

FLORIDA Fluid Milk Report

Sue L. Mosley
Market Administrator

Florida Marketing Area
Federal Order No. 6



www.fmmatlanta.com

March 2006

Volume 7—No. 3

USDA Issues Three 'De-Pooling' Decisions

The U.S. Department of Agriculture (USDA) has issued recommended decisions to adopt amendments to the pooling provisions of three federal orders. Each of these decisions pertains either in part or in whole to preventing handlers from withholding manufacturing milk from a marketwide pool when manufacturing milk prices exceed fluid milk prices, a practice known as 'de-pooling'. Because it is not mandatory to pool manufacturing milk, handlers (for example, a cheese plant) may choose to pool or 'de-pool' whenever it is economically advantageous. Regulated fluid milk handlers do not have this same 'de-pooling' opportunity.

In an effort to curb the practice of 'de-pooling', USDA recommended limiting the volume of milk pooled in any given month to a percentage of milk pooled in the previous month. In the Central Milk Order, for example, the volume of milk a handler could pool in any month would be capped at 125 percent of the total volume of milk pooled the previous month, if producers there approve the recommended decision. Such a provision would provide a disincentive to withhold milk from the marketwide pool because doing so would limit the potential benefits of participating in the marketwide pool in future months.

Similar to the Central Order, the Upper Midwest Milk Order has proposed limits on the volume of milk that may be pooled by a handler set at 125 percent and 135 percent of the previous month's pooled volume, dependant on the time of year. The Mideast Milk Order has proposed limits for different times of the year as well, set at 115 percent and 120 percent of the previous month's total pooled volume of milk.

The text of these three recommend decisions may be viewed at www.ams.usda.gov/dairy/ by clicking on the 'Hearings' link. Public comments must be filed by April 24, 2006.

Blend Price Falls \$0.37/cwt

The uniform blend price in Hillsborough County, FL, was \$16.34 per hundredweight for milk at 3.5 percent butterfat for the month of February. This represents a decrease of \$0.37 from the previous month and is \$0.74 lower when compared with February 2005. Class I utilization was 82.33 percent in February, a decrease of 3.09 percent compared to the previous month, but 3.21 percent higher than February 2005.

National Dairy Situation

USDA estimates that the total U.S. production of milk in January was 14.85 billion pounds, an increase of 3.3 percent from January 2005 and an increase of 5.0 percent when compared with December 2005. Total cheese output (excluding cottage cheese) was 764 million pounds, 1.3 percent above January 2005 but 3.4 percent below December 2005. Butter production was 145 million pounds, 13.1 percent above January 2005 and 15.3 percent above December 2005. Nonfat dry milk production was 102 million pounds in January, 9.2 percent more than January 2005 and a decrease of 1.0 percent when compared with December 2005.

The milk-feed price ratio, the number of pounds of 16% mixed dairy feed equal in value to one pound of whole milk, was 2.99 in February, down from 3.50 in February 2005 and lower, also, than January 2006's 3.18 feed price ratio.

Final Rule Issued in Producer-Handler Case

USDA has issued a final rule that amends pooling and pricing provisions of the Arizona-Las Vegas and Pacific Northwest Milk Orders. Specifically, this final rule permanently adopts a provision that will eliminate the exemption from regulations, by the Orders cited, for producer-handlers with in-area route disposition in excess of 3 million pounds per month. Having the approval of more than two-thirds of producers in these two Orders, this final rule will take effect April 1, 2006.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	46.23%	4,460,352	\$1.4771	\$ 6,588,385.94
Class I Differential at Location				182,071.16
Class II Butterfat	27.62%	2,664,565	\$1.3539	3,607,554.55
Class III Butterfat	2.51%	242,508	\$1.3469	326,634.02
Class IV Butterfat	23.64%	2,280,241	\$1.3469	3,071,256.61
Total Butterfat	100.00%	9,647,666		\$ 13,775,902.28
Uniform Butterfat Price per lb. (Hillsborough County, Florida):			\$1.4279	

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	83.70%	211,188,524	\$8.51 /cwt.	\$ 17,972,143.39
Class I Butterfat	46.23%	4,460,352	\$1.4771 /lb.	6,588,385.94
Class I Differential at Location		215,648,876		8,802,323.70
Total Class I Milk	82.33%	215,648,876		\$ 33,362,853.03
Class II Skim Milk	6.18%	15,592,099	\$8.17 /cwt.	\$ 1,273,874.48
Class II Butterfat	27.62%	2,664,565	\$1.3539 /lb.	3,607,554.55
Total Class II Milk	6.97%	18,256,664		\$ 4,881,429.03
Class III Skim Milk	4.64%	11,704,193	\$7.76 /cwt.	\$ 908,245.38
Class III Butterfat	2.51%	242,508	\$1.3469 /lb.	326,634.02
Total Class III Milk	4.56%	11,946,701		\$ 1,234,879.40
Class IV Skim Milk	5.48%	13,814,078	\$6.62 /cwt.	\$ 914,491.95
Class IV Butterfat	23.64%	2,280,241	\$1.3469 /lb.	3,071,256.61
Total Class IV Milk	6.14%	16,094,319		\$ 3,985,748.56
Producer Milk	100.00%	261,946,560		\$ 43,464,910.02

Adjustments

Overage and Other Source	\$1,136.65
Inventory Adjustments	\$0.00
Producer butterfat at uniform butterfat price	(\$13,775,902.28)
Location Adjustments to Producers	(\$60,591.91)
1/2 Unobligated Balance in P.S.F.	\$138,257.44

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 11,79863	\$29,767,809.92
	\$ 0.04863	\$122,689.87

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

\$11.75

Uniform Price per cwt. (Hillsborough County, Florida)

\$16.34*

* 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 %
	FEB 2005	MAR 2005	JAN 2005	FEB 2005	FEB 2005
Appalachian (Charlotte)	\$ 16.48	\$ 15.59	\$ 15.52	\$ 15.01	67.17%
Arizona-Las Vegas (Phoenix)	\$ 15.73	\$ 14.84	\$ 13.76	\$ 13.03	32.34%
Central (Kansas City)	\$ 15.38	\$ 14.49	\$ 13.75	\$ 12.91	28.16%
Florida (Tampa)	\$ 17.38	\$ 16.49	\$ 16.71	\$ 16.34	82.33%
Mideast (Cleveland)	\$ 15.38	\$ 14.49	\$ 13.95	\$ 13.28	37.70%
Northeast (Boston)	\$ 16.63	\$ 15.74	\$ 14.78	\$ 14.25	44.30%
Pacific Northwest (Seattle)	\$ 15.29	\$ 14.40	\$ 13.44	\$ 12.60	26.87%
Southeast (Atlanta)	\$ 16.48	\$ 15.59	\$ 15.14	\$ 14.71	55.64%
Southwest (Dallas)	\$ 16.38	\$ 15.49	\$ 14.50	\$ 13.73	37.58%
Upper Midwest (Chicago)	\$ 15.18	\$ 14.29	\$ 13.66	\$ 12.68	17.10%

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

Receipts:	February 2006	February 2005
Producer Milk		
Class I	215,648,876	209,459,506
Class II	18,256,664	19,746,529
Class III	11,946,701	25,917,229
Class IV	16,094,319	9,602,049
Total Producer Milk	261,946,560	264,725,313
Average Butterfat Test	3.68%	3.59%
Percent of Producer Milk in Class I	82.33%	79.12%
Daily Average Receipts	9,355,234	9,454,475
Other Source Milk		
Class I	3,437,237	3,837,561
Class II	6,954,726	9,042,738
Class III	0	0
Class IV	1,862,037	2,070,837
Total Other Source Milk	12,254,000	14,951,136
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	17,170	2,073
Total Overage	17,170	2,073
Opening Inventory		
Class I	13,394,721	12,507,969
Class II	0	538,353
Class III	0	0
Class IV	8,443,138	7,331,686
Total Opening Inventory	21,837,859	20,378,008
Total Receipts	296,055,589	300,056,530
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	13,453,833	12,862,138
Route Disposition Class I	218,596,770	209,910,810
Shrinkage	310,313	1,841,602
Transfers & Diversions to Nonpool	119,918	1,190,486
Total Class I Utilization	232,480,834	225,805,036
Average Butterfat Test	2.06%	2.10%
Daily Average Utilization	8,302,887	8,064,466
Class II Utilization		
Nonfluid Used To Produce	6,941,537	8,993,928
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	5,445,623	5,263,902
Total Class II Utilization	12,824,230	15,069,790
Average Butterfat Test	25,211,390	29,327,620
Average Butterfat Test	10.58%	11.44%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce	11,946,701	25,917,229
Other Uses	0	0
Total Class III Utilization	11,946,701	25,917,229
Average Butterfat Test	2.03%	1.22%
Class IV Utilization		
Inventory	7,177,964	5,744,303
Nonfluid Used To Fortify	1,749,225	1,610,659
Shrinkage	3,326,083	4,021,116
Transfers & Diversions to Nonpool Used To Produce/Other Uses	12,617,048	6,510,043
Total Class IV Utilization	1,546,344	1,120,524
Average Butterfat Test	26,416,664	19,006,645
Average Butterfat Test	10.51%	10.84%
Total Utilization	296,055,589	300,056,530

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in February 2006 is \$16.34 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$11.75 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4279 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 February, Class I use accounted for 83.70% of all producer skim milk (priced to handlers at \$8.51 per hundredweight, plus the Class I differential and 46.23% of producer butterfat (priced to handlers at \$1.4771 per pound plus Class I differential). Class II use accounted for 6.18% of all producer skim milk (\$8.17 per hundredweight) and 27.62% of producer butterfat (\$1.3539 per pound). Class III use accounted for 4.64% of all producer skim milk (\$7.76 per hundredweight) and 2.51% of producer butterfat (\$1.3469 per pound). Class IV use accounted for 5.48% of all producer skim milk (\$6.62 per hundredweight) and 23.64% of producer butterfat (\$1.3469 per pound).

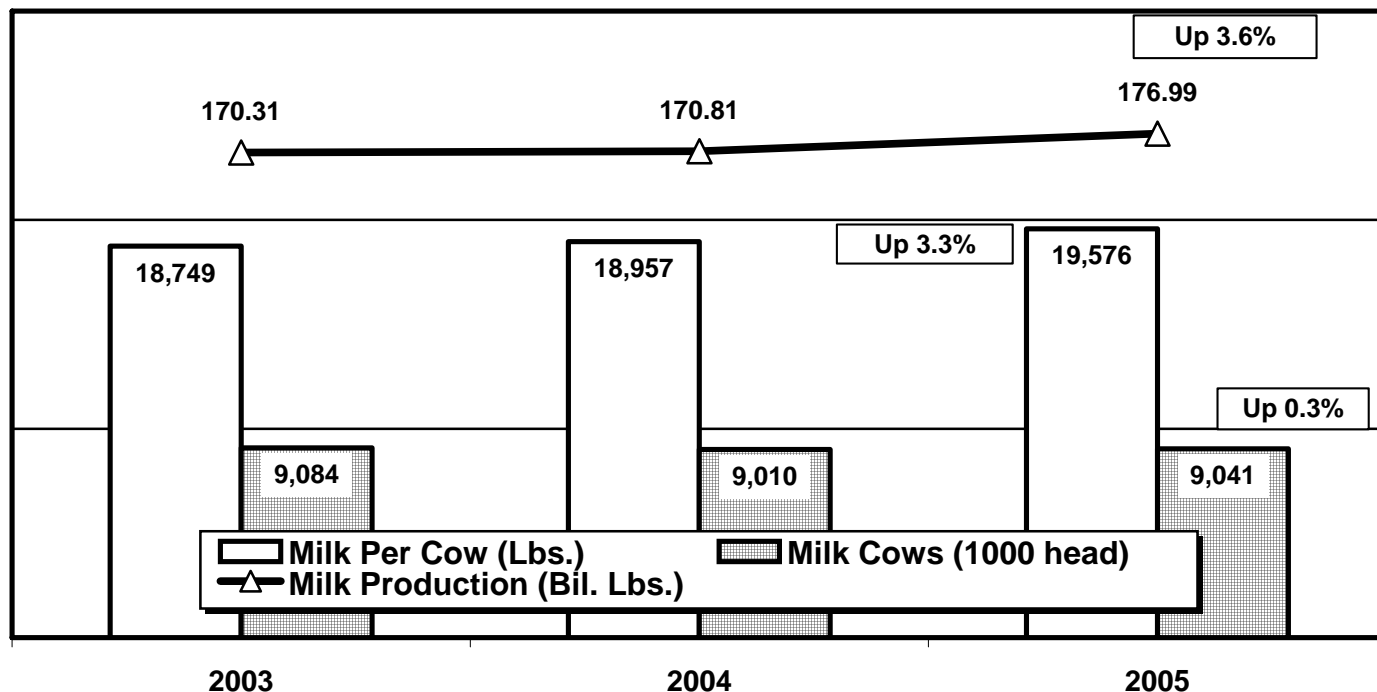
Receipts of producer milk during February 2006 totaled 261.9 million pounds, 2.8 million pounds less than was pooled in February of last year. Florida producers supplied 198.0 million pounds of milk in January 2006 to pool plants or 71.09% of the total producer milk pooled in Florida. In January 2005 Florida producers supplied 77.25% of the total producer milk pooled on the Florida market.

There were 11 regulated pool distributing plants and 4 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2006. In-area Class I route disposition totaled 259.5 million pounds in January 2006, 4.95 million pounds less than January 2005. This is a decrease of 1.59 percent after adjusting for calendar composition.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
January 2006		
Whole Milk	98,208,777	37.85%
Fat Free Milk	35,721,442	13.77%
Lowfat Milk (incl. 1%)	28,402,292	10.94%
Reduced Fat Milk (incl. 2%)	71,872,618	27.70%
Cultured Fluid Milk (incl. Buttermilk)	1,219,789	0.47%
Flavored Drinks and Milk	24,046,179	9.27%
Total Disposition in Marketing Area	259,471,097	100.0%
Total Disposition by Pool Plants	234,605,844	90.42%
Total Disposition by Nonpool Plants	24,865,253	9.58%
Total Disposition in Marketing Area	259,471,097	100.0%

2005 U.S. Milk Production Increased 3.6 %



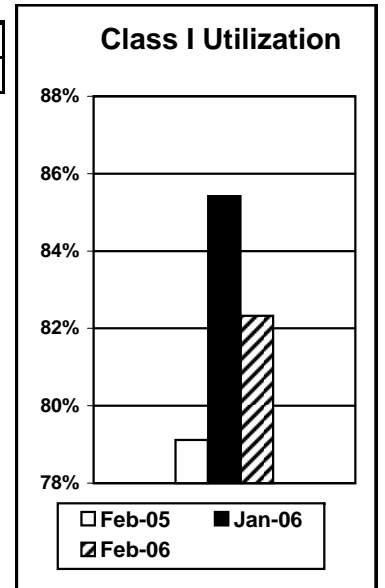
Total U.S. milk production in 2005 is estimated to be 176.99 billion pounds, an increase of 3.6 percent when compared with 2004. Combining an increase of 0.3 percent in the number of milking cows with a 3.3 percent increase in the average milk per cow yielded one of the largest gains in year-to-year milk output in the past decade. Source: NASS-USDA

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	\$1.3539	\$12.62	\$7.76	\$1.3469	\$12.20	\$ 6.62	\$1.3469	\$11.10	\$ 11.75	\$1.4279	\$16.34
Mar	\$11.95	\$1.4168	\$16.49	\$7.52											

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	358	238,003	85.42%	19,917	7.15%	2,189	0.79%	18,485	6.64%
Feb	261,947	350**	215,649	82.33%	18,257	6.97%	11,947	4.56%	16,094	6.14%



* 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 March through May 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
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
May 2006	06/11/06	06/12/06	06/13/06	05/19/06	05/22/06	06/05/06	06/05/06	06/13/06	06/14/06

**The base rate for making partial payments in Hillsborough Co., FL for March will be \$14.71 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$13.89 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%

"The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (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 of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer."



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