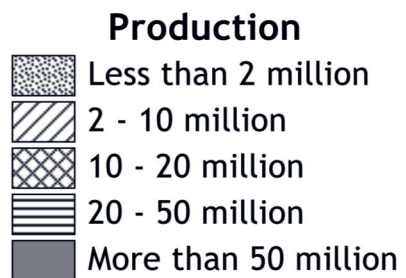
**Pacific Northwest (FO 124) and Arizona (FO 131) Producer Milk Pooled
January 2011 - May 2013 (million pounds)**



Pounds of Producer Milk by County: May 2013



Note: This map does not include data for Parmer County, Texas. For your reference, this county is located in the northwest area of the State, along the New Mexico/Texas border, and would have shading for the “2–10 million” pounds category.



Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jun 2013	May 2013	Jun 2012	May 2012	Jun 2013	May 2013	Jun 2012	May 2012
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt)	\$20.83	\$19.66	\$17.14	\$17.75	\$21.28	\$20.11	\$17.59	\$18.20
Class II Milk (\$/cwt)	19.14	18.43	14.32	15.19	19.14	18.43	14.32	15.19
Class III Milk (\$/cwt)	18.02	18.52	15.63	15.23	18.02	18.52	15.63	15.23
Class IV Milk (\$/cwt)	18.88	18.89	13.24	13.55	18.88	18.89	13.24	13.55
Producer Prices								
Producer Price Differential (\$/cwt)	\$0.82	\$0.27	(\$0.57)	\$0.08	+	+	+	+
Butterfat (\$/pound)	1.6599	1.7884	1.4866	1.4462	+	+	+	+
Protein (\$/pound)	3.3455	3.3597	2.8952	2.7344	+	+	+	+
Other Solids (\$/pound)	0.3859	0.3887	0.3113	0.3500	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$13.85	\$13.29	\$10.35	\$10.50
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.6862	1.7948	1.4832	1.4680
Statistical Uniform Price (\$/cwt)	\$18.84	\$18.79	\$15.06	\$15.31	\$19.27	\$19.11	\$15.18	\$15.27
Producer Data								
Number of Producers*	595	596	445	616	91	91	94	94
Avg. Daily Production (pounds)*	40,659	40,551	33,847	38,601	141,412	148,658	138,880	145,558
Producer Milk Ratios								
Class I	22.13%	24.69%	39.23%	25.35%	25.89%	26.97%	26.92%	26.42%
Class II	7.08%	7.74%	9.09%	5.65%	8.78%	7.82%	8.00%	7.33%
Class III	43.22%	42.25%	11.94%	42.16%	25.55%	25.37%	27.39%	25.19%
Class IV	27.57%	25.32%	39.74%	26.84%	39.78%	39.84%	37.69%	41.06%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	May 2013	Apr 2013	May 2012	Apr 2012	May 2013	Apr 2013	May 2012	Apr 2012
Number of Handlers								
Pool Handlers	25	25	25	24	7	7	7	7
<i>Distributing Plants</i>	14	14	14	14	5	5	5	5
<i>Supply Plants 1/</i>	6	6	6	5	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	17	15	17	17	21	21	23	23
Class I Route Disposition In Area								
By Pool Plants	162,766,238	159,348,559	171,652,703	162,612,685	87,378,003	89,587,806	88,416,227	90,740,604
By Producer-Handlers	7,318,462	7,261,256	7,316,718	7,028,719	0	0	0	0
By Other Plants	9,998,353	8,976,961	8,279,644	8,023,514	7,050,235	7,103,742	5,961,734	6,022,658
Total	180,083,053	175,586,776	187,249,065	177,664,918	94,428,238	96,691,548	94,377,961	96,763,262
Producer-Handler Data								
% Class I Use	69.45%	73.53%	66.40%	62.77%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.06%	4.14%	3.91%	3.96%	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			
	Jun	May	Jun	May	Jun	May	Jun	May
	2013	2013	2012	2012	2013	2013	2012	2012
Receipts of Milk								
Total Producer Milk	725,757,486	749,221,691	451,852,327	737,116,641	386,053,508	419,364,716	391,640,883	424,155,801
Receipts From Other Sources	10,263,399	11,237,084	8,574,216	12,309,254	1,871,786	2,782,758	4,747,176	4,138,981
Opening Inventory	36,608,173	35,341,511	25,611,353	37,836,755	23,109,700	21,292,729	21,030,554	25,324,520
Total To Be Accounted For	772,629,058	795,800,286	486,037,896	787,262,650	411,034,994	443,440,203	417,418,613	453,619,302
Utilization of Receipts								
Whole milk	32,443,546	34,008,070	32,629,955	33,627,282	22,795,270	24,311,166	23,357,854	23,608,164
Flavored milk & drinks	8,080,320	13,418,361	8,977,416	14,151,421	2,474,255	5,150,759	2,419,382	5,023,545
2% milk	62,998,981	64,919,141	67,405,014	68,203,815	29,900,666	31,956,684	31,982,751	32,444,376
1% milk	22,990,367	26,210,117	25,527,422	28,076,822	13,096,556	15,286,464	14,087,134	15,673,550
Skim milk	21,268,084	22,696,058	24,818,229	26,255,727	8,994,134	10,278,822	10,525,803	11,263,184
Buttermilk	1,362,483	1,514,491	1,397,387	1,337,636	340,807	394,108	366,168	403,408
Class I dispositions in area	149,143,781	162,766,238	160,755,423	171,652,703	77,601,688	87,378,003	82,739,092	88,416,227
Class I dispositions out of area	13,765,879	16,019,897	14,607,204	14,124,499	24,080,697	25,190,677	23,873,958	24,993,087
Other Class I usage	15,815,832	19,957,364	16,742,759	16,106,296	11,819,281	13,566,570	11,402,762	12,673,104
Utilization by Class								
Total Class I Use	178,725,492	198,743,499	192,105,386	201,883,498	113,501,666	126,135,250	118,015,812	126,082,418
Total Class II Use	59,069,354	68,566,178	47,868,912	52,903,805	34,617,638	33,905,946	32,282,848	31,754,359
Total Class III Use	314,621,435	317,362,027	53,940,341	310,801,027	99,221,512	106,404,532	107,651,106	106,852,204
Total Class IV Use	220,212,777	211,128,582	192,123,257	221,674,320	163,694,178	176,994,475	159,468,847	188,930,321
Total Accounted For	772,629,058	795,800,286	486,037,896	787,262,650	411,034,994	443,440,203	417,418,613	453,619,302

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Jun	May	Jun	May	Jun	May	Jun	May
	2013	2013	2012	2012	2013	2013	2012	2012
Producer milk								
Class I	160,645,130	185,017,500	177,265,221	186,892,086	99,950,571	113,090,206	105,418,369	112,050,995
Class II	51,400,741	57,972,603	41,091,298	41,679,343	33,881,609	32,782,493	31,319,009	31,082,856
Class III	313,660,469	316,513,400	53,940,341	310,754,431	98,617,702	106,397,103	107,276,636	106,852,204
Class IV	200,051,146	189,718,188	179,555,467	197,790,781	153,603,626	167,094,914	147,626,869	174,169,746
Other receipts								
Class I	18,080,362	13,725,999	14,840,165	14,991,412	13,551,095	13,045,044	12,597,443	14,031,423
Class II	7,668,613	10,593,575	6,777,614	11,224,462	1/	1/	1/	1/
Class III	960,966	848,627	0	46,596	1/	1/	1/	1/
Class IV	20,161,631	21,410,394	12,567,790	23,883,539	11,430,391	11,030,443	13,180,287	15,432,078
Avg. daily producer receipts	24,191,916	24,168,442	15,061,744	23,777,956	12,868,450	13,527,894	13,054,696	13,682,445
Change From Previous Year	60.62%	1.64%	-35.90%	16.93%	-1.43%	-1.13%	3.11%	3.85%
Avg. daily Class I use	5,957,516	6,411,081	6,403,513	6,512,371	3,783,389	4,068,879	3,933,860	4,067,175
Change From Previous Year	-6.96%	-1.56%	-1.04%	-1.10%	-3.83%	0.04%	-1.15%	-1.00%

1/ Restricted - Included with Class IV.



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www.fmmaseattle.com

FEDERAL ORDER STATISTICS FOR JUNE

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)	2,146.6	722.9	33.68%	\$22.18	\$20.20
Appalachian (FO 5)	477.5	279.1	58.46%	\$22.33	\$21.00
Florida (FO 6)	216.2	178.2	82.42%	\$24.33	\$23.27
Southeast (FO 7)	523.4	294.3	56.24%	\$22.73	\$21.31
Upper Midwest (FO 30)	2,846.7	269.1	9.45%	\$20.73	\$18.32
Central (FO 32)	1,340.6	349.2	26.05%	\$20.93	\$18.80
Mideast (FO 33)	1,413.4	472.4	33.43%	\$20.93	\$19.22
Pacific Northwest (FO 124)	725.8	160.6	22.13%	\$20.83	\$18.84
Southwest (FO 126)	971.6	309.3	31.84%	\$21.93	\$19.71
Arizona (FO 131)	386.1	100.0	25.89%	\$21.28	\$19.27

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