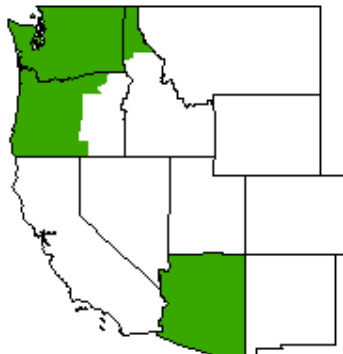


## Pacific Northwest & Arizona Marketing Areas



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**James R. Daugherty**  
 Market Administrator

**December 2006**

### MARKET SUMMARIES FOR NOVEMBER 2006

Comparisons to a year ago can be found in the tables on pages 6 and 7.

#### Pacific Northwest

Producers delivered a total of 596.9 million pounds of milk to the market during November. Daily deliveries averaged 19.9 million pounds, down 0.6 percent from October. An estimated 769 producers delivered milk to the market during the month. Daily deliveries per producer averaged 25,874 pounds, down 0.6 percent from October.

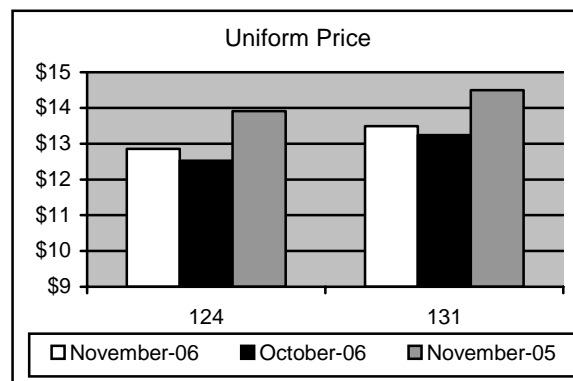
Class I producer milk during November totaled 198.1 million pounds, 33.2 percent of total producer receipts. Daily usage averaged 6.6 million pounds, up 3.6 percent from October.

#### Arizona

Producers delivered a total of 276.9 million pounds of milk to the market during November. Daily deliveries averaged 9.2 million pounds, up 4.5 percent from October. An estimated 94 producers

delivered milk to the market during the month. Daily deliveries per producer averaged 98,183 pounds, up 4.5 percent from October.

Class I producer milk during November totaled 117.4 million pounds, 42.4 percent of total producer receipts. Daily usage averaged 3.9 million pounds, up 4.4 percent from October. ♦



### Federal Order Producer Prices and Component Levels: November 2006

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	12.85	13.49	Butterfat	3.820	3.680
Butterfat 2/	1.3852	1.3963	Protein	3.173	N/A
Protein 2/	2.2383	N/A	Other Solids	5.669	N/A
Other Solids 2/	0.2276	N/A	Nonfat Solids	8.841	N/A
PPD 1/*	0.8353	N/A			
Skim 1/	N/A	8.91			

N/A = not applicable. \* Subject to applicable location adjustments. 1/ \$ per cwt. 2/ \$ per pound.

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**NOVEMBER 2006 CLASS PRICES**

November 2006 non-advanced Class Prices were calculated using NASS commodity price surveys from November 4, 11, 18, and 25, 2006. Component prices for the month are \$2.2383 per pound of protein, \$1.3852 per pound of butterfat, \$0.2276 per pound of other solids, and \$0.8353 per pound of nonfat solids.

November 2006 Class III and IV prices at 3.5% butterfat are \$12.84 and \$12.11 per hundredweight, respectively. The November Class III price compared to October is up \$0.52. The Class III price is \$1.51 lower than November 2005. The Class III price at 3.67% butterfat is \$3.16 above the support price of \$9.90 at 3.67% butterfat.

Class II butterfat was announced at \$1.3922 per pound. Class I skim and butterfat and Class II skim prices for November 2006 were announced on October 20, 2006. The Class II price at 3.5% butterfat is \$11.98 for November 2006.

**FINAL: NASS COMMODITY PRICES**

	October	November	Change
Cheese*	\$1.2721	\$1.3123	\$0.0402
Butter	\$1.2941	\$1.2693	-\$0.0248
Nonfat Dry Milk	\$0.9027	\$0.9837	\$0.0810
Whey	\$0.3557	\$0.3800	\$0.0243

\* The weighted average of barrels plus 3 cents and blocks.

**Current Commodity Prices** -- The NASS 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 5.31 cents between the November 18 and the December 16 surveys, to \$1.3384 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 0.87 cent to \$1.3247 per pound.

The NASS butter price showed a decrease of 4.35 cents between the weeks ending November 18 and December 16 from \$1.2853 per pound to \$1.2418 per pound.

The NASS nonfat dry milk showed a net increase of 1.63 cents since mid-November to \$1.0160 per pound. The average price for NASS whey showed a net increase of 1.44 cents since mid-November to \$0.4101 per pound. ♦

**JANUARY'S CLASS I PRICE ANNOUNCEMENT**

On December 22, the January 2007 Class I price was announced at \$15.49 for the Pacific Northwest Order and \$15.94 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of December 9 and 16.

The January Class III and IV advance skim prices are \$9.17 and \$7.87 per hundredweight, respectively. The butterfat portion of the Class I mover decreased 2.23 cents from \$1.3770 to \$1.3547 per pound.

The January 2007 Class II skim and nonfat solids prices were also announced on December 22. The skim price is \$8.57 per hundredweight, and the nonfat solids price is \$0.9522 per pound for all Federal orders. ♦

**ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS**

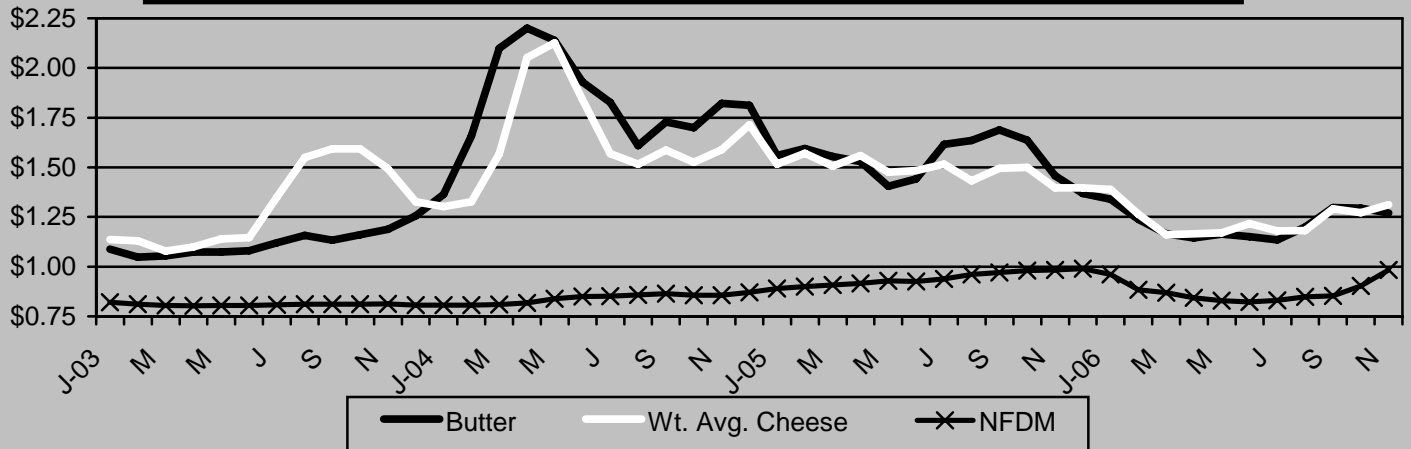
	December	January	Change
Cheese*	\$1.2745	\$1.3758	\$0.1013
Butter	\$1.2625	\$1.2439	-\$0.0186
Nonfat Dry Milk	\$0.9691	\$1.0233	\$0.0542
Whey	\$0.3740	\$0.4051	\$0.0311

\* The weighted average of barrels plus 3 cents and blocks.

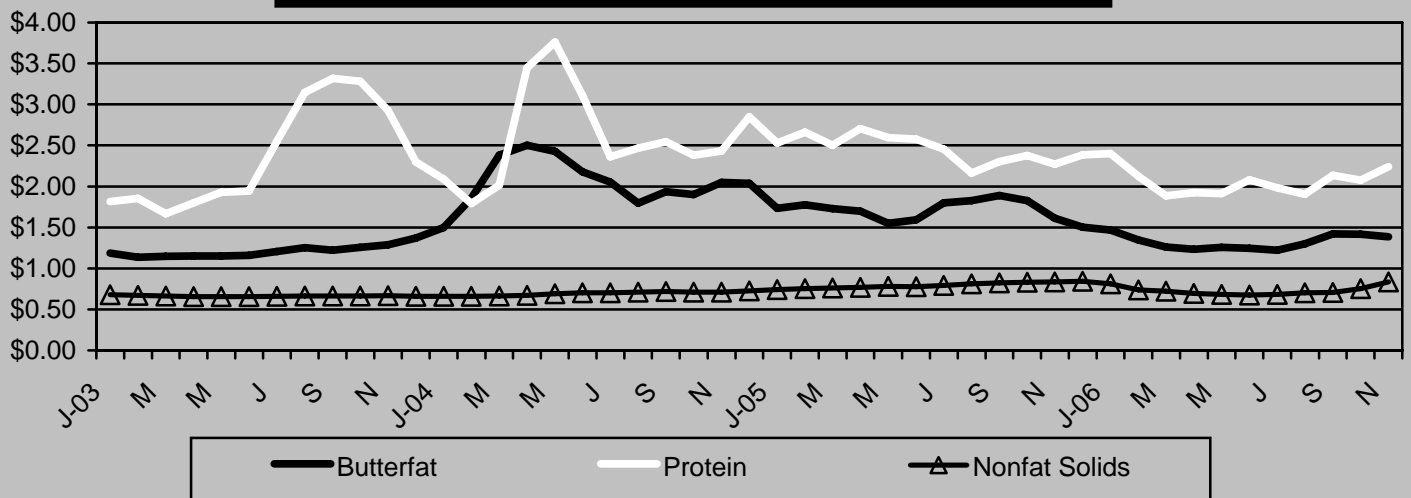
**PRICE SERIES AVAILABLE ON USDA'S DAIRY PROGRAMS WEBSITE**

The Market Information Branch (MIB) of USDA's Dairy Programs recently added a new section to the price information on its Milk Marketing Order Statistics (MMOS) website; the new section contains various Over-Order Prices Reports. Three over-order price data series are reported: Announced Cooperative Class I Prices; Mailbox Prices; and the new Over-Order Prices. There is a general description of over-order prices, and for each of the three data series, the following is carried: a description, current information, and historical information. The URL for the new information is: [www.ams.usda.gov/dyfmos/mib/oo\\_prices.htm](http://www.ams.usda.gov/dyfmos/mib/oo_prices.htm). The MIB continues to welcome comments and suggestions for improvements to the items carried on its MMOS web site.

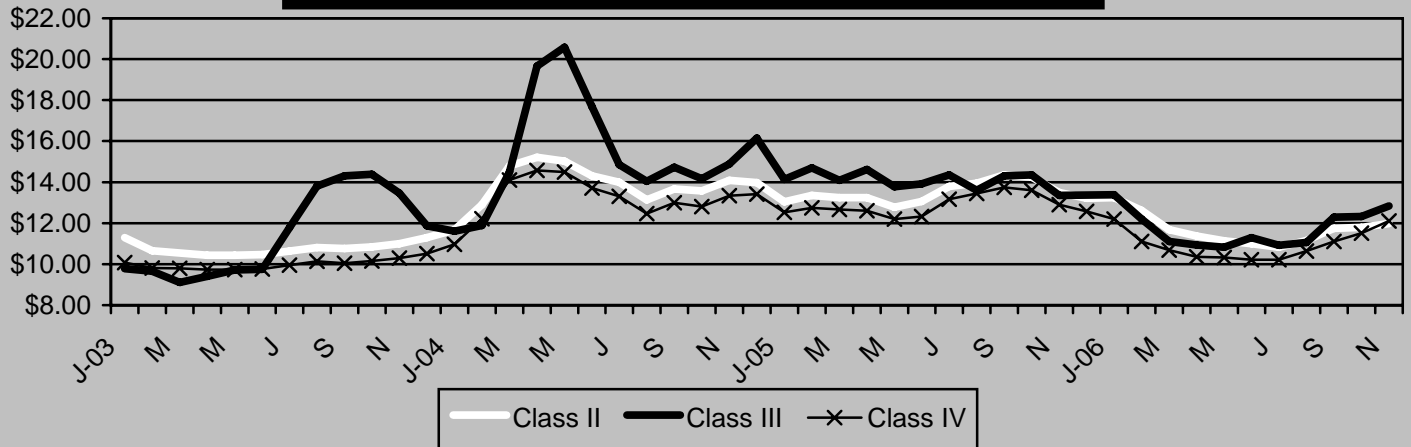
**NASS Monthly Butter, Weighted Average Cheese, and Nonfat Dry Milk Prices  
January 2003 through November 2006**



**Federal Order Butterfat, Protein, and Nonfat Solids Prices  
January 2003 through November 2006**



**Federal Order Class II, III, and IV Prices @ 3.5% Butterfat  
January 2003 through November 2006**



**USDA ISSUES A TENTATIVE FINAL DECISION  
ON AMENDMENTS TO ALL FEDERAL MILK  
MARKETING ORDERS**

On November 20, 2006, the U. S. Department of Agriculture issued a tentative final decision to amend the manufacturing (make) allowances contained in the Class III and Class IV product price formulas in all Federal milk marketing orders. The decision was based on the record of the first session of an emergency public hearing held in Alexandria, Virginia, on January 24-27, 2006, and a second session held in Strongsville, Ohio, on September 14-15, 2006.

The decision amends the manufacturing (make) allowances for cheese, butter, nonfat dry milk (NFD) and dry whey. Specifically, this decision adopts the following increased manufacturing allowances: cheese -- \$0.1682 per pound; butter -- \$0.1202 per pound; NFD -- \$.1570 per pound; and dry whey -- \$0.1956 per pound. These amendments are subject to producer approval before they can be implemented.

The tentative final decision was published in the November 22 Federal Register. Public comments are due 60 days after publication in the Federal Register, on January 22, 2007.

For additional information about the decision contact:

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**USDA SETS HEARING ON PROPOSED  
AMENDMENTS TO ALL FEDERAL MILK  
ORDERS**

On November 20, 2006, the U. S. Department of Agriculture announced that it would hold a national public hearing to consider proposals seeking to amend the Class I and Class II milk price formulas applicable to all Federal milk marketing orders. Evidence was taken at the hearing to determine whether emergency marketing conditions exist that would warrant omission of a recommended decision. The hearing was held December 11, 2006, in Pittsburgh, Pennsylvania.

The hearing was requested by National Milk Producers Federation to reconsider formulas for Class I and Class II milk.

The hearing notice was published in the November 22 Federal Register. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The hearing notice is available on AMS web site: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy). ♦

**USDA HOLDS FEDERAL MILK ORDER PRE-HEARING INFORMATION SESSION**

The U.S. Department of Agriculture held a public information session December 5, 2006, to address proposals received to amend the Federal order Class III and Class IV product price formulas. The purpose of the session was for interested parties to learn about the intent of proposals that have been submitted to amend Class III and Class IV product price formulas. The session enabled proponents to better prepare testimony and evidence in support of, or in opposition to proposals that may possibly be included in a future Class III and IV hearing notice. The session will not become part of an official hearing record and was conducted outside of ex-parte rules. This allowed government officials to freely discuss proposed amendments. An audio recording of the session is available on-line at [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy). ♦

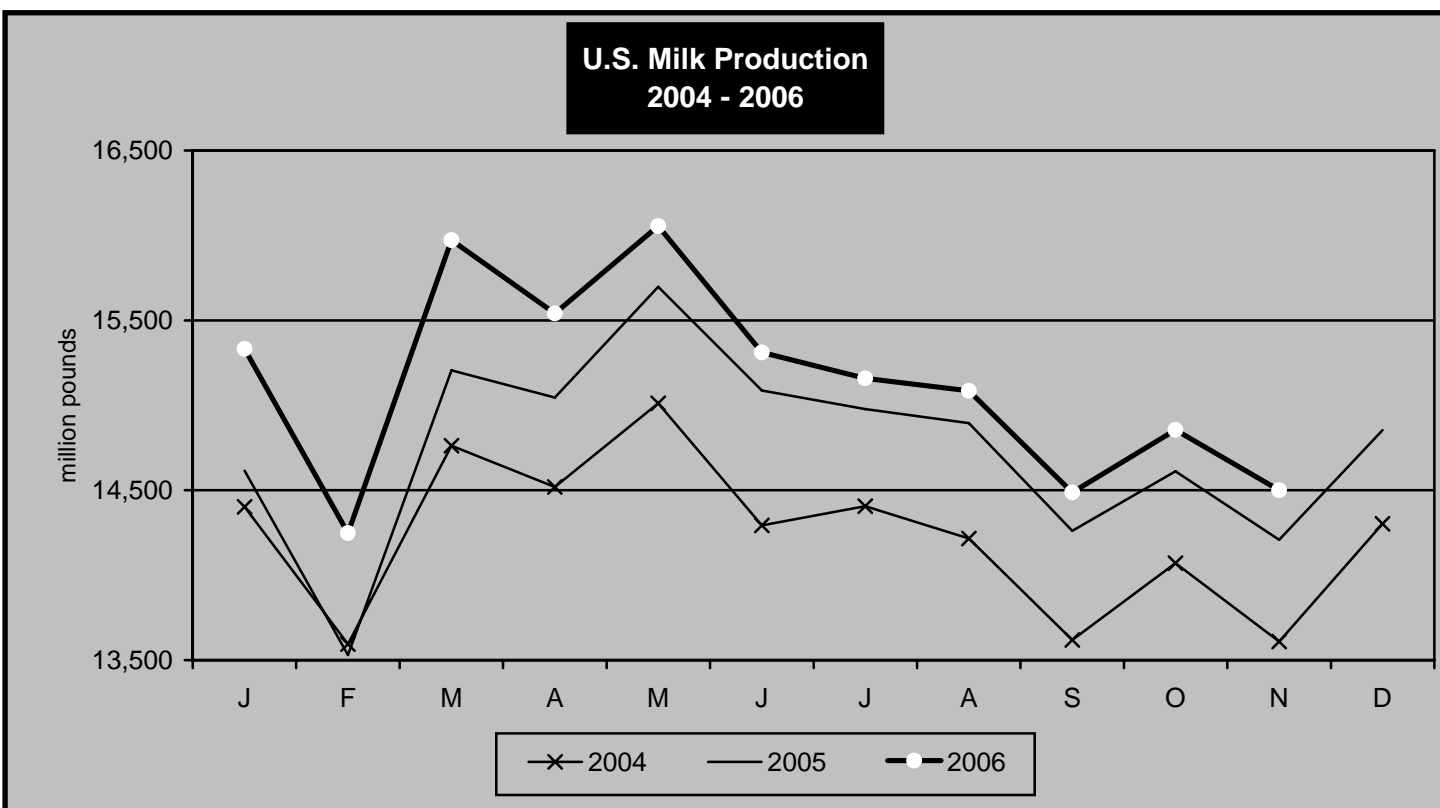
**UNITED STATES MILK PRODUCTION UP 2.0 PERCENT IN NOVEMBER 2006**

Milk production for November 2006 was up 2.0 percent for the United States compared with November 2005. United States' milk production for November 2006 equaled 14,500 million pounds, 291 million pounds more than last November. The

table below shows data for November 2006 for selected states with comparisons to year-ago levels. ♦

Milk Production November 2005 - 2006			
	2005	2006 1/	% Change
-- million pounds --			
Arizona	298	306	2.68%
California	3,053	3,126	2.39%
Colorado	191	207	8.38%
Idaho	843	890	5.58%
Indiana	259	267	3.09%
Minnesota	647	671	3.71%
Missouri	146	144	-1.37%
New Mexico	580	594	2.41%
New York	962	972	1.04%
Ohio	382	395	3.40%
Oregon	178	179	0.56%
Pennsylvania	834	858	2.88%
Texas	523	573	9.56%
Washington	442	428	-3.17%
Wisconsin	1,832	1,864	1.75%
23 Total	13,002	13,328	2.51%
US	14,209	14,500	2.05%

1/ November 2006 is preliminary.  
Source: National Agricultural Statistics Service.



# MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA 2/			
	Nov 2006	Oct 2006	Nov 2005	Oct 2005	Nov 2006	Oct 2006	Nov 2005	Oct 2005
<b>Minimum Class Prices (3.5% B.F.)</b>								
Class I Milk (\$/cwt.)	\$14.30	\$14.32	\$16.46	\$16.17	\$14.75	\$14.77	\$16.91	\$16.62
Class II Milk (\$/cwt.)	11.98	11.79	13.49	14.25	11.98	11.79	13.49	14.25
Class III Milk (\$/cwt.)	12.84	12.32	13.35	14.35	12.84	12.32	13.35	14.35
Class IV Milk (\$/cwt.)	12.11	11.51	12.90	13.61	12.11	11.51	12.90	13.61
<b>Producer Prices</b>								
Producer Price Differential (\$/cwt.)	\$ 0.01	\$ 0.20	\$ 0.56	\$ 0.11	+	+	+	+
Butterfat (\$/pound)	1.3852	1.4149	1.6114	1.8256	+	+	+	+
Protein (\$/pound)	2.2383	2.0775	2.2724	2.3780	+	+	+	+
Other Solids (\$/pound)	0.2276	0.2026	0.1606	0.1491	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	8.91	8.56	9.00	8.89
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.3963	1.4237	1.6613	1.8425
Statistical Uniform Price (\$/cwt.)	\$12.85	\$12.52	\$13.91	\$14.46	\$13.49	\$13.24	\$14.50	\$15.03
<b>Producer Data</b>								
Number of Producers	769 *	769	857	873	94 *	94	86	86
Avg. Daily Production (lbs.)	25,874 *	26,025	23,502	23,125	98,183 *	93,949	91,897	87,398
<b>Number of Handlers</b>								
Pool Handlers	29	29	26	27	7	7	5	5
Producer-Handlers	6 *	6	9	9	1 *	1	3	3
Other Plants w/ Class I Use	26 *	26	26	24	25 *	25	28	27
<b>Producer Milk Ratios</b>								
Class I	33.20%	31.86%	30.69%	28.34%	42.39%	42.41%	37.25%	35.45%
Class II	8.01%	7.28%	6.61%	5.95%	10.85%	10.40%	9.68%	10.30%
Class III	28.25%	30.20%	28.36%	28.95%	35.99%	36.47%	40.03%	41.70%
Class IV	30.54%	30.66%	34.34%	36.76%	10.77%	10.72%	13.04%	12.55%

+ Not Applicable. \* Preliminary.

## MONTHLY SUPPLEMENTAL STATISTICS

	Oct 2006	Sep 2006	Oct 2005	Sep 2005	Oct 2006	Sep 2006	Oct 2005	Sep 2005
<b>Producer-Handler Data</b>								
Production	23,000,416	22,020,680	35,031,079	34,751,555	R	R	R	R
Class I Use	20,853,119	17,296,484	29,026,126	29,765,534	R	R	R	R
% Class I Use	90.66%	78.55%	82.86%	85.65%	R	R	R	R
<b>Class I Route Disposition In Area</b>								
By Pool Plants	174,764,558	171,222,764	161,805,753	159,854,144	102,223,482	100,471,693	77,157,060	79,586,893
By Producer-Handlers	8,555,039	8,031,374	19,976,486	21,409,117	1/	1/	1/	1/
By Other Plants	4,346,396 *	4,507,623	3,694,492	2,843,575	5,230,282 *	4,526,551	29,805,566	28,522,435
Total	187,665,993	183,761,761	185,476,731	184,106,836	107,453,764	104,998,244	106,962,626	108,109,328

\* Preliminary. R = Restricted. Not included. 1/ Restricted. Included with other plants. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

# MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA 2/			
	Nov 2006	Oct 2006	Nov 2005	Oct 2005	Nov 2006	Oct 2006	Nov 2005	Oct 2005
TOTAL PRODUCER MILK	596,911,994	620,403,447	604,245,262	625,819,629	276,876,746	273,768,325	237,093,328	233,004,093
RECEIPTS FROM OTHER SOURCES	17,771,230	16,714,409	19,090,785	18,894,111	4,883,202	3,733,552	9,097,208	16,971,232
OPENING INVENTORY . . . . .	32,917,294	34,781,207	31,495,619	31,297,077	15,989,601	19,635,219	15,258,044	14,568,330
<b>TOTAL TO BE ACCOUNTED FOR</b>	<b>647,600,518</b>	<b>671,899,063</b>	<b>654,831,666</b>	<b>676,010,817</b>	<b>297,749,549</b>	<b>297,137,096</b>	<b>261,448,580</b>	<b>264,543,655</b>
<b>UTILIZATION OF RECEIPTS</b>								
Whole milk . . . . .	35,303,735	34,489,250	31,055,932	30,537,177	29,688,336	30,436,221	20,820,418	19,331,477
Flavored milk & milk drinks . . . . .	17,112,131	15,818,822	16,029,452	13,535,811	8,211,320	7,098,534	7,779,975	5,903,451
2% milk . . . . .	68,129,741	67,810,298	64,043,296	64,790,358	36,437,413	37,588,015	31,071,614	29,964,299
1% milk . . . . .	27,017,183	27,233,047	24,435,095	25,163,003	13,369,017	13,353,703	11,565,174	10,931,207
Skim milk . . . . .	27,715,182	27,991,087	25,870,182	26,492,687	13,122,909	13,246,810	11,194,357	10,540,609
Buttermilk . . . . .	1,423,469	1,422,054	1,318,244	1,286,717	524,397	500,199	528,490	486,017
CLASS I ROUTE DISP. IN AREA. . . . .	176,701,441	174,764,558	162,752,201	161,805,753	101,353,392	102,223,482	82,960,028	77,157,060
Class I dispositions out of area . . . . .	18,110,127	16,508,876	14,585,305	14,092,377	14,793,324	15,589,886	5,424,711	5,036,483
Other Class I usage . . . . .	19,828,571	21,101,402	22,308,049	19,077,594	11,156,974	9,896,624	8,817,167	9,287,820
<b>TOTAL CLASS I USE. . . . .</b>	<b>214,640,139</b>	<b>212,374,836</b>	<b>199,645,555</b>	<b>194,975,724</b>	<b>127,303,690</b>	<b>127,709,992</b>	<b>97,201,906</b>	<b>91,481,363</b>
<b>TOTAL CLASS II USE . . . . .</b>	<b>56,301,209</b>	<b>55,131,445</b>	<b>45,396,059</b>	<b>43,213,921</b>	<b>30,832,695</b>	<b>29,292,820</b>	<b>23,738,405</b>	<b>25,020,150</b>
<b>TOTAL CLASS III USE . . . . .</b>	<b>168,795,902</b>	<b>187,589,783</b>	<b>174,740,097</b>	<b>186,997,494</b>	<b>100,046,083</b>	<b>99,879,890</b>	<b>95,316,075</b>	<b>97,595,799</b>
<b>TOTAL CLASS IV USE . . . . .</b>	<b>207,863,268</b>	<b>216,802,999</b>	<b>235,049,955</b>	<b>250,823,678</b>	<b>39,567,081</b>	<b>40,254,394</b>	<b>45,192,194</b>	<b>50,446,343</b>
<b>TOTAL ACCOUNTED FOR . . . . .</b>	<b>647,600,518</b>	<b>671,899,063</b>	<b>654,831,666</b>	<b>676,010,817</b>	<b>297,749,549</b>	<b>297,137,096</b>	<b>261,448,580</b>	<b>264,543,655</b>
<b>CLASSIFICATION OF RECEIPTS</b>								
Producer milk: Class I . . . . .	198,127,832	197,627,521	185,446,171	177,360,097	117,375,634	116,130,590	88,320,606	82,594,058
Class II . . . . .	47,825,831	45,176,760	39,962,028	37,250,654	30,041,705	28,464,840	22,951,377	24,010,427
Class III . . . . .	168,636,383	187,378,931	171,358,670	181,150,816	99,647,572	99,838,398	94,896,933	97,160,542
Class IV . . . . .	182,321,948	190,220,235	207,478,393	230,058,062	29,811,835	29,334,497	30,924,412	29,239,066
Other receipts: Class I . . . . .	16,512,307	14,747,315	14,199,384	17,615,627	20,872,803	23,368,771	24,355,252	31,539,562
Class II . . . . .	8,475,378	9,954,685	5,434,031	5,963,267	1/	1/	1/	1/
Class III . . . . .	159,519	210,852	3,381,427	5,846,678	1/	1/	1/	1/
Class IV . . . . .	25,541,320	26,582,764	27,571,562	20,765,616	1/	1/	1/	1/
Avg. daily producer receipts . . . . .	19,897,066	20,013,014	20,141,509	20,187,730	9,229,225	8,831,236	7,903,111	7,516,261
Change From Previous Year . . . . .	-1.21%	-0.87%	29.76%	1.40%	16.78%	17.50%	3.96%	1.00%
Avg. daily Class I use . . . . .	7,154,671	6,850,801	6,654,852	6,289,539	4,243,456	4,119,677	3,240,064	2,951,012
Change From Previous Year . . . . .	7.51%	8.92%	-4.24%	-2.71%	30.97%	39.60%	4.41%	1.11%

1/ Restricted - Included with Class I. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

**HIGHLIGHTS THIS ISSUE:**

- Market Summaries for November 2006
- November 2006 Class Prices
- Class I Price for January 2007
- Price Series Available on Dairy Programs Website
- USDA Issues a Tentative Final Decision on Amendments to All Federal Milk Marketing Orders
- USDA Sets Hearing on Proposed Amendments to All Federal Milk Orders
- USDA Holds Federal Milk Order Pre-Hearing Information Session
- United States Milk Production Up 2.0 Percent in November 2006

