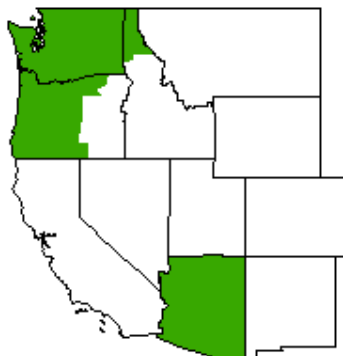


## Pacific Northwest & Arizona Marketing Areas



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**William A. Wise**  
 Market Administrator

**January 2012**

### MARKET SUMMARIES FOR DECEMBER 2011

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

#### Pacific Northwest

Producers delivered a total of 581.0 million pounds of milk to the market during December. Daily deliveries averaged 18.7 million pounds, down 14.9 percent from November. An estimated 513 producers delivered milk to the market during the month. Daily deliveries per producer averaged 36,535 pounds, up 3.7 percent from November.

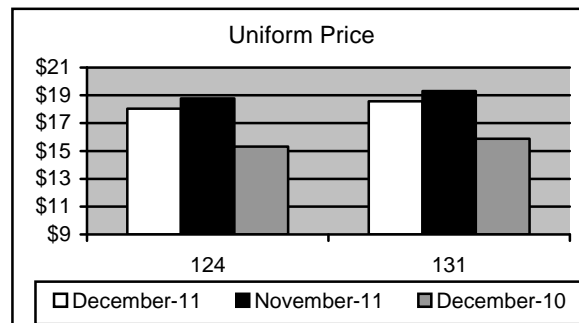
Class I producer milk during December totaled 190.6 million pounds, 32.8 percent of total producer receipts. Daily usage averaged 6.1 million pounds, down 4.2 percent from November.

#### Arizona

Producers delivered a total of 386.1 million pounds of milk to the market during December. Daily deliveries averaged

12.5 million pounds, up 3.8 percent from November. An estimated 98 producers delivered milk to the market during the month. Daily deliveries per producer averaged 127,081 pounds, up 3.8 percent from November.

Class I producer milk during December totaled 118.8 million pounds, 30.8 percent of total producer receipts. Daily usage averaged 3.8 million pounds, down 5.6 percent from November. ♦



### Federal Order Producer Prices and Component Levels: December 2011

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	18.05	18.57	Butterfat	3.890	3.678
Butterfat 2/	1.7443	1.7944	Protein	3.251	N/A
Protein 2/	3.3404	N/A	Other Solids	5.731	N/A
Other Solids 2/	0.4683	N/A	Nonfat Solids	8.981	N/A
PPD 1/*	-\$0.72	N/A			
Skim 1/	N/A	12.74			

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

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**DECEMBER 2011 CLASS PRICES**

December 2011 non-advanced Class Prices were calculated using NASS commodity price surveys from December 3, 10, 17, and 24, 2011. Component prices for the month are \$3.3404 per pound of protein, \$1.7443 per pound of butterfat, \$0.4683 per pound of other solids, and \$1.2398 per pound of nonfat solids.

December 2011 Class III and IV prices at 3.5% butterfat are \$18.77 and \$16.87 per hundredweight, respectively. The December Class III price compared to November is down \$0.30. The Class III price is \$4.94 higher than in December 2010.

Class II butterfat was announced at \$1.7513 per pound. Class I skim and butterfat and Class II skim prices for December 2011 were announced on November 18, 2011. The Class II price at 3.5% butterfat is \$18.08 for December 2011.

**FINAL: NASS COMMODITY PRICES**

	<u>November</u>	<u>December</u>	<u>Change</u>
Cheese*	\$1.8415	\$1.8070	-\$0.0345
Butter	\$1.7824	\$1.6119	-\$0.1705
Nonfat Dry Milk	\$1.4522	\$1.4201	-\$0.0321
Whey	\$0.6380	\$0.6538	\$0.0158

\* 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 a decrease for 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 20.15 cents between the December 17 and the January 14 surveys, to \$1.5724 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a decrease of 10.18 cents to \$1.6081 per pound.

The NASS butter price showed a net decrease of 0.94 cents between the weeks ending December 17 and January 14 from \$1.5922 per pound to \$1.5828 per pound.

The NASS nonfat dry milk showed a net decrease of 2.67 cents since mid-December to \$1.4151 per pound. The average price for NASS whey showed an increase of 4.58 cents since mid-December to \$0.7020 per pound. ♦

**FEBRUARY'S CLASS I PRICE ANNOUNCEMENT**

On January 20, the February 2012 Class I price was announced at \$18.93 for the Pacific Northwest Order and \$19.38 for the Arizona 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 \$11.42 and \$11.12 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 2.25 cents from \$1.7395 to \$1.7170 per pound.

The February 2012 Class II skim and nonfat solids prices were also announced on January 20. The skim price is \$11.82 per hundredweight, and the nonfat solids price is \$1.3133 pound for all Federal orders. ♦

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

	<u>January</u>	<u>February</u>	<u>Change</u>
Cheese*	\$1.8102	\$1.6052	-\$0.2050
Butter	\$1.6079	\$1.5893	-\$0.0186
Nonfat Dry Milk	\$1.4419	\$1.4155	-\$0.0264
Whey	\$0.6549	\$0.6915	\$0.0366

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

**NASS TO REINSTATE SEVERAL AGRICULTURAL ESTIMATES PROGRAMS**

NASS leadership recently concluded a deliberate review of all programs against mission- and user-based criteria, aimed at finding cost savings and forward-thinking business efficiencies so that timely, accurate and useful data remains available in service to agriculture. In 2011, NASS made several enhancements within its programs and operations to deliver improved results for the American people, including opening a new national operations center in St. Louis that will centralize data collection and service to people who provide and use NASS products and services. These efforts and more over the last year have allowed NASS leadership the flexibility within its budget to retain and reinstate several key reports.

Among the reinstated programs are the "Annual Reports on Farm Numbers, Land In Farms Reports and Farm Income" and the "July Cattle Report". The full list of reinstated programs is available at [www.nass.usda.gov](http://www.nass.usda.gov). ♦

### USDA ANNOUNCES FINAL RULE REGARDING NATIONAL DAIRY PROMOTION AND RESEARCH BOARD REAPPORTIONMENT

The U.S. Department of Agriculture announced a final rule on December 23, 2011, that amends the National Dairy Promotion and Research Order.

The final rule adopts the National Dairy Promotion and Research Board's proposal and therefore representation in Region 1 is increased from one member to two members; Region 2 representation is decreased from eight members to seven members; Region 3 is decreased from four members to two members; Region 8 and Region 10 are combined to create a new Region 10 with two members, and is comprised of Alabama, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and Virginia; Region 8 is now comprised of Idaho with two members; Region 12 and 13 are combined to create a new Region 12 and is comprised of Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont, with three members.

The Dairy Order provides that the board shall review the geographic distribution of milk production throughout the United States and, if warranted, shall recommend to the Secretary a reapportionment of the regions and/or modification of the number of members from the regions in order to better reflect the geographic distribution of milk production volume in the United States.

The board was established under the Dairy Production Stabilization Act of 1983, as amended, to develop and administer a coordinated program of promotion, research, and nutrition education. The 38-member board is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The program is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially and a 7.5-cent per hundredweight assessment, or equivalent thereof, on milk and dairy products imported into the United States.

Copies of the final rule may be obtained from USDA, AMS, Dairy Programs, Room 2958-S, Washington, DC 202250-0233, USA from 9 a.m. to 4 p.m., Monday through Friday. The final rule is also available on [www.regulations.gov](http://www.regulations.gov) and the AMS website at [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy). ♦

### FREQUENTLY ASKED QUESTIONS REGARDING THE EUROPEAN UNION HEALTH CERTIFICATION PROGRAM

On January 6, 2012, the USDA's Agricultural Marketing Service issued a four-page document entitled "Frequently Asked Questions Regarding the European Union Health Certification Program."

The five areas addressed in the document include:

- Milk Quality Requirements
- Milk Supplier's Responsibilities
- Derogations
- Review of Records
- Fees

The official EU Health Certification Program document may be found at <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5096347>.

If additional questions arise regarding this program, please contact Ken Vorgert, Chief, Dairy Grading Branch at 630-437-5037; email [Ken.Vorgert@ams.usda.gov](mailto:Ken.Vorgert@ams.usda.gov) or Diane Lewis, Director of Grading and Standards Division at 202-690-0530; [Diane.Lewis@ams.usda.gov](mailto:Diane.Lewis@ams.usda.gov).

The Dairy Grading Branch offers certification services to assist in the export of dairy and related products. The Dairy Grading Branch issues these certificates to eligible plants. Eligible plants include dairy plants listed in the Interstate Milk Shippers list (IMS list), the FDA maintained European Union Dairy Plant Reference list (EU list), and Dairy Plants Surveyed and Approved for USDA Grading Service (USDA Approved Plant list). ♦

### USDA INVITES APPLICATIONS FOR RENEWABLE ENERGY AND ENERGY EFFICIENT PROJECTS

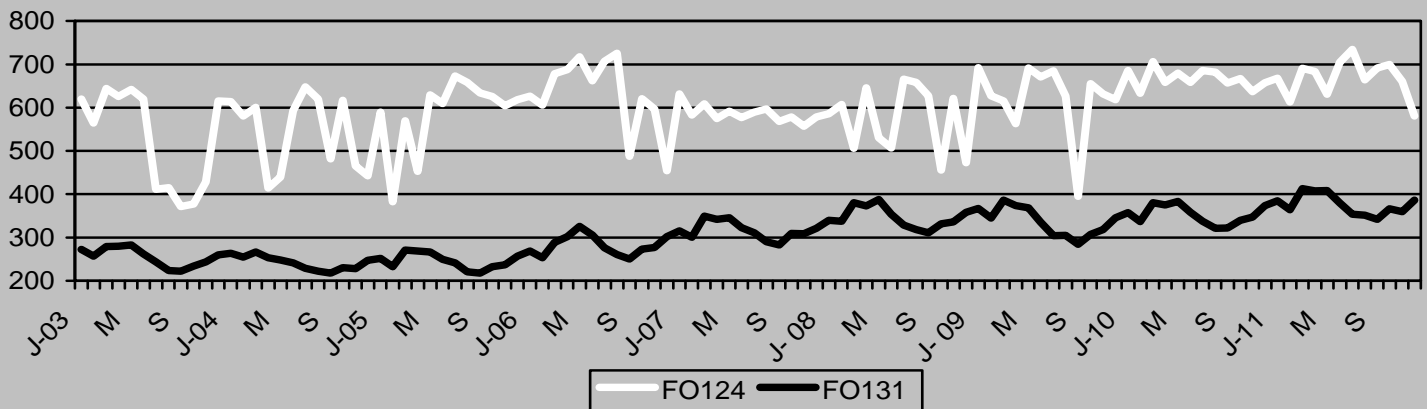
On January 20, 2012, Agriculture Secretary Tom Vilsack announced that USDA is seeking applications to provide assistance to agricultural producers and rural small businesses to complete a variety of energy efficiency and renewable energy projects. Funding is available from USDA's Rural Energy for America Program (REAP) authorized by the Food, Conservation, and Energy Act of 2008 (Farm Bill).

For more details, see USDA Release No. 0019.12 available at [www.usda.gov](http://www.usda.gov). ♦

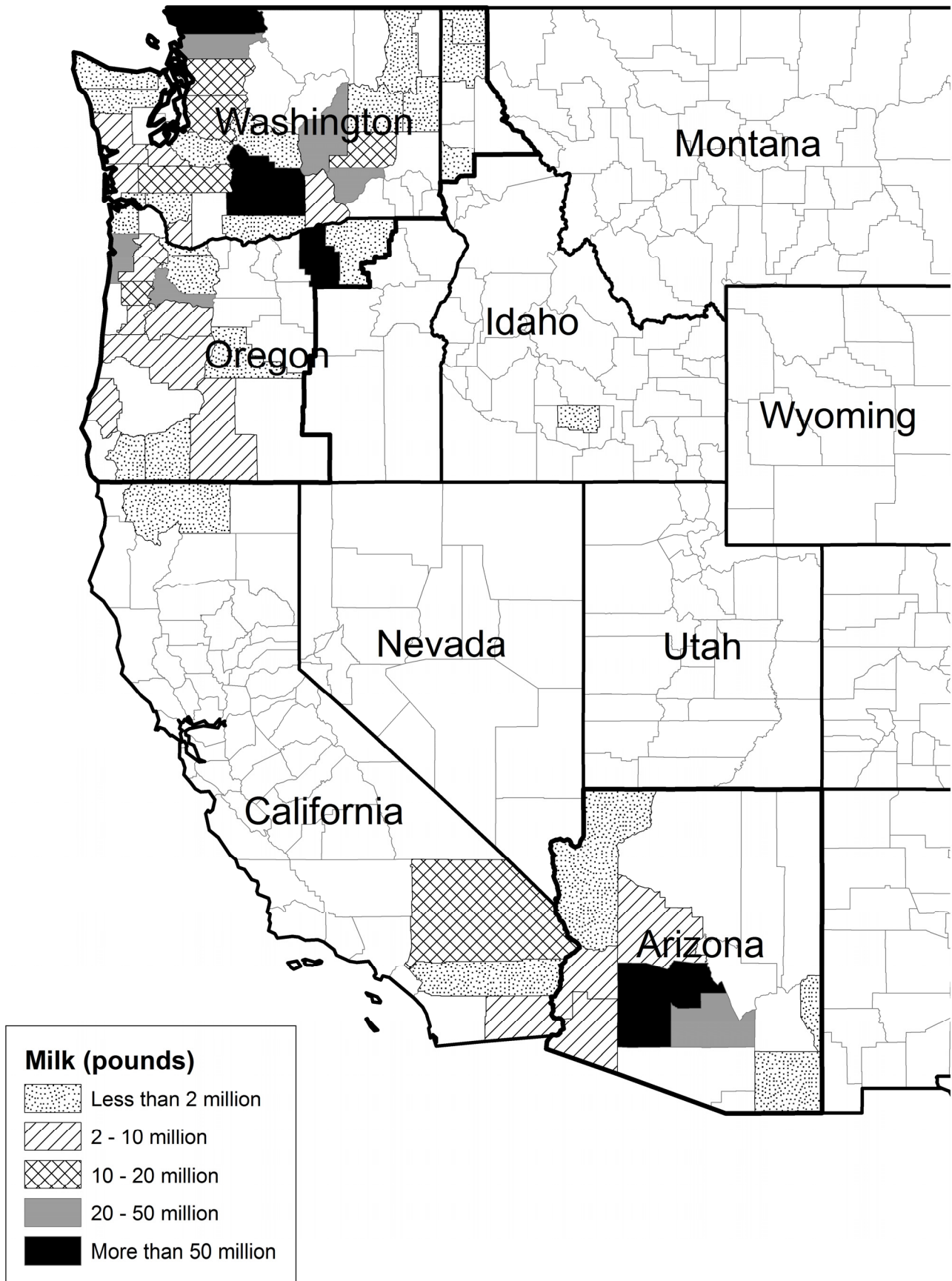
**Number of Producers and Pounds of Milk: By Order, State, and County, November 2011**

State	County	Producers	Milk	State	County	Producers	Milk
<b>Pacific Northwest Order</b>				<b>Pacific Northwest Order (Continued)</b>			
<b>California</b>				<b>Oregon</b>			
	Siskiyou	3	1,269,413		Benton	3	2,821,357
<b>Total California</b>		<b>3</b>	<b>1,269,413</b>		Clackamas & Multnomah	8	1,009,877
<b>Idaho</b>					Clatsop	4	1,010,718
	Bonner, Boundary, Latah & Lincoln, ID	4	561,937		Coos	7	2,312,677
<b>Total Idaho</b>		<b>4</b>	<b>561,937</b>		Deschutes, Jackson & Klamath	8	4,863,017
<b>Washington</b>					Josephine	3	886,731
	Adams	9	16,635,988		Lane	3	4,699,167
	Benton	3	6,730,843		Linn	7	4,642,686
	Clark & Cowlitz	10	7,016,686		Marion	28	26,726,273
	Franklin	11	36,976,587		Morrow & Umatilla	8	63,496,669
	Grant & Kittitas	24	46,546,352		Polk	5	10,038,029
	Grays Harbor, Jefferson & Clallam	11	5,251,254		Tillamook	105	41,280,647
	King	25	12,644,953		Washington	12	4,844,021
	Klickitat	3	926,522		Yamhill	6	8,562,371
	Lewis	30	10,010,049	<b>Total Oregon</b>		<b>207</b>	<b>177,194,240</b>
	Lincoln & Spokane	7	1,305,757	<b>Arizona Order</b>			
	Pacific	8	2,205,347	<b>Arizona</b>			
	Skagit	31	21,417,991		Maricopa	71	285,136,057
	Snohomish & Island	26	17,065,388		Cochise, Greenlee, & Pinal, AZ	13	41,946,018
	Stevens	8	1,366,505		La Paz, Mohave, Yavapai & Yuma, AZ and Imperial, Riverside, & San Bernardino, CA	14	32,784,654
	Thurston & Pierce	10	10,369,129	<b>Total Arizona</b>		<b>98</b>	<b>359,866,729</b>
	Wahkiakum	4	547,139	<b>Total Pacific Northwest Order</b>			
	Whatcom	119	80,860,293	<b>625</b>			
	Yakima	72	203,874,630	<b>Total Arizona Order</b>			
<b>Total Washington</b>		<b>411</b>	<b>481,751,413</b>	<b>98</b>			
				<b>Total</b>			
				<b>723</b>			
				<b>1,020,643,732</b>			

**Pacific Northwest (FO124) and Arizona (FO131) Producer Milk Pooled January 2003 - December 2011 (million pounds)**



### Pounds of Producer Milk by County, November 2011



# MONTHLY SELECTED STATISTICS

## PACIFIC NORTHWEST

## ARIZONA

Minimum Class Prices (3.5% B.F.)	Dec 2011	Nov 2011	Dec 2010	Nov 2010	Dec 2011	Nov 2011	Dec 2010	Nov 2010
Class I Milk (\$/cwt.)	\$20.37	\$20.35	\$18.86	\$19.14	\$20.82	\$20.80	\$19.31	\$19.59
Class II Milk (\$/cwt.)	18.08	19.26	15.77	17.21	18.08	19.26	15.77	17.21
Class III Milk (\$/cwt.)	18.77	19.07	13.83	15.44	18.77	19.07	13.83	15.44
Class IV Milk (\$/cwt.)	16.87	17.87	15.03	16.68	16.87	17.87	15.03	16.68
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt.)	\$(0.72)	\$(0.30)	\$ 1.49	\$ 1.27	+	+	+	+
Butterfat (\$/pound)	1.7443	1.9508	1.7952	2.2422	+	+	+	+
Protein (\$/pound)	3.3404	3.2341	2.1706	2.1981	+	+	+	+
Other Solids (\$/pound)	0.4683	0.4521	0.1852	0.1797	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	12.74	12.93	9.61	9.64
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.7944	1.9512	1.8874	2.2858
Statistical Uniform Price (\$/cwt.)	\$18.05	\$18.77	\$15.32	\$16.71	\$18.57	\$19.31	\$15.88	\$17.30
<b>Producer Data</b>								
Number of Producers	513 *	625	633	647	98 *	98	100	101
Avg. Daily Production (lbs.)	36,535 *	35,241	33,516	32,842	127,081 *	122,404	120,484	114,589
<b>Producer Milk Ratios</b>								
Class I	32.80%	29.11%	29.45%	30.67%	30.78%	33.83%	31.30%	34.78%
Class II	5.75%	5.56%	5.98%	7.18%	6.93%	8.97%	8.29%	9.88%
Class III	28.31%	38.58%	39.43%	41.05%	28.72%	25.48%	22.98%	26.84%
Class IV	33.14%	26.75%	25.14%	21.10%	33.57%	31.72%	37.43%	28.50%

+ Not Applicable. \* Preliminary.

## MONTHLY SUPPLEMENTAL STATISTICS

Number of Handlers	Nov 2011	Oct 2011	Nov 2010	Oct 2010	Nov 2011	Oct 2011	Nov 2010	Oct 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	22	21	24	23	24	25
<b>Class I Route Disposition In Area</b>								
By Pool Plants	175,444,098	176,109,318	176,492,078	174,268,498	96,201,416	94,149,772	97,654,925	95,551,941
By Producer-Handlers	7,362,105	7,194,482	8,697,198	8,486,219	0	0	0	0
By Other Plants	8,049,920 *	7,821,451	8,410,880	8,074,776	5,893,064 *	5,492,354	6,971,132	6,137,029
Total	190,856,123	191,125,251	193,600,156	190,829,493	102,094,480	99,642,126	104,626,057	101,688,970
<b>Producer-Handler Data</b>								
% Class I Use	65.77%	62.33%	63.77%	59.94%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.86%	3.76%	4.49%	4.45%	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				
	Dec 2011	Nov 2011	Dec 2010	Nov 2010	Dec 2011	Nov 2011	Dec 2010	Nov 2010	
TOTAL PRODUCER MILK	581,020,887	660,777,003	657,677,439	637,461,894	386,072,110	359,866,729	373,499,231	347,205,558	
RECEIPTS FROM OTHER SOURCES	12,336,269	14,117,150	10,121,214	8,698,452	4,801,469	3,528,851	2,560,445	3,830,928	
OPENING INVENTORY . . . . .	34,009,035	37,331,489	37,146,297	39,136,466	22,455,042	21,884,692	22,736,621	23,287,596	
<b>TOTAL TO BE ACCOUNTED FOR</b>	<b>627,366,191</b>	<b>712,225,642</b>	<b>704,944,950</b>	<b>685,296,812</b>	<b>413,328,621</b>	<b>385,280,272</b>	<b>398,796,297</b>	<b>374,324,082</b>	
<b>UTILIZATION OF RECEIPTS</b>									
Whole milk . . . . .	34,021,113	33,180,379	32,905,570	32,223,965	24,442,862	24,284,324	24,510,018	24,099,547	
Flavored milk & milk drinks . . . . .	14,472,113	16,656,902	14,598,554	16,774,024	6,148,340	6,803,883	6,653,570	7,793,480	
2% milk . . . . .	73,198,868	70,842,976	71,459,560	70,809,784	35,006,216	35,028,906	35,694,174	35,481,736	
1% milk . . . . .	27,282,281	27,162,670	26,892,513	26,896,718	15,827,305	16,892,585	16,079,782	16,751,241	
Skim milk . . . . .	26,935,208	26,101,112	27,691,652	28,350,888	11,953,719	12,740,266	12,704,068	13,071,745	
Buttermilk . . . . .	1,433,521	1,500,059	1,319,924	1,436,699	436,878	451,452	456,104	457,176	
CLASS I ROUTE DISP. IN AREA. . . . .	177,343,104	175,444,098	174,867,773	176,492,078	93,815,320	96,201,416	96,097,716	97,654,925	
Class I dispositions out of area . . . . .	16,531,963	14,432,513	15,147,016	14,684,412	25,373,272	24,827,706	23,301,881	23,790,520	
Other Class I usage . . . . .	14,933,195	19,506,283	19,103,111	17,428,384	12,307,495	12,660,558	10,932,635	13,274,043	
<b>TOTAL CLASS I USE. . . . .</b>	<b>208,808,262</b>	<b>209,382,894</b>	<b>209,117,900</b>	<b>208,604,874</b>	<b>131,496,087</b>	<b>133,689,680</b>	<b>130,332,232</b>	<b>134,719,488</b>	
TOTAL CLASS II USE . . . . .	40,055,484	44,677,015	45,444,318	51,453,214	27,380,381	33,127,764	31,543,559	34,907,164	
TOTAL CLASS III USE . . . . .	164,458,921	255,416,900	262,748,242	263,409,623	110,873,702	91,696,763	86,432,457	94,398,398	
TOTAL CLASS IV USE . . . . .	214,043,524	202,748,833	187,634,490	161,829,101	143,578,451	126,766,065	150,488,049	110,299,032	
<b>TOTAL ACCOUNTED FOR . . . . .</b>	<b>627,366,191</b>	<b>712,225,642</b>	<b>704,944,950</b>	<b>685,296,812</b>	<b>413,328,621</b>	<b>385,280,272</b>	<b>398,796,297</b>	<b>374,324,082</b>	
<b>CLASSIFICATION OF RECEIPTS</b>									
Producer milk:	Class I . . . . .	190,556,629	192,384,142	193,661,660	195,510,263	118,822,975	121,746,579	116,892,755	120,770,798
	Class II . . . . .	33,424,509	36,725,392	39,350,301	45,754,033	26,747,289	32,298,031	30,945,465	34,301,652
	Class III . . . . .	164,458,921	254,955,863	259,323,797	261,696,692	110,873,702	91,696,763	85,843,310	93,203,981
	Class IV . . . . .	192,580,828	176,711,606	165,341,681	134,500,906	129,628,144	114,125,356	139,817,701	98,929,127
Other receipts:	Class I . . . . .	18,251,633	16,998,752	15,456,240	13,094,611	12,673,112	11,943,101	13,439,477	13,948,690
	Class II . . . . .	6,630,975	7,951,623	6,094,017	5,699,181	1/	1/	1/	1/
	Class III . . . . .	0	461,037	3,424,445	1,712,931	1/	1/	1/	1/
	Class IV . . . . .	21,462,696	26,037,227	22,292,809	27,328,195	14,583,399	13,470,442	11,857,589	13,169,834
Avg. daily producer receipts . . . . .		18,742,609	22,025,900	21,215,401	21,248,730	12,453,939	11,995,558	12,048,362	11,573,519
Change From Previous Year . . . . .		-11.66%	3.66%	6.31%	0.90%	3.37%	3.65%	8.02%	8.92%
Avg. daily Class I use . . . . .		6,735,750	6,979,430	6,745,739	6,953,496	4,241,809	4,456,323	4,204,266	4,490,650
Change From Previous Year . . . . .		-0.15%	0.37%	-4.27%	0.76%	0.89%	-0.76%	-5.21%	-1.09%

1/ Restricted - Included with Class IV.

**HIGHLIGHTS THIS ISSUE:**

- Market Summaries for December 2011
- December 2011 Class Prices
- Class I Price for February 2012
- NASS to Reinstate Several Agricultural Estimates Programs
- USDA Announced Final Rule Regarding National Dairy Promotion and Research Board Reapportionment
- Frequently Asked Questions Regarding the European Union Health Certification Program
- USDA Invites Applications for Renewable Energy and Energy Efficient Projects
- Producers and Producer Milk by Order, State, and County: November 2011

**PRODUCERS AND PRODUCER MILK BY ORDER, STATE, AND COUNTY: NOVEMBER 2011**

During the month of November 2011, a total of 723 producers, on a combined basis, were associated with the Pacific Northwest and Arizona Orders. These producers delivered a total of 1,020.6 million pounds of milk to the markets during the month. The table on page 4 contains 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. ♦