

# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

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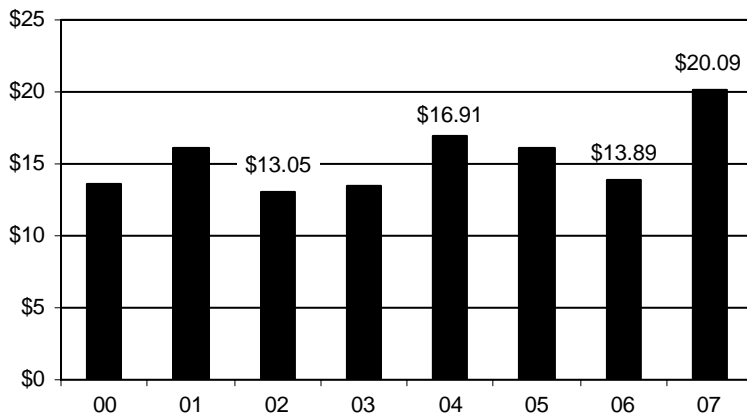
ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## 2007: A Year of Historic Prices

Due to contracted milk production in the first half of the year and strong demand for milk products, especially abroad, producer milk prices soared to historic heights in 2007. The weighted average Southeast Order uniform price was \$20.09 per hundredweight last year, \$3.18 over the previous high in 2004 and \$6.20 more than 2006 (see chart below). While uniform prices were briefly above \$20 in 2004, within three months they had plummeted to \$16. But during 2007, there was no precipitous decline.

The uniform price rose to \$20.76 in June and remained above that plateau through December, including five consecutive months of uniform prices in excess of \$23. The record high uniform price was set in August at \$23.87, over \$3.50 and 18% more than the prior record set in May 2004. The USDA projects 2008 prices to decline gradually and average 85-cents below last year.

### Wtd. Avg. Southeast Order Uniform Prices; 2000-07



## 34th Annual Southern Dairy Conference

The 34th Annual Southern Dairy Conference will be held on January 30 and 31, 2008 at the Westin Atlanta Airport hotel, 4736 Best Road, Atlanta, Georgia, 30337; 1-888-627-7211. Obtain the agenda and register for the conference at the following website: [www.areg.caes.uga.edu/](http://www.areg.caes.uga.edu/).

## Uniform Price Down \$1.02

The uniform price in Fulton County, GA, was \$22.44 per hundredweight of milk at 3.5 percent butterfat for the month of December. The uniform price is \$1.02 less than the previous month but is \$7.63 higher than December 2006.

Class I utilization was 66.17 percent in December, a decrease of 4.16 percent compared with the previous month and 0.64 percent higher than December of last year.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in November was 14.99 billion pounds, an increase of 3.2 percent from November 2006 and an increase of 0.7 percent when compared with October 2007 on a daily average basis. Total cheese output (excluding cottage cheese) was 808 million pounds, 1.2 percent above November 2006 but 1.9 percent below October 2007. Butter production was 132 million pounds, 11.7 percent above November 2006 and 2.1 percent above October 2007.

Nonfat dry milk powder production was 98.4 million pounds in November, 27.9 percent higher than November 2006 and 0.5 percent lower than October 2007. Dry whey production was 93.6 million pounds in November, a 9.0 percent decrease from November of last year and a 5.4 percent increase compared with October 2007.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.82 in December. This is a decline of 0.24 points from November 2007's ratio.

## Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for December 2007 was \$1,567,197.40. Preliminary claims were made for \$1,078,540.67. Since sufficient funds were available, all eligible preliminary claims were paid in full.

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

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.98%	8,583,536	\$1.4120	\$ 12,119,952.81
Class I Differential at Location				256,410.54
Class II Butterfat	20.20%	4,564,011	\$1.4418	6,580,391.05
Class III Butterfat	20.36%	4,601,468	\$1.4348	6,602,186.29
Class IV Butterfat	21.46%	4,849,515	\$1.4348	6,958,084.13
<b>Total Butterfat</b>	<b>100.00%</b>	<b>22,598,530</b>		<b>\$ 32,517,024.82</b>

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.4389**

### 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	67.30%	384,265,053	\$15.65 /cwt.	\$ 60,137,480.80
Class I Butterfat	37.98%	8,583,536	\$1.4120 /lb.	12,119,952.81
Class I Differential at Location		392,848,589		11,708,383.11
<b>Total Class I Milk</b>	<b>66.17%</b>	<b>392,848,589</b>		<b>\$ 83,965,816.72</b>
Class II Skim Milk	9.71%	55,426,160	\$16.35 /cwt.	\$ 9,062,177.14
Class II Butterfat	20.20%	4,564,011	\$1.4418 /lb.	6,580,391.05
<b>Total Class II Milk</b>	<b>10.11%</b>	<b>59,990,171</b>		<b>\$ 15,642,568.19</b>
Class III Skim Milk	16.31%	93,135,526	\$16.14 /cwt.	\$ 15,032,073.89
Class III Butterfat	20.36%	4,601,468	\$1.4348 /lb.	6,602,186.29
<b>Total Class III Milk</b>	<b>16.47%</b>	<b>97,736,994</b>		<b>\$ 21,634,260.18</b>
Class IV Skim Milk	6.68%	38,164,431	\$14.67 /cwt.	\$ 5,598,722.04
Class IV Butterfat	21.46%	4,849,515	\$1.4348 /lb.	6,958,084.13
<b>Total Class IV Milk</b>	<b>7.25%</b>	<b>43,013,946</b>		<b>\$ 12,556,806.17</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>593,589,700</b>		<b>\$ 133,799,451.26</b>

### Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	\$11,444.30
Producer butterfat at uniform butterfat price	(\$32,517,024.82)
Location Adjustments to Producers	\$1,672,182.26
1/2 Unobligated Balance in P.S.F	\$260,914.77

### Adjusted Pool Value

Reserve for Producer Settlement Func	\$ 18.07856	\$103,226,967.77
	<b>\$ 0.04856</b>	\$277,259.84

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

**\$18.03**

### Uniform Price per cwt. (Fulton County, Georgia)

**\$22.44\***

\* 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 %
	DEC 2007	JAN 2008	NOV 2007	DEC 2007	DEC 2007
Appalachian (Charlotte)	\$ 23.14	\$ 24.07	\$ 23.75	\$ 22.37	68.22%
Arizona (Phoenix)	\$ 22.39	\$ 23.32	\$ 21.49	n/a	n/a
Central (Kansas City)	\$ 22.04	\$ 22.97	\$ 20.79	\$ 20.36	40.63%
Florida (Tampa)	\$ 24.04	\$ 24.97	\$ 24.89	\$ 23.44	82.22%
Mideast (Cleveland)	\$ 22.04	\$ 22.97	\$ 21.08	\$ 20.64	40.40%
Northeast (Boston)	\$ 23.29	\$ 24.22	\$ 23.31	n/a	n/a
Pacific Northwest (Seattle)	\$ 21.94	\$ 22.87	\$ 20.82	n/a	n/a
<b>Southeast (Atlanta)</b>	<b>\$ 23.14</b>	<b>\$ 24.07</b>	<b>\$ 23.46</b>	<b>\$ 22.44</b>	<b>66.17%</b>
Southwest (Dallas)	\$ 23.04	\$ 23.97	\$ 21.58	\$ 21.01	54.15%
Upper Midwest (Chicago)	\$ 21.84	\$ 22.77	\$ 19.86	\$ 20.65	15.60%

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

<b>Receipts:</b>	<b>December 2007</b>	<b>December 2006</b>
<b>Producer Milk</b>		
Class I	392,848,589	399,893,721
Class II	59,990,171	62,608,639
Class III	97,736,994	91,924,934
Class IV	43,013,946	55,836,418
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Total Producer Milk	<b>593,589,700</b>	<b>610,263,712</b>
Average Butterfat Test	3.81%	3.80%
Percent of Producer Milk in Class I	66.17%	65.53%
Daily Average Receipts	19,148,055	19,685,926
<b>Other Source Milk</b>		
Class I	9,289,642	9,531,078
Class II	10,514,307	11,324,474
Class III	2,307,459	2,063,576
Class IV	13,355,149	12,296,882
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Total Other Source Milk	<b>35,466,557</b>	<b>35,216,010</b>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	18,598
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Total Overage	<b>0</b>	<b>18,598</b>
<b>Opening Inventory</b>		
Class I	38,284,809	35,559,670
Class II	730,746	901,410
Class III	164,055	166,247
Class IV	11,048,730	19,038,960
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Total Opening Inventory	<b>50,228,340</b>	<b>55,666,287</b>
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<b>Total Receipts</b>	<b>679,284,597</b>	<b>701,164,607</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	30,947,741	30,759,877
Route Disposition Class I	398,922,173	405,321,655
Shrinkage	4,238,961	4,482,640
Transfers & Diversions to Nonpool	6,314,165	4,420,297
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Total Class I Utilization	<b>440,423,040</b>	<b>444,984,469</b>
Average Butterfat Test	2.18%	2.24%
Daily Average Utilization	14,207,195	14,354,338
<b>Class II Utilization</b>		
Nonfluid Used To Produce	1,357,877	1,325,764
Shrinkage	112,329	4,915
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	40,265,741	40,957,671
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Total Class II Utilization	<b>71,235,224</b>	<b>74,834,523</b>
Average Butterfat Test	8.16%	7.85%
<b>Class III Utilization</b>		
Shrinkage	0	0
Transfers & Diversions to Nonpool	100,208,508	94,154,757
Used To Produce/Other Uses	0	0
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Total Class III Utilization	<b>100,208,508</b>	<b>94,154,757</b>
Average Butterfat Test	4.68%	4.33%
<b>Class IV Utilization</b>		
Inventory	19,130,273	25,484,684
Nonfluid Used To Fortify	2,558,015	2,676,004
Shrinkage	7,124,692	7,918,365
Transfers & Diversions to Nonpool	33,083,229	39,424,021
Used To Produce/Other Uses	5,521,616	11,687,784
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Total Class IV Utilization	<b>67,417,825</b>	<b>87,190,858</b>
Average Butterfat Test	9.32%	8.22%
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<b>Total Utilization</b>	<b>679,284,597</b>	<b>701,164,607</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2007 is \$22.44 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$18.03 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4389 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

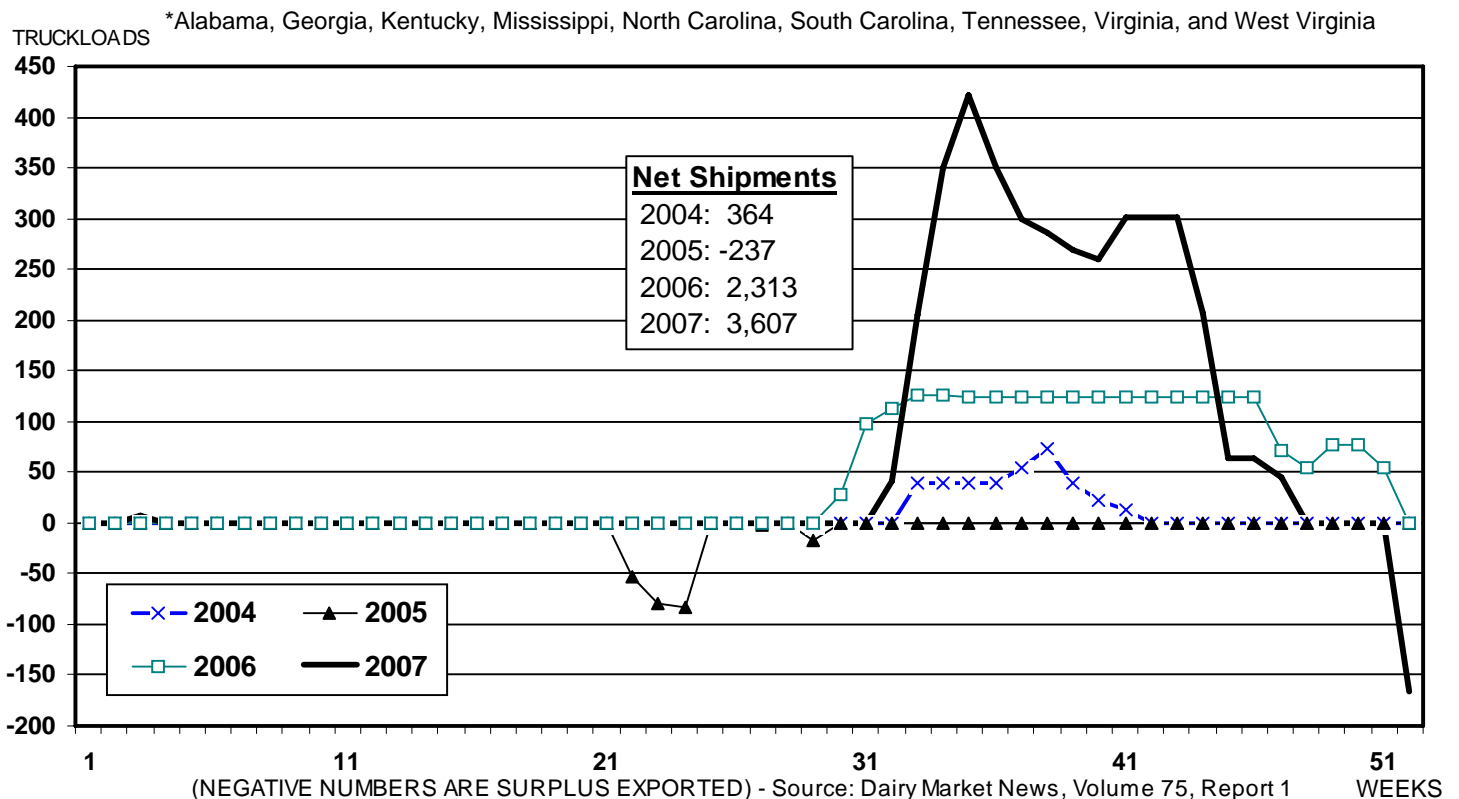
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In December, Class I use, which is primarily bottled or packaged fluid milk, accounted for 67.30% of all producer skim milk (priced to handlers at \$15.65 per hundredweight, plus the Class I differential, see page 2) and 37.98% of producer butterfat (priced to handlers at \$1.4120 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.71% of all producer skim milk (\$16.35 per hundredweight) and 20.20% of producer butterfat (\$1.4418 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.31% of all producer skim milk (\$16.14 per hundredweight) and 20.36% of producer butterfat (\$1.4348 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.68% of all producer skim milk (\$14.67 per hundredweight) and 21.46% of producer butterfat (\$1.4348 per pound).

Receipts of producer milk during December 2007 totaled 593.6 million pounds. There were 28 regulated pool distributing plants, 2 pool supply plants and 11 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2007. Class I route disposition in the area totaled 437.2 million pounds in November 2007.

### Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<b>November 2007</b>		
Whole Milk	143,602,118	32.84%
Fat Free Milk	49,917,062	11.42%
Lowfat Milk (incl. 1%)	33,107,821	7.57%
Reduced Fat Milk (incl. 2%)	151,312,575	34.61%
Cultured Fluid Milk (incl. Buttermilk)	10,890,492	2.49%
Flavored Drinks and Milk	48,417,267	11.07%
<b>Total Disposition in Marketing Area</b>	<b>437,247,335</b>	<b>100.00%</b>
Total Disposition by Pool Plants	353,260,640	80.79%
Total Disposition by Nonpool Plants	83,986,695	19.21%
<b>Total Disposition in Marketing Area</b>	<b>437,247,335</b>	<b>100.00%</b>

## Weekly Southeast\* Spot Milk Shipments; 2004-2007

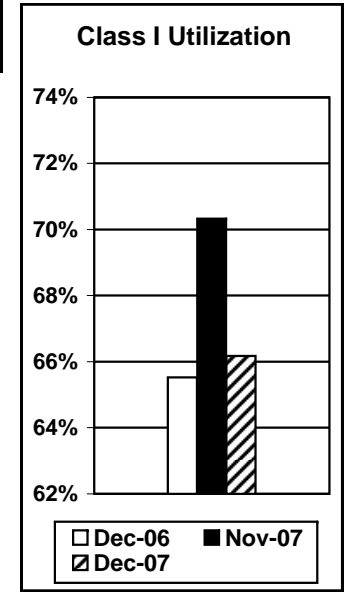


**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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
Sep 2006	\$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	\$1.4162	\$21.90	\$14.27	\$1.4092	\$18.70	\$ 16.97	\$1.4092	\$21.31	\$ 18.89	\$1.4674	\$23.36
Nov	\$20.14	\$1.4628	\$24.55	\$17.74	\$1.4147	\$22.07	\$14.81	\$1.4077	\$19.22	\$ 16.03	\$1.4077	\$20.40	\$ 19.12	\$1.4310	\$23.46
Dec	\$18.75	\$1.4430	\$23.14	\$16.35	\$1.4418	\$20.82	\$16.14	\$1.4348	\$20.60	\$ 14.67	\$1.4348	\$19.18	\$ 18.03	\$1.4389	\$22.44
Jan 2008	\$19.63	\$1.4643	\$24.07	\$15.61											

**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.	%
Sep 2006	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	3,075	378,231	67.75%	53,134	9.52%	93,114	16.68%	33,792	6.05%
Oct	584,122	3,000	412,258	70.58%	58,111	9.95%	99,545	17.04%	14,208	2.43%
Nov	582,419	3,097	409,617	70.33%	48,795	8.38%	105,214	18.06%	18,794	3.23%
Dec	593,590	3,050**	392,849	66.17%	59,990	10.11%	97,737	16.47%	43,014	7.25%



\* 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

January through March 2008

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
Jan 2008	02/11/08	02/12/08	02/13/08	01/25/08	01/28/08	02/13/08	02/14/08
Feb 2008	03/11/08	03/12/08	03/13/08	02/25/08	02/26/08	03/13/08	03/14/08
Mar 2008	04/11/08	04/14/08	04/15/08	03/25/08	03/26/08	04/15/08	04/16/08

\*\* The base rate for making partial payments in Fulton County, GA for January will be \$20.20 per hundredweight. This is 90 percent of the preceding month's uniform price of \$22.44 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 – 454 January, 2008

Forecasts for 2008 milk production are lowered as higher forecast feed prices are expected to limit growth in cow numbers and gains in milk per cow. The milk production forecast for 2007 is increased slightly as milk per cow in the fourth quarter continues to recover from weakness earlier in the year. Ending stocks for 2007 on a fat basis are unchanged from last month, but skim solids stocks are raised because nonfat dry milk (NDM) stocks have remained higher than expected.

For 2008, the Class III price forecast is unchanged from last month. Cheese prices are forecast fractionally higher as demand for cheese is expected to be firm. The Class IV price for 2008 is forecast lower. The price forecasts for butter and NDM are reduced as inventories of those products are large. The all milk price forecast for 2008 is lowered slightly to \$17.90 to \$18.70 per cwt. The 2007 all milk price is estimated at \$19.15.

*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).*

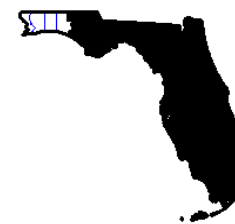
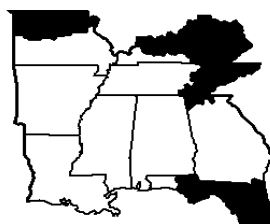


### MILK MARKET ADMINISTRATOR

U.S. Department Of Agriculture

P.O. Box 491778

Lawrenceville, Georgia 30049



**[www.fmmatlanta.com](http://www.fmmatlanta.com)**

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