



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk and Dairy Products

Pacific Northwest and Arizona Marketing Areas

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September 2017

Data for August 2017

MARKET SUMMARIES FOR AUGUST

Pacific Northwest (FO 124)

Producers delivered a total of 750.0 million pounds of milk to the market during August. Daily deliveries averaged 24.2 million pounds, down 1.2 percent from July. An estimated 532 producers delivered milk to the market during the month. Daily deliveries per producer averaged 45,475 pounds, down 1.2 percent from July.

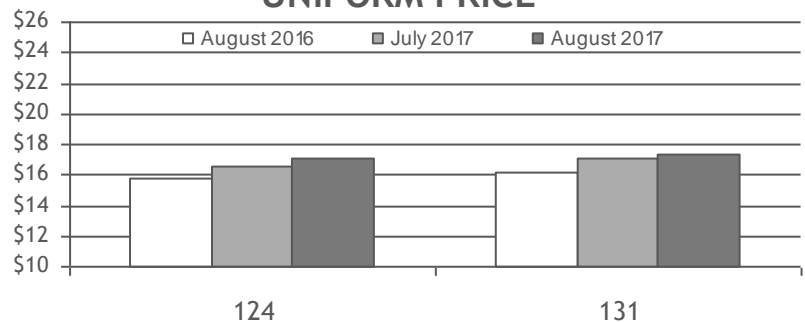
Class I producer milk during August totaled 157.6 million pounds, 21.0 percent of total producer receipts. Daily usage averaged 5.1 million pounds, up 7.1 percent from July. ▼

Arizona (FO 131)

Producers delivered a total of 413.8 million pounds of milk to the market during August. Daily deliveries averaged 13.3 million pounds, down 3.0 percent from July. An estimated 90 producers delivered milk to the market during the month. Daily deliveries per producer averaged 148,313 pounds, down 3.0 percent from July.

Class I producer milk during August totaled 112.3 million pounds, 27.1 percent of total producer receipts. Daily usage averaged 3.6 million pounds, up 13.4 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%) | \$16.60 | \$17.05 | \$17.02 | \$17.40 |
| Uniform Price (at test) | \$17.99 | \$18.65 | \$17.26 | \$17.66 |
| PPD | \$1.15 | \$0.48 | | |
| Butterfat | \$2.9456 | \$3.0109 | | n/a |
| Protein | \$1.2248 | \$1.5536 | | |
| Other Solids | \$0.2599 | \$0.2425 | | |
| Uniform Skim | | | \$7.05 | \$7.11 |
| Uniform Butterfat | | n/a | \$2.9203 | \$3.0105 |
| Butterfat | 3.895% | 3.932% | 3.583% | 3.588% |
| Protein | 3.163% | 3.182% | | |
| Other Solids | 5.734% | 5.731% | | n/a |

HIGHLIGHTS THIS ISSUE

- ✓ Analysis of Milk Movements
- ✓ 2018 Margin Protection Program Update

Federal Order Price Summaries

FINAL CLASS PRICES

The August 2017 Final Class Prices were calculated using AMS commodity price surveys from August 5, 12, 19 and 26, 2017. 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 2017 | \$18.49 | \$18.94 | \$17.48 | \$15.45 | \$16.60 | \$2.9456 | \$1.2248 | \$0.2599 | \$0.7240 |
| Aug 2017 | \$18.62 | \$19.07 | \$17.56 | \$16.57 | \$16.61 | \$3.0109 | \$1.5536 | \$0.2425 | \$0.6984 |
| Change | \$0.13 | \$0.13 | \$0.08 | \$1.12 | \$0.01 | \$0.0653 | \$0.3288 | (\$0.0174) | (\$0.0256) |

ADVANCED CLASS I PRICE

The October 2017 Advanced Price was calculated using AMS commodity price surveys from September 9 and 16, 2017. 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 2017 | \$3.0291 | \$6.21 | \$6.33 | \$6.33 | \$16.71 | \$18.61 | \$19.06 | \$7.03 | \$0.7811 |
| Oct 2017 | \$2.8580 | \$6.67 | \$6.14 | \$6.67 | \$16.44 | \$18.34 | \$18.79 | \$6.84 | \$0.7600 |
| Change | (\$0.1711) | \$0.46 | (\$0.19) | \$0.34 | (\$0.27) | (\$0.27) | (\$0.27) | (\$0.19) | (\$0.0211) |

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION


| | July | August | Change |
|-----------------|----------|----------|------------|
| Cheese | \$1.5430 | \$1.6664 | \$0.1234 |
| Butter | \$2.6039 | \$2.6578 | \$0.0539 |
| Nonfat Dry Milk | \$0.8991 | \$0.8733 | (\$0.0258) |
| Whey | \$0.4514 | \$0.4345 | (\$0.0169) |

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

| | September | October | Change |
|-----------------|-----------|----------|------------|
| Cheese | \$1.6698 | \$1.6668 | (\$0.0030) |
| Butter | \$2.6728 | \$2.5315 | (\$0.1413) |
| Nonfat Dry Milk | \$0.8785 | \$0.8565 | (\$0.0220) |
| Whey | \$0.4324 | \$0.4211 | (\$0.0113) |

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net decrease in prices received for 40-pound blocks and a net increase for 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 6.92 cents between the August 19 and the September 16 surveys, to \$1.6736 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net increase of 4.23 cents to \$1.6161 per pound.

The AMS butter price showed a net decrease of 17.04 cents between the weeks ending August 19 and September 16 from \$2.6750 per pound to \$2.5046 per pound. The AMS nonfat dry milk showed a net decrease of 2.92 cents since mid-August to \$0.8476 per pound. The average price for AMS whey showed a net decrease of 1.39 cents since mid-August to \$0.4178 per pound. 

Monthly Selected Statistics

| PRICE & POOL DATA | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|--------------------------------------|-------------------|------------|-----------|------------|----------------|-----------|-----------|-----------|
| | Aug 2017 | Jul 2017 | Aug 2016 | Jul 2016 | Aug 2017 | Jul 2017 | Aug 2016 | Jul 2016 |
| Producer Prices | | | | | | | | |
| Producer Price Differential (\$/cwt) | \$0.48 | \$1.15 | (\$1.12) | (\$0.05) | + | + | + | + |
| Butterfat (\$/pound) | 3.0109 | 2.9456 | 2.4873 | 2.5964 | + | + | + | + |
| Protein (\$/pound) | 1.5536 | 1.2248 | 2.5738 | 1.9112 | + | + | + | + |
| Other Solids (\$/pound) | 0.2425 | 0.2599 | 0.0881 | 0.0774 | + | + | + | + |
| Uniform Skim Price (\$/cwt) | + | + | + | + | \$7.11 | \$7.05 | \$7.62 | \$6.66 |
| Uniform Butterfat Price (\$/pound) | + | + | + | + | 3.0105 | 2.9203 | 2.5165 | 2.5688 |
| Statistical Uniform Price (\$/cwt) | \$17.05 | \$16.60 | \$15.79 | \$15.19 | \$17.40 | \$17.02 | \$16.16 | \$15.42 |
| Producer Data | | | | | | | | |
| Number of Producers | 532 | 532 | 444 | 550 | 90 | 90 | 90 | 90 |
| Avg. Daily Production (pounds) | 45,475 | 46,045 | 42,746 | 45,269 | 148,313 | 152,891 | 130,020 | 142,952 |
| Producer Milk Ratios | | | | | | | | |
| Class I | 21.01% | 19.38% | 27.55% | 19.74% | 27.13% | 23.21% | 30.95% | 25.59% |
| Class II | 6.15% | 5.85% | 8.19% | 5.89% | 9.77% | 8.93% | 14.65% | 10.78% |
| Class III | 43.22% | 42.71% | 28.43% | 40.30% | 28.01% | 30.66% | 27.67% | 31.79% |
| Class IV | 29.62% | 32.06% | 35.83% | 34.07% | 35.09% | 37.20% | 26.73% | 31.84% |
| Market Shrinkage | | | | | | | | |
| Pounds | 12,224,537 | 10,968,153 | 6,385,452 | 10,492,721 | 1,320,272 | 1,409,927 | 2,222,505 | 1,640,417 |
| % of Producer Milk | 1.63% | 1.44% | 1.09% | 1.36% | 0.32% | 0.33% | 0.61% | 0.41% |

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

Monthly Supplemental Statistics

| SUPPLEMENTAL DATA | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|--|-------------------|-------------|-------------|-------------|------------------|------------|------------|------------|
| | Jul 2017 | Jun 2017 | Jul 2016 | Jun 2016 | Jul 2017 | Jun 2017 | Jul 2016 | Jun 2016 |
| Number of Handlers | | | | | | | | |
| Pool Handlers | 23 | 22 | 25 | 24 | 8 | 8 | 7 | 8 |
| <i>Distributing Plants</i> | 11 | 12 | 12 | 11 | 6 | 6 | 5 | 6 |
| <i>Supply Plants 1/</i> | 6 | 4 | 7 | 7 | 1 | 1 | 1 | 1 |
| <i>Cooperatives</i> | 6 | 6 | 6 | 6 | 1 | 1 | 1 | 1 |
| Producer-Handlers | 5 | 5 | 5 | 5 | 0 | 0 | 0 | 0 |
| Other Plants w/ Class I Use | 20 | 21 | 18 | 20 | 23 | 23 | 24 | 23 |
| Class I Route Disposition In Area | | | | | | | | |
| By Pool Plants | 133,974,944 | 136,866,860 | 140,210,153 | 137,586,404 | 70,883,156 | 70,970,764 | 72,578,335 | 71,670,107 |
| By Producer-Handlers | 6,012,041 | 6,103,312 | 6,568,900 | 6,634,916 | 0 | 0 | 0 | 0 |
| By Other Plants | 12,127,121 | 11,647,552 | 11,079,451 | 12,075,406 | 6,214,835 | 5,965,681 | 6,730,167 | 6,558,748 |
| Total | 152,114,106 | 154,617,724 | 157,858,504 | 156,296,726 | 77,097,991 | 76,936,445 | 79,308,502 | 78,228,855 |
| Producer-Handler Data | | | | | | | | |
| % Class I Use | 47.39% | 52.19% | 56.53% | 57.99% | 0.00% | 0.00% | 0.00% | 0.00% |
| % of Total In-Area Route Dispositions | 3.95% | 3.95% | 4.16% | 4.25% | 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 2017 | Jul 2017 | Aug 2016 | Jul 2016 | Aug 2017 | Jul 2017 | Aug 2016 | Jul 2016 |
| Receipts of Milk | | | | | | | | |
| Total Producer Milk | 749,974,318 | 759,365,897 | 588,362,225 | 771,833,799 | 413,792,429 | 426,566,247 | 362,756,325 | 398,835,217 |
| Receipts From Other Sources | 13,447,398 | 21,151,302 | 34,577,918 | 11,508,088 | 3,775,645 | 6,477,694 | 7,434,737 | 10,117,510 |
| Opening Inventory | 43,695,826 | 37,552,861 | 31,838,695 | 35,783,348 | 21,312,208 | 21,295,123 | 19,843,714 | 21,316,915 |
| Total To Be Accounted For | 807,117,542 | 818,070,060 | 654,778,838 | 819,125,235 | 438,880,282 | 454,339,064 | 390,034,776 | 430,269,642 |
| Utilization of Receipts | | | | | | | | |
| Whole milk | 39,714,852 | 41,356,543 | 41,051,439 | 39,998,503 | 27,156,412 | 25,731,160 | 25,891,112 | 25,111,547 |
| Flavored milk & drinks | 8,366,063 | 7,733,826 | 8,972,229 | 7,640,745 | 7,555,726 | 3,679,521 | 7,581,600 | 3,782,339 |
| 2% milk | 48,325,770 | 51,258,585 | 54,891,541 | 54,893,834 | 28,188,611 | 26,853,341 | 28,413,168 | 27,378,634 |
| 1% milk | 18,598,464 | 19,795,690 | 22,264,105 | 21,816,802 | 11,929,405 | 9,787,104 | 12,752,944 | 10,595,892 |
| Skim milk | 11,415,767 | 12,227,975 | 14,430,230 | 14,177,544 | 5,980,595 | 4,832,030 | 6,342,168 | 5,709,923 |
| Buttermilk | 1,565,744 | 1,602,325 | 1,735,719 | 1,682,725 | 2/ | 2/ | 2/ | 2/ |
| Class I dispositions in area | 127,986,660 | 133,974,944 | 143,345,263 | 140,210,153 | 80,810,749 | 70,883,156 | 80,980,992 | 72,578,335 |
| Class I dispositions out of area | 23,907,924 | 11,098,783 | 12,378,423 | 11,511,911 | 29,749,817 | 29,956,640 | 30,543,487 | 29,248,054 |
| Other Class I usage | 25,798,010 | 23,514,088 | 20,415,734 | 17,174,428 | 13,167,158 | 11,246,163 | 13,398,845 | 13,248,963 |
| Utilization by Class | | | | | | | | |
| Total Class I Use | 177,692,594 | 168,587,815 | 176,139,420 | 168,896,492 | 123,727,724 | 112,085,959 | 124,923,324 | 115,075,352 |
| Total Class II Use | 51,394,919 | 49,591,602 | 55,817,796 | 50,861,558 | 41,718,847 | 39,589,883 | 54,399,639 | 44,232,268 |
| Total Class III Use | 326,515,792 | 325,158,919 | 167,548,676 | 311,409,381 | 116,263,030 | 131,668,915 | 101,915,356 | 128,096,636 |
| Total Class IV Use | 251,514,237 | 274,731,724 | 255,272,946 | 287,957,804 | 157,170,681 | 170,994,307 | 108,796,457 | 142,865,386 |
| Total Accounted For | 807,117,542 | 818,070,060 | 654,778,838 | 819,125,235 | 438,880,282 | 454,339,064 | 390,034,776 | 430,269,642 |

| CLASSIFICATION OF RECEIPTS | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Aug 2017 | Jul 2017 | Aug 2016 | Jul 2016 | Aug 2017 | Jul 2017 | Aug 2016 | Jul 2016 |
| Producer milk | | | | | | | | |
| Class I | 157,599,267 | 147,139,449 | 162,074,933 | 152,386,123 | 112,282,216 | 99,005,111 | 112,259,973 | 102,062,001 |
| Class II | 46,113,800 | 44,458,485 | 48,161,128 | 45,496,511 | 40,426,095 | 38,086,177 | 53,144,095 | 43,008,924 |
| Class III | 324,168,872 | 324,344,454 | 167,253,325 | 311,042,518 | 115,901,001 | 130,798,057 | 100,368,626 | 126,789,405 |
| Class IV | 222,092,379 | 243,423,509 | 210,872,839 | 262,908,647 | 145,183,117 | 158,676,902 | 96,983,631 | 126,974,887 |
| Other receipts | | | | | | | | |
| Class I | 20,093,327 | 21,448,366 | 14,064,487 | 16,510,369 | 11,445,508 | 13,080,848 | 12,663,351 | 13,013,351 |
| Class II | 5,281,119 | 5,133,117 | 7,656,668 | 5,365,047 | 1/ | 1/ | 1/ | 1/ |
| Class III | 2,346,920 | 814,465 | 1/ | 1/ | 362,029 | 870,858 | 1/ | 1,307,231 |
| Class IV | 29,421,858 | 31,308,215 | 44,695,458 | 25,416,020 | 13,280,316 | 13,821,111 | 14,615,100 | 17,113,843 |
| Avg. daily producer receipts | 24,192,720 | 24,495,674 | 18,979,427 | 24,897,864 | 13,348,143 | 13,760,202 | 11,701,817 | 12,865,652 |
| Change From Previous Year | 27.47% | -1.62% | 29.07% | 67.11% | 14.07% | 6.95% | 0.63% | 3.71% |
| Avg. daily Class I use | 5,732,019 | 5,438,317 | 5,681,917 | 5,448,274 | 3,991,217 | 3,615,676 | 4,029,785 | 3,712,108 |
| Change From Previous Year | 0.88% | -0.18% | -0.59% | -6.00% | -0.96% | -2.60% | 1.50% | -4.57% |

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

AMS News

ANALYSIS OF MILK MOVEMENTS IN THE PACIFIC NORTHWEST: MAY 2016

The market administrator's office recently published a paper that examines milk movements (distances) between dairy farms and milk processing plants in the Pacific Northwest, entitled "Analysis of Milk Movements from Dairy Farms to Milk Processing Plants: May 2016."

The data represent milk movements for 553 producers and 773.6 million pounds of producer milk associated with the Pacific Northwest Federal Milk Marketing Order. The analysis examines various subsets of milk movements, including: 1) the milkshed of the Pacific Northwest Order; 2) type of plant (distributing vs. manufacturing); 3) class of utilization at plant; 4) location adjustment zone of plant; 5) region of farm; 6) region of plant; 7) size-range of average daily delivery of dairy farm; and 8) size-range of average daily receipt of plant. Basic statistical measures are used to analyze the character of farms delivering milk to plants and distances from dairy farms to the plant, including: weighted averages, medians, percentiles, and standard deviations.

Selected findings of the study include:

- On average, the milk of dairy farms in the Pacific Northwest region traveled less than 50 miles to processing plants;
- No milk traveled further than 250 miles;
- Milk moving to distributing plants traveled a little under four times as far (105 miles) as milk moving to manufacturing plants (28 miles) due to the fact that distributing plants are located near urban centers, close to the majority of consumers, and manufacturing plants are typically in rural areas, closer to the dairy farms (and cows) that supply them;
- Nominal deficit regions include Western Washington and Western Oregon. The nominal surplus region, which supplied the deficit regions of Western Washington and Western Oregon, is Eastern Washington. Eastern Oregon was roughly in balance on average, neither surplus nor deficit;
- The largest plants received milk from less than 30 miles away on average while medium-sized plants drew milk from less than 100 miles away on average. The smallest plants drew milk from about 60-75 miles away on average.

The study is available in the "Staff Papers" section of the market administrator's website via www.fmmaseattle.com/staffpapers.html. Please contact John Mykrantz at jmykrantz@fmmaseattle.com or 425-487-5612, if you have any questions. 🍷

2018 MARGIN PROTECTION PROGRAM UPDATE

On August 31, 2017, USDA's Farm Service Agency announced that starting September 1, 2017, dairy producers can enroll for 2018 coverage in the Margin Protection Program (MPP-Dairy). Secretary Perdue has also utilized additional flexibility this year by providing dairy producers the ability to opt out of MPP-Dairy for 2018. Enrollment for coverage in calendar year 2018 will take place through December 15, 2017. 🍷

Source: USDA. Farm Service Agency. Release No. 0101.17. Available at www.fsa.usda.gov.

Federal Order Statistics for August 2017

| 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) | 2,274.3 | 719.0 | 31.61% | \$19.97 | \$18.33 |
| Appalachian (FO 5) | 494.4 | 354.0 | 71.62% | \$20.12 | \$19.53 |
| Florida (FO 6) | 215.2 | 181.2 | 84.22% | \$22.12 | \$21.43 |
| Southeast (FO 7) | 427.4 | 330.0 | 77.22% | \$20.52 | \$20.02 |
| Upper Midwest (FO 30) | 3,219.8 | 267.9 | 8.32% | \$18.52 | \$16.80 |
| Central (FO 32) | 1,461.0 | 418.1 | 28.61% | \$18.72 | \$17.13 |
| Mideast (FO 33) | 1,669.2 | 552.2 | 33.08% | \$18.72 | \$17.47 |
| Pacific Northwest (FO 124) | 750.0 | 157.6 | 21.01% | \$18.62 | \$17.05 |
| Southwest (FO 126) | 1,240.5 | 352.2 | 28.39% | \$19.72 | \$17.98 |
| Arizona (FO 131) | 413.8 | 112.3 | 27.13% | \$19.07 | \$17.40 |

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



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