

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. 11

November 2012

Data for October 2012

MARKET SUMMARIES FOR OCTOBER

Pacific Northwest (FO 124)

Producers delivered a total of 421.6 million pounds of milk to the market during October. Daily deliveries averaged 13.6 million pounds, down 3.9 percent from September. An estimated 451 producers delivered milk to the market during the month. Daily deliveries per producer averaged 30,152 pounds, down 3.9 percent from September.

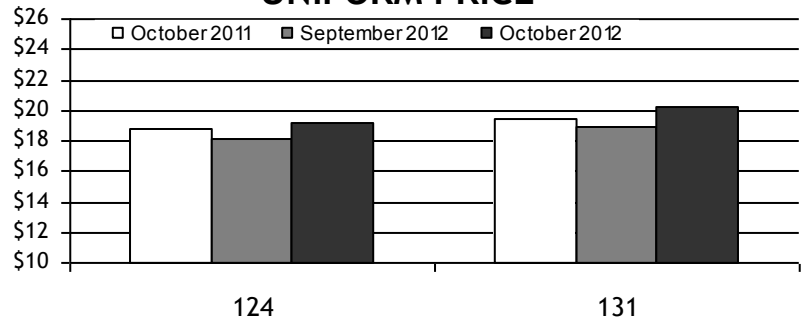
Class I producer milk during October totaled 192.4 million pounds, 45.6 percent of total producer receipts. Daily usage averaged 6.2 million pounds, up 7.8 percent from September. ▼

Arizona (FO 131)

Producers delivered a total of 342.9 million pounds of milk to the market during October. Daily deliveries averaged 11.1 million pounds, up 5.4 percent from September. An estimated 95 producers delivered milk to the market during the month. Daily deliveries per producer averaged 116,428 pounds, up 5.4 percent from September.

Class I producer milk during October totaled 123.1 million pounds, 35.9 percent of total producer receipts. Daily usage averaged 4.0 million pounds, up 1.8 percent from September. ▼

UNIFORM PRICE



Pool Quick Stats

Producer Prices & Component Levels	FO 124		FO 131	
	Sep	Oct	Sep	Oct
Uniform Price (at 3.5%)	18.17	19.18	\$18.94	\$20.23
Uniform Price (at test)	\$19.18	\$20.87	\$19.03	\$20.42
PPD	(\$0.83)	(\$1.84)		
Butterfat	\$2.0047	\$2.1136		n/a
Protein	\$3.2521	\$3.7278		
Other Solids	\$0.3971	\$0.4340		
Uniform Skim			\$12.45	\$13.35
Uniform Butterfat		n/a	\$1.9781	\$2.0987
Butterfat	3.759%	3.870%	3.549%	3.598%
Protein	3.139%	3.233%		
Other Solids	5.721%	5.710%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ ERS Dairy Outlook
- ✓ Important Dates
- ✓ Per Capita Consumption of Selected Cheese Varieties

Federal Order Price Summaries

FINAL CLASS PRICES

The October 2012 Final Class Prices were calculated using AMS commodity price surveys from October 6, 13, 20, and 27, 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
Sep 2012	\$19.49	\$19.94	\$17.04	\$19.00	\$17.41	\$2.0047	\$3.2521	\$0.3971	\$1.1969
Oct 2012	\$20.78	\$21.23	\$18.44	\$21.02	\$18.54	\$2.1136	\$3.7278	\$0.4340	\$1.2828
Change	\$1.29	\$1.29	\$1.40	\$2.02	\$1.13	\$0.1089	\$0.4757	\$0.0369	\$0.0859

ADVANCED CLASS I PRICE

The December 2012 Advanced Price was calculated using AMS commodity price surveys from November 10 and 17, 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
Nov 2012	\$2.1171	\$13.77	\$11.43	\$13.77	\$20.70	\$22.60	\$23.05	\$12.13	\$1.3478
Dec 2012	\$2.0763	\$14.63	\$11.97	\$14.63	\$21.39	\$23.29	\$23.74	\$12.67	\$1.4078
Change	(\$0.0408)	\$0.86	\$0.54	\$0.86	\$0.69	\$0.69	\$0.69	\$0.54	\$0.0600

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	September	October	Change
Cheese	\$1.8647	\$2.0479	\$0.1832
Butter	\$1.8269	\$1.9168	\$0.0899
Nonfat Dry Milk	\$1.3768	\$1.4636	\$0.0868
Whey	\$0.5846	\$0.6205	\$0.0359


AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	November	December	Change
Cheese	\$2.0186	\$2.0717	\$0.0531
Butter	\$1.9197	\$1.8860	(\$0.0337)
Nonfat Dry Milk	\$1.4503	\$1.5112	\$0.0609
Whey	\$0.6130	\$0.6450	\$0.0320

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net increase in price received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 2.42 cents between the October 13 and the November 17 surveys, to \$2.0566 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 0.75 cents to \$2.0293 per pound.

The AMS butter price showed a net decrease of 5.19 cents between the weeks ending October 13 and November 17 from \$1.9315 per pound to \$1.8796 per pound. The AMS nonfat dry milk showed an increase of 5.78 cents since mid-October to \$1.5165 per pound. The average price for AMS whey showed an increase of 3.24 cents since mid-October to \$0.6481 per pound.

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

USDA Updates

USDA SEEKS NOMINEES FOR NATIONAL FLUID MILK PROCESSOR PROMOTION BOARD

On October 24, 2012, the U.S. Department of Agriculture announced that it is asking fluid milk processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board.

The Secretary of Agriculture will appoint seven individuals from those nominated to succeed members whose terms expire June 30, 2013. Appointed members will serve three-year terms from July 1, 2013, through June 30, 2016.

USDA will accept nominations for board representation in five geographic regions and two at-large positions. Nominees for the five regional positions must be active owners or employees of a fluid milk processor. At least one at-large position must be a fluid milk processor. The other at-large position may be either a fluid milk processor or a member from the general public. The geographic regions are: Region 1 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont); Region 4 (Georgia, North Carolina, and South Carolina); Region 7 (Michigan, Minnesota, North Dakota, South Dakota, and Wisconsin); Region 10 (Texas); and Region 13 (Idaho, Montana, Oregon, Washington, and Wyoming).

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the programs. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination for a seat on the board.

Fluid milk processors and interested parties may submit nominations for regions in which they are located or market fluid milk and for at-large members. To nominate an individual, please submit a copy of the nomination form and a signed background form for each nominee by November 23, 2012 to: Whitney Rick, Director, Promotion, Research and Planning Division, Dairy Programs, AMS, USDA, 1400 Independence Ave., S.W., Stop 0233, Room 2958-S, Washington, D.C. 20250-0233 or via email at whitney.rick@ams.usda.gov. To obtain forms or additional information, call (202) 720-6909. 🐄



ERS DAIRY OUTLOOK

The following is an excerpt from the most recent Dairy Outlook.

Feed price forecasts continue to decline, based on the most recent World Agricultural Supply and Demand Estimates report. The forecast corn price for 2012/13 was lowered to \$6.95-\$8.25 a bushel in November from October. Slightly higher expected production and an increase in imports support the lower price forecast. Similarly, the soybean meal price was lowered in November to \$455-\$485 a ton. On balance, corn and soybean meal prices will be higher in 2013 than in 2012 despite the small downward revisions in November forecasts from October. Dairy feed ration prices will likely be lower in 2013 than this year, but will remain high by historic standards.

Herd size projections were unchanged this month from October. The U.S. dairy herd is expected to average 9,225 thousand head in 2012 and slip to 9,125 thousand head next year as a result of the profit squeeze experienced by producers this year. Current-year yield per cow was increased to 21,640 pounds based on a higher than forecast third-quarter yield reported in the October Milk Production report. 🐄

Source: USDA. Economic Research Service. "Livestock, Dairy & Poultry Outlook", LDP-M-221, November 16, 2012. Available at www.ers.usda.gov.

Industry News

NASS EXPANDS "QUICK STATS 2.0", RETIRES "QUICK STATS 1.0"

On October 4, 2012, USDA's National Agricultural Statistics Service (NASS) announced that in order to streamline operations and to improve statistical services, the agency has enhanced its Quick Stats 2.0 data query tool and is retiring the Quick Stats 1.0 service on October 30, 2012. All data previously published in that database are now available from the Quick Stats 2.0 database.

NASS originally communicated its intention to remove the Quick Stats 1.0 tool in June. In its notice, NASS encouraged feedback from data users about the upcoming service changes. The goal of the advance notice was to allow all those seeking statistical information about U.S. agriculture to switch to the newest available tools, minimizing the impact of the Quick Stats 1.0 retirement.

To make the transition as seamless as possible, in January NASS introduced its new Quick Stats Lite tool. This new tool is an additional interface to Quick Stats 2.0 that offers a more guided approach to the agency's most common data requests.

Quick Stats 2.0 and Quick Stats Lite are available online at www.nass.usda.gov/Quick_Stats. For assistance with these tools, please contact a NASS representative by calling (800) 727-9540 or by emailing nass@nass.usda.gov. 🐾



IMPORTANT DATES

The important dates concerning the 2013 Federal order price announcements, reporting and payments are now available. Printed copies of the tables have been mailed to interested parties and electronic copies are available via the market administrator's website at www.fmmaseattle.com/dates.htm.

Two tables identify important dates specific to the Pacific Northwest (FO 124) and Arizona (FO 131) Federal Orders. One table indicates the 2013 release dates for price announcements, as issued by the Agricultural Marketing Service (AMS).

The 2013 AMS release dates are as follows:

- | <i>Advanced Prices
& Pricing Factors</i> | <i>Final Class
& Component Prices</i> |
|--|---|
| • Wed., December 19, 2012 | • Wed., January 30, 2013 |
| • Wed., January 16, 2013 | • Wed., February 27, 2013 |
| • Thurs., February 21, 2013 | • Wed., April 3, 2013 |
| • Wed., March 20, 2013 | • Wed., May 1, 2013 |
| • Wed., April 17, 2013 | • Wed., June 5, 2013 |
| • Wed., May 22, 2013 | • Wed., July 3, 2013 |
| • Wed., June 19, 2013 | • Wed., July 31, 2013 |
| • Wed., July 17, 2013 | • Thurs., September 5, 2013 |
| • Wed., August 21, 2013 | • Wed., October 2, 2013 |
| • Wed., September 18, 2013 | • Wed., October 30, 2013 |
| • Wed., October 23, 2013 | • Wed., December 4, 2013 |
| • Wed., November 20, 2013 | • Thurs., January 2, 2014 |

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

Industry News

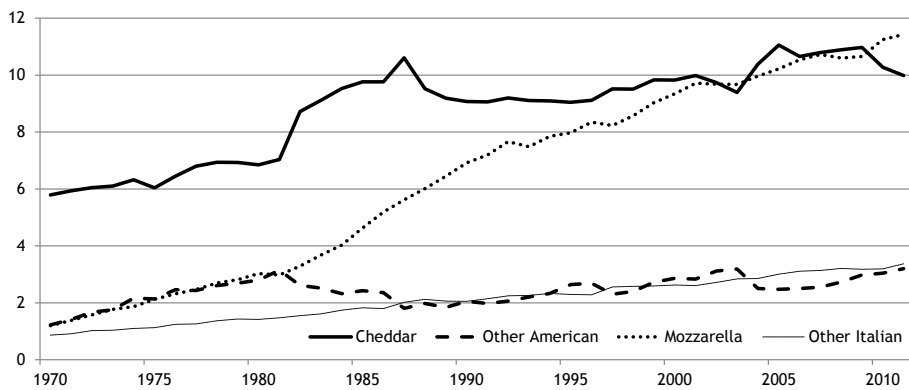
PER CAPITA CONSUMPTION OF SELECTED CHEESE VARIETIES

On October 25, 2012, USDA's Economic Research Service released preliminary data for 2011 per capita consumption of selected cheeses. The data set also included data dating back through 1970. Per capita cheese consumption for all types totaled 33.50 pounds, up from 33.14 pounds in 2010. The preliminary figure for 2011 is the second highest on record for all cheese, with 2007 being the highest at 33.64 pounds per capita.

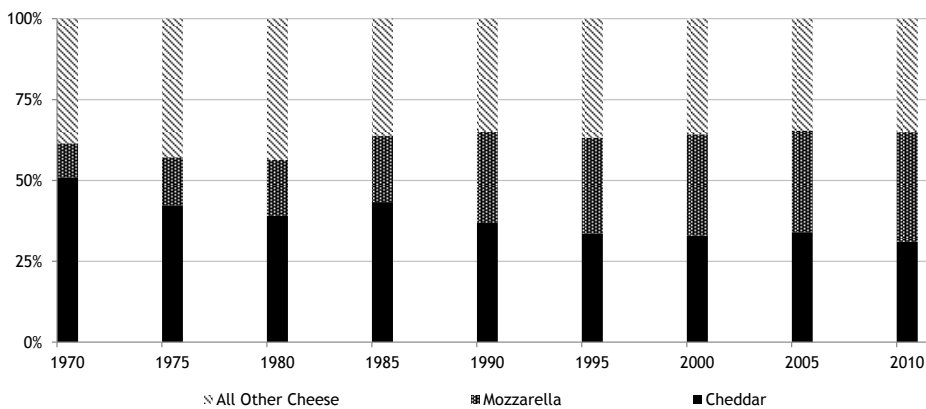
Mozzarella reached its highest level of per capita consumption in 2011, at 11.43 pounds. Cheddar cheese consumption was the lowest it has been since 2003, totaling 9.98 pounds in 2011.

The graphs below show per capita cheese consumption on a per pound basis and as a percentage of total. 🐄

Per Capita Cheese Consumption
By Selected Type, in Pounds
1970-2011



Per Capita Cheese Consumption
By Selected Type, as a Percent of Total
1970-2011



Source: USDA. Economic Research Service. "Per Capita Consumption of Selected Cheese Varieties, 1970-2011" data set. Available at www.ers.usda.gov/datafiles/Dairy_Data/chezcon_1_.xls

NASS MILK PRODUCTION

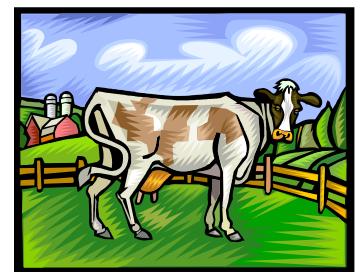
October Milk Production Down Slightly

According to the November 19, 2012, *Milk Production* report released by USDA's National Agricultural Statistics Service (NASS), milk production in the 23 major States during October totaled 15.2 billion pounds, down slightly from October 2011. September revised production at 14.7 billion pounds, was down 0.6 percent from September 2011. The September revision represented a decrease of 19 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,791 pounds for October, 1 pound above October 2011.

The number of milk cows on farms in the 23 major States was 8.47 million head, 10,000 head less than October 2011, and 8,000 head less than September 2012.

For more information on NASS milk production data, visit www.nass.usda.gov. 🐄



Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Oct 2012	Sep 2012	Oct 2011	Sep 2011	Oct 2012	Sep 2012	Oct 2011	Sep 2011
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt)	\$20.78	\$19.49	\$21.46	\$23.68	\$21.23	\$19.94	\$21.91	\$24.13
Class II Milk (\$/cwt)	18.44	17.04	19.41	20.55	18.44	17.04	19.41	20.55
Class III Milk (\$/cwt)	21.02	19.00	18.03	19.07	21.02	19.00	18.03	19.07
Class IV Milk (\$/cwt)	18.54	17.41	18.41	19.53	18.54	17.41	18.41	19.53
Producer Prices								
Producer Price Differential (\$/cwt)	(\$1.84)	(\$0.83)	\$0.77	\$1.33	+	+	+	+
Butterfat (\$/pound)	2.1136	2.0047	1.9592	2.2005	+	+	+	+
Protein (\$/pound)	3.7278	3.2521	2.9211	3.0282	+	+	+	+
Other Solids (\$/pound)	0.4340	0.3971	0.4286	0.4053	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$13.35	\$12.45	\$12.81	\$13.63
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.0987	1.9781	2.0088	2.2273
Statistical Uniform Price (\$/cwt)	\$19.18	\$18.17	\$18.80	\$20.40	\$20.23	\$18.94	\$19.39	\$20.95
Producer Data								
Number of Producers	451	451	626	629	95	95	100	99
Avg. Daily Production (pounds)	30,152	31,382	36,089	36,636	116,428	110,453	118,254	115,150
Producer Milk Ratios								
Class I	45.64%	40.66%	27.18%	27.30%	35.90%	37.17%	33.11%	32.96%
Class II	11.46%	11.40%	5.85%	6.27%	10.31%	10.49%	8.65%	9.84%
Class III	8.94%	11.00%	38.22%	41.44%	25.67%	29.98%	29.32%	32.01%
Class IV	33.96%	36.94%	28.75%	24.99%	28.12%	22.36%	28.92%	25.19%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Sep 2012	Aug 2012	Sep 2011	Aug 2011	Sep 2012	Aug 2012	Sep 2011	Aug 2011
Number of Handlers								
Pool Handlers	22	22	26	25	7	7	7	7
<i>Distributing Plants</i>	14	14	14	14	5	5	5	5
<i>Supply Plants 1/</i>	3	3	7	6	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	16	17	18	19	22	22	23	22
Class I Route Disposition In Area								
By Pool Plants	160,787,917	162,873,101	169,714,211	163,850,298	88,125,229	91,718,855	91,126,903	95,542,328
By Producer-Handlers	7,054,000	7,199,288	7,181,604	7,221,545	0	0	0	0
By Other Plants	8,717,848	10,080,117	7,502,146	7,544,844	5,251,090	6,104,716	5,495,524	5,402,359
Total	176,559,765	180,152,506	184,397,961	178,616,687	93,376,319	97,823,571	96,622,427	100,944,687
Producer-Handler Data								
% Class I Use	68.03%	69.33%	64.93%	60.36%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	4.00%	4.00%	3.89%	4.04%	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			
	Oct	Sep	Oct	Sep	Oct	Sep	Oct	Sep
	2012	2012	2011	2011	2012	2012	2011	2011
Receipts of Milk								
Total Producer Milk	421,555,101	424,598,340	700,339,150	691,326,061	342,881,545	314,790,055	366,587,020	341,996,832
Receipts From Other Sources	10,519,494	9,217,463	13,743,492	16,074,711	2,487,054	3,752,396	3,990,018	3,649,391
Opening Inventory	32,309,600	27,366,098	33,079,078	33,371,339	23,106,856	22,360,123	21,984,277	23,242,025
Total To Be Accounted For	464,384,195	461,181,901	747,161,720	740,772,111	368,475,455	340,902,574	392,561,315	368,888,248
Utilization of Receipts								
Whole milk	33,273,614	31,077,753	33,437,853	32,866,760	24,709,598	23,127,680	24,117,291	23,258,077
Flavored milk & drinks	16,727,795	12,967,851	16,128,122	13,210,418	6,116,750	5,585,969	5,745,542	5,911,052
2% milk	70,491,545	65,206,725	70,752,056	68,607,026	34,175,276	32,138,352	34,594,527	32,966,423
1% milk	27,968,709	26,134,162	27,903,684	27,385,455	16,762,329	15,938,133	16,839,803	16,500,309
Skim milk	25,131,639	24,020,930	26,555,062	26,273,447	11,703,696	10,985,123	12,469,926	12,117,040
Buttermilk	1,421,640	1,380,496	1,332,541	1,371,105	393,514	349,972	382,683	374,002
Class I dispositions in area	175,014,942	160,787,917	176,109,318	169,714,211	93,861,163	88,125,229	94,149,772	91,126,903
Class I dispositions out of area	14,566,859	13,290,598	15,036,355	15,631,121	26,068,160	23,894,285	25,476,492	24,055,384
Other Class I usage	18,551,752	17,558,375	17,938,477	19,329,312	17,550,639	20,297,533	11,879,973	9,997,666
Utilization by Class								
Total Class I Use	208,133,553	191,636,890	209,084,150	204,674,644	137,479,962	132,317,047	131,506,237	125,179,953
Total Class II Use	55,123,091	52,622,891	48,043,833	50,726,153	36,336,056	33,709,885	32,243,827	34,652,291
Total Class III Use	38,228,521	46,689,460	270,333,319	288,679,150	89,322,158	95,740,030	108,748,453	110,966,432
Total Class IV Use	162,899,030	170,232,660	219,700,418	196,692,164	105,337,279	79,135,612	120,062,798	98,089,572
Total Accounted For	464,384,195	461,181,901	747,161,720	740,772,111	368,475,455	340,902,574	392,561,315	368,888,248

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Oct	Sep	Oct	Sep	Oct	Sep	Oct	Sep
	2012	2012	2011	2011	2012	2012	2011	2011
Producer milk								
Class I	192,398,161	172,655,387	190,384,717	188,716,746	123,077,903	117,009,277	121,373,986	112,735,602
Class II	48,329,885	48,387,194	40,987,262	43,377,718	35,341,886	33,024,037	31,713,317	33,640,434
Class III	37,705,908	46,689,460	267,696,538	286,451,552	88,027,778	94,359,125	107,467,461	109,484,164
Class IV	143,121,147	156,866,299	201,270,633	172,780,045	96,433,978	70,397,616	106,032,256	86,136,632
Other receipts								
Class I	15,735,392	18,981,503	18,699,433	15,957,898	14,402,059	15,307,770	10,132,251	12,444,351
Class II	6,793,206	4,235,697	7,056,571	7,348,435	1/	1/	1/	1/
Class III	522,613	0	2,636,781	2,227,598	1/	1/	1/	1/
Class IV	19,777,883	13,366,361	18,429,785	23,912,119	11,191,851	10,804,749	15,842,044	14,447,065
Avg. daily producer receipts	13,598,552	14,153,278	22,591,585	23,044,202	11,060,695	10,493,002	11,825,388	11,399,894
Change From Previous Year	-39.81%	-38.58%	4.97%	5.18%	-6.47%	-7.96%	7.85%	6.28%
Avg. daily Class I use	6,713,986	6,387,896	6,744,650	6,822,488	4,434,837	4,410,568	4,242,137	4,172,665
Change From Previous Year	-0.45%	-6.37%	1.92%	-0.38%	4.54%	5.70%	-1.01%	-3.82%

1/ Restricted - Included with Class IV.



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Contact Information

Bothell Office

1930 220th Street SE, Suite 102
Bothell, Washington 98021-8471

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

fmmaseattle@fmmaseattle.com

Phoenix Office

10050 N 25th Avenue, Suite 302
Phoenix, Arizona 85021-1664

Phone: (602) 547-2909
Fax: (602) 547-2906
E-mail: ma@fmma.net

Visit the MA website

www.fmmaseattle.com

FEDERAL ORDER STATISTICS FOR OCTOBER

Federal Order Name (Number)	Producer Deliveries	Class I Receipts	Class I Utilization	Class I Price	Uniform Price
	<i>- million pounds -</i>			<i>- per cwt (at location) -</i>	
Northeast (FO 1)	2,027.3	867.7	42.80%	\$22.13	\$20.78
Appalachian (FO 5)	456.6	349.5	76.53%	\$22.28	\$21.85
Florida (FO 6)	244.8	210.9	86.17%	\$24.28	\$23.70
Southeast (FO 7)	523.9	393.1	75.05%	\$22.68	\$22.35
Upper Midwest (FO 30)	2,027.2	339.3	16.74%	\$20.68	\$20.53
Central (FO 32)	785.7	438.4	55.80%	\$20.88	\$19.45
Mideast (FO 33)	1,215.0	576.0	47.41%	\$20.88	\$19.67
Pacific Northwest (FO 124)	421.6	192.4	45.64%	\$20.78	\$19.18
Southwest (FO 126)	529.6	383.8	72.46%	\$21.88	\$20.35
Arizona (FO 131)	342.9	123.1	35.90%	\$21.23	\$20.23

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