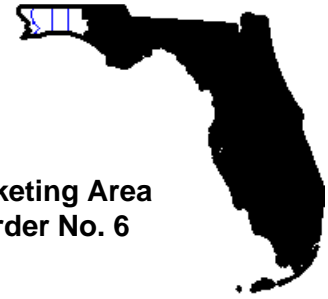


# FLORIDA Fluid Milk Report

Sue L. Mosley  
Market Administrator



Florida Marketing Area  
Federal Order No. 6

www.fmmatlanta.com

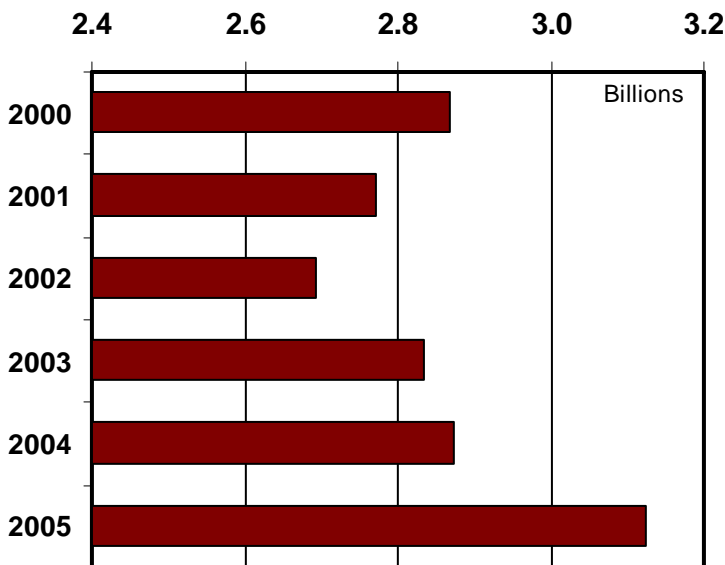
February 2006

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## 2005 Review of Florida Order Producer Milk

Producer milk, that is to say milk participating in a federal order pool, increased 8.8 percent on an annualized basis between 2004 and 2005 on Federal Order 6. The 3.13 billion pound total for last year is the largest amount of producer milk pooled on the market since the inception of the Florida Order as we currently know it. The volume of milk pooled in 2005 increased by 252 million pounds over the previous year, an amount roughly equivalent to a month's worth of producer milk.

### Federal Order 6 Annual Producer Milk



Because fluid milk consumption is generally stagnant, the amount of producer milk utilized in Class I has remained relative constant for many years. Given this stable amount of Class I milk and an increasing amount of *total* producer milk, the percentage of milk utilized as Class I declines.

This is what occurred on the Federal Order 6 pool last year. The average Class I utilization during 2005 was 82.31, still the highest of any federal order but it was down 2.60 percentage points from the 2004 average. When compared with the average Class I utilization observed on the Florida Order between 2000 and 2004 (87.37%), last year was over five percentage points lower.

## January's Blend Price: \$16.71/cwt

The uniform blend price in Hillsborough County, FL, was \$16.71 per hundredweight for milk at 3.5 percent butterfat for the month of January. This represents a decrease of \$0.18 from the previous month and is \$2.40 lower when compared with January 2005. Class I utilization was 85.42 percent in January, a decrease of 2.90 percent compared to the previous month and 0.75 percent higher than January 2005.

### National Dairy Situation

USDA estimates that the total U.S. production of milk in December was 14.85 billion pounds, an increase of 3.9 percent from December 2004 and a increase of 4.8 percent when compared with November 2005. Total cheese output (excluding cottage cheese) was 791 million pounds, 2.2 percent above December 2004 and 3.9 percent above November 2005. Butter production was 126 million pounds, 5.9 percent above December 2004 and 13.3 percent above November 2005. Nonfat dry milk production was 103 million pounds in December, 10.2 percent more than December 2004 and an increase of 15.5 percent when compared with November 2005.

Annual milk production in the nation is estimated at 176.49 billion pounds for 2005, an increase of 3.3% compared with 2004. Annual total cheese production is estimated to have increased 2.6 percent last year. American and Cheddar cheese varieties grew at less than two percent, but output of Italian varieties increased at an estimated 4.0 percent compared with 2004. Total butter production in 2005 is estimated to have increased 7.0 percent, while the amount of nonfat dry milk produced fell by 15.3 percent.

Yogurt production grew at 6.8 percent and sour cream production increased by 4.5 percent in 2005. Total ice cream production was up 1.8 percent, with increases in regular fat versions outweighing declines in reduced fat ice creams.

## F.O. 6 - FLORIDA: CALCULATION OF UNIFORM PRICES - JANUARY 2006

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	48.52%	5,003,573	\$1.5016	\$ 7,513,365.22
Class I Differential at Location				204,139.62
Class II Butterfat	28.49%	2,937,483	\$1.4754	4,333,962.40
Class III Butterfat	0.54%	55,695	\$1.4684	81,782.53
Class IV Butterfat	22.45%	2,315,138	\$1.4684	3,399,548.63
<b>Total Butterfat</b>	<b>100.00%</b>	<b>10,311,889</b>		<b>\$ 15,532,798.40</b>

**Uniform Butterfat Price per lb. (Hillsborough County, Florida):** **\$1.5063**

### 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	86.84%	232,999,165	\$8.42 /cwt.	\$ 19,618,529.69
Class I Butterfat	48.52%	5,003,573	\$1.5016 /lb.	7,513,365.22
Class I Differential at Location		238,002,738		9,711,869.34
<b>Total Class I Milk</b>	<b>85.42%</b>	<b>238,002,738</b>		<b>\$ 36,843,764.25</b>
Class II Skim Milk	6.33%	16,979,471	\$8.38 /cwt.	\$ 1,422,879.67
Class II Butterfat	28.49%	2,937,483	\$1.4754 /lb.	4,333,962.40
<b>Total Class II Milk</b>	<b>7.15%</b>	<b>19,916,954</b>		<b>\$ 5,756,842.07</b>
Class III Skim Milk	0.80%	2,132,975	\$8.55 /cwt.	\$ 182,369.35
Class III Butterfat	0.54%	55,695	\$1.4684 /lb.	81,782.53
<b>Total Class III Milk</b>	<b>0.79%</b>	<b>2,188,670</b>		<b>\$ 264,151.88</b>
Class IV Skim Milk	6.03%	16,169,944	\$7.32 /cwt.	\$ 1,183,639.90
Class IV Butterfat	22.45%	2,315,138	\$1.4684 /lb.	3,399,548.63
<b>Total Class IV Milk</b>	<b>6.64%</b>	<b>18,485,082</b>		<b>\$ 4,583,188.53</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>278,593,444</b>		<b>\$ 47,447,946.73</b>

### Adjustments

Overage and Other Source	\$24,010.80
Inventory Adjustments	(\$261.93)
Producer butterfat at uniform butterfat price	(\$15,532,798.40)
Location Adjustments to Producers	(\$148,115.38)
1/2 Unobligated Balance in P.S.F	\$108,333.12

### Adjusted Pool Value

Reserve for Producer Settlement Func	<b>\$ 11.89016</b>	<b>\$31,899,114.94</b>
	<b>\$ 0.04016</b>	<b>\$107,750.67</b>

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

**\$11.85**

**Uniform Price per cwt. (Hillsborough County, Florida)**

**\$16.71\***

\* 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 %
	JAN 2005	FEB 2005	DEC 2005	JAN 2005	JAN 2005
Appalachian (Charlotte)	\$ 16.48	\$ 16.48	\$ 15.51	\$ 15.52	69.42%
Arizona-Las Vegas (Phoenix)	\$ 15.73	\$ 15.73	\$ 14.00	\$ 13.76	31.79%
Central (Kansas City)	\$ 15.38	\$ 15.38	\$ 13.69	\$ 13.75	31.07%
<b>Florida (Tampa)</b>	<b>\$ 17.38</b>	<b>\$ 17.38</b>	<b>\$ 16.89</b>	<b>\$ 16.71</b>	<b>85.42%</b>
Mideast (Cleveland)	\$ 15.38	\$ 15.38	\$ 13.90	\$ 13.95	37.90%
Northeast (Boston)	\$ 16.63	\$ 16.63	\$ 14.83	\$ 14.78	45.00%
Pacific Northwest (Seattle)	\$ 15.29	\$ 15.29	\$ 13.44	\$ 13.44	29.76%
Southeast (Atlanta)	\$ 16.48	\$ 16.48	\$ 15.44	\$ 15.14	54.02%
Southwest (Dallas)	\$ 16.38	\$ 16.38	\$ 14.60	\$ 14.50	40.73%
Upper Midwest (Chicago)	\$ 15.18	\$ 15.18	\$ 13.61	\$ 13.66	17.20%

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

<b>Receipts:</b>	<b>January 2006</b>	<b>January 2005</b>
<b>Producer Milk</b>		
Class I	238,002,738	228,530,846
Class II	19,916,954	20,037,956
Class III	2,188,670	9,356,239
Class IV	18,485,082	11,955,956
	<hr/>	<hr/>
Total Producer Milk	<b>278,593,444</b>	<b>269,920,997</b>
Average Butterfat Test	3.70%	3.60%
Percent of Producer Milk in Class I	85.42%	84.67%
Daily Average Receipts	8,986,885	8,707,129
<b>Other Source Milk</b>		
Class I	5,854,730	4,878,025
Class II	9,665,809	8,351,404
Class III	0	0
Class IV	2,652,405	2,250,764
	<hr/>	<hr/>
Total Other Source Milk	<b>18,172,944</b>	<b>15,480,193</b>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	144,906	844
	<hr/>	<hr/>
Total Overage	<b>144,906</b>	<b>844</b>
<b>Opening Inventory</b>		
Class I	14,912,874	12,587,125
Class II	33,093	348,091
Class III	0	0
Class IV	4,602,176	5,087,417
	<hr/>	<hr/>
Total Opening Inventory	<b>19,548,143</b>	<b>18,022,633</b>
	<hr/>	<hr/>
<b>Total Receipts</b>	<b>316,459,437</b>	<b>303,424,667</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	13,394,721	125,078,969
Route Disposition Class I	244,720,808	230,377,172
Shrinkage	567,117	1,866,434
Transfers & Diversions to Nonpool	87,696	1,244,421
	<hr/>	<hr/>
Total Class I Utilization	<b>258,770,342</b>	<b>245,995,996</b>
Average Butterfat Test	2.09%	2.10%
Daily Average Utilization	8,347,430	7,935,355
<b>Class II Utilization</b>		
Nonfluid Used To Produce	10,413,090	8,270,767
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	5,022,335	5,246,674
	<hr/>	<hr/>
Total Class II Utilization	<b>29,615,856</b>	<b>28,737,451</b>
Average Butterfat Test	9.97%	11.30%
<b>Class III Utilization</b>		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce	2,188,670	9,356,239
Other Uses	0	0
	<hr/>	<hr/>
Total Class III Utilization	<b>2,188,670</b>	<b>9,356,239</b>
Average Butterfat Test	2.54%	4.68%
<b>Class IV Utilization</b>		
Inventory	8,443,138	7,870,039
Nonfluid Used To Fortify	1,819,495	1,649,401
Shrinkage	3,863,918	4,025,563
Transfers & Diversions to Nonpool Used To Produce/Other Uses	9,923,707	4,483,034
	<hr/>	<hr/>
Total Class IV Utilization	<b>25,884,569</b>	<b>19,334,981</b>
Average Butterfat Test	10.96%	9.60%
	<hr/>	<hr/>
<b>Total Utilization</b>	<b>316,459,437</b>	<b>303,424,667</b>

## Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in January 2006 is \$16.71 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$11.85 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5063 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 January, Class I use accounted for 86.84% of all producer skim milk (priced to handlers at \$8.42 per hundredweight, plus the Class I differential and 48.52% of producer butterfat (priced to handlers at \$1.5016 per pound plus Class I differential). Class II use accounted for 6.33% of all producer skim milk (\$8.38 per hundredweight) and 28.49% of producer butterfat (\$1.4754 per pound). Class III use accounted for 0.80% of all producer skim milk (\$8.55 per hundredweight) and 0.54% of producer butterfat (\$1.4684 per pound). Class IV use accounted for 6.03% of all producer skim milk (\$7.32 per hundredweight) and 22.45% of producer butterfat (\$1.4684 per pound).

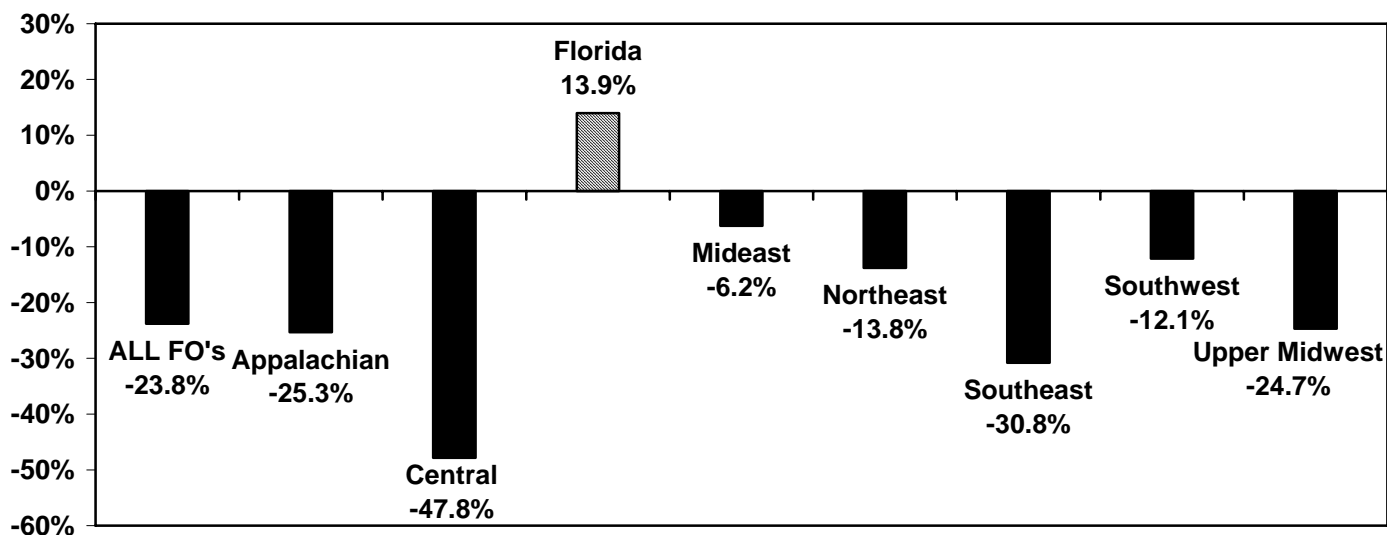
Receipts of producer milk during January 2006 totaled 278.6 million pounds, 8.7 million pounds more than was pooled in January of last year. Florida producers supplied 182.8 million pounds of milk in December 2005 to pool plants or 69.76% of the total producer milk pooled in Florida. In December 2004 Florida producers supplied 75.27% of the total producer milk pooled on the Florida market.

There were 11 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 January 2006. In-area Class I route disposition totaled 255.2 million pounds in December 2005, 2.96 million pounds less than December 2004. This is a decrease of 1.79 percent after adjusting for calendar composition.

### Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<b>December 2005</b>		
Whole Milk	99,420,762	38.95%
Fat Free Milk	33,801,000	13.24%
Lowfat Milk (incl. 1%)	26,901,728	10.54%
Reduced Fat Milk (incl. 2%)	69,700,043	27.31%
Cultured Fluid Milk (incl. Buttermilk)	1,836,165	0.72%
Flavored Drinks and Milk	23,573,898	9.24%
<b>Total Disposition in Marketing Area</b>	<b>255,233,596</b>	<b>100.0%</b>
Total Disposition by Pool Plants	229,450,325	89.90%
Total Disposition by Nonpool Plants	25,783,271	10.10%
<b>Total Disposition in Marketing Area</b>	<b>255,233,596</b>	<b>100.0%</b>

## Change in Average Number of Producers Pooled by Federal Orders: '00 to '05



The chart above displays the change in the average number of *producers* pooled per month on various Federal Orders between 2000 and 2005, taken from the Federal milk order public database (available at [www.ams.usda.gov/USDAMIB](http://www.ams.usda.gov/USDAMIB)). Combining all Federal Orders (ALL FO's) shows a decline from 69,590 producers per month in 2000 to 53,036 producers per month in 2005, a 23.8 percent loss. The Florida Order is the only marketing area to experience positive growth in the number of producers pooled. In 2000, the average number of producers shipping milk to the Florida marketing area was 305. That number jumped to 347 in 2005, an increase of 13.9%.

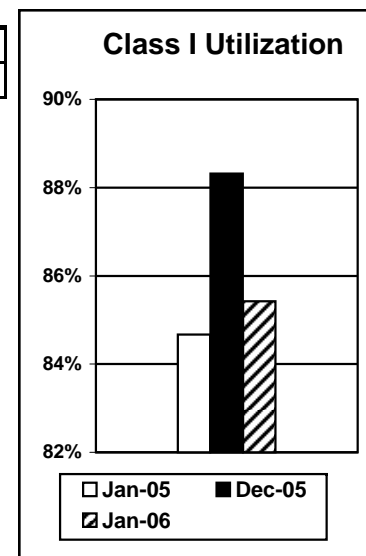
**FEDERAL ORDER 6 - FLORIDA: CLASS AND UNIFORM PRICES**

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
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	\$1.4754	\$13.25	\$8.55	\$1.4684	\$13.39	\$ 7.32	\$1.4684	\$12.20	\$ 11.85	\$1.5063	\$16.71
Feb	\$12.51	\$1.5171	\$17.38	\$8.17											

**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.	%
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	341	231,459	88.32%	18,649	7.12%	2,937	1.12%	9,002	3.44%
Jan 2006	278,593	350**	238,003	85.42%	19,917	7.15%	2,189	0.79%	18,485	6.64%

\* 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 February through April 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
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
Apr 2006	05/11/06	05/12/06	05/15/06	04/19/06	04/20/06	05/04/06	05/05/06	05/15/06	05/16/06

\*\*The base rate for making partial payments in Hillsborough Co., FL for February will be \$15.04 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$14.20 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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