

Pacific Northwest & Arizona-Las Vegas Marketing Areas



1930 – 220th Street SE, Suite 102
 Bothell, Washington 98021-8471
 Phone (425) 487-6009
 Fax (425) 487-2775
 Homepage: fmmaseattle.com
 E-mail: fmmaseattle@fmmaseattle.com



10050 N 25th Avenue, Suite 302
 Phoenix, Arizona 85021-1664
 Phone (602) 547-2909
 Fax (602) 547-2906
 E-mail: ma@fmma.net

James R. Daugherty
 Market Administrator

August 2005

MARKET SUMMARIES FOR JULY 2005

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

Pacific Northwest

Producers delivered a total of 673.0 million pounds of milk to the market during July. Daily deliveries averaged 21.7 million pounds, up 6.9 percent from June. An estimated 850 producers delivered milk to the market during the month. Daily deliveries per producer averaged 25,540 pounds, up 6.9 percent from June.

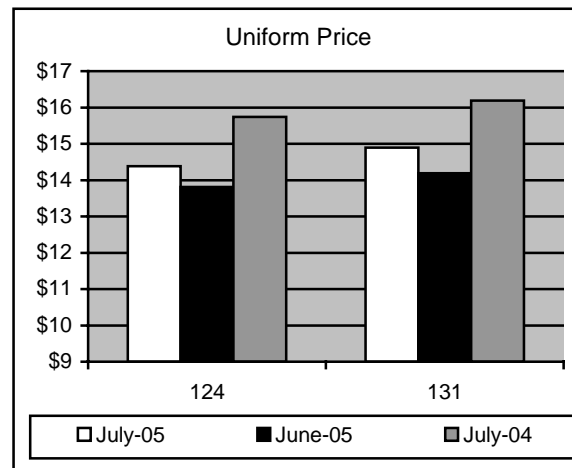
Class I producer milk during July totaled 166.3 million pounds, 24.7 percent of total producer receipts. Daily usage averaged 5.4 million pounds, down 2.4 percent from June.

Arizona-Las Vegas

Producers delivered a total of 241.7 million pounds of milk to the market during July. Daily deliveries averaged 7.8 million pounds, down 6.3 percent from June. An estimated 87 producers delivered

milk to the market during the month. Daily deliveries per producer averaged 89,608 pounds, down 6.3 percent from June.

Class I producer milk during July totaled 77.7 million pounds, 32.1 percent of total producer receipts. Daily usage averaged 2.5 million pounds, down 1.1 percent from June. ♦



Federal Order Producer Prices and Component Levels: July 2005

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	14.38	14.89	Butterfat	3.556	3.527
Butterfat 2/	1.8007	1.7684	Protein	2.972	N/A
Protein 2/	2.4558	N/A	Other Solids	5.725	N/A
Other Solids 2/	0.1240	N/A	Nonfat Solids	8.698	N/A
PPD 1/*	0.03	N/A			
Skim 1/	N/A	9.03			

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

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JULY 2005 CLASS PRICES

July 2005 non-advanced Class Prices were calculated using NASS commodity price surveys from July 2, 9, 16, 23, and 30, 2005. Component prices for the month are \$2.4558 per pound of protein, \$1.8007 per pound of butterfat, \$0.1240 per pound of other solids, and \$0.7909 per pound of nonfat solids.

July 2005 Class III and IV prices at 3.5% butterfat are \$14.35 and \$13.17 per hundredweight, respectively. The July Class III price compared to June is up \$0.43. The Class III price is \$0.50 lower than July 2004. The Class III price at 3.67% butterfat is \$4.74 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.8077 per pound. Class I skim and butterfat and Class II skim prices for July 2005 were announced on June 17, 2005. The Class II price at 3.5% butterfat is \$13.79 for July 2005 .

FINAL: NASS COMMODITY PRICES

	June	July	Change
Cheese*	\$1.4845	\$1.5156	\$0.0311
Butter	\$1.4427	\$1.6156	\$0.1729
Nonfat Dry Milk	\$0.9259	\$0.9389	\$0.0130
Whey	\$0.2696	\$0.2794	\$0.0098

* 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 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 13.34 cents between the July 16 and the August 13 surveys, to \$1.3907 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 9.83 cents to \$1.4085 per pound.

The NASS butter price showed a net decrease of 0.12 cents between the weeks ending July 16 and August 13 from \$1.6318 per pound to \$1.6306 per pound.

The NASS nonfat dry milk showed an increase of 2.69 cents since mid-July to \$0.9652 per pound. The average price for NASS whey showed a net increase of 0.31 cent since mid-July to \$0.2835 per pound. ♦

SEPTEMBER'S CLASS I PRICE ANNOUNCEMENT

On August 19, the September 2005 Class I price was announced at \$15.60 for the Pacific Northwest Order, and \$16.05 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of August 6 and 13.

The September Class III and IV advance skim prices are \$7.71 and \$7.30 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 5.24 cents from \$1.8396 to \$1.7872 per pound.

The September 2005 Class II skim and nonfat solids prices were also announced on August 19. The skim price is \$8.00 per hundredweight, and the nonfat solids price is \$0.8889 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	August	September	Change
Cheese*	\$1.5224	\$1.4449	-\$0.0775
Butter	\$1.6480	\$1.6043	-\$0.0437
Nonfat Dry Milk	\$0.9377	\$0.9594	\$0.0217
Whey	\$0.2796	\$0.2843	\$0.0047

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

JOHANN'S ANNOUNCES APPOINTMENT OF LLOYD DAY AS ADMINISTRATOR OF AGRICULTURAL MARKETING SERVICE

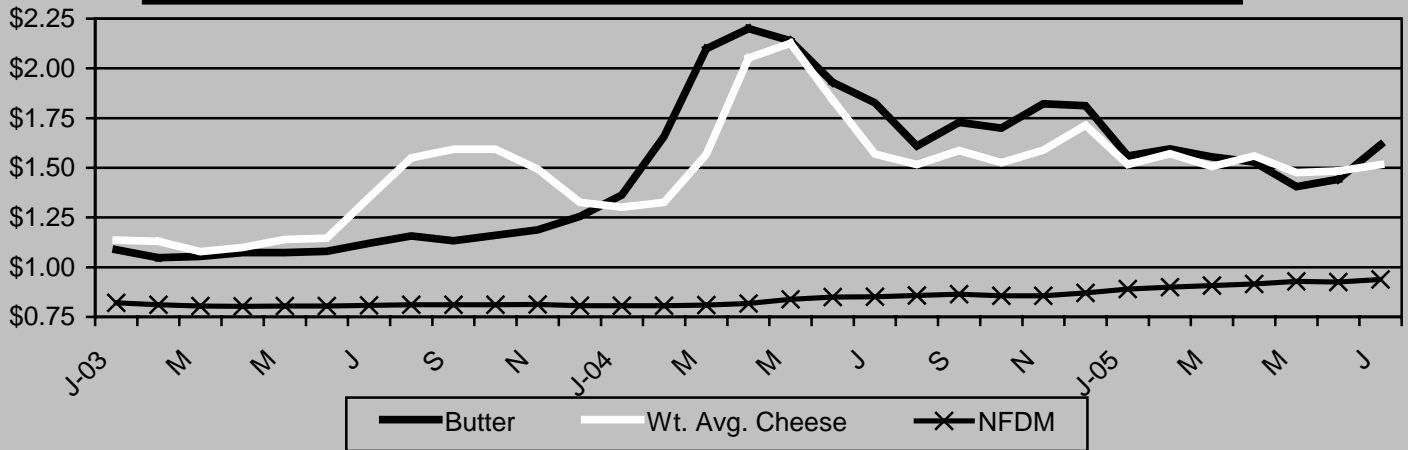
On August 5, 2005, Agriculture Secretary Mike Johanns announced that he has named Lloyd C. Day as Administrator of the Agricultural Marketing Service, (AMS) at the United States Department of Agriculture.

"Lloyd's experience in international affairs, economic development and trade policy will be an asset in his new role at AMS, where he will help to market agricultural products in domestic and international markets, while ensuring fair trading practices," said Johanns. "I am very pleased that he will quickly assume his new responsibilities in this capacity so we can better serve our customers and the agricultural industry."

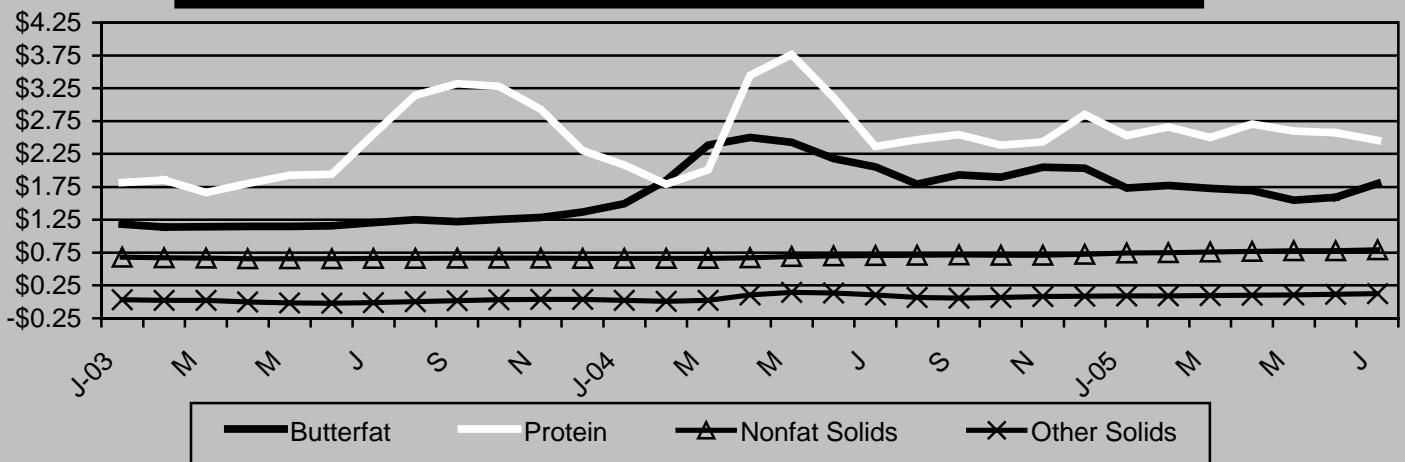
Day assumed the role of Administrator of AMS on Monday, Aug. 8, 2005. Since 2002, he has served as special assistant to the Administrator of the Foreign Agricultural Service (FAS) at USDA.

(Continued on Page 4)

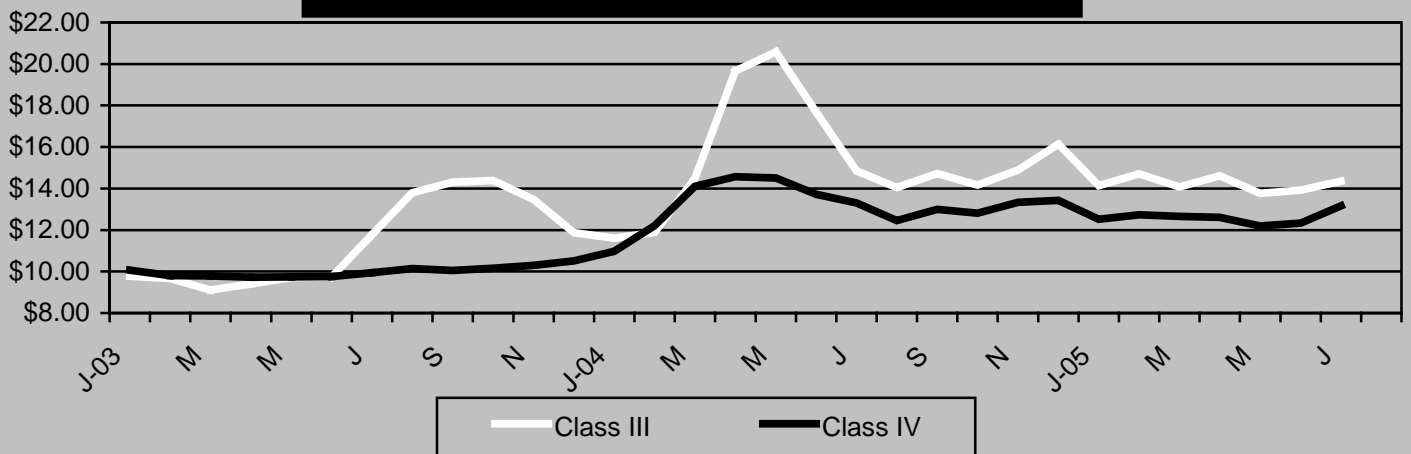
**NASS Monthly Butter, Weighted Average Cheese, and Nonfat Dry Milk Prices
January 2003 through July 2005**



**Federal Order Butterfat, Protein, Nonfat Solids, and Other Solids Prices
January 2003 through July 2005**



**Federal Order Class III and IV Prices @ 3.5% Butterfat
January 2003 through July 2005**



(Continued From Page 2)

In this role, he was responsible for coordinating all USDA activities with Mexico on behalf of the Secretary of Agriculture.

Day has significant California experience and contacts. Prior to coming to USDA, he worked as a business development director and industry marketing manager at Tumbleweed Communications in Redwood City, California from 1999-2002. He also served as Deputy Secretary of International Trade and Investment with the California Trade and Commerce Agency in Governor Pete Wilson's Administration from 1996-1999.

Day received a bachelor's and master's degree from Stanford University and a second master's degree from the University of Glasgow in Scotland. Day is a native of Sacramento, California and now resides in Alexandria, Virginia. ♦

POST-HEARING BRIEFING DATE EXTENDED

The deadline for filing post-hearing briefs for the Fluid Milk Product Definition rulemaking proceeding for the Northeast and other Federal milk marketing orders has been extended two weeks from August 22, 2005, to September 6, 2005. The order granting the extension of time is posted to the Dairy Programs Internet site at: www.ams.usda.gov/dairy/class_I_definition.htm. ♦

USDA ANNOUNCES A TENTATIVE PARTIAL DECISION TO AMEND THE MIDEAST MILK MARKETING ORDER

On July 26, 2005, the U.S. Department of Agriculture announced a tentative partial decision that recommends various amendments to current provisions of the Mideast Federal milk marketing order. This decision is based on testimony and evidence given at a public hearing held on March 7-10, 2005, in Wooster, Ohio.

This decision adopts proposals to amend certain features of the pooling standards of the Mideast milk marketing order on an interim final and emergency basis. Specifically, this decision will: 1) prohibit the ability to simultaneously pool the same milk on the Mideast Federal milk order and on a marketwide equalization pool administered by another government entity; 2) lower the diversion limit standards; and 3) increase the performance standards for supply plants.

At a later date, USDA will issue a separate decision to address proposals to deter the de-pooling of milk, adopt transportation credits and clarify the Producer definition of the order.

The decision was published in the July 27 Federal Register. Interested persons have 60 days to file comments in response to the tentative partial decision. USDA will determine if producers approve the amended order.

For additional information about the decision contact: David Z. Walker, Market Administrator; USDA/AMS/Dairy Programs; P.O. Box 5102; Brunswick, Ohio, 44212; Tel. (330) 225-4758; e-mail: dwalker@fmacleev.com. ♦

FARM BILL FORUM AND TOPICS FOR PUBLIC COMMENT ANNOUNCED

On June 16, 2005, Agriculture Secretary Mike Johanns announced the first Farm Bill Forum and the topics on which the U.S. Department of Agriculture will be seeking input from America's farmers, ranchers and rural residents regarding the development of the 2007 Farm Bill. The 2002 Farm Bill, which authorizes many of the programs operated by USDA, expires with the 2007 crop year.

"The next farm bill will affect America's entire agricultural community," said Johanns. "That's why I want to ask America's farmers and ranchers how our farm policy is working and how we can make it better. I believe very strongly that they deserve a voice in this process."

Johanns noted in his remarks that he was approaching the Farm Bill Forums with an open mind. "I do not begin this process with preconceived notions about the direction future farm policy should take," said Johanns. "We will use the feedback we receive to help us determine the best course for a new Farm Bill."

Throughout 2005, Johanns and other senior USDA officials have and will participate in the Farm Bill Forums that will be held across the country. The dates, locations and times of the forums will be announced as they are scheduled and be available on the USDA website at <http://www.usda.gov>. The public will be invited to attend the forums and to present oral comments.

As the current Farm Bill covers a diverse array of program areas, six topics have been identified to provide a framework for the forums. The primary topics addressed at the forums will reflect various concerns affecting rural America such as

commodity, conservation, and rural economic development issues. In addition, some forums will be dedicated to other important programs authorized by the farm bill such as food assistance, research and education programs.

USDA will be seeking public discussion on farm policy considerations regarding: the competitiveness of U.S. agriculture in global and domestic markets; challenges facing new farmers and ranchers as they enter agriculture; appropriateness and effectiveness of the distribution of farm program benefits; achievement of conservation and environmental goals; and enhancement of rural economic growth and opportunities to expand agricultural products, markets and research.

The public will be invited to provide comments on six specific questions based on these policy considerations:

1. How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?
2. How should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture?
3. How should farm policy be designed to effectively and fairly distribute assistance to producers?
4. How can farm policy best achieve conservation and environmental goals?
5. How can Federal rural and farm programs provide effective assistance in rural areas?
6. How should agricultural product development, marketing and research-related issues be addressed in the next farm bill?

Notice of these questions was published in the June 17, 2005, Federal Register. Comments will be accepted at public forums and may also be submitted electronically via the Internet at the USDA home page (<http://www.usda.gov>) by selecting "Farm Bill Forums," by e-mail to FarmBill@usda.gov or by mail to Secretary of Agriculture Mike Johanns, Farm Bill, 1400 Independence Avenue, SW., Washington, DC 20250-3355.

USDA will review the public comments received by December 30, 2005, including any analyses, reports, studies and other material submitted with the comments that address the six questions. ♦

UNITED STATES MILK PRODUCTION UP 3.9 PERCENT IN JULY 2005

Milk production for July 2005 was up 3.9 percent for the United States compared with July 2004. United States' milk production for July 2005 equaled 14,970 million pounds, 565 million pounds more than last July. The table below shows data for July 2005 for 23 states with comparisons to year-ago levels.

Milk production in the 23 major states during July 2005 totaled 13,698 million pounds, up 4.2 percent from production in these same states in July 2004.

In ranking the order of contribution, Idaho, Wisconsin, Pennsylvania, and Texas were the primary sources of increases in milk production. Colorado, Idaho, and Texas showed the largest percentage increases. In a similar method of ranking, Missouri, Kentucky, Iowa, and Oregon showed decreases in milk production from year-ago levels.

The increase in U.S. milk production can be attributed to both increased production per cow and increase in the number of cows. Milk per cow in July 2005 increased 56 pounds compared to July 2004, totaling 1,652 pounds. During the same time, the number of milk cows increased 32,000 head to 9,060,000 head. ♦

Milk Production July 2004 - 2005			
	2004	2005 1/	% Change
	-- million pounds --		
Arizona	286	304	6.29%
California	3,078	3,124	1.49%
Colorado	181	206	13.81%
Idaho	794	900	13.35%
Indiana	246	265	7.72%
Missouri	151	143	-5.30%
New Mexico	581	605	4.13%
New York	997	1,035	3.81%
Ohio	384	400	4.17%
Oregon	199	198	-0.50%
Pennsylvania	844	903	6.99%
Texas	493	547	10.95%
Washington	466	486	4.29%
Wisconsin	1,885	1,978	4.93%
23 Total	13,143	13,698	4.22%
US	14,405	14,970	3.92%

1/ July 2005 is preliminary.

Source: National Agricultural Statistics Service.

MONTHLY SELECTED STATISTICS

9

Minimum Class Prices (3.5% B.F.)	PACIFIC NORTHWEST				ARIZONA-LAS VEGAS			
	Jul 2005	Jun 2005	Jul 2004	Jun 2004	Jul 2005	Jun 2005	Jul 2004	Jun 2004
Class I Milk (\$/cwt.)	\$15.79	\$15.52	\$19.85	\$23.03	\$16.24	\$15.97	\$20.30	\$23.48
Class II Milk (\$/cwt.)	13.79	13.06	14.00	14.31	13.79	13.06	14.00	14.31
Class III Milk (\$/cwt.)	14.35	13.92	14.85	17.68	14.35	13.92	14.85	17.68
Class IV Milk (\$/cwt.)	13.17	12.33	13.31	13.72	13.17	12.33	13.31	13.72
Producer Prices								
Producer Price Differential (\$/cwt.)	\$ 0.03	\$(0.11)	\$ 0.89	\$(0.23)	+	+	+	+
Butterfat (\$/pound)	1.8007	1.5932	2.0543	2.1768	+	+	+	+
Protein (\$/pound)	2.4558	2.5741	2.3625	3.1086	+	+	+	+
Other Solids (\$/pound)	0.1240	0.1139	0.1048	0.1339	+	+	+	+
Uniform Skim Price (\$/cwt.) . . .	+	+	+	+	9.03	8.94	9.27	10.54
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.7648	1.5885	2.0710	2.2291
Statistical Uniform Price (\$/cwt.) . .	\$14.38	\$13.81	\$15.74	\$17.45	\$14.89	\$14.19	\$16.19	\$17.97
Producer Data								
Number of Producers	850 *	850	896	893	87 *	87	93	93
Avg. Daily Production (lbs.)	25,540 *	23,882	23,329	22,161	89,608 *	95,621	79,244	86,409
Number of Handlers								
Pool Handlers	27	27	29	30	5	5	5	5
Producer-Handlers	9 *	9	7	7	3 *	3	2	2
Other Plants w/ Class I Use	21 *	21	22	20	29 *	29	32	28
Producer Milk Ratios								
Class I	24.71%	27.08%	26.74%	27.70%	32.15%	30.48%	32.39%	28.74%
Class II	6.69%	7.36%	7.06%	6.91%	12.35%	11.48%	10.29%	8.76%
Class III	27.11%	29.31%	33.01%	29.56%	40.30%	37.03%	34.96%	38.25%
Class IV	41.49%	36.25%	33.19%	35.83%	15.20%	21.01%	22.36%	24.25%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data	Jun 2005	May 2005	Jun 2004	May 2004	Jun 2005	May 2005	Jun 2004	May 2004
Production	33,119,559	33,794,660	20,778,455	21,223,457	R	R	R	R
Class I Use	27,995,157	26,989,780	16,574,845	17,394,148	R	R	R	R
% Class I Use	84.53%	79.86%	79.77%	81.96%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	148,172,565	156,390,962	149,169,386	154,514,397	69,316,016	73,956,954	68,967,776	70,502,870
By Producer-Handlers	20,205,057	20,712,589	15,921,353	17,139,962	1/	1/	1/	1/
By Other Plants	1,986,545 *	2,742,834	4,715,677	4,422,097	27,045,452 *	27,667,539	32,881,927	32,582,781
Total	170,364,167	179,846,385	169,806,416	176,076,456	96,361,468	101,624,493	101,849,703	103,085,651

* 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				ARIZONA-LAS VEGAS			
	Jul 2005	Jun 2005	Jul 2004	Jun 2004	Jul 2005	Jun 2005	Jul 2004	Jun 2004
TOTAL PRODUCER MILK	672,974,312	608,985,825	647,997,621	593,694,655	241,673,512	249,570,451	228,460,542	241,082,492
RECEIPTS FROM OTHER SOURCES	23,906,743	26,708,409	15,590,228	42,905,292	52,520,951	54,614,114	32,587,504	36,227,457
OPENING INVENTORY	31,599,533	32,997,900	35,854,823	39,874,079	14,464,760	12,589,069	12,729,228	17,554,541
TOTAL TO BE ACCOUNTED FOR	728,480,588	668,692,134	699,442,672	676,474,026	308,659,223	316,773,634	273,777,274	294,864,490
UTILIZATION OF RECEIPTS								
Whole milk	29,351,493	28,874,997	29,247,482	28,271,858	19,785,553	18,380,642	19,899,765	20,036,778
Flavored milk & milk drinks	7,428,899	8,585,347	6,405,537	7,701,987	2,599,650	2,852,063	2,569,361	2,907,840
2% milk	64,231,355	61,780,823	69,361,092	65,241,907	31,293,581	28,908,649	29,730,203	27,417,675
1% milk	21,166,091	22,509,724	22,805,552	21,411,740	9,678,938	9,290,442	8,614,489	8,667,870
Skim milk	25,410,044	25,098,545	26,440,750	25,236,957	10,235,740	9,454,621	9,718,982	9,409,301
Buttermilk	1,333,553	1,323,129	1,412,430	1,304,937	422,694	429,599	512,245	528,312
CLASS I ROUTE DISP. IN AREA.	148,921,435	148,172,565	155,672,843	149,169,386	74,016,156	69,316,016	71,045,045	68,967,776
Class I dispositions out of area	14,687,880	14,552,278	14,248,773	13,707,352	4,800,563	4,629,469	3,571,758	3,608,785
Other Class I usage	18,601,390	19,750,862	18,342,170	20,229,606	7,430,175	8,977,389	5,011,592	5,334,738
TOTAL CLASS I USE.	182,210,705	182,475,705	188,263,786	183,106,344	86,246,894	82,922,874	79,628,395	77,911,299
TOTAL CLASS II USE	46,501,780	51,546,058	56,421,837	51,116,246	30,980,839	29,770,545	24,363,750	21,949,329
TOTAL CLASS III USE	193,682,005	186,514,337	214,369,809	202,455,973	98,722,621	94,070,958	80,632,466	93,139,333
TOTAL CLASS IV USE	306,086,098	248,156,034	240,387,240	239,795,463	92,708,869	110,009,257	89,152,663	101,864,529
TOTAL ACCOUNTED FOR	728,480,588	668,692,134	699,442,672	676,474,026	308,659,223	316,773,634	273,777,274	294,864,490
CLASSIFICATION OF RECEIPTS								
Producer milk: Class I	166,358,842	164,894,204	173,345,926	164,462,589	77,684,634	76,045,796	74,004,450	69,283,134
Class II	39,865,465	44,827,079	45,732,535	40,996,559	29,857,918	28,662,312	23,506,773	21,110,189
Class III	181,768,816	178,479,533	213,872,447	175,495,743	97,385,647	92,419,947	79,867,910	92,219,503
Class IV	284,981,189	220,785,009	215,046,713	212,739,764	36,745,313	52,442,396	51,081,409	58,469,666
Other receipts: Class I	15,851,863	17,581,501	14,917,860	18,643,755	66,985,711	67,203,183	45,316,732	53,781,998
Class II	6,636,315	6,718,979	10,689,302	10,119,687	1/	1/	1/	1/
Class III	11,913,189	8,034,804	497,362	26,960,230	1/	1/	1/	1/
Class IV	21,104,909	27,371,025	25,340,527	27,055,699	1/	1/	1/	1/
Avg. daily producer receipts	21,708,849	20,299,528	20,903,149	19,789,822	7,795,920	8,319,015	7,369,695	8,036,083
Change From Previous Year	3.85%	2.58%	57.48%	-4.27%	5.78%	3.52%	-6.31%	-8.09%
Avg. daily Class I use	5,877,765	6,082,524	6,073,025	6,103,545	2,782,158	2,764,096	2,568,658	2,597,043
Change From Previous Year	-3.22%	-0.34%	0.68%	3.52%	8.31%	6.43%	-10.72%	-1.55%

1/ Restricted - Included with Class I.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for July 2005
- July 2005 Class Prices
- Class I Price for September 2005
- Johans Announces Appointment of Lloyd Day as Administrator of Agricultural Marketing Service
- Post-Hearing Briefing Date Extended
- USDA Announces a Tentative Partial Decision to Amend the Mideast Milk Marketing Order
- Farm Bill Forum and Topics for Public Comment Announced
- U.S. Milk Production Up 3.9 Percent in July
- New Statistics Available Monthly on Market Administrator's Website

NEW STATISTICS AVAILABLE MONTHLY ON MARKET ADMINISTRATOR'S WEBSITE

Monthly statistics for the Pacific Northwest and Arizona-Las Vegas Orders are published under the Historical Data section of Seattle Market Administrator's website at <http://www.fmmaseattle.com>. New statistics available in the statistical compilations include a map of May producer milk and tables on routes distribution into the marketing area. In the future, a map of November producer milk will also be added. All statistics are updated on a monthly basis and previous years' statistics are also available. ♦