



The Market Administrator's Report

Facilitating the Efficient Marketing of Milk and Dairy Products

Pacific Northwest and Arizona Marketing Areas

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Volume 43, No. 11

November 2017

Data for October 2017

MARKET SUMMARIES FOR OCTOBER

Pacific Northwest (FO 124)

Producers delivered a total of 609.2 million pounds of milk to the market during October. Daily deliveries averaged 19.7 million pounds, down 17.8 percent from September. An estimated 448 producers delivered milk to the market during the month. Daily deliveries per producer averaged 43,868 pounds, down 0.7 percent from September.

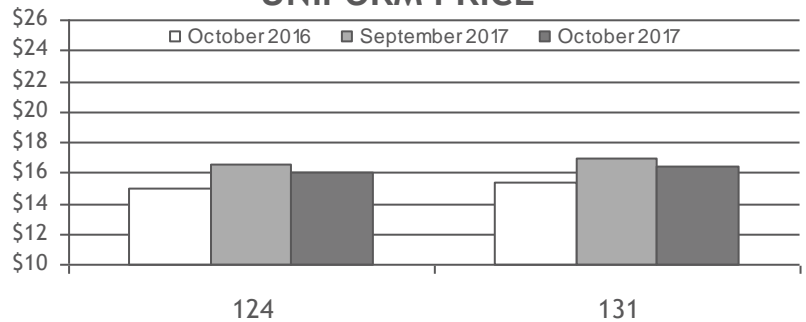
Class I producer milk during October totaled 167.6 million pounds, 27.5 percent of total producer receipts. Daily usage averaged 5.4 million pounds, up 1.7 percent from September. 🐄

Arizona (FO 131)

Producers delivered a total of 386.5 million pounds of milk to the market during October. Daily deliveries averaged 12.5 million pounds, down 5.9 percent from September. An estimated 91 producers delivered milk to the market during the month. Daily deliveries per producer averaged 137,020 pounds, down 5.9 percent from September.

Class I producer milk during October totaled 113.4 million pounds, 29.3 percent of total producer receipts. Daily usage averaged 3.7 million pounds, up 4.9 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%) | \$16.59 | \$16.03 | \$16.89 | \$16.43 |
| Uniform Price (at test) | \$18.51 | \$18.21 | \$17.21 | \$16.94 |
| PPD | \$0.23 | (\$0.66) | | |
| Butterfat | \$2.8559 | \$2.6646 | | n/a |
| Protein | \$1.6988 | \$2.1084 | | |
| Other Solids | \$0.2241 | \$0.1853 | | |
| Uniform Skim | | | \$7.03 | \$7.22 |
| Uniform Butterfat | | n/a | \$2.8878 | \$2.7040 |
| Butterfat | 4.012% | 4.051% | 3.614% | 3.693% |
| Protein | 3.259% | 3.328% | | |
| Other Solids | 5.723% | 5.732% | | n/a |

HIGHLIGHTS THIS ISSUE

- ✓ Important Dates
- ✓ USDA Blog: New Infographic for Butter Grading

Federal Order Price Summaries

FINAL CLASS PRICES

The October 2017 Final Class Prices were calculated using AMS commodity price surveys from October 7, 14, 21, and 28, 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 |
|----------|-----------------|-----------------|----------|-----------|----------|------------|----------|--------------|---------------|
| Sep 2017 | \$18.61 | \$19.06 | \$16.80 | \$16.36 | \$15.86 | \$2.8559 | \$1.6988 | \$0.2241 | \$0.6753 |
| Oct 2017 | \$18.34 | \$18.79 | \$15.95 | \$16.69 | \$14.85 | \$2.6646 | \$2.1084 | \$0.1853 | \$0.6357 |
| Change | (\$0.27) | (\$0.27) | (\$0.85) | \$0.33 | (\$1.01) | (\$0.1913) | \$0.4096 | (\$0.0388) | (\$0.0396) |

ADVANCED CLASS I PRICE

The December 2017 Advanced Price was calculated using AMS commodity price surveys from November 11 and 18, 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 |
|----------|------------|----------------|---------------|-----------|--------------|-----------------|-----------------|---------------|-------------------------|
| Nov 2017 | \$2.6804 | \$7.28 | \$5.88 | \$7.28 | \$16.41 | \$18.31 | \$18.76 | \$6.58 | \$0.7311 |
| Dec 2017 | \$2.5335 | \$8.30 | \$5.24 | \$8.30 | \$16.88 | \$18.78 | \$19.23 | \$5.94 | \$0.6600 |
| Change | (\$0.1469) | \$1.02 | (\$0.64) | \$1.02 | \$0.47 | \$0.47 | \$0.47 | (\$0.64) | (\$0.0711) |

Commodity Price Summaries

AMS COMMODITY PRICES FOR FINAL CLASS PRICES CALCULATION

| | September | October | Change |
|-----------------|-----------|----------|------------|
| Cheese | \$1.6608 | \$1.7254 | \$0.0646 |
| Butter | \$2.5298 | \$2.3718 | (\$0.1580) |
| Nonfat Dry Milk | \$0.8499 | \$0.8099 | (\$0.0400) |
| Whey | \$0.4167 | \$0.3790 | (\$0.0377) |

AMS COMMODITY PRICES FOR ADVANCED CLASS PRICES CALCULATION

| | November | December | Change |
|-----------------|----------|----------|------------|
| Cheese | \$1.6932 | \$1.7641 | \$0.0709 |
| Butter | \$2.3849 | \$2.2636 | (\$0.1213) |
| Nonfat Dry Milk | \$0.8274 | \$0.7563 | (\$0.0711) |
| Whey | \$0.3829 | \$0.3561 | (\$0.0268) |

CURRENT COMMODITY PRICES

The AMS survey of cheddar cheese prices showed a net increase in prices received for 40-pound blocks and for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 4.87 cents between the October 14 and the November 18 surveys, to \$1.7375 per pound. The survey of 500-pound barrels (adjusted to 38% moisture) showed a net increase of 4.89 cents to \$1.7570 per pound.

The AMS butter price showed a net decrease of 10.66 cents between the weeks ending October 14 and November 18 from \$2.3545 per pound to \$2.2479 per pound. The AMS nonfat dry milk showed a decrease of 7.30 cents since mid-October to \$0.7549 per pound. The average price for AMS whey showed a net decrease of 1.48 cents since mid-October to \$0.3534 per pound. ▼

Monthly Selected Statistics

| PRICE & POOL DATA | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|--------------------------------------|-------------------|-----------|------------|-----------|----------------|-----------|-----------|-----------|
| | Oct 2017 | Sep 2017 | Oct 2016 | Sep 2016 | Oct 2017 | Sep 2017 | Oct 2016 | Sep 2016 |
| Producer Prices | | | | | | | | |
| Producer Price Differential (\$/cwt) | (\$0.66) | \$0.23 | \$0.14 | (\$0.62) | + | + | + | + |
| Butterfat (\$/pound) | 2.6646 | 2.8559 | 2.0493 | 2.3082 | + | + | + | + |
| Protein (\$/pound) | 2.1084 | 1.6988 | 2.2975 | 2.5675 | + | + | + | + |
| Other Solids (\$/pound) | 0.1853 | 0.2241 | 0.1351 | 0.1096 | + | + | + | + |
| Uniform Skim Price (\$/cwt) | + | + | + | + | \$7.22 | \$7.03 | \$8.34 | \$8.30 |
| Uniform Butterfat Price (\$/pound) | + | + | + | + | 2.7040 | 2.8878 | 2.0989 | 2.3447 |
| Statistical Uniform Price (\$/cwt) | \$16.03 | \$16.59 | \$14.96 | \$15.77 | \$16.43 | \$16.89 | \$15.39 | \$16.22 |
| Producer Data | | | | | | | | |
| Number of Producers | 448 | 541 | 452 | 452 | 91 | 91 | 89 | 89 |
| Avg. Daily Production (pounds) | 43,868 | 44,184 | 43,849 | 44,840 | 137,020 | 145,553 | 146,543 | 130,371 |
| Producer Milk Ratios | | | | | | | | |
| Class I | 27.50% | 22.24% | 27.46% | 27.56% | 29.34% | 26.34% | 27.83% | 31.02% |
| Class II | 6.67% | 5.52% | 7.83% | 6.98% | 10.68% | 9.26% | 11.74% | 13.31% |
| Class III | 29.74% | 42.00% | 28.93% | 29.73% | 21.95% | 30.76% | 29.27% | 24.90% |
| Class IV | 36.09% | 30.24% | 35.78% | 35.73% | 38.03% | 33.64% | 31.16% | 30.77% |
| Market Shrinkage | | | | | | | | |
| Pounds | 8,363,506 | 9,619,806 | 10,379,830 | 7,118,789 | 1,490,097 | 1,714,872 | 1,906,877 | 1,692,737 |
| % of Producer Milk | 1.37% | 1.34% | 1.69% | 1.17% | 0.39% | 0.43% | 0.47% | 0.49% |

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

Monthly Supplemental Statistics

| SUPPLEMENTAL DATA | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|------------------------------------------|-------------------|-------------|-------------|-------------|------------------|------------|------------|------------|
| | Sep 2017 | Aug 2017 | Sep 2016 | Aug 2016 | Sep 2017 | Aug 2017 | Sep 2016 | Aug 2016 |
| Number of Handlers | | | | | | | | |
| Pool Handlers | 24 | 24 | 22 | 22 | 8 | 8 | 8 | 8 |
| <i>Distributing Plants</i> | 11 | 11 | 12 | 11 | 6 | 6 | 6 | 6 |
| <i>Supply Plants 1/</i> | 7 | 7 | 3 | 5 | 1 | 1 | 1 | 1 |
| <i>Cooperatives</i> | 6 | 6 | 7 | 6 | 1 | 1 | 1 | 1 |
| Producer-Handlers | 5 | 5 | 5 | 5 | 0 | 0 | 0 | 0 |
| Other Plants w/ Class I Use | 20 | 22 | 20 | 20 | 22 | 24 | 23 | 24 |
| Class I Route Disposition In Area | | | | | | | | |
| By Pool Plants | 144,195,842 | 127,986,660 | 150,507,830 | 143,345,263 | 78,884,778 | 80,810,749 | 79,945,399 | 80,980,992 |
| By Producer-Handlers | 6,392,329 | 6,544,172 | 7,085,131 | 7,171,548 | 0 | 0 | 0 | 0 |
| By Other Plants | 12,450,693 | 13,532,262 | 11,871,312 | 12,677,831 | 7,887,265 | 8,749,499 | 8,465,333 | 9,244,245 |
| Total | 163,038,864 | 148,063,094 | 169,464,273 | 163,194,642 | 86,772,043 | 89,560,248 | 88,410,732 | 90,225,237 |
| Producer-Handler Data | | | | | | | | |
| % Class I Use | 53.70% | 52.60% | 64.57% | 60.22% | 0.00% | 0.00% | 0.00% | 0.00% |
| % of Total In-Area Route Dispositions | 3.92% | 4.42% | 4.18% | 4.39% | 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 2017 | Sep 2017 | Oct 2016 | Sep 2016 | Oct 2017 | Sep 2017 | Oct 2016 | Sep 2016 |
| Receipts of Milk | | | | | | | | |
| Total Producer Milk | 609,235,706 | 717,102,885 | 614,411,929 | 608,025,546 | 386,533,583 | 397,360,320 | 404,312,973 | 348,089,846 |
| Receipts From Other Sources | 7,071,444 | 8,641,303 | 9,229,145 | 9,632,930 | 4,405,822 | 3,849,944 | 6,065,365 | 6,105,900 |
| Opening Inventory | 37,330,178 | 42,646,274 | 34,136,109 | 29,770,798 | 26,546,693 | 27,135,405 | 20,798,826 | 22,845,752 |
| Total To Be Accounted For | 653,637,328 | 768,390,462 | 657,777,183 | 647,429,274 | 417,486,098 | 428,345,669 | 431,177,164 | 377,041,498 |
| Utilization of Receipts | | | | | | | | |
| Whole milk | 42,426,928 | 41,679,686 | 41,074,374 | 40,452,394 | 27,355,344 | 26,425,688 | 26,202,343 | 25,151,239 |
| Flavored milk & drinks | 17,660,116 | 14,015,581 | 17,101,130 | 14,447,571 | 7,498,428 | 7,478,573 | 7,532,819 | 7,939,415 |
| 2% milk | 53,763,445 | 52,375,193 | 56,135,012 | 54,844,678 | 28,836,293 | 27,664,220 | 29,433,205 | 27,923,357 |
| 1% milk | 22,616,173 | 22,164,362 | 24,404,991 | 24,629,534 | 11,811,870 | 11,769,288 | 12,754,338 | 12,499,894 |
| Skim milk | 12,696,300 | 12,516,047 | 14,534,670 | 14,612,009 | 5,844,938 | 5,547,009 | 6,756,410 | 6,431,494 |
| Buttermilk | 1,427,555 | 1,444,973 | 1,496,469 | 1,521,644 | 2/ | 2/ | 2/ | 2/ |
| Class I dispositions in area | 150,590,517 | 144,195,842 | 154,746,646 | 150,507,830 | 81,346,873 | 78,884,778 | 82,679,115 | 79,945,399 |
| Class I dispositions out of area | 11,647,471 | 11,666,319 | 11,692,042 | 11,388,361 | 29,017,539 | 27,661,552 | 29,279,727 | 28,040,914 |
| Other Class I usage | 27,625,369 | 26,469,808 | 21,713,116 | 22,564,048 | 14,534,814 | 11,524,094 | 13,108,326 | 12,788,615 |
| Utilization by Class | | | | | | | | |
| Total Class I Use | 189,863,357 | 182,331,969 | 188,151,804 | 184,460,239 | 124,899,226 | 118,070,424 | 125,067,168 | 120,774,928 |
| Total Class II Use | 42,957,436 | 44,462,515 | 51,736,270 | 48,435,468 | 42,950,817 | 38,340,022 | 49,962,914 | 48,418,306 |
| Total Class III Use | 181,621,605 | 301,655,667 | 178,062,190 | 181,034,763 | 84,889,472 | 122,362,334 | 118,951,635 | 86,683,415 |
| Total Class IV Use | 239,194,930 | 239,940,311 | 239,826,919 | 233,498,804 | 164,746,583 | 149,572,889 | 137,195,447 | 121,164,849 |
| Total Accounted For | 653,637,328 | 768,390,462 | 657,777,183 | 647,429,274 | 417,486,098 | 428,345,669 | 431,177,164 | 377,041,498 |

| CLASSIFICATION OF RECEIPTS | PACIFIC NORTHWEST | | | | ARIZONA | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Oct 2017 | Sep 2017 | Oct 2016 | Sep 2016 | Oct 2017 | Sep 2017 | Oct 2016 | Sep 2016 |
| Producer milk | | | | | | | | |
| Class I | 167,562,473 | 159,508,593 | 168,736,473 | 167,598,301 | 113,411,640 | 104,652,391 | 112,529,923 | 107,985,418 |
| Class II | 40,642,659 | 39,595,031 | 48,122,703 | 42,467,550 | 41,289,519 | 36,813,079 | 47,450,028 | 46,338,139 |
| Class III | 181,212,245 | 301,217,615 | 177,755,135 | 180,739,553 | 84,848,331 | 122,222,887 | 118,357,181 | 86,683,415 |
| Class IV | 219,818,329 | 216,781,646 | 219,797,618 | 217,220,142 | 146,984,093 | 133,671,963 | 125,975,841 | 107,082,874 |
| Other receipts | | | | | | | | |
| Class I | 22,300,884 | 22,823,376 | 19,415,331 | 16,861,938 | 11,487,586 | 13,418,033 | 12,537,245 | 12,789,510 |
| Class II | 2,314,777 | 4,867,484 | 3,613,567 | 5,967,918 | 1,661,298 | 1/ | 1/ | 2,080,167 |
| Class III | 1/ | 438,052 | 1/ | 1/ | 41,141 | 1/ | 1/ | 0 |
| Class IV | 19,785,961 | 23,158,665 | 20,336,356 | 16,573,872 | 17,762,490 | 17,567,316 | 14,326,946 | 14,081,975 |
| Avg. daily producer receipts | 19,652,765 | 23,903,430 | 19,819,740 | 20,267,518 | 12,468,825 | 13,245,344 | 13,042,354 | 11,602,995 |
| Change From Previous Year | -0.84% | 17.94% | -16.61% | 27.92% | -4.40% | 14.15% | 4.23% | -5.14% |
| Avg. daily Class I use | 6,124,624 | 6,077,732 | 6,069,413 | 6,148,675 | 4,029,007 | 3,935,681 | 4,034,425 | 4,025,831 |
| Change From Previous Year | 0.91% | -1.15% | -2.78% | -1.35% | -0.13% | -2.24% | 0.06% | -0.16% |

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

USDA News

IMPORTANT DATES

The important dates concerning the 2018 Federal order price announcements, reporting and payments are now available.

The 2018 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.

The 2018 AMS release dates are as follows:

| <i>Advanced Prices & Pricing Factors</i> | <i>Final Class & Component Prices</i> |
|--------------------------------------------------|-----------------------------------------------|
| • Wed., December 20, 2017 | • Wed., January 31, 2018 |
| • Thurs., January 18, 2018 | • Wed., February 28 |
| • Thurs., February 22 | • Wed., April 4 |
| • Wed., March 21 | • Wed., May 2 |
| • Wed., April 18 | • Thurs., May 31 |
| • Wed., May 23 | • Thurs., July 5 |
| • Wed., June 20 | • Wed., August 1 |
| • Wed., July 18 | • Wed., August 29 |
| • Wed., August 22 | • Wed., October 3 |
| • Wed., September 19 | • Wed., October 31 |
| • Wed., October 17 | • Wed., December 5 |
| • Wed., November 21 | • Thurs., January 3, 2019 |

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.

NEW INFOGRAPHIC SPREADS THE WORD ABOUT BUTTER GRADING

(See infographic on page 6)

It's the time of year when many of us start thinking about holiday baking and cooking.

Whether it's roasting a turkey with all the trimmings for Thanksgiving dinner or batches of cookies and other baked goods to share with loved ones, butter is often a key ingredient in our favorite recipes.

Butter is made by churning—or stirring—milk or cream until it reaches a semisolid state and is separated from buttermilk. By law, butter must be at least 80 percent butterfat. According to the U.S. Department of Agriculture's (USDA) Economic Research Service (ERS), each person in the United States consumed about 5.7 pounds of butter in 2016.

Today, USDA's Agricultural Marketing Service is releasing a new infographic that gives you a snapshot about butter grading, types and uses.

For example, did you know that there are 30 USDA butter graders across the country who typically taste about 200 samples of butter each week to ensure the quality of this dairy product, which USDA has graded since 1919.

So, if you plan to use butter in your recipes, this infographic will give you a quick look at the various types of butter—salted, unsalted, whipped and clarified—and suggest how best to store butter until you need it.

Source: USDA. Agricultural Marketing Service. Blog Post by William Francis, AMS, Acting Director, Dairy Grading and Standardization. Available at www.usda.gov.



New Infographic Spreads the Word about Butter Grading



ALL ABOUT BUTTER

A guide to understanding USDA butter grading, types & baking uses



USDA GRADE AA butter is most often available to consumers. Made from sweet cream with excellent flavor, texture & color, it meets or exceeds the highest quality standards.



LOOK FOR THE SHIELD

The butter grading process is a quality verification that the butter truly meets the grade declared on the label & national uniform quality standards.

~ **85% OF BUTTER** SOLD TO CONSUMERS IN THE U.S. IS OFFICIALLY GRADED

Over **30 FEDERAL BUTTER GRADERS** work across the United States, evaluating butter samples for flavor, body & texture, color & salt.

They may taste as many as **200 SAMPLES** weekly.



BUTTER IS MADE by churning milk or cream until it is semi-solid & separated from buttermilk. It must be at least 80% butterfat.

TYPES OF BUTTER

SALTED

Contains less than 2% salt. Good for baking & general use.

UNSALTED

Good for baking & cooking if you want to control the amount of salt.

WHIPPED

Butter with air whipped in for greater volume & better spreadability.

CLARIFIED

Butter with milk solids & water removed. Can be heated to higher temperatures, good for sautéing.

STORING BUTTER

USE FRESH BUTTER for best results. Check the 'best if used by' or 'use by' date on the carton.

STORE @ 40°F or LOWER in the coldest area of the fridge.

USE A RESEALABLE BAG & keep it away from strong-smelling foods; butter can absorb smells & taste like them.

FREEZE any butter you won't use in a month. Properly wrapped & stored, frozen butter can keep 6-9 months.

SOURCES Agricultural Marketing Service - www.ams.usda.gov/about-ams/programs-offices/dairy-program
Butter grades - www.ams.usda.gov/grades-standards/butter-grades-and-standards



Federal Order Statistics for October 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) | 2,242.9 | 768.5 | 34.26% | \$19.69 | \$17.44 |
| Appalachian (FO 5) | 493.1 | 351.2 | 71.23% | \$19.84 | \$18.59 |
| Florida (FO 6) | 218.8 | 183.7 | 83.96% | \$21.84 | \$20.62 |
| Southeast (FO 7) | 424.2 | 315.6 | 74.40% | \$20.24 | \$19.12 |
| Upper Midwest (FO 30) | 2,192.4 | 277.7 | 12.67% | \$18.24 | \$16.66 |
| Central (FO 32) | 1,138.1 | 415.3 | 36.50% | \$18.44 | \$16.36 |
| Mideast (FO 33) | 1,533.9 | 556.6 | 36.29% | \$18.44 | \$16.57 |
| Pacific Northwest (FO 124) | 609.2 | 167.6 | 27.50% | \$18.34 | \$16.03 |
| Southwest (FO 126) | 752.6 | 373.3 | 49.60% | \$19.44 | \$17.16 |
| Arizona (FO 131) | 386.5 | 113.4 | 29.34% | \$18.79 | \$16.43 |

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



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