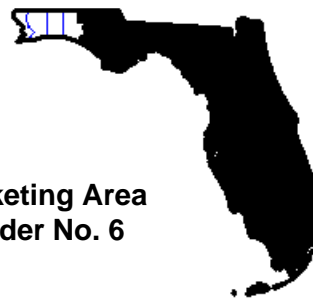


# FLORIDA Fluid Milk Report

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Florida Marketing Area  
Federal Order No. 6



www.fmmatlanta.com

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## Packaged Sales of Fluid Milk Products Down

The packaged sales of total fluid milk products in the U.S. declined slightly last year compared to 2006 (-0.1 percent), but the decline was not uniform across the country. The Florida Marketing Area had 2.9 billion pounds of fluid milk sales in 2007, a decrease of -0.8 percent. The Southeast Marketing Area led the country with the largest year-to-year increase at +2.0 percent, totaling 5.1 billion total pounds of fluid milk sales. The Pacific Northwest, essentially Washington state and Oregon, had the largest decrease in fluid milk sales at -2.0 percent.

The Florida Marketing Area represented 5.7 percent of the fluid milk market within the nation's regulated areas, but just 2.1 percent of all milk produced in those regulated locations.

## Packaged Sales of Fluid Milk Products: 2007

Marketing Area (Order No.)	Mil. Lbs.	Change from '06	Share of Total
Northeast (001)	9,484	0.2%	18.7%
Appalachian (005)	3,631	0.7%	7.2%
Southeast (007)	5,123	2.0%	10.1%
<b>Florida (006)</b>	<b>2,899</b>	<b>-0.8%</b>	<b>5.7%</b>
Mideast (033)	6,160	-1.9%	12.2%
Upper Midwest (030)	4,458	0.1%	8.8%
Central (032)	4,692	-0.8%	9.3%
Southwest (126)	4,402	0.3%	8.7%
Arizona (131)	1,206	n/a	2.4%
Pacific Northwest (124)	2,133	-2.0%	4.2%
California	6,492	0.2%	12.8%
Total	50,680	-0.1%	100.0%

Source: Dairy Market News: Vol.75, Report 06

## New Secretary of Agriculture Appointed

Ed Schafer was sworn in as the 29th Secretary of the U.S. Department of Agriculture (USDA) on January 28, 2008. Secretary Schafer brings a record as an innovative two-term governor of North Dakota to USDA in addition to his extensive private sector experience as both an entrepreneur and a successful business executive.

## Uniform Price Increases

The uniform price in Hillsborough County, FL, was \$23.80 per hundredweight for milk at 3.5 percent butterfat for the month of January. This represents an increase of \$0.36 compared with the previous month and an increase of \$7.03 from January 2007.

Class I utilization was 82.61 percent in January, a slight increase (+0.39 percent) when compared with the previous month and a slight decrease (-0.31 percent) when compared with January of last year.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in December was 15.64 billion pounds, an increase of 2.7 percent from December 2006 and an increase of 5.7 percent when compared with November 2007 on a daily average basis. Total cheese output was 843 million pounds, 1.5 percent above December 2006 and 3.9 percent above November 2007. Butter production was 141 million pounds, 2.6 percent above December 2006 and 8.4 percent above November 2007.

Nonfat dry milk powder production was 108.0 million pounds in December, 5.0 percent lower than December 2006 and 9.8 percent lower than November 2007. Dry whey production was 96.4 million pounds in December, a 4.4 percent increase from December of last year and a 3.0 percent increase compared to November 2007.

The milk-feed price ratio was 2.55 in January. This is a decline of 0.30 points from December 2007's revised feed price ratio.

## Proposed Changes to Fluid Milk Promotion

The USDA invites comments on proposed amendments to the Fluid Milk Promotion Order that would reduce the burden of late-charges to processors under certain circumstances. Visit [www.fmmatlanta.com](http://www.fmmatlanta.com), under 'What's New' for more information on the proposed changes.

## F.O. 6 - FLORIDA: CALCULATION OF UNIFORM PRICES - JANUARY 2008

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	45.04%	4,659,395	\$1.4333	\$ 6,678,310.86
Class I Differential at Location				189,786.85
Class II Butterfat	32.68%	3,381,418	\$1.3389	4,527,380.56
Class III Butterfat	4.51%	466,360	\$1.3319	621,144.88
Class IV Butterfat	17.77%	1,838,520	\$1.3319	2,448,724.80
<b>Total Butterfat</b>	<b>100.00%</b>	<b>10,345,693</b>		<b>\$ 14,465,347.95</b>

**Uniform Butterfat Price per lb. (Hillsborough County, Florida):** **\$1.3982**

### Calculation of Uniform Skim Milk Price

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
<b>Producer Milk</b>				
Class I Skim Milk	84.05%	229,351,427	\$16.53 /cwt.	\$ 37,911,790.88
Class I Butterfat	45.04%	4,659,395	\$1.4333 /lb.	6,678,310.86
Class I Differential at Location		234,010,822		9,559,748.66
<b>Total Class I Milk</b>	<b>82.61%</b>	<b>234,010,822</b>		<b>\$ 54,149,850.40</b>
Class II Skim Milk	7.33%	20,005,808	\$15.61 /cwt.	\$ 3,122,906.63
Class II Butterfat	32.68%	3,381,418	\$1.3389 /lb.	4,527,380.56
<b>Total Class II Milk</b>	<b>8.26%</b>	<b>23,387,226</b>		<b>\$ 7,650,287.19</b>
Class III Skim Milk	3.29%	8,982,618	\$15.19 /cwt.	\$ 1,364,459.69
Class III Butterfat	4.51%	466,360	\$1.3319 /lb.	621,144.88
<b>Total Class III Milk</b>	<b>3.34%</b>	<b>9,448,978</b>		<b>\$ 1,985,604.57</b>
Class IV Skim Milk	5.33%	14,547,265	\$12.05 /cwt.	\$ 1,752,945.43
Class IV Butterfat	17.77%	1,838,520	\$1.3319 /lb.	2,448,724.80
<b>Total Class IV Milk</b>	<b>5.79%</b>	<b>16,385,785</b>		<b>\$ 4,201,670.23</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>283,232,811</b>		<b>\$ 67,987,412.39</b>

### Adjustments

Overage and Other Source	\$4,443.22
Inventory Adjustments	\$0.00
Producer butterfat at uniform butterfat price	(\$14,465,347.95)
Location Adjustments to Producers	(\$58,419.37)
1/2 Unobligated Balance in P.S.F	\$116,747.33

### Adjusted Pool Value

Reserve for Producer Settlement Func	\$ 19.63626	\$53,584,835.62
	<u>\$ 0.04626</u>	\$126,249.21

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

**\$19.59**

**Uniform Price per cwt. (Hillsborough County, Florida)**

**\$23.80\***

\* 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 2008	FEB 2008	DEC 2007	JAN 2008	JAN 2008
Appalachian (Charlotte)	\$ 24.07	\$ 22.78	\$ 22.37	\$ 22.60	72.50%
Arizona (Phoenix)	\$ 23.32	\$ 22.03	\$ 20.82	\$ 19.72	36.22%
Central (Kansas City)	\$ 22.97	\$ 21.68	\$ 20.36	\$ 19.71	34.73%
<b>Florida (Tampa)</b>	<b>\$ 24.97</b>	<b>\$ 23.68</b>	<b>\$ 23.44</b>	<b>\$ 23.80</b>	<b>82.61%</b>
Mideast (Cleveland)	\$ 22.97	\$ 21.68	\$ 20.64	\$ 20.25	38.90%
Northeast (Boston)	\$ 24.22	\$ 22.93	\$ 21.59	\$ 21.11	44.10%
Pacific Northwest (Seattle)	\$ 22.87	\$ 21.58	\$ 20.30	\$ 19.39	34.37%
Southeast (Atlanta)	\$ 24.07	\$ 22.78	\$ 22.44	\$ 22.46	66.56%
Southwest (Dallas)	\$ 23.97	\$ 22.68	\$ 21.01	\$ 20.70	44.77%
Upper Midwest (Chicago)	\$ 22.77	\$ 21.48	\$ 20.65	\$ 19.70	15.60%

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

<b>Receipts:</b>	<b>January 2008</b>	<b>January 2007</b>
<b>Producer Milk</b>		
Class I	234,010,822	239,082,581
Class II	23,387,226	20,832,568
Class III	9,448,978	8,745,037
Class IV	16,385,785	19,666,559
Total Producer Milk	<b>283,232,811</b>	<b>288,326,745</b>
Average Butterfat Test	3.65%	3.65%
Percent of Producer Milk in Class I	82.61%	82.92%
Daily Average Receipts	9,136,542	9,300,863
<b>Other Source Milk</b>		
Class I	5,230,358	3,998,358
Class II	8,077,938	8,716,772
Class III	0	0
Class IV	905,464	1,019,519
Total Other Source Milk	<b>14,213,760</b>	<b>13,734,649</b>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	3,336	0
Total Overage	<b>3,336</b>	<b>0</b>
<b>Opening Inventory</b>		
Class I	10,592,980	12,985,154
Class II	0	0
Class III	0	0
Class IV	8,141,463	6,985,841
Total Opening Inventory	<b>18,734,443</b>	<b>19,970,995</b>
<b>Total Receipts</b>	<b>316,184,350</b>	<b>322,032,389</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	13,738,730	14,786,365
Route Disposition Class I	234,648,392	239,931,696
Shrinkage	1,322,182	1,323,540
Transfers & Diversions to Nonpool	124,856	24,492
Total Class I Utilization	<b>249,834,160</b>	<b>256,066,093</b>
Average Butterfat Test	2.00%	2.06%
Daily Average Utilization	8,059,166	8,260,197
<b>Class II Utilization</b>		
Nonfluid Used To Produce	8,069,369	8,704,429
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	8,441,824	6,541,030
Total Class II Utilization	<b>14,953,971</b>	<b>14,303,881</b>
Average Butterfat Test	<b>31,465,164</b>	<b>29,549,340</b>
Average Butterfat Test	10.75%	10.00%
<b>Class III Utilization</b>		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce	9,448,978	8,745,037
Other Uses	0	0
Total Class III Utilization	<b>9,448,978</b>	<b>8,745,037</b>
Average Butterfat Test	4.94%	1.90%
<b>Class IV Utilization</b>		
Inventory	7,584,322	8,146,500
Nonfluid Used To Fortify	650,565	930,644
Shrinkage	3,933,949	4,142,625
Transfers & Diversions to Nonpool Used To Produce/Other Uses	11,265,721	12,676,998
Total Class IV Utilization	<b>25,436,048</b>	<b>27,671,919</b>
Average Butterfat Test	9.11%	10.40%
<b>Total Utilization</b>	<b>316,184,350</b>	<b>322,032,389</b>

## Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in January 2008 is \$23.80 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$19.59 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3982 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 January, Class I use accounted for 84.05% of all producer skim milk (priced to handlers at \$16.53 per hundredweight, plus the Class I differential and 45.04% of producer butterfat (priced to handlers at \$1.4333 per pound plus Class I differential). Class II use accounted for 7.33% of all producer skim milk (\$15.61 per hundredweight) and 32.68% of producer butterfat (\$1.3389 per pound). Class III use accounted for 3.29% of all producer skim milk (\$15.19 per hundredweight) and 4.51% of producer butterfat (\$1.3319 per pound). Class IV use accounted for 5.33% of all producer skim milk (\$12.05 per hundredweight) and 17.77% of producer butterfat (\$1.3319 per pound).

Receipts of producer milk during January 2007 totaled 283.2 million pounds, 5.1 million pounds less than was pooled in January of last year. Florida producers supplied 166.9 million pounds of milk in December 2007 or 62.48% of the total producer milk pooled in Florida. In December 2006 Florida producers supplied 68.04% 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 January 2008. In-area Class I route disposition totaled 251.0 million pounds in December 2007, 2.0 million pounds more than December 2006. This is an increase of 1.03 percent after adjusting for calendar composition.

### Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<b>December 2007</b>		
Whole Milk	89,596,545	35.69%
Fat Free Milk	34,308,760	13.67%
Lowfat Milk (incl. 1%)	28,773,709	11.46%
Reduced Fat Milk (incl. 2%)	75,831,903	30.21%
Cultured Fluid Milk (incl. Buttermilk)	1,188,717	0.47%
Flavored Drinks and Milk	21,350,000	8.50%
<b>Total Disposition in Marketing Area</b>	<b>251,049,634</b>	<b>100.00%</b>
Total Disposition by Pool Plants	219,891,762	87.59%
Total Disposition by Nonpool Plants	31,157,872	12.41%
<b>Total Disposition in Marketing Area</b>	<b>251,049,634</b>	<b>100.00%</b>

## Federal Milk Marketing Order Annual Pool Summary

Marketing Area (with Principal Pricing City)	Receipts of Producer Milk		Utilization (%)			
	Mil. Lbs.	% Chg vs. '06	Class I	Class II	Class III	Class IV
Northeast (Boston)	23,039.9	1.6	46	21	24	9
Appalachian (Charlotte)	5,865.0	-6.1	70	17	5	8
Southeast (Atlanta)	7,520.6	-6.6	63	12	20	5
Florida (Tampa)	3,206.5	2.6	81	9	5	5
Mideast (Cleveland)	16,267.7	-5.4	40	18	35	7
Upper Midwest (Chicago)	26,489.9	-1.4	17	5	76	2
Central (Kansas City)	11,192.6	-19.6	39	17	32	12
Southwest (Dallas)	9,990.3	-13.9	41	12	35	12
Arizona-Las Vegas (Phoenix)	3,798.9	12.3	37	9	28	26
Pacific Northwest (Seattle)	7,036.0	-7.1	32	7	30	31
<b>ALL MARKET AVERAGE or TOTAL</b>	<b>114,407.5</b>	<b>-5.1</b>	<b>40</b>	<b>13</b>	<b>38</b>	<b>9</b>

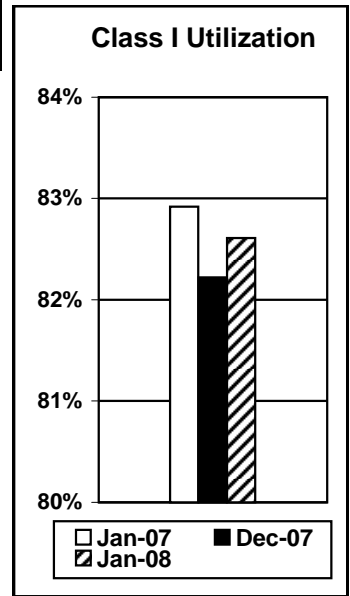
**Source: Dairy Market News, Vol. 75, Report 5; HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for 2007 are tabulated above. During 2007 about 114.4 billion pounds of milk were received from producers. This volume of milk is 5.1 percent lower than the 2006 volume. There were significant volumes of milk not pooled due to intraorder disadvantageous price relationships in both years, although the volume in 2007 was much higher. About 45.2 billion pounds of producer milk were used in Class I products, 0.2 percent lower than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2007 as compared to 2006. The all-market average Class utilization percentages were: Class I = 40%, Class II = 13%, Class III = 38%, and Class IV = 9%.

**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
Oct 2006	\$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	\$1.4418	\$20.82	\$16.14	\$1.4348	\$20.60	\$ 14.67	\$1.4348	\$19.18	\$ 19.05	\$1.4457	\$23.44
Jan 2008	\$20.53	\$1.4733	\$24.97	\$15.61	\$1.3389	\$19.75	\$15.19	\$1.3319	\$19.32	\$ 12.05	\$1.3319	\$16.29	\$ 19.59	\$1.3982	\$23.80
Feb	\$19.44	\$1.4060	\$23.68	\$14.39											

**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.	%
Oct 2006	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	437	216,964	86.87%	20,824	8.34%	6,185	2.48%	5,769	2.31%
Dec	267,192	417	219,690	82.22%	20,117	7.53%	8,914	3.34%	18,472	6.91%
Jan 2008	283,233	450**	234,011	82.61%	23,387	8.26%	9,449	3.34%	16,386	5.79%



\* 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 February through April 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
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
Mar 2008	04/11/08	04/14/08	04/15/08	03/19/08	03/20/08	04/04/08	04/07/08	04/15/08	04/16/08
Apr 2008	05/11/08	05/12/08	05/13/08	04/21/08	04/21/08	05/05/08	05/05/08	05/13/08	05/14/08

\*\*The base rate for making partial payments in Hillsborough Co., FL for February will be \$21.42 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$20.23 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/

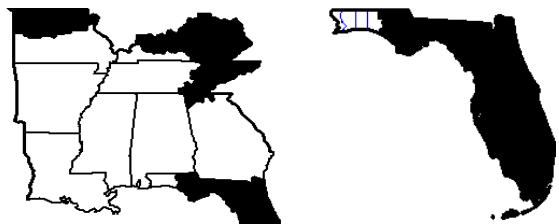
#### WASDE – 455 February 8, 2008

Forecasts for 2008 milk production are raised as continued growth in cow numbers is expected to more than offset slower growth in output per cow. Producers continue to respond to the strong returns of 2007. USDA's Cattle report indicated that on January 1 dairy cow numbers were 1 percent higher, and producers expect to retain 3 percent more heifers. Heifers expected to calve in 2008 were reported up 3 percent. Higher production and softer demand is expected to pressure prices and in the face of higher feed prices, herd growth is expected to slow in the latter part of 2008. Stocks on both a fats and skim solids basis are forecast higher as production gains outpace increases in demand.

Both Class III and Class IV price forecasts for 2008 are reduced from last month as a result of lower price forecasts for major dairy products. Weakening international prices, larger milk production, and higher stocks are expected to pressure dairy product prices, particularly nonfat dry milk and whey. Butter prices are also reduced from last month as stocks have increased. Cheese prices are reduced slightly reflecting recent price declines. The all milk price forecast for 2008 is reduced to \$16.85 to \$17.55 per cwt. The 2007 all milk price estimate is revised to \$19.13 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](http://www.usda.gov/oce/commodity/wasde/index.htm).

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