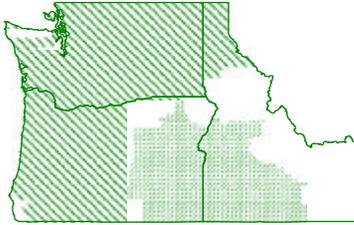


## Pacific Northwest & Southwestern Idaho- Eastern Oregon Marketing Areas

August 1998

James R. Daugherty, Market Administrator



1930 – 220<sup>th</sup> Street S.E., Suite 102  
Bothell, WA 98021-8471  
Phone (425) 487-6009  
Fax (425) 487-2775

Homepage: fmmaseattle.com  
E-mail: MAGeneric\_Seattle@usda.gov



### MARKET SUMMARIES FOR JULY

#### Pacific Northwest

Producers delivered a total of 566.4 million pounds of milk to the market during July, an increase of 69.6 million pounds from the level of a year ago. Daily deliveries decreased 2.4% from the previous month but were 14.0% above the level of a year ago. An estimated 1,144 producers delivered milk to the market during the month, an increase of 114 producers from July, 1997. Eligible producer milk was not pooled in July, 1997, affecting comparisons to a year ago. Daily deliveries per producer averaged 15,972 pounds, an increase of 412 pounds or 2.6% from a year ago.

Class I producer milk during July totaled 172.1 million pounds, 30.4% of total producer receipts. Daily usage averaged 0.3% below that in June and 1.6% below the level of a year ago.

Producers will receive \$2.0666 per pound of protein, \$0.0686 per pound of other solids, and \$2.2997 per pound of butterfat in their deliveries of milk. Producers will also be assessed the market's producer price differential of \$0.73 per hundredweight. The market average component tests for the month were: 3.14% protein, 5.47% other solids (solids-not-fat less protein), 8.61% solids-not-fat, and 3.56% butterfat.

#### Southwestern Idaho-Eastern Oregon

Producers delivered a total of 32.5 million pounds of milk to the market during July, a decrease of 236.1 million pounds from a year ago. Daily deliveries averaged 78.9% below those in the previous month and were 87.9% below the level of a year ago. An estimated 366 producers delivered milk to the market during the month, a decrease of 33 producers from a year ago.

Several handlers elected to not pool an estimated total of 271.4 million pounds of eligible producer milk for the month of July.

Daily deliveries per producer, based on estimated whole month production figures, averaged 26,784 pounds, an increase of 5,068 pounds or 23.3% from a year ago.

Class I producer milk during July totaled 15.1 million pounds, 46.4% of total producer receipts. Daily usage averaged 1.7% below that recorded last month but was 2.84% above the level of a year ago.

Producers will receive \$2.18 per pound of protein and \$2.30 per pound of butterfat in their deliveries of milk. Producers will also be assessed the market's weighted average differential price of \$1.69 per hundredweight. The market average component tests for the month were 3.11% protein and 3.41% butterfat. ♦

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

Federal Order	Per Cwt.
Pacific Northwest	\$14.04
Southwestern Idaho-Eastern Oregon	\$13.08

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202)720-2600 (voice and TDD). To file a complaint of discrimination, write the USDA, Director, Office of Civil Rights, Room 326W, Jamie L. Whitten Building, 14<sup>th</sup> and Independence Avenue, SW., Washington, D.C. 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an Equal Opportunity provider and employer.

**JULY BFP INCREASES \$1.67 FROM \$13.10 TO \$14.77 PER CWT.**

**Basic Formula Price** - - The July, 1998, Basic Formula Price (BFP) for manufacturing grade milk at 3.50% butterfat increased \$1.67 from June, to \$14.77 per hundredweight. July's BFP is \$3.91 above the BFP of a year ago, and \$4.82 above the support price for milk at 3.50% butterfat. The increase in the BFP for July resulted from an increase in the base month M-W survey from \$11.05 to \$13.17 between May, 1998, and June, 1998. The increase was aided by a \$1.60 increase in the product price portion of the BFP between June and July, 1998. The BFP is calculated as the base month M-W survey price, plus the weighted average change in product prices ( $\$13.17 + \$1.60 = \$14.77$  per hundredweight). The BFP at test was \$15.02 per hundredweight, with 3.61% butterfat, 3.07% protein and 8.50% 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 but a decrease for 500-pound barrels. The survey of 40-pound blocks showed an increase of 5.74 cents between the July 17 and the August 14 surveys, to \$1.6370 per pound. The survey of 500-pound barrels (adjusted to 39% moisture) decreased 3.79 cents to \$1.4793 per pound.

The Mercantile Exchange Grade A butter price series (Grade AA less 9 cents) increased 9.5 cents between July 24 and August 21 from \$1.9800 per pound to \$2.0750 per pound. The Mercantile Exchange Grade A butter price series set new record highs for the monthly price for July at \$1.9185 and a weekly high of \$2.0750 on August 21. The average wholesale price for nonfat dry milk (low, medium and high heat combined) in the Western States production area showed a 2.75 cent increase since mid-July to \$1.0550 per pound. The average price for western nonhygroscopic whey showed no net change since mid-July at \$0.2425 per pound. ♦

**PRODUCTION OF SELECTED MANUFACTURED PRODUCTS IN MILK-EQUIVALENTS COMPARED TO MILK PRODUCTION: BY STATE 1994-1997**

This article examines the level of milk-equivalent production of butter, nonfat dry milk, and cheese for the states of Idaho, Oregon and Washington on a quarterly basis during 1994 through 1997. If data on a product's production is not available for a particular state, the product was either not produced in that state or the data is restricted. The National Agricultural Statistics Service (NASS) does not publish data when it represents fewer than three plants or if individual plant operations could be disclosed. The most up-to-date data available, but subject to revision, were drawn from two publications by NASS: *Milk Production* and *Dairy Products*. These data series are released to the public on a monthly basis and are widely available.

The publication *Dairy Products* reports pounds of product manufactured on a monthly basis. The data was aggregated to a quarterly basis and converted to skim solids milk-equivalent.

The publication *Milk Production* reports pounds of milk produced on a monthly basis for Idaho and Washington and on a quarterly basis for Oregon. The data was aggregated to a quarterly basis, when necessary, and is shown in tabular form on page 3.

The concept of "milk-equivalent" is used to estimate the amount of milk necessary to produce a pound of a certain dairy product. The skim solids milk-equivalent conversion factors estimate the amount of skim milk of average solids content needed to produce a pound of product. An alternate milk-equivalent conversion would be on a fat basis which determines the amount of milk of average butterfat content needed to produce a pound of product. Neither method is more correct than the other. However, the fat-solids-basis conversion factors may be more appropriate for butter. The skim-solids-basis conversion factors used in this analysis are: 0.12 for butter; 9.90 for American Cheese (Total Cheese for Oregon); and 11.64 for nonfat dry milk. These conversion factors are the same as those used by NASS in reporting milk-equivalent production of dairy products and by the Commodity Credit Corporation in reporting milk-equivalent purchases of butter, nonfat dry milk, and cheese. Any conclusions drawn from the data in the form that it is presented here should also consider that milk can be shipped

across state boundaries and contributed to the production of a product in another state.

Milk Production for Idaho, Oregon, and Washington 1994 - 1997			
Year	Idaho	Oregon	Washington
----- Million Pounds -----			
1994	3,754	1,714	5,203
1995	4,210	1,677	5,302
1996	4,735	1,608	5,279
1997	5,193	1,610	5,305
----- Percent Change from Previous Year -----			
1995	12.15	-2.16	1.90
1996*	12.16	-4.38	-0.71
1997*	9.97	0.40	0.77

\* Adjusted for leap year.

The data indicate that there has been an increase in the percentage of skim solids used in American Cheese production in Idaho and Washington, and a decrease in Oregon between 1996 to 1997 (See the table below).

Between 1996 and 1997, the percentage of skim solids used in butter production has shown a slight decrease in Washington but a large increase in Oregon (See the table in next column). Data on the production of butter is not available for Idaho.

Data for nonfat dry milk production is available for the state of Washington only. The percentage of milk used in the production of nonfat dry milk in Washington decreased between 1996 and 1997 (See the table in next column). ♦

Comparison of American Cheese Production (Skim Solids Milk Equivalent) to Milk Production			
Year	Idaho	Oregon **	Washington
----- 1,000 Pounds of Skim Solids Milk Equivalent -----			
1994	2,619,560	453,470	254,074
1995	3,437,607	507,682	292,268
1996	3,847,803	516,354	516,820
1997	4,236,725	498,168	659,924
----- Percent Change from Previous Year -----			
1995	31.23	11.96	15.03
1996*	11.63	1.43	76.35
1997*	10.41	-3.26	28.04
----- % of Milk Production -----			
1994	69.78	26.46	4.88
1995	81.65	30.27	5.51
1996	81.26	32.11	9.79
1997	81.59	30.94	12.44
----- Percent Change from Previous Year -----			
1995	17.01	14.43	12.88
1996*	-0.48	6.07	77.60
1997*	0.40	-3.38	27.06

\* Adjusted for leap year. \*\* Total Cheese for Oregon in 1994-1996.

Comparison of Butter Production (Skim Solids Milk Equivalent) to Milk Production		
Year	Oregon	Washington
----- 1,000 Pounds of Skim Solids Milk Equivalent -----		
1994	2,020	14,507
1995	2,465	11,857
1996	2,344	11,441
1997	2,785	10,948
----- Percent Change from Previous Year -----		
1995	22.01	-18.27
1996*	-5.14	-3.77
1997*	19.14	-4.05
----- % of Milk Production -----		
1994	0.12	0.28
1995	0.15	0.22
1996	0.15	0.22
1997	0.17	0.21
----- Percent Change from Previous Year -----		
1995	24.70	-19.79
1996*	-0.80	-3.08
1997*	18.67	-4.78

\* Adjusted for leap year.

Comparison of NFDM Production (Skim Solids Milk Equivalent) to Milk Production		
Year	Washington	
1,000 Pounds of Skim Solids Milk Equivalent		
		% of Milk Production
1994	2,297,166	44.15
1995	2,482,032	46.81
1996	2,189,915	41.48
1997	1,997,983	37.66
----- Percent Change from Previous Year -----		
1995	8.05	6.03
1996*	-12.01	-11.38
1997*	-8.51	-9.21

\* Adjusted for leap year. Sources: Milk Production, NASS, USDA, Da 1-2 (1995, 1996, 1997, and 1998). Dairy Products, NASS, USDA, Da 2-1 (1995, 1996, 1997, and 1998).

**IN-AREA DISPOSITION OF FLUID MILK PRODUCTS: JANUARY THROUGH JUNE 1998**

The Pacific Northwest Order showed a small decrease of in-area route dispositions for the period January through June, 1998, compared to a year earlier, while the Southwestern Idaho-Eastern Oregon Order showed an increase (see tables on page 4).

**Pacific Northwest**

For the period of January through June, 1998, disposition of fluid milk products in the marketing area of the Pacific Northwest Order totaled 1,096.7 million pounds, down 1.19% from the same period in 1997. The decrease was due to significant declines in 2%, Flavored Whole Milk, Buttermilk, and Miscellaneous Lowfat Products. All other categories showed increases from 1997.

(Continued on Page 4)

(Continued From Page 3)

**Southwestern Idaho-Eastern Oregon**

For the period of January through June, 1998, disposition of fluid milk products in the marketing area of the Southwestern Idaho-Eastern Oregon Order totaled 88.2 million pounds, up 2.24% from the same period in 1997. The increase was due to increases in Whole Milk, 2%, Skim Milk, Flavored Lowfat and Skim, Buttermilk, and Miscellaneous Lowfat Products. ♦

**Pacific Northwest 1/**

	January - June		
	1997	1998	% Chg. 3/
<u>Whole Milk Products</u>	- Million Pounds -		
Whole	167.4	174.5	4.23%
Flavored	8.8	8.6	-2.27%
<b>Total Whole Milk 3/</b>	176.2	183.1	3.91%
<u>Low-fat Milk Products</u>			
2%	509.9	484.8	-4.92%
1%	155.7	159.3	2.28%
Skim	199.7	202.2	1.24%
Flavored Low-fat	40.8	42.1	3.26%
Buttermilk & Other 2/	27.6	25.3	-8.45%
<b>Total Low-fat Milk 3/</b>	933.7	913.6	2.15%
<b>Combined Total 3/</b>	1,109.8	1,096.7	-1.19%

\* footnotes for this table can be found below the table for Southwestern Idaho-Eastern Oregon.

**Southwestern Idaho-Eastern Oregon 1/**

	January - June		
	1997	1998	% Chg. 3/
<u>Whole Milk Products</u>	- Million Pounds -		
Whole	14.4	14.9	3.53%
Flavored	0.9	0.8	-9.38%
<b>Total Whole Milk 2/</b>	15.3	15.7	2.97%
<u>Low-fat Milk Products</u>			
2%	38.8	40.1	3.33%
1%	17.0	15.0	-11.68%
Skim	10.3	11.7	14.13%
Flavored Low-fat	4.1	4.7	13.64%
Buttermilk & Other 4/	0.8	0.9	22.09%
<b>Total Low-fat Milk 2/</b>	71.0	72.5	2.12%
<b>Combined Total 2/</b>	86.3	88.2	2.24%

1/ Based on total in-area route disposition by handlers, handlers regulated by other Federal orders, partially regulated handlers, and producer-handlers. 2/ May not add due to rounding. 3/ Percent change is based on unrounded data. Not adjusted for calendar composition. 4/ May include small amounts of miscellaneous products.

**USDA SEEKS NOMINEES FOR NATIONAL DAIRY BOARD**

WASHINGTON, July 1, 1998 -- The U.S. Department of Agriculture asked dairy producer and farm organizations to nominate candidates to serve on the National Dairy Promotion and Research Board.

The Secretary of Agriculture will appoint 12 individuals from those nominated to succeed members whose terms expire October 31. New members will serve 3-year terms beginning November 1 and ending Oct. 31, 2001.

Appointments will be made from nominations received from: Region 1 (Oregon and Washington), Region 2 (California), Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah and Wyoming), Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas), Region 6 (Wisconsin), Region 9 (Indiana, Michigan, Ohio, West Virginia), Region 10 (Florida, Georgia, North Carolina, South Carolina, and Virginia), Region 11 (Delaware, Maryland, New Jersey, Pennsylvania), and Region 12 (New York).

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.

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.

You can find out more about the National Dairy Promotion and Research Board on the Agricultural Marketing Service's website at <http://www.ams.usda.gov/dairy>. ♦

**DAIRY SITUATION AND OUTLOOK**

**Butter Prices Soar.** Soaring butter prices have sharply boosted cheese prices and promise summer milk prices will be substantially higher than earlier expected. Strong growth in milkfat demand, while milk production has been largely stagnant, shot butter prices to record highs in early July. Except for a brief period at the start of 1998,

butter prices have been relatively high since mid-1997. Butter prices are expected to remain fairly high during the rest of 1998. However, current price levels may start to erode once milkfat users have a better idea of the market balance for the tight summer season and become a little freer about selling any supplies beyond their likely needs. Whether cheese prices follow butter prices down will depend on whether seasonal tightening is sufficient to withstand lower milkfat values. In any case, the seasonal peak in milk prices may come early this year.

**Milk Production Starts To Grow.** Spring milk output rose about 1 percent as declines in milk cow numbers eased and expansion in milk per cow picked up. Even so, conditions in feed markets during the first half had not improved enough to provide a firm foundation for growth in milk production. Neither returns over concentrate costs nor the milk-feed price ratio were better than moderate. Additionally, hay prospects have dimmed considerably as rains in the Northwest, Midwest, and Northeast cut the quality of the first-cutting of alfalfa and are now threatening the second cutting. Sharply higher farm milk prices and continued erosion in prices of concentrate feeds are expected to produce favorable, possibly quite favorable, milk-feed price relationships during the second half of 1998. If supplies of dairy-quality forage are adequate, these returns probably will stimulate expansion of strong dairy farms and accelerate growth in milk per cow. By late 1998, milk production could be on a solid expansion course. However, production response is unlikely to do much to alter summer milk markets. Uncertainty about forage supplies and the sharp price drops immediately preceding the price reversals may make for a cautious start to boosting milk production. For all of 1998, the milk-feed price ratio is projected to average about 1.8, consistent with the expected growth of almost 2 percent in milk per cow. Even so, the expected expansion would not represent any catching up after 2 years of below-trend growth, in part because the really strong ratios would come late in the year. Similarly, returns over concentrate costs are expected to increase 11 to 15 percent in 1998, returning to about the strong 1996 levels. But, milk cow numbers may decline almost 1 percent, similar to 1997. Strong production stimulus during the second half of 1998 could affect 1999 output considerably more than this year's.

**Milkfat Demand Booms.** Riding the continuation of a remarkable economic expansion, demand for milkfat remains very strong. Since mid-1997, very high butter prices have been required to ration the available supply of milkfat among potential users. Regular ice cream, fluid cream, cream cheese, and butter have all shown strength, although in some cases lower-fat versions of these products have been weak. However, some of this short-run demand strength may still reflect increased non-retail use spurred by the low butter prices of a few years ago. Food processing and away-from-home eating comprise most of the butter use (and likely a substantial share of other milkfat sales) and are very slow to respond to price changes. However, such a price reaction to the high prices may be coming—although more likely in 1999 than yet this year. Moderate growth in demand for cheese has contributed to demand for both milkfat and skim solids. For the rest of 1998, strong milkfat demand and weak skim solids demand should translate into moderately favorable demand conditions for farm milk, unless the slight apparent acceleration in first-half cheese demand continues.

**Above-quota Butter Imports Likely.** High butter prices have made it potentially profitable to import butter without a license and to pay the tariffs (totaling 83 cents per pound) for imports above the tariff-rate-quota (TRQ). Reportedly, such imports have occurred, but the total amount probably will be modest. Domestic butter markets in the European Union (EU) are somewhat tight and available export supplies are being absorbed readily by normal customers. Oceanic (Australia, New Zealand) production is seasonally almost non-existent, and stocks from the past season are fairly fully committed. These conditions make it risky to try to import beyond the TRQ because it may not still be profitable by the time the butter can be obtained and shipped here.

**Summer Milk Prices Strong.** Summer milk prices will be much above a year earlier because of the late spring jumps in butter and cheese prices. Even if the Basic Formula Price (BFP) fails to hold its early summer level, average prices of all milk during the summer quarter are expected to average \$1.50 to \$2.25 per cwt. higher than a year ago, following a rise of about \$1 during the first half of 1998. The keys to autumn prices will be whether skim solids demand will pick up enough to support cheese prices and the extent of pipeline holdings of

*(Continued on Page 8)*

# MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST			SW IDAHO - E OREGON			
	Jul 1998	Jun 1998	Jul 1997	Jul 1998	Jun 1998	Jul 1997	
TOTAL PRODUCER MILK	566,419,786	561,517,681	496,825,596	32,536,638	149,269,354	268,595,056	
RECEIPTS FROM OTHER SOURCES	11,618,281	11,258,780	11,134,413	2,647,682	2,728,377	2,528,309	
OPENING INVENTORY . . . . .	<u>22,028,412</u>	<u>22,937,826</u>	<u>20,731,759</u>	<u>2,405,834</u>	<u>2,403,397</u>	<u>2,275,980</u>	
TOTAL TO BE ACCOUNTED FOR	<u>600,066,479</u>	<u>595,714,287</u>	<u>528,691,768</u>	<u>37,590,154</u>	<u>154,401,128</u>	<u>273,399,345</u>	
UTILIZATION OF RECEIPTS							
Whole milk . . . . .	25,646,196	24,757,855	25,249,117	2,473,466	2,334,364	2,385,425	
Flavored milk & milk drinks . . . . .	4,823,707	6,058,892	4,774,108	402,058	523,965	413,521	
2% milk . . . . .	70,702,860	73,340,685	79,202,404	6,140,191	6,130,443	6,277,276	
1% milk . . . . .	27,544,552	22,107,320	21,837,121	2,070,347	2,187,141	2,166,284	
Skim milk . . . . .	30,837,144	30,188,068	30,743,144	1,862,667	1,734,614	1,830,780	
Buttermilk . . . . .	<u>1,820,633</u>	<u>1,663,673</u>	<u>1,798,531</u>	<u>135,535</u>	<u>122,438</u>	<u>116,964</u>	
CLASS I ROUTE DISP. IN AREA. . . . .	161,375,092	158,116,493	163,604,425	13,084,264	13,032,965	13,190,250	
Class I dispositions out of area . . . . .	8,691,516	7,396,703	9,434,790	1,591,743	1,695,919	1,891,821	
Other Class I usage . . . . .	<u>15,367,767</u>	<u>13,772,528</u>	<u>14,452,490</u>	<u>2,353,552</u>	<u>1,762,673</u>	<u>1,405,149</u>	
TOTAL CLASS I USE. . . . .	185,434,375	179,285,724	187,491,705	17,029,559	16,491,557	16,487,220	
Mixtures (1/2 & 1/2) . . . . .	3,436,618	3,225,934	3,348,662	215,500	206,916	211,205	
Whipping Cream . . . . .	1,679,532	1,640,040	1,533,637	121,943	140,891	121,347	
Sour Cream . . . . .	3,306,721	3,279,397	3,529,514	4/	4/	4/	
Yogurt . . . . .	5,945,484	7,151,495	6,366,116	0	0	0	
Other Class II Usage . . . . .	<u>49,873,294</u>	<u>46,418,942</u>	<u>47,486,439</u>	<u>9,141,840</u>	<u>9,597,240</u>	<u>9,367,103</u>	
TOTAL CLASS II USE . . . . .	64,241,649	61,715,808	62,264,368	9,479,283	9,945,047	9,699,655	
TOTAL CLASS III USE * . . . . .	<u>350,390,455</u>	<u>354,712,755</u>	<u>278,935,695</u>	<u>11,081,312</u>	<u>127,964,524</u>	<u>247,212,470</u>	
TOTAL ACCOUNTED FOR . . . . .	<u>600,066,479</u>	<u>595,714,287</u>	<u>528,691,768</u>	<u>37,590,154</u>	<u>154,401,128</u>	<u>273,399,345</u>	
CLASSIFICATION OF RECEIPTS							
Producer milk:	Class I . . . . .	172,149,826	167,177,665	175,027,032	15,103,943	14,873,680	14,686,138
	Class II . . . . .	52,140,978	51,659,371	52,653,010	6,917,373	7,290,692	7,549,722
	Class III * . . . . .	342,128,982	342,680,645	269,145,554	10,515,322	127,104,982	246,359,196
Other receipts:	Class I . . . . .	13,284,549	12,108,059	12,464,673	1,925,616	1,617,877	1,801,082
	Class II . . . . .	12,100,671	10,056,437	9,611,358	2,561,910	2,654,355	2,149,933
	Class III * . . . . .	8,261,473	12,032,110	9,790,141	565,990	859,542	853,274
Avg. daily producer receipts . . . . .	18,271,606	18,717,256	16,026,632	1,049,569	4,975,645	8,664,357	
Change from previous year . . . . .	14.01%	-.61%	5.99%	- 87.89%	- 42.02%	12.27%	
Avg. daily Class I use . . . . .	5,981,754	5,976,191	6,048,120	549,341	549,719	531,846	
Change from previous year . . . . .	- 1.10%	-.84%	4.65%	3.29%	2.33%	.38%	

\* Includes Class III-A milk. 4/ Restricted - Included with other Class II usage.

# MONTHLY SELECTED STATISTICS

Formula Prices	Jul 1998	Jun 1998	Jul 1997
Basic Formula Price	\$ 14.77	\$ 13.10	\$ 10.86
Butter, Grade A, Chicago Mercantile Exchange	1.9185	1.8468	1.0184
Nonfat Dry Milk, Grade A - Western	1.0324	1.0275	1.0593
Cheese, 40 lb. blocks, NASS	1.5656	1.4038	1.1767

	PACIFIC NORTHWEST, F.O. #124			SW IDAHO-E OREGON, F.O. #135		
Handler Prices (3.5% B.F.)	Jul 1998	Jun 1998	Jul 1997	Jul 1998	Jun 1998	Jul 1997
Class I Milk	\$12.78	\$13.91	\$12.60	\$12.38	\$13.51	\$12.20
Class II Milk	11.18	12.31	11.00	11.18	12.31	11.00
Class III Milk	14.77	13.10	10.86	14.77	13.10	10.86
Class III-A Milk	15.62	15.37	11.90	15.62	15.37	11.90
1/ Other Solids	0.0686	0.0000	0.3494	+	+	+
1/ Protein	2.0666	1.6953	1.5532	2.19	1.69	2.18
<b>Producer Prices</b>						
PPD/WAD 2/	\$(0.73 )	\$ 0.77	\$ 0.91	\$(1.69)	\$0.05	\$0.07
1/ Other Solids	0.0686	0.0000	0.3494	+	+	+
1/ Protein	2.0666	1.6953	1.5532	2.18	1.69	2.18
Est. Uniform Price	14.04 ***	13.87 ***	11.77 ***	13.08 ***	13.15 ***	10.93 ***
1/ Butterfat Price	2.2997	2.2251	1.1701	2.30	2.23	1.17
<b>Producer Data</b>						
Number of Producers	1,144 *	1,146	1,030	366 *	391	399
Avg. Daily Production (lbs.)	15,972 *	16,333	15,560	26,784 *	28,450	21,715
<b>Number of Handlers</b>						
Pool Handlers	26	26	28	10	11	11
Producer-Handlers	15	15	14	0	0	0
Other Plants w/ Class I Use	4	4	4	5	5	4
<b>Producer Milk Ratios</b>						
Class I	30.39%	29.77%	35.23%	46.42%	9.97%	5.47%
Class II	9.21%	9.20%	10.60%	21.26%	4.88%	2.81%
Class III	60.40%	61.03%	54.17%	32.32%	85.15%	91.72%
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	Jun 1998	May 1998	Jun 1997	Jun 1998	May 1998	Jun 1997
(Thousand lbs.)						
Production	22,262 *	22,704 *	21,667 *	0	0	0
Class I Use	17,680 *	18,863 *	17,687 *	0	0	0
% Class I Use	79.41%	83.08%	81.63%	0	0	0
<b>Class I Route Disposition In Area</b>						
(Thousand lbs.)						
By Pool Plants	158,116	166,670	159,194	13,033	13,892	12,462
By Producer-Handlers	16,807 *	17,503 *	16,903 *	0	0	0
By Other Plants	941	875	593	684	666	1,293
Total **	175,864	185,049	176,690	13,717	14,557	13,755

\* Partially Estimated. \*\* May not add due to rounding.

**HIGHLIGHTS THIS ISSUE:**

- BFP for July, Up \$1.67 to \$14.77 per Hundredweight.
- Production of Manufactured Milk Products: 1997 Washington Cheese Production represents 12.44% of Milk Production, Up 2.65 Percentage Points.
- First Half 1998 In-Area Route Disposition Down in Pacific Northwest, Up in Southwestern Idaho-Eastern Oregon.
- USDA Seeks Nominations for National Dairy Promotion Board.
- Dairy Situation and Outlook

*(Continued From Page 5)*

milkfat in late summer-early autumn. Conditions are projected to hold prices near year-earlier levels in late 1998, but a steep price slide is possible. Retail dairy prices were fairly stable during the first 5 months of 1998, averaging about 2 percent above a year earlier. The farm-to-retail price spread was about 2 percent below the greatly expanded levels of 1997. Retail dairy prices will be considerably higher in the second half of 1998, even if the farm-to-retail spread stays moderate. For all of 1998, retail prices are expected to average 2 to 4 percent above 1997. ♦

Source: "Livestock, Dairy, and Poultry Monthly", LDP-52, July 16, 1998, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 694-5184.

**RETURN SERVICE REQUESTED**

Market Administrator  
 Federal Orders No. 124 & 135  
 United States Department of Agriculture  
 Building J, Suite 102  
 1930 - 220th Street S.E.  
 Bothell, Washington 98021-8471

BULK RATE  
 U.S. POSTAGE  
 PAID  
 Bothell, WA  
 Permit No. 340