

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

March 2008

Volume 9—No. 3

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

USDA Issues Interim Order for Appalachian, Florida and Southeast

The U. S. Department of Agriculture (USDA) has issued an interim order that temporarily adjusts the Class I pricing surface of the Appalachian, Southeast and Florida Federal milk marketing orders. The interim order was issued after producer approval was obtained for each of the three marketing areas. In addition, this order amends certain features of the touch-base, diversion limit standards and transportation credit provisions for the Appalachian and Southeast Federal milk marketing orders. Other proposals concerning administrative assessments were handled on a non-emergency basis and were addressed in a separate recommended decision (see below).

The interim order will be published in the March 17, 2008 Federal Register (available online at www.fmmatlanta.com under 'What's New'). The amendments to the Class 1 pricing adjustments will become effective on May 1, 2008. All other amendments will be effective for March deliveries.

Public comments and exceptions to the tentative final decision, which was published February 25, 2008, are due on or before April 29, 2008. USDA will consider the comments and exceptions and issue a final decision.

Recommended Decision Issued

The USDA has issued a recommended decision that would raise the maximum administrative assessment rate allowable from the current 5 cents per hundredweight to 8 cents per hundredweight on all pooled milk for the Appalachian, Southeast and Florida Federal milk marketing orders. This allows market administrators to raise rates, if necessary, to maintain the required fund reserves. Please file comments to this decision by April 29, 2008, using the Federal eRulemaking portal at www.regulations.gov.

Uniform Price Tumbles

The uniform price in Fulton County, GA, was \$20.90 per hundredweight of milk at 3.5 percent butterfat for the month of February. The uniform price is \$1.56 lower than the previous month but is \$5.22 higher than February 2007.

Class I utilization was 64.22 percent in February, a decrease of 2.34 percent compared with the previous month and 5.58 percent higher than February of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in January was 15.90 billion pounds, an increase of 1.9 percent from January 2007 and an increase of 1.7 percent when compared with December 2007. Total cheese output was 810 million pounds, 1.9 percent below January 2007 and 4.0 percent below December 2007. Butter production was 170 million pounds, 12.7 percent above January 2007 and 20.9 percent above December 2007.

Nonfat dry milk powder production was 119.0 million pounds in January, 9.7 percent higher than January 2007 and 9.2 percent higher than December 2007. Dry whey production was 91.6 million pounds in January, a 4.8 percent decrease from January of last year and a 5.2 percent decrease compared with December 2007.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 2.36 in February. This is a decline of 0.30 points from January's revised ratio.

2007 Annual Milk Production Up 2.1 Percent

The annual production of milk for the U.S. during 2007 was 186 billion pounds, 2.1 percent above 2006. Production per cow in the U.S. averaged 20,267 pounds for 2007, 316 pounds above 2006. The average number of milk cows on farms in the U.S. during 2007 was 9.16 million head, up 0.5 percent from 2006.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2008

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.68%	7,887,241	\$1.3660	\$ 10,773,971.20
Class I Differential at Location				234,371.34
Class II Butterfat	23.61%	5,369,823	\$1.3080	7,023,728.47
Class III Butterfat	18.39%	4,182,273	\$1.3010	5,441,137.16
Class IV Butterfat	23.32%	5,303,583	\$1.3010	6,899,961.49
Total Butterfat	100.00%	22,742,920		\$ 30,373,169.66

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.3355

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	65.38%	381,388,303	\$15.44 /cwt.	\$ 58,886,354.00
Class I Butterfat	34.68%	7,887,241	\$1.3660 /lb.	10,773,971.20
Class I Differential at Location		389,275,544		11,608,809.42
Total Class I Milk	64.22%	389,275,544		\$ 81,269,134.62
Class II Skim Milk	10.95%	63,889,565	\$14.39 /cwt.	\$ 9,193,708.42
Class II Butterfat	23.61%	5,369,823	\$1.3080 /lb.	7,023,728.47
Total Class II Milk	11.43%	69,259,388		\$ 16,217,436.89
Class III Skim Milk	15.50%	90,402,084	\$12.93 /cwt.	\$ 11,688,989.46
Class III Butterfat	18.39%	4,182,273	\$1.3010 /lb.	5,441,137.16
Total Class III Milk	15.61%	94,584,357		\$ 17,130,126.62
Class IV Skim Milk	8.17%	47,688,459	\$10.48 /cwt.	\$ 4,997,750.50
Class IV Butterfat	23.32%	5,303,583	\$1.3010 /lb.	6,899,961.49
Total Class IV Milk	8.74%	52,992,042		\$ 11,897,711.99
Producer Milk	100.00%	606,111,331		\$ 126,514,410.12

Adjustments

Overage and Other Source	\$13,152.56
Inventory Adjustments	\$113,713.45
Producer butterfat at uniform butterfat price	(\$30,373,169.66)
Location Adjustments to Producers	\$1,701,531.77
1/2 Unobligated Balance in P.S.F.	\$335,352.52
Adjusted Pool Value	\$ 16.85127
Reserve for Producer Settlement Fund	\$ 0.04127
	\$98,304,990.76
	\$240,760.87

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

\$16.81

Uniform Price per cwt. (Fulton County, Georgia)

\$20.90*

* 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 %
	FEB 2008	MAR 2008	JAN 2008	FEB 2008	FEB 2008
Appalachian (Charlotte)	\$ 22.78	\$ 19.80	\$ 22.60	\$ 21.23	72.26%
Arizona (Phoenix)	\$ 22.03	\$ 19.05	\$ 19.72	\$ 18.00	33.74%
Central (Kansas City)	\$ 21.68	\$ 18.70	\$ 19.71	\$ 18.11	33.14%
Florida (Tampa)	\$ 23.68	\$ 20.70	\$ 23.80	\$ 22.60	83.06%
Mideast (Cleveland)	\$ 21.68	\$ 18.70	\$ 20.25	\$ 18.65	39.00%
Northeast (Boston)	\$ 22.93	\$ 19.95	\$ 21.11	\$ 19.54	42.50%
Pacific Northwest (Seattle)	\$ 21.58	\$ 18.60	\$ 19.39	\$ 17.47	29.94%
Southeast (Atlanta)	\$ 22.78	\$ 19.80	\$ 22.46	\$ 20.90	64.22%
Southwest (Dallas)	\$ 22.68	\$ 19.70	\$ 20.70	\$ 19.28	45.08%
Upper Midwest (Chicago)	\$ 21.48	\$ 18.50	\$ 19.70	\$ 17.63	15.10%

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

Receipts:	February 2008	February 2007
Producer Milk		
Class I	389,275,544	381,200,890
Class II	69,259,388	67,360,371
Class III	94,584,357	156,906,158
Class IV	52,992,042	44,659,906
Total Producer Milk	<u>606,111,331</u>	<u>650,127,325</u>
Average Butterfat Test	3.75%	3.78%
Percent of Producer Milk in Class I	64.22%	58.64%
Daily Average Receipts	20,900,391	23,218,833
Other Source Milk		
Class I	7,529,376	8,888,039
Class II	12,723,612	14,970,620
Class III	2,394,416	2,124,876
Class IV	8,297,361	6,431,052
Total Other Source Milk	<u>30,944,765</u>	<u>32,414,587</u>
Overage		
Class I	1,778	1,942
Class II	0	0
Class III	0	18,327
Class IV	24,907	2,738
Total Overage	<u>26,685</u>	<u>23,007</u>
Opening Inventory		
Class I	37,488,681	34,646,377
Class II	2,806,369	1,376,589
Class III	79,084	58,369
Class IV	14,019,312	22,433,406
Total Opening Inventory	<u>54,393,446</u>	<u>58,514,741</u>
Total Receipts	691,476,227	741,079,660
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	34,862,583	35,046,958
Route Disposition Class I	388,573,939	380,903,896
Shrinkage	3,112,969	2,925,028
Transfers & Diversions to Nonpool	7,745,888	5,861,367
Total Class I Utilization	<u>434,295,379</u>	<u>424,737,249</u>
Average Butterfat Test	2.02%	2.06%
Daily Average Utilization	14,975,703	15,169,187
Class II Utilization		
Nonfluid Used To Produce	2,243,937	1,855,470
Shrinkage	3,378	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	50,739,267	44,731,764
Total Class II Utilization	<u>31,802,787</u>	<u>37,120,345</u>
Average Butterfat Test	7.97%	7.78%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	97,057,857	159,107,730
Total Class III Utilization	<u>97,057,857</u>	<u>159,107,730</u>
Average Butterfat Test	4.41%	3.95%
Class IV Utilization		
Inventory	14,020,385	25,467,938
Nonfluid Used To Fortify	1,193,563	1,425,585
Shrinkage	7,012,270	7,419,739
Transfers & Diversions to Nonpool Used To Produce/Other Uses	48,462,247	35,033,644
Total Class IV Utilization	<u>4,645,157</u>	<u>73,527,102</u>
Average Butterfat Test	8.61%	8.97%
Total Utilization	691,476,227	741,079,660

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2008 is \$20.90 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$16.81 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3355 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 February, Class I use, which is primarily bottled or packaged fluid milk, accounted for 65.38% of all producer skim milk (priced to handlers at \$15.44 per hundredweight, plus the Class I differential, see page 2) and 34.68% of producer butterfat (priced to handlers at \$1.3660 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.95% of all producer skim milk (\$14.39 per hundredweight) and 23.61% of producer butterfat (\$1.3080 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.50% of all producer skim milk (\$12.93 per hundredweight) and 18.39% of producer butterfat (\$1.3010 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.17% of all producer skim milk (\$10.48 per hundredweight) and 23.32% of producer butterfat (\$1.3010 per pound).

Receipts of producer milk during February 2008 totaled 606.1 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 February 2008. Class I route disposition in the area totaled 443.7 million pounds in January 2008.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
January 2008		
Whole Milk	144,995,011	32.68%
Fat Free Milk	51,961,072	11.71%
Lowfat Milk (incl. 1%)	34,668,667	7.81%
Reduced Fat Milk (incl. 2%)	157,007,940	35.38%
Cultured Fluid Milk (incl. Buttermilk)	9,234,424	2.08%
Flavored Drinks and Milk	45,870,450	10.34%
Total Disposition in Marketing Area	443,737,564	100.00%
Total Disposition by Pool Plants	366,457,299	82.58%
Total Disposition by Nonpool Plants	77,280,265	17.42%
Total Disposition in Marketing Area	443,737,564	100.00%

Measures of Growth in Federal Milk Order Markets, Selected Years, 1947-2007

	Number of Markets	Number of Handlers	Number of Producers	Receipts of Producer Milk	Producer Milk Used in Class I	% Class I	Uniform Prices	Gross Value of Receipts
1947	29	991	135,830	14,980	9,808	65.5	4.34	682,407
1950	39	1,101	156,584	18,660	11,000	58.9	3.93	769,442
1955	63	1,483	188,611	28,948	18,032	62.3	4.08	1,227,815
1960	80	2,259	189,816	44,812	28,758	64.2	4.47	1,989,615
1965	73	1,891	158,077	54,444	34,561	63.5	4.31	2,418,526
1970	62	1,588	143,411	65,104	40,063	61.5	5.95	3,963,311
1975	56	1,315	123,855	69,249	40,106	57.9	8.64	6,097,768
1980	47	1,091	117,490	83,998	41,034	48.9	12.86	11,007,001
1985	44	884	116,765	97,762	42,201	43.2	12.61	12,595,522
1990	42	753	100,397	102,396	43,783	42.8	13.78	14,289,567
1995	33	571	88,717	108,548	45,004	41.5	12.79	13,995,454
2000	11	346	69,590	116,920	45,989	39.3	12.11	14,468,892
2005	10	302	53,036	114,682	44,570	38.9	15.07	17,747,577
2006	10	314	52,725	120,618	45,304	37.6	12.86	15,998,288
2007	10	312	49,782	114,407	45,226	39.5	19.19	22,507,219

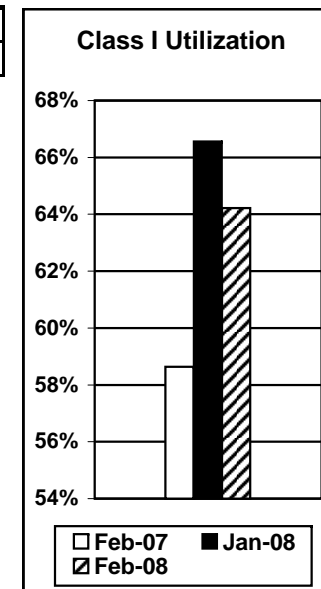
Source: Dairy Market News, Vol. 75, Report 11; pg. 12

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
Nov 2006	\$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	\$1.3389	\$19.75	\$15.19	\$1.3319	\$19.32	\$ 12.05	\$1.3319	\$16.29	\$ 18.26	\$1.3813	\$22.46
Feb	\$18.54	\$1.3970	\$22.78	\$14.39	\$1.3080	\$18.46	\$12.93	\$1.3010	\$17.03	\$ 10.48	\$1.3010	\$14.67	\$ 16.81	\$1.3355	\$20.90
Mar	\$15.64	\$1.3448	\$19.80	\$11.24											

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.	%
Nov 2006	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	3,143	392,849	66.17%	59,990	10.11%	97,737	16.47%	43,014	7.25%
Jan 2008	642,148	3,068	427,443	66.56%	54,698	8.52%	109,863	17.11%	50,144	7.81%
Feb	606,111	3,050**	389,276	64.22%	69,259	11.43%	94,584	15.61%	52,992	8.74%



* 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

March through May 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
March 2008	04/11/08	04/14/08	04/15/08	03/25/08	03/26/08	04/15/08	04/16/08
April 2008	05/11/08	05/12/08	05/13/08	04/25/08	04/28/08	05/13/08	05/14/08
May 2008	06/11/08	06/12/08	06/13/08	05/27/08	05/27/08	06/13/08	06/16/08

** The base rate for making partial payments in Fulton County, GA for March will be \$18.81 per hundredweight. This is 90 percent of the preceding month's uniform price of \$20.90 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 – 456 March 11, 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 in 2007 but high feed prices are likely to slow the rate of gain in milk per cow.

Both Class III and Class IV price forecasts for 2008 are adjusted from last month. The Class III price forecast is raised as cheese prices are forecast higher which more than offsets a lower forecast whey price. The Class IV price forecast is lowered from last month as lower forecast nonfat dry milk (NDM) prices more than offset a higher butter price forecast. Despite large stocks of butter, prices have remained relatively strong and are forecast higher for the year. However, NDM prices have declined during the first quarter and the 2008 price forecast is lowered from last month. The all milk price forecast for 2008 is raised to \$17.30 to \$17.90 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.

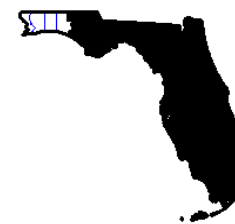
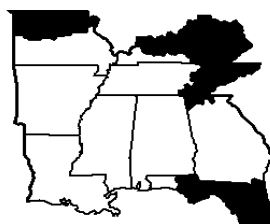


MILK MARKET ADMINISTRATOR

U.S. Department Of Agriculture

P.O. Box 491778

Lawrenceville, Georgia 30049



www.fmmatlanta.com

"The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer."