

Correction:

The milk-feed price ratio for January 2007 was originally printed in error as 3.17.

The correct value is 2.34 as currently shown.

Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

February 2007

Volume 8—No. 2

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

New Class III and IV Product Price Formulas Hearing Announced

The U. S. Department of Agriculture has announced that it will hold a national public hearing to consider proposals seeking to amend the Class III and Class IV product price formulas applicable to all Federal milk marketing orders. The hearing will begin at 9:00 a.m. on February 26, 2007, at the Holiday Inn Select - Strongsville, 15471 Royalton Road, Strongsville, Ohio 44136.

USDA requested proposals from the industry that would examine all features of the Class III and Class IV product price formulas. Both producer cooperatives and milk product manufacturers submitted proposals.

The hearing notice was published in the February 9 Federal Register. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The hearing notice is available on the AMS web site at www.ams.usda.gov/dairy. In addition, USDA has made available a preliminary economic analysis of most of the proposals which will be heard in the upcoming hearing.

Anyone interested in participating in the hearing should notify a USDA official upon arrival. The hearing notice and additional information is available at www.fmmatlanta.com under 'What's New'. If you have any questions concerning this announcement, please contact this office.

Implementation of Make Allowances Delayed

The USDA has temporarily withheld the implementation of a decision regarding Class III and IV manufacturing make allowances due to pending litigation. USDA stated "As long as the Interim Final Rule is not enjoined as a result of the litigation, Federal order minimum prices...will be computed using the revised manufacturing allowances" beginning with February's Class III and IV prices.

Blend Price Increases

The uniform blend price in Fulton County, GA, was \$15.49 per hundredweight of milk at 3.5 percent butterfat for the month of January. The blend price is \$0.68 higher than the previous month and is \$0.48 higher than January 2006. January marks the seventh consecutive month that the uniform blend price has increased.

Class I utilization was 59.00 percent in January, a decrease of 6.53 percent compared with the previous month and 4.98 percent above January of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in December was 15.22 billion pounds, an increase of 2.4 percent from December 2005 and an increase of 1.27 percent when compared with November 2006 on a daily average basis. Total cheese output (excluding cottage cheese) was 829 million pounds, 3.8 percent above December 2005 and 4.8 percent above November 2006. Butter production was 138 million pounds, 9.5 percent above December 2005 and 17.3 percent above November 2006.

Nonfat dry milk production was estimated at 115.0 million pounds in December, 10.6 percent higher than December 2005 and an increase of 40.3 percent compared with the previous month on a daily average basis.

The milk-feed price ratio, the number of pounds of 16% mixed dairy feed equal in value to one pound of whole milk, was 2.34 in January, a decrease of 0.07 from the previous month.

New Fluid Milk Board Appointments

The National Fluid Milk Processor Promotion Board has received several new appointments, including Randy Dean Mooney, Rogersville, Missouri and Charles L. Gaither, Jr., Asheville, North Carolina. Terms for these appointees are slated to begin July 1, 2007, and expire June 30, 2010.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JANUARY 2007

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	32.80%	9,157,073	\$1.3547	\$ 12,405,086.79
Class I Differential at Location				274,159.48
Class II Butterfat	21.91%	6,114,803	\$1.3079	7,997,550.84
Class III Butterfat	25.62%	7,150,619	\$1.3009	9,302,240.25
Class IV Butterfat	19.67%	5,489,300	\$1.3009	7,141,030.37
Total Butterfat	100.00%	27,911,795		\$ 37,120,067.73

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.3299

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	60.03%	425,485,352	\$9.17 /cwt.	\$ 39,017,006.78
Class I Butterfat	32.80%	9,157,073	\$1.3547 /lb.	12,405,086.79
Class I Differential at Location		434,642,425		12,956,168.28
Total Class I Milk	59.00%	434,642,425		\$ 64,378,261.85
Class II Skim Milk	9.47%	67,088,828	\$8.57 /cwt.	\$ 5,749,512.57
Class II Butterfat	21.91%	6,114,803	\$1.3079 /lb.	7,997,550.84
Total Class II Milk	9.94%	73,203,631		\$ 13,747,063.41
Class III Skim Milk	22.99%	162,968,374	\$9.33 /cwt.	\$ 15,204,949.30
Class III Butterfat	25.62%	7,150,619	\$1.3009 /lb.	9,302,240.25
Total Class III Milk	23.09%	170,118,993		\$ 24,507,189.55
Class IV Skim Milk	7.51%	53,191,848	\$8.27 /cwt.	\$ 4,398,965.84
Class IV Butterfat	19.67%	5,489,300	\$1.3009 /lb.	7,141,030.37
Total Class IV Milk	7.97%	58,681,148		\$ 11,539,996.21
Producer Milk	100.00%	736,646,197		\$ 114,172,511.02

Adjustments

Overage and Other Source	\$25,182.79
Inventory Adjustments	\$27,871.78
Producer butterfat at uniform butterfat price	(\$37,120,067.73)
Location Adjustments to Producers	\$2,536,321.52
1/2 Unobligated Balance in P.S.F.	\$294,452.64

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 11,27873	\$79,936,272.02
	\$ 0.04873	\$344,710.49

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

\$11.23

Uniform Price per cwt. (Fulton County, Georgia)

\$15.49*

* 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 %
	JAN 2007	FEB 2007	DEC 2006	JAN 2007	JAN 2007
Appalachian (Charlotte)	\$ 17.06	\$ 16.86	\$ 14.62	\$ 15.60	68.92%
Arizona (Phoenix)	\$ 16.31	\$ 16.11	\$ 13.71	\$ 14.12	39.26%
Central (Kansas City)	\$ 15.96	\$ 15.76	\$ 13.32	\$ 13.92	38.16%
Florida (Tampa)	\$ 17.59	\$ 17.39	\$ 15.88	\$ 16.77	82.92%
Mideast (Cleveland)	\$ 15.96	\$ 15.76	\$ 13.41	\$ 14.03	39.90%
Northeast (Boston)	\$ 17.21	\$ 17.01	\$ 14.42	\$ 15.09	48.60%
Pacific Northwest (Seattle)	\$ 15.87	\$ 15.67	\$ 12.99	\$ 13.63	31.70%
Southeast (Atlanta)	\$ 16.69	\$ 16.49	\$ 14.81	\$ 15.49	59.00%
Southwest (Dallas)	\$ 16.96	\$ 16.76	\$ 14.05	\$ 14.77	40.57%
Upper Midwest (Chicago)	\$ 15.76	\$ 15.56	\$ 13.47	\$ 13.75	15.00%

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

Receipts:	January 2007	January 2006
Producer Milk		
Class I	434,642,425	417,643,770
Class II	73,203,631	82,862,691
Class III	170,118,993	166,644,705
Class IV	58,681,148	106,020,095
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Total Producer Milk	736,646,197	773,171,261
Average Butterfat Test	3.79%	3.76%
Percent of Producer Milk in Class I	59.00%	54.02%
Daily Average Receipts	23,762,781	24,941,008
Other Source Milk		
Class I	9,099,370	7,781,044
Class II	11,884,318	9,277,784
Class III	2,018,997	2,514,825
Class IV	9,987,701	7,193,308
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Total Other Source Milk	32,990,386	26,766,961
Overage		
Class I	0	0
Class II	17,958	0
Class III	0	0
Class IV	612	0
	<hr/>	<hr/>
Total Overage	18,570	0
Opening Inventory		
Class I	30,938,702	31,432,754
Class II	1,797,757	986,481
Class III	904,295	274,797
Class IV	22,603,533	16,685,397
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Total Opening Inventory	56,244,287	49,379,429
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Total Receipts	825,899,440	849,317,651
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	30,319,011	33,918,662
Route Disposition Class I	434,608,099	411,320,224
Shrinkage	4,160,033	3,050,830
Transfers & Diversions to Nonpool	5,593,354	8,567,852
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Total Class I Utilization	474,680,497	456,857,568
Average Butterfat Test	2.11%	2.07%
Daily Average Utilization	15,312,274	14,737,341
Class II Utilization		
Nonfluid Used To Produce	1,508,089	1,572,186
Shrinkage	0	481
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	49,946,509	60,859,936
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Total Class II Utilization	86,903,664	93,126,956
Average Butterfat Test	8.47%	7.63%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	173,042,285	169,434,327
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Total Class III Utilization	173,042,285	169,434,327
Average Butterfat Test	4.18%	3.74%
Class IV Utilization		
Inventory	24,889,408	18,876,902
Nonfluid Used To Fortify	1,563,530	1,509,162
Shrinkage	8,281,363	7,522,648
Transfers & Diversions to Nonpool Used To Produce/Other Uses	49,843,191	80,505,061
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Total Class IV Utilization	91,272,994	129,898,800
Average Butterfat Test	7.85%	7.20%
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Total Utilization	825,899,440	849,317,651

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2007 is \$15.49 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.23 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3299 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 January, Class I use, which is primarily bottled or packaged fluid milk, accounted for 60.03% of all producer skim milk (priced to handlers at \$9.17 per hundredweight, plus the Class I differential, see page 2) and 32.80% of producer butterfat (priced to handlers at \$1.3547 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.47% of all producer skim milk (\$8.57 per hundredweight) and 21.91% of producer butterfat (\$1.3079 per pound). Class III use, mostly milk used to produce cheese, accounted for 22.99% of all producer skim milk (\$9.33 per hundredweight) and 25.62% of producer butterfat (\$1.3009 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.51% of all producer skim milk (\$8.27 per hundredweight) and 19.67% of producer butterfat (\$1.3009 per pound).

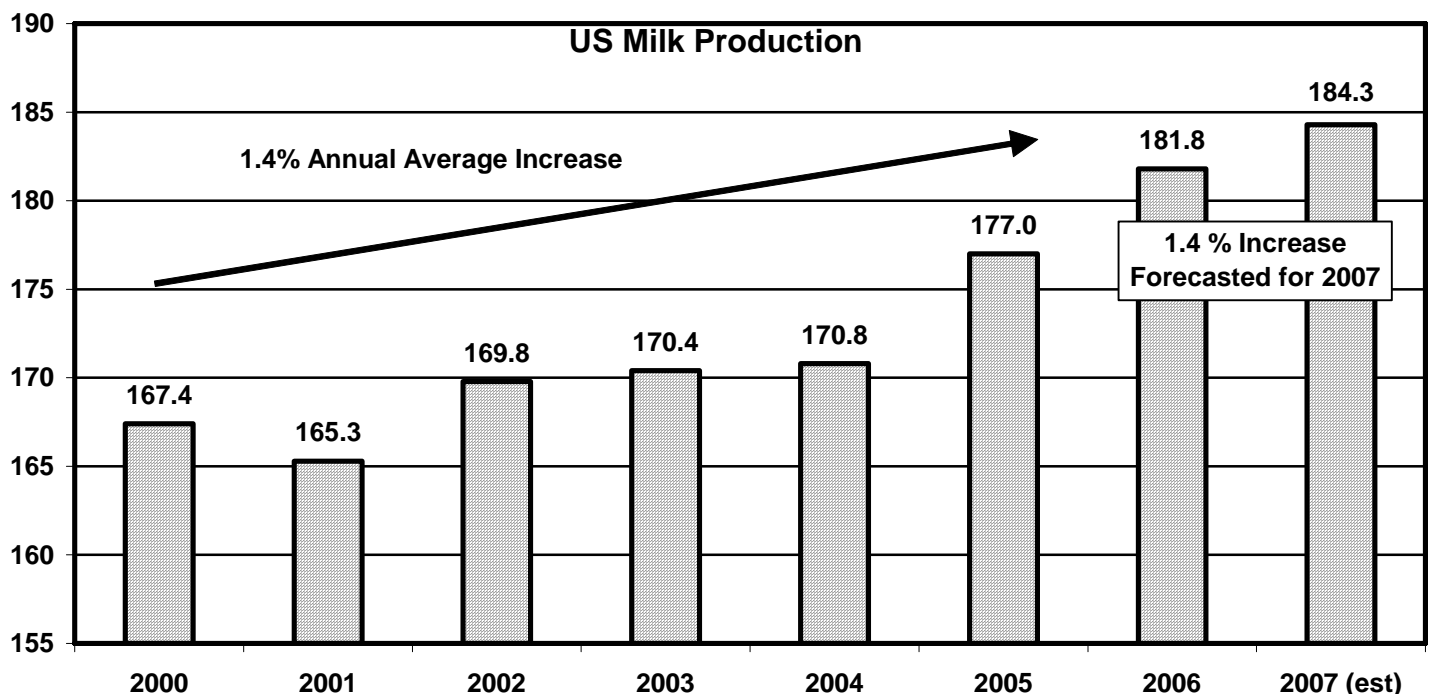
Receipts of producer milk during January 2007 totaled 736.6 million pounds. There were 29 regulated pool distributing plants, 3 pool supply plants and 10 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2007. Class I route disposition in the area totaled 431.7 million pounds in December 2006.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
December 2006		
Whole Milk	152,539,436	35.33%
Fat Free Milk	49,584,143	11.48%
Lowfat Milk (incl. 1%)	30,479,967	7.06%
Reduced Fat Milk (incl. 2%)	146,737,040	33.99%
Cultured Fluid Milk (incl. Buttermilk)	10,559,384	2.45%
Flavored Drinks and Milk	41,844,350	9.69%
Total Disposition in Marketing Area	431,744,320	100.00%
Total Disposition by Pool Plants	350,868,739	81.27%
Total Disposition by Nonpool Plants	80,875,581	18.73%
Total Disposition in Marketing Area	431,744,320	100.00%

US Milk Production: 2000 to 2007

The latest USDA estimate of milk production in the US for last year is 181.8 billion pounds, an increase of 2.7 percent compared to 2005. This level of growth in the milk supply, which almost doubles the 1.4 percent annual average increase in milk production since 2000, greatly contributed to low producer prices last year. USDA projects that in 2007, dairy farmers will produce 184.3 billion pounds of milk, 1.4 percent more milk than 2006.

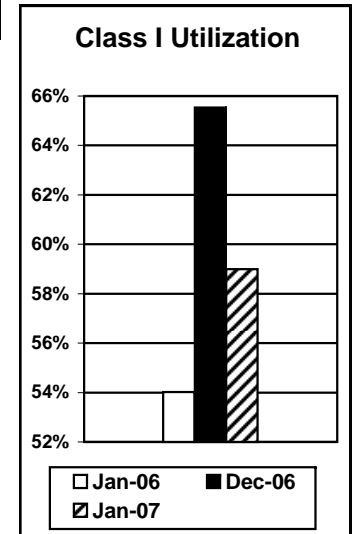


FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
Oct 2005	\$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	\$1.3078	\$11.16	\$6.74	\$1.3008	\$11.06	\$ 6.31	\$1.3008	\$10.64	\$ 9.23	\$1.2809	\$13.39
Sep	\$9.74	\$1.3013	\$13.95	\$6.99	\$1.4261	\$11.74	\$7.59	\$1.4191	\$12.29	\$ 6.36	\$1.4191	\$11.10	\$ 9.19	\$1.3758	\$13.68
Oct	\$10.82	\$1.4517	\$15.52	\$7.06	\$1.4219	\$11.79	\$7.64	\$1.4149	\$12.32	\$ 6.80	\$1.4149	\$11.51	\$ 9.94	\$1.4300	\$14.60
Nov	\$10.87	\$1.4314	\$15.50	\$7.37	\$1.3922	\$11.98	\$8.28	\$1.3852	\$12.84	\$ 7.52	\$1.3852	\$12.11	\$ 10.12	\$1.4038	\$14.68
Dec	\$10.99	\$1.4080	\$15.53	\$8.09	\$1.3551	\$12.55	\$9.07	\$1.3481	\$13.47	\$ 7.86	\$1.3481	\$12.30	\$ 10.37	\$1.3722	\$14.81
Jan 2007	\$12.27	\$1.3857	\$16.69	\$8.57	\$1.3079	\$12.85	\$9.33	\$1.3009	\$13.56	\$ 8.27	\$1.3009	\$12.53	\$ 11.23	\$1.3299	\$15.49
Feb	\$12.29	\$1.3216	\$16.49	\$8.77											

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.	%
Oct 2005	572,559	3,434	390,959	68.28%	56,933	9.94%	70,188	12.26%	54,479	9.52%
Nov	575,985	3,291	388,326	67.42%	53,896	9.36%	72,633	12.61%	61,131	10.61%
Dec	627,008	3,346	400,937	63.95%	56,188	8.96%	90,049	14.36%	79,834	12.73%
Jan 2006	773,171	3,366	417,644	54.02%	82,863	10.72%	166,645	21.55%	106,020	13.71%
Feb	673,060	3,252	374,502	55.64%	74,400	11.05%	151,346	22.49%	72,812	10.82%
Mar	762,640	3,358	412,672	54.11%	85,719	11.24%	187,351	24.57%	76,898	10.08%
Apr	744,495	3,277	377,265	50.68%	83,715	11.24%	190,402	25.57%	93,113	12.51%
May	727,331	3,305	396,220	54.48%	85,703	11.78%	176,134	24.22%	69,274	9.52%
Jun	678,355	3,299	382,230	56.35%	73,884	10.89%	166,354	24.52%	55,888	8.24%
Jul	602,818	3,248	374,357	62.10%	77,034	12.78%	97,920	16.24%	53,506	8.88%
Aug	634,266	3,244	422,575	66.62%	77,859	12.28%	99,138	15.63%	34,694	5.47%
Sep	607,301	3,131	402,879	66.34%	78,997	13.01%	108,793	17.91%	16,632	2.74%
Oct	627,520	3,102	413,408	65.88%	74,676	11.90%	112,827	17.98%	26,609	4.24%
Nov	613,945	3,141	400,400	65.21%	73,286	11.94%	110,612	18.02%	29,648	4.83%
Dec	610,264	3,153	399,894	65.53%	62,609	10.26%	91,925	15.06%	55,836	9.15%
Jan 2007	736,646	3,200**	434,642	59.00%	73,204	9.94%	170,119	23.09%	58,681	7.97%



* 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 February 2007 through April 2007							
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
Feb 2007	03/11/07	03/12/07	03/13/07	02/26/07	02/26/07	03/13/07	03/14/07
Mar 2007	04/11/07	04/12/07	04/13/07	03/26/07	03/26/07	04/13/07	04/16/07
Apr 2007	05/11/07	05/14/07	05/15/07	04/25/07	04/26/07	05/15/07	05/16/07

** The base rate for making partial payments in Fulton County, GA for January will be \$13.94 per hundredweight. This is 90 percent of the preceding month's uniform price of \$14.81 per hundredweight.

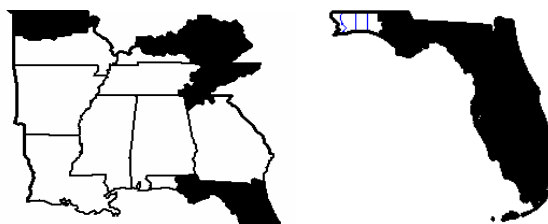
Producer Touch Base Requirements & Handler Diversion Limits												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Producer Touch Base Days	4	4	4	4	4	4	10	10	10	10	10	10
Diversion Percentage Limits	50%	50%	50%	50%	50%	50%	33%	33%	33%	33%	33%	33%

WASDE Dairy Report 1/

The milk production forecasts for 2006 and 2007 are raised from last month. The recent Milk Production and Cattle reports indicated that the dairy herd remains above last year and producers reported a slightly larger number of replacement dairy heifers. Thus, forecast cow numbers are increased from last month, but the increase will likely be tempered by the recently announced herd buyout by Cooperatives Working Together and higher feed costs. The 2007 forecast continues to assume a declining cow herd from the previous year, albeit at a slower pace than forecast last month. With a slight increase in milk per cow growth and higher overall cow numbers, the milk production forecast is increased 1.3 billion pounds from last month. Despite higher production, milk prices are forecast higher. Demand for dairy products remains firm, although the butter price is reduced slightly on expectations of ample supplies. Cheese price forecasts are slightly higher compared with last month as demand remains strong. However, nonfat dry milk (NDM) and whey price forecasts are raised sharply. Demand for NDM and whey for both domestic ingredient use and international sales support strong prices. Supplies of these products in international markets are expected to remain tight until at least the second half of the year when the next production season in Oceania begins. The all milk price forecast for 2007 is raised to \$14.35 to \$15.05.

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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