

Pacific Northwest & Arizona-Las Vegas Marketing Areas



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James R. Daugherty
 Market Administrator

October 2005

MARKET SUMMARIES FOR SEPTEMBER 2005

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

Pacific Northwest

Producers delivered a total of 633.4 million pounds of milk to the market during September. Daily deliveries averaged 21.1 million pounds, down 0.6 percent from August. An estimated 864 producers delivered milk to the market during the month. Daily deliveries per producer averaged 24,435 pounds, down 0.6 percent from August.

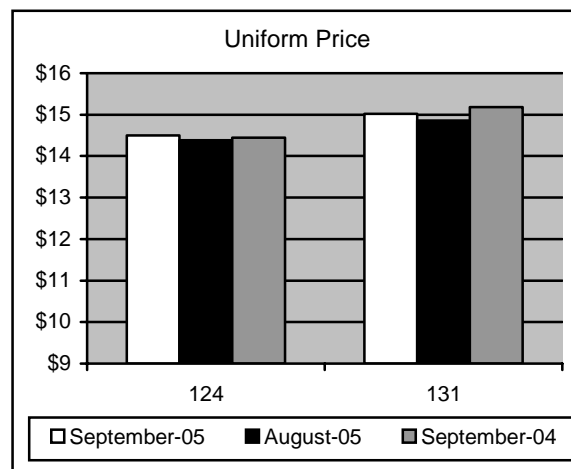
Class I producer milk during September totaled 186.1 million pounds, 29.4 percent of total producer receipts. Daily usage averaged 6.2 million pounds, up 12.3 percent from August.

Arizona-Las Vegas

Producers delivered a total of 217.8 million pounds of milk to the market during September. Daily deliveries averaged 7.3 million pounds, up 2.0 percent from August. An estimated 85 producers

delivered milk to the market during the month. Daily deliveries per producer averaged 85,420 pounds, up 2.0 percent from August.

Class I producer milk during September totaled 86.3 million pounds, 39.6 percent of total producer receipts. Daily usage averaged 2.9 million pounds, up 7.8 percent from August. ♦



Federal Order Producer Prices and Component Levels: September 2005

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	14.50	15.02	Butterfat	3.671	3.557
Butterfat 2/	1.8872	1.8728	Protein	3.068	N/A
Protein 2/	2.3009	N/A	Other Solids	5.704	N/A
Other Solids 2/	0.1411	N/A	Nonfat Solids	8.772	N/A
PPD 1/*	0.20	N/A			
Skim 1/	N/A	8.77			

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

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SEPTEMBER 2005 CLASS PRICES

September 2005 non-advanced Class Prices were calculated using NASS commodity price surveys from September 3, 10, 17, and 24, 2005. Component prices for the month are \$2.3009 per pound of protein, \$1.8872 per pound of butterfat, \$0.1411 per pound of other solids, and \$0.8222 per pound of nonfat solids.

September 2005 Class III and IV prices at 3.5% butterfat are \$14.30 and \$13.75 per hundredweight, respectively. The September Class III price compared to August is up \$0.70. The Class III price is \$0.42 lower than September 2004. The Class III price at 3.67% butterfat is \$4.70 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.8942 per pound. Class I skim and butterfat and Class II skim prices for September 2005 were announced on August 19, 2005. The Class II price at 3.5% butterfat is \$14.35 for September 2005 .

FINAL: NASS COMMODITY PRICES

	August	September	Change
Cheese*	\$1.4322	\$1.4958	\$0.0638
Butter	\$1.6355	\$1.6877	\$0.0522
Nonfat Dry Milk	\$0.9601	\$0.9705	\$0.0104
Whey	\$0.2869	\$0.2960	\$0.0091

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

Current Commodity Prices -- The NASS survey of cheddar cheese prices showed a net increase in price received for 40-pound blocks and a net decrease 500-pound barrels. The survey of 40-pound blocks showed a net increase of 3.89 cents between the September 17 and the October 15 surveys, to \$1.5121 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 4.11 cents to \$1.4538 per pound.

The NASS butter price showed a net decrease of 5.83 cents between the weeks ending September 17 and October 15 from \$1.6798 per pound to \$1.6215 per pound.

The NASS nonfat dry milk showed a net decrease of 0.01 cents since mid-September to \$0.9750 per pound. The average price for NASS whey showed a net increase of 1.04 cent since mid-September to \$0.3068 per pound. ♦

NOVEMBER'S CLASS I PRICE ANNOUNCEMENT

On October 21, the November 2005 Class I price was announced at \$16.46 for the Pacific Northwest Order, and \$16.91 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of October 8 and 15.

The November Class III and IV advance skim prices are \$8.48 and \$7.41 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 5.92 cents from \$1.8818 to \$1.8226 per pound.

The November 2005 Class II skim and nonfat solids prices were also announced on October 21. The skim price is \$8.11 per hundredweight, and the nonfat solids price is \$0.9011 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	October	November	Change
Cheese*	\$1.4965	\$1.5205	\$0.0240
Butter	\$1.6832	\$1.6338	-\$0.0494
Nonfat Dry Milk	\$0.9726	\$0.9719	-\$0.0007
Whey	\$0.2904	\$0.3055	\$0.0151

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

USDA ANNOUNCES INTERIM ORDER TO AMEND MIDEAST MILK ORDER

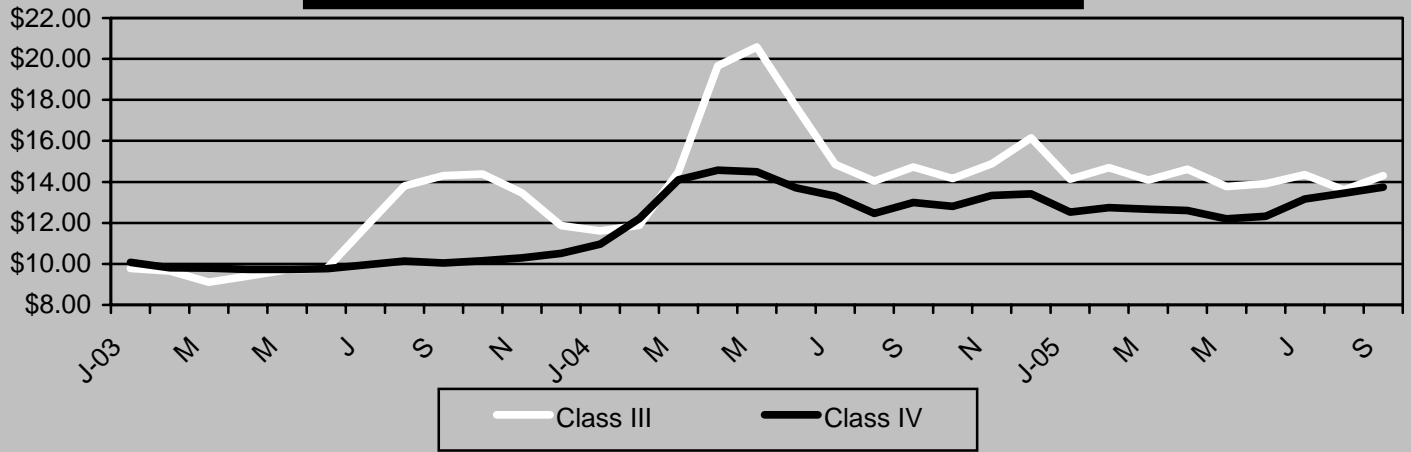
On September 23, 2005, the U.S. Department of Agriculture issued an interim order amending current provisions of the Mideast Federal milk marketing order. The interim order was approved by Mideast dairy farmers.

This interim order amends the performance standards of the order. The amendments include: 1) prohibiting 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) lowering the diversion limit standards; and 3) increasing the performance standards for supply plants.

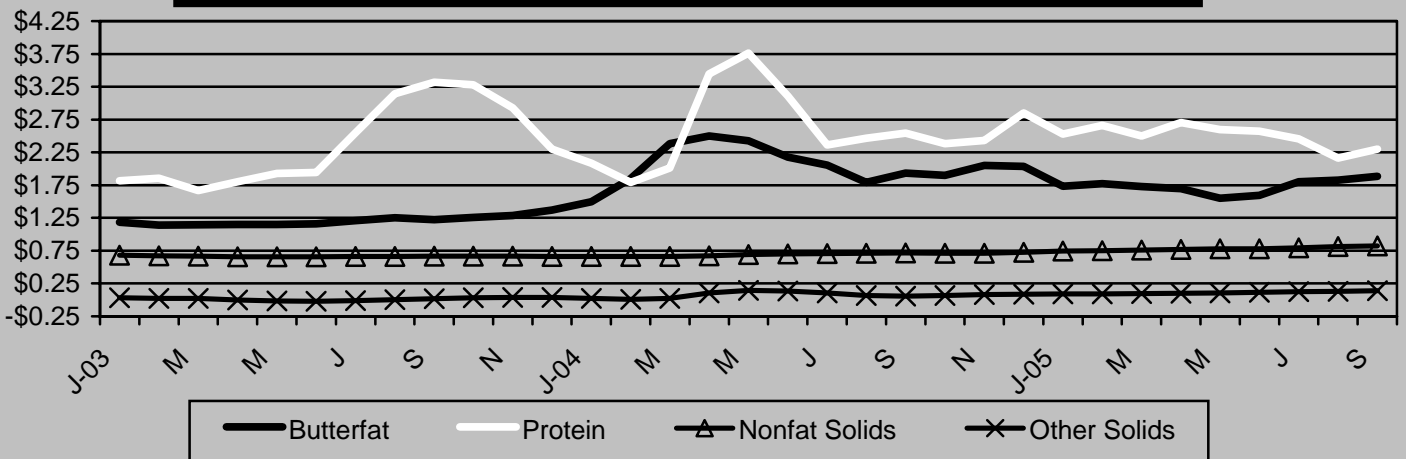
The interim amendments to the order will become effective on October 1, 2005.

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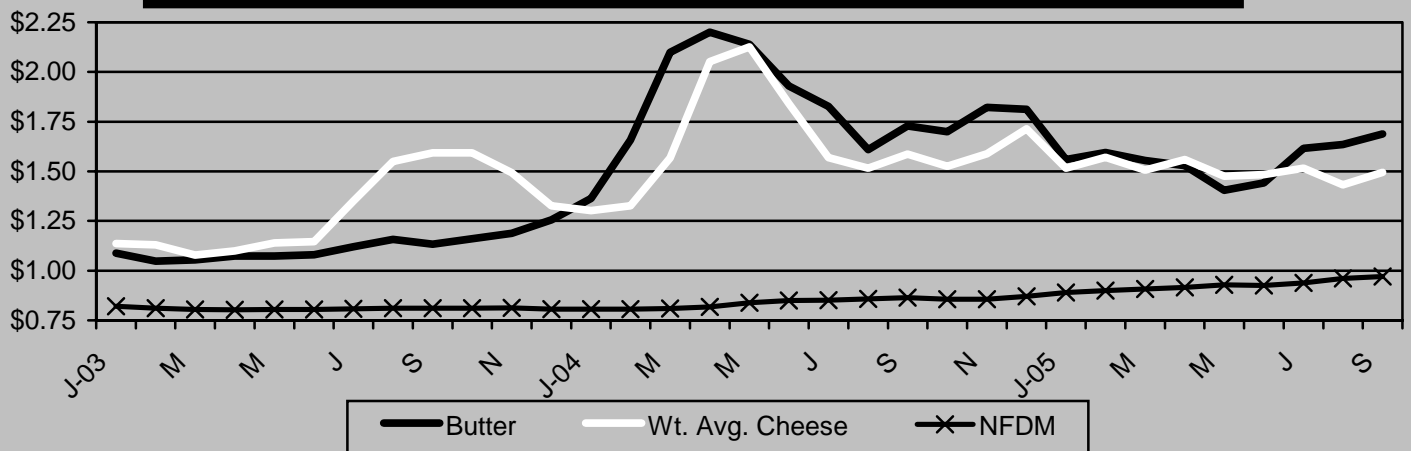
**Federal Order Class III and IV Prices @ 3.5% Butterfat
January 2003 through September 2005**



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



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



(Continued From Page 2)

Public comments on the tentative partial decision published in the Federal Register on July 27, 2005, were due by September 26, 2005. USDA will issue final decision once all comments are analyzed.

For additional information about the decision contact:

Mideast: David Z. Walker
Market Administrator
USDA-AMS-Dairy
P.O. Box 5102
1325 Industrial Parkway North
Brunswick, Ohio 44212
(330) 225-4758 ♦

USDA ANNOUNCES FINAL PARTIAL DECISION TO AMEND UPPER MIDWEST MILK ORDER

On October 5, 2005, the U.S. Department of Agriculture announced a final partial decision that permanently adopts amendments to the pooling and transportation credit provisions of the Upper Midwest milk marketing order that were previously implemented on an interim basis. This decision is based on testimony and evidence given at a public hearing held at Bloomington, Minnesota, on August 16-19, 2004.

The adopted amendments allow only supply plants located in the states that comprise the Upper Midwest marketing area to use milk delivered directly from producers' farms for qualification purposes, eliminate the ability to pool as producer milk diversions to nonpool plants outside of the states that comprise the marketing area, and limit the transportation credit received by handlers to the first 400 miles of applicable milk movements. USDA will issue a separate decision on proposals concerning pooling and repooling of milk, temporary loss of Grade A status, and increasing the maximum administrative assessment.

USDA will conduct a vote on the amended order to determine producer approval. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

For additional information about the decision contact:

Upper Midwest: H. Paul Kyburz,
Market Administrator
USDA/AMS/Dairy Programs
4570 West 77th Street, Suite 210
Minneapolis, Minnesota 55435-5037
Tel. (952) 831-5292;
e-mail: pkyburz@fmma30.com. ♦

USDA AMENDS APPALACHIAN AND SOUTHEAST MILK ORDERS

On October 12, 2005, the U.S. Department of Agriculture announced a final rule that amends the Appalachian and Southeast milk marketing orders. Dairy farmers approved the amended orders through the polling of cooperatives.

The final rule will expand the Appalachian milk marketing area to include 25 unregulated counties and 15 unregulated cities in Virginia and eliminate the ability to simultaneously pool the same milk on the Appalachian or Southeast order and a state-operated milk order that has marketwide pooling. The final rule amends the transportation credit provisions of the Appalachian and Southeast orders to increase the maximum rate of assessment by 3 cents per hundredweight (cwt) to \$0.095 per cwt and \$0.10 per cwt, respectively. The amendments also provide Market Administrators the ability to adjust the milk production standard for determining the milk of a dairy farmer that is eligible to receive transportation credits.

The final rule appears in the October 12 Federal Register and will become effective on November 1, 2005.

Additional information about the rule may be obtained from market administrator offices as follows:

Appalachian: Harold H. Friedly
USDA/AMS/Dairy Programs
P.O. Box 18030
Louisville, KY. 40261-0030
Tel. (502) 499-0040
email: friedly@malouisville.com
Florida and Southeast: Sue L. Mosley
USDA/AMS/Dairy Programs
P.O. Box 491778
Lawrenceville, GA. 30049
Tel. (770) 682-2501
e-mail: smosley@fmmatlanta.com ♦

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USDA's extensive information. Previously, users had to wait up to three days for customized historical data and specially requested sets of data. The new portal will make this customized information available almost instantaneously."

Johanns made the announcement prior to hosting the twenty-second in a series of Farm Bill Forums in which members of the public are invited to express their views about farm and rural policy, in preparation for the development of the next farm bill in 2007.

The portal, operated by USDA's Agricultural Marketing Service, will significantly enhance current Market News Web site services. Fruit and vegetable market news data are now available through the portal of custom services. Livestock and grain market news will be available October 3 and other commodities will soon follow.

Customers who register and create an account on the Web site can log into the portal and create their own market summary charts to provide snapshots of commodity prices based on location and dates. Registered users can also access additional features - such as storing electronic bookmarks to quickly locate specific data, call up weather reports nationwide and make metric and currency conversions. There is no cost to register.

USDA Market News reports provide timely, unbiased and reliable information to growers, shippers, wholesalers, market analysts and others. Information on supplies, demand, and prices of agricultural commodities is gathered through confidential telephone and face-to-face interviews

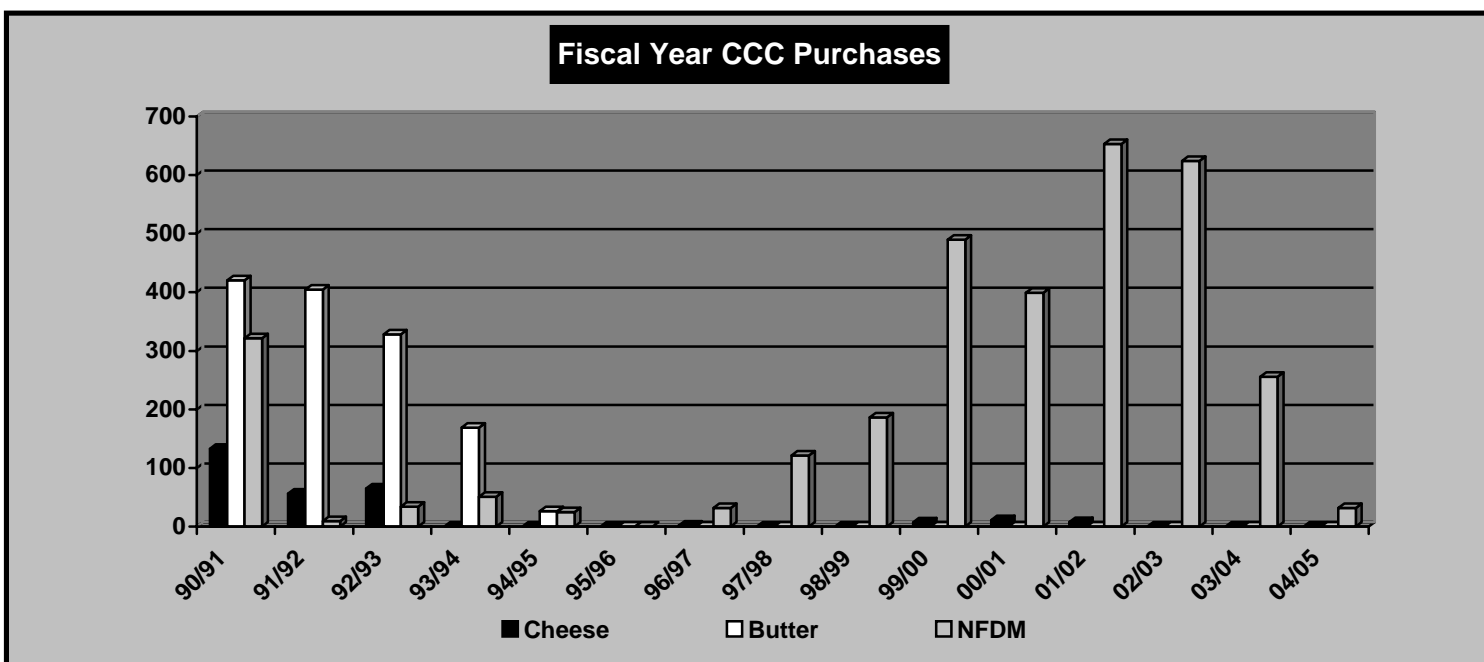
carried out by market reporters employed by USDA or cooperating state agencies.

Established in 1915, USDA Market News is celebrating in 2005 its 90th year of service to American agriculture. USDA Market News issues over 1,000 daily reports on fruits and vegetables, livestock, dairy products, grain, poultry and cotton. The service helps businesses make informed marketing decisions and serves as the primary data source for many other uses - such as contract pricing, dispute resolution, and insurance settlements. ♦

CCC PURCHASES, FISCAL YEAR 2005

During the fiscal year October 1, 2004-September 30, 2005, the Commodity Credit Corporation (CCC) purchased 31.8 million pounds of nonfat dry milk but no cheese or butter under the dairy price support program. Nonfat dry milk purchases decreased 330.0 million pounds from the previous fiscal year. In the 2003/04 fiscal year, the nonfat dry milk purchases includes 106.6 million pounds purchased under the Export Donation Program under invitation 080. The 2004/05 purchases compared to no butter or cheese, and 361.9 million pounds of nonfat dry milk during 2003/04 fiscal year. ♦

* Source: Dairy Market News, Volume 71, Report 39



MONTHLY SELECTED STATISTICS

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	PACIFIC NORTHWEST				ARIZONA-LAS VEGAS			
	Sep 2005	Aug 2005	Sep 2004	Aug 2004	Sep 2005	Aug 2005	Sep 2004	Aug 2004
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt.)	\$15.60	\$16.34	\$15.84	\$16.52	\$16.05	\$16.79	\$16.29	\$16.97
Class II Milk (\$/cwt.)	14.35	13.95	13.66	13.13	14.35	13.95	13.66	13.13
Class III Milk (\$/cwt.)	14.30	13.60	14.72	14.04	14.30	13.60	14.72	14.04
Class IV Milk (\$/cwt.)	13.75	13.44	13.00	12.46	13.75	13.44	13.00	12.46
Producer Prices								
Producer Price Differential (\$/cwt.)	\$ 0.20	\$ 0.78	\$(0.28)	\$ 0.11	+	+	+	+
Butterfat (\$/pound)	1.8872	1.8246	1.9354	1.7941	+	+	+	+
Protein (\$/pound)	2.3009	2.1619	2.5431	2.4663	+	+	+	+
Other Solids (\$/pound)	0.1411	0.1317	0.0589	0.0676	+	+	+	+
Uniform Skim Price (\$/cwt.) . . .	+	+	+	+	8.77	8.74	8.79	8.34
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.8728	1.8347	1.9128	1.8615
Statistical Uniform Price (\$/cwt.) . .	\$14.50	\$14.38	\$14.44	\$14.15	\$15.02	\$14.86	\$15.18	\$14.56
Producer Data								
Number of Producers	864 *	864	844	891	85 *	85	93	93
Avg. Daily Production (lbs.)	24,435 *	24,582	19,006	22,439	85,420 *	83,786	77,967	77,048
Number of Handlers								
Pool Handlers	26	26	29	29	5	5	5	5
Producer-Handlers	9 *	9	7	7	3 *	3	2	2
Other Plants w/ Class I Use	21 *	21	23	23	27 *	27	32	30
Producer Milk Ratios								
Class I	29.38%	26.00%	37.89%	28.44%	39.64%	37.50%	37.82%	37.06%
Class II	5.57%	6.69%	7.63%	6.90%	10.97%	12.96%	10.65%	10.82%
Class III	27.41%	27.35%	17.59%	34.26%	36.31%	45.61%	40.38%	34.00%
Class IV	37.64%	39.96%	36.89%	30.40%	13.08%	3.93%	11.15%	18.12%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	Aug 2005	Jul 2005	Aug 2004	Jul 2004	Aug 2005	Jul 2005	Aug 2004	Jul 2004
Producer-Handler Data								
Production	38,512,454	38,026,250	20,073,882	21,084,006	R	R	R	R
Class I Use	29,572,011	27,178,837	16,472,221	17,183,783	R	R	R	R
% Class I Use	76.79%	71.47%	82.06%	81.50%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	150,453,918	148,922,449	155,529,721	155,672,843	79,222,271	74,016,156	77,082,824	71,045,045
By Producer-Handlers	20,443,974	19,424,414	15,492,724	15,880,090	1/	1/	1/	1/
By Other Plants	3,130,591 *	2,497,736	3,418,305	2,549,090	28,966,886 *	27,373,060	30,784,731	32,700,232
Total	174,028,483	170,844,599	174,440,750	174,102,023	108,189,157	101,389,216	107,867,555	103,745,277

* 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			
	Sep 2005	Aug 2005	Sep 2004	Aug 2004	Sep 2005	Aug 2005	Sep 2004	Aug 2004
TOTAL PRODUCER MILK	633,363,684	658,409,801	481,232,360	619,800,378	217,820,732	220,775,044	217,527,462	222,128,323
RECEIPTS FROM OTHER SOURCES	20,773,655	26,146,830	136,308,717	20,438,454	23,954,350	41,300,507	6,838,144	6,665,184
OPENING INVENTORY	28,138,722	31,692,564	30,730,395	29,964,099	14,082,353	17,733,756	12,761,344	11,922,150
TOTAL TO BE ACCOUNTED FOR	682,276,061	716,249,195	648,271,472	670,202,931	255,857,435	279,809,307	237,126,950	240,715,657
UTILIZATION OF RECEIPTS								
Whole milk	29,954,544	29,695,205	29,703,340	29,501,671	19,862,915	19,949,442	19,937,053	20,260,155
Flavored milk & milk drinks	12,005,541	7,079,762	11,678,896	7,604,190	6,113,111	5,577,701	6,136,022	5,280,022
2% milk	65,584,424	64,059,723	68,091,902	68,495,136	30,928,536	31,780,866	29,350,494	30,993,354
1% milk	24,829,564	22,701,236	24,826,573	22,937,279	11,434,450	10,876,473	10,034,355	9,778,629
Skim milk	26,178,743	25,533,891	26,120,499	25,640,612	10,791,710	10,563,801	10,249,153	10,222,739
Buttermilk	1,301,328	1,384,101	1,305,293	1,350,833	456,171	473,988	521,938	547,925
CLASS I ROUTE DISP. IN AREA.	159,854,144	150,453,918	161,726,503	155,529,721	79,586,893	79,222,271	76,229,015	77,082,824
Class I dispositions out of area	15,483,448	14,751,645	14,473,226	13,275,000	4,750,294	4,732,304	3,960,672	3,838,527
Other Class I usage	24,461,553	19,500,079	22,157,203	21,784,308	8,838,058	6,561,826	9,132,661	6,698,456
TOTAL CLASS I USE.	199,799,145	184,705,642	198,356,932	190,589,029	93,175,245	90,516,401	89,322,348	87,619,807
TOTAL CLASS II USE	42,471,339	51,380,525	46,799,127	54,323,244	24,939,586	29,638,960	24,023,134	24,887,172
TOTAL CLASS III USE	182,913,399	191,040,183	201,844,479	215,847,523	79,609,004	101,990,188	88,420,783	76,166,999
TOTAL CLASS IV USE	257,092,178	289,122,845	201,270,934	209,443,135	58,133,600	57,663,758	35,360,685	52,041,679
TOTAL ACCOUNTED FOR	682,276,061	716,249,195	648,271,472	670,202,931	255,857,435	279,809,307	237,126,950	240,715,657
CLASSIFICATION OF RECEIPTS								
Producer milk: Class I	186,073,679	171,202,204	182,378,520	176,297,263	86,320,883	82,775,511	82,281,131	82,314,611
Class II	35,297,840	44,017,981	36,700,704	42,758,887	23,903,890	28,620,085	23,160,129	24,036,951
Class III	173,596,993	180,077,681	84,635,442	212,335,236	79,095,033	100,703,640	87,835,314	75,527,128
Class IV	238,395,172	263,111,935	177,517,694	188,408,992	28,500,926	8,675,808	24,250,888	40,249,633
Other receipts: Class I	13,725,466	13,503,438	15,978,412	14,291,766	38,036,703	59,034,263	19,599,488	18,587,334
Class II	7,173,499	7,362,544	10,098,423	11,564,357	1/	1/	1/	1/
Class III	9,316,406	10,962,502	117,209,037	3,512,287	1/	1/	1/	1/
Class IV	18,697,006	26,010,910	23,753,240	21,034,143	1/	1/	1/	1/
Avg. daily producer receipts	21,112,123	21,239,026	16,041,079	19,993,561	7,260,691	7,121,776	7,250,915	7,165,430
Change From Previous Year	31.61%	6.23%	29.47%	49.28%	0.13%	-0.61%	-2.02%	-0.50%
Avg. daily Class I use	6,659,972	5,958,247	6,611,898	6,148,033	3,105,842	2,919,884	2,977,412	2,826,445
Change From Previous Year	0.73%	-3.09%	5.12%	2.68%	4.31%	3.31%	2.27%	1.14%

1/ Restricted - Included with Class I.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for September 2005
- September 2005 Class Prices
- Class I Price for November 2005
- USDA Announces Interim Order To Amend Mideast Milk Order
- USDA Announces Final Partial Decision To Amend Upper Midwest Milk Order
- USDA Amends Appalachian and Southeast Milk Orders
- Fiscal Year CCC Purchases
- Producer-Handler Hearing Comments and Exceptions Available on the Internet
- Johanns Announces New Web Portal to Access USDA Market News Reports

PRODUCER-HANDLER HEARING COMMENTS AND EXCEPTIONS AVAILABLE ON THE INTERNET

The Pacific Northwest and Arizona-Las Vegas Producer-Handler hearing comments and exceptions are now available at http://www.ams.usda.gov/dairy/pnw_alv/pnw_alv_com_exc.htm. ♦

JOHANNS ANNOUNCES NEW WEB PORTAL TO ACCESS USDA MARKET NEWS REPORTS

On September 27, 2005, Agriculture Secretary Mike Johanns announced that USDA's new market news web portal is on line and providing instant, real-time access to daily and historical reports on agricultural commodities. The new portal is at: <http://marketnews.usda.gov>.

"The new Web portal will help businesses make important marketing decisions with instant access to USDA databases," said Johanns. "Users can create, save and re-use customized searches of

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