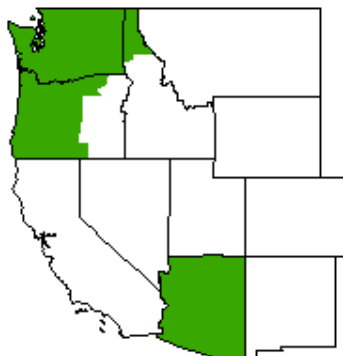


Pacific Northwest & Arizona Marketing Areas



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William A. Wise
 Market Administrator

December 2011

MARKET SUMMARIES FOR NOVEMBER 2011

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

Pacific Northwest

Producers delivered a total of 660.8 million pounds of milk to the market during November. Daily deliveries averaged 22.0 million pounds, down 2.5 percent from October. An estimated 626 producers delivered milk to the market during the month. Daily deliveries per producer averaged 35,185 pounds, down 2.5 percent from October.

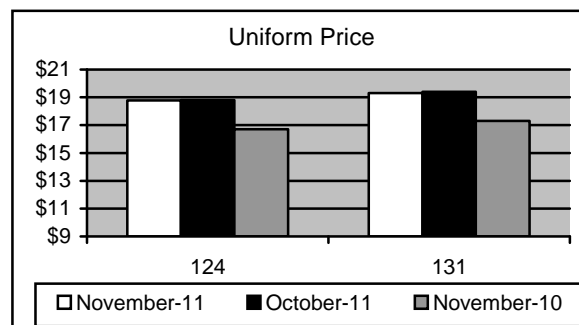
Class I producer milk during November totaled 192.4 million pounds, 29.1 percent of total producer receipts. Daily usage averaged 6.4 million pounds, up 4.4 percent from October.

Arizona

Producers delivered a total of 359.9 million pounds of milk to the market during November. Daily deliveries averaged

12.0 million pounds, up 1.4 percent from October. An estimated 100 producers delivered milk to the market during the month. Daily deliveries per producer averaged 119,956 pounds, up 1.4 percent from October.

Class I producer milk during November totaled 121.7 million pounds, 33.8 percent of total producer receipts. Daily usage averaged 4.1 million pounds, up 3.7 percent from October. ♦



Federal Order Producer Prices and Component Levels: November 2011

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	18.77	19.31	Butterfat	3.917	3.609
Butterfat 2/	1.9508	1.9512	Protein	3.318	N/A
Protein 2/	3.2341	N/A	Other Solids	5.709	N/A
Other Solids 2/	0.4521	N/A	Nonfat Solids	9.028	N/A
PPD 1/*	-\$0.30	N/A			
Skim 1/	N/A	12.93			

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

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NOVEMBER 2011 CLASS PRICES

November 2011 non-advanced Class Prices were calculated using NASS commodity price surveys from November 5, 12, 19, and 26, 2011. Component prices for the month are \$3.2341 per pound of protein, \$1.9508 per pound of butterfat, \$0.4521 per pound of other solids, and \$1.2716 per pound of nonfat solids.

November 2011 Class III and IV prices at 3.5% butterfat are \$19.07 and \$17.87 per hundredweight, respectively. The November Class III price compared to October is up \$1.04. The Class III price is \$3.63 higher than in November 2010.

Class II butterfat was announced at \$1.9578 per pound. Class I skim and butterfat and Class II skim prices for November 2011 were announced on October 21, 2011. The Class II price at 3.5% butterfat is \$19.26 for November 2011.

FINAL: NASS COMMODITY PRICES

	October	November	Change
Cheese*	\$1.7471	\$1.8415	\$0.0944
Butter	\$1.7893	\$1.7824	-\$0.0069
Nonfat Dry Milk	\$1.5109	\$1.4522	-\$0.0587
Whey	\$0.6152	\$0.6380	\$0.0228

* 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 for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 0.93 cents between the November 12 and the December 17 surveys, to \$1.7739 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 11.02 cents to \$1.7107 per pound.

The NASS butter price showed a decrease of 25.45 cents between the weeks ending November 12 and December 17 from \$1.8467 per pound to \$1.5922 per pound.

The NASS nonfat dry milk showed a net decrease of 4.45 cents since mid-November to \$1.4418 per pound. The average price for NASS whey showed an increase of 2.01 cents since mid-November to \$0.6561 per pound. ♦

JANUARY'S CLASS I PRICE ANNOUNCEMENT

On December 23, the January 2012 Class I price was announced at \$20.70 for the Pacific Northwest Order and \$21.15 for the Arizona Order.

The Class I price was calculated using NASS commodity price surveys from the weeks of December 10 and 17.

The January Class III and IV advance skim prices are \$13.17 and \$11.35 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 27.96 cents from \$2.0191 to \$1.7395 per pound.

The January 2012 Class II skim and nonfat solids prices were also announced on December 23. The skim price is \$12.05 per hundredweight, and the nonfat solids price is \$1.3389 pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	December	January	Change
Cheese*	\$1.7788	\$1.8102	\$0.0314
Butter	\$1.8388	\$1.6079	-\$0.2309
Nonfat Dry Milk	\$1.4783	\$1.4419	-\$0.0364
Whey	\$0.6342	\$0.6549	\$0.0207

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

WAIVER OF ADMINISTRATIVE ASSESSMENT

On November 18, 2011, the Market Administrator issued a notice to all handlers associated with the Pacific Northwest (FO 124) and Arizona (FO 131) Federal Orders. The notice advised handlers that the 3.5-cent per hundredweight administrative assessment currently applicable to FOs 124 & 131 would be waived for the milk pooled during the months of November and December. Statements issued for those months will not contain an administrative assessment charge.

The 4-cent per hundredweight deduction for marketing services under each of the above named orders will continue to be deducted. This deduction, which is applicable to deliveries by producers who are not members of a qualified cooperative association performing marketing services, is to be withheld from producers in making payments for milk delivered during the month. ♦

USDA APPOINTS NEW MEMBERS TO THE NATIONAL ORGANIC STANDARDS BOARD

The U.S. Department of Agriculture appointed five new members to the National Organic Standards Board on December 1, 2011.

The following representative seats, whose five-year terms begin January 24, 2012, will be filled by qualified members of the organic industry, as listed:

Handler: Harold V. Austin, IV. Mr. Austin is currently the Director of Orchard Administration for Zirkle Fruit Company, an organic tree fruit grower and shipper. He is also a member of the Washington State Department of Agriculture's Organic Advisory Board.

Producer: Carmela Beck. Ms. Beck is the National Organic Program Supervisor and Organic Certification Grower Liaison for Driscoll's, an organic berry producer.

Environmentalist: Tracy Favre. Ms. Favre is the Chief Operating Officer for Holistic Management International, an international non-profit group whose mission is to educate about how to manage land sustainably.

Consumer/Public Interest: Jean Richardson, Ph.D. Dr. Richardson is Professor Emerita of Natural Resources, Environmental Studies and Geography at the University of Vermont.

Scientist: Andrea (Zea) Sonnabend. Ms. Sonnabend is the Policy Specialist and Organic Inspector Specialist for CCOF, an organic certifier based in California. ♦

ERS REPORT: NET FARM INCOME FORECAST UP 28 PERCENT IN 2011

According to recently released figures from the U.S. Department of Agriculture's Economic Research Service, net farm income is forecast at \$100.9 billion for 2011, up \$21.8 billion for a rise of 28 percent from 2010. All three measures of farm sector earnings (net farm income, net cash income, and net value added) are forecast to rise more than 18 percent in 2011.

Net farm income and net cash income are both projected to exceed \$100 billion for the first time in 2011. The 2011 inflation-adjusted forecasts of net value added of agriculture to the U.S. economy and net cash income are the highest values recorded since 1974.

Crop receipts are expected to rise over 16 percent in 2011, led by sales of corn, soybeans, and wheat. Livestock receipts are expected to increase by 17 percent, with the receipt forecasts for cattle, dairy, and hogs reaching new nominal highs. Following a modest 2-percent increase in 2010, total expenses are forecast to be 12 percent higher in 2011, with the largest increases expected for fertilizer, fuels, and feed.

Farm sector assets are expected to rise by slightly more than 6 percent for the second straight year in 2011, due mainly to a projected 7.2-percent increase in the value of farm real estate. Farm sector debt is estimated to decrease by 1.8 percent in 2011. The forecast debt-to-asset ratio of 10.4 percent would match 2007's historic low, as would the 11.6-percent debt-to-equity ratio.

For more details, see the Economic Research Service's website at: www.ers.usda.gov/Features/FarmIncome/ ♦

ERS REPORT: THE CHANGING ORGANIZATION OF U.S. FARMING

Innovations in farm organization, business arrangements, and production practices have allowed farmers to produce more with less. Fewer labor hours and less land are used today than 30 years ago, and practices such as the use of genetically engineered seeds and no-till have dampened increases in machinery, fuel, and pesticide use. Likely aided by the increased use of risk management tools such as contracts and crop insurance, U.S. agricultural productivity has increased by nearly 50 percent since 1982. Future innovations will be necessary to maintain, or boost, current productivity gains in order to meet the growing global demands that will be placed upon U.S. agriculture.

For more details, see the full report on the Economic Research Service's website at: www.ers.usda.gov/Publications/EIB88. ♦



USDA TO ASSESS THE STATE OF THE CATTLE INDUSTRY

The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) is calling on nearly 50,000 cattle operations nationwide to report the latest and most accurate data on cattle inventories and calf production. NASS, the federal statistical agency charged with collecting data about U.S. agriculture, is collecting data about the size of the cattle industry and will report the results late in January.

"During the first two weeks of January Arizona producers have the opportunity to serve as the frontline source of accurate data on U.S. cattle," said Steven Manheimer, director of the Arizona Field Office of USDA's National Agricultural Statistics Service (NASS). "In Arizona, we'll be contacting about 400 operations to request their responses to the January Cattle Survey, which measures trends in beef and dairy cattle inventories, calf crop and cattle operations."

To make it as easy as possible for producers to participate, NASS offers the option of responding via a secure Internet connection, telephone, mail, or personal interview with a local NASS representative.

"However producers choose to respond, they are providing an important service to the cattle industry and to U.S. agriculture as a whole," Manheimer said. "Their responses will be compiled with those of their fellow producers nationwide, providing the only accurate and comprehensive estimate of the state of U.S. cattle production."

The information is a critical decision-making tool for the cattle industry, he explained. "For instance, it helps producers make informed marketing decisions and plan for herd expansion or reduction. It also helps packers and government evaluate expected slaughter volume for future months and determine potential supplies for export," Manheimer said.

Survey results will be published in NASS's Cattle report, on January 27, 2012. The report will provide national-level estimates of total inventory, beef cows, milk cows, bulls, replacement heifers, other heifers, steers, calves and number of calves born during the previous year.

As with all NASS surveys, information provided by respondents is confidential by law. NASS safeguards the privacy of all survey responses and publishes only aggregate data, ensuring that no individual operation or producer can be identified.

As this is a national survey, producers in Idaho, Oregon and Washington will also be called upon by their respective NASS field offices.

All reports are available on the NASS web site: www.nass.usda.gov. ♦

FEDERAL ORDER IMPORTANT DATES

The important dates concerning the First Quarter of 2012 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.

One table indicates the general timing of important dates for the Pacific Northwest and Arizona Federal Orders. Another table identifies specific dates for the respective orders. A third table indicates the release dates for the National Agricultural Statistics Service (NASS) product price surveys.

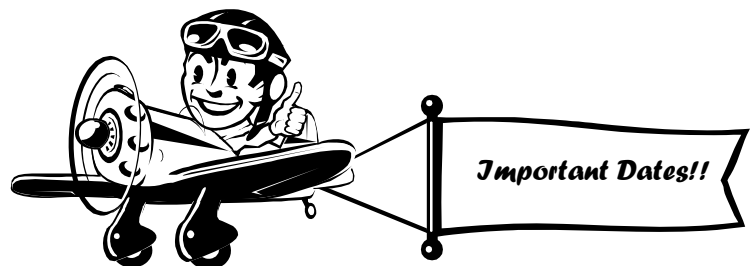
For the first quarter of 2012, the Advanced Prices and Pricing Factors will be announced on the following days:

- January 20 (for February Prices)
- February 17 (for March Prices)
- March 23 (for April Prices)

The first quarter 2012 Final Class and Component Prices will be released as follows:

- February 3 (for January Prices)
- March 2 (for February Prices)
- March 30 (for March Prices)

The prices will be released at 10:00 a.m. EST/EDST on the above dates. ♦



NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$19.90 in November, unchanged from October 2011 and up \$2.00 from November 2010. Alfalfa hay price was \$198.00 in November, up \$81.00 from November 2010. Corn price was \$6.00 in November, up \$1.45 from November 2010. Soybean price was \$11.50 in November, up \$0.40 from November 2010. The milk-feed price ratio was 1.80 in November, down 0.43 from November 2010.

The index of prices received by farmers for dairy products during the month of November 2011 was unchanged at 152. Compared with November 2010, the index was up 15 points (10.9 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2011 was unchanged at 205 from the previous month. Compared with November 2010, the index was up 18 points (9.6 percent). ♦

November Agricultural Prices Highlights

State	All-Milk Price 1/2/ <i>Dollars per cwt.</i>		Alfalfa hay, baled <i>Dollars per ton</i>		Corn <i>Dollars per bushel</i>			
	October		November		November			
	2010	2011	2010	2011 3/	2010	2011 3/		
AZ	17.80	19.70	17.80	19.50	125.00	235.00	-	-
CA	16.93	18.09	15.86	18.40	135.00	241.00	-	-
CO	18.50	19.70	18.20	19.50	125.00	235.00	4.33	5.99
ID	17.10	18.30	16.20	18.60	127.00	236.00	-	-
IN	19.30	20.80	19.10	20.40	-	-	4.82	6.15
OH	20.10	21.50	19.80	21.00	157.00	186.00	4.96	6.15
PA	20.30	22.20	20.20	21.70	135.00	180.00	5.59	7.07
TX	19.50	19.90	19.20	19.60	180.00	271.00	4.66	6.66
WA	18.30	20.40	18.10	20.50	130.00	240.00	-	-
WI	18.80	20.40	18.00	20.80	105.00	130.00	4.37	5.76
U.S.	18.50	19.90	17.90	19.90	117.00	198.00	4.55	6.00

1/ Prices are shown at reported butterfat test.

2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

3/ Preliminary.

General Price Measures for U.S.

Item	November 2010	October 2011	November 2011 1/
INDEX NUMBERS (1990-92=100)			
Prices received by farmers for dairy products	137	152	152
Prices paid by farmers for commodities and services, interest taxes, and wage rates	187	205	205

1/ Preliminary.

Source: Dairy Market News, Volume 78, Report 48, Issued December 2, 2011.

MONTHLY SELECTED STATISTICS

PACIFIC NORTHWEST

ARIZONA

Minimum Class Prices (3.5% B.F.)	Nov 2011	Oct 2011	Nov 2010	Oct 2010	Nov 2011	Oct 2011	Nov 2010	Oct 2010
Class I Milk (\$/cwt.)	\$20.35	\$21.46	\$19.14	\$18.48	\$20.80	\$21.91	\$19.59	\$18.93
Class II Milk (\$/cwt.)	19.26	19.41	17.21	17.57	19.26	19.41	17.21	17.57
Class III Milk (\$/cwt.)	19.07	18.03	15.44	16.94	19.07	18.03	15.44	16.94
Class IV Milk (\$/cwt.)	17.87	18.41	16.68	17.15	17.87	18.41	16.68	17.15
Producer Prices								
Producer Price Differential (\$/cwt.)	\$(0.30)	\$ 0.77	\$ 1.27	\$ 0.41	+	+	+	+
Butterfat (\$/pound)	1.9508	1.9592	2.2422	2.4436	+	+	+	+
Protein (\$/pound)	3.2341	2.9211	2.1981	2.4739	+	+	+	+
Other Solids (\$/pound)	0.4521	0.4286	0.1797	0.1736	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	12.93	12.81	9.64	9.63
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.9512	2.0088	2.2858	2.4344
Statistical Uniform Price (\$/cwt.)	\$18.77	\$18.80	\$16.71	\$17.35	\$19.31	\$19.39	\$17.30	\$17.81
Producer Data								
Number of Producers	626 *	626	647	633	100 *	100	101	98
Avg. Daily Production (lbs.)	35,185 *	36,089	32,842	34,001	119,956 *	118,254	114,589	111,889
Producer Milk Ratios								
Class I	29.11%	27.18%	30.67%	28.02%	33.83%	33.11%	34.78%	34.60%
Class II	5.56%	5.85%	7.18%	6.45%	8.97%	8.65%	9.88%	9.66%
Class III	38.58%	38.22%	41.05%	40.71%	25.48%	29.32%	26.84%	30.56%
Class IV	26.75%	28.75%	21.10%	24.82%	31.72%	28.92%	28.50%	25.18%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Number of Handlers	Oct 2011	Sep 2011	Oct 2010	Sep 2010	Oct 2011	Sep 2011	Oct 2010	Sep 2010
Pool Handlers	26	26	26	26	7	7	7	7
<i>Distributing Plants</i>	14	14	14	14	5	5	5	5
<i>Supply Plants 1/</i>	7	7	7	7	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	18	18	21	22	23	23	25	22
Class I Route Disposition In Area								
By Pool Plants	176,109,318	169,714,211	174,268,498	171,471,979	94,149,772	91,126,903	95,551,941	92,003,538
By Producer-Handlers	7,194,482	7,181,604	8,486,219	8,669,098	0	0	0	0
By Other Plants	7,821,451 *	7,502,146	8,074,776	7,081,580	5,492,354 *	5,495,524	6,137,029	6,055,753
Total	191,125,251	184,397,961	190,829,493	187,222,657	99,642,126	96,622,427	101,688,970	98,059,291
Producer-Handler Data								
% Class I Use	62.33%	64.93%	59.94%	59.35%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.76%	3.89%	4.45%	4.63%	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				
	Nov 2011	Oct 2011	Nov 2010	Oct 2010	Nov 2011	Oct 2011	Nov 2010	Oct 2010	
TOTAL PRODUCER MILK	660,777,003	700,339,150	637,461,894	667,197,776	359,866,729	366,587,020	347,205,558	339,918,864	
RECEIPTS FROM OTHER SOURCES	14,117,150	13,743,492	8,698,452	16,427,450	3,528,851	3,990,018	3,830,928	4,248,364	
OPENING INVENTORY	37,331,489	33,079,078	39,136,466	34,576,106	21,884,692	21,984,277	23,287,596	21,622,521	
TOTAL TO BE ACCOUNTED FOR	712,225,642	747,161,720	685,296,812	718,201,332	385,280,272	392,561,315	374,324,082	365,789,749	
UTILIZATION OF RECEIPTS									
Whole milk	33,180,379	33,437,853	32,223,965	31,427,702	24,284,324	24,117,291	24,099,547	23,989,193	
Flavored milk & milk drinks	16,656,902	16,128,122	16,774,024	15,953,611	6,803,883	5,745,542	7,793,480	6,438,545	
2% milk	70,842,976	70,752,056	70,809,784	69,336,199	35,028,906	34,594,527	35,481,736	34,959,300	
1% milk	27,162,670	27,903,684	26,896,718	27,811,566	16,892,585	16,839,803	16,751,241	16,792,176	
Skim milk	26,101,112	26,555,062	28,350,888	28,407,594	12,740,266	12,469,926	13,071,745	12,985,471	
Buttermilk	1,500,059	1,332,541	1,436,699	1,331,826	451,452	382,683	457,176	387,256	
CLASS I ROUTE DISP. IN AREA.	175,444,098	176,109,318	176,492,078	174,268,498	96,201,416	94,149,772	97,654,925	95,551,941	
Class I dispositions out of area	14,432,513	15,036,355	14,684,412	15,864,036	24,827,706	25,476,492	23,790,520	23,607,594	
Other Class I usage	19,506,283	17,938,477	17,428,384	15,010,483	12,660,558	11,879,973	13,274,043	13,682,046	
TOTAL CLASS I USE.	209,382,894	209,084,150	208,604,874	205,143,017	133,689,680	131,506,237	134,719,488	132,841,581	
TOTAL CLASS II USE	44,677,015	48,043,833	51,453,214	50,497,542	33,127,764	32,243,827	34,907,164	33,485,119	
TOTAL CLASS III USE	255,416,900	270,333,319	263,409,623	272,105,783	91,696,763	108,748,453	94,398,398	105,049,193	
TOTAL CLASS IV USE	202,748,833	219,700,418	161,829,101	190,454,990	126,766,065	120,062,798	110,299,032	94,413,856	
TOTAL ACCOUNTED FOR	712,225,642	747,161,720	685,296,812	718,201,332	385,280,272	392,561,315	374,324,082	365,789,749	
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I	192,384,142	190,384,717	195,510,263	186,923,548	121,746,579	121,373,986	120,770,798	117,616,338
	Class II	36,725,392	40,987,262	45,754,033	43,058,550	32,298,031	31,713,317	34,301,652	32,846,678
	Class III	254,955,863	267,696,538	261,696,692	271,644,350	91,696,763	107,467,461	93,203,981	103,883,030
	Class IV	176,711,606	201,270,633	134,500,906	165,571,328	114,125,356	106,032,256	98,929,127	85,572,818
Other receipts:	Class I	16,998,752	18,699,433	13,094,611	18,219,469	11,943,101	10,132,251	13,948,690	15,225,243
	Class II	7,951,623	7,056,571	5,699,181	7,438,992	1/	1/	1/	1/
	Class III	461,037	2,636,781	1,712,931	461,433	1/	1/	1/	1/
	Class IV	26,037,227	18,429,785	27,328,195	24,883,662	13,470,442	15,842,044	13,169,834	10,645,642
Avg. daily producer receipts		22,025,900	22,591,585	21,248,730	21,522,509	11,995,558	11,825,388	11,573,519	10,965,125
Change From Previous Year		3.66%	4.97%	0.90%	1.90%	3.65%	7.85%	8.92%	10.57%
Avg. daily Class I use		6,979,430	6,744,650	6,953,496	6,617,517	4,456,323	4,242,137	4,490,650	4,285,212
Change From Previous Year		0.37%	1.92%	0.76%	-7.02%	-0.76%	-1.01%	-1.09%	-3.30%

1/ Restricted - Included with Class IV.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for November 2011
- November 2011 Class Prices
- Class I Price for January 2012
- Waiver of Administrative Assessment
- USDA Appoints New Members to the National Organic Standards Board
- Net Farm Income Forecast Up 28 Percent in 2011
- The Changing Organization of U.S. Farming
- USDA to Assess the State of the Cattle Industry
- Federal Order Important Dates
- November Agricultural Prices Highlights

Season's Greetings!

