

Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

May 2004

Volume 5—No. 5

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

Record High Class I Price

With butter prices on the Chicago Mercantile Exchange (CME) averaging over \$2.20/pound and Cheddar cheese blocks and barrels both above \$2.10/pound during the month of April, it should come as no surprise that milk prices are on their way up. So high up, in fact, that the Order minimum Class I price at 3.5 percent butterfat in At-



lanta will be \$22.75 per hundredweight in May. This is more than six dollars above April's price and \$3.72 higher than the previous record high of \$19.03 per hundredweight set in October 2001. Perhaps most shocking is how much difference a year can make, with May 2003's Class I price (\$12.81 per hundredweight) a whopping \$9.94 less than next month's Class I value!

Relatively strong demand for dairy products coupled with an expected decline in U.S. production bodes well for producer prices spending much of the year above historical averages. Cow numbers are constrained by the continued ban on Canadian replacements and the size of the U.S. herd is down 1.7 percent from a year ago. Also, milk per cow in the first quarter of 2004 is only 0.8 percent above last year, less than half of the 1.9 percent annual growth rate seen over the past ten years.

Southeast Blend Up \$1.11

The uniform blend price in Fulton County, GA, was \$16.72 per hundredweight of milk at 3.5 percent butterfat for the month of April. This is an increase of \$1.11 from March and is \$4.91 higher than April 2003. Class I utilization was 69.46 percent, 8.31 percent higher than March and 9.08 percent higher than April 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in March was 14.7 billion pounds, which is an increase of 8.4 percent from February and a decrease of 2.1 percent when compared with March 2003. Note that on a daily average basis, March was only 1.4 percent above February.

Total cheese output (excluding cottage cheese) was 779 million pounds, 6.6 percent above March 2003 and 10.6 percent above February 2004. Butter production was 97.7 million pounds in March, 22.7 percent below March 2003 and 7.7 percent below February 2004. Nonfat dry milk production was 118 million pounds, 24.0 percent below March 2003 and 7.3 percent below February 2004.

National Dairy Board Nominations Sought

USDA is requesting nominations be made for the National Dairy Promotion and Research Board by May 31 for the following regions: Region 1 (Oregon and Washington); Region 2 (California); Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas); Region 6 (Wisconsin); Region 9 (Indiana, Michigan, Ohio, and West Virginia); Region 10 (Florida, Georgia, North Carolina, South Carolina, and Virginia); Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); and Region 12 (New York). Those appointed will serve from Nov. 1, 2004 until Oct. 31, 2007 and administer promotional, educational and research activities financed with the 15-cent per hundredweight assessment on dairy producers who market milk commercially.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - APRIL 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.30%	8,261,266	\$2.2525	\$ 18,608,501.70
Class I Differential at Location				246,953.43
Class II Butterfat	27.50%	5,499,717	\$2.5083	13,794,940.14
Class III Butterfat	6.07%	1,213,144	\$2.5013	3,034,437.11
Class IV Butterfat	25.13%	5,025,870	\$2.5013	12,571,208.64
Total Butterfat	100.00%	19,999,997		\$ 48,256,041.02

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.4128**

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	70.51%	382,263,714	\$5.96 /cwt.	\$ 22,782,917.35
Class I Butterfat	41.30%	8,261,266	\$2.2525 /lb.	18,608,501.70
Class I Differential at Location		390,524,980		11,599,398.12
Total Class I Milk	69.46%	390,524,980		\$ 52,990,817.17
Class II Skim Milk	12.67%	68,696,474	\$6.66 /cwt.	\$ 4,575,185.16
Class II Butterfat	27.50%	5,499,717	\$2.5083 /lb.	13,794,940.14
Total Class II Milk	13.20%	74,196,191		\$ 18,370,125.30
Class III Skim Milk	2.24%	12,186,075	\$11.30 /cwt.	\$ 1,377,026.49
Class III Butterfat	6.07%	1,213,144	\$2.5013 /lb.	3,034,437.11
Total Class III Milk	2.38%	13,399,219		\$ 4,411,463.60
Class IV Skim Milk	14.58%	79,078,412	\$6.03 /cwt.	\$ 4,768,428.26
Class IV Butterfat	25.13%	5,025,870	\$2.5013 /lb.	12,571,208.64
Total Class IV Milk	14.96%	84,104,282		\$ 17,339,636.90
Producer Milk	100.00%	562,224,672		\$ 93,112,042.97

Adjustments

Overage and Other Source	\$14,108.47
Inventory Adjustments	\$67,563.72
Producer butterfat at uniform butterfat price	(\$48,256,041.02)
Location Adjustments to Producers	\$1,448,965.07
1/2 Unobligated Balance in P.S.F.	\$362,483.47

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.62170	\$ 46,749,122.68
	\$ 0.04170	\$224,846.84

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

\$8.58

Uniform Price per cwt. (Fulton County, Georgia)

\$16.72*

* At 3.5% butterfat test; for information purposes.

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

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	APR 2004	MAY 2004	MAR 2004	APR 2004	APR 2004
Appalachian (Charlotte)	\$ 16.74	\$ 22.75	\$ 15.80	\$ 16.76	76.38%
Arizona-Las Vegas (Phoenix)	\$ 15.99	\$ 22.00	\$ 14.69	\$ 17.29	32.67%
Central (Kansas City)	\$ 15.64	\$ 21.65	\$ 14.63	\$ 15.64	60.62%
Florida (Tampa)	\$ 17.64	\$ 23.65	\$ 16.48	\$ 17.74	90.57%
Midwest (Cleveland)	\$ 15.64	\$ 21.65	\$ 14.68	\$ 15.88	62.30%
Northeast (Boston)	\$ 16.89	\$ 22.90	\$ 15.56	\$ 17.28	48.50%
Pacific Northwest (Seattle)	\$ 15.54	\$ 21.55	\$ 14.55	\$ 15.34	43.24%
Southeast (Atlanta)	\$ 16.74	\$ 22.75	\$ 15.61	\$ 16.72	69.46%
Southwest (Dallas)	\$ 16.64	\$ 22.65	\$ 15.22	\$ 16.18	55.24%
Upper Midwest (Chicago)	\$ 15.44	\$ 21.45	\$ 14.70	\$ 15.55	62.80%

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

Receipts:	April 2004	April 2003
Producer Milk		
Class I	390,524,980	384,094,606
Class II	74,196,191	62,319,683
Class III	13,399,219	147,416,901
Class IV	84,104,282	42,212,178
Total Producer Milk	<u>562,224,672</u>	<u>636,043,368</u>
Average Butterfat Test	3.56%	3.53%
Percent of Producer Milk in Class I	69.46%	60.38%
Daily Average Receipts	18,740,822	21,201,446
Other Source Milk		
Class I	6,558,491	8,064,032
Class II	3,992,003	3,096,543
Class III	103,135	3,455,539
Class IV	3,316,656	6,662,475
Total Other Source Milk	<u>13,970,285</u>	<u>21,278,589</u>
Overage		
Class I	0	0
Class II	0	0
Class III	5,075	0
Class IV	0	0
Total Overage	<u>5,075</u>	<u>0</u>
Opening Inventory		
Class I	31,249,082	32,308,315
Class II	2,191,339	382,682
Class III	402,891	2,799,369
Class IV	18,809,049	20,617,030
Total Opening Inventory	<u>52,652,361</u>	<u>56,107,396</u>
Total Receipts	628,852,393	713,429,353
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	38,325,268	30,136,093
Route Disposition Class I	379,817,580	388,200,611
Shrinkage	2,028,010	1,678,554
Transfers and Diversions to Nonpool	8,161,695	4,451,695
Total Class I Utilization	<u>428,332,553</u>	<u>424,466,953</u>
Average Butterfat Test	2.12%	2.12%
Daily Average Utilization	14,277,752	14,148,898
Class II Utilization		
Nonfluid Used To Produce	1,773,352	1,705,791
Shrinkage	0	0
Transfers and Diversions to Nonpool	56,074,914	44,446,805
Used To Produce/Other Uses	22,531,267	19,646,312
Total Class II Utilization	<u>80,379,533</u>	<u>65,798,908</u>
Average Butterfat Test	7.33%	8.13%
Class III Utilization		
Shrinkage	0	7,416,638
Transfers and Diversions to Nonpool	13,910,320	140,927,809
Used To Produce/Other Uses	0	5,327,362
Total Class III Utilization	<u>13,910,320</u>	<u>153,671,809</u>
Average Butterfat Test	9.09%	3.91%
Class IV Utilization		
Inventory	9,810,402	24,290,921
Nonfluid Used To Fortify	1,670,228	1,630,629
Shrinkage	7,201,533	0
Transfers and Diversions to Nonpool	82,703,745	29,327,903
Used To Produce/Other Uses	4,844,079	14,242,230
Total Class IV Utilization	<u>106,229,987</u>	<u>69,491,683</u>
Average Butterfat Test	5.67%	6.82%
Total Utilization	628,852,393	713,429,353

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2004 is \$16.72 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.58 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4128 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 70.50% of all producer skim milk (priced to handlers at \$5.96 per hundredweight, plus the Class I differential, see page 2) and 41.30% of producer butterfat (priced to handlers at \$2.2525 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.67% of all producer skim milk (\$6.66 per hundredweight) and 27.50% of producer butterfat (\$2.5083 per pound). Class III use, mostly milk used to produce cheese, accounted for 2.25% of all producer skim milk (\$11.30 per hundredweight) and 6.07% of producer butterfat (\$2.5013 per pound). Class IV use, generally milk processed into butter and powder, accounted for 14.58% of all producer skim milk (\$6.03 per hundredweight) and 25.13% of producer butterfat (\$2.5013 per pound).

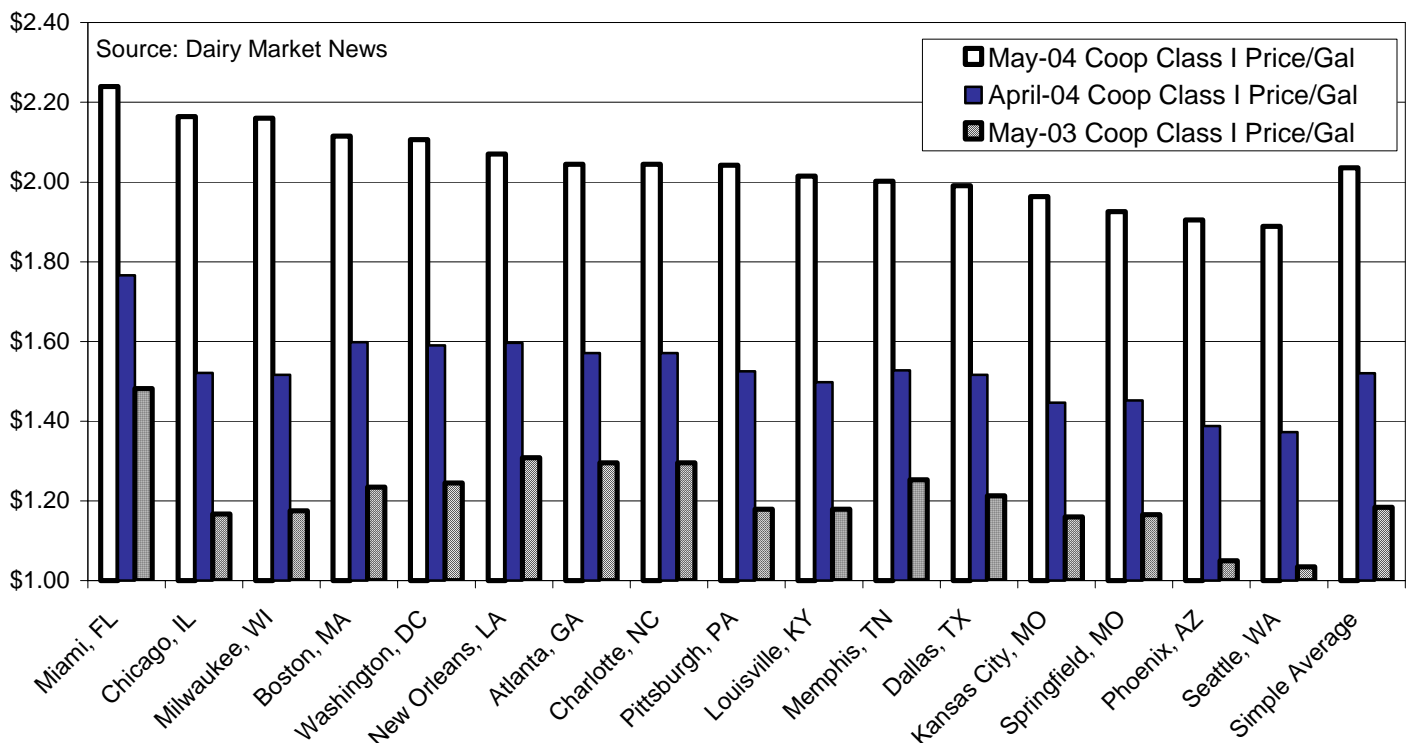
Receipts of producer milk during April 2004 totaled 562.2 million pounds. There were 28 regulated pool distributing plants, 2 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2004. Class I route disposition in the area totaled 407.5 million pounds in March 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
March 2004		
Whole Milk	158,140,895	38.8%
Fat Free Milk	46,748,420	11.5%
Lowfat Milk (incl. 1%)	26,283,307	6.4%
Reduced Fat Milk (incl. 2%)	121,763,446	29.9%
Cultured Fluid Milk (incl. Buttermilk)	10,294,086	2.5%
Flavored Drinks and Milk	44,287,784	10.9%
Total Disposition in Marketing Area	407,517,938	100.0%
Total Disposition by Pool Plants	330,332,678	81.1%
Total Disposition by Nonpool Plants	77,185,260	18.9%
Total Disposition in Marketing Area	407,517,938	100.0%

Announced Cooperative Class I Price at 3.5% Per Gallon in Selected Cities

The anticipated rise in retail milk prices that have been widely reported should correspond to the rise in prices being paid to dairy cooperatives for Class I milk. Cooperatives announce, at 3.5 percent butterfat, what they will charge for milk used in Class I. Dividing these hundredweight prices by 11.63 yields the per gallon prices found in the chart below. The full report of cooperative Class I prices can be found at www.ams.usda.gov/dairy/mncs/v71rpt17.pdf.



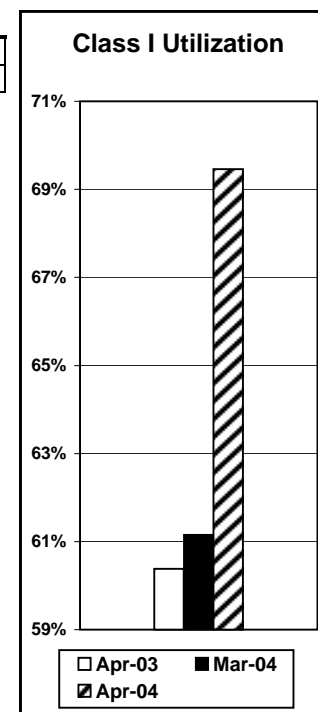
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$ 6.13	\$1.1856	\$10.07	\$ 8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$ 6.04	\$1.1373	\$9.81	\$ 8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$ 5.99	\$1.1459	\$9.79	\$ 8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$ 5.91	\$1.1503	\$9.73	\$ 8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$ 5.92	\$1.1512	\$9.74	\$ 8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62	\$1.1646	\$10.46	\$5.91	\$1.1576	\$9.75	\$ 5.92	\$1.1576	\$9.76	\$ 8.18	\$1.1681	\$11.98
Jul	\$9.02	\$1.1900	\$12.87	\$6.62	\$1.2125	\$10.63	\$7.83	\$1.2055	\$11.78	\$ 5.94	\$1.2055	\$9.95	\$ 8.57	\$1.2004	\$12.47
Aug	\$10.17	\$1.2164	\$14.07	\$6.64	\$1.2584	\$10.81	\$9.76	\$1.2514	\$13.80	\$ 5.97	\$1.2514	\$10.14	\$ 9.55	\$1.2359	\$13.54
Sep	\$12.61	\$1.3254	\$16.81	\$6.69	\$1.2288	\$10.76	\$10.39	\$1.2218	\$14.30	\$ 5.98	\$1.2218	\$10.05	\$ 11.62	\$1.2673	\$15.65
Oct	\$13.53	\$1.2317	\$17.37	\$6.66	\$1.2623	\$10.84	\$10.36	\$1.2553	\$14.39	\$ 5.98	\$1.2553	\$10.16	\$ 12.13	\$1.2470	\$16.07
Nov	\$13.43	\$1.2873	\$17.47	\$6.69	\$1.2947	\$10.99	\$9.29	\$1.2877	\$13.47	\$ 6.00	\$1.2877	\$10.30	\$ 11.62	\$1.2886	\$15.72
Dec	\$12.80	\$1.3116	\$16.94	\$6.72	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74											

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.	%
			2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,180	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%
Jun	566,519	4,277	348,792	61.57%	70,894	12.51%	122,688	21.66%	24,145	4.26%
Jul	551,309	4,309	365,682	66.33%	71,721	13.01%	85,827	15.57%	28,080	5.09%
Aug	482,491	4,117	382,020	79.17%	57,875	12.00%	6,506	1.35%	36,090	7.48%
Sep	537,648	4,212	387,525	72.08%	55,497	10.32%	69,183	12.87%	25,443	4.73%
Oct	594,522	4,140	400,442	67.35%	51,695	8.70%	95,829	16.12%	46,557	7.83%
Nov	593,837	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,900**	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%

* 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 through July 2004							
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 2004	06/11/04	06/14/04	06/15/04	05/25/04	05/26/04	06/15/04	06/16/04
June 2004	07/11/04	07/12/04	07/13/04	06/25/04	06/28/04	07/13/04	07/14/04
July 2004	08/11/04	08/12/04	08/13/04	07/26/04	07/26/04	08/13/04	08/16/04

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, sexual orientation, marital or familial status, political beliefs, parental status or protected genetic information. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

**FEDERAL MILK MARKET ADMINISTRATOR
 U.S. DEPARTMENT OF AGRICULTURE
 P.O. BOX 491778
 LAWRENCEVILLE, GEORGIA 30049
*Address Correction Requested***



WE'RE ON THE WEB
www.fmmlanta.com