

Pacific Northwest & Arizona-Las Vegas Marketing Areas



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MARKET SUMMARIES FOR JULY 2004

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

Pacific Northwest

Producers delivered a total of 648.0 million pounds of milk to the market during July. Comparisons to previous month are affected by eligible milk not pooled in June 2004. Daily deliveries averaged 20.9 million pounds, up 5.6 percent from June. An estimated 896 producers delivered milk to the market during the month. Daily deliveries per producer averaged 23,329 pounds, up 5.3 percent from June.

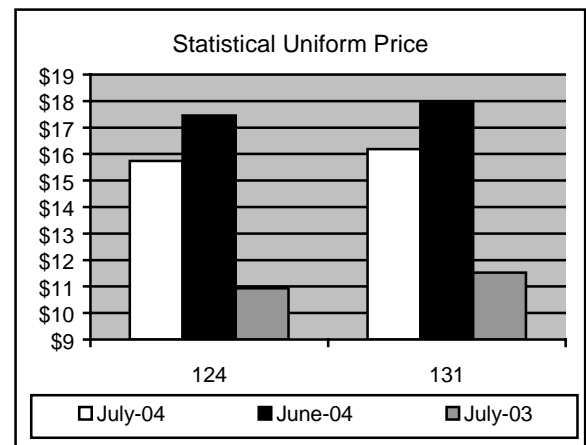
Class I producer milk during July totaled 173.3 million pounds, 26.7 percent of total producer receipts. Daily usage averaged 5.6 million pounds, up 2.0 percent from June.

Arizona-Las Vegas

Producers delivered a total of 228.5 million pounds of milk to the market during July. Daily deliveries averaged 7.4 million

pounds, down 8.3 percent from June. An estimated 93 producers delivered milk to the market during the month. Daily deliveries per producer averaged 79,244 pounds, down 8.3 percent from June.

Class I producer milk during July totaled 74.0 million pounds, 32.4 percent of total producer receipts. Daily usage averaged 2.4 million pounds, up 3.4 percent from June. ♦



Federal Order Producer Prices and Component Levels: July 2004

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	15.74	16.19	Butterfat	3.585	3.589
Butterfat 2/	2.0543	2.0710	Protein	2.958	N/A
Protein 2/	2.3625	N/A	Other Solids	5.713	N/A
Other Solids 2/	0.1048	N/A	Nonfat Solids	8.671	N/A
PPD 1/*	0.89	N/A			
Skim 1/	N/A	9.27			

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

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JULY 2004 CLASS PRICES

July 2004 non-advanced Class Prices were calculated using NASS commodity price surveys from July 3, 10, 17, and 24, 2004. Component prices for the month are \$2.3625 per pound of protein, \$2.0543 per pound of butterfat, \$0.1048 per pound of other solids, and \$0.7042 per pound of nonfat solids.

July 2004 Class III and IV prices at 3.5% butterfat are \$14.85 and \$13.31 per hundredweight, respectively. The July Class III price compared to June is down \$2.83. The Class III price is \$3.07 higher than July 2003. The Class III price at 3.67% butterfat is \$5.29 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$2.0613 per pound. Class I skim and butterfat and Class II skim prices for July 2004 were announced on June 18, 2004. The Class II price at 3.5% butterfat is \$14.00 for July 2004 .

FINAL: NASS COMMODITY PRICES

	June	July	Change
Cheese*	\$1.8411	\$1.5695	-\$0.2716
Butter	\$1.9290	\$1.8269	-\$0.1021
Nonfat Dry Milk	\$0.8497	\$0.8513	\$0.0016
Whey	\$0.2890	\$0.2607	-\$0.0283

* 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 prices received for 40-pound blocks and a net increase in prices received for 500-pound barrels. The survey of 40-pound blocks showed a decrease of 2.17 cents between the July 17 and the August 14 surveys, to \$1.4947 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net increase of 4.16 cents to \$1.5085 per pound.

The NASS butter price showed a net decrease of 31.52 cents between the weeks ending July 17 and August 14 from \$1.8486 per pound to \$1.5334 per pound.

The NASS nonfat dry milk showed a net increase of 0.93 cents since mid-July to \$0.8615 per pound. The average price for NASS whey showed a decrease of 3.40 cents since mid-July to \$0.2244 per pound. ♦

SEPTEMBER'S CLASS I PRICE ANNOUNCEMENT

On August 20, the September 2004 Class I price was announced at \$15.84 for the Pacific Northwest Order, and \$16.29 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of August 7 and 14.

The September Class III and IV advance skim prices are \$7.96 and \$6.41 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 30.62 cents from \$2.0952 to \$1.7890 per pound.

The September 2004 Class II skim and nonfat solids prices were also announced on August 20. The skim price is \$7.11 per hundredweight, and the nonfat solids price is \$0.7900 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	August	September	Change
Cheese*	\$1.5439	\$1.5047	-\$0.0392
Butter	\$1.8610	\$1.6058	-\$0.1552
Nonfat Dry Milk	\$0.8552	\$0.8596	\$0.0044
Whey	\$0.2600	\$0.2280	-\$0.0320

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

BRIEFS AVAILABLE ON THE WEB FOR THE PACIFIC NORTHWEST AND ARIZONA-LAS VEGAS ORDER HEARING ON PRODUCER-HANDLERS

Briefs for the Pacific Northwest and Arizona-Las Vegas Federal Order producer-handler hearing are available on Dairy Programs website at http://www.ams.usda.gov/dairy/pnw_alv/pnw_alv_hear.htm.

The hearing was held September 23-25, 2003, in Tempe, Arizona, November 17-21, 2003 in Seattle, Washington, and January 20-22, 2004, in Alexandria, Virginia.

Proposals being considered would end the regulatory exemption from the pricing and pooling provisions of the Pacific Northwest and the Arizona-Las Vegas milk marketing orders for producer-handlers whose Class I route disposition exceeds three million pounds per month in either market. USDA is also considering a proposal that would eliminate the ability to simultaneously pool

the same milk on the Arizona-Las Vegas milk order and on a State-operated order that provides for marketwide pooling. ♦

INVITATION TO SUBMIT PROPOSALS FOR A PUBLIC HEARING TO AMEND THE POOLING PROVISIONS OF THE CENTRAL ORDER

PRODUCERS AND PRODUCER MILK BY ORDER, STATE, AND COUNTY, MAY 2004

During the month of May 2004, a total of 792 producers, on a combined basis, were associated with the Pacific Northwest and Arizona-Las Vegas Orders. These producers delivered a total of 687.5 million pounds of milk to the markets during the month. In May 2004, there were eligible producers and producer milk not pooled on the Pacific Northwest Order. The tables below and on page 4 contain the number of producers and milk pooled on the orders. Counties and states with fewer than three producers were combined with adjacent counties. The map on page 5 does not combine counties with fewer than three producers due to the use of size-ranges. ♦

Dairy Programs has received a request to amend provisions of the Central Federal milk marketing order from Dairy Farmers of America, Inc., and Prairie Farms Cooperative, dairy cooperatives marketing milk of members. The proposals would amend the pooling and performance requirements of the order.

Proponents state that amendments to the Central order pooling standards are necessary to insure that producers who regularly supply the market and share in the blend price are not disadvantaged by those producers who "opt in" the pool only when profitable and "opt out" when it is not. Specifically, the cooperatives state that if a producer desires to share in the returns of the order these proposals cause that decision to have multi-month consequences. Proponents also contend that the increase in the shipping standards should attract more milk to the market in the fall months. Requiring a producer to "touch base" at a pool plant at least 1 day during August to November and January to February, in order to maintain association with the pool, could increase actual performance. The proposals also include language that defines where milk can be diverted from to maintain pool status.

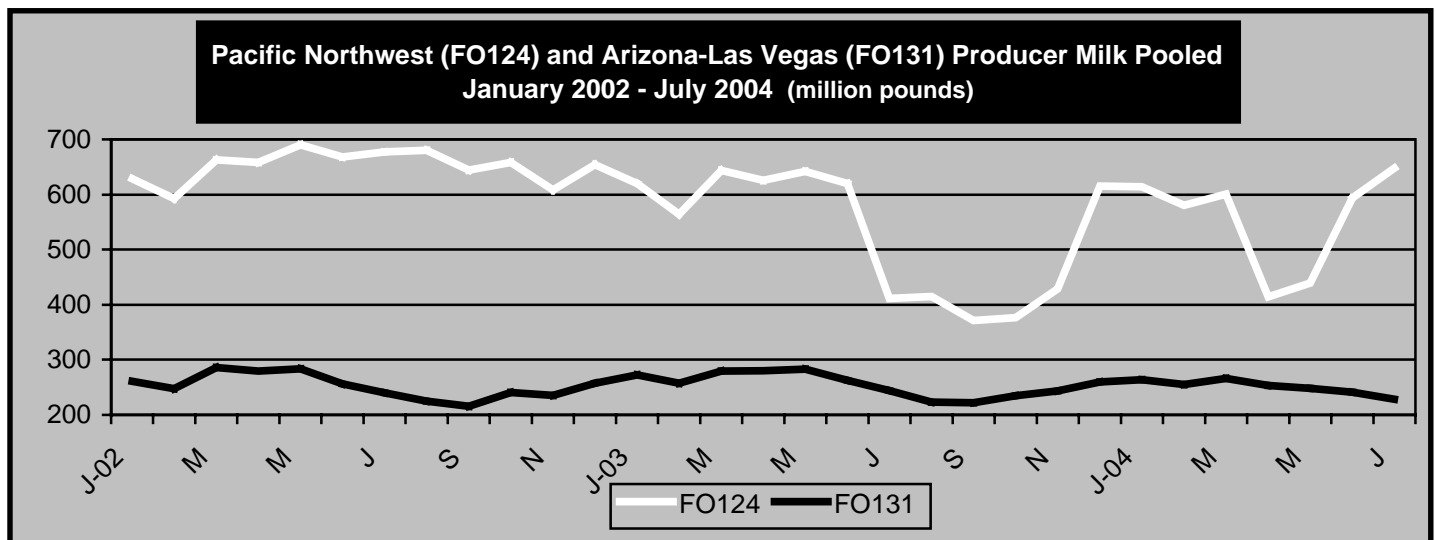
Copies of the proposals may be obtained from either Jack Rower, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231–Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 720-2357, e-mail: Jack.Rower@usda.gov or Donald R. Nicholson, Ph.D., Central Market Administrator, USDA/AMS/Dairy, P.O. Box 14650, Shawnee Mission, Kansas 66285-4650, (913) 495-9300.

For more information on the invitation to submit proposals go to http://www.ams.usda.gov/dairy/cntrl_pooling_prov.htm ♦

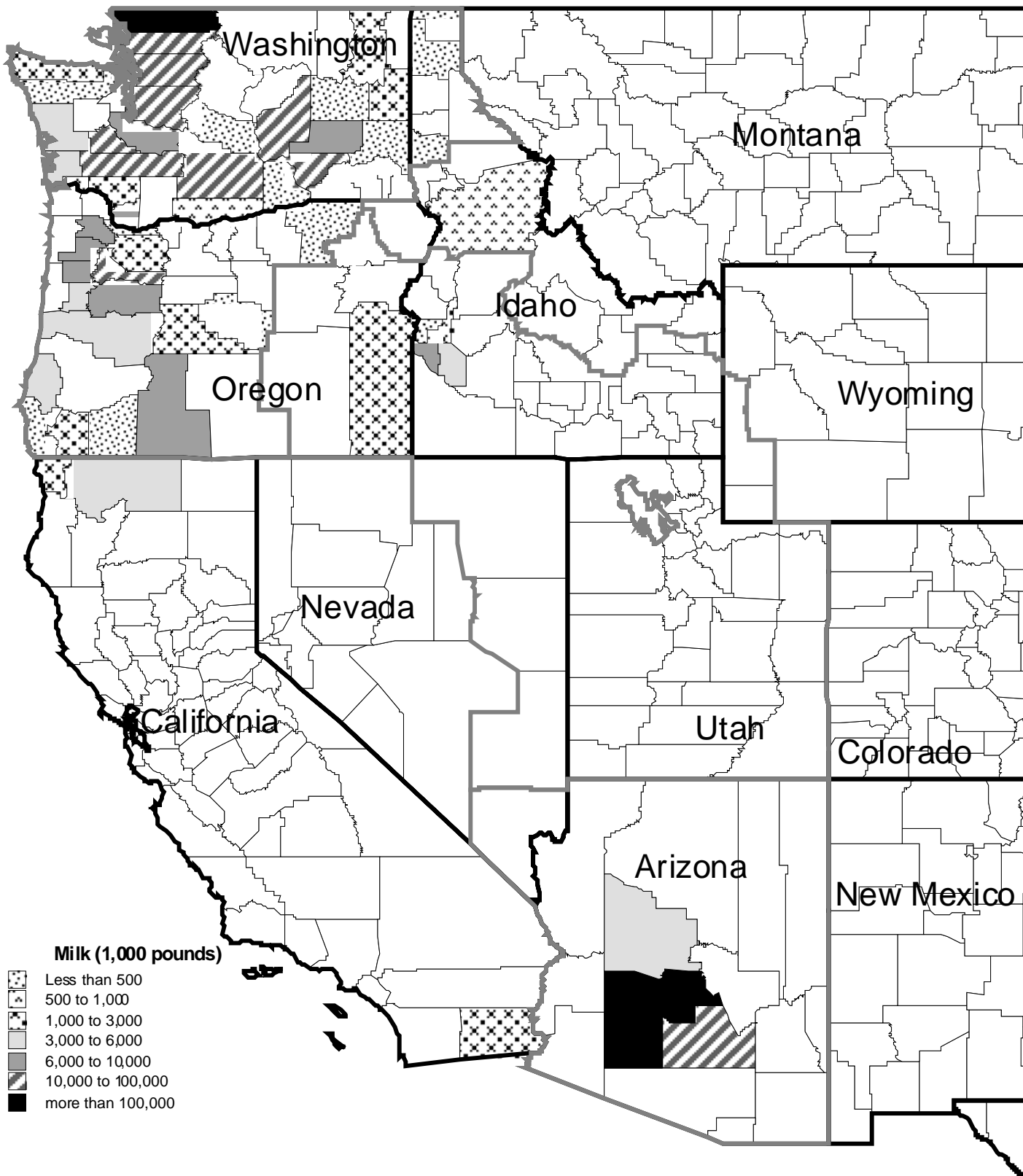
Producer Milk By State and Federal Order May 2003 and 2004					
FO 1/	State	2003		2004	
		Prod.	Lbs. 2/	Prod.	Lbs. 2/
124	CA	6	4.4	6	4.3
124	ID	12	1.6	33	14.5
124	OR	285	175.3	148	87.3
124	WA	600	460.9	512	333.4
FO 124 Total 3/		903	642.1	699	439.5
131	AZ/CA	106	283.0	93	248.0
135	CA	153	203.3	The Western Order was terminated April 1, 2004.	
135	CO	3	0.4		
135	ID	360	302.6		
135	OR	27	5.6		
135	UT/NV	321	124.0		
FO 135 Total 3/		864	635.9		
Total 3/		1,873	1561.1	792	687.5

1/ Federal order number. Federal Order 124 is the Pacific Northwest Order. Federal Order 131 is the Arizona-Las Vegas Order. Federal Order 135 is the Western Order. 2/ Million pounds. 3/ May not add due to rounding.

Number of Producers and Pounds of Milk: By Order, State, and County, May 2004			
State	County	Producers	Milk
Arizona-Las Vegas Order			
Arizona			
	Maricopa	84	215,908,381
	Pinal, Yavapai, (& Imperial County, CA)	9	32,077,766
Total Arizona		93	247,986,147
Pacific Northwest Order			
California			
	Del Norte & Siskiyou	6	4,289,425
Total California		6	4,289,425
Idaho			
	Bonner & Boundary	5	704,861
	Idaho & Latah	5	744,511
	Southern Idaho	23	13,087,871
Total Idaho		33	14,537,243
Oregon			
	Benton	6	4,339,099
	Clackamas & Multnomah	12	1,663,765
	Coos & Curry	20	3,573,883
	Deschutes & Crook	7	1,115,280
	Josephine	4	1,660,500
	Klamath & Jackson	11	9,447,607
	Lane	6	5,141,993
	Linn	9	6,224,126
	Malheur & Unatilla	8	1,808,428
	Marion	34	29,410,752
	Polk	4	8,495,865
	Washington	20	6,917,784
	Yamhill	7	7,502,396
Total Oregon		148	87,301,478
Pacific Northwest Order (Continued)			
Washington			
	Adams & Whitman	7	9,882,316
	Clallam	5	1,503,160
	Clark	11	7,685,125
	Cowlitz	3	1,149,104
	Franklin	11	18,606,210
	Grant & Kittitas	28	24,467,627
	Grays Harbor	13	5,114,251
	Island	4	2,306,213
	Jefferson	3	365,174
	King	36	18,553,799
	Klickitat & Benton	4	1,153,647
	Lewis	37	13,912,260
	Lincoln & Spokane	15	2,877,587
	Pacific	9	3,176,676
	Pierce	10	6,443,185
	Skagit	49	31,524,902
	Snohomish	38	24,058,584
	Stevens	14	2,130,013
	Thurston	16	10,538,755
	Wahkiakum	4	852,261
	Whatcom	177	108,280,833
	Yakima	18	38,803,596
Total Washington		512	333,385,278
Total Pacific Northwest Order		699	439,513,424
Total Arizona-Las Vegas Order		93	247,986,147
Total		792	687,499,571



Pounds of Producer Milk by County, May 2004



MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST			WESTERN			ARIZONA-LAS VEGAS			
	Jul 2004	Jun 2004	Jul 2003	Jul 2004	Jun 2004	Jul 2003	Jul 2004	Jun 2004	Jul 2003	
Minimum Class Prices (3.5% B.F.)										
Class I Milk (\$/cwt.)	\$19.85	\$23.03	\$11.67	No data available. FO 135 was terminated effective April 1, 2004.		\$11.67	\$20.30	\$23.48	\$12.12	
Class II Milk (\$/cwt.)	14.00	14.31	10.63			10.63	14.00	14.31	10.63	
Class III Milk (\$/cwt.)	14.85	17.68	11.78			11.78	14.85	17.68	11.78	
Class IV Milk (\$/cwt.)	13.31	13.72	9.95			9.95	13.31	13.72	9.95	
Producer Prices										
Producer Price Differential (\$/cwt.)	\$ 0.89	\$(0.23)	\$(0.85)			\$(0.34)	+	+	+	
Butterfat (\$/pound)	2.0543	2.1768	1.2055			1.2055	+	+	+	
Protein (\$/pound)	2.3625	3.1086	2.5480			2.5480	+	+	+	
Other Solids (\$/pound)	0.1048	0.1339	(0.0124)			(0.0124)	+	+	+	
Uniform Skim Price (\$/cwt.)	+	+	+			+	9.27	10.54	7.59	
Uniform Butterfat Price (\$/pound)	+	+	+		+	2.0710	2.2291	1.2026		
Statistical Uniform Price (\$/cwt.) . .	\$15.74	\$17.45	\$10.93		\$11.44	\$16.19	\$17.97	\$11.53		
Producer Data										
Number of Producers	896 *	893	685		551	93 *	93	107		
Avg. Daily Production (lbs.)	23,329 *	22,161	19,378		10,310	79,244 *	86,409	73,516		
Number of Handlers										
Pool Handlers	29	30	28		16	5	5	6		
Producer-Handlers	7 *	7	9		5	2 *	2	2		
Other Plants w/ Class I Use	20 *	20	20		19	28 *	28	34		
Producer Milk Ratios										
Class I	26.74%	27.70%	41.91%		52.59%	32.39%	28.74%	34.00%		
Class II	7.06%	6.91%	9.90%		15.42%	10.29%	8.76%	7.55%		
Class III	33.01%	29.56%	0.40%		2.63%	34.96%	38.25%	41.73%		
Class IV	33.19%	35.83%	47.79%		29.36%	22.36%	24.25%	16.72%		

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	Jun 2004	May 2004	Jun 2003	Jun 2004	May 2004	Jun 2003	Jun 2004	May 2004	Jun 2003
Producer-Handler Data									
Production	20,778,455	21,223,457	23,860,565	No data available. FO 135 was terminated effective April 1, 2004.		2,216,556	R	R	R
Class I Use	16,574,845	17,394,148	17,548,122			1,531,990	R	R	R
% Class I Use	79.77%	81.96%	73.54%			69.12%	R	R	R
Class I Route Disposition In Area									
By Pool Plants	149,169,386	154,514,397	147,467,708		61,011,568	68,967,776	70,502,870	68,760,368	
By Producer-Handlers	15,921,353	17,139,962	16,771,677		1,523,298	1/	1/	1/	
By Other Plants	4,715,677 *	4,422,097	2,215,450		3,595,504	32,881,927 *	32,582,781	29,894,801	
Total	169,806,416	176,076,456	166,454,835		66,130,370	101,849,703	103,085,651	98,655,169	

* Preliminary.

R = Restricted. Not included.

1/ Restricted. Included with other plants.

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST			WESTERN			ARIZONA-LAS VEGAS			
	Jul 2004	Jun 2004	Jul 2003	Jul 2004	Jun 2004	Jul 2003	Jul 2004	Jun 2004	Jul 2003	
TOTAL PRODUCER MILK	647,997,621	593,694,655	411,485,487	No data available. FO 135 was terminated April 1, 2004.	176,100,467	228,460,542	241,082,492	243,853,449		
RECEIPTS FROM OTHER SOURCES	15,590,228	42,905,292	152,897,205		7,625,036	32,587,504	36,227,457	8,864,148		
OPENING INVENTORY	35,854,823	39,874,079	28,335,649		15,818,722	12,729,228	17,554,541	12,888,889		
TOTAL TO BE ACCOUNTED FOR	699,442,672	676,474,026	592,718,341		199,544,225	273,777,274	294,864,490	265,606,486		
UTILIZATION OF RECEIPTS										
Whole milk	29,247,482	28,271,858	29,217,944		12,891,188	19,899,765	20,036,778	23,595,997		
Flavored milk & milk drinks	6,405,537	7,701,987	6,804,210		3,300,571	2,569,361	2,907,840	3,642,860		
2% milk	69,361,092	65,241,907	68,491,069		29,221,847	29,730,203	27,417,675	28,165,405		
1% milk	22,805,552	21,411,740	22,363,317		12,994,830	8,614,489	8,667,870	8,269,239		
Skim milk	26,440,750	25,236,957	25,855,702		8,447,537	9,718,982	9,409,301	9,189,485		
Buttermilk	1,412,430	1,304,937	1,438,145	603,545	512,245	528,312	509,687			
CLASS I ROUTE DISP. IN AREA	155,672,843	149,169,386	154,170,387	67,459,518	71,045,045	68,967,776	73,372,673			
Class I dispositions out of area	14,248,773	13,707,352	14,551,804	22,128,707	3,571,758	3,608,785	4,391,856			
Other Class I usage	18,342,170	20,229,606	18,271,128	15,052,042	5,011,592	5,334,738	11,429,415			
TOTAL CLASS I USE	188,263,786	183,106,344	186,993,319	104,640,267	79,628,395	77,911,299	89,193,944			
TOTAL CLASS II USE	56,421,837	51,116,246	48,230,962	32,368,233	24,363,750	21,949,329	19,094,137			
TOTAL CLASS III USE	214,369,809	202,455,973	127,152,503	4,793,162	80,632,466	93,139,333	102,951,226			
TOTAL CLASS IV USE	240,387,240	239,795,463	230,341,557	57,742,563	89,152,663	101,864,529	54,367,179			
TOTAL ACCOUNTED FOR	699,442,672	676,474,026	592,718,341	199,544,225	273,777,274	294,864,490	265,606,486			
CLASSIFICATION OF RECEIPTS										
Producer milk: Class I	173,345,926	164,462,589	172,452,699	92,612,684	74,004,450	69,283,134	82,925,497			
Class II	45,732,535	40,996,559	40,718,359	27,154,796	23,506,773	21,110,189	18,408,142			
Class III	213,872,447	175,495,743	1,651,556	4,632,810	79,867,910	92,219,503	101,750,601			
Class IV	215,046,713	212,739,764	196,662,873	51,700,177	51,081,409	58,469,666	40,769,209			
Other receipts: Class I	14,917,860	18,643,755	14,540,620	12,027,583	45,316,732	53,781,998	21,753,037			
Class II	10,689,302	10,119,687	7,512,603	5,213,437	1/	1/	1/			
Class III	497,362	26,960,230	125,500,947	160,352	1/	1/	1/			
Class IV	25,340,527	27,055,699	33,678,684	6,042,386	1/	1/	1/			
Avg. daily producer receipts	20,903,149	19,789,822	13,273,725	5,680,660	7,369,695	8,036,083	7,866,240			
Change From Previous Year	57.48%	-4.27%	-39.26%	-59.62%	-6.31%	-8.09%	1.56%			
Avg. daily Class I use	6,073,025	6,103,545	6,032,043	3,375,492	2,568,658	2,597,043	2,877,224			
Change From Previous Year	0.68%	3.52%	0.22%	4.78%	-10.72%	-1.55%	4.94%			

1/ Restricted - Included with Class I.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for July 2004
- July 2004 Class Prices
- Class I Price for September 2004
- Producer-Handler Hearing Briefs are Available on the Web
- Producers and Producer Milk by Order, State, and County, May 2004
- Invitation to Submit Proposals for a Public Hearing to Amend the Pooling Provisions of the Central Marketing Order
- Increased Deductions for Administrative Assessment and Marketing Service

**ADMINISTRATIVE AND MARKETING SERVICES
ASSESSMENT INCREASED:
EFFECTIVE JULY 2004**

The administrative assessment currently applicable to the Pacific Northwest Order (F.O. 124) and the Arizona-Las Vegas Order (F.O. 131) has increased from 2.5 to 3.5 cents per hundredweight effective with the July 2004 delivery period. Statements issued for that month will reflect the new administrative assessment rate.

The deduction for marketing services under each of the above-named orders has increased from 3.0 to 4.0 cents per hundredweight commencing with the July 2004 delivery period. This deduction is applicable to deliveries by producers who are not members of a qualified cooperative association performing marketing services. Statements issued for that month will contain the new rate of deduction for those marketing services. ♦