

Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

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

Producer-Handler Decision Issued for Pacific Northwest and Arizona-Las Vegas Orders

The U. S. Department of Agriculture has announced a final decision that adopts amendments to the current provisions of the Pacific Northwest and Arizona-Las Vegas Milk Marketing Orders. This decision is based on testimony and evidence given at separate public hearings held in Tempe, Arizona, beginning on September 23, 2003, reconvened and continued in Seattle, Washington, on November 17, 2003, and reconvened and concluded in Alexandria, Virginia, on January 23, 2004.

The decision establishes a three million pound per month route disposition limit, which if exceeded, would subject a producer-handler to the pooling and pricing provisions of the Pacific Northwest and the Arizona-Las Vegas Orders.

The final decision was published in the December 14 Federal Register, at www.gpoaccess.gov/fr/index.html. USDA will conduct a vote to determine producer approval. If producers approve the order as amended by the final decision, a final rule will be issued to implement the changes.

For additional information regarding the producer-handler decision, contact the Market Administrator of the Pacific Northwest and Arizona-Las Vegas Federal Orders, James R. Daughtery, at fmmaseattle@fmmaseattle.com or (425) 487-6009.

In a related USDA announcement, a final rule was adopted to amend, on a permanent basis, the producer milk provision of the Arizona-Las Vegas Order by eliminating the ability to simultaneously pool the same milk on that order and a state-operated milk order that has marketwide pooling. Producers on that order voted to approve the amendment, which will become effective January 1, 2006.

Blend Price Falls \$0.27

The uniform blend price in Fulton County, GA, was \$16.22 per hundredweight of milk at 3.5 percent butterfat for the month of November. This is a decrease of \$0.27 from October and a decrease of \$0.61 from November 2004. Class I utilization was 67.42 percent, 0.86 percent less than last month and 4.17 percent lower than November 2004.

National Dairy Situation

USDA estimates that the total U.S. production of milk in October was 14.65 billion pounds, an increase of 4.1 percent from October 2004 and an increase of 3.2 percent when compared with September 2005. Total cheese output (excluding cottage cheese) was 755 million pounds, 0.9 percent above October 2004 and 1.7 percent above September 2005. Butter production was 108 million pounds, 3.0 percent above October 2004 and 7.4 percent above September 2005.

Final Rule Amends Upper Midwest Order

USDA has announced a final rule that permanently adopts amendments to the pooling and transportation credit provisions of the Upper Midwest Milk Marketing Order that were previously implemented on an interim basis.

The producer-approved amendments allow only supply plants located in the states that comprise the Upper Midwest marketing area to use milk delivered directly from producers' farms for qualification purposes. They also eliminate the ability to pool as producer milk diversions to nonpool plants outside of the states that comprise the marketing area, and limit the transportation credit received by handlers to the first 400 miles of applicable milk movements.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for November 2005 were made for \$963,389.61. Since the available balance was \$387,845.20, eligible claims were paid at the rate of approximately \$0.40 on the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - NOVEMBER 2005

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.15%	8,548,506	\$1.8226	\$ 15,580,507.04
Class I Differential at Location				254,195.57
Class II Butterfat	21.40%	4,674,952	\$1.6184	7,565,942.32
Class III Butterfat	15.12%	3,302,529	\$1.6114	5,321,695.24
Class IV Butterfat	24.33%	5,314,981	\$1.6114	8,564,560.40
Total Butterfat	100.00%	21,840,968		\$ 37,286,900.57

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.7072**

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	68.54%	379,777,590	\$8.48 /cwt.	\$ 32,205,139.63
Class I Butterfat	39.15%	8,548,506	\$1.8226 /lb.	15,580,507.04
Class I Differential at Location		388,326,096		11,503,073.57
Total Class I Milk	67.42%	388,326,096		\$ 59,288,720.24
Class II Skim Milk	8.88%	49,220,825	\$8.11 /cwt.	\$ 3,991,808.88
Class II Butterfat	21.40%	4,674,952	\$1.6184 /lb.	7,565,942.32
Total Class II Milk	9.36%	53,895,777		\$ 11,557,751.20
Class III Skim Milk	12.51%	69,330,045	\$7.99 /cwt.	\$ 5,539,470.61
Class III Butterfat	15.12%	3,302,529	\$1.6114 /lb.	5,321,695.24
Total Class III Milk	12.61%	72,632,574		\$ 10,861,165.85
Class IV Skim Milk	10.07%	55,815,851	\$7.52 /cwt.	\$ 4,197,352.00
Class IV Butterfat	24.33%	5,314,981	\$1.6114 /lb.	8,564,560.40
Total Class IV Milk	10.61%	61,130,832		\$ 12,761,912.40
Producer Milk	100.00%	575,985,279		\$ 94,469,549.69

Adjustments

Overage and Other Source	\$32,786.98
Inventory Adjustments	(\$19,897.76)
Producer butterfat at uniform butterfat price	(\$37,286,900.57)
Location Adjustments to Producers	\$1,653,768.02
1/2 Unobligated Balance in P.S.F	\$260,909.99

Adjusted Pool Value

\$ 10.66694	\$59,110,216.35
Reserve for Producer Settlement Func	\$ 0.04694
	\$240,901.77

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

\$10.62

Uniform Price per cwt. (Fulton County, Georgia)

\$16.22*

* 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 %
	NOV 2005	DEC 2005	OCT 2005	NOV 2005	NOV 2005
Appalachian (Charlotte)	\$ 17.66	\$ 16.67	\$ 16.48	\$ 16.30	69.93%
Arizona-Las Vegas (Phoenix)	\$ 16.91	\$ 15.92	\$ 15.03	\$ 14.50	37.25%
Central (Kansas City)	\$ 16.56	\$ 15.57	\$ 14.70	\$ 14.06	30.26%
Florida (Tampa)	\$ 18.56	\$ 17.57	\$ 17.69	\$ 17.71	88.23%
Mideast (Cleveland)	\$ 16.56	\$ 15.57	\$ 14.91	\$ 14.35	40.00%
Northeast (Boston)	\$ 17.81	\$ 16.82	\$ 15.88	\$ 15.41	48.70%
Pacific Northwest (Seattle)	\$ 16.47	\$ 15.48	\$ 14.46	\$ 13.91	30.69%
Southeast (Atlanta)	\$ 17.66	\$ 16.67	\$ 16.49	\$ 16.22	67.42%
Southwest (Dallas)	\$ 17.56	\$ 16.57	\$ 15.58	\$ 15.15	43.11%
Upper Midwest (Chicago)	\$ 16.36	\$ 15.37	\$ 14.59	\$ 13.79	18.60%

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

Receipts:	November 2005	November 2004
Producer Milk		
Class I	388,326,096	405,676,071
Class II	53,895,777	58,889,354
Class III	72,632,574	69,594,808
Class IV	61,130,832	32,513,050
Total Producer Milk	<u>575,985,279</u>	<u>566,673,283</u>
Average Butterfat Test	3.79%	3.75%
Percent of Producer Milk in Class I	67.42%	71.59%
Daily Average Receipts	19,199,509	18,889,109
Other Source Milk		
Class I	15,890,836	8,845,888
Class II	8,800,002	3,816,362
Class III	3,947,103	2,207,100
Class IV	12,095,615	6,658,261
Total Other Source Milk	<u>40,733,556</u>	<u>21,527,611</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	117,336	0
Total Overage	<u>117,336</u>	<u>0</u>
Opening Inventory		
Class I	29,680,849	31,974,546
Class II	1,563,756	2,124,143
Class III	836,266	537,508
Class IV	19,976,337	23,449,168
Total Opening Inventory	<u>52,057,208</u>	<u>58,085,365</u>
Total Receipts	668,893,379	646,286,259
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	30,734,244	34,888,549
Route Disposition Class I	392,252,373	399,342,576
Shrinkage	2,705,789	3,711,256
Transfers & Diversions to Nonpool	8,205,375	8,554,124
Total Class I Utilization	<u>433,897,781</u>	<u>446,496,505</u>
Average Butterfat Test	2.19%	2.21%
Daily Average Utilization	14,463,259	14,883,217
Class II Utilization		
Nonfluid Used To Produce	1,185,173	1,219,966
Shrinkage	4,466	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	32,472,525	41,412,507
Total Class II Utilization	<u>30,597,371</u>	<u>22,197,386</u>
Average Butterfat Test	64,259,535	64,829,859
Average Butterfat Test	9.59%	9.12%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	77,415,943	72,339,416
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>77,415,943</u>	<u>72,339,416</u>
Average Butterfat Test	4.49%	9.08%
Class IV Utilization		
Inventory	23,156,792	16,938,967
Nonfluid Used To Fortify	3,212,253	4,264,331
Shrinkage	7,402,041	7,774,203
Transfers & Diversions to Nonpool	51,270,297	28,628,819
Used To Produce/Other Uses	8,278,737	5,014,159
Total Class IV Utilization	<u>93,320,120</u>	<u>62,620,479</u>
Average Butterfat Test	7.58%	8.38%
Total Utilization	668,893,379	646,286,259

Southeast Market Summary

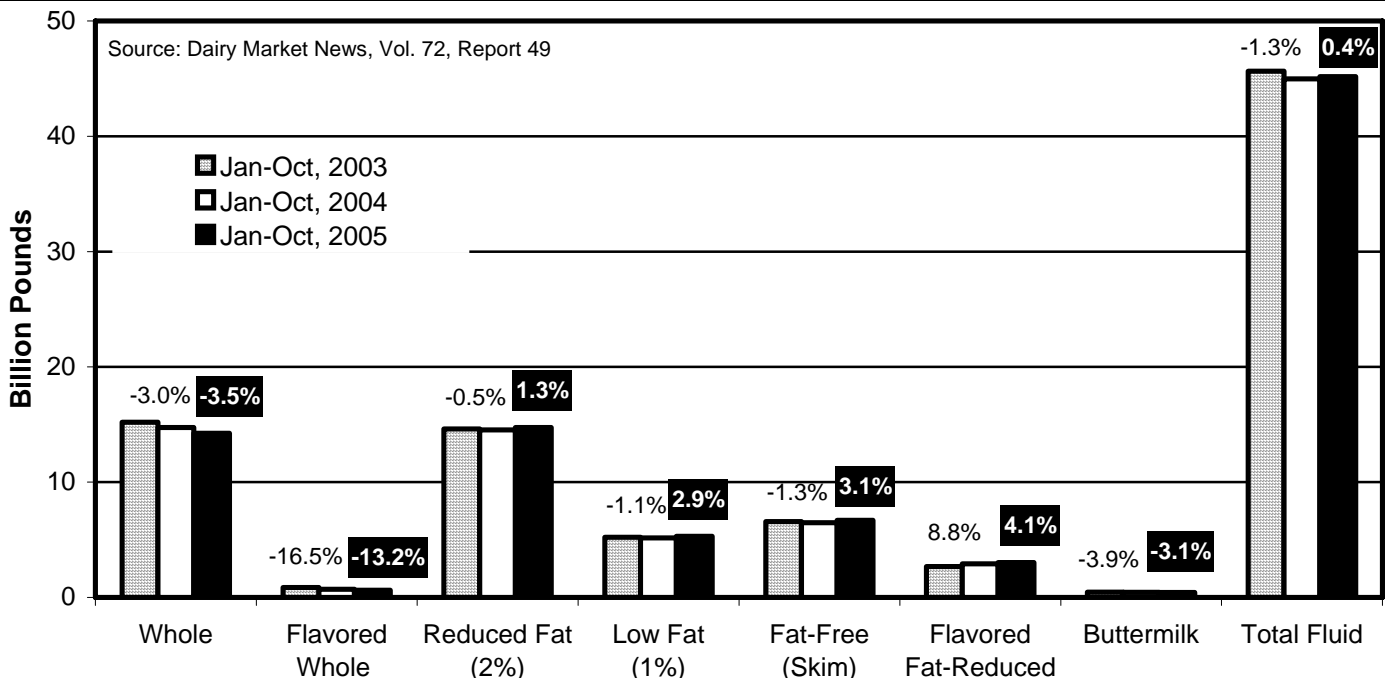
The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2005 is \$16.22 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.62 per hundredweight plus 3.5 times the uniform butterfat price of \$1.7072 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 68.54% of all producer skim milk (priced to handlers at \$8.48 per hundredweight, plus the Class I differential, see page 2) and 39.15% of producer butterfat (priced to handlers at \$1.8226 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.88% of all producer skim milk (\$8.11 per hundredweight) and 21.40% of producer butterfat (\$1.6184 per pound). Class III use, mostly milk used to produce cheese, accounted for 12.51% of all producer skim milk (\$7.99 per hundredweight) and 15.12% of producer butterfat (\$1.6114 per pound). Class IV use, generally milk processed into butter and powder, accounted for 10.07% of all producer skim milk (\$7.52 per hundredweight) and 24.33% of producer butterfat (\$1.6114 per pound).

Receipts of producer milk during November 2005 totaled 576.0 million pounds. There were 28 regulated pool distributing plants, 3 pool supply plants and 9 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2005. Class I route disposition in the area totaled 424.7 million pounds in October 2005.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
October 2005		
Whole Milk	153,135,277	36.05%
Fat Free Milk	49,078,589	11.56%
Lowfat Milk (incl. 1%)	32,045,600	7.54%
Reduced Fat Milk (incl. 2%)	134,912,732	31.76%
Cultured Fluid Milk (incl. Buttermilk)	9,142,830	2.15%
Flavored Drinks and Milk	46,416,798	10.94%
Total Disposition in Marketing Area	424,731,826	100.00%
Total Disposition by Pool Plants	340,659,364	80.21%
Total Disposition by Nonpool Plants	84,072,462	19.79%
Total Disposition in Marketing Area	424,731,826	100.00%



Through October, US Fluid Milk Sales Increased

Total U.S. packaged Class I sales of fluid milk products over the January to October 2005 period were 0.4% higher than sales during the January to October 2004 period. This growth, though slight, is an improvement over the 1.3% decline in total fluid milk sales comparing the first ten months of 2003 with the first ten months of 2004. The percentage changes in fluid milk sales are adjusted for calendar composition, with the 2004 to 2005 changes shown with a highlighted background. More sales data can be found at www.ams.usda.gov/dyfmoms/mib/in-areasales.htm.

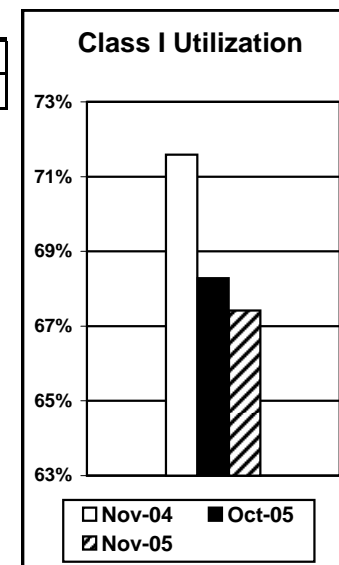
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 2004	\$10.91	\$1.9598	\$17.39	\$7.14	\$2.0559	\$14.09	\$8.00	\$2.0489	\$14.89	\$ 6.39	\$2.0489	\$13.34	\$ 10.14	\$2.0125	\$16.83
Dec	\$11.22	\$1.9144	\$17.53	\$7.07	\$2.0436	\$13.98	\$9.34	\$2.0366	\$16.14	\$ 6.52	\$2.0366	\$13.42	\$ 10.45	\$1.9859	\$17.03
Jan 2005	\$12.80	\$2.1128	\$19.75	\$7.20	\$1.7400	\$13.04	\$8.37	\$1.7330	\$14.14	\$ 6.69	\$1.7330	\$12.52	\$ 11.02	\$1.8649	\$17.16
Feb	\$11.07	\$1.7748	\$16.89	\$7.38	\$1.7824	\$13.36	\$8.79	\$1.7754	\$14.70	\$ 6.76	\$1.7754	\$12.74	\$ 9.93	\$1.7763	\$15.80
Mar	\$12.69	\$1.7968	\$18.53	\$7.44	\$1.7349	\$13.25	\$8.32	\$1.7279	\$14.08	\$ 6.85	\$1.7279	\$12.66	\$ 10.88	\$1.7528	\$16.63
Apr	\$11.45	\$1.7669	\$17.23	\$7.54	\$1.7034	\$13.24	\$8.99	\$1.6964	\$14.61	\$ 6.91	\$1.6964	\$12.61	\$ 10.18	\$1.7209	\$15.85
May	\$12.24	\$1.7402	\$17.90	\$7.61	\$1.5545	\$12.78	\$8.66	\$1.5475	\$13.77	\$ 7.03	\$1.5475	\$12.20	\$ 10.46	\$1.6091	\$15.73
Jun	\$11.68	\$1.5576	\$16.72	\$7.73	\$1.6002	\$13.06	\$8.65	\$1.5932	\$13.92	\$ 7.00	\$1.5932	\$12.33	\$ 10.29	\$1.5824	\$15.47
Jul	\$11.83	\$1.5920	\$16.99	\$7.73	\$1.8077	\$13.79	\$8.34	\$1.8007	\$14.35	\$ 7.12	\$1.8007	\$13.17	\$ 10.52	\$1.7218	\$16.18
Aug	\$11.39	\$1.8706	\$17.54	\$7.81	\$1.8316	\$13.95	\$7.48	\$1.8246	\$13.60	\$ 7.31	\$1.8246	\$13.44	\$ 10.35	\$1.8443	\$16.44
Sep	\$10.81	\$1.8182	\$16.80	\$8.00	\$1.8942	\$14.35	\$7.97	\$1.8872	\$14.30	\$ 7.40	\$1.8872	\$13.75	\$ 10.16	\$1.8602	\$16.32
Oct	\$11.06	\$1.9128	\$17.37	\$8.12	\$1.8326	\$14.25	\$8.25	\$1.8256	\$14.35	\$ 7.48	\$1.8256	\$13.61	\$ 10.34	\$1.8605	\$16.49
Nov	\$11.58	\$1.8536	\$17.66	\$8.11	\$1.6184	\$13.49	\$7.99	\$1.6114	\$13.35	\$ 7.52	\$1.6114	\$12.90	\$ 10.62	\$1.7072	\$16.22
Dec	\$11.13	\$1.6943	\$16.67	\$8.22											

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 2004	566,673	3,615	405,676	71.59%	58,889	10.39%	69,595	12.28%	32,513	5.74%
Dec	565,307	3,678	400,810	70.90%	56,628	10.02%	62,262	11.01%	45,607	8.07%
Jan 2005	656,001	3,652	405,636	61.83%	66,595	10.15%	83,291	12.70%	100,479	15.32%
Feb	601,850	3,513	367,201	61.00%	76,105	12.65%	60,458	10.05%	98,086	16.30%
Mar	678,515	3,470	402,239	59.28%	86,688	12.78%	91,864	13.54%	97,723	14.40%
Apr	691,728	3,527	391,110	56.55%	86,016	12.43%	102,044	14.75%	112,559	16.27%
May	723,585	3,457	380,247	52.55%	95,120	13.15%	123,726	17.10%	124,492	17.20%
Jun	650,076	3,519	361,048	55.55%	84,267	12.96%	109,175	16.79%	95,587	14.70%
Jul	588,307	3,502	363,020	61.71%	72,114	12.26%	81,910	13.92%	71,263	12.11%
Aug	608,907	3,458	406,022	66.69%	69,260	11.37%	69,487	11.41%	64,138	10.53%
Sep	569,194	3,425	397,643	69.87%	59,670	10.48%	69,182	12.15%	42,701	7.50%
Oct	572,559	3,436	390,959	68.28%	56,933	9.94%	70,188	12.26%	54,479	9.52%
Nov	575,985	3,500**	388,326	67.42%	53,896	9.36%	72,633	12.61%	61,131	10.61%

* 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 2005 through February 2006

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
December 2005	01/11/06	01/12/06	01/13/06	12/27/05	12/27/05	01/13/06	01/17/06
January 2006	02/11/06	02/13/06	02/14/06	01/25/06	01/26/06	02/14/06	02/15/06
February 2006	03/11/06	03/13/06	03/14/06	02/27/06	02/27/06	03/14/06	03/15/06

** The base rate for making partial payments in Fulton County, GA for December will be \$14.60 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.22 per hundredweight.

Producer Touch Base Requirements & Handler Diversion Limits

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Producer Touch Base Days	4	4	4	4	4	4	10	10	10	10	10	10
Diversion Percentage Limits	50%	50%	50%	50%	50%	50%	33%	33%	33%	33%	33%	33%

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MILK MARKET ADMINISTRATOR
 U.S. Department Of Agriculture
 P.O. Box 491778
 Lawrenceville, Georgia 30049
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