The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 41, No. 8 | August 2015 | Data for July 2015

MARKET SUMMARIES FOR JULY

Pacific Northwest (FO 124)

Producers delivered a total of 461.9 million pounds of milk to the market during July. Daily deliveries averaged 14.9 million pounds, down 3.0 percent from June. An estimated 445 producers delivered milk to the market during the month. Daily deliveries per producer averaged 33,480 pounds, down 3.0 percent from June.

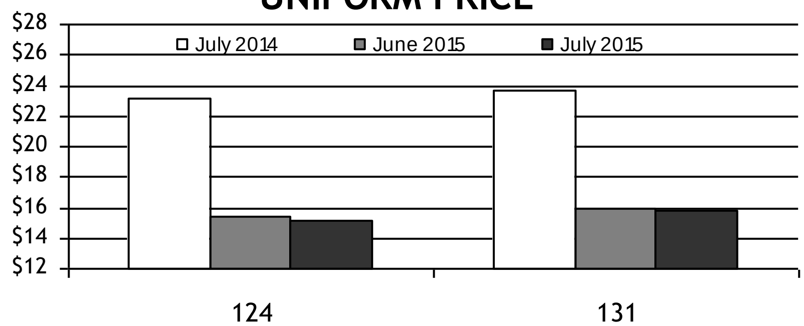
Class I producer milk during July totaled 161.5 million pounds, 35.0 percent of total producer receipts. Daily usage averaged 5.2 million pounds, down 2.0 percent from June.

Arizona (FO 131)

Producers delivered a total of 384.6 million pounds of milk to the market during July. Daily deliveries averaged 12.4 million pounds, down 6.3 percent from June. An estimated 95 producers delivered milk to the market during the month. Daily deliveries per producer averaged 130,580 pounds, down 6.3 percent from June.

Class I producer milk during July totaled 108.3 million pounds, 28.2 percent of total producer receipts. Daily usage averaged 3.5 million pounds, up 0.2 percent from June.

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124 June	FO 124 July	FO 131 June	FO 131 July
Uniform Price (at 3.5%)	$15.38	$15.18	$15.95	$15.76
Uniform Price (at test)	*$16.21*	*$15.84*	*$15.81*	*$15.50*
PPD	($1.34)	($1.15)		
Butterfat	$2.1011	$2.1125		
Protein	$2.6915	$2.6070	n/a	
Other Solids	$0.2322	$0.2004		
Uniform Skim	n/a		$8.93	$8.65
Uniform Butterfat			$2.0954	$2.1185
Butterfat	3.767%	3.735%	3.427%	3.370%
Protein	3.084%	3.049%	n/a	
Other Solids	5.756%	5.753%		

HIGHLIGHTS THIS ISSUE

Federal Order Price Summaries

FINAL CLASS PRICES

The July 2015 Final Class Prices were calculated using AMS commodity price surveys from July 4,11, 18, 25, and August 1, 2015. 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
Jun 2015	$18.04	$18.49	$14.77	$16.72	$13.90	$2.1011	$2.6915	$0.2322	$0.7529
July 2015	$18.43	$18.88	$14.70	$16.33	$13.15	$2.1125	$2.6070	$0.2004	$0.6621
Change	$0.39	$0.39	($0.07)	($0.39)	($0.75)	($0.0114)	($0.0845)	($0.0318)	($0.0908)

ADVANCED CLASS I PRICE

The September 2015 Advanced Price was calculated using AMS commodity price surveys from August 8 and 15, 2015. 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
Aug 2015	$2.1332	$9.13	$6.12	$9.13	$16.28	$18.18	$18.63	$6.82	$0.7578
Sep 2015	$2.1653	$9.08	$5.21	$9.08	$16.34	$18.24	$18.69	$5.91	$0.6567
Change	$0.0321	($0.05)	($0.91)	($0.05)	$0.06	$0.06	$0.06	($0.91)	($0.1011)

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	June	July	Change
Cheese	$1.7222	$1.6997	($0.0225)
Butter	$1.9065	$1.9159	$0.0094
Nonfat Dry Milk	$0.9283	$0.8366	($0.0917)
Whey	$0.4245	$0.3937	($0.0308)

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	August	September	Change
Cheese	$1.6906	$1.7255	$0.0349
Butter	$1.9330	$1.9595	$0.0265
Nonfat Dry Milk	$0.8548	$0.7521	($0.1027)
Whey	$0.3975	$0.3495	($0.0480)

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net increase in prices received for 40-pound blocks and an increase for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 3.79 cents between the July 18 and the August 15 surveys, to $1.7139 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed an increase of 8.12 cents to $1.7375 per pound.

The AMS butter price showed a net increase of 5.50 cents between the weeks ending July 18 and August 15 from $1.9303 per pound to $1.9853 per pound. The AMS nonfat dry milk showed a net decrease of 8.87 cents since mid-July to $0.7582 per pound. The average price for AMS whey showed a net decrease of 4.84 cents since mid-July to $0.3439 per pound.

Agricultural Marketing Service News

USDA ANNOUNCES HEARING ON PROPOSED CALIFORNIA FEDERAL MILK MARKETING ORDER

The U.S. Department of Agriculture (USDA) will hold a public hearing starting on September 22, 2015, in Clovis, California, to consider the establishment of a Federal Milk Marketing Order (FMMO) for California.

The hearing, which USDA expects to last several weeks, will begin at 9 a.m. Pacific Daylight Time on September 22, 2015, at the Clovis Veterans Memorial District Building, 808 Fourth Street, Clovis, California, 93612. The hearing is open to the public. USDA will hear testimony and receive evidence regarding four proposals for a FMMO in California.

The California dairy industry represents 20 percent of all U.S. milk production and is currently regulated under a state marketing order. The 2014 Farm Bill allows for a California FMMO that recognizes certain state-specific aspects of the current order, if recommended by USDA and approved by California dairy producers. In February, the Agricultural Marketing Service (AMS) received a formal hearing request from California Dairies, Inc.; Land O Lakes, Inc.; and Dairy Farmers of America, Inc. to establish a FMMO in California. AMS received additional proposals from the Dairy Institute of California, the California Producer Handlers Association, and Ponderosa Dairy. All of the proposals can be viewed at www.ams.usda.gov/CAOrder. USDA has not taken a position on any of the proposals included in the Notice of Hearing, which was published August 6, 2015,in the *Federal Register* (see 80 FR 47209).

Those interested in testifying should notify USDA upon arrival at the hearing. For a copy of the hearing notice and additional information, visit www.ams.usda.gov/CAOrder or contact William Francis, Director, Order Formulation and Enforcement Division by mail at USDA/AMS/Dairy Program, Stop 0231-Room 2969-S, 1400 Independence Avenue, SW., Washington, DC 20250-0231; by phone at (202) 720-6274; or by e-mail at william.francis@ams.usda.gov.

The hearing will be overseen by an impartial Administrative Law Judge who will ensure testimony and evidence presented fall within the scope of what is contained in the Notice of Hearing. Anyone may testify.

Individuals requiring a sign language interpreter or other reasonable accommodations should contact Diane Hirsch, AMS Dairy Program, by phone at (425) 487-5601 or by email at dhirsch@fmmaseattle.com before the hearing begins.

AGRICULTURAL MARKETING SERVICE LAUNCHES NEW WEBSITE

The U.S. Department of Agriculture's Agricultural Marketing Service (AMS) has launched a redesigned website (www.ams.usda.gov) to increase transparency and improve stakeholder access to information.

In addition to new task-related menus, the website features a responsive design that makes it easy to use on mobile devices. Users who previously bookmarked AMS Market News commodity price data or other information on the old website can still use the same links on the redesigned site.

The redesigned website will be closely integrated with GovDelivery, an email subscription service that will allow users to choose AMS topics of interest. Users will then receive an email when web pages related to those interests have been changed.

Dairy Market News

ORGANIC DAIRY MARKET NEWS

Organic Dairy Fluid Overview: Overall, organic dairy ads reflect marginal increases compared to last week. Ads for 8 ounce UHT milk saw a noticeable increase, five times the number of previous week's ads. Organic milk ads, in general, grew 40 percent, organic cheese grew 85 percent, but organic yogurt declined sharply 58 percent. The Southeast region reported the largest increase for organic milk dairy ads. In the Northwest and South Central regions, significant declines were reported for organic yogurt ads.

Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads with prices valid from August 8-14, 2015, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

Complete results of this weekly survey can be accessed at: www.ams.usda.gov/market-news/retail-dairy-market-news.

Manufactured Organic Dairy: As sales of manufactured products using organic dairy ingredients increase, high growth rates of manufactured food products with organic dairy ingredients have caused demand to outpace needed supplies. As a result, organic dairy manufacturers continue to pursue foreign sources of organic whey and milk powders. Sources have noted that some Eastern region manufacturers of food products using organic dairy components are supplied by Oceania and Europe, in addition to arrangements in the domestic market. Product pricing information is usually difficult to obtain as buyer/sellers are reluctant to share that information under present conditions.

Organic Grain and Feedstuff Markets: Organic grain prices are trending mostly steady. Market activity is slow to moderate on all organic grains. Demand is light to moderate with interest and movement spotty. Some producers continue to hold onto some old crop inventories, while many buyers are generally content with current inventories and contracts. A few forward contract negotiations took place this reporting period on organic corn and soybeans while many buyers and sellers prefer to wait. Most conversations are focused on the effects of weather on organic grains, as well as harvest progress and efforts, especially in regard to quality, protein levels, test weights, disease issues, and yields. Others include the ongoing pressure and influence of cheaper and increased volumes of imported organic grains on the domestic marketplace.

Source: USDA. Agricultural Marketing Service, "Dairy Market News" Volume 82, Report 32.

INTERNATIONAL DAIRY MARKET NEWS

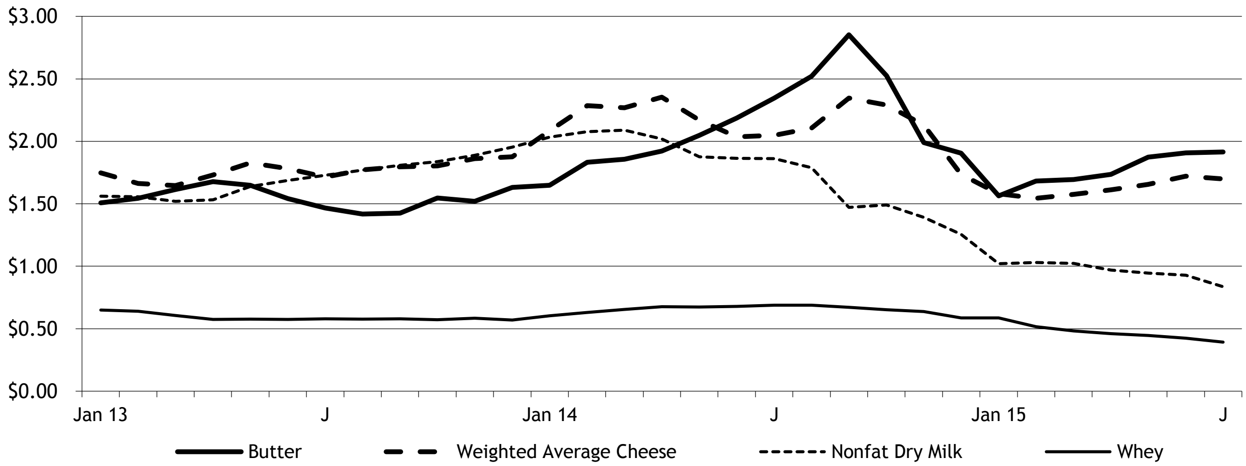
Oceana Overview: Heavy milk volumes have lowered milk prices. Farmers in Australia are looking to decrease input costs as milk prices are projected to remain low through Q2 2016. Production is up slightly from last year. The colder weather in New Zealand has slowed production, but has started to rise slightly. Some dairy products processors are looking to increase exports as there are some buyers refilling pipelines. Crop production yields in Australia are expected to be stable to increasing.

Western Europe Overview: The heat that was a factor for the dairy regions in the center of Europe has declined. In other parts of Western Europe, droughts are affecting dairy and crop production. Even with the lack of favorable weather and milk production declining monthly, outputs continue to be above year ago levels. According to Eurostat EU28 milk collections for January-May were 0.7 percent higher from year ago levels.

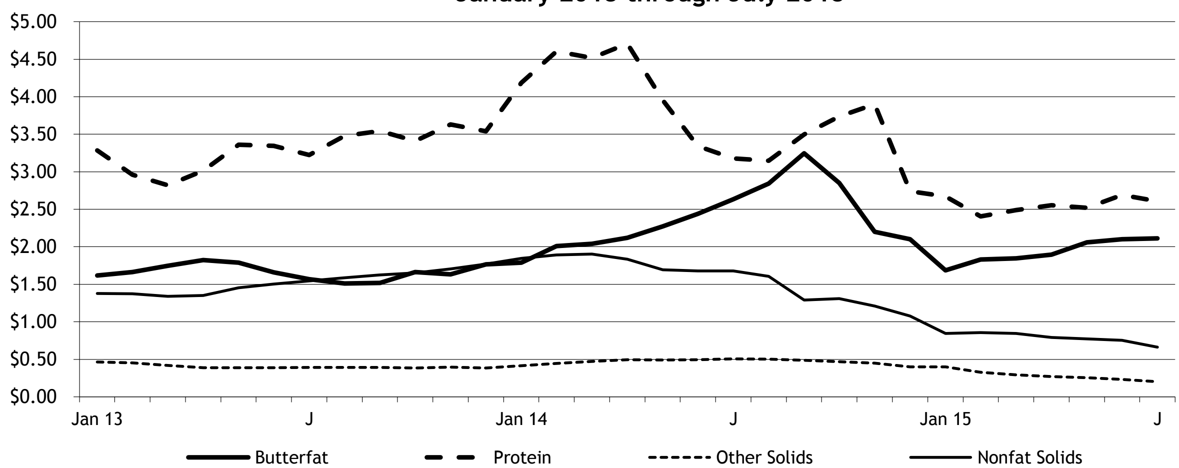
Eastern Europe Overview: The heat wave that hit most of Europe has given way and milk production is starting to go back to seasonal normal levels. According to Eurostat EU28 milk collections for the January to May period in Poland show a 1.4 percent increase compared to a year ago.

Selected Prices: January 2013 - July 2015

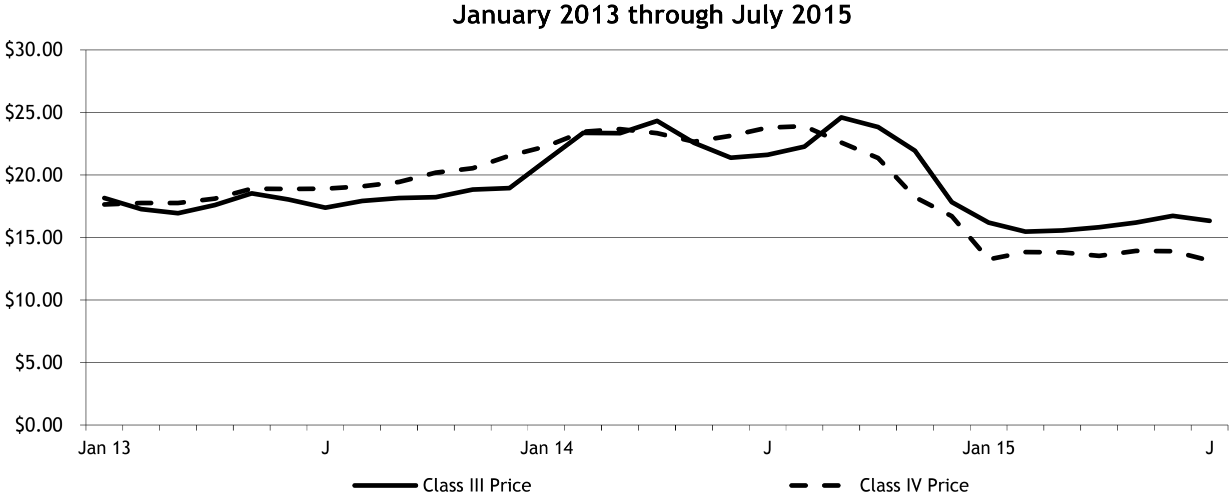
USDA Monthly Butter, Weighted Average Cheese, Nonfat Dry Milk, and Whey
January 2013 through July 2015



Federal Order Butterfat, Protein, Nonfat Solids, and Other Solids Prices
January 2013 through July 2015



Federal Order Class III and IV Prices @ 3.5% Butterfat
January 2013 through July 2015



Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST Jul 2015	Jun 2015	Jul 2014	Jun 2014	ARIZONA Jul 2015	Jun 2015	Jul 2014	Jun 2014
Producer Prices								
Producer Price Differential ($/cwt)	($1.15)	($1.34)	$1.55	$1.40	+	+	+	+
Butterfat ($/pound)	2.1125	2.1011	2.6349	2.4413	+	+	+	+
Protein ($/pound)	2.6070	2.6915	3.1798	3.3437	+	+	+	+
Other Solids ($/pound)	0.2004	0.2322	0.5046	0.4942	+	+	+	+
Uniform Skim Price ($/cwt)	+	+	+	+	$8.65	$8.93	$15.12	$15.41
Uniform Butterfat Price ($/pound)	+	+	+	+	2.1185	2.0954	2.6101	2.4167
Statistical Uniform Price ($/cwt)	$15.18	$15.38	$23.15	$22.76	$15.76	$15.95	$23.73	$23.33
Producer Data								
Number of Producers	***445***	445	574	572	***95***	95	91	91
Avg. Daily Production (pounds)	***33,480***	34,524	41,826	43,682	***130,580***	139,279	138,317	149,162
Producer Milk Ratios								
Class I	34.96%	34.59%	21.45%	20.96%	28.15%	26.44%	26.73%	24.91%
Class II	10.72%	9.73%	6.65%	6.57%	11.07%	11.70%	9.39%	9.80%
Class III	1.90%	1.96%	43.15%	41.84%	26.24%	25.03%	31.17%	29.43%
Class IV	52.42%	53.72%	28.75%	30.63%	34.54%	36.83%	32.71%	35.86%
Market Shrinkage								
Pounds	7,586,905	8,556,884	10,914,829	9,015,125	1,402,009	1,305,411	1,519,963	1,642,718
% of Producer Milk	1.64%	1.86%	1.47%	1.20%	0.36%	0.33%	0.39%	0.40%

+ Not Applicable. Preliminary data indicated in ***bold***.

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST Jun 2015	May 2015	Jun 2014	May 2014	ARIZONA Jun 2015	May 2015	Jun 2014	May 2014
Number of Handlers								
Pool Handlers	*21*	*21*	*24*	*24*	*7*	*7*	*7*	*7*
Distributing Plants	*12*	*12*	*12*	*13*	*5*	*5*	*5*	*5*
Supply Plants 1/	*4*	*4*	*7*	*6*	*1*	*1*	*1*	*1*
Cooperatives	*5*	*5*	*5*	*5*	*1*	*1*	*1*	*1*
Producer-Handlers	*5*	*5*	*5*	*5*	*0*	*0*	*0*	*0*
Other Plants w/ Class I Use	***22***	*21*	*20*	*19*	***24***	*24*	*23*	*21*
Class I Route Disposition In Area								
By Pool Plants	140,317,798	149,850,328	141,953,525	153,418,317	75,615,276	80,613,169	76,339,476	81,621,573
By Producer-Handlers	6,752,490	7,144,232	6,597,819	7,058,979	0	0	0	0
By Other Plants	***11,408,478***	11,803,037	10,979,633	10,857,190	***6,255,123***	7,202,153	6,394,157	7,977,398
Total	158,478,766	168,797,597	159,530,977	171,334,486	81,870,399	87,815,322	82,733,633	89,598,971
Producer-Handler Data								
% Class I Use	61.89%	64.55%	61.64%	62.62%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.26%	4.23%	4.14%	4.12%	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 Jul 2015	Jun 2015	Jul 2014	Jun 2014	ARIZONA Jul 2015	Jun 2015	Jul 2014	Jun 2014
Receipts of Milk								
Total Producer Milk	461,859,086	460,895,890	744,248,403	749,574,810	384,556,740	396,946,549	390,191,450	407,213,014
Receipts From Other Sources	54,003,278	46,193,317	12,128,321	8,023,805	15,777,078	13,787,048	16,868,924	10,003,059
Opening Inventory	28,214,378	30,809,454	36,229,301	35,735,781	21,434,567	19,623,940	21,899,214	23,487,512
Total To Be Accounted For	**544,076,742**	**537,898,661**	**792,606,025**	**793,334,396**	**421,768,385**	**430,357,537**	**428,959,588**	**440,703,585**
Utilization of Receipts								
Whole milk	36,977,828	35,992,060	34,325,264	33,202,365	25,462,742	24,260,142	24,532,596	23,527,993
Flavored milk & drinks	7,276,551	8,628,091	6,925,753	7,888,061	3,137,514	2,969,759	2,503,608	2,564,811
2% milk	55,685,391	54,120,085	61,824,608	60,409,454	30,054,075	29,016,717	30,640,727	29,600,726
1% milk	23,584,410	23,437,133	20,920,659	20,846,343	12,664,653	12,126,628	12,896,374	12,473,249
Skim milk	16,151,328	16,616,515	18,062,909	18,215,963	7,168,382	6,882,015	7,924,433	7,814,672
Buttermilk	1,651,006	1,523,914	1,561,523	1,391,339	360,215	360,015	382,209	358,025
Class I dispostions in area	141,326,514	140,317,798	143,620,716	141,953,525	78,847,581	75,615,276	78,879,947	76,339,476
Class I dispositions out of area	14,403,102	14,004,207	15,421,802	14,266,990	27,913,201	26,850,033	23,525,642	22,675,403
Other Class I usage	23,945,036	21,106,926	16,428,056	17,914,899	13,823,582	13,599,803	12,752,167	10,777,910
Utilization by Class								
Total Class I Use	179,674,652	175,428,931	175,470,574	174,135,414	120,584,364	116,065,112	115,157,756	109,792,789
Total Class II Use	56,534,480	54,440,311	55,576,070	54,689,793	43,527,994	47,313,696	38,310,725	40,791,837
Total Class III Use	9,030,484	9,056,768	327,582,225	314,481,559	102,161,517	99,509,792	123,956,527	120,617,309
Total Class IV Use	298,837,126	298,972,651	233,977,156	250,027,630	155,494,510	167,468,937	151,534,580	169,501,650
Total Accounted For	**544,076,742**	**537,898,661**	**792,606,025**	**793,334,396**	**421,768,385**	**430,357,537**	**428,959,588**	**440,703,585**

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST Jul 2015	Jun 2015	Jul 2014	Jun 2014	ARIZONA Jul 2015	Jun 2015	Jul 2014	Jun 2014
Producer milk								
Class I	161,451,019	159,446,882	159,651,102	157,090,384	108,261,659	104,954,107	104,302,101	101,419,838
Class II	49,526,463	44,835,873	49,464,939	49,228,947	42,568,222	46,440,959	36,645,075	39,919,520
Class III	8,787,034	9,013,789	321,158,372	313,586,072	100,891,308	99,360,491	121,625,842	119,861,502
Class IV	242,094,570	247,599,346	213,973,990	229,669,407	132,835,551	146,190,992	127,618,432	146,012,154
Other receipts								
Class I	18,223,633	15,982,049	15,819,472	17,045,030	12,322,705	11,111,005	10,855,655	8,372,951
Class II	7,008,017	9,604,438	6,111,131	5,460,846	1/	1/	1/	1/
Class III	1/	1/	6,423,853	895,487	1/	1/	1/	1/
Class IV	56,986,006	51,416,284	20,003,166	20,358,223	24,888,940	22,299,983	27,912,483	25,117,620
Avg. daily producer receipts	14,898,680	15,363,196	24,008,013	24,985,827	12,405,056	13,231,552	12,586,821	13,573,767
Change From Previous Year	-37.94%	-38.51%	1.62%	3.28%	-1.44%	-2.52%	7.35%	5.48%
Avg. daily Class I use	5,795,957	5,847,631	5,660,341	5,804,514	3,889,818	3,868,837	3,714,766	3,659,760
Change From Previous Year	2.40%	0.74%	-3.96%	-2.57%	4.71%	5.71%	-3.60%	-3.27%

1/ Restricted - Included with Class IV.

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www.fmmaseattle.com

FEDERAL ORDER STATISTICS FOR JULY

Federal Order Name (Number)	Producer Deliveries	Class I Receipts	Class I Utilization	Class I Price	Uniform Price
	- million pounds -			- per cwt (at location) -	
Northeast (FO 1)	2,271.6	710.3	31.27%	$19.78	$16.91
Appalachian (FO 5)	449.7	312.5	69.50%	$19.93	$18.50
Florida (FO 6)	209.2	181.5	86.76%	$21.93	$21.05
Southeast (FO 7)	408.5	314.6	77.02%	$20.33	$19.31
Upper Midwest (FO 30)	1,863.6	278.7	14.96%	$18.33	$16.35
Central (FO 32)	1,021.6	376.1	36.82%	$18.53	$16.27
Mideast (FO 33)	1,437.4	507.9	35.34%	$18.53	$16.16
Pacific Northwest (FO 124)	461.9	161.5	34.96%	$18.43	$15.18
Southwest (FO 126)	750.8	329.2	43.84%	$19.53	$17.25
Arizona (FO 131)	384.6	108.3	28.15%	$18.88	$15.76

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