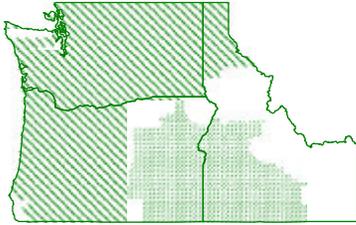


## Pacific Northwest & Southwestern Idaho- Eastern Oregon Marketing Areas

June 1998



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### MARKET SUMMARIES FOR MAY

#### Pacific Northwest

Producers delivered a total of 580.3 million pounds of milk to the market during May, a decrease of 3.2 million pounds from the level of a year ago. Daily deliveries averaged 1.7% above those in the previous month but were 0.6% below the level of a year ago. An estimated 1,153 producers delivered milk to the market during the month, a decline of 95 producers from May, 1997. Daily deliveries per producer averaged 16,235 pounds, an increase of 1,152 pounds or 7.6% from a year ago.

Class I producer milk during May totaled 173.4 million pounds, 29.9% of total producer receipts. Daily usage averaged 3.1% below that in April and 4.0% below the level of a year ago.

Producers will receive \$1.4524 per pound of protein, \$0.0000 per pound of other solids, and \$1.7976 per pound of butterfat in their deliveries of milk. The other solids price is a residual calculation and can be calculated to be negative. If the other solids price is calculated to be *“less than zero, then the protein price will be reduced so that the other solids price equals zero.”* [\$1124.50(h)] Producers will also receive the market's producer price differential of \$2.13 per hundredweight. The market average component tests for the month were: 3.15% protein, 5.52% other solids (solids-not-fat less protein), 8.67% solids-not-fat, and 3.57% butterfat.

#### Southwestern Idaho-Eastern Oregon

Producers delivered a total of 331.3 million pounds of milk to the market during May, an increase of 75.7 million pounds from a year ago. Daily deliveries averaged 129.1% above those in the previous month and were 29.6% above the level of a year ago. An estimated 416 producers delivered milk to the market during the month, an increase of 22 producers from a year ago. Daily deliveries per producer averaged 25,688 pounds, an increase of 4,768 pounds or 22.8% from a year ago.

Class I producer milk during May totaled 14.6 million pounds, 4.4% of total producer receipts. This is the lowest percentage Class I utilization ever under the order. The previous low was 5.47% in July, 1997. Daily usage averaged 10.2% below that recorded last month and was 6.2% below the level of a year ago.

Producers will receive \$1.45 per pound of protein and \$1.80 per pound of butterfat in their deliveries of milk. Producers will also receive the market's weighted average differential price of \$0.18 per hundredweight. The market average component tests for the month were 3.18% protein and 3.49% butterfat. ♦

#### Estimated Uniform Price (@ 3.5% BF) May, 1998

Federal Order	Per Cwt.
Pacific Northwest	\$13.01
Southwestern Idaho-Eastern Oregon	\$11.06

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**MAY BFP DECREASES \$1.13 FROM \$12.01 TO \$10.88 PER CWT.**

**Basic Formula Price** - - The May, 1998, Basic Formula Price (BFP) for manufacturing grade milk at 3.50% butterfat decreased \$1.13 from April, to \$10.88 per hundredweight. May's BFP is \$0.18 above the BFP of a year ago, and \$0.93 above the support price for milk at 3.50% butterfat. The decrease in the BFP for May primarily resulted from a \$0.94 decrease in the product price portion of the BFP between April and May, 1998. The decrease was compounded by a decrease in the base month from \$12.70 to \$11.82 between March, 1998, and April, 1998. The BFP is calculated as the base month M-W survey price, plus the weighted average change in product prices ( $\$11.82 + \text{-}\$0.94 = \$10.88$  per hundredweight). The BFP at test was \$11.28 per hundredweight, with 3.73% butterfat, 3.15% protein and 8.60% solids-not-fat. The BFP is the Class III price under the orders and is also used in determining the Class I price, the Class II price, and component prices under the orders.

**Commodity Prices** -- The NASS survey of cheddar cheese prices showed an increase in prices received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed an increase of 17.29 cents between the May 22 and the June 12 surveys, to \$1.3762 per pound. The survey of 500-pound barrels (adjusted to 39% moisture) increased 17.97 cents to \$1.3704 per pound.

The Mercantile Exchange Grade A butter price increased 30 cents between May 22 and June 19 from \$1.6500 per pound to \$1.9500 per pound. The average wholesale price for nonfat dry milk (low, medium and high heat combined) in the Western States production area showed a 0.50 cent decrease since mid-May to \$1.0275 per pound. The average price for western nonhygroscopic whey showed a net decrease of 0.13 cents since mid-May to \$0.2275 per pound. ♦

**HISTORY OF FEDERAL MILK MARKETING AREAS IN THE NORTHWEST**

The Marketing Agreement Act of 1937 empowered the United States Secretary of Agriculture to create and enforce Federal orders to help stabilize market conditions with regulations

enforceable by law. A Federal milk order is a legal document issued to regulate the minimum prices paid to dairy farmers by handlers of Grade A milk in a specified marketing area. Orders are initiated by dairy farmers, usually through cooperatives, and can be issued only with the approval of the dairy farmers in the affected market.

Mergers of Federal orders generally reflect the historical consolidation of dairy production and marketing. In 1996, some 83,000 dairy farmers delivered nearly 105 billion pounds of milk to regulated handlers. This represented about 68% of all U.S. milk marketings. The amount of milk regulated under Federal orders has doubled since the early 1960's, even though there are only half as many orders. The reduction in the number of Federal orders occurred at the request of the dairy industry through mergers and consolidations of marketing areas. In much the same way, Federal orders in the Northwest have been merged and expanded to cover larger geographic areas.

**Federal Milk Market Orders in the Northwest**

The history of Federal orders in the Northwest can be divided into two periods: the Creation Period lasting from 1951 through 1981, and the Consolidation Period from 1984 to the present. During the Creation Period, cooperatives and dairy farmers requested the enactment of Federal orders in their milk sheds to help coordinate the supply and demand of milk, establish minimum and uniform prices based on classified pricing, and prevent disorderly marketing. Each new Federal order focussed on a single, large metropolitan area (e.g. Seattle, Spokane, Portland, and Boise) due to the significant demand for fluid milk in combination with geographic and economic limitations associated with transportation, refrigeration, and other technologies. Over time, improvements to the transportation infrastructure, better refrigeration, and new technologies expanded the area to which fluid milk products could be marketed efficiently. Eventually, the initial geographic "market areas" became outmoded and the industry requested new, broader market areas. Through mergers of Federal order marketing areas, at the request of the dairy industry, Federal orders have evolved to their present geographic borders. The history of Federal orders in the Northwest as shown through number of producers and pounds of producer milk under regulation is described below and with tables and graphs on page 3 and 4.

**Creation Period: 1951-1981**

The first Federal Order in the Northwest was instituted in June, 1951 and was called the Puget Sound-Washington Order. The marketing area of the order covered the region from Olympia to Everett and had a milk shed covering most of the northern half of Western Washington. In December, 1951, the Puget Sound-Washington Order consisted of 3,337 producers and had 43.0 million pounds of producer milk. By December, 1983, the number of producers associated with the order dropped to 1,148, but producer milk increased to 188.1 million pounds.

The second Federal order in the Northwest was the Inland Empire Order, instituted in April, 1956, with a marketing area consisting of most of the counties surrounding Spokane. The milkshed extended from Eastern Washington into Northern Idaho and Western Montana. In December of that year, the order had 952 producers and 11.7 million pounds of producer milk. By December, 1983, the number of producers had fallen to 298, while producer milk increased to 37.9 million pounds.

In January, 1970, the Oregon-Washington Order was formed with a marketing area of North Central and Western Oregon and most of the South Central and Southwestern border counties of Washington. In December, 1970, the order had 1,295 producers and 87.7 million pounds of producer milk. By December, 1988, producer numbers dropped to 846 but producer milk rose to 178.3 million pounds.

*(Continued on Page 4)*

**Federal Orders Inception and Major Markets**

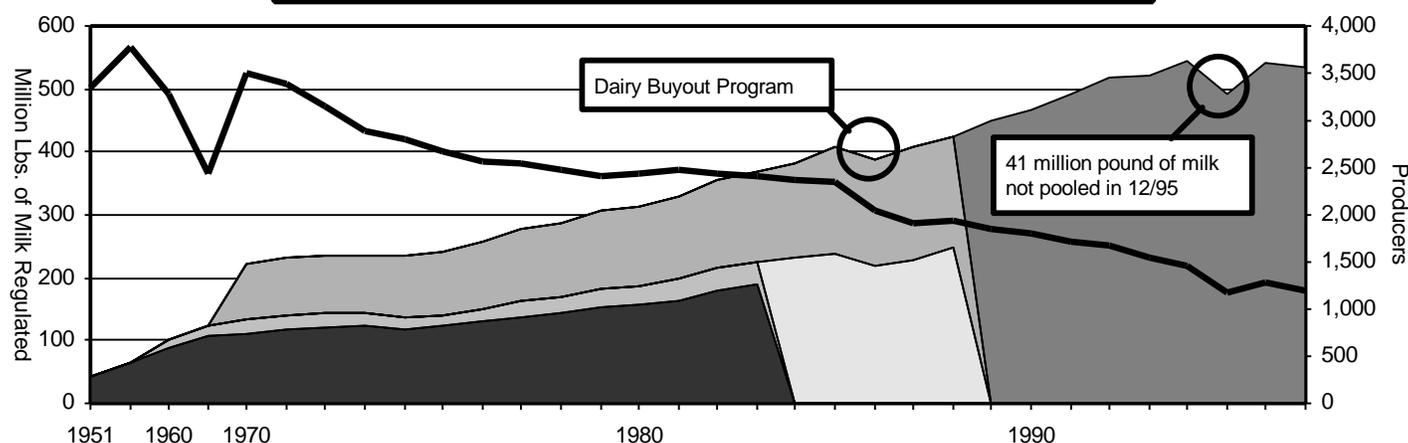
Order	Inception	To	Major Markets
Puget Sound	June, 1951	December, 1983	Seattle
Inland Empire	April, 1956	December, 1983	Spokane
Oregon-Washington	January, 1970	January, 1989	Portland
Puget Sound-Inland	January, 1984	January, 1989	Seattle & Spokane
Pacific Northwest	February, 1989	Present	Seattle, Portland, & Spokane
Southwestern Idaho-Eastern Oregon	July, 1981	Present	Boise

**Pacific Northwest Federal Orders: December Milk Production and Producer Number for Selected Years**

Order	Year	Producer Milk (Million Pounds)	Producers
Puget Sound-Washington (N)	1951	43.0	3,337
	1983	188.1	1,148
Inland Empire (N)	1956	11.7	952
	1983	37.9	298
Oregon-Washington (N)	1970	87.7	1,295
	1988	178.3	846
Puget Sound-Inland (M)	1984	231.6	1,416
	1988	246.3	1,086
Pacific Northwest (M)	1989	450.5	1,848
	1997	533.2	1,191
Southwestern Idaho-Eastern Oregon (N)	1981	44.6	371
	1996	231.4	400
	1997 1/	106.6	349

N-New order. M-Order resulted from merger/consolidation.  
1/ Decrease from 1996 due to eligible producers and producer milk not pooled.

**Pacific Northwest: December Producer Milk and Producer Numbers**

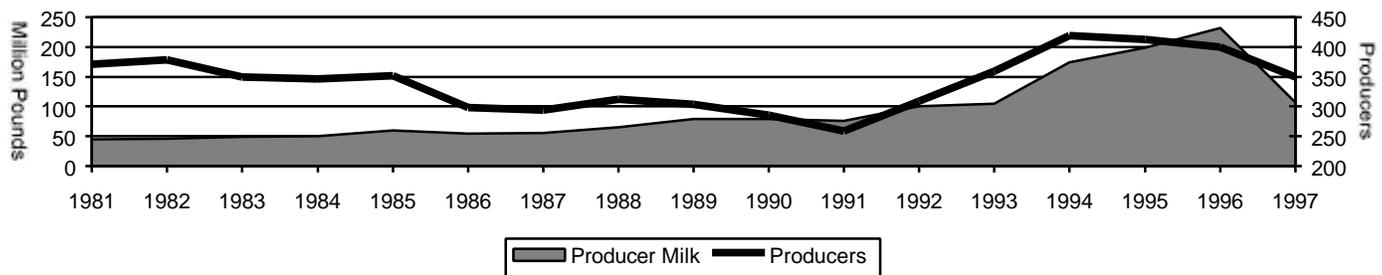


\* Prior to 1970 data reflects December of 1951, 1955, 1960, and 1965.

Puget Sound
  Inland Empire
  Puget Sound-Inland

Oregon-Washington
  Pacific Northwest
  All Producers (Right Axis)

### Southwestern Idaho Eastern Oregon: December Producer Milk and Producer Numbers



(Continued from Page 3)

In July, 1981, the Southwestern Idaho-Eastern Oregon Order was formed. In December, 1981, the order had 371 producers and milk production of 44.6 million pounds. In December, 1996, the order had 400 producers and 231.4 million pounds of producer milk.

#### Consolidation Period: 1984-Present

In January, 1984, the Puget Sound and Inland Orders were merged to create the Puget Sound-Inland Empire Order. In December, 1984, the order had 1,416 producers and producer milk of 231.6 million pounds. By December, 1988, producer numbers dropped to 1,086 but producer milk increased to 246.3 million pounds.

In February, 1989, the Puget Sound-Inland Empire and the Oregon-Washington Orders were combined to form the Pacific Northwest Order. In December, 1989, the Pacific Northwest Order had 1,848 producers and 450.5 million pounds of producer milk. By December, 1997, the order had decreased to 1,191 producers but increased in milk production to 533.2 million pounds.

Currently, USDA is reviewing comments on a Proposed Rule which could reduce the number of orders from the present 31 to 11 orders. ♦

### DAIRY SITUATION AND OUTLOOK

*Certain aspects of this outlook are dated due to recent volatility in the dairy commodity markets.*

**Milk Production Sluggish.** Milk production has run just slightly above a year earlier thus far in 1998, even with near-record winter milk prices. Less than favorable structural conditions and feed problems have kept milk production stagnant since late 1996. However, a substantial new expansion may be coming--if feed prospects continue bright. Asian economic woes and the resulting weakness in demand for U. S. feeds have helped ease dairy farmers' feed problems. Smaller exports, a mild

winter, and an early spring caused alfalfa hay stocks to be less tight than expected. Good early forage growth in most growing areas indicate favorable prospects for this season. If weather stays favorable for 1998 crops, dairy ration prices could be substantially lower by late this year. Milk-feed price ratios are projected to be moderate this spring and summer, before turning favorable in late 1998 and 1999. If the forage base also is restored to health, growth in milk per cow could start to accelerate as 1998 progresses. Milk per cow is expected to increase slightly less than 2 percent in 1998, followed by a 2-percent rise next year. Returns over concentrate costs in 1998 are projected to increase 6 to 8 percent from 1997 but will stay well below the relatively strong returns of 1996. Another small rise is expected in 1999. Milk cow numbers are expected to decrease about 1 percent in 1998, with a slightly slower decline in 1999. Fractional increases in milk output are projected for this spring and summer, followed by 1-percent rises in late 1998 and 1999. Feed conditions are key to this expansion. Tight supplies of dairy-quality forage and high concentrate prices have been the major limiting factors since 1996.

**Dairy Demand Mixed.** Dairy product demand has been mixed. Sales of milkfat have been strong, even though milkfat prices have been high. Milkfat demand has definitely recovered from its weakness of 5 to 10 years ago. Sales of skim solids, in contrast, have been weak despite relatively attractive prices. Winter sales of products using both milkfat and skim solids were generally lackluster but not as weak as use of skim milk products. Expected growth in the economy and projected steady retail dairy prices should provide for strong dairy product sales. But the recent weakness indicates that use may not be as robust as would normally be expected. Sales of skim solids are projected to increase 1 to 2 percent in 1998 and in 1999, assuming that a significant

share of the recent sluggishness resulted from less-than-normal seasonal rebuilding of pipeline inventories. Milkfat sales are expected to rise at a similar rate in 1998, before dropping back to about 1-percent growth in 1999 as the higher prices start to trim growth.

**DEIP Changes To Help Exports.** Contracts accepted to export nonfat dry milk and dry whole milk under the Dairy Export Incentive Program (DEIP) reached the announced total allocations for the July 1997-June 1998 period, as expected. Contracts for cheese also covered almost all of its allocation. USDA announced its intention to make those unshipped quantities for which contracts had been accepted (and counted against the limits) available for new contracts. For nonfat dry milk, this will enable exporters to continue to do significant DEIP business without the disruption of waiting for the July 1 start of a new commitment year. Contracts under DEIP are expected to continue at the fairly steady pace that has typified 1998 so far, with a sizable share of the contracts covering an extended delivery period. The major exception would be the uncertain prospects for Mexican purchases. Additional contracts for butter are unlikely because of the very tight domestic markets for milkfat.

**Milk Prices Drop.** The long-delayed seasonal declines in wholesale cheese prices began in late February and were large in April. Cheese prices are expected to stay near current levels into summer. Gains in milk production are projected to be modest, and butter-powder operations have a substantial advantage in competing for milk. Also, cheese movement should pick up quickly once prices stabilize, as pipeline holdings are rebuilt for second-half needs. The seasonal reckoning of cheese prices dropped the BFP \$1.31 per cwt. between February and April. The May decrease also will be large and a June decline is possible. If cheese prices stabilize as expected, the seasonal low in the BFP probably will stay above \$11 per cwt. If growth in milk production appears likely to accelerate, seasonal rises may be slow to develop this summer. A substantial seasonal increase is projected, but the peak may not match the January-February levels. Milk prices in 1999 are expected to be unchanged from 1998. Retail prices are expected to be steady to declining slightly during the rest of 1998. For the year, farm milk prices, the farm-retail price spread, and retail dairy prices are all projected to average just slightly above 1997. ♦

Source: "Livestock, Dairy, and Poultry Monthly", LDP-51, May 20, 1998, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 694-5184.

### COMMERCIAL DISAPPEARANCE OF DAIRY PRODUCTS UP 0.4% FOR FIRST QUARTER

Commercial disappearance of U.S. milk for the first quarter of 1998 was up 0.4 percent over the same period of 1997. Commercial disappearance is used as an indicator of consumption of U.S. milk marketings and is a residual figure. This measure of consumption includes civilian and military purchases of milk and dairy products for domestic and foreign use (exports), but excludes farm household use, commercial stocks, and imports. The table below shows commercial disappearance by commodity and their milk-equivalent on a fat solids basis.

Nonfat dry milk, butter, American Cheese and fluid milk products showed decreases from 1997. "Other" cheese products was the only category to show an increase of 1.1%. Nonfat dry milk disappearance showed the largest percentage decrease of 14.5%. ♦

Commercial Disappearance			
	January-March		% Change
	1997	1998	
<b>Selected Products</b>	-- Million Pounds --		
Butter	304.6	277.4	-8.9
American Cheese	821.8	820.0	-0.2
Other Cheese	1,021.3	1,033.0	+1.1
Nonfat Dry Milk	258.3	220.9	-14.5
Fluid Milk Products *	13,981.0	13,912.4	-0.5
<b>Total *</b>	<b>38,036</b>	<b>38,203</b>	<b>+0.4</b>

\*\* Total Commercial Disappearance, milk-equivalent, milk fat basis. Source: Dairy Market News, Volume 65, No. 21.

### MA REPORT AND PRODUCER PRICE ESTIMATES AVAILABLE ON WORLD WIDE WEB

Since June 5, 1998, the MA Report and producer price estimates for the coming month have been available on the Internet at <http://www.fmmaseattle.com>. Price estimates will include the current month's Class Prices, Uniform Price and producer prices for both the Pacific Northwest and Southwestern Idaho-Eastern Oregon milk market areas. The producer price estimates under the Summary of Price Estimates heading, are for information purposes only and should be used at your own discretion. ♦

# MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST			SW IDAHO - E OREGON			
	May 1998	Apr 1998	May 1997	May 1998	Apr 1998	May 1997	
TOTAL PRODUCER MILK	580,298,393	552,026,888	583,531,225	331,271,126	139,940,779	255,522,239	
RECEIPTS FROM OTHER SOURCES	9,836,479	10,138,970	10,116,451	2,466,416	1,902,095	2,146,903	
OPENING INVENTORY . . . . .	<u>21,686,202</u>	<u>22,257,034</u>	<u>22,212,344</u>	<u>3,056,284</u>	<u>2,438,835</u>	<u>2,237,786</u>	
TOTAL TO BE ACCOUNTED FOR	<u>611,821,074</u>	<u>584,422,892</u>	<u>615,860,020</u>	<u>336,793,826</u>	<u>144,281,709</u>	<u>259,906,928</u>	
UTILIZATION OF RECEIPTS							
Whole milk . . . . .	24,902,853	24,339,432	24,415,154	2,332,141	2,298,320	2,324,674	
Flavored milk & milk drinks . . . . .	8,515,177	8,179,359	8,400,035	890,326	953,367	833,689	
2% milk . . . . .	74,883,374	75,049,885	80,646,401	6,205,867	6,153,856	6,097,331	
1% milk . . . . .	24,710,177	26,187,785	24,166,814	2,504,545	2,485,545	2,522,567	
Skim milk . . . . .	31,998,096	29,371,821	31,655,391	1,836,008	1,811,123	1,848,321	
Buttermilk . . . . .	<u>1,660,762</u>	<u>1,634,914</u>	<u>1,769,400</u>	<u>122,756</u>	<u>125,523</u>	<u>116,283</u>	
CLASS I ROUTE DISP. IN AREA. . . . .	166,670,439	164,763,196	171,053,195	13,891,643	13,827,734	13,742,865	
Class I dispositions out of area . . . . .	8,194,109	7,822,364	9,262,901	1,609,782	1,534,676	2,027,474	
Other Class I usage . . . . .	<u>12,588,288</u>	<u>14,047,931</u>	<u>12,204,350</u>	<u>1,572,120</u>	<u>2,277,003</u>	<u>1,378,366</u>	
TOTAL CLASS I USE. . . . .	187,452,836	186,633,491	192,520,446	17,073,545	17,639,413	17,148,705	
Mixtures (1/2 & 1/2) . . . . .	3,227,146	3,152,019	2,610,149	184,906	161,647	164,706	
Whipping Cream . . . . .	1,535,921	1,531,021	1,467,750	99,709	83,332	95,403	
Sour Cream . . . . .	3,084,698	3,436,706	3,421,896	1/	1/	1/	
Yogurt . . . . .	5,775,698	6,462,044	5,991,459	0	0	0	
Other Class II Usage . . . . .	<u>44,964,330</u>	<u>41,930,894</u>	<u>44,378,944</u>	<u>9,527,638</u>	<u>8,450,158</u>	<u>9,668,506</u>	
TOTAL CLASS II USE . . . . .	58,587,793	56,512,684	57,870,198	9,812,253	8,695,137	9,928,615	
TOTAL CLASS III USE * . . . . .	<u>365,780,445</u>	<u>341,276,717</u>	<u>365,469,376</u>	<u>309,908,028</u>	<u>117,947,159</u>	<u>232,829,608</u>	
TOTAL ACCOUNTED FOR . . . . .	<u>611,821,074</u>	<u>584,422,892</u>	<u>615,860,020</u>	<u>336,793,826</u>	<u>144,281,709</u>	<u>259,906,928</u>	
CLASSIFICATION OF RECEIPTS							
Producer milk:	Class I . . . . .	173,441,743	173,189,063	180,599,932	14,642,479	15,772,985	15,613,837
	Class II . . . . .	50,520,551	48,434,126	46,488,708	7,417,661	7,011,952	7,924,622
	Class III * . . . . .	356,336,099	330,403,699	356,442,585	309,210,986	117,155,842	231,983,780
Other receipts:	Class I . . . . .	14,011,093	13,444,428	11,920,514	2,431,066	1,866,428	1,534,868
	Class II . . . . .	8,067,242	8,078,558	11,381,490	2,394,592	1,683,185	2,003,993
	Class III * . . . . .	9,444,346	10,873,018	9,026,791	697,042	791,317	845,828
Avg. daily producer receipts . . . . .	18,719,303	18,400,896	18,823,588	10,686,165	4,664,693	8,242,653	
Change from previous year . . . . .	- .55%	- 1.17%	10.54%	29.64%	- 40.91%	9.75%	
Avg. daily Class I use . . . . .	6,046,866	6,221,116	6,210,337	550,760	587,980	553,184	
Change from previous year . . . . .	- 2.63%	.25%	- 2.57%	- .44%	3.81%	- .19%	

\* Includes Class III-A milk. 1/ Restricted - Included with other Class II usage.

# MONTHLY SELECTED STATISTICS

Formula Prices	May 1998	Apr 1998	May 1997
Basic Formula Price	\$ 10.88	\$ 12.01	\$ 10.70
Butter, Grade A, Chicago Mercantile Exchange	1.4945	1.2856	0.8740
Nonfat Dry Milk, Grade A - Western	1.0315	1.0328	1.0835
Cheese, 40 lb. blocks, NASS	1.2034	1.3072	1.1664

	PACIFIC NORTHWEST, F.O. #124			SW IDAHO-E OREGON, F.O. #135		
Handler Prices (3.5% B.F.)	May 1998	Apr 1998	May 1997	May 1998	Apr 1998	May 1997
Class I Milk	14.71	15.22	14.39	\$14.31	\$14.82	\$13.99
Class II Milk	13.11	13.62	12.79	13.11	13.62	12.79
Class III Milk	10.88	12.01	10.70	10.88	12.01	10.70
Class III-A Milk	13.93	12.79	11.42	13.93	12.79	11.42
1/ Other Solids	0.0000	0.2417	0.4295	+	+	+
1/ Protein	1.4524	1.7255	1.5396	1.45	2.16	2.29
<b>Producer Prices</b>						
PPD/WAD 2/	2.13	1.38	1.61	\$0.18	\$0.40	\$0.26
1/ Other Solids	0.0000	0.2417	0.4295	+	+	+
1/ Protein	1.4524	1.7255	1.5396	1.45	2.16	2.29
Est. Uniform Price	13.01 ***	13.39 ***	12.31 ***	11.06 ***	12.41 ***	10.96 ***
1/ Butterfat Price	1.7976	1.4904	0.9755	1.80	1.49	0.98
<b>Producer Data</b>						
Number of Producers	1,153 *	1,152	1,248	416 *	405	394
Avg. Daily Production (lbs.)	16,235 *	15,973	15,803	25,688 *	25,846	20,920
<b>Number of Handlers</b>						
Pool Handlers	26	26	28	11	11	11
Producer-Handlers	15	14	14	0	0	0
Other Plants w/ Class I Use	4	4	4	5	5	4
<b>Producer Milk Ratios</b>						
Class I	29.89%	31.37%	30.95%	4.42%	11.27%	6.11%
Class II	8.71%	8.78%	7.97%	2.24%	5.01%	3.10%
Class III	61.40%	59.85%	61.08%	93.34%	83.72%	90.79%
Class III-A	**	**	**	+	+	+

+ Not Applicable. \* Preliminary. \*\* Restricted Included with Class III. \*\*\* Estimated. 1/ Per Pound.

2/ Producer Price Differential (PPD) for FO 124 and Weighted Average Differential (WAD) for FO 135.

## MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data	Apr 1998	Mar 1998	Apr 1997	Apr 1998	Mar 1998	Apr 1997
(Thousand lbs.)						
Production	22,017 *	22,390 *	22,133 *	0	0	0
Class I Use	18,452 *	18,708 *	17,340 *	0	0	0
% Class I Use	83.81%	83.56%	78.34%	0	0	0
<b>Class I Route Disposition In Area</b>						
(Thousand lbs.)						
By Pool Plants	164,763	170,565	165,069	13,828	13,916	13,580
By Producer-Handlers	17,444 *	17,845 *	18,063 *	0	0	0
By Other Plants	897	888	374	775	763	493
Total **	183,105	189,298	183,506	14,603	14,678	14,073

\* Partially Estimated.

\*\* May not add due to rounding.

**HIGHLIGHTS THIS ISSUE:**

- BFP for May, Down \$1.13 to \$10.88 per Hundredweight. Low For the Year?
- History of Federal Orders In Idaho, Oregon, and Washington: Creation and Consolidation.
- Dairy Situation and Outlook
- Commercial Disappearance, First Quarter: Total Up; Butter & Nonfat Dry Milk Down
- MA Report and Producer Price Estimates for Pacific Northwest and Southwestern Idaho-Eastern Oregon Market Areas Now on World Wide Web
- Final Decision and Termination of Hearing on BFP Floor in Calculating Class I Price

**FINAL DECISION AND TERMINATION OF PROCEEDING: FLOORING BFP IN CALCULATING CLASS I PRICE**

On June 10, USDA announced its decision to deny a proposal to establish a price floor under the Basic Formula Price (BFP) used to calculate Federal milk marketing order prices for Class I and Class II milk, and terminated the rulemaking proceeding. The record does not justify establishing a price floor, given the current and projected supply and demand for milk. The price floor would have unequal effects in different regions of the country, even for farms of similar size, because of different Class I milk utilization rates. As a result, those who would benefit the most from a price floor would not necessarily be the farms that have the greatest financial need for such assistance. ♦

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