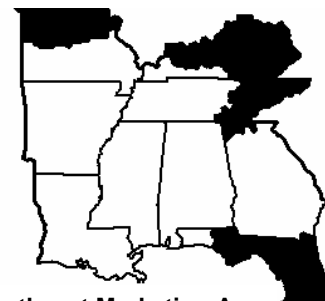


Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

August 2006

Volume 7—No. 8

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

Mid-Year Production Down 3.6% in Southeast

The National Agricultural Statistics Service (NASS) has recently released estimates for June milk production, allowing a comparison of cumulative production through the mid-point of the year. Taken as a whole, states that are either in part or in total located inside the Southeast Marketing Area (see "SE States" in the chart below)

Milk Produced By State

(in millions of pounds)

	1st Half 2005	2nd Half 2005	1st Half 2006	1st Half 06 v. 05
AL	127	97	117	-7.9%
AR	157	131	145	-7.6%
FL	1,275	1,003	1,202	-5.7%
GA	761	639	762	0.1%
KY	721	650	703	-2.5%
LA	252	182	231	-8.3%
MO	978	830	985	0.7%
MS	218	161	190	-12.8%
TN	595	507	568	-4.5%
SE States	5,084	4,200	4,903	-3.6%
US Total	89,181	87,589	92,449	3.7%

produced 3.6 percent less milk in the first half of 2006 compared with the first half of 2005. While some southeast states have managed to maintain production levels of late (Georgia and Missouri in particular), none have thus far kept pace with national production growth of 3.7 percent. The chart on page four shows a longer view of milk production in the states of the Southeast.

Industry Requests Review of Pooling Policy

The Market Administrator has received a request from a coalition of dairy cooperatives to review the market association policy in the Southeast Marketing Area. The market association guideline is a component of the producer performance standards that determine who is eligible to share in the proceeds of the marketwide pool. A review will be conducted by the Market Administrator in the upcoming weeks.

Blend Price Up in July

The uniform blend price in Fulton County, GA, was \$13.28 per hundredweight of milk at 3.5 percent butterfat for the month of July. The blend price is \$0.38 higher than the previous month but is \$2.90 lower than July 2005. Class I utilization was 62.10 percent in July, an increase of 5.75 percent compared with the previous month and 0.39 percent higher than July of last year.

National Dairy Situation

USDA estimates that the total U.S. production of milk in June was 15.30 billion pounds, an increase of 1.4 percent from June 2005 and a decrease of 4.7 percent when compared with May 2006. On a daily average basis, total production of milk during June 2006 was only 1.5 percent lower than during May 2006, however this is still an encouraging sign for those who would like milk price levels to rise. Total cheese output (excluding cottage cheese) was 793 million pounds, 3.8 percent above June 2005 but 2.3 percent below May 2006. Butter production was 101 million pounds, 5.3 percent below June 2005 and 21.2 percent below May 2006.

Nonfat dry milk production was 116 million pounds in June, 6.2 percent less than June 2005 and a decrease of 12.1 percent compared with May 2006. The government has made no purchases of nonfat dry milk under the Price Support Program in four weeks, yet the cumulative pounds of powder purchased thus far in fiscal year 2006 already doubles what was purchased during the entire fiscal year 2005.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for July 2006 was \$2,797,012.52. Claims were made for \$1,019,310.75. Since sufficient funds were available, all eligible claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.28%	8,321,137	\$1.2430	\$ 10,343,173.32
Class I Differential at Location				248,847.04
Class II Butterfat	27.49%	5,823,653	\$1.2298	7,161,928.44
Class III Butterfat	17.93%	3,796,969	\$1.2228	4,642,933.72
Class IV Butterfat	15.30%	3,240,030	\$1.2228	3,961,908.68
Total Butterfat	100.00%	21,181,789		\$ 26,358,791.20

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.2444

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	62.94%	366,036,112	\$7.24 /cwt.	\$ 26,501,014.52
Class I Butterfat	39.28%	8,321,137	\$1.2430 /lb.	10,343,173.32
Class I Differential at Location		374,357,249		11,153,751.77
Total Class I Milk	62.10%	374,357,249		\$ 47,997,939.61
Class II Skim Milk	12.24%	71,210,414	\$6.76 /cwt.	\$ 4,813,824.01
Class II Butterfat	27.49%	5,823,653	\$1.2298 /lb.	7,161,928.44
Total Class II Milk	12.78%	77,034,067		\$ 11,975,752.45
Class III Skim Milk	16.18%	94,123,518	\$6.88 /cwt.	\$ 6,475,698.05
Class III Butterfat	17.93%	3,796,969	\$1.2228 /lb.	4,642,933.72
Total Class III Milk	16.24%	97,920,487		\$ 11,118,631.77
Class IV Skim Milk	8.64%	50,265,707	\$6.15 /cwt.	\$ 3,091,340.98
Class IV Butterfat	15.30%	3,240,030	\$1.2228 /lb.	3,961,908.68
Total Class IV Milk	8.88%	53,505,737		\$ 7,053,249.66
Producer Milk	100.00%	602,817,540		\$ 78,145,573.49

Adjustments

Overage and Other Source	\$877.46
Inventory Adjustments	\$38,124.67
Producer butterfat at uniform butterfat price	(\$26,358,791.20)
Location Adjustments to Producers	\$1,803,016.48
1/2 Unobligated Balance in P.S.F.	\$427,304.68
Adjusted Pool Value	\$ 9.29381
Reserve for Producer Settlement Fund	\$ 0.04381
	\$54,056,105.58
	\$254,139.66

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

\$9.25

Uniform Price per cwt. (Fulton County, Georgia)

\$13.28*

* 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 %
	JUL 2006	AUG 2006	JUN 2006	JUL 2006	JUL 2006
Appalachian (Charlotte)	\$ 14.44	\$ 14.07	\$ 12.84	\$ 13.33	66.30%
Arizona (Phoenix)	\$ 13.69	\$ 13.32	\$ 11.67	\$ 11.85	37.91%
Central (Kansas City)	\$ 13.34	\$ 12.97	\$ 11.62	\$ 11.53	25.23%
Florida (Tampa)	\$ 15.34	\$ 14.97	\$ 14.14	\$ 14.65	84.86%
Mideast (Cleveland)	\$ 13.34	\$ 12.97	\$ 11.74	\$ 11.74	33.30%
Northeast (Boston)	\$ 14.59	\$ 14.22	\$ 12.66	\$ 12.79	42.70%
Pacific Northwest (Seattle)	\$ 13.25	\$ 12.88	\$ 11.30	\$ 11.29	24.24%
Southeast (Atlanta)	\$ 14.44	\$ 14.07	\$ 12.90	\$ 13.28	62.10%
Southwest (Dallas)	\$ 14.34	\$ 13.97	\$ 12.36	\$ 12.32	30.68%
Upper Midwest (Chicago)	\$ 13.14	\$ 12.77	\$ 11.52	\$ 11.30	15.10%

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

Receipts:	July 2006	July 2005
Producer Milk		
Class I	374,357,249	363,020,061
Class II	77,034,067	72,114,316
Class III	97,920,487	81,909,652
Class IV	53,505,737	71,263,464
Total Producer Milk	<u>602,817,540</u>	<u>588,307,493</u>
Average Butterfat Test	3.51%	3.52%
Percent of Producer Milk in Class I	62.10%	61.71%
Daily Average Receipts	19,445,727	18,977,661
Other Source Milk		
Class I	4,039,288	4,510,856
Class II	11,713,836	9,597,024
Class III	2,321,999	3,374,902
Class IV	9,757,626	7,620,779
Total Other Source Milk	<u>27,832,749</u>	<u>25,103,561</u>
Overage		
Class I	0	0
Class II	0	0
Class III	1	0
Class IV	0	60,404
Total Overage	<u>1</u>	<u>60,404</u>
Opening Inventory		
Class I	32,896,262	30,708,750
Class II	736,107	984,806
Class III	497,917	0
Class IV	9,844,661	16,379,095
Total Opening Inventory	<u>43,974,947</u>	<u>48,072,651</u>
Total Receipts	674,625,237	661,544,109
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	28,582,404	26,779,880
Route Disposition Class I	373,313,871	363,515,882
Shrinkage	2,759,021	2,580,345
Transfers & Diversions to Nonpool	6,637,502	5,363,560
Total Class I Utilization	<u>411,292,798</u>	<u>398,239,667</u>
Average Butterfat Test	2.21%	2.20%
Daily Average Utilization	13,267,510	12,846,441
Class II Utilization		
Nonfluid Used To Produce	1,690,030	2,006,895
Shrinkage	853	426,468
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	50,050,844	45,806,304
Total Class II Utilization	<u>37,742,284</u>	<u>34,456,479</u>
Average Butterfat Test	8.25%	
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	100,740,404	85,284,554
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>100,740,404</u>	<u>85,284,554</u>
Average Butterfat Test		4.19%
Class IV Utilization		
Inventory	23,717,240	25,186,731
Nonfluid Used To Fortify	1,215,212	1,395,542
Shrinkage	6,369,927	6,740,715
Transfers & Diversions to Nonpool	37,412,139	43,480,194
Used To Produce/Other Uses	4,393,506	18,520,560
Total Class IV Utilization	<u>73,108,024</u>	<u>95,323,742</u>
Average Butterfat Test	5.84%	5.04%
Total Utilization	674,625,237	661,544,109

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2006 is \$13.28 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.25 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2444 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

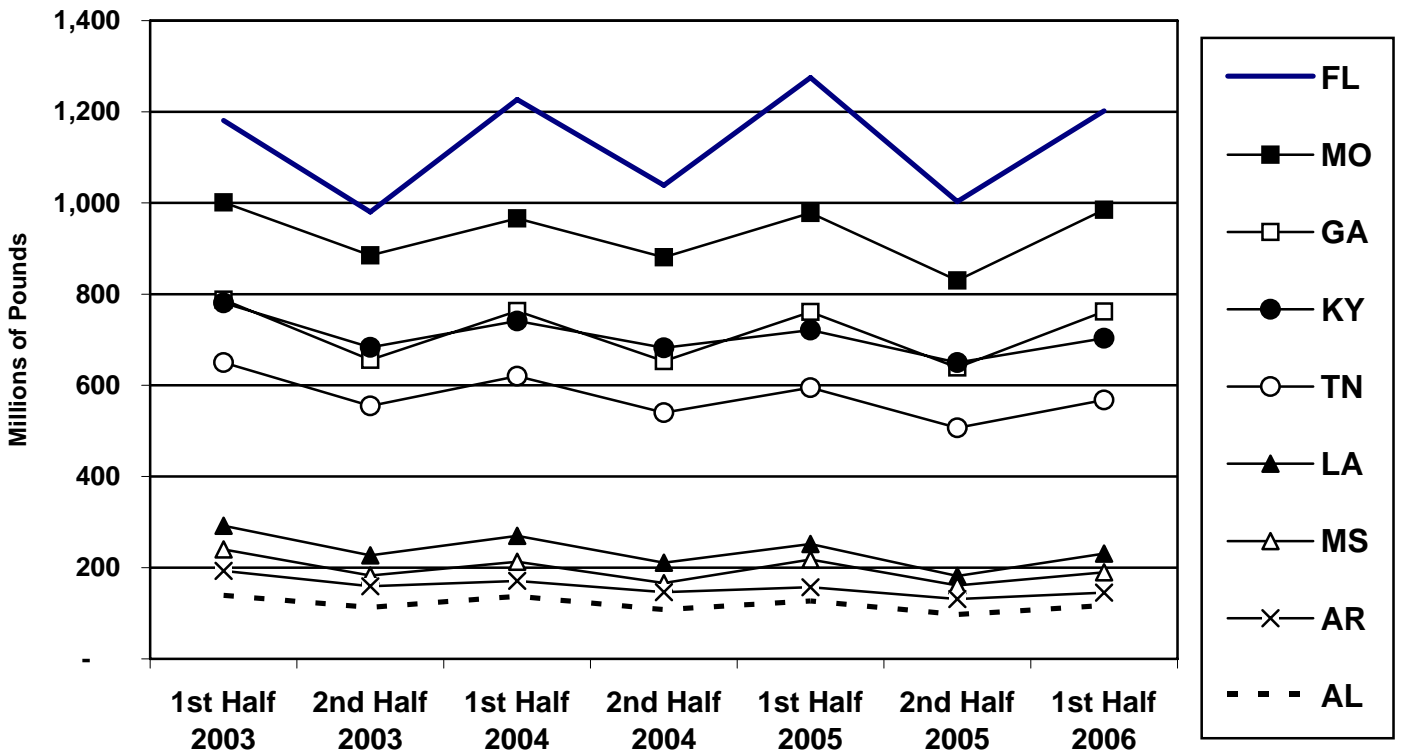
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In July, Class I use, which is primarily bottled or packaged fluid milk, accounted for 62.94% of all producer skim milk (priced to handlers at \$7.24 per hundredweight, plus the Class I differential, see page 2) and 39.28% of producer butterfat (priced to handlers at \$1.2430 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.24% of all producer skim milk (\$6.76 per hundredweight) and 27.49% of producer butterfat (\$1.2298 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.18% of all producer skim milk (\$6.88 per hundredweight) and 17.93% of producer butterfat (\$1.2228 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.64% of all producer skim milk (\$6.15 per hundredweight) and 15.30% of producer butterfat (\$1.2228 per pound).

Receipts of producer milk during July 2006 totaled 602.8 million pounds. There were 29 regulated pool distributing plants, 2 pool supply plants and 9 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for July 2006. Class I route disposition in the area totaled 391.2 million pounds in June 2006.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
June 2006		
Whole Milk	150,767,710	38.54%
Fat Free Milk	48,097,033	12.30%
Lowfat Milk (incl. 1%)	26,860,743	6.87%
Reduced Fat Milk (incl. 2%)	137,473,016	35.15%
Cultured Fluid Milk (incl. Buttermilk)	8,660,078	2.21%
Flavored Drinks and Milk	19,296,967	4.93%
Total Disposition in Marketing Area	391,155,547	100.00%
Total Disposition by Pool Plants	314,198,799	80.33%
Total Disposition by Nonpool Plants	76,956,748	19.67%
Total Disposition in Marketing Area	391,155,547	100.00%

Milk Production By State: 2003 to 2006YTD*



*Milk produced by state according to the National Agricultural Statistics Service from 2003 to June 2006, by six month (January to June and July to December) intervals.

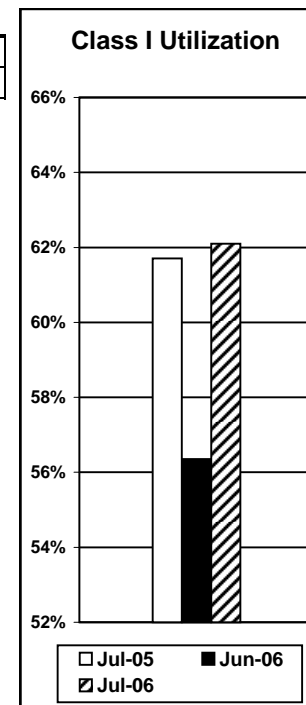
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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	\$1.2506	\$11.00	\$7.19	\$1.2436	\$11.29	\$ 6.08	\$1.2436	\$10.22	\$ 8.79	\$1.2621	\$12.90
Jul	\$10.34	\$1.2740	\$14.44	\$6.76	\$1.2298	\$10.83	\$6.88	\$1.2228	\$10.92	\$ 6.15	\$1.2228	\$10.21	\$ 9.25	\$1.2444	\$13.28
Aug	\$10.06	\$1.2464	\$14.07	\$6.82											

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	3,306	396,220	54.48%	85,703	11.78%	176,134	24.22%	69,274	9.52%
Jun	678,355	3,300	382,230	56.35%	73,884	10.89%	166,354	24.52%	55,888	8.24%
Jul	602,818	3,300**	374,357	62.10%	77,034	12.78%	97,920	16.24%	53,506	8.88%

* 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 August through October 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
August 2006	09/11/06	09/12/06	09/13/06	08/25/06	08/28/06	09/13/06	09/14/06
September 2006	10/11/06	10/12/06	10/13/06	09/25/06	09/26/06	10/13/06	10/16/06
October 2006	11/11/06	11/13/06	11/14/06	10/25/06	10/26/06	11/14/06	11/15/06

** The base rate for making partial payments in Fulton County, GA for August will be \$11.95 per hundredweight. This is 90 percent of the preceding month's uniform price of \$13.28 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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