



# The Market Administrator's Report

*Facilitating the Efficient Marketing of Milk and Dairy Products*

## Pacific Northwest and Arizona Marketing Areas

*William A. Wise, Market Administrator*

Volume 42, No. 3

March 2016

Data for February 2016

### MARKET SUMMARIES FOR FEBRUARY

#### Pacific Northwest (FO 124)

Producers delivered a total of 716.5 million pounds of milk to the market during February. Daily deliveries averaged 24.7 million pounds, up 2.3 percent from January. An estimated 559 producers delivered milk to the market during the month. Daily deliveries per producer averaged 44,197 pounds, up 2.3 percent from January.

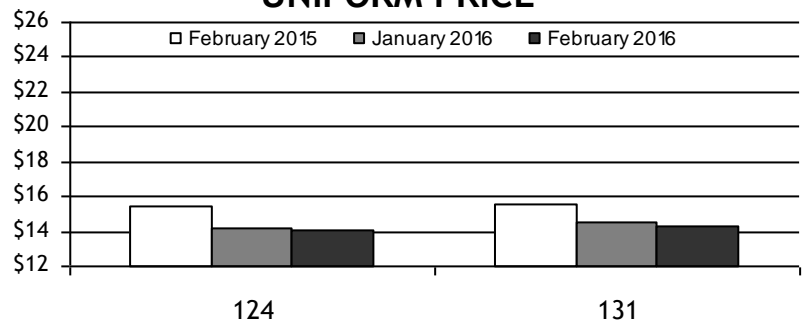
Class I producer milk during February totaled 159.5 million pounds, 22.3 percent of total producer receipts. Daily usage averaged 5.5 million pounds, up 3.3 percent from January. ▼

#### Arizona (FO 131)

Producers delivered a total of 433.1 million pounds of milk to the market during February. Daily deliveries averaged 14.9 million pounds, up 7.1 percent from January. An estimated 95 producers delivered milk to the market during the month. Daily deliveries per producer averaged 157,205 pounds, up 7.1 percent from January.

Class I producer milk during February totaled 104.1 million pounds, 24.0 percent of total producer receipts. Daily usage averaged 3.6 million pounds, up 3.3 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%)	\$14.15	\$14.08	\$14.50	\$14.30
Uniform Price (at test)	\$16.07	\$15.73	\$14.82	\$14.30
PPD	\$0.43	\$0.28		
Butterfat	\$2.3062	\$2.3778		n/a
Protein	\$1.8169	\$1.7389		
Other Solids	\$0.0371	\$0.0492		
Uniform Skim			\$6.29	\$6.23
Uniform Butterfat		n/a	\$2.4098	\$2.3681
Butterfat	4.094%	4.005%	3.636%	3.500%
Protein	3.297%	3.243%		
Other Solids	5.733%	5.733%		n/a

### HIGHLIGHTS THIS ISSUE

- ✓ 2015 Year-End Financial Statements
- ✓ National Agricultural Day
- ✓ Overview of Component Tests: 2015

# Federal Order Price Summaries

## FINAL CLASS PRICES

The February 2016 Final Class Prices were calculated using AMS commodity price surveys from February 6, 13, 20, and 27, 2016. Current and archived Final Class Price announcements are available at [www.fmmaseattle.com/finalprice.htm](http://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 2016	\$17.94	\$18.39	\$14.19	\$13.72	\$13.31	\$2.3062	\$1.8169	\$0.0371	\$0.6037
Feb 2016	\$15.54	\$15.99	\$14.30	\$13.80	\$13.49	\$2.3778	\$1.7389	\$0.0492	\$0.5951
Change	(\$2.40)	(\$2.40)	\$0.11	\$0.08	\$0.18	\$0.0716	(\$0.0780)	\$0.0121	(\$0.0086)

## ADVANCED CLASS I PRICE

The April 2016 Advanced Price was calculated using AMS commodity price surveys from March 12 and 19, 2016. Current and archived Advanced Price announcements are available at [www.fmmaseattle.com/advanceprice.htm](http://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 2016	\$2.4103	\$5.54	\$5.35	\$5.54	\$13.78	\$15.68	\$16.13	\$6.05	\$0.6722
Apr 2016	\$2.2106	\$6.22	\$5.19	\$6.22	\$13.74	\$15.64	\$16.09	\$5.89	\$0.6544
Change	(\$0.1997)	\$0.68	(\$0.16)	\$0.68	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.16)	(\$0.0178)

# Commodity Price Summaries

## AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION


	January	February	Change
Cheese	\$1.5178	\$1.5170	(\$0.0008)
Butter	\$2.0759	\$2.1350	\$0.0591
Nonfat Dry Milk	\$0.7776	\$0.7689	(\$0.0087)
Whey	\$0.2351	\$0.2469	\$0.0118

## AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	March	April	Change
Cheese	\$1.5158	\$1.5148	(\$0.0010)
Butter	\$2.1618	\$1.9969	(\$0.1649)
Nonfat Dry Milk	\$0.7684	\$0.7504	(\$0.0180)
Whey	\$0.2426	\$0.2502	\$0.0076

## CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net increase in prices received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 0.66 cents between the February 13 and the March 19 surveys, to \$1.5024 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 0.33 cents to \$1.5041 per pound.

The AMS butter price showed a decrease of 15.74 cents between the weeks ending February 13 and March 19 from \$2.1514 per pound to \$1.9940 per pound. The AMS nonfat dry milk showed a net decrease of 2.01 cents since mid-February to \$0.7430 per pound. The average price for AMS whey showed a net increase of 0.89 cents since mid-February to \$0.2450 per pound. 

# Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Feb 2016	Jan 2016	Feb 2015	Jan 2015	Feb 2016	Jan 2016	Feb 2015	Jan 2015
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt)	\$0.28	\$0.43	(\$0.04)	(\$0.34)	+	+	+	+
Butterfat (\$/pound)	2.3778	2.3062	1.8296	1.6855	+	+	+	+
Protein (\$/pound)	1.7389	1.8169	2.4051	2.6731	+	+	+	+
Other Solids (\$/pound)	0.0492	0.0371	0.3273	0.4001	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$6.23	\$6.29	\$9.55	\$10.22
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.3681	2.4098	1.8122	1.7640
Statistical Uniform Price (\$/cwt)	\$14.08	\$14.15	\$15.42	\$15.84	\$14.30	\$14.50	\$15.56	\$16.04
<b>Producer Data</b>								
Number of Producers	<b>559</b>	559	432	469	<b>95</b>	95	94	95
Avg. Daily Production (pounds)	<b>44,197</b>	43,194	37,684	39,896	<b>157,205</b>	146,828	145,548	139,496
<b>Producer Milk Ratios</b>								
Class I	22.27%	22.05%	33.42%	30.28%	24.04%	24.91%	26.44%	26.98%
Class II	6.29%	5.45%	8.74%	7.09%	10.09%	11.09%	11.34%	10.14%
Class III	41.10%	41.29%	12.50%	25.19%	23.16%	27.18%	18.98%	21.83%
Class IV	30.34%	31.21%	45.34%	37.44%	42.71%	36.82%	43.24%	41.05%
<b>Market Shrinkage</b>								
Pounds	10,678,375	11,015,186	7,079,047	10,225,295	1,856,144	1,908,935	1,033,947	1,510,243
% of Producer Milk	1.49%	1.47%	1.55%	1.76%	0.43%	0.44%	0.27%	0.37%

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

# Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jan 2016	Dec 2015	Jan 2015	Dec 2014	Jan 2016	Dec 2015	Jan 2015	Dec 2014
<b>Number of Handlers</b>								
Pool Handlers	24	24	23	25	7	8	7	7
<i>Distributing Plants</i>	11	12	13	13	5	6	5	5
<i>Supply Plants 1/</i>	7	6	5	7	1	1	1	1
<i>Cooperatives</i>	6	6	5	5	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	<b>20</b>	21	21	19	<b>27</b>	24	23	23
<b>Class I Route Disposition In Area</b>								
By Pool Plants	153,593,533	155,778,558	154,756,610	156,358,454	85,743,761	87,471,808	87,673,877	88,281,083
By Producer-Handlers	6,308,741	7,271,991	6,970,448	7,396,060	0	0	0	0
By Other Plants	<b>11,163,189</b>	12,450,255	11,634,843	11,822,675	<b>7,830,162</b>	8,074,900	7,084,882	7,892,272
Total	171,065,463	175,500,804	173,361,901	175,577,189	93,573,923	95,546,708	94,758,759	96,173,355
<b>Producer-Handler Data</b>								
% Class I Use	55.82%	64.55%	63.57%	65.72%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.69%	4.14%	4.02%	4.21%	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 2016	Jan 2016	Feb 2015	Jan 2015	Feb 2016	Jan 2016	Feb 2015	Jan 2015
<b>Receipts of Milk</b>								
Total Producer Milk	716,471,877	748,503,541	455,830,012	580,046,841	433,099,196	432,409,851	383,083,139	410,814,676
Receipts From Other Sources	9,914,910	8,846,331	9,541,728	21,887,367	2,878,379	2,403,249	8,066,742	6,426,075
Opening Inventory	44,199,390	39,209,936	33,699,001	32,070,512	24,303,249	23,560,168	22,947,165	20,586,654
<b>Total To Be Accounted For</b>	<b>770,586,177</b>	<b>796,559,808</b>	<b>499,070,741</b>	<b>634,004,720</b>	<b>460,280,824</b>	<b>458,373,268</b>	<b>414,097,046</b>	<b>437,827,405</b>
<b>Utilization of Receipts</b>								
Whole milk	37,743,400	39,357,910	31,764,002	35,425,232	24,573,225	26,064,883	22,519,185	24,927,646
Flavored milk & drinks	12,607,577	13,015,404	12,464,650	13,415,139	7,320,113	7,296,643	5,804,148	6,676,191
2% milk	54,283,421	57,865,013	52,181,801	59,112,482	28,653,233	30,525,468	28,573,678	31,634,881
1% milk	23,906,642	25,814,068	23,957,800	27,062,983	13,256,715	14,103,522	13,462,354	15,012,964
Skim milk	15,113,795	16,202,204	16,407,017	18,272,313	7,310,347	7,753,245	8,080,216	8,984,543
Buttermilk	1,457,809	1,338,934	1,293,749	1,468,461	2/	2/	403,102	437,652
Class I dispositions in area	145,112,644	153,593,533	138,069,019	154,756,610	81,113,633	85,743,761	78,842,683	87,673,877
Class I dispositions out of area	10,454,528	10,895,705	14,499,190	15,492,491	22,852,766	24,560,024	22,159,845	23,651,846
Other Class I usage	20,149,496	19,892,603	19,518,822	22,099,708	11,665,204	11,449,105	9,342,390	9,174,378
<b>Utilization by Class</b>								
Total Class I Use	175,716,668	184,381,841	172,087,031	192,348,809	115,631,603	121,752,890	110,344,918	120,500,101
Total Class II Use	51,914,379	45,834,742	47,162,462	46,375,918	45,011,209	48,747,644	44,238,307	42,307,901
Total Class III Use	294,853,277	309,401,278	56,989,126	157,002,428	100,553,610	117,509,553	72,699,181	89,688,531
Total Class IV Use	248,101,853	256,941,947	222,832,122	238,277,565	199,084,402	170,363,181	186,814,640	185,330,872
<b>Total Accounted For</b>	<b>770,586,177</b>	<b>796,559,808</b>	<b>499,070,741</b>	<b>634,004,720</b>	<b>460,280,824</b>	<b>458,373,268</b>	<b>414,097,046</b>	<b>437,827,405</b>

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Feb 2016	Jan 2016	Feb 2015	Jan 2015	Feb 2016	Jan 2016	Feb 2015	Jan 2015
<b>Producer milk</b>								
Class I	159,524,821	165,047,395	152,317,361	175,662,097	104,101,193	107,729,394	101,299,394	110,849,947
Class II	45,064,783	40,812,365	39,834,148	41,096,580	43,682,695	47,972,690	43,437,752	41,636,973
Class III	294,463,421	309,085,046	56,961,697	146,089,971	100,303,821	117,509,553	72,699,181	89,688,531
Class IV	217,418,852	233,558,735	206,716,806	217,198,193	185,011,487	159,198,214	165,646,812	168,639,225
<b>Other receipts</b>								
Class I	16,191,847	19,334,446	19,769,670	16,686,712	11,530,410	14,023,496	9,045,524	9,650,154
Class II	6,849,596	5,022,377	7,328,314	5,279,338	1/	1/	1/	1/
Class III	1/	1/	1/	1/	1/	0	0	1/
Class IV	31,072,857	23,699,444	16,142,745	31,991,829	15,651,218	11,939,921	21,968,383	17,362,575
<b>Avg. daily producer receipts</b>	<b>24,705,927</b>	<b>24,145,276</b>	<b>16,279,643</b>	<b>18,711,188</b>	<b>14,934,455</b>	<b>13,948,705</b>	<b>13,681,541</b>	<b>13,252,086</b>
Change From Previous Year	51.76%	29.04%	3.52%	-20.23%	9.16%	5.26%	-1.89%	-1.23%
<b>Avg. daily Class I use</b>	<b>6,059,195</b>	<b>5,947,801</b>	<b>6,145,965</b>	<b>6,204,800</b>	<b>3,987,297</b>	<b>3,927,513</b>	<b>3,940,890</b>	<b>3,887,100</b>
Change From Previous Year	-1.41%	-4.14%	-3.99%	-4.21%	1.18%	1.04%	-4.70%	-10.00%

1/ Restricted - Included with Class IV. 2/ Restricted - Included with Flavored milk and drinks.

# USDA Updates

## NATIONAL AGRICULTURAL DAY

*The following is an excerpt of a statement released by Agriculture Secretary Tom Vilsack on March 15, 2016:*

On this National Agriculture Day, we recognize the American farmers, ranchers, and growers who do so much for our country, producing the food our children need to grow up healthy and reach their full potential.

Today, we are building a 21st century agricultural economy that is stronger and more diverse than ever before, carrying on the rural values that represent the very best of us. The greatness of American agriculture spreads across the many ways that farmers grow and raise the food we eat, and USDA supports and celebrates them all. American agriculture is making nutritious food accessible to more American children and families than ever before.

Many here in Washington, and in other parts of the country, don't always realize all that rural America does for us. Less than one tenth of one percent of Americans are responsible for growing 85 percent of our food. That gives the other 99 percent of us the great privilege of doing whatever else we want to do with our lives, which is an incredible freedom we take for granted in this country.

So today, we thank our farmers, for providing a healthy start for our children, and for contributing to ever more vibrant communities. 🐾

*Source: USDA. Office of Communications. Release No. 0067.16*

## USDA ANNOUNCES MEETING FOR THE NATIONAL ORGANIC STANDARDS BOARD; INVITES PUBLIC COMMENTS

On March 15, 2016, the U.S. Department of Agriculture's Agricultural Marketing Service announced that the National Organic Standards Board (NOSB) will have a public meeting in Washington, D.C., from April 25-27, 2016. In advance of the meeting, the NOSB is accepting public comments.

The board meeting provides a public forum for the organic community to provide input on issues concerning organic production and processing.

Written comments can be submitted until 11:59 p.m. Eastern on April 14, 2016, at [www.regulations.gov](http://www.regulations.gov). More information is available at [www.ams.usda.gov/nop](http://www.ams.usda.gov/nop). 🐾

*Source: USDA. Agricultural Marketing Service.*

## ECONOMIC RESEARCH SERVICE PUBLICATION

In March 2016, the U.S. Department of Agriculture's Economic Research Service published a report titled "Changing Structure, Financial Risks, and Government Policy for the U.S. Dairy Industry." The full report is available at [www.ers.usda.gov/publications/err-economic-research-report/err205](http://www.ers.usda.gov/publications/err-economic-research-report/err205). 🐾

*Source: USDA. Economic Research Service.*

## 2015 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, 2015, can be found on page 6. 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. 🐾

# 2015 Year End Financial Statements

## INCOME AND EXPENSE STATEMENT\*

For Year Ending December 31, 2015

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
<b>Income</b>		
Assessments or Deductions	\$ 3,720,842	\$ 195,340
Late Payment Charges Assessed	14,478	-
Interest Earned	318	-
<b>Total Income</b>	<u>\$ 3,735,638</u>	<u>\$ 195,340</u>
<b>Expenses</b>		
Salaries and Services	\$ 2,109,364	\$ 56,642
Travel	159,385	15,752
Communications	52,087	1,064
Employer Payroll Contributions	730,072	14,989
Insurance	10,393	212
Rent-Buildings and Equipment	321,070	7,165
Repairs and Maintenance	14,685	18,088
Supplies	56,900	16,475
Testing and Weighing	53,437	50,069
Utilities	14,029	1,512
Depreciation of Fixed Assets	9,760	18,146
Conferences and Meetings	2,526	7,832
Training	22,209	453
Miscellaneous	1,857	38
<b>Total Expenses</b>	<u>\$ 3,557,774</u>	<u>\$ 208,438</u>
<b>NET INCOME</b>	<u>\$ 177,864</u>	<u>\$ (13,098)</u>

## BALANCE SHEET\*

As of December 31, 2015

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 3,998,408	\$ (115,696)
Accounts Receivable:		
Handlers	21,778	17,312
Other	30,584	1,156
<u>Other Assets</u>		
Prepaid Expenses	41,779	983
<u>Fixed Assets</u>		
Furniture and Equipment	747,391	15,253
Accumulated Depreciation	(707,782)	(14,445)
Laboratory Equipment	163,974	228,263
Accumulated Depreciation	(163,974)	(204,092)
Leasehold Improvements	37,544	766
Accumulated Depreciation	(14,287)	(292)
<b>TOTAL ASSETS</b>	<u>\$ 4,155,416</u>	<u>\$ (70,791)</u>
<b>LIABILITIES AND OPERATING BALANCE</b>		
<u>Current Liabilities</u>		
Accounts Payable:		
Trade Creditors	\$ 2,055	\$ 231
Accrued Employee Salaries Payable	33,066	-
Accrued Employee Annual Leave	199,784	4,731
Payroll Contributions and Withholdings	11,803	-
<u>Operating Balance</u>	3,908,708	(75,753)
<b>TOTAL LIABILITIES AND OPERATING BALANCE</b>	<u>\$ 4,155,416</u>	<u>\$ (70,791)</u>

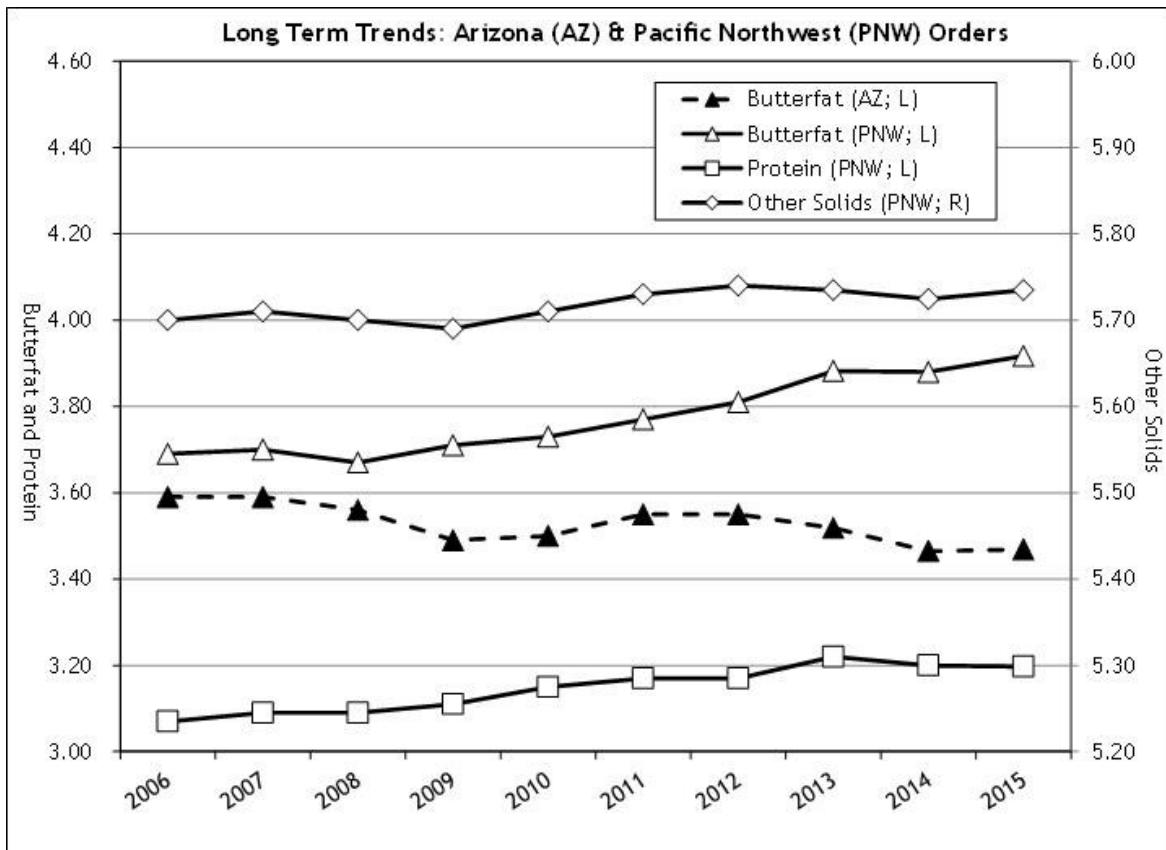
\* May not add due to rounding.

# Overview of Component Tests: 2015

The market administrator's office recently published an overview of component tests of producer milk pooled on the Pacific Northwest and Arizona Federal Milk Marketing Orders. The tables summarize average tests by order, month, year, region, size-range of production, and long term trends. Producer milk values are also calculated using Federal order minimum producer prices for the respective orders at 3.5% butterfat and at test. All test and value averages are weighted averages.

The farm level data included in these tables comprises all producers and producer milk pooled on the Pacific Northwest and Arizona Orders. The data was collected from producer payrolls submitted by handlers to the market administrator's office. Components available for the Pacific Northwest Order are butterfat, protein, and other solids. Other solids are lactose and minerals. The component for the Arizona Order is butterfat. In certain months, milk production that historically qualified to be pooled on an order may not have been pooled due to price relationships. This historically eligible producer milk is not included in this analysis. Large changes in producer numbers and producer milk typically indicate those months when milk was not pooled due to price relationships. Small differences may be evident between published pool information and the data shown in this overview due to the use of partially audited payroll data.

The table below provides one aspect of the data included in the overview.



The overview can be found at [www.fmmaseattle.com/historicaldata.htm](http://www.fmmaseattle.com/historicaldata.htm), under Overviews of Component Tests: Pacific Northwest and Arizona Orders. Please contact John Mykrantz at [jmykrantz@fmmaseattle.com](mailto:jmykrantz@fmmaseattle.com) or 425-487-5612, if you have any questions. 🐮

# Federal Order Statistics for February 2016

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)	2,137.8	725.9	33.95%	\$16.89	\$15.29
Appalachian (FO 5)	454.1	316.9	69.80%	\$17.04	\$16.41
Florida (FO 6)	235.5	196.4	83.37%	\$19.04	\$18.43
Southeast (FO 7)	426.7	312.5	73.25%	\$17.44	\$16.88
Upper Midwest (FO 30)	3,101.0	284.1	9.16%	\$15.44	\$13.99
Central (FO 32)	1,312.6	394.2	30.03%	\$15.64	\$14.21
Mideast (FO 33)	1,601.6	518.0	32.35%	\$15.64	\$14.37
<b>Pacific Northwest (FO 124)</b>	<b>716.5</b>	<b>159.5</b>	<b>22.27%</b>	<b>\$15.54</b>	<b>\$14.08</b>
Southwest (FO 126)	1,197.4	352.7	29.46%	\$16.64	\$15.02
<b>Arizona (FO 131)</b>	<b>433.1</b>	<b>104.1</b>	<b>24.04%</b>	<b>\$15.99</b>	<b>\$14.30</b>

For links to Market Administrator's webpages, see [www.fmmaseattle.com/dairyreferences.htm](http://www.fmmaseattle.com/dairyreferences.htm).



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