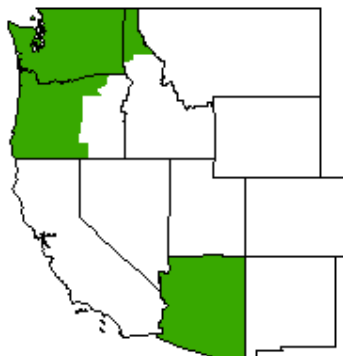


Pacific Northwest & Arizona Marketing Areas



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James R. Daugherty
 Market Administrator

July 2010

MARKET SUMMARIES FOR JUNE 2010

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

Pacific Northwest

Producers delivered a total of 658.8 million pounds of milk to the market during June. Daily deliveries averaged 22.0 million pounds, up 0.1 percent from May. An estimated 631 producers delivered milk to the market during the month. Daily deliveries per producer averaged 34,804 pounds, up 0.1 percent from May.

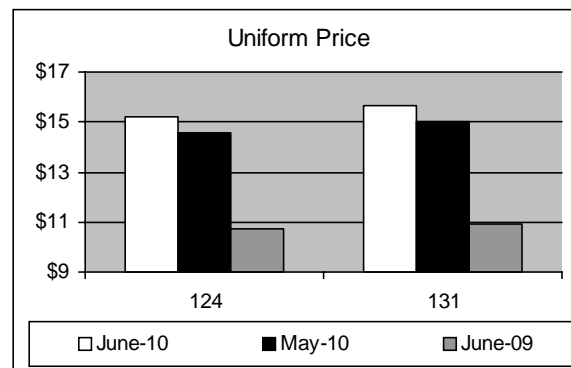
Class I producer milk during June totaled 176.8 million pounds, 26.8 percent of total producer receipts. Daily usage averaged 5.9 million pounds, down 1.2 percent from May.

Arizona

Producers delivered a total of 358.6 million pounds of milk to the market during June. Daily deliveries averaged 12.0 million pounds, down 3.3 percent from May. An estimated 96 producers

delivered milk to the market during the month. Daily deliveries per producer averaged 124,511 pounds, down 3.3 percent from May.

Class I producer milk during June totaled 105.0 million pounds, 29.3 percent of total producer receipts. Daily usage averaged 3.5 million pounds, down 6.3 percent from May. ♦



Federal Order Producer Prices and Component Levels: June 2010

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	15.18	15.68	Butterfat	3.633	3.410
Butterfat 2/	1.7234	1.7281	Protein	3.096	N/A
Protein 2/	2.2040	N/A	Other Solids	5.725	N/A
Other Solids 2/	0.1748	N/A	Nonfat Solids	8.820	N/A
PPD 1/*	1.56	N/A			
Skim 1/	N/A	9.98			

N/A = not applicable. * Subject to applicable location adjustments. 1/ \$ per cwt. 2/ \$ per pound.

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JUNE 2010 CLASS PRICES

June 2010 non-advanced Class Prices were calculated using NASS commodity price surveys from June 5, 12, 19, and 26, 2010. Component prices for the month are \$2.2040 per pound of protein, \$1.7234 per pound of butterfat, \$0.1748 per pound of other solids, and \$1.0843 per pound of nonfat solids.

June 2010 Class III and IV prices at 3.5% butterfat are \$13.62 and \$15.45 per hundredweight, respectively. The June Class III price compared to May is up \$0.24. The Class III price is \$3.65 higher than in June 2009.

Class II butterfat was announced at \$1.7304 per pound. Class I skim and butterfat and Class II skim prices for June 2010 were announced on May 21, 2010. The Class II price at 3.5% butterfat is \$16.01 for June 2010.

FINAL: NASS COMMODITY PRICES

	<u>May</u>	<u>June</u>	<u>Change</u>
Cheese*	\$1.4257	\$1.4475	\$0.0218
Butter	\$1.5801	\$1.5946	\$0.0145
Nonfat Dry Milk	\$1.2520	\$1.2631	\$0.0111
Whey	\$0.3645	\$0.3688	\$0.0043

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

Current Commodity Prices -- The NASS survey of cheddar cheese prices showed a net decrease in price received for 40-pound blocks and an increase for 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 2.12 cents between the June 12 and the July 17 surveys, to \$1.4369 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed an increase of 4.96 cents to \$1.4766 per pound.

The NASS butter price showed an increase of 16.73 cents between the weeks ending June 12 and July 17 from \$1.5765 per pound to \$1.7438 per pound.

The NASS nonfat dry milk showed a net decrease of 7.02 cents since mid-June to \$1.2335 per pound. The average price for NASS whey showed a net decrease of 0.66 cents since mid-June to \$0.3615 per pound. ♦

AUGUST'S CLASS I PRICE ANNOUNCEMENT

On July 23, the August 2010 Class I price was announced at \$17.67 for the Pacific Northwest Order and \$18.12 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of July 10 and 17.

The August Class III and IV advance skim prices are \$7.30 and \$9.49 per hundredweight, respectively. The butterfat portion of the Class I mover increased 20.60 cents from \$1.6839 to \$1.8899 per pound.

The August 2010 Class II skim and nonfat solids prices were also announced on July 23. The skim price is \$10.19 per hundredweight, and the nonfat solids price is \$1.1322 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	<u>July</u>	<u>August</u>	<u>Change</u>
Cheese*	\$1.4726	\$1.4497	-\$0.0229
Butter	\$1.5620	\$1.7321	\$0.1701
Nonfat Dry Milk	\$1.3037	\$1.2333	-\$0.0704
Whey	\$0.3698	\$0.3618	-\$0.0080

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

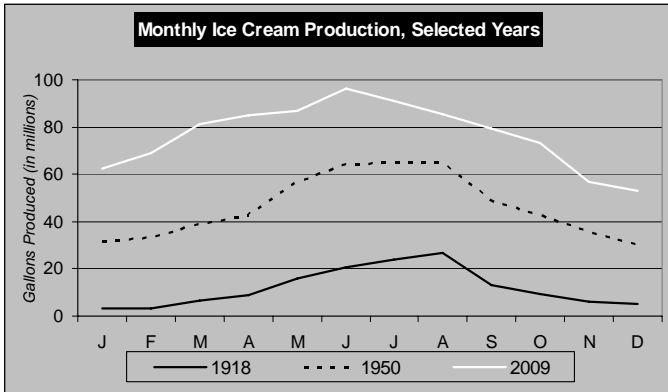
JULY IS ICE CREAM MONTH

Did Americans eat more ice cream in 1950 or 2009? According to the National Agricultural Statistics Service (NASS), the annual production of ice cream in 1950 was 554.4 million gallons while 2009's total was 920.2 million gallons. At first glance, it would seem that 2009 would be the answer, right? It turns out that when adjusting for population growth, enough ice cream was produced for Americans to eat 3.6 gallons per person in 1950 and 3.0 gallons in 2009.

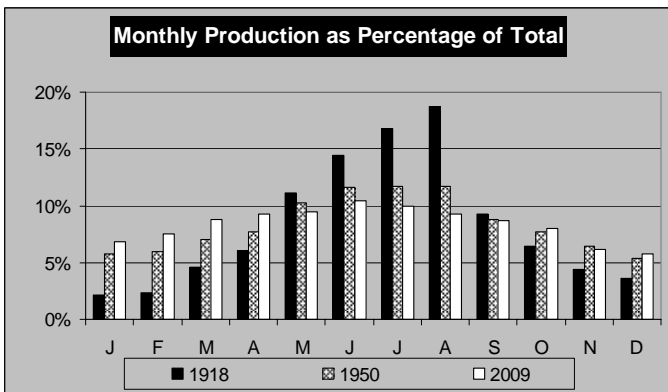
The ice cream production figures are available on-line via the NASS Quick Stats (<http://quickstats.nass.usda.gov>) and can be tailored to fit your interests. The NASS Quick Stats have national ice cream production data dating back to 1918.

How has production changed since 1918? For one thing, the volume is up considerably. Ice cream production in 1918 totaled 142.9 million pounds, or an estimated 1.4 gallons per capita. The monthly production has changed as well. Both now and then, production has peaked in the summer

months; however, present-day production levels are fairly constant relative to 1918 patterns. In 2009, ice cream production ranged from 52.8 million gallons in December to 96.2 million in June; a decrease of 45 percent. In 1918, production peaked in August at 26.8 million gallons, then dropped to 3.1 million gallons in January; a decrease of 89 percent. The graph below illustrates this data.



While the peaks and valleys of production have remained similar in the years 1918, 1950, and 2009, the picture is quite different when looking over the span of a full year. In 1918, over 60 percent of the year's ice cream was produced in four months: May through August. By 1950, the production curve had smoothed a bit and it took six months to reach 60 percent of the year's production. In 2009, the May through August production only accounted for 39 percent of the year's ice cream. Under modern production practices, the production is spread out through most of the year; it now takes almost seven months to reach 60 percent of the year's production. The graph below compares the monthly production as a percent of total production for the years 1918, 1950, and 2009.



Whatever your favorite flavor, whether you prefer a cone or a bowl, and sprinkles or no sprinkles; the Market Administrator's staff wishes you a happy July Ice Cream Month. ♦



USDA AND DEPARTMENT OF JUSTICE HOLD WORKSHOP FOCUSED ON COMPETITION ISSUES IN THE DAIRY INDUSTRY

On June 25, 2010, the U.S. Department of Agriculture and the Department of Justice held a joint public workshop in Madison, Wisconsin, to explore the appropriate role for antitrust and regulatory enforcement in the dairy industry. The workshop, led by Agriculture Secretary Tom Vilsack and Assistant Attorney General for the Justice Department's Antitrust Division Christine Varney, examined competition in the dairy industry and featured panel discussions on trends in the dairy industry, market consolidation and market transparency. The workshop included significant opportunity for producers and the public to comment on trends in the dairy sector.

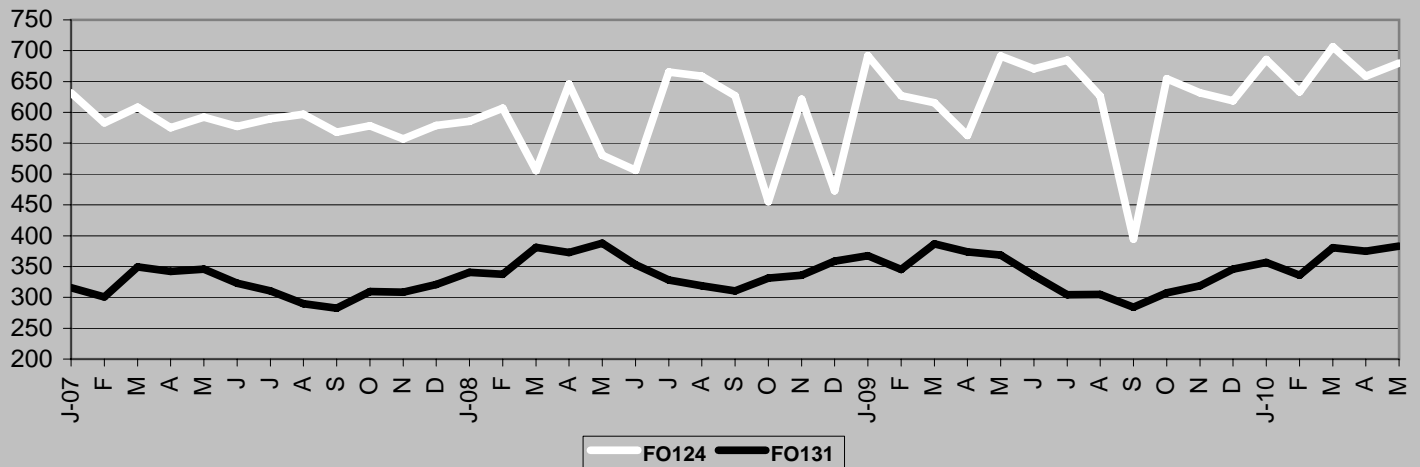
This was the third in a series of five workshops intended to promote dialogue among interested parties and foster learning with a diverse group of stakeholders regarding competition and regulatory issues in the agricultural marketplace. These workshops are the first-ever to be held by the Department of Justice and the USDA to discuss competition and regulatory issues in the agriculture industry. Additional information about the workshops can be found at www.justice.gov/atr/public/workshops/ag2010/index.htm#overview.

Videos and transcripts from the workshop are available on the Antitrust Division's website at www.justice.gov/atr/public/workshops/ag2010/index.htm#dates. Individuals seeking more information on the workshops should contact agriculturalworkshops@usdoj.gov. ♦

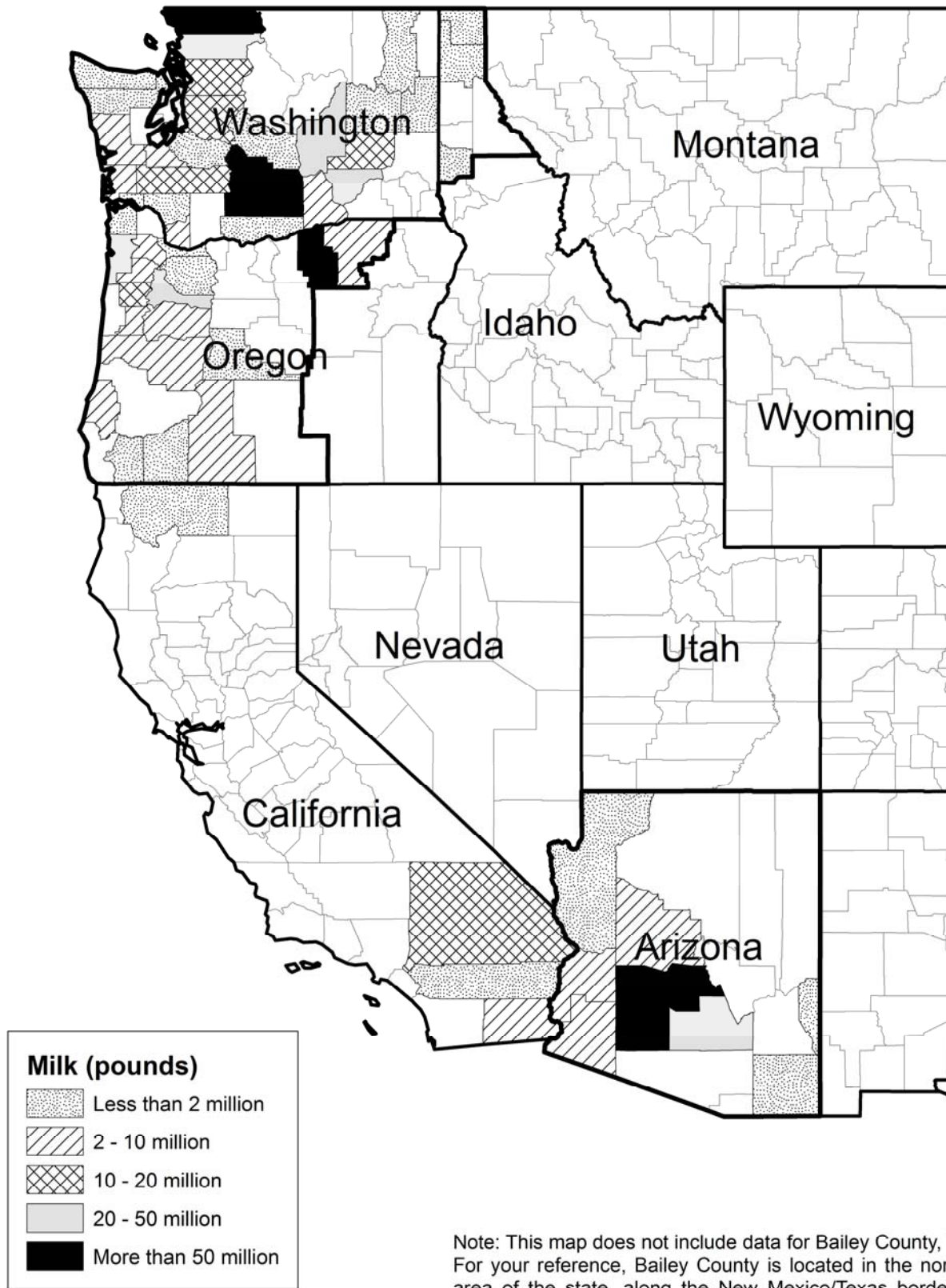
Number of Producers and Pounds of Milk: By Order, State, and County, May 2010

State	County	Producers	Milk	State	County	Producers	Milk
Pacific Northwest Order				Pacific Northwest Order (Continued)			
California				Oregon			
	Siskiyou	3	1,290,587	Benton		3	2,742,419
Total California		3	1,290,587	Clackamas & Multnomah		9	1,183,034
Idaho				Clatsop		4	1,839,800
	Northern Idaho	3	448,983	Coos		7	2,098,901
Total Idaho		3	448,983	Deschutes, Jackson & Klamath		8	5,251,562
Washington				Josephine		3	1,004,542
	Adams	9	15,679,804	Lane		4	4,762,538
	Clark & Cowlitz	10	7,650,008	Linn		6	4,996,735
	Franklin	10	34,633,913	Marion		31	28,528,044
	Grant & Kittitas	25	47,340,647	Morrow & Umatilla		7	59,513,088
	Grays Harbor, Jefferson & Clallam	10	5,269,669	Polk		5	10,342,051
	King	23	14,147,494	Tillamook		108	46,012,115
	Klickitat & Benton	6	6,913,199	Washington		12	5,072,295
	Lewis	30	10,737,135	Yamhill		7	8,831,541
	Lincoln & Spokane	9	1,751,656	Total Oregon		214	182,178,665
	Pacific	9	2,514,901	Arizona Order			
	Skagit	29	22,800,993	Arizona			
	Snohomish & Island	26	19,545,305	Maricopa		71	301,117,681
	Stevens	8	1,420,976	Cochise, Greenlee and Pinal, AZ, & Bailey, TX		12	46,653,979
	Thurston & Pierce	10	9,421,185	La Paz, Mohave, Yavapai and Yuma, AZ, & Imperial, Riverside, and San Bernardino, CA		13	35,483,627
	Wahkiakum	4	709,357	Total Arizona		96	383,255,287
	Whatcom	121	88,445,873	Total Pacific Northwest Order		631	680,071,814
	Yakima	72	207,171,464	Total Arizona Order		96	383,255,287
Total Washington		411	496,153,579	Total		727	1,063,327,101

Pacific Northwest (FO124) and Arizona (FO131) Producer Milk Pooled January 2007 - May 2010 (million pounds)



Pounds of Producer Milk by County, May 2010



MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA			
	Jun 2010	May 2010	Jun 2009	May 2009	Jun 2010	May 2010	Jun 2009	May 2009
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt.)	\$17.18	\$15.70	\$11.98	\$12.87	\$17.63	\$16.15	\$12.43	\$13.32
Class II Milk (\$/cwt.)	16.01	14.90	10.79	10.71	16.01	14.90	10.79	10.71
Class III Milk (\$/cwt.)	13.62	13.38	9.97	9.84	13.62	13.38	9.97	9.84
Class IV Milk (\$/cwt.)	15.45	15.29	10.22	10.14	15.45	15.29	10.22	10.14
Producer Prices								
Producer Price Differential (\$/cwt.)	\$ 1.56	\$ 1.22	\$ 0.73	\$ 0.99	+	+	+	+
Butterfat (\$/pound)	1.7234	1.7058	1.2544	1.2648	+	+	+	+
Protein (\$/pound)	2.2040	2.1523	1.7283	1.7454	+	+	+	+
Other Solids (\$/pound)	0.1748	0.1704	0.0723	0.0336	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	9.98	9.44	6.78	6.98
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.7281	1.6921	1.2601	1.2598
Statistical Uniform Price (\$/cwt.)	\$15.18	\$14.60	\$10.70	\$10.83	\$15.68	\$15.03	\$10.95	\$11.15
Producer Data								
Number of Producers	631 *	631	656	657	96 *	96	97	100
Avg. Daily Production (lbs.)	34,804 *	34,767	34,074	33,951	124,511 *	128,782	115,226	118,879
Producer Milk Ratios								
Class I	26.84%	27.20%	26.86%	26.18%	29.28%	30.20%	33.18%	30.68%
Class II	7.22%	6.88%	6.41%	6.18%	8.52%	7.44%	9.45%	9.20%
Class III	42.42%	42.18%	43.10%	42.92%	26.32%	29.67%	30.45%	26.13%
Class IV	23.52%	23.74%	23.63%	24.72%	35.88%	32.69%	26.92%	33.99%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	May 2010	Apr 2010	May 2009	Apr 2009	May 2010	Apr 2010	May 2009	Apr 2009
	Number of Handlers							
Pool Handlers	27	28	28	26	7	7	7	7
<i>Distributing Plants</i>	14	15	15	15	5	5	5	5
<i>Supply Plants 1/</i>	8	8	8	6	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	6	6	6	6	0	0	0	0
Other Plants w/ Class I Use	24	24	23	22	23	26	27	24
Class I Route Disposition In Area								
By Pool Plants	170,938,863	171,054,146	168,966,547	169,465,034	91,686,216	96,714,659	93,055,190	96,171,581
By Producer-Handlers	9,297,601	10,008,493	6,832,290	6,811,671	0	0	0	0
By Other Plants	6,513,159 *	8,151,270	7,066,392	6,567,851	5,256,315 *	5,544,425	4,719,720	4,544,011
Total	186,749,623	189,213,909	182,865,229	182,844,556	96,942,531	102,259,084	97,774,910	100,715,592
Producer-Handler Data								
% Class I Use	73.42%	79.42%	79.01%	77.76%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.98%	5.29%	3.74%	3.73%	0.00%	0.00%	0.00%	0.00%

* Preliminary. 1/ Includes Cooperative Pool Manufacturing Plants

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA				
	Jun 2010	May 2010	Jun 2009	May 2009	Jun 2010	May 2010	Jun 2009	May 2009	
TOTAL PRODUCER MILK	658,832,836	680,071,814	670,568,357	691,481,676	358,591,020	383,255,287	335,307,590	368,524,073	
RECEIPTS FROM OTHER SOURCES	16,246,747	16,385,505	23,184,886	32,567,618	2,755,861	3,174,028	14,772,939	7,609,410	
OPENING INVENTORY	36,000,583	37,562,572	35,627,978	35,107,961	24,889,572	23,034,387	20,610,292	27,131,004	
TOTAL TO BE ACCOUNTED FOR	711,080,166	734,019,891	729,381,221	759,157,255	386,236,453	409,463,702	370,690,821	403,264,487	
UTILIZATION OF RECEIPTS									
Whole milk	30,457,814	32,007,691	31,784,777	32,453,192	23,150,598	23,774,122	24,672,649	24,166,526	
Flavored milk & milk drinks	9,106,009	13,384,044	9,475,631	13,116,068	2,772,831	5,638,770	2,822,382	5,171,044	
2% milk	66,506,717	68,356,229	66,913,686	67,135,176	32,607,431	33,845,767	36,303,302	36,715,027	
1% milk	25,004,462	27,652,236	26,006,569	26,767,878	13,788,642	15,633,939	12,547,234	13,973,763	
Skim milk	27,419,430	28,159,453	27,362,484	28,135,043	11,359,586	12,420,737	11,781,611	12,631,389	
Buttermilk	1,317,499	1,379,210	1,348,304	1,359,190	363,063	372,881	394,670	397,441	
CLASS I ROUTE DISP. IN AREA.	159,811,931	170,938,863	162,891,451	168,966,547	84,042,151	91,686,216	88,521,848	93,055,190	
Class I dispositions out of area	16,004,407	15,064,765	16,483,397	16,625,391	22,844,213	22,792,336	22,161,198	22,073,743	
Other Class I usage	17,522,280	17,794,391	14,017,970	13,504,208	12,505,491	14,761,611	11,552,340	10,995,419	
TOTAL CLASS I USE.	193,338,618	203,798,019	193,392,818	199,096,146	119,391,855	129,240,163	122,235,386	126,124,352	
TOTAL CLASS II USE	57,842,887	55,624,071	53,120,198	50,244,055	31,277,578	29,151,094	32,494,187	34,882,495	
TOTAL CLASS III USE	280,637,381	288,346,914	292,009,191	300,343,175	94,799,476	114,138,530	103,159,266	96,765,895	
TOTAL CLASS IV USE	179,261,280	186,250,887	190,859,014	209,473,879	140,767,544	136,933,915	112,801,982	145,491,745	
TOTAL ACCOUNTED FOR	711,080,166	734,019,891	729,381,221	759,157,255	386,236,453	409,463,702	370,690,821	403,264,487	
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I	176,820,656	185,001,246	180,114,694	181,054,717	105,002,053	115,738,015	111,247,907	113,048,147
	Class II	47,570,542	46,804,168	42,983,484	42,707,257	30,561,167	28,518,156	31,690,024	33,899,410
	Class III	279,476,766	286,847,911	289,022,090	296,817,592	94,388,786	113,725,800	102,106,748	96,294,651
	Class IV	154,964,872	161,418,489	158,448,089	170,902,110	128,639,014	125,273,316	90,262,911	125,281,865
Other receipts:	Class I	16,517,962	18,796,773	13,278,124	18,041,429	14,389,802	13,502,148	10,987,479	13,076,205
	Class II	10,272,345	8,819,903	10,136,714	7,536,798	2/	2/	2/	2/
	Class III	1,160,615	1,499,003	2,987,101	3,525,583	2/	2/	2/	2/
	Class IV	24,296,408	24,832,398	32,410,925	38,571,769	13,255,631	12,706,267	24,395,752	21,664,209
Avg. daily producer receipts		21,961,095	21,937,800	22,352,279	22,305,861	11,953,034	12,363,074	11,176,920	11,887,873
Change From Previous Year		-1.75%	-1.65%	32.45%	30.33%	6.94%	4.00%	-5.08%	-4.97%
Avg. daily Class I use		6,444,621	6,574,130	6,446,427	6,422,456	3,979,729	4,169,038	4,074,513	4,068,527
Change From Previous Year		-0.03%	2.36%	1.59%	-3.70%	-2.33%	2.47%	3.55%	-2.92%

1/ Restricted - Included with Class I.
2/ Restricted - Included with Class IV.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for June 2010
- June 2010 Class Prices
- Class I Price for August 2010
- July is Ice Cream Month
- USDA and Department of Justice Hold Workshop Focused on Competition Issues in the Dairy Industry
- State and County Data for May 2010
- Requesting Feedback

REQUESTING FEEDBACK

Changes are on the horizon for *The Market Administrator's Report!* In order to better meet the needs and interests of our readers, we invite you to send us your feedback. Any feedback is helpful; here are some ideas:

- We would like to hear what features of *The Market Administrator's Report* are most useful to you.
- We are also interested in knowing which features need some improvement.
- If there are any topics that we aren't already covering, let us know! We welcome new ideas.

An email address has been set-up to receive feedback, comments@fmmaseattle.com, or feel free to give us a call at (425) 487-6009. Written comments may also be sent to our Bothell office:

Attn: Market Information Staff
1930 220th ST SE, Ste. 102
Bothell, WA 98021-8471

We look forward to hearing from you! ♦