

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

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www.fmmatlanta.com

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

New Make Allowances Implemented After Judge Denies Injunction

A U. S. District Court Judge in Ohio ruled against Bridgewater Dairy, LLC, et. al., and in favor of the Department of Agriculture in a case that sought to prevent new manufacturing make allowances from being used in Federal order pricing formulas. Accordingly, as of February 22, 2007 the manufacturing allowances used to compute the Federal order minimum advance Class I and Class II prices and Federal order minimum prices for Class III and Class IV milk prices will be the revised manufacturing allowances contained in the Interim Final Rule published in the Federal Register on December 29, 2006 (71 FR 78333-78335). More information on the judge's ruling is available at www.ams.usda.gov/dairy/hearings.htm under 'National Hearings—Class III/IV Price Make-Allowances'.

Comments Regarding Southeast Order Pooling Provisions Available

On December 22, 2006, the Market Administrator issued an invitation for comments on a request to change producer delivery day requirements and diversion limits for the Southeast Marketing Area. The request sought to increase the producer delivery day requirement to 10 days each month for January through June. Currently, the producer delivery requirements for FO 7 are 4 days for January through June and 10 days for July through December. The request also sought to lower the diversion limits to 15 percent for December through February; to 20 percent for March through June; and to 10 percent for July through November. Currently, the diversion limits for FO 7 are 50 percent for January through June and 33 percent for July through December.

Visit www.fmmatlanta.com, and click on 'Hearings & Proposals' to view the comments received by the Market Administrator .

Blend Price Rises Again

The uniform blend price in Fulton County, GA, was \$15.68 per hundredweight of milk at 3.5 percent butterfat for the month of February. The blend price is \$0.19 higher than the previous month and is \$0.97 higher than February 2006. February marks the eighth consecutive month that the uniform blend price has increased.

Class I utilization was 58.64 percent in February, a slight decrease of 0.36 percent compared with the previous month and 3.00 percent above February of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in January was 15.51 billion pounds, an increase of 1.1 percent from January 2006 and an increase of 1.8 percent when compared with December 2006 on a daily average basis. Total cheese output (excluding cottage cheese) was 824 million pounds, 6.7 percent above January 2006 but 0.8 percent below December 2006 on a daily average basis. Butter production was 151 million pounds, 2.5 percent above January 2006 and 10.0 percent above December 2006 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 2.32 in February, a decrease of 0.10 from last month, and a decrease of 0.61 from February 2006

2006 Annual Production Statistics

The annual production of milk for the U.S. during 2006 was 182 billion pounds, 2.8 percent above 2005. Production per cow in the U.S. last year averaged 19,951 pounds, 2.0 percent above 2005. The average annual rate of milk production per cow has increased 18.3 percent from 1997, just over 2.0 percent per year. The average number of milk cows on farms in the U.S. during 2006 was 9.11 million head, up 0.8 percent from 2005.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	32.21%	7,912,588	\$1.2906	\$ 10,211,986.07
Class I Differential at Location				241,443.95
Class II Butterfat	21.73%	5,337,235	\$1.3182	7,035,543.17
Class III Butterfat	25.20%	6,188,605	\$1.3112	8,114,498.88
Class IV Butterfat	20.86%	5,124,227	\$1.3112	6,718,886.44
Total Butterfat	100.00%	24,562,655		\$ 32,322,358.51

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.3157**

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	59.68%	373,288,302	\$9.19 /cwt.	\$ 34,305,194.94
Class I Butterfat	32.21%	7,912,588	\$1.2906 /lb.	10,211,986.07
Class I Differential at Location		381,200,890		11,366,034.89
Total Class I Milk	58.64%	381,200,890		\$ 55,883,215.90
Class II Skim Milk	9.91%	62,023,136	\$8.77 /cwt.	\$ 5,439,429.02
Class II Butterfat	21.73%	5,337,235	\$1.3182 /lb.	7,035,543.17
Total Class II Milk	10.36%	67,360,371		\$ 12,474,972.19
Class III Skim Milk	24.09%	150,717,553	\$9.94 /cwt.	\$ 14,981,324.78
Class III Butterfat	25.20%	6,188,605	\$1.3112 /lb.	8,114,498.88
Total Class III Milk	24.13%	156,906,158		\$ 23,095,823.66
Class IV Skim Milk	6.32%	39,535,679	\$8.42 /cwt.	\$ 3,328,904.17
Class IV Butterfat	20.86%	5,124,227	\$1.3112 /lb.	6,718,886.44
Total Class IV Milk	6.87%	44,659,906		\$ 10,047,790.61
Producer Milk	100.00%	650,127,325		\$ 101,501,802.36

Adjustments

Overage and Other Source	\$66,965.37
Inventory Adjustments	\$157,044.03
Producer butterfat at uniform butterfat price	(\$32,322,358.51)
Location Adjustments to Producers	\$2,311,552.35
1/2 Unobligated Balance in P.S.F.	\$412,646.81
Adjusted Pool Value	\$ 11.52155
Reserve for Producer Settlement Fund	\$260,106.05
	\$ 0.04155

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

\$11.48

Uniform Price per cwt. (Fulton County, Georgia)

\$15.68*

* 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 %
	FEB 2007	MAR 2007	JAN 2007	FEB 2007	FEB 2007
Appalachian (Charlotte)	\$ 16.49	\$ 17.35	\$ 15.60	\$ 15.57	67.27%
Arizona (Phoenix)	\$ 16.11	\$ 16.97	\$ 14.12	\$ 14.22	36.82%
Central (Kansas City)	\$ 15.76	\$ 16.62	\$ 13.92	\$ 14.06	40.85%
Florida (Tampa)	\$ 17.39	\$ 18.25	\$ 16.77	\$ 16.71	81.18%
Mideast (Cleveland)	\$ 15.76	\$ 16.62	\$ 14.03	\$ 14.23	41.60%
Northeast (Boston)	\$ 17.01	\$ 17.87	\$ 15.09	\$ 15.21	48.60%
Pacific Northwest (Seattle)	\$ 15.67	\$ 16.53	\$ 13.63	\$ 13.81	30.03%
Southeast (Atlanta)	\$ 16.49	\$ 17.35	\$ 15.49	\$ 15.68	58.64%
Southwest (Dallas)	\$ 16.76	\$ 17.62	\$ 14.77	\$ 14.98	37.07%
Upper Midwest (Chicago)	\$ 15.56	\$ 16.42	\$ 13.75	\$ 14.23	18.40%

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

Receipts:	February 2007	February 2006
Producer Milk		
Class I	381,200,890	374,502,307
Class II	67,360,371	74,400,240
Class III	156,906,158	151,345,557
Class IV	44,659,906	72,812,389
Total Producer Milk	<u>650,127,325</u>	<u>673,060,493</u>
Average Butterfat Test	3.78%	3.74%
Percent of Producer Milk in Class I	58.64%	55.64%
Daily Average Receipts	23,218,833	24,037,875
Other Source Milk		
Class I	8,888,039	7,153,451
Class II	14,970,620	7,846,119
Class III	2,124,876	3,504,363
Class IV	6,431,052	12,930,143
Total Other Source Milk	<u>32,414,587</u>	<u>31,434,076</u>
Overage		
Class I	1,942	14,597
Class II	0	0
Class III	18,327	0
Class IV	2,738	0
Total Overage	<u>23,007</u>	<u>14,597</u>
Opening Inventory		
Class I	34,646,377	34,268,282
Class II	1,376,589	4,434,359
Class III	58,369	868,256
Class IV	22,433,406	13,526,611
Total Opening Inventory	<u>58,514,741</u>	<u>53,097,508</u>
Total Receipts	741,079,660	757,606,674
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	35,046,958	33,614,664
Route Disposition Class I	380,903,896	372,259,911
Shrinkage	2,925,028	2,695,355
Transfers & Diversions to Nonpool	5,861,367	7,368,707
Total Class I Utilization	<u>424,737,249</u>	<u>415,938,637</u>
Average Butterfat Test	2.06%	2.08%
Daily Average Utilization	15,169,187	14,854,951
Class II Utilization		
Nonfluid Used To Produce	1,855,470	1,227,357
Shrinkage	0	1,955
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	44,731,764	54,675,882
Total Class II Utilization	<u>37,120,345</u>	<u>30,775,524</u>
Average Butterfat Test	7.78%	8.59%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	159,107,730	155,718,176
Total Class III Utilization	<u>0</u>	<u>0</u>
Average Butterfat Test	3.95%	3.57%
Class IV Utilization		
Inventory	25,467,938	18,482,675
Nonfluid Used To Fortify	1,425,585	1,421,082
Shrinkage	7,419,739	6,869,239
Transfers & Diversions to Nonpool Used To Produce/Other Uses	35,033,644	49,391,278
Total Class IV Utilization	<u>4,180,196</u>	<u>23,104,869</u>
Average Butterfat Test	8.97%	7.11%
Total Utilization	741,079,660	757,606,674

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2007 is \$15.68 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.48 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3157 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 February, Class I use, which is primarily bottled or packaged fluid milk, accounted for 59.68% of all producer skim milk (priced to handlers at \$9.19 per hundredweight, plus the Class I differential, see page 2) and 32.21% of producer butterfat (priced to handlers at \$1.2906 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.91% of all producer skim milk (\$8.77 per hundredweight) and 21.73% of producer butterfat (\$1.3182 per pound). Class III use, mostly milk used to produce cheese, accounted for 24.09% of all producer skim milk (\$9.94 per hundredweight) and 25.20% of producer butterfat (\$1.3112 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.32% of all producer skim milk (\$8.42 per hundredweight) and 20.86% of producer butterfat (\$1.3112 per pound).

Receipts of producer milk during February 2007 totaled 650.1 million pounds. There were 30 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 February 2007. Class I route disposition in the area totaled 460.5 million pounds in January 2007.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
January 2007		
Whole Milk	158,279,622	34.37%
Fat Free Milk	53,773,292	11.68%
Lowfat Milk (incl. 1%)	34,881,216	7.57%
Reduced Fat Milk (incl. 2%)	156,428,777	33.97%
Cultured Fluid Milk (incl. Buttermilk)	9,798,587	2.13%
Flavored Drinks and Milk	47,360,351	10.28%
Total Disposition in Marketing Area	460,521,845	100.00%
Total Disposition by Pool Plants	375,900,481	81.62%
Total Disposition by Nonpool Plants	84,621,364	18.38%
Total Disposition in Marketing Area	460,521,845	100.00%

Measures of Growth in Federal Milk Order Markets, Selected Years 1/

	Number of Markets	Population in Federal Milk Marketing Areas (Thousands)	Number of Handlers	Number of Producers	Receipts of Producer Milk (Millions)	Producer Milk Used in Class I (Millions)	Percentage of Producer Milk Used in Class I	Daily Deliveries of Producer Milk Per Producer (Pounds)
1950	39	---	1,101	156,584	18,660	11,000	58.9	326
1960	80	88,818	2,259	189,816	44,812	28,758	64.2	648
1970	62	125,721	1,588	143,411	65,104	40,063	61.5	1,244
1980	47	164,908	1,091	117,490	83,998	41,034	48.9	1,954
1990	42	195,841	753	100,397	102,396	43,783	42.8	2,796
1996	32	209,599	570	82,947	104,501	45,479	43.5	3,442
2000	11	228,899	346	69,590	116,920	45,989	39.3	4,590
2001	11	231,487	350	66,423	120,223	45,887	38.2	4,959
2002	11	234,256	338	63,856	125,546	46,043	36.7	5,387
2003	11	236,180	331	58,110	110,581	45,843	41.5	5,178
2004	10	234,825	306	52,341	103,048	44,939	43.6	5,352
2005	10	238,428	302	53,036	114,682	44,570	38.9	5,904
2006	10	239,142	314	52,725	120,618	45,304	37.6	6,264

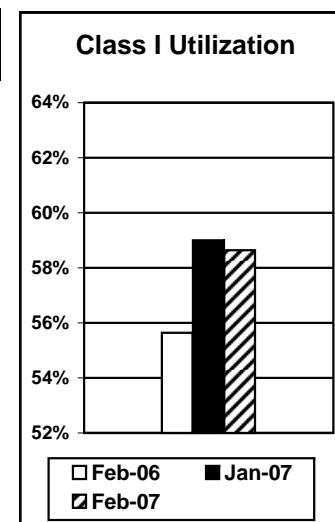
1/ Adapted from Dairy Market News, March 5-9, 2007, Volume 74, Report 10, Page 8

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 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	\$1.3182	\$13.08	\$9.94	\$1.3112	\$14.18	\$ 8.42	\$1.3112	\$12.71	\$ 11.48	\$1.3157	\$15.68
Mar	\$13.10	\$1.3445	\$17.35	\$9.07											

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 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	3,133	434,642	59.00%	73,204	9.94%	170,119	23.09%	58,681	7.97%
Feb	650,127	3,201**	381,201	58.64%	67,360	10.36%	156,906	24.13%	44,660	6.87%



* 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 March through May 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
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
May 2007	06/11/07	06/12/07	06/13/07	05/25/07	05/29/07	06/13/07	06/14/07

** The base rate for making partial payments in Fulton County, GA for March will be \$14.11 per hundredweight. This is 90 percent of the preceding month's uniform price of \$15.68 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%

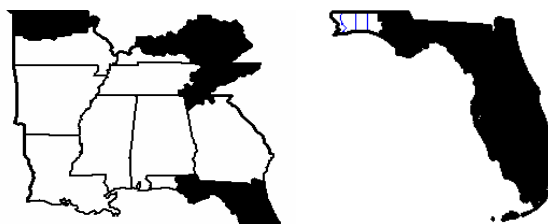
WASDE Dairy Report 1/

WASDE-444 - March 9, 2007

Milk supply and use estimates for 2006 are adjusted to reflect revisions to production and stock data as well as December trade data. Production in first quarter 2007 is lowered because of reduced milk per cow as growth in January output per cow was lower than expected. Production forecasts for the remaining quarters are unchanged. Despite improved milk prices, relatively weak milk-feed ratios are expected to result in a gradual decline in herd numbers through much of the year. Beginning year stocks are higher than last month but demand for dairy products is expected to absorb the additional quantities. Nonfat dry milk (NDM) and whey demand, for both domestic use and exports, remains strong with international markets expected to remain tight through the entire year. Hence, prices for these products are raised from last month and are major drivers of the increase in the Class III and Class IV price forecasts. Butter prices are reduced slightly as butter supplies are relatively large and may grow as increased NDM demand supports increased butter production. Cheese price forecasts are slightly higher than last month as demand is firm. The all milk price forecast for 2007 is raised to \$15.05 to \$15.65.

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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