

Market Information BULLETIN

Sue L. Mosley, Market Administrator

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June 2007



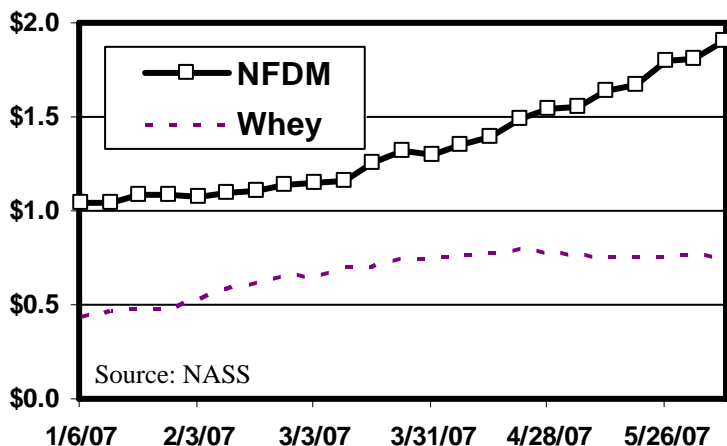
Southeast Marketing Area
Federal Order 7

Volume 8—No. 6

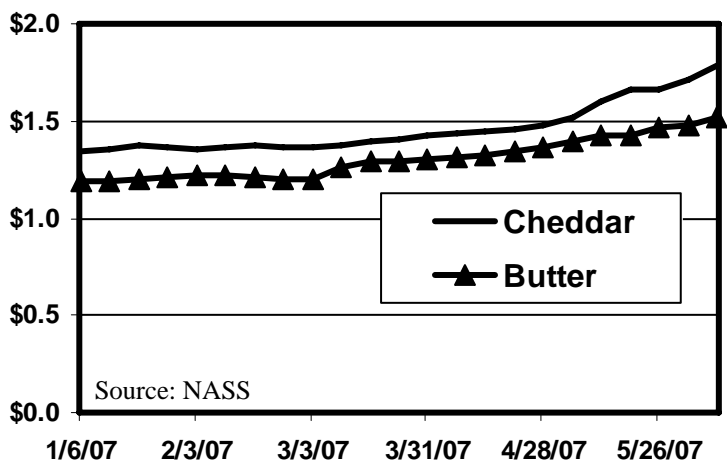
ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

'07 Commodity Prices Soar

Manufactured dairy product prices have been rising dramatically over the past several months. In fact, since the beginning of the year, labeled '1/6/07' in the charts below for the first week of 2007, the four major commodities have increased from 27 to over 80 percent according to National Agricultural Statistics Service (NASS) weekly reports. Nonfat dry milk powder (NFDM) prices are



up 82 percent, dry whey prices are up 73 percent, Cheddar Cheese prices have increased 33 percent and butter prices have risen 27 percent between January 6, 2007 and June 9, 2007.



Blend Price Increases \$1.37

The uniform blend price in Fulton County, GA, was \$18.73 per hundredweight of milk at 3.5 percent butterfat for the month of May. The blend price is \$1.37 higher than the previous month and is \$5.83 higher than May 2006. April marks the eleventh consecutive month that the uniform blend price has increased.

Class I utilization was 57.36 percent in May, an increase of 1.58 percent compared with the previous month and 2.88 percent higher than May of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in April was 15.74 billion pounds, an increase of 1.3 percent from April 2006 and an increase of 0.9 percent when compared with March 2007 on a daily average basis. Total cheese output (excluding cottage cheese) was 803 million pounds, 1.2 percent above April 2006 but 4.1 percent below March 2007. Butter production was 134 million pounds, 5.2 percent above April 2006 but 2.8 percent below March 2007. Nonfat dry milk powder production was 128.0 million pounds in April, 2.2 percent below April 2006 and 8.5 percent above March 2007. Skim milk powder production was 15.6 million pounds in April, 11.1 percent below April 2006 and 52.9 percent above March 2007.

The milk-feed price ratio, the number of pounds of 16% mixed dairy feed equal in value to one pound of whole milk, was 2.52 in May, an increase of 0.02 from last month, and an increase of 0.2 from May 2006.

**Pursuant to 7 CFR §1000.25(c)(5)(ii) the following plant has not paid its February 2007 obligation to the Market Administrator funds as required by 7 CFR §1007.71, §1007.81, §1007.85: Universal Food and Beverage, Savannah, Georgia*

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.09%	8,439,674	\$1.4389	\$ 12,143,846.91
Class I Differential at Location				252,978.91
Class II Butterfat	25.61%	6,338,495	\$1.5776	9,999,609.72
Class III Butterfat	26.03%	6,444,452	\$1.5706	10,121,656.31
Class IV Butterfat	14.27%	3,531,868	\$1.5706	5,547,151.91
Total Butterfat	100.00%	24,754,489		\$ 38,065,243.76

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.5377

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	58.21%	390,221,959	\$11.28 /cwt.	\$ 44,017,036.98
Class I Butterfat	34.09%	8,439,674	\$1.4389 /lb.	12,143,846.91
Class I Differential at Location		398,661,633		11,874,265.74
Total Class I Milk	57.36%	398,661,633		\$ 68,035,149.63
Class II Skim Milk	13.40%	89,829,171	\$11.50 /cwt.	\$ 10,330,354.76
Class II Butterfat	25.61%	6,338,495	\$1.5776 /lb.	9,999,609.72
Total Class II Milk	13.83%	96,167,666		\$ 20,329,964.48
Class III Skim Milk	24.09%	161,488,089	\$12.54 /cwt.	\$ 20,250,606.35
Class III Butterfat	26.03%	6,444,452	\$1.5706 /lb.	10,121,656.31
Total Class III Milk	24.16%	167,932,541		\$ 30,372,262.66
Class IV Skim Milk	4.30%	28,817,157	\$13.45 /cwt.	\$ 3,875,907.61
Class IV Butterfat	14.27%	3,531,868	\$1.5706 /lb.	5,547,151.91
Total Class IV Milk	4.65%	32,349,025		\$ 9,423,059.52
Producer Milk	100.00%	695,110,865		\$ 128,160,436.29

Adjustments

Overage and Other Source	\$12,688.69
Inventory Adjustments	\$111,103.98
Producer butterfat at uniform butterfat price	(\$38,065,243.76)
Location Adjustments to Producers	\$2,404,094.61
1/2 Unobligated Balance in P.S.F.	\$371,327.04

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 13,87238	\$92,994,406.85
	\$ 0.04238	\$283,060.28

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

\$13.83

Uniform Price per cwt. (Fulton County, Georgia)

\$18.73*

* 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 2007	JUN 2007	APR 2007	MAY 2007	MAY 2007
Appalachian (Charlotte)	\$ 19.02	\$ 20.94	\$ 17.41	\$ 18.82	73.71%
Arizona (Phoenix)	\$ 18.64	\$ 20.56	\$ 16.43	\$ 18.07	34.07%
Central (Kansas City)	\$ 18.29	\$ 20.21	\$ 15.98	\$ 17.50	39.92%
Florida (Tampa)	\$ 19.92	\$ 21.84	\$ 18.35	\$ 19.55	74.78%
Mideast (Cleveland)	\$ 18.29	\$ 20.21	\$ 16.09	\$ 17.63	38.40%
Northeast (Boston)	\$ 19.54	\$ 21.46	\$ 17.02	\$ 18.60	44.60%
Pacific Northwest (Seattle)	\$ 18.20	\$ 20.12	\$ 16.24	\$ 17.87	32.33%
Southeast (Atlanta)	\$ 19.02	\$ 20.94	\$ 17.36	\$ 18.73	57.36%
Southwest (Dallas)	\$ 19.29	\$ 21.21	\$ 16.97	\$ 18.51	73.31%
Upper Midwest (Chicago)	\$ 18.09	\$ 20.01	\$ 16.15	\$ 17.65	20.30%

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

Receipts:	May 2007	May 2006
Producer Milk		
Class I	398,661,633	396,219,830
Class II	96,167,666	85,703,017
Class III	167,932,541	176,133,672
Class IV	32,349,025	69,274,229
Total Producer Milk	<u>695,110,865</u>	<u>727,330,748</u>
Average Butterfat Test	3.56%	3.58%
Percent of Producer Milk in Class I	57.36%	54.48%
Daily Average Receipts	22,422,931	23,462,282
Other Source Milk		
Class I	8,591,912	6,235,898
Class II	24,365,237	12,229,600
Class III	3,323,286	7,916,083
Class IV	6,966,514	9,272,655
Total Other Source Milk	<u>43,246,949</u>	<u>35,654,236</u>
Overage		
Class I	0	0
Class II	76,797	0
Class III	0	0
Class IV	0	0
Total Overage	<u>76,797</u>	<u>0</u>
Opening Inventory		
Class I	35,257,982	32,068,020
Class II	6,245,469	2,954,290
Class III	926,989	1,579,543
Class IV	14,127,411	21,272,437
Total Opening Inventory	<u>56,557,851</u>	<u>57,874,290</u>
Total Receipts	794,992,462	820,859,274
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	36,553,124	26,149,699
Route Disposition Class I	396,758,706	398,254,404
Shrinkage	3,270,423	3,175,342
Transfers & Diversions to Nonpool	5,929,274	6,944,303
Total Class I Utilization	<u>442,511,527</u>	<u>434,523,748</u>
Average Butterfat Test	2.09%	2.14%
Daily Average Utilization	14,274,565	14,016,895
Class II Utilization		
Nonfluid Used To Produce	2,203,476	1,815,671
Shrinkage	6,394,562	741
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	66,605,416	62,510,120
Total Class II Utilization	<u>51,651,715</u>	<u>36,560,375</u>
Average Butterfat Test	6.57%	7.91%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	172,182,816	185,629,298
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>172,182,816</u>	<u>185,629,298</u>
Average Butterfat Test	3.83%	3.73%
Class IV Utilization		
Inventory	17,337,456	21,630,710
Nonfluid Used To Fortify	1,478,987	1,446,817
Shrinkage	0	7,458,728
Transfers & Diversions to Nonpool	34,626,507	51,380,798
Used To Produce/Other Uses	0	17,902,268
Total Class IV Utilization	<u>53,442,950</u>	<u>99,819,321</u>
Average Butterfat Test	8.96%	5.98%
Total Utilization	794,992,462	820,859,274

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2007 is \$18.73 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.83 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5377 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 58.21% of all producer skim milk (priced to handlers at \$11.28 per hundredweight, plus the Class I differential, see page 2) and 34.09% of producer butterfat (priced to handlers at \$1.4389 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 13.40% of all producer skim milk (\$11.50 per hundredweight) and 25.61% of producer butterfat (\$1.5776 per pound). Class III use, mostly milk used to produce cheese, accounted for 24.09% of all producer skim milk (\$12.54 per hundredweight) and 26.03% of producer butterfat (\$1.5706 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.30% of all producer skim milk (\$13.45 per hundredweight) and 14.27% of producer butterfat (\$1.5706 per pound).

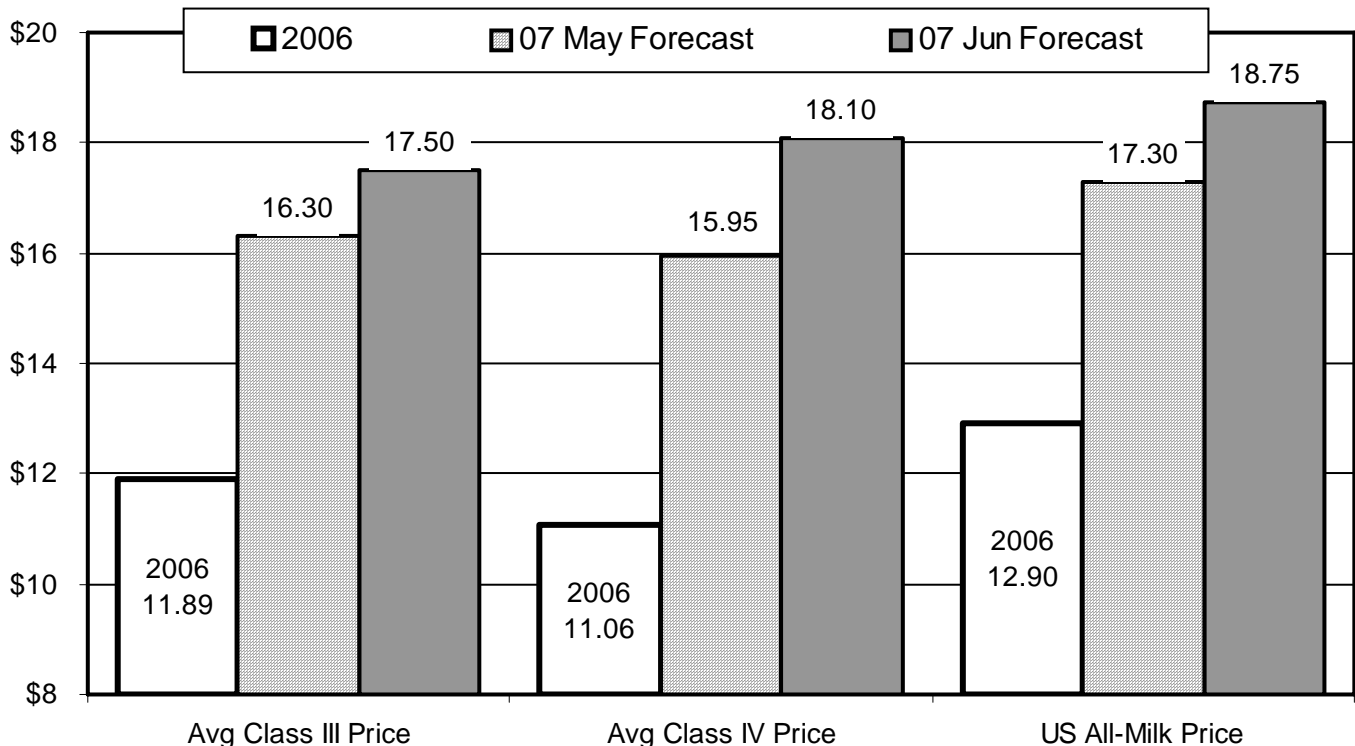
Receipts of producer milk during May 2007 totaled 695.1 million pounds. There were 30 regulated pool distributing plants, 3 pool supply plants and 10 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2007. Class I route disposition in the area totaled 421.6 million pounds in April 2007.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
April 2007		
Whole Milk	142,033,684	33.69%
Fat Free Milk	49,985,981	11.86%
Lowfat Milk (incl. 1%)	32,361,200	7.68%
Reduced Fat Milk (incl. 2%)	144,718,987	34.33%
Cultured Fluid Milk (incl. Buttermilk)	8,778,387	2.08%
Flavored Drinks and Milk	43,732,732	10.37%
Total Disposition in Marketing Area	421,610,971	100.00%
Total Disposition by Pool Plants	340,648,356	80.80%
Total Disposition by Nonpool Plants	80,962,615	19.20%
Total Disposition in Marketing Area	421,610,971	100.00%

USDA's Price Forecasts Revised Up, Way Up

This chart shows how Class III and IV price forecasts for 2007 have increased in recent weeks. USDA's price forecasts are up \$1.20 and \$2.15 since May for Class III and IV, respectively, which would push the all-milk price to an all-time record average of \$18.75. See the last page of this publication for more on the WASDE Dairy Report.

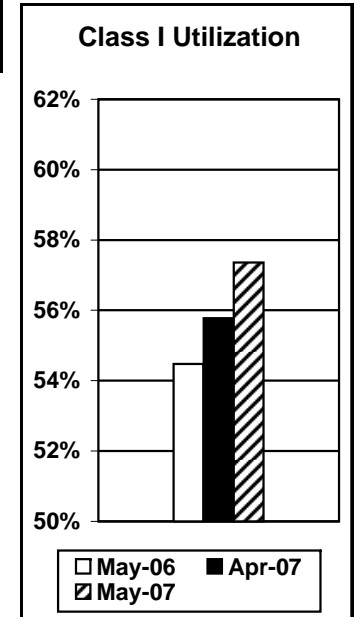


FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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	\$1.3839	\$13.60	\$10.64	\$1.3769	\$15.09	\$ 9.21	\$1.3769	\$13.71	\$ 12.18	\$1.3674	\$16.54
Apr	\$13.60	\$1.4206	\$18.10	\$9.69	\$1.4727	\$14.51	\$11.36	\$1.4657	\$16.09	\$ 11.39	\$1.4657	\$16.12	\$ 12.72	\$1.4527	\$17.36
May	\$14.38	\$1.4699	\$19.02	\$11.50	\$1.5776	\$16.62	\$12.54	\$1.5706	\$17.60	\$ 13.45	\$1.5706	\$18.48	\$ 13.83	\$1.5377	\$18.73
June	\$15.98	\$1.5776	\$20.94	\$13.58											

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	3,081	381,201	58.64%	67,360	10.36%	156,906	24.13%	44,660	6.87%
Mar	711,173	3,038	418,047	58.78%	88,537	12.45%	163,562	23.00%	41,026	5.77%
Apr	707,385	2,961	394,568	55.78%	101,521	14.35%	162,167	22.92%	49,129	6.95%
May	695,111	3,000**	398,662	57.36%	96,168	13.83%	167,933	24.16%	32,349	4.65%



* 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 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
Jun 2007	07/11/07	07/12/07	07/13/07	06/25/07	06/26/07	07/13/07	07/16/07
Jul 2007	08/11/07	08/13/07	08/14/07	07/25/07	07/26/07	08/14/07	08/15/07
Aug 2007	09/11/07	09/12/07	09/13/07	08/27/07	08/27/07	09/13/07	09/14/07

** The base rate for making partial payments in Fulton County, GA for April will be \$16.86 per hundredweight. This is 90 percent of the preceding month's uniform price of \$18.73 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/

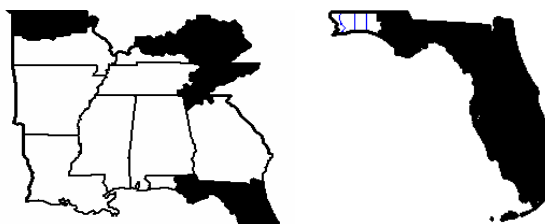
WASDE - 447 June 11, 2007

Strong demand for dairy products and limited ability to adjust production in the short term has resulted in significantly higher price forecasts this month. Milk production forecasts for both 2007 and 2008 are raised from last month but relatively high feed costs are expected to limit growth into 2008. Cow numbers are forecast higher than last month, with the cow herd in 2007 averaging about the same as 2006, and expanding in 2008. Output per cow is forecast to continue to increase modestly in both 2007 and 2008.

However, in the face of continued strong demand for dairy products and expected tightness in international supplies, most product prices for 2007 and 2008 are forecast higher than last month. Forecast nonfat dry milk prices are increased significantly, which coupled with higher forecast butter prices, support a stronger Class IV price forecast. Although cheese prices are also forecast higher, a reduced forecast for whey prices limits the increase in the Class III price forecast for both 2007 and 2008. With strong Class prices, the forecast for all milk is also raised. In 2007, the all milk price is forecast to average a record \$18.55 to \$18.95 per cwt, and then decline to \$17.90 to \$18.90 per cwt in 2008.

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.

USDA MILK MARKET ADMINISTRATOR
 U.S. Department Of Agriculture
 P.O. Box 491778
 Lawrenceville, Georgia 30049



www.fmmatlanta.com

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