

# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

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www.fmmatlanta.com

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ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## Dairy Committee Appointments Made

On January 6, Secretary Tom Vilsack announced the appointment of 17 members to the Dairy Industry Advisory Committee. Over the next two years, the committee will review the issues of farm milk price volatility, dairy farmer profitability and consolidation, and offer suggestions on ways USDA can best address the needs of a struggling dairy industry.

"USDA has worked tirelessly to assist dairy farmers during these tough times," said Vilsack. "We've increased support prices under the Dairy Product Price Support Program, reactivated the Dairy Export Incentive Program, and bought 200 million pounds of nonfat dry milk for federal feeding programs. This committee, whose members come from all aspects of the dairy industry, will work to find long term solutions to assist this struggling industry."

Producer members appointed to the committee are: Erick Coolidge (Pa.), Timothy den Dulk (Mich.), Debora Erb (N.H.), James Goodman (Wis.), James Krahn, (Ore.), Edward Maltby (Mass.), Manuel Souza (Calif.), Ed Welch (Minn.), and James "Ricky" Williams (Ga.).

Representatives from the processing industry include: Jay Bryant (Va.), Patricia Stroup (Calif.), Sue Taylor (Colo.), and Robert Wills. (Wis.).

Members representing state government, retail, academia, and consumers are: Rodney Nilsestuen (Wis.), Robert Schupper (Pa.), Andrew Novakovic (N.Y.), and Paul Bourbeau (Vt.).

All members will serve two-year terms, beginning in January 2010. The committee was expanded this year from 15 members to 17 and will hold its first meeting in early 2010. The meeting will be open to the public and USDA encourages public participation. For more information check the Dairy Industry Advisory Committee website, [www.ams.usda.gov/AMSV1.0/DairyAdvisoryCommittee](http://www.ams.usda.gov/AMSV1.0/DairyAdvisoryCommittee).

## Uniform Price Rises

The uniform price in Fulton County, GA, was \$17.23 per hundredweight of milk at 3.5 percent butterfat for the month of December. The uniform price is \$0.95 higher than the previous month and is \$0.38 per hundredweight higher compared with December of last year.

Class I utilization was 67.08 percent in December, a decrease of 3.25 percent compared with the previous month and an increase of 0.40 percent compared with December 2008.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in November was 15.06 billion pounds, a decrease of 1.0 percent from November 2008 and a increase of 0.9 percent when compared with October 2009 on a daily average basis. Total cheese output (excluding cottage cheese) was 844 million pounds, 1.9 percent above November 2008 and 1.2 percent above October 2009 on a daily average basis. Butter production was 121 million pounds, 9.7 percent below November 2008 but 10.4 percent above October 2009 on a daily average basis.

Nonfat dry milk powder production was 101 million pounds in November, 24.7 percent less than November 2008 and 13.8 percent higher than October 2009 on a daily average basis. Dry whey production was 86.0 million pounds, 0.5 percent below November 2008 and 0.2 percent above October 2009 on a daily average basis.

## Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for December 2009 were made for \$3,029,492.64. Since the available balance was \$1,239,044.86, eligible claims were paid at the rate of approximately \$0.41 on the dollar.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - DECEMBER 2009

### Calculation of Uniform Butterfat Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 37.65%             | 8,804,924         | \$1.4310         | \$ 12,599,846.26        |
| Class I Differential at Location |                    |                   |                  | 294,811.94              |
| Class II Butterfat               | 22.58%             | 5,279,053         | \$1.5503         | 8,184,115.86            |
| Class III Butterfat              | 21.94%             | 5,129,593         | \$1.5433         | 7,916,500.88            |
| Class IV Butterfat               | 17.83%             | 4,168,196         | \$1.5433         | 6,432,776.90            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>23,381,766</b> |                  | <b>\$ 35,428,051.84</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.5152**

### Calculation of Uniform Skim Milk Price

|                                  | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>             |
|----------------------------------|--------------------|--------------------|-----------------------|--------------------------|
| <b>Producer Milk</b>             |                    |                    |                       |                          |
| Class I Skim Milk                | 68.24%             | 404,206,864        | \$9.31 /cwt.          | \$ 37,631,659.04         |
| Class I Butterfat                | 37.65%             | 8,804,924          | \$1.4310 /lb.         | 12,599,846.26            |
| Class I Differential at Location |                    | 413,011,788        |                       | 13,816,444.13            |
| <b>Total Class I Milk</b>        | <b>67.08%</b>      | <b>413,011,788</b> |                       | <b>\$ 64,047,949.43</b>  |
| Class II Skim Milk               | 9.46%              | 56,051,128         | \$9.14 /cwt.          | \$ 5,123,073.09          |
| Class II Butterfat               | 22.58%             | 5,279,053          | \$1.5503 /lb.         | 8,184,115.86             |
| <b>Total Class II Milk</b>       | <b>9.96%</b>       | <b>61,330,181</b>  |                       | <b>\$ 13,307,188.95</b>  |
| Class III Skim Milk              | 16.64%             | 98,593,236         | \$9.93 /cwt.          | \$ 9,790,308.34          |
| Class III Butterfat              | 21.94%             | 5,129,593          | \$1.5433 /lb.         | 7,916,500.88             |
| <b>Total Class III Milk</b>      | <b>16.84%</b>      | <b>103,722,829</b> |                       | <b>\$ 17,706,809.22</b>  |
| Class IV Skim Milk               | 5.66%              | 33,522,097         | \$9.96 /cwt.          | \$ 3,338,800.87          |
| Class IV Butterfat               | 17.83%             | 4,168,196          | \$1.5433 /lb.         | 6,432,776.90             |
| <b>Total Class IV Milk</b>       | <b>6.12%</b>       | <b>37,690,293</b>  |                       | <b>\$ 9,771,577.77</b>   |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>615,755,091</b> |                       | <b>\$ 104,833,525.37</b> |

### Adjustments

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$20,723.93       |
| Inventory Adjustments                         | \$129,038.33      |
| Producer butterfat at uniform butterfat price | (\$35,428,051.84) |
| Location Adjustments to Producers             | \$3,686,894.34    |
| 1/2 Unobligated Balance in P.S.F              | \$260,990.09      |

### Adjusted Pool Value

|                                      |                   |                 |
|--------------------------------------|-------------------|-----------------|
| Reserve for Producer Settlement Func | \$ 12.40824       | \$73,503,120.22 |
|                                      | <u>\$ 0.04824</u> | \$285,777.24    |

### Uniform Skim Milk Price per cwt. (Fulton County, Georgia):

**\$12.36**

### Uniform Price per cwt. (Fulton County, Georgia)

**\$17.23\***

\* At 3.5% butterfat test; for information purposes.

### OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | DEC 2009        | JAN 2010        | NOV 2009        | DEC 2009        | DEC 2009      |
| Appalachian (Charlotte)     | \$ 17.39        | \$ 18.43        | \$ 15.89        | \$ 16.99        | 71.96%        |
| Arizona (Phoenix)           | \$ 16.34        | \$ 17.38        | \$ 14.38        | \$ 15.50        | 35.68%        |
| Central (Kansas City)       | \$ 15.99        | \$ 17.03        | \$ 13.86        | \$ 14.96        | 39.28%        |
| Florida (Tampa)             | \$ 19.39        | \$ 20.43        | \$ 17.80        | \$ 18.99        | 87.65%        |
| Mideast (Cleveland)         | \$ 15.99        | \$ 17.03        | \$ 14.11        | \$ 15.12        | 43.60%        |
| Northeast (Boston)          | \$ 17.24        | \$ 18.28        | \$ 15.02        | \$ 16.11        | 47.30%        |
| Pacific Northwest (Seattle) | \$ 15.89        | \$ 16.93        | \$ 13.92        | \$ 15.05        | 32.44%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 17.79</b> | <b>\$ 18.83</b> | <b>\$ 16.28</b> | <b>\$ 17.23</b> | <b>67.08%</b> |
| Southwest (Dallas)          | \$ 16.99        | \$ 18.03        | \$ 15.03        | \$ 16.00        | 41.12%        |
| Upper Midwest (Chicago)     | \$ 15.79        | \$ 16.83        | \$ 14.12        | \$ 15.06        | 14.50%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>December 2009</b> | <b>December 2008</b> |
|--|----------------------|----------------------|
| <b>Producer Milk</b>   |                      |                      |
| Class I  | 413,011,788          | 404,358,352          |
| Class II   | 61,330,181           | 53,631,610           |
| Class III  | 103,722,829          | 75,349,839           |
| Class IV   | 37,690,293           | 73,125,886           |
|  | <hr/>                | <hr/>                |
| Total Producer Milk  | <b>615,755,091</b>   | <b>606,465,687</b>   |
| Average Butterfat Test   | 3.80%                | 3.80%                |
| Percent of Producer Milk in Class I  | 67.08%               | 66.68%               |
| Daily Average Receipts   | 19,863,067           | 19,563,409           |
| <b>Other Source Milk</b>   |                      |                      |
| Class I  | 8,054,741            | 6,729,978            |
| Class II   | 5,717,821            | 4,052,216            |
| Class III  | 1,484,415            | 3,659,525            |
| Class IV   | 6,651,159            | 8,577,389            |
|  | <hr/>                | <hr/>                |
| Total Other Source Milk  | <b>21,908,136</b>    | <b>23,019,108</b>    |
| <b>Overage</b>   |                      |                      |
| Class I  | 0                    | 17,775               |
| Class II   | 0                    | 0                    |
| Class III  | 93,893               | 0                    |
| Class IV   | 7,387                | 1                    |
|  | <hr/>                | <hr/>                |
| Total Overage  | <b>101,280</b>       | <b>17,776</b>        |
| <b>Opening Inventory</b>   |                      |                      |
| Class I  | 34,325,789           | 34,670,435           |
| Class II   | 5,765,845            | 3,011,735            |
| Class III  | 2,620,397            | 2,416,088            |
| Class IV   | 15,022,633           | 22,768,343           |
|  | <hr/>                | <hr/>                |
| Total Opening Inventory  | <b>57,734,664</b>    | <b>62,866,601</b>    |
|  | <hr/>                | <hr/>                |
| <b>Total Receipts</b>  | <b>695,499,171</b>   | <b>692,369,172</b>   |
| <b>Utilization:</b>  |                      |                      |
| <b>Class I Utilization</b>   |                      |                      |
| Inventory of Packaged FMP  | 37,341,949           | 32,602,205           |
| Route Disposition Class I  | 405,084,757          | 401,703,958          |
| Shrinkage  | 3,192,291            | 2,505,412            |
| Transfers & Diversions to Nonpool  | 9,773,321            | 8,964,965            |
|  | <hr/>                | <hr/>                |
| Total Class I Utilization  | <b>455,392,318</b>   | <b>445,776,540</b>   |
| Average Butterfat Test   | 2.12%                | 2.17%                |
| Daily Average Utilization  | 14,690,075           | 14,379,888           |
| <b>Class II Utilization</b>  |                      |                      |
| Nonfluid Used To Produce   | 1,008,227            | 1,433,861            |
| Shrinkage  | 7,165,251            | 1,515                |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 34,672,642           | 37,143,869           |
|  | <hr/>                | <hr/>                |
| Total Class II Utilization   | <b>72,813,847</b>    | <b>60,695,561</b>    |
| Average Butterfat Test   | 9.66%                | 9.12%                |
| <b>Class III Utilization</b>   |                      |                      |
| Shrinkage  | 0                    | 719,013              |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 107,921,534          | 80,706,439           |
|  | <hr/>                | <hr/>                |
| Total Class III Utilization  | <b>107,921,534</b>   | <b>81,425,452</b>    |
| Average Butterfat Test   | 4.83%                | 4.69%                |
| <b>Class IV Utilization</b>  |                      |                      |
| Inventory  | 15,676,556           | 19,299,248           |
| Nonfluid Used To Fortify   | 3,122,829            | 2,865,984            |
| Shrinkage  | 96                   | 7,160,479            |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 40,571,991           | 69,696,846           |
|  | <hr/>                | <hr/>                |
| Total Class IV Utilization   | <b>59,371,472</b>    | <b>104,471,619</b>   |
| Average Butterfat Test   | 9.20%                | 7.38%                |
|  | <hr/>                | <hr/>                |
| <b>Total Utilization</b>   | <b>695,499,171</b>   | <b>692,369,172</b>   |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2009 is \$17.23 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.36 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5152 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In December, Class I use, which is primarily bottled or packaged fluid milk, accounted for 68.24% of all producer skim milk (priced to handlers at \$9.31 per hundredweight, plus the Class I differential, see page 2) and 37.65% of producer butterfat (priced to handlers at \$1.4310 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.46% of all producer skim milk (\$9.14 per hundredweight) and 22.58% of producer butterfat (\$1.5503 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.64% of all producer skim milk (\$9.93 per hundredweight) and 21.94% of producer butterfat (\$1.5433 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.66% of all producer skim milk (\$9.96 per hundredweight) and 17.83% of producer butterfat (\$1.5433 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>November 2009</b>                       |                    |                |
| Whole Milk                                 | 130,282,087        | 30.58%         |
| Fat Free Milk                              | 47,935,530         | 11.25%         |
| Lowfat Milk (incl. 1%)                     | 34,482,083         | 8.09%          |
| Reduced Fat Milk (incl. 2%)                | 154,520,963        | 36.27%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 10,240,024         | 2.40%          |
| Flavored Drinks and Milk                   | 48,627,600         | 11.41%         |
| <b>Total Disposition in Marketing Area</b> | <b>426,088,287</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 342,368,204        | 80.35%         |
| Total Disposition by Nonpool Plants        | 83,720,083         | 19.65%         |
| <b>Total Disposition in Marketing Area</b> | <b>426,088,287</b> | <b>100.00%</b> |

Receipts of producer milk during December 2009 totaled 615.8 million pounds. There were 26 regulated pool distributing plants, 3 pool supply plants and 11 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2009. Class I route disposition in the area was 426.1 million pounds in November 2009.

## USDA Announces New Dairy Economic Loss Assistance Payment Program to Provide Financial Relief to Struggling Dairy Producers

On December 17, 2009, Secretary Tom Vilsack announced the implementation of the new Dairy Economic Loss Assistance Payment (DELAP) program. The 2010 Agricultural Appropriations Bill authorized \$290 million for loss assistance payments to eligible producers. Eligible producers will receive a one-time direct payment based on the amount of milk both produced and commercially marketed by their operation during the months of February through July 2009. Production information from these months will be used to estimate a full year's production for an operation to calculate the payments, using a 6-million pound per dairy operation limit.

Based on current information, Farm Service Agency estimates that 875 million hundredweight (cwt) of milk production will be eligible for payment. The reserve will cover new applicants and appeals. The expected payment rate is approximately \$0.32 per cwt.

To be eligible for DELAP, the dairy producer and the dairy operation in which the producer has a share:

- Must have produced milk in the United States and marketed milk commercially at any time from February through July 2009;
- Must have milk production data for those months;
- Must certify to all milk production produced and marketed by the dairy operation during that time.

Also, any dairy producer who has an annual average adjusted gross nonfarm income of more than \$500,000 for calendar years 2006 through 2008 is not eligible for DELAP. For more information and eligibility requirements on the new DELAP program, please visit your local FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

**!! Reminder !!**

Southern Dairy Conference

January 26-27, 2010,

Atlanta, GA

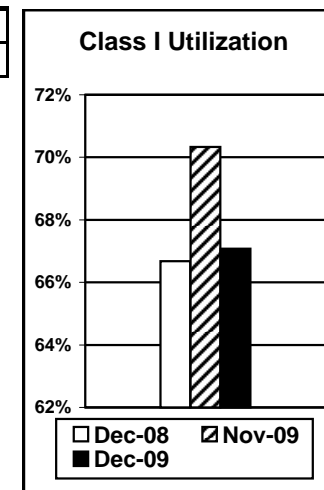
[www.southerndairyconference.com](http://www.southerndairyconference.com)

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Nov 2008    | \$15.09  | \$1.8768 | \$21.13 | \$8.52   | \$1.7800 | \$14.45 | \$9.64    | \$1.7730 | \$15.51 | \$ 6.26  | \$1.7730 | \$12.25 | \$ 13.33 | \$1.8125 | \$19.21 |
| Dec         | \$13.29  | \$1.8305 | \$19.23 | \$6.88   | \$1.3068 | \$11.21 | \$11.12   | \$1.2998 | \$15.28 | \$ 6.01  | \$1.2998 | \$10.35 | \$ 12.01 | \$1.5024 | \$16.85 |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$ 5.92  | \$1.1084 | \$9.59  | \$ 12.77 | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$ 5.82  | \$1.0941 | \$9.45  | \$ 9.65  | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$ 5.78  | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$ 5.81  | \$1.2049 | \$9.82  | \$ 9.27  | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$ 5.92  | \$1.2648 | \$10.14 | \$ 9.13  | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$ 6.04  | \$1.2544 | \$10.22 | \$ 8.70  | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Nov 2008    | 561,045                 | 2,906           | 381,264   | 67.96% | 59,573    | 10.62% | 63,744    | 11.36% | 56,464    | 10.06% |
| Dec         | 606,466                 | 2,974           | 404,358   | 66.68% | 53,632    | 8.84%  | 75,350    | 12.42% | 73,126    | 12.06% |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,800**         | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods January 2010 through March 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| JAN 2010   | 02/11/10                          | 02/12/10         | 02/16/10       | 01/25/10                   | 01/26/10  | 02/16/10          | 02/17/10  |
| FEB 2010   | 03/11/10                          | 03/12/10         | 03/15/10       | 02/25/10                   | 02/26/10  | 03/15/10          | 03/16/10  |
| MAR 2010   | 04/11/10                          | 04/12/10         | 04/13/10       | 03/25/10                   | 03/26/10  | 04/13/10          | 04/14/10  |

\*\* The base rate for making partial payments in Fulton County, GA for January will be \$15.51 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.23 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

**WASDE - 478 January 12, 2010**

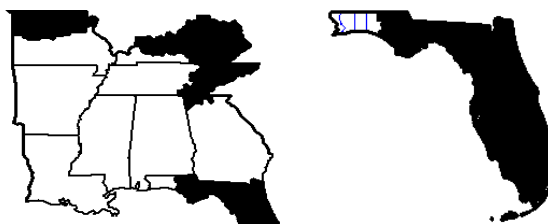
The milk production forecast is raised for 2010 reflecting the relatively slow pace of cow liquidation in late 2009. Commercial dairy exports for 2009 are adjusted reflecting stronger skim-basis sales, but slightly weaker fat-basis sales. Import forecasts are reduced for 2009. Trade forecasts are unchanged for 2010. Fat and skim-solids ending stocks are forecast higher for 2009. Ending stocks for 2010 are raised on a skim-solids basis but are lowered on a fat-basis. Forecasts of butter and cheese prices are lowered as milk production forecasts are raised.

However, relatively strong international demand should support prices for nonfat dry milk (NDM) and whey. The 2010 Class III price is lowered from last month as lower expected cheese prices more than offset stronger whey prices. The Class IV price forecast for 2010 is raised from last month as stronger NDM prices more than offset weaker butter prices. The all milk price is reduced to \$16.20 to \$17.00 for 2010.

1/ *The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).*



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

February 2010

Volume 11—No. 2

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## Final Rule on Organic Access to Pasture

The USDA has announced details of the final regulation regarding access to pasture for organic livestock operations. This rule amends the National Organic Program (NOP) regulations to clarify the use of pasture in raising organic ruminants.

The main components of the rule include: a) animals must graze at least 120 days per year; b) animals must obtain a minimum of 30 percent dry matter intake from grazing pasture c) producers must have a pasture management plan and manage pasture as a crop to meet the feed requirements; and, d) livestock are exempt from the 30 percent dry matter intake requirements during the finish feeding period.

The final rule becomes effective 120 days after publication, June 17, 2010. Comments on the exceptions for finish feeding of ruminant slaughter stock may be submitted before April 19, 2010. More information is available on the NOP website at <http://www.ams.usda.gov/NOP>.

## New Framework for Animal Disease Traceability Announced

The USDA has announced it will develop a new, flexible framework for animal disease traceability in the United States, and undertake several other actions to further strengthen its disease prevention and response capabilities.

The framework provides the basic tenets of an improved animal disease traceability capability in the United States. USDA's efforts will: a) only apply to animals moved in interstate commerce; b) be administered by the States and Tribal Nations to provide more flexibility; c) encourage the use of lower-cost technology; and d) be implemented transparently through Federal regulations and the full rulemaking process. Find more information on these steps to improve disease prevention and control at <http://www.aphis.usda.gov/traceability>.

## Uniform Price Increases

The uniform price in Fulton County, GA, was \$17.60 per hundredweight of milk at 3.5 percent butterfat for the month of January. The uniform price is \$0.37 higher than the previous month and is \$0.98 per hundredweight higher compared with January of last year.

Class I utilization was 68.70 percent in January, an increase of 1.62 percent compared with the previous month and an increase of 0.56 percent compared with January 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in December was 15.76 billion pounds, a decrease of 0.9 percent from December 2008 and an increase of 1.2 percent when compared with November 2009 on a daily average basis. Total cheese output (excluding cottage cheese) was 862 million pounds, 0.1 percent below December 2008 and 1.1 percent less than November 2009 on a daily average basis. Butter production was 150 million pounds, 4.3 percent below December 2008 but 20.2 percent above November 2009 on a daily average basis.

Nonfat dry milk powder production was 126.4 million pounds in December, 18.6 percent less than December 2008 and 20.9 percent higher than November 2009 on a daily average basis. Dry whey production was 91.2 million pounds, up slightly from December 2008 and 2.0 percent above November 2009 on a daily average basis.

## Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for January 2010 were made for \$2,962,969.80. Since the available balance was \$1,230,525.32, eligible claims were paid at the rate of approximately \$0.42 on the dollar.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JANUARY 2010

### Calculation of Uniform Butterfat Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 36.32%             | 8,238,378         | \$1.5874         | \$ 13,077,601.24        |
| Class I Differential at Location |                    |                   |                  | 274,908.92              |
| Class II Butterfat               | 20.17%             | 4,573,008         | \$1.4475         | 6,619,429.12            |
| Class III Butterfat              | 18.30%             | 4,150,164         | \$1.4405         | 5,978,311.24            |
| Class IV Butterfat               | 25.21%             | 5,716,144         | \$1.4405         | 8,234,105.42            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>22,677,694</b> |                  | <b>\$ 34,184,355.94</b> |

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.5074**

### Calculation of Uniform Skim Milk Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>             |
|----------------------------------|--------------------|--------------------|-----------------------|--------------------------|
| <b>Producer Milk</b>             |                    |                    |                       |                          |
| Class I Skim Milk                | 69.99%             | 401,833,866        | \$9.82 /cwt.          | \$ 39,460,085.67         |
| Class I Butterfat                | 36.32%             | 8,238,378          | \$1.5874 /lb.         | 13,077,601.24            |
| Class I Differential at Location |                    | 410,072,244        |                       | 13,719,226.60            |
| <b>Total Class I Milk</b>        | <b>68.70%</b>      | <b>410,072,244</b> |                       | <b>\$ 66,256,913.51</b>  |
| Class II Skim Milk               | 6.99%              | 40,160,607         | \$10.52 /cwt.         | \$ 4,224,895.85          |
| Class II Butterfat               | 20.17%             | 4,573,008          | \$1.4475 /lb.         | 6,619,429.12             |
| <b>Total Class II Milk</b>       | <b>7.49%</b>       | <b>44,733,615</b>  |                       | <b>\$ 10,844,324.97</b>  |
| Class III Skim Milk              | 13.38%             | 76,835,057         | \$9.80 /cwt.          | \$ 7,529,835.60          |
| Class III Butterfat              | 18.30%             | 4,150,164          | \$1.4405 /lb.         | 5,978,311.24             |
| <b>Total Class III Milk</b>      | <b>13.57%</b>      | <b>80,985,221</b>  |                       | <b>\$ 13,508,146.84</b>  |
| Class IV Skim Milk               | 9.64%              | 55,377,974         | \$9.13 /cwt.          | \$ 5,056,009.02          |
| Class IV Butterfat               | 25.21%             | 5,716,144          | \$1.4405 /lb.         | 8,234,105.42             |
| <b>Total Class IV Milk</b>       | <b>10.24%</b>      | <b>61,094,118</b>  |                       | <b>\$ 13,290,114.44</b>  |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>596,885,198</b> |                       | <b>\$ 103,899,499.76</b> |

### Adjustments

|   |                        |
|---|------------------------|
| Overage and Other Source                      | \$30,482.80            |
| Inventory Adjustments                         | (\$1,623.78)           |
| Producer butterfat at uniform butterfat price | (\$34,184,355.94)      |
| Location Adjustments to Producers             | \$3,556,594.39         |
| 1/2 Unobligated Balance in P.S.F.             | \$257,270.71           |
| <b>Adjusted Pool Value</b>                    | <b>\$ 12.81033</b>     |
| Reserve for Producer Settlement Fund          | \$ 0.04033             |
|   | <b>\$73,557,867.94</b> |

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$12.77**

**Uniform Price per cwt. (Fulton County, Georgia)** **\$17.60\***

\* At 3.5% butterfat test; for information purposes.

### OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | JAN 2010        | FEB 2010        | DEC 2009        | JAN 2010        | JAN 2010      |
| Appalachian (Charlotte)     | \$ 18.43        | \$ 18.24        | \$ 16.99        | \$ 17.31        | 69.85%        |
| Arizona (Phoenix)           | \$ 17.38        | \$ 17.19        | \$ 15.50        | \$ 15.21        | 33.38%        |
| Central (Kansas City)       | \$ 17.03        | \$ 16.84        | \$ 14.96        | \$ 14.88        | 31.94%        |
| Florida (Tampa)             | \$ 20.43        | \$ 20.24        | \$ 18.99        | \$ 19.42        | 85.46%        |
| Mideast (Cleveland)         | \$ 17.03        | \$ 16.84        | \$ 15.12        | \$ 15.30        | 41.30%        |
| Northeast (Boston)          | \$ 18.28        | \$ 18.09        | \$ 16.11        | \$ 16.26        | 43.60%        |
| Pacific Northwest (Seattle) | \$ 16.93        | \$ 16.74        | \$ 15.05        | \$ 14.88        | 28.16%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 18.83</b> | <b>\$ 18.64</b> | <b>\$ 17.23</b> | <b>\$ 17.60</b> | <b>68.70%</b> |
| Southwest (Dallas)          | \$ 18.03        | \$ 17.84        | \$ 16.00        | \$ 16.10        | 42.17%        |
| Upper Midwest (Chicago)     | \$ 16.83        | \$ 16.64        | \$ 15.06        | \$ 14.76        | 13.00%        |



**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>January 2010</b> | <b>January 2009</b> |
|--|---------------------|---------------------|
| <b>Producer Milk</b>   |                     |                     |
| Class I  | 410,072,244         | 413,502,985         |
| Class II   | 44,733,615          | 58,107,458          |
| Class III  | 80,985,221          | 73,691,009          |
| Class IV   | 61,094,118          | 61,574,735          |
| Total Producer Milk  | <u>596,885,198</u>  | <u>606,876,187</u>  |
| Average Butterfat Test   | 3.80%               | 3.74%               |
| Percent of Producer Milk in Class I  | 68.70%              | 68.14%              |
| Daily Average Receipts   | 19,254,361          | 19,576,651          |
| <b>Other Source Milk</b>   |                     |                     |
| Class I  | 11,372,535          | 7,308,172           |
| Class II   | 2,401,097           | 2,808,191           |
| Class III  | 1,451,225           | 13,104,226          |
| Class IV   | 4,492,668           | 8,646,598           |
| Total Other Source Milk  | <u>19,717,525</u>   | <u>31,867,187</u>   |
| <b>Overage</b>   |                     |                     |
| Class I  | 0                   | 0                   |
| Class II   | 0                   | 0                   |
| Class III  | 217,405             | 0                   |
| Class IV   | 100,516             | 294,422             |
| Total Overage  | <u>317,921</u>      | <u>294,422</u>      |
| <b>Opening Inventory</b>   |                     |                     |
| Class I  | 37,235,842          | 31,831,683          |
| Class II   | 438,735             | 599,666             |
| Class III  | 4,238               | 2,694,908           |
| Class IV   | 15,283,063          | 16,004,680          |
| Total Opening Inventory  | <u>52,961,878</u>   | <u>51,130,937</u>   |
| <b>Total Receipts</b>  | <b>669,882,522</b>  | <b>690,168,733</b>  |
| <b>Utilization:</b>  |                     |                     |
| <b>Class I Utilization</b>   |                     |                     |
| Inventory of Packaged FMP  | 31,846,654          | 26,214,409          |
| Route Disposition Class I  | 414,770,928         | 414,751,960         |
| Shrinkage  | 2,574,192           | 3,141,456           |
| Transfers & Diversions to Nonpool  | 9,488,847           | 8,535,015           |
| Total Class I Utilization  | <u>458,680,621</u>  | <u>452,642,840</u>  |
| Average Butterfat Test   | 2.00%               | 2.02%               |
| Daily Average Utilization  | 14,796,149          | 14,601,382          |
| <b>Class II Utilization</b>  |                     |                     |
| Nonfluid Used To Produce   | 1,172,533           | 1,670,185           |
| Shrinkage  | 9,856               | 421,019             |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 26,491,425          | 39,328,862          |
| Total Class II Utilization   | <u>19,899,633</u>   | <u>20,095,249</u>   |
| Average Butterfat Test   | 47,573,447          | 61,515,315          |
| Average Butterfat Test   | 10.81%              | 8.74%               |
| <b>Class III Utilization</b>   |                     |                     |
| Shrinkage  | 0                   | 0                   |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 82,658,089          | 89,490,143          |
| Total Class III Utilization  | <u>82,658,089</u>   | <u>89,490,143</u>   |
| Average Butterfat Test   | 5.10%               | 4.05%               |
| <b>Class IV Utilization</b>  |                     |                     |
| Inventory  | 29,380,658          | 21,810,248          |
| Nonfluid Used To Fortify   | 1,457,846           | 1,220,101           |
| Shrinkage  | 7,687,536           | 7,896,148           |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 38,098,731          | 50,740,367          |
| Total Class IV Utilization   | <u>4,345,594</u>    | <u>4,853,571</u>    |
| Average Butterfat Test   | 80,970,365          | 86,520,435          |
| Average Butterfat Test   | 8.53%               | 9.08%               |
| <b>Total Utilization</b>   | <b>669,882,522</b>  | <b>690,168,733</b>  |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2010 is \$17.60 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.77 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5074 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In January, Class I use, which is primarily bottled or packaged fluid milk, accounted for 69.99% of all producer skim milk (priced to handlers at \$9.82 per hundredweight, plus the Class I differential, see page 2) and 36.32% of producer butterfat (priced to handlers at \$1.5874 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 6.99% of all producer skim milk (\$10.52 per hundredweight) and 20.17% of producer butterfat (\$1.4475 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.38% of all producer skim milk (\$9.80 per hundredweight) and 18.30% of producer butterfat (\$1.4405 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.64% of all producer skim milk (\$9.13 per hundredweight) and 25.21% of producer butterfat (\$1.4405 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>December 2009</b>                       |                    |                |
| Whole Milk                                 | 140,288,935        | 31.76%         |
| Fat Free Milk                              | 50,443,471         | 11.42%         |
| Lowfat Milk (incl. 1%)                     | 32,793,029         | 7.42%          |
| Reduced Fat Milk (incl. 2%)                | 164,916,944        | 37.34%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 9,834,267          | 2.23%          |
| Flavored Drinks and Milk                   | 43,434,332         | 9.83%          |
| <b>Total Disposition in Marketing Area</b> | <b>441,710,978</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 356,359,300        | 80.68%         |
| Total Disposition by Nonpool Plants        | 85,351,678         | 19.32%         |
| <b>Total Disposition in Marketing Area</b> | <b>441,710,978</b> | <b>100.00%</b> |

Receipts of producer milk during January totaled 596.9 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 11 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2010. Class I route disposition in the area was 441.7 million pounds in December 2009.

### Mailbox Milk Prices, March through October 2009

| Reporting Area 1/          | Mar            | Apr            | May            | Jun            | Jul            | Aug            | Sept           | Oct            |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| New England States 3/      | \$12.25        | \$12.66        | \$12.65        | \$12.27        | \$12.22        | \$12.57        | \$13.45        | \$14.84        |
| Eastern Pennsylvania 4/    | \$11.76        | \$12.16        | \$12.14        | \$11.73        | \$11.80        | \$12.12        | \$12.99        | \$14.43        |
| Appalachian States 5/      | \$12.25        | \$12.70        | \$12.78        | \$12.36        | \$12.74        | \$13.04        | \$13.94        | \$15.30        |
| <b>Southeast States 6/</b> | <b>\$12.47</b> | <b>\$13.08</b> | <b>\$13.15</b> | <b>\$12.85</b> | <b>\$13.38</b> | <b>\$13.88</b> | <b>\$14.77</b> | <b>\$16.41</b> |
| Southern Missouri 7/       | \$10.78        | \$11.09        | \$10.77        | \$10.77        | \$11.08        | \$11.51        | \$12.55        | \$14.23        |
| Florida                    | \$13.61        | \$14.34        | \$14.70        | \$14.07        | \$14.81        | \$15.37        | \$16.20        | \$17.76        |
| Western Pennsylvania 8/    | \$11.61        | \$12.07        | \$11.86        | \$11.53        | \$11.53        | \$11.97        | \$12.97        | \$14.60        |
| Indiana                    | \$11.34        | \$11.76        | \$12.00        | \$11.37        | \$11.51        | \$11.90        | \$12.81        | \$14.27        |
| Wisconsin                  | \$11.87        | \$12.17        | \$11.40        | \$11.24        | \$11.15        | \$12.25        | \$13.30        | \$14.54        |
| Corn Belt States 9/        | \$11.43        | \$11.62        | \$11.33        | \$10.96        | \$10.82        | \$11.69        | \$12.82        | \$14.12        |
| Western Texas 10/          | \$10.73        | \$11.07        | \$10.59        | \$10.20        | \$10.43        | \$11.30        | \$12.22        | \$13.37        |
| Northwest States 11/       | \$10.95        | \$11.29        | \$10.87        | \$10.55        | \$10.57        | \$11.17        | \$12.17        | \$13.52        |
| All Federal Orders 12/     | \$11.60        | \$11.96        | \$11.61        | \$11.27        | \$11.30        | \$12.04        | \$12.98        | \$14.29        |
| California 13/             | \$9.92         | \$9.88         | \$9.70         | \$9.63         | \$9.60         | \$10.51        | \$11.20        | \$12.30        |

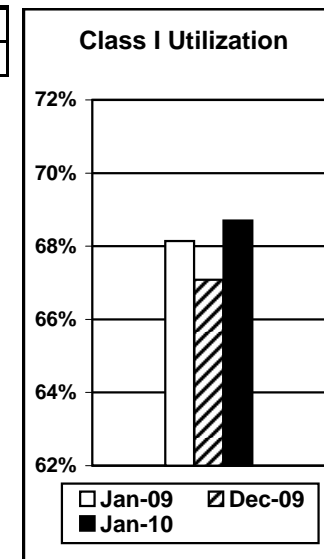
Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. 13/ Calculated by CA Department of Food and Agriculture. Page 4

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Nov 2008    | \$15.09  | \$1.8768 | \$21.13 | \$8.52   | \$1.7800 | \$14.45 | \$9.64    | \$1.7730 | \$15.51 | \$ 6.26  | \$1.7730 | \$12.25 | \$ 13.33 | \$1.8125 | \$19.21 |
| Dec         | \$13.29  | \$1.8305 | \$19.23 | \$6.88   | \$1.3068 | \$11.21 | \$11.12   | \$1.2998 | \$15.28 | \$ 6.01  | \$1.2998 | \$10.35 | \$ 12.01 | \$1.5024 | \$16.85 |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$ 5.92  | \$1.1084 | \$9.59  | \$ 12.77 | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$ 5.82  | \$1.0941 | \$9.45  | \$ 9.65  | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$ 5.78  | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$ 5.81  | \$1.2049 | \$9.82  | \$ 9.27  | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$ 5.92  | \$1.2648 | \$10.14 | \$ 9.13  | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$ 6.04  | \$1.2544 | \$10.22 | \$ 8.70  | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb         | \$14.07  | \$1.4470 | \$18.64 | \$10.97  |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Nov 2008    | 561,045                 | 2,906           | 381,264   | 67.96% | 59,573    | 10.62% | 63,744    | 11.36% | 56,464    | 10.06% |
| Dec         | 606,466                 | 2,974           | 404,358   | 66.68% | 53,632    | 8.84%  | 75,350    | 12.42% | 73,126    | 12.06% |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,747           | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010    | 596,885                 | 2,750**         | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods February 2010 through April 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| FEB 2010   | 03/11/10                          | 03/12/10         | 03/15/10       | 02/25/10                   | 02/26/10  | 03/15/10          | 03/16/10  |
| MAR 2010   | 04/11/10                          | 04/12/10         | 04/13/10       | 03/25/10                   | 03/26/10  | 04/13/10          | 04/14/10  |
| APR 2010   | 05/11/10                          | 05/12/10         | 05/13/10       | 04/26/10                   | 04/26/10  | 05/13/10          | 05/14/10  |

\*\* The base rate for making partial payments in Fulton County, GA for February will be \$15.84 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.60 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

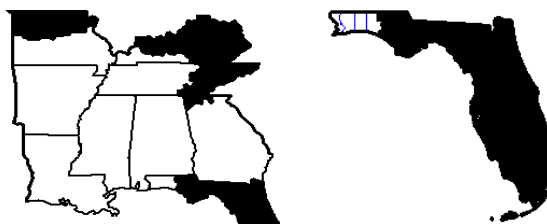
### WASDE - 479 February 9, 2010

The milk production forecasts are raised for 2010. The forecast for 2010 reflects recent USDA estimates of fourth-quarter production. Milk production is forecast higher for 2010 based on the higher-than-expected January 1 dairy replacement heifer estimate. Herds are not expected to decline as rapidly as forecast last month, boosting milk production. Dairy exports on a skim-solids basis for 2010 are raised, reflecting higher sales of cheese and nonfat dry milk. Import forecasts are lowered for 2010. Fat and skim-solids ending stocks are estimated higher for 2009 and stocks for 2010 are raised in the face of higher production. Cheese and butter price forecasts for 2010 are little changed from last month. The Class III price is raised from last month due to higher forecast whey prices, but the Class IV price forecast is lowered reflecting weaker nonfat dry milk prices. The all milk price is forecast at \$16.20 to \$16.90 for 2010.

1/ The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

March 2010

Volume 11—No. 3

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## Final Decision on Amendments to All Federal Milk Marketing Orders Issued

The USDA has issued a final decision to amend the producer-handler definition in all Federal milk marketing orders. These amendments were considered in a recommended decision published October 21, 2009.

This decision amends the producer-handler definition of all Federal milk marketing orders to limit exemption from pooling and pricing provisions of the orders to those producer-handlers with total route disposition and sales of packaged fluid milk products to other plants of 3 million pounds or less per month. The exempt plant definition would continue to limit route disposition and sales of packaged fluid milk products to other plants to 150,000 pounds or less per month.

Before incorporating these changes, each amended Federal order must be approved either by two-thirds of producers supplying milk to the Federal order or by producers who supply two-thirds of the milk to that order. If approved, USDA will issue a final rule. If the amended Federal order is not approved, USDA will terminate that order.

The decision was published in the March 4, 2010 Federal Register and is available for viewing at [www.ams.usda.gov/AMSV1.0/dairy](http://www.ams.usda.gov/AMSV1.0/dairy). To request that a copy of this recommended decision be mailed to you, please contact this office.

## Dairy Advisory Committee Update

The USDA Dairy Industry Advisory Committee has announced a meeting will be held April 13-15, 2010 in Washington, DC. The meeting will be open to the public and registration will begin upon publication of the Federal Register Notice, at least 15 days prior to the meeting. The Farm Service Agency (FSA) has set up a website that contains the most up-to-date information on the Committee's activities at [www.fsa.usda.gov/diac](http://www.fsa.usda.gov/diac).

## Uniform Price Virtually Unchanged

The uniform price in Fulton County, GA, was \$17.59 per hundredweight of milk at 3.5 percent butterfat for the month of February. The uniform price is \$0.01 lower than the previous month and is \$4.37 per hundredweight higher compared with February of last year.

Class I utilization was 68.23 percent in February, a decrease of 0.47 percent compared with the previous month and an increase of 0.30 percent compared with February 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in January was 16.04 billion pounds, a decrease of 0.6 percent from January 2009 and an increase of 1.7 percent when compared with December 2009. Total cheese output (excluding cottage cheese) was 842 million pounds, 2.2 percent above January 2009 but 2.3 percent below December 2009. Butter production was 162 million pounds, 7.2 percent below January 2009 but 7.5 percent above December 2009.

Nonfat dry milk powder production was 127.9 million pounds in January, 17.3 percent less than January 2009 and 1.6 percent higher than December 2009. Dry whey production was 85.5 million pounds, up 8.0 percent from January 2009 and 0.4 percent above December 2009.

The milk-feed price ratio was 2.38 in February, up 0.07 from the previous month's revised ratio.

## Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for February 2010 were made for \$2,174,545.32.

Since the available balance was \$1,116,150.03, eligible claims were paid at the rate of approximately \$0.51 on the dollar.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2010**

**Calculation of Uniform Butterfat Price:**

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 35.67%             | 7,346,960         | \$1.4090         | \$ 10,351,866.65        |
| Class I Differential at Location |                    |                   |                  | 246,255.70              |
| Class II Butterfat               | 22.06%             | 4,544,947         | \$1.4474         | 6,578,356.33            |
| Class III Butterfat              | 17.45%             | 3,593,376         | \$1.4404         | 5,175,898.78            |
| Class IV Butterfat               | 24.82%             | 5,112,892         | \$1.4404         | 7,364,609.61            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>20,598,175</b> |                  | <b>\$ 29,716,987.07</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.4427**

**Calculation of Uniform Skim Milk Price**

| <b>Producer Milk</b>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>            |
|----------------------------------|--------------------|--------------------|-----------------------|-------------------------|
| Class I Skim Milk                | 69.50%             | 364,823,267        | \$10.27 /cwt.         | \$ 37,467,349.52        |
| Class I Butterfat                | 35.67%             | 7,346,960          | \$1.4090 /lb.         | 10,351,866.65           |
| Class I Differential at Location |                    | 372,170,227        |                       | 12,492,541.41           |
| <b>Total Class I Milk</b>        | <b>68.23%</b>      | <b>372,170,227</b> |                       | <b>\$ 60,311,757.58</b> |
| Class II Skim Milk               | 7.94%              | 41,667,983         | \$10.97 /cwt.         | \$ 4,570,977.75         |
| Class II Butterfat               | 22.06%             | 4,544,947          | \$1.4474 /lb.         | 6,578,356.33            |
| <b>Total Class II Milk</b>       | <b>8.47%</b>       | <b>46,212,930</b>  |                       | <b>\$ 11,149,334.08</b> |
| Class III Skim Milk              | 13.62%             | 71,476,944         | \$9.57 /cwt.          | \$ 6,840,343.52         |
| Class III Butterfat              | 17.45%             | 3,593,376          | \$1.4404 /lb.         | 5,175,898.78            |
| <b>Total Class III Milk</b>      | <b>13.76%</b>      | <b>75,070,320</b>  |                       | <b>\$ 12,016,242.30</b> |
| Class IV Skim Milk               | 8.94%              | 46,914,404         | \$8.14 /cwt.          | \$ 3,818,832.50         |
| Class IV Butterfat               | 24.82%             | 5,112,892          | \$1.4404 /lb.         | 7,364,609.61            |
| <b>Total Class IV Milk</b>       | <b>9.54%</b>       | <b>52,027,296</b>  |                       | <b>\$ 11,183,442.11</b> |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>545,480,773</b> |                       | <b>\$ 94,660,776.07</b> |

**Adjustments**

|   |                        |
|---|------------------------|
| Overage and Other Source                      | \$1,841.70             |
| Inventory Adjustments                         | \$14,897.98            |
| Producer butterfat at uniform butterfat price | (\$29,716,987.07)      |
| Location Adjustments to Producers             | \$3,233,059.33         |
| 1/2 Unobligated Balance in P.S.F              | \$260,988.18           |
| <b>Adjusted Pool Value</b>                    | <b>\$ 13,04188</b>     |
| Reserve for Producer Settlement Func          | <b>\$ 0.04188</b>      |
|   | <b>\$68,454,576.19</b> |
|   | \$219,838.47           |

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):**

**\$13.00**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$17.59\***

\* At 3.5% butterfat test; for information purposes.

**OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)**

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | FEB 2010        | MAR 2010        | JAN 2010        | FEB 2010        | FEB 2010      |
| Appalachian (Charlotte)     | \$ 18.24        | \$ 17.74        | \$ 17.31        | \$ 17.35        | 69.65%        |
| Arizona (Phoenix)           | \$ 17.19        | \$ 16.69        | \$ 15.21        | \$ 14.88        | 32.75%        |
| Central (Kansas City)       | \$ 16.84        | \$ 16.34        | \$ 14.88        | \$ 14.79        | 33.00%        |
| Florida (Tampa)             | \$ 20.24        | \$ 19.74        | \$ 19.42        | \$ 19.65        | 87.75%        |
| Mideast (Cleveland)         | \$ 16.84        | \$ 16.34        | \$ 15.30        | \$ 15.38        | 43.40%        |
| Northeast (Boston)          | \$ 18.09        | \$ 17.59        | \$ 16.26        | \$ 16.30        | 44.40%        |
| Pacific Northwest (Seattle) | \$ 16.74        | \$ 16.24        | \$ 14.88        | \$ 14.63        | 27.32%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 18.64</b> | <b>\$ 18.14</b> | <b>\$ 17.60</b> | <b>\$ 17.59</b> | <b>68.23%</b> |
| Southwest (Dallas)          | \$ 17.84        | \$ 17.34        | \$ 16.10        | \$ 15.99        | 40.35%        |
| Upper Midwest (Chicago)     | \$ 16.64        | \$ 16.14        | \$ 14.76        | \$ 14.62        | 13.10%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| Receipts:  | February 2010      | February 2009      |
|--|--------------------|--------------------|
| <b>Producer Milk</b>   |                    |                    |
| Class I  | 372,170,227        | 370,916,337        |
| Class II   | 46,212,930         | 57,125,125         |
| Class III  | 75,070,320         | 97,874,975         |
| Class IV   | 52,027,296         | 20,079,305         |
|  | <hr/>              | <hr/>              |
| Total Producer Milk  | <b>545,480,773</b> | <b>545,995,742</b> |
| Average Butterfat Test   | 3.78%              | 3.69%              |
| Percent of Producer Milk in Class I  | 68.23%             | 67.93%             |
| Daily Average Receipts   | 19,481,456         | 19,499,848         |
| <b>Other Source Milk</b>   |                    |                    |
| Class I  | 7,911,301          | 8,128,170          |
| Class II   | 2,678,231          | 3,013,772          |
| Class III  | 1,575,034          | 11,437,257         |
| Class IV   | 3,211,418          | 7,988,644          |
|  | <hr/>              | <hr/>              |
| Total Other Source Milk  | <b>15,375,984</b>  | <b>30,567,843</b>  |
| <b>Overage</b>   |                    |                    |
| Class I  | 303                | 0                  |
| Class II   | 0                  | 0                  |
| Class III  | 0                  | 0                  |
| Class IV   | 1,257              | 6,079              |
|  | <hr/>              | <hr/>              |
| Total Overage  | <b>1,560</b>       | <b>6,079</b>       |
| <b>Opening Inventory</b>   |                    |                    |
| Class I  | 31,846,653         | 26,514,391         |
| Class II   | 872,948            | 525,109            |
| Class III  | 47,799             | 6,088,859          |
| Class IV   | 28,459,911         | 14,891,998         |
|  | <hr/>              | <hr/>              |
| Total Opening Inventory  | <b>61,227,311</b>  | <b>48,020,357</b>  |
|  | <hr/>              | <hr/>              |
| <b>Total Receipts</b>  | <b>622,085,628</b> | <b>624,590,021</b> |
| <b>Utilization:</b>  |                    |                    |
| <b>Class I Utilization</b>   |                    |                    |
| Inventory of Packaged FMP  | 31,100,479         | 29,529,838         |
| Route Disposition Class I  | 370,181,444        | 365,154,256        |
| Shrinkage  | 2,370,413          | 1,641,343          |
| Transfers & Diversions to Nonpool  | 8,276,148          | 9,233,461          |
|  | <hr/>              | <hr/>              |
| Total Class I Utilization  | <b>411,928,484</b> | <b>405,558,898</b> |
| Average Butterfat Test   | 1.97%              | 1.99%              |
| Daily Average Utilization  | 14,711,732         | 14,484,246         |
| <b>Class II Utilization</b>  |                    |                    |
| Nonfluid Used To Produce   | 989,702            | 1,568,105          |
| Shrinkage  | 2,614              | 541,132            |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 28,461,282         | 36,984,601         |
|  | <hr/>              | <hr/>              |
| Total Class II Utilization   | <b>49,764,109</b>  | <b>60,664,006</b>  |
| Average Butterfat Test   | 11.06%             | 9.69%              |
| <b>Class III Utilization</b>   |                    |                    |
| Shrinkage  | 0                  | 7,300,970          |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 76,693,153         | 103,656,529        |
|  | <hr/>              | <hr/>              |
| Total Class III Utilization  | <b>76,693,153</b>  | <b>115,401,091</b> |
| Average Butterfat Test   | 4.78%              | 3.76%              |
| <b>Class IV Utilization</b>  |                    |                    |
| Inventory  | 29,774,841         | 19,833,001         |
| Nonfluid Used To Fortify   | 1,366,669          | 1,363,993          |
| Shrinkage  | 7,190,883          | 0                  |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 41,540,933         | 21,769,032         |
|  | <hr/>              | <hr/>              |
| Total Class IV Utilization   | <b>83,699,882</b>  | <b>42,966,026</b>  |
| Average Butterfat Test   | 7.98%              | 11.67%             |
|  | <hr/>              | <hr/>              |
| <b>Total Utilization</b>   | <b>622,085,628</b> | <b>624,590,021</b> |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2010 is \$17.59 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.00 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4427 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In February, Class I use, which is primarily bottled or packaged fluid milk, accounted for 69.50% of all producer skim milk (priced to handlers at \$10.27 per hundredweight, plus the Class I differential, see page 2) and 35.67% of producer butterfat (priced to handlers at \$1.4090 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.94% of all producer skim milk (\$10.97 per hundredweight) and 22.06% of producer butterfat (\$1.4474 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.62% of all producer skim milk (\$9.57 per hundredweight) and 17.45% of producer butterfat (\$1.4404 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.94% of all producer skim milk (\$8.14 per hundredweight) and 24.82% of producer butterfat (\$1.4404 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>January 2010</b>                        |                    |                |
| Whole Milk                                 | 139,029,714        | 30.87%         |
| Fat Free Milk                              | 53,146,023         | 11.80%         |
| Lowfat Milk (incl. 1%)                     | 38,494,672         | 8.55%          |
| Reduced Fat Milk (incl. 2%)                | 167,195,202        | 37.13%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 8,624,906          | 1.92%          |
| Flavored Drinks and Milk                   | 43,827,992         | 9.73%          |
| <b>Total Disposition in Marketing Area</b> | <b>450,318,509</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 366,012,223        | 81.28%         |
| Total Disposition by Nonpool Plants        | 84,306,286         | 18.72%         |
| <b>Total Disposition in Marketing Area</b> | <b>450,318,509</b> | <b>100.00%</b> |

Receipts of producer milk during February totaled 545.5 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 11 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2010. Class I route disposition in the area was 450.3 million pounds in January 2010.

### Estimated Total US Sales of Fluid Milk Products; 2008-2009 (Preliminary)

|                                      | 2008   | 2009 (Preliminary) | Percent Change<br>(Preliminary) |
|--------------------------------------|--------|--------------------|---------------------------------|
| Whole Milk                           | 15,145 | 14,958             | -1.2                            |
| Flavored Whole Milk                  | 596    | 578                | -3.0                            |
| Organic Whole Milk                   | 389    | 371                | -4.6                            |
| Reduced Fat Milk (2%)                | 18,324 | 18,669             | 1.9                             |
| Low Fat Milk (1%)                    | 6,695  | 6,896              | 3.0                             |
| Fat-Free Milk (Skim)                 | 8,169  | 8,129              | -0.5                            |
| Flavored Fat-Reduced Milk            | 3,732  | 3,855              | 3.3                             |
| Organic Fat-Reduced Milk             | 1,287  | 1,231              | -4.4                            |
| Buttermilk                           | 565    | 592                | 4.8                             |
| Total Fluid Milk Products 3/         | 55,140 | 55,487             | 0.6                             |
| Total Fluid Milk Products Adj. 3/ 4/ | 54,977 | 55,487             | 0.9                             |

1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the sum of the monthly figures presented here may differ from the annual figures published by ERS. The ERS data series can be found at <http://www.ers.usda.gov/Data/FoodConsumption/Spreadsheets/dyfluid.xls>. 2/ Some data for January-March 2009 have been revised due to changes in the information from some reporting areas. 3/ Total fluid milk products include the products listed plus miscellaneous products and egg nog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

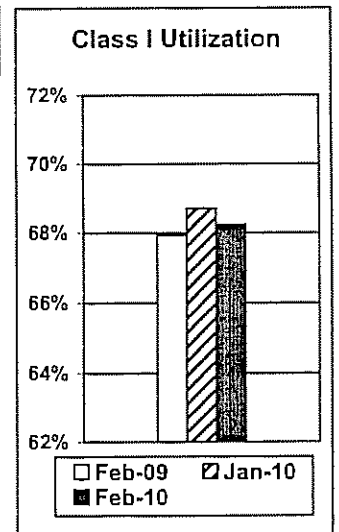


FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$ 5.92  | \$1.1084 | \$9.59  | \$ 12.77 | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$ 5.82  | \$1.0941 | \$9.45  | \$ 9.65  | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$ 5.78  | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$ 5.81  | \$1.2049 | \$9.82  | \$ 9.27  | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$ 5.92  | \$1.2648 | \$10.14 | \$ 9.13  | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$ 6.04  | \$1.2544 | \$10.22 | \$ 8.70  | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb         | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$ 8.14  | \$1.4404 | \$12.90 | \$ 13.00 | \$1.4427 | \$17.59 |
| Mar         | \$13.40  | \$1.4895 | \$18.14 | \$9.39   |          |         |           |          |         |          |          |         |          |          |         |

FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,747           | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010    | 596,885                 | 2,665           | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb         | 545,481                 | 2,700**         | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia;\*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods March 2010 through May 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| MAR 2010   | 04/11/10                          | 04/12/10         | 04/13/10       | 03/25/10                   | 03/26/10  | 04/13/10          | 04/14/10  |
| APR 2010   | 05/11/10                          | 05/12/10         | 05/13/10       | 04/26/10                   | 04/26/10  | 05/13/10          | 05/14/10  |
| MAY 2010   | 06/11/10                          | 06/14/10         | 06/15/10       | 05/25/10                   | 05/26/10  | 06/15/10          | 06/16/10  |

\*\* The base rate for making partial payments in Fulton County, GA for March will be \$15.83 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.59 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

### WASDE - 480 March 10, 2010

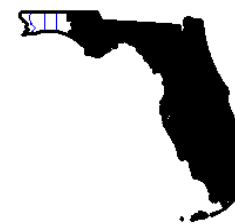
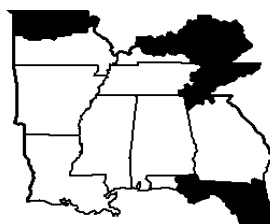
The milk production forecast is raised for 2010 with milk production expected to be fractionally above 2009. Cow slaughter is relatively low and January milk cow numbers were higher than expected. The pace of herd reduction is slowed from last month. Dairy exports on both a fat and skim-solids basis for 2010 are lowered, due to slightly weaker-than-expected international demand during the early part of the year. Imports for 2009 are adjusted to reflect December trade. Fat and skim-solids ending stocks are forecast higher for 2010 as production is increased and exports are reduced. Cheese prices are reduced as higher stocks are expected to pressure prices. Butter price forecasts are raised slightly on the strength of current demand although higher milk supplies and weaker cheese prices may encourage higher butter production pressuring prices later in the year. Nonfat dry milk (NDM) prices are forecast lower as export demand lags. Whey prices are raised slightly reflecting recent market strength. The Class III price is reduced as weaker cheese prices more than outweigh gains in whey prices. The Class IV price forecast is lowered reflecting weaker NDM prices which more than offset higher butter prices. The all milk price for 2010 is forecast at \$15.55 to \$16.15 per cwt.

1/ The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).



### MILK MARKET ADMINISTRATOR

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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

April 2010

Volume 11—No. 4

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## USDA Outlook: “Further Dramatic Price Increases Are Unlikely”

The drawdown in the size of the U.S. dairy herd, which began last year, is forecast to continue in 2010. The contraction is expected to be larger in the first half, with the year-over-year reduction reaching 1.7 percent following a 1.2 percent contraction in 2009. The milk-feed price ratio is expected to recover smartly in 2010 compared with the 1.72 ratio calculated for 2009. The improved milk-feed ratio will likely support a continuing rise in output per cow in 2010.

Producers will continue to push for additional output per animal before expanding herd size. While larger operations seem to be adding cows, some of that increase may be a freshening of herds, which would also contribute to increasing output per animal. On balance, the rise in output per cow to a projected 20,950 pounds—balanced against a reduction in the national herd size to an estimated 9,045 thousand cows for the year—will result in 189.5 million pounds of milk, about 150,000 pounds more milk in 2010 compared with 2009.

The overall demand outlook is one of recovery. Forecast growth in commercial use of dairy products overall is expected to be moderate in 2010. While milk supplies have tightened since 2009, there is still sufficient milk to meet expected demand, both foreign and domestic.

Since milk production appears ample for meeting expected demand, prices are expected to be higher than 2009, but are unlikely to rise to 2007 or 2008 levels.

*The preceding was adapted from the Livestock, Dairy, & Poultry Outlook (LDP-M-189) of March 19, 2010 published by the Economic Research Service, USDA.*

## Uniform Price Lower for March

The uniform price in Fulton County, GA, was \$16.80 per hundredweight of milk at 3.5 percent butterfat for the month of March. The uniform price is \$0.79 lower than the previous month and is \$4.33 per hundredweight higher compared with March of last year.

Class I utilization was 64.02 percent in March, a decrease of 4.21 percent compared with the previous month and an increase of 3.31 percent compared with March 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in February was 14.77 billion pounds, an increase of 0.1 percent from February 2009 and an increase of 1.8 percent when compared with January 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 777 million pounds, 1.0 percent above February 2009 and 2.2 percent higher than January 2010 on a daily average basis. Butter production was 141 million pounds, 3.1 percent below February 2009 and 3.6 percent below January 2010 on a daily average basis.

Nonfat dry milk powder production was 117 million pounds in February, 4.9 percent less than February 2009 and 0.5 percent above January 2010 on a daily average basis. Dry whey production was 78 million pounds, up 4.4 percent from February 2009 and 0.5 percent above January 2010 on a daily average basis. Whey protein concentrates production was 31.3 million pounds, up 0.2 percent from February 2009 and 0.1 percent below January 2010 on a daily average basis.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.26 in March, down 0.09 from the previous month's revised ratio.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MARCH 2010

### Calculation of Uniform Butterfat Price:

|  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|--|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat  | 34.21%             | 8,043,854         | \$1.4515         | \$ 11,675,654.09        |
| Class I Differential at Location                                 |                    |                   |                  | 269,147.13              |
| Class II Butterfat   | 23.08%             | 5,427,538         | \$1.5417         | 8,367,635.35            |
| Class III Butterfat  | 22.71%             | 5,340,311         | \$1.5347         | 8,195,775.27            |
| Class IV Butterfat   | 20.00%             | 4,701,854         | \$1.5347         | 7,215,935.31            |
| <b>Total Butterfat</b>   | <b>100.00%</b>     | <b>23,513,557</b> |                  | <b>\$ 35,724,147.15</b> |
| <b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b> |                    |                   | <b>\$1.5193</b>  |                         |

### Calculation of Uniform Skim Milk Price:

| <u>Producer Milk</u>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>             |
|----------------------------------|--------------------|--------------------|-----------------------|--------------------------|
| Class I Skim Milk                | 65.15%             | 402,343,427        | \$9.60 /cwt.          | \$ 38,624,968.99         |
| Class I Butterfat                | 34.21%             | 8,043,854          | \$1.4515 /lb.         | 11,675,654.09            |
| Class I Differential at Location |                    | 410,387,281        |                       | 13,779,715.92            |
| <b>Total Class I Milk</b>        | <b>64.02%</b>      | <b>410,387,281</b> |                       | <b>\$ 64,080,339.00</b>  |
| Class II Skim Milk               | 7.61%              | 47,011,757         | \$9.39 /cwt.          | \$ 4,414,404.00          |
| Class II Butterfat               | 23.08%             | 5,427,538          | \$1.5417 /lb.         | 8,367,635.35             |
| <b>Total Class II Milk</b>       | <b>8.18%</b>       | <b>52,439,295</b>  |                       | <b>\$ 12,782,039.35</b>  |
| Class III Skim Milk              | 19.98%             | 123,407,244        | \$7.68 /cwt.          | \$ 9,477,676.34          |
| Class III Butterfat              | 22.71%             | 5,340,311          | \$1.5347 /lb.         | 8,195,775.27             |
| <b>Total Class III Milk</b>      | <b>20.08%</b>      | <b>128,747,555</b> |                       | <b>\$ 17,673,451.61</b>  |
| Class IV Skim Milk               | 7.26%              | 44,813,665         | \$7.82 /cwt.          | \$ 3,504,428.61          |
| Class IV Butterfat               | 20.00%             | 4,701,854          | \$1.5347 /lb.         | 7,215,935.31             |
| <b>Total Class IV Milk</b>       | <b>7.72%</b>       | <b>49,515,519</b>  |                       | <b>\$ 10,720,363.92</b>  |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>641,089,650</b> |                       | <b>\$ 105,256,193.88</b> |

### Adjustments

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$9,434.93        |
| Inventory Adjustments                         | \$24,439.23       |
| Producer butterfat at uniform butterfat price | (\$35,724,147.15) |
| Location Adjustments to Producers             | \$4,001,910.36    |
| 1/2 Unobligated Balance in P.S.F.             | \$210,025.48      |

### Adjusted Pool Value

|                                      |             |                 |
|--------------------------------------|-------------|-----------------|
|                                      | \$ 11.94636 | \$73,777,856.73 |
| Reserve for Producer Settlement Fund | \$ 0.04636  | \$286,301.67    |

### Uniform Skim Milk Price per cwt. (Fulton County, Georgia):

|                |
|----------------|
| <b>\$11.90</b> |
|----------------|

### Uniform Price per cwt. (Fulton County, Georgia)

|                 |
|-----------------|
| <b>\$16.80*</b> |
|-----------------|

\* At 3.5% butterfat test; for information purposes.

## OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | MAR 2010        | APR 2010        | FEB 2010        | MAR 2010        | MAR 2010      |
| Appalachian (Charlotte)     | \$ 17.74        | \$ 16.62        | \$ 17.35        | \$ 16.75        | 67.49%        |
| Arizona (Phoenix)           | \$ 16.69        | \$ 15.57        | \$ 14.88        | \$ 14.29        | 32.44%        |
| Central (Kansas City)       | \$ 16.34        | \$ 15.22        | \$ 14.79        | \$ 14.03        | 31.99%        |
| Florida (Tampa)             | \$ 19.74        | \$ 18.62        | \$ 19.65        | \$ 19.13        | 87.06%        |
| Mideast (Cleveland)         | \$ 16.34        | \$ 15.22        | \$ 15.38        | \$ 14.52        | 40.10%        |
| Northeast (Boston)          | \$ 17.59        | \$ 16.47        | \$ 16.30        | \$ 15.54        | 42.60%        |
| Pacific Northwest (Seattle) | \$ 16.24        | \$ 15.12        | \$ 14.63        | \$ 13.86        | 27.28%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 18.14</b> | <b>\$ 17.02</b> | <b>\$ 17.59</b> | <b>\$ 16.80</b> | <b>64.02%</b> |
| Southwest (Dallas)          | \$ 17.34        | \$ 16.22        | \$ 15.99        | \$ 15.06        | 39.11%        |
| Upper Midwest (Chicago)     | \$ 16.14        | \$ 15.02        | \$ 14.62        | \$ 13.32        | 13.00%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>March 2010</b>  | <b>March 2009</b>  |
|--|--------------------|--------------------|
| <b>Producer Milk</b>   |                    |                    |
| Class I  | 410,387,281        | 411,466,987        |
| Class II   | 52,439,295         | 68,678,059         |
| Class III  | 128,747,555        | 131,318,505        |
| Class IV   | 49,515,519         | 66,258,621         |
|  | <hr/>              | <hr/>              |
| Total Producer Milk  | <b>641,089,650</b> | <b>677,722,172</b> |
| Average Butterfat Test   | 3.66%              | 3.63%              |
| Percent of Producer Milk in Class I  | 64.02%             | 60.71%             |
| Daily Average Receipts   | 20,680,311         | 21,862,006         |
| <b>Other Source Milk</b>   |                    |                    |
| Class I  | 7,920,720          | 8,074,482          |
| Class II   | 3,488,338          | 3,078,782          |
| Class III  | 2,156,249          | 2,262,601          |
| Class IV   | 6,284,110          | 8,851,877          |
|  | <hr/>              | <hr/>              |
| Total Other Source Milk  | <b>19,849,417</b>  | <b>22,267,742</b>  |
| <b>Overage</b>   |                    |                    |
| Class I  | 0                  | 0                  |
| Class II   | 0                  | 2,158              |
| Class III  | 0                  | 0                  |
| Class IV   | 101,970            | 0                  |
|  | <hr/>              | <hr/>              |
| Total Overage  | <b>101,970</b>     | <b>2,158</b>       |
| <b>Opening Inventory</b>   |                    |                    |
| Class I  | 31,100,477         | 29,529,838         |
| Class II   | 1,912,963          | 1,210,562          |
| Class III  | 3,041,748          | 2,208,973          |
| Class IV   | 24,820,131         | 16,413,466         |
|  | <hr/>              | <hr/>              |
| Total Opening Inventory  | <b>60,875,319</b>  | <b>49,362,839</b>  |
|  | <hr/>              | <hr/>              |
| <b>Total Receipts</b>  | <b>721,916,356</b> | <b>749,354,911</b> |
| <b>Utilization:</b>  |                    |                    |
| <b>Class I Utilization</b>   |                    |                    |
| Inventory of Packaged FMP  | 31,886,252         | 35,302,448         |
| Route Disposition Class I  | 406,416,595        | 399,868,499        |
| Shrinkage  | 1,466,191          | 2,989,095          |
| Transfers & Diversions to Nonpool  | 9,639,440          | 10,911,265         |
|  | <hr/>              | <hr/>              |
| Total Class I Utilization  | <b>449,408,478</b> | <b>449,071,307</b> |
| Average Butterfat Test   | 1.96%              | 2.01%              |
| Daily Average Utilization  | 14,497,048         | 14,486,171         |
| <b>Class II Utilization</b>  |                    |                    |
| Nonfluid Used To Produce   | 1,183,241          | 1,454,555          |
| Shrinkage  | 0                  | 487,925            |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 31,579,525         | 45,684,020         |
|  | <hr/>              | <hr/>              |
| Total Class II Utilization   | <b>57,840,596</b>  | <b>72,969,561</b>  |
| Average Butterfat Test   | 11.45%             | 9.15%              |
| <b>Class III Utilization</b>   |                    |                    |
| Shrinkage  | 7,606,886          | 0                  |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 121,686,456        | 135,790,079        |
|  | <hr/>              | <hr/>              |
| Total Class III Utilization  | <b>133,945,552</b> | <b>135,790,079</b> |
| Average Butterfat Test   | 4.06%              | 3.88%              |
| <b>Class IV Utilization</b>  |                    |                    |
| Inventory  | 26,045,595         | 17,394,737         |
| Nonfluid Used To Fortify   | 1,529,566          | 1,817,604          |
| Shrinkage  | 100,965            | 7,677,954          |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 53,045,604         | 59,811,468         |
|  | <hr/>              | <hr/>              |
| Total Class IV Utilization   | <b>80,721,730</b>  | <b>91,523,964</b>  |
| Average Butterfat Test   | 8.56%              | 7.38%              |
|  | <hr/>              | <hr/>              |
| <b>Total Utilization</b>   | <b>721,916,356</b> | <b>749,354,911</b> |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2010 is \$16.80 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.90 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5193 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In March, Class I use, which is primarily bottled or packaged fluid milk, accounted for 65.15% of all producer skim milk (priced to handlers at \$9.60 per hundredweight, plus the Class I differential, see page 2) and 34.21% of producer butterfat (priced to handlers at \$1.4515 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.61% of all producer skim milk (\$9.39 per hundredweight) and 23.08% of producer butterfat (\$1.5417 per pound). Class III use, mostly milk used to produce cheese, accounted for 19.98% of all producer skim milk (\$7.68 per hundredweight) and 22.71% of producer butterfat (\$1.5347 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.26% of all producer skim milk (\$7.82 per hundredweight) and 20.00% of producer butterfat (\$1.5347 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>February 2010</b>                       |                    |                |
| Whole Milk                                 | 123,078,577        | 30.59%         |
| Fat Free Milk                              | 47,529,139         | 11.81%         |
| Lowfat Milk (incl. 1%)                     | 36,658,877         | 9.11%          |
| Reduced Fat Milk (incl. 2%)                | 144,748,372        | 35.97%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 7,744,581          | 1.92%          |
| Flavored Drinks and Milk                   | 42,647,840         | 10.60%         |
| <b>Total Disposition in Marketing Area</b> | <b>402,407,386</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 325,950,068        | 81.00%         |
| Total Disposition by Nonpool Plants        | 76,457,318         | 19.00%         |
| <b>Total Disposition in Marketing Area</b> | <b>402,407,386</b> | <b>100.00%</b> |

Receipts of producer milk during March totaled 641.1 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for March 2010. Class I route disposition in the area was 450.3 million pounds in February 2010.

## Component and Somatic Cell Test Results Available on the Market Administrator Website

Federal order provisions provide that the Market Administrator will verify or establish component tests for dairy farmers who are not members of a cooperative association that provides such services. Each month the Southeast Order Market Administrator lab receives and tests independent dairy farmer milk samples for fat, protein, lactose, solids non-fat, freezing point and somatic cells. In order to continue to provide quality results, the lab has recently purchased new infrared component and somatic cell testing equipment. Test results for fat, protein, solids non-fat and somatic cells are available for viewing by dairy farmers via the Market Administrator website.

**For first time users**, go to [www.fmmatlanta.com](http://www.fmmatlanta.com) and click on Laboratory and Test Results on the left panel. Then click on Lab Producer Test Results Information Page and follow the instructions at the bottom of the page to obtain a login name and password. You can also access a sample test results report from this page.

**For returning users**, access your test results at any time by going to [www.fmmatlanta.com](http://www.fmmatlanta.com) and click on Laboratory and Test Results on the left panel. Then click on Direct Link to Lab Producer Test Results. You will be prompted to enter your login name and password.

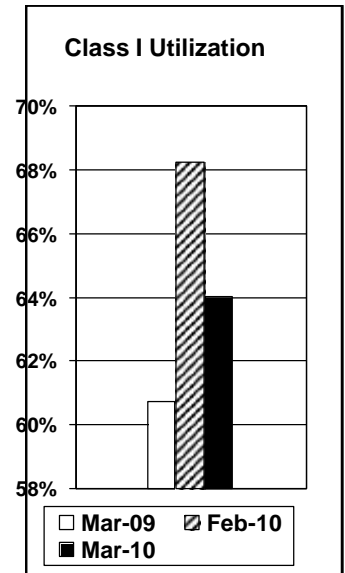
If you have questions, click on Contact the MA Lab via Email from the Laboratory and Test Results web page, or e-mail directly to [labtests@fmmatlanta.com](mailto:labtests@fmmatlanta.com) or by telephone at (770)682-2501.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$5.92   | \$1.1084 | \$9.59  | \$12.77  | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$5.82   | \$1.0941 | \$9.45  | \$9.65   | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$5.78   | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$5.81   | \$1.2049 | \$9.82  | \$9.27   | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$5.92   | \$1.2648 | \$10.14 | \$9.13   | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$6.04   | \$1.2544 | \$10.22 | \$8.70   | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$6.01   | \$1.2438 | \$10.15 | \$8.94   | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$6.23   | \$1.2491 | \$10.38 | \$9.25   | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$7.12   | \$1.2226 | \$11.15 | \$10.08  | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$7.66   | \$1.2752 | \$11.86 | \$11.54  | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$8.41   | \$1.4656 | \$13.25 | \$11.77  | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$9.96   | \$1.5433 | \$15.01 | \$12.36  | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$9.13   | \$1.4405 | \$13.85 | \$12.77  | \$1.5074 | \$17.60 |
| Feb         | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$8.14   | \$1.4404 | \$12.90 | \$13.00  | \$1.4427 | \$17.59 |
| Mar         | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$7.82   | \$1.5347 | \$12.92 | \$11.90  | \$1.5193 | \$16.80 |
| Apr         | \$11.99  | \$1.5559 | \$17.02 | \$8.52   |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,747           | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010    | 596,885                 | 2,665           | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb         | 545,481                 | 2,619           | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar         | 641,090                 | 2,650**         | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia;\*\* Estimated



## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods April 2010 through June 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| APR 2010   | 05/11/10                          | 05/12/10         | 05/13/10       | 04/26/10                   | 04/26/10  | 05/13/10          | 05/14/10  |
| MAY 2010   | 06/11/10                          | 06/14/10         | 06/15/10       | 05/25/10                   | 05/26/10  | 06/15/10          | 06/16/10  |
| JUN 2010   | 07/11/10                          | 07/12/10         | 07/13/10       | 06/25/10                   | 06/28/10  | 07/13/10          | 07/14/10  |

\*\* The base rate for making partial payments in Fulton County, GA for April will be \$15.12 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.80 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

**WASDE - 481 April 9, 2010**

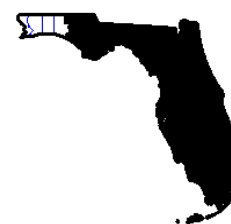
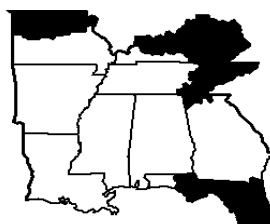
The milk production forecast is raised for 2010 as the pace of herd reduction is reduced from last month. Dairy exports on a skim-solids basis are lowered due to weaker-than-expected sales early in the year. Both fat and skim-solids basis imports are reduced from last month due to weaker-than-expected imports of cheese. Fat and skim stocks are forecast higher for 2010 as cheese stocks have not declined as expected. Product price forecasts are generally lowered from last month as milk production is forecast higher and demand is weaker than expected. The cheese price is reduced as stocks remain high. The butter price forecast is about unchanged from last month as stronger prices in the first half of the year may largely be offset by lower second-half prices as butter production increases. The nonfat dry milk (NDM) price is forecast lower as export demand lags. The whey price is lowered slightly. The Class III price is reduced due to lower cheese and whey prices while the lower price forecast for NDM results in a reduced Class IV price. The all milk price for 2010 is forecast at \$15.45 to \$15.95 per cwt.

1/ The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).



### MILK MARKET ADMINISTRATOR

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Lawrenceville, Georgia 30043



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

May 2010

Volume 11—No. 5

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## USDA Issues Final Rule

On April 23, 2010 the U.S. Department of Agriculture issued a final rule amending the producer-handler definition in all Federal milk marketing orders. Producers in all Federal milk marketing orders approved the amendments in referenda held in March 2010.

This rule amends the producer-handler definition to limit exemption from pooling and pricing provisions of the orders to those producer-handlers with total route disposition and sales of packaged fluid milk products to other plants of 3 million pounds or less per month.

These amendments were considered in a recommended decision published Oct. 21, 2009, and adopted by a final decision published March 4, 2010. The final rule appeared in the April 23, 2010 Federal Register. The amendments will be effective June 1, 2010. For more information on the final rule, visit [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

## Comments Sought on Request to Extend Transportation Credits to June 2010

The Atlanta Market Administrator has received a request to extend the Transportation Credit Balancing Fund payout period to June 2010. The request is being considered and in accordance with Section 1007.82(b) of the Order Regulating the Handling of Milk in the Southeast Marketing Area, is inviting written data, views, and comments regarding the request.

The request, made by the Southern Marketing Agency, Inc., is available online at [www.fmmatlanta.com](http://www.fmmatlanta.com) (click on 'What's New'). Please submit comments by the close of business on May 26, 2010 via fax to (770) 822-1038, via email to [smosley@fmmatlanta.com](mailto:smosley@fmmatlanta.com), or via mail to Market Administrator, 1550 North Brown Road Suite 120, Lawrenceville, GA 30043.

## Uniform Price Falls

The uniform price in Fulton County, GA, was \$16.03 per hundredweight of milk at 3.5 percent butterfat for the month of April. The uniform price is \$0.77 lower than the previous month and is \$2.89 per hundredweight higher compared with April of last year.

Class I utilization was 62.18 percent in March, a decrease of 1.84 percent compared with the previous month and an increase of 1.16 percent compared with April 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in March was 16.58 billion pounds, an increase of 0.6 percent from March 2009 and an increase of 1.5 percent when compared with February 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 890 million pounds, 2.3 percent above March 2009 and 3.7 percent above February 2010 on a daily average basis. Butter production was 141 million pounds, 4.3 percent below March 2009 and down 9.7 percent compared to February 2010 on a daily average basis.

Nonfat dry milk powder production was 137.5 million pounds in March, up slightly from March of last year and 5.5 percent above February 2010 on a daily average basis. Dry whey production was 93.6 million pounds, up 13.1 percent from March 2009 and 6.0 percent above February 2010 on a daily average basis. Whey protein concentrates production was 36.3 million pounds, up 3.0 percent from March 2009 and 4.5 percent above February 2010 on a daily average basis.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.51 in April, down 0.04 from the previous month's revised ratio.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - APRIL 2010

### Calculation of Uniform Butterfat Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 34.58%             | 7,875,546         | \$1.5179         | \$ 11,954,291.29        |
| Class I Differential at Location |                    |                   |                  | 263,075.96              |
| Class II Butterfat               | 26.74%             | 6,091,003         | \$1.5883         | 9,674,340.08            |
| Class III Butterfat              | 23.65%             | 5,386,741         | \$1.5813         | 8,518,053.53            |
| Class IV Butterfat               | 15.03%             | 3,422,783         | \$1.5813         | 5,412,446.75            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>22,776,073</b> |                  | <b>\$ 35,822,207.61</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.5728**

### Calculation of Uniform Skim Milk Price

| <u>Producer Milk</u>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>            |
|----------------------------------|--------------------|--------------------|-----------------------|-------------------------|
| Class I Skim Milk                | 63.19%             | 390,658,915        | \$8.19 /cwt.          | \$ 31,994,965.14        |
| Class I Butterfat                | 34.58%             | 7,875,546          | \$1.5179 /lb.         | 11,954,291.29           |
| Class I Differential at Location |                    | 398,534,461        |                       | 13,372,568.89           |
| <b>Total Class I Milk</b>        | <b>62.18%</b>      | <b>398,534,461</b> |                       | <b>\$ 57,321,825.32</b> |
| Class II Skim Milk               | 7.97%              | 49,258,463         | \$8.52 /cwt.          | \$ 4,196,821.02         |
| Class II Butterfat               | 26.74%             | 6,091,003          | \$1.5883 /lb.         | 9,674,340.08            |
| <b>Total Class II Milk</b>       | <b>8.64%</b>       | <b>55,349,466</b>  |                       | <b>\$ 13,871,161.10</b> |
| Class III Skim Milk              | 21.77%             | 134,556,462        | \$7.65 /cwt.          | \$ 10,293,569.33        |
| Class III Butterfat              | 23.65%             | 5,386,741          | \$1.5813 /lb.         | 8,518,053.53            |
| <b>Total Class III Milk</b>      | <b>21.83%</b>      | <b>139,943,203</b> |                       | <b>\$ 18,811,622.86</b> |
| Class IV Skim Milk               | 7.07%              | 43,687,914         | \$8.49 /cwt.          | \$ 3,709,103.90         |
| Class IV Butterfat               | 15.03%             | 3,422,783          | \$1.5813 /lb.         | 5,412,446.75            |
| <b>Total Class IV Milk</b>       | <b>7.35%</b>       | <b>47,110,697</b>  |                       | <b>\$ 9,121,550.65</b>  |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>640,937,827</b> |                       | <b>\$ 99,126,159.93</b> |

### Adjustments

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$20,197.95       |
| Inventory Adjustments                         | \$82,528.08       |
| Producer butterfat at uniform butterfat price | (\$35,822,207.61) |
| Location Adjustments to Producers             | \$4,044,506.68    |
| 1/2 Unobligated Balance in P.S.F              | \$266,916.61      |

### Adjusted Pool Value

Reserve for Producer Settlement Func **\$ 10.95475** **\$67,718,101.64**

**\$ 0.04475** **\$276,654.27**

### Uniform Skim Milk Price per cwt. (Fulton County, Georgia):

**\$10.91**

### Uniform Price per cwt. (Fulton County, Georgia)

**\$16.03\***

\* At 3.5% butterfat test; for information purposes.

### OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | APR 2010        | MAY 2010        | MAR 2010        | APR 2010        | APR 2010      |
| Appalachian (Charlotte)     | \$ 16.62        | \$ 17.20        | \$ 16.75        | \$ 15.86        | 64.73%        |
| Arizona (Phoenix)           | \$ 15.57        | \$ 16.15        | \$ 14.29        | \$ 14.14        | 32.95%        |
| Central (Kansas City)       | \$ 15.22        | \$ 15.80        | \$ 14.03        | \$ 13.80        | 34.00%        |
| Florida (Tampa)             | \$ 18.62        | \$ 19.20        | \$ 19.13        | \$ 18.20        | 88.74%        |
| Mideast (Cleveland)         | \$ 15.22        | \$ 15.80        | \$ 14.52        | \$ 14.03        | 37.10%        |
| Northeast (Boston)          | \$ 16.47        | \$ 17.05        | \$ 15.54        | \$ 15.11        | 41.80%        |
| Pacific Northwest (Seattle) | \$ 15.12        | \$ 15.70        | \$ 13.86        | \$ 13.79        | 29.02%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 17.02</b> | <b>\$ 17.60</b> | <b>\$ 16.80</b> | <b>\$ 16.03</b> | <b>62.18%</b> |
| Southwest (Dallas)          | \$ 16.22        | \$ 16.80        | \$ 15.06        | \$ 14.76        | 38.28%        |
| Upper Midwest (Chicago)     | \$ 15.02        | \$ 15.60        | \$ 13.32        | \$ 13.28        | 12.80%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>April 2010</b>  | <b>April 2009</b>  |
|--|--------------------|--------------------|
| <b>Producer Milk</b>   |                    |                    |
| Class I  | 398,534,461        | 393,669,256        |
| Class II   | 55,349,466         | 62,288,023         |
| Class III  | 139,943,203        | 122,741,068        |
| Class IV   | 47,110,697         | 66,498,265         |
| Total Producer Milk  | <u>640,937,827</u> | <u>645,196,612</u> |
| Average Butterfat Test   | 3.55%              | 3.61%              |
| Percent of Producer Milk in Class I  | 62.18%             | 61.02%             |
| Daily Average Receipts   | 21,364,594         | 21,506,554         |
| <b>Other Source Milk</b>   |                    |                    |
| Class I  | 7,124,043          | 7,341,349          |
| Class II   | 8,339,371          | 3,513,264          |
| Class III  | 7,451,114          | 2,253,667          |
| Class IV   | 6,110,623          | 11,093,124         |
| Total Other Source Milk  | <u>29,025,151</u>  | <u>24,201,404</u>  |
| <b>Overage</b>   |                    |                    |
| Class I  | 0                  | 0                  |
| Class II   | 0                  | 0                  |
| Class III  | 12,769             | 0                  |
| Class IV   | 4                  | 0                  |
| Total Overage  | <u>12,773</u>      | <u>0</u>           |
| <b>Opening Inventory</b>   |                    |                    |
| Class I  | 32,937,188         | 35,640,331         |
| Class II   | 5,134,441          | 2,537,761          |
| Class III  | 7,672,839          | 3,009,888          |
| Class IV   | 12,158,389         | 11,509,205         |
| Total Opening Inventory  | <u>57,902,857</u>  | <u>52,697,185</u>  |
| <b>Total Receipts</b>  | <b>727,878,608</b> | <b>722,095,201</b> |
| <b>Utilization:</b>  |                    |                    |
| <b>Class I Utilization</b>   |                    |                    |
| Inventory of Packaged FMP  | 37,486,552         | 34,970,235         |
| Route Disposition Class I  | 390,304,945        | 389,639,977        |
| Shrinkage  | 3,270,308          | 2,573,592          |
| Transfers & Diversions to Nonpool  | 7,533,887          | 9,467,132          |
| Total Class I Utilization  | <u>438,595,692</u> | <u>436,650,936</u> |
| Average Butterfat Test   | 1.97%              | 2.02%              |
| Daily Average Utilization  | 14,619,856         | 14,555,031         |
| <b>Class II Utilization</b>  |                    |                    |
| Nonfluid Used To Produce   | 1,450,515          | 1,747,900          |
| Shrinkage  | 3,247              | 317,963            |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 43,995,759         | 42,174,336         |
| Total Class II Utilization   | <u>23,373,757</u>  | <u>24,098,849</u>  |
| Average Butterfat Test   | 10.194722%         | 9.96%              |
| <b>Class III Utilization</b>   |                    |                    |
| Shrinkage  | 7,561,915          | 0                  |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 142,905,204        | 128,004,623        |
| Total Class III Utilization  | <u>4,612,806</u>   | <u>0</u>           |
| Average Butterfat Test   | 155,079,925        | 128,004,623        |
| <b>Class IV Utilization</b>  |                    |                    |
| Inventory  | 12,740,416         | 18,031,020         |
| Nonfluid Used To Fortify   | 1,438,559          | 1,620,957          |
| Shrinkage  | 904                | 7,829,670          |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 51,199,834         | 56,961,908         |
| Total Class IV Utilization   | <u>0</u>           | <u>4,657,039</u>   |
| Average Butterfat Test   | 65,379,713         | 89,100,594         |
| <b>Total Utilization</b>   | <b>727,878,608</b> | <b>722,095,201</b> |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2010 is \$16.03 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.91 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5728 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In April, Class I use, which is primarily bottled or packaged fluid milk, accounted for 63.19% of all producer skim milk (priced to handlers at \$8.19 per hundredweight, plus the Class I differential, see page 2) and 34.58% of producer butterfat (priced to handlers at \$1.5179 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.97% of all producer skim milk (\$8.52 per hundredweight) and 26.74% of producer butterfat (\$1.5883 per pound). Class III use, mostly milk used to produce cheese, accounted for 23.65% of all producer skim milk (\$7.65 per hundredweight) and 23.65% of producer butterfat (\$1.5813 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.07% of all producer skim milk (\$8.49 per hundredweight) and 15.03% of producer butterfat (\$1.5813 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>March 2010</b>                          |                    |                |
| Whole Milk                                 | 133,454,421        | 30.06%         |
| Fat Free Milk                              | 52,859,335         | 11.90%         |
| Lowfat Milk (incl. 1%)                     | 39,245,042         | 8.84%          |
| Reduced Fat Milk (incl. 2%)                | 158,356,751        | 35.66%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 8,954,683          | 2.02%          |
| Flavored Drinks and Milk                   | 51,151,688         | 11.52%         |
| <b>Total Disposition in Marketing Area</b> | <b>444,021,920</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 357,208,264        | 80.45%         |
| Total Disposition by Nonpool Plants        | 86,813,656         | 19.55%         |
| <b>Total Disposition in Marketing Area</b> | <b>444,021,920</b> | <b>100.00%</b> |

Receipts of producer milk during April totaled 640.9 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2010. Class I route disposition in the area was 444.0 million pounds in March 2010.

### Mailbox Milk Prices For Selected Reporting Areas

|                             | 2009 Average   | January 2010   | February 2010  |
|-----------------------------|----------------|----------------|----------------|
| New England States 3/       | \$13.61        | \$17.03        | \$17.02        |
| Eastern Pennsylvania 4/     | \$13.15        | \$16.68        | \$16.63        |
| Appalachian States 5/       | \$14.05        | \$17.76        | \$17.65        |
| <b>Southeast States 6/</b>  | <b>\$14.62</b> | <b>\$18.15</b> | <b>\$18.20</b> |
| Southern Missouri 7/        | \$12.53        | \$16.17        | \$15.99        |
| Florida                     | \$15.89        | \$19.02        | \$19.01        |
| Western Pennsylvania 8/     | \$13.06        | \$16.76        | \$16.78        |
| Indiana                     | \$12.96        | \$16.42        | \$16.41        |
| Wisconsin                   | \$12.87        | \$16.05        | \$15.78        |
| Corn Belt States 9/         | \$12.56        | \$15.76        | \$15.63        |
| Western Texas 10/           | \$11.98        | \$15.63        | \$15.33        |
| Northwest States 11/        | \$12.11        | \$15.42        | \$14.93        |
| All Federal Order Areas 12/ | \$12.85        | \$16.16        | \$15.97        |
| California 13/              | \$11.02        | \$14.12        | \$13.59        |

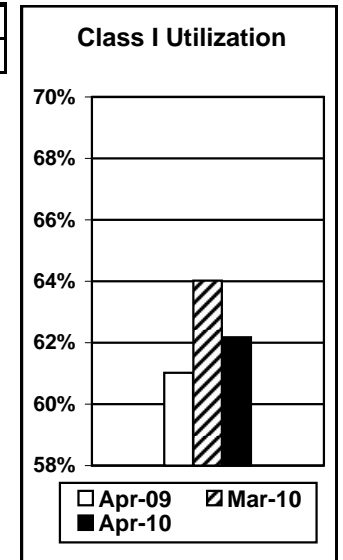
Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. 13/ Calculated by CA Department of Food and Agriculture.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$5.92   | \$1.1084 | \$9.59  | \$12.77  | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$5.82   | \$1.0941 | \$9.45  | \$9.65   | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$5.78   | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$5.81   | \$1.2049 | \$9.82  | \$9.27   | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$5.92   | \$1.2648 | \$10.14 | \$9.13   | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$6.04   | \$1.2544 | \$10.22 | \$8.70   | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$6.01   | \$1.2438 | \$10.15 | \$8.94   | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$6.23   | \$1.2491 | \$10.38 | \$9.25   | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$7.12   | \$1.2226 | \$11.15 | \$10.08  | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$7.66   | \$1.2752 | \$11.86 | \$11.54  | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$8.41   | \$1.4656 | \$13.25 | \$11.77  | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$9.96   | \$1.5433 | \$15.01 | \$12.36  | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$9.13   | \$1.4405 | \$13.85 | \$12.77  | \$1.5074 | \$17.60 |
| Feb         | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$8.14   | \$1.4404 | \$12.90 | \$13.00  | \$1.4427 | \$17.59 |
| Mar         | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$7.82   | \$1.5347 | \$12.92 | \$11.90  | \$1.5193 | \$16.80 |
| Apr         | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$8.49   | \$1.5813 | \$13.73 | \$10.91  | \$1.5728 | \$16.03 |
| May         | \$12.33  | \$1.6300 | \$17.60 | \$9.23   |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,747           | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010    | 596,885                 | 2,665           | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb         | 545,481                 | 2,619           | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar         | 641,090                 | 2,655           | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr         | 640,938                 | 2,650**         | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods May 2010 through July 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| MAY 2010   | 06/11/10                          | 06/14/10         | 06/15/10       | 05/25/10                   | 05/26/10  | 06/15/10          | 06/16/10  |
| JUN 2010   | 07/11/10                          | 07/12/10         | 07/13/10       | 06/25/10                   | 06/28/10  | 07/13/10          | 07/14/10  |
| JUL 2010   | 08/11/10                          | 08/12/10         | 08/13/10       | 07/26/10                   | 07/26/10  | 08/13/10          | 08/16/10  |

\*\* The base rate for making partial payments in Fulton County, GA for May will be \$14.43 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.03 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

**WASDE - 482 May 11, 2010**

Milk production for 2011 is forecast to increase as producers respond to improving returns. Cow numbers are projected lower than 2010, but the rate of decline is expected to slow, especially in the latter part of the year. Milk per cow is forecast to increase at a rate similar to 2010. Commercial exports are forecast to increase as the global economy improves. Imports will also increase slightly. An improving economy will support increased domestic use, reducing stocks below 2010 levels. Cheese, nonfat dry milk (NDM), and whey prices are forecast higher in the face of improved demand and tighter supplies. However, butter prices are expected to be below 2010 levels. Nonetheless, both Class III and Class IV prices are forecast to be higher than 2010 as higher cheese and whey prices support the Class III price and stronger NDM prices more than offset weaker butter prices and support the Class IV price. The all milk price is forecast at \$15.70 to \$16.70 per cwt for 2011.

Forecast milk supply in 2010 is raised slightly from last month reflecting a slower decline in cow numbers and stronger expected growth in milk per cow. Cheese and whey price forecasts are lowered, resulting in a lower Class III price. Butter and NDM price forecasts are raised and the Class IV price increased. The all milk price is forecast to average \$15.65 to \$16.15 per cwt.

1/ The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).



**MILK MARKET ADMINISTRATOR**

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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

June 2010

Volume 11—No. 6

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## Transportation Credits Extended to June

The Atlanta Market Administrator has approved a request to extend the Transportation Credit Balancing Fund payout period to June 2010. Section 1007.82(b) of the Order Regulating the Handling of Milk in the Southeast Marketing Area provides regulatory authority to the Market Administrator for this action.

Visit [www.fmmatlanta.com](http://www.fmmatlanta.com) and click on 'What's New' for more information on this action.

## Fluid Milk Product Definition Decision Issued

The USDA has issued a final decision to amend the definition of Class I fluid milk products in all Federal milk marketing orders. These amendments were considered in a recommended decision published May 17, 2006.

Under the final decision, a product will meet the compositional standards for fluid milk products if it contains at least 6.5 percent nonfat milk solids or 2.25 percent true milk protein. This decision also amends the fluid milk product definition to provide exemptions for drinkable yogurt products containing at least 20 percent yogurt (by weight), kefir, and products intended to be meal replacements. The decision clarifies how milk and milk-derived ingredients should be priced under all Federal milk marketing orders when used in fluid milk products.

The final decision was published in the June 14 Federal Register. These amendments are subject to producer approval before they can be implemented. For additional information, visit [www.fmmatlanta.com](http://www.fmmatlanta.com) and click on 'What's New'.

## DOJ and USDA Dairy Workshop

The Department of Justice and the USDA have announced additional details regarding the June 25, 2010 public workshop in Madison, Wisconsin, which will *(continued on Page 4)*

## Uniform Price Up \$0.56/cwt

The uniform price in Fulton County, GA, was \$16.59 per hundredweight of milk at 3.5 percent butterfat for the month of May. The uniform price is \$0.56 higher than the previous month and is \$3.38 per hundredweight higher compared with May of last year.

Class I utilization was 59.89 percent in May, a decrease of 2.29 percent compared with the previous month and an increase of 2.71 percent compared with May 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in April was 16.39 billion pounds, an increase of 1.5 percent from April 2009 and an increase of 2.1 percent when compared with March 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 863 million pounds, 1.8 percent above April 2009 but essentially unchanged from March 2010 on a daily average basis. Butter production was 139 million pounds, 2.5 percent below April 2009 but 3.2 percent higher than March 2010 on a daily average basis.

Nonfat dry milk powder production was 152.2 million pounds in April, up 7.7 percent from April of last year and 14.7 percent above March 2010 on a daily average basis. Dry whey production was 90.8 million pounds, up 9.1 percent from April 2009 and 1.4 percent above March 2010 on a daily average basis. Whey protein concentrates production was 35.7 million pounds, up 8.4 percent from April 2009 and 1.4 percent above March 2010 on a daily average basis.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.20 in May, up 0.02 from the previous month's revised ratio.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MAY 2010**

**Calculation of Uniform Butterfat Price:**

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 33.70%             | 7,432,768         | \$1.5920         | \$ 11,832,966.65        |
| Class I Differential at Location |                    |                   |                  | 250,072.21              |
| Class II Butterfat               | 28.71%             | 6,332,867         | \$1.7128         | 10,846,934.61           |
| Class III Butterfat              | 26.43%             | 5,829,956         | \$1.7058         | 9,944,738.96            |
| Class IV Butterfat               | 11.16%             | 2,462,277         | \$1.7058         | 4,200,152.10            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>22,057,868</b> |                  | <b>\$ 37,074,864.53</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.6808**

**Calculation of Uniform Skim Milk Price**

| <u>Producer Milk</u>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>            |
|----------------------------------|--------------------|--------------------|-----------------------|-------------------------|
| Class I Skim Milk                | 60.86%             | 365,423,749        | \$8.53 /cwt.          | \$ 31,170,645.78        |
| Class I Butterfat                | 33.70%             | 7,432,768          | \$1.5920 /lb.         | 11,832,966.65           |
| Class I Differential at Location |                    | 372,856,517        |                       | 12,523,917.41           |
| <b>Total Class I Milk</b>        | <b>59.89%</b>      | <b>372,856,517</b> |                       | <b>\$ 55,527,529.84</b> |
| Class II Skim Milk               | 11.28%             | 67,722,863         | \$9.23 /cwt.          | \$ 6,250,820.26         |
| Class II Butterfat               | 28.71%             | 6,332,867          | \$1.7128 /lb.         | 10,846,934.61           |
| <b>Total Class II Milk</b>       | <b>11.90%</b>      | <b>74,055,730</b>  |                       | <b>\$ 17,097,754.87</b> |
| Class III Skim Milk              | 24.62%             | 147,822,461        | \$7.68 /cwt.          | \$ 11,352,765.01        |
| Class III Butterfat              | 26.43%             | 5,829,956          | \$1.7058 /lb.         | 9,944,738.96            |
| <b>Total Class III Milk</b>      | <b>24.69%</b>      | <b>153,652,417</b> |                       | <b>\$ 21,297,503.97</b> |
| Class IV Skim Milk               | 3.24%              | 19,425,386         | \$9.66 /cwt.          | \$ 1,876,492.28         |
| Class IV Butterfat               | 11.16%             | 2,462,277          | \$1.7058 /lb.         | 4,200,152.10            |
| <b>Total Class IV Milk</b>       | <b>3.52%</b>       | <b>21,887,663</b>  |                       | <b>\$ 6,076,644.38</b>  |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>622,452,327</b> |                       | <b>\$ 99,999,433.06</b> |

**Adjustments**

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$0.00            |
| Inventory Adjustments                         | \$12,428.08       |
| Producer butterfat at uniform butterfat price | (\$37,074,864.53) |
| Location Adjustments to Producers             | \$3,722,389.25    |
| 1/2 Unobligated Balance in P.S.F              | \$263,533.53      |

|                                      |                    |                        |
|--------------------------------------|--------------------|------------------------|
| <b>Adjusted Pool Value</b>           | <b>\$ 11.14649</b> | <b>\$66,922,919.39</b> |
| Reserve for Producer Settlement Func | <b>\$ 0.04649</b>  | \$279,134.43           |

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$11.10**

Uniform Price per cwt. (Fulton County, Georgia) **\$16.59\***

\* At 3.5% butterfat test; for information purposes.

**OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)**

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | MAY 2010        | JUN 2010        | APR 2010        | MAY 2010        | MAY 2010      |
| Appalachian (Charlotte)     | \$ 17.20        | \$ 18.68        | \$ 15.86        | \$ 16.64        | 64.85%        |
| Arizona (Phoenix)           | \$ 16.15        | \$ 17.63        | \$ 14.14        | \$ 15.03        | 30.20%        |
| Central (Kansas City)       | \$ 15.80        | \$ 17.28        | \$ 13.80        | \$ 14.46        | 31.58%        |
| Florida (Tampa)             | \$ 19.20        | \$ 20.68        | \$ 18.20        | \$ 18.73        | 84.93%        |
| Mideast (Cleveland)         | \$ 15.80        | \$ 17.28        | \$ 14.03        | \$ 14.76        | 37.20%        |
| Northeast (Boston)          | \$ 17.05        | \$ 18.53        | \$ 15.11        | \$ 15.91        | 39.70%        |
| Pacific Northwest (Seattle) | \$ 15.70        | \$ 17.18        | \$ 13.79        | \$ 14.60        | 27.20%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 17.60</b> | <b>\$ 19.08</b> | <b>\$ 16.03</b> | <b>\$ 16.59</b> | <b>59.89%</b> |
| Southwest (Dallas)          | \$ 16.80        | \$ 18.28        | \$ 14.76        | \$ 15.45        | 32.96%        |
| Upper Midwest (Chicago)     | \$ 15.60        | \$ 17.08        | \$ 13.28        | \$ 13.77        | 11.90%        |



**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>May 2010</b>    | <b>May 2009</b>    |
|--|--------------------|--------------------|
| <b>Producer Milk</b>   |                    |                    |
| Class I  | 372,856,517        | 379,284,259        |
| Class II   | 74,055,730         | 61,294,781         |
| Class III  | 153,652,417        | 155,016,083        |
| Class IV   | 21,887,663         | 67,704,549         |
| Total Producer Milk  | <u>622,452,327</u> | <u>663,299,672</u> |
| Average Butterfat Test   | 3.54%              | 3.55%              |
| Percent of Producer Milk in Class I  | 59.89%             | 57.18%             |
| Daily Average Receipts   | 20,079,107         | 21,396,764         |
| <b>Other Source Milk</b>   |                    |                    |
| Class I  | 6,098,879          | 6,878,081          |
| Class II   | 3,434,785          | 3,390,662          |
| Class III  | 2,528,055          | 2,909,666          |
| Class IV   | 5,709,680          | 7,101,240          |
| Total Other Source Milk  | <u>17,771,399</u>  | <u>20,279,649</u>  |
| <b>Overage</b>   |                    |                    |
| Class I  | 0                  | 6,317              |
| Class II   | 0                  | 0                  |
| Class III  | 0                  | 0                  |
| Class IV   | 0                  | 32,393             |
| Total Overage  | <u>0</u>           | <u>38,710</u>      |
| <b>Opening Inventory</b>   |                    |                    |
| Class I  | 37,462,871         | 35,076,642         |
| Class II   | 935,304            | 729,352            |
| Class III  | 1,910,497          | 3,428,810          |
| Class IV   | 9,894,615          | 13,814,691         |
| Total Opening Inventory  | <u>50,203,287</u>  | <u>53,049,495</u>  |
| <b>Total Receipts</b>  | <b>690,427,013</b> | <b>736,667,526</b> |
| <b>Utilization:</b>  |                    |                    |
| <b>Class I Utilization</b>   |                    |                    |
| Inventory of Packaged FMP  | 27,317,520         | 26,492,569         |
| Route Disposition Class I  | 378,306,086        | 382,881,850        |
| Shrinkage  | 1,516,418          | 2,610,159          |
| Transfers & Diversions to Nonpool  | 9,278,243          | 9,260,721          |
| Total Class I Utilization  | <u>416,418,267</u> | <u>421,245,299</u> |
| Average Butterfat Test   | 1.99%              | 2.05%              |
| Daily Average Utilization  | 13,432,847         | 13,588,558         |
| <b>Class II Utilization</b>  |                    |                    |
| Nonfluid Used To Produce   | 1,529,701          | 1,368,899          |
| Shrinkage  | 8,160              | 287,492            |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 53,391,983         | 40,368,672         |
| Total Class II Utilization   | <u>23,495,975</u>  | <u>23,389,732</u>  |
| Average Butterfat Test   | 9.30%              | 9.71%              |
| <b>Class III Utilization</b>   |                    |                    |
| Shrinkage  | 7,030,125          | 7,753,961          |
| Transfers & Diversions to Nonpool  | 146,716,573        | 148,959,694        |
| Used To Produce/Other Uses   | 4,344,271          | 4,640,904          |
| Total Class III Utilization  | <u>158,090,969</u> | <u>161,354,559</u> |
| Average Butterfat Test   | 3.76%              | 3.44%              |
| <b>Class IV Utilization</b>  |                    |                    |
| Inventory  | 21,561,164         | 27,393,094         |
| Nonfluid Used To Fortify   | 1,315,998          | 1,642,956          |
| Shrinkage  | 0                  | 8,967              |
| Transfers & Diversions to Nonpool  | 14,614,796         | 59,607,856         |
| Used To Produce/Other Uses   | 0                  | 0                  |
| Total Class IV Utilization   | <u>37,491,958</u>  | <u>88,652,873</u>  |
| Average Butterfat Test   | 9.45%              | 6.69%              |
| <b>Total Utilization</b>   | <b>690,427,013</b> | <b>736,667,526</b> |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2010 is \$16.59 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.10 per hundredweight plus 3.5 times the uniform butterfat price of \$1.6808 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In May, Class I use, which is primarily bottled or packaged fluid milk, accounted for 60.86% of all producer skim milk (priced to handlers at \$8.53 per hundredweight, plus the Class I differential, see page 2) and 33.70% of producer butterfat (priced to handlers at \$1.5920 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.28% of all producer skim milk (\$9.23 per hundredweight) and 28.71% of producer butterfat (\$1.7128 per pound). Class III use, mostly milk used to produce cheese, accounted for 24.62% of all producer skim milk (\$7.68 per hundredweight) and 26.43% of producer butterfat (\$1.7058 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.24% of all producer skim milk (\$9.66 per hundredweight) and 11.16% of producer butterfat (\$1.7058 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>April 2010</b>                          |                    |                |
| Whole Milk                                 | 127,101,877        | 30.04%         |
| Fat Free Milk                              | 50,722,760         | 11.99%         |
| Lowfat Milk (incl. 1%)                     | 38,748,025         | 9.16%          |
| Reduced Fat Milk (incl. 2%)                | 150,618,377        | 35.60%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 7,922,555          | 1.87%          |
| Flavored Drinks and Milk                   | 47,960,288         | 11.34%         |
| <b>Total Disposition in Marketing Area</b> | <b>423,073,882</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 343,815,716        | 81.27%         |
| Total Disposition by Nonpool Plants        | 79,258,166         | 18.73%         |
| <b>Total Disposition in Marketing Area</b> | <b>423,073,882</b> | <b>100.00%</b> |

Receipts of producer milk during May totaled 622.5 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2010. Class I route disposition in the area was 423.1 million pounds in April 2010.

## DOJ and USDA Dairy Workshop

*(continued from Page 1)* examine competition and regulatory issues in the dairy industry. The workshop will be held at the University of Wisconsin-Madison, 800 Langdon Street, Madison, Wisconsin.

This is the third in a series of five joint public workshops. The first workshop was held in March in Ankeny, Iowa, with a focus on row crops and hogs. The second workshop focused on issues in the poultry industry and was held in Normal, Alabama, last month.

The workshops, which were first announced by Attorney General Eric Holder and Agriculture Secretary Tom Vilsack on Aug. 5, 2009, are the first joint Department of Justice/USDA workshops ever to be held to discuss competition and regulatory issues in the agriculture industry. The goals of the workshops are to promote dialogue among interested parties and foster learning with respect to the appropriate legal and economic analyses of these issues, as well as to listen to and learn from parties with experience in the agriculture sector. Attendance at the workshops is free and open to the public. The general public and media interested in attending the Wisconsin workshop should register at [www.surveymonkey.com/s/V3FHXPY](http://www.surveymonkey.com/s/V3FHXPY).

U.S. Attorney General Eric Holder, U.S. Agriculture Secretary Tom Vilsack and Assistant Attorney General for the Justice Department's Antitrust Division Christine Varney will participate in a roundtable discussion to open the Wisconsin workshop. Senators Herb Kohl and Russell Feingold, Representatives Ron Kind, Steve Kagen and Tammy Baldwin, Governor Jim Doyle, and Wisconsin Agriculture Secretary Rod Nilsestuen have tentatively accepted invitations to join this roundtable discussion. Invitations have been extended to Representatives Thomas Petri and David Obey. The remaining panels will feature farmers, processors, academics and other dairy industry stakeholders. Additional details on the schedule and panelists will be provided at a later date.

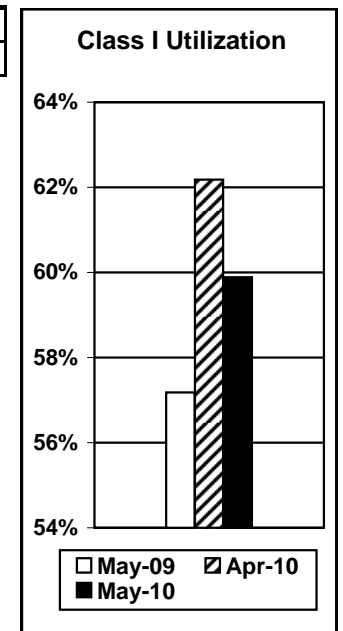
Please visit the Department of Justice Antitrust Division's events website, [www.justice.gov/atr/events.htm](http://www.justice.gov/atr/events.htm), or contact [agriculturalworkshops@usdoj.gov](mailto:agriculturalworkshops@usdoj.gov) for more information.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$5.92   | \$1.1084 | \$9.59  | \$12.77  | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$5.82   | \$1.0941 | \$9.45  | \$9.65   | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$5.78   | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$5.81   | \$1.2049 | \$9.82  | \$9.27   | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$5.92   | \$1.2648 | \$10.14 | \$9.13   | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$6.04   | \$1.2544 | \$10.22 | \$8.70   | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$6.01   | \$1.2438 | \$10.15 | \$8.94   | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$6.23   | \$1.2491 | \$10.38 | \$9.25   | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$7.12   | \$1.2226 | \$11.15 | \$10.08  | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$7.66   | \$1.2752 | \$11.86 | \$11.54  | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$8.41   | \$1.4656 | \$13.25 | \$11.77  | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$9.96   | \$1.5433 | \$15.01 | \$12.36  | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$9.13   | \$1.4405 | \$13.85 | \$12.77  | \$1.5074 | \$17.60 |
| Feb         | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$8.14   | \$1.4404 | \$12.90 | \$13.00  | \$1.4427 | \$17.59 |
| Mar         | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$7.82   | \$1.5347 | \$12.92 | \$11.90  | \$1.5193 | \$16.80 |
| Apr         | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$8.49   | \$1.5813 | \$13.73 | \$10.91  | \$1.5728 | \$16.03 |
| May         | \$12.33  | \$1.6300 | \$17.60 | \$9.23   | \$1.7128 | \$14.90 | \$7.68    | \$1.7058 | \$13.38 | \$9.66   | \$1.7058 | \$15.29 | \$11.10  | \$1.6808 | \$16.59 |
| Jun         | \$13.41  | \$1.7535 | \$19.08 | \$10.31  |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,747           | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010    | 596,885                 | 2,665           | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb         | 545,481                 | 2,619           | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar         | 641,090                 | 2,655           | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr         | 640,938                 | 2,706           | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |
| May         | 622,452                 | 2,700**         | 372,857   | 59.89% | 74,056    | 11.90% | 153,652   | 24.69% | 21,888    | 3.52%  |



## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods June 2010 through August 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| JUN 2010   | 07/11/10                          | 07/12/10         | 07/13/10       | 06/25/10                   | 06/28/10  | 07/13/10          | 07/14/10  |
| JUL 2010   | 08/11/10                          | 08/12/10         | 08/13/10       | 07/26/10                   | 07/26/10  | 08/13/10          | 08/16/10  |
| AUG 2010   | 09/11/10                          | 09/13/10         | 09/14/10       | 08/25/10                   | 08/26/10  | 09/14/10          | 09/15/10  |

\*\* The base rate for making partial payments in Fulton County, GA for June will be \$14.93 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.59 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

### WASDE – 483 June 10, 2010

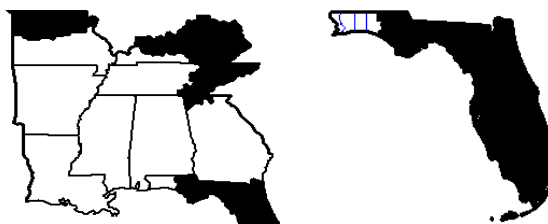
Forecast milk production for 2010 is raised slightly from last month reflecting a slower decline in cow numbers and stronger expected growth in milk per cow. Milk production for 2011 is unchanged. Exports for 2010 and 2011 are raised on both a fat and skim solids basis. Product exports were higher than expected in the first quarter of 2010, and with generally tight world supplies, U.S. exports are expected to remain strong into 2011. Import forecasts are lowered for 2010 and 2011. Imports are reduced largely because of smaller-than-expected cheese imports in the first-quarter 2010 and expectations that imports will remain weak into 2011 due to relatively low U.S. prices and tight world supplies.

The Class III price forecast for 2010 is reduced slightly on a lower whey price forecast as international whey prices are weaker. The Class IV price forecast for 2010 is raised on higher butter and nonfat dry milk (NDM) price forecasts. The all milk price for 2010 is forecast to average \$15.75 to \$16.15 per cwt. The 2011 forecasts for Class III and IV prices and the all milk price are raised. Improving domestic and export demand is expected to support NDM prices. The cheese price forecast is raised as higher butter/powder values are expected to divert milk from cheese production. Coupled with higher forecast exports and lower imports, tighter supplies are expected to support prices. The all milk price forecast for 2011 is raised to \$15.80 to \$16.80 per cwt.

1/ *The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).*



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

July 2010

Volume 11—No. 7

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## Higher Milk Production To Keep Prices Moderate Despite Improving Demand

Feed prices are expected to remain moderate in both 2010 and 2011. Corn prices are projected to be \$3.45 to \$3.65 per bushel for the 2009/10 crop year and to rise to average \$3.30 to \$3.90 per bushel in 2010/11. Likewise, soybean meal prices are expected to average \$295 per ton this year and average \$230 to \$270 per ton 2010/2011. Prices for feed ingredients have pushed the price of the 2010 benchmark 16-percent protein dairy feed ration 10 percent below 2009. Early forecasts are that the price of the ration will increase only slightly in 2011.

Moderate feed costs may slow the rate of decline in the number of cows in the dairy herd. The May Livestock Slaughter report showed dairy cow slaughter in April above the corresponding month in 2009. The relatively high slaughter rate, combined with the large number of retained heifers, as indicated in the January Cattle report, suggest that the U.S. dairy herd was being freshened. The U.S. herd is expected to average 9,075 thousand cows in 2010 and contract fractionally to average 9,040 in 2011. This represents a small year-over-year contraction compared with the 1.2 percent and 1.4 percent year-over-year declines observed in 2009 and 2010. The Cooperatives Working Together program is offering another herd buyout, with the majority of cows purchased expected to move to market during the summer quarter.

The herd liquidation appears to be slowing; however, the feed price forecast for both this year and next, along with herd freshening, will combine to boost output per cow. Milk production per cow is expected to increase nearly 2 percent in 2010 over 2009 to about 20,980 pounds per cow. In 2011, production per *(continued on Page 4)*

## Uniform Price Up \$1.05/cwt

The uniform price in Fulton County, GA, was \$17.64 per hundredweight of milk at 3.5 percent butterfat for the month of June. The uniform price is \$1.05 higher than the previous month and is \$4.81 per hundredweight higher compared with June of last year.

Class utilization was 62.13 percent in June, an increase of 2.24 percent compared with the previous month and an increase of 0.94 percent compared with June 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in May was 16.98 billion pounds, an increase of 1.1 percent from May 2009 and an increase of 0.2 percent when compared with April 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 878 million pounds, 2.5 percent above May 2009 and 1.4 percent below April 2010 on a daily average basis. Butter production was 131 million pounds, 5.6 percent below May 2009 and 4.5 percent below April 2010 on a daily average basis.

Nonfat dry milk powder production was 154.4 million pounds in May, up 2.6 percent from May of last year and 1.9 percent below April 2010 on a daily average basis. Dry whey production was 89.7 million pounds, up 2.9 percent from May 2009 and 4.3 percent below April 2010 on a daily average basis.

## Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for June 2010 was \$4,600,834.56. Preliminary claims were made for \$1,338,645.60. Since sufficient funds were available, all eligible claims were paid in full.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JUNE 2010

### Calculation of Uniform Butterfat Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 37.64%             | 7,458,588         | \$1.7155         | \$ 12,795,207.74        |
| Class I Differential at Location |                    |                   |                  | 250,724.62              |
| Class II Butterfat               | 28.86%             | 5,717,771         | \$1.7304         | 9,894,030.95            |
| Class III Butterfat              | 24.96%             | 4,945,893         | \$1.7234         | 8,523,752.00            |
| Class IV Butterfat               | 8.54%              | 1,691,953         | \$1.7234         | 2,915,911.79            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>19,814,205</b> |                  | <b>\$ 34,379,627.10</b> |

**Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.7351**

### Calculation of Uniform Skim Milk Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>            |
|----------------------------------|--------------------|--------------------|-----------------------|-------------------------|
| <b>Producer Milk</b>             |                    |                    |                       |                         |
| Class I Skim Milk                | 63.02%             | 344,192,448        | \$9.61 /cwt.          | \$ 33,076,894.24        |
| Class I Butterfat                | 37.64%             | 7,458,588          | \$1.7155 /lb.         | 12,795,207.74           |
| Class I Differential at Location |                    | 351,651,036        |                       | 11,796,846.43           |
| <b>Total Class I Milk</b>        | <b>62.13%</b>      | <b>351,651,036</b> |                       | <b>\$ 57,668,948.41</b> |
| Class II Skim Milk               | 10.39%             | 56,760,407         | \$10.31 /cwt.         | \$ 5,851,997.97         |
| Class II Butterfat               | 28.86%             | 5,717,771          | \$1.7304 /lb.         | 9,894,030.95            |
| <b>Total Class II Milk</b>       | <b>11.04%</b>      | <b>62,478,178</b>  |                       | <b>\$ 15,746,028.92</b> |
| Class III Skim Milk              | 24.29%             | 132,691,845        | \$7.86 /cwt.          | \$ 10,429,579.02        |
| Class III Butterfat              | 24.96%             | 4,945,893          | \$1.7234 /lb.         | 8,523,752.00            |
| <b>Total Class III Milk</b>      | <b>24.32%</b>      | <b>137,637,738</b> |                       | <b>\$ 18,953,331.02</b> |
| Class IV Skim Milk               | 2.30%              | 12,538,633         | \$9.76 /cwt.          | \$ 1,223,770.57         |
| Class IV Butterfat               | 8.54%              | 1,691,953          | \$1.7234 /lb.         | 2,915,911.79            |
| <b>Total Class IV Milk</b>       | <b>2.51%</b>       | <b>14,230,586</b>  |                       | <b>\$ 4,139,682.36</b>  |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>565,997,538</b> |                       | <b>\$ 96,507,990.71</b> |

### Adjustments

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$0.00            |
| Inventory Adjustments                         | (\$31,693.46)     |
| Producer butterfat at uniform butterfat price | (\$34,379,627.10) |
| Location Adjustments to Producers             | \$3,334,432.49    |
| 1/2 Unobligated Balance in P.S.F.             | \$277,069.28      |

### Adjusted Pool Value

|                                      |                   |                 |
|--------------------------------------|-------------------|-----------------|
| Reserve for Producer Settlement Fund | \$ 12.03042       | \$65,708,171.92 |
|                                      | <u>\$ 0.04042</u> | \$220,790.30    |

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):**

\$11.99

**Uniform Price per cwt. (Fulton County, Georgia)**

\$17.64\*

\* At 3.5% butterfat test; for information purposes.

### OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | JUN 2010        | JUL 2010        | MAY 2010        | JUN 2010        | JUN 2010      |
| Appalachian (Charlotte)     | \$ 18.68        | \$ 19.06        | \$ 16.64        | \$ 17.68        | 63.42%        |
| Arizona (Phoenix)           | \$ 17.63        | \$ 18.01        | \$ 15.03        | \$ 15.68        | 29.28%        |
| Central (Kansas City)       | \$ 17.28        | \$ 17.66        | \$ 14.46        | \$ 15.18        | 30.75%        |
| Florida (Tampa)             | \$ 20.68        | \$ 21.06        | \$ 18.73        | \$ 19.85        | 83.72%        |
| Midwest (Cleveland)         | \$ 17.28        | \$ 17.66        | \$ 14.76        | \$ 15.60        | 36.30%        |
| Northeast (Boston)          | \$ 18.53        | \$ 18.91        | \$ 15.91        | \$ 16.73        | 38.60%        |
| Pacific Northwest (Seattle) | \$ 17.18        | \$ 17.56        | \$ 14.60        | \$ 15.18        | 26.84%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 19.08</b> | <b>\$ 19.46</b> | <b>\$ 16.59</b> | <b>\$ 17.64</b> | <b>62.13%</b> |
| Southwest (Dallas)          | \$ 18.28        | \$ 18.66        | \$ 15.45        | \$ 16.16        | 32.88%        |
| Upper Midwest (Chicago)     | \$ 17.08        | \$ 17.46        | \$ 13.77        | \$ 14.14        | 11.50%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>June 2010</b>   | <b>June 2009</b>   |
|--|--------------------|--------------------|
| <b>Producer Milk</b>   |                    |                    |
| Class I  | 351,651,036        | 370,303,322        |
| Class II   | 62,478,178         | 63,970,563         |
| Class III  | 137,637,738        | 132,529,718        |
| Class IV   | 14,230,586         | 38,349,868         |
| Total Producer Milk  | <u>565,997,538</u> | <u>605,153,471</u> |
| Average Butterfat Test   | 3.50%              | 3.55%              |
| Percent of Producer Milk in Class I  | 62.13%             | 61.19%             |
| Daily Average Receipts   | 18,866,585         | 20,171,782         |
| <b>Other Source Milk</b>   |                    |                    |
| Class I  | 5,949,291          | 5,555,302          |
| Class II   | 4,311,343          | 5,746,057          |
| Class III  | 2,131,149          | 2,293,404          |
| Class IV   | 4,106,553          | 3,992,592          |
| Total Other Source Milk  | <u>16,498,336</u>  | <u>17,587,355</u>  |
| <b>Overage</b>   |                    |                    |
| Class I  | 0                  | 0                  |
| Class II   | 0                  | 0                  |
| Class III  | 0                  | 308,252            |
| Class IV   | 0                  | 0                  |
| Total Overage  | <u>0</u>           | <u>308,252</u>     |
| <b>Opening Inventory</b>   |                    |                    |
| Class I  | 27,317,520         | 27,540,390         |
| Class II   | 1,400,820          | 3,302,775          |
| Class III  | 2,538,361          | 6,101,126          |
| Class IV   | 17,621,983         | 16,941,372         |
| Total Opening Inventory  | <u>48,878,684</u>  | <u>53,885,663</u>  |
| <b>Total Receipts</b>  | <b>631,374,558</b> | <b>676,934,741</b> |
| <b>Utilization:</b>  |                    |                    |
| <b>Class I Utilization</b>   |                    |                    |
| Inventory of Packaged FMP  | 28,651,208         | 30,562,788         |
| Route Disposition Class I  | 347,666,652        | 363,321,403        |
| Shrinkage  | 1,872,189          | 1,250,311          |
| Transfers & Diversions to Nonpool  | 6,727,798          | 8,264,512          |
| Total Class I Utilization  | <u>384,917,847</u> | <u>403,399,014</u> |
| Average Butterfat Test   | 2.11%              | 2.15%              |
| Daily Average Utilization  | 12,830,595         | 13,446,634         |
| <b>Class II Utilization</b>  |                    |                    |
| Nonfluid Used To Produce   | 1,546,879          | 1,627,934          |
| Shrinkage  | 239,384            | 9,892              |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 41,584,985         | 46,331,663         |
| Total Class II Utilization   | <u>24,819,093</u>  | <u>25,049,906</u>  |
| Average Butterfat Test   | 68,190,341         | 73,019,395         |
| Average Butterfat Test   | 10.13%             | 9.03%              |
| <b>Class III Utilization</b>   |                    |                    |
| Shrinkage  | 6,887,825          | 6,296,656          |
| Transfers & Diversions to Nonpool  | 130,761,041        | 130,307,384        |
| Used To Produce/Other Uses   | 4,658,382          | 4,628,460          |
| Total Class III Utilization  | <u>142,307,248</u> | <u>141,232,500</u> |
| Average Butterfat Test   | 3.55%              | 3.57%              |
| <b>Class IV Utilization</b>  |                    |                    |
| Inventory  | 21,315,018         | 16,384,531         |
| Nonfluid Used To Fortify   | 1,102,695          | 1,546,505          |
| Shrinkage  | 0                  | 0                  |
| Transfers & Diversions to Nonpool  | 13,541,409         | 41,352,796         |
| Used To Produce/Other Uses   | 0                  | 0                  |
| Total Class IV Utilization   | <u>35,959,122</u>  | <u>59,283,832</u>  |
| Average Butterfat Test   | 7.87%              | 7.41%              |
| <b>Total Utilization</b>   | <b>631,374,558</b> | <b>676,934,741</b> |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2010 is \$17.64 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.99 per hundredweight plus 3.5 times the uniform butterfat price of \$1.7351 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In June, Class I use, which is primarily bottled or packaged fluid milk, accounted for 63.02% of all producer skim milk (priced to handlers at \$9.61 per hundredweight, plus the Class I differential, see page 2) and 37.64% of producer butterfat (priced to handlers at \$1.7155 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.39% of all producer skim milk (\$10.31 per hundredweight) and 28.86% of producer butterfat (\$1.7304 per pound). Class III use, mostly milk used to produce cheese, accounted for 24.29% of all producer skim milk (\$7.86 per hundredweight) and 24.96% of producer butterfat (\$1.7234 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.30% of all producer skim milk (\$9.76 per hundredweight) and 8.54% of producer butterfat (\$1.7234 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>May 2010</b>                            |                    |                |
| Whole Milk                                 | 127,293,927        | 31.10%         |
| Fat Free Milk                              | 50,444,131         | 12.32%         |
| Lowfat Milk (incl. 1%)                     | 35,806,864         | 8.75%          |
| Reduced Fat Milk (incl. 2%)                | 148,889,220        | 36.37%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 7,717,874          | 1.89%          |
| Flavored Drinks and Milk                   | 39,172,607         | 9.57%          |
| <b>Total Disposition in Marketing Area</b> | <b>409,324,623</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 332,592,216        | 81.25%         |
| Total Disposition by Nonpool Plants        | 76,732,407         | 18.75%         |
| <b>Total Disposition in Marketing Area</b> | <b>409,324,623</b> | <b>100.00%</b> |

Receipts of producer milk during June totaled 566 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2010. Class I route disposition in the area was 409.3 million pounds in May 2010.

## Higher Milk Production To Keep Prices Moderate Despite Improving Demand

*(continued from Page 1)* cow is forecast to rise another 1.8 percent to 21,355 pounds. The expected increase in milk per cow will provide 190.4 billion pounds of milk in 2010 and 193 billion pounds in 2011; both forecasts represent yearly increases in milk production from a slightly smaller herd compared with recent years.

Lower milk production in Oceania has tightened world supplies of major dairy products. The impact on U.S. markets is to lower milk equivalent imports on both a fats and skims-solids basis and support exports. Exports of cheese, butter, and nonfat dry milk (NDM) were all higher in April, and the difference between U.S. and international prices remain favorable for U.S. exports. However, the strong U.S. dollar relative to the Euro and relatively large European Union (EU) intervention stocks of powder could be factors that limit U.S. powder exports. Notably, the EU did not accept any bids for skim milk powder in its most recent intervention tender. Milk equivalent exports are projected to reach just over 5.0 billion pounds this year and 5.1 billion in 2011 on a fats basis. The corresponding export forecasts on a skims-solids basis are about 26 billion pounds and 27.1 billion pounds. All forecasts represent increases from 2009. Milk equivalent imports both this year and next will likely be below 2009. Imports are forecast at 4.8 billion pounds this year and 4.9 billion in 2011 on a fats basis and 4.4 billion pounds and 4.8 billion pounds for 2011 on a skims-solids basis.

Ending commercial stocks on a fats basis are expected to be drawn down both this year and next, reflecting climbing domestic commercial use, which is forecast to rise 1.2 percent in 2010 and by 1.5 percent next year. This suggests a recovery in domestic cheese use. On a skims-solids basis, ending stocks are expected to change very little this year and next, reflecting virtually flat domestic commercial use this year compared with 2009 and about a 1-percent increase in 2011.

-Livestock, Dairy, & Poultry Outlook/LDP-M-192/June 18, 2010  
Economic Research Service, USDA

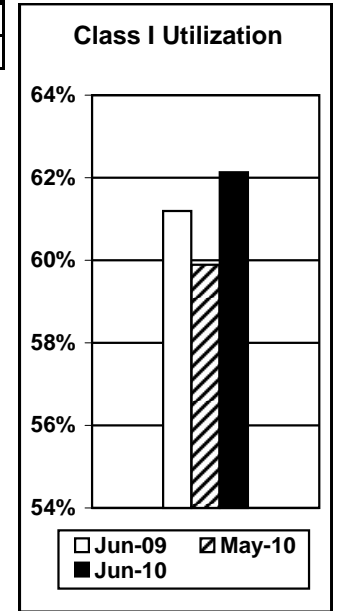


**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$ 5.92  | \$1.1084 | \$9.59  | \$ 12.77 | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$ 5.82  | \$1.0941 | \$9.45  | \$ 9.65  | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$ 5.78  | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$ 5.81  | \$1.2049 | \$9.82  | \$ 9.27  | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$ 5.92  | \$1.2648 | \$10.14 | \$ 9.13  | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$ 6.04  | \$1.2544 | \$10.22 | \$ 8.70  | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb         | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$ 8.14  | \$1.4404 | \$12.90 | \$ 13.00 | \$1.4427 | \$17.59 |
| Mar         | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$ 7.82  | \$1.5347 | \$12.92 | \$ 11.90 | \$1.5193 | \$16.80 |
| Apr         | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$ 8.49  | \$1.5813 | \$13.73 | \$ 10.91 | \$1.5728 | \$16.03 |
| May         | \$12.33  | \$1.6300 | \$17.60 | \$9.23   | \$1.7128 | \$14.90 | \$7.68    | \$1.7058 | \$13.38 | \$ 9.66  | \$1.7058 | \$15.29 | \$ 11.10 | \$1.6808 | \$16.59 |
| Jun         | \$13.41  | \$1.7535 | \$19.08 | \$10.31  | \$1.7304 | \$16.01 | \$7.86    | \$1.7234 | \$13.62 | \$ 9.76  | \$1.7234 | \$15.45 | \$ 11.99 | \$1.7351 | \$17.64 |
| Jul         | \$13.92  | \$1.7219 | \$19.46 | \$10.82  |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,747           | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010    | 596,885                 | 2,665           | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb         | 545,481                 | 2,619           | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar         | 641,090                 | 2,655           | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr         | 640,938                 | 2,706           | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |
| May         | 622,452                 | 2,751           | 372,857   | 59.89% | 74,056    | 11.90% | 153,652   | 24.69% | 21,888    | 3.52%  |
| June        | 565,997                 | 2,750**         | 351,651   | 62.13% | 62,478    | 11.04% | 137,638   | 24.32% | 14,231    | 2.51%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods July 2010 through September 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| JUL 2010   | 08/11/10                          | 08/12/10         | 08/13/10       | 07/26/10                   | 07/26/10  | 08/13/10          | 08/16/10  |
| AUG 2010   | 09/11/10                          | 09/13/10         | 09/14/10       | 08/25/10                   | 08/26/10  | 09/14/10          | 09/15/10  |
| SEPT 2010  | 10/11/10                          | 10/12/10         | 10/13/10       | 09/27/10                   | 09/27/10  | 10/13/10          | 10/14/10  |

\*\* The base rate for making partial payments in Fulton County, GA for July will be \$15.88 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.64 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

**WASDE – 484 July 9, 2010**

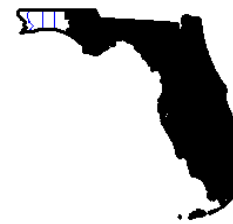
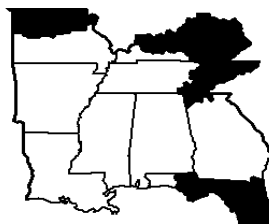
Forecast milk production for 2010 and 2011 is raised slightly from last month. Milk cow numbers have remained higher than expected and milk per cow is expected to increase more rapidly than previously forecast. Exports for 2010 are raised reflecting strong sales of dairy products but fat-basis exports for 2011 are unchanged from last month as production of fat-based products by competing exporters is expected to increase in 2011. However, the forecast of skim basis exports is raised for 2011 as nonfat dry milk (NDM) exports will likely reflect improving economic conditions. Fat-basis imports for 2010 and 2011 are forecast lower reflecting tight world supplies and growing international demand.

The Class III price forecast for 2010 is reduced on a lower cheese price forecast, but the Class IV price forecast is raised as the price forecast for butter is raised, more than offsetting a reduction in the NDM price. The 2011 forecast for butter is raised slightly but forecasts for other products are unchanged. The Class III and Class IV price forecasts are raised. The all milk price is forecast to average \$15.80 to \$16.10 per cwt for 2010 and \$15.90 to \$16.90 per cwt for 2011.

1/ *The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).*



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

August 2010

Volume 11—No. 8

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## USDA: 'Long-Term Growth in U.S. Cheese Consumption May Slow'

A new report from USDA's Economic Research Service examines data on cheese production and marketings to determine the factors influencing cheese consumption. Income, age and other demographic characteristics of the U.S. population are found to play significant roles in the growth of cheese consumption over the past thirty years. Given the changing demographics of the nation, the reports main finding is that long-term growth in cheese consumption may slow down. The report may be downloaded at [www.ers.usda.gov/Publications/](http://www.ers.usda.gov/Publications/) by entering the publication date, August 12, 2010 in the search box.

The following is an excerpt from the report:

"[T]o the extent increases in consumers' food expenditure transfers into higher cheese expenditures then it is expected that total cheese consumption also will rise.

Race and ethnicity are important factors that may have significant impacts on cheese purchases and consumption. Our findings show that Whites purchased more total cheese in 2005 than other races or ethnic groups in the United States. To the extent that the non-White population is forecast to increase more rapidly than the White population, average per capita cheese consumption in the U.S. may reflect a shift toward patterns of lower cheese consumption (U.S. Department of Commerce, 2008). The implication behind this change in ethnic demographics is a possible per capita reduction in cheese purchases and consumption.

Regional population is another factor that has affected cheese purchase and consumption in the past and will likely play some role in the future. As the results (*continued on Page 4*)

## Uniform Price Up \$0.73/cwt

The uniform price in Fulton County, GA, was \$18.37 per hundredweight of milk at 3.5 percent butterfat for the month of July. The uniform price is \$0.37 higher than the previous month and is \$5.37 per hundredweight higher compared with July of last year.

Class I utilization was 67.30 percent in July, an increase of 5.17 percent compared with the previous month and an increase of 0.38 percent compared with July 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in June was 16.32 billion pounds, an increase of 2.4 percent from June 2009 and a decrease of 0.8 percent when compared with May 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 882 million pounds, 5.2 percent above June 2009 and 3.6 percent above May 2010 on a daily average basis. Butter production was 118 million pounds, 5.6 percent below June 2009 and 6.3 percent below May 2010 on a daily average basis.

Nonfat dry milk powder production was 136.1 million pounds in June, down 6.8 percent from June 2009 and 8.9 percent below May 2010 on a daily average basis. Dry whey production was 85.8 million pounds, down 7.4 percent from June 2009 and 1.0 percent below May 2010 on a daily average basis.

## Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for July 2010 was \$4,377,987.41. Preliminary claims were made for \$1,743,802.96. Since sufficient funds were available, all eligible claims were paid in full.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JULY 2010

### Calculation of Uniform Butterfat Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 40.65%             | 7,868,214         | \$1.6839         | \$ 13,249,285.55        |
| Class I Differential at Location |                    |                   |                  | 262,810.61              |
| Class II Butterfat               | 27.24%             | 5,272,224         | \$1.9034         | 10,035,151.17           |
| Class III Butterfat              | 23.39%             | 4,527,285         | \$1.8964         | 8,585,543.27            |
| Class IV Butterfat               | 8.72%              | 1,687,415         | \$1.8964         | 3,200,013.82            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>19,355,138</b> |                  | <b>\$ 35,332,804.42</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.8255**

### Calculation of Uniform Skim Milk Price

| <u>Producer Milk</u>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>            |
|----------------------------------|--------------------|--------------------|-----------------------|-------------------------|
| Class I Skim Milk                | 68.27%             | 363,691,621        | \$10.12 /cwt.         | \$ 36,805,592.05        |
| Class I Butterfat                | 40.65%             | 7,868,214          | \$1.6839 /lb.         | 13,249,285.55           |
| Class I Differential at Location |                    | 371,559,835        |                       | 12,447,154.39           |
| <b>Total Class I Milk</b>        | <b>67.30%</b>      | <b>371,559,835</b> |                       | <b>\$ 62,502,031.99</b> |
| Class II Skim Milk               | 8.06%              | 42,924,580         | \$10.82 /cwt.         | \$ 4,644,439.58         |
| Class II Butterfat               | 27.24%             | 5,272,224          | \$1.9034 /lb.         | 10,035,151.17           |
| <b>Total Class II Milk</b>       | <b>8.73%</b>       | <b>48,196,804</b>  |                       | <b>\$ 14,679,590.75</b> |
| Class III Skim Milk              | 22.23%             | 118,431,904        | \$7.36 /cwt.          | \$ 8,716,588.13         |
| Class III Butterfat              | 23.39%             | 4,527,285          | \$1.8964 /lb.         | 8,585,543.27            |
| <b>Total Class III Milk</b>      | <b>22.27%</b>      | <b>122,959,189</b> |                       | <b>\$ 17,302,131.40</b> |
| Class IV Skim Milk               | 1.44%              | 7,686,325          | \$9.44 /cwt.          | \$ 725,589.09           |
| Class IV Butterfat               | 8.72%              | 1,687,415          | \$1.8964 /lb.         | 3,200,013.82            |
| <b>Total Class IV Milk</b>       | <b>1.70%</b>       | <b>9,373,740</b>   |                       | <b>\$ 3,925,602.91</b>  |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>552,089,568</b> |                       | <b>\$ 98,409,357.05</b> |

### Adjustments

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$0.00            |
| Inventory Adjustments                         | (\$109,943.75)    |
| Producer butterfat at uniform butterfat price | (\$35,332,804.42) |
| Location Adjustments to Producers             | \$3,197,960.16    |
| 1/2 Unobligated Balance in P.S.F              | \$238,446.76      |

### Adjusted Pool Value

|                                      |             |                 |
|--------------------------------------|-------------|-----------------|
| Reserve for Producer Settlement Func | \$ 12.46456 | \$66,403,015.80 |
|                                      | \$ 0.04456  | \$237,399.62    |

Uniform Skim Milk Price per cwt. (Fulton County, Georgia):

**\$12.42**

Uniform Price per cwt. (Fulton County, Georgia)

**\$18.37\***

\* At 3.5% butterfat test; for information purposes.

### OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | JUL 2010        | AUG 2010        | JUN 2010        | JUL 2010        | JUL 2010      |
| Appalachian (Charlotte)     | \$ 19.06        | \$ 19.17        | \$ 17.68        | \$ 18.54        | 68.62%        |
| Arizona (Phoenix)           | \$ 18.01        | \$ 18.12        | \$ 15.68        | \$ 16.14        | 33.14%        |
| Central (Kansas City)       | \$ 17.66        | \$ 17.77        | \$ 15.18        | \$ 15.63        | 31.64%        |
| Florida (Tampa)             | \$ 21.06        | \$ 21.17        | \$ 19.85        | \$ 20.87        | 89.51%        |
| Mideast (Cleveland)         | \$ 17.66        | \$ 17.77        | \$ 15.60        | \$ 16.12        | 39.70%        |
| Northeast (Boston)          | \$ 18.91        | \$ 19.02        | \$ 16.73        | \$ 17.43        | 40.20%        |
| Pacific Northwest (Seattle) | \$ 17.56        | \$ 17.67        | \$ 15.18        | \$ 15.67        | 26.23%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 19.46</b> | <b>\$ 19.57</b> | <b>\$ 17.64</b> | <b>\$ 18.37</b> | <b>67.30%</b> |
| Southwest (Dallas)          | \$ 18.66        | \$ 18.77        | \$ 16.16        | \$ 16.53        | 34.23%        |
| Upper Midwest (Chicago)     | \$ 17.46        | \$ 17.57        | \$ 14.14        | \$ 14.39        | 12.10%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>July 2010</b>   | <b>July 2009</b>   |
|--|--------------------|--------------------|
| <b>Producer Milk</b>   |                    |                    |
| Class I  | 371,559,835        | 381,873,757        |
| Class II   | 48,196,804         | 62,765,842         |
| Class III  | 122,959,189        | 110,511,332        |
| Class IV   | 9,373,740          | 15,480,051         |
|  | <hr/>              | <hr/>              |
| Total Producer Milk  | <b>552,089,568</b> | <b>570,630,982</b> |
| Average Butterfat Test   | 3.51%              | 3.53%              |
| Percent of Producer Milk in Class I  | 67.30%             | 66.92%             |
| Daily Average Receipts   | 17,809,341         | 18,407,451         |
| <b>Other Source Milk</b>   |                    |                    |
| Class I  | 6,008,000          | 5,727,562          |
| Class II   | 5,112,118          | 6,005,459          |
| Class III  | 2,400,888          | 2,225,230          |
| Class IV   | 2,843,873          | 4,265,955          |
|  | <hr/>              | <hr/>              |
| Total Other Source Milk  | <b>16,364,879</b>  | <b>18,224,206</b>  |
| <b>Overage</b>   |                    |                    |
| Class I  | 0                  | 0                  |
| Class II   | 0                  | 0                  |
| Class III  | 0                  | 0                  |
| Class IV   | 0                  | 0                  |
|  | <hr/>              | <hr/>              |
| Total Overage  | <b>0</b>           | <b>0</b>           |
| <b>Opening Inventory</b>   |                    |                    |
| Class I  | 27,903,106         | 30,608,261         |
| Class II   | 905,484            | 2,020,757          |
| Class III  | 6,391,490          | 3,093,014          |
| Class IV   | 13,821,367         | 11,270,760         |
|  | <hr/>              | <hr/>              |
| Total Opening Inventory  | <b>49,021,447</b>  | <b>46,992,792</b>  |
|  | <hr/>              | <hr/>              |
| <b>Total Receipts</b>  | <b>617,475,894</b> | <b>635,847,980</b> |
| <b>Utilization:</b>  |                    |                    |
| <b>Class I Utilization</b>   |                    |                    |
| Inventory of Packaged FMP  | 27,837,905         | 33,788,319         |
| Route Disposition Class I  | 367,587,811        | 374,867,901        |
| Shrinkage  | 3,041,298          | 2,494,177          |
| Transfers & Diversions to Nonpool  | 7,003,927          | 7,059,183          |
|  | <hr/>              | <hr/>              |
| Total Class I Utilization  | <b>405,470,941</b> | <b>418,209,580</b> |
| Average Butterfat Test   | 2.11%              | 2.15%              |
| Daily Average Utilization  | 13,079,708         | 13,490,632         |
| <b>Class II Utilization</b>  |                    |                    |
| Nonfluid Used To Produce   | 1,344,863          | 1,758,295          |
| Shrinkage  | 235,482            | 272,179            |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 28,815,663         | 44,860,354         |
|  | <hr/>              | <hr/>              |
| Total Class II Utilization   | <b>54,214,406</b>  | <b>70,792,058</b>  |
| Average Butterfat Test   |                    | 9.31%              |
| <b>Class III Utilization</b>   |                    |                    |
| Shrinkage  | 7,128,639          | 7,208,428          |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 120,502,927        | 103,809,612        |
|  | <hr/>              | <hr/>              |
| Total Class III Utilization  | <b>131,751,567</b> | <b>115,829,576</b> |
| Average Butterfat Test   | 3.50%              | 3.69%              |
| <b>Class IV Utilization</b>  |                    |                    |
| Inventory  | 14,507,240         | 12,545,036         |
| Nonfluid Used To Fortify   | 1,139,453          | 1,499,215          |
| Shrinkage  | 5,197              | 0                  |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 10,387,090         | 16,972,515         |
|  | <hr/>              | <hr/>              |
| Total Class IV Utilization   | <b>26,038,980</b>  | <b>31,016,766</b>  |
| Average Butterfat Test   | 11.11%             | 10.67%             |
| <b>Total Utilization</b>   | <b>617,475,894</b> | <b>635,847,980</b> |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2010 is \$18.37 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.42 per hundredweight plus 3.5 times the uniform butterfat price of \$1.8255 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In July, Class I use, which is primarily bottled or packaged fluid milk, accounted for 68.27% of all producer skim milk (priced to handlers at \$10.12 per hundredweight, plus the Class I differential, see page 2) and 40.65% of producer butterfat (priced to handlers at \$1.6839 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.06% of all producer skim milk (\$10.82 per hundredweight) and 27.24% of producer butterfat (\$1.9034 per pound). Class III use, mostly milk used to produce cheese, accounted for 22.23% of all producer skim milk (\$7.36 per hundredweight) and 23.39% of producer butterfat (\$1.8964 per pound). Class IV use, generally milk processed into butter and powder, accounted for 1.44% of all producer skim milk (\$9.44 per hundredweight) and 8.72% of producer butterfat (\$1.8964 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>June 2010</b>                           |                    |                |
| Whole Milk                                 | 128,193,323        | 33.85%         |
| Fat Free Milk                              | 47,634,582         | 12.58%         |
| Lowfat Milk (incl. 1%)                     | 30,351,691         | 8.01%          |
| Reduced Fat Milk (incl. 2%)                | 146,239,943        | 38.62%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 7,494,196          | 1.98%          |
| Flavored Drinks and Milk                   | 18,773,621         | 4.96%          |
| <b>Total Disposition in Marketing Area</b> | <b>378,687,356</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 306,091,966        | 80.83%         |
| Total Disposition by Nonpool Plants        | 72,595,390         | 19.17%         |
| <b>Total Disposition in Marketing Area</b> | <b>378,687,356</b> | <b>100.00%</b> |

Receipts of producer milk during July totaled 552 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 14 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for July 2010. Class I route disposition in the area was 378.7 million pounds in June 2010.

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## USDA: 'Long-Term Growth in U.S. Cheese Consumption May Slow'

*(continued from Page 1)* "suggest, there are regional differences in cheese consumption, and assuming the U.S. total population continues to grow, where that growth takes place can affect the magnitude of cheese consumption. For example, if the South and Northeast are expected to have the largest increase in population over the next decade, then one can expect that there will be a greater demand for processed cheese, and other cheeses (the non-Italian varieties), all else being equal.

A final factor that may influence future cheese consumption is age. Improved medical treatments have allowed people to live longer and, in some cases, healthier lives. As people grow older, most tend to adjust their lifestyles, including their diets. As Baby Boomers move into the 60-years-old and older age group, it is expected that they will continue to consume cheese to obtain the vitamin D and/or calcium needed for strong bones. The Nielsen data indicate that per capita total cheese purchases for male heads of household ages 65 and older are highest among all male heads of household and female heads of household ages 65 and older are second-highest among all female heads of household. The expectations of more cheese being consumed by that age group also would suggest more milk needed for cheese. Stronger increases, or perhaps even a gradual increase in total cheese production, would require processing/manufacturing adjustments for both cheese and milk.

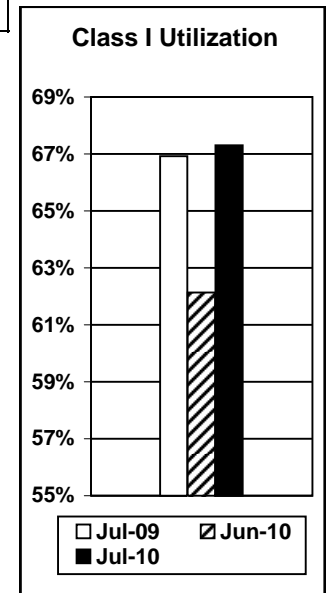
Future patterns of cheese consumption have implications for the dairy industry, particularly given the large (and growing) share of U.S. milk production that has been used to manufacture cheese products. If consumer expenditure and/or total population should grow and demand for dairy products other than cheese remain as they are, the dairy industry will need to adjust to the growing demand for cheese."

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|-------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|             | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jan 2009    | \$15.04  | \$1.4363 | \$19.54 | \$6.74   | \$1.1154 | \$10.41 | \$7.15    | \$1.1084 | \$10.78 | \$ 5.92  | \$1.1084 | \$9.59  | \$ 12.77 | \$1.2288 | \$16.62 |
| Feb         | \$10.87  | \$1.1520 | \$14.52 | \$6.63   | \$1.1011 | \$10.25 | \$5.68    | \$1.0941 | \$9.31  | \$ 5.82  | \$1.0941 | \$9.45  | \$ 9.65  | \$1.1155 | \$13.22 |
| Mar         | \$9.61   | \$1.1298 | \$13.23 | \$6.51   | \$1.1664 | \$10.36 | \$6.61    | \$1.1594 | \$10.44 | \$ 5.78  | \$1.1594 | \$9.64  | \$8.75   | \$1.1495 | \$12.47 |
| Apr         | \$10.36  | \$1.1880 | \$14.16 | \$6.47   | \$1.2119 | \$10.49 | \$6.80    | \$1.2049 | \$10.78 | \$ 5.81  | \$1.2049 | \$9.82  | \$ 9.27  | \$1.1992 | \$13.14 |
| May         | \$10.81  | \$1.2399 | \$14.77 | \$6.49   | \$1.2718 | \$10.71 | \$5.61    | \$1.2648 | \$9.84  | \$ 5.92  | \$1.2648 | \$10.14 | \$ 9.13  | \$1.2567 | \$13.21 |
| Jun         | \$9.71   | \$1.2897 | \$13.88 | \$6.61   | \$1.2614 | \$10.79 | \$5.78    | \$1.2544 | \$9.97  | \$ 6.04  | \$1.2544 | \$10.22 | \$ 8.70  | \$1.2677 | \$12.83 |
| Jul         | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug         | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep         | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct         | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov         | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec         | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010    | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb         | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$ 8.14  | \$1.4404 | \$12.90 | \$ 13.00 | \$1.4427 | \$17.59 |
| Mar         | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$ 7.82  | \$1.5347 | \$12.92 | \$ 11.90 | \$1.5193 | \$16.80 |
| Apr         | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$ 8.49  | \$1.5813 | \$13.73 | \$ 10.91 | \$1.5728 | \$16.03 |
| May         | \$12.33  | \$1.6300 | \$17.60 | \$9.23   | \$1.7128 | \$14.90 | \$7.68    | \$1.7058 | \$13.38 | \$ 9.66  | \$1.7058 | \$15.29 | \$ 11.10 | \$1.6808 | \$16.59 |
| Jun         | \$13.41  | \$1.7535 | \$19.08 | \$10.31  | \$1.7304 | \$16.01 | \$7.86    | \$1.7234 | \$13.62 | \$ 9.76  | \$1.7234 | \$15.45 | \$ 11.99 | \$1.7351 | \$17.64 |
| Jul         | \$13.92  | \$1.7219 | \$19.46 | \$10.82  | \$1.9034 | \$17.10 | \$7.36    | \$1.8964 | \$13.74 | \$ 9.44  | \$1.8964 | \$15.75 | \$ 12.42 | \$1.8255 | \$18.37 |
| Aug         | \$13.29  | \$1.9279 | \$19.57 | \$10.19  |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool Period | Producer Milk 1000 lbs. | Number of Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|-------------|-------------------------|-----------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|             |                         |                 | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jan 2009    | 606,876                 | 2,914           | 413,503   | 68.14% | 58,107    | 9.57%  | 73,691    | 12.14% | 61,575    | 10.15% |
| Feb         | 545,996                 | 2,878           | 370,916   | 67.93% | 57,125    | 10.46% | 97,875    | 17.93% | 20,079    | 3.68%  |
| Mar         | 677,722                 | 2,910           | 411,467   | 60.71% | 68,678    | 10.13% | 131,319   | 19.38% | 66,259    | 9.78%  |
| Apr         | 645,197                 | 2,968           | 393,669   | 61.02% | 62,288    | 9.65%  | 122,741   | 19.02% | 66,498    | 10.31% |
| May         | 663,300                 | 2,994           | 379,284   | 57.18% | 61,295    | 9.24%  | 155,016   | 23.37% | 67,705    | 10.21% |
| Jun         | 605,153                 | 2,958           | 370,303   | 61.19% | 63,971    | 10.57% | 132,530   | 21.90% | 38,350    | 6.34%  |
| Jul         | 570,631                 | 2,811           | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug         | 568,941                 | 2,803           | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep         | 543,362                 | 2,734           | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct         | 565,165                 | 2,837           | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov         | 561,219                 | 2,801           | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec         | 615,755                 | 2,747           | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010    | 596,885                 | 2,665           | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb         | 545,481                 | 2,619           | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar         | 641,090                 | 2,655           | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr         | 640,938                 | 2,706           | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |
| May         | 622,452                 | 2,751           | 372,857   | 59.89% | 74,056    | 11.90% | 153,652   | 24.69% | 21,888    | 3.52%  |
| June        | 565,997                 | 2,761           | 351,651   | 62.13% | 62,478    | 11.04% | 137,638   | 24.32% | 14,231    | 2.51%  |
| July        | 552,090                 | 2,750**         | 371,560   | 67.30% | 48,197    | 8.73%  | 122,959   | 22.27% | 9,374     | 1.70%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods August 2010 through October 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| AUG 2010   | 09/11/10                          | 09/13/10         | 09/14/10       | 08/25/10                   | 08/26/10  | 09/14/10          | 09/15/10  |
| SEP 2010   | 10/11/10                          | 10/12/10         | 10/13/10       | 09/27/10                   | 09/27/10  | 10/13/10          | 10/14/10  |
| OCT 2010   | 11/11/10                          | 11/12/10         | 11/15/10       | 10/25/10                   | 10/26/10  | 11/15/10          | 11/16/10  |

\*\* The base rate for making partial payments in Fulton County, GA for August will be \$16.53 per hundredweight. This is 90 percent of the preceding month's uniform price of \$18.37 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

### WASDE – 485 August 12, 2010

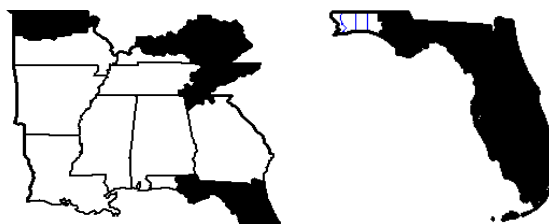
Forecast milk production for 2010 and 2011 is raised from last month. Producers continue to add cows to the herd and the rate of growth in milk per cow has increased. Exports for 2010 and 2011 are raised sharply as June exports were strong, global supplies remain relatively tight, and demand in a number of markets is expected to support higher than previously forecast sales. However, sales in 2011 will be dampened by increased competition.

Strong demand for butter and cheese resulted in higher forecast prices for 2010 but the prices for nonfat dry milk (NDM) and whey are lowered from last month. The Class III price forecast for 2010 is raised as the higher cheese price more than offsets the lower whey price, but the Class IV price forecast is reduced as the lower NDM price more than offsets the higher butter price. For 2011, cheese, NDM, and whey price forecasts are reduced but butter is raised. For 2011, the Class III and Class IV price forecasts are lowered. The all milk price is forecast to average \$15.90 to \$16.10 per cwt for 2010 and \$15.55 to \$16.55 per cwt for 2011.

1/ *The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).*



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

September 2010

Volume 11—No. 9

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## USDA Issues Final Rule on Class I Fluid Milk Product Definition

The U.S. Department of Agriculture has issued a final rule amending the definition of Class I fluid milk products in all Federal milk marketing orders effective January 1, 2011.

These amendments, which were approved by producers, maintain the current 6.5 percent non-fat milk solid standard and incorporate an alternative 2.25 percent true milk protein criterion to determine whether a product meets the compositional standard for fluid milk products. This rule also amends the fluid milk product definition to provide exemptions for drinkable yogurt products containing at least 20 percent yogurt (by weight), kefir, and products intended to be meal replacements. The decision clarifies how milk and milk-derived ingredients should be priced under all Federal milk marketing orders when used in fluid milk products. The final rule appeared in the August 24, 2010 Federal Register and is available at [www.fmmatlanta.com](http://www.fmmatlanta.com) under 'What's New'. If you have questions regarding this announcement, please contact this office directly.

## Dairy Industry Advisory Committee Update

The Dairy Industry Advisory Committee has announced two additional public meetings to be held in the near future to discuss farm milk price volatility, dairy farmer profitability, review proposals and analysis, and hear public comments. The public meetings will be on September 23 and 24, 2010, and October 12 and 13, 2010 in Washington, D.C. You must register by September 21, 2010 and by October 8, 2010, to attend the respective public meetings. The Dairy Committee is responsible for making recommendations to the Secretary on policy issues impacting the dairy industry. More information is available at [www.fsa.usda.gov/DIAC](http://www.fsa.usda.gov/DIAC).

## Uniform Price Up

The uniform price in Fulton County, GA, was \$19.02 per hundredweight of milk at 3.5 percent butterfat for the month of August. The uniform price is \$0.65 higher than the previous month and is \$5.72 per hundredweight higher compared with August of last year.

Class I utilization was 73.49 percent in August, an increase of 6.19 percent compared with the previous month and an increase of 2.70 percent compared with August 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in July was 16.48 billion pounds, an increase of 2.9 percent from July 2009 and a decrease of 2.4 percent when compared with June 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 882 million pounds, 4.7 percent higher than July 2009 and 3.1 percent below June 2010 on a daily average basis. Butter production was 111 million pounds, 2.9 percent below July 2009 and 8.4 percent lower than June 2010 on a daily average basis.

Nonfat dry milk powder production was 131.8 million pounds in July, 1.0 percent lower than July 2009 and 6.3 percent less than June 2010 on a daily average basis. Dry whey production was 87.5 million pounds, a decrease of 6.5 percent compared with July 2009 and 1.6 percent below June 2010 on a daily average basis.

## Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for August 2010 was \$3,842,421.17. Preliminary claims were made for \$2,695,875.14. Since sufficient funds were available, all eligible claims were paid in full.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - AUGUST 2010

### Calculation of Uniform Butterfat Price:

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 42.48%             | 8,184,025         | \$1.8899         | \$ 15,466,988.84        |
| Class I Differential at Location |                    |                   |                  | 271,787.44              |
| Class II Butterfat               | 29.17%             | 5,618,204         | \$2.0406         | 11,464,507.08           |
| Class III Butterfat              | 18.90%             | 3,640,801         | \$2.0336         | 7,403,932.91            |
| Class IV Butterfat               | 9.45%              | 1,820,434         | \$2.0336         | 3,702,034.59            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>19,263,464</b> |                  | <b>\$ 38,309,250.86</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.9887**

### Calculation of Uniform Skim Milk Price

| <u>Producer Milk</u>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>             |
|----------------------------------|--------------------|--------------------|-----------------------|--------------------------|
| Class I Skim Milk                | 74.62%             | 393,907,922        | \$9.49 /cwt.          | \$ 37,381,861.81         |
| Class I Butterfat                | 42.48%             | 8,184,025          | \$1.8899 /lb.         | 15,466,988.84            |
| Class I Differential at Location |                    | 402,091,947        |                       | 13,462,290.03            |
| <b>Total Class I Milk</b>        | <b>73.49%</b>      | <b>402,091,947</b> |                       | <b>\$ 66,311,140.68</b>  |
| Class II Skim Milk               | 7.66%              | 40,437,212         | \$10.19 /cwt.         | \$ 4,120,551.91          |
| Class II Butterfat               | 29.17%             | 5,618,204          | \$2.0406 /lb.         | 11,464,507.08            |
| <b>Total Class II Milk</b>       | <b>8.42%</b>       | <b>46,055,416</b>  |                       | <b>\$ 15,585,058.99</b>  |
| Class III Skim Milk              | 14.60%             | 77,048,144         | \$8.35 /cwt.          | \$ 6,433,520.02          |
| Class III Butterfat              | 18.90%             | 3,640,801          | \$2.0336 /lb.         | 7,403,932.91             |
| <b>Total Class III Milk</b>      | <b>14.75%</b>      | <b>80,688,945</b>  |                       | <b>\$ 13,837,452.93</b>  |
| Class IV Skim Milk               | 3.12%              | 16,474,494         | \$8.80 /cwt.          | \$ 1,449,755.48          |
| Class IV Butterfat               | 9.45%              | 1,820,434          | \$2.0336 /lb.         | 3,702,034.59             |
| <b>Total Class IV Milk</b>       | <b>3.34%</b>       | <b>18,294,928</b>  |                       | <b>\$ 5,151,790.07</b>   |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>547,131,236</b> |                       | <b>\$ 100,885,442.67</b> |

### Adjustments

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$0.00            |
| Inventory Adjustments                         | \$41,201.72       |
| Producer butterfat at uniform butterfat price | (\$38,309,250.86) |
| Location Adjustments to Producers             | \$3,359,692.82    |
| 1/2 Unobligated Balance in P.S.F              | \$245,987.55      |

### Adjusted Pool Value

Reserve for Producer Settlement Func **\$ 12.54539** **\$66,223,073.90**

**\$ 0.04539** \$239,602.40

Uniform Skim Milk Price per cwt. (Fulton County, Georgia):

**\$12.50**

Uniform Price per cwt. (Fulton County, Georgia)

**\$19.02\***

\* At 3.5% butterfat test; for information purposes.

### OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | AUG 2010        | SEPT 2010       | JUL 2010        | AUG 2010        | AUG 2010      |
| Appalachian (Charlotte)     | \$ 19.17        | \$ 18.90        | \$ 18.54        | \$ 18.67        | 70.72%        |
| Arizona (Phoenix)           | \$ 18.12        | \$ 17.85        | \$ 16.14        | \$ 16.60        | 36.35%        |
| Central (Kansas City)       | \$ 17.77        | \$ 17.50        | \$ 15.63        | \$ 16.40        | 32.66%        |
| Florida (Tampa)             | \$ 21.17        | \$ 20.90        | \$ 20.87        | \$ 20.74        | 86.56%        |
| Mideast (Cleveland)         | \$ 17.77        | \$ 17.50        | \$ 16.12        | \$ 16.76        | 41.60%        |
| Northeast (Boston)          | \$ 19.02        | \$ 18.75        | \$ 17.43        | \$ 17.74        | 40.70%        |
| Pacific Northwest (Seattle) | \$ 17.67        | \$ 17.40        | \$ 15.67        | \$ 16.16        | 26.13%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 19.57</b> | <b>\$ 19.30</b> | <b>\$ 18.37</b> | <b>\$ 19.02</b> | <b>73.49%</b> |
| Southwest (Dallas)          | \$ 18.77        | \$ 18.50        | \$ 16.53        | \$ 17.37        | 42.17%        |
| Upper Midwest (Chicago)     | \$ 17.57        | \$ 17.30        | \$ 14.39        | \$ 15.65        | 12.70%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>August 2010</b> | <b>August 2009</b> |
|--|--------------------|--------------------|
| <b>Producer Milk</b>   |                    |                    |
| Class I  | 402,091,947        | 402,718,737        |
| Class II   | 46,055,416         | 60,253,900         |
| Class III  | 80,688,945         | 59,534,621         |
| Class IV   | 18,294,928         | 46,433,922         |
| Total Producer Milk  | <u>547,131,236</u> | <u>568,941,180</u> |
| Average Butterfat Test   | 3.52%              | 3.57%              |
| Percent of Producer Milk in Class I  | 73.49%             | 70.79%             |
| Daily Average Receipts   | 17,649,395         | 18,352,941         |
| <b>Other Source Milk</b>   |                    |                    |
| Class I  | 11,855,675         | 8,494,537          |
| Class II   | 6,182,564          | 4,471,064          |
| Class III  | 2,554,470          | 1,969,307          |
| Class IV   | 6,090,091          | 4,429,157          |
| Total Other Source Milk  | <u>26,682,800</u>  | <u>19,364,065</u>  |
| <b>Overage</b>   |                    |                    |
| Class I  | 0                  | 0                  |
| Class II   | 0                  | 1,999              |
| Class III  | 0                  | 0                  |
| Class IV   | 0                  | 111,610            |
| Total Overage  | <u>0</u>           | <u>113,609</u>     |
| <b>Opening Inventory</b>   |                    |                    |
| Class I  | 27,837,905         | 34,056,350         |
| Class II   | 1,358,992          | 487,545            |
| Class III  | 1,344,559          | 691,297            |
| Class IV   | 11,803,689         | 11,366,194         |
| Total Opening Inventory  | <u>42,345,145</u>  | <u>46,601,386</u>  |
| <b>Total Receipts</b>  | <b>616,159,181</b> | <b>635,020,240</b> |
| <b>Utilization:</b>  |                    |                    |
| <b>Class I Utilization</b>   |                    |                    |
| Inventory of Packaged FMP  | 33,456,036         | 31,550,827         |
| Route Disposition Class I  | 396,665,229        | 401,854,334        |
| Shrinkage  | 3,814,689          | 1,823,134          |
| Transfers & Diversions to Nonpool  | 7,849,573          | 10,041,329         |
| Total Class I Utilization  | <u>441,785,527</u> | <u>445,269,624</u> |
| Average Butterfat Test   | 2.03%              | 2.01%              |
| Daily Average Utilization  | 14,251,146         | 14,363,536         |
| <b>Class II Utilization</b>  |                    |                    |
| Nonfluid Used To Produce   | 1,708,411          | 1,221,499          |
| Shrinkage  | 0                  | 216,651            |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 27,028,895         | 41,557,919         |
| Total Class II Utilization   | <u>24,859,666</u>  | <u>22,218,439</u>  |
| Average Butterfat Test   | 12.64%             | 9.65%              |
| <b>Class III Utilization</b>   |                    |                    |
| Shrinkage  | 7,441,398          | 0                  |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 73,036,889         | 62,195,225         |
| Total Class III Utilization  | <u>4,109,687</u>   | <u>0</u>           |
| Average Butterfat Test   | 84,587,974         | 62,195,225         |
| <b>Class IV Utilization</b>  |                    |                    |
| Inventory  | 19,181,795         | 21,722,583         |
| Nonfluid Used To Fortify   | 1,500,117          | 1,617,532          |
| Shrinkage  | 0                  | 7,381,985          |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 15,506,796         | 26,919,026         |
| Total Class IV Utilization   | <u>0</u>           | <u>4,699,757</u>   |
| Average Butterfat Test   | 36,188,708         | 62,340,883         |
| <b>Total Utilization</b>   | <b>616,159,181</b> | <b>635,020,240</b> |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2010 is \$19.02 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.50 per hundredweight plus 3.5 times the uniform butterfat price of \$1.9887 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In August, Class I use, which is primarily bottled or packaged fluid milk, accounted for 74.62% of all producer skim milk (priced to handlers at \$9.49 per hundredweight, plus the Class I differential, see page 2) and 42.48% of producer butterfat (priced to handlers at \$1.8899 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.66% of all producer skim milk (\$10.19 per hundredweight) and 29.17% of producer butterfat (\$2.0406 per pound). Class III use, mostly milk used to produce cheese, accounted for 14.60% of all producer skim milk (\$8.35 per hundredweight) and 18.90% of producer butterfat (\$2.0336 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.12% of all producer skim milk (\$8.80 per hundredweight) and 9.45% of producer butterfat (\$2.0336 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>July 2010</b>                           |                    |                |
| Whole Milk                                 | 133,810,237        | 34.09%         |
| Fat Free Milk                              | 49,574,353         | 12.63%         |
| Lowfat Milk (incl. 1%)                     | 30,619,308         | 7.80%          |
| Reduced Fat Milk (incl. 2%)                | 152,595,245        | 38.88%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 7,701,273          | 1.96%          |
| Flavored Drinks and Milk                   | 18,188,308         | 4.63%          |
| <b>Total Disposition in Marketing Area</b> | <b>392,488,724</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 320,635,506        | 81.69%         |
| Total Disposition by Nonpool Plants        | 71,853,218         | 18.31%         |
| <b>Total Disposition in Marketing Area</b> | <b>392,488,724</b> | <b>100.00%</b> |

Receipts of producer milk during August totaled 547.1 million pounds. There were 24 regulated pool distributing plants, 2 pool supply plants and 14 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for August 2010. Class I route disposition in the area was 392.5 million pounds in July 2010.

## USDA Enhances Enforcement of Organic Standards

The U.S. Department of Agriculture's Agricultural Marketing Service has issued new procedures that will increase the effectiveness of enforcing national organic standards. Operating procedures are now in effect for the National Organic Program (NOP) to ensure that all complaints of alleged violations and civil penalties are consistently handled.

In the past, complaints of alleged standards violations were referred to accredited certifying agents for investigation and enforcement. With the implementation of new procedures, the NOP will collaborate with accredited certifying agents in investigating cases while handling all enforcement actions.

"The changes we are making will ensure that all parties are given due process while increasing the effectiveness of enforcing organic standards," said Miles McEvoy, NOP deputy administrator. "At the same time we want to take steps so that those who are abiding by the regulations and rightfully marketing their foods as organic are not put at a disadvantage by those falsely labeling their products. It allows us to perform our job of assuring consumers they can trust the USDA organic label."

The new complaint handling procedures were put into effect as part of a continued effort by the NOP to increase enforcement actions and ensure greater compliance of the organic regulations. Since Jan. 2010, the NOP has closed 87 complaints and issued three civil penalties. The NOP accredits about 100 certifying agents around the world to evaluate agricultural production and handling operations and determine their compliance with the national organic standards.

It is USDA's policy to investigate all complaints that allege violations of rules and regulations, whether submitted by independent claimants, filed by an accredited certifying agent, or initiated by the NOP itself. Any person may file a complaint if he or she believes a violation has occurred.

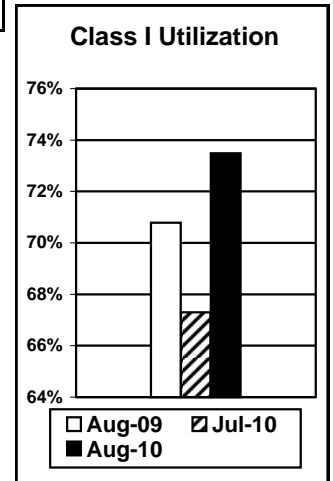
*Source: AMS Release No. 178-10, September 1, 2010.*

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool<br>Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|----------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jul 2009       | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug            | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep            | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct            | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov            | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec            | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010       | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb            | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$ 8.14  | \$1.4404 | \$12.90 | \$ 13.00 | \$1.4427 | \$17.59 |
| Mar            | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$ 7.82  | \$1.5347 | \$12.92 | \$ 11.90 | \$1.5193 | \$16.80 |
| Apr            | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$ 8.49  | \$1.5813 | \$13.73 | \$ 10.91 | \$1.5728 | \$16.03 |
| May            | \$12.33  | \$1.6300 | \$17.60 | \$9.23   | \$1.7128 | \$14.90 | \$7.68    | \$1.7058 | \$13.38 | \$ 9.66  | \$1.7058 | \$15.29 | \$ 11.10 | \$1.6808 | \$16.59 |
| Jun            | \$13.41  | \$1.7535 | \$19.08 | \$10.31  | \$1.7304 | \$16.01 | \$7.86    | \$1.7234 | \$13.62 | \$ 9.76  | \$1.7234 | \$15.45 | \$ 11.99 | \$1.7351 | \$17.64 |
| Jul            | \$13.92  | \$1.7219 | \$19.46 | \$10.82  | \$1.9034 | \$17.10 | \$7.36    | \$1.8964 | \$13.74 | \$ 9.44  | \$1.8964 | \$15.75 | \$ 12.42 | \$1.8255 | \$18.37 |
| Aug            | \$13.29  | \$1.9279 | \$19.57 | \$10.19  | \$2.0406 | \$16.98 | \$8.35    | \$2.0336 | \$15.18 | \$ 8.80  | \$2.0336 | \$15.61 | \$ 12.50 | \$1.9887 | \$19.02 |
| Sep            | \$12.59  | \$2.0427 | \$19.30 | \$9.49   |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool<br>Period | Producer Milk<br>1000 lbs. | Number of<br>Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|----------------|----------------------------|--------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                |                            |                    | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jul 2009       | 570,631                    | 2,811              | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug            | 568,941                    | 2,803              | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep            | 543,362                    | 2,734              | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct            | 565,165                    | 2,837              | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov            | 561,219                    | 2,801              | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec            | 615,755                    | 2,747              | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010       | 596,885                    | 2,665              | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb            | 545,481                    | 2,619              | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar            | 641,090                    | 2,655              | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr            | 640,938                    | 2,706              | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |
| May            | 622,452                    | 2,751              | 372,857   | 59.89% | 74,056    | 11.90% | 153,652   | 24.69% | 21,888    | 3.52%  |
| Jun            | 565,997                    | 2,761              | 351,651   | 62.13% | 62,478    | 11.04% | 137,638   | 24.32% | 14,231    | 2.51%  |
| Jul            | 552,090                    | 2,774              | 371,560   | 67.30% | 48,197    | 8.73%  | 122,959   | 22.27% | 9,374     | 1.70%  |
| Aug            | 547,131                    | 2,775**            | 402,091   | 73.49% | 46,055    | 8.42%  | 80,689    | 14.75% | 18,295    | 3.34%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods September 2010 through November 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| SEP 2010   | 10/11/10                          | 10/12/10         | 10/13/10       | 09/27/10                   | 09/27/10  | 10/13/10          | 10/14/10  |
| OCT 2010   | 11/11/10                          | 11/12/10         | 11/15/10       | 10/25/10                   | 10/26/10  | 11/15/10          | 11/16/10  |
| NOV 2010   | 12/11/10                          | 12/13/10         | 12/14/10       | 11/26/10                   | 11/26/10  | 12/14/10          | 12/15/10  |

\*\* The base rate for making partial payments in Fulton County, GA for September will be \$17.12 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.02 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

### WASDE Dairy Report 1/

#### WASDE – 486 September 10, 2010

Forecast milk production for 2010 and 2011 is raised from last month. Producers continue to add cows to the herd and inventories are forecast to increase into mid-2011. The rate of growth in milk per cow is also increased from last month. Fat basis export forecasts for 2010 are raised on strong sales of butterfat and cheese, but 2011 exports are lowered. Skim-solids exports for 2010 and 2011 are forecast higher than last month. Imports are reduced from last month due to higher U.S. production and strong demand in other importing countries. Ending stocks for 2011 are increased as U.S. production is forecast higher.

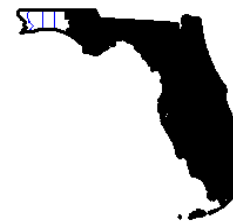
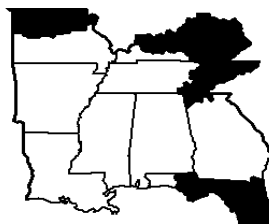
Strong demand for cheese and tight supplies of butter support higher forecast prices for 2010 and 2011. Stronger demand is forecast to absorb most of the increased production although prices are expected to be tempered during the latter part of 2011. Price forecasts for nonfat dry milk (NDM) are raised for 2010, but the 2011 forecast is unchanged from last month as increased supplies limit price gains. The whey price forecast is unchanged. Both Class III and Class IV price forecasts for 2010 and 2011 are raised due to the higher product prices. The all milk price is forecast to average \$16.25 to \$16.45 per cwt for 2010 and \$15.85 to \$16.85 per cwt for 2011.

1/ The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

October 2010

Volume 11—No. 10

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## Secretary Vilsack Commends Dairy Industry for Efforts to Reduce Carbon Footprint

In a speech on September 23, Agriculture Secretary Tom Vilsack commended U.S. dairy farmers and processors for their commitment to economic and environmental sustainability following the unveiling of a landmark carbon footprint study of the U.S. fluid milk sector.

"American agriculture can play an important role in reducing carbon emissions and improving the environment, and the dairy industry in particular has been a leader on these issues," Vilsack said. "This carbon footprint study will be very helpful to all stakeholders in the dairy industry and I look forward to working with dairy producers, processors and the entire value chain on efforts that benefit the environment and improve the economic viability of the industry." (cont. on page 4)

## USDA Seeks Nominations

The USDA 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 six individuals from those nominated to succeed members whose terms expire June 30, 2011. Appointed members will serve 3-year terms from July 1, 2011 through June 30, 2014.

Nominees for the five regional positions must be active owners or employees of a fluid milk processor. The one at-large position may be either a fluid milk processor or a member from the general public. The geographic regions are: Region 2 (New Jersey and New York); Region 5 (Florida); Region 8 (Illinois and Indiana); Region 11 (Arkansas, Iowa, Kansas, Missouri, Nebraska and Oklahoma); and Region 14 (Northern California). Nominations are due by October 31. Blank nomination forms and additional information are available at [www.ams.usda.gov/Dairy](http://www.ams.usda.gov/Dairy).

## Uniform Price Up

The uniform price in Fulton County, GA, was \$19.38 per hundredweight of milk at 3.5 percent butterfat for the month of September. The uniform price is \$0.36 higher than the previous month and is \$5.26 per hundredweight higher compared with September of last year.

Class I utilization was 74.01 percent in September, an increase of 0.52 percent compared with the previous month and an increase of 0.93 percent compared with September 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in August was 16.16 billion pounds, an increase of 2.7 percent from August 2009 and a decrease of 2.0 percent when compared with July 2010. Total cheese output (excluding cottage cheese) was 881 million pounds, 3.5 percent above August 2009 but 0.1 percent below July 2010. Butter production was 102 million pounds, 0.6 percent above August 2009 but 8.4 percent below July 2010.

Nonfat dry milk powder production was 120.0 million pounds in August, 12.1 percent higher than August 2009 and 9.0 percent less than July 2010. Dry whey production was 81.9 million pounds in August, a decrease of 0.8 percent compared with August 2009 and 6.5 percent below July 2010.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.24 in September.

## Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for September 2010 were made for \$2,627,438.98. Since the available balance was \$2,326,076.51, eligible claims were paid at the rate of approximately \$0.89 on the dollar.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - SEPTEMBER 2010**

**Calculation of Uniform Butterfat Price:**

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 41.23%             | 7,904,906         | \$2.0047         | \$ 15,846,965.06        |
| Class I Differential at Location |                    |                   |                  | 262,918.36              |
| Class II Butterfat               | 25.63%             | 4,914,327         | \$2.4114         | 11,850,408.15           |
| Class III Butterfat              | 20.75%             | 3,977,178         | \$2.4044         | 9,562,726.79            |
| Class IV Butterfat               | 12.39%             | 2,374,870         | \$2.4044         | 5,710,137.42            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>19,171,281</b> |                  | <b>\$ 43,233,155.78</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.2551**

**Calculation of Uniform Skim Milk Price**

| <b>Producer Milk</b>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>             |
|----------------------------------|--------------------|--------------------|-----------------------|--------------------------|
| Class I Skim Milk                | 75.24%             | 384,343,765        | \$8.79 /cwt.          | \$ 33,783,816.95         |
| Class I Butterfat                | 41.23%             | 7,904,906          | \$2.0047 /lb.         | 15,846,965.06            |
| Class I Differential at Location |                    | 392,248,671        |                       | 13,163,107.29            |
| <b>Total Class I Milk</b>        | <b>74.01%</b>      | <b>392,248,671</b> |                       | <b>\$ 62,793,889.30</b>  |
| Class II Skim Milk               | 7.89%              | 40,280,194         | \$9.49 /cwt.          | \$ 3,822,590.40          |
| Class II Butterfat               | 25.63%             | 4,914,327          | \$2.4114 /lb.         | 11,850,408.15            |
| <b>Total Class II Milk</b>       | <b>8.53%</b>       | <b>45,194,521</b>  |                       | <b>\$ 15,672,998.55</b>  |
| Class III Skim Milk              | 15.49%             | 79,143,774         | \$8.13 /cwt.          | \$ 6,434,388.81          |
| Class III Butterfat              | 20.75%             | 3,977,178          | \$2.4044 /lb.         | 9,562,726.79             |
| <b>Total Class III Milk</b>      | <b>15.68%</b>      | <b>83,120,952</b>  |                       | <b>\$ 15,997,115.60</b>  |
| Class IV Skim Milk               | 1.38%              | 7,059,290          | \$8.65 /cwt.          | \$ 610,628.59            |
| Class IV Butterfat               | 12.39%             | 2,374,870          | \$2.4044 /lb.         | 5,710,137.42             |
| <b>Total Class IV Milk</b>       | <b>1.78%</b>       | <b>9,434,160</b>   |                       | <b>\$ 6,320,766.01</b>   |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>529,998,304</b> |                       | <b>\$ 100,784,769.46</b> |

**Adjustments**

|   |                        |
|---|------------------------|
| Overage and Other Source                      | \$464.16               |
| Inventory Adjustments                         | \$80,448.76            |
| Producer butterfat at uniform butterfat price | (\$43,233,155.78)      |
| Location Adjustments to Producers             | \$3,172,940.33         |
| 1/2 Unobligated Balance in P.S.F              | \$220,399.82           |
| <b>Adjusted Pool Value</b>                    | <b>\$ 11.94648</b>     |
| Reserve for Producer Settlement Func          | <b>\$ 0.04648</b>      |
|   | <b>\$61,025,866.75</b> |
|   | \$237,450.99           |

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):**

**\$11.90**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$19.38\***

\* At 3.5% butterfat test; for information purposes.

**OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)**

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | SEP 2010        | OCT 2010        | AUG 2010        | SEP 2010        | SEP 2010      |
| Appalachian (Charlotte)     | \$ 18.90        | \$ 19.98        | \$ 18.67        | \$ 19.16        | 72.77%        |
| Arizona (Phoenix)           | \$ 17.85        | \$ 18.93        | \$ 16.60        | \$ 17.33        | 37.01%        |
| Central (Kansas City)       | \$ 17.50        | \$ 18.58        | \$ 16.40        | \$ 17.01        | 33.61%        |
| Florida (Tampa)             | \$ 20.90        | \$ 21.98        | \$ 20.74        | \$ 21.04        | 87.86%        |
| Mideast (Cleveland)         | \$ 17.50        | \$ 18.58        | \$ 16.76        | \$ 17.26        | 43.50%        |
| Northeast (Boston)          | \$ 18.75        | \$ 19.83        | \$ 17.74        | \$ 18.33        | 45.30%        |
| Pacific Northwest (Seattle) | \$ 17.40        | \$ 18.48        | \$ 16.16        | \$ 16.94        | 28.91%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 19.30</b> | <b>\$ 20.38</b> | <b>\$ 19.02</b> | <b>\$ 19.38</b> | <b>74.01%</b> |
| Southwest (Dallas)          | \$ 18.50        | \$ 19.58        | \$ 17.37        | \$ 17.95        | 43.38%        |
| Upper Midwest (Chicago)     | \$ 17.30        | \$ 18.38        | \$ 15.65        | \$ 16.60        | 13.90%        |



**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>September 2010</b> | <b>September 2009</b> |
|--|-----------------------|-----------------------|
| <b>Producer Milk</b>   |                       |                       |
| Class I  | 392,248,671           | 397,083,686           |
| Class II   | 45,194,521            | 69,511,325            |
| Class III  | 83,120,952            | 63,407,542            |
| Class IV   | 9,434,160             | 13,359,814            |
| Total Producer Milk  | <u>529,998,304</u>    | <u>543,362,367</u>    |
| Average Butterfat Test   | 3.62%                 | 3.65%                 |
| Percent of Producer Milk in Class I  | 74.01%                | 73.08%                |
| Daily Average Receipts   | 17,666,610            | 18,112,079            |
| <b>Other Source Milk</b>   |                       |                       |
| Class I  | 8,919,361             | 8,696,457             |
| Class II   | 4,223,970             | 5,384,392             |
| Class III  | 1,769,662             | 1,865,127             |
| Class IV   | 2,214,978             | 4,868,026             |
| Total Other Source Milk  | <u>17,127,971</u>     | <u>20,814,002</u>     |
| <b>Overage</b>   |                       |                       |
| Class I  | 0                     | 0                     |
| Class II   | 0                     | 0                     |
| Class III  | 0                     | 0                     |
| Class IV   | 2,740                 | 5,594                 |
| Total Overage  | <u>2,740</u>          | <u>5,594</u>          |
| <b>Opening Inventory</b>   |                       |                       |
| Class I  | 33,608,228            | 32,558,978            |
| Class II   | 1,204,335             | 2,918,757             |
| Class III  | 2,187,111             | 863,101               |
| Class IV   | 15,558,152            | 16,932,575            |
| Total Opening Inventory  | <u>52,555,826</u>     | <u>53,273,411</u>     |
| <b>Total Receipts</b>  | <b>599,684,841</b>    | <b>617,455,374</b>    |
| <b>Utilization:</b>  |                       |                       |
| <b>Class I Utilization</b>   |                       |                       |
| Inventory of Packaged FMP  | 34,037,429            | 31,503,635            |
| Route Disposition Class I  | 389,688,180           | 394,723,964           |
| Shrinkage  | 3,511,638             | 2,425,719             |
| Transfers & Diversions to Nonpool  | 7,537,013             | 9,685,803             |
| Total Class I Utilization  | <u>434,774,260</u>    | <u>438,339,121</u>    |
| Average Butterfat Test   | 2.00%                 | 1.98%                 |
| Daily Average Utilization  | 14,492,475            | 14,611,304            |
| <b>Class II Utilization</b>  |                       |                       |
| Nonfluid Used To Produce   | 1,492,043             | 1,295,228             |
| Shrinkage  | 0                     | 6,720,578             |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 25,827,092            | 42,930,786            |
| Total Class II Utilization   | <u>23,303,691</u>     | <u>26,867,882</u>     |
| Average Butterfat Test   | 11.82%                | 8.33%                 |
| <b>Class III Utilization</b>   |                       |                       |
| Shrinkage  | 6,871,262             | 0                     |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 76,138,560            | 66,135,770            |
| Total Class III Utilization  | <u>4,067,903</u>      | <u>0</u>              |
| Average Butterfat Test   | 87,077,725            | 66,135,770            |
| <b>Class IV Utilization</b>  |                       |                       |
| Inventory  | 15,574,989            | 19,806,280            |
| Nonfluid Used To Fortify   | 1,142,395             | 1,613,363             |
| Shrinkage  | 434                   | 0                     |
| Transfers & Diversions to Nonpool<br>Used To Produce/Other Uses                  | 10,492,212            | 13,746,366            |
| Total Class IV Utilization   | <u>0</u>              | <u>0</u>              |
| Average Butterfat Test   | 27,210,030            | 35,166,009            |
| <b>Total Utilization</b>   | <b>599,684,841</b>    | <b>617,455,374</b>    |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2010 is \$19.38 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.90 per hundredweight plus 3.5 times the uniform butterfat price of \$2.2551 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In September, Class I use, which is primarily bottled or packaged fluid milk, accounted for 75.24% of all producer skim milk (priced to handlers at \$8.79 per hundredweight, plus the Class I differential, see page 2) and 41.23% of producer butterfat (priced to handlers at \$2.0047 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.89% of all producer skim milk (\$9.49 per hundredweight) and 25.63% of producer butterfat (\$2.4114 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.49% of all producer skim milk (\$8.13 per hundredweight) and 20.75% of producer butterfat (\$2.4044 per pound). Class IV use, generally milk processed into butter and powder, accounted for 1.38% of all producer skim milk (\$8.65 per hundredweight) and 12.39% of producer butterfat (\$2.4044 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>August 2010</b>                         |                    |                |
| Whole Milk                                 | 130,712,600        | 30.79%         |
| Fat Free Milk                              | 51,409,858         | 12.11%         |
| Lowfat Milk (incl. 1%)                     | 37,850,158         | 8.92%          |
| Reduced Fat Milk (incl. 2%)                | 152,217,073        | 35.85%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 7,802,177          | 1.84%          |
| Flavored Drinks and Milk                   | 44,567,116         | 10.50%         |
| <b>Total Disposition in Marketing Area</b> | <b>424,558,982</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 345,499,983        | 81.38%         |
| Total Disposition by Nonpool Plants        | 79,058,999         | 18.62%         |
| <b>Total Disposition in Marketing Area</b> | <b>424,558,982</b> | <b>100.00%</b> |

Receipts of producer milk during September totaled 530.0 million pounds. There were 24 regulated pool distributing plants, 2 pool supply plants and 14 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2010. Class I route disposition in the area was 424.6 million pounds in August 2010.

## Secretary Vilsack Commends Dairy Industry for Efforts to Reduce Carbon Footprint

(continued from page 1) The fluid milk carbon footprint study, the first of its kind for a U.S. agricultural product, was presented on September 22 at the International Food Life Cycle Assessment Conference. The study is the dairy industry's initial step in a comprehensive, science-based approach to measure and improve its carbon footprint. It will provide a scientific basis to identify research needs and enable the industry to identify and measure management practices and technologies that are most effective in increasing productivity and reducing greenhouse gas emissions. Together with data from additional studies, the carbon footprint study indicates that total U.S. dairy greenhouse gas emissions are approximately 2 percent of total U.S. emissions.

The Innovation Center for U.S. Dairy commissioned the University of Arkansas' Applied Sustainability Center to conduct the fluid milk carbon footprint study. It is a life cycle assessment (LCA) that measured the greenhouse gas emissions created from the production of milk -- from when crops are grown to feed cows all the way to the disposal of the milk carton by the consumer. One of its key findings is that the increased adoption of best management practices along the entire fluid milk supply chain can increase profitability while improving environmental sustainability.

Last December, USDA and the Innovation Center for US Dairy signed an MOU to work together on sustainability issues and to reduce the industry's carbon footprint. The U.S. dairy industry has a long history of environmental stewardship. According to Cornell University, the carbon footprint of milk production dropped by 63% between 1944 - 2007 as a result of production efficiencies, nutrition management and other on-farm improvements.

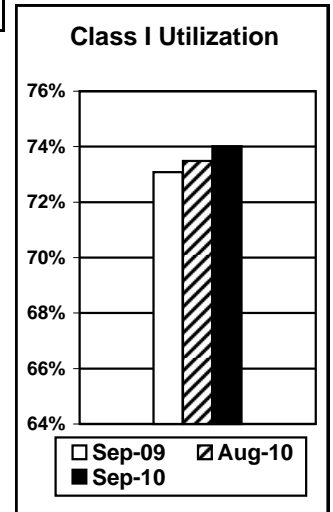
More information about the U.S. fluid milk carbon footprint study is available at [www.usdairy.com/sustainability](http://www.usdairy.com/sustainability).

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool<br>Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|----------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jul 2009       | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug            | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep            | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct            | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov            | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec            | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010       | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb            | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$ 8.14  | \$1.4404 | \$12.90 | \$ 13.00 | \$1.4427 | \$17.59 |
| Mar            | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$ 7.82  | \$1.5347 | \$12.92 | \$ 11.90 | \$1.5193 | \$16.80 |
| Apr            | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$ 8.49  | \$1.5813 | \$13.73 | \$ 10.91 | \$1.5728 | \$16.03 |
| May            | \$12.33  | \$1.6300 | \$17.60 | \$9.23   | \$1.7128 | \$14.90 | \$7.68    | \$1.7058 | \$13.38 | \$ 9.66  | \$1.7058 | \$15.29 | \$ 11.10 | \$1.6808 | \$16.59 |
| Jun            | \$13.41  | \$1.7535 | \$19.08 | \$10.31  | \$1.7304 | \$16.01 | \$7.86    | \$1.7234 | \$13.62 | \$ 9.76  | \$1.7234 | \$15.45 | \$ 11.99 | \$1.7351 | \$17.64 |
| Jul            | \$13.92  | \$1.7219 | \$19.46 | \$10.82  | \$1.9034 | \$17.10 | \$7.36    | \$1.8964 | \$13.74 | \$ 9.44  | \$1.8964 | \$15.75 | \$ 12.42 | \$1.8255 | \$18.37 |
| Aug            | \$13.29  | \$1.9279 | \$19.57 | \$10.19  | \$2.0406 | \$16.98 | \$8.35    | \$2.0336 | \$15.18 | \$ 8.80  | \$2.0336 | \$15.61 | \$ 12.50 | \$1.9887 | \$19.02 |
| Sep            | \$12.59  | \$2.0427 | \$19.30 | \$9.49   | \$2.4114 | \$17.60 | \$8.13    | \$2.4044 | \$16.26 | \$ 8.65  | \$2.4044 | \$16.76 | \$ 11.90 | \$2.2551 | \$19.38 |
| Oct            | \$12.42  | \$2.3974 | \$20.38 | \$9.32   |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool<br>Period | Producer Milk<br>1000 lbs. | Number of<br>Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|----------------|----------------------------|--------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                |                            |                    | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jul 2009       | 570,631                    | 2,811              | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug            | 568,941                    | 2,803              | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep            | 543,362                    | 2,734              | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct            | 565,165                    | 2,837              | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov            | 561,219                    | 2,801              | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec            | 615,755                    | 2,747              | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010       | 596,885                    | 2,665              | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb            | 545,481                    | 2,619              | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar            | 641,090                    | 2,655              | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr            | 640,938                    | 2,706              | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |
| May            | 622,452                    | 2,751              | 372,857   | 59.89% | 74,056    | 11.90% | 153,652   | 24.69% | 21,888    | 3.52%  |
| Jun            | 565,997                    | 2,761              | 351,651   | 62.13% | 62,478    | 11.04% | 137,638   | 24.32% | 14,231    | 2.51%  |
| Jul            | 552,090                    | 2,774              | 371,560   | 67.30% | 48,197    | 8.73%  | 122,959   | 22.27% | 9,374     | 1.70%  |
| Aug            | 547,131                    | 2,731              | 402,092   | 73.49% | 46,055    | 8.42%  | 80,689    | 14.75% | 18,295    | 3.34%  |
| Sep            | 529,998                    | 2,775**            | 392,249   | 74.01% | 45,195    | 8.53%  | 83,121    | 15.68% | 9,434     | 1.78%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods October 2010 through December 2010

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| OCT 2010   | 11/11/10                          | 11/12/10         | 11/15/10       | 10/25/10                   | 10/26/10  | 11/15/10          | 11/16/10  |
| NOV 2010   | 12/11/10                          | 12/13/10         | 12/14/10       | 11/26/10                   | 11/26/10  | 12/14/10          | 12/15/10  |
| DEC 2010   | 01/11/11                          | 01/12/11         | 01/13/11       | 12/27/10                   | 12/27/10  | 01/13/11          | 01/14/11  |

\*\* The base rate for making partial payments in Fulton County, GA for September will be \$17.12 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.02 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

### WASDE Dairy Report 1/

**WASDE – 487 October 8, 2010**

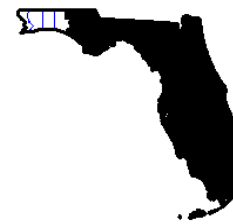
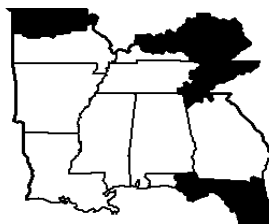
Forecast milk production for 2010 is raised slightly from last month as higher milk per cow more than offsets lower cow numbers. The forecast for 2011 is reduced as higher feed prices are expected to slow the rate of growth in cow numbers and milk per cow compared with last month. Import and export forecasts are unchanged. Fat basis stocks are reduced for 2010 as stocks of butter are forecast to be tight. Skim solids stocks are unchanged.

Continued strength in demand for cheese and relatively tight supplies of butter support higher forecast prices for 2010 and 2011. Price forecasts for nonfat dry milk (NDM) are raised for 2010 and 2011 as supplies are tighter. The 2010 whey price forecast is increased slightly but is unchanged for 2011. Both Class III and Class IV price forecasts for 2010 and 2011 are raised due to the higher product prices. The all milk price is forecast to average \$16.45 to \$16.55 per cwt for 2010 and \$16.00 to \$16.90 per cwt for 2011.

1/ *The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).*



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

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Volume 11—No. 11

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## **NASS: “Large Operations Increase Share of Inventory and Milk Production”**

The following are excerpts from “Overview of the United States Dairy Industry” by the National Agricultural Statistics Service (NASS) which was released on September 22, 2010.

“The dairy industry in the United States has undergone significant structural change over the past eight years. Total milk cow operations have declined significantly, while the number of large operations has increased. This report compares 2009 production year data to the 2001 data released in the U.S. Dairy Herd Structure report, published in September 2002.”

“The number of milk cow operations continues to decline in the United States. There were 65,000 milk cow operations in 2009 compared to 97,460 in 2001, a decline of 33 percent. Despite the large decrease in milk cow operations during this time period, both milk production and milk cow numbers have been on the rise. Milk production increased 15 percent, from 165,332 million pounds in 2001 to 189,320 million pounds in 2009. Milk cow inventory showed a smaller increase (cont. on page 4)

### **Southern Dairy Conference 2011**

The 37th Annual Southern Dairy Conference will be held in Atlanta, GA on January 25-26, 2011. Go to [www.southerndairyconference.com](http://www.southerndairyconference.com) for registration and other conference information.

### **Would You Prefer Email?**

The Market Administrator has recently mailed independent producers a letter asking to verify their farm address and, if different, the mailing address. This letter also gives you the option to have price announcements and this Market Information Bulletin mailed to you electronically. Your response will help us ensure the accuracy of our records and, if you choose the email option, to keep our publication and mailing costs low.

## **Uniform Price Up**

The uniform price in Fulton County, GA, was \$19.84 per hundredweight of milk at 3.5 percent butterfat for the month of October. The uniform price is \$0.46 higher than the previous month and is \$4.29 per hundredweight higher compared with October of last year.

Class Utilization was 70.27 percent in October, a decrease of 3.74 percent compared with the previous month and an identical decrease of 3.74 percent compared with October 2009.

## **National Dairy Situation**

The USDA estimates that the total U.S. production of milk in September was 15.53 billion pounds, an increase of 3.3 percent from September 2009 and a decrease of 0.4 percent when compared with August 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 879 million pounds, 4.3 percent above September 2009 and 3.7 percent above August 2010 on a daily average basis. Butter production was 110 million pounds, 16.7 percent above September 2009 and 12.3 percent above August 2010 on a daily average basis.

Nonfat dry milk powder production was 108.9 million pounds in September, 24.0 percent higher than September 2009 and 5.9 percent less than August 2010 on a daily average basis. Dry whey production was 78.2 million pounds in September, a decrease of 1.0 percent compared with September 2009 and 1.3 percent below August 2010 on a daily average basis.

## **Transportation Credit Update**

Preliminary claims on the Federal Order 7 transportation credit balancing fund for October 2010 were made for \$2,383,047.27. Since the available balance was \$1,173,680.43, eligible claims were paid at the rate of approximately \$0.49 on the dollar.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - OCTOBER 2010**

**Calculation of Uniform Butterfat Price:**

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 38.25%             | 7,965,546         | \$2.3594         | \$ 18,793,909.24        |
| Class I Differential at Location |                    |                   |                  | 265,141.74              |
| Class II Butterfat               | 26.79%             | 5,579,693         | \$2.4506         | 13,673,595.67           |
| Class III Butterfat              | 18.47%             | 3,845,203         | \$2.4436         | 9,396,138.07            |
| Class IV Butterfat               | 16.49%             | 3,433,385         | \$2.4436         | 8,389,819.58            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>20,823,827</b> |                  | <b>\$ 50,518,604.30</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.4260**

**Calculation of Uniform Skim Milk Price**

| <u>Producer Milk</u>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>             |
|----------------------------------|--------------------|--------------------|-----------------------|--------------------------|
| Class I Skim Milk                | 71.51%             | 383,261,243        | \$8.62 /cwt.          | \$ 33,037,119.15         |
| Class I Butterfat                | 38.25%             | 7,965,546          | \$2.3594 /lb.         | 18,793,909.24            |
| Class I Differential at Location |                    | 391,226,789        |                       | 13,147,329.55            |
| <b>Total Class I Milk</b>        | <b>70.27%</b>      | <b>391,226,789</b> |                       | <b>\$ 64,978,357.94</b>  |
| Class II Skim Milk               | 10.66%             | 57,133,820         | \$9.32 /cwt.          | \$ 5,324,872.03          |
| Class II Butterfat               | 26.79%             | 5,579,693          | \$2.4506 /lb.         | 13,673,595.67            |
| <b>Total Class II Milk</b>       | <b>11.26%</b>      | <b>62,713,513</b>  |                       | <b>\$ 18,998,467.70</b>  |
| Class III Skim Milk              | 13.46%             | 72,116,964         | \$8.69 /cwt.          | \$ 6,266,964.18          |
| Class III Butterfat              | 18.47%             | 3,845,203          | \$2.4436 /lb.         | 9,396,138.07             |
| <b>Total Class III Milk</b>      | <b>13.64%</b>      | <b>75,962,167</b>  |                       | <b>\$ 15,663,102.25</b>  |
| Class IV Skim Milk               | 4.37%              | 23,443,402         | \$8.91 /cwt.          | \$ 2,088,807.13          |
| Class IV Butterfat               | 16.49%             | 3,433,385          | \$2.4436 /lb.         | 8,389,819.58             |
| <b>Total Class IV Milk</b>       | <b>4.83%</b>       | <b>26,876,787</b>  |                       | <b>\$ 10,478,626.71</b>  |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>556,779,256</b> |                       | <b>\$ 110,118,554.60</b> |

**Adjustments**

|   |                   |
|---|-------------------|
| Overage and Other Source                      | \$0.00            |
| Inventory Adjustments                         | \$4,411.41        |
| Producer butterfat at uniform butterfat price | (\$50,518,604.30) |
| Location Adjustments to Producers             | \$3,396,704.32    |
| 1/2 Unobligated Balance in P.S.F              | \$247,376.39      |

**Adjusted Pool Value**

|                                      |             |                 |
|--------------------------------------|-------------|-----------------|
| Reserve for Producer Settlement Func | \$ 11.80106 | \$63,248,442.42 |
|                                      | \$ 0.04106  | \$220,083.99    |

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):**

**\$11.76**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$19.84\***

\* At 3.5% butterfat test; for information purposes.

**OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)**

| <u>MARKET NAME</u><br><u>(Priced at)</u> | <u>CLASS I</u>  |                 | <u>UNIFORM</u>  |                 | <u>CLASS I %</u> |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
|  | <u>OCT 2010</u> | <u>NOV 2010</u> | <u>SEP 2010</u> | <u>OCT 2010</u> | <u>OCT 2010</u>  |
| Appalachian (Charlotte)                  | \$ 19.98        | \$ 20.64        | \$ 19.16        | \$ 19.50        | 69.03%           |
| Arizona (Phoenix)                        | \$ 18.93        | \$ 19.59        | \$ 17.33        | \$ 17.81        | 34.60%           |
| Central (Kansas City)                    | \$ 18.58        | \$ 19.24        | \$ 17.01        | \$ 17.35        | 33.01%           |
| Florida (Tampa)                          | \$ 21.98        | \$ 22.64        | \$ 21.04        | \$ 21.46        | 85.57%           |
| Mideast (Cleveland)                      | \$ 18.58        | \$ 19.24        | \$ 17.26        | \$ 17.56        | 40.20%           |
| Northeast (Boston)                       | \$ 19.83        | \$ 20.49        | \$ 18.33        | \$ 18.61        | 45.10%           |
| Pacific Northwest (Seattle)              | \$ 18.48        | \$ 19.14        | \$ 16.94        | \$ 17.35        | 28.02%           |
| <b>Southeast (Atlanta)</b>               | <b>\$ 20.38</b> | <b>\$ 21.04</b> | <b>\$ 19.38</b> | <b>\$ 19.84</b> | <b>70.27%</b>    |
| Southwest (Dallas)                       | \$ 19.58        | \$ 20.24        | \$ 17.95        | \$ 18.32        | 40.62%           |
| Upper Midwest (Chicago)                  | \$ 18.38        | \$ 19.04        | \$ 16.60        | \$ 17.17        | 13.50%           |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>October 2010</b> | <b>October 2009</b> |
|--|---------------------|---------------------|
| <b>Producer Milk</b>   |                     |                     |
| Class I  | 391,226,789         | 418,280,611         |
| Class II   | 62,713,513          | 60,617,073          |
| Class III  | 75,962,167          | 63,975,067          |
| Class IV   | 26,876,787          | 22,292,569          |
|  | <hr/>               | <hr/>               |
| Total Producer Milk  | <b>556,779,256</b>  | <b>565,165,320</b>  |
| Average Butterfat Test   | 3.74%               | 3.76%               |
| Percent of Producer Milk in Class I  | 70.27%              | 74.01%              |
| Daily Average Receipts   | 17,960,621          | 18,231,139          |
| <b>Other Source Milk</b>   |                     |                     |
| Class I  | 8,658,927           | 10,457,302          |
| Class II   | 4,717,309           | 5,264,197           |
| Class III  | 1,640,834           | 2,089,512           |
| Class IV   | 3,760,742           | 5,296,644           |
|  | <hr/>               | <hr/>               |
| Total Other Source Milk  | <b>18,777,812</b>   | <b>23,107,655</b>   |
| <b>Overage</b>   |                     |                     |
| Class I  | 0                   | 0                   |
| Class II   | 0                   | 413,391             |
| Class III  | 0                   | 0                   |
| Class IV   | 0                   | 36,586              |
|  | <hr/>               | <hr/>               |
| Total Overage  | <b>0</b>            | <b>449,977</b>      |
| <b>Opening Inventory</b>   |                     |                     |
| Class I  | 34,637,165          | 31,503,635          |
| Class II   | 481,125             | 1,043,662           |
| Class III  | 46,811              | 221,123             |
| Class IV   | 15,256,391          | 18,541,494          |
|  | <hr/>               | <hr/>               |
| Total Opening Inventory  | <b>50,421,492</b>   | <b>51,309,914</b>   |
|  | <hr/>               | <hr/>               |
| <b>Total Receipts</b>  | <b>625,978,560</b>  | <b>640,032,866</b>  |
| <b>Utilization:</b>  |                     |                     |
| <b>Class I Utilization</b>   |                     |                     |
| Inventory of Packaged FMP  | 31,240,957          | 32,139,209          |
| Route Disposition Class I  | 394,644,613         | 412,345,927         |
| Shrinkage  | 1,502,400           | 3,560,422           |
| Transfers & Diversions to Nonpool  | 7,134,911           | 12,195,990          |
|  | <hr/>               | <hr/>               |
| Total Class I Utilization  | <b>434,522,881</b>  | <b>460,241,548</b>  |
| Average Butterfat Test   | 2.04%               | 2.00%               |
| Daily Average Utilization  | 14,016,867          | 14,846,502          |
| <b>Class II Utilization</b>  |                     |                     |
| Nonfluid Used To Produce   | 1,353,673           | 1,307,438           |
| Shrinkage  | 0                   | 0                   |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 43,002,064          | 41,892,059          |
|  | <hr/>               | <hr/>               |
| Total Class II Utilization   | <b>67,911,947</b>   | <b>67,338,323</b>   |
| Average Butterfat Test   | 10.23%              | 10.37%              |
| <b>Class III Utilization</b>   |                     |                     |
| Shrinkage  | 7,179,995           | 0                   |
| Transfers & Diversions to Nonpool  | 66,594,960          | 66,285,702          |
| Used To Produce/Other Uses   | 3,874,857           | 0                   |
|  | <hr/>               | <hr/>               |
| Total Class III Utilization  | <b>77,649,812</b>   | <b>66,285,702</b>   |
| Average Butterfat Test   | 5.05%               | 5.79%               |
| <b>Class IV Utilization</b>  |                     |                     |
| Inventory  | 26,223,246          | 17,332,599          |
| Nonfluid Used To Fortify   | 1,401,352           | 1,854,027           |
| Shrinkage  | 0                   | 7,368,069           |
| Transfers & Diversions to Nonpool  | 0                   | 15,014,736          |
| Used To Produce/Other Uses   | 18,269,322          | 4,597,862           |
|  | <hr/>               | <hr/>               |
| Total Class IV Utilization   | <b>45,893,920</b>   | <b>46,167,293</b>   |
| Average Butterfat Test   | 10.32%              | 9.88%               |
|  | <hr/>               | <hr/>               |
| <b>Total Utilization</b>   | <b>625,978,560</b>  | <b>640,032,866</b>  |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2010 is \$19.84 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.76 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4260 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In October, Class I use, which is primarily bottled or packaged fluid milk, accounted for 71.51% of all producer skim milk (priced to handlers at \$8.62 per hundredweight, plus the Class I differential, see page 2) and 38.25% of producer butterfat (priced to handlers at \$2.3594 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.66% of all producer skim milk (\$9.32 per hundredweight) and 26.79% of producer butterfat (\$2.4506 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.46% of all producer skim milk (\$8.69 per hundredweight) and 18.47% of producer butterfat (\$2.4436 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.83% of all producer skim milk (\$8.91 per hundredweight) and 16.49% of producer butterfat (\$2.4436 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>September 2010</b>                      |                    |                |
| Whole Milk                                 | 124,092,526        | 29.80%         |
| Fat Free Milk                              | 49,554,032         | 11.90%         |
| Lowfat Milk (incl. 1%)                     | 38,447,128         | 9.23%          |
| Reduced Fat Milk (incl. 2%)                | 145,681,013        | 34.98%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 7,760,927          | 1.86%          |
| Flavored Drinks and Milk                   | 50,928,191         | 12.23%         |
| <b>Total Disposition in Marketing Area</b> | <b>416,463,817</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 337,641,381        | 81.07%         |
| Total Disposition by Nonpool Plants        | 78,822,436         | 18.93%         |
| <b>Total Disposition in Marketing Area</b> | <b>416,463,817</b> | <b>100.00%</b> |

Receipts of producer milk during October totaled 556.8 million pounds. There were 25 regulated pool distributing plants, 2 pool supply plants and 14 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for October 2010. Class I route disposition in the area was 416.5 million pounds in September 2010.

### NASS: "Large Operations Increase Share of Inventory and Milk Production"

(continued from page 1) "of 1 percent, from 9.10 million head in 2001 to 9.20 million head in 2009.

Although the overall number of milk cow operations has declined since 2001, the number of operations with 500 or more head of milk cows has increased. Since 2001, the number of operations with 500 or more head increased by 20 percent, from 2,795 to 3,350 in 2009. The largest size group, places with 2,000 or more head, showed the greatest percentage change from 2001, increasing from 325 places in 2001 to 740 in 2009, a gain of 128 percent. While larger operations were growing in number, smaller operations declined in number. Places with less than 500 head went from 94,665 in 2001 to 61,650 in 2009, a decline of over 33,000 operations, or 35 percent.

As large operations have become more numerous, the share of inventory accounted for by large operations has also increased. In 2009, operations with 500 or more head accounted for 56 percent of total milk cow inventory compared with only 35 percent in 2001. Operations with 2,000 or more head accounted for 30 percent of inventory in 2009, up from only 12 percent in 2001. Places with less than 500 head accounted for 44 percent of total milk cow inventory in 2009, down from 65 percent in 2001.

As with inventory, the share of milk production accounted for by large operations has steadily increased. Operations with 500 or more head accounted for nearly 60 percent of all milk produced in 2009, up from 39 percent in 2001. Production on places with 2,000 or more head has increased from only 13 percent in 2001 to 31 percent of total milk production in 2009. Smaller operations continue to produce a smaller share of production. Places with less than 500 head accounted for nearly 41 percent of milk production in 2009, down from 61 percent in 2001."

For the full report, including graphical depictions of the trends towards larger dairy operations, visit [www.nass.usda.gov](http://www.nass.usda.gov) or <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1831>.

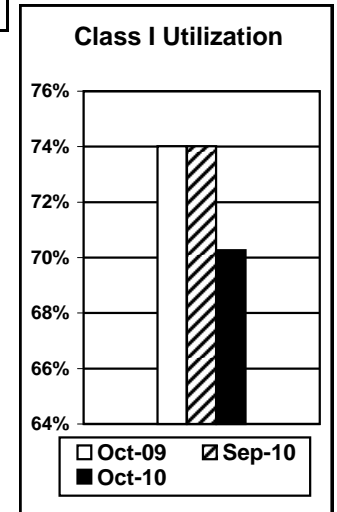


**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool<br>Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|----------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Jul 2009       | \$9.83   | \$1.3062 | \$14.06 | \$6.73   | \$1.2508 | \$10.87 | \$5.82    | \$1.2438 | \$9.97  | \$ 6.01  | \$1.2438 | \$10.15 | \$ 8.94  | \$1.2693 | \$13.07 |
| Aug            | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep            | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct            | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov            | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec            | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010       | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb            | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$ 8.14  | \$1.4404 | \$12.90 | \$ 13.00 | \$1.4427 | \$17.59 |
| Mar            | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$ 7.82  | \$1.5347 | \$12.92 | \$ 11.90 | \$1.5193 | \$16.80 |
| Apr            | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$ 8.49  | \$1.5813 | \$13.73 | \$ 10.91 | \$1.5728 | \$16.03 |
| May            | \$12.33  | \$1.6300 | \$17.60 | \$9.23   | \$1.7128 | \$14.90 | \$7.68    | \$1.7058 | \$13.38 | \$ 9.66  | \$1.7058 | \$15.29 | \$ 11.10 | \$1.6808 | \$16.59 |
| Jun            | \$13.41  | \$1.7535 | \$19.08 | \$10.31  | \$1.7304 | \$16.01 | \$7.86    | \$1.7234 | \$13.62 | \$ 9.76  | \$1.7234 | \$15.45 | \$ 11.99 | \$1.7351 | \$17.64 |
| Jul            | \$13.92  | \$1.7219 | \$19.46 | \$10.82  | \$1.9034 | \$17.10 | \$7.36    | \$1.8964 | \$13.74 | \$ 9.44  | \$1.8964 | \$15.75 | \$ 12.42 | \$1.8255 | \$18.37 |
| Aug            | \$13.29  | \$1.9279 | \$19.57 | \$10.19  | \$2.0406 | \$16.98 | \$8.35    | \$2.0336 | \$15.18 | \$ 8.80  | \$2.0336 | \$15.61 | \$ 12.50 | \$1.9887 | \$19.02 |
| Sep            | \$12.59  | \$2.0427 | \$19.30 | \$9.49   | \$2.4114 | \$17.60 | \$8.13    | \$2.4044 | \$16.26 | \$ 8.65  | \$2.4044 | \$16.76 | \$ 11.90 | \$2.2551 | \$19.38 |
| Oct            | \$12.42  | \$2.3974 | \$20.38 | \$9.32   | \$2.4506 | \$17.57 | \$8.69    | \$2.4436 | \$16.94 | \$ 8.91  | \$2.4436 | \$17.15 | \$ 11.76 | \$2.4260 | \$19.84 |
| Nov            | \$12.78  | \$2.4875 | \$21.04 | \$9.68   |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool<br>Period | Producer Milk<br>1000 lbs. | Number of<br>Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|----------------|----------------------------|--------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                |                            |                    | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Jul 2009       | 570,631                    | 2,811              | 381,874   | 66.92% | 62,766    | 11.00% | 110,511   | 19.37% | 15,480    | 2.71%  |
| Aug            | 568,941                    | 2,803              | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep            | 543,362                    | 2,734              | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct            | 565,165                    | 2,837              | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov            | 561,219                    | 2,801              | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec            | 615,755                    | 2,747              | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010       | 596,885                    | 2,665              | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb            | 545,481                    | 2,619              | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar            | 641,090                    | 2,655              | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr            | 640,938                    | 2,706              | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |
| May            | 622,452                    | 2,751              | 372,857   | 59.89% | 74,056    | 11.90% | 153,652   | 24.69% | 21,888    | 3.52%  |
| Jun            | 565,997                    | 2,761              | 351,651   | 62.13% | 62,478    | 11.04% | 137,638   | 24.32% | 14,231    | 2.51%  |
| Jul            | 552,090                    | 2,774              | 371,560   | 67.30% | 48,197    | 8.73%  | 122,959   | 22.27% | 9,374     | 1.70%  |
| Aug            | 547,131                    | 2,731              | 402,092   | 73.49% | 46,055    | 8.42%  | 80,689    | 14.75% | 18,295    | 3.34%  |
| Sep            | 529,998                    | 2,684              | 392,249   | 74.01% | 45,195    | 8.53%  | 83,121    | 15.68% | 9,434     | 1.78%  |
| Oct            | 556,780                    | 2,700**            | 391,227   | 70.27% | 62,714    | 11.26% | 75,962    | 13.64% | 26,877    | 4.83%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods November 2010 through January 2011

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| NOV 2010   | 12/11/10                          | 12/13/10         | 12/14/10       | 11/26/10                   | 11/26/10  | 12/14/10          | 12/15/10  |
| DEC 2010   | 01/11/11                          | 01/12/11         | 01/13/11       | 12/27/10                   | 12/27/10  | 01/13/11          | 01/14/11  |
| JAN 2011   | 02/11/11                          | 02/14/11         | 02/15/11       | 01/25/11                   | 01/26/11  | 02/15/11          | 02/16/11  |

\*\* The base rate for making partial payments in Fulton County, GA for November will be \$17.86 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.84 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

## WASDE Dairy Report 1/

**WASDE – 488 November 9, 2010**

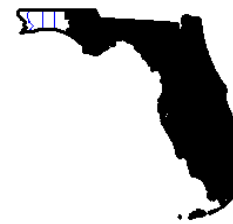
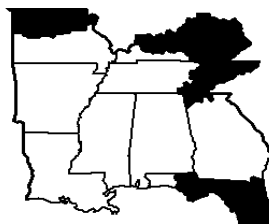
Forecast milk production for 2010 is unchanged from last month. However, for 2011 production is lowered from last month as forecast cow numbers are reduced from last month. Milk per cow is adjusted slightly higher in early 2011 but higher feed prices and lower forecast milk prices limit the rate of growth in 2011. Exports in 2010 are forecast higher due to strong growth in butter, cheese, and fluid milk/cream. For 2011, continued global economic recovery and a favorable exchange rate should support exports. Revisions have been made to historical export aggregations, resulting in higher estimated exports. Import forecasts are raised on the strong pace of imports.

Cheese and butter prices for both 2010 and 2011 are forecast lower. The 2010 forecast for nonfat dry milk is unchanged from last month but stronger expected exports support a higher forecast for 2011. The whey price forecast is unchanged. Both Class III and Class IV price forecasts for 2010 are lowered due to the lower cheese and butter price forecasts. The Class III price forecast is lowered for 2011 but the Class IV price forecast is raised as the higher nonfat price more than offsets the lower butter price forecast. The all milk price is forecast to average \$16.30 to \$16.40 per cwt for 2010 and \$15.95 to \$16.85 per cwt for 2011.

1/ The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).



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# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

December 2010

Volume 11—No. 12

ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## USDA's Latest Dairy Outlook

The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's market outlook for major U.S. and global agriculture commodities. Excerpts of the dairy market outlook from the December 10, 2010 report are provide below and available at [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm).

"Forecast milk production for 2010 and 2011 is little changed last month. Fat-basis imports for 2010 are lowered primarily due to lower imports of cheese but skim-solids imports are unchanged due to higher imports of expected imports of other products. Fat basis exports for 2010 are raised as sales of cheese and fluid milk and cream are strong and skim-solids exports are boosted by strong sales of cheese and nonfat dry milk (NDM). Exports for 2011 are forecast higher due to expected growth in butter and nonfat dry milk sales. Ending stocks for 2010 are raised to reflect higher-than expected stocks of cheese.

For 2010, cheese and whey prices are unchanged from last month. NDM prices are forecast higher but the butter price forecast is reduced reflecting recent sharp declines in butter prices. With no change in either the cheese or whey price, the Class III price forecast is unchanged. However, the Class IV price forecast is reduced, due to a lower butter price forecast which more than offsets a higher expected NDM price. For 2011, the range of the cheese price forecast narrowed but whey is forecast higher. The butter price is reduced as current price weakness spills into early 2011. NDM prices are forecast higher. The ranges of the Class III and Class IV price forecasts are narrowed from last month. The all milk price is forecast to average \$16.25 to \$16.35 per cwt for 2010 and \$15.90 to \$16.70 per cwt for 2011."

## Southern Dairy Conference 2011

The 37th Annual Southern Dairy Conference will be held in Atlanta, GA on January 25-26, 2011. Go to [www.southerndairyconference.com](http://www.southerndairyconference.com) for registration and other conference information.

## Uniform Price Lower for November

The uniform price in Fulton County, GA, was \$19.62 per hundredweight of milk at 3.5 percent butterfat for the month of November. The uniform price is \$0.22 lower than the previous month and is \$3.34 per hundredweight higher compared with November of last year.

Class I utilization was 70.55 percent in November, an increase of 0.28 percent compared with the previous month and an increase of 0.22 percent compared with November 2009.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in October was 15.87 billion pounds, an increase of 2.9 percent from October 2009 and a decrease of 1.1 percent when compared with September 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 893 million pounds, 3.5 percent above October 2009 and 1.7 percent below September 2010 on a daily average basis. Butter production was 122 million pounds, 7.5 percent above October 2009 and 3.4 percent above September 2010 on a daily average basis.

Nonfat dry milk powder production was 115.3 million pounds in October, 24.2 percent higher than October 2009 and 2.1 percent higher than September 2010 on a daily average basis. Dry whey production was 79.0 million pounds in October, a decrease of 3.3 percent compared with October 2009 and 2.1 percent below September 2010 on a daily average basis.

## Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for November 2010 were made for \$2,417,033.73. Since the available balance was \$1,211,173.67, eligible claims were paid at the rate of approximately \$0.50 on the dollar.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - NOVEMBER 2010**

**Calculation of Uniform Butterfat Price:**

|                                  | <u>Utilization</u> | <u>Pounds</u>     | <u>Price/lb.</u> | <u>Value</u>            |
|----------------------------------|--------------------|-------------------|------------------|-------------------------|
| Class I Butterfat                | 38.49%             | 8,460,588         | \$2.4495         | \$ 20,724,210.35        |
| Class I Differential at Location |                    |                   |                  | 280,048.81              |
| Class II Butterfat               | 24.03%             | 5,283,333         | \$2.2492         | 11,883,272.59           |
| Class III Butterfat              | 22.07%             | 4,852,896         | \$2.2422         | 10,881,163.43           |
| Class IV Butterfat               | 15.41%             | 3,387,388         | \$2.2422         | 7,595,201.38            |
| <b>Total Butterfat</b>           | <b>100.00%</b>     | <b>21,984,205</b> |                  | <b>\$ 51,363,896.56</b> |

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.3364**

**Calculation of Uniform Skim Milk Price**

| <b>Producer Milk</b>             | <u>Utilization</u> | <u>Pounds</u>      | <u>Price per unit</u> | <u>Value</u>             |
|----------------------------------|--------------------|--------------------|-----------------------|--------------------------|
| Class I Skim Milk                | 71.83%             | 395,818,606        | \$8.98 /cwt.          | \$ 35,544,510.80         |
| Class I Butterfat                | 38.49%             | 8,460,588          | \$2.4495 /lb.         | 20,724,210.35            |
| Class I Differential at Location |                    | 404,279,194        |                       | 13,528,001.07            |
| <b>Total Class I Milk</b>        | <b>70.55%</b>      | <b>404,279,194</b> |                       | <b>\$ 69,796,722.22</b>  |
| Class II Skim Milk               | 8.42%              | 46,388,040         | \$9.68 /cwt.          | \$ 4,490,362.26          |
| Class II Butterfat               | 24.03%             | 5,283,333          | \$2.2492 /lb.         | 11,883,272.59            |
| <b>Total Class II Milk</b>       | <b>9.02%</b>       | <b>51,671,373</b>  |                       | <b>\$ 16,373,634.85</b>  |
| Class III Skim Milk              | 16.73%             | 92,156,788         | \$7.87 /cwt.          | \$ 7,252,739.21          |
| Class III Butterfat              | 22.07%             | 4,852,896          | \$2.2422 /lb.         | 10,881,163.43            |
| <b>Total Class III Milk</b>      | <b>16.93%</b>      | <b>97,009,684</b>  |                       | <b>\$ 18,133,902.64</b>  |
| Class IV Skim Milk               | 3.02%              | 16,640,587         | \$9.15 /cwt.          | \$ 1,522,613.73          |
| Class IV Butterfat               | 15.41%             | 3,387,388          | \$2.2422 /lb.         | 7,595,201.38             |
| <b>Total Class IV Milk</b>       | <b>3.50%</b>       | <b>20,027,975</b>  |                       | <b>\$ 9,117,815.11</b>   |
| <b>Producer Milk</b>             | <b>100.00%</b>     | <b>572,988,226</b> |                       | <b>\$ 113,422,074.82</b> |

**Adjustments**

|   |                        |
|---|------------------------|
| Overage and Other Source                      | \$8,979.99             |
| Inventory Adjustments                         | (\$79,217.72)          |
| Producer butterfat at uniform butterfat price | (\$51,363,896.56)      |
| Location Adjustments to Producers             | \$3,386,609.94         |
| 1/2 Unobligated Balance in P.S.F              | \$234,399.90           |
| <b>Adjusted Pool Value</b>                    | <b>\$ 11.90716</b>     |
| Reserve for Producer Settlement Func          | <b>\$ 0.04716</b>      |
|   | <b>\$65,608,950.37</b> |
|   | \$259,873.50           |

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):**

**\$11.86**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$19.62\***

\* At 3.5% butterfat test; for information purposes.

**OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)**

| MARKET NAME<br>(Priced at)  | CLASS I         |                 | UNIFORM         |                 | CLASS I %     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                             | NOV 2010        | DEC 2010        | OCT 2010        | NOV 2010        | NOV 2010      |
| Appalachian (Charlotte)     | \$ 20.64        | \$ 20.36        | \$ 19.50        | \$ 19.45        | 71.48%        |
| Arizona (Phoenix)           | \$ 19.59        | \$ 19.31        | \$ 17.81        | \$ 17.30        | 34.78%        |
| Central (Kansas City)       | \$ 19.24        | \$ 18.96        | \$ 17.35        | \$ 16.67        | 35.79%        |
| Florida (Tampa)             | \$ 22.64        | \$ 22.36        | \$ 21.46        | \$ 21.61        | 86.61%        |
| Mideast (Cleveland)         | \$ 19.24        | \$ 18.96        | \$ 17.56        | \$ 17.02        | 45.40%        |
| Northeast (Boston)          | \$ 20.49        | \$ 20.21        | \$ 18.61        | \$ 18.17        | 45.70%        |
| Pacific Northwest (Seattle) | \$ 19.14        | \$ 18.86        | \$ 17.35        | \$ 16.71        | 30.67%        |
| <b>Southeast (Atlanta)</b>  | <b>\$ 21.01</b> | <b>\$ 20.76</b> | <b>\$ 19.84</b> | <b>\$ 19.62</b> | <b>70.55%</b> |
| Southwest (Dallas)          | \$ 20.24        | \$ 19.96        | \$ 18.32        | \$ 17.69        | 42.79%        |
| Upper Midwest (Chicago)     | \$ 19.04        | \$ 18.76        | \$ 17.17        | \$ 15.92        | 14.40%        |

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7  
STATISTICAL SUMMARY**

| <b>Receipts:</b>   | <b>November 2010</b> | <b>November 2009</b> |
|--|----------------------|----------------------|
| <b>Producer Milk</b>   |                      |                      |
| Class I  | 404,279,194          | 394,694,818          |
| Class II   | 51,671,373           | 66,690,721           |
| Class III  | 97,009,684           | 71,883,801           |
| Class IV   | 20,027,975           | 27,949,950           |
| Total Producer Milk  | <u>572,988,226</u>   | <u>561,219,290</u>   |
| Average Butterfat Test   | 3.84%                | 3.78%                |
| Percent of Producer Milk in Class I  | 70.55%               | 70.33%               |
| Daily Average Receipts   | 19,099,608           | 18,707,310           |
| <b>Other Source Milk</b>   |                      |                      |
| Class I  | 7,982,331            | 9,437,042            |
| Class II   | 3,748,605            | 5,524,484            |
| Class III  | 1,640,143            | 1,444,073            |
| Class IV   | 6,489,848            | 8,109,291            |
| Total Other Source Milk  | <u>19,860,927</u>    | <u>24,514,890</u>    |
| <b>Overage</b>   |                      |                      |
| Class I  | 0                    | 0                    |
| Class II   | 0                    | 0                    |
| Class III  | 0                    | 0                    |
| Class IV   | 98,142               | 9,106                |
| Total Overage  | <u>98,142</u>        | <u>9,106</u>         |
| <b>Opening Inventory</b>   |                      |                      |
| Class I  | 31,444,134           | 32,659,403           |
| Class II   | 2,222,920            | 2,315,594            |
| Class III  | 3,584,704            | 153,387              |
| Class IV   | 20,212,445           | 14,863,618           |
| Total Opening Inventory  | <u>57,464,203</u>    | <u>49,992,002</u>    |
| <b>Total Receipts</b>  | <b>650,411,498</b>   | <b>635,735,288</b>   |
| <b>Utilization:</b>  |                      |                      |
| <b>Class I Utilization</b>   |                      |                      |
| Inventory of Packaged FMP  | 33,655,724           | 33,636,691           |
| Route Disposition Class I  | 400,460,677          | 390,369,150          |
| Shrinkage  | 1,807,819            | 1,718,510            |
| Transfers & Diversions to Nonpool  | 7,781,439            | 11,066,912           |
| Total Class I Utilization  | <u>443,705,659</u>   | <u>436,791,263</u>   |
| Average Butterfat Test   | 2.10%                | 2.05%                |
| Daily Average Utilization  | 14,790,189           | 14,559,709           |
| <b>Class II Utilization</b>  |                      |                      |
| Nonfluid Used To Produce   | 1,170,844            | 960,707              |
| Shrinkage  | 260,249              | 7,411,444            |
| Transfers & Diversions to Nonpool/Commercial Foods<br>Used To Produce/Other Uses | 29,813,089           | 34,571,502           |
| Total Class II Utilization   | <u>26,398,716</u>    | <u>31,587,146</u>    |
| Average Butterfat Test   | 11.81%               | 10.49%               |
| <b>Class III Utilization</b>   |                      |                      |
| Shrinkage  | 6,630,461            | 0                    |
| Transfers & Diversions to Nonpool  | 91,709,648           | 73,481,261           |
| Used To Produce/Other Uses   | 3,894,422            | 0                    |
| Total Class III Utilization  | <u>102,234,531</u>   | <u>73,481,261</u>    |
| Average Butterfat Test   | 4.83%                | 6.07%                |
| <b>Class IV Utilization</b>  |                      |                      |
| Inventory  | 21,051,565           | 24,100,349           |
| Nonfluid Used To Fortify   | 2,719,200            | 3,227,706            |
| Shrinkage  | 98,790               | 0                    |
| Transfers & Diversions to Nonpool  | 22,958,855           | 23,603,910           |
| Used To Produce/Other Uses   | 0                    | 0                    |
| Total Class IV Utilization   | <u>46,828,410</u>    | <u>50,931,965</u>    |
| Average Butterfat Test   | 10.53%               | 7.54%                |
| <b>Total Utilization</b>   | <b>650,411,498</b>   | <b>635,735,288</b>   |

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2010 is \$19.62 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.86 per hundredweight plus 3.5 times the uniform butterfat price of \$2.3364 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In November, Class I use, which is primarily bottled or packaged fluid milk, accounted for 71.83% of all producer skim milk (priced to handlers at \$8.98 per hundredweight, plus the Class I differential, see page 2) and 38.49% of producer butterfat (priced to handlers at \$2.4495 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.42% of all producer skim milk (\$9.68 per hundredweight) and 24.03% of producer butterfat (\$2.2492 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.73% of all producer skim milk (\$7.87 per hundredweight) and 22.07% of producer butterfat (\$2.2422 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.02% of all producer skim milk (\$9.15 per hundredweight) and 15.41% of producer butterfat (\$2.2422 per pound).

### Packaged Class I Route Sales in Marketing Area

| Product Description                        | Pounds             | Percent        |
|--|--------------------|----------------|
| <b>October 2010</b>                        |                    |                |
| Whole Milk                                 | 126,093,005        | 29.74%         |
| Fat Free Milk                              | 50,129,068         | 11.82%         |
| Lowfat Milk (incl. 1%)                     | 39,135,757         | 9.23%          |
| Reduced Fat Milk (incl. 2%)                | 148,946,428        | 35.13%         |
| Cultured Fluid Milk (incl. Buttermilk)     | 8,011,475          | 1.89%          |
| Flavored Drinks and Milk                   | 51,699,036         | 12.19%         |
| <b>Total Disposition in Marketing Area</b> | <b>424,014,769</b> | <b>100.00%</b> |
| Total Disposition by Pool Plants           | 343,177,010        | 80.94%         |
| Total Disposition by Nonpool Plants        | 80,837,759         | 19.06%         |
| <b>Total Disposition in Marketing Area</b> | <b>424,014,769</b> | <b>100.00%</b> |

Receipts of producer milk during November totaled 573.0 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 13 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2010. Class I route disposition in the area was 416.5 million pounds in October 2010.

### Mailbox Milk Prices For Selected Reporting Areas 2/

| Reporting Area 1/           | September 2009 | August 2010  | September 2010 |
|-----------------------------|----------------|--------------|----------------|
| New England States 3/       | 13.45          | 17.82        | 18.84          |
| Eastern Pennsylvania 4/     | 12.99          | 17.24        | 18.36          |
| Appalachian States 5/       | 13.94          | 18.62        | 19.36          |
| <b>Southeast States 6/</b>  | <b>14.77</b>   | <b>19.55</b> | <b>20.11</b>   |
| Southern Missouri 7/        | 12.55          | 17.09        | 17.96          |
| Florida                     | 16.20          | 21.11        | 21.63          |
| Western Pennsylvania 8/     | 12.97          | 16.28        | 18.51          |
| Indiana                     | 12.81          | 16.72        | 18.22          |
| Wisconsin                   | 13.30          | 16.18        | 17.70          |
| Corn Belt States 9/         | 12.82          | 16.21        | 17.42          |
| Western Texas 10/           | 12.22          | 15.84        | 16.86          |
| Northwest States 11/        | 12.17          | 16.08        | 17.33          |
| All Federal Order Areas 12/ | 12.98          | 16.51        | 17.81          |
| California 13/              | 11.20          | 15.04        | 15.99          |

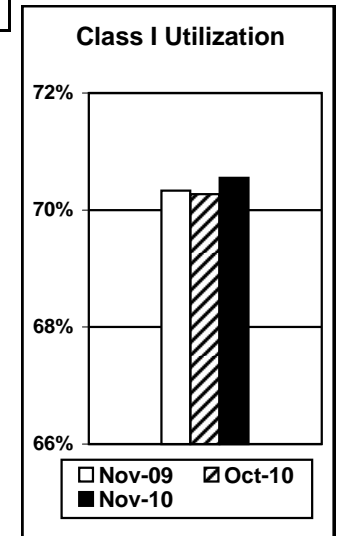
Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. 13/ Calculated by CA Department of Food and Agriculture. Page 4

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

| Pool<br>Period | CLASS I* |          |         | CLASS II |          |         | CLASS III |          |         | CLASS IV |          |         | UNIFORM* |          |         |
|----------------|----------|----------|---------|----------|----------|---------|-----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt  | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   | Skim/cwt | Bfat/lb  | @ 3.5   |
| Aug 2009       | \$9.80   | \$1.2529 | \$13.84 | \$6.70   | \$1.2561 | \$10.86 | \$7.08    | \$1.2491 | \$11.20 | \$ 6.23  | \$1.2491 | \$10.38 | \$ 9.25  | \$1.2508 | \$13.30 |
| Sep            | \$10.54  | \$1.3026 | \$14.73 | \$6.95   | \$1.2296 | \$11.01 | \$8.12    | \$1.2226 | \$12.11 | \$ 7.12  | \$1.2226 | \$11.15 | \$ 10.08 | \$1.2549 | \$14.12 |
| Oct            | \$12.23  | \$1.2421 | \$16.15 | \$7.71   | \$1.2822 | \$11.93 | \$8.66    | \$1.2752 | \$12.82 | \$ 7.66  | \$1.2752 | \$11.86 | \$ 11.54 | \$1.2622 | \$15.55 |
| Nov            | \$12.50  | \$1.3132 | \$16.66 | \$8.38   | \$1.4726 | \$13.24 | \$9.27    | \$1.4656 | \$14.08 | \$ 8.41  | \$1.4656 | \$13.25 | \$ 11.77 | \$1.4075 | \$16.28 |
| Dec            | \$13.11  | \$1.4690 | \$17.79 | \$9.14   | \$1.5503 | \$14.25 | \$9.93    | \$1.5433 | \$14.98 | \$ 9.96  | \$1.5433 | \$15.01 | \$ 12.36 | \$1.5152 | \$17.23 |
| Jan 2010       | \$13.62  | \$1.6254 | \$18.83 | \$10.52  | \$1.4475 | \$15.22 | \$9.80    | \$1.4405 | \$14.50 | \$ 9.13  | \$1.4405 | \$13.85 | \$ 12.77 | \$1.5074 | \$17.60 |
| Feb            | \$14.07  | \$1.4470 | \$18.64 | \$10.97  | \$1.4474 | \$15.65 | \$9.57    | \$1.4404 | \$14.28 | \$ 8.14  | \$1.4404 | \$12.90 | \$ 13.00 | \$1.4427 | \$17.59 |
| Mar            | \$13.40  | \$1.4895 | \$18.14 | \$9.39   | \$1.5417 | \$14.46 | \$7.68    | \$1.5347 | \$12.78 | \$ 7.82  | \$1.5347 | \$12.92 | \$ 11.90 | \$1.5193 | \$16.80 |
| Apr            | \$11.99  | \$1.5559 | \$17.02 | \$8.52   | \$1.5883 | \$13.78 | \$7.65    | \$1.5813 | \$12.92 | \$ 8.49  | \$1.5813 | \$13.73 | \$ 10.91 | \$1.5728 | \$16.03 |
| May            | \$12.33  | \$1.6300 | \$17.60 | \$9.23   | \$1.7128 | \$14.90 | \$7.68    | \$1.7058 | \$13.38 | \$ 9.66  | \$1.7058 | \$15.29 | \$ 11.10 | \$1.6808 | \$16.59 |
| Jun            | \$13.41  | \$1.7535 | \$19.08 | \$10.31  | \$1.7304 | \$16.01 | \$7.86    | \$1.7234 | \$13.62 | \$ 9.76  | \$1.7234 | \$15.45 | \$ 11.99 | \$1.7351 | \$17.64 |
| Jul            | \$13.92  | \$1.7219 | \$19.46 | \$10.82  | \$1.9034 | \$17.10 | \$7.36    | \$1.8964 | \$13.74 | \$ 9.44  | \$1.8964 | \$15.75 | \$ 12.42 | \$1.8255 | \$18.37 |
| Aug            | \$13.29  | \$1.9279 | \$19.57 | \$10.19  | \$2.0406 | \$16.98 | \$8.35    | \$2.0336 | \$15.18 | \$ 8.80  | \$2.0336 | \$15.61 | \$ 12.50 | \$1.9887 | \$19.02 |
| Sep            | \$12.59  | \$2.0427 | \$19.30 | \$9.49   | \$2.4114 | \$17.60 | \$8.13    | \$2.4044 | \$16.26 | \$ 8.65  | \$2.4044 | \$16.76 | \$ 11.90 | \$2.2551 | \$19.38 |
| Oct            | \$12.42  | \$2.3974 | \$20.38 | \$9.32   | \$2.4506 | \$17.57 | \$8.69    | \$2.4436 | \$16.94 | \$ 8.91  | \$2.4436 | \$17.15 | \$ 11.76 | \$2.4260 | \$19.84 |
| Nov            | \$12.78  | \$2.4875 | \$21.04 | \$9.68   | \$2.2492 | \$17.21 | \$7.87    | \$2.2422 | \$15.44 | \$ 9.15  | \$2.2422 | \$16.68 | \$ 11.86 | \$2.3364 | \$19.62 |
| Dec            | \$12.91  | \$2.3728 | \$20.76 | \$9.81   |          |         |           |          |         |          |          |         |          |          |         |

**FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

| Pool<br>Period | Producer Milk<br>1000 lbs. | Number of<br>Farms | CLASS I   |        | CLASS II  |        | CLASS III |        | CLASS IV  |        |
|----------------|----------------------------|--------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|                |                            |                    | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      | 1000 lbs. | %      |
| Aug 2009       | 568,941                    | 2,803              | 402,719   | 70.79% | 60,254    | 10.59% | 59,535    | 10.46% | 46,434    | 8.16%  |
| Sep            | 543,362                    | 2,734              | 397,084   | 73.08% | 69,511    | 12.79% | 63,408    | 11.67% | 13,360    | 2.46%  |
| Oct            | 565,165                    | 2,837              | 418,281   | 74.01% | 60,617    | 10.73% | 63,975    | 11.32% | 22,293    | 3.94%  |
| Nov            | 561,219                    | 2,801              | 394,695   | 70.33% | 66,691    | 11.88% | 71,884    | 12.81% | 27,950    | 4.98%  |
| Dec            | 615,755                    | 2,747              | 413,012   | 67.08% | 61,330    | 9.96%  | 103,723   | 16.84% | 37,690    | 6.12%  |
| Jan 2010       | 596,885                    | 2,665              | 410,072   | 68.70% | 44,734    | 7.49%  | 80,985    | 13.57% | 61,094    | 10.24% |
| Feb            | 545,481                    | 2,619              | 372,170   | 68.23% | 46,213    | 8.47%  | 75,070    | 13.76% | 52,027    | 9.54%  |
| Mar            | 641,090                    | 2,655              | 410,387   | 64.02% | 52,439    | 8.18%  | 128,748   | 20.08% | 49,516    | 7.72%  |
| Apr            | 640,938                    | 2,706              | 398,534   | 62.18% | 55,349    | 8.64%  | 139,943   | 21.83% | 47,111    | 7.35%  |
| May            | 622,452                    | 2,751              | 372,857   | 59.89% | 74,056    | 11.90% | 153,652   | 24.69% | 21,888    | 3.52%  |
| Jun            | 565,997                    | 2,761              | 351,651   | 62.13% | 62,478    | 11.04% | 137,638   | 24.32% | 14,231    | 2.51%  |
| Jul            | 552,090                    | 2,774              | 371,560   | 67.30% | 48,197    | 8.73%  | 122,959   | 22.27% | 9,374     | 1.70%  |
| Aug            | 547,131                    | 2,731              | 402,092   | 73.49% | 46,055    | 8.42%  | 80,689    | 14.75% | 18,295    | 3.34%  |
| Sep            | 529,998                    | 2,684              | 392,249   | 74.01% | 45,195    | 8.53%  | 83,121    | 15.68% | 9,434     | 1.78%  |
| Oct            | 556,780                    | 2,706              | 391,227   | 70.27% | 62,714    | 11.26% | 75,962    | 13.64% | 26,877    | 4.83%  |
| Nov            | 572,988                    | 2,700**            | 404,279   | 70.55% | 51,671    | 9.02%  | 97,010    | 16.93% | 20,028    | 3.50%  |



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia; \*\* Estimated

## Southeast Marketing Area - Federal Order 7

### Pool and Payment Dates for the Pooling Periods December 2010 through February 2011

| Pool Month | Pool & Uniform Price Release Date | MA Payment Dates |                | Payments for Producer Milk |           |                   |           |
|------------|-----------------------------------|------------------|----------------|----------------------------|-----------|-------------------|-----------|
|            |                                   | Due to:          | Due From:      | Partial Payment** Due      |           | Final Payment Due |           |
|            |                                   | All Funds        | P/S & T-Credit | Coop                       | Nonmember | Coop              | Nonmember |
| DEC 2010   | 01/11/11                          | 01/12/11         | 01/13/11       | 12/27/10                   | 12/27/10  | 01/13/11          | 01/14/11  |
| JAN 2011   | 02/11/11                          | 02/14/11         | 02/15/11       | 01/25/11                   | 01/26/11  | 02/15/11          | 02/16/11  |
| FEB 2011   | 03/11/11                          | 03/14/11         | 03/15/11       | 02/25/11                   | 02/28/11  | 03/15/11          | 03/16/11  |

\*\* The base rate for making partial payments in Fulton County, GA for December will be \$17.66 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.62 per hundredweight.

### Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

|                             | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Producer Touch Base Days    | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Diversion Percentage Limits | 25% | 25% | 35% | 35% | 35% | 35% | 25% | 25% | 25% | 25% | 25% | 35% |

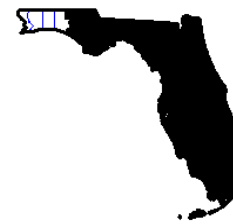
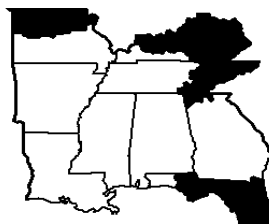
### Release Dates for 2011 Federal Milk Order Price Data 1/

| Month to Which Prices Apply | Advanced Prices and Pricing Factors |                               | Class and Component Prices |                               |
|-----------------------------|-------------------------------------|-------------------------------|----------------------------|-------------------------------|
|                             | Release Date                        | Time Period of NASS Prices 1/ | Release Date               | Time Period of NASS Prices 1/ |
| January                     | December 23, 2010                   | 12/11, 18                     | February 4, 2011           | 1/1, 8, 15, 22, 29            |
| February                    | January 21, 2011                    | 1/8, 15                       | March 4, 2011              | 2/5, 12, 19, 26               |
| March                       | February 18, 2011                   | 2/5, 12                       | April 1, 2011              | 3/5, 12, 19, 26               |
| April                       | March 18, 2011                      | 3/5, 12                       | April 29, 2011             | 4/2, 9, 16, 23                |
| May                         | April 22, 2011                      | 4/9, 16                       | June 3, 2011               | 4/30, 5/7, 14, 21, 28         |
| June                        | May 20, 2011                        | 5/7, 14                       | July 1, 2011               | 6/4, 11, 18, 25               |
| July                        | June 17, 2011                       | 6/4, 11                       | August 5, 2011             | 7/2, 9, 16, 23, 30            |
| August                      | July 22, 2011                       | 7/9, 16                       | September 2, 2011          | 8/6, 13, 20, 27               |
| September                   | August 19, 2011                     | 8/6, 13                       | September 30, 2011         | 9/3, 10, 17, 24               |
| October                     | September 23, 2011                  | 9/10, 17                      | November 4, 2011           | 10/1, 8, 15, 22, 29           |
| November                    | October 21, 2011                    | 10/8, 15                      | December 2, 2011           | 11/5, 12, 19, 26              |
| December                    | November 18, 2011                   | 11/5, 12                      | December 30, 2011          | 12/3, 10, 17, 24              |

1/ Weekly sales periods, ending on the indicated date, that are included in the applicable average. Information for the week is released by NASS on Friday of the following week.



**MILK MARKET ADMINISTRATOR**  
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