

Pacific Northwest & Arizona-Las Vegas Marketing Areas



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 Market Administrator

May 2005

MARKET SUMMARIES FOR APRIL 2005

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

Pacific Northwest

Producers delivered a total of 453.0 million pounds of milk to the market during April. Comparisons to the previous month are affected by eligible milk not pooled in March and April 2005. Daily deliveries averaged 15.1 million pounds, down 17.7 percent from March. An estimated 673 producers delivered milk to the market during the month. Daily deliveries per producer averaged 22,438 pounds, down 12.5 percent from March.

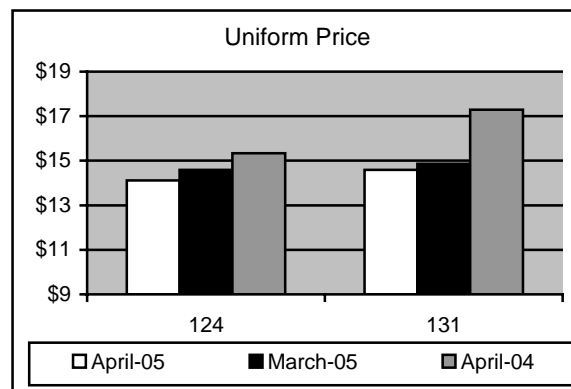
Class I producer milk during April totaled 176.7 million pounds, 39.0 percent of total producer receipts. Daily usage averaged 5.9 million pounds, down 2.7 percent from March.

Arizona-Las Vegas

Producers delivered a total of 268.7 million pounds of milk to the market during

April. Daily deliveries averaged 9.0 million pounds, up 2.6 percent from March. An estimated 91 producers delivered milk to the market during the month. Daily deliveries per producer averaged 98,416 pounds, up 2.6 percent from March.

Class I producer milk during April totaled 82.3 million pounds, 30.6 percent of total producer receipts. Daily usage averaged 2.7 million pounds, up 0.5 percent from March. ♦



Federal Order Producer Prices and Component Levels: April 2005

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	14.12	14.59	Butterfat	3.637	3.519
Butterfat 2/	1.6964	1.7086	Protein	3.019	N/A
Protein 2/	2.7055	N/A	Other Solids	5.712	N/A
Other Solids 2/	0.1020	N/A	Nonfat Solids	8.731	N/A
PPD 1/*	(0.49)	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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APRIL 2005 CLASS PRICES

April 2005 non-advanced Class Prices were calculated using NASS commodity price surveys from April 2, 9, 16, and 23, 2005. Component prices for the month are \$2.7055 per pound of protein, \$1.6964 per pound of butterfat, \$0.1020 per pound of other solids, and \$0.7678 per pound of nonfat solids.

April 2005 Class III and IV prices at 3.5% butterfat are \$14.61 and \$12.61 per hundredweight, respectively. The April Class III price compared to March is up \$0.53. The Class III price is \$5.05 lower than April 2004. The Class III price at 3.67% butterfat is \$4.99 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.7034 per pound. Class I skim and butterfat and Class II skim prices for April 2005 were announced on March 18, 2005. The Class II price at 3.5% butterfat is \$13.24 for April 2005 .

FINAL: NASS COMMODITY PRICES

	March	April	Change
Cheese*	\$1.5061	\$1.5590	\$0.0529
Butter	\$1.5549	\$1.5287	-\$0.0262
Nonfat Dry Milk	\$0.9083	\$0.9156	\$0.0073
Whey	\$0.2513	\$0.2580	\$0.0067

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

Current Commodity Prices -- The NASS survey of cheddar cheese prices showed a decrease in prices received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 10.98 cents between the April 16 and the May 14 surveys, to \$1.4586 per pound.

The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a decrease of 15.98 cents to \$1.4065 per pound.

The NASS butter price showed a decrease of 15.69 cents between the weeks ending April 16 and May 14 from \$1.5350 per pound to \$1.3781 per pound.

The NASS nonfat dry milk showed a net increase of 0.98 cent since mid-April to \$0.9282 per pound. The average price for NASS whey showed a net decrease of 0.10 cent since mid-April to \$0.2595 per pound. ♦

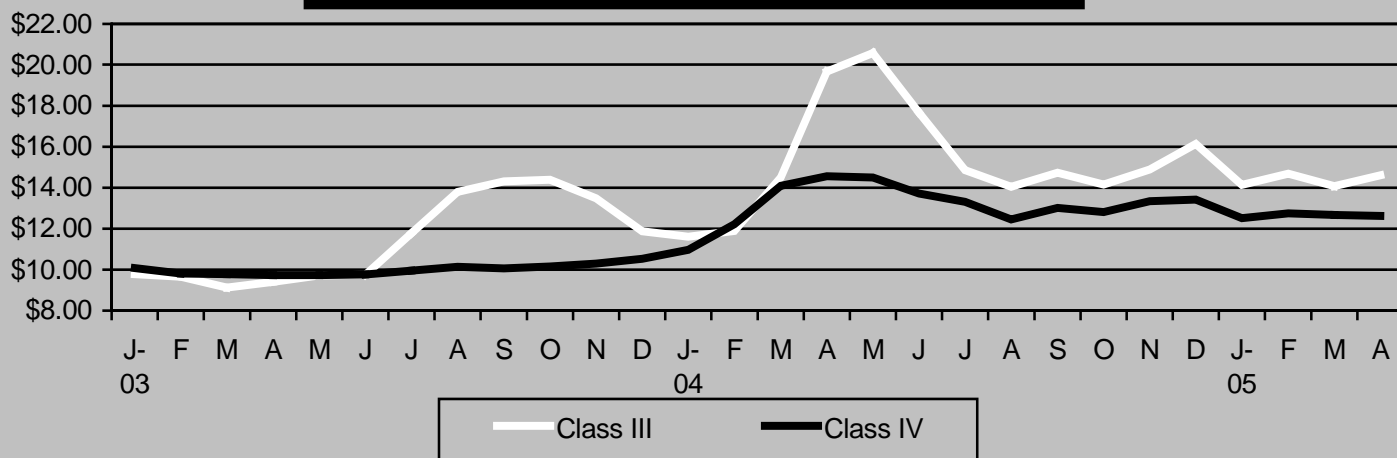
JUNE'S CLASS I PRICE ANNOUNCEMENT

On May 20, the June 2005 Class I price was announced at \$15.52 for the Pacific Northwest Order, and \$15.97 for the Arizona-Las Vegas Order. The Class I price was calculated using NASS commodity price surveys from the weeks of May 7 and 14.

The June Class III and IV advance skim prices are \$8.58 and \$7.03 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 18.26 cents from \$1.7092 to \$1.5266 per pound.

The June 2005 Class II skim and nonfat solids prices were also announced on May 20. The skim price is \$7.73 per hundredweight, and the nonfat solids price is \$0.8589 per pound for all Federal orders. ♦

**Federal Order Class III and IV Prices @ 3.5% Butterfat
January 2003 through April 2005**



ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	May	June	Change
Cheese*	\$1.5777	\$1.4612	-\$0.1165
Butter	\$1.5393	\$1.3872	-\$0.1521
Nonfat Dry Milk	\$0.9159	\$0.9287	\$0.0128
Whey	\$0.2596	\$0.2597	\$0.0001

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

USDA SEEKS NOMINEES FOR NATIONAL DAIRY BOARD

The U.S. Department of Agriculture is asking dairy producer and farm organizations to nominate candidates to serve on the National Dairy Promotion and Research Board. Nominations must be submitted by May 31, 2005.

The Secretary of Agriculture will appoint 12 individuals from those nominated to succeed members whose terms expire October 31, 2005. The 12 new members will serve 3-year terms beginning November 1, 2005, and ending October 31, 2008.

AMS encourages all eligible women, minorities, and persons with disabilities to serve and participate in its committee and board activities. It is USDA's policy that membership on industry-governed committees and boards, such as the National Dairy Promotion and Research Board, accurately reflect the diversity of individuals served by the programs.

The National Dairy Promotion and Research Board was established under the Dairy Production Stabilization Act of 1983 to develop and administer a coordinated program of promotion, research, and nutrition education. The 36-member board is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets.

Appointments will be made from nominations for the following: Region 2 (California); Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas); Region 5 (Minnesota, North Dakota, and South Dakota); Region 6 (Wisconsin); Region 7 (Illinois, Iowa, Missouri, and Nebraska); Region 8 (Alabama, Kentucky, Louisiana, Mississippi, and Tennessee); Region 9 (Indiana, Michigan, Ohio, and West Virginia); Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); Region 12 (New York) and Region 13 (Connecticut, Maine,

Massachusetts, New Hampshire, Rhode Island, and Vermont).

The national program is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially by dairy producers in the contiguous 48 states.

For nominating forms and procedures, contact the Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, D.C. 20250-0233; telephone (202) 720-6909; fax (202) 720-0285; or E-mail at michael.johnson2@usda.gov. ♦

SECRETARY JOHANN'S NAMES MEMBERS TO NATIONAL FLUID MILK PROCESSOR PROMOTION BOARD

On May 2, 2005, the Secretary of Agriculture Mike Johanns announced the appointment of four incumbents and two new members to the National Fluid Milk Processor Promotion Board.

Re-appointed to serve second terms are: James S. Jaskiewicz, Lakeland, Florida. (Region 5) and Gary L. Aggus, Springfield, Missouri. (Region 11).

Re-appointed to serve a first term after filling a vacancy lasting less than 18 months is Joseph Cervantes, Binghamton, New York (Region 2); and Jerry Tidwell, Walnut Creek, California (Region 14).

Newly appointed are: Brian Haugh, Dallas, Texas (Region 8) and Michael A. Krueger, Phoenix, Arizona, (At-Large Processor).

Terms for these appointees begin July 1, 2005, and expire June 30, 2008. All appointees will be seated at the summer board meeting July 21-23, 2005.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions, and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The national fluid milk program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the

contiguous 48 states and the District of Columbia. Processors who commercially process and market 3,000,000 pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

USDA's Agricultural Marketing Service monitors the operations of the board. It is USDA's policy that membership on industry governed boards and committees accurately reflect the diversity of individuals served by the programs. ♦

DAIRY PRODUCTS, 2004 ANNUAL SUMMARY*

Butter production in the United States during 2004 totaled 1.25 billion pounds, 1 percent above 2003. California accounted for 31.1 percent of the production, followed by Wisconsin with 25.5 percent.

Total cheese production, excluding cottage cheeses, was 8.88 billion pounds, 3.7 percent above 2003 production. Wisconsin was the leading State with 26.5 percent of the production, followed by California with 22.5 percent and Idaho with 8.1 percent.

American type cheese production was 3.74 billion pounds, 3.2 percent above 2003 and accounted for 42.1 percent of total cheese in 2004. Wisconsin was the leading State with 23.0 percent of production, followed by California with 22.2 percent.

Italian varieties, with 3.66 billion pounds were 3.9 percent above 2003 production. Mozzarella accounted for 79.7 percent of the Italian production followed by Provolone with 8.1 percent and Ricotta with 6.7 percent. Wisconsin was the leading State in Italian cheese production with 28.8 percent of the production, followed by California with 27.2 percent and New York with 10.4 percent. Italian type cheese accounted for 41.2 percent of total cheese in 2004.

Ice cream, Regular totaled 944 million gallons, down 5.0 percent from 2003. Lowfat ice cream, at 415 million gallons, was up 4.3 percent.

Nonfat dry milk for human food totaled 1.41 billion pounds, down 11.5 percent. California was the leading state with 52.4 percent of the production.

Dry whey for human food production, at 949 million pounds, was down 4.4 percent. Lactose, Human and Animal production was 665 million pounds, up 8.4 percent.

During 2004, there were 1,096 dairy plants in the U.S. manufacturing one or more dairy products, 23 fewer than in 2003. There was at least one dairy manufacturing plant in every State.

***Note: percent changes have not been adjusted for leap year.**

Source: "Dairy Products 2004 Summary," Da 2-1(05), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

The complete report is available from NASS at <http://www.usda.gov/nass/>. ♦

MILK PRODUCTION, DISPOSITION, AND INCOME 2004

Milk production increased 0.2 percent in 2004 to 170.8 billion pounds. The rate per cow, at 18,957 pounds, was 197 pounds above 2003. The annual average number of milk cows on farms, at 9.01 million head, was 73,000 head less than 2003.

Cash receipts from marketings of milk during 2004, totaled \$27.4 billion, 29 percent above 2003. Producer returns averaged \$16.13 per hundredweight, 29 percent above 2003. Marketings include whole milk sold to plants and dealers as well as milk sold directly to consumers.

An estimated 1.11 billion pounds of milk were used on farms where produced, 1.3 percent less than 2003. Calves were fed 87 percent of this milk, with the remainder consumed in producer households.

Marketings, Income, and Value of Milk Production: United States, 2002 - 2004

Combined Marketings of Milk and Cream

Year	Milk Marketed	Average Returns 1/	Cash Receipts from Marketing
	Million Pounds	Dollars/cwt	1,000 Dollars
2002	168,944	12.18	20,582,238
2003	169,276	12.55	21,238,737
2004	169,699	16.13	27,367,858

1/ Cash receipts divided by milk marketings.

Source: Dairy Market News, May 9-13, 2005, Volume 72, Report 19. "Milk Production, Disposition and Income, 2004 Summary" Da 1-2(05), National Agricultural Statistics Service, USDA. ♦

INCOME AND EXPENSE STATEMENT

For Year Ending December 31, 2004

	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
Income		
Assessments or Deductions	\$ 2,586,160.11	\$ 149,144.69
Interest Earned and Late Payment Charges	151,827.46	155.32
Miscellaneous Income	-	-
Total Income	<u>\$ 2,737,987.57</u>	<u>\$ 149,300.01</u>
Expenses		
Salaries and Services	\$ 2,073,390.61	\$ 90,646.26
Travel and Communications	235,619.54	14,314.13
Employer Payroll Contributions	512,106.72	18,343.49
Rent-Buildings and Equipment	238,288.28	10,289.32
Repairs and Maintenance	6,807.67	4,087.97
Supplies and Insurance	74,490.71	34,894.12
Testing and Weighing	67,758.38	49,663.05
Utilities	12,857.88	535.76
Depreciation of Fixed Assets	117,702.49	11,017.40
Conferences and Meetings	12,985.28	2,008.12
Research and Training	50,803.78	3,116.82
Uncollectible Accounts	142,686.63	-
Miscellaneous	2,804.26	117.90
Total Expenses	<u>\$ 3,548,302.23</u>	<u>\$ 239,034.34</u>
NET INCOME	<u>\$ (810,314.66)</u>	<u>\$ (89,734.33)</u>

BALANCE SHEET

As of December 31, 2004

ASSETS	<u>Administrative Fund</u>	<u>Marketing Service Fund</u>
<u>Current Assets</u>		
Cash and Investments	\$ 2,361,512.17	\$ (104,067.59)
Accounts Receivable:		
Handlers and Other	378,261.26	17,966.99
Allowance for Uncollectible Accounts	7,203.27	428.40
Accrued Interest Receivable	932.25	-
<u>Other Assets</u>		
Prepaid Expenses and Deposits	9,187.62	447.00
<u>Fixed Assets</u>		
Furniture and Equipment	770,380.32	151,787.23
Accumulated Depreciation	(640,752.65)	(73,220.78)
Laboratory Equipment	160,627.00	112,565.14
Accumulated Depreciation	(8,031.36)	(78,474.88)
Leasehold Improvements	162,550.24	36,535.46
Accumulated Depreciation	(143,934.87)	(14,780.17)
TOTAL ASSETS	<u>\$ 3,057,935.25</u>	<u>\$ 49,186.80</u>
LIABILITIES AND OPERATING BALANCE		
<u>Current Liabilities</u>		
Accounts Payable:		
Trade Creditors and Others	\$ 46,995.48	\$ 4,225.89
Accrued Employee Annual Leave	107,375.85	-
Payroll Contributions and Withholdings	9,536.95	16,498.02
<u>Operating Balance</u>	<u>2,894,026.97</u>	<u>28,462.89</u>
TOTAL LIABILITIES AND OPERATING BALANCE	<u>\$ 3,057,935.25</u>	<u>\$ 49,186.80</u>

MONTHLY SELECTED STATISTICS

9

Minimum Class Prices (3.5% B.F.)	PACIFIC NORTHWEST				ARIZONA-LAS VEGAS			
	Apr 2005	Mar 2005	Apr 2004	Mar 2004	Apr 2005	Mar 2005	Apr 2004	Mar 2004
Class I Milk (\$/cwt.)	\$16.03	\$17.33	\$15.54	\$13.84	\$16.48	\$17.78	\$15.99	\$14.29
Class II Milk (\$/cwt.)	13.24	13.25	15.21	14.79	13.24	13.25	15.21	14.79
Class III Milk (\$/cwt.)	14.61	14.08	19.66	14.49	14.61	14.08	19.66	14.49
Class IV Milk (\$/cwt.)	12.61	12.66	14.57	14.10	12.61	12.66	14.57	14.10
Producer Prices								
Producer Price Differential (\$/cwt.)	\$(0.49)	\$ 0.51	\$(4.32)	\$ 0.06	+	+	+	+
Butterfat (\$/pound)	1.6964	1.7279	2.5013	2.3813	+	+	+	+
Protein (\$/pound)	2.7055	2.5019	3.4465	2.0133	+	+	+	+
Other Solids (\$/pound)	0.1020	0.0951	0.1042	0.0234	+	+	+	+
Uniform Skim Price (\$/cwt.) . . .	+	+	+	+	8.92	9.09	8.99	6.96
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.7086	1.7396	2.4614	2.2768
Statistical Uniform Price (\$/cwt.) . .	\$14.12	\$14.59	\$15.34	\$14.55	\$14.59	\$14.86	\$17.29	\$14.69
Producer Data								
Number of Producers	673 *	716	692	862	91 *	91	98	100
Avg. Daily Production (lbs.)	22,438 *	25,637	19,960	22,485	98,416 *	95,893	86,170	85,894
Number of Handlers								
Pool Handlers	26	26	26	28	5	5	6	6
Producer-Handlers	9 *	9	7	7	3 *	3	2	2
Other Plants w/ Class I Use	22 *	22	20	21	31 *	31	31	35
Producer Milk Ratios								
Class I	39.01%	32.96%	43.24%	31.61%	30.61%	31.28%	32.67%	32.35%
Class II	8.30%	7.17%	8.35%	6.95%	9.27%	10.34%	7.46%	8.23%
Class III	7.10%	24.33%	2.87%	31.20%	36.74%	38.63%	41.16%	39.69%
Class IV	45.59%	35.54%	45.54%	30.24%	23.38%	19.75%	18.71%	19.73%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data	Mar 2005	Feb 2005	Mar 2004	Feb 2004	Mar 2005	Feb 2005	Mar 2004	Feb 2004
Production	33,987,683	28,080,117	21,412,941	19,656,753	R	R	R	R
Class I Use	26,936,215	21,913,600	18,092,494	16,113,944	R	R	R	R
% Class I Use	79.25%	78.04%	84.49%	81.98%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	163,853,917	142,389,937	165,686,961	149,558,763	79,743,077	74,445,176	80,231,680	77,433,795
By Producer-Handlers	19,629,390	15,848,534	17,250,272	15,049,594	1/	1/	1/	1/
By Other Plants	3,364,208 *	2,633,177	4,084,816	2,848,774	28,563,073 *	24,985,204	34,084,368	31,290,442
Total	186,847,515	160,871,648	187,022,049	167,457,131	108,306,150	99,430,380	114,316,048	108,724,237

* 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			
	Apr 2005	Mar 2005	Apr 2004	Mar 2004	Apr 2005	Mar 2005	Apr 2004	Mar 2004
TOTAL PRODUCER MILK	453,015,991	569,031,817	414,368,058	600,834,267	268,675,729	270,514,950	253,339,255	266,271,086
RECEIPTS FROM OTHER SOURCES	117,970,667	16,299,839	16,396,174	32,010,302	46,186,461	36,074,885	11,393,394	8,315,099
OPENING INVENTORY	32,282,540	32,151,488	31,656,755	34,488,549	15,517,263	15,338,289	15,446,349	15,186,077
TOTAL TO BE ACCOUNTED FOR	603,269,198	617,483,144	462,420,987	667,333,118	330,379,453	321,928,124	280,178,998	289,772,262
UTILIZATION OF RECEIPTS								
Whole milk	29,128,016	30,567,841	29,306,151	30,366,528	19,209,152	19,640,324	22,102,790	23,258,932
Flavored milk & milk drinks	11,206,370	12,320,786	11,271,774	11,792,204	6,362,305	5,716,886	6,229,974	6,025,846
2% milk	63,023,971	67,111,076	66,158,137	70,786,219	30,405,580	31,012,725	28,408,762	29,247,469
1% milk	23,949,145	25,266,318	24,053,702	24,678,790	10,832,820	11,307,510	9,644,716	9,967,231
Skim milk	25,930,158	27,199,612	26,058,930	26,669,574	10,701,466	11,530,280	10,304,342	11,126,224
Buttermilk	1,266,365	1,388,284	1,328,444	1,393,646	466,514	535,352	597,833	605,978
CLASS I ROUTE DISP. IN AREA.	154,504,025	163,853,917	158,177,138	165,686,961	77,977,837	79,743,077	77,288,417	80,231,680
Class I dispositions out of area	14,829,901	16,143,571	13,944,145	13,215,834	4,401,593	4,826,090	3,967,070	3,948,099
Other Class I usage	22,868,691	23,967,227	25,847,568	26,705,616	8,511,854	8,236,613	11,230,660	9,465,111
TOTAL CLASS I USE.	192,202,617	203,964,715	197,968,851	205,608,411	90,891,284	92,805,780	92,486,147	93,644,890
TOTAL CLASS II USE	46,694,207	51,091,004	43,683,218	53,260,828	26,092,979	29,093,406	19,757,110	22,670,637
TOTAL CLASS III USE	131,547,707	138,426,567	12,340,574	203,976,249	98,702,689	104,540,938	105,244,193	106,004,631
TOTAL CLASS IV USE	232,824,667	224,000,858	208,428,344	204,487,630	114,692,501	95,488,000	62,691,548	67,452,104
TOTAL ACCOUNTED FOR	603,269,198	617,483,144	462,420,987	667,333,118	330,379,453	321,928,124	280,178,998	289,772,262
CLASSIFICATION OF RECEIPTS								
Producer milk: Class I	176,717,878	187,620,241	179,162,560	189,930,320	82,266,062	84,591,110	82,785,252	86,148,705
Class II	37,622,179	40,778,966	34,583,442	41,762,725	24,895,157	27,979,370	18,886,905	21,920,427
Class III	32,161,432	138,423,329	11,906,144	187,476,930	98,702,689	104,507,077	104,269,228	105,678,189
Class IV	206,514,502	202,209,281	188,715,912	181,664,292	62,811,821	53,437,393	47,397,870	52,523,765
Other receipts: Class I	15,484,739	16,344,474	18,806,291	15,678,091	61,703,724	51,413,174	26,839,743	23,501,176
Class II	9,072,028	10,312,038	9,099,776	11,498,103	1/	1/	1/	1/
Class III	99,386,275	3,238	434,430	16,499,319	1/	1/	1/	1/
Class IV	26,310,165	21,791,577	19,712,432	22,823,338	1/	1/	1/	1/
Avg. daily producer receipts	15,100,533	18,355,865	13,812,269	19,381,751	8,955,858	8,726,289	8,444,642	8,589,390
Change From Previous Year	9.33%	-5.29%	-33.78%	-6.71%	6.05%	1.59%	-9.55%	-4.69%
Avg. daily Class I use	6,406,754	6,579,507	6,598,962	6,632,529	3,029,709	2,993,735	3,082,872	3,020,803
Change From Previous Year	-2.91%	-0.80%	3.58%	6.06%	-1.72%	-0.90%	2.60%	3.21%

1/ Restricted - Included with Class I.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for April 2005
- April 2005 Class Prices
- Class I Price for June 2005
- USDA Seeks Nominees for National Dairy Board
- Secretary Johanns Names Members to National Fluid Milk Processor Promotion Board
- Dairy Products, 2004 Annual Summary
- Milk Production, Disposition, and Income 2004
- 2004 Year End Financial Statements of the Market Administrator's Office

2004 YEAR END FINANCIAL STATEMENTS OF THE MARKET ADMINISTRATOR'S OFFICE

The financial statements for the Administrative and Marketing Services Funds of the Pacific Northwest and Arizona-Las Vegas Federal milk market orders for the calendar year ending December 31, 2004, 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 programs involve the verification of weights, 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.

◆