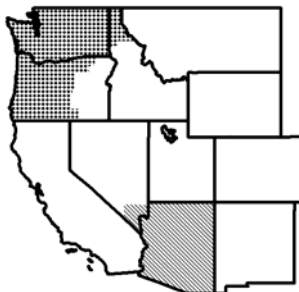


## Pacific Northwest & Arizona-Las Vegas Marketing Areas



1930 – 220<sup>th</sup> Street SE, Suite 102  
 Bothell, Washington 98021-8471  
 Phone (425) 487-6009  
 Fax (425) 487-2775  
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**James R. Daugherty**  
 Market Administrator

**January 2006**

### MARKET SUMMARIES FOR DECEMBER 2005

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

#### Pacific Northwest

Producers delivered a total of 618.7 million pounds of milk to the market during December. Daily deliveries averaged 20.0 million pounds, down 0.9 percent from November. An estimated 857 producers delivered milk to the market during the month. Daily deliveries per producer averaged 23,287 pounds, down 0.9 percent from November.

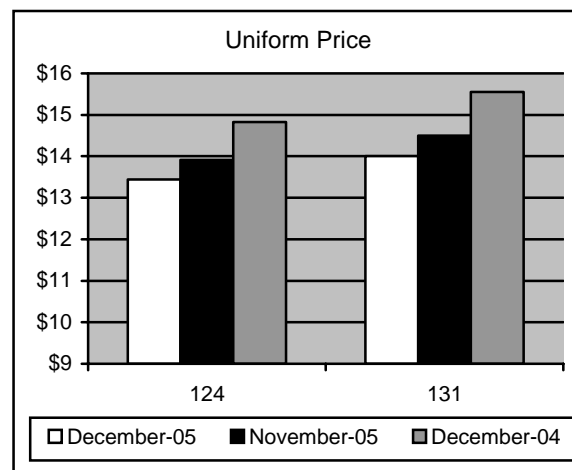
Class I producer milk during December totaled 181.5 million pounds, 29.3 percent of total producer receipts. Daily usage averaged 5.9 million pounds, down 5.3 percent from November.

#### Arizona-Las Vegas

Producers delivered a total of 257.3 million pounds of milk to the market during December. Daily deliveries averaged 8.3 million pounds, up 5.0 percent from November. An estimated 86

producers delivered milk to the market during the month. Daily deliveries per producer averaged 96,514 pounds, up 5.0 percent from November.

Class I producer milk during December totaled 87.3 million pounds, 33.9 percent of total producer receipts. Daily usage averaged 2.8 million pounds, down 4.3 percent from November. ♦



### Federal Order Producer Prices and Component Levels: December 2005

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	13.44	14.00	Butterfat	3.847	3.700
Butterfat 2/	1.5036	1.5392	Protein	3.140	N/A
Protein 2/	2.3846	N/A	Other Solids	5.692	N/A
Other Solids 2/	0.1702	N/A	Nonfat Solids	8.832	N/A
PPD 1/*	0.07	N/A			
Skim 1/	N/A	8.92			

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

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**DECEMBER 2005 CLASS PRICES**

December 2005 non-advanced Class Prices were calculated using NASS commodity price surveys from December 3, 10, 17 and 24, 2005. Component prices for the month are \$2.3846 per pound of protein, \$1.5036 per pound of butterfat, \$0.1702 per pound of other solids, and \$0.8414 per pound of nonfat solids.

December 2005 Class III and IV prices at 3.5% butterfat are \$13.37 and \$12.57 per hundredweight, respectively. The December Class III price compared to November is up \$0.02. The Class III price is \$2.77 lower than December 2004. The Class III price at 3.67% butterfat is \$3.71 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.5106 per pound. Class I skim and butterfat and Class II skim prices for December 2005 were announced on November 18, 2005. The Class II price at 3.5% butterfat is \$13.22 for December 2005.

**FINAL: NASS COMMODITY PRICES**

	<u>November</u>	<u>December</u>	<u>Change</u>
Cheese*	\$1.3968	\$1.3964	-\$0.0004
Butter	\$1.4578	\$1.3680	-\$0.0898
Nonfat Dry Milk	\$0.9835	\$0.9899	\$0.0064
Whey	\$0.3149	\$0.3242	\$0.0093

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

**Current Commodity Prices** - - The NASS survey of cheddar cheese prices showed a net decrease in price received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 1.85 cents between the December 17 and the January 14 surveys, to \$1.3774 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 3.66 cents to \$1.3553 per pound.

The NASS butter price showed a net decrease of 0.86 cents between the weeks ending December 17 and January 14 from \$1.3698 per pound to \$1.3612 per pound.

The NASS nonfat dry milk showed a net decrease of 3.05 cents since mid-December to \$0.9741 per pound. The average price for NASS whey showed an increase of 1.83 cent since mid-December to \$0.3439 per pound. ♦

**FEBRUARY'S CLASS I PRICE ANNOUNCEMENT**

On January 20, the February 2006 Class I price was announced at \$15.28 for the Pacific Northwest Order and \$15.73 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of January 7 and 14.

The February Class III and IV advance skim prices are \$8.51 and \$7.47 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 2.45 cents from \$1.5016 to \$1.4771 per pound.

The February 2006 Class II skim and nonfat solids prices were also announced on January 20. The skim price is \$8.17 per hundredweight, and the nonfat solids price is \$0.9078 per pound for all Federal orders. ♦

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

	<u>January</u>	<u>February</u>	<u>Change</u>
Cheese*	\$1.3979	\$1.3895	-\$0.0084
Butter	\$1.3663	\$1.3459	-\$0.0204
Nonfat Dry Milk	\$1.0018	\$0.9782	-\$0.0236
Whey	\$0.3244	\$0.3394	\$0.0150

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

**USDA HOLDS HEARING ON CLASS III AND CLASS IV MILK PRICE FORMULA MANUFACTURING ALLOWANCES**

On January 4, 2006, the U. S. Department of Agriculture announced that it will hold a national public hearing to consider a proposal seeking to amend the Class III and Class IV milk price formula manufacturing allowances for all Federal milk marketing orders. USDA will take evidence at the hearing to determine whether emergency marketing conditions exist that would warrant omission of a recommended decision. The hearing began at 8:30 a.m. on January 24, 2006, at the Sheraton Suites Old Town Alexandria, 801 North Saint Asaph Street, Alexandria, Virginia, 22314.

The hearing was requested by Agri-Mark Dairy Cooperative to reconsider the manufacturing cost allowances provided for in the pricing formulas for cheese, whey powder, butter, and nonfat dry milk powder. The proponent stated that the current fixed allowances were calculated using 1998-2000

California and Department of Agriculture Cooperative Service surveys. While the product price formulas have been amended since 2000, the proponent claims that manufacturing costs have continued to increase, leaving them unable to recoup these additional costs from the marketplace.

The hearing notice was published as a proposed rule in the January 5, 2006, Federal Register. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The hearing notice is available on AMS' web site: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

The hearing notice and additional information is available from the market administrator offices. ♦

**USDA HOLDS HEARING ON PROPOSED AMENDMENTS TO APPALACHIAN AND SOUTHEAST MILK ORDERS**

On December 27, 2005, the U.S. Department of Agriculture announced that it would hold an emergency public hearing to consider proposals seeking to amend the Appalachian and Southeast Federal Milk Marketing Orders. The hearing was held on January 10-12, 2006, at the Hyatt Regency Louisville, 320 West Jefferson St., Louisville, KY 40202.

The proposals seek to amend the orders by: 1) increasing the maximum assessment rate of the transportation credit balancing fund; 2) establishing an intra-market transportation credit; and 3) establishing a mileage rate factor that is adjusted for fuel cost. USDA will also consider proposals to amend certain producer milk provisions and other transportation credit balancing fund provisions.

The hearing notice was published as a proposed rule in the December 28, 2005, Federal Register. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 – Rm. 2971, 1400 Independence Ave SW, Washington, D.C. 20250-0231. The hearing notice is available on AMS' website at: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

The hearing notice and additional information is available from the following market administrator offices:

**Appalachian:** Harold H. Friedly, Jr.  
 USDA/AMS/Dairy Programs  
 P.O. Box 18030, Louisville, KY 40261-0030  
 Tel. (502) 499-0040;  
 email: [friedly@malouisville.com](mailto:friedly@malouisville.com)

**Florida and Southeast:** Sue L. Mosley  
 USDA/AMS/Dairy Programs  
 P.O. Box 491778, Lawrenceville, GA 30049  
 Tel. (770) 682-2501;  
 email: [smosley@fmmatlanta.com](mailto:smosley@fmmatlanta.com) ♦

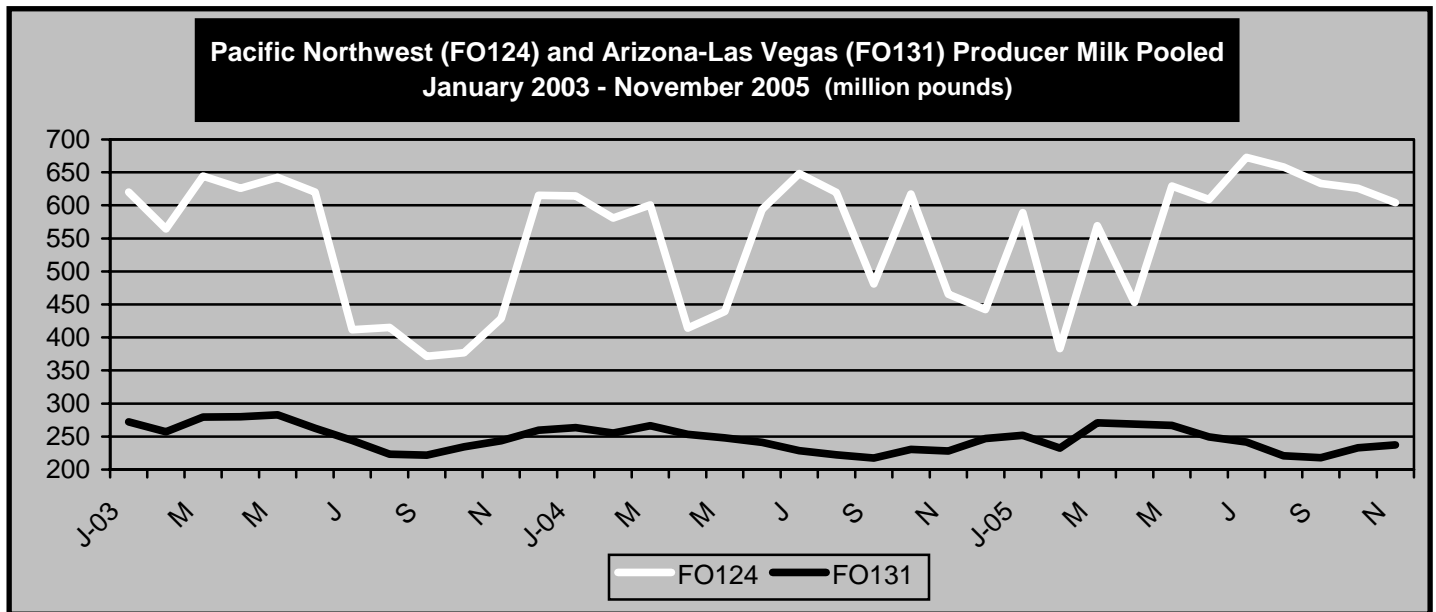
**PRODUCERS AND PRODUCER MILK BY ORDER, STATE, AND COUNTY, NOVEMBER 2005**

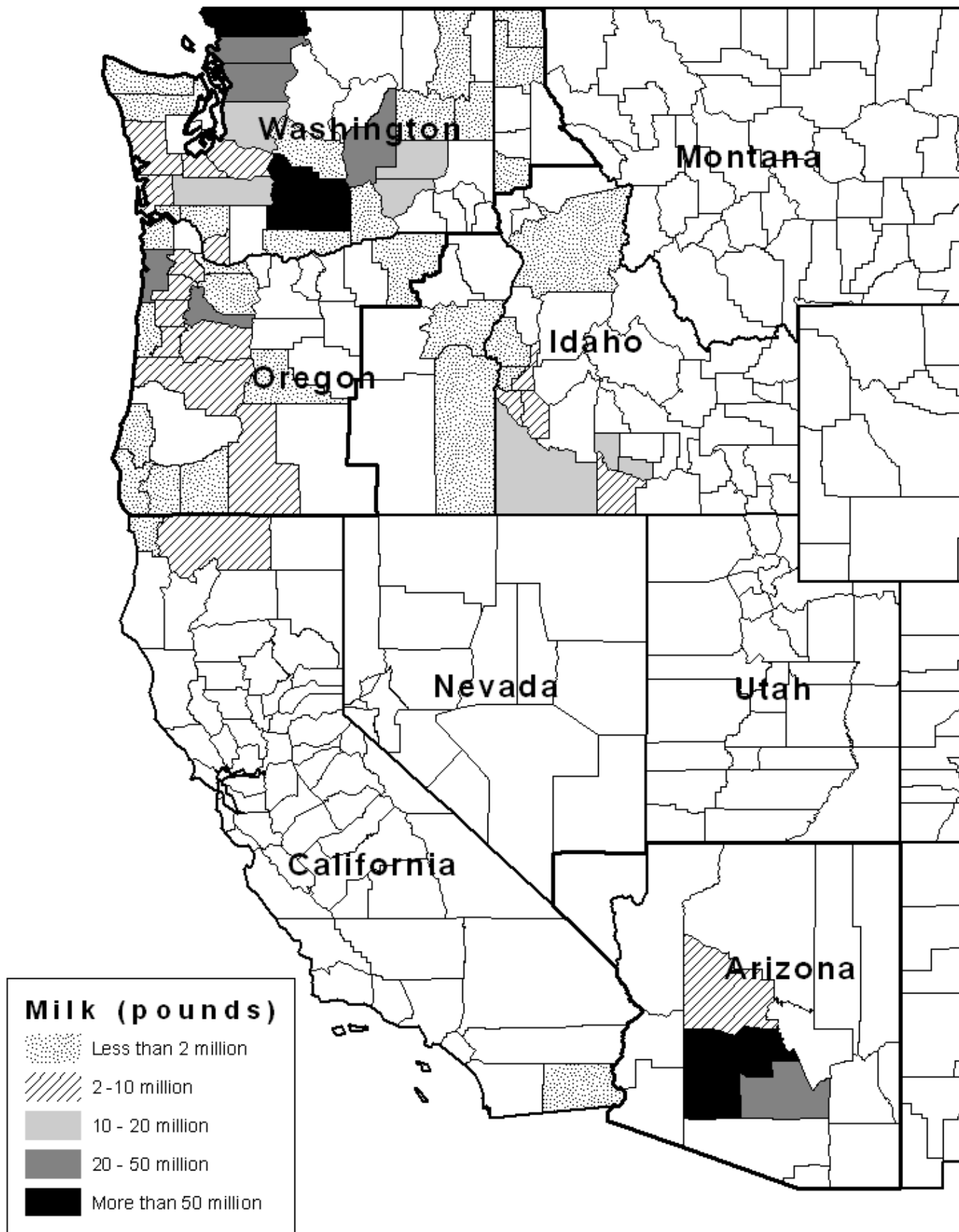
During the month of November 2005, a total of 943 producers, on a combined basis, were associated with the Pacific Northwest and Arizona-Las Vegas Orders. These producers delivered a total of 860.4 million pounds of milk to the markets during the month. In November 2004, there were eligible producers and producer milk not pooled on the Pacific Northwest Order. Comparison to previous years/months may be biased. The tables on page 3 and 4 contain the number of producers and milk pooled on the orders. Counties and states with fewer than three producers were combined with adjacent counties. The map on page 5 does not combine counties with fewer than three producers due to the use of size-ranges. ♦

Producer Milk By State and Federal Order November 2004 and 2005					
FO 1/	State	2004		2005	
		Prod.	Lbs. 2/	Prod.	Lbs. 2/
124	CA	6	3.7	6	3.5
	ID	35	12.5	60	62.3
	OR	285	120.9	266	116.1
	WA	513	328.5	525	422.0
<b>FO 124 Total</b>		<b>839</b>	<b>465.5</b>	<b>857</b>	<b>604.0</b>
<b>3/</b>	<b>AZ/CA</b>	<b>90</b>	<b>228.1</b>	<b>86</b>	<b>237.1</b>
<b>Total 3/</b>		<b>929</b>	<b>693.6</b>	<b>943</b>	<b>841.0</b>

1/ Federal order number. Federal Order 124 is the Pacific Northwest Order. Federal Order 131 is the Arizona-Las Vegas Order. 2/ Million pounds. 3/ May not add due to rounding.

Number of Producers and Pounds of Milk: By Order, State, and County, November 2005							
State	County	Producers	Milk	State	County	Producers	Milk
<b>Arizona-Las Vegas Order</b>				<b>Pacific Northwest Order (Continued)</b>			
<b>Arizona</b>				<b>Idaho</b>			
	Maricopa	74	199,827,039		Bonner & Boundary	4	582,172
	Pinal, Yavapai, ( & Imperial County, CA)	12	37,266,289		Idaho & Latah	5	598,648
	<b>Total Arizona</b>	<b>86</b>	<b>237,093,328</b>		Ada, Canyon, Gem, Payette & Washington	38	15,855,119
<b>Pacific Northwest Order</b>					Gooding, Jerome, Owyhee & Twin Falls	13	45,230,937
<b>Washington</b>					<b>Total Idaho</b>	<b>60</b>	<b>62,266,876</b>
	Adams	11	12,218,559	<b>Oregon</b>			
	Clallam & Jefferson	5	1,145,026		Benton & Lincoln	5	3,485,004
	Clark & Cowlitz	11	7,579,570		Clackamas & Multnomah	11	1,199,261
	Franklin	7	16,224,607		Clatsop	6	1,509,178
	Grant & Kittitas	27	24,598,884		Coos & Curry	9	1,560,686
	Grays Harbor	12	2,474,972		Deschutes	4	808,820
	Island	3	2,050,209		Josephine	4	1,688,349
	King	32	16,353,033		Klamath & Jackson	8	6,191,647
	Klickitat & Benton	5	2,472,379		Lane	6	4,480,889
	Lewis	40	12,863,740		Linn	8	5,514,420
	Lincoln & Spokane	13	1,819,313		Malheur & Umatilla	11	2,205,621
	Pacific	10	2,679,578		Marion	33	25,726,595
	Pierce	7	4,525,910		Polk	5	8,396,237
	Skagit	45	26,430,538		Tillamook	132	42,086,983
	Snohomish	36	21,112,690		Washington	19	4,936,995
	Stevens	13	1,385,844		Yamhill	5	6,331,179
	Thurston	10	7,027,437		<b>Total Oregon</b>	<b>266</b>	<b>116,121,864</b>
	Wahkiakum	4	661,882	<b>Total Pacific Northwest Order</b>			
	Whatcom	164	93,984,275		<b>Total Arizona-Las Vegas Order</b>	<b>86</b>	<b>237,093,328</b>
	Yakima	70	164,386,258		<b>Total</b>	<b>943</b>	<b>841,013,820</b>
	<b>Total Washington</b>	<b>525</b>	<b>421,994,704</b>				
<b>California</b>							
	Del Norte & Siskiyou	6	3,537,048				
	<b>Total California</b>	<b>6</b>	<b>3,537,048</b>				





# MONTHLY SELECTED STATISTICS

Minimum Class Prices (3.5% B.F.)	PACIFIC NORTHWEST				ARIZONA-LAS VEGAS			
	Dec 2005	Nov 2005	Dec 2004	Nov 2004	Dec 2005	Nov 2005	Dec 2004	Nov 2004
Class I Milk (\$/cwt.) . . . . .	\$15.47	\$16.46	\$16.33	\$16.19	\$15.92	\$16.91	\$16.78	\$16.64
Class II Milk (\$/cwt.) . . . . .	13.22	13.49	13.98	14.09	13.22	13.49	13.98	14.09
Class III Milk (\$/cwt.) . . . . .	13.37	13.35	16.14	14.89	13.37	13.35	16.14	14.89
Class IV Milk (\$/cwt.) . . . . .	12.57	12.90	13.42	13.34	12.57	12.90	13.42	13.34
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt.)	\$ 0.07	\$ 0.56	\$(1.31)	\$(0.14)	+	+	+	+
Butterfat (\$/pound) . . . . .	1.5036	1.6114	2.0366	2.0489	+	+	+	+
Protein (\$/pound) . . . . .	2.3846	2.2724	2.8486	2.4297	+	+	+	+
Other Solids (\$/pound) . . . . .	0.1702	0.1606	0.0858	0.0800	+	+	+	+
Uniform Skim Price (\$/cwt.) . . . .	+	+	+	+	8.92	9.00	8.81	8.38
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.5392	1.6613	2.0132	2.0316
Statistical Uniform Price (\$/cwt.) . .	\$13.44	\$13.91	\$14.83	\$14.75	\$14.00	\$14.50	\$15.55	\$15.20
<b>Producer Data</b>								
Number of Producers . . . . .	857 *	857	695	839	86 *	86	90	90
Avg. Daily Production (lbs.) . . . .	23,287 *	23,205	20,537	18,500	96,514 *	91,897	88,510	84,470
<b>Number of Handlers</b>								
Pool Handlers . . . . .	26	26	26	28	5	5	5	5
Producer-Handlers . . . . .	9 *	9	8	8	3 *	3	3	3
Other Plants w/ Class I Use . . . .	26 *	26	24	25	28 *	28	34	32
<b>Producer Milk Ratios</b>								
Class I . . . . .	29.33%	30.69%	43.04%	41.68%	33.94%	37.25%	35.45%	36.95%
Class II . . . . .	5.38%	6.61%	7.59%	8.24%	8.82%	9.68%	6.82%	8.32%
Class III . . . . .	26.92%	28.36%	7.96%	16.84%	37.12%	40.03%	29.17%	31.43%
Class IV . . . . .	38.37%	34.34%	41.41%	33.24%	20.12%	13.04%	28.56%	23.30%

+ Not Applicable. \* Preliminary.

## MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data	Nov 2005	Oct 2005	Nov 2004	Oct 2004	Nov 2005	Oct 2005	Nov 2004	Oct 2004
Production . . . . .	34,391,839	35,031,079	25,488,012	25,132,028	R	R	R	R
Class I Use . . . . .	28,414,805	29,026,126	19,319,939	18,979,811	R	R	R	R
% Class I Use . . . . .	82.62%	82.86%	75.80%	75.52%	R	R	R	R
<b>Class I Route Disposition In Area</b>								
By Pool Plants . . . . .	162,752,201	161,805,753	171,023,377	164,089,513	82,960,028	77,157,060	80,655,062	77,821,884
By Producer-Handlers . . . . .	19,631,980	19,976,486	15,816,406	16,008,896	1/	1/	1/	1/
By Other Plants . . . . .	2,699,294 *	3,694,492	3,775,668	3,133,784	28,827,897 *	29,805,566	28,934,526	27,297,595
Total	185,083,475	185,476,731	190,615,451	183,232,193	111,787,925	106,962,626	109,589,588	105,119,479

\* 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			
	Dec 2005	Nov 2005	Dec 2004	Nov 2004	Dec 2005	Nov 2005	Dec 2004	Nov 2004
TOTAL PRODUCER MILK	618,669,232	604,245,262	442,476,841	465,654,495	257,306,269	237,093,328	246,942,157	228,070,195
RECEIPTS FROM OTHER SOURCES	19,804,936	19,090,785	22,437,767	103,244,307	24,872,131	9,097,208	29,851,430	21,195,726
OPENING INVENTORY . . . . .	33,230,599	31,495,619	31,003,384	32,219,319	16,086,088	15,258,044	14,553,048	14,751,338
<b>TOTAL TO BE ACCOUNTED FOR</b>	<b>671,704,767</b>	<b>654,831,666</b>	<b>495,917,992</b>	<b>601,118,121</b>	<b>298,264,488</b>	<b>261,448,580</b>	<b>291,346,635</b>	<b>264,017,259</b>
<b>UTILIZATION OF RECEIPTS</b>								
Whole milk . . . . .	32,399,286	31,055,932	31,582,369	31,183,376	21,933,754	20,820,418	21,149,217	20,772,249
Flavored milk & milk drinks . . . . .	15,922,134	16,029,452	15,019,678	16,606,048	7,333,646	7,779,975	6,977,290	7,631,323
2% milk . . . . .	66,165,519	64,043,296	68,814,749	69,180,632	30,276,660	31,071,614	30,974,027	30,299,615
1% milk . . . . .	24,621,348	24,435,095	24,617,934	25,643,476	10,765,542	11,565,174	10,173,730	10,769,321
Skim milk . . . . .	26,027,680	25,870,182	26,277,126	26,949,181	10,765,463	11,194,357	10,192,115	10,562,037
Buttermilk . . . . .	1,256,744	1,318,244	1,320,977	1,460,664	503,710	528,490	572,206	620,517
CLASS I ROUTE DISP. IN AREA. . . . .	166,392,711	162,752,201	167,632,833	171,023,377	81,578,775	82,960,028	80,038,585	80,655,062
Class I dispositions out of area . . . . .	15,920,233	14,585,305	13,795,947	13,169,227	5,002,760	5,424,711	5,269,716	4,615,493
Other Class I usage . . . . .	17,602,454	22,308,049	26,102,041	24,288,342	9,699,250	8,817,167	10,132,342	7,827,057
<b>TOTAL CLASS I USE. . . . .</b>	<b>199,915,398</b>	<b>199,645,555</b>	<b>207,530,821</b>	<b>208,480,946</b>	<b>96,280,785</b>	<b>97,201,906</b>	<b>95,440,643</b>	<b>93,097,612</b>
TOTAL CLASS II USE . . . . .	37,812,140	45,396,059	41,420,394	45,814,394	23,676,799	23,738,405	17,512,422	19,596,259
TOTAL CLASS III USE . . . . .	168,240,512	174,740,097	35,426,009	169,309,750	95,540,164	95,316,075	72,038,270	71,678,701
TOTAL CLASS IV USE . . . . .	265,736,717	235,049,955	211,540,768	177,513,031	82,766,740	45,192,194	106,355,300	79,644,687
<b>TOTAL ACCOUNTED FOR . . . . .</b>	<b>671,704,767</b>	<b>654,831,666</b>	<b>495,917,992</b>	<b>601,118,121</b>	<b>298,264,488</b>	<b>261,448,580</b>	<b>291,346,635</b>	<b>264,017,259</b>
<b>CLASSIFICATION OF RECEIPTS</b>								
Producer milk: Class I . . . . .	181,540,965	185,446,171	190,432,216	194,094,002	87,347,300	88,320,606	87,523,093	84,279,814
Class II . . . . .	33,253,514	39,962,028	33,597,257	38,372,805	22,690,758	22,951,377	16,851,841	18,970,667
Class III . . . . .	166,514,827	171,358,670	35,226,574	78,410,078	95,501,929	94,896,933	72,038,270	71,678,701
Class IV . . . . .	237,359,926	207,478,393	183,220,794	154,777,610	51,766,282	30,924,412	70,528,953	53,141,013
Other receipts: Class I . . . . .	18,374,433	14,199,384	17,098,605	14,386,944	40,958,219	24,355,252	44,404,478	35,947,064
Class II . . . . .	4,558,626	5,434,031	7,823,137	7,441,589	1/	1/	1/	1/
Class III . . . . .	1,725,685	3,381,427	199,435	90,899,672	1/	1/	1/	1/
Class IV . . . . .	28,376,791	27,571,562	28,319,974	22,735,421	1/	1/	1/	1/
Avg. daily producer receipts . . . . .	19,957,072	20,141,509	14,273,446	15,521,817	8,300,202	7,903,111	7,965,876	7,602,340
Change From Previous Year . . . . .	39.82%	29.76%	-28.10%	8.58%	4.20%	3.96%	-4.95%	-6.32%
Avg. daily Class I use . . . . .	6,448,884	6,654,852	6,694,543	6,949,365	3,105,832	3,240,064	3,078,730	3,103,254
Change From Previous Year . . . . .	-3.67%	-4.24%	3.60%	6.55%	0.88%	4.41%	2.21%	6.56%

1/ Restricted - Included with Class I.

**HIGHLIGHTS THIS ISSUE:**

- Market Summaries for December 2005
- December 2005 Class Prices
- Class I Price for February 2006
- USDA Holds Hearing on Class III and Class IV Milk Price Formula Manufacturing Allowances
- USDA Holds Hearing on Proposed Amendments to Appalachian and Southeast Milk Orders
- Producers and Producer Milk by Order, State, and County, November 2005
- Frequently Asked Questions Published by Economic Research Service

**FREQUENTLY ASKED QUESTIONS PUBLISHED BY ECONOMIC RESEARCH SERVICE**

Have you ever wondered which States are the top ten in agricultural production? Are you curious about how farm household income compares with the income of other U.S. households? Or, would you like to know what types of farm operations receive government payments?

These questions, and several others, are all addressed on the USDA Economic Research Service's (ERS) website. The ERS offers answers to questions frequently received from policymakers, agribusiness, other researchers, and the media. The topics include food and diet, farming, conservation, and rural communities. Follow the following link for more details: <http://www.ers.usda.gov/AboutERS/FAQs.htm> ♦