

Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

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

National Dairy Promotion and Research Board Membership Reapportioned

The U. S. Department of Agriculture (USDA) has announced a final rule that amends the Dairy Promotion and Research Order (Order). The amendment modifies the composition of the National Dairy Promotion and Research Board (Dairy Board) by changing the number of members in six of the 13 geographic regions.

The Dairy Board, which administers the Order, requested the amendment in order to better reflect the geographic distribution of milk production in the contiguous 48 States. It is required to review the composition of the Dairy Board to best reflect the geographic distribution of milk production at least every five years. The last review and modification occurred in (*continued on Page 4*)

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. The Fluid Milk Board's purpose is to develop and administer a coordinated program of advertising and education to promote fluid milk products. It's financed by a mandatory 20-cent per hundredweight assessment on fluid milk processors who package more than 3 million pounds of fluid milk products per month.

The USDA will accept nominations for board representation in five geographic regions, including Region 9 (Alabama, Kentucky, Louisiana, Mississippi, and Tennessee) and two at-large positions. The Secretary of Agriculture will appoint seven individuals from those nominated to serve 3-year terms from July 2009 through June 2012. The deadline for nominations is October 31. To obtain nomination forms or for more details, call (202) 720-6909 or visit www.ams.usda.gov/Dairy.

Uniform Price Decreases

The uniform price in Fulton County, GA, was \$20.63 per hundredweight of milk at 3.5 percent butterfat for the month of September. The uniform price is \$0.62 lower than the previous month and is \$3.14 less than September of last year.

Class I utilization was 74.55 percent in September, an increase of 2.46 percent compared with the previous month and an increase of 6.80 percent compared to September of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in August was 15.70 billion pounds, an increase of 1.1 percent from August 2007 and a decrease of 1.5 percent when compared with July 2008.

Total cheese output (excluding cottage cheese) was 821 million pounds, 3.0 percent above August 2007 and 1.0 percent above July 2008. Butter production was 116 million pounds, 4.4 percent above August 2007 and 1.4 percent above July 2008. Nonfat dry milk powder production was 117 million pounds in August, 14.0% percent higher than August 2007 and 14.0% percent lower than July 2008 on a daily average basis. Dry whey production was 87.6 million pounds in August, a 7.2 percent decrease from August of last year and a 2.7 percent decline from July 2008 on a daily average basis. The milk-feed price ratio was 1.82 in September, an increase of 0.01 points from last month's revised estimate.

Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for September 2008 were made for \$3,977,081.19. Since the available balance was \$1,163,765.19, eligible claims were paid at the rate of approximately \$0.29 on the dollar.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.01%	8,188,043	\$1.7411	\$ 14,256,201.65
Class I Differential at Location				271,881.85
Class II Butterfat	26.14%	5,094,013	\$1.8266	9,304,724.15
Class III Butterfat	15.22%	2,966,805	\$1.8196	5,398,398.34
Class IV Butterfat	16.63%	3,240,760	\$1.8196	5,896,886.90
Total Butterfat	100.00%	19,489,621		\$ 35,128,092.89

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.8024**

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	75.77%	391,828,836	\$11.98 /cwt.	\$ 46,941,094.54
Class I Butterfat	42.01%	8,188,043	\$1.7411 /lb.	14,256,201.65
Class I Differential at Location		400,016,879		13,365,232.96
Total Class I Milk	74.55%	400,016,879		\$ 74,562,529.15
Class II Skim Milk	9.20%	47,550,299	\$11.59 /cwt.	\$ 5,511,079.67
Class II Butterfat	26.14%	5,094,013	\$1.8266 /lb.	9,304,724.15
Total Class II Milk	9.81%	52,644,312		\$ 14,815,803.82
Class III Skim Milk	11.33%	58,573,105	\$10.27 /cwt.	\$ 6,015,457.91
Class III Butterfat	15.22%	2,966,805	\$1.8196 /lb.	5,398,398.34
Total Class III Milk	11.47%	61,539,910		\$ 11,413,856.25
Class IV Skim Milk	3.70%	19,156,057	\$9.41 /cwt.	\$ 1,802,584.97
Class IV Butterfat	16.63%	3,240,760	\$1.8196 /lb.	5,896,886.90
Total Class IV Milk	4.17%	22,396,817		\$ 7,699,471.87
Producer Milk	100.00%	536,597,918		\$ 108,491,661.09

Adjustments

Overage and Other Source	\$54,213.76
Inventory Adjustments	\$29,567.95
Producer butterfat at uniform butterfat price	(\$35,128,092.89)
Location Adjustments to Producers	\$3,290,998.49
1/2 Unobligated Balance in P.S.F.	\$230,679.78

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 14.88451	\$76,969,028.18
	\$ 0.04451	\$230,156.89

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

\$14.84

Uniform Price per cwt. (Fulton County, Georgia)

\$20.63*

* 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 %
	SEP 2008	OCT 2008	AUG 2008	SEP 2008	SEP 2008
Appalachian (Charlotte)	\$ 21.05	\$ 18.93	\$ 20.72	\$ 20.23	72.36%
Arizona (Phoenix)	\$ 21.40	\$ 19.28	\$ 18.50	\$ 17.66	38.07%
Central (Kansas City)	\$ 21.05	\$ 18.93	\$ 18.32	\$ 17.44	35.41%
Florida (Tampa)	\$ 23.05	\$ 20.93	\$ 23.01	\$ 22.39	86.75%
Midwest (Cleveland)	\$ 21.05	\$ 18.93	\$ 18.70	\$ 18.05	45.20%
Northeast (Boston)	\$ 22.30	\$ 20.18	\$ 19.50	\$ 18.90	46.50%
Pacific Northwest (Seattle)	\$ 20.95	\$ 18.83	\$ 18.03	\$ 17.07	30.10%
Southeast (Atlanta)	\$ 21.45	\$ 19.33	\$ 21.25	\$ 20.63	74.55%
Southwest (Dallas)	\$ 22.05	\$ 19.93	\$ 19.32	\$ 18.46	39.79%
Upper Midwest (Chicago)	\$ 20.85	\$ 18.73	\$ 17.81	\$ 16.85	14.90%

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

Receipts:	September 2008	September 2007
Producer Milk		
Class I	400,016,879	378,230,837
Class II	52,644,312	53,133,960
Class III	61,539,910	93,114,177
Class IV	22,396,817	33,792,065
Total Producer Milk	<u>536,597,918</u>	<u>558,271,039</u>
Average Butterfat Test	3.63%	3.62%
Percent of Producer Milk in Class I	74.55%	67.75%
Daily Average Receipts	17,886,597	18,609,035
Other Source Milk		
Class I	9,002,471	15,041,659
Class II	17,536,760	20,281,753
Class III	1,878,574	4,437,322
Class IV	5,836,268	10,667,926
Total Other Source Milk	<u>34,254,073</u>	<u>50,428,660</u>
Overage		
Class I	0	0
Class II	196,142	0
Class III	0	64
Class IV	17,301	0
Total Overage	<u>213,443</u>	<u>64</u>
Opening Inventory		
Class I	32,279,944	36,413,832
Class II	1,403,576	1,804,984
Class III	203,677	2,040,233
Class IV	20,735,364	11,026,818
Total Opening Inventory	<u>54,622,561</u>	<u>51,285,867</u>
Total Receipts	625,687,995	659,985,630
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	35,584,417	32,295,060
Route Disposition Class I	395,443,285	386,816,464
Shrinkage	2,405,766	2,914,959
Transfers & Diversions to Nonpool	7,865,826	7,659,845
Total Class I Utilization	<u>441,299,294</u>	<u>429,686,328</u>
Average Butterfat Test	2.04%	2.03%
Daily Average Utilization	14,709,976	14,322,878
Class II Utilization		
Nonfluid Used To Produce	2,448,147	1,672,669
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	32,685,816	39,718,909
Total Class II Utilization	<u>36,646,827</u>	<u>33,829,119</u>
Average Butterfat Test	8.76%	8.42%
Class III Utilization		
Shrinkage	0	7,246,114
Transfers & Diversions to Nonpool	63,622,161	86,893,340
Used To Produce/Other Uses	0	5,452,342
Total Class III Utilization	<u>63,622,161</u>	<u>99,591,796</u>
Average Butterfat Test	4.78%	4.30%
Class IV Utilization		
Inventory	19,203,266	25,617,398
Nonfluid Used To Fortify	1,338,979	1,306,731
Shrinkage	7,385,465	0
Transfers & Diversions to Nonpool	15,910,335	28,562,680
Used To Produce/Other Uses	5,147,705	0
Total Class IV Utilization	<u>48,985,750</u>	<u>55,486,809</u>
Average Butterfat Test	9.54%	9.16%
Total Utilization	625,687,995	659,985,630

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2008 is \$20.63 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$14.84 per hundredweight plus 3.5 times the uniform butterfat price of \$1.8024 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 75.77% of all producer skim milk (priced to handlers at \$11.98 per hundredweight, plus the Class I differential, see page 2) and 42.01% of producer butterfat (priced to handlers at \$1.7411 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.20% of all producer skim milk (\$11.59 per hundredweight) and 26.14% of producer butterfat (\$1.8266 per pound). Class III use, mostly milk used to produce cheese, accounted for 11.33% of all producer skim milk (\$10.27 per hundredweight) and 15.22% of producer butterfat (\$1.8196 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.70% of all producer skim milk (\$9.41 per hundredweight) and 16.63% of producer butterfat (\$1.8196 per pound).

Receipts of producer milk during September 2008 totaled 536.6 million pounds. There were 27 regulated pool distributing plants, 2 pool supply plant and 13 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2008. Class I route disposition in the area totaled 439.9 million pounds in August 2008.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
August 2008		
Whole Milk	141,070,930	32.14%
Fat Free Milk	53,002,773	12.08%
Lowfat Milk (incl. 1%)	35,417,193	8.07%
Reduced Fat Milk (incl. 2%)	160,236,125	36.51%
Cultured Fluid Milk (incl. Buttermilk)	8,759,979	2.00%
Flavored Drinks and Milk	40,415,545	9.21%
Total Disposition in Marketing Area	438,902,545	100.00%
Total Disposition by Pool Plants	344,631,111	78.52%
Total Disposition by Nonpool Plants	94,271,434	21.48%
Total Disposition in Marketing Area	438,902,545	100.00%

National Dairy Promotion and Research Board Membership Reapportioned

(Continued from Page 1) 2003 based upon 2002 milk production. The chart below shows, based upon 2007 milk production statistics, how the final rule alters the board membership of six regions. For more information, visit www.regulations.gov and search "AMS-DA-008-0035".

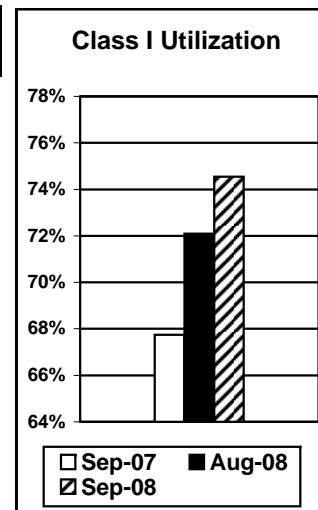
Dairy Board Region and States	Milk Production (mil lbs)	% Milk Production	Previous Board Seats	New Board Seats	Gain (Loss)
1: Oregon, Washington	7,764	4.2	2	1	(-1)
2: California	40,683	21.9	7	8	1
3: Arizona, Colorado, Idaho, Montana, Nevada, Utah	21,212	11.4	3	4	1
4: Arkansas, Kansas, New Mexico, Oklahoma, Texas	18,200	9.8	3	4	1
5: Minnesota, North Dakota, South Dakota	10,741	5.8	2	2	0
6: Wisconsin	24,080	13.0	5	5	0
7: Illinois, Iowa, Missouri, Nebraska	8,948	4.8	2	2	0
8: Alabama, Kentucky, Louisiana, Mississippi, Tennessee	3,119	1.7	1	1	0
9: Indiana, Michigan, Ohio, West Virginia	16,148	8.7	3	3	0
10: Florida, Georgia, North Carolina, South Carolina, Virginia	6,506	3.5	1	1	0
11: Delaware, Maryland, New Jersey, Pennsylvania	12,008	6.5	3	2	(-1)
12: New York	12,103	6.5	3	2	(-1)
13: Connecticut, Maine, Massachusetts, New Hampshire	4,046	2.2	1	1	0
Total: 48 Contiguous States	185,558	100	36	36	0

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
July 2007	\$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	\$1.3674	\$15.63	\$13.72	\$1.3604	\$18.00	\$9.75	\$1.3604	\$14.17	\$14.55	\$1.3561	\$18.79
Apr	\$17.49	\$1.3793	\$21.71	\$10.47	\$1.4818	\$15.29	\$12.02	\$1.4748	\$16.76	\$9.74	\$1.4748	\$14.56	\$15.46	\$1.4418	\$19.97
May	\$15.70	\$1.5043	\$20.42	\$10.40	\$1.5632	\$15.51	\$13.20	\$1.5562	\$18.18	\$10.17	\$1.5562	\$15.26	\$14.74	\$1.5368	\$19.60
June	\$16.97	\$1.6005	\$21.98	\$10.89	\$1.6230	\$16.19	\$15.12	\$1.6160	\$20.25	\$10.64	\$1.6160	\$15.92	\$15.72	\$1.6095	\$20.80
July	\$19.50	\$1.6466	\$24.58	\$11.31	\$1.6844	\$16.81	\$12.82	\$1.6774	\$18.24	\$11.12	\$1.6774	\$16.60	\$17.46	\$1.6650	\$22.68
Aug	\$16.85	\$1.7184	\$22.27	\$11.74	\$1.7483	\$17.45	\$11.63	\$1.7413	\$17.32	\$10.93	\$1.7413	\$16.64	\$15.74	\$1.7316	\$21.25
Sep	\$15.78	\$1.7791	\$21.45	\$11.59	\$1.8266	\$17.58	\$10.27	\$1.8196	\$16.28	\$9.41	\$1.8196	\$15.45	\$14.84	\$1.8024	\$20.63
Oct	\$13.56	\$1.7831	\$19.33	\$10.46											

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.	%
July 2007	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	2,989	389,276	64.22%	69,259	11.43%	94,584	15.61%	52,992	8.74%
Mar	614,369	2,948	398,126	64.80%	83,411	13.58%	82,833	13.48%	49,999	8.14%
Apr	608,631	2,943	388,115	63.76%	81,108	13.33%	100,604	16.53%	38,804	6.38%
May	597,176	2,956	386,639	64.74%	79,323	13.28%	96,547	16.17%	34,668	5.81%
June	493,500	2,666	346,682	70.25%	71,361	14.46%	27,363	5.54%	48,094	9.75%
July	539,885	2,936	365,692	67.73%	64,438	11.94%	68,086	12.61%	41,668	7.72%
Aug	553,377	3,073	398,922	72.09%	57,441	10.38%	51,033	9.22%	45,981	8.31%
Sept	536,598	3,000**	400,017	74.55%	52,644	9.81%	61,540	11.47%	22,397	4.17%



* 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 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
OCT 2008	11/11/08	11/12/08	11/13/08	10/27/08	10/27/08	11/13/08	11/14/08
NOV 2008	12/11/08	12/12/08	12/15/08	11/25/08	11/26/08	12/15/08	12/16/08
DEC 2008	01/11/09	01/12/09	01/13/09	12/26/08	12/26/08	01/13/09	01/14/09

** The base rate for making partial payments in Fulton County, GA for October will be \$18.57 per hundredweight. This is 90 percent of the preceding month's uniform price of \$20.63 per hundredweight.

Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Producer Touch Base Days	1	1	1	1	1	1	1	1	1	1	1	1
Diversion Percentage Limits	25%	25%	35%	35%	35%	35%	25%	25%	25%	25%	25%	35%

WASDE Dairy Report 1/

WASDE- 463 October 10, 2008

Milk production forecasts for 2008 are unchanged as higher cow numbers are offset by lower milk per cow. Forecast milk production for 2009 is raised fractionally as cow numbers are forecast slightly higher. Dairy export forecasts are reduced, reflecting current slowing movement and weaker international demand. Import forecasts are also reduced from last month as cheese imports are expected to be weaker. Stocks are adjusted to reflect larger expected stocks of dairy products with notably larger stocks of nonfat dry milk (NDM). Small sales of NDM to the CCC are forecast for 2008, but no sales are forecast for 2009.

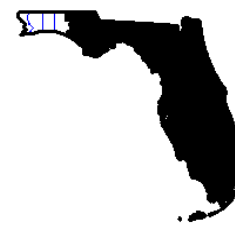
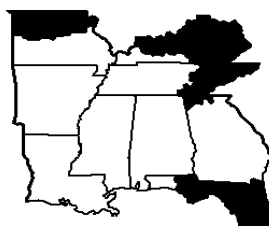
Class price forecasts are lowered from last month. Weaker international demand for NDM is expected to result in sharply lower forecast NDM prices. Lower NDM prices more than offset higher forecast butter prices and push the Class IV price lower. Cheese prices are forecast lower as demand is softening and weaker Class IV prices are expected to encourage milk to flow into cheese vats in 2009. Thus, coupled with lower expected whey prices Class III price forecasts are reduced from last month. The all milk price is forecast lower this month, averaging \$18.40 to \$18.50 in 2008 and \$16.50 to \$17.40 in 2009.

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

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