

Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

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

Recommend Decision Issued Regarding Fluid Milk Product Definition

The U. S. Department of Agriculture (USDA) has issued a recommended decision to amend the fluid milk product definition for all Federal milk marketing orders. This recommended decision was based on the record of a public hearing held on June 20-23, 2005, in Pittsburgh, Pennsylvania.

Specifically, the decision recommends maintaining the current 6.5 percent nonfat milk solids criteria and incorporating an equivalent 2.25 percent true protein criteria in determining if a product meets the fluid milk product definition. These criteria are not intended to be absolute determinates of whether a product meets the fluid milk product definition. The form and intended use of the product will be the primary criteria used by USDA for determining whether a product meets the fluid milk product definition. In addition, the recommended decision proposes to clarify how milk and milk-derived ingredients should be priced under all orders.

USDA is also proposing that, regardless of packaging, "drinkable" yogurt products containing at least 20 percent yogurt, kefir and products designed to be meal replacements be exempted from the fluid milk product definition.

The recommended decision was published in the May 17 Federal Register and is available on the Agricultural Marketing Service website at www.ams.usda.gov/dairy/class_I_defintion.htm.

Public comments are due July 17, 2006 and should be sent to the Hearing Clerk, Stop 9200-Room 1031, U.S. Department of Agriculture, 1400 Independence Ave., S.W., Washington, D.C. 20250-9200. Comments may also be submitted at the Federal E-Rulemaking portal at www.regulations.gov or through e-mail to amsdairycomments@usda.gov.

For a copy of the present Southeast Federal Milk Order language, visit www.fmmatlanta.com or contact this office at (770)-682-2501.

Blend Price Levels Off

The uniform blend price in Fulton County, GA, was \$12.90 per hundredweight of milk at 3.5 percent butterfat for the month of May. This is a decrease of \$0.04 from the previous month and a decrease of \$2.83 from May 2005. It is also the smallest decrease in the blend price in the past six months, a period over which the blend price has averaged a \$0.59 per hundred-weight decline per month.

Class I utilization was 54.48 percent in May, an increase of 3.80 percent compared with the previous month and 1.93 percent higher than May of last year.

National Dairy Situation

USDA estimates that the total U.S. production of milk in April was 15.53 billion pounds, an increase of 3.2 percent from April 2005 and a decrease of 2.8 percent when compared with March 2006. But note that on a daily average basis, production in April 2006 was 0.5 percent higher than March 2006. Total cheese output (excluding cottage cheese) was 780 million pounds in April, 3.3 percent above April 2005 but 4.0 percent less than March 2006. Production of butter in the U.S. was 128 million pounds in April, 9.2 percent above April 2005 but 10.0 percent less than March 2006.

Nonfat dry milk production was 129 million pounds in April, 23.0 percent more than April 2005 and an increase of 0.8 percent versus March 2006. However, on a daily average basis, nonfat dry milk production was 4.1 percent higher in April than in March.

The milk-feed price ratio, the number of pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.33 in May. This is the lowest value computed in nearly three years, when in mid-2003 milk prices reached historic, post-Order Reform lows.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	32.89%	8,573,941	\$1.2331	\$ 10,572,526.63
Class I Differential at Location				256,117.21
Class II Butterfat	24.72%	6,443,634	\$1.2652	8,152,485.72
Class III Butterfat	25.32%	6,599,218	\$1.2582	8,303,136.08
Class IV Butterfat	17.07%	4,448,865	\$1.2582	5,597,561.93
Total Butterfat	100.00%	26,065,658		\$ 32,881,827.57

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.2615

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	55.28%	387,645,889	\$6.90 /cwt.	\$ 26,747,566.34
Class I Butterfat	32.89%	8,573,941	\$1.2331 /lb.	10,572,526.63
Class I Differential at Location		396,219,830		11,808,322.85
Total Class I Milk	54.48%	396,219,830		\$ 49,128,415.82
Class II Skim Milk	11.30%	79,259,383	\$6.94 /cwt.	\$ 5,500,601.19
Class II Butterfat	24.72%	6,443,634	\$1.2652 /lb.	8,152,485.72
Total Class II Milk	11.78%	85,703,017		\$ 13,653,086.91
Class III Skim Milk	24.18%	169,534,454	\$6.66 /cwt.	\$ 11,290,994.64
Class III Butterfat	25.32%	6,599,218	\$1.2582 /lb.	8,303,136.08
Total Class III Milk	24.22%	176,133,672		\$ 19,594,130.72
Class IV Skim Milk	9.24%	64,825,364	\$6.14 /cwt.	\$ 3,980,277.37
Class IV Butterfat	17.07%	4,448,865	\$1.2582 /lb.	5,597,561.93
Total Class IV Milk	9.52%	69,274,229		\$ 9,577,839.30
Producer Milk	100.00%	727,330,748		\$ 91,953,472.75

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	\$101,583.07
Producer butterfat at uniform butterfat price	(\$32,881,827.57)
Location Adjustments to Producers	\$2,451,316.12
1/2 Unobligated Balance in P.S.F.	\$337,338.42

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.83573	\$61,961,882.79
	<u>\$ 0.04573</u>	\$320,681.37

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

\$8.79

Uniform Price per cwt. (Fulton County, Georgia)

\$12.90*

* 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 %
	MAY 2006	JUN 2006	APR 2006	MAY 2006	MAY 2006
Appalachian (Charlotte)	\$ 14.07	\$ 13.85	\$ 13.01	\$ 13.05	60.54%
Arizona (Phoenix)	\$ 13.32	\$ 13.10	\$ 11.66	\$ 11.62	34.27%
Central (Kansas City)	\$ 12.97	\$ 12.75	\$ 11.49	\$ 11.42	25.81%
Florida (Tampa)	\$ 14.97	\$ 14.75	\$ 14.36	\$ 14.28	80.43%
Midwest (Cleveland)	\$ 12.97	\$ 12.75	\$ 11.75	\$ 11.65	35.40%
Northeast (Boston)	\$ 14.22	\$ 14.00	\$ 12.64	\$ 12.61	43.20%
Pacific Northwest (Seattle)	\$ 12.88	\$ 12.66	\$ 11.35	\$ 11.30	27.04%
Southeast (Atlanta)	\$ 14.07	\$ 13.85	\$ 12.94	\$ 12.90	54.48%
Southwest (Dallas)	\$ 13.97	\$ 13.75	\$ 12.41	\$ 12.26	33.71%
Upper Midwest (Chicago)	\$ 12.77	\$ 12.55	\$ 11.29	\$ 11.21	16.90%

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

Receipts:	May 2006	May 2005
Producer Milk		
Class I	396,219,830	380,246,777
Class II	85,703,017	95,120,459
Class III	176,133,672	123,726,082
Class IV	69,274,229	124,492,070
Total Producer Milk	<u>727,330,748</u>	<u>723,585,388</u>
Average Butterfat Test	3.58%	3.52%
Percent of Producer Milk in Class I	54.48%	52.55%
Daily Average Receipts	23,462,282	23,341,464
Other Source Milk		
Class I	6,235,898	5,396,804
Class II	12,229,600	7,543,157
Class III	7,916,083	10,973,777
Class IV	9,272,655	15,481,790
Total Other Source Milk	<u>35,654,236</u>	<u>39,395,528</u>
Overage		
Class I	0	0
Class II	0	8,468
Class III	0	1
Class IV	0	22,903
Total Overage	<u>0</u>	<u>31,372</u>
Opening Inventory		
Class I	32,068,020	31,273,090
Class II	2,954,290	1,164,257
Class III	1,579,543	20,079
Class IV	21,272,437	15,104,927
Total Opening Inventory	<u>57,874,290</u>	<u>47,562,353</u>
Total Receipts	820,859,274	810,574,641
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	26,149,699	29,307,564
Route Disposition Class I	398,254,404	378,601,469
Shrinkage	3,175,342	2,294,408
Transfers & Diversions to Nonpool	6,944,303	6,713,230
Total Class I Utilization	<u>434,523,748</u>	<u>416,916,671</u>
Average Butterfat Test	2.14%	2.09%
Daily Average Utilization	14,016,895	13,448,925
Class II Utilization		
Nonfluid Used To Produce	1,815,671	1,681,581
Shrinkage	741	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	62,510,120	6,882,286
Total Class II Utilization	<u>36,560,375</u>	<u>33,272,474</u>
Average Butterfat Test	7.91%	
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	185,629,298	134,719,939
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>185,629,298</u>	<u>134,719,939</u>
Average Butterfat Test		3.74%
Class IV Utilization		
Inventory	21,630,710	17,214,952
Nonfluid Used To Fortify	1,446,817	1,498,626
Shrinkage	7,458,728	6,729,898
Transfers & Diversions to Nonpool	51,380,798	103,315,503
Used To Produce/Other Uses	17,902,268	26,342,711
Total Class IV Utilization	<u>99,819,321</u>	<u>155,101,690</u>
Average Butterfat Test	5.98%	5.18%
Total Utilization	820,859,274	810,574,641

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2006 is \$12.90 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.79 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2615 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

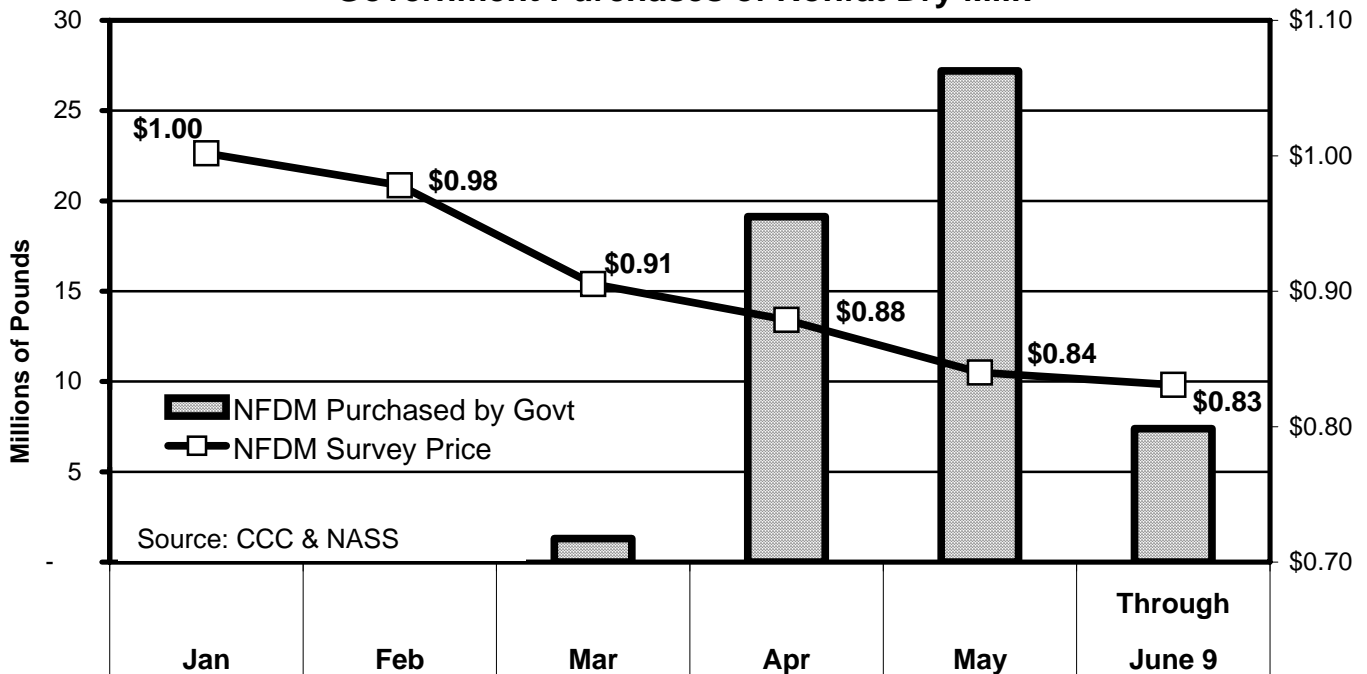
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In May, Class I use, which is primarily bottled or packaged fluid milk, accounted for 55.28% of all producer skim milk (priced to handlers at \$6.90 per hundredweight, plus the Class I differential, see page 2) and 32.89% of producer butterfat (priced to handlers at \$1.2331 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.30% of all producer skim milk (\$6.94 per hundredweight) and 24.72% of producer butterfat (\$1.2652 per pound). Class III use, mostly milk used to produce cheese, accounted for 24.18% of all producer skim milk (\$6.66 per hundredweight) and 25.32% of producer butterfat (\$1.2582 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.24% of all producer skim milk (\$6.14 per hundredweight) and 17.07% of producer butterfat (\$1.2582 per pound).

Receipts of producer milk during May 2006 totaled 727.3 million pounds. There were 28 regulated pool distributing plants, 3 pool supply plants and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2006. Class I route disposition in the area totaled 433.7 million pounds in April 2006.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
April 2006		
Whole Milk	138,729,089	35.20%
Fat Free Milk	47,681,183	12.10%
Lowfat Milk (incl. 1%)	33,306,800	8.45%
Reduced Fat Milk (incl. 2%)	126,390,149	32.07%
Cultured Fluid Milk (incl. Buttermilk)	8,461,566	2.15%
Flavored Drinks and Milk	39,516,968	10.03%
Total Disposition in Marketing Area	394,085,755	100.0%
Total Disposition by Pool Plants	320,949,217	81.44%
Total Disposition by Nonpool Plants	73,136,538	18.56%
Total Disposition in Marketing Area	394,085,755	100.0%

Government Purchases of Nonfat Dry Milk



The Milk Price Support Program purchases cheese, butter and nonfat dry milk (NFDM) to ensure the annual average price of milk is at least \$9.90 per hundredweight for milk 3.67 percent butterfat. The program is operated by the Commodity Credit Corporation (CCC), which stands ready to purchase nonfortified NFDM at \$0.80 per pound, fortified NFDM at \$0.81 per pound and instant NFDM at \$0.96 per pound. The chart above shows recent CCC purchases, and the NFDM price as surveyed by the National Agricultural Statistics Service (NASS) for use in Federal Order Class I and Class II skim milk pricing. The last time CCC purchased NFDM was in November 2004.

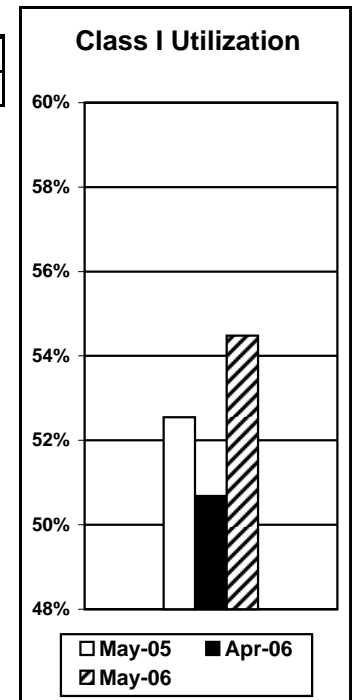
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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	\$1.2413	\$11.37	\$6.85	\$1.2343	\$10.93	\$ 6.26	\$1.2343	\$10.36	\$ 8.85	\$1.2558	\$12.94
May	\$10.00	\$1.2641	\$14.07	\$6.94	\$1.2652	\$11.13	\$6.66	\$1.2582	\$10.83	\$ 6.14	\$1.2582	\$10.33	\$ 8.79	\$1.2615	\$12.90
Jun	\$9.67	\$1.2920	\$13.85	\$6.86											

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	3,359	412,672	54.11%	85,719	11.24%	187,351	24.57%	76,898	10.08%
Apr	744,495	3,278	377,265	50.68%	83,715	11.24%	190,402	25.57%	93,113	12.51%
May	727,331	3,400**	396,220	54.48%	85,703	11.78%	176,134	24.22%	69,274	9.52%

* 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 June through August 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
June 2006	07/11/06	07/12/06	07/13/06	06/26/06	06/26/06	07/13/06	07/14/06
July 2006	08/11/06	08/14/06	08/15/06	07/25/06	07/26/06	08/15/06	08/16/06
August 2006	09/11/06	09/12/06	09/13/06	08/25/06	08/28/06	09/13/06	09/14/06

** The base rate for making partial payments in Fulton County, GA for June will be \$11.61 per hundredweight. This is 90 percent of the preceding month's uniform price of \$12.90 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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