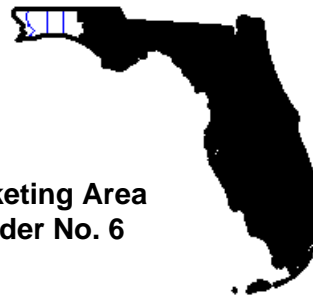


FLORIDA Fluid Milk Report

Sue L. Mosley
Market Administrator

Florida Marketing Area
Federal Order No. 6



www.fmmatlanta.com

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2005 Southern Dairy Conference

The 31st annual Southern Dairy Conference will be held in Atlanta, GA on February 15 and 16, 2005. This year's agenda will cover a wide array of subject matter, from the role of dairy products in human health to a discussion of national dairy policy. Dana Coale, Deputy Administrator of Dairy Programs within USDA will address the future of Federal orders, but will leave the pros and cons of the proposed merger of the Appalachian and Southeast Milk Marketing Orders to Mississippi State's Dr. Bill Herndon. Of special note to Floridians is a panel on regional competitiveness which includes Dr. Albert DeVries of the University of Florida. Other topics of note include new air quality rules, herd health, the level of market concentration in the dairy industry and the U.S. Department of Justice's criteria for approving mergers. You may register for the conference at www.peopleware.net/2532 or contact Dr. Geoff Benson of North Carolina State University at: 919-515-5184 or Geoff_Benson@ncsu.edu for additional information. Rooms may be reserved directly with the Westin Atlanta Airport Hotel (4736 Best Rd., Atlanta, GA 30337) at 404-762-7676.

Class I Price Announcement

The Class I price announcement for January included a 'Hurricane Relief Assessment'. The assessment, which was set at nine-cents per hundredweight for January, is temporary and only applies to Class I milk. The funds collected will be disbursed to handlers who incurred extraordinary transportation costs for moving bulk milk to maintain the Class I needs of Florida because of hurricanes in August and September of 2004.

The Class I price announcement for February will be delayed as a result of the presidential inauguration. It will be published in the afternoon of January 21, 2005 instead of the usual morning publication. The Hurricane Relief Assessment applicable to February Class I milk is yet to be determined, but according to order language must not exceed nine-cents per hundredweight.

Modest Gain Closes Out 2004

The uniform blend price in Hillsborough County, FL, was \$18.00 per hundredweight for milk at 3.5 percent butterfat for the month of December. This is an increase of \$0.01 from last month, and is \$0.84 higher when compared with December 2003. Class I utilization was 85.58 percent, a decrease of 3.47 percent when compared with last month and a decrease of 1.20 percent when compared to December 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in November was 13.6 billion pounds, an increase of 1.0 percent from November 2003 and a decrease of 3.3 percent when compared with October 2004. Total cheese output was 750 million pounds, 5.6 percent above November 2003 and 0.2 percent above October 2004. Butter production was 99.1 million pounds in November, 12.0 percent above November 2003 but 2.4 percent below October 2004. Nonfat dry milk production was 94.5 million pounds in November, 14.8 percent below November 2003 and 0.1 percent lower than October 2004.

Deadline for Additional Proposals Nears

The deadline for submitting additional proposals to amend the fluid milk product definition is January 31, 2005. In late 2003, Dairy Farmers of America requested a public hearing on their proposal to change the definition of 'fluid milk product' for all Federal milk marketing orders. The deadline was extended twice at the request of industry officials. The fluid milk product definition is used to determine how Federal orders classify milk products by stipulating certain conditions on both butterfat and nonfat milk solids percentages. It also requires that the product be intended to be consumed as a beverage to qualify as a fluid milk product. The proposed changes submitted by Dairy Farmers of America can be found at www.ams.usda.gov/dairy/ (click the link 'Request for Class I proposals-Northeast, et.al.')

F.O. 6 - FLORIDA: CALCULATION OF UNIFORM PRICES - DECEMBER 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	53.62%	5,062,058	\$1.8834	\$ 9,533,880.04
Class I Differential at Location				206,323.72
Class II Butterfat	32.67%	3,084,787	\$2.0436	6,304,070.71
Class III Butterfat	2.16%	203,816	\$2.0366	415,091.67
Class IV Butterfat	11.55%	1,090,547	\$2.0366	2,221,008.01
Total Butterfat	100.00%	9,441,208		\$ 18,680,374.15
Uniform Butterfat Price per lb. (Hillsborough County, Florida):			\$1.9786	

Calculation of Uniform Skim Milk Price:

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	86.79%	217,214,815	\$8.12 /cwt.	\$ 17,637,842.98
Class I Butterfat	53.62%	5,062,058	\$1.8834 /lb.	9,533,880.04
Class I Differential at Location		222,276,873		9,065,835.35
Total Class I Milk	85.58%	222,276,873		\$ 36,237,558.37
Class II Skim Milk	8.13%	20,336,361	\$7.07 /cwt.	\$ 1,437,780.72
Class II Butterfat	32.67%	3,084,787	\$2.0436 /lb.	6,304,070.71
Total Class II Milk	9.02%	23,421,148		\$ 7,741,851.43
Class III Skim Milk	0.82%	2,049,013	\$9.34 /cwt.	\$ 191,377.81
Class III Butterfat	2.16%	203,816	\$2.0366 /lb.	415,091.67
Total Class III Milk	0.87%	2,252,829		\$ 606,469.48
Class IV Skim Milk	4.26%	10,671,012	\$6.52 /cwt.	\$ 695,749.98
Class IV Butterfat	11.55%	1,090,547	\$2.0366 /lb.	2,221,008.01
Total Class IV Milk	4.53%	11,761,559		\$ 2,916,757.99
Producer Milk	100.00%	259,712,409		\$ 47,502,637.27

Adjustments

Overage and Other Source	\$32,289.28
Inventory Adjustments	\$794.42
Producer butterfat at uniform butterfat price	(\$18,680,374.15)
Location Adjustments to Producers	(\$99,474.99)
1/2 Unobligated Balance in P.S.F.	\$90,754.28

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 11.52615	\$28,846,626.11
	\$ 0.04615	\$115,492.23

Uniform Skim Milk Price per cwt. (Hillsborough County, Florida):

\$11.48

Uniform Price per cwt. (Hillsborough County, Florida)

\$18.00*

* 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 %
	DEC 2004	JAN 2005	NOV 2004	DEC 2004	DEC 2004
Appalachian (Charlotte)	\$ 17.53	\$ 19.75	\$ 16.78	\$ 16.98	75.89%
Arizona-Las Vegas (Phoenix)	\$ 16.78	\$ 19.00	\$ 15.20	\$ 15.55	35.45%
Central (Kansas City)	\$ 16.43	\$ 18.65	\$ 15.10	\$ 15.26	52.84%
Florida (Tampa)	\$ 18.43	\$ 20.65	\$ 17.99	\$ 18.00	85.58%
Mideast (Cleveland)	\$ 16.43	\$ 18.65	\$ 15.21	\$ 15.52	58.30%
Northeast (Boston)	\$ 17.68	\$ 19.90	\$ 16.20	\$ 16.43	49.50%
Pacific Northwest (Seattle)	\$ 16.33	\$ 18.55	\$ 14.75	\$ 14.83	43.04%
Southeast (Atlanta)	\$ 17.53	\$ 19.75	\$ 16.83	\$ 17.03	70.90%
Southwest (Dallas)	\$ 17.43	\$ 19.65	\$ 15.88	\$ 15.67	57.14%
Upper Midwest (Chicago)	\$ 16.23	\$ 18.45	\$ 15.02	\$ 15.19	59.30%

**FLORIDA MILK MARKETING AREA-FEDERAL ORDER 6
STATISTICAL SUMMARY**

Receipts:	December 2004	December 2003
Producer Milk		
Class I	222,276,873	217,600,066
Class II	23,421,148	19,140,785
Class III	2,252,829	6,626,521
Class IV	11,761,559	7,409,669
Total Producer Milk	<u>259,712,409</u>	<u>250,777,041</u>
Average Butterfat Test	3.64%	3.68%
Percent of Producer Milk in Class I	85.58%	86.78%
Daily Average Receipts	8,377,820	8,089,582
Other Source Milk		
Class I	6,375,289	3,559,847
Class II	8,788,083	7,799,597
Class III	0	0
Class IV	5,001,994	5,217,033
Total Other Source Milk	<u>20,165,366</u>	<u>16,576,477</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	71,867	27,161
Total Overage	<u>71,867</u>	<u>27,161</u>
Opening Inventory		
Class I	13,233,829	12,912,875
Class II	329,345	730,207
Class III	0	69,169
Class IV	6,712,297	8,816,231
Total Opening Inventory	<u>20,275,471</u>	<u>22,528,482</u>
Total Receipts	300,225,113	289,909,161
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	12,587,125	11,535,233
Route Disposition Class I	226,995,556	220,536,335
Shrinkage	1,286,100	1,917,634
Transfers & Diversions to Nonpool	1,017,210	83,586
Total Class I Utilization	<u>241,885,991</u>	<u>234,072,788</u>
Average Butterfat Test	2.28%	2.32%
Daily Average Utilization	7,802,774	7,550,735
Class II Utilization		
Nonfluid Used To Produce	8,734,044	7,753,618
Shrinkage	0	0
Transfers & Diversions to Nonpool	6,771,105	4,630,674
Used To Produce/Other Uses	17,033,427	15,286,297
Total Class II Utilization	<u>32,538,576</u>	<u>27,670,589</u>
Average Butterfat Test	9.93%	10.55%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce	2,252,829	6,695,690
Other Uses	0	0
Total Class III Utilization	<u>2,252,829</u>	<u>6,695,690</u>
Average Butterfat Test	9.05%	5.87%
Class IV Utilization		
Inventory	5,426,135	6,787,982
Nonfluid Used To Fortify	3,950,424	4,461,776
Shrinkage	4,356,508	3,657,182
Transfers & Diversions to Nonpool	8,394,733	5,173,833
Used To Produce/Other Uses	1,419,917	1,389,321
Total Class IV Utilization	<u>23,547,717</u>	<u>21,470,094</u>
Average Butterfat Test	7.02%	6.59%
Total Utilization	300,225,113	289,909,161

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in December 2004 is \$18.00 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$11.48 per hundredweight plus 3.5 times the uniform butterfat price of \$1.9786 per pound. Payment to producers may be adjusted 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 accounted for 86.79% of all producer skim milk (priced to handlers at \$8.12 per hundredweight, plus the Class I differential and 53.62% of producer butterfat (priced to handlers at \$1.8834 per pound plus Class I differential). Class II use accounted for 8.13% of all producer skim milk (\$7.07 per hundredweight) and 32.67% of producer butterfat (\$2.0436 per pound). Class III use accounted for 0.82% of all producer skim milk (\$9.34 per hundredweight) and 2.16% of producer butterfat (\$2.0366 per pound). Class IV use accounted for 4.26% of all producer skim milk (\$6.52 per hundredweight) and 11.55% of producer butterfat (\$2.0366 per pound).

Receipts of producer milk during December 2004 totaled 259.7 million pounds, 8.9 million pounds more than was pooled in December of last year. Florida producers supplied 167.9 million pounds of milk in November 2004 to pool plants or 72.92% of the total producer milk pooled in Florida. In November 2003 Florida producers supplied 73.67% of the total producer milk pooled in the Florida market.

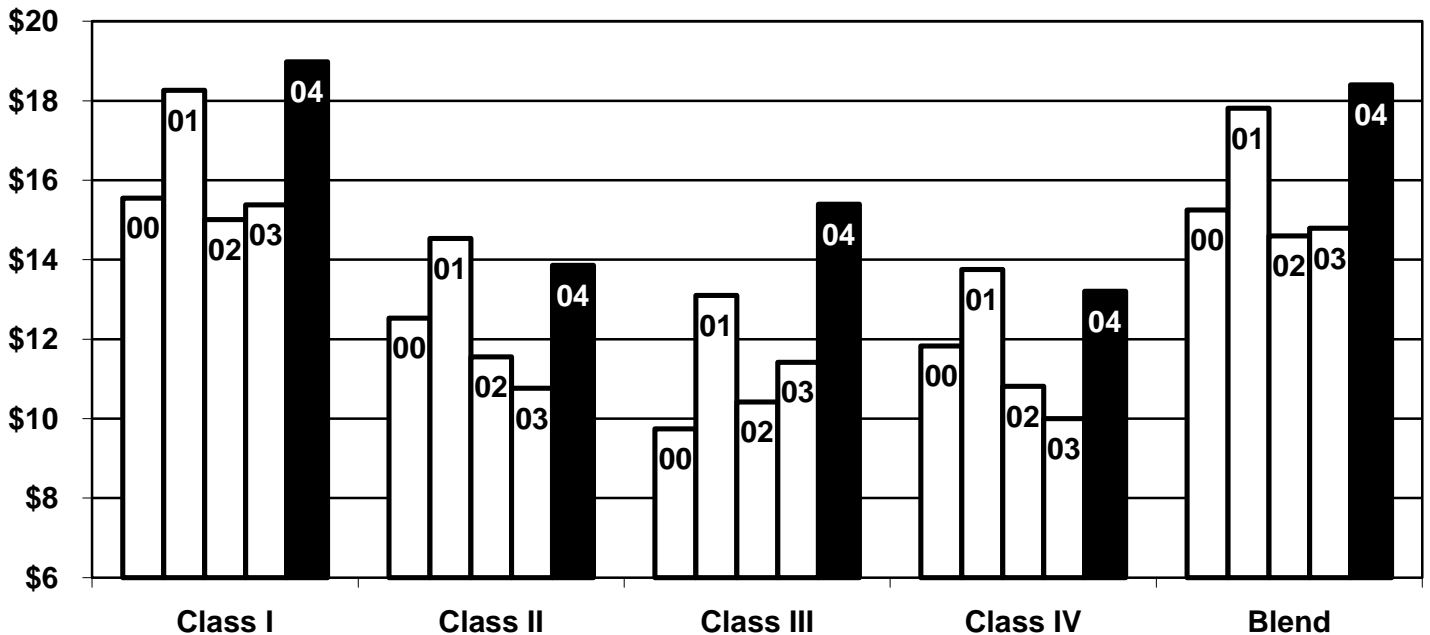
There were 11 regulated pool distributing plants and 4 cooperative association submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2004. In-area Class I route disposition totaled 251.8 million pounds in November 2004, 14.6 million pounds more than November 2003. This is a 2.46 percent increase after adjusting for calendar composition.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
November 2004		
Whole Milk	101,622,333	40.35%
Fat Free Milk	33,846,143	13.44%
Lowfat Milk (incl. 1%)	25,557,190	10.15%
Reduced Fat Milk (incl. 2%)	65,335,455	25.94%
Cultured Fluid Milk (incl. Buttermilk)	1,562,219	0.62%
Flavored Drinks and Milk	23,918,892	9.50%
Total Disposition in Marketing Area	251,842,232	100.0%
Total Disposition by Pool Plants	219,762,142	87.26%
Total Disposition by Nonpool Plants	32,080,090	12.74%
Total Disposition in Marketing Area	251,842,232	100.0%

Review of Federal Order Prices: Class I-IV and Blend Prices, 2000-2004

The chart below shows the average Class I, II, III, IV and uniform blend prices in Federal Order 6 since Order reform. All prices are simple averages of monthly prices at 3.5% butterfat, with Class I and blend prices reported for Tampa, FL. 2004 produced the strongest year of prices in recent memory, with the average blend price \$3.61 higher than last year and \$0.58 above 2001, the previous high-water mark. Class IV (butter) drove 2001's high producer prices, but in 2004, Class III (cheese) was most responsible for the high prices enjoyed by Federal Order 6 producers.

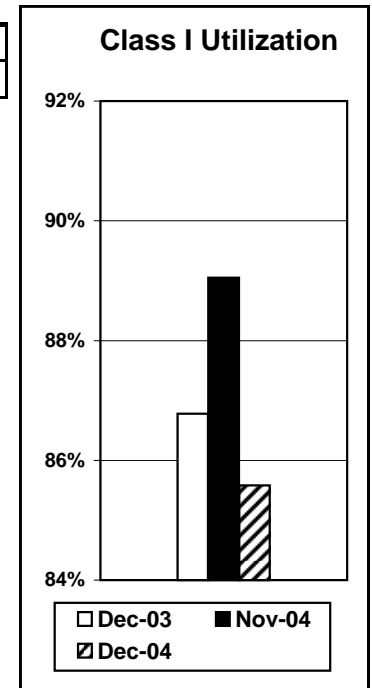


FEDERAL ORDER 6 - FLORIDA: CLASS AND UNIFORM PRICES

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	\$11.72	\$1.2130	\$15.55	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 11.33	\$1.2331	\$15.25
2001 Avg	\$11.93	\$1.9292	\$18.27	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 11.59	\$1.8942	\$17.82
2002 Avg	\$11.01	\$1.2523	\$15.01	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 10.67	\$1.2277	\$14.60
2003 Avg	\$11.47	\$1.2337	\$15.38	\$6.74	\$1.2169	\$10.76	\$7.45	\$1.2099	\$11.42	\$ 5.98	\$1.2099	\$10.00	\$ 10.89	\$1.2250	\$14.79
Jan 2004	\$11.46	\$1.3683	\$15.85	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 10.90	\$1.4344	\$15.54
Feb	\$10.55	\$1.5444	\$15.59	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 9.85	\$1.7078	\$15.48
Mar	\$9.96	\$1.8075	\$15.94	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 9.46	\$2.1004	\$16.48
Apr	\$9.96	\$2.2925	\$17.64	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 9.72	\$2.3895	\$17.74
May	\$15.50	\$2.4837	\$23.65	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$ 6.22	\$2.4282	\$14.50	\$ 14.13	\$2.4568	\$22.23
Jun	\$16.98	\$2.4980	\$25.13	\$6.91	\$2.1838	\$14.31	\$10.43	\$2.1768	\$17.68	\$ 6.32	\$2.1768	\$13.72	\$ 15.29	\$2.3371	\$22.93
Jul	\$14.95	\$2.1488	\$21.95	\$7.03	\$2.0613	\$14.00	\$7.94	\$2.0543	\$14.85	\$ 6.34	\$2.0543	\$13.31	\$ 14.12	\$2.1090	\$21.01
Aug	\$11.55	\$2.1352	\$18.62	\$7.07	\$1.8011	\$13.13	\$8.04	\$1.7941	\$14.04	\$ 6.40	\$1.7941	\$12.46	\$ 10.96	\$1.9757	\$17.49
Sep	\$11.96	\$1.8290	\$17.94	\$7.11	\$1.9424	\$13.66	\$8.23	\$1.9354	\$14.72	\$ 6.45	\$1.9354	\$13.00	\$ 11.51	\$1.8812	\$17.69
Oct	\$12.53	\$1.9115	\$18.78	\$7.14	\$1.9090	\$13.57	\$7.78	\$1.9020	\$14.16	\$ 6.38	\$1.9020	\$12.81	\$ 11.92	\$1.9100	\$18.19
Nov	\$11.81	\$1.9688	\$18.29	\$7.14	\$2.0559	\$14.09	\$8.00	\$2.0489	\$14.89	\$ 6.39	\$2.0489	\$13.34	\$ 11.36	\$2.0082	\$17.99
Dec	\$12.12	\$1.9234	\$18.43	\$7.07	\$2.0436	\$13.98	\$9.34	\$2.0366	\$16.14	\$ 6.52	\$2.0366	\$13.42	\$ 11.48	\$1.9786	\$18.00
Jan 2005	\$13.70	\$2.1218	\$20.65	\$7.20											

FEDERAL ORDER 6 - FLORIDA: 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	238,930	280	210,482	88.26%	16,133	6.72%	5,308	2.21%	7,008	2.81%
2001 Avg	230,986	271	207,653	89.90%	15,243	6.59%	3,271	1.38%	4,819	2.13%
2002 Avg	224,381	269	199,552	89.12%	16,449	7.24%	4,537	1.97%	3,843	1.67%
2003 Avg	236,071	284	201,016	85.42%	17,949	7.66%	8,328	3.33%	8,778	3.60%
Jan 2004	262,288	281	227,172	86.61%	19,118	7.29%	9,305	3.55%	6,694	2.55%
Feb	249,186	273	204,097	81.90%	21,027	8.44%	14,951	6.00%	9,110	3.66%
Mar	270,567	275	224,621	83.01%	23,154	8.56%	16,087	5.95%	6,705	2.48%
Apr	239,603	264	217,023	90.57%	18,512	7.73%	291	0.12%	3,777	1.58%
May	260,853	262	197,480	75.70%	21,403	8.21%	26,294	10.08%	15,675	6.01%
Jun	241,092	264	189,058	78.42%	23,151	9.60%	21,511	8.92%	7,372	3.06%
Jul	231,619	262	203,394	87.81%	19,359	8.36%	5,455	2.36%	3,410	1.47%
Aug	219,854	278	189,776	86.32%	21,409	9.74%	561	0.25%	8,108	3.69%
Sep	190,661	362	169,419	88.86%	14,508	7.61%	1,854	0.97%	4,880	2.56%
Oct	217,403	281	190,251	87.52%	20,768	9.55%	659	0.30%	5,725	2.63%
Nov	230,177	282	204,993	89.05%	20,340	8.84%	659	0.29%	4,185	1.82%
Dec	259,712	280**	222,277	85.58%	23,421	9.02%	2,253	0.87%	11,762	4.53%



* Class I and uniform prices are at Hillsborough County (Tampa), Florida; ** Estimated

Florida Marketing Area - Federal Order 6

Pool and Payment Dates For the Pooling Periods January 2005 through March 2005

	Pool & Uniform Price	MA Payment Dates		Payments for Producer Milk					
		Due to:	Due From:	First Partial Payment Due		Second Partial Payment Due		Final Pay Due	
Pool Month	Release Date	All Funds	P/S	Coop	Non - member	Coop	Non - member	Coop	Non - member
Jan 2005	02/11/05	02/14/05	02/15/05	01/19/05	01/20/05	02/04/05	02/07/05	02/15/05	02/16/05
Feb 2005	03/11/05	03/14/05	03/15/05	02/22/05	02/22/05	03/04/05	03/07/05	03/15/05	03/16/05
Mar 2005	04/11/05	04/12/05	04/13/05	03/21/05	03/21/05	04/04/05	04/05/05	04/13/05	04/14/05

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