



# 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*

Volume 42, No. 10

October 2016

Data for September 2016

### MARKET SUMMARIES FOR SEPTEMBER

#### Pacific Northwest (FO 124)

Producers delivered a total of 608.0 million pounds of milk to the market during September. Daily deliveries averaged 20.3 million pounds, up 6.8 percent from August. An estimated 454 producers delivered milk to the market during the month. Daily deliveries per producer averaged 44,642 pounds, up 4.4 percent from August.

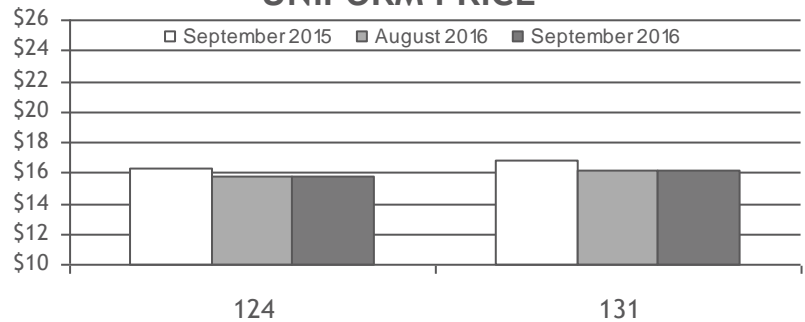
Class I producer milk during September totaled 167.6 million pounds, 27.6 percent of total producer receipts. Daily usage averaged 5.6 million pounds, up 6.9 percent from August. ▼

#### Arizona (FO 131)

Producers delivered a total of 348.1 million pounds of milk to the market during September. Daily deliveries averaged 11.6 million pounds, down 0.8 percent from August. An estimated 90 producers delivered milk to the market during the month. Daily deliveries per producer averaged 128,922 pounds, down 0.8 percent from August.

Class I producer milk during September totaled 108.0 million pounds, 31.0 percent of total producer receipts. Daily usage averaged 3.6 million pounds, down 0.6 percent from August. ▼

### UNIFORM PRICE



## Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	Aug	Sep	Aug	Sep
Uniform Price (at 3.5%)	\$15.79	\$15.77	\$16.16	\$16.22
Uniform Price (at test)	\$16.92	\$17.25	\$16.03	\$16.34
PPD	(\$1.12)	(\$0.62)		
Butterfat	\$2.4873	\$2.3082		n/a
Protein	\$2.5738	\$2.5675		
Other Solids	\$0.0881	\$0.7097		
Uniform Skim			\$7.62	\$8.30
Uniform Butterfat		n/a	\$2.5165	\$2.3447
Butterfat	3.816%	3.895%	3.447%	3.557%
Protein	3.125%	3.213%		
Other Solids	5.728%	5.708%		n/a

### HIGHLIGHTS THIS ISSUE

- ✓ Important Dates
- ✓ ERS Article
- ✓ Resumption of Assessments

# Federal Order Price Summaries

## FINAL CLASS PRICES

The September 2016 Final Class Prices were calculated using AMS commodity price surveys from September 3, 10, 17, and 24, and October 1, 2016. Current and archived Final Class Price announcements are available at [www.fmmaseattle.com/classcomponent.html](http://www.fmmaseattle.com/classcomponent.html).

FINAL	Class I (FO124)	Class I (FO131)	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Aug 2016	\$16.97	\$17.42	\$15.21	\$16.91	\$14.65	\$2.4873	\$2.5738	\$0.0881	\$0.6841
Sep 2016	\$18.46	\$18.91	\$14.66	\$16.39	\$14.25	\$2.3082	\$2.5675	\$0.1096	\$0.7097
Change	\$1.49	\$1.49	(\$0.55)	(\$0.52)	(\$0.40)	(\$0.1791)	(\$0.0063)	\$0.0215	\$0.0256

## ADVANCED CLASS I PRICE

The November 2016 Advanced Price was calculated using AMS commodity price surveys from October 8 and 15, 2016. Current and archived Advanced Price announcements are available at [www.fmmaseattle.com/advance.html](http://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
Oct 2016	\$2.3223	\$8.78	\$6.44	\$8.78	\$16.60	\$18.50	\$18.95	\$7.14	\$0.7933
Nov 2016	\$2.0749	\$7.79	\$6.77	\$7.79	\$14.78	\$16.68	\$17.13	\$7.47	\$0.8300
Change	(\$0.2474)	(\$0.99)	\$0.33	(\$0.99)	(\$1.82)	(\$1.82)	(\$1.82)	\$0.33	\$0.0367

# Commodity Price Summaries

## AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	August	September	Change
Cheese	\$1.8119	\$1.7514	(\$0.0605)
Butter	\$2.2254	\$2.0775	(\$0.1479)
Nonfat Dry Milk	\$0.8588	\$0.8847	\$0.0259
Whey	\$0.2846	\$0.3055	\$0.0209

## AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	October	November	Change
Cheese	\$1.7758	\$1.5860	(\$0.1898)
Butter	\$2.0892	\$1.8849	(\$0.2043)
Nonfat Dry Milk	\$0.8906	\$0.9275	\$0.0369
Whey	\$0.3015	\$0.3173	\$0.0158

## CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a decrease in prices received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a decrease of 18.42 cents between the September 17 and the October 15 surveys, to \$1.5757 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 17.87 cents to \$1.5440 per pound.

The AMS butter price showed a net decrease of 21.23 cents between the weeks ending September 17 and October 15 from \$2.0650 per pound to \$1.8527 per pound. The AMS nonfat dry milk showed a net increase of 2.42 cents since mid-September to \$0.9217 per pound. The average price for AMS whey showed a net increase of 1.81 cents since mid-September to \$0.3252 per pound.

# Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Sep 2016	Aug 2016	Sep 2015	Aug 2015	Sep 2016	Aug 2016	Sep 2015	Aug 2015
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt)	(\$0.62)	(\$1.12)	\$0.54	(\$1.42)	+	+	+	+
Butterfat (\$/pound)	2.3082	2.4873	2.7531	2.2674	+	+	+	+
Protein (\$/pound)	2.5675	2.5738	1.9801	2.5692	+	+	+	+
Other Solids (\$/pound)	0.1096	0.0881	0.0465	0.1151	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$8.30	\$7.62	\$7.77	\$8.29
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.3447	2.5165	2.6588	2.2507
Statistical Uniform Price (\$/cwt)	\$15.77	\$15.79	\$16.36	\$14.85	\$16.22	\$16.16	\$16.80	\$15.88
<b>Producer Data</b>								
Number of Producers	<b>454</b>	444	458	457	<b>90</b>	90	96	94
Avg. Daily Production (pounds)	<b>44,642</b>	42,746	34,594	32,177	<b>128,922</b>	130,020	127,420	123,708
<b>Producer Milk Ratios</b>								
Class I	27.56%	27.55%	35.74%	34.58%	31.02%	30.95%	29.65%	30.28%
Class II	6.98%	8.19%	9.23%	10.76%	13.31%	14.65%	13.51%	13.06%
Class III	29.73%	28.43%	4.60%	1.55%	24.90%	27.67%	33.05%	27.54%
Class IV	35.73%	35.83%	50.43%	53.11%	30.77%	26.73%	23.79%	29.12%
<b>Market Shrinkage</b>								
Pounds	7,118,789	6,385,452	8,244,519	9,339,298	1,692,737	2,222,505	1,620,171	921,590
% of Producer Milk	1.17%	1.09%	1.73%	2.05%	0.49%	0.61%	0.44%	0.26%

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

# Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Aug 2016	Jul 2016	Aug 2015	Jul 2015	Aug 2016	Jul 2016	Aug 2015	Jul 2015
<b>Number of Handlers</b>								
Pool Handlers	22	25	22	21	8	7	7	7
<i>Distributing Plants</i>	11	12	12	11	6	5	5	5
<i>Supply Plants 1/</i>	5	7	4	5	1	1	1	1
<i>Cooperatives</i>	6	6	6	5	1	1	1	1
Producer-Handlers	5	5	5	5	0	0	0	0
Other Plants w/ Class I Use	<b>20</b>	18	20	20	<b>24</b>	24	24	24
<b>Class I Route Disposition In Area</b>								
By Pool Plants	143,345,263	140,210,153	143,342,167	141,326,514	80,980,992	72,578,335	84,196,557	78,847,581
By Producer-Handlers	7,171,548	6,568,900	6,973,049	7,193,007	0	0	0	0
By Other Plants	<b>12,677,831</b>	11,079,451	11,303,846	11,842,301	<b>9,244,245</b>	6,730,167	7,263,848	7,069,014
Total	163,194,642	157,858,504	161,619,062	160,361,822	90,225,237	79,308,502	91,460,405	85,916,595
<b>Producer-Handler Data</b>								
% Class I Use	60.22%	56.53%	60.23%	65.56%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.39%	4.16%	4.31%	4.49%	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			
	Sep 2016	Aug 2016	Sep 2015	Aug 2015	Sep 2016	Aug 2016	Sep 2015	Aug 2015
<b>Receipts of Milk</b>								
Total Producer Milk	608,025,546	588,362,225	475,321,052	455,853,921	348,089,846	362,756,325	366,968,768	360,483,882
Receipts From Other Sources	9,632,930	34,577,918	45,519,093	52,853,938	6,105,900	7,434,737	5,293,575	6,236,984
Opening Inventory	29,770,798	31,838,695	31,941,746	31,154,340	22,845,752	19,843,714	23,464,317	24,148,016
<b>Total To Be Accounted For</b>	<b>647,429,274</b>	<b>654,778,838</b>	<b>552,781,891</b>	<b>539,862,199</b>	<b>377,041,498</b>	<b>390,034,776</b>	<b>395,726,660</b>	<b>390,868,882</b>
<b>Utilization of Receipts</b>								
Whole milk	40,452,394	41,051,439	36,777,016	37,311,178	25,151,239	25,891,112	24,461,258	25,412,622
Flavored milk & drinks	14,447,571	8,972,229	13,722,736	8,278,803	7,939,415	7,581,600	7,293,156	6,146,567
2% milk	54,844,678	54,891,541	56,566,034	56,293,275	27,923,357	28,413,168	29,243,079	30,174,931
1% milk	24,629,534	22,264,105	25,705,059	23,749,439	12,499,894	12,752,944	13,838,049	14,451,688
Skim milk	14,612,009	14,430,230	16,402,676	16,176,037	6,431,494	6,342,168	7,404,457	7,639,520
Buttermilk	1,521,644	1,735,719	1,516,233	1,533,435	2/	2/	387,255	371,229
Class I dispositions in area	150,507,830	143,345,263	150,689,754	143,342,167	79,945,399	80,980,992	82,627,254	84,196,557
Class I dispositions out of area	11,388,361	12,378,423	13,821,159	13,917,627	28,040,914	30,543,487	26,082,888	27,418,568
Other Class I usage	22,564,048	20,415,734	22,478,188	19,917,219	12,788,615	13,398,845	12,263,613	11,463,456
<b>Utilization by Class</b>								
Total Class I Use	184,460,239	176,139,420	186,989,101	177,177,013	120,774,928	124,923,324	120,973,755	123,078,581
Total Class II Use	48,435,468	55,817,796	48,260,704	53,177,552	48,418,306	54,399,639	50,749,701	48,011,808
Total Class III Use	181,034,763	167,548,676	22,231,952	7,395,902	86,683,415	101,915,356	122,983,216	101,360,158
Total Class IV Use	233,498,804	255,272,946	295,300,134	302,111,732	121,164,849	108,796,457	101,019,988	118,418,335
<b>Total Accounted For</b>	<b>647,429,274</b>	<b>654,778,838</b>	<b>552,781,891</b>	<b>539,862,199</b>	<b>377,041,498</b>	<b>390,034,776</b>	<b>395,726,660</b>	<b>390,868,882</b>

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Sep 2016	Aug 2016	Sep 2015	Aug 2015	Sep 2016	Aug 2016	Sep 2015	Aug 2015
<b>Producer milk</b>								
Class I	167,598,301	162,074,933	169,884,032	157,640,864	107,985,418	112,259,973	108,820,057	109,154,830
Class II	42,467,550	48,161,128	43,861,639	49,045,045	46,338,139	53,144,095	49,595,203	47,066,454
Class III	180,739,553	167,253,325	21,883,872	7,071,193	86,683,415	100,368,626	121,297,744	99,269,232
Class IV	217,220,142	210,872,839	239,691,509	242,096,819	107,082,874	96,983,631	87,255,764	104,993,366
<b>Other receipts</b>								
Class I	16,861,938	14,064,487	17,105,069	19,536,149	12,789,510	12,663,351	12,153,698	13,923,751
Class II	5,967,918	7,656,668	4,399,065	4,132,507	2,080,167	1/	1/	1/
Class III	1/	1/	1/	1/	0	1/	1/	1/
Class IV	16,573,872	44,695,458	55,956,705	60,339,622	14,081,975	14,615,100	16,604,194	16,461,249
<b>Avg. daily producer receipts</b>	<b>20,267,518</b>	<b>18,979,427</b>	<b>15,844,035</b>	<b>14,704,965</b>	<b>11,602,995</b>	<b>11,701,817</b>	<b>12,232,292</b>	<b>11,628,512</b>
Change From Previous Year	27.92%	29.07%	-33.71%	-38.65%	-5.14%	0.63%	7.83%	-6.53%
<b>Avg. daily Class I use</b>	<b>6,148,675</b>	<b>5,681,917</b>	<b>6,232,970</b>	<b>5,715,388</b>	<b>4,025,831</b>	<b>4,029,785</b>	<b>4,032,459</b>	<b>3,970,277</b>
Change From Previous Year	-1.35%	-0.59%	0.82%	0.21%	-0.16%	1.50%	1.84%	3.01%

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

# USDA News

## IMPORTANT DATES

The important dates concerning the 2017 Federal order price announcements, reporting and payments are now available.

The 2017 release dates for price announcements, as issued by the Agricultural Marketing Service (AMS) are available via the market administrator's website at [www.fmmaseattle.com/dates.html](http://www.fmmaseattle.com/dates.html).

The 2017 AMS release dates are as follows:

### Advanced Prices & Pricing Factors

- Wed., December 21, 2016
- Thurs., January 19, 2017
- Thurs., February 23
- Wed., March 22
- Wed., April 19
- Wed., May 17
- Wed., June 21
- Wed., July 19
- Wed., August 23
- Wed., September 20
- Wed., October 18
- Wed., November 22

### Final Class & Component Prices

- Wed., February 1, 2017
- Wed., March 1
- Wed., April 5
- Wed., May 3
- Thurs., June 1
- Wed., June 28
- Wed., August 2
- Wed., August 30
- Wed., October 4
- Wed., November 1
- Wed., November 29
- Thurs., January 4, 2018

The above noted prices and pricing factors will be released by USDA's Agricultural Marketing Service at 3:00 p.m. EST/EDST.

Tables that identify reporting and payments dates specific to the Pacific Northwest (FO 124) and Arizona (FO 131) Federal Orders are available via the market administrator's website at [www.fmmaseattle.com/reportingandpaymentdates.html](http://www.fmmaseattle.com/reportingandpaymentdates.html).

## ERS ARTICLE

Processing and Marketing Blunt the Impact of Volatile Farm Prices on Retail Dairy Prices

*The following is an excerpt from an "Amber Waves" article.*

The average price received by dairy farmers for milk has varied between \$15.00 and \$25.70 per 100 pounds over the last five years.

Despite volatile farm-level milk prices, fluctuations in retail prices for whole milk and Cheddar cheese have been comparatively moderate.

Farm prices and retail prices track more closely for whole milk than for Cheddar cheese, reflecting the greater number of processing steps and marketing costs to supply cheese at retail stores.

ERS researchers analyzed dairy price movements to understand how quickly and how completely swings in farm-level prices reach consumers. Findings confirm that fluctuations in retail prices for whole milk and Cheddar cheese are less pronounced than swings in prices received by dairy farmers, and price changes experienced by farmers take time to reach consumers.

The full article is available at [www.ers.usda.gov/amber-waves](http://www.ers.usda.gov/amber-waves).

*Source: USDA. Economic Research Service. "Amber Waves", August 2016.*

## RESUMPTION OF ASSESSMENTS

On October 19, 2016, the market administrator issued a letter to all handlers advising them that the administrative assessment that was waived for the milk pooled during the months of August and September 2016 will resume beginning with the milk pooled for the month of October 2016.

# Federal Order Statistics for September 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)	2,176.7	754.3	34.65%	\$19.81	\$17.10
Appalachian (FO 5)	435.4	322.5	74.07%	\$19.96	\$18.56
Florida (FO 6)	210.4	184.9	87.87%	\$21.96	\$20.87
Southeast (FO 7)	408.3	322.2	78.91%	\$20.36	\$19.21
Upper Midwest (FO 30)	2,312.8	290.1	12.54%	\$18.36	\$16.37
Central (FO 32)	1,083.1	411.1	37.96%	\$18.56	\$16.32
Mideast (FO 33)	1,500.5	560.6	37.36%	\$18.56	\$16.27
<b>Pacific Northwest (FO 124)</b>	<b>608.0</b>	<b>167.6</b>	<b>27.56%</b>	<b>\$18.46</b>	<b>\$15.77</b>
Southwest (FO 126)	1,199.4	371.3	30.95%	\$19.56	\$17.29
<b>Arizona (FO 131)</b>	<b>348.1</b>	<b>108.0</b>	<b>31.02%</b>	<b>\$18.91</b>	<b>\$16.22</b>

For links to Market Administrator's webpages, see [www.fmmaseattle.com/links.html](http://www.fmmaseattle.com/links.html).



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