



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 40, No. 3

March 2014

Data for February 2014

MARKET SUMMARIES FOR FEBRUARY

Pacific Northwest (FO 124)

Producers delivered a total of 440.3 million pounds of milk to the market during February. Daily deliveries averaged 15.7 million pounds, down 33.0 percent from January. An estimated 444 producers delivered milk to the market during the month. Daily deliveries per producer averaged 35,420 pounds, down 11.7 percent from January.

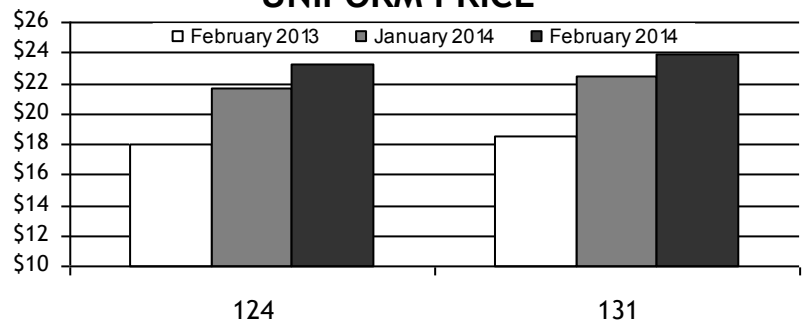
Class I producer milk during February totaled 160.8 million pounds, 36.5 percent of total producer receipts. Daily usage averaged 5.7 million pounds, down 2.5 percent from January. ▼

Arizona (FO 131)

Producers delivered a total of 390.5 million pounds of milk to the market during February. Daily deliveries averaged 13.9 million pounds, up 3.9 percent from January. An estimated 92 producers delivered milk to the market during the month. Daily deliveries per producer averaged 151,579 pounds, up 3.9 percent from January.

Class I producer milk during February totaled 101.1 million pounds, 25.9 percent of total producer receipts. Daily usage averaged 3.6 million pounds, down 7.1 percent from January. ▼

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	Jan	Feb	Jan	Feb
Uniform Price (at 3.5%)	\$21.73	\$23.22	\$22.46	\$23.84
Uniform Price (at test)	\$23.82	\$25.07	\$22.54	\$23.75
PPD	\$0.58	(\$0.13)		
Butterfat*	\$1.7874	\$2.0109		n/a
Protein*	\$4.1870	\$4.6044		
Other Solids*	\$0.4155	\$0.4453		
Uniform Skim			\$16.78	\$17.54
Uniform Butterfat		n/a	\$1.7916	\$1.9753
Butterfat	3.999%	3.916%	3.545%	3.449%
Protein	3.276%	3.208%		
Other Solids	5.711%	5.731%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ National Organic Standards Board Seeks Nominations
- ✓ USDA Announces Final Decisions
- ✓ 2013 Year End Financial Statements

Federal Order Price Summaries

FINAL CLASS PRICES

The February 2014 Final Class Prices were calculated using AMS commodity price surveys from February 8, 15, 22, and March 1, 2014. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/finalprice.htm.

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Jan 2014	\$23.38	\$23.83	\$22.21	\$21.15	\$22.29	\$1.7874	\$4.1870	\$0.4155	\$1.8470
Feb 2014	\$23.92	\$24.37	\$23.73	\$23.35	\$23.46	\$2.0109	\$4.6044	\$0.4453	\$1.8914
Change	\$0.54	\$0.54	\$1.52	\$2.20	\$1.17	\$0.2235	\$0.4174	\$0.0298	\$0.0444

ADVANCED CLASS I PRICE

The April 2014 Advanced Price was calculated using AMS commodity price surveys from March 8 and 15, 2014. 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
Mar 2014	\$2.0298	\$17.14	\$16.97	\$17.14	\$23.64	\$25.54	\$25.99	\$17.67	\$1.9633
Apr 2014	\$2.0094	\$16.36	\$17.22	\$17.22	\$23.65	\$25.55	\$26.00	\$17.92	\$1.9911
Change	(\$0.0204)	(\$0.78)	\$0.25	\$0.08	\$0.01	\$0.01	\$0.01	\$0.25	\$0.0278

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	January	February	Change
Cheese	\$2.0838	\$2.2864	\$0.2026
Butter	\$1.6475	\$1.8320	\$0.1845
Nonfat Dry Milk	\$2.0335	\$2.0783	\$0.0448
Whey	\$0.6025	\$0.6314	\$0.0289

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	March	April	Change
Cheese	\$2.3213	\$2.2211	(\$0.1002)
Butter	\$1.8476	\$1.8308	(\$0.0168)
Nonfat Dry Milk	\$2.0718	\$2.1007	\$0.0289
Whey	\$0.6238	\$0.6495	\$0.0257

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 11.74 cents between the February 15 and the March 15 surveys, to \$2.2044 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 9.00 cents to \$2.2344 per pound.

The AMS butter price showed a net decrease of 1.89 cents between the weeks ending February 15 and March 15 from \$1.8585 per pound to \$1.8396 per pound. The AMS nonfat dry milk showed a net increase of 2.13 cents since mid-February to \$2.0984 per pound. The average price for AMS whey showed an increase of 2.23 cents since mid-February to \$0.6506 per pound.

A current summary of various commodity prices is available at www.fmmaseattle.com/prices.htm. 

USDA News



USDA SEEKS NOMINATIONS FOR THE NATIONAL ORGANIC STANDARDS BOARD

The U.S. Department of Agriculture (USDA) is seeking nominations to fill four vacancies on the National Organic Standards Board (NOSB).

Vacancies for the 15-member organic standards board need to be filled for an environmentalist, organic producer, organic handler, and retailer. The 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 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.

Appointees will serve a 5-year term of office beginning January 24, 2015.

Written nominations, with cover letters, resumes and a required form, must be postmarked on or before May 15, 2014. Nominations can also include endorsements or letters of recommendations. All applicable information should be sent to Rita Meade, USDA-AMS-NOP, 1400 Independence Avenue, SW., Room 2648-S, Ag Stop 0268, Washington, D.C. 20250. For more information, contact Rita Meade at (202) 720-3252; e-mail: Rita.Meade@ams.usda.gov.

USDA encourages board membership that reflects the diversity of the individuals served by its industry. Diversity includes gender, race, disability, length of service, and size and type of operation. ♣

Source: USDA. Agricultural Marketing Service. Release No. 028-14. Available at www.ams.usda.gov.

USDA ISSUES A FINAL RULE EXTENDING THE DAIRY FORWARD PRICING PROGRAM

On March 20, 2014, the U.S. Department of Agriculture (USDA) issued a final rule extending the Dairy Forward Pricing Program to allow producers and cooperative associations to enter into forward price contracts through September 30, 2018. This final rule also extends all other requirements of the program until September 30, 2021.

The Dairy Forward Pricing Program allows producers and producer cooperative associations to voluntarily enter into forward price contracts with handlers for milk under the Agricultural Marketing Agreement Act of 1937.

The program has not accepted new contracts since September 30, 2013. The 2014 Farm Bill allows new contracts to be entered into until September 30, 2018. Contracts may not extend beyond September 30, 2021.

Information about the decision was published in the March 21, 2014, *Federal Register*.

For additional information, contact:

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AMS News

2013 YEAR END FINANCIAL STATEMENTS

The financial statements for the Administrative and Marketing Services



Funds of the Pacific Northwest and Arizona Federal Milk Marketing Orders for the calendar year ending December 31, 2013, can be found on page 5. The two orders require that the market administrator conduct a marketing service program for producers who are not members of a qualified cooperative association which performs comparable services.

The primary functions of the marketing service involve the sampling and testing of milk, and providing marketing information to producers. The principal source of income for these programs is the marketing service deduction which is applicable to all producers for whom the services are provided.



USDA ANNOUNCES FINAL DECISIONS TO AMEND THE APPALACHIAN, SOUTHEAST, AND FLORIDA MILK MARKETING ORDERS

On March 6, 2014, the U.S. Department of Agriculture (USDA) announced two final decisions that permanently adopt amendments to the Appalachian, Southeast, and Florida federal milk marketing orders.

The first final decision is based on testimony and evidence given at a public hearing held in Louisville, Kentucky, from January 10-12, 2006. Specifically, this decision: Establishes a mileage rate factor using a fuel cost adjustor used in the transportation credit provisions of the Appalachian and Southeast orders, increases the maximum transportation credit assessment rate for both orders, and establishes a zero diversion limit standard on loads of milk requesting transportation credits. These amendments have been in place on an interim basis since 2006.

The second final decision is based on testimony and evidence given at a public hearing held in Tampa, Florida, from May 21-23, 2007. In addition to adjusting the Class I pricing surface for the Appalachian, Florida, and Southeast orders, this decision amends certain features of the diversion limit, touch-base and transportation credit provisions for the Appalachian and Southeast orders. These amendments have been in place on an interim basis since 2008. This decision also increases the maximum administrative assessment for the Appalachian, Florida, and Southeast marketing orders.

USDA will conduct a vote on the amended orders to determine producer approval. If producers approve the orders as amended, final rules will follow to implement these changes on a permanent basis. The final decisions were published in the March 7, 2014, *Federal Register*. For more information contact the market administrator offices for the Appalachian, Southeast, and Florida orders.



2013 COMPILATION OF STATISTICAL MATERIAL: PACIFIC NORTHWEST (FO 124) AND ARIZONA (FO 131) ORDERS

On March 21, 2014, the market administrator mailed copies of compilations of statistical material for the Pacific Northwest (FO 124) and Arizona (FO 131) Orders for the year 2013 to interested parties. Additional copies of these compilations and those for previous years can be requested from the market administrator's office or can be found on the market administrator's homepage at www.fmmaseattle.com. Excel files can be transmitted via email upon request.



2013 Year End Financial Statements

INCOME AND EXPENSE STATEMENT*

For Year Ending December 31, 2013

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
Income		
Assessments or Deductions	\$ 3,494,781	\$ 177,370
Late Payment Charges Assessed	347	-
Interest Earned	7,951	-
Total Income	<u>\$ 3,503,079</u>	<u>\$ 177,370</u>
Expenses		
Salaries and Services	\$ 2,055,573	\$ 49,580
Travel	152,372	17,097
Communications	55,589	2,146
Employer Payroll Contributions	680,781	13,836
Insurance	9,037	184
Rent-Buildings and Equipment	278,545	6,389
Repairs and Maintenance	13,443	22,909
Supplies	71,613	32,652
Testing and Weighing	53,815	54,558
Utilities	14,543	297
Depreciation of Fixed Assets	24,978	20,330
Conferences and Meetings	10,178	212
Training	26,339	538
Miscellaneous	13,471	275
Total Expenses	<u>\$ 2,460,275</u>	<u>\$ 221,002</u>
NET INCOME	<u>\$ 42,804</u>	<u>\$ (43,633)</u>

BALANCE SHEET*

As of December 31, 2013

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
ASSETS		
<u>Current Assets</u>		
Cash	\$ 3,783,476	\$ (119,632)
Accounts Receivable:		
Handlers	(4)	15,533
Other	22,347	570
<u>Other Assets</u>		
Prepaid Expenses	1,484	5,630
<u>Fixed Assets</u>		
Furniture and Equipment	743,205	15,168
Accumulated Depreciation	(730,883)	(14,916)
Laboratory Equipment	163,974	228,263
Accumulated Depreciation	(155,774)	(168,032)
Leasehold Improvements	37,544	766
Accumulated Depreciation	(5,164)	(105)
TOTAL ASSETS	<u>\$ 3,860,206</u>	<u>\$ (36,756)</u>
LIABILITIES AND OPERATING BALANCE		
<u>Current Liabilities</u>		
Accounts Payable:		
Trade Creditors	\$ 1,664	\$ 1,078
Accrued Employee Salaries Payable	16,929	-
Accrued Employee Annual Leave	187,542	4,482
Payroll Contributions and Withholdings	5,421	-
<u>Operating Balance</u>	3,648,649	(42,315)
TOTAL LIABILITIES AND OPERATING BALANCE	<u>\$ 3,860,206</u>	<u>\$ (36,756)</u>

* May not add due to rounding.

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Feb 2014	Jan 2014	Feb 2013	Jan 2013	Feb 2014	Jan 2014	Feb 2013	Jan 2013
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt)	\$23.92	\$23.38	\$20.11	\$20.87	\$24.37	\$23.83	\$20.56	\$21.32
Class II Milk (\$/cwt)	23.73	22.21	18.49	18.19	23.73	22.21	18.49	18.19
Class III Milk (\$/cwt)	23.35	21.15	17.25	18.14	23.35	21.15	17.25	18.14
Class IV Milk (\$/cwt)	23.46	22.29	17.75	17.63	23.46	22.29	17.75	17.63
Producer Prices								
Producer Price Differential (\$/cwt)	(\$0.13)	\$0.58	\$0.77	\$0.27	+	+	+	+
Butterfat (\$/pound)	2.0109	1.7874	1.6619	1.6168	+	+	+	+
Protein (\$/pound)	4.6044	4.1870	2.9609	3.2862	+	+	+	+
Other Solids (\$/pound)	0.4453	0.4155	0.4534	0.4647	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$17.54	\$16.78	\$13.15	\$13.55
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.9753	1.7916	1.6639	1.6419
Statistical Uniform Price (\$/cwt)	\$23.22	\$21.73	\$18.02	\$18.41	\$23.84	\$22.46	\$18.51	\$18.82
Producer Data								
Number of Producers	444	585	596	603	92	92	94	94
Avg. Daily Production (pounds)	35,420	40,096	38,660	37,375	151,579	145,840	143,932	136,640
Producer Milk Ratios								
Class I	36.52%	25.12%	25.96%	27.24%	25.89%	28.96%	28.51%	29.74%
Class II	9.96%	5.79%	5.84%	5.87%	10.34%	8.76%	7.87%	8.42%
Class III	13.24%	38.63%	44.26%	42.08%	22.34%	26.14%	24.31%	21.75%
Class IV	40.28%	30.46%	23.94%	24.81%	41.43%	36.14%	39.31%	40.09%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jan 2014	Dec 2013	Jan 2013	Dec 2012	Jan 2014	Dec 2013	Jan 2013	Dec 2012
Number of Handlers								
Pool Handlers	24	24	25	25	7	7	7	7
<i>Distributing Plants</i>	13	13	14	14	5	5	5	5
<i>Supply Plants 1/</i>	6	6	6	6	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	16	15	21	22	20	20
Class I Route Disposition In Area								
By Pool Plants	162,032,393	161,763,523	172,390,997	167,213,545	94,306,246	91,461,682	92,707,719	94,424,105
By Producer-Handlers	7,540,405	7,541,468	7,224,925	7,135,747	0	0	0	0
By Other Plants	9,948,621	10,411,456	9,869,991	9,857,863	8,815,016	8,502,952	6,636,893	5,736,741
Total	179,521,419	179,716,447	189,485,913	184,207,155	103,121,262	99,964,634	99,344,612	100,160,846
Producer-Handler Data								
% Class I Use	67.02%	66.85%	68.95%	69.06%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.20%	4.20%	3.81%	3.87%	0.00%	0.00%	0.00%	0.00%

Preliminary data indicated in **bold**. 1/ Includes Cooperative Pool Manufacturing Plants.

Monthly Statistical Summary

RECEIPTS & UTILIZATION	PACIFIC NORTHWEST				ARIZONA			
	Feb 2014	Jan 2014	Feb 2013	Jan 2013	Feb 2014	Jan 2014	Feb 2013	Jan 2013
Receipts of Milk								
Total Producer Milk	440,337,893	727,142,637	645,154,202	698,644,520	390,466,338	415,936,349	378,828,890	398,169,235
Receipts From Other Sources	7,943,149	9,566,294	9,428,247	11,783,386	5,953,886	8,622,126	1,716,856	1,684,530
Opening Inventory	29,445,005	39,538,135	36,886,880	40,146,741	24,319,666	23,383,257	23,504,536	23,614,284
Total To Be Accounted For	477,726,047	776,247,066	691,469,329	750,574,647	420,739,890	447,941,732	404,050,282	423,468,049
Utilization of Receipts								
Whole milk	30,072,143	33,805,849	30,242,674	34,032,652	22,224,476	25,594,228	22,106,937	24,280,307
Flavored milk & drinks	11,445,442	12,639,948	12,274,696	13,957,728	5,856,854	6,237,660	5,599,241	5,839,616
2% milk	59,479,345	67,179,644	61,236,023	70,435,553	29,372,967	33,922,499	30,769,137	33,972,611
1% milk	22,232,282	25,787,599	24,479,234	27,975,809	14,154,030	16,649,048	14,972,946	16,525,901
Skim milk	19,021,495	21,223,926	21,937,476	24,703,225	9,413,831	11,493,921	10,813,174	11,680,117
Buttermilk	1,296,569	1,395,427	1,322,348	1,286,030	403,617	408,890	394,239	409,167
Class I dispositions in area	143,547,276	162,032,393	151,492,451	172,390,997	81,425,775	94,306,246	84,655,674	92,707,719
Class I dispositions out of area	15,670,230	17,903,294	14,374,058	15,992,712	21,477,029	24,995,939	21,712,457	24,522,165
Other Class I usage	20,023,406	20,875,155	18,572,442	18,267,712	12,882,127	14,588,989	13,623,909	12,098,243
Utilization by Class								
Total Class I Use	179,240,912	200,810,842	184,438,951	206,651,421	115,784,931	133,891,174	119,992,040	129,328,127
Total Class II Use	46,877,436	48,691,185	44,145,732	49,539,527	41,052,541	39,730,070	30,366,353	34,081,164
Total Class III Use	59,070,909	282,958,627	286,605,104	295,163,700	87,327,774	110,049,370	92,709,944	86,614,795
Total Class IV Use	192,536,790	243,786,412	176,279,542	199,219,999	176,574,644	164,271,118	160,981,945	173,443,963
Total Accounted For	477,726,047	776,247,066	691,469,329	750,574,647	420,739,890	447,941,732	404,050,282	423,468,049

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Feb 2014	Jan 2014	Feb 2013	Jan 2013	Feb 2014	Jan 2014	Feb 2013	Jan 2013
Producer milk								
Class I	160,808,957	182,638,359	167,457,929	190,337,228	101,076,194	120,448,701	107,992,922	118,435,430
Class II	43,867,597	42,072,013	37,656,509	40,984,509	40,383,388	36,431,280	29,808,650	33,521,132
Class III	58,306,338	280,877,774	285,525,290	293,983,166	87,225,097	108,721,299	92,080,289	86,614,795
Class IV	177,355,001	221,554,491	154,514,474	173,339,617	161,781,659	150,335,069	148,947,029	159,597,878
Other receipts								
Class I	18,431,955	18,172,483	16,981,022	16,314,193	14,708,737	13,442,473	11,999,118	10,892,697
Class II	3,009,839	6,619,172	6,489,223	8,555,018	1/	1/	1/	1/
Class III	764,571	2,080,853	1,079,814	1,180,534	1/	1/	1/	1/
Class IV	15,181,789	22,231,921	21,765,068	25,880,382	15,564,815	18,562,910	13,222,274	14,406,117
Avg. daily producer receipts	15,726,353	23,456,214	23,041,222	22,536,920	13,945,226	13,417,302	13,529,603	12,844,169
Change From Previous Year	-31.75%	4.08%	0.38%	-0.35%	3.07%	4.46%	-1.91%	-2.99%
Avg. daily Class I use	6,401,461	6,477,769	6,587,105	6,666,175	4,135,176	4,319,070	4,285,430	4,171,875
Change From Previous Year	-2.82%	-2.83%	-1.84%	-0.81%	-3.51%	3.53%	1.26%	-3.14%

1/ Restricted - Included with Class IV.



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FEDERAL ORDER STATISTICS FOR FEBRUARY

Federal Order Name (Number)	Producer Deliveries	Class I Receipts	Class I Utilization	Class I Price	Uniform Price
	<i>- million pounds -</i>			<i>- per cwt (at location) -</i>	
Northeast (FO 1)	1,968.0	727.0	36.94%	\$25.27	\$24.42
Appalachian (FO 5)	430.4	299.2	69.51%	\$25.42	\$25.38
Florida (FO 6)	230.3	194.4	84.40%	\$27.42	\$27.24
Southeast (FO 7)	429.1	316.5	73.76%	\$25.82	\$25.81
Upper Midwest (FO 30)	2,291.1	289.0	12.62%	\$23.82	\$23.42
Central (FO 32)	1,099.4	381.8	34.73%	\$24.02	\$23.21
Mideast (FO 33)	1,296.7	501.5	38.68%	\$24.02	\$23.37
Pacific Northwest (FO 124)	440.3	160.8	36.52%	\$23.92	\$23.22
Southwest (FO 126)	640.1	351.4	54.90%	\$25.02	\$24.02
Arizona (FO 131)	390.5	101.1	25.89%	\$24.37	\$23.84

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