



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk and Dairy Products

Pacific Northwest and Arizona Marketing Areas

Lisa K. Wyatt, Market Administrator

Volume 45, No. 9

September 2019

Data for August 2019

MARKET SUMMARIES FOR AUGUST

Pacific Northwest (FO 124)

Producers delivered a total of 784.4 million pounds of milk to the market during August. Daily deliveries averaged 25.3 million pounds, down 1.4 percent from July. An estimated 485 producers delivered milk to the market during the month. Daily deliveries per producer averaged 52,172 pounds, down 1.4 percent from July.

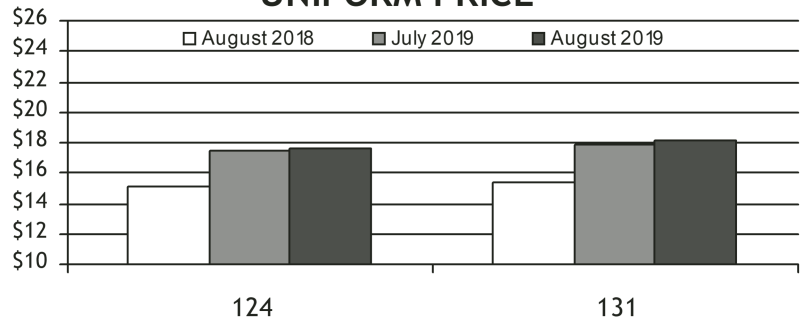
Class I producer milk during August totaled 140.2 million pounds, 17.9 percent of total producer receipts. Daily usage averaged 4.5 million pounds, down 0.3 percent from July. ▼

Arizona (FO 131)

Producers delivered a total of 384.3 million pounds of milk to the market during August. Daily deliveries averaged 12.4 million pounds, down 1.7 percent from July. An estimated 74 producers delivered milk to the market during the month. Daily deliveries per producer averaged 167,502 pounds, down 1.7 percent from July.

Class I producer milk during August totaled 107.1 million pounds, 27.9 percent of total producer receipts. Daily usage averaged 3.5 million pounds, up 6.9 percent from July. ▼

UNIFORM PRICE



Pool Quick Stats

| Producer Prices & Component Levels | FO 124 | | FO 131 | |
|------------------------------------|----------|----------|----------|----------|
| | Jul | Aug | Jul | Aug |
| Uniform Price (at 3.5%) | \$17.52 | \$17.60 | \$17.88 | \$18.11 |
| Uniform Price (at test) | \$19.21 | \$19.30 | \$18.36 | \$18.52 |
| PPD | \$(0.03) | \$0.00 | | |
| Butterfat | \$2.6858 | \$2.6574 | | n/a |
| Protein | \$2.4032 | \$2.4453 | | |
| Other Solids | \$0.1689 | \$0.1730 | | |
| Uniform Skim | | | \$8.78 | \$9.09 |
| Uniform Butterfat | | n/a | \$2.6865 | \$2.6674 |
| Butterfat | 3.944% | 3.963% | 3.686% | 3.660% |
| Protein | 3.190% | 3.177% | | |
| Other Solids | 5.784% | 5.765% | | n/a |

HIGHLIGHTS THIS ISSUE

- ✓ Milk Donation Reimbursement Program
- ✓ Dairy Business Innovation Initiatives
- ✓ Appointment of Lisa Wyatt as Market Administrator

Federal Order Price Summaries

FINAL CLASS PRICES

The August 2019 Final Class Prices were calculated using AMS commodity price surveys from August 3, 10, 17, 24, and 31, 2019. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/classcomponent.html.

| FINAL | Class I (FO124) | Class I (FO131) | Class II | Class III | Class IV | Butterfat | Protein | Other Solids | Nonfat Solids |
|----------|-----------------|-----------------|----------|-----------|----------|------------|----------|--------------|---------------|
| Jul 2019 | \$19.08 | \$19.53 | \$17.61 | \$17.55 | \$16.90 | \$2.6858 | \$2.4032 | \$0.1689 | \$0.8628 |
| Aug 2019 | \$19.79 | \$20.24 | \$17.60 | \$17.60 | \$16.74 | \$2.6574 | \$2.4453 | \$0.1730 | \$0.8570 |
| Change | \$0.71 | \$0.71 | (\$0.01) | \$0.05 | (\$0.16) | (\$0.0284) | \$0.0421 | \$0.0041 | (\$0.0058) |

ADVANCED CLASS I PRICE

The October 2019 Advanced Price was calculated using AMS commodity price surveys from September 7 and 14, 2019. Current and archived Advanced Price announcements are available at www.fmmaseattle.com/advance.html.

| ADVANCED | Base 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 |
|----------|----------------|----------------|---------------|-----------|--------------|-----------------|-----------------|---------------|-------------------------|
| Sep 2019 | \$2.6555 | \$8.49 | \$7.76 | \$8.87 | \$17.85 | \$19.75 | \$20.20 | \$8.46 | \$0.9400 |
| Oct 2019 | \$2.5370 | \$9.26 | \$7.84 | \$9.29 | \$17.84 | \$19.74 | \$20.19 | \$8.54 | \$0.9489 |
| Change | (\$0.1185) | \$0.77 | \$0.08 | \$0.42 | (\$0.01) | (\$0.01) | (\$0.01) | \$0.08 | \$0.0089 |

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION


| | Jul | Aug | Change |
|-----------------|----------|----------|------------|
| Cheese | \$1.8238 | \$1.8276 | \$0.0038 |
| Butter | \$2.3893 | \$2.3659 | (\$0.0234) |
| Nonfat Dry Milk | \$1.0393 | \$1.0335 | (\$0.0058) |
| Whey | \$0.3631 | \$0.3671 | \$0.0040 |

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

| | Sep | Oct | Change |
|-----------------|----------|----------|------------|
| Cheese | \$1.8153 | \$1.8531 | \$0.0378 |
| Butter | \$2.3643 | \$2.2665 | (\$0.0978) |
| Nonfat Dry Milk | \$1.0391 | \$1.0477 | \$0.0086 |
| Whey | \$0.3673 | \$0.3684 | \$0.0011 |

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed an increase in prices received for 40-pound blocks and a net increase for 500-pound barrels. The survey of 40-pound blocks showed an increase of 8.02 cents between the August 17 and the September 14 surveys, to \$1.9387 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed an increase of 0.08 cents to \$1.7530 per pound.

The AMS butter price showed a net decrease of 8.53 cents between the weeks ending August 17 and September 14 from \$2.3603 per pound to \$2.2750 per pound. The AMS nonfat dry milk showed a net increase of 0.56 cents since mid-August to \$1.0443 per pound. The average price for AMS whey showed a net increase of 0.24 cents since mid-August to \$0.3700 per pound. 

Monthly Selected Statistics

| PRICE & POOL DATA | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|--------------------------------------|-------------------|------------|-----------|-----------|----------------|-----------|-----------|-----------|
| | Aug 2019 | Jul 2019 | Aug 2018 | Jul 2018 | Aug 2019 | Jul 2019 | Aug 2018 | Jul 2018 |
| Producer Prices | | | | | | | | |
| Producer Price Differential (\$/cwt) | \$0.00 | (\$0.03) | \$0.12 | \$0.63 | + | + | + | + |
| Butterfat (\$/pound) | 2.6574 | \$2.6858 | 2.6009 | 2.5287 | + | + | + | + |
| Protein (\$/pound) | 2.4453 | \$2.4032 | 1.6245 | 1.4827 | + | + | + | + |
| Other Solids (\$/pound) | 0.1730 | \$0.1689 | 0.1741 | 0.1422 | + | + | + | + |
| Uniform Skim Price (\$/cwt) | + | + | + | + | \$9.09 | \$8.78 | \$6.46 | \$6.31 |
| Uniform Butterfat Price (\$/pound) | + | + | + | + | 2.6674 | 2.6865 | 2.5968 | 2.5546 |
| Statistical Uniform Price (\$/cwt) | \$17.60 | \$17.52 | \$15.07 | \$14.73 | \$18.11 | \$17.88 | \$15.32 | \$15.03 |
| Producer Data | | | | | | | | |
| Number of Producers | 485 | 485 | 434 | 523 | 74 | 74 | 82 | 82 |
| Avg. Daily Production (pounds) | 52,172 | 52,902 | 47,273 | 47,438 | 167,502 | 170,364 | 158,214 | 168,251 |
| Producer Milk Ratios | | | | | | | | |
| Class I | 17.88% | 17.68% | 23.99% | 18.77% | 27.88% | 25.65% | 26.47% | 23.72% |
| Class II | 5.10% | 5.82% | 7.26% | 6.01% | 8.74% | 8.73% | 9.97% | 9.94% |
| Class III | 40.30% | 40.63% | 30.20% | 42.69% | 36.56% | 32.72% | 32.70% | 32.60% |
| Class IV | 36.72% | 35.87% | 38.55% | 32.53% | 26.82% | 32.90% | 30.86% | 33.74% |
| Market Shrinkage | | | | | | | | |
| Pounds | 11,091,614 | 10,425,274 | 6,614,575 | 9,911,985 | 3,286,324 | 3,522,508 | 3,728,221 | 1,527,842 |
| % of Producer Milk | 1.41% | 1.31% | 1.04% | 1.29% | 0.86% | 0.90% | 0.93% | 0.36% |

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

Monthly Supplemental Statistics

| SUPPLEMENTAL DATA | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|--|-------------------|-------------|-------------|-------------|------------------|------------|------------|------------|
| | Jul 2019 | Jun 2019 | Jul 2018 | Jun 2018 | Jul 2019 | Jun 2019 | Jul 2018 | Jun 2018 |
| Number of Handlers | | | | | | | | |
| Pool Handlers | 23 | 23 | 23 | 23 | 8 | 8 | 8 | 8 |
| <i>Distributing Plants</i> | 11 | 11 | 11 | 11 | 6 | 6 | 6 | 6 |
| <i>Supply Plants 1/</i> | 6 | 6 | 6 | 6 | 1 | 1 | 1 | 1 |
| <i>Cooperatives</i> | 6 | 6 | 6 | 6 | 1 | 1 | 1 | 1 |
| Producer-Handlers | 5 | 5 | 5 | 5 | 0 | 0 | 0 | 0 |
| Other Plants w/ Class I Use | 31 | 30 | 23 | 25 | 29 | 28 | 25 | 26 |
| Class I Route Disposition In Area | | | | | | | | |
| By Pool Plants | 128,221,963 | 121,670,964 | 130,398,455 | 129,761,203 | 70,770,895 | 67,452,519 | 72,595,978 | 71,089,333 |
| By Producer-Handlers | 6,113,284 | 5,193,267 | 6,020,299 | 5,726,453 | 0 | 0 | 0 | 0 |
| By Other Plants | 12,126,111 | 12,478,714 | 12,023,782 | 12,204,554 | 5,775,167 | 6,373,363 | 7,169,548 | 7,648,290 |
| Total | 146,461,358 | 139,342,945 | 148,442,536 | 147,692,210 | 76,546,062 | 73,825,882 | 79,765,526 | 78,737,623 |
| Producer-Handler Data | | | | | | | | |
| % Class I Use | 50.15% | 46.50% | 47.86% | 45.79% | 0.00% | 0.00% | 0.00% | 0.00% |
| % of Total In-Area Route Dispositions | 4.17% | 3.73% | 4.06% | 3.88% | 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 | | | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Aug | Jul | Aug | Jul | Aug | Jul | Aug | Jul |
| | 2019 | 2019 | 2018 | 2018 | 2019 | 2019 | 2018 | 2018 |
| Receipts of Milk | | | | | | | | |
| Total Producer Milk | 784,408,266 | 795,385,120 | 636,017,354 | 769,115,178 | 384,250,365 | 390,814,342 | 402,179,412 | 427,694,801 |
| Receipts From Other Sources | 9,271,522 | 11,685,831 | 7,632,368 | 10,274,368 | 14,288,254 | 11,188,201 | 7,316,456 | 7,380,155 |
| Opening Inventory | 35,932,022 | 36,694,389 | 32,157,332 | 38,868,138 | 17,723,407 | 20,508,295 | 24,703,522 | 22,302,704 |
| Total To Be Accounted For | 829,611,810 | 843,765,340 | 675,807,054 | 818,257,684 | 416,262,026 | 422,510,838 | 434,199,390 | 457,377,660 |
| Utilization of Receipts | | | | | | | | |
| Whole milk | 43,340,553 | 43,850,513 | 43,770,875 | 42,684,232 | 27,664,911 | 27,383,023 | 27,759,864 | 27,311,566 |
| Flavored milk & drinks | 7,511,167 | 7,318,880 | 8,975,355 | 7,773,633 | 6,852,535 | 3,520,553 | 7,506,025 | 3,878,112 |
| 2% milk | 48,301,579 | 48,370,999 | 50,431,914 | 49,202,996 | 27,277,698 | 26,604,620 | 27,946,797 | 27,266,085 |
| 1% milk | 17,663,477 | 17,007,131 | 19,015,087 | 18,166,594 | 10,246,638 | 8,649,002 | 11,281,313 | 9,639,100 |
| Skim milk | 9,649,337 | 9,888,719 | 11,152,460 | 10,921,753 | 4,672,151 | 4,152,789 | 5,193,163 | 4,501,115 |
| Buttermilk | 1,685,354 | 1,785,721 | 1,640,277 | 1,649,247 | 464,478 | 460,908 | 2/ | 2/ |
| Class I dispositions in area | 128,151,467 | 128,221,963 | 134,985,968 | 130,398,455 | 77,178,411 | 70,770,895 | 79,687,162 | 72,595,978 |
| Class I dispositions out of area | 9,085,716 | 8,694,405 | 11,779,599 | 10,903,773 | 28,730,527 | 27,204,133 | 27,674,345 | 26,456,700 |
| Other Class I usage | 19,691,450 | 18,691,411 | 21,296,198 | 20,236,521 | 13,086,943 | 13,083,256 | 12,464,702 | 13,287,117 |
| Utilization by Class | | | | | | | | |
| Total Class I Use | 156,928,633 | 155,607,779 | 168,061,765 | 161,538,749 | 118,995,881 | 111,058,284 | 119,826,209 | 112,339,795 |
| Total Class II Use | 45,238,001 | 54,246,733 | 52,104,850 | 52,383,784 | 34,957,441 | 35,881,272 | 42,627,938 | 43,993,683 |
| Total Class III Use | 316,411,766 | 323,198,264 | 192,078,621 | 329,566,414 | 141,876,642 | 129,385,207 | 133,027,038 | 142,202,009 |
| Total Class IV Use | 311,033,410 | 310,712,564 | 263,561,818 | 274,768,737 | 120,432,062 | 146,186,075 | 138,718,205 | 158,842,173 |
| Total Accounted For | 829,611,810 | 843,765,340 | 675,807,054 | 818,257,684 | 416,262,026 | 422,510,838 | 434,199,390 | 457,377,660 |

| CLASSIFICATION OF RECEIPTS | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Aug | Jul | Aug | Jul | Aug | Jul | Aug | Jul |
| | 2019 | 2019 | 2018 | 2018 | 2019 | 2019 | 2018 | 2018 |
| Producer milk | | | | | | | | |
| Class I | 140,235,427 | 140,657,837 | 152,596,861 | 144,325,637 | 107,138,132 | 100,228,737 | 106,447,428 | 101,445,064 |
| Class II | 39,983,266 | 46,294,648 | 46,188,338 | 46,209,538 | 33,572,894 | 34,125,441 | 40,082,951 | 42,528,733 |
| Class III | 316,140,222 | 323,198,264 | 192,067,405 | 328,337,009 | 140,464,564 | 127,855,472 | 131,504,024 | 139,424,644 |
| Class IV | 288,049,351 | 285,234,371 | 245,164,750 | 250,242,994 | 103,074,775 | 128,604,692 | 124,145,009 | 144,296,360 |
| Other receipts | | | | | | | | |
| Class I | 16,693,206 | 14,949,942 | 15,464,904 | 17,213,112 | 11,857,749 | 10,829,547 | 13,378,781 | 10,894,731 |
| Class II | 5,254,735 | 7,952,085 | 5,916,512 | 6,174,246 | 1/ | 1/ | 1/ | 1,464,950 |
| Class III | 1/ | 0 | 1/ | 1,229,405 | 1/ | 1/ | 1/ | 2,777,365 |
| Class IV | 23,255,603 | 25,478,193 | 18,408,284 | 24,525,743 | 20,153,912 | 20,866,949 | 18,641,197 | 14,545,813 |
| Avg. daily producer receipts | 25,303,492 | 25,657,585 | 20,516,689 | 24,810,167 | 12,395,173 | 12,606,914 | 12,973,529 | 13,796,606 |
| Change From Previous Year | 23.33% | 3.42% | -15.19% | 1.28% | -4.46% | -8.62% | -2.81% | 0.26% |
| Avg. daily Class I use | 5,062,214 | 5,019,606 | 5,421,347 | 5,210,927 | 3,838,577 | 3,582,525 | 3,865,362 | 3,623,864 |
| Change From Previous Year | -6.62% | -3.67% | -5.42% | -4.18% | -0.69% | -1.14% | -3.15% | 0.23% |

1/ Restricted - Included with Class IV. 2/ Restricted - Included with Flavored milk and drinks.

USDA News

MILK DONATION REIMBURSEMENT PROGRAM

On September 16, 2019, USDA established the Milk Donation Reimbursement Program (MDRP). The program was authorized as part of the 2018 Farm Bill and is intended to encourage the donation of Grade A fluid milk products, provide nutrition assistance to individuals in low income groups, and reduce food waste.

The program will provide limited financial reimbursements for fluid milk production donations made by eligible dairy organizations who account to a Federal milk marketing order pool. The program requires a formalized partnership between eligible dairy organizations and eligible distributors.

Congress authorized \$9 million for Fiscal Year 2019 and \$5 million per fiscal year thereafter, for the life of the current Farm Bill. The deadline for submitting applications is November 6, 2019. Details about program eligibility and participation are available at www.ams.usda.gov/mdrp. 🐄

DAIRY BUSINESS INNOVATION INITIATIVES

USDA recently announced three grant recipients for the Dairy Business Innovation (DBI) Initiatives. The DBI Initiatives support dairy businesses in the development, production and marketing and distribution of dairy products.

DBI Initiatives will provide direct technical assistance and grants to dairy businesses, including niche dairy products, such as specialty cheese, or dairy products derived from the milk of a dairy animal, including cow, sheep and goat milk. These initiatives will specifically focus on: diversifying dairy product markets to reduce risk and develop higher-value uses for dairy products; Promoting business development that diversifies farmer income through processing and marketing innovation; and encouraging the use of regional milk production. The University of Tennessee, the Vermont Agency of Agriculture, Food and Markets, and the University of Wisconsin were all grant awardees. More information on the DBI Initiatives is available at <https://www.ams.usda.gov/services/grants/dbi>. 🐄

APPOINTMENT OF PACIFIC NORTHWEST AND ARIZONA ORDERS MARKET ADMINISTRATOR

On September 5, 2019, Deputy Administrator Dana H. Coale announced the appointment of Lisa K. Wyatt as Market Administrator, Pacific Northwest and Arizona Milk Marketing Orders effective September 1, 2019.

Ms. Wyatt has over 35 years of experience working with the USDA-AMS-Dairy Program. Her entire career has been focused on the dairy industries in the Arizona and Pacific Northwest Federal milk marketing orders and she brings a diverse background and vast experiences to this position. Since 2011, Ms. Wyatt has served as the Assistant Market Administrator for these orders and has been serving as the Acting Market Administrator on a rotational basis, since Bill Wise, former Market Administrator, retired in October 2017. Throughout her time in the Dairy Program, Ms. Wyatt has held responsibilities for a variety of activities including accounting, audit, human resources, information technology, laboratory services, market information, office management, payroll and pool. Ms. Wyatt graduated from Ball State University with a Bachelor of Science degree in Management.

Ms. Coale extended a special thank you to Alyce Owen, Assistant Market Administrator, Pacific Northwest and Arizona Federal milk marketing orders, who also has been serving in a rotational acting capacity as Market Administrator since Mr. Wise's retirement. 🐄

Federal Order Statistics for August 2019

| 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) | 2,236.9 | 678.9 | 30.35% | \$21.14 | \$18.97 |
| Appalachian (FO 5) | 465.6 | 339.3 | 72.88% | \$21.29 | \$20.34 |
| Florida (FO 6) | 215.0 | 184.4 | 85.79% | \$23.29 | \$22.48 |
| Southeast (FO 7) | 405.2 | 298.3 | 73.60% | \$21.69 | \$20.85 |
| Upper Midwest (FO 30) | 3,172.8 | 223.0 | 7.03% | \$19.69 | \$17.75 |
| Central (FO 32) | 1,328.4 | 391.4 | 29.46% | \$19.89 | \$17.85 |
| Mideast (FO 33) | 1,656.5 | 551.7 | 33.30% | \$19.89 | \$18.20 |
| California (FO 51) | 1,872.4 | 442.6 | 23.64% | \$19.99 | \$17.84 |
| Pacific Northwest (FO 124) | 784.4 | 140.2 | 17.88% | \$19.79 | \$17.60 |
| Southwest (FO 126) | 1,287.2 | 358.9 | 27.88% | \$20.89 | \$18.69 |
| Arizona (FO 131) | 384.3 | 107.1 | 27.88% | \$20.24 | \$18.11 |

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



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