Market Information BULLETIN

Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

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

Comparing Retail and Producer Milk Prices

Retail milk prices have increased considerably this year, following the increases in producer prices. But how do the increases faced by consumers compare with the increases in producer prices? Examining two different retail price surveys, one conducted by the U.S. Department of Agriculture (USDA) and one conducted by the U.S. Department of Labor suggests the answer depends on where the milk is sold. While the Class I base price has increased $0.72 per gallon (or, $8.32 per hundredweight) from January to September, the retail price of whole milk has increased $0.60 in New Orleans, LA, $0.86 in Miami, FL and $0.90 in Atlanta, GA according to the USDA survey. The Department of Labor's more comprehensive survey demonstrates that

(continued on Page 4 of this publication)

Nominations Sought for Fluid Milk Board

The USDA is asking fluid milk processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board. Nominees must be active owners or employees of a fluid milk processor in one of the fifteen regions that are currently open for reappointment, including: Region 5 (Florida) and Region 11 (Arkansas, Iowa, Kansas, Missouri, Nebraska, and Oklahoma).

To nominate an individual, please submit originals of both the nomination form and a signed background form for each nominee by Oct. 31, 2007, to: Promotion and Research Branch, Dairy Programs, AMS, MRP, USDA, 1400 Independence Ave., S.W., Stop 0233, Room 2958-S, Washington, D.C. 20250-0233. To obtain forms or additional information, call (202) 720-6909. Blank forms are available on the Dairy Promotion and Research Branch's website at http://www.ams.usda.gov/Dairy.

Blend Price Down Slightly

The uniform blend price in Fulton County, GA, was $23.77 per hundredweight of milk at 3.5 percent butterfat for the month of September. The blend price is $0.10 lower than the previous month but is $10.09 higher than September 2006.

Class I utilization was 67.75 percent in September, a decrease of 2.82 percent compared with the previous month and 1.41 percent higher than September of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in August was 15.6 billion pounds, an increase of 3.4 percent from August 2006 and a decrease of 1.1 percent when compared with July 2007. Total cheese output (excluding cottage cheese) was 795 million pounds, 0.1 percent below August 2006 and 0.1 percent below July 2007. Butter production was 110 million pounds, 23.6 percent above August 2006 but 4.9 percent below July 2007.

Nonfat dry milk powder production was 103 million pounds in August, 40.7 percent higher than August 2006 and 14.9 percent less than July 2007. Dry whey production was 94.6 million pounds in August, a 3.4 percent increase from August of last year and a 0.9 percent decrease compared with July 2007.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 3.21 in September. This is an increase of 0.03 points from the revised 3.17 ratio recorded for August 2007.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for September 2007 was $4,302,724.84. Preliminary claims were made for $1,651,163.29. Since sufficient funds were available, all eligible preliminary claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	Utilization	Pounds	Price/lb.	Value
Class I Butterfat	38.28%	7,746,519	$1.6382	$ 12,690,347.45
Class I Differential at Location				232,108.53
Class II Butterfat	24.03%	4,860,812	$1.5171	7,374,337.87
Class III Butterfat	20.41%	4,128,242	$1.5101	6,234,058.23
Class IV Butterfat	17.28%	3,495,591	$1.5101	5,278,691.98
Total Butterfat	**100.00%**	**20,231,164**		**$ 31,809,544.06**

Uniform Butterfat Price per lb. (Fulton County, Georgia): $1.5723

Calculation of Uniform Skim Milk Price:

Producer Milk	Utilization	Pounds	Price per unit		Value
Class I Skim Milk	68.86%	370,484,318	$16.76	/cwt.	$ 62,093,171.70
Class I Butterfat	38.28%	7,746,519	$1.6382	/lb.	12,690,347.45
Class I Differential at Location		378,230,837			11,328,963.30
Total Class I Milk	**67.75%**	**378,230,837**			**$ 86,112,482.45**
Class II Skim Milk	8.97%	48,273,148	$17.46	/cwt.	$ 8,428,491.63
Class II Butterfat	24.03%	4,860,812	$1.5171	/lb.	7,374,337.87
Total Class II Milk	**9.52%**	**53,133,960**			**$ 15,802,829.50**
Class III Skim Milk	16.54%	88,985,935	$15.32	/cwt.	$ 13,632,645.26
Class III Butterfat	20.41%	4,128,242	$1.5101	/lb.	6,234,058.23
Total Class III Milk	**16.68%**	**93,114,177**			**$ 19,866,703.49**
Class IV Skim Milk	5.63%	30,296,474	$16.92	/cwt.	$ 5,126,163.38
Class IV Butterfat	17.28%	3,495,591	$1.5101	/lb.	5,278,691.98
Total Class IV Milk	**6.05%**	**33,792,065**			**$ 10,404,855.36**
Producer Milk	**100.00%**	**558,271,039**			**$ 132,186,870.80**

Adjustments		
Overage and Other Source		$656.77
Inventory Adjustments		($28,064.93)
Producer butterfat at uniform butterfat price		($31,809,544.06)
Location Adjustments to Producers		$1,479,087.99
1/2 Unobligated Balance in P.S.F.		$289,267.69
Adjusted Pool Value	**$ 18.97969**	**$102,118,274.26**
Reserve for Producer Settlement Fund	**$ 0.04969**	$266,866.13

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): $18.93

Uniform Price per cwt. (Fulton County, Georgia) $23.77*

** 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 SEP 2007	CLASS I OCT 2007	UNIFORM AUG 2007	UNIFORM SEP 2007	CLASS I % SEP 2007
Appalachian (Charlotte)	$ 25.01	$ 24.69	$ 24.16	$ 24.00	70.08%
Arizona (Phoenix)	$ 24.26	$ 23.94	$ 22.22	$ 22.15	39.28%
Central (Kansas City)	$ 23.91	$ 23.59	$ 21.93	$ 21.66	36.99%
Florida (Tampa)	$ 25.91	$ 25.59	$ 25.24	$ 25.08	84.40%
Mideast (Cleveland)	$ 23.91	$ 23.59	$ 22.19	$ 21.94	40.80%
Northeast (Boston)	$ 25.16	$ 24.84	$ 23.14	$ 22.99	44.50%
Pacific Northwest (Seattle)	$ 23.81	$ 23.49	$ 21.84	$ 21.65	31.42%
Southeast (Atlanta)	**$ 25.01**	**$ 24.69**	**$ 23.87**	**$ 23.77**	**67.75%**
Southwest (Dallas)	$ 24.91	$ 24.59	$ 22.76	$ 22.43	34.55%
Upper Midwest (Chicago)	$ 23.71	$ 23.39	$ 20.61	$ 20.71	16.40%

SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7
STATISTICAL SUMMARY

Receipts:	September 2007	September 2006
Producer Milk		
Class I	378,230,837	402,879,399
Class II	53,133,960	78,996,584
Class III	93,114,177	108,793,467
Class IV	33,792,065	16,631,580
Total Producer Milk	**558,271,039**	**607,301,030**
Average Butterfat Test	3.62%	3.68%
Percent of Producer Milk in Class I	67.75%	66.34%
Daily Average Receipts	18,609,035	20,243,368
Other Source Milk		
Class I	15,041,659	16,983,362
Class II	20,281,753	13,256,769
Class III	4,437,322	3,050,304
Class IV	10,667,926	11,720,540
Total Other Source Milk	**50,428,660**	**45,010,975**
Overage		
Class I	0	0
Class II	0	146,418
Class III	64	0
Class IV	0	32,089
Total Overage	**64**	**178,507**
Opening Inventory		
Class I	36,413,832	34,320,499
Class II	1,804,984	2,554,500
Class III	2,040,233	1,771,490
Class IV	11,026,818	13,612,535
Total Opening Inventory	**51,285,867**	**52,259,024**
Total Receipts	**659,985,630**	**704,749,536**
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	32,295,060	33,125,494
Route Disposition Class I	386,816,464	409,385,087
Shrinkage	2,914,959	3,360,664
Transfers & Diversions to Nonpool	7,659,845	8,312,015
Total Class I Utilization	**429,686,328**	**454,183,260**
Average Butterfat Test	2.03%	2.10%
Daily Average Utilization	14,322,878	15,139,442
Class II Utilization		
Nonfluid Used To Produce	1,672,669	1,790,998
Shrinkage	0	2,991
Transfers & Diversions to Nonpool/Commercial Foods	39,718,909	58,536,310
Used To Produce/Other Uses	33,829,119	34,623,972
Total Class II Utilization	**75,220,697**	**94,954,271**
Average Butterfat Test	8.42%	7.61%
Class III Utilization		
Shrinkage	7,246,114	0
Transfers & Diversions to Nonpool	86,893,340	113,615,261
Used To Produce/Other Uses	5,452,342	0
Total Class III Utilization	**99,591,796**	**113,615,261**
Average Butterfat Test	4.30%	4.42%
Class IV Utilization		
Inventory	25,617,398	15,192,448
Nonfluid Used To Fortify	1,306,731	1,299,190
Shrinkage	0	7,431,006
Transfers & Diversions to Nonpool	28,562,680	13,813,447
Used To Produce/Other Uses	0	4,260,653
Total Class IV Utilization	**55,486,809**	**41,996,744**
Average Butterfat Test	9.16%	11.17%
Total Utilization	**659,985,630**	**704,749,536**

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2007 is $23.77 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of $18.93 per hundredweight plus 3.5 times the uniform butterfat price of $1.5723 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

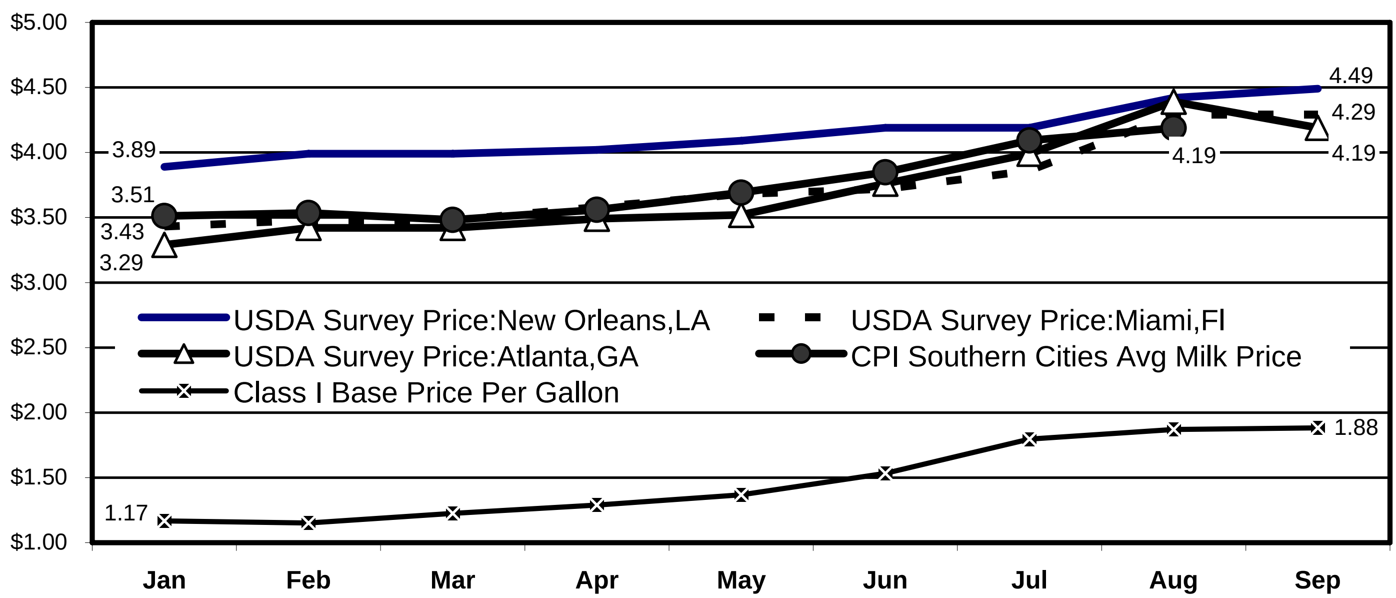
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In September, Class I use, which is primarily bottled or packaged fluid milk, accounted for 68.86% of all producer skim milk (priced to handlers at $16.76 per hundredweight, plus the Class I differential, see page 2) and 38.28% of producer butterfat (priced to handlers at $1.6382 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.97% of all producer skim milk ($17.46 per hundredweight) and 24.03% of producer butterfat ($1.5171 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.54% of all producer skim milk ($15.32 per hundredweight) and 20.41% of producer butterfat ($1.5101 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.63% of all producer skim milk ($16.92 per hundredweight) and 17.28% of producer butterfat ($1.5101 per pound).

Receipts of producer milk during September 2007 totaled 558.3 million pounds. There were 28 regulated pool distributing plants, 2 pool supply plants and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2007. Class I route disposition in the area totaled 443.2 million pounds in August 2007.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
August 2007		
Whole Milk	147,578,450	33.30%
Fat Free Milk	52,842,566	11.92%
Lowfat Milk (incl. 1%)	34,339,517	7.75%
Reduced Fat Milk (incl. 2%)	156,841,638	35.39%
Cultured Fluid Milk (incl. Buttermilk)	8,831,142	1.99%
Flavored Drinks and Milk	42,803,348	9.66%
Total Disposition in Marketing Area	443,236,661	100.00%
Total Disposition by Pool Plants	357,859,706	80.74%
Total Disposition by Nonpool Plants	85,376,955	19.26%
Total Disposition in Marketing Area	443,236,661	100.00%

2007 Retail Whole Milk & Federal Order Class I Base Prices (per gallon)



Source: USDA, AMS, Dairy Programs; Department of Labor, Bureau of Labor Statistics

(from Page 1) the price of whole milk has increased an average of $0.68 per gallon from January to August in its survey of Southern cities. (September data was not available at time of printing). It seems reasonable to assume some cities would have increases above the average reported, $0.68, and some would be below it as well.

Note: The chart above is meant to show changes in milk prices over time, not necessarily their absolute values. The line "Class I Base Price Per Gallon", also known as "the mover" shows how Federal Order prices have increased this year and is valid for all locations. While Class I price differentials (for example, $3.10 per hundredweight, or $0.27 per gallon, in Atlanta, GA) are not shown, including differentials would not alter the analysis.

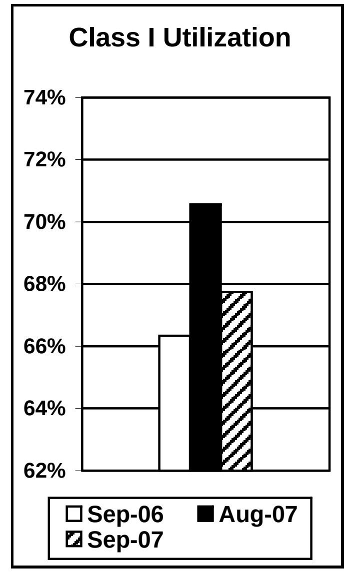
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

Pool		CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
Period		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**	$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	$1.6527	$18.89	$14.93	$1.6457	$20.17	$ 15.54	$1.6457	$20.76	$ 15.64	$1.6196	$20.76
July		$18.71	$1.7018	$24.01	$16.31	$1.6180	$21.40	$16.31	$1.6110	$21.38	$ 16.58	$1.6110	$21.64	$ 18.15	$1.6491	$23.29
Aug		$19.84	$1.6320	$24.86	$17.44	$1.5942	$22.41	$14.79	$1.5872	$19.83	$ 16.91	$1.5872	$21.87	$ 18.91	$1.6072	$23.87
Sep		$19.86	$1.6692	$25.01	$17.46	$1.5171	$22.16	$15.32	$1.5101	$20.07	$ 16.92	$1.5101	$21.61	$ 18.93	$1.5723	$23.77
Oct		$19.96	$1.5519	$24.69	$17.56											

FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK

Pool		Producer Milk	Number of	CLASS I		CLASS II		CLASS III		CLASS IV	
Period		1000 lbs.	Farms	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
Jul	**2006**	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	2,925	398,662	57.36%	96,168	13.83%	167,933	24.16%	32,349	4.65%
June		558,867	2,956	372,612	66.67%	96,460	17.26%	61,040	10.92%	28,755	5.15%
July		561,866	2,962	369,735	65.80%	74,157	13.20%	95,276	16.96%	22,699	4.04%
Aug		581,050	3,208	409,987	70.57%	60,967	10.49%	94,557	16.27%	15,539	2.67%
Sep		558,271	3,250**	378,231	67.75%	53,134	9.52%	93,114	16.68%	33,792	6.05%

** 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 October through December 2007

		MA Payment Dates		Payments for Producer Milk			
Pool Month	Pool & Uniform Price Release Date	Due to: All Funds	Due From: P/S & T-Credit	Partial Payment** Due: Coop	Partial Payment** Due: Nonmember	Final Payment Due: Coop	Final Payment Due: Nonmember
Oct 2007	11/11/07	11/13/07	11/14/07	10/25/07	10/26/07	11/14/07	11/15/07
Nov 2007	12/11/07	12/12/07	12/13/07	11/26/07	11/26/07	12/13/07	12/14/07
Dec 2007	01/11/08	01/14/08	01/15/08	12/26/07	12/26/07	01/15/08	01/16/08

** The base rate for making partial payments in Fulton County, GA for October will be $21.39 per hundredweight. This is 90 percent of the preceding month's uniform price of $23.77 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 - 451 October 12, 2007

Milk production forecasts for 2007 and 2008 are raised. Producers continue to respond to high milk prices with high replacement heifer and calf prices pointing to continued expansion plans. Milk per cow growth into 2008 is expected to be moderated by tight supplies of alfalfa hay and relatively high feed prices. Stocks, both on a fat and skim-solids basis, are forecast higher than last month reflecting increased supplies of butter and stocks of nonfat dry milk (NDM). Although NDM stocks are expected to dissipate somewhat as product moves into export channels, increased production of dairy products in 2008 likely will result in somewhat higher fat and skim-solids basis stocks than forecast last month.

Higher milk production is expected to pressure prices despite relatively robust demand. Cheese, butter, and whey prices are reduced as supplies are expected to build. NDM prices should remain relatively strong despite increased production as world supplies are expected to remain tight through much of 2008. Dry whey prices are lowered as prices have dropped significantly. As a result of generally reduced product price forecasts, Class price forecasts are reduced. The Class III price forecasts are lowered for 2007 and 2008 due to lower cheese and whey prices. The Class IV price forecast for both years is lowered as a lower butter price forecast more than offsets slightly higher forecast NDM prices. For 2007 and 2008 the all milk price forecasts are also reduced, with prices in 2007 forecast to average a record $18.95 to $19.05 per cwt, and decline to $17.70 to $18.60 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.

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