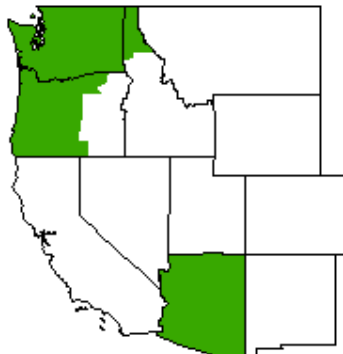


## Pacific Northwest & Arizona Marketing Areas



1930 – 220<sup>th</sup> 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 25<sup>th</sup> 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

**September 2010**

### MARKET SUMMARIES FOR AUGUST 2010

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

#### Pacific Northwest

Producers delivered a total of 682.5 million pounds of milk to the market during August. Daily deliveries averaged 22.0 million pounds, down 0.5 percent from July. An estimated 631 producers delivered milk to the market during the month. Daily deliveries per producer averaged 34,889 pounds, down 0.5 percent from July.

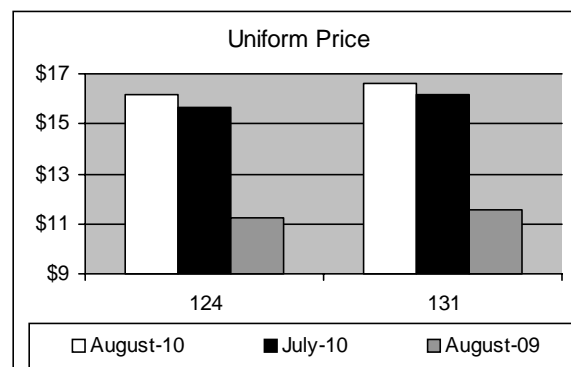
Class I producer milk during August totaled 178.3 million pounds, 26.1 percent of total producer receipts. Daily usage averaged 5.8 million pounds, down 0.9 percent from July.

#### Arizona

Producers delivered a total of 321.3 million pounds of milk to the market during August. Daily deliveries averaged 10.4 million pounds, down 4.9 percent from July. An estimated 97 producers

delivered milk to the market during the month. Daily deliveries per producer averaged 106,859 pounds, down 4.9 percent from July.

Class I producer milk during August totaled 116.8 million pounds, 36.4 percent of total producer receipts. Daily usage averaged 3.8 million pounds, up 4.3 percent from July. ♦



### Federal Order Producer Prices and Component Levels: August 2010

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	16.16	16.60	Butterfat	3.616	3.423
Butterfat 2/	2.0336	2.0127	Protein	3.082	N/A
Protein 2/	2.3788	N/A	Other Solids	5.719	N/A
Other Solids 2/	0.1647	N/A	Nonfat Solids	8.801	N/A
PPD 1/*	0.98	N/A			
Skim 1/	N/A	9.90			

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

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

**AUGUST 2010 CLASS PRICES**

August 2010 non-advanced Class Prices were calculated using NASS commodity price surveys from July 31, August 7, 14, 21, and 28, 2010. Component prices for the month are \$2.3788 per pound of protein, \$2.0336 per pound of butterfat, \$0.1647 per pound of other solids, and \$0.9780 per pound of nonfat solids.

August 2010 Class III and IV prices at 3.5% butterfat are \$15.18 and \$15.61 per hundredweight, respectively. The August Class III price compared to July is up \$1.44. The Class III price is \$3.98 higher than in August 2009.

Class II butterfat was announced at \$2.0406 per pound. Class I skim and butterfat and Class II skim prices for August 2010 were announced on July 23, 2010. The Class II price at 3.5% butterfat is \$16.98 for August 2010.

**FINAL: NASS COMMODITY PRICES**

	<u>July</u>	<u>August</u>	<u>Change</u>
Cheese*	\$1.4567	\$1.6031	\$0.1464
Butter	\$1.7375	\$1.8508	\$0.1133
Nonfat Dry Milk	\$1.2277	\$1.1557	-\$0.0720
Whey	\$0.3641	\$0.3590	-\$0.0051

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

**Current Commodity Prices** -- The NASS survey of cheddar cheese prices showed an increase in price received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed an increase of 7.09 cents between the August 14 and the September 11 surveys, to \$1.6683 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed an increase of 9.91 cents to \$1.6906 per pound.

The NASS butter price showed an increase of 28.09 cents between the weeks ending August 14 and September 11 from \$1.8508 per pound to \$2.1317 per pound.

The NASS nonfat dry milk showed a net decrease of 1.58 cents since mid-August to \$1.1195 per pound. The average price for NASS whey showed a net decrease of 0.19 cents since mid-August to \$0.3602 per pound. ♦

**OCTOBER'S CLASS I PRICE ANNOUNCEMENT**

On September 17, the October 2010 Class I price was announced at \$18.48 for the Pacific Northwest Order and \$18.93 for the Arizona Order.

The Class I price was calculated using NASS commodity price surveys from the weeks of September 4 and 11.

The October Class III and IV advance skim prices are \$8.01 and \$8.62 per hundredweight, respectively. The butterfat portion of the Class I mover increased 35.47 cents from \$2.0047 to \$2.3594 per pound.

The October 2010 Class II skim and nonfat solids prices were also announced on September 17. The skim price is \$9.32 per hundredweight, and the nonfat solids price is \$1.0356 pound for all Federal orders. ♦

**ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS**

	<u>September</u>	<u>October</u>	<u>Change</u>
Cheese*	\$1.6008	\$1.6747	\$0.0739
Butter	\$1.8269	\$2.1198	\$0.2929
Nonfat Dry Milk	\$1.1542	\$1.1351	-\$0.0191
Whey	\$0.3586	\$0.3607	\$0.0021

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

**DAIRY INDUSTRY ADVISORY COMMITTEE ANNOUNCES TWO PUBLIC MEETINGS**

On September 3, 2010, the *Federal Register* published a Notice of public meetings related to the Dairy Industry Advisory Committee. The public meetings will be held on September 23 and 24, 2010, and October 12 and 13, 2010. The meetings will be held at the USDA Headquarters in Washington, DC. All persons wishing to attend the public meeting or provide oral comments to the Dairy Committee must send an e-mail to [DIAC@wdc.usda.gov](mailto:DIAC@wdc.usda.gov) by September 21 for the September public meeting and by October 8 for the October public meeting. Registrations will be accepted until maximum room capacity is reached.

Additional information about the public meetings, meeting agendas, materials and minutes including directions and how to provide comments is available at the Dairy Committee Web site: [www.fsa.usda.gov/DIAC](http://www.fsa.usda.gov/DIAC). ♦

### COMMERCIAL DISAPPEARANCE

Commercial disappearance of milk increased 2.7 percent between January - June 2009 and 2010, 1.3 percent more than the 1.4 percent increase in the total supply of milk (See table below). The production of certain dairy products contributed to the increase. Nonfat Dry Milk showed the largest increase in pounds and percentage, increasing 84.2 million from the January - June 2009 time period to the same time period in 2010, a percentage increase of 12.0 percent. Other cheese production rose 4.8 percent, totaling 3,088.0 million for the first six months of 2010. Butter production showed an increase of 15.8 million pounds, or 2.1 percent more than year-ago levels, while American cheese production was relatively steady with just a 0.3 percent increase from 2009 levels. Of the selected products, only fluid milk products showed a decrease in commercial disappearance in January - June 2010 compared to the same time period in 2009. Fluid milk products had a 1.3 percent decrease in 2010 with 27,177.6 million pounds

Imports were down considerably in 2010, when compared to the same time period in 2009. The January - June imports were 1,382 million pounds; a decrease of 30.1 percent from 2009. ♦

**Commercial Disappearance: Total Milk And Selected Dairy Products:  
January - June 2009 & 2010 1/**

Item	Jan-Jun 2009	% Chg. 2/	Jan-Jun 2010	% Chg. 2/
- Million Pounds -				
<b>MILK</b>				
Milk Production	96,262	0.4	97,099	0.9
Marketings	95,760	0.4	96,625	0.9
Beginning Commercial Stocks 3/	10,045	(3.0)	11,333	12.8
Imports 3/	1,977	16.4	1,382	(30.1)
Total Supply 4/	107,782	0.7	109,340	1.4
Ending Commercial Stocks 3/	14,421	6.0	13,376	(7.2)
Net Removals 3/	35	100.0	112	220.0
Commercial Disappearance 4/	93,326	(0.5)	95,852	2.7
<b>SELECTED PRODUCTS 5/</b>				
Butter	750.4	(2.4)	766.2	2.1
American Cheese	2,091.7	7.0	2,097.3	0.3
Other Cheese	2,945.7	(0.7)	3,088.0	4.8
Nonfat Dry Milk	700.0	(12.2)	784.2	12.0
Fluid Milk Products 6/	27,525.8	1.2	27,177.6	(1.3)

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports.

2/ From year earlier on a daily average basis.

3/ Milk-equivalent, milkfat basis.

4/ Totals may not add because of rounding.

5/ Commercial disappearance in product pounds.

6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition.

SOURCE: Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

### SOURCES OF MILK FOR FEDERAL ORDER MARKETS BY STATE AND COUNTY, 2008

In August 2010, USDA Dairy Programs released a report entitled "Sources of Milk for Federal Order Markets by State and County." The publication presents information relating to the milk supply areas for handlers regulated under Federal milk marketing orders. While the distribution areas, which determine where fluid milk processors are regulated, are defined specifically by the Federal orders, the milk supply areas are not specified by the orders. It is hoped that this report will provide a meaningful picture of the milk supply areas of Federal milk order markets. The information in this report is based on a survey of producer deliveries of milk under Federal milk marketing orders during May 2008. Specifically, producer deliveries of milk were examined to determine the State and counties from which these deliveries originated - the county in which the dairy farmer is located. The data were obtained from the milk handlers regulated under the 10 milk marketing orders. This is the seventeenth report in a series. Similar data was most recently published for 2003.

The first table in the report listed the 25 counties with the largest volume of producer milk marketed under Federal Milk Orders. There were three counties located within the Pacific Northwest and Arizona Federal Order marketing areas that were among these counties. Similar to May 2003 placing, Maricopa County, Arizona, had the most producer milk marketed in May 2008 with 74 producers marketing 303.8 million pounds. Whatcom County, Washington, had the third-highest volume of producer milk marketings, with 97.5 million pounds and 132 producers; Whatcom County had the sixth-highest production in May 2003. Yakima County, Washington, dropped from the number four spot back in 2003, but still was among the top 10 counties in 2008. Yakima's production totaled 83.9 million pounds in May 2008; the county's 39 producers had an average milk marketing per producer of 2.2 million pounds. (*Yakima County data is affected by eligible milk not pooled due to price relationships.*)

The other tables in the report detailed producer milk by county for each applicable state. To see the full report, go to the Dairy Programs' webpage, [www.ams.usda.gov/AMSV1.0/dairy](http://www.ams.usda.gov/AMSV1.0/dairy), then click on Milk Marketing Order Statistics and follow the Producer Milk Marketings & Utilization link to find the Sources of Milk reports. ♦

**U.S. FARM STRUCTURE: DECLINING – BUT PERSISTENT – SMALL COMMERCIAL FARMS**

The following is an excerpt from the September 2010 edition of USDA's *Amber Waves* publication. The full report, complete with tables, charts and other data is available online at: [www.ers.usda.gov/AmberWaves/September10/](http://www.ers.usda.gov/AmberWaves/September10/).

U.S. farm production is shifting to larger operations, while the number of small commercial farms and their share of farm sales continue a slow, long-term decline. Larger farms have a competitive advantage over smaller farms in most commodities because the average cost of production per unit declines as the size of the operation grows (referred to as economies of size). In addition, many of the operators of small commercial farms are at least 65 years old and are leaving farming as they grow older.

Nevertheless, some small commercial farms are profitable, and the operators of many of the others are willing to place a low value on their labor, accept losses, and rely on off-farm income. Thus, the shift of production to larger farms will continue to be gradual, and substantial numbers of small commercial farms will remain in business.

**Defining Farm Categories**

To trace shifts in the size distribution of farms and farm production over time, Economic Research Service (ERS) researchers compared data from the 2007 Agricultural Resource Management Survey (ARMS) and the 1991 Farm Costs and Returns Survey (FCRS). The FCRS is an earlier annual farm survey, the predecessor to ARMS, and 1991 is the earliest year that the FCRS and ARMS are fully compatible. ARMS is an annual sample survey conducted jointly by USDA's National Agricultural Statistics Service and ERS. The ARMS sample includes 20,000 to 24,000 farms each year, covers all types of farms, and is designed to accurately represent farms and production in the continental United States.

To measure farm size, ERS researchers used gross cash farm income, which is the sum of farm revenue from commodity sales (including sales through marketing contracts), Government payments, and other farm-related income, including fees from production contracts. Farms were divided into four homogeneous groups based on annual gross cash farm income:

- **Noncommercial farms.** Gross cash farm income less than \$10,000.

- **Small commercial farms.** Gross cash farm income of \$10,000 to \$249,999. Farms with gross cash farm income in this range meet a threshold level of farm income that indicates a commitment to farming. The \$250,000 cutoff to identify small farms was recommended by the Small Farm Commission.
- **Large farms.** Gross cash farm income of \$250,000 to \$999,999.
- **Very large farms.** Gross cash farm income of \$1 million or more.

**Size Distribution of Production Shifts Upward**

Although the number of farms was similar in 1991 and 2007 - just over 2 million - the size distribution has changed. Noncommercial farms - those with gross cash farm income below \$10,000 - increased from two-fifths to more than half of all farms, partly due to USDA's efforts to count all of the smallest farms in surveys and the Census of Agriculture. Despite the noncommercial group's increasing share of farms, its share of the value of production remained about 1 percent in both 1991 and 2007. Operators of noncommercial farms generally are not heavily engaged in farming, typically reporting a nonfarm occupation or saying they are retired.

Farms at the upper end of the large category - those with gross cash farm income of \$500,000 to \$999,999 - and very large farms also increased their combined share of farms from 3 percent in 1991 to 5 percent in 2007. The two farm size classes doubled in number but still accounted for only 105,000 of the 2 million total farms in 2007. Both of these size classes also increased their share of production, with very large farms' share of total U.S. production growing from just over a fourth to nearly half.

**What's Behind the Shift to Larger Farms?**

The shift in production to very large farms partly reflects technological advancements in farming. Production of fed cattle, hogs, poultry, and milk, for example, moved into climate-controlled buildings, which reduced the impact of weather. Improvements in disease control, handling, transport, and nutrition increased the number of production cycles per year. These advancements helped standardize production, making it easier for livestock producers to operate on a large scale. Technological factors, such as the development of larger and faster equipment, information and Global Positioning System technologies, and more routine pest control through genetically modified seeds,

expanded the crop acreage that producers could effectively control.

Low profitability of small commercial farms contributed to their declining shares of farms and production. Nearly 60 percent of small commercial farms had negative operating profits in both 1991 and 2007. Substantially smaller shares of large (23 percent in 2007) and very large farms (about 15 percent) had negative operating profits - and those shares declined between 1991 and 2007 - reflecting economies of size in farming and the ability to take advantage of technological advances. The greater profitability of large and very large farms gave them a competitive advantage over small commercial farms.

The high average age of operators also played a role in the decline of small commercial farms. Operators on small commercial farms with sales less than \$100,000 in 1991 were more likely to be at least 65 years old than the operators of larger farms. As these older operators continued to age after 1991, some left farming and were not replaced by younger operators, since their farms were generally not profitable. As a result, the share of small commercial farms with gross cash farm income under \$100,000 operated by someone over age 65 rose from 28 percent in 1991 to 35 percent in 2007.

#### **Small Commercial Farms Account for Nearly a Quarter of Farm Production**

Despite the declining numbers of small commercial farms, their production is substantial and is expected to remain so for the foreseeable future. In 2007, small commercial farms accounted for 22 percent of all U.S. farm production, or approximately \$65 billion. This was 16 percent more than total agricultural production in the Corn Belt (Illinois, Indiana, Iowa, Missouri, and Ohio) and nearly twice as much as production in California, the State ranking first in farm output.

#### **Trend to Larger Farms Likely To Continue**

Because of the higher average returns realized by large and very large farms, competitive forces will likely continue to reduce the number of small commercial farms and shift production to larger farms. Natural life-cycle processes will reduce the role of small commercial farms over time since so many of their operators are currently at least 65 years old. ♦

### **ANALYSIS OF COMPONENT LEVELS IN INDIVIDUAL HERD MILK AT THE FARM LEVEL: FO 124 AND 131 FOR 2009**

The Market Administrator's Office recently released a study of component levels of milk pooled on the Pacific Northwest and Arizona Orders. A copy of the full study can be found on the Market Administrator's web site at: <http://www.fmmaseattle.com/statistics/componentanalysis09.pdf>. A summary of the major findings can be found below.

#### **Abstract**

Component levels in producer milk pooled on the Pacific Northwest (FO 124) and Arizona (FO 131) Federal Milk Marketing Orders were analyzed for 2009 to determine average levels, regional and seasonal variation, and, when possible, the statistical relationship between components. Handlers regulated under the Pacific Northwest Order report butterfat, protein, and other solids. Handlers regulated under the Arizona Order report butterfat only. For 2009, a monthly average total of 721 producers were pooled on the Pacific Northwest and Arizona Orders. During 2009, these producers delivered 11.4 billion pounds to the two markets. The milk shed of the two Federal orders includes Arizona, California, Texas, Idaho, Oregon, and Washington.

#### **Major findings of this study include:**

1. The 2009 average component levels for the Pacific Northwest Order were 3.71% butterfat, 3.11% true protein, and 5.69% other solids. The 2009 average butterfat level for the Arizona Order was 3.49%.
2. In both orders, butterfat levels decrease during the summer months and increase in the late fall and winter. In the Pacific Northwest Order protein showed the same seasonality as butterfat.
3. Although the volume of producer milk, number of producers, and average milk production per producer varies greatly between geographic regions, there are relatively small differences in aggregate component levels between geographic regions within the milk sheds of the two orders.
4. The Pacific Northwest Order's linear regression in 2009 for protein is  $PRO\% = 1.486 + 0.431 * BF\%$ , with an R-squared of 0.66.
5. The Pacific Northwest Order's regressions for estimating other solids using butterfat have a very poor correlation, having an R-squared of less than 0.12. The monthly regressions show a negative relationship; other solids levels appear to be independent of butterfat levels. ♦

# MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA			
	<u>Aug 2010</u>	<u>Jul 2010</u>	<u>Aug 2009</u>	<u>Jul 2009</u>	<u>Aug 2010</u>	<u>Jul 2010</u>	<u>Aug 2009</u>	<u>Jul 2009</u>
<b>Minimum Class Prices (3.5% B.F.)</b>								
Class I Milk (\$/cwt.)	\$17.67	\$17.56	\$11.94	\$12.16	\$18.12	\$18.01	\$12.39	\$12.61
Class II Milk (\$/cwt.)	16.98	17.10	10.86	10.87	16.98	17.10	10.86	10.87
Class III Milk (\$/cwt.)	15.18	13.74	11.20	9.97	15.18	13.74	11.20	9.97
Class IV Milk (\$/cwt.)	15.61	15.75	10.38	10.15	15.61	15.75	10.38	10.15
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt.)	\$ 0.98	\$ 1.93	\$ 0.05	\$ 0.77	+	+	+	+
Butterfat (\$/pound)	2.0336	1.8964	1.2491	1.2438	+	+	+	+
Protein (\$/pound)	2.3788	2.0515	2.1009	1.6970	+	+	+	+
Other Solids (\$/pound)	0.1647	0.1700	0.0962	0.0949	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	9.90	9.97	7.44	6.95
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.0127	1.8629	1.2489	1.2561
Statistical Uniform Price (\$/cwt.)	\$16.16	\$15.67	\$11.25	\$10.74	\$16.60	\$16.14	\$11.55	\$11.10
<b>Producer Data</b>								
Number of Producers	631 *	631	635	644	97 *	97	95	94
Avg. Daily Production (lbs.)	34,889 *	35,069	31,826	34,299	106,859 *	112,353	103,566	104,344
<b>Producer Milk Ratios</b>								
Class I	26.13%	26.23%	29.00%	27.39%	36.35%	33.14%	39.51%	38.47%
Class II	7.37%	6.81%	6.81%	6.57%	9.04%	8.21%	10.19%	9.14%
Class III	40.93%	39.93%	39.43%	43.23%	41.47%	30.75%	35.19%	28.87%
Class IV	25.57%	27.03%	24.76%	22.81%	13.14%	27.90%	15.11%	23.52%

+ Not Applicable. \* Preliminary.

## MONTHLY SUPPLEMENTAL STATISTICS

	<u>Jul 2010</u>	<u>Jun 2010</u>	<u>Jul 2009</u>	<u>Jun 2009</u>	<u>Jul 2010</u>	<u>Jun 2010</u>	<u>Jul 2009</u>	<u>Jun 2009</u>
<b>Number of Handlers</b>								
Pool Handlers	26	26	28	28	7	7	7	7
<i>Distributing Plants</i>	14	14	15	15	5	5	5	5
<i>Supply Plants 1/</i>	7	7	8	8	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	5	5	5	6	0	0	0	0
Other Plants w/ Class I Use	24	25	24	23	22	23	25	26
<b>Class I Route Disposition In Area</b>								
By Pool Plants	161,936,494	159,811,931	165,453,021	162,891,451	89,046,193	84,042,151	92,874,106	88,521,848
By Producer-Handlers	8,150,604	8,224,100	6,771,878	6,939,576	0	0	0	0
By Other Plants	7,075,907 *	8,014,513	7,386,872	7,693,982	5,247,377 *	5,107,112	4,125,281	4,546,358
Total	177,163,005	176,050,544	179,611,771	177,525,009	94,293,570	89,149,263	96,999,387	93,068,206
<b>Producer-Handler Data</b>								
% Class I Use	55.08%	57.36%	78.61%	84.08%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.60%	4.67%	3.77%	3.91%	0.00%	0.00%	0.00%	0.00%

\* Preliminary. 1/ Includes Cooperative Pool Manufacturing Plants

# MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA			
	Aug 2010	Jul 2010	Aug 2009	Jul 2009	Aug 2010	Jul 2010	Aug 2009	Jul 2009
TOTAL PRODUCER MILK	682,463,546	685,984,587	626,497,402	684,740,839	321,324,601	337,845,449	305,001,846	304,057,165
RECEIPTS FROM OTHER SOURCES	15,420,527	15,317,747	21,989,638	21,025,003	5,356,593	4,234,946	4,850,182	5,337,846
OPENING INVENTORY . . . . .	33,960,895	35,251,383	26,028,425	31,839,415	21,903,693	21,596,233	17,542,760	20,041,380
<b>TOTAL TO BE ACCOUNTED FOR</b>	<b>731,844,968</b>	<b>736,553,717</b>	<b>674,515,465</b>	<b>737,605,257</b>	<b>348,584,887</b>	<b>363,676,628</b>	<b>327,394,788</b>	<b>329,436,391</b>
<b>UTILIZATION OF RECEIPTS</b>								
Whole milk . . . . .	33,045,368	31,862,901	33,627,017	34,141,234	23,998,101	24,504,589	25,048,819	25,806,866
Flavored milk & milk drinks . . . . .	8,598,361	7,011,756	8,651,985	7,128,406	6,235,713	2,667,451	6,309,951	2,791,313
2% milk . . . . .	67,919,799	68,322,623	69,118,159	69,350,616	34,619,277	34,654,049	37,758,785	37,962,156
1% milk . . . . .	25,134,468	25,369,932	25,066,909	25,370,691	16,498,396	14,761,058	15,320,282	13,390,789
Skim milk . . . . .	27,779,947	27,942,525	28,123,313	28,062,766	12,670,271	12,105,265	12,911,902	12,536,033
Buttermilk . . . . .	1,435,793	1,426,757	1,450,957	1,399,308	365,087	353,781	390,637	386,949
CLASS I ROUTE DISP. IN AREA. . . . .	163,913,736	161,936,494	166,038,340	165,453,021	94,386,845	89,046,193	97,740,376	92,874,106
Class I dispositions out of area . . . . .	16,182,654	18,788,596	16,001,406	18,285,440	23,910,171	23,438,405	23,501,632	22,817,881
Other Class I usage . . . . .	13,960,782	16,266,453	16,176,425	17,596,045	10,919,651	12,435,674	11,659,394	12,592,847
<b>TOTAL CLASS I USE. . . . .</b>	<b>194,057,172</b>	<b>196,991,543</b>	<b>198,216,171</b>	<b>201,334,506</b>	<b>129,216,667</b>	<b>124,920,272</b>	<b>132,901,402</b>	<b>128,284,834</b>
<b>TOTAL CLASS II USE . . . . .</b>	<b>59,290,449</b>	<b>57,368,580</b>	<b>48,572,222</b>	<b>54,378,789</b>	<b>29,688,876</b>	<b>28,644,710</b>	<b>31,884,586</b>	<b>28,630,643</b>
<b>TOTAL CLASS III USE . . . . .</b>	<b>280,301,260</b>	<b>274,593,802</b>	<b>247,019,974</b>	<b>299,740,393</b>	<b>136,426,525</b>	<b>105,119,032</b>	<b>109,204,615</b>	<b>89,848,503</b>
<b>TOTAL CLASS IV USE . . . . .</b>	<b>198,196,087</b>	<b>207,599,792</b>	<b>180,707,098</b>	<b>182,151,569</b>	<b>53,252,819</b>	<b>104,992,614</b>	<b>53,404,185</b>	<b>82,672,411</b>
<b>TOTAL ACCOUNTED FOR . . . . .</b>	<b>731,844,968</b>	<b>736,553,717</b>	<b>674,515,465</b>	<b>737,605,257</b>	<b>348,584,887</b>	<b>363,676,628</b>	<b>327,394,788</b>	<b>329,436,391</b>
<b>CLASSIFICATION OF RECEIPTS</b>								
Producer milk:								
Class I . . . . .	178,308,971	179,924,041	181,702,998	187,559,314	116,800,471	111,971,977	120,497,893	116,963,300
Class II . . . . .	50,275,905	46,732,693	42,654,884	44,996,753	29,039,675	27,752,563	31,087,713	27,803,857
Class III . . . . .	279,347,913	273,921,719	247,019,974	296,011,535	133,237,424	103,876,381	107,331,696	87,768,347
Class IV . . . . .	174,530,757	185,406,134	155,119,546	156,173,237	42,247,031	94,244,528	46,084,544	71,521,661
Other receipts:								
Class I . . . . .	15,748,201	17,067,502	16,513,173	13,775,192	12,416,196	12,948,295	12,403,509	11,321,534
Class II . . . . .	9,014,544	10,635,887	5,917,338	9,382,036	2/	2/	2/	2/
Class III . . . . .	953,347	672,083	0	3,728,858	2/	2/	2/	2/
Class IV . . . . .	23,665,330	22,193,658	25,587,552	25,978,332	14,844,090	12,882,884	9,989,433	14,057,692
Avg. daily producer receipts . . . . .	22,014,953	22,128,535	20,209,594	22,088,414	10,365,310	10,898,240	9,838,769	9,808,296
Change From Previous Year . . . . .	8.93%	0.18%	-4.92%	2.89%	5.35%	11.11%	-4.27%	-7.40%
Avg. daily Class I use . . . . .	6,259,909	6,354,566	6,394,070	6,494,661	4,168,280	4,029,686	4,287,142	4,138,220
Change From Previous Year . . . . .	-2.10%	-2.16%	-1.51%	3.56%	-2.77%	-2.62%	3.72%	10.03%

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

**HIGHLIGHTS THIS ISSUE:**

- **Market Summaries for August 2010**
- **August 2010 Class Prices**
- **Class I Price for October 2010**
- **Dairy Industry Advisory Committee Announces Two Public Meetings**
- **Commercial Disappearance**
- **Sources of Milk for Federal Order Markets by State and County, 2008**
- **U.S. Farm Structure**
- **Analysis of Component Levels in Individual Herd Milk at the Farm Level FO 124 and 131 for 2009**
- **USDA Issues Final Rule Amending Fluid Milk Definition**

**USDA ISSUES FINAL RULE AMENDING FLUID MILK DEFINITION**

On August 24, 2010, the U.S. Department of Agriculture issued a final rule amending the definition of Class I fluid milk products in all Federal milk marketing orders effective January 1, 2011.

These amendments, which were approved by producers, maintain the current 6.5 percent nonfat milk solid standard and incorporates an alternative 2.25 percent true milk protein criterion to determine whether a product meets the compositional standard for fluid milk products. This rule also amends the fluid milk product definition to provide exemptions for drinkable yogurt products containing at least 20 percent yogurt (by weight), kefir, and products intended to be meal replacements. The decision clarifies how milk and milk-derived ingredients should be priced under all Federal milk marketing orders when used in fluid milk products.

The final rule appeared in the August 24 Federal Register and becomes effective January 1, 2011. For additional information about the decision contact the Bothell market administrator's office. ♦