

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

April 2006

Volume 7—No. 4

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

Milk Regulatory Equity Act Signed into Law

The Milk Regulatory Equity Act of 2005 was signed into law on April 11, 2006, by President Bush. It amends the Agricultural Marketing Agreement Act of 1937 to ensure regulatory equity between and among dairy farmers and handlers for sales of packaged fluid milk in Federal milk marketing order areas and into certain unregulated milk marketing areas from Federal milk marketing areas. It essentially closes a loophole that allowed a milk processor to escape Federal order regulations based on the physical location of a plant.

There are three main parts of the Milk Regulatory Equity Act of 2005 that have Federal order implications. The first portion deals with how plants become subject to Federal order regulation. Generally, a plant is regulated based on where its sales are distributed. Previously, if a plant was located in a Federal milk marketing area but sold fluid milk into a state with minimum milk pricing plans, it could avoid both the Federal and state pricing laws. Under the new rules, such a plant would be subject to Federal order pooling and pricing regulations, helping to establish equitable pricing for farmers and handlers alike.

Under a second provision, producer-handlers, that is to say farmers that bottle their own milk, would be regulated by the Arizona-Las Vegas Order if the producer-handler's total milk sales exceeded 3 million pounds per month and if a portion of those sales were distributed in the Arizona-Las Vegas marketing area.

Lastly, the Act exempts the State of Nevada from Federal milk marketing order regulations.

Fluid Milk Board Appointments Made

USDA Secretary of Agriculture Mike Johanns has announced the appointment of four incumbents and five new members to the National Fluid Milk Processor Promotion Board. For more information, visit www.ams.usda.gov/dairy/dairyhp.htm.

Blend Price Declines

The uniform blend price in Fulton County, GA, was \$13.77 per hundredweight of milk at 3.5 percent butterfat for the month of March. This is a decrease of \$0.94 from the previous month and a decrease of \$2.86 from March 2005. Class I utilization was 54.11 percent, a decline of 1.53 percent compared with the previous month and 5.17 percent lower than March 2005.

National Dairy Situation

USDA estimates that the total U.S. production of milk in February was 14.28 billion pounds, an increase of 5.5 percent from February 2005 and an increase of 2.9 percent when compared with January 2006 on a daily average basis. Total cheese output was 719 million pounds, 1.6 percent above February 2005 but 7.0 percent below January 2006. Butter production was 134 million pounds, 18.1 percent above February 2005 but 9.0 percent below January 2006.

Nonfat dry milk production was 117 million pounds in February, 24.1 percent more than February 2005 and an increase of 14.7 percent when compared with January 2006. Note that when compared on a daily average basis, 27.0 percent more nonfat dry milk was produced in February than in January. The amount of nonfat dry milk produced was so large that approximately 1.3 million pounds was offered to and purchased by the Commodity Credit Corporation in March, the first support price purchases made by the government since November 2004.

The milk-feed price ratio, the number of pounds of 16% mixed dairy feed equal in value to one pound of whole milk, was 2.77 in March, down from 3.35 in March 2005 and lower, also, than February 2006's 2.92 feed price ratio. The value of milk used in the ratio, the all-milk price, fell \$0.70 to \$12.80 per hundredweight in March, while feed prices were generally unchanged.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MARCH 2006

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	30.72%	8,610,158	\$1.3768	\$ 11,854,465.53
Class I Differential at Location				257,543.21
Class II Butterfat	25.73%	7,209,883	\$1.2666	9,132,037.81
Class III Butterfat	24.14%	6,763,698	\$1.2596	8,519,553.98
Class IV Butterfat	19.41%	5,440,152	\$1.2596	6,852,415.45
Total Butterfat	100.00%	28,023,891		\$ 36,616,015.98

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.3066

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	55.00%	404,061,446	\$7.95 /cwt.	\$ 32,122,884.97
Class I Butterfat	30.72%	8,610,158	\$1.3768 /lb.	11,854,465.53
Class I Differential at Location		412,671,604		12,316,250.47
Total Class I Milk	54.11%	412,671,604		\$ 56,293,600.97
Class II Skim Milk	10.69%	78,509,576	\$7.52 /cwt.	\$ 5,903,920.10
Class II Butterfat	25.73%	7,209,883	\$1.2666 /lb.	9,132,037.81
Total Class II Milk	11.24%	85,719,459		\$ 15,035,957.91
Class III Skim Milk	24.58%	180,587,255	\$6.94 /cwt.	\$ 12,532,755.49
Class III Butterfat	24.14%	6,763,698	\$1.2596 /lb.	8,519,553.98
Total Class III Milk	24.57%	187,350,953		\$ 21,052,309.47
Class IV Skim Milk	9.73%	71,457,481	\$6.50 /cwt.	\$ 4,644,736.32
Class IV Butterfat	19.41%	5,440,152	\$1.2596 /lb.	6,852,415.45
Total Class IV Milk	10.08%	76,897,633		\$ 11,497,151.77
Producer Milk	100.00%	762,639,649		\$ 103,879,020.12

Adjustments

Overage and Other Source	\$37,663.41
Inventory Adjustments	\$47,897.20
Producer butterfat at uniform butterfat price	(\$36,616,015.98)
Location Adjustments to Producers	\$2,579,769.88
1/2 Unobligated Balance in P.S.F.	\$391,174.93

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.57228	\$70,319,509.56
	<u>\$ 0.04228</u>	\$310,627.79

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

\$9.53

Uniform Price per cwt. (Fulton County, Georgia)

\$13.77*

* 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 %
	MAR 2006	APR 2006	FEB 2006	MAR 2006	MAR 2006
Appalachian (Charlotte)	\$ 15.59	\$ 14.32	\$ 15.01	\$ 14.13	64.08%
Arizona-Las Vegas (Phoenix)	\$ 14.84	\$ 13.57	\$ 13.03	\$ 12.21	32.66%
Central (Kansas City)	\$ 14.49	\$ 13.22	\$ 12.91	\$ 12.00	28.03%
Florida (Tampa)	\$ 16.49	\$ 15.22	\$ 16.34	\$ 15.41	80.76%
Mideast (Cleveland)	\$ 14.49	\$ 13.22	\$ 13.28	\$ 12.36	37.90%
Northeast (Boston)	\$ 15.74	\$ 14.47	\$ 14.25	\$ 13.43	45.30%
Pacific Northwest (Seattle)	\$ 14.40	\$ 13.13	\$ 12.60	\$ 11.86	27.38%
Southeast (Atlanta)	\$ 15.59	\$ 14.32	\$ 14.71	\$ 13.77	54.11%
Southwest (Dallas)	\$ 15.49	\$ 14.22	\$ 13.73	\$ 12.95	36.45%
Upper Midwest (Chicago)	\$ 14.29	\$ 13.02	\$ 12.68	\$ 11.67	17.50%

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

Receipts:	March 2006	March 2005
Producer Milk		
Class I	412,671,604	402,239,337
Class II	85,719,459	86,688,478
Class III	187,350,953	91,864,478
Class IV	76,897,633	97,723,164
Total Producer Milk	<u>762,639,649</u>	<u>678,515,457</u>
Average Butterfat Test	3.67%	3.63%
Percent of Producer Milk in Class I	54.11%	59.28%
Daily Average Receipts	24,601,279	21,887,595
Other Source Milk		
Class I	7,745,676	6,213,783
Class II	11,559,030	8,690,616
Class III	9,222,855	5,339,086
Class IV	9,748,053	12,347,529
Total Other Source Milk	<u>38,275,614</u>	<u>32,591,014</u>
Overage		
Class I	0	0
Class II	123,221	135,395
Class III	1,101	0
Class IV	1,293	3,694
Total Overage	<u>125,615</u>	<u>139,089</u>
Opening Inventory		
Class I	34,404,223	30,401,819
Class II	3,045,605	3,085,381
Class III	1,186,981	222,319
Class IV	13,460,530	19,292,447
Total Opening Inventory	<u>52,097,339</u>	<u>53,001,966</u>
Total Receipts	853,138,217	764,247,526
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	34,302,048	32,913,910
Route Disposition Class I	410,020,554	395,324,628
Shrinkage	2,896,373	2,001,886
Transfers & Diversions to Nonpool	7,602,528	8,614,515
Total Class I Utilization	<u>454,821,503</u>	<u>438,854,939</u>
Average Butterfat Test	2.08%	2.09%
Daily Average Utilization	14,671,661	14,156,611
Class II Utilization		
Nonfluid Used To Produce	1,638,526	1,908,335
Shrinkage	4,086	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	61,223,162	60,058,458
Total Class II Utilization	<u>37,581,541</u>	<u>36,633,077</u>
Average Butterfat Test	100,447,315	98,599,870
Average Butterfat Test	8.71%	7.32%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	197,761,890	97,425,883
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>197,761,890</u>	<u>97,425,883</u>
Average Butterfat Test	3.61%	4.17%
Class IV Utilization		
Inventory	11,391,139	17,999,715
Nonfluid Used To Fortify	1,517,656	1,638,227
Shrinkage	7,177,966	7,146,001
Transfers & Diversions to Nonpool	53,647,504	81,496,614
Used To Produce/Other Uses	26,373,244	21,086,277
Total Class IV Utilization	<u>100,107,509</u>	<u>129,366,834</u>
Average Butterfat Test	6.64%	6.06%
Total Utilization	853,138,217	764,247,526

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2006 is \$13.77 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.53 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3066 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 March, Class I use, which is primarily bottled or packaged fluid milk, accounted for 55.00% of all producer skim milk (priced to handlers at \$7.95 per hundredweight, plus the Class I differential, see page 2) and 30.72% of producer butterfat (priced to handlers at \$1.3768 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.69% of all producer skim milk (\$7.52 per hundredweight) and 25.73% of producer butterfat (\$1.2666 per pound). Class III use, mostly milk used to produce cheese, accounted for 24.58% of all producer skim milk (\$6.94 per hundredweight) and 24.14% of producer butterfat (\$1.2596 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.73% of all producer skim milk (\$6.50 per hundredweight) and 19.41% of producer butterfat (\$1.2596 per pound).

Receipts of producer milk during March 2006 totaled 762.6 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 March 2006. Class I route disposition in the area totaled 390.2 million pounds in February 2006.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
February 2006		
Whole Milk	138,296,936	35.44%
Fat Free Milk	45,816,192	11.74%
Lowfat Milk (incl. 1%)	28,507,705	7.31%
Reduced Fat Milk (incl. 2%)	127,179,144	32.60%
Cultured Fluid Milk (incl. Buttermilk)	8,512,959	2.18%
Flavored Drinks and Milk	41,849,903	10.73%
Total Disposition in Marketing Area	390,162,839	100.00%
Total Disposition by Pool Plants	316,956,772	81.24%
Total Disposition by Nonpool Plants	73,206,067	18.76%
Total Disposition in Marketing Area	390,162,839	100.00%

Mailbox Milk Prices, January 2006 2/

Reporting Area 1/	January 2005	December 2005	January 2006
New England States 3/	16.65	15.20	15.08
Appalachian States 4/	16.57	14.93	14.87
Southeast States 5/	17.21	16.01	15.81
Southern Missouri 6/	16.01	14.43	13.94
Florida	18.70	17.98	17.31
Indiana	16.11	14.76	14.53
Michigan	15.58	14.70	14.48
Wisconsin	16.00	15.06	14.70
Illinois	15.88	15.06	14.68
Corn Belt States 7/	14.98	13.82	13.65
Western Texas 8/	15.00	13.77	13.58
New Mexico	14.09	12.94	12.74
All Federal Order Areas 9/	15.89	14.73	14.43
California 10/	14.85	13.49	12.87

Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 5/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 6/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these 7/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 6/. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture.

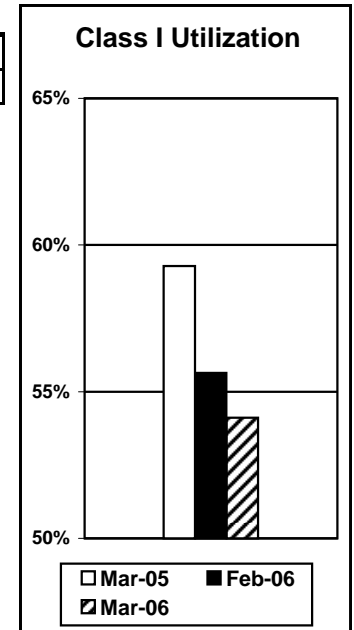
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
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	\$1.5106	\$13.22	\$8.40	\$1.5036	\$13.37	\$ 7.57	\$1.5036	\$12.57	\$ 10.28	\$1.5760	\$15.44
Jan 2006	\$11.52	\$1.5326	\$16.48	\$8.38	\$1.4754	\$13.25	\$8.55	\$1.4684	\$13.39	\$ 7.32	\$1.4684	\$12.20	\$ 10.29	\$1.4887	\$15.14
Feb	\$11.61	\$1.5081	\$16.48	\$8.17	\$1.3539	\$12.62	\$7.76	\$1.3469	\$12.20	\$ 6.62	\$1.3469	\$11.10	\$ 10.17	\$1.3985	\$14.71
Mar	\$11.05	\$1.4078	\$15.59	\$7.52	\$1.2666	\$11.69	\$6.94	\$1.2596	\$11.11	\$ 6.50	\$1.2596	\$10.68	\$ 9.53	\$1.3066	\$13.77
Apr	\$10.12	\$1.3025	\$14.32	\$7.28											

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.	%
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	3,293	388,326	67.42%	53,896	9.36%	72,633	12.61%	61,131	10.61%
Dec	627,008	3,347	400,937	63.95%	56,188	8.96%	90,049	14.36%	79,834	12.73%
Jan 2006	773,171	3,367	417,644	54.02%	82,863	10.72%	166,645	21.55%	106,020	13.71%
Feb	673,060	3,254	374,502	55.64%	74,400	11.05%	151,346	22.49%	72,812	10.82%
Mar	762,640	3,350**	412,672	54.11%	85,719	11.24%	187,351	24.57%	76,898	10.08%

* 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 April through June 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
April 2006	05/11/06	05/12/06	05/15/06	04/25/06	04/26/06	05/15/06	05/16/06
May 2006	06/11/06	06/12/06	06/13/06	05/25/06	05/26/06	06/13/06	06/14/06
June 2006	07/11/06	07/12/06	07/13/06	06/26/06	06/26/06	07/13/06	07/14/06

** The base rate for making partial payments in Fulton County, GA for April will be \$12.39 per hundredweight. This is 90 percent of the preceding month's uniform price of \$13.77 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%

"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