

FLORIDA Fluid Milk Report

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Market Administrator

Florida Marketing Area
Federal Order No. 6



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Class III / IV Make Allowance Hearing Announced for All Federal Orders

The U. S. Department of Agriculture has announced a national public hearing will be held to consider, and take evidence on, a proposal seeking to amend the Class III and Class IV milk price formula manufacturing allowances applicable to all Federal milk marketing orders.

The hearing will convene at 8:30 a.m., Tuesday, January 24, 2006 at the Sheraton Suites Old Town Alexandria, 801 North Saint Asaph Street, Alexandria, Virginia 22314. For more information contact: Jack Rower, Marketing Specialist, (202) 720-2357, e-mail-address: jack.rower@usda.gov.

The Department of Agriculture has conducted a preliminary analysis to assist the industry in considering the effects of increasing manufacturing allowances, commonly referred to as 'make allowances'. The following is taken directly from that analysis:

"Increasing the make allowances will generally result in lower Federal order class and blend prices, lower all-milk prices, slightly higher manufactured dairy product prices, and slightly lower fluid milk prices. Federal order cash receipts and U.S. producer revenues decline slightly. Manufacturing plants have higher dairy product prices on the revenue side and lower Federal order class and all-milk prices on the cost side.

The scenarios [of the analysis] also demonstrate that seemingly small changes in the relative values of the various make allowances can result in possibly unexpected changes in the relative values of the manufacturing class prices."

The full text of the preliminary analysis is online at www.ams.usda.gov/dairy/hearings.htm, under the heading 'National Hearings'.

Blend Price Slides Lower

The uniform blend price in Hillsborough County, FL, was \$16.89 per hundredweight for milk at 3.5 percent butterfat for the month of December. This represents a decrease of \$0.82 from the previous month and is \$1.11 lower when compared with December 2004. Class I utilization was 88.32 percent in December, an increase of 0.09 percent compared to the previous month and 2.74 percent higher than December 2004.

National Dairy Situation

USDA estimates that the total U.S. production of milk in November was 14.20 billion pounds, an increase of 4.4 percent from November 2004 and a decrease of 2.7 percent when compared with October 2005. Total cheese output (excluding cottage cheese) was 761 million pounds, 0.9 percent above November 2004 and 0.4 percent above October 2005. Butter production was 110 million pounds, 8.6 percent above November 2004 and 2.7 percent above October 2005. Nonfat dry milk production was 89.2 million pounds in November, 6.4 percent more than November 2004 and an increase of 21.0 percent when compared with October 2005.

Year-End Review of Florida Order Prices

The year 2005 drew to a close leaving Florida Order uniform blend prices, on average, \$0.83 per hundredweight lower than 2004 (\$17.57 versus \$18.40). While this is a large decline, the 2005 average blend price was still \$1.17 higher than the historic average since Federal Order reform (\$16.40). Even after adjusting for inflation, the blend prices observed in 2005 were well above long-term expectations.

The average Class I price fell \$0.58 from 2004, along with declines in the Class II price of \$0.38, the Class III price of \$1.35 and the Class IV price of \$0.33. The chart displayed on page 4 of this publication shows annual average uniform and class prices for the Florida Order since 2000.

F.O. 6 - FLORIDA: CALCULATION OF UNIFORM PRICES - DECEMBER 2005

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	53.94%	5,266,486	\$1.6633	\$ 8,759,746.17
Class I Differential at Location				214,848.69
Class II Butterfat	29.28%	2,858,857	\$1.5106	4,318,589.40
Class III Butterfat	1.09%	106,092	\$1.5036	159,519.94
Class IV Butterfat	15.69%	1,531,891	\$1.5036	2,303,351.30
Total Butterfat	100.00%	9,763,326		\$ 15,756,055.50
Uniform Butterfat Price per lb. (Hillsborough County, Florida):			\$1.6138	

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	89.66%	226,192,181	\$8.03 /cwt.	\$ 18,163,232.12
Class I Butterfat	53.94%	5,266,486	\$1.6633 /lb.	8,759,746.17
Class I Differential at Location		231,458,667		9,442,828.04
Total Class I Milk	88.32%	231,458,667		\$ 36,365,806.33
Class II Skim Milk	6.26%	15,789,709	\$8.22 /cwt.	\$ 1,297,914.07
Class II Butterfat	29.28%	2,858,857	\$1.5106 /lb.	4,318,589.40
Total Class II Milk	7.12%	18,648,566		\$ 5,616,503.47
Class III Skim Milk	1.12%	2,830,995	\$8.40 /cwt.	\$ 237,803.58
Class III Butterfat	1.09%	106,092	\$1.5036 /lb.	159,519.94
Total Class III Milk	1.12%	2,937,087		\$ 397,323.52
Class IV Skim Milk	2.96%	7,469,711	\$7.57 /cwt.	\$ 565,457.12
Class IV Butterfat	15.69%	1,531,891	\$1.5036 /lb.	2,303,351.30
Total Class IV Milk	3.44%	9,001,602		\$ 2,868,808.42
Producer Milk	100.00%	262,045,922		\$ 45,248,441.74

Adjustments

Overage and Other Source	\$24,743.27
Inventory Adjustments	\$3,085.59
Producer butterfat at uniform butterfat price	(\$15,756,055.50)
Location Adjustments to Producers	(\$134,831.51)
1/2 Unobligated Balance in P.S.F	\$110,288.34
Adjusted Pool Value	\$ 11.69152
Reserve for Producer Settlement Func	\$ 0.04152
	\$29,495,671.93
	\$104,749.50

Uniform Skim Milk Price per cwt. (Hillsborough County, Florida): **\$11.65**

Uniform Price per cwt. (Hillsborough County, Florida): **\$16.89***

* 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 2005	JAN 2005	NOV 2005	DEC 2005	DEC 2005
Appalachian (Charlotte)	\$ 16.67	\$ 16.48	\$ 16.30	\$ 15.51	67.61%
Arizona-Las Vegas (Phoenix)	\$ 15.92	\$ 15.73	\$ 14.50	\$ 14.00	33.94%
Central (Kansas City)	\$ 15.57	\$ 15.38	\$ 14.06	\$ 13.69	29.10%
Florida (Tampa)	\$ 17.57	\$ 17.38	\$ 17.71	\$ 16.89	88.32%
Mideast (Cleveland)	\$ 15.57	\$ 15.38	\$ 14.35	\$ 13.90	39.50%
Northeast (Boston)	\$ 16.82	\$ 16.63	\$ 15.41	\$ 14.83	47.40%
Pacific Northwest (Seattle)	\$ 15.48	\$ 15.29	\$ 13.91	\$ 13.44	29.33%
Southeast (Atlanta)	\$ 16.67	\$ 16.48	\$ 16.22	\$ 15.44	63.95%
Southwest (Dallas)	\$ 16.57	\$ 16.38	\$ 15.15	\$ 14.60	40.75%
Upper Midwest (Chicago)	\$ 15.37	\$ 15.18	\$ 13.79	\$ 13.61	18.00%

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

Receipts:	December 2005	December 2004
Producer Milk		
Class I	231,458,667	222,276,873
Class II	18,648,566	23,421,148
Class III	2,937,087	2,252,829
Class IV	9,001,602	11,761,559
Total Producer Milk	<u>262,045,922</u>	<u>259,712,409</u>
Average Butterfat Test	3.73%	3.64%
Percent of Producer Milk in Class I	88.32%	85.58%
Daily Average Receipts	8,453,094	8,377,820
Other Source Milk		
Class I	6,461,211	6,375,289
Class II	8,466,767	8,788,083
Class III	0	0
Class IV	5,222,685	5,001,994
Total Other Source Milk	<u>20,150,663</u>	<u>20,165,366</u>
Overage		
Class I	0	0
Class II	146,702	0
Class III	0	0
Class IV	8,436	71,867
Total Overage	<u>155,138</u>	<u>71,867</u>
Opening Inventory		
Class I	16,268,507	13,233,829
Class II	606,181	329,345
Class III	56,466	0
Class IV	7,546,419	6,712,297
Total Opening Inventory	<u>24,477,553</u>	<u>20,275,471</u>
Total Receipts	306,829,276	300,225,113
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	14,912,874	12,587,125
Route Disposition Class I	238,405,812	226,995,556
Shrinkage	563,446	1,286,100
Transfers & Diversions to Nonpool	306,253	1,017,210
Total Class I Utilization	<u>254,188,385</u>	<u>241,885,991</u>
Average Butterfat Test	2.30%	2.28%
Daily Average Utilization	8,199,625	7,802,774
Class II Utilization		
Nonfluid Used To Produce	8,158,234	8,734,044
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	5,401,187	6,771,105
Total Class II Utilization	<u>14,308,795</u>	<u>17,033,427</u>
Average Butterfat Test	10.46%	9.93%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce	2,993,533	2,252,829
Other Uses	0	0
Total Class III Utilization	<u>2,993,533</u>	<u>2,252,829</u>
Average Butterfat Test	3.55%	9.08%
Class IV Utilization		
Inventory	4,635,269	5,426,135
Nonfluid Used To Fortify	4,525,840	3,950,424
Shrinkage	3,519,780	4,356,508
Transfers & Diversions to Nonpool Used To Produce/Other Uses	6,292,611	8,394,733
Total Class IV Utilization	<u>2,805,642</u>	<u>1,419,917</u>
Average Butterfat Test	21,779,142	23,547,717
Total Utilization	306,829,276	300,225,113

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in December 2005 is \$16.89 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$11.65 per hundredweight plus 3.5 times the uniform butterfat price of \$1.6138 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 89.66% of all producer skim milk (priced to handlers at \$8.03 per hundredweight, plus the Class I differential and 53.94% of producer butterfat (priced to handlers at \$1.6633 per pound plus Class I differential). Class II use accounted for 6.26% of all producer skim milk (\$8.22 per hundredweight) and 29.28% of producer butterfat (\$1.5106 per pound). Class III use accounted for 1.12% of all producer skim milk (\$8.40 per hundredweight) and 1.09% of producer butterfat (\$1.5036 per pound). Class IV use accounted for 2.96% of all producer skim milk (\$7.57 per hundredweight) and 15.69% of producer butterfat (\$1.5036 per pound).

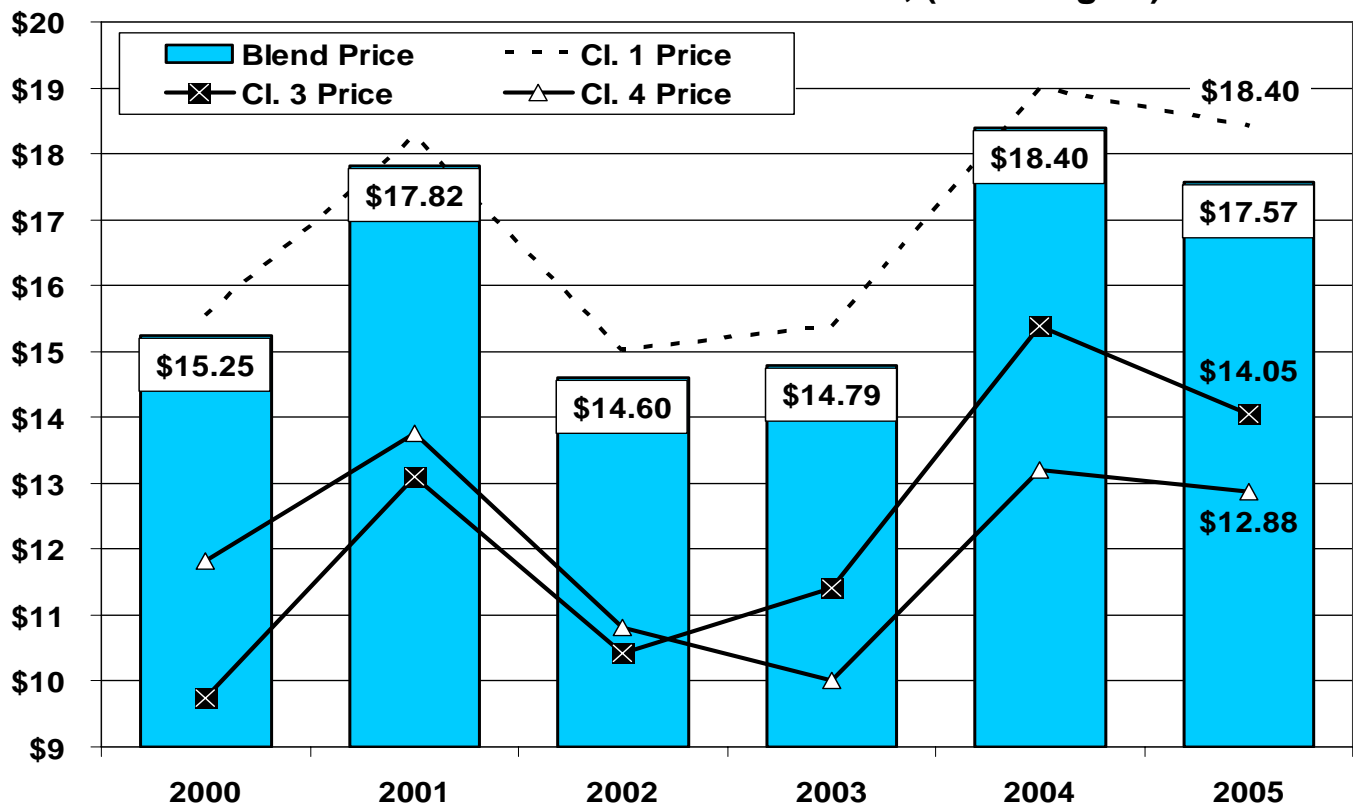
Receipts of producer milk during December 2005 totaled 262.0 million pounds, 2.3 million pounds more than was pooled in December of last year. Florida producers supplied 164.6 million pounds of milk in November 2005 to pool plants or 66.56% of the total producer milk pooled in Florida. In November 2004 Florida producers supplied 72.92% of the total producer milk pooled on the Florida market.

There were 12 regulated pool distributing plants and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2005. In-area Class I route disposition totaled 247.4 million pounds in November 2005, 4.4 million pounds less than November 2004. This is a decrease of 3.51 percent after adjusting for calendar composition.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
November 2005		
Whole Milk	94,808,575	38.32%
Fat Free Milk	33,098,138	13.38%
Lowfat Milk (incl. 1%)	26,367,834	10.66%
Reduced Fat Milk (incl. 2%)	68,176,088	27.55%
Cultured Fluid Milk (incl. Buttermilk)	1,453,724	0.59%
Flavored Drinks and Milk	23,537,620	9.51%
Total Disposition in Marketing Area	247,441,979	100.0%
Total Disposition by Pool Plants	221,932,145	89.69%
Total Disposition by Nonpool Plants	25,509,834	10.31%
Total Disposition in Marketing Area	247,441,979	100.0%

Year-End Review of Florida Order Prices, (from Page 1)

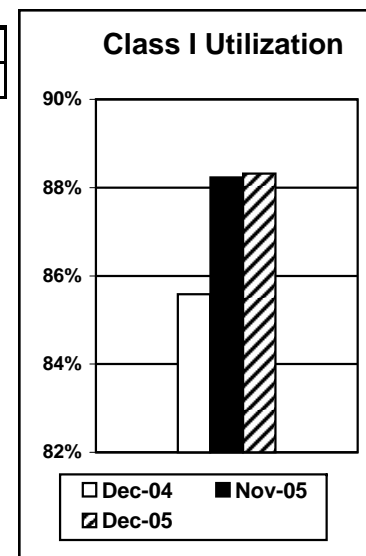


FEDERAL ORDER 6 - FLORIDA: CLASS AND UNIFORM PRICES

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
Dec 2004	\$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	\$1.7400	\$13.04	\$8.37	\$1.7330	\$14.14	\$ 6.69	\$1.7330	\$12.52	\$ 12.81	\$1.9275	\$19.11
Feb	\$11.97	\$1.7838	\$17.79	\$7.38	\$1.7824	\$13.36	\$8.79	\$1.7754	\$14.70	\$ 6.76	\$1.7754	\$12.74	\$ 11.24	\$1.7820	\$17.08
Mar	\$13.59	\$1.8058	\$19.43	\$7.44	\$1.7349	\$13.25	\$8.32	\$1.7279	\$14.08	\$ 6.85	\$1.7279	\$12.66	\$ 12.40	\$1.7660	\$18.15
Apr	\$12.35	\$1.7759	\$18.13	\$7.54	\$1.7034	\$13.24	\$8.99	\$1.6964	\$14.61	\$ 6.91	\$1.6964	\$12.61	\$ 11.63	\$1.7365	\$17.30
May	\$13.14	\$1.7492	\$18.80	\$7.61	\$1.5545	\$12.78	\$8.66	\$1.5475	\$13.77	\$ 7.03	\$1.5475	\$12.20	\$ 11.95	\$1.6411	\$17.28
Jun	\$12.58	\$1.5666	\$17.62	\$7.73	\$1.6002	\$13.06	\$8.65	\$1.5932	\$13.92	\$ 7.00	\$1.5932	\$12.33	\$ 11.67	\$1.5833	\$16.80
Jul	\$12.73	\$1.6010	\$17.89	\$7.73	\$1.8077	\$13.79	\$8.34	\$1.8007	\$14.35	\$ 7.12	\$1.8007	\$13.17	\$ 11.92	\$1.7035	\$17.47
Aug	\$12.29	\$1.8796	\$18.44	\$7.81	\$1.8316	\$13.95	\$7.48	\$1.8246	\$13.60	\$ 7.31	\$1.8246	\$13.44	\$ 11.78	\$1.8564	\$17.87
Sep	\$11.71	\$1.8272	\$17.70	\$8.00	\$1.8942	\$14.35	\$7.97	\$1.8872	\$14.30	\$ 7.40	\$1.8872	\$13.75	\$ 11.36	\$1.8589	\$17.47
Oct	\$11.96	\$1.9218	\$18.27	\$8.12	\$1.8326	\$14.25	\$8.25	\$1.8256	\$14.35	\$ 7.48	\$1.8256	\$13.61	\$ 11.52	\$1.8781	\$17.69
Nov	\$12.48	\$1.8626	\$18.56	\$8.11	\$1.6184	\$13.49	\$7.99	\$1.6114	\$13.35	\$ 7.52	\$1.6114	\$12.90	\$ 12.01	\$1.7497	\$17.71
Dec	\$12.03	\$1.7033	\$17.57	\$8.22	\$1.5106	\$13.22	\$8.40	\$1.5036	\$13.37	\$ 7.57	\$1.5036	\$12.57	\$ 11.65	\$1.6138	\$16.89
Jan 2006	\$12.42	\$1.5416	\$17.38	\$8.38											

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.	%
Dec 2004	259,712	274	222,277	85.58%	23,421	9.02%	2,253	0.87%	11,762	4.53%
Jan 2005	269,921	268	228,531	84.67%	20,038	7.42%	9,356	3.47%	11,996	4.44%
Feb	264,725	265	209,460	79.12%	19,747	7.46%	25,917	9.79%	9,602	3.63%
Mar	299,551	280	230,934	77.10%	21,444	7.16%	34,398	11.48%	12,775	4.26%
Apr	283,685	276	223,901	78.93%	19,354	6.82%	32,348	11.40%	8,082	2.85%
May	284,235	258	208,300	73.29%	20,388	7.17%	42,411	14.92%	13,136	4.62%
Jun	259,315	266	199,019	76.75%	20,228	7.80%	30,006	11.57%	10,062	3.88%
Jul	249,085	327	203,230	81.59%	18,953	7.61%	14,708	5.90%	12,194	4.90%
Aug	249,205	433	218,382	87.63%	20,690	8.30%	823	0.33%	9,310	3.74%
Sep	227,116	452	201,402	88.67%	18,683	8.23%	1,228	0.54%	5,804	2.56%
Oct	229,211	375	199,793	87.17%	19,046	8.31%	740	0.32%	9,632	4.20%
Nov	247,249	370	218,145	88.23%	18,751	7.58%	695	0.28%	9,658	3.91%
Dec	262,046	400**	231,459	88.32%	18,649	7.12%	2,937	1.12%	9,002	3.44%



* 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 through March 2006

	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 2006	02/11/06	02/13/06	02/14/06	01/19/06	01/20/06	02/06/06	02/06/06	02/14/06	02/15/06
Feb 2006	03/11/06	03/13/06	03/14/06	02/21/06	02/21/06	03/06/06	03/06/06	03/14/06	03/15/06
Mar 2006	04/11/06	04/12/06	04/13/06	03/20/06	03/20/06	04/04/06	04/05/06	04/13/06	04/14/06

**The base rate for making partial payments in Hillsborough Co., FL for January will be \$15.20 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$14.36 for nonmembers (85 percent of the preceding month's uniform price).

Producer Touch Base Requirements & Handler Diversion Limits

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Producer Touch Base Days	10	10	10	10	10	10	10	10	10	10	10	10
Diversion Percentage Limits	15%	15%	20%	20%	20%	20%	10%	10%	10%	10%	10%	15%

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