



# 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 43, No. 3

March 2017

Data for February 2017

### MARKET SUMMARIES FOR FEBRUARY

#### Pacific Northwest (FO 124)

Producers delivered a total of 551.6 million pounds of milk to the market during February. Daily deliveries averaged 19.7 million pounds, up 1.1 percent from January. An estimated 446 producers delivered milk to the market during the month. Daily deliveries per producer averaged 44,174 pounds, up 1.1 percent from January.

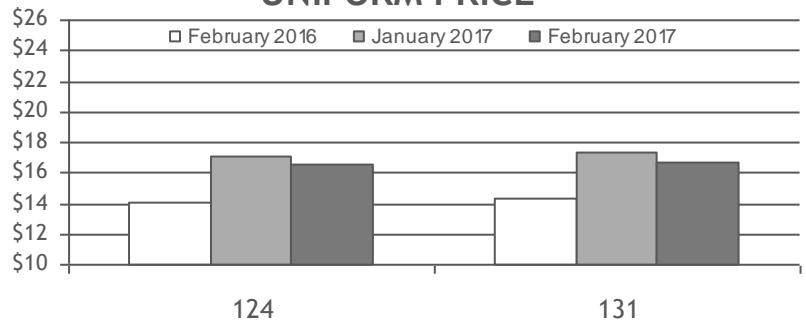
Class I producer milk during February totaled 148.0 million pounds, 26.8 percent of total producer receipts. Daily usage averaged 5.3 million pounds, down 2.7 percent from January. ▼

#### Arizona (FO 131)

Producers delivered a total of 392.2 million pounds of milk to the market during February. Daily deliveries averaged 14.0 million pounds, down 5.7 percent from January. An estimated 90 producers delivered milk to the market during the month. Daily deliveries per producer averaged 155,637 pounds, down 5.7 percent from January.

Class I producer milk during February totaled 100.2 million pounds, 25.5 percent of total producer receipts. Daily usage averaged 3.6 million pounds, down 3.0 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%)	\$17.03	\$16.58	\$17.36	\$16.73
Uniform Price (at test)	\$19.37	\$18.61	\$17.88	\$17.10
PPD	\$0.26	(\$0.30)		
Butterfat	\$2.5253	\$2.4274		n/a
Protein	\$2.1768	\$2.2348		
Other Solids	\$0.2503	\$0.2990		
Uniform Skim			\$8.90	\$8.47
Uniform Butterfat		n/a	\$2.5048	\$2.4458
Butterfat	4.134%	4.075%	3.719%	3.654%
Protein	3.325%	3.267%		
Other Solids	5.732%	5.752%		n/a

### HIGHLIGHTS THIS ISSUE

- ✓ 2016 Financial Statements
- ✓ 2016 Compilation of Statistics
- ✓ Overview of Component Tests

# Federal Order Price Summaries

## FINAL CLASS PRICES

The February 2017 Final Class Prices were calculated using AMS commodity price surveys from February 4, 11, 18, and 25, 2017. Current and archived Final Class Price announcements are available at [www.fmmaseattle.com/classcomponent.html](http://www.fmmaseattle.com/classcomponent.html).

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Jan 2017	\$19.35	\$19.80	\$16.36	\$16.77	\$16.19	\$2.5253	\$2.1768	\$0.2503	\$0.8465
Feb 2017	\$18.63	\$19.08	\$16.52	\$16.88	\$15.59	\$2.4247	\$2.2348	\$0.2990	\$0.8166
Change	(\$0.72)	(\$0.72)	\$0.16	\$0.11	(\$0.60)	(\$0.1006)	\$0.0580	\$0.0487	\$0.0299

## ADVANCED CLASS I PRICE

The April 2017 Advanced Price was calculated using AMS commodity price surveys from March 11 and 18, 2017. Current and archived Advanced Price announcements are available at [www.fmmaseattle.com/advance.html](http://www.fmmaseattle.com/advance.html).

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 2017	\$2.4428	\$8.65	\$7.30	\$8.65	\$16.90	\$18.80	\$19.25	\$8.00	\$0.8889
Apr 2017	\$2.4483	\$7.75	\$6.08	\$7.75	\$16.05	\$17.95	\$18.40	\$6.78	\$0.7533
Change	\$0.0055	(\$0.90)	(\$1.22)	(\$0.90)	(\$0.85)	(\$0.85)	(\$0.85)	(\$1.22)	(\$0.1356)

# Commodity Price Summaries

## AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION


	January	February	Change
Cheese	\$1.7011	\$1.6871	(\$0.0140)
Butter	\$2.2568	\$2.1760	(\$0.0808)
Nonfat Dry Milk	\$1.0229	\$0.9926	(\$0.0303)
Whey	\$0.4421	\$0.4894	\$0.0473

## AMS COMMODITY PRICES FOR

	March	April	Change
Cheese	\$1.6889	\$1.5793	(\$0.1096)
Butter	\$2.1887	\$2.1932	\$0.0045
Nonfat Dry Milk	\$0.9875	\$0.8506	(\$0.1369)
Whey	\$0.4876	\$0.5235	\$0.0359

## CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a decrease in prices received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a decrease of 16.93 cents between the February 18 and the March 18 surveys, to \$1.5441 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 13.58 cents to \$1.5262 per pound.

The AMS butter price showed a net increase of 3.45 cents between the weeks ending February 18 and March 18 from \$2.1624 per pound to \$2.1969 per pound. The AMS nonfat dry milk showed a net decrease of 13.03 cents since mid-February to \$0.8517 per pound. The average price for AMS whey showed an increase of 3.19 cents since mid-February to \$0.5263 per pound. 

# Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Feb 2017	Jan 2017	Feb 2016	Jan 2016	Feb 2017	Jan 2017	Feb 2016	Jan 2016
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt)	(\$0.30)	\$0.26	\$0.28	\$0.43	+	+	+	+
Butterfat (\$/pound)	2.4274	2.5253	2.3778	2.3062	+	+	+	+
Protein (\$/pound)	2.2348	2.1768	1.7389	1.8169	+	+	+	+
Other Solids (\$/pound)	0.2990	0.2503	0.0492	0.0371	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$8.47	\$8.90	\$6.23	\$6.29
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.4458	2.5048	2.3681	2.4098
Statistical Uniform Price (\$/cwt)	\$16.58	\$17.03	\$14.08	\$14.15	\$16.73	\$17.36	\$14.30	\$14.50
<b>Producer Data</b>								
Number of Producers	<b>446</b>	446	558	559	<b>90</b>	90	94	95
Avg. Daily Production (pounds)	<b>44,174</b>	43,685	44,276	43,194	<b>155,637</b>	168,741	158,877	146,828
<b>Producer Milk Ratios</b>								
Class I	26.82%	27.89%	22.27%	22.05%	25.54%	24.85%	24.04%	24.91%
Class II	7.22%	7.39%	6.29%	5.45%	9.12%	8.85%	10.09%	11.09%
Class III	30.42%	29.39%	41.10%	41.29%	14.77%	25.60%	23.16%	27.18%
Class IV	35.54%	35.33%	30.34%	31.21%	50.57%	40.70%	42.71%	36.82%
<b>Market Shrinkage</b>								
Pounds	8,605,623	12,229,981	10,678,375	11,015,186	1,776,355	3,173,143	1,856,144	1,908,935
% of Producer Milk	1.56%	2.02%	1.49%	1.47%	0.45%	0.69%	0.43%	0.44%

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

# Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jan 2017	Dec 2016	Jan 2016	Dec 2015	Jan 2017	Dec 2016	Jan 2016	Dec 2015
<b>Number of Handlers</b>								
Pool Handlers	23	23	24	24	8	8	7	8
<i>Distributing Plants</i>	12	12	11	12	6	6	5	6
<i>Supply Plants 1/</i>	4	4	7	6	1	1	1	1
<i>Cooperatives</i>	7	7	6	6	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	<b>21</b>	20	20	21	<b>23</b>	23	27	24
<b>Class I Route Disposition In Area</b>								
By Pool Plants	152,281,876	154,159,677	153,593,533	155,778,558	81,819,674	82,412,874	85,743,761	87,471,808
By Producer-Handlers	7,067,159	7,227,561	6,308,741	7,271,991	0	0	0	0
By Other Plants	<b>13,654,008</b>	12,562,384	11,163,189	12,450,255	<b>8,867,771</b>	8,284,298	7,830,162	8,074,900
Total	173,003,043	173,949,622	171,065,463	175,500,804	90,687,445	90,697,172	93,573,923	95,546,708
<b>Producer-Handler Data</b>								
% Class I Use	60.73%	59.65%	55.82%	64.55%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.08%	4.15%	3.69%	4.14%	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 2017	Jan 2017	Feb 2016	Jan 2016	Feb 2017	Jan 2017	Feb 2016	Jan 2016
<b>Receipts of Milk</b>								
Total Producer Milk	551,642,867	603,982,710	716,471,877	748,503,541	392,205,273	460,324,212	433,099,196	432,409,851
Receipts From Other Sources	12,043,915	10,188,424	9,914,910	8,846,331	2,362,695	2,962,214	2,878,379	2,403,249
Opening Inventory	32,501,637	37,382,122	44,199,390	39,209,936	25,395,365	25,956,545	24,303,249	23,560,168
<b>Total To Be Accounted For</b>	<b>596,188,419</b>	<b>651,553,256</b>	<b>770,586,177</b>	<b>796,559,808</b>	<b>419,963,333</b>	<b>489,242,971</b>	<b>460,280,824</b>	<b>458,373,268</b>
<b>Utilization of Receipts</b>								
Whole milk	37,675,819	42,003,522	37,743,400	39,357,910	23,495,767	26,594,761	24,573,225	26,064,883
Flavored milk & drinks	12,744,084	13,610,358	12,607,577	13,015,404	7,219,668	7,460,927	7,320,113	7,296,643
2% milk	50,145,288	56,831,151	54,283,421	57,865,013	25,907,293	28,795,469	28,653,233	30,525,468
1% milk	21,324,249	24,233,038	23,906,642	25,814,068	11,382,316	12,405,031	13,256,715	14,103,522
Skim milk	12,583,105	14,176,615	15,113,795	16,202,204	5,992,148	6,563,486	7,310,347	7,753,245
Buttermilk	1,350,008	1,427,192	1,457,809	1,338,934	2/	2/	2/	2/
Class I dispositions in area	135,822,553	152,281,876	145,112,644	153,593,533	73,997,192	81,819,674	81,113,633	85,743,761
Class I dispositions out of area	10,136,444	11,004,099	10,454,528	10,895,705	27,080,018	30,514,789	22,852,766	24,560,024
Other Class I usage	20,963,367	21,590,390	20,149,496	19,892,603	12,812,201	14,681,884	11,665,204	11,449,105
<b>Utilization by Class</b>								
Total Class I Use	166,922,364	184,876,365	175,716,668	184,381,841	113,889,411	127,016,347	115,631,603	121,752,890
Total Class II Use	42,144,722	47,804,864	51,914,379	45,834,742	36,803,442	41,894,449	45,011,209	48,747,644
Total Class III Use	168,081,045	177,943,695	294,853,277	309,401,278	1/	117,945,107	100,553,610	117,509,553
Total Class IV Use	219,040,288	240,928,332	248,101,853	256,941,947	269,270,480	202,387,068	199,084,402	170,363,181
<b>Total Accounted For</b>	<b>596,188,419</b>	<b>651,553,256</b>	<b>770,586,177</b>	<b>796,559,808</b>	<b>419,963,333</b>	<b>489,242,971</b>	<b>460,280,824</b>	<b>458,373,268</b>

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Feb 2017	Jan 2017	Feb 2016	Jan 2016	Feb 2017	Jan 2017	Feb 2016	Jan 2016
<b>Producer milk</b>								
Class I	147,968,037	168,430,267	159,524,821	165,047,395	100,176,236	114,388,752	104,101,193	107,729,394
Class II	39,808,610	44,645,209	45,064,783	40,812,365	35,771,213	40,754,242	43,682,695	47,972,690
Class III	167,792,459	177,484,962	294,463,421	309,085,046	57,933,226	117,858,921	100,303,821	117,509,553
Class IV	196,073,761	213,422,272	217,418,852	233,558,735	198,324,598	187,322,297	185,011,487	159,198,214
<b>Other receipts</b>								
Class I	18,954,327	16,446,098	16,191,847	19,334,446	13,713,175	12,627,595	11,530,410	14,023,496
Class II	2,336,112	3,159,655	6,849,596	5,022,377	1/	1/	1/	1/
Class III	1/	1/	1/	1/	0	1/	1/	0
Class IV	23,255,113	27,964,793	31,072,857	23,699,444	14,044,885	16,291,164	15,651,218	11,939,921
<b>Avg. daily producer receipts</b>	<b>19,701,531</b>	<b>19,483,313</b>	<b>24,705,927</b>	<b>24,145,276</b>	<b>14,007,331</b>	<b>14,849,168</b>	<b>14,934,455</b>	<b>13,948,705</b>
Change From Previous Year	-20.26%	-19.31%	51.76%	29.04%	-6.21%	6.46%	9.16%	5.26%
<b>Avg. daily Class I use</b>	<b>5,961,513</b>	<b>5,963,754</b>	<b>6,059,195</b>	<b>5,947,801</b>	<b>4,067,479</b>	<b>4,097,302</b>	<b>3,987,297</b>	<b>3,927,513</b>
Change From Previous Year	-1.61%	0.27%	-1.41%	-4.14%	2.01%	4.32%	1.18%	1.04%

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

## USDA News

### 2016 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, 2016, 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. 🐾

### COMPILATION OF STATISTICAL MATERIAL FOR 2016 NOW AVAILABLE

The Compilation of Statistical Material for the Pacific Northwest (FO 124) and Arizona (FO 131) Orders are now available for the year of 2016. The material includes data on producer milk, prices, and active plants in the marketing area. This year's edition will not be mailed, but copies of these compilations and those for previous years can be found on the market administrator's website at <http://www.fmmaseattle.com/statisticalreport.html>. Excel files can be transmitted via email upon request.

Please contact Lori Espe at [Lori@fmmaseattle.com](mailto:Lori@fmmaseattle.com) or 425-487-5615 with any questions. 🐾

### USDA CENSUS OF AGRICULTURE NEWS RELEASE

America's farmers and ranchers will soon have the opportunity to represent agriculture in their communities and industry by taking part in the 2017 Census of Agriculture. Conducted every five years by the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS), the census, to be mailed at the end of this year, is a complete count of all U.S. farms, ranches, and those who operate them.

The Census of Agriculture highlights land use and ownership, operator characteristics, production practices, income and expenditures, and other topics. Producers who are new to farming or did not receive a Census of Agriculture in 2012 still have time to sign up to receive the 2017 Census of Agriculture report form by visiting [www.agcensus.usda.gov](http://www.agcensus.usda.gov) and clicking on the 'Make Sure You Are Counted' button through June. NASS defines a farm as any place from which \$1,000 or more of agricultural products were produced and sold, or normally would have been sold, during the census year (2017).

For more information about the 2017 Census of Agriculture and the see how census data are used, visit [www.agcensus.usda.gov](http://www.agcensus.usda.gov) or call (800) 727-9540. 🐾

Source: USDA. National Agriculture Statistics Service. Available at [www.nass.usda.gov](http://www.nass.usda.gov). News release dated 3/15/17.

# 2016 Year End Financial Statements

## INCOME AND EXPENSE STATEMENT\*

For Year Ending December 31, 2016

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
<b>Income</b>		
Assessments or Deductions	\$ 3,590,239	\$ 216,917
Late Payment Charges Assessed	7,329	-
Interest Earned	155	-
<b>Total Income</b>	<u>\$ 3,597,723</u>	<u>\$ 216,917</u>
<b>Expenses</b>		
Salaries and Services	\$ 2,029,735	\$ 52,681
Travel	153,718	12,835
Communications	57,936	1,474
Employer Payroll Contributions	758,210	15,408
Insurance	11,273	233
Rent-Buildings and Equipment	326,214	4,634
Repairs and Maintenance	29,190	33,210
Supplies	34,230	21,138
Testing and Weighing	50,939	52,394
Utilities	14,009	286
Depreciation of Fixed Assets	38,351	15,957
Conferences and Meetings	(7,224)	450
Training	6,394	130
Miscellaneous	2,033	42
<b>Total Expenses</b>	<u>\$ 3,505,009</u>	<u>\$ 210,872</u>
<b>NET INCOME</b>	<u>\$ 92,715</u>	<u>\$ 6,045</u>

## BALANCE SHEET\*

As of December 31, 2016

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
<b>ASSETS</b>		
<b><u>Current Assets</u></b>		
Cash	\$ 3,843,115	\$ (111,632)
Accounts Receivable:		
Handlers	361	17,319
Other	35,768	-
<b><u>Other Assets</u></b>		
Prepaid Expenses	41,488	21,576
Deposits	500	
<b><u>Fixed Assets</u></b>		
Furniture and Equipment	520,675	10,626
Accumulated Depreciation	(490,975)	(10,020)
Laboratory Equipment	313,060	211,293
Accumulated Depreciation	(23,880)	(202,784)
Leasehold Improvements	37,544	766
Accumulated Depreciation	(18,849)	(385)
<b>TOTAL ASSETS</b>	<u>\$ 4,258,807</u>	<u>\$ (63,240)</u>
<b>LIABILITIES AND OPERATING BALANCE</b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable:		
Trade Creditors	\$ 10,093	\$ 2,297
Accrued Employee Salaries Payable	41,325	-
Accrued Employee Annual Leave	190,970	4,171
Payroll Contributions and Withholdings	14,997	-
<b><u>Operating Balance</u></b>	<u>4,001,422</u>	<u>(69,708)</u>
<b>TOTAL LIABILITIES AND OPERATING BALANCE</b>	<u>\$ 4,258,807</u>	<u>\$ (63,240)</u>

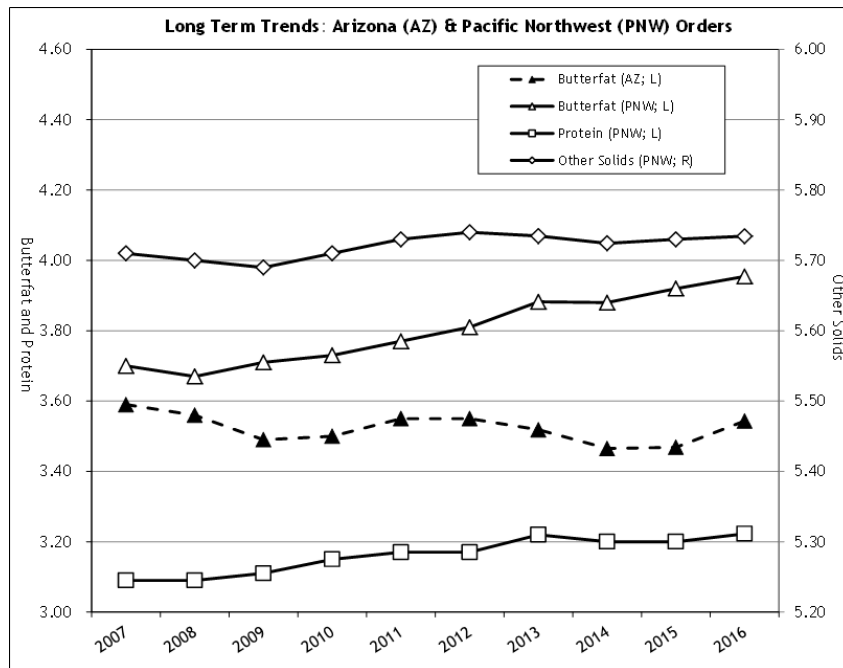
\* May not add due to rounding.

# Overview of Component Tests: 2016

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 graph below provides one aspect of the data included in the overview.



The overview can be found at <http://fmmaseattle.com/staffpapers.html> under Component Tests/ Levels of Producer Milk at the Farm Level: Pacific Northwest and Arizona Federal 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 2017

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)	2,148.7	676.9	31.50%	\$19.98	\$17.77
Appalachian (FO 5)	432.0	307.4	71.16%	\$20.13	\$19.09
Florida (FO 6)	213.0	177.7	83.43%	\$22.13	\$21.07
Southeast (FO 7)	437.8	299.8	68.48%	\$20.53	\$19.36
Upper Midwest (FO 30)	2,251.1	258.3	11.48%	\$18.53	\$16.94
Central (FO 32)	1,226.4	384.1	31.32%	\$18.73	\$16.83
Mideast (FO 33)	1,609.7	510.6	31.72%	\$18.73	\$16.92
<b>Pacific Northwest (FO 124)</b>	<b>551.6</b>	<b>148.0</b>	<b>26.82%</b>	<b>\$18.63</b>	<b>\$16.58</b>
Southwest (FO 126)	853.8	330.0	38.65%	\$19.73	\$17.57
<b>Arizona (FO 131)</b>	<b>392.2</b>	<b>100.2</b>	<b>25.54%</b>	<b>\$19.08</b>	<b>\$16.73</b>

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



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### E-mail the MA Office

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### Visit the MA Website

[www.fmmaseattle.com](http://www.fmmaseattle.com)