

FLORIDA Fluid Milk Report

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Market Administrator

Florida Marketing Area
Federal Order No. 6



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Sign-up Begins for Dairy Disaster Program

Eligible dairy producers can sign up for the Dairy Disaster Assistance Program (DDAP-III) at local U.S. Department of Agriculture Farm Service Agency (FSA) service centers beginning Monday, December 3, 2007.

DDAP-III will help dairy producers recover production losses resulting from a variety of adverse weather conditions in the last few years. The program provides \$16 million in benefits to dairy producers for production losses that occurred between January 1, 2005, and February 28, 2007, because of qualifying natural disasters. It compensates producers for production losses that resulted from lost herds or dumped milk when dairy plants closed or the natural disaster damaged containment equipment. Additionally, power outages, fuel shortages, and infrastructure damage may have temporarily interrupted the flow of dairy products to markets.

To be eligible for DDAP-III, dairy producers must have suffered losses in primary and contiguous counties declared or designated a natural disaster. Also, producers in counties receiving an FSA Administrator's Physical Loss Notice determination are eligible.

Under proposed rules, USDA will calculate payments to eligible producers by multiplying the eligible pounds by the average price received for commercial milk production in the affected areas during the disaster for 2005 and 2006, and for the months of January and February 2007. If the total amount of funding (less any reserve established for disputed claims) is insufficient to compensate eligible producers for losses, then USDA will pay losses at two levels in an effort to more equitably distribute the limited funds and maximize the effectiveness of the program.

USDA provides more information on proposed DDAP-III provisions in a fact sheet posted at the following website: <http://disaster.fsa.usda.gov>.

Blend Price Rises

The uniform blend price in Hillsborough County, FL, was \$24.89 per hundredweight for milk at 3.5 percent butterfat for the month of November. This represents an increase of \$0.08 compared with the previous month. Comparing this November to November 2006, the current blend price is \$9.01 higher.

Class I utilization was 86.87 percent in November, an increase of 1.54 percent when compared with the previous month and a 0.99 percent decrease when compared with November of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in October was 15.38 billion pounds, an increase of 3.5 percent from October 2006 and an increase of 0.1 percent when compared with September 2007 on a daily average basis. Total cheese output (excluding cottage cheese) was 825 million pounds, 1.6 percent above October 2006 and 6.4 percent above September 2007. Butter production was 130 million pounds, 9.1 percent above October 2006 and 16.3 percent above September 2007. Nonfat dry milk powder production was 98.9 million pounds in October, 41.4 percent higher than October 2006 and 9.8 percent higher compared with September 2007. Dry whey production was 88.8 million pounds in October, a 1.6 percent increase from October of last year and a 0.8 percent increase compared with September 2007.

For the year, cheese output is up 1.4 percent, butter production is up 5.5 percent nonfat dry milk is up 6.2 percent and dry whey is up 2.2 percent over 2006.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 3.00 in November, down 0.09 points from October 2007's ratio.

F.O. 6 - FLORIDA: CALCULATION OF UNIFORM PRICES - NOVEMBER 2007

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	50.15%	4,642,257	\$1.4318	\$ 6,646,783.57
Class I Differential at Location				189,398.34
Class II Butterfat	33.57%	3,107,347	\$1.4147	4,395,963.80
Class III Butterfat	5.47%	505,987	\$1.4077	712,277.89
Class IV Butterfat	10.81%	1,000,230	\$1.4077	1,408,023.77
Total Butterfat	100.00%	9,255,821		\$ 13,352,447.37
Uniform Butterfat Price per lb. (Hillsborough County, Florida):			\$1.4426	

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	88.29%	212,321,962	\$17.04 /cwt.	\$ 36,179,662.31
Class I Butterfat	50.15%	4,642,257	\$1.4318 /lb.	6,646,783.57
Class I Differential at Location		216,964,219		8,873,545.89
Total Class I Milk	86.87%	216,964,219		\$ 51,699,991.77
Class II Skim Milk	7.37%	17,716,768	\$17.74 /cwt.	\$ 3,142,954.64
Class II Butterfat	33.57%	3,107,347	\$1.4147 /lb.	4,395,963.80
Total Class II Milk	8.34%	20,824,115		\$ 7,538,918.44
Class III Skim Milk	2.36%	5,679,386	\$14.81 /cwt.	\$ 841,117.10
Class III Butterfat	5.47%	505,987	\$1.4077 /lb.	712,277.89
Total Class III Milk	2.48%	6,185,373		\$ 1,553,394.99
Class IV Skim Milk	1.98%	4,768,968	\$16.03 /cwt.	\$ 764,465.56
Class IV Butterfat	10.81%	1,000,230	\$1.4077 /lb.	1,408,023.77
Total Class IV Milk	2.31%	5,769,198		\$ 2,172,489.33
Producer Milk	100.00%	249,742,905		\$ 62,964,794.53

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	(\$36,713.26)
Producer butterfat at uniform butterfat price	(\$13,352,447.37)
Location Adjustments to Producers	(\$123,906.45)
1/2 Unobligated Balance in P.S.F	\$105,194.41
Adjusted Pool Value	\$ 20.60690
Reserve for Producer Settlement Func	\$ 0.04690
	\$49,556,921.86
	\$112,777.38

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

\$20.56

Uniform Price per cwt. (Hillsborough County, Florida)

\$24.89*

* 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 %
	NOV 2007	DEC 2007	OCT 2007	NOV 2007	NOV 2007
Appalachian (Charlotte)	\$ 24.55	\$ 23.14	\$ 23.75	\$ 23.75	74.37%
Arizona (Phoenix)	\$ 23.80	\$ 22.39	\$ 21.57	\$ 21.49	39.27%
Central (Kansas City)	\$ 23.45	\$ 22.04	\$ 20.82	\$ 20.79	37.81%
Florida (Tampa)	\$ 25.45	\$ 24.04	\$ 24.81	\$ 24.89	86.87%
Mideast (Cleveland)	\$ 23.45	\$ 22.04	\$ 21.13	\$ 21.08	45.30%
Northeast (Boston)	\$ 24.70	\$ 23.29	\$ 22.38	\$ 23.31	46.70%
Pacific Northwest (Seattle)	\$ 23.35	\$ 21.94	\$ 20.91	\$ 20.82	35.52%
Southeast (Atlanta)	\$ 24.55	\$ 23.14	\$ 23.36	\$ 23.46	70.33%
Southwest (Dallas)	\$ 24.45	\$ 23.04	\$ 21.62	\$ 21.58	38.40%
Upper Midwest (Chicago)	\$ 23.25	\$ 21.84	\$ 19.53	\$ 19.86	16.80%

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

Receipts:	November 2007	November 2006
Producer Milk		
Class I	216,964,219	220,684,447
Class II	20,824,115	22,976,465
Class III	6,185,373	488,693
Class IV	5,769,198	7,037,494
Total Producer Milk	<u>249,742,905</u>	<u>251,187,099</u>
Average Butterfat Test	3.71%	3.74%
Percent of Producer Milk in Class I	86.87%	87.86%
Daily Average Receipts	8,324,764	8,372,903
Other Source Milk		
Class I	7,923,824	7,284,506
Class II	8,577,762	8,430,650
Class III	92,579	37,769
Class IV	3,575,413	4,065,335
Total Other Source Milk	<u>20,169,578</u>	<u>19,818,260</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	0
Total Overage	<u>0</u>	<u>0</u>
Opening Inventory		
Class I	14,486,291	14,106,809
Class II	55,278	1,059,773
Class III	1,769,551	385,549
Class IV	7,068,860	7,039,970
Total Opening Inventory	<u>23,379,980</u>	<u>22,592,101</u>
Total Receipts	293,292,463	293,597,460
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	14,427,128	14,736,782
Route Disposition Class I	223,989,298	225,058,942
Shrinkage	850,820	2,210,494
Transfers & Diversions to Nonpool	107,088	69,544
Total Class I Utilization	<u>239,374,334</u>	<u>242,075,762</u>
Average Butterfat Test	2.14%	2.16%
Daily Average Utilization	7,979,144	8,069,192
Class II Utilization		
Nonfluid Used To Produce	8,555,905	7,743,784
Shrinkage	0	4,481,286
Transfers & Diversions to Nonpool/Commercial Foods	7,299,764	6,220,137
Used To Produce/Other Uses	13,601,486	14,021,681
Total Class II Utilization	<u>29,457,155</u>	<u>32,466,888</u>
Average Butterfat Test	10.57%	10.30%
Class III Utilization		
Shrinkage	3,683,084	0
Transfers & Diversions to Nonpool/Used to Produce	2,301,930	912,011
Other Uses	2,062,489	0
Total Class III Utilization	<u>8,047,503</u>	<u>912,011</u>
Average Butterfat Test	6.30%	35.57%
Class IV Utilization		
Inventory	6,440,953	7,943,981
Nonfluid Used To Fortify	3,314,896	3,560,255
Shrinkage	0	0
Transfers & Diversions to Nonpool	6,657,622	6,638,563
Used To Produce/Other Uses	0	0
Total Class IV Utilization	<u>16,413,471</u>	<u>18,142,799</u>
Average Butterfat Test	9.23%	8.48%
Total Utilization	293,292,463	293,597,460

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in November 2007 is \$24.89 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$20.56 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4426 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 November, Class I use accounted for 88.29% of all producer skim milk (priced to handlers at \$17.04 per hundredweight, plus the Class I differential and 50.15% of producer butterfat (priced to handlers at \$1.4318 per pound plus Class I differential). Class II use accounted for 7.37% of all producer skim milk (\$17.74 per hundredweight) and 33.57% of producer butterfat (\$1.4147 per pound). Class III use accounted for 2.36% of all producer skim milk (\$14.81 per hundredweight) and 5.47% of producer butterfat (\$1.4077 per pound). Class IV use accounted for 1.98% of all producer skim milk (\$16.03 per hundredweight) and 10.81% of producer butterfat (\$1.4077 per pound).

Receipts of producer milk during November 2007 totaled 249.7 million pounds, 1.4 million pounds less than was pooled in November of last year. Florida producers supplied 133.5 million pounds of milk in October 2007 to pool plants or 52.58% of the total producer milk pooled in Florida. In October 2006 Florida producers supplied 60.78% of the total producer milk pooled on the Florida market.

There were 12 regulated pool distributing plants and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2007. In-area Class I route disposition totaled 245.8 million pounds in October 2007, 0.8 million pounds more than October 2006. This is a decrease of 1.90 percent after adjusting for calendar composition.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
October 2007		
Whole Milk	86,425,929	35.17%
Fat Free Milk	32,173,770	13.09%
Lowfat Milk (incl. 1%)	28,710,391	11.68%
Reduced Fat Milk (incl. 2%)	73,523,731	29.92%
Cultured Fluid Milk (incl. Buttermilk)	1,065,811	0.43%
Flavored Drinks and Milk	23,869,952	9.71%
Total Disposition in Marketing Area	245,769,584	100.00%
Total Disposition by Pool Plants	216,858,035	88.24%
Total Disposition by Nonpool Plants	28,911,549	11.76%
Total Disposition in Marketing Area	245,769,584	100.00%

Mailbox Milk Prices, January to September 2007 2/

Reporting Area 1/	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Average
New England Sts 3/	\$15.31	\$15.46	\$16.46	\$17.29	\$18.69	\$20.72	\$22.75	\$22.99	\$23.25	\$19.21
Appalachian States 4/	\$15.41	\$15.49	\$16.27	\$16.94	\$18.24	\$20.13	\$22.58	\$23.38	\$23.29	\$19.08
Southeast States 5/	\$16.18	\$16.13	\$16.51	\$17.14	\$18.22	\$20.28	\$23.07	\$24.34	\$24.43	\$19.59
Southern Missouri 6/	\$14.36	\$14.54	\$15.14	\$15.75	\$16.98	\$19.13	\$21.49	\$22.10	\$22.25	\$17.97
Florida	\$17.51	\$17.27	\$17.59	\$18.11	\$19.09	\$21.29	\$24.45	\$26.14	\$26.33	\$20.86
Indiana	\$14.44	\$14.77	\$15.50	\$16.36	\$17.75	\$19.64	\$21.84	\$22.07	\$22.38	\$18.31
Michigan	\$14.25	\$14.51	\$15.09	\$16.03	\$17.29	\$19.04	\$20.70	\$20.89	\$21.29	\$17.68
Wisconsin	\$14.79	\$15.31	\$16.03	\$16.84	\$18.17	\$20.17	\$21.26	\$20.62	\$21.14	\$18.26
Corn Belt States 7/	\$13.96	\$14.19	\$14.69	\$15.54	\$16.66	\$18.66	\$20.72	\$20.73	\$21.15	\$17.37
Western Texas 8/	\$13.96	\$14.01	\$14.55	\$15.57	\$16.99	\$19.35	\$20.96	\$20.91	\$21.02	\$17.48
New Mexico	\$13.30	\$13.19	\$13.83	\$14.85	\$16.28	\$18.60	\$20.16	\$20.11	\$20.21	\$16.73
All Federal Orders 9/	\$14.66	\$14.92	\$15.60	\$16.45	\$17.78	\$19.80	\$21.49	\$21.47	\$21.78	\$18.22
California 10/	\$12.55	\$13.09	\$13.89	\$14.83	\$16.77	\$19.12	\$19.98	\$20.06	\$20.19	\$16.72

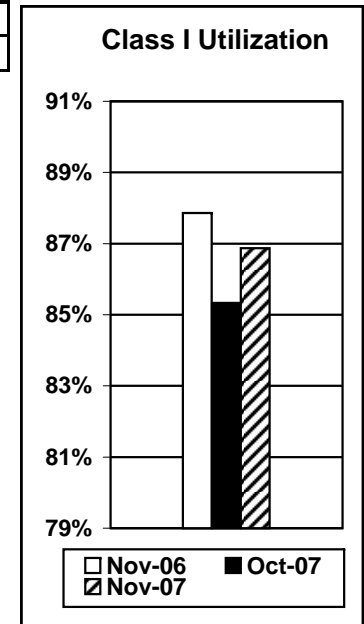
Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the 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, Laclède, 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 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
Jul 2006	\$11.24	\$1.2830	\$15.34	\$6.76	\$1.2298	\$10.83	\$6.88	\$1.2228	\$10.92	\$ 6.15	\$1.2228	\$10.21	\$ 10.62	\$1.2571	\$14.65
Aug	\$10.96	\$1.2554	\$14.97	\$6.82	\$1.3078	\$11.16	\$6.74	\$1.3008	\$11.06	\$ 6.31	\$1.3008	\$10.64	\$ 10.54	\$1.2806	\$14.65
Sep	\$10.64	\$1.3103	\$14.85	\$6.99	\$1.4261	\$11.74	\$7.59	\$1.4191	\$12.29	\$ 6.36	\$1.4191	\$11.10	\$ 10.28	\$1.3670	\$14.70
Oct	\$11.72	\$1.4607	\$16.42	\$7.06	\$1.4219	\$11.79	\$7.64	\$1.4149	\$12.32	\$ 6.80	\$1.4149	\$11.51	\$ 11.08	\$1.4396	\$15.73
Nov	\$11.77	\$1.4404	\$16.40	\$7.37	\$1.3922	\$11.98	\$8.28	\$1.3852	\$12.84	\$ 7.52	\$1.3852	\$12.11	\$ 11.32	\$1.4162	\$15.88
Dec	\$11.89	\$1.4170	\$16.43	\$8.09	\$1.3551	\$12.55	\$9.07	\$1.3481	\$13.47	\$ 7.86	\$1.3481	\$12.30	\$ 11.43	\$1.3857	\$15.88
Jan 2007	\$13.17	\$1.3947	\$17.59	\$8.57	\$1.3079	\$12.85	\$9.33	\$1.3009	\$13.56	\$ 8.27	\$1.3009	\$12.53	\$ 12.49	\$1.3471	\$16.77
Feb	\$13.19	\$1.3306	\$17.39	\$8.77	\$1.3182	\$13.08	\$9.94	\$1.3112	\$14.18	\$ 8.42	\$1.3112	\$12.71	\$ 12.52	\$1.3222	\$16.71
Mar	\$14.00	\$1.3535	\$18.25	\$9.07	\$1.3839	\$13.60	\$10.64	\$1.3769	\$15.09	\$ 9.21	\$1.3769	\$13.71	\$ 13.24	\$1.3691	\$17.57
Apr	\$14.50	\$1.4296	\$19.00	\$9.69	\$1.4727	\$14.51	\$11.36	\$1.4657	\$16.09	\$ 11.39	\$1.4657	\$16.12	\$ 13.75	\$1.4529	\$18.35
May	\$15.28	\$1.4789	\$19.92	\$11.50	\$1.5776	\$16.62	\$12.54	\$1.5706	\$17.60	\$ 13.45	\$1.5706	\$18.48	\$ 14.70	\$1.5332	\$19.55
June	\$16.88	\$1.5866	\$21.84	\$13.58	\$1.6527	\$18.89	\$14.93	\$1.6457	\$20.17	\$ 15.54	\$1.6457	\$20.76	\$ 16.53	\$1.6204	\$21.62
July	\$19.61	\$1.7108	\$24.91	\$16.31	\$1.6180	\$21.40	\$16.31	\$1.6110	\$21.38	\$ 16.58	\$1.6110	\$21.64	\$ 19.07	\$1.6625	\$24.22
Aug	\$20.74	\$1.6410	\$25.76	\$17.44	\$1.5942	\$22.41	\$14.79	\$1.5872	\$19.83	\$ 16.91	\$1.5872	\$21.87	\$ 20.29	\$1.6175	\$25.24
Sep	\$20.76	\$1.6782	\$25.91	\$17.46	\$1.5171	\$22.16	\$15.32	\$1.5101	\$20.07	\$ 16.92	\$1.5101	\$21.61	\$ 20.21	\$1.5924	\$25.08
Oct	\$20.86	\$1.5609	\$25.59	\$17.56	\$1.4162	\$21.90	\$14.27	\$1.4092	\$18.70	\$ 16.97	\$1.4092	\$21.31	\$ 20.33	\$1.4841	\$24.81
Nov	\$21.04	\$1.4718	\$25.45	\$17.74	\$1.4147	\$22.07	\$14.81	\$1.4077	\$19.22	\$ 16.03	\$1.4077	\$20.40	\$ 20.56	\$1.4426	\$24.89
Dec	\$19.65	\$1.4520	\$24.04	\$16.35											

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.	%
Jul 2006	244,321	307	207,315	84.86%	20,802	8.51%	4,471	1.83%	11,733	4.80%
Aug	243,484	329	215,044	88.32%	19,884	8.17%	729	0.30%	7,828	3.21%
Sep	231,761	329	205,157	88.52%	17,989	7.76%	1,040	0.45%	7,575	3.27%
Oct	249,931	339	211,434	84.60%	21,520	8.61%	677	0.27%	16,299	6.52%
Nov	251,187	333	220,684	87.86%	22,976	9.15%	489	0.19%	7,037	2.80%
Dec	264,731	320	225,300	85.10%	17,592	6.65%	5,825	2.20%	16,014	6.05%
Jan 2007	288,327	322	239,083	82.92%	20,833	7.23%	8,745	3.03%	19,667	6.82%
Feb	268,823	298	218,212	81.18%	18,601	6.92%	15,197	5.65%	16,813	6.25%
Mar	309,668	294	242,109	78.19%	27,232	8.79%	28,164	9.09%	12,163	3.93%
Apr	292,665	292	219,928	75.15%	28,003	9.57%	27,846	9.51%	16,887	5.77%
May	287,160	283	214,731	74.78%	28,205	9.82%	31,560	10.99%	12,664	4.41%
June	258,463	352	204,677	79.18%	27,207	10.53%	15,961	6.18%	10,619	4.11%
July	248,237	351	198,729	80.05%	22,237	8.96%	11,395	4.59%	15,877	6.40%
Aug	246,333	466	213,617	86.72%	21,897	8.89%	5,154	2.09%	5,666	2.30%
Sep	235,983	442	199,162	84.40%	17,874	7.57%	8,015	3.40%	10,931	4.63%
Oct	253,906	471	216,645	85.33%	22,786	8.97%	7,746	3.05%	6,730	2.65%
Nov	249,743	451**	216,964	86.87%	20,824	8.34%	6,185	2.48%	5,769	2.31%



* 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 December 2007 through February 2008									
	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
Dec 2007	01/11/08	01/14/08	01/15/08	12/19/07	12/20/07	01/04/08	01/07/08	01/15/08	01/16/08
Jan 2008	02/11/08	02/12/08	02/13/08	01/22/08	01/22/08	02/04/08	02/05/08	02/13/08	02/14/08
Feb 2008	03/11/08	03/12/08	03/13/08	02/19/08	02/20/08	03/04/08	03/05/08	03/13/08	03/14/08

**The base rate for making partial payments in Hillsborough Co., FL for December will be \$22.40 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$21.16 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%	

WASDE Dairy Report 1/

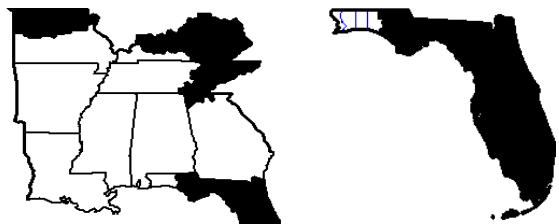
WASDE – 453 December 11, 2007

Forecasts for 2007 and 2008 milk production are raised slightly as milk per cow rates are recovering from early year weakness. Ending stocks on a fat basis are unchanged from last month, but skim-solids stocks are raised because nonfat dry milk (NDM) stocks have remained higher than expected.

Dairy prices are changed in 2007 and 2008. Stronger cheese price forecasts are expected to result in higher Class III price forecasts in both years. The Class IV price forecast is lowered for 2007 but unchanged for 2008. Forecast butter prices are raised slightly in both years. Weaker NDM prices in November and December result in a lower Class IV price for 2007. However, a weaker forecast NDM price in the first half of 2008 is largely offset by a higher forecast NDM price in the second half of the year as world supplies remain tight. The 2007 all milk price is forecast 10 cents higher than last month at \$19.05 to \$19.15. In 2008, the all milk price is forecast at \$18.00 to \$18.80 per cwt.

1/The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at www.usda.gov/oce/commodity/wasde/index.htm.

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