FLORIDA
Fluid Milk Report

Florida Marketing Area
Federal Order No. 6

Sue L. Mosley
Market Administrator

www.fmmatlanta.com **December 2008** **Volume 9—No. 11**

Total Fluid Milk Product Sales Steady

Through October, total sales of fluid milk products in the U.S. were steady versus 2007 milk sales (January through October), or down 0.3 percent when adjusted for calendar composition. This compares favorably to the stable to slightly declining trend in fluid milk sales the industry has witnessed in the recent past, given the rise in prices milk consumers have faced.

Total U.S. Sales of Fluid Milk Products-2008 YTD 1/

Product Category	Milk Pounds (millions)	Percent Change from 2007
Whole Milk	12,579	-4.8
Flavored Whole Milk	496	-12.4
Organic Whole Milk	318	24.7
Reduced Fat Milk (2%)	15,193	1.7
Low Fat Milk (1%)	5,563	2
Fat-Free Milk (Skim)	6,812	0.7
Flavored Fat-Reduced Milk	3,103	1.2
Organic Fat-Reduced Milk	1,075	22.2
Buttermilk	441	3
Total 2/	45,701	0
Total Adjusted 2/ 3/	45,482	-0.3

1/Year-to-date data through October; Source: USDA; These figures are representative of the consumption of fluid milk products for approximately 92 percent of total fluid milk sales in the U.S. 2/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 3/ Adjusted for calendar composition.

Southern Dairy Conference Announcement

The 35th Annual Southern Dairy Conference is scheduled for January 28-29, 2009 in Atlanta, Georgia. For more information, visit www.areg.caes.uga.edu.

Uniform Price Up

The uniform price in Hillsborough County, Florida, was $21.25 per hundredweight for milk at 3.5 percent butterfat for the month of November. This represents an increase of $0.83 compared with the previous month and an decrease of $3.64 from November 2007.

Class I utilization was 83.80 percent in November, a decrease of 3.18 percent when compared with the previous month and a decrease of 3.07 percent when compared with November of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in October was 15.56 billion pounds, an increase of 1.2 percent from October 2007 and a decrease of 0.3 percent when compared with September 2008 on a daily average basis. Total cheese output was 842 million pounds, 2.0 percent above October 2007 and 5.8 percent above September 2008. Butter production was 130 million pounds, slightly below October 2007 but 7.4 percent above September 2008.

Nonfat dry milk powder production was 121.0 million pounds in October, 21.1% percent higher than October 2007 and 35.7% percent higher than September 2008 on a daily average basis. Dry whey production was 85.2 million pounds in October, a 4.2 percent decrease from October of last year and a 0.9 percent decline from September 2008 on a daily average basis. The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.13 in November, up 0.13 points from last month's revised ratio.

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

Calculation of Uniform Butterfat Price:

	Utilization	Pounds	Price/lb.	Value
Class I Butterfat	47.34%	4,387,478	$1.8388	$ 8,067,694.56
Class I Differential at Location				244,331.82
Class II Butterfat	32.75%	3,035,732	$1.7800	5,403,602.96
Class III Butterfat	5.81%	538,800	$1.7730	955,292.41
Class IV Butterfat	14.10%	1,306,853	$1.7730	2,317,050.36
Total Butterfat	**100.00%**	**9,268,863**		**$ 16,987,972.11**

Uniform Butterfat Price per lb. (Hillsborough County, Florida): **$1.8328**

Calculation of Uniform Skim Milk Price

Producer Milk	Utilization	Pounds	Price per unit	Value
Class I Skim Milk	85.20%	205,734,549	$11.29 /cwt.	$ 23,227,430.58
Class I Butterfat	47.34%	4,387,478	$1.8388 /lb.	8,067,694.56
Class I Differential at Location		210,122,027		11,718,685.45
Total Class I Milk	**83.80%**	**210,122,027**		**$ 43,013,810.59**
Class II Skim Milk	6.95%	16,792,036	$8.52 /cwt.	$ 1,430,681.45
Class II Butterfat	32.75%	3,035,732	$1.7800 /lb.	5,403,602.96
Total Class II Milk	**7.91%**	**19,827,768**		**$ 6,834,284.41**
Class III Skim Milk	1.25%	3,017,168	$9.64 /cwt.	$ 290,855.00
Class III Butterfat	5.81%	538,800	$1.7730 /lb.	955,292.41
Total Class III Milk	**1.42%**	**3,555,968**		**$ 1,246,147.41**
Class IV Skim Milk	6.60%	15,929,847	$6.26 /cwt.	$ 997,208.42
Class IV Butterfat	14.10%	1,306,853	$1.7730 /lb.	2,317,050.36
Total Class IV Milk	**6.87%**	**17,236,700**		**$ 3,314,258.78**
Producer Milk	**100.00%**	**250,742,463**		**$ 54,408,501.19**

Adjustments		
Overage and Other Source		$0.00
Inventory Adjustments		$0.00
Producer butterfat at uniform butterfat price		($16,987,972.11)
Location Adjustments to Producers		($286,249.49)
1/2 Unobligated Balance in P.S.F		$99,570.12
Adjusted Pool Value	**$ 15.41943**	**$37,233,849.71**
Reserve for Producer Settlement Fund	**$ 0.04943**	$119,357.38

Uniform Skim Milk Price per cwt. (Hillsborough County, Florida): **$15.37**

Uniform Price per cwt. (Hillsborough County, Florida) **$21.25***

** At 3.5% butterfat test; for information purposes.*

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME	CLASS I		UNIFORM		CLASS I %
(Priced at)	NOV 2008	DEC 2008	OCT 2008	NOV 2008	NOV 2008
Appalachian (Charlotte)	$ 20.73	$ 18.83	$ 18.49	$ 18.75	68.25%
Arizona (Phoenix	$ 19.68	$ 17.78	$ 16.59	$ 15.83	34.37%
Central (Kansas City)	$ 19.33	$ 17.43	$ 16.30	$ 15.61	32.31%
Florida (Tampa)	**$ 22.73**	**$ 20.83**	**$ 20.42**	**$ 21.25**	**83.80%**
Mideast (Cleveland)	$ 19.33	$ 17.43	$ 16.80	$ 16.32	42.40%
Northeast (Boston)	$ 20.58	$ 18.68	$ 17.44	$ 17.09	45.30%
Pacific Northwest (Seattle)	$ 19.23	$ 17.33	$ 15.49	$ 15.29	29.41%
Southeast (Atlanta)	$ 21.33	$ 19.23	$ 18.95	$ 19.21	67.96%
Southwest (Dallas)	$ 20.33	$ 18.43	$ 17.26	$ 16.89	36.22%
Upper Midwest (Chicago)	$ 19.13	$ 17.23	$ 17.02	$ 15.85	13.90%

FLORIDA MILK MARKETING AREA-FEDERAL ORDER 6
STATISTICAL SUMMARY

Receipts:	November 2008	November 2007
Producer Milk		
Class I	210,122,027	216,964,219
Class II	19,827,768	20,824,115
Class III	3,555,968	6,185,373
Class IV	17,236,700	5,769,198
Total Producer Milk	**250,742,463**	**249,742,905**
Average Butterfat Test	3.70%	3.71%
Percent of Producer Milk in Class I	83.80%	86.87%
Daily Average Receipts	8,358,082	8,324,764
Other Source Milk		
Class I	4,784,688	7,923,824
Class II	9,132,490	8,577,762
Class III	0	92,579
Class IV	2,503,091	3,575,413
Total Other Source Milk	**16,420,269**	**20,169,578**
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	0
Total Overage	**0**	**0**
Opening Inventory		
Class I	14,431,484	14,486,291
Class II	0	55,278
Class III	0	1,769,551
Class IV	5,488,218	7,068,860
Total Opening Inventory	**19,919,702**	**23,379,980**
Total Receipts	**287,082,434**	**293,292,463**
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	12,032,687	14,427,128
Route Disposition Class I	215,623,963	223,989,298
Shrinkage	1,174,995	850,820
Transfers & Diversions to Nonpool	506,554	107,088
Total Class I Utilization	**229,338,199**	**239,374,334**
Average Butterfat Test	2.09%	2.14%
Daily Average Utilization	7,644,607	7,979,144
Class II Utilization		
Nonfluid Used To Produce	9,123,844	8,555,905
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods	7,191,122	7,299,764
Used To Produce/Other Uses	12,645,292	13,601,486
Total Class II Utilization	**28,960,258**	**29,457,155**
Average Butterfat Test	10.49%	10.57%
Class III Utilization		
Shrinkage	0	3,683,084
Transfers & Diversions to Nonpool/Used to Produce	3,555,968	2,301,930
Use to Produce/Other Uses	0	2,062,489
Total Class III Utilization	**3,555,968**	**8,047,503**
Average Butterfat Test	15.15%	6.30%
Class IV Utilization		
Inventory	9,614,479	6,440,953
Nonfluid Used To Fortify	2,189,159	3,314,896
Shrinkage	4,622,528	0
Transfers & Diversions to Nonpool	7,084,814	6,657,622
Used To Produce/Other Uses	1,717,029	0
Total Class IV Utilization	**25,228,009**	**16,413,471**
Average Butterfat Test	6.98%	9.23%
Total Utilization	**287,082,434**	**293,292,463**

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in November 2008 is $21.25 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of $15.37 per hundredweight plus 3.5 times the uniform butterfat price of $1.8328 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 November, Class I use accounted for 85.20% of all producer skim milk (priced to handlers at $11.29 per hundredweight, plus the Class I differential and 47.34% of producer butterfat (priced to handlers at $1.8388 per pound plus Class I differential). Class II use accounted for 6.95% of all producer skim milk ($8.52 per hundredweight) and 32.75% of producer butterfat ($1.7800 per pound). Class III use accounted for 1.25% of all producer skim milk ($9.64 per hundredweight) and 5.81% of producer butterfat ($1.7730 per pound). Class IV use accounted for 6.60% of all producer skim milk ($6.26 per hundredweight) and 14.10% of producer butterfat ($1.7730 per pound).

Receipts of producer milk during November 2008 totaled 250.7 million pounds, 1.0 million pounds more than was pooled in November of last year. Florida producers supplied 144.5 million pounds of milk in October 2008 or 56.93% of the total producer milk pooled in Florida. In October 2007, Florida producers supplied 52.58% of producer milk pooled on the Florida market.

There were 12 regulated pool distributing plants and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2008. In-area Class I route disposition totaled 228.1 million pounds in October 2008, 17.6 million less than October 2007 and a decrease of 7.04 percent after adjusting for calendar composition.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
October 2008		
Whole Milk	78,829,293	34.55%
Fat Free Milk	30,688,030	13.45%
Lowfat Milk (incl. 1%)	28,183,109	12.35%
Reduced Fat Milk (incl. 2%)	66,589,822	29.19%
Cultured Fluid Milk (incl. Buttermilk)	881,862	0.39%
Flavored Drinks and Milk	22,970,367	10.07%
Total Disposition in Marketing Area	228,142,483	100.00%
Total Disposition by Pool Plants	201,477,539	88.30%
Total Disposition by Nonpool Plants	26,694,944	11.70%
Total Disposition in Marketing Area	228,142,483	100.00%

Farm Sector Financial Performance Remains Strong

"Although there is considerable uncertainty regarding macroeconomic events, commodity prices, and input costs going into 2009, farm sector financial performance remains strong despite volatile financial and commodity markets."

-***Agricultural Income and Finance Outlook***

December 2008

"The story for the farm sector in 2008 has two main themes: a large increase in the value of crop production but rising costs of production as well. The value of crop production, at $181 billion, is forecast to exceed its previous record (set in 2007) by $30 billion, a 20-percent increase. Prices of major crops (corn, soybeans, wheat) were trending upward in late 2007 and continued doing so in the first part of 2008 during the marketing of the remainder of the 2007 harvest. These prices have declined in recent months as the 2008 harvests have occurred but are still high by historical standards. Consequently, with large harvests to sell at high prices, 2008 has proven to be another good year for the U.S. farm economy as a whole, driven by strong demand for feed crops, oilseeds, and food grains.

Nonetheless, the farm production sector still faces vulnerabilities as it enters 2009. These include: 1) the relative importance of input price rises in affecting farm operator profit margins, 2) farmland value volatility, 3) the overall debt structure and solvency of farm businesses, 4) access of farm households to credit and 5) off-farm income during a national recession."

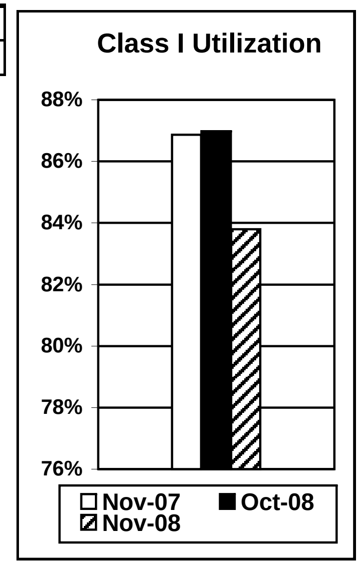
Source: Agricultural Income and Finance Outlook / AIS-86 / December 2008, Economic Research Service/USDA

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
Sep **2007**	$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	$1.3080	$18.46	$12.93	$1.3010	$17.03	$ 10.48	$1.3010	$14.67	$ 18.51	$1.3523	$22.60
Mar	$16.54	$1.3538	$20.70	$11.24	$1.3674	$15.63	$13.72	$1.3604	$18.00	$ 9.75	$1.3604	$14.17	$ 15.71	$1.3601	$19.92
Apr	$18.39	$1.3883	$22.61	$10.47	$1.4818	$15.29	$12.02	$1.4748	$16.76	$ 9.74	$1.4748	$14.56	$ 17.06	$1.4380	$21.50
May	$17.30	$1.5203	$22.02	$10.40	$1.5632	$15.51	$13.20	$1.5562	$18.18	$ 10.17	$1.5562	$15.26	$ 16.56	$1.5423	$21.38
June	$18.57	$1.6165	$23.58	$10.89	$1.6230	$16.19	$15.12	$1.6160	$20.25	$ 10.64	$1.6160	$15.92	$ 17.30	$1.6194	$22.36
July	$21.10	$1.6626	$26.18	$11.31	$1.6844	$16.81	$12.82	$1.6774	$18.24	$ 11.12	$1.6774	$16.60	$ 19.72	$1.6733	$24.89
Aug	$18.45	$1.7344	$23.87	$11.74	$1.7483	$17.45	$11.63	$1.7413	$17.32	$ 10.93	$1.7413	$16.64	$ 17.53	$1.7413	$23.01
Sep	$17.38	$1.7951	$23.05	$11.59	$1.8266	$17.58	$10.27	$1.8196	$16.28	$ 9.41	$1.8196	$15.45	$ 16.63	$1.8112	$22.39
Oct	$15.16	$1.7991	$20.93	$10.46	$1.8577	$16.60	$10.97	$1.8507	$17.06	$ 7.40	$1.8507	$13.62	$ 14.53	$1.8291	$20.42
Nov	$16.69	$1.8928	$22.73	$8.52	$1.7800	$14.45	$9.64	$1.7730	$15.51	$ 6.26	$1.7730	$12.25	$ 15.37	$1.8328	$21.25
Dec	$14.89	$1.8465	$20.83	$6.88											

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.	%
Sep **2007**	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	360	234,011	82.61%	23,387	8.26%	9,449	3.34%	16,386	5.79%
Feb	265,597	339	220,598	83.06%	20,508	7.72%	11,338	4.27%	13,153	4.95%
Mar	283,037	336	232,993	82.32%	22,223	7.85%	9,101	3.22%	18,720	6.61%
Apr	269,523	311	218,677	81.14%	22,625	8.39%	8,872	3.29%	19,348	7.18%
May	269,726	300	227,246	84.25%	19,153	7.10%	13,231	4.91%	10,096	3.74%
June	260,187	340	196,600	75.56%	18,866	7.25%	24,271	9.33%	20,450	7.86%
July	244,389	352	204,161	83.54%	20,312	8.31%	10,384	4.25%	9,531	3.90%
Aug	248,673	419	211,134	84.90%	22,179	8.92%	662	0.27%	14,698	5.91%
Sep	236,579	408	205,230	86.75%	20,137	8.51%	572	0.24%	10,640	4.50%
Oct	253,787	427	220,737	86.98%	20,057	7.90%	836	0.33%	12,156	4.79%
Nov	250,742	400**	210,122	83.80%	19,828	7.91%	3,556	1.42%	17,237	6.87%



** 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
December 2008 through February 2009

	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
DEC 2008	01/11/09	01/12/09	01/13/09	12/19/08	12/22/08	01/05/09	01/05/09	01/13/09	01/14/08
JAN 2009	02/11/09	02/12/09	02/13/09	01/20/09	01/20/09	02/04/09	02/05/09	02/13/09	02/17/09
FEB 2009	03/11/09	03/12/09	03/13/09	02/19/09	02/20/09	03/04/09	03/05/09	03/13/09	03/16/09

**The base rate for making partial payments in Hillsborough Co., FL for December will be $19.13 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and $18.06 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-465 December 11, 2008

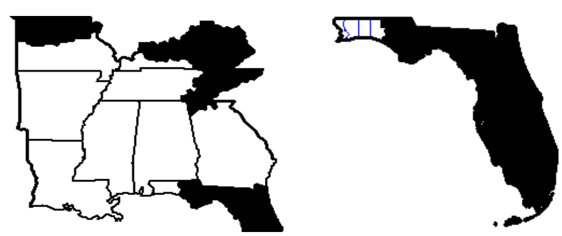
Milk production forecasts for 2008 and 2009 are reduced slightly from last month. The cow number forecasts are unchanged. Forecast milk per cow for both years is reduced reflecting the continued slow rate of growth in output per cow. Commercial export forecasts for 2008 are raised as export data points towards stronger-than-expected sales, especially on a fat basis. However, the forecasts for 2009 are unchanged as weaker international demand is expected to limit exports. Fat basis imports for 2008 are reduced due to weaker demand but skim-solids imports are adjusted to reflect higher-than-expected third-quarter imports. Weakness in demand for fat basis imports is expected to carry into 2009, thus the fat basis import forecast for 2009 is lowered. Sales of nonfat dry milk (NDM) to the CCC are forecast for higher 2008 and 2009.

Class III and Class IV prices for 2008 and 2009 are reduced from last month as most product price forecasts are lowered. Demand both domestically and in international markets will likely be affected by economic weakness. Although relative product values may encourage milk to shift to cheese production, butter and NDM prices will be pressured by relatively weak demand for much of the year. Cheese prices are forecast weaker as domestic demand lags in a weak economy. Although the whey price is unchanged from last month, weaker cheese prices will push the Class III price lower while lower butter and NDM prices will result in a reduced Class IV price. The 2008 all milk price forecast is unchanged this month, averaging $18.30 to $18.40 per cwt, but the 2009 forecast is lowered to $14.95 to $15.75 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.

USDA

MILK MARKET ADMINISTRATOR
U.S. Department Of Agriculture
1550 North Brown Road, Suite 120
Lawrenceville, Georgia 30043



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