



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 40, No. 8

August 2014

Data for July 2014

MARKET SUMMARIES FOR JULY

Pacific Northwest (FO 124)

Producers delivered a total of 744.2 million pounds of milk to the market during July. Daily deliveries averaged 24.0 million pounds, down 3.9 percent from June. An estimated 571 producers delivered milk to the market during the month. Daily deliveries per producer averaged 42,046 pounds, down 3.8 percent from June.

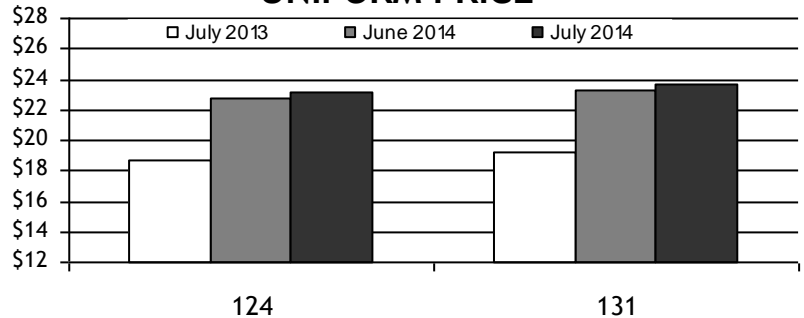
Class I producer milk during July totaled 159.7 million pounds, 21.5 percent of total producer receipts. Daily usage averaged 5.2 million pounds, down 1.7 percent from June. ▼

Arizona (FO 131)

Producers delivered a total of 390.2 million pounds of milk to the market during July. Daily deliveries averaged 12.6 million pounds, down 7.3 percent from June. An estimated 91 producers delivered milk to the market during the month. Daily deliveries per producer averaged 138,317 pounds, down 7.3 percent from June.

Class I producer milk during July totaled 104.3 million pounds, 26.7 percent of total producer receipts. Daily usage averaged 3.4 million pounds, down 0.5 percent from June. ▼

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	June	July	June	July
Uniform Price (at 3.5%)	\$22.76	\$23.15	\$23.33	\$23.73
Uniform Price (at test)	\$23.99	\$24.28	\$23.13	\$23.54
PPD	\$1.40	\$1.55		
Butterfat	\$2.4413	\$2.6349		n/a
Protein	\$3.3437	\$3.1798		
Other Solids	\$0.4942	\$0.5046		
Uniform Skim			\$15.41	\$15.12
Uniform Butterfat		n/a	\$2.4167	\$2.6101
Butterfat	3.776%	3.785%	3.414%	3.425%
Protein	3.153%	3.104%		
Other Solids	5.730%	5.728%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ U.S. Farm Production Expenditures Top \$367 Billion
- ✓ June Milk Production
- ✓ Selected Prices

Federal Order Price Summaries

FINAL CLASS PRICES

The July 2014 Final Class Prices were calculated using AMS commodity price surveys from July 5, 12, 19, and 26, 2014. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/finalprice.htm.

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
June 2014	\$24.76	\$25.21	\$23.94	\$21.36	\$23.13	\$2.4413	\$3.3437	\$0.4942	\$1.6785
July 2014	\$24.92	\$25.37	\$24.41	\$21.60	\$23.78	\$2.6349	\$3.1798	\$0.5046	\$1.6770
Change	\$0.16	\$0.16	\$0.47	\$0.24	\$0.65	\$0.1936	(\$0.1639)	\$0.0104	(\$0.0015)

ADVANCED CLASS I PRICE

The September 2014 Advanced Price was calculated using AMS commodity price surveys from August 9 and 16, 2014. Current and archived Advanced Price announcements are available at 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
Aug. 2014	\$2.6235	\$12.82	\$15.22	\$15.22	\$23.87	\$25.77	\$26.22	\$15.92	\$1.7689
Sep. 2014	\$2.7373	\$12.71	\$14.56	\$14.56	\$23.63	\$25.53	\$25.98	\$15.26	\$1.6956
Change	\$0.1138	(\$0.11)	(\$0.66)	(\$0.66)	(\$0.24)	(\$0.24)	(\$0.24)	(\$0.66)	(\$0.0733)

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	June	July	Change
Cheese	\$2.0358	\$2.0482	\$0.0124
Butter	\$2.1874	\$2.3473	\$0.1599
Nonfat Dry Milk	\$1.8633	\$1.8617	(\$0.0016)
Whey	\$0.6789	\$0.6890	\$0.0101

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	August	September	Change
Cheese	\$2.0445	\$2.0666	\$0.0221
Butter	\$2.3379	\$2.4319	\$0.0940
Nonfat Dry Milk	\$1.8763	\$1.8020	(\$0.0743)
Whey	\$0.6873	\$0.6926	\$0.0053

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net increase in prices received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 3.02 cents between the July 19 and the August 16 surveys, to \$2.0397 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net increase of 8.2 cents to \$2.1175 per pound.

The AMS butter price showed a net increase of 4.57 cents between the weeks ending July 19 and August 16 from \$2.3686 per pound to \$2.4143 per pound. The AMS nonfat dry milk showed a net decrease of 5.77 cents since mid-July to \$1.8118 per pound. The average price for AMS whey showed a net increase of 0.15 cents since mid-July to \$0.6884 per pound.

A current summary of various commodity prices is available at www.fmmaseattle.com/prices.htm. 

USDA News

U.S. FARM PRODUCTION EXPENDITURES TOP \$367 BILLION IN 2013

Farm Land Values Maintain Upward Climb

U.S. farmers spent \$367.3 billion on agricultural production in 2013, a 2.0 percent increase from 2012, according to the Farm Production Expenditures report, published August 1, 2014, by the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS).

Per farm, the average expenditures total \$175,270 compared with \$171,309 in 2012, up 2.3 percent. Crop farms account for the majority of production expenditures in 2013. The average expenditure per crop farm totals \$211,659 compared to \$143,521 per livestock farm.

Regionally, the largest increase in production expenditures was in the Midwest, which already accounted for nearly all farm production expenditures in the United States. In that region, expenditures rose by \$3.7 billion from 2012. For 2013, total expenditures by region are:

Midwest	\$118.5 billion
Plains	\$87.6 billion
West	\$76.9 billion
Atlantic	\$45.5 billion
South	\$38.8 billion

The Farm Production Expenditures summary provides the official estimates for production input costs on U.S. farms and ranches. These estimates are based on the results of the nationwide Agricultural Resource Management Survey (ARMS), conducted annually by NASS. The entire Farm Production Expenditures 2013 summary is available online at <http://usda.mannlib.cornell.edu/usda/current/FarmProdEx/FarmProdEx-08-01-2014.pdf>.

Farm Land Values Climb Up

Also on August 1, 2014, NASS released the 2014 Land Values report, which includes estimates based on interviews with approximately 11,000 farmers. This report looks at the U.S. farm real estate value, which measures the value of all land and buildings on farms.

In 2014, U.S. farm real estate value averaged \$2,950 per acre for 2014, up 8.1 percent from 2013. Regional changes in the average value of farm real estate ranged from a 16.3 percent increase in the Northern Plains region to 1.1 percent increase in the Southeast region. The highest farm real estate values were in the Corn Belt region at \$6,370 per acre. The Mountain region had the lowest farm real estate value at \$1,070 per acre.

The United States pasture value increased to \$1,300 per acre, or 11.1 percent above 2013. The Southeast region had the smallest percentage increase in pasture value, 0.5 percent above 2013. The Northern Plains had the highest increase at 26.5 percent. At the state level, the value of 2014 pasture land ranged from \$360 per acre in New Mexico to \$13,500 in New Jersey.

Land Values and all other NASS reports are available online at www.nass.usda.gov. 

Source: USDA. National Agricultural Statistics Service. News Release: "U.S. Farm Production Expenditures Top \$367 Billion in 2013", August 1, 2014. Available at www.nass.usda.gov.

June Data

MILK PRODUCTION

June Milk Production up 2.0 Percent

Milk production in the 23 major States during June totaled 16.2 billion pounds, up 2.0 percent from June 2013. May revised production at 16.9 billion pounds, was up 1.6 percent from May 2013. The May revision represented an increase of 25 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,888 pounds for June. This is the highest production per cow for the month of June since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.57 million head, 11,000 head more than May 2014.

April–June Milk Production Up 1.6 Percent

Milk Production in the United States during the April-June quarter totaled 52.8 billion pounds, up 1.6 percent from the April-June quarter last year.

The average number of milk cows in the United States during the quarter was 9.25 million head, 39,000 head more than the January-March quarter.



Source: USDA. National Agricultural Statistics Service. "Milk Production", July 18, 2014. Available at www.nass.usda.gov.

JUNE DAIRY HIGHLIGHTS

On August 5, 2014, USDA's National Agricultural Statistics Service issued a corrected publication of the "Dairy Products" originally issued August 1, 2014. The publication was corrected due to a reporting error in American Type Cheeses and Cheddar Cheese. Discovery of this error initiated changes to Total Cheese, American Type Cheese, and Cheddar Cheese. The text below is sourced from the updated publication.

Total cheese output (excluding cottage cheese) was 942 million pounds, 3.3 percent above June 2013 but 2.6 percent below May 2014. Italian type cheese production totaled 409 million pounds, 4.4 percent above June 2013 but 1.2 percent below May 2014. American type cheese production totaled 375 million pounds, 3.2 percent above June 2013 but 4.3 percent below May 2014.

Butter production was 140 million pounds, 0.2 percent below June 2013 and 15.0 percent below May 2014.

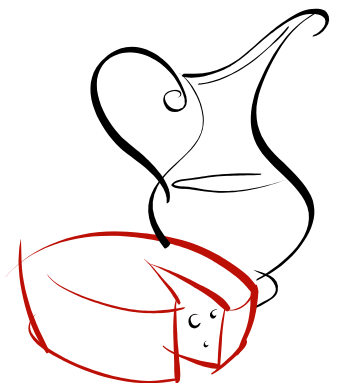
Nonfat dry milk was 148 million pounds, up 13.1 percent from June 2013.

Dry whey decreased 0.6 percent from June 2013, totaling 79.1 million pounds. Lactose production (for both human and animal consumption) totaled 99.9 million pounds, an increase of 12.6 percent from June 2013. Production of whey protein concentrate was also higher in June 2014 compared to year ago levels at 43.7 million pounds, a 5.4 percent increase.

Production for regular, hard ice cream in June 2014 totaled 73.1 million gallons, down 6.0 percent from June 2013. Lowfat ice cream was down 5.6 percent from year ago levels, totaling 42.0 million gallons.

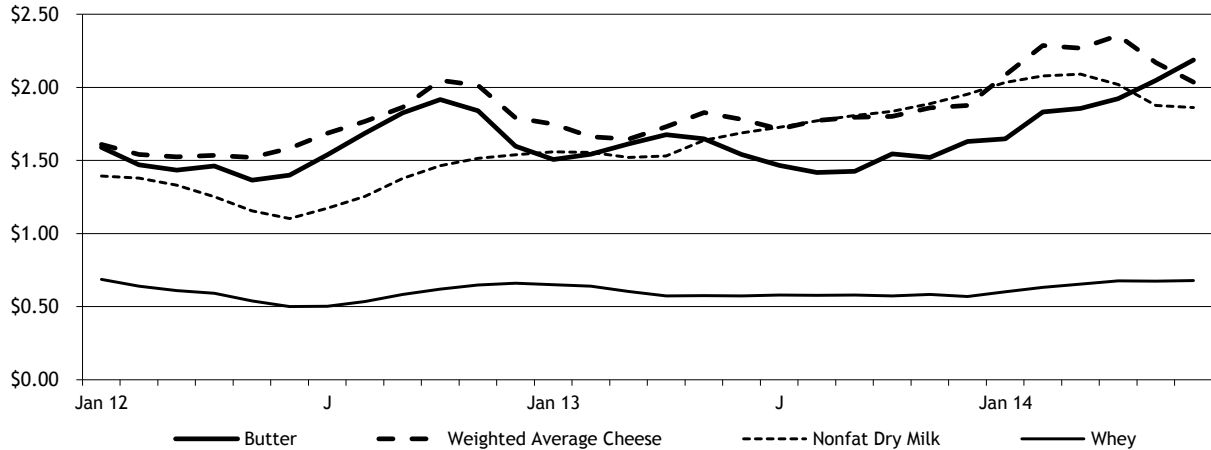


Source: USDA. National Agricultural Statistics Service. "Dairy Products", published August 1, 2014, and revised August 5, 2014. Available at http://usda.mannlib.cornell.edu/usda/current/DairProd/DairProd-08-01-2014_revision.pdf.

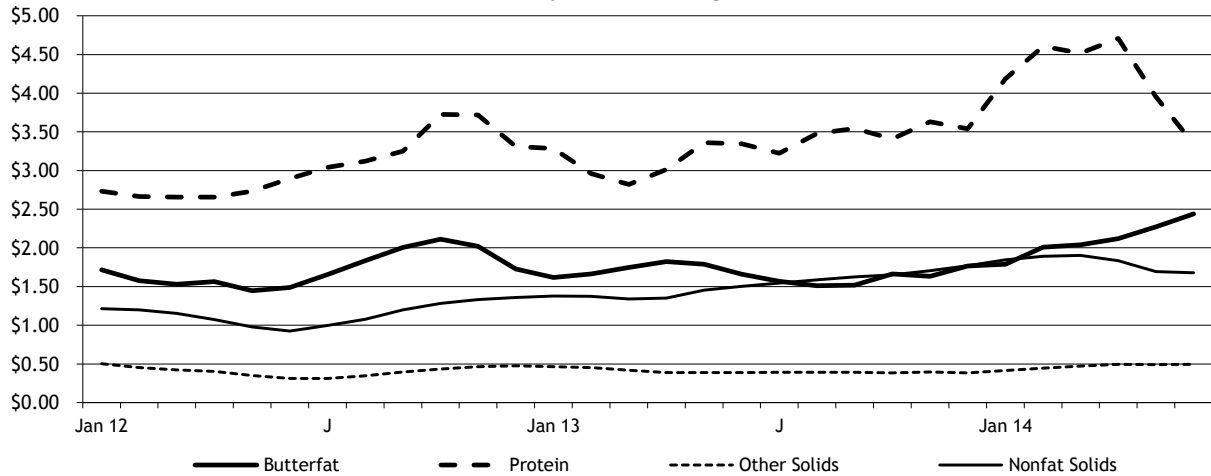


Selected Prices: January 2000-June 2014

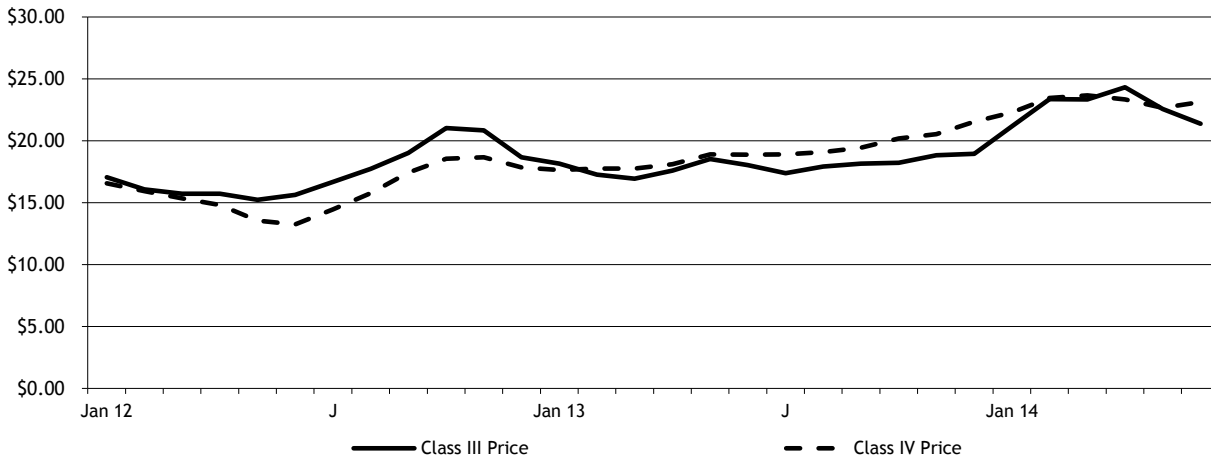
**USDA Monthly Butter, Weighted Average Cheese, Nonfat Dry Milk, and Whey
January 2012 through June 2014**



**Federal Order Butterfat, Protein, Nonfat Solids, and Other Solids Prices
January 2012 through June 2014**



**Federal Order Class III and IV Prices @ 3.5% Butterfat
January 2012 through June 2014**



Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jul 2014	Jun 2014	Jul 2013	Jun 2013	Jul 2014	Jun 2014	Jul 2013	Jun 2013
Producer Prices								
Producer Price Differential (\$/cwt)	\$1.55	\$1.40	\$1.27	\$0.82	+	+	+	+
Butterfat (\$/pound)	2.6349	2.4413	1.5693	1.6599	+	+	+	+
Protein (\$/pound)	3.1798	3.3437	3.2257	3.3455	+	+	+	+
Other Solids (\$/pound)	0.5046	0.4942	0.3927	0.3859	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$15.12	\$15.41	\$14.08	\$13.85
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.6101	2.4167	1.5944	1.6862
Statistical Uniform Price (\$/cwt)	\$23.15	\$22.76	\$18.65	\$18.84	\$23.73	\$23.33	\$19.17	\$19.27
Producer Data								
Number of Producers	571	572	595	594	91	91	91	91
Avg. Daily Production (pounds)	42,046	43,682	39,708	40,727	138,317	149,162	128,842	141,412
Producer Milk Ratios								
Class I	21.45%	20.96%	22.94%	22.13%	26.73%	24.91%	29.60%	25.89%
Class II	6.65%	6.57%	6.74%	7.08%	9.39%	9.80%	9.77%	8.78%
Class III	43.15%	41.84%	44.70%	43.22%	31.17%	29.43%	28.06%	25.55%
Class IV	28.75%	30.63%	25.62%	27.57%	32.71%	35.86%	32.57%	39.78%
Market Shrinkage								
Pounds	10,914,829	9,015,125	12,653,624	10,040,728	1,519,963	1,642,718	1,174,144	1,411,920
% of Producer Milk	1.47%	1.20%	1.73%	1.38%	0.39%	0.40%	0.32%	0.37%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jun 2014	May 2014	Jun 2013	May 2013	Jun 2014	May 2014	Jun 2013	May 2013
Number of Handlers								
Pool Handlers	24	24	25	25	7	7	7	7
<i>Distributing Plants</i>	12	13	14	14	5	5	5	5
<i>Supply Plants 1/</i>	7	6	6	6	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	20	19	16	17	23	21	20	21
Class I Route Disposition In Area								
By Pool Plants	141,953,525	153,418,317	149,143,781	162,766,238	76,339,476	81,621,573	77,601,688	87,378,003
By Producer-Handlers	6,597,819	7,058,979	6,726,671	7,318,462	0	0	0	0
By Other Plants	10,979,633	10,857,190	8,892,288	9,998,353	6,394,157	7,977,398	5,877,432	7,050,235
Total	159,530,977	171,334,486	164,762,740	180,083,053	82,733,633	89,598,971	83,479,120	94,428,238
Producer-Handler Data								
% Class I Use	61.64%	62.62%	65.46%	69.45%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.14%	4.12%	4.08%	4.06%	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			
	Jul 2014	Jun 2014	Jul 2013	Jun 2013	Jul 2014	Jun 2014	Jul 2013	Jun 2013
<i>Receipts of Milk</i>								
Total Producer Milk	744,248,403	749,574,810	732,414,684	725,757,486	390,191,450	407,213,014	363,464,532	386,053,508
Receipts From Other Sources	12,128,321	8,023,805	9,264,396	10,263,399	16,868,924	10,003,059	3,669,081	1,871,786
Opening Inventory	36,229,301	35,735,781	38,339,051	36,608,173	21,899,214	23,487,512	23,454,115	23,109,700
Total To Be Accounted For	792,606,025	793,334,396	780,018,131	772,629,058	428,959,588	440,703,585	390,587,728	411,034,994
<i>Utilization of Receipts</i>								
Whole milk	34,325,264	33,202,365	32,276,730	32,443,546	24,532,596	23,527,993	24,131,550	22,795,270
Flavored milk & drinks	6,925,753	7,888,061	6,515,712	8,080,320	2,503,608	2,564,811	2,521,531	2,474,255
2% milk	61,824,608	60,409,454	64,735,697	62,998,981	30,640,727	29,600,726	31,443,329	29,900,666
1% milk	20,920,659	20,846,343	22,683,746	22,990,367	12,896,374	12,473,249	13,618,330	13,096,556
Skim milk	18,062,909	18,215,963	21,420,959	21,268,084	7,924,433	7,814,672	9,259,321	8,994,134
Buttermilk	1,561,523	1,391,339	1,558,665	1,362,483	382,209	358,025	370,085	340,807
Class I dispositions in area	143,620,716	141,953,525	149,191,509	149,143,781	78,879,947	76,339,476	81,344,146	77,601,688
Class I dispositions out of area	15,421,802	14,266,990	15,444,792	13,765,879	23,525,642	22,675,403	26,389,175	24,080,697
Other Class I usage	16,428,056	17,914,899	18,074,712	15,815,832	12,752,167	10,777,910	11,720,115	11,819,281
<i>Utilization by Class</i>								
Total Class I Use	175,470,574	174,135,414	182,711,013	178,725,492	115,157,756	109,792,789	119,453,436	113,501,666
Total Class II Use	55,576,070	54,689,793	56,544,089	59,069,354	38,310,725	40,791,837	36,431,760	34,617,638
Total Class III Use	327,582,225	314,481,559	328,266,222	314,621,435	123,956,527	120,617,309	102,822,469	99,221,512
Total Class IV Use	233,977,156	250,027,630	212,496,807	220,212,777	151,534,580	169,501,650	131,880,063	163,694,178
Total Accounted For	792,606,025	793,334,396	780,018,131	772,629,058	428,959,588	440,703,585	390,587,728	411,034,994

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Jul 2014	Jun 2014	Jul 2013	Jun 2013	Jul 2014	Jun 2014	Jul 2013	Jun 2013
<i>Producer milk</i>								
Class I	159,651,102	157,090,384	167,989,264	160,645,130	104,302,101	101,419,838	107,572,541	99,950,571
Class II	49,464,939	49,228,947	49,400,535	51,400,741	36,645,075	39,919,520	35,521,189	33,881,609
Class III	321,158,372	313,586,072	327,364,200	313,660,469	121,625,842	119,861,502	101,977,258	98,617,702
Class IV	213,973,990	229,669,407	187,660,685	200,051,146	127,618,432	146,012,154	118,393,544	153,603,626
<i>Other receipts</i>								
Class I	15,819,472	17,045,030	14,721,749	18,080,362	10,855,655	8,372,951	11,880,895	13,551,095
Class II	6,111,131	5,460,846	7,143,554	7,668,613	1/	1/	1/	1/
Class III	6,423,853	895,487	902,022	960,966	1/	1/	1/	1/
Class IV	20,003,166	20,358,223	24,836,122	20,161,631	27,912,483	25,117,620	15,242,301	11,430,391
<i>Avg. daily producer receipts</i>	24,008,013	24,985,827	23,626,280	24,191,916	12,586,821	13,573,767	11,724,662	12,868,450
Change From Previous Year	1.62%	3.28%	68.15%	60.62%	7.35%	5.48%	2.78%	-1.43%
<i>Avg. daily Class I use</i>	5,660,341	5,804,514	5,893,904	5,957,516	3,714,766	3,659,760	3,853,337	3,783,389
Change From Previous Year	-3.96%	-2.57%	-3.08%	-6.96%	-3.60%	-3.27%	-3.01%	-3.83%

1/ Restricted - Included with Class IV.



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www.fmmaseattle.com

FEDERAL ORDER STATISTICS FOR JULY

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)	2,213.7	721.8	32.61%	\$26.27	\$24.75
Appalachian (FO 5)	423.7	298.7	70.50%	\$26.42	\$25.95
Florida (FO 6)	214.1	181.3	84.69%	\$28.42	\$27.95
Southeast (FO 7)	396.4	312.1	78.72%	\$26.82	\$26.43
Upper Midwest (FO 30)	2,937.4	287.3	9.78%	\$24.82	\$22.05
Central (FO 32)	1,262.8	372.0	29.46%	\$25.02	\$23.02
Mideast (FO 33)	1,419.7	495.6	34.91%	\$25.02	\$23.48
Pacific Northwest (FO 124)	744.2	159.7	21.45%	\$24.92	\$23.15
Southwest (FO 126)	1,083.2	328.7	30.34%	\$26.02	\$23.55
Arizona (FO 131)	390.2	104.3	26.73%	\$25.37	\$23.73

For links to Market Administrator's webpages, see www.fmmaseattle.com/dairyreferences.htm.