



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 38, No. 9

September 2012

Data for August 2012

MARKET SUMMARIES FOR AUGUST

Pacific Northwest (FO 124)

Producers delivered a total of 419.1 million pounds of milk to the market during August. Daily deliveries averaged 13.5 million pounds, down 3.8 percent from July. An estimated 442 producers delivered milk to the market during the month. Daily deliveries per producer averaged 30,588 pounds, down 3.8 percent from July.

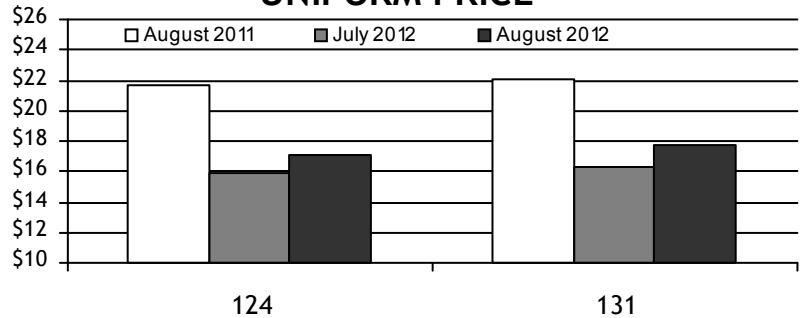
Class I producer milk during August totaled 181.9 million pounds, 43.4 percent of total producer receipts. Daily usage averaged 5.9 million pounds, up 5.4 percent from July. ▼

Arizona (FO 131)

Producers delivered a total of 324.2 million pounds of milk to the market during August. Daily deliveries averaged 10.5 million pounds, down 8.3 percent from July. An estimated 94 producers delivered milk to the market during the month. Daily deliveries per producer averaged 111,270 pounds, down 8.3 percent from July.

Class I producer milk during August totaled 121.4 million pounds, 37.5 percent of total producer receipts. Daily usage averaged 3.9 million pounds, up 8.7 percent from July. ▼

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	July	August	July	August
Uniform Price (at 3.5%)	\$15.94	\$17.13	\$16.29	\$17.69
Uniform Price (at test)	\$16.41	\$17.67	\$16.31	\$17.77
PPD	(\$0.74)	(\$0.60)		
Butterfat	\$1.6556	\$1.8339		n/a
Protein	\$3.0430	\$3.1211		
Other Solids	\$0.3123	\$0.3462		
Uniform Skim			\$10.98	\$11.80
Uniform Butterfat		n/a	\$1.6276	\$1.8022
Butterfat	3.666%	3.676%	3.513%	3.542%
Protein	3.050%	3.056%		
Other Solids	5.767%	5.755%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ Waiver of Administrative Assessment
- ✓ Agricultural Statistics Timeline, Part IV: Era of Computerization and Research
- ✓ Livestock Historical Track Records

Federal Order Price Summaries

FINAL CLASS PRICES

The August 2012 Final Class Prices were calculated using AMS commodity price surveys from August 4, 11, 18, and 25, 2012. 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 II	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
July 2012	\$17.41	\$17.86	\$14.51	\$16.68	\$14.45	\$1.6556	\$3.0430	\$0.3123	\$0.9965
Aug 2012	\$18.45	\$18.90	\$15.64	\$17.73	\$15.76	\$1.8339	\$3.1211	\$0.3462	\$1.0756
Change	\$1.04	\$1.04	\$1.13	\$1.05	\$1.31	\$0.1783	\$0.0781	\$0.0339	\$0.0791

ADVANCED CLASS I PRICE

The October 2012 Advanced Price was calculated using AMS commodity price surveys from September 8 and 15, 2012. 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
Sep 2012	\$1.8361	\$11.57	\$9.66	\$11.57	\$17.59	\$19.49	\$19.94	\$10.36	\$1.1511
Oct 2012	\$2.0008	\$12.31	\$10.72	\$12.31	\$18.88	\$20.78	\$21.23	\$11.42	\$1.2689
Change	\$0.1647	\$0.74	\$1.06	\$0.74	\$1.29	\$1.29	\$1.29	\$1.06	\$0.1178

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	July	August	Change
Cheese	\$1.6857	\$1.7682	\$0.0825
Butter	\$1.5386	\$1.6859	\$0.1473
Nonfat Dry Milk	\$1.1744	\$1.2543	\$0.0799
Whey	\$0.5023	\$0.5352	\$0.0329


AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	September	October	Change
Cheese	\$1.7545	\$1.8542	\$0.0997
Butter	\$1.6877	\$1.8237	\$0.1360
Nonfat Dry Milk	\$1.2518	\$1.3708	\$0.1190
Whey	\$0.5350	\$0.5804	\$0.0454

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net increase in price received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 9.75 cents between the August 18 and the September 15 surveys, to \$1.8515 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net increase of 3.70 cents to \$1.8190 per pound.

The AMS butter price showed an increase of 14.15 cents between the weeks ending August 18 and September 15 from \$1.7154 per pound to \$1.8569 per pound. The AMS nonfat dry milk showed an increase of 12.36 cents since mid-August to \$1.3809 per pound. The average price for AMS whey showed an increase of 4.57 cents since mid-August to \$0.5853 per pound.

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

Industry News

WAIVER OF ADMINISTRATIVE ASSESSMENT

On August 24, 2012, the Market Administrator announced that the 3.5-cent per hundredweight administrative assessment currently applicable to the Pacific Northwest (FO 124) and Arizona (FO 131) federal milk orders will be waived for the milk pooled during the months of September and October 2012. Statements issued for those months will not contain an administrative assessment charge.

The 4-cent per hundredweight deduction for marketing services under each of the above-named orders will continue to be deducted. This deduction, which is applicable to deliveries by producers who are not members of a qualified cooperative association performing marketing services, is to be withheld from producers in making payments for milk delivered during the month. 🐄

USDA ANNOUNCES FINAL RULE AMENDING THE MIDEAST FEDERAL MILK MARKETING ORDER

On August 27, 2012, the U.S. Department of Agriculture announced a final rule which amends the Pool Plant definition of the Mideast milk marketing order. This decision is based on testimony and evidence given at a public hearing held in Cincinnati, Ohio, on October 4-5, 2011.

This amendment will more adequately identify the plants that service the fluid milk needs of the marketing order. Specifically, the amendment will regulate fluid milk plants physically located within the Mideast marketing area that have a Class I utilization of at least 30 percent and whose combined Class I route disposition and transfers into Federal milk marketing areas is greater than 50 percent.

This amendment was originally proposed in a recommended decision issued on February 24, 2012. The program received only four comments all in support of the recommended decision. Producers whose milk is pooled on the Mideast milk marketing order approved these amendments. The order, as amended, will become effective October 1, 2012.

The final rule was published in the August 27, 2012 Federal Register. For additional information about the decision contact: Paul Huber; USDA/AMS/Dairy Programs; 1325 Industrial Parkway North, Brunswick, Ohio 44212; Telephone: (330) 225-4758; email: phuber@fmmaclev.com. 🐄

USDA SEEKS APPLICATIONS FOR GRANTS TO HELP AGRICULTURAL PRODUCERS

USDA Rural Development is making up to \$14 million in grants available for projects that help farmers and ranchers produce bio-based products from agricultural commodities. The Value Added Producer Grant program (VAPG) awards grants for planning activities or for working capital expenses, but not for both. The maximum grant amount is \$100,000 for planning grants and \$300,000 for working capital grants. Generating new products, creating and expanding marketing opportunities and increasing producer income are all the goals of the VAPG program.

Applicants have until October 15, 2012, to apply. For more information on how to apply, see page 48951 of the August 15, 2012, *Federal Register*, available at <http://www.gpo.gov/fdsys/pkg/FR-2012-08-15/pdf/2012-20082.pdf>. 🐄

USDA ANNOUNCES CHANGE IN RELEASE TIME FOR KEY STATISTICAL REPORTS

On September 19, 2012, USDA announced that the National Agricultural Statistics Service and World Agricultural Outlook Board will begin issuing several major USDA statistical reports at 12:00pm EDT beginning January 2013. The reports affected are: *World Agricultural Supply and Demand Estimates*, *Acreage*, *Crop Production*, *Grain Stocks*, *Prospective Plantings*, and *Small Grains Summary*. 🐄

Agricultural Statistics: A Historical Timeline

A poorly estimated cotton forecast creates opportunities for research into better data collection methodologies. Computers, satellites and networks revolutionize how agricultural data are collected and analyzed. The Statistical Reporting Service becomes a stand-alone agency and celebrates 100 years of service to U.S. Agriculture.

The below is excerpted from the Timeline.

Year Population & Farm Count	Part IV: Era of Computerization and Research
<p>1941-1947 Pop: 132,164,569 Farms: 5,859,169</p>	<p>The Chicago Dairy Office is established within the USDA Division of Agriculture Statistics for weekly reports on butter, cheese and other dairy reports. Cooperative projects authorized by the Research and Marketing Act of 1946 begin in a number of states to provide special statistical information covering local needs for county and local market areas.</p>
<p>1952 Pop: 151,325,798 Farms: 5,388,437</p>	<p>After a poorly estimated cotton forecast results in a congressional investigation, a House Agriculture subcommittee recommends strengthening the reporting service and improving statistical techniques. The Appropriation Act of 1952 provides \$250,000 for methodological research.</p>
<p>1954-1958 Pop: 151,325,798 Farms: 4,782,416</p>	<p>The June Enumerative Survey begins on a pilot basis in 10 states. This survey is a mid-year area frame survey of planted acres and livestock inventory that involves outlining fields and other land uses on a large aerial photograph. The fields are measured to determine the amount of acreage. NASS takes a step toward automated data processing by installing an IBM 650 mid-sized computer, which requires a full room of air conditioning equipment. The monthly Cold Storage Survey is among the first reports to be converted from a punched card system to the new IBM 650 computer.</p>
<p>1966-1967 Pop: 179,323,175 Farms: 3,157,857</p>	<p>The agency celebrates 100 years of continuous crop and livestock reporting. The first IBM 360 computer is installed in Illinois followed by additional machines in other field offices. While the decision is made to equip all offices with machines compatible with the IBM 360, budget restrictions slow and later stop this plan. Offices continue to have different equipment and automated data processing capabilities for decades.</p>
<p>1971-1973 Pop: 203,302,031 Farms: 2,730,250</p>	<p>When the Research and Development Division introduces Statistical Analysis Software (SAS), it spreads quickly throughout the agency. In the decades to follow, SAS serves as the primary survey processing system to sample, edit, analyze and summarize survey and census data. Landsat 1, the first satellite designed to estimate crop acreage and land use from space, is launched July 23, 1972. The World Agricultural Outlook Board is created and the first Agricultural Supply and Demand Estimates report is issued on September 17, 1973.</p>
<p>1978-1979 Pop: 203,302,031 Farms: 2,257,775</p>	<p>The AgRISTARS Program, a joint agriculture-related remote sensing research effort, begins. The program identifies seven areas of USDA interest for which aerospace remote sensing may be applicable: early warning of changes affecting production and quality of commodities, renewable resource inventories, land productivity estimates, conservation practices assessments and pollution detection and evaluation. The Wisconsin Field Office acquires a Radio Shack desktop computer, a first for the agency.</p>

Livestock Historical Track Records

On September 18, 2012, USDA's National Agricultural Statistics Service (NASS) issued the annual "Livestock Historical Track Records" report. These track records of United States Livestock and Poultry Inventory and Production were assembled to serve as a ready reference for data users. The track records are comprised of National level statistics for the principal livestock commodities in the NASS commodity estimation program.

The report presents data covering 1980-2011 for each of the following livestock items:

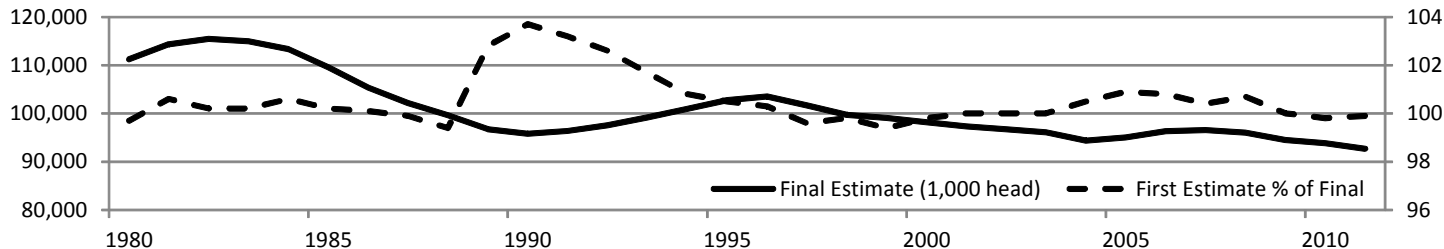
- Comparisons of preliminary and final inventory estimates.
- Comparisons of preliminary and final production estimates.
- Commodity estimates are not considered final until the historical revision process is complete.

The estimating program for livestock measures several major categories: inventory, value of inventory, breeding intentions, and production. Livestock, dairy, and poultry estimates are based largely on probability surveys. However, near-total counts are made for some items and administrative data is used whenever possible. Data are collected through mail surveys as well as face-to-face and telephone interviews.

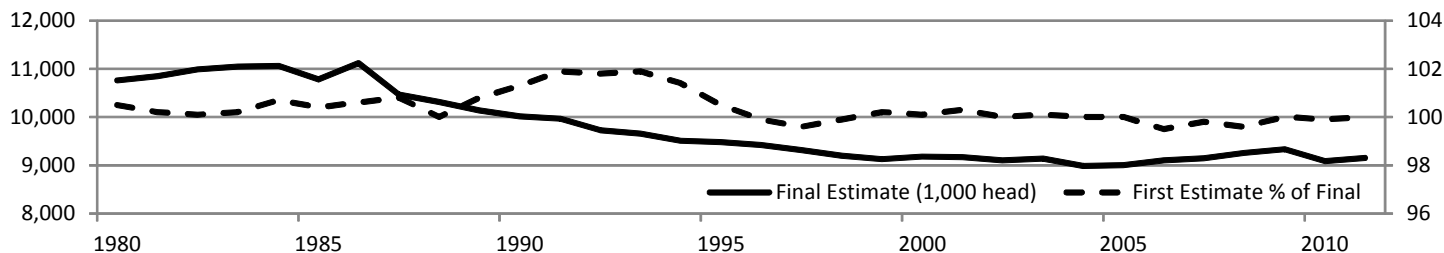
The three graphs below highlight selected data specific to the dairy industry. The full report is available at <http://usda01.library.cornell.edu/usda/current/htrl/htrl-09-18-2012.pdf>.

Source: USDA National Agricultural Statistics Service, www.nass.usda.gov

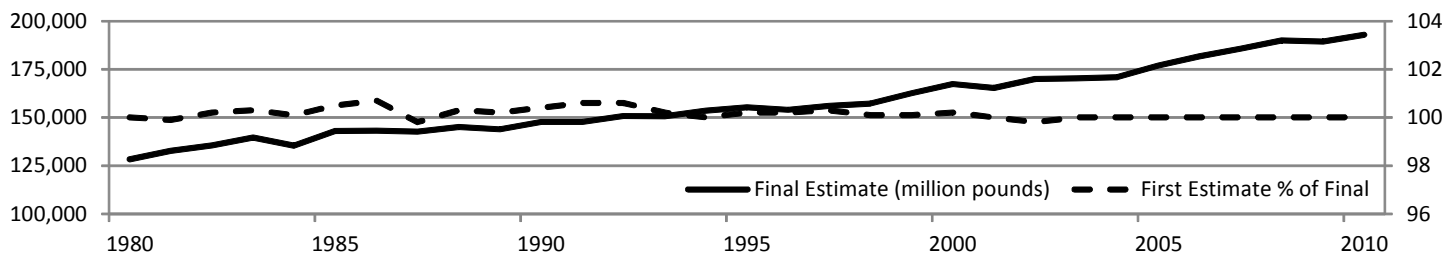
**January 1 Inventory For All Cattle And Calves
1980-2011**



**January 1 Inventory For Milk Cows That Have Calved
1980-2011**



**Annual Milk Production
1980-2010**



Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Aug 2012	Jul 2012	Aug 2011	Jul 2011	Aug 2012	Jul 2012	Aug 2011	Jul 2011
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt)	\$18.45	\$17.41	\$23.33	\$22.93	\$18.90	\$17.86	\$23.78	\$23.38
Class II Milk (\$/cwt)	15.64	14.51	21.55	21.29	15.64	14.51	21.55	21.29
Class III Milk (\$/cwt)	17.73	16.68	21.67	21.39	17.73	16.68	21.67	21.39
Class IV Milk (\$/cwt)	15.76	14.45	20.14	20.33	15.76	14.45	20.14	20.33
Producer Prices								
Producer Price Differential (\$/cwt)	(\$0.60)	(\$0.74)	(\$0.01)	(\$0.05)	+	+	+	+
Butterfat (\$/pound)	1.8339	1.6556	2.2985	2.2511	+	+	+	+
Protein (\$/pound)	3.1211	3.0430	3.8305	3.8292	+	+	+	+
Other Solids (\$/pound)	0.3462	0.3123	0.3811	0.3608	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$11.80	\$10.98	\$14.55	\$14.10
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.8022	1.6276	2.2961	2.2788
Statistical Uniform Price (\$/cwt)	\$17.13	\$15.94	\$21.66	\$21.34	\$17.69	\$16.29	\$22.08	\$21.58
Producer Data								
Number of Producers	442	442	619	631	94	94	101	97
Avg. Daily Production (pounds)	30,588	31,790	34,626	37,524	111,270	121,360	112,172	117,672
Producer Milk Ratios								
Class I	43.41%	39.63%	27.75%	23.44%	37.46%	31.59%	34.75%	31.12%
Class II	11.13%	9.94%	7.34%	6.04%	10.47%	10.42%	9.91%	7.77%
Class III	8.54%	10.73%	35.38%	40.48%	30.39%	27.84%	31.28%	26.79%
Class IV	36.92%	39.70%	29.53%	30.04%	21.68%	30.15%	24.06%	34.32%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jul 2012	Jun 2012	Jul 2011	Jun 2011	Jul 2012	Jun 2012	Jul 2011	Jun 2011
Number of Handlers								
Pool Handlers	22	22	26	26	7	7	7	7
<i>Distributing Plants</i>	14	14	14	14	5	5	5	5
<i>Supply Plants 1/</i>	3	3	7	7	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	17	17	19	19	22	22	22	21
Class I Route Disposition In Area								
By Pool Plants	157,727,150	160,755,423	159,430,875	159,297,477	84,066,829	82,739,092	87,589,383	82,645,028
By Producer-Handlers	7,193,650	7,167,469	6,877,632	6,969,291	0	0	0	0
By Other Plants	8,242,271	8,631,969	7,816,026	7,177,733	5,368,626	5,526,198	5,392,425	4,750,644
Total	173,163,071	176,554,861	174,124,533	173,444,501	89,435,455	88,265,290	92,981,808	87,395,672
Producer-Handler Data								
% Class I Use	67.77%	68.37%	58.57%	59.44%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.15%	4.06%	3.95%	4.02%	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			
	Aug	Jul	Aug	Jul	Aug	Jul	Aug	Jul
	2012	2012	2011	2011	2012	2012	2011	2011
Receipts of Milk								
Total Producer Milk	419,110,738	435,584,626	664,432,043	734,010,174	324,239,752	353,643,122	351,209,084	353,839,106
Receipts From Other Sources	14,853,908	10,384,401	15,926,918	13,873,742	5,607,295	5,141,362	8,571,614	4,942,048
Opening Inventory	29,927,478	28,627,826	38,444,483	37,115,691	18,713,563	19,857,544	22,058,811	22,017,684
Total To Be Accounted For	463,892,124	474,596,853	718,803,444	784,999,607	348,560,610	378,642,028	381,839,509	380,798,838
Utilization of Receipts								
Whole milk	33,697,003	32,801,627	33,748,996	32,991,292	24,226,233	23,909,110	24,776,523	24,153,728
Flavored milk & drinks	8,734,174	7,333,733	7,852,660	6,620,164	5,881,346	2,576,808	5,523,979	2,782,158
2% milk	69,070,155	66,798,594	68,958,569	67,799,315	33,306,381	32,721,897	34,865,043	34,052,366
1% milk	25,439,631	24,693,647	25,276,693	24,467,843	16,587,546	14,164,220	17,237,247	14,724,654
Skim milk	24,413,679	24,598,838	26,508,348	26,141,920	11,340,998	10,237,797	12,752,694	11,519,945
Buttermilk	1,518,459	1,500,711	1,505,032	1,410,341	376,351	456,997	386,842	356,532
Class I dispositions in area	162,873,101	157,727,150	163,850,298	159,430,875	91,718,855	84,066,829	95,542,328	87,589,383
Class I dispositions out of area	15,297,729	12,917,958	16,610,874	16,204,556	25,674,544	25,599,657	25,855,488	23,807,751
Other Class I usage	20,302,382	17,875,242	17,396,929	14,064,110	17,608,628	13,493,954	12,403,427	11,668,846
Utilization by Class								
Total Class I Use	198,473,212	188,520,350	197,858,101	189,699,541	135,002,027	123,160,440	133,801,243	123,065,980
Total Class II Use	59,614,437	50,334,583	58,912,237	50,432,063	34,548,281	37,741,932	36,639,657	28,142,322
Total Class III Use	35,803,292	46,840,662	235,158,552	297,167,412	101,313,440	100,370,349	111,345,206	95,082,672
Total Class IV Use	170,001,183	188,901,258	226,874,554	247,700,591	77,696,862	117,369,307	100,053,403	134,507,864
Total Accounted For	463,892,124	474,596,853	718,803,444	784,999,607	348,560,610	378,642,028	381,839,509	380,798,838

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Aug	Jul	Aug	Jul	Aug	Jul	Aug	Jul
	2012	2012	2011	2011	2012	2012	2011	2011
Producer milk								
Class I	181,943,025	172,603,206	184,383,391	172,045,873	121,449,833	111,731,453	122,060,834	110,116,914
Class II	46,647,031	43,310,934	48,763,420	44,355,279	33,948,364	36,847,496	34,815,018	27,504,404
Class III	35,788,304	46,724,505	235,062,598	297,162,464	98,521,227	98,445,062	109,856,422	94,804,878
Class IV	154,732,378	172,945,981	196,222,634	220,446,558	70,320,328	106,619,111	84,476,810	121,412,910
Other receipts								
Class I	16,530,187	15,917,144	13,474,710	17,653,668	13,552,194	11,428,987	11,740,409	12,949,066
Class II	12,967,406	7,023,649	10,148,817	6,076,784	1/	1/	1/	1/
Class III	14,988	116,157	95,954	4,948	1/	1/	1/	1/
Class IV	15,268,805	15,955,277	30,651,920	27,254,033	10,768,664	13,569,919	18,890,016	14,010,666
Avg. daily producer receipts	13,519,701	14,051,117	21,433,292	23,677,748	10,459,347	11,407,843	11,329,325	11,414,165
Change From Previous Year	-36.92%	-40.66%	-2.64%	7.00%	-7.68%	-0.06%	9.30%	4.73%
Avg. daily Class I use	6,402,362	6,081,302	6,382,519	6,119,340	4,354,904	3,972,917	4,316,169	3,969,870
Change From Previous Year	0.31%	-0.62%	1.96%	-3.70%	0.90%	0.08%	3.55%	-1.48%

1/ Restricted - Included with Class IV.



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FEDERAL ORDER STATISTICS FOR AUGUST

Federal Order Name (Number)	Producer Deliveries	Class I Receipts	Class I Utilization	Class I Price	Uniform Price
	- million pounds -			- per cwt (at location) -	
Northeast (FO 1)	2,044.1	810.4	39.65%	\$19.80	\$18.40
Appalachian (FO 5)	479.2	347.4	72.49%	\$19.95	\$19.32
Florida (FO 6)	236.8	205.2	86.67%	\$21.95	\$21.46
Southeast (FO 7)	532.3	399.7	75.10%	\$20.35	\$19.95
Upper Midwest (FO 30)	2,261.7	327.9	14.50%	\$18.35	\$17.69
Central (FO 32)	903.0	425.9	47.17%	\$18.55	\$17.43
Mideast (FO 33)	1,287.4	515.3	40.02%	\$18.55	\$17.47
Pacific Northwest (FO 124)	419.1	181.9	43.41%	\$18.45	\$17.13
Southwest (FO 126)	562.0	360.3	64.12%	\$19.55	\$18.54
Arizona (FO 131)	324.2	121.4	37.46%	\$18.90	\$17.69

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