



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk and Dairy Products

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

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September 2016

Data for August 2016

MARKET SUMMARIES FOR AUGUST

Pacific Northwest (FO 124)

Producers delivered a total of 588.4 million pounds of milk to the market during August. Daily deliveries averaged 19.0 million pounds, down 23.8 percent from July. An estimated 444 producers delivered milk to the market during the month. Daily deliveries per producer averaged 42,746 pounds, down 5.6 percent from July.

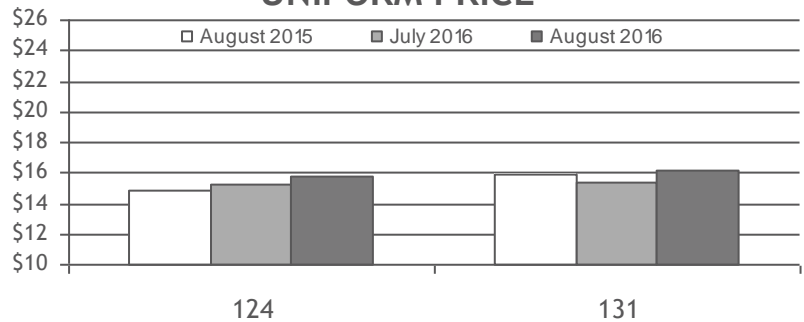
Class I producer milk during August totaled 162.1 million pounds, 27.6 percent of total producer receipts. Daily usage averaged 5.2 million pounds, up 6.4 percent from July. ▼

Arizona (FO 131)

Producers delivered a total of 362.8 million pounds of milk to the market during August. Daily deliveries averaged 11.7 million pounds, down 9.1 percent from July. An estimated 90 producers delivered milk to the market during the month. Daily deliveries per producer averaged 130,020 pounds, down 9.1 percent from July.

Class I producer milk during August totaled 112.3 million pounds, 31.0 percent of total producer receipts. Daily usage averaged 3.6 million pounds, up 10.0 percent from July. ▼

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	Jul	Aug	Jul	Aug
Uniform Price (at 3.5%)	\$15.19	\$15.79	\$15.42	\$16.16
Uniform Price (at test)	\$16.50	\$16.92	\$15.32	\$16.03
PPD	(\$0.05)	(\$1.12)		
Butterfat	\$2.5964	\$2.4873		n/a
Protein	\$1.9112	\$2.5738		
Other Solids	\$0.0774	\$0.0881		
Uniform Skim			\$6.66	\$7.62
Uniform Butterfat		n/a	\$2.5688	\$2.5165
Butterfat	3.871%	3.816%	3.462%	3.447%
Protein	3.170%	3.125%		
Other Solids	5.748%	5.728%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ USDA to Purchase Surplus Cheese and Extend Enrollment Deadline for Margin Protection Program
- ✓ Waiver of Administrative Assessment

Federal Order Price Summaries

FINAL CLASS PRICES

The August 2016 Final Class Prices were calculated using AMS commodity price surveys from August 6, 13, 20, and 27, 2016. Current and archived Final Class Price announcements are available at www.fmmaseattle.com/classcomponent.html.

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Jul 2016	\$15.60	\$16.05	\$15.16	\$15.24	\$14.84	\$2.5964	\$1.9112	\$0.0774	\$0.6618
Aug 2016	\$16.97	\$17.42	\$15.21	\$16.91	\$14.65	\$2.4873	\$2.5738	\$0.0881	\$0.6841
Change	\$1.37	\$1.37	\$0.05	\$1.67	(\$0.19)	(\$0.1091)	\$0.6626	\$0.0107	\$0.0223

ADVANCED CLASS I PRICE

The October 2016 Advanced Price was calculated using AMS commodity price surveys from September 10 and 17, 2016. Current and archived Advanced Price announcements are available at www.fmmaseattle.com/advance.html.

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 2016	\$2.4775	\$8.17	\$6.09	\$8.17	\$16.56	\$18.46	\$18.91	\$6.79	\$0.7544
Oct 2016	\$2.3233	\$8.78	\$6.44	\$8.78	\$16.60	\$18.50	\$18.95	\$7.14	\$0.7933
Change	(\$0.1542)	\$0.61	\$0.35	\$0.61	\$0.04	\$0.04	\$0.04	\$0.35	\$0.0389

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION


	July	August	Change
Cheese	\$1.6419	\$1.8119	\$0.1700
Butter	\$2.3155	\$2.2254	(\$0.0901)
Nonfat Dry Milk	\$0.8363	\$0.8588	\$0.0225
Whey	\$0.2742	\$0.2846	\$0.0104

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	September	October	Change
Cheese	\$1.7771	\$1.7758	(\$0.0013)
Butter	\$2.2173	\$2.0892	(\$0.1281)
Nonfat Dry Milk	\$0.8512	\$0.8906	\$0.0394
Whey	\$0.2827	\$0.3015	\$0.0188

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net increase in prices received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 2.72 cents between the August 13 and the September 17 surveys, to \$1.7599 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 11.99 cents to \$1.7234 per pound.

The AMS butter price showed a net decrease of 15.30 cents between the weeks ending August 13 and September 17 from \$2.2188 per pound to \$2.0658 per pound. The AMS nonfat dry milk showed a net increase of 4.51 cents since mid-August to \$0.8984 per pound. The average price for AMS whey showed a net increase of 2.32 cents since mid-August to \$0.3060 per pound. 

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Aug 2016	Jul 2016	Aug 2015	Jul 2015	Aug 2016	Jul 2016	Aug 2015	Jul 2015
Producer Prices								
Producer Price Differential (\$/cwt)	(\$1.12)	(\$0.05)	(\$1.42)	(\$1.15)	+	+	+	+
Butterfat (\$/pound)	2.4873	2.5964	2.2674	2.1125	+	+	+	+
Protein (\$/pound)	2.5738	1.9112	2.5692	2.6070	+	+	+	+
Other Solids (\$/pound)	0.0881	0.0774	0.1151	0.2004	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$7.62	\$6.66	\$8.29	\$8.65
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.5165	2.5688	2.2507	2.1185
Statistical Uniform Price (\$/cwt)	\$15.79	\$15.19	\$14.85	\$15.18	\$16.16	\$15.42	\$15.88	\$15.76
Producer Data								
Number of Producers	444	550	457	455	90	90	94	95
Avg. Daily Production (pounds)	42,746	45,269	32,177	32,744	130,020	142,952	123,708	130,580
Producer Milk Ratios								
Class I	27.55%	19.74%	34.58%	34.96%	30.95%	25.59%	30.28%	28.15%
Class II	8.19%	5.89%	10.76%	10.72%	14.65%	10.78%	13.06%	11.07%
Class III	28.43%	40.30%	1.55%	1.90%	27.67%	31.79%	27.54%	26.24%
Class IV	35.83%	34.07%	53.11%	52.42%	26.73%	31.84%	29.12%	34.54%
Market Shrinkage								
Pounds	6,385,452	10,492,721	9,339,298	7,586,905	2,222,505	1,640,417	921,590	1,402,009
% of Producer Milk	1.09%	1.36%	2.05%	1.64%	0.61%	0.41%	0.26%	0.36%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Jul 2016	Jun 2016	Jul 2015	Jun 2015	Jul 2016	Jun 2016	Jul 2015	Jun 2015
Number of Handlers								
Pool Handlers	25	24	21	21	7	8	7	7
<i>Distributing Plants</i>	12	11	11	12	5	6	5	5
<i>Supply Plants 1/</i>	7	7	5	4	1	1	1	1
<i>Cooperatives</i>	6	6	5	5	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	18	20	20	22	24	23	24	24
Class I Route Disposition In Area								
By Pool Plants	140,210,153	137,586,404	141,326,514	140,317,798	72,578,335	71,670,107	78,847,581	75,615,276
By Producer-Handlers	6,568,900	6,634,916	7,193,007	6,752,490	0	0	0	0
By Other Plants	11,079,451	12,075,406	11,842,301	11,408,478	6,730,167	6,558,748	7,069,014	6,255,123
Total	157,858,504	156,296,726	160,361,822	158,478,766	79,308,502	78,228,855	85,916,595	81,870,399
Producer-Handler Data								
% Class I Use	56.53%	57.99%	65.56%	61.89%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.16%	4.25%	4.49%	4.26%	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
	2016	2016	2015	2015	2016	2016	2015	2015
Receipts of Milk								
Total Producer Milk	588,362,225	771,833,799	455,853,921	461,859,086	362,756,325	398,835,217	360,483,882	384,556,740
Receipts From Other Sources	34,577,918	11,508,088	52,853,938	54,003,278	7,434,737	10,117,510	6,236,984	15,777,078
Opening Inventory	31,838,695	35,783,348	31,154,340	28,214,378	19,843,714	21,316,915	24,148,016	21,434,567
Total To Be Accounted For	654,778,838	819,125,235	539,862,199	544,076,742	390,034,776	430,269,642	390,868,882	421,768,385
Utilization of Receipts								
Whole milk	41,051,439	39,998,503	37,311,178	36,977,828	25,891,112	25,111,547	25,412,622	25,462,742
Flavored milk & drinks	8,972,229	7,640,745	8,278,803	7,276,551	7,581,600	3,782,339	6,146,567	3,137,514
2% milk	54,891,541	54,893,834	56,293,275	55,685,391	28,413,168	27,378,634	30,174,931	30,054,075
1% milk	22,264,105	21,816,802	23,749,439	23,584,410	12,752,944	10,595,892	14,451,688	12,664,653
Skim milk	14,430,230	14,177,544	16,176,037	16,151,328	6,342,168	5,709,923	7,639,520	7,168,382
Buttermilk	1,735,719	1,682,725	1,533,435	1,651,006	2/	2/	371,229	360,215
Class I dispositions in area	143,345,263	140,210,153	143,342,167	141,326,514	80,980,992	72,578,335	84,196,557	78,847,581
Class I dispositions out of area	12,378,423	11,511,911	13,917,627	14,403,102	30,543,487	29,248,054	27,418,568	27,913,201
Other Class I usage	20,415,734	17,174,428	19,917,219	23,945,036	13,398,845	13,248,963	11,463,456	13,823,582
Utilization by Class								
Total Class I Use	176,139,420	168,896,492	177,177,013	179,674,652	124,923,324	115,075,352	123,078,581	120,584,364
Total Class II Use	55,817,796	50,861,558	53,177,552	56,534,480	54,399,639	44,232,268	48,011,808	43,527,994
Total Class III Use	167,548,676	311,409,381	7,395,902	9,030,484	101,915,356	128,096,636	101,360,158	102,161,517
Total Class IV Use	255,272,946	287,957,804	302,111,732	298,837,126	108,796,457	142,865,386	118,418,335	155,494,510
Total Accounted For	654,778,838	819,125,235	539,862,199	544,076,742	390,034,776	430,269,642	390,868,882	421,768,385

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Aug	Jul	Aug	Jul	Aug	Jul	Aug	Jul
	2016	2016	2015	2015	2016	2016	2015	2015
Producer milk								
Class I	162,074,933	152,386,123	157,640,864	161,451,019	112,259,973	102,062,001	109,154,830	108,261,659
Class II	48,161,128	45,496,511	49,045,045	49,526,463	53,144,095	43,008,924	47,066,454	42,568,222
Class III	167,253,325	311,042,518	7,071,193	8,787,034	100,368,626	126,789,405	99,269,232	100,891,308
Class IV	210,872,839	262,908,647	242,096,819	242,094,570	96,983,631	126,974,887	104,993,366	132,835,551
Other receipts								
Class I	14,064,487	16,510,369	19,536,149	18,223,633	12,663,351	13,013,351	13,923,751	12,322,705
Class II	7,656,668	5,365,047	4,132,507	7,008,017	1/	1/	1/	1/
Class III	1/	1/	1/	1/	1/	1,307,231	1/	1/
Class IV	44,695,458	25,416,020	60,339,622	56,986,006	14,615,100	17,113,843	16,461,249	24,888,940
Avg. daily producer receipts	18,979,427	24,897,864	14,704,965	14,898,680	11,701,817	12,865,652	11,628,512	12,405,056
Change From Previous Year	29.07%	67.11%	-38.65%	-37.94%	0.63%	3.71%	-6.53%	-1.44%
Avg. daily Class I use	5,681,917	5,448,274	5,715,388	5,795,957	4,029,785	3,712,108	3,970,277	3,889,818
Change From Previous Year	-0.59%	-6.00%	0.21%	2.40%	1.50%	-4.57%	3.01%	4.71%

1/ Restricted - Included with Class IV. 2/ Restricted - Included with Flavored milk and drinks.

USDA News

USDA TO PURCHASE SURPLUS CHEESE FOR FOOD BANKS AND FAMILIES IN NEED, CONTINUE TO ASSIST DAIRY PRODUCERS

Department Also Will Extend Margin Protection Program for Dairy Enrollment Deadline

On August 23, 2016, the U.S. Department of Agriculture (USDA) announced plans to purchase approximately 11 million pounds of cheese from private inventories to assist food banks and pantries across the nation, while reducing a cheese surplus that is at its highest level in 30 years. The purchase, valued at \$20 million, will be provided to families in need across the country through USDA nutrition assistance programs, while assisting the stalled marketplace for dairy producers whose revenues have dropped 35 percent over the past two years.

"We understand that the nation's dairy producers are experiencing challenges due to market conditions and that food banks continue to see strong demand for assistance," said Agriculture Secretary Tom Vilsack. "This commodity purchase is part of a robust, comprehensive safety net that will help reduce a cheese surplus that is at a 30-year high while, at the same time, moving a high-protein food to the tables of those most in need. USDA will continue to look for ways within its authorities to tackle food insecurity and provide for added stability in the marketplace."

USDA received requests from Congress, the National Farmers Union, the American Farm Bureau and the National Milk Producers Federation to make an immediate dairy purchase. Section 32 of the Agriculture Act of 1935 authorizes USDA to utilize fiscal year 2016 funds to purchase surplus food to benefit food banks and families in need through its nutrition assistance programs.

USDA also announced that it will extend the deadline for dairy producers to enroll in the Margin Protection Program (MPP) for Dairy to December 16, 2016, from the previous deadline of September 30. This voluntary dairy safety net program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin - the difference between the price of milk and feed costs - falls below the coverage level selected by the producer. A USDA web tool, available at www.fsa.usda.gov/mpptool, allows dairy producers to calculate levels of coverage available from MPP based on price projections. 🐄

Source: USDA. Office of Communications. Release No. 0181.16. Available at www.usda.gov.

WAIVER OF ADMINISTRATIVE ASSESSMENT

On August 23, 2016, the market administrator issued a handler letter announcing that the 3.5-cent per hundredweight administrative assessment currently applicable to the Pacific Northwest and Arizona federal milk orders will be waived for the August and September 2016 delivery periods. 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. 🐄

Federal Order Statistics for August 2016

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)	2,244.7	711.6	31.70%	\$18.32	\$16.97
Appalachian (FO 5)	469.7	348.7	74.23%	\$18.47	\$17.62
Florida (FO 6)	220.6	185.6	84.14%	\$20.47	\$19.51
Southeast (FO 7)	419.2	339.5	80.97%	\$18.87	\$18.24
Upper Midwest (FO 30)	2,173.4	286.9	13.20%	\$16.87	\$16.66
Central (FO 32)	994.1	414.9	41.73%	\$17.07	\$16.09
Mideast (FO 33)	1,501.7	543.5	36.19%	\$17.07	\$16.14
Pacific Northwest (FO 124)	588.4	162.1	27.55%	\$16.97	\$15.79
Southwest (FO 126)	585.1	378.5	64.69%	\$18.07	\$16.83
Arizona (FO 131)	362.8	112.3	30.95%	\$17.42	\$16.16

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



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E-mail the MA Office

fmmaseattle@fmmaseattle.com

Bothell Office

1930 220th Street SE, Suite 102
Bothell, Washington 98021

Phone: (425) 487-6009
Fax: (425) 487-2775



Phoenix Office

4835 E Cactus Road, Suite 365
Scottsdale, Arizona 85254

Phone: (602) 547-2909
Fax: (602) 547-2906

Visit the MA Website

www.fmmaseattle.com