

# 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. 10

October 2015

Data for September 2015

### MARKET SUMMARIES FOR SEPTEMBER

#### Pacific Northwest (FO 124)

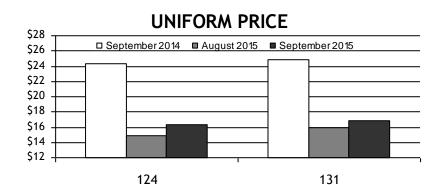
Producers delivered a total of 475.3 million pounds of milk to the market during September. Daily deliveries averaged 15.8 million pounds, up 7.8 percent from August. An estimated 457 producers delivered milk to the market during the month. Daily deliveries per producer averaged 34,670 pounds, up 7.8 percent from August.

Class I producer milk during September totaled 169.9 million pounds, 35.7 percent of total producer receipts. Daily usage averaged 5.7 million pounds, up 11.4 percent from August.

#### Arizona (FO 131)

Producers delivered a total of 367.0 million pounds of milk to the market during September. Daily deliveries averaged 12.2 million pounds, up 5.2 percent from August. An estimated 94 producers delivered milk to the market during the month. Daily deliveries per producer averaged 130,131 pounds, up 5.2 percent from August.

Class I producer milk during September totaled 108.8 million pounds, 29.7 percent of total producer receipts. Daily usage averaged 3.6 million pounds, up 3.0 percent from August.



# Pool Quick Stats

Producer Prices &	FO	124	FO	131
Component Levels	Aug	Sep	Aug	Sep
Uniform Price (at 3.5%)	\$14.85	\$16.36	\$15.88	\$16.80
Uniform Price (at test)	\$15.75	\$17.69	\$15.64	\$16.64
PPD	(\$1.42)	\$0.54		
Butterfat	\$2.2674	\$2.7531		/a
Protein	\$2.5692	\$1.9801		/ d
Other Solids	\$0.1151	\$0.0465		
Uniform Skim		/a	\$8.29	\$7.77
Uniform Butterfat	11/	d	\$2.2507	\$2.6588
Butterfat	3.772%	3.849%	3.388%	3.437%
Protein	3.098%	3.176%		/a
Other Solids	5.728%	5.731%		a

### HIGHLIGHTS THIS ISSUE

- Important Dates
- $\checkmark\,$  Notice from the Market Administrator
- ✓ October is National Cooperative Month

#### **FINAL CLASS PRICES**

The September 2015 Final Class Prices were calculated using AMS commodity price surveys from September 5, 12, 19 and 26, 2015. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/finalprice.htm.

FINAL	Class I (F0124)	Class I (F0131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Aug 2015	\$18.18	\$18.63	\$14.54	\$16.27	\$12.90	\$2.2674	\$2.5692	\$0.1151	\$0.5707
Sep 2015	\$18.24	\$18.69	\$15.36	\$15.82	\$15.08	\$2.7531	\$1.9801	\$0.0465	\$0.6266
Change	\$0.06	\$0.06	\$0.82	(\$0.45)	\$2.18	\$0.4857	(\$0.5891)	(\$0.0686)	\$0.0559

#### **ADVANCED CLASS I PRICE**

The November 2015 Advanced Price was calculated using AMS commodity price surveys from October 10 and 17, 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
Oct 2015	\$2.7152	\$6.57	\$5.76	\$6.57	\$15.84	\$17.74	\$18.19	\$6.46	\$0.7178
Nov 2015	\$2.8756	\$5.44	\$6.65	\$6.65	\$16.48	\$18.38	\$18.83	\$7.35	\$0.8167
Change	\$0.1604	(\$1.13)	\$0.89	\$0.08	\$0.64	\$0.64	\$0.64	\$0.89	\$0.0989

## **Commodity Price Summaries**

## AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

#### AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	August	September	Change		October	November	Change
Cheese	\$1.7386	\$1.7145	(\$0.0241)	Cheese	\$1.7191	\$1.6678	(\$0.0513)
Butter	\$2.0438	\$2.4449	\$0.4011	Butter	\$2.4136	\$2.5461	\$0.1325
Nonfat Dry Milk	\$0.7443	\$0.8007	\$0.0564	Nonfat Dry Milk	\$0.8144	\$0.9139	\$0.0995
Whey	\$0.3108	\$0.2442	(\$0.0666)	Whey	\$0.2416	\$0.2262	(\$0.0154)

#### **CURRENT COMMODITY PRICES**

The AMS survey of cheddar cheese prices showed a net decrease in prices received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 2.97 cents between the September 19 and the October 17 surveys, to \$1.6880 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 4.05 cents to \$1.6480 per pound.

The AMS butter price showed a net decrease of 5.09 cents between the weeks ending September 19 and October 17 from \$2.4861 per pound to \$2.4352 per pound. The AMS nonfat dry milk showed an increase of 12.34 cents since mid-September to \$0.9488 per pound. The average price for AMS whey showed a net decrease of 0.69 cents since mid-September to \$0.2269 per pound.

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## Market Administrator News



#### **IMPORTANT DATES**

The important dates concerning the 2016 Federal order price announcements, reporting and payments are now available. Printed copies of the tables have been mailed to interested parties and electronic copies are available via the market administrator's website at www.fmmaseattle.com/dates.htm.

The set of important dates includes three tables. Two tables identify important dates specific to the Pacific Northwest (FO 124) and Arizona (FO 131) Federal Orders. One table indicates the 2016 release dates for price announcements, as issued by the Agricultural Marketing Service (AMS).

The 2016 AMS release dates are as follows:

#### Advanced Prices & Pricing Factors

- Wed., December 23, 2015
- Thurs., January 21, 2016
- Thurs., February 18, 2016
- Wed., March 23, 2016
- Wed., April 20, 2016
- Wed., May 18, 2016
- Wed., June 22, 2016
- Wed., July 20, 2016
- Wed., August 17, 2016
- Wed., September 21, 2016
- Wed., October 19, 2016
- Wed., November 23, 2016

Final Class & Component Prices

- Wed., February 3, 2016
- Wed., March 2, 2016
- Wed., March 30, 2016
- Wed., May 4, 2016
- Thurs., June 2, 2016
- Wed., June 29, 2016
- Wed., August 3, 2016
- Wed., August 31, 2016
- Wed., October 5, 2016
- Wed., November 2, 2016
- Wed., December 30, 2016
- Thurs., January 5, 2017

The above noted prices and pricing factors will be released by USDA's Agricultural Marketing Service at 3:00 p.m. EST/EDST.

#### NOTICE FROM THE MARKET ADMINISTRATOR

The Market Administrator's office is moving toward electronic-only versions of certain documents, including our monthly bulletin, the "Market Administrator's Report." Effective February 1, 2016, this document will no longer be mailed and will only be available electronically on our website and via email.

Current and archived bulletins are available at: www.fmmaseattle.com/bulletins.htm. To be added to our email distribution list, please send your contact information (including your full name and email address) to fmmaseattle@fmmaseattle.com using the subject line "Subscribe to Bulletin Email List."

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## **USDA Updates**

## USDA SEEKS NOMINATIONS FOR THE NATIONAL ORGANIC STANDARDS BOARD

The U.S. Department of Agriculture (USDA) is seeking nominations to fill a vacancy on the National Organic Standards Board (NOSB) for an environmentalist or resource conservationist. The board positions are specifically designated to represent various sectors of the organic community, including those who have expertise in areas of environmental protection and resource conservation, own or operate an organic production or handling operation, or own or operate a retail establishment with significant trade in organic products.

The NOSB, established under the Organic Foods Production Act and operating in accordance with the Federal Advisory Committee Act, is responsible for reviewing materials and/or recommending changes to the National List of Allowed and Prohibited Substances, and advising the Secretary of Agriculture on other aspects of the USDA organic regulations.

The environmentalist or resource conservationist selected to fill the current vacancy (created by a recent resignation) will serve from January 24, 2016 to January 23, 2020, the remainder of the former board member's term. On April 8, 2015, USDA invited nominations for an additional five vacancies on the NOSB. All six board appointments will serve terms beginning on January 24, 2016, and will be announced in the near future.

Written nominations, with cover letters, resumes, and a required form (available on the USDA website), must be postmarked on or before October 29, 2015. All applicable information should be sent to Michelle Arsenault, National Organic Program, USDA-AMS-NOP, 1400 Independence Avenue, SW., Room 2648, Ag Stop 0268, Washington, D.C. 20250.

To learn more about the NOSB and the nomination process, visit the AMS website. For more information, contact Michelle Arsenault at (202) 997-0115 or via email at Michelle.Arsenault@ams.usda.gov.

#### HEARING ON A PROPOSED FEDERAL MILK MARKETING ORDER FOR CALIFORNIA

A public hearing began on September 22, 2015, to consider and take evidence on a proposal that would establish a Federal milk marketing order to regulate the handling of milk in California.

The hearing is being held at the Clovis Veterans Memorial District Building, with occasional sessions being held at the Piccadilly Inn Airport Hotel instead.

A live audio webcast is available at www.ams.usda.gov/live.

For all hearing information, including logistics, proposals, transcripts and exhibits, please visit the California Hearing Page, www.ams.usda.gov/rules-regulations/moa/ dairy/ca. For questions regarding the hearing, please email californiainfo@ams.usda.gov.

#### DAIRY MARKET NEWS PROPOSAL

Dairy Market News (DMN) is proposing updating the Dairy Market News Working Guidelines. This proposal is the result of an industry comment period. The updates would allow DMN market reports to additionally include information and sales prices reported by individuals and firms functioning as marketing agents selling on the behalf of dairy product manufacturers. The Working Guidelines updates are intended to capture more information on pricing and market conditions and reflect the evolution of the marketing of dairy products. Currently, market pricing information is collected for first sale, f.o.b. producers' plants or warehouses. The changes would be effective starting with Report 1, January 2016.

Comment by October 30, 2015 to DMN@ams.usda.gov.

## October is National Cooperative Month

#### NATION'S AG CO-OPS SET RECORDS FOR INCOME AND REVENUE

On October 7, 2015, Agriculture Secretary Tom Vilsack announced that the nation's farmer, rancher and fishery cooperatives posted record income and revenue in 2014.

As part of USDA's observance of October as National Cooperative Month, Vilsack previewed a USDA report to be released later this month that shows cooperatives earned \$6.5 billion in net income and generated \$246.7 billion in total revenue last year.

Net income increased 16.5 percent while revenue rose 0.4 percent from 2013. Co-ops set records for income and revenue in 2014 for the fourth year in a row.

"The nation's co-ops are essential to the U.S. economy and to rural America," Vilsack said. "The income they generate is reinvested or returned to members who spend it in their local communities. USDA is proud to continue its support of the cooperative movement."

Ag co-op employment increased 0.4 percent to 191,000 people in 2014. The number of full-time co-op employees dipped slightly, 0.4 percent, while the number of part-time employees increased by 2 percent.

The total number of ag cooperatives declined from 2,186 in 2013 to 2,106 last year, a drop of nearly 4 percent. Despite the decline, co-op memberships grew by 1 percent, to just under 2 million. Many farmers and ranchers are members of more than one cooperative. In addition to providing supplies and marketing services to farmers and ranchers, the nation's co-ops provide telecommunications, energy, financial and other important services.

Vilsack recently signed a Cooperative Month proclamation that salutes the nation's cooperative business sector, which includes about 30,000 co-ops.

Also, Secretary Vilsack previewed findings from USDA's annual rankings of the nation's Top 100 Ag Co-ops. Among other things, the rankings show that 15 of the Top 100 agricultural co-ops are headquartered in Iowa, the most of any state. Minnesota is home to the second most Top 100 agricultural co-ops, with 12 headquartered there. Nebraska is next with nine, followed by Illinois with six and California and Wisconsin, both with five. Indiana, Missouri and Ohio each have four Top 100 co-ops, while Kansas is home to three.

For co-op revenue, Minnesota ranks first, with \$67.6 billion. Missouri is second at \$21.4 billion, and Illinois is third at \$14.1 billion.

According to the rankings, CHS Inc., a fuel, supply, grain and food cooperative based in Inver Grove Heights, Minn., is the nation's largest cooperative. It posted \$43 billion in revenue in 2014. Rounding out the top three ag co-ops are Kansas City-based Dairy Farmers of America, with \$18 billion in total revenue, and Land O'Lakes, headquartered in, St. Paul, Minn., with \$15 billion in revenue.

More information about National Cooperative Month is available on USDA's Rural Development webpage, available at www.rd.usda.gov.

# Monthly Selected Statistics

	PAC	CIFIC NO	ORTHWE	EST	ARIZONA			
PRICE & POOL DATA	Sep 2015	Aug 2015	Sep 2014	Aug 2014	Sep 2015	Aug 2015	Sep 2014	Aug 2014
Producer Prices								
Producer Price Differential (\$/cwt)	\$0.54	(\$1.42)	(\$0.30)	\$1.44	+	+	+	+
Butterfat (\$/pound)	2.7531	2.2674	3.2467	2.8448	+	+	+	+
Protein (\$/pound)	1.9801	2.5692	3.4991	3.1496	+	+	+	+
Other Solids (\$/pound)	0.0465	0.1151	0.4876	0.5036	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$7.77	\$8.29	\$14.34	\$14.95
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.6588	2.2507	3.1641	2.8161
Statistical Uniform Price (\$/cwt)	\$16.36	\$14.85	\$24.30	\$23.69	\$16.80	\$15.88	\$24.91	\$24.28
Producer Data								
Number of Producers	457	457	579	585	94	94	92	94
Avg. Daily Production (pounds)	34,670	32,177	41,277	40,970	130,131	123,708	123,300	132,347
Producer Milk Ratios								
Class I	35.74%	34.58%	23.88%	21.71%	29.65%	30.28%	31.64%	27.64%
Class II	9.23%	10.76%	6.18%	6.74%	13.51%	13.06%	12.41%	10.02%
Class III	4.60%	1.55%	41.71%	43.55%	33.05%	27.54%	26.18%	32.90%
Class IV	50.43%	53.11%	28.23%	28.00%	23.79%	29.12%	29.77%	29.44%
Market Shrinkage								
Pounds	8,244,519	9,339,298	11,265,076	10,035,122	1,620,171	921,590	1,286,684	1,500,985
% of Producer Milk	1.73%	2.05%	1.57%	1.35%	0.44%	0.26%	0.38%	0.39%
+ Not Applicable Preliminary data indic	ated in <i>bold</i>				I			

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

# Monthly Supplemental Statistics

	PAC	CIFIC NO	ORTHWE	EST	ARIZONA			
SUPPLEMENTAL DATA	Aug 2015	Jul 2015	Aug 2014	Jul 2014	Aug 2015	Jul 2015	Aug 2014	Jul 2014
Number of Handlers								
Pool Handlers	21	21	24	24	7	7	7	7
Distributing Plants	12	11	12	12	5	5	5	5
Supply Plants 1/	4	5	7	7	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	20	20	19	20	24	24	22	23
Class I Route Disposition In Area								
By Pool Plants	143,342,167	141,326,514	145,649,794	143,620,716	84,196,557	78,847,581	84,815,992	78,879,947
By Producer-Handlers	6,973,049	7,193,007	6,760,583	6,794,153	0	0	0	0
By Other Plants	11,303,846	11,842,301	12,415,074	10,903,134	7,263,848	7,069,014	7,580,270	7,559,344
Total	161,619,062	160,361,822	164,825,451	161,318,003	91,460,405	85,916,595	92,396,262	86,439,291
Producer-Handler Data								
% Class I Use	60.23%	65.56%	62.14%	62.36%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.31%	4.49%	4.10%	4.21%	0.00%	0.00%	0.00%	0.00%
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Preliminary data indicated in *bold*. 1/ Includes Cooperative Pool Manufacturing Plants.

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# Monthly Statistical Summary

	PA	CIFIC NO	ORTHWE	ST	ARIZONA				
<b>RECEIPTS &amp; UTILIZATION</b>	Sep	Aug	Sep	Aug	Sep	Aug	Sep	Aug	
	2015	2015	2014	2014	2015	2015	2014	2014	
Receipts of Milk									
Total Producer Milk	475,321,052	455,853,921	716,980,054	742,995,567	366,968,768	360,483,882	340,308,360	385,658,019	
Receipts From Other Sources	45,519,093	52,853,938	7,593,785	10,194,975	5,293,575	6,236,984	9,121,065	5,952,049	
Opening Inventory	31,941,746	31,154,340	37,417,525	33,867,986	23,464,317	24,148,016	22,105,388	21,756,840	
Total To Be Accounted For	552,781,891	539,862,199	761,991,364	787,058,528	395,726,660	390,868,882	371,534,813	413,366,908	
Utilization of Receipts									
Whole milk	36,777,016	37,311,178	33,356,217	34,449,424	24,461,258	25,412,622	23,636,584	24,345,476	
Flavored milk & drinks	13,722,736	8,278,803	13,205,043	7,897,938	7,293,156	6,146,567	6,610,031	6,145,126	
2% milk	56,566,034	56,293,275	60,648,690	61,958,781	29,243,079	30,174,931	30,225,159	30,848,505	
1% milk	25,705,059	23,749,439	23,894,087	21,764,713	13,838,049	14,451,688	14,447,389	14,639,855	
Skim milk	16,402,676	16,176,037	18,091,411	18,069,307	7,404,457	7,639,520	8,399,201	8,450,030	
Buttermilk	1,516,233	1,533,435	1,456,499	1,509,631	387,255	371,229	379,508	387,000	
Class I dispostions in area	150,689,754	143,342,167	150,651,947	145,649,794	82,627,254	84,196,557	83,697,872	84,815,992	
Class I dispositions out of area	13,821,159	13,917,627	14,911,346	14,958,480	26,082,888	27,418,568	23,253,542	23,610,508	
Other Class I usage	22,478,188	19,917,219	19,897,528	16,205,806	12,263,613	11,463,456	11,839,856	11,055,648	
Utilization by Class									
Total Class I Use	186,989,101	177,177,013	185,460,821	176,814,080	120,973,755	123,078,581	118,791,270	119,482,148	
Total Class II Use	48,260,704	53,177,552	49,624,433	54,972,024	50,749,701	48,011,808	43,509,549	39,502,556	
Total Class III Use	22,231,952	7,395,902	299,096,020	326,453,326	122,983,216	101,360,158	89,422,866	128,963,939	
Total Class IV Use	295,300,134	302,111,732	227,810,090	228,819,098	101,019,988	118,418,335	119,811,128	125,418,265	
Total Accounted For	552,781,891	539,862,199	761,991,364	787,058,528	395,726,660	390,868,882	371,534,813	413,366,908	

	ΡΑ		DRTHWE	ST	ARIZONA					
CLASSIFICATION OF	Sep	Aug	Sep	Aug	Sep	Aug	Sep	Aug		
RECEIPTS	2015	2015	2014	2014	2015	2015	2014	2014		
Producer milk										
Class I	169,884,032	157,640,864	171,216,947	161,307,592	108,820,057	109,154,830	107,682,519	106,614,414		
Class II	43,861,639	49,045,045	44,327,080	50,058,702	49,595,203	47,066,454	42,242,772	38,639,604		
Class III	21,883,872	7,071,193	299,076,935	323,589,127	121,297,744	99,269,232	89,089,244	126,900,039		
Class IV	239,691,509	242,096,819	202,359,092	208,040,146	87,255,764	104,993,366	101,293,825	113,503,962		
Other receipts										
Class I	17,105,069	19,536,149	14,243,874	15,506,488	12,153,698	13,923,751	11,108,751	12,867,734		
Class II	4,399,065	4,132,507	5,297,353	4,913,322	1/	1/	1/	1/		
Class III	1/	1/	1/	2,864,199	1/	1/	1/	1/		
Class IV	55,956,705	60,339,622	25,470,083	20,778,952	16,604,194	16,461,249	20,117,702	14,841,155		
Avg. daily producer receipts	15,844,035	14,704,965	23,899,335	23,967,599	12,232,292	11,628,512	11,343,612	12,440,581		
Change From Previous Year	-33.71%	-38.65%	19.04%	15.05%	7.83%	-6.53%	2.57%	7.03%		
Avg. daily Class I use	6,232,970	5,715,388	6,182,027	5,703,680	4,032,459	3,970,277	3,959,709	3,854,263		
Change From Previous Year	0.82%	0.21%	-2.61%	- <b>9.7</b> 1%	1.84%	3.01%	-3.38%	-6.39%		

1/ Restricted - Included with Class IV.



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### **Contact Information**

### FEDERAL ORDER STATISTICS FOR SEPTEMBER

Bothell Office 1930 220th Street SE, Suite 102	Federal Order Name (Number)	Producer Deliveries	Class I Receipts	Class I Utilization	Class I Price	Uniform Price
Bothell, Washington 98021 Phone: (425) 487-6009			pounds -		- per cwt (a	
Fax: (425) 487-2775 E-mail:	Northeast (FO 1)	2,122.3	747.8	35.24%	\$19.59	\$17.68
fmmaseattle@fmmaseattle.com	Appalachian (FO 5)	448.9	324.8	72.35%	\$19.74	\$19.44
	Florida (FO 6)	215.4	184.1	85.50%	\$21.74	\$21.66
Phoenix Office	Southeast (FO 7)	400.6	321.0	80.14%	\$20.14	\$20.19
4835 E Cactus Road, Suite 365 Scottsdale, Arizona 85254	Upper Midwest (FO 30)	2,443.0	291.0	11.91%	\$18.14	\$16.20
Phone: (602) 547-2909	Central (FO 32)	1,213.4	400.5	33.01%	\$18.34	\$16.68
Fax: (602) 547-2906 E-mail: ma@fmma.net	Mideast (FO 33)	1,560.5	521.4	33.41%	\$18.34	\$16.77
	Pacific Northwest (FO 124)	475.3	169.9	35.74%	\$18.24	\$16.36
Visit the MA website	Southwest (FO 126)	1,191.2	363.2	30.49%	\$19.34	\$17.49
www.fmmaseattle.com	Arizona (FO 131)	367.0	108.8	29.65%	\$18.69	\$16.80

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