



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk

Pacific Northwest and Arizona Marketing Areas

William A. Wise, Market Administrator

Volume 41, No. 11

November 2015

Data for October 2015

MARKET SUMMARIES FOR OCTOBER

Pacific Northwest (FO 124)

Producers delivered a total of 736.8 million pounds of milk to the market during October. Daily deliveries averaged 23.8 million pounds, up 50.0 percent from September. An estimated 613 producers delivered milk to the market during the month. Daily deliveries per producer averaged 38,771 pounds, up 12.1 percent from September.

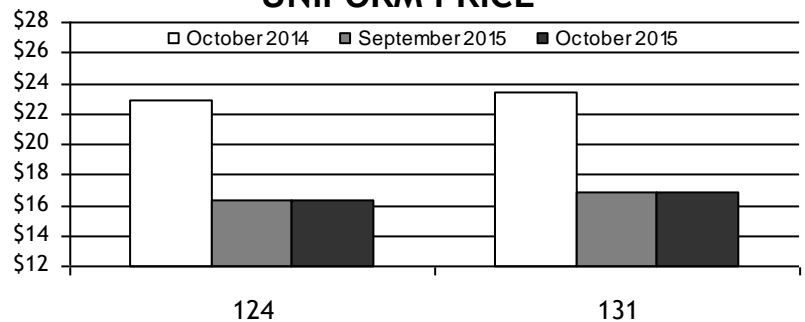
Class I producer milk during October totaled 173.4 million pounds, 23.5 percent of total producer receipts. Daily usage averaged 5.6 million pounds, down 1.2 percent from September. ▼

Arizona (FO 131)

Producers delivered a total of 387.9 million pounds of milk to the market during October. Daily deliveries averaged 12.5 million pounds, up 2.3 percent from September. An estimated 96 producers delivered milk to the market during the month. Daily deliveries per producer averaged 130,349 pounds, up 2.3 percent from September.

Class I producer milk during October totaled 112.3 million pounds, 28.9 percent of total producer receipts. Daily usage averaged 3.6 million pounds, down 0.2 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%)	\$16.36	\$16.28	\$16.80	\$16.80
Uniform Price (at test)	\$17.69	\$18.24	\$16.64	\$16.84
PPD	\$0.54	\$0.82		
Butterfat	\$2.7531	\$2.9087		n/a
Protein	\$1.9801	\$1.7019		
Other Solids	\$0.0465	\$0.0328		
Uniform Skim			\$7.77	\$6.95
Uniform Butterfat		n/a	\$2.6588	\$2.8830
Butterfat	3.849%	4.002%	3.437%	3.514%
Protein	3.176%	3.288%		
Other Solids	5.731%	5.712%		n/a

HIGHLIGHTS THIS ISSUE

- ✓ Waiver of Assessment
- ✓ Notice from the Market Administrator
- ✓ Overviews of Hauling Charges

Federal Order Price Summaries

FINAL CLASS PRICES

The October 2015 Final Class Prices were calculated using AMS commodity price surveys from October 3, 10, 17, 24 and 31, 2015. 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 III	Class IV	Butterfat	Protein	Other Solids	Nonfat Solids
Sep 2015	\$18.24	\$18.69	\$15.36	\$15.82	\$15.08	\$2.7531	\$1.9801	\$0.0465	\$0.6266
Oct 2015	\$17.74	\$18.19	\$16.44	\$15.46	\$16.43	\$2.9087	\$1.7019	\$0.0328	\$0.7200
Change	(\$0.50)	(\$0.50)	\$1.08	(\$0.36)	\$1.35	\$0.1556	(\$0.2782)	(\$0.0137)	\$0.0934

ADVANCED CLASS I PRICE

The December 2015 Advanced Price was calculated using AMS commodity price surveys from November 7 and 14, 2015. 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 2015	\$2.8756	\$5.44	\$6.65	\$6.65	\$16.48	\$18.38	\$18.83	\$7.35	\$0.8167
Dec 2015	\$3.1048	\$4.65	\$6.05	\$6.05	\$16.71	\$18.61	\$19.06	\$6.75	\$0.7500
Change	\$0.2292	(\$0.79)	(\$0.60)	(\$0.60)	\$0.23	\$0.23	\$0.23	(\$0.60)	(\$0.0667)

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

	September	October	Change
Cheese	\$1.7145	\$1.6790	(\$0.0355)
Butter	\$2.4449	\$2.5734	\$0.1285
Nonfat Dry Milk	\$0.8007	\$0.8951	\$0.0944
Whey	\$0.2442	\$0.2309	(\$0.0133)

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

	November	December	Change
Cheese	\$1.6678	\$1.6594	(\$0.0084)
Butter	\$2.5461	\$2.7353	\$0.1892
Nonfat Dry Milk	\$0.9139	\$0.8464	(\$0.0675)
Whey	\$0.2262	\$0.2332	\$0.0070

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net decrease in prices received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed a net decrease of 2.64 cents between the October 17 and the November 14 surveys, to \$1.6514 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net decrease of 0.42 cents to \$1.6435 per pound.

The AMS butter price showed an increase of 39.38 cents between the weeks ending October 17 and November 14 from \$2.4277 per pound to \$2.8215 per pound. The AMS nonfat dry milk showed a net decrease of 12.56 cents since mid-October to \$0.8219 per pound. The average price for AMS whey showed a net increase of 0.45 cents since mid-October to \$0.2313 per pound.

USDA Updates

USDA SEEKS NOMINATIONS FOR THE NATIONAL FLUID MILK PROCESSOR BOARD

The U.S. Department of Agriculture (USDA) is asking fluid milk processors and other interested parties to nominate candidates to serve on the National Fluid Milk Processor Promotion Board. Agriculture Secretary Tom Vilsack will appoint six individuals to succeed members whose terms expire on June 30, 2016.

USDA will accept nominations for board representation in four geographic regions. It will also fill two at-large positions. Nominees for the 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 of the general public. The geographic regions with vacancies 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); and Region 10 (Texas). Newly appointed members will serve 3-year terms from July 1, 2016, through June 30, 2019.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the program. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination for a seat on the board. The USDA factsheet "Be a Voice for your Industry" describes the responsibilities and benefits of serving on a research and promotion board.

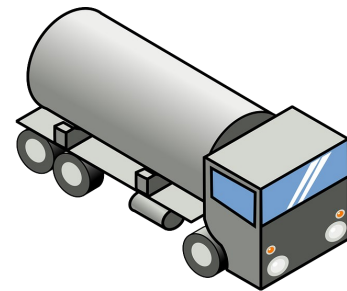
Fluid milk processors and interested parties may submit nominations for regions in which they are located or market fluid milk, and for at-large members. To nominate an individual, please submit a copy of the nomination form and a signed background for each nominee by December 23, 2015 to: Emily DeBord, Promotion, Research, and Planning Division, Dairy Program, AMS, USDA, 1400 Independence Ave., S.W., Stop 0233, Room 2958-S, Washington, D.C. 20250-0233, or via email at emily.debord@ams.usda.gov. To obtain forms or additional information, call (202) 720-5567. Blank forms are available on the [AMS website](#). 🐄

Source: USDA. Agricultural Marketing Service. Release No: 158-15.

HEARING ON A PROPOSED FEDERAL MILK MARKETING ORDER FOR CALIFORNIA

The hearing on proposals for a California Federal Milk Marketing Order concluded on November 18, 2015.

The California FMMO webpage, www.ams.usda.gov/rules-regulations/moa/dairy/ca, has links to the hearing transcript and exhibits. 🐄



OVERVIEWS OF HAULING CHARGES BY LOCATION AND SIZE-RANGE OF PRODUCTION

The market administrator's office recently published three overviews of hauling charges associated with producer milk pooled under the Pacific Northwest Order. The overviews reflect data for the month of May for 2013, 2014, and 2015. Each overview includes a more detailed description of the data and can be found at www.fmmaseattle.com/historicaldata.htm under Overviews of Hauling Charges by Location and Size-Range of Production: Pacific Northwest Order. The table on page 5 shows hauling rates for 2014 and 2015 by state and county.

Please contact John Mykrantz at jmykrantz@fmmaseattle.com or 425-487-5612, if you have any questions concerning the overviews. 🐄

Market Administrator News

WAIVER OF ADMINISTRATIVE ASSESSMENT

On November 17, 2015, 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 month of December 2015. Statements issued for December 2015 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. 🐄

MODELS FOR UNDERSTANDING ASYMMETRIC SEASONAL CYCLES IN MILK COMPONENT TESTS

The market administrator's office recently published a paper that examines the relationship between seasonal changes in temperature and daylight hours and cycles of milk component tests. The study, entitled "Models for Understanding Asymmetric Seasonal Cycles In Milk Component Tests, Pacific Northwest Order: 2011-2014" uses Ordinary Least Squares and Generalized Least Squares to model and understand relationships between temperature and daylight hours and seasonal cycles in the butterfat, protein, other solids and water test of milk.

The data represent a balanced panel of 492 producers associated with the Pacific Northwest Federal Milk Marketing Order during the 48 month period between January 2011 and December 2014. Model variables include: regional monthly average daylight hours; regional monthly average temperatures; lagged component tests; dummy variables for region and year; and individual farm fixed effects.

The study is available in the "Historical Data" section of the market administrator's website, www.fmmaseattle.com, or via www.fmmaseattle.com/statistics/ComponentAnalysis2011-14.pdf. Please contact John Mykrantz at jmykrantz@fmmaseattle.com or 425-487-5612, if you have any questions. 🐄

NOTICE FROM THE MARKET ADMINISTRATOR

The Market Administrator's office is moving toward electronic-only versions of certain documents, including our monthly bulletin, the "Market Administrator's Report." Effective February 1, 2016, this document will no longer be mailed and will only be available electronically on our website and via email.

Current and archived bulletins are available at: www.fmmaseattle.com/bulletins.htm. To be added to our email distribution list, please send your contact information (including your full name and email address) to fmmaseattle@fmmaseattle.com using the subject line "Subscribe to Bulletin Email List." 🐄

Weighted Average Hauling Charges by State and County

Pacific Northwest Order

State & County	May 2014	May 2015	Change
<i>Cents per Cwt.</i>			
California			
Siskiyou	52.73	54.60	1.87
<i>Weighted Average California</i>	52.73	54.60	1.87
Oregon			
Benton	88.26	65.75	(22.51)
Clackamas	44.95	44.55	(0.40)
Clatsop	46.26	n/a	
Coos	3.81	3.30	(0.51)
Josephine	47.92	50.56	2.64
Klamath	45.84	48.70	2.86
Linn	78.89	72.18	(6.71)
Marion	49.83	51.53	1.70
Morrow	28.78	n/a	
Polk	54.98	54.60	(0.38)
Tillamook	22.85	n/a	
Umatilla	59.70	R	
Washington	54.80	56.56	1.76
Restricted - OR 2/	46.62	49.06	2.44
<i>Weighted Average Oregon</i>	35.40	49.29	13.89
Washington			
Adams	68.67	70.01	1.34
Benton	58.39	R	
Clark	23.90	23.87	(0.03)
Franklin	58.56	68.48	9.92
Grant	68.34	68.94	0.60
Grays Harbor	41.01	40.20	(0.81)
King	44.36	44.27	(0.09)
Klickitat	3.48	3.56	0.08
Lewis	58.22	59.28	1.06
Pacific	54.16	55.22	1.06
Skagit	45.52	46.89	1.37
Snohomish	47.96	48.33	0.37
Spokane	81.93	79.37	(2.56)
Stevens	91.19	88.08	(3.11)
Thurston	36.04	36.26	0.22
Wahkiakum	47.34	40.98	(6.36)
Whatcom	46.74	48.68	1.94
Yakima	62.65	64.12	1.47
Restricted - WA 3/	46.53	59.27	12.74
<i>Weighted Average Washington</i>	57.20	58.65	1.45
Pacific Northwest Order	51.58	57.49	5.91

n/a = Not applicable, R=Restricted

1/ Data obtained from producer payrolls submitted by handlers. Producers with no recorded hauling charges are excluded.

2/ For 2014 & 2015, Restricted counties include: Deschutes, Jackson, Lane, and Yamhill. Additionally, Multnomah was restricted in 2014, and both Columbia and Umatilla were restricted in 2015.

3/ For 2014 & 2015, Restricted counties include: Clallam, Cowlitz, Island, Jefferson, Kittitas, Lincoln, and Pierce, WA, and Bonner and Latah, ID. 2014's figure also includes Franklin, ID, Lincoln, ID, and Cache, UT. Additionally, Benton, WA, was restricted in 2015.

Monthly Selected Statistics

PRICE & POOL DATA	PACIFIC NORTHWEST				ARIZONA			
	Oct 2015	Sep 2015	Oct 2014	Sep 2014	Oct 2015	Sep 2015	Oct 2014	Sep 2014
Producer Prices								
Producer Price Differential (\$/cwt)	\$0.82	\$0.54	(\$0.99)	(\$0.30)	+	+	+	+
Butterfat (\$/pound)	2.9087	2.7531	2.8507	3.2467	+	+	+	+
Protein (\$/pound)	1.7019	1.9801	3.7362	3.4991	+	+	+	+
Other Solids (\$/pound)	0.0328	0.0465	0.4670	0.4876	+	+	+	+
Uniform Skim Price (\$/cwt)	+	+	+	+	\$6.95	\$7.77	\$13.75	\$14.34
Uniform Butterfat Price (\$/pound)	+	+	+	+	2.8830	2.6588	2.9077	3.1641
Statistical Uniform Price (\$/cwt)	\$16.28	\$16.36	\$22.83	\$24.30	\$16.80	\$16.80	\$23.45	\$24.91
Producer Data								
Number of Producers	613	458	430	579	96	96	92	92
Avg. Daily Production (pounds)	38,771	34,594	37,668	41,277	130,349	127,420	128,673	123,300
Producer Milk Ratios								
Class I	23.54%	35.74%	35.79%	23.88%	28.94%	29.65%	30.87%	31.64%
Class II	6.31%	9.23%	8.81%	6.18%	14.03%	13.51%	11.87%	12.41%
Class III	41.55%	4.60%	17.13%	41.71%	28.29%	33.05%	22.80%	26.18%
Class IV	28.60%	50.43%	38.27%	28.23%	28.74%	23.79%	34.46%	29.77%
Market Shrinkage								
Pounds	10,680,204	8,244,519	7,933,972	11,265,076	1,744,919	1,620,171	1,580,322	1,286,684
% of Producer Milk	1.45%	1.73%	1.58%	1.57%	0.45%	0.44%	0.43%	0.38%

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

Monthly Supplemental Statistics

SUPPLEMENTAL DATA	PACIFIC NORTHWEST				ARIZONA			
	Sep 2015	Aug 2015	Sep 2014	Aug 2014	Sep 2015	Aug 2015	Sep 2014	Aug 2014
Number of Handlers								
Pool Handlers	21	21	24	24	7	7	7	7
<i>Distributing Plants</i>	12	12	13	12	5	5	5	5
<i>Supply Plants 1/</i>	4	4	6	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	20	20	19	19	24	24	22	22
Class I Route Disposition In Area								
By Pool Plants	150,689,754	143,342,167	150,651,947	145,649,794	82,627,254	84,196,557	83,697,872	84,815,992
By Producer-Handlers	6,760,818	6,973,049	7,142,578	6,760,583	0	0	0	0
By Other Plants	12,318,924	11,303,846	11,080,001	12,415,074	7,810,276	7,263,848	6,876,923	7,580,270
Total	169,769,496	161,619,062	168,874,526	164,825,451	90,437,530	91,460,405	90,574,795	92,396,262
Producer-Handler Data								
% Class I Use	60.48%	60.23%	65.04%	62.14%	0.00%	0.00%	0.00%	0.00%
% of Total In-Area Route Dispositions	3.98%	4.31%	4.23%	4.10%	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 2015	Sep 2015	Oct 2014	Sep 2014	Oct 2015	Sep 2015	Oct 2014	Sep 2014
<i>Receipts of Milk</i>								
Total Producer Milk	736,766,376	475,321,052	502,116,098	716,980,054	387,918,140	366,968,768	366,976,261	340,308,360
Receipts From Other Sources	8,492,237	45,519,093	6,713,599	7,593,785	3,874,148	5,293,575	7,015,316	9,121,065
Opening Inventory	42,075,603	31,941,746	30,447,035	37,417,525	22,227,143	23,464,317	22,837,426	22,105,388
Total To Be Accounted For	787,334,216	552,781,891	539,276,732	761,991,364	414,019,431	395,726,660	396,829,003	371,534,813
<i>Utilization of Receipts</i>								
Whole milk	37,407,476	36,777,016	34,738,088	33,356,217	26,088,951	24,461,258	24,840,468	23,636,584
Flavored milk & drinks	16,136,269	13,722,736	16,600,387	13,205,043	6,782,409	7,293,156	6,558,826	6,610,031
2% milk	57,128,900	56,566,034	62,007,050	60,648,690	31,044,790	29,243,079	31,719,647	30,225,159
1% milk	25,931,697	25,705,059	25,386,450	23,894,087	14,173,626	13,838,049	14,852,967	14,447,389
Skim milk	16,254,885	16,402,676	18,835,730	18,091,411	7,777,590	7,404,457	8,692,404	8,399,201
Buttermilk	1,522,463	1,516,233	1,446,830	1,456,499	392,572	387,255	422,245	379,508
Class I dispositions in area	154,381,690	150,689,754	159,014,535	150,651,947	86,259,938	82,627,254	87,086,557	83,697,872
Class I dispositions out of area	14,265,125	13,821,159	15,337,505	14,911,346	26,778,237	26,082,888	24,862,615	23,253,542
Other Class I usage	24,879,069	22,478,188	22,531,273	19,897,528	11,954,357	12,263,613	13,473,177	11,839,856
<i>Utilization by Class</i>								
Total Class I Use	193,525,884	186,989,101	196,883,313	185,460,821	124,992,532	120,973,755	125,422,349	118,791,270
Total Class II Use	51,005,370	48,260,704	49,163,366	49,624,433	55,207,228	50,749,701	44,248,150	43,509,549
Total Class III Use	307,516,304	22,231,952	86,000,990	299,096,020	110,742,979	122,983,216	83,669,815	89,422,866
Total Class IV Use	235,286,658	295,300,134	207,229,063	227,810,090	123,076,692	101,019,988	143,488,689	119,811,128
Total Accounted For	787,334,216	552,781,891	539,276,732	761,991,364	414,019,431	395,726,660	396,829,003	371,534,813

CLASSIFICATION OF RECEIPTS	PACIFIC NORTHWEST				ARIZONA			
	Oct 2015	Sep 2015	Oct 2014	Sep 2014	Oct 2015	Sep 2015	Oct 2014	Sep 2014
<i>Producer milk</i>								
Class I	173,444,119	169,884,032	179,728,621	171,216,947	112,282,863	108,820,057	113,284,104	107,682,519
Class II	46,509,720	43,861,639	44,223,320	44,327,080	54,441,452	49,595,203	43,572,847	42,242,772
Class III	306,156,724	21,883,872	86,000,990	299,076,935	109,746,290	121,297,744	83,669,815	89,089,244
Class IV	210,655,813	239,691,509	192,163,167	202,359,092	111,447,535	87,255,764	126,449,495	101,293,825
<i>Other receipts</i>								
Class I	20,081,765	17,105,069	17,154,692	14,243,874	12,709,669	12,153,698	12,138,245	11,108,751
Class II	4,495,650	4,399,065	4,940,046	5,297,353	1/	1/	1/	1/
Class III	1,359,580	1/	0	1/	1/	1/	1/	1/
Class IV	24,630,845	55,956,705	15,065,896	25,470,083	13,391,622	16,604,194	17,714,497	20,117,702
<i>Avg. daily producer receipts</i>	23,766,657	15,844,035	16,197,293	23,899,335	12,513,488	12,232,292	11,837,944	11,343,612
Change From Previous Year	46.73%	-33.71%	-19.59%	19.04%	5.71%	7.83%	-0.22%	2.57%
<i>Avg. daily Class I use</i>	6,242,770	6,232,970	6,351,075	6,182,027	4,032,017	4,032,459	4,045,882	3,959,709
Change From Previous Year	-1.71%	0.82%	-2.56%	-2.61%	-0.34%	1.84%	-4.52%	-3.38%

1/ Restricted - Included with Class IV.



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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)	2,136.0	804.0	37.64%	\$19.09	\$17.60
Appalachian (FO 5)	464.0	340.0	73.29%	\$19.24	\$18.82
Florida (FO 6)	232.5	202.3	87.02%	\$21.24	\$20.89
Southeast (FO 7)	414.1	333.5	80.53%	\$19.64	\$19.43
Upper Midwest (FO 30)	2,747.4	305.7	11.13%	\$17.64	\$15.77
Central (FO 32)	1,261.5	425.2	33.71%	\$17.84	\$16.28
Mideast (FO 33)	1,651.4	561.6	34.01%	\$17.84	\$16.59
Pacific Northwest (FO 124)	736.8	173.4	23.54%	\$17.74	\$16.28
Southwest (FO 126)	1,229.2	383.1	31.16%	\$18.84	\$17.06
Arizona (FO 131)	387.9	112.3	28.94%	\$18.19	\$16.80

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